Royal Academy of Engineering | Enterprise Hub

Spotlight on Spinouts 2026

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Foreword

Past editions of Spotlight on Spinouts have established a robust evidence base on the UK spinout economy, bringing much-needed transparency to an area that lacked it when this initiative began in 2021. With that foundation now in place, the focus can shift beyond tracking trends and towards to a clearer examination of the value spinouts create, how they are structured and what support helps them scale.

UK spinouts are central to translating frontier research into commercial impact, with a direct role in addressing some of society's most pressing challenges. Over the past six years, the innovation landscape has evolved and spinouts have remained on a clear trajectory of growth. They are now more visible as a distinct and essential component of the UK's innovation economy, warranting sustained attention from across the ecosystem.

A major step forward has been the publication of the Higher Education Statistical Agency's (HESA) Spinout Register[1]. This represents a significant advance in data availability and strengthens the basis for informed decision-making across the sector which are principles that have underpinned Spotlight on Spinouts since its inception.

The University Spinout Investment Terms (USIT) guides[2], published in 2023, have also driven tangible change. The average university equity stake has fallen to historic low of 16%, alongside a decrease in variation. Fewer spinouts are subject to high levels of equity taken by universities, indicating greater consistency in practice.

At the same time, attention remains on how to help these companies succeed with continued investment to support research commercialisation and ongoing reforms to UK scaleup capital.

This year's report, produced by the Royal Academy of Engineering and powered by data from Dealroom, brings together three complimentary pieces of analysis.

Part one maintains our commitment to providing an analysis of the trends in IP and commercialisation in the UK, whilst also assessing the value created by UK spinouts using indicators such as companies raising significant funding and levels of VC investment. The 2026 analysis also looks at conversion rates, performance across the Industrial Strategy's eight growth driving sectors (IS-8) and a comparison between UK and European spinout value creation.

The quantitative analysis also reveals an important nuance in how equity stakes have been understood. The report unpicks outcomes for cases where spinouts secured external investment before equity allocations were made public. Previously assumed to apply in only a minority of cases, we found that this applied to around 30% of companies, meaning that average stakes historically taken by universities had been under-reported due to earlier dilution.

The report addresses another important step in spinout company formation – the division of equity between founders. This is crucial in shaping roles, incentives and team dynamics, yet it is an area where evidence is limited and practice varies widely. Part two is an exploratory look at how founder equity is divided and whether greater clarity or best practice guidance is needed to help founders establish fair equity structures.

The final part of the report turns to system-level progress. It is now over two years since the Independent Review of University Spinout Companies was published and we continue to track the implementation of its recommendations. However, implementation alone is not enough to address the full range of challenges facing UK spinouts. So, part three also flags where progress may fall short, and where further action is needed to deliver sustained, system-level impact.

This focus reflects the mission of the Academy's Enterprise Hub to identify and support talented entrepreneurs to drive meaningful innovation in the UK. Since its launch in 2013, the Hub has awarded £16 million in grant funding, with Hub members going onto raise £3.8 billion in additional funding and create over 6,000 jobs.

Crucially, the Academy takes no stake in the companies it supports. That independence, combined with robust data and direct experience of how spinouts are formed, underpins Spotlight on Spinouts. Strengthening this evidence base enables policymakers, founders, universities and investors across the ecosystem to pinpoint where friction persists and to address it through an evidence-led approach. Our aim is to help facilitate a smoother process to ensure that spinouts are set up for success from day one.

1 Spin-out Register, HESA, 2025.
2 The USIT Guide, TenU, 2023.

Dr Manjari Chandran-Ramesh
Committee Member, Royal Academy of Engineering Enterprise Committee

Part 01

The UK spinout landscape – a quantitative analysis

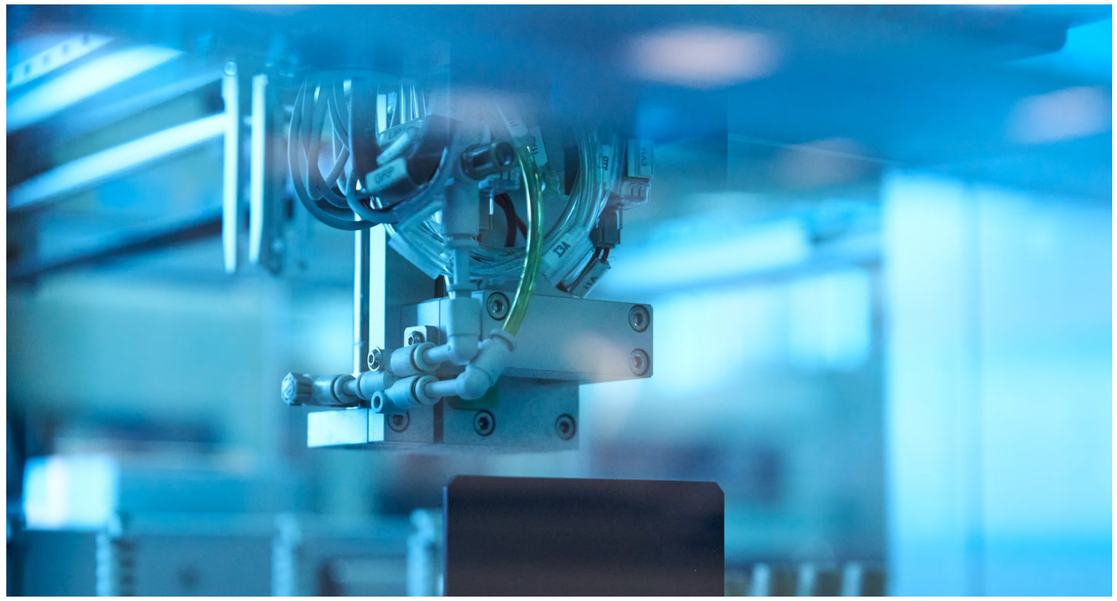
Executive summary

Spinout growth across the UK
UK Spinout activity is becoming increasingly geographically diverse, with strong growth beyond the Golden Triangle and a broad range of universities generating significant value.[3] Bristol stands out as the highest-ranked institution outside of the Golden Triangle with 46 VC-backed spinouts, 15 of which have reached $10 million+ in funding. As with previous years, Oxford and Cambridge remain the clear leaders, each producing over 120 VC-backed spinouts (129 and 144 respectively) and a substantial number securing $10 million+ funding rounds.

Strong performers elsewhere demonstrate the depth of the UK's innovation landscape. For example, the University of Dundee ranked 6th and as the top university in Scotland, owing in large part to the success of Exscientia. The North of England features strongly with the University of Manchester producing 30 VC-backed spinouts and the University of Sheffield with 22, ranked 8th and 9th. Universities from the Midlands are also prominent in the top 20 with the University of Nottingham placing 11th with 25 VC-backed spinouts. Queen's University Belfast is the top-ranked university from Northern Ireland placing 18th with 22 VC-backed spinouts.

A leader for spinout value creation in Europe[4]
The UK leads for spinout value creation in Europe, performing strongly both overall and at the institutional level. While Switzerland leads on a per-capita basis, the UK remains ahead of countries such as Germany and France. It hosts five of Europe's top 10 universities for spinout value creation including Oxford in first place, and Cambridge, Bristol, UCL and Imperial all ranking highly.

Strong value creation despite 2025 slowdown
In 2025, UK spinouts secured £1.3 billion in VC funding, the lowest since 2021 (£2.7 billion). Despite this the landscape was anchored by large deals in sectors such as biotech and pharma, AI and quantum. 2025 also saw



3 The definition of spinout, as well as details on timeframe and geography, can be found in the methodology section.
4 The metrics for value creation can be found in section 1.2 spinout value ranking methodology.

two of Europe's six $1 billion+ exits from UK university Oxford with both OrganOx and Oxford Ionics. IPOs however showed an overall slowdown following strong activity in 2021-2022.

The UK has been on a trajectory of overall growth with more than 2000 spinouts having emerged since 2010 with a value of £49 billion, showing a clear acceleration in value creation from 2015 onwards. These spinouts have also created 27,000 jobs, with 70% of these created since 2020. Their combined enterprise value has nearly tripled since 2020 showing strong momentum in the ecosystem.

Conversion rates are higher than the rest of UK tech startups
Almost one third of UK spinouts that raised a seed round between 2010 and 2020 went on to secure Series A funding. This rate is comparable to, if not slightly higher than, that of the rest of the tech sector. The conversion to later stages such as Series C and D is also higher, for example 21% higher for Series C, showing that spinouts are scaling to significant outcomes more effectively than the rest of the UK startup ecosystem.

Deep tech underpins the majority of spinout value while spinouts play a major role within deep tech
Deep tech dominates the UK spinout landscape, accounting for 96% of the combined enterprise value. As well as this, spinouts have become an increasingly important part of the deep tech ecosystem, representing 36% of VC-backed deep tech startups and contributing to 37% of the deep tech startups that raised $10 million+ funding. Their prominence varies by deep tech sector with photonics (58% of VC-backed deep tech startups since 2010) and quantum (56%) having the strongest academic ties, while defence, robotics and space startups are less driven by spinouts.

Spinout strength across the IS-8
Across the UK's Industrial Strategy eight growth driving sectors (IS-8), UK spinouts are most prominent in life sciences leading with 407 VC-backed spinouts, followed by digital and technologies (293) and advanced manufacturing (101). In 2025, spinouts operating in the digital technologies sector received the highest amount of funding at £736.1 million.

Gender gaps remain in UK spinouts
Gender diversity among UK spinout leadership has improved over time but has shown recent signs of stalling. 17% of spinouts founded since 2020 have at least one female founder, an increase from 7% in the period between 2010-2014 but this is broadly unchanged from the previous five years.

2025 marked the highest share of funding raised and the number of rounds, 21% and 14% respectively, for UK spinouts with at least one female founder raising £281 million and this was driven by companies such as Draig Therapeutics, Nu Quantum and Cambridge GaN Devices.

Continued decline in university equity stakes
The average equity stake used to be 25-30% in the 2015-2019 period, it then started to decrease to 22-25% before the guidelines in 2023 and has now dropped below 20% in 2024 and 2025. Notably the variation of the equity stakes has also decreased strongly. With top quartile equity stakes now coming quite close to the average and median, showing less and less spinouts with very high levels of equity capture by universities. The decline has been consistent when looking at university stakes by company type as outlined in the Independent Review of University Spinout Companies. Between 2024-2025, universities took an average stake of 20% in life sciences spinouts and 14% in hardware spinouts, both of which are within the recommended ranges provided by the Independent Review. Average university equity stakes taken in software spinouts, however, were 17% and above the recommended range.

1 UK spinout distribution and leading universities

1.1 VC-backed spinouts in the UK since 2010

Spinout activity is becoming more equally distributed across the UK, with strong growth outside the "Golden Triangle" of the Cambridge-Oxford-London universities. This nationwide expansion underscores the breadth and resilience of the country's innovation ecosystem, with hotspots located in central Scotland and across northern England.

▸ **FIGURE 1:** VC-BACKED SPINOUTS IN THE UK SINCE 2010, BY UNIVERSITY OF ORIGIN

UK spinout activity is becoming increasingly distributed, with strong growth beyond the Golden Triangle

This nationwide expansion underscores the breadth and resilience of the country's innovation ecosystem

VC-Backed Spinouts in the UK since 2010, by university of origin

VC-backed spinouts 100 10

*Hubs in this section refer to the city region areas depicted in the map (e.g. Greater London simplified to London, Cambridgeshire simplified to Cambridge)

1.2 Spinout value ranking methodology

In compiling a ranking of spinout values, we have focused on spinouts originating out of academic research at UK-based universities. The location of the company once it has been spun out does not affect its inclusion or exclusion in our analysis.

All parameters (such as the number of spinouts, funding or total value created) refer to the 2010-onwards cohort of spinouts. The ranking uses six parameters to create a comprehensive, robust and success-oriented scoring system for spinout value creation:

1. Number of VC-backed spinouts
A measure of the overall volume of spinouts created, focusing on VC-backed spinouts to filter out any projects which were abandoned.

2. Number of spinouts launched since 2022
A measure of recent spinout creation pace, including spinouts which haven't yet been VC-backed due to their recent creation.

3. Number of spinouts with $10m+ funding
A measure of the volume of spinouts which raised significant financing. This metric measures success but is less distorted by outlier outcomes in respect of the number of unicorns and Enterprise Value.[5]

4. Number of unicorns and $1bn+ exits
A measure of outlier outcomes created and historical value creation. This figure can be distorted by a few high-value successes, but to a lesser extent than the Enterprise Value.

5. Total VC funding raised
This tends to be more reflective of recent momentum than unicorns and EV figures, since VC capital availability has increased strongly in the last five years.

6. Combined Enterprise Value (EV)
Finally, we have a combined valuation of all spinouts. The figure can be affected by outliers such as unicorns but gives more weight to a decacorn (a $10 billion company) than a unicorn, and it accounts for other notable outcomes below the $1bn threshold.

In our analysis, each of these six parameters receives a score between 1 to 100 based on the maximum value reached by a university in that category. All the parameters are given equal weight. For example, if Institute A created five spinouts which raised more than $10m in funding, while the institute which created the most spinouts managed 25, Institute A would be awarded (5/25)*100 points to receive a total of 20 points in that category.

The final score is normalised to 100 for readability. A university with a score of six has therefore created on average 6% of the value of the top-performing institute.

1.3 Top UK universities

The Golden Triangle
The University of Oxford and the University of Cambridge are the leading domestic universities for spinout value created, by a considerable margin. Both universities have created over 120 VC-backed spinouts since 2010, around half of which went on to raise over $10m. Oxford also created two unicorns and $1B exits, while Cambridge created one.

The University of Oxford accounted for two $1bn+ exits of UK spinouts in 2025, thanks to the success of OrganOx and Oxford Ionics, which are analysed in more detail below. Indeed, Oxford accounted for eight of the top 20 exits in the last decade. University of Cambridge spinouts accounted for four of the top eight VC deals in UK spinouts in 2025. These included CellCentric in Life Sciences, PolyAI in AI, Nu Quantum and Paragraf in the Quantum and Semiconductors categories.

London universities performed highly across the board. UCL came third, Imperial fifth and King's College seventh. Royal College of Art London finished in 17th place.

The rest of England
The University of Bristol in fourth place is the highest ranked university outside the Golden Triangle, with over 45 VC-backed spinouts – 15 of which have reached $10m+ funding. Its strong score is also attributable to AI chips startup Graphcore, while US-based quantum spinout PsiQuantum raised $2.6bn and was valued at $7bn in June 2025.

Universities from Northern England also feature strongly in the rankings, with the University of Manchester in eighth and the University of Sheffield coming ninth. The cluster of universities across Liverpool, Manchester, Leeds and Sheffield is referred to as the "Northern Arc". This additionally benefits from an investment partnership with spinout fund Northern Gritstone.

Universities from the Midlands are prominent in the top 20, with the University of Nottingham in 11th and University of Birmingham in 15th. The University of Warwick just missed out on the top 20, finishing in 22nd place overall.

Outside of England
The University of Dundee was the top university in Scotland (and outside of England). It finished sixth, owing in part to the outlier success of Exscientia. The other top-ranking universities from Scotland are University of Edinburgh in tenth, University of Glasgow in 13th and University of Strathclyde, which finished in 14th place.

Queen's University Belfast is the top-ranked university from Northern Ireland, coming in 18th.

The top Welsh university is Cardiff University in 19th, helped by claiming the largest UK spinout financing in 2025 when life science spinout Draig Therapeutics achieved a £107m Series A round.

▸ **TABLE 1:** TOP UK UNIVERSITIES FOR SPINOUT VALUE CREATION SINCE 2010

	University	Score	VC-backed spinouts	Spinouts since 2022	$10M+ funding	Unicorns and $1B+ exits	Total VC funding	Combined Enterprise Value
1	University of Oxford	100	129	34	66	2	£3.4B	£13.5B
2	University of Cambridge	94	144	53	64	1	£3.2B	£10.4B
3	University College London	54	64	10	24	2	£2.0B	£5.5B
4	University of Bristol	51	46	10	15	1	£3.2B	£8.5B
5	Imperial College London	34	66	33	20	0	£857.3M	£3.4B
6	University of Dundee	17	11	4	4	1	£617.0M	£919.0M
7	King's College London	16	22	8	11	0	£721.7M	£2.8B
8	The University of Manchester	14	30	19	6	0	£195.7M	£801.1M
9	University of Sheffield	13	22	24	5	0	£82.5M	£326.3M
10	University of Edinburgh	13	28	10	11	0	£318.9M	£887.3M
11	University of Nottingham	10	25	12	4	0	£237.6M	£220.3M
12	Newcastle University	9	16	15	3	0	£76.8M	£271.8M
13	University of Glasgow	8	16	9	5	0	£149.6M	£538.8M
14	University of Strathclyde	8	13	10	4	0	£144.8M	£449.2M
15	The University of Birmingham	7	19	8	5	0	£81.5M	£348.4M
16	University of Leeds	7	17	12	2	0	£60.2M	£135.1M
17	Royal College of Art London	7	31	3	5	0	£78.5M	£347.4M
18	Queen's University Belfast	7	22	5	5	0	£80.0M	£329.4M
19	Cardiff University	7	10	9	2	0	£133.7M	£717.2M
20	Queen Mary University of London	6	13	6	2	0	£135.4M	£545.6M

Including all spinouts, including non Deep Tech, only spinouts launched since 2010

1.4 Comparison with the rest of Europe

To compare domestic results with the rest of Europe, we changed the scope of our statistical analysis slightly, to allow for better comparability:

- We only included deep tech spinouts (including Life Sciences for consistency with the Academy's State of UK Deep Tech report). Deep tech spinouts account for 96% of the value of spinouts in the UK, and their inclusion allows us to undertake more robust comparisons with spinout definitions used by other countries.
- Only spinouts launched since 2010 were included.
- Spinouts from both universities and research centres were included.

While the share of spinouts originating from research centres (without any university involvement) in the UK is less than five percent, it is higher in countries such as Germany and France. Institutions such as CNRS, CEA, Fraunhofer and Max Planck are key origination institutions for spinouts.

5 Unicorns and $1B+ exits are former startups that have reached $1B in valuation or achieved an exit of $1B or more.

1.5 European country comparison

The UK leads in terms of spinout value creation across Europe and it is followed by Germany, France and Switzerland. Switzerland in particular performs exceptionally well when figures are adjusted on a per-capita basis.

▸ **TABLE 2:** TOP COUNTRIES BY DEEP TECH SPINOUT VALUE CREATED SINCE 2010

Country	Score	Number of VC-backed spinouts	Number of spinouts since 2022	>=$10M funding	Unicorns and $1B+ exits	Total funding raised	Combined enterprise value
United Kingdom	100	772	239	271	10	£16.8B	£59.9B
Germany	55	368	161	111	8	£7.9B	£37.4B
France	47	621	267	182	2	£7.7B	£29.1B
Switzerland	34	441	175	136	3	£5.8B	£19.8B
Netherlands	15	231	79	65	0	£2.5B	£8.8B
Belgium	14	151	40	66	0	£2.3B	£8.2B
Finland	11	89	31	27	2	£1.8B	£6.3B
Spain	10	232	70	39	1	£1.5B	£6.5B
Sweden	10	190	56	43	1	£1.3B	£7.1B
Denmark	10	115	70	41	0	£1.7B	£5.6B
Italy	6	156	83	23	0	£942.2M	£4B
Ireland	6	82	19	19	0	£949.8M	£3.3B
Portugal	5	61	17	6	1	£768M	£2.8B
Norway	2	33	6	11	0	£310.4M	£1B
Austria	1	41	22	5	0	£150.2M	£932.9M

For Tables 2 and 3, the ranking methodology was defined in the European Spinout report. Population data was sourced from the World Bank.

▸ **TABLE 3:** TOP COUNTRIES STANDARDISED ON A PER CAPITA BASIS

Country	Score per capita	Score by number of STEM graduates	Absolute score	Combined enterprise value	Number of VC-backed spinouts
Switzerland	100	100	34	£19.8B	441
Finland	49	36	11	£6.3B	89
Denmark	39	20	10	£5.6B	115
United Kingdom	31	24	100	£59.9B	772
Sweden	28	25	10	£7.1B	190
Belgium	24	24	14	£8.2B	151
Ireland	22	11	6	£3.3B	82
Netherlands	19	23	15	£8.8B	231
France	17	17	47	£29.1B	621
Germany	15	15	55	£37.4B	368
Portugal	13	12	5	£2.8B	61
Estonia	9	1	0	£88.6M	15
Norway	8	8	2	£1.0B	33
Spain	7	5	10	£6.5B	232
Austria	6	4	1	£932.9M	41
Italy	4	5	6	£4.0B	156

1.6 European university comparison

Using the same scope of post-2010 spinouts, and again considering only deep tech spinouts, we can compare UK university spinout value creation with universities from mainland Europe. Five of the top ten European universities for spinout value creation are located in the UK. The University of Oxford was the leading institution in the whole of Europe, with the University of Cambridge, the University of Bristol, UCL and Imperial College London all featuring in the top ten. Meanwhile, the top 40 also includes KCL, Dundee, Edinburgh, Manchester and Sheffield, giving UK institutions an impressive ten places in this table.

▸ **TABLE 4: TOP UNIVERSITIES BY SPINOUT VALUE CREATION FROM MAINLAND EUROPE**

	University	Investor_ Country	Score	VC_ backed spinouts	Spinouts since 2022	$10M+ funding	Unicorns and $1B+ exits	Total VC funding	Combined Enterprise Value
1	University of Oxford	United Kingdom	100	119	28	66	2	£3.4B	£13.4B
2	EPFL Lausanne	Switzerland	96	149	45	57	2	£2.8B	£8.3B
3	TU Munich	Germany	93	49	31	23	4	£3.5B	£17.4B
4	ETH Zurich	Switzerland	89	152	74	52	1	£1.8B	£6.5B
5	University of Cambridge	United Kingdom	89	124	31	62	1	£3.1B	£10.1B
6	University of Bristol	United Kingdom	51	42	8	15	1	£3.2B	£8.5B
7	University College London	United Kingdom	50	54	8	24	2	£1.9B	£5.5B
8	DTU	Denmark	41	72	37	28	0	£856.8M	£3.0B
9	Aalto University	Finland	30	17	8	7	2	£922.8M	£3.8B
10	Imperial College London	United Kingdom	30	57	15	19	0	£834.6M	£3.3B
11	PSL University	France	28	30	6	17	1	£825.3M	£3.4B
12	Paris-Saclay University	France	27	51	23	12	0	£779.9M	£2.3B
13	TU Delft	Netherlands	25	55	19	20	0	£363.7M	£1.5B
14	Sorbonne University	France	25	39	12	20	0	£776.4M	£2.4B
15	IP Paris	France	23	41	11	19	0	£552.3M	£2.4B
16	University of Zürich	Switzerland	22	35	19	15	0	£570.3M	£1.9B
17	KU Leuven	Belgium	22	40	11	17	0	£567.1M	£2.5B
18	KTH	Sweden	20	42	26	9	0	£246.9M	£949.2M
19	Ghent Unirversity	Belgium	20	35	9	17	0	£524.3M	£2.2B
20	Uppsala University	Sweden	18	22	7	7	1	£122.7M	£3.0B
21	University of Basel	Switzerland	18	26	17	11	0	£420.8M	£1.8B
22	King's College London	United Kingdom	17	22	6	11	0	£721.7M	£2.8B
23	RWTH Aachen University	Germany	16	28	17	10	0	£243.7M	£1.0B
24	Eindhoven University of Technology	Netherlands	16	28	9	9	0	£580.5M	£1.4B
25	Chalmers University of Technology	Sweden	15	38	9	10	0	£305.0M	£602.9M
26	University of Dundee	United Kingdom	15	9	3	4	1	£611.9M	£896.5M
27	LMU Munich	Germany	14	15	6	10	0	£603.9M	£2.2B
28	University of Strassbourg	France	14	21	10	5	0	£557.8M	£1.7B
29	Bundeswehr University Munich	Germany	14	5	1	2	1	£412.5M	£2.7B
30	University of Amsterdam	Netherlands	13	29	16	4	0	£185.0M	£933.9M
31	Aarhus University	Denmark	13	20	7	10	0	£388.7M	£1.4B
32	University of Edinburgh	United Kingdom	13	26	6	11	0	£317.3M	£877.4M
33	Lund University	Sweden	13	36	7	8	0	£192.7M	£864.5M
34	VU Amsterdam	Netherlands	12	18	14	5	0	£314.2M	£1.3B
35	The University of Manchester	United Kingdom	12	26	12	6	0	£192.7M	£785.5M
36	University of Coimbra	Portugal	12	10	1	1	1	£269.5M	£1.5B
37	University of Lyon	France	11	17	7	7	0	£350.6M	£1.4B
38	University of Sheffield	United Kingdom	11	22	17	5	0	£82.5M	£326.3M
39	Medizinische Hochschule Hannover	Germany	11	3	1	2	1	£251.8M	£1.6B
40	University of Copenhagen	Denmark	11	12	12	4	0	£386.7M	£1.0B

1.7 Top European exits

Two of the six $1bn+ exits of European spinouts in 2025 were from UK universities, with both OrganOx and Oxford Ionics formed at Oxford. We consider their exits in more detail below.

Two of the six $1B+ exits of European spinouts in 2025 were from UK universities

Oxford University and ETH both saw two $1b+ exits, EPFL and University of Tübingen one.

The top acquisitions span Medical devices, Semiconductors & Quantum, Life Sciences, and Technical software.

▸ **TOP EXIT BY KNOWN VALUE FOR VC-BACKED EUROPEAN DEEP TECH SPINOUTS (2025)**

	Acquirors	Exit round valuation and date	Segment	Country and University
nexthink	Vista Equity Partners	**$3.0b BUYOUT** Oct/2025	**Technical software:** Digital Employee Experience management	**Switzerland** EPFL
OrganOx	Terumo Corporation	**$1.5b ACQUISITION** Aug/2025	**Medical Devices:** machine perfusion for organ transplant	**UK** Oxford University
ublox	Advent International	**$1.3b BUYOUT** Aug/2025	**Semiconductors:** advanced GNSS positioning and IoT connectivity solutions	**Switzerland** ETH Zurich
UREVAC	BioNTech	**$1.3b ACQUISITION** Jun/2025	**Life Sciences:** mRNA-based cancer immunotherapy	**Germany** University of Tübingen
oxford ionics	IonQ	**$1.1b ACQUISITION** Jun/2025	**Quantum:** trapped-ion quantum computers	**UK** Oxford University
araris	Taiho Pharma	**$1.1b* ACQUISITION** Mar/2025	**Life Sciences:** antibody-drug conjugate (ADC) linker technology	**Switzerland** ETH Zurich

Spinouts originated from at least one European based university or research institutions with HQ and/or founding location in Europe
*$420M upfront and up to $740M depending on milestones

1. Oxford Ionics

Oxford Ionics develops leading trapped ion qubit technology, and spun out from Oxford University in 2019. It is also part of the Academy's Enterprise Hub portfolio. The spinout was acquired in June 2025 by US-based IonQ, one of the global leaders in quantum computing and a publicly listed company with over $22bn in market capitalisation. The rationale behind the acquisition was to combine the strengths of two leading players in trapped-ion quantum computing and pursue a joint development roadmap. IonQ also plans to significantly expand its presence in Europe by setting up a base of operations here in the UK.

2. OrganOx

Founded in 2008, OrganOx focuses on organ preservation devices. It was acquired for $1.5bn in 2025 by Japanese medical technology corporate Terumo Corporation to expand into the transplantation sector. Terumo had already become an investor in the company in the $160m primary and secondary equity round raised by OrganOx in February 2025.

2 Investments

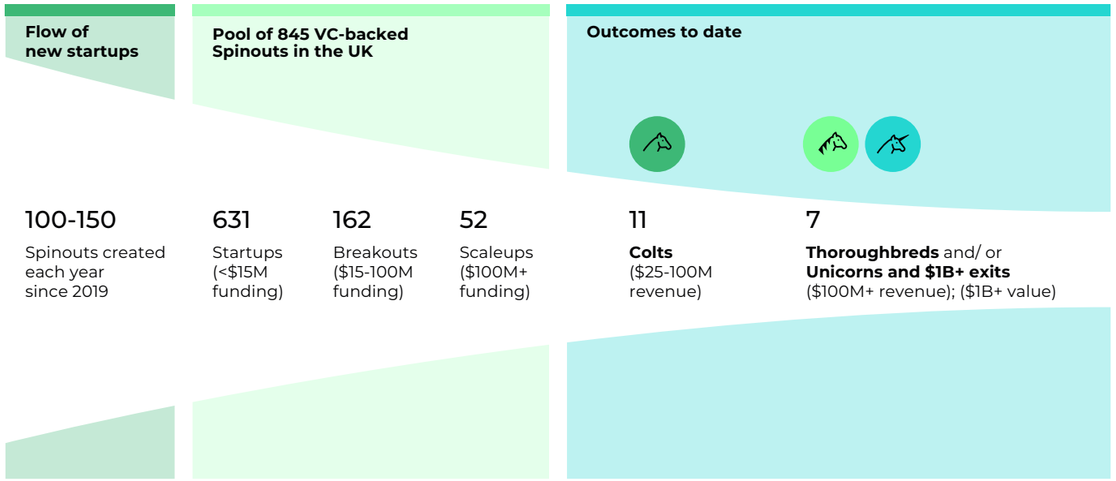
2.1 The value of the UK spinout ecosystem

Since 2010, over two thousand spinouts have emerged from UK universities. Of these 2,025 spinouts, 845 have been VC-backed and are still active. Seven unicorns, $1B+ exits and/or $100M+ revenues have been created. In this section, we consider the combined enterprise value of UK university spinouts launched since 2010. If we look back to data from 1990, 16 unicorns, $1B+ exits, and/or $100m+ revenues were created by UK university spinouts. This demonstrates the remarkable rate of progress and expansion in the sector.

UK university spinouts since 1990 are worth a combined £70bn according to current valuations. Around 70% of this value (£49bn in total) is from spinouts created since 2010. This demonstrates a clear acceleration in value creation, particularly considering the cohort of spinouts from 2015 onwards.

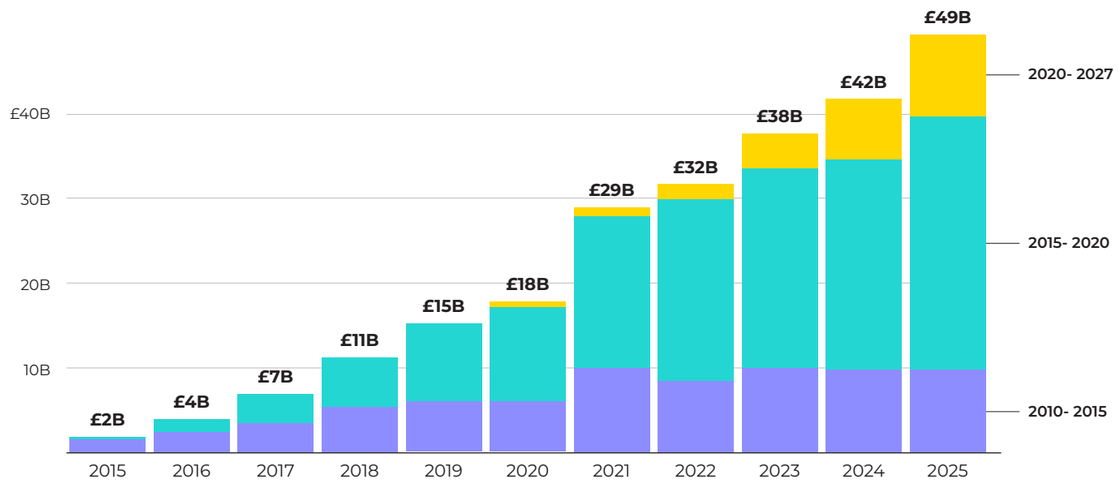
As the sum of all the latest company valuations, the combined enterprise value (EV) of these spinouts has increased by 2.8 times since 2020, reflecting strong momentum for the UK spinout scene. Over three-quarters of this value is still comprised of private non-acquired companies, which were worth a combined £40bn at the end of 2025.

THE SPINOUT STARTUP FUNNEL IN THE UK



Only spinouts launched since 2010. Includes spinouts from UK universities also not based/founded in the UK; excludes closed startups. Startup stage includes startups with undisclosed funding.

▸ **FIGURE 2:** COMBINED ENTERPRISE VALUE OF UK UNIVERSITY SPINOUTS LAUNCHED SINCE 2010



Includes spinouts that have been acquired or went public

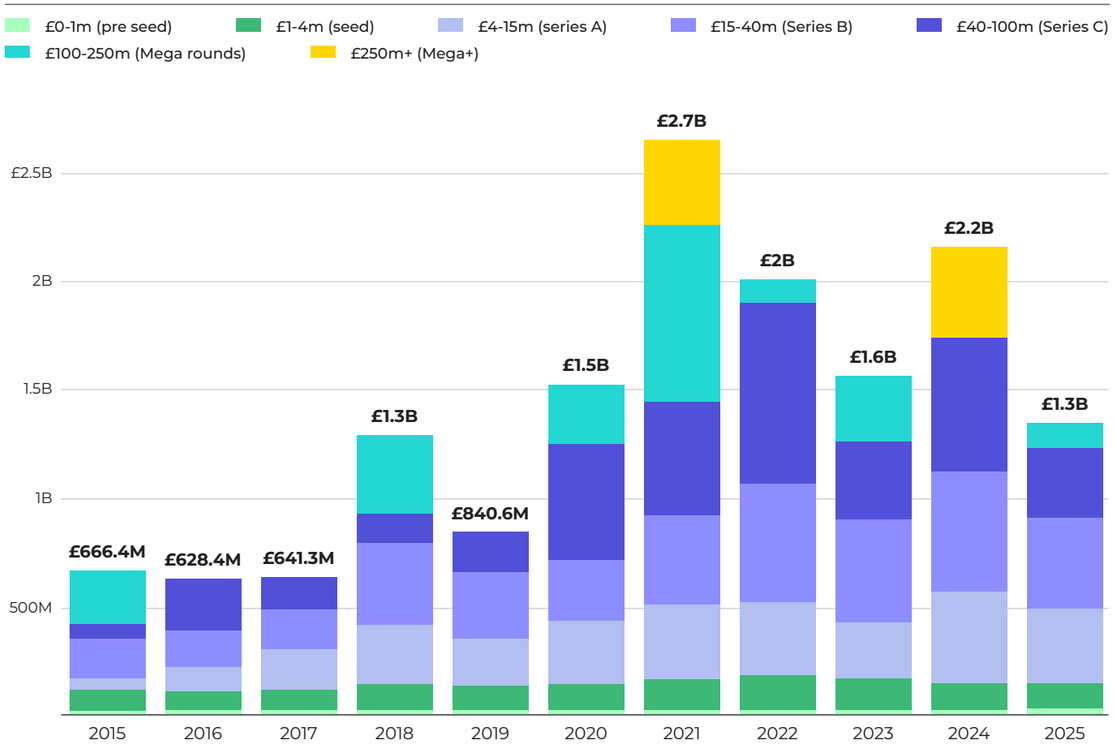
Altogether, 80% of this value (£40bn) stems from spinouts headquartered in the UK. Most of the value of non-UK headquartered spinouts has been created by PsiQuantum, a US-based spinout from the University of Bristol which was valued in 2025 at £5.1bn ($7bn).

UK university spinouts launched since 2010 have already created 27,000 jobs (including 24,000 jobs for those spinouts headquartered in the UK), with 70% of these roles having been created since 2020.

2.2 Funding overview

UK-based spinouts from domestic universities raised £1.3bn in VC funding throughout 2025. This was the lowest figure since 2021, down 12% from 2020 levels. By contrast, VC funding for the rest of UK tech startups saw a 46% growth in 2024-2025, driven by AI and a resurgence of fintech. Funding is also up 43% in respect to 2020.

▸ **FIGURE 3: VC FUNDING IN UK UNIVERSITY SPINOUTS**



Only UK HQed spinouts. Funding stats here also include spinouts launched since 1990, not 2010

The largest financings in 2025 have been in the following sectors:

- Biotech, Pharma and Techbio (Draig Therapeutics, CellCentric, Ultromics, Chemify).
- AI (PolyAI).
- Quantum (Nu Quantum).
- Semiconductors (Paragraf).
- Climate Tech (Wild Bioscience).

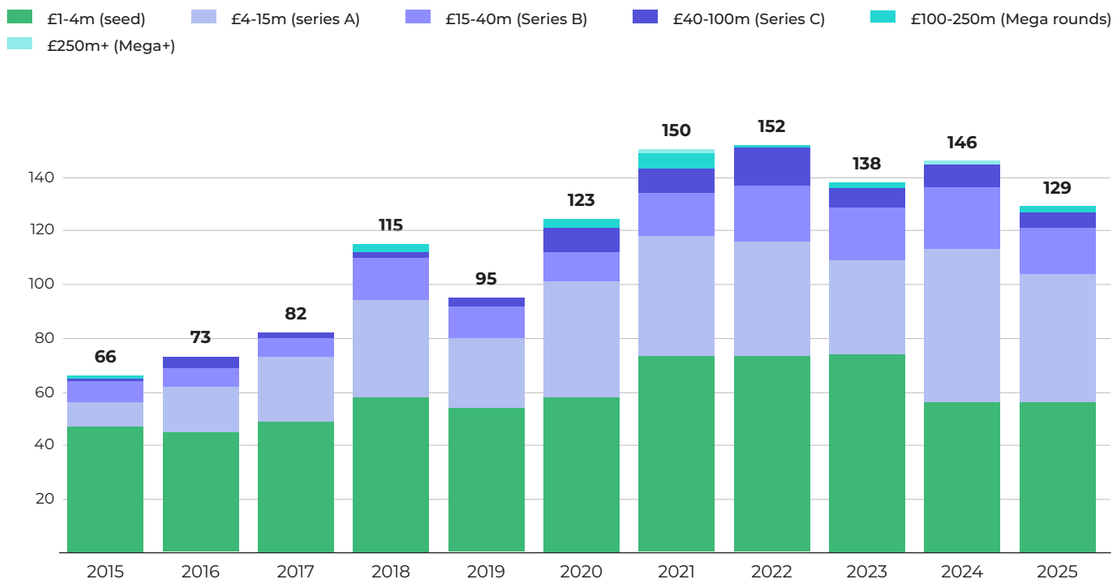
As a spinout from Cardiff University, Draig Therapeutics raised the largest financing with a £107m Series A round. As mentioned above, spinouts from the University of Cambridge accounted for four of the top eight deals in 2025.

▸ **TABLE 5: TOP VC ROUNDS FOR UK SPINOUTS IN 2025**

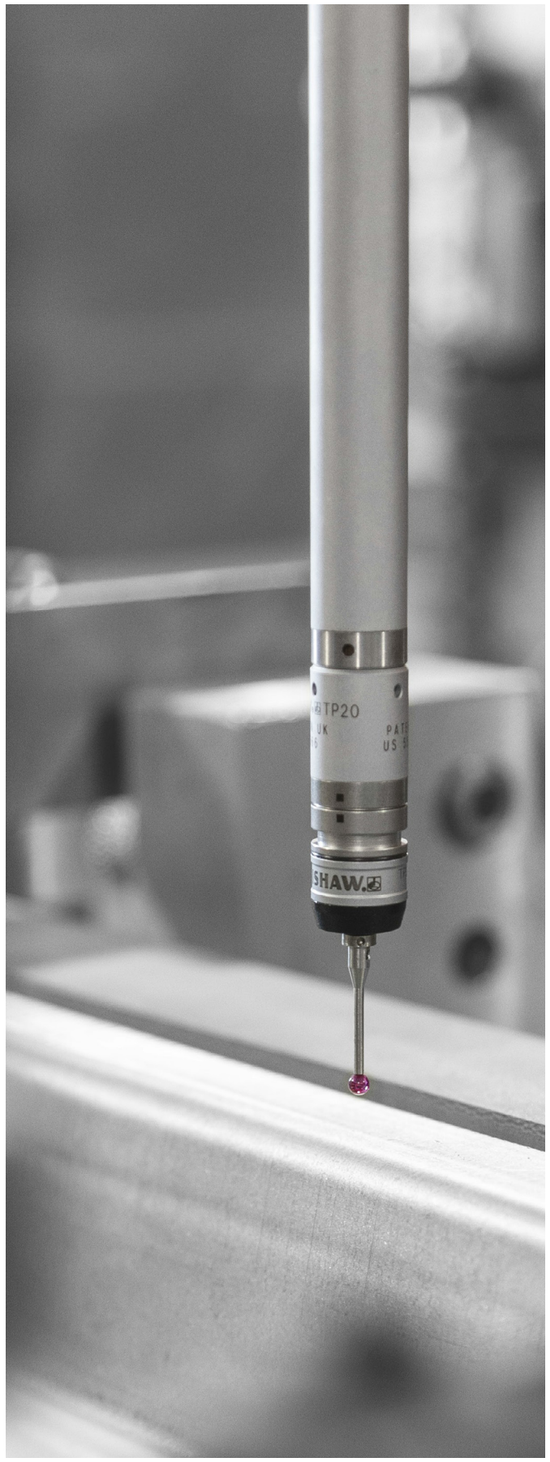
Startup	Round	Focus	University
Draig Therapeutics	£107m Series A	Biotech and Pharma: neuromodulators for major neuropsychiatric disorders	Cardiff University
CellCentric	£94m Series C	Biotech and Pharma: inhibitor for targeted cancer therapy	University of Cambridge
PolyAI	£69m Series D	AI: conversational AI for enterprises	University of Cambridge
Nu Quantum	£47m Series A	Quantum: quantum communication	University of Cambridge
Ultromics	£47m Series C	Medical Devices: AI diagnostics solutions for cardiology	Oxford University
Wild Bioscience	£45m Series A	Agritech: climate resilient crops	Oxford University
Paragraf	£44m Series C	Semiconductors: graphene-based electronic devices manufacturing	University of Cambridge
Chemify	£43m Series B	Techbio: AI-driven drug synthesis	University of Glasgow

Nearly 130 VC rounds of more than £1m were raised by UK spinouts in 2025, reflecting a slight decline from the past few years, despite this figure being marginally above 2020 levels.

▸ **FIGURE 4: NUMBER OF VC ROUNDS IN UK UNIVERSITY SPINOUTS**



Only UK HQed spinouts. Funding stats here also include spinouts launched since 1990, not 2010



2.3 Top investors

An analysis of the most active investors in UK spinouts by deal count since 2020 reveals a mix of financial sources:

- University-connected funds (Oxford Science Enterprises, Northern Gritstone, Albion VC).
- Spinout specialist funds and fund managers (Parkwalk Advisors, IP Group).
- Deep tech specialists (IQ Capital, Amadeus Capital Partners, Octopus Ventures).
- Generalists (Mercia Asset Management, Foresight Group, SFC Capital).

There has also been considerable public support from organisations including Scottish Enterprise Growth Investments and British Business Bank.

Parkwalk Advisors remains the top investor in spinouts by deal count over the last decade. Parkwalk additionally ranks third by value since 2020. It has participated in 131 equity funding deals since 2020 and has contributed to deals worth £1.1bn. In 2025, Parkwalk launched several funds such as the Northern Universities Venture Fund (NUVF) partnership with Northern Gritstone to support "Northern Arc" university spinouts from the Universities of Manchester, Leeds, Sheffield and Liverpool; Knowledge Intensive EIS Fund V, its fifth Knowledge Intensive EIS Fund to back high-growth, science-based businesses; and the University of Cambridge Enterprise Fund X as a continuation of Parkwalk's long-standing partnership with Cambridge Enterprise to seed and scale spinouts specifically from the University of Cambridge.

Oxford Science Enterprises (OSE) is the second most active investor in spinouts by deal count, both since 2020 and from 2015 onwards. It ranks first by value since 2020, having participated in 83 equity funding deals since 2020 and contributed to deals worth £1.1bn.

Beyond OSE and Parkwalk Advisors, the top investors into spinouts by value of equity deal participations are later stage investors such as Forbion Capital Partners, British Business Bank and M&G Investments. Forbion Capital Partners is ranked second, participating in deals worth £1.1B. It is one of the largest and most active lead investors in the European and global life sciences space. It led CellCentric's (a life sciences spinout from University of Cambridge) £94M Series C round alongside RA Capital Management in 2025.

▸ **TABLE 6: TOP INVESTORS IN UK SPINOUTS BY NUMBER OF ROUNDS**

Name	Preferred round type	Rounds since 2020	Rounds since 2015
Parkwalk Advisors	SEED	131	259
Oxford Science Enterprises	SEED	83	146
Scottish Enterprise Growth Investments	SEED	58	101
Mercia Asset Management	SEED	55	98
Business Growth Fund	GROWTH EQUITY	54	57
SFC Capital	SEED	50	50
Cambridge Enterprise	SERIES A	44	79
Future Planet Capital	SEED	44	60
IP Group	SEED	40	76
Northern Gritstone	SEED	37	37
IQ Capital	SEED	32	47
British Business Bank	GROWTH EQUITY	31	31
UK Innovation & Science Seed Fund	SEED	28	38
Foresight Group	SEED	27	34
AlbionVC	SEED	26	45
Northstar Ventures	SEED	25	36
NLC Health Ventures	SEED	24	24
Amadeus Capital Partners	SEED/SERIES A	21	49
Octopus Ventures	SERIES A	21	25
UCL Technology Fund	SEED	20	38

In the tables above and below, spinouts from UK universities are included if they were either founded or headquartered in the UK. The figure for Parkwalk includes all deals involving Parkwalk funds. Parkwalk is a subsidiary of IP Group.

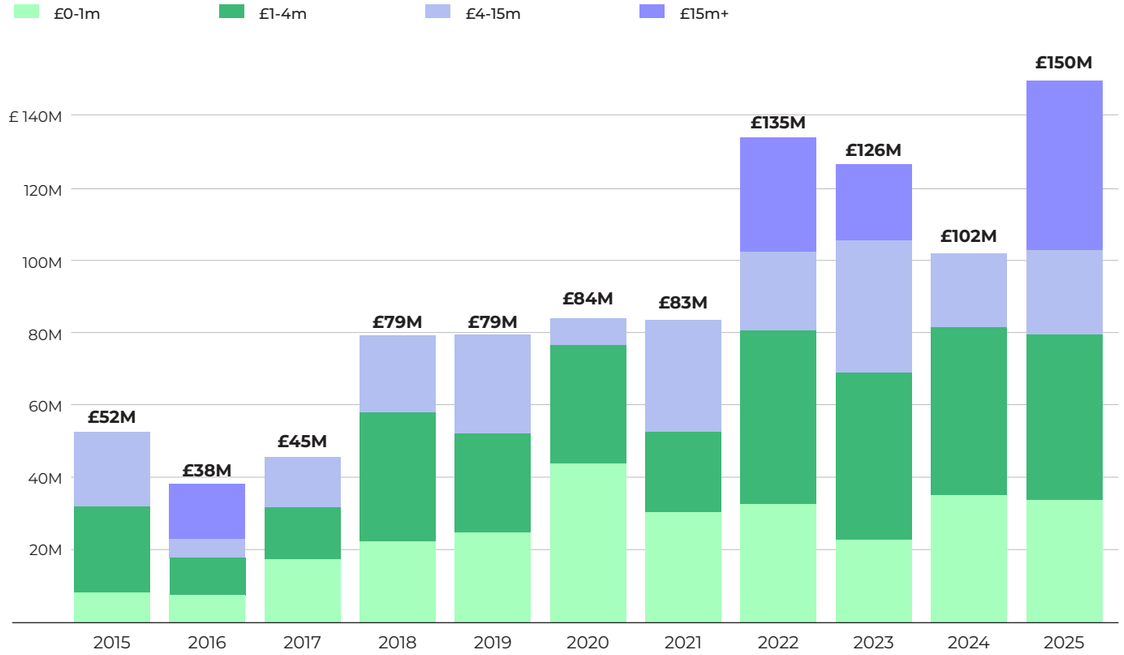
▸ **TABLE 7:** TOP INVESTORS IN UK SPINOUTS BY VALUE OF EQUITY DEAL PARTICIPATIONS INTO SPINOUTS

Name	Preferred round types	Amount since 2020	Amount since 2015
Oxford Science Enterprises	SEED	£1.8B	£2.1B
Forbion Capital Partners	SERIES B	£1.1B	£1.2B
Parkwalk Advisors	SEED	£1.1B	£1.8B
British Business Bank	GROWTH EQUITY	£892.1M	£892.1M
Syncona	SERIES A	£829.1M	£1.4B
IP Group	SEED	£821.5M	£1.1B
M&G Investments	SERIES C	£728.0M	£728.0M
Novo Holdings	SERIES A	£678.8M	£724.1M
Business Growth Fund	GROWTH EQUITY	£662.4M	£691.2M
RA Capital Management	PRIVATE PLACEMENT VC	£584.7M	£789.1M
Rock Springs Capital	PRIVATE PLACEMENT VC	£509.3M	£509.3M
Tencent	LATE VC	£508.4M	£508.4M
Sofinnova Partners	SERIES A	£494.7M	£562.0M
Cambridge Innovation Capital	SERIES A	£483.2M	£750.4M
BlackRock	PRIVATE PLACEMENT VC	£475.4M	£475.4M
Amadeus Capital Partners	SEED/SERIES A	£428.8M	£827.6M
Temasek	SERIES C	£411.4M	£628.1M
Advent Life Sciences	SERIES B	£398.3M	£443.5M
IQ Capital	SEED	£358.1M	£429.6M
AlbionVC	SEED	£333.9M	£575.7M

2.4 Grants

UK spinouts have also been awarded nearly 1100 grants amounting to nearly £680M since 2020.

▸ **FIGURE 5:** GRANT FUNDING IN UK UNIVERSITY SPINOUTS



Only UK HQed spinouts. Funding stats here also include spinouts launched since 1990, not 2010

Overall, 50% of the VC-backed spinouts from UK universities have raised public grants at a certain point in their journey. One important type of grant funding is proof-of-concept (PoC) financing to support academic researchers in the transition from lab to market. PoC financing is a key support mechanism for spinouts to overcome the first "Valley of Death" between the lab and a first market-ready MVP. This refers to a high-risk gap where research demonstrates technical promise but lacks sufficient commercial validation to attract customers or follow-on investment.

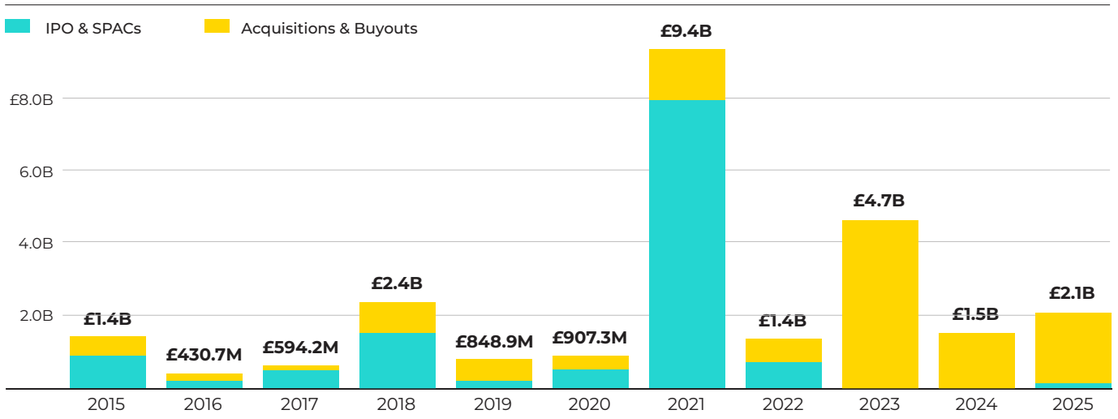
Following recommendations from the Independent Review, the government's £40m fund for spinout PoC funding has moved into active deployment. The fund is now fully operational under the management of UK Research and Innovation (UKRI), which successfully allocated the initial £9 million tranche throughout 2025 to support academic researchers across 48 high-potential projects.[6] Additionally, the recent Tony Hickson review -Deepening university-investor links, recommends UKRI should expand funding for PoC to £100 million annually.[7]

6 48 projects backed to turn cutting-edge research into businesses, UKRI, 2025.
7 Deepening university-investor links: a review by Tony Hickson, UKRI, 2026

2.5 Exits

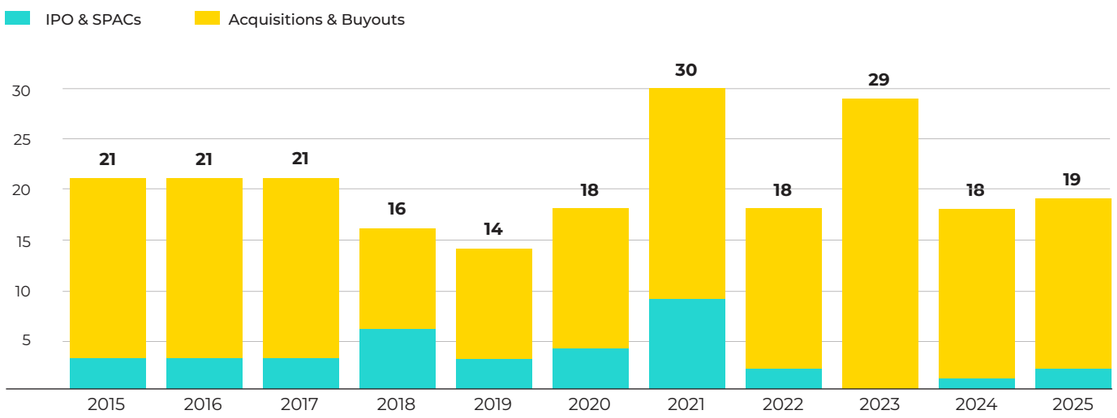
Compared to previous years, 2025 has been the fourth highest in terms of exit value for UK spinouts. It has also been the sixth highest by exit count, mainly driven by M&A activity (acquisitions and buyouts). IPOs have been largely absent over the last three years, after strong activity in 2021-2022.

▸ **FIGURE 6:** COMBINED EXIT VALUE OF SPINOUTS FROM UK UNIVERSITIES



Exits stats here also include spinouts launched since 1990, not 2010.

▸ **FIGURE 7:** NUMBER OF EXITS OF SPINOUTS FROM UK UNIVERSITIES



Exits stats here also include spinouts launched since 1990, not 2010.

Both primary exits (when a company goes public) and secondary exits (a later acquisition) are included in the data.

Looking at the largest exits of UK university spinouts over the last decade, life sciences (Biotech & Pharma and Techbio) spinouts accounted for 17 of the top 20 exits. The remaining three were in the Medical Devices (OrganOx), Quantum (Oxford Ionics), and Semiconductors (Graphcore) sectors. These three exits all took place in 2024-2025, reflecting a recent maturing of other areas of deep tech beyond life sciences. The University of Oxford accounted for eight of the top 20 exits in the last decade, followed by UCL with seven and University of Cambridge with three.

▸ **TABLE 8:** TOP 10 UK SPINOUT EXITS BY EXIT VALUE IN THE LAST DECADE

IPOs

Startup	Exit type	Value at exit	Year	Focus	University
Oxford Nanopore Technologies	IPO	£3.4bn	2021	Techbio: nanopore sequencing technology	University of Oxford
Exscientia	IPO	£2.1bn	2021	Techbio: AI drug discovery	University of Dundee
Orchard Therapeutics	IPO	£930m	2018	Biotech and Pharma: stem cell gene therapies for rare diseases	University College London
Immunocore	IPO	£850m	2021	Biotech and Pharma: T-cell receptor therapies for tumours	University of Oxford
Adaptimmune	IPO	£850m	2015	Biotech and Pharma: T-cell receptor therapies for tumours	University of Oxford
Apollomics	IPO	£730m	2022	Biotech and Pharma: oncology combination therapies	University of Nottingham
Monte Rosa Therapeutics	IPO	£610m	2021	Biotech and Pharma: small molecule protein degraders for cancer treatment	The Institute of Cancer Research in London, University College London
Achilles Therapeutics	IPO	£540m	2021	Biotech and Pharma: T-cell receptor therapies for tumours	University College London
Autolus	IPO	£510m	2018	Biotech and Pharma: T-cell immunotherapies for cancer and autoimmune diseases	University College London
Spur Therapeutics	IPO	£430m	2020	Biotech and Pharma: gene therapies for chronic and debilitating disease	University College London

▸ **TABLE 9:** TOP ACQUISITIONS

Startup	Exit type	Acquiror	Value at exit	Year	Focus	University
Abcam	Acquisition*	Danaher	£4.5bn	2023	Biotech and Pharma: provider of protein research tools	University of Cambridge
OrganOx	Acquisition	Terumo Corporation	£1.2bn	2025	Medical devices: machine perfusion for organ transplant	University of Oxford
Oxford Ionics	Acquisition	IonQ	£840m	2025	Quantum: trapped-ion quantum computers	University of Oxford
Ziylo	Acquisition	Novo Nordisk	£623m	2018	Biotech and Pharma: glucose-binding technology	University of Bristol
NightStar Therapeutics	Acquisition*	Biogen	£604m	2019	Biotech and Pharma: gene therapy for retinal diseases	Imperial College London, University of Oxford
Gyroscope Therapeutics	Acquisition	Novartis	£588m	2021	Biotech and Pharma: gene-therapy for eye diseases	University of Cambridge
Exscientia	Acquisition*	Recursion Pharma	£540m	2024	Techbio: AI drug discovery	University of Dundee
Graphcore	Acquisition*	Softbank	£470m	2024	Semiconductors: AI chips	University of Bristol
Orchard Therapeutics	Acquisition*	Kyowa Kirin	£375m	2023	Biotech and Pharma: T-cell receptor therapies for tumours	University College London
MiroBio	Acquisition	Gilead Sciences	£332m	2022	Biotech and Pharma: antibodies for autoimmune diseases	University of Oxford

*Secondary exits

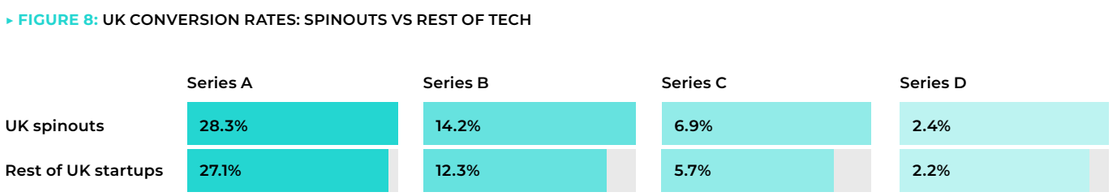
Includes exits of spinouts from UK universities launched since 1990, and spinouts not founded or headquartered in the UK.

2.6 Conversion rates

Of the 2,025 spinouts which have emerged from UK universities since 2010, 900 of these have been VC-backed (45%) and 240 raised over $10 million in funding. Almost a third of UK spinouts which raised a seed round between 2010 and 2020 went on to secure a Series A round. The figure of 28.3% is slightly higher than the rate observed in the rest of the tech sector (27.1%), suggesting spinouts are equally successful (if not more so) at progressing beyond the seed stage.

The conversion to later stages such as Series C and D is higher, for example 21% higher for Series C. This reiterates that spinouts are scaling to significant outcomes more effectively than the rest of the UK startup ecosystem.

▸ **FIGURE 8:** UK CONVERSION RATES: SPINOUTS VS REST OF TECH



3 Sectors

3.1 Top sectors for UK spinouts as a percentage of UK VC-backed deep tech

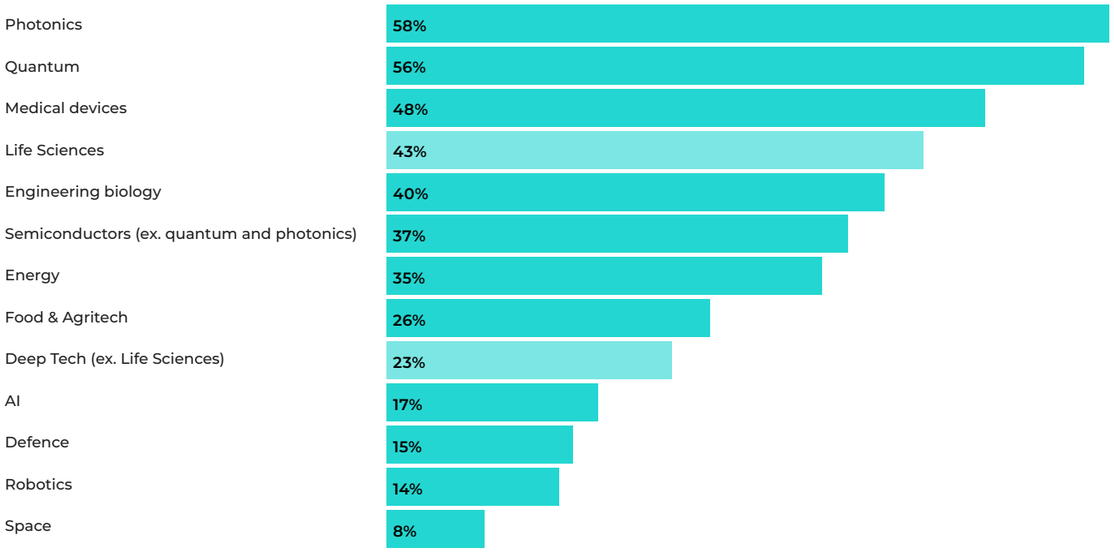
Spinouts make up a much larger proportion of the UK deep tech ecosystem in some sectors than in others, highlighting varying strength of academic ties.

Photonics (58% of the UK deep tech VC-backed startups since 2010) and Quantum (56%) are the deep tech sectors with the strongest academic ties. Startups in Photonics and Quantum are often based on deep engineering and scientific research, using specialised equipment and intellectual property developed in academic labs. Technologies such as quantum computers, quantum sensors, photonic chips and precision optics require years of R&D before commercialisation. Consequently, universities are the key creation platform for these companies.

Life Sciences (Biotech & Pharma and Techbio) spinouts make up a considerably larger share of the sector than they do in the rest of deep tech (43%). The same is true in the related sectors of Medical Devices and Engineering Biology. This may reflect the fact that commercialising academic research in life sciences is more established and structured than it is in other deep tech areas. The sector has a long history of venture investment, a deep pool of specialist investors experienced in working with academic founders, and clearer IP pathways where strong patent portfolios translate more directly into spinout opportunities.

Despite their heavy R&D reliance, Defence, Robotics and Space have the lowest share of startups being spinouts. This is because startups in these sectors are often founded by individuals with commercial experience, rather than a research background. There are other contributory factors in sectors such as defence, including restrictions on universities working on defence projects.

▸ **FIGURE 9:** SPINOUTS AS A PERCENTAGE OF UK VC-BACKED DEEP TECH STARTUPS SINCE 2010



3.2 Spinouts as part of the UK deep tech ecosystem

As outlined in the State of UK Deep Tech Report 2025 by the Academy and Dealroom, deep tech refers to technologies that build on the fundamental principles of engineering and science to create novel solutions and are recognised as being capital, time and R&D intensive. Being grounded in cutting-edge advances in engineering and science, deep tech innovation offers solutions to the world's most complex environmental, economic and societal challenges.

Deep tech in the UK is firmly rooted in the country's world-class research base, with most UK spinouts being deep tech and making up 96% of the combined enterprise value. There have been over 730 VC-backed deep tech university spinouts founded in the UK since 2010. Between 2010 and 2018, spinouts accounted for up to 27% of the overall UK VC-backed deep tech startups. Since 2019, this share has risen to 36%, showing how spinouts are becoming an ever larger and more important part of the ecosystem.

Spinouts are becoming a larger pie of the Deep Tech ecosystem in the UK.

Spinouts account for 36% of new startups since 2019, 36% more than in 2010-2018, and a larger share of $10M+ funding since 2010.

% OF UK VC-BACKED DEEP TECH STARTUPS THAT ARE SPINOUTS

 # OF STARTUPS 2010-2018

 # OF STARTUPS 2019+

ENTERPRISE VALUE OF STARTUPS 2010+

 # OF STARTUPS WITH $10M FUNDING, 2010+

Includes spinouts from UK universities with founding and/or HQ in the UK for comparability with rest of the ecosystem

Looking at the wider UK tech ecosystem, outside of deep tech, spinouts account for 5.6% of VC-backed startups since 2010, comprising 8.8% of the enterprise value created by companies launched since 2010. This is significantly lower than the corresponding figures for deep tech, where links to academic research are much stronger.

3.3 Main sectors for UK university spinouts

Biotech and Pharma is the largest sector for spinouts from UK universities. There have been 278 VC-backed companies spun out since 2010 in these industries, worth over £20.7bn. The largest fundraises this year came from Draig Therapeutics, a spinout from Cardiff University in 2024 which raised a £107m Series A round for next-generation therapies for major neuropsychiatric disorders, and CellCentric – a 2003 spinout from the University of Cambridge which raised a £94m Series C round to advance its targeted cancer therapies.

Medical Devices is the next most successful sector, with 110 VC-backed spinouts since 2010 worth a combined £4.2bn. Quantum has had a standout year with over £833m in funding, driven largely by US-based University of Bristol spinout PsiQuantum. There were also notable fundraises from Nu Quantum (University of Cambridge) and Phasecraft (UCL and University of Bristol). As mentioned above, 2025 also saw Oxford Ionics being acquired for £840m by US quantum leader IonQ.

AI is also underpinning nearly 20% of spinout VC funding, in particular across life sciences (Iambic Therapeutics, Ultromics, Chemify).

▸ **Table 10:** MAIN SECTORS FOR UK UNIVERSITIES' SPINOUTS

	Number of VC-backed startups (2010+)	EV (2010+)	Funding (2020-2025)	Funding 2025
Biotech and Pharma	278	£20.7B	£4.3B	£424.3M
Medical Devices	110	£4.2B	£1.4B	£220.0M
Energy	105	£2.9B	£3.2B	£364.9M
Semiconductors (ex. quantum)	64	£3.1B	£964.4M	£209.3M
Techbio	63	£5.6B	£2.2B	£140.6M
Enterprise software	58	£2.0B	£465.4M	£99.3M
Food & Agritech	40	£1.5B	£413.9M	£71.6M
Digital Health	37	£1.1B	£202.5M	£40.1M
Rest of Climate Tech	28	£638.4M	£180.0M	£36.8M
Quantum	22	£7.9B	£2.3B	£833.3M
Robotics	16	£170.1M	£30.6M	£6.1M
Cybersecurity	10	£157.1M	£325.3M	£18.6M
Fintech	9	£159.8M	£33.5M	£0.0
Other transportation (autonomous driving, etc)	7	£226.1M	£46.9M	£7.2M
Space	6	£159.4M	£57.9M	£17.4M
AI	187	£8.4B	£3.1B	£421.6M
Others	77	£568.4M	£438.8M	£95.7M

Includes spinouts from UK universities with founding and/or HQ in the UK for comparability with rest of the ecosystem

3.4 Overview of UK university spinouts in IS-8 sectors

The UK's Industrial Strategy, published in June 2025, sets out a decade-long plan to back the most promising sectors to increase national productivity and strengthen economic security.[8]

The strategy highlights eight high-growth priority sectors, collectively known as IS-8. These are Advanced Manufacturing, Clean Energy Industries, Creative Industries, Digital and Technologies, Defence, Financial Services, Life Sciences and Professional Business Services.

The Industrial Strategy highlights the need for the UK to better support its highest-potential sectors and foster the growth of 'superstar firms'. These are companies capable of generating spillover benefits across the wider economy. Increasing investment in spinouts, combined with the UK's strong R&D base (including existing strengths in AI, quantum and advanced materials) presents a significant opportunity to nurture these capabilities and cultivate the next generation of deep tech success stories.

Of the sectors listed above, UK spinouts are most prominent in Life Sciences, Digital and Technologies and Advanced Manufacturing. This can be seen in the table below.

▸ **TABLE 11:** OVERVIEW OF UK UNIVERSITY SPINOUTS BY IS-8 SECTORS

	Number of VC-backed startups (2010+)	EV (2010+)	Funding (2020-2025)	Funding 2025
Life sciences	407	£26.7B	£5.8B	£492.3M
Digital and technologies	293	£15.3B	£4.1B	£736.1M
Advanced manufacturing	101	£3.9B	£1.2B	£228.5M
Creative industries	31	£832.1M	£194.0M	£68.9M
Clean energy industries	14	£695.9M	£146.8M	£40.1M
Financial services	10	£189.7M	£10.2M	£5.0M
Professional business services	7	£168.8M	£58.9M	£20.4M
Defence	7	£385.4M	£72.9M	£4.0M

Includes VC-backed companies with undisclosed funding. Includes all spinouts with founding location and/or HQ in the UK

8 The UK's modern industrial strategy, DBT, 2025

3.5 Main sectors for UK university spinouts by IP-intensiveness in spinout guidelines

Looking at the distribution of spinouts by IP-intensiveness defined in The Independent Review of University Spinout Companies (2023)[9], we see that IP-heavy life sciences account for the majority of UK spinouts ecosystem by number of VC-backed startups (395), as well as value created (£26B) and funding since 2020 (£7.5B).

Deep tech hardware follows with 297 VC-backed spinouts and £17B in value created and leading in funding in 2025 with £1.2B (heavily driven by US-based PsiQuantum $1B round though). Software closes with over 200 spinouts and close to £15B in value created. to better support its highest-potential sectors

▸ **TABLE 12:** MAIN SECTORS FOR UK UNIVERSITIES' SPINOUTS BY IP-INTENSIVENESS IN SPINOUT GUIDELINES

	Number of VC-backed startups (2010+)	EV (2010+)	Funding (2020-2025)	Funding 2025
Life Sciences (ex. SaaS)	395	£25.9B	£7.5B	£589.4M
Deep Tech hardware	297	£17.4B	£4.5B	£1.2B
Software	206	£14.7B	£2.4B	£408.5M

Includes VC-backed companies with undisclosed funding. Includes all spinouts, also non HQ in the UK.

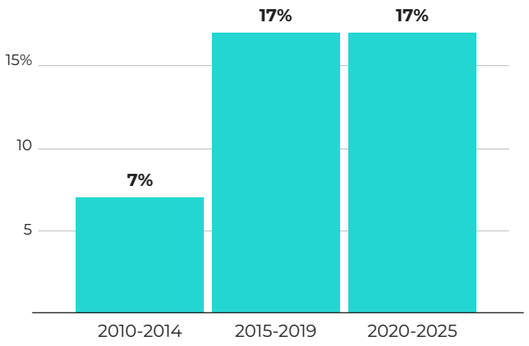
9 Independent Review of University Spinout Companies, DSIT and HMT, 2023.

4 Leadership

4.1 Gender diversity among founders

Among spinouts in the UK which have been launched since 2020, 17% have at least one female founder. This is up from just 7% in 2010-2014 and is marginally higher than the 15% recorded across the rest of UK tech. This indicates some historical progress, although, this has now plateaued and there is a long way to go to improve gender diversity in spinouts. 83% of spinouts are founded by all-male teams.

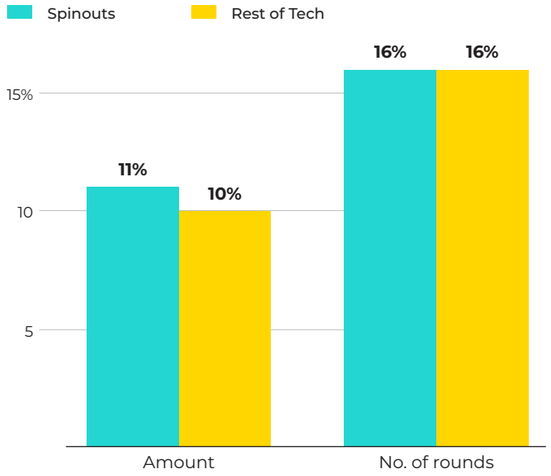
▸ **FIGURE 10:** PERCENTAGE OF VC-BACKED SPINOUTS FROM UK UNIVERSITIES WITH AT LEAST ONE FEMALE FOUNDER BY FOUNDING DATE



2025 saw spinouts with at least one female founder receive the highest ever share of funding amount and number of rounds, at 21% and 14% respectively. UK spinouts with at least one female founder raised a record £281m, led by Draig Therapeutics, Nu Quantum, Cambridge GaN Devices, Salience Labs and NatureMetrics.

▸ **FIGURE 11:** PERCENTAGE OF VC FUNDING GOING TO UK SPINOUTS WITH AT LEAST ONE FEMALE FOUNDER

▸ **FIGURE 12:** PERCENT OF VC FUNDING GOING TO STARTUPS WITH AT LEAST ONE FEMALE FOUNDER IN THE UK, SPINOUTS VS REST OF TECH



When comparing UK spinouts with the rest of the UK startup ecosystem, we see that spinouts with at least one female founder have raised a similar share of both funding amount and number of rounds.

Recent government initiatives and sector-wide efforts reflect an increasing commitment to improving gender diversity across UK tech. As an example, the Women in Tech Taskforce launched a call for evidence in March 2026 on the impact of emerging technologies on women's participation, progression and leadership in tech.

The UK government announced a £500m investment in June 2025 to boost growth and opportunity for underrepresented entrepreneurs.[10] The program is made up of a new £400m package from the British Business Bank and targets women, ethnic minorities, people with disabilities and those from disadvantaged backgrounds. This fund will focus on backing more diverse fund managers through the Bank's Enterprise Capital Funds programme, investing in supporting micro-funds and providing the first step on the venture capital ladder for new investors and backing partners. A further £100m will be made available to female-led venture capital funds, supporting the aims of the Invest in Women Taskforce.

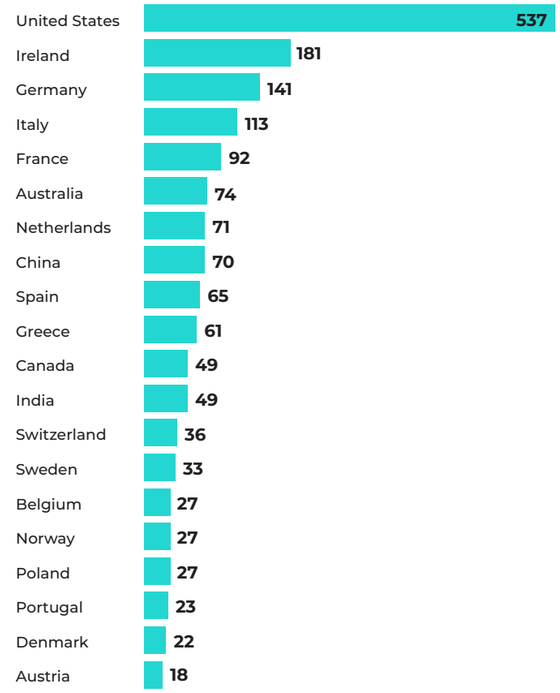
4.2 Nationalities of directors

International talent is vital to the success of high-growth businesses, driving expansion through diversity and collaboration. Around one-third (30.6%) of UK spinout directors are foreign nationals, from over 60 different countries.

US nationals are the most common foreign directors in UK spinouts, making up 28.3% of non-UK directors. The shared language and cultural environment make the UK attractive to Americans, as do the strong and relatively low-cost educational environment. At the same time, US investors provide a significant portion of funding for UK spinouts, especially in the later stages. Among European nationals, Ireland leads the way with 181 directors, followed by Germany (141), Italy (113) and France (92).

Number of foreign national directors: 1896
Number of UK national directors: 4292

▸ **FIGURE 13:** TOP 20 NATIONALITIES BY NUMBER OF CURRENTLY ACTIVE DIRECTORS OF SPINOUTS LAUNCHED SINCE 2010 (2025)



10 £500m Government investment to boost growth and opportunity for underrepresented entrepreneurs, DBT, 2025.

5 University equity stakes

5.1 Equity stakes methodology

The dataset analysed for the equity stakes section of this report comprised 2,025 university spinouts tracked by Dealroom since 2010. Only companies with a 'foundation date' from 2015 onwards were included (defined as the date in which a spinout has been formed as a result of intellectual property assignment/transfer from a HE (higher education) provider. After applying further exclusion and inclusion criteria as outlined below, 776 spinouts companies were analysed.

Exclusion and inclusion criteria

Spinouts were excluded from the equity stakes analysis if they were:

- Spinouts with no university held stake (non-cash or cash share), representing roughly one third of the spinouts. An academic institution does not necessarily have to have an equity stake in a company for the company to be considered a spinout.
- Spinouts with no founder or management on the cap table, these spinouts are typically spinouts that did not fully form.
- Spinouts with incorrect or incomplete filings, such as cases in which capital statements are missing.
- Spinouts 100% owned by the university, research centers and other IP-originating entities. These spinouts are typically spinouts that never fully formed and reached a consolidated cap table.

Spinouts where a university held greater than 50% of the equity (but less than 100%) were included. This amounted to 5.5% of the analysed spinouts.[11] Spinouts were excluded where the university only held cash shares, as well as cases in which the university held preferred shares which can't be compared with ordinary shares for the vast majority of other cases.

Key methodological considerations

- **Focus on "non-cash" shares**
  This analysis considers only non-cash equity granted to universities and founders through IP licensing and related support, excluding all shares acquired through cash investment by universities, TTOs, founders, or affiliated entities. Where an academic institution and its TTO both hold non-cash shares, these are aggregated as a single university stake. IP-related, non-cash shares held by captive or university-affiliated funds are included, while cash shares held by these entities are excluded. This approach is used because in around 30% of cases the earliest available cap table already includes dilutive external investment; further detail is set out in the annex.

- **Jointly created spinouts and institutional ownership**
  The report focuses on spinouts from UK universities, excluding those originating solely from research institutions in line with HESA guidance; however, over 50 spinouts in scope were co-created with UK research centres, where both the university and research institution contributed to IP development and hold non-cash IP shares. In these cases, the university and research centre holdings are aggregated to represent the full public institutional equity stake, reflecting the joint creation of the IP. Similarly, where spinouts were co-created by multiple UK universities, or by UK and overseas universities, the aggregated non-cash shareholding has been treated as the university-held stake.

- **Reliance on company house filings, including confirmation statements, incorporation statements, and account statements.**
  This analysis relies on Companies House filings, including incorporation statements (IN01), confirmation statements (CS01 and predecessor AR01), and account statements. In most cases, the IP agreement underpinning the equity transfer is executed after incorporation and is therefore first visible in annual confirmation statements. In the rarer cases where the agreement occurs at incorporation, equity stakes have been calculated using incorporation filings. In the vast majority of cases, the university's equity appears first in a confirmation statement; where relevant, share allotment statements (SH01) have been used to distinguish cash and non cash shares and reconcile these with holdings reported in the accounts. Further detail and assumptions are set out in the annex.

- **No provision for option pools.**
  The equity stakes in this analysis do not account for option pools that may exist at the spinout. The stakes reported in the analysis refer to the company's capitalisation table at the spinout agreement time. If an option pool exists, the TTO and founders will likely anticipate this dilution the equity split but this can't be ascertained from the Company House filings.

- **Founder equity:**
  The same methodology described for the university equity stake is used to calculate the founder non-cash equity stake in Part 2 of this report for direct comparison. However, when performing other analysis such as the evolution of this stake in time and the impact on the company leadership changes, both cash and non-cash shares have been included.[12]

The time trend in university spinout equity is directionally similar to what would be obtained using the methodology in last year's report, which included cash shares held by universities, but excluded non-cash shares held by captive or university-affiliated funds. However this year, as we are excluding shares that have been diluted from external investment, findings indicate that historically universities took a slightly higher equity stake. For more details on this, and the differences with past reports, please see the annex.

5.2 University non-cash equity stakes

In 2025, the average university equity stake in spinouts fell to 16%. This was down sharply from 25% in 2023, representing the lowest figure recorded for the decade.

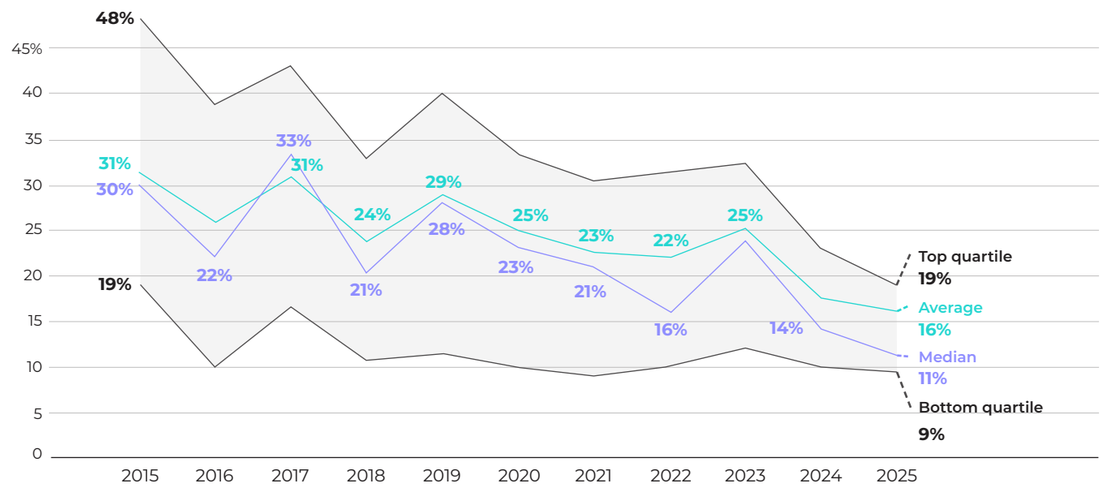
In April 2023, TenU (representing leading Technology Transfer Offices from universities around the world) published the University Spinout Investment Terms (USIT) Guide which advised capping equity in life sciences spinouts at 25%.[13] This was endorsed by the Independent Review of University Spinouts, commissioned by the Chancellor and published in November 2023. UKRI reports that over 69 universities have now committed to the Independent Review guidelines on equity stakes.[14]

Lower levels of university-held equity make spinouts more attractive to investors, as high stakes often deter backers by signalling overcontrol and limiting returns. This shift enables faster growth and innovation by reducing administrative hurdles, allowing spinouts to focus on development and market entry. The average equity stake stood at 25-30% in the 2015-2019 period. It started to decrease to 22-25% before the guidelines were introduced in 2023, and fell below 20% in 2024 and 2025. A similar trend is visible for the median figure, which decreased to 14% in 2024 and 11% in 2025.

11 This differs to the approach in previous editions when these companies were excluded from the analysis.

12 Additional details on equity methodology can be found in the annex.
13 The USIT Guide, TenU, 2023.
14 Spin-outs review implementation: best practice adoption list, Research England, 2025

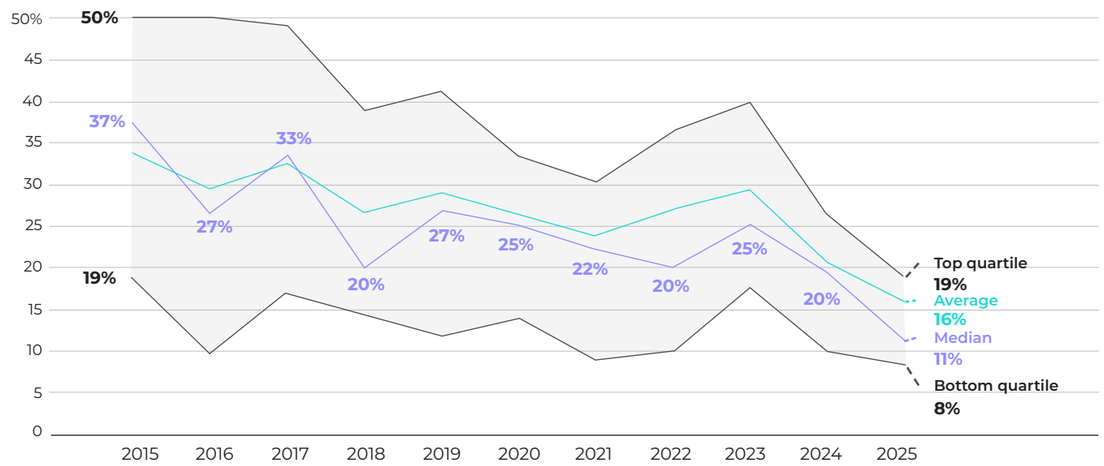
▸ **FIGURE 14:** AVERAGE NON-CASH (IP) EQUITY STAKE TAKEN BY UNIVERSITIES IN SPINOUTS (2015-2025)



Analysis of non-cash equity held by universities in UK spinouts since 2015. 2025 data are partial due to both tracking reasons and regulatory filing still in progress

A similar evolution can be seen when considering non-cash equity held by captive or university-affiliated funds. Examples include OSE, Frontier IP Group and Technikos.[15]

▸ **FIGURE 15:** NON-CASH EQUITY STAKE TAKEN BY UNIVERSITIES AND CAPTIVE OR UNIVERSITY-AFFILIATED FUNDS IN SPINOUTS (2015-2025)



Analysis of non-cash equity held by universities and venture builders in UK spinouts since 2015. 2025 data are partial due to both tracking reasons and regulatory filing still in progress

15 More details on the non-cash equity held by captive or university-affiliated funds can be found in the annex.

The Independent Review of University Spinouts and USIT both split spinouts into three distinct groups based on their "IP intensity" and the level of university investment required. The Review's recommendations define the following percentages for the university's initial (pre-money) equity stake:

Group	Typical Sectors	Recommended Equity Stake	Rationale
1. Life Sciences	Biotech, Therapeutics, Drug Discovery	10% – 25%	High IP intensity. Long development timelines (often ten or more years) and heavy reliance on university labs/funding.
2. Deep Tech/ Hardware	Quantum, Semiconductors, Robotics	10% – 15% (approx.)	Sits between software and life sciences. Requires prototyping and lab space but often has faster paths to market than drug discovery.
3. Software	SaaS, AI (non-hardware), Apps	10% or less (typically 5–10%)	Low IP intensity. Value is mostly created by the founders after leaving the university through rapid iteration and customer engagement.

Among the spinouts since 2015 with a university non-cash stake, life sciences is the largest segment with 315 spinouts. It is followed by deep tech and hardware with 256, then software with 204.

We have analysed the evolution of equity stakes across these distinct segments over three distinct time periods:

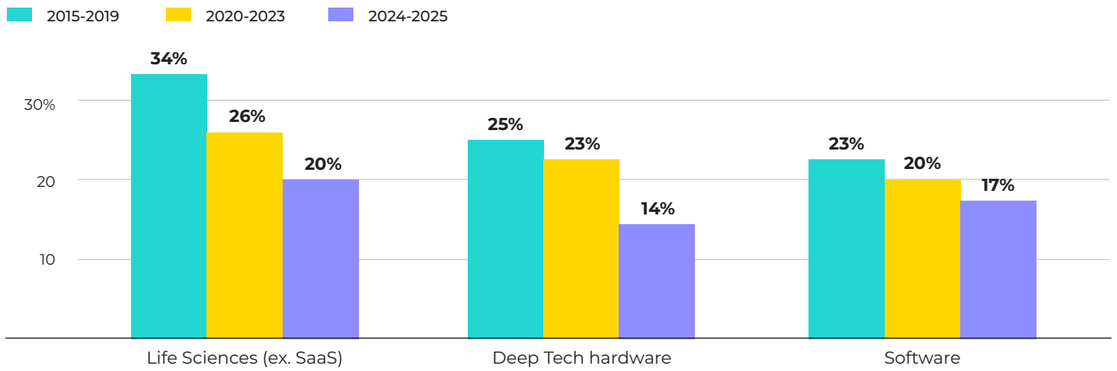
- 2015-2019 as a historical reference point.
- 2020-2023 to capture shifts to lower IP stakes in certain universities.
- 2024-2025 to see early shifts that may have been driven by the Independent Review's IP guidelines.

A drop in average equity stakes taken by the universities is clearly visible across all segments.

Life sciences consistently showed the highest equity stake taken (at 34% in 2015-2019 and 26% in 2020-2023), before dropping to 20% in 2024-2025 in accordance with the guidelines.

Deep tech hardware and software are now both sitting below 20%.

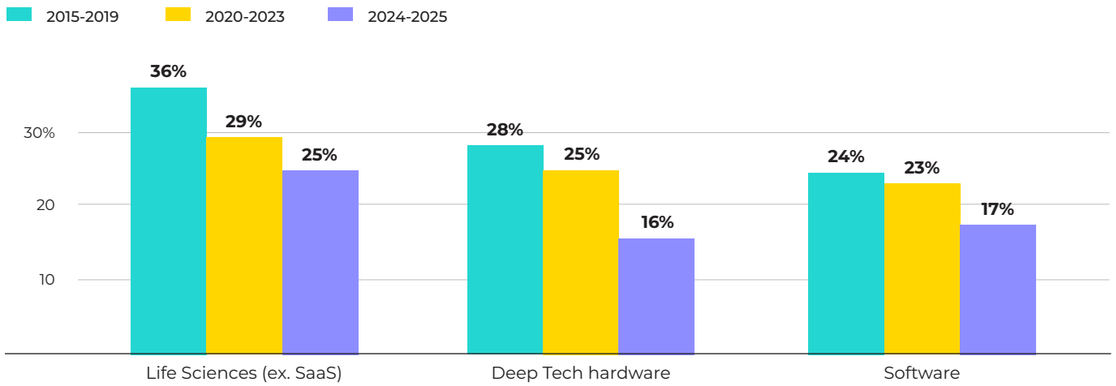
▸ **FIGURE 16:** AVERAGE NON-CASH (IP) STAKE TAKEN BY UNIVERSITIES IN UK SPINOUTS BY SEGMENT



Analysis of non-cash equity held by universities in UK spinouts since 2015. 2025 data are partial due to both tracking reasons and regulatory filing still in progress

When including captive or university-affiliated funds a similar trend holds but life sciences then shows a 25% stake still in 2024-2025.

▸ **FIGURE 17:** AVERAGE NON-CASH EQUITY STAKE TAKEN BY UNIVERSITIES AND CAPTIVE OR UNIVERSITY-AFFILIATED FUNDS IN UK SPINOUTS BY SEGMENT



Analysis of non-cash equity held by universities in UK spinouts since 2015. 2025 data are partial due to both tracking reasons and regulatory filing still in progress

5.3 University equity stakes

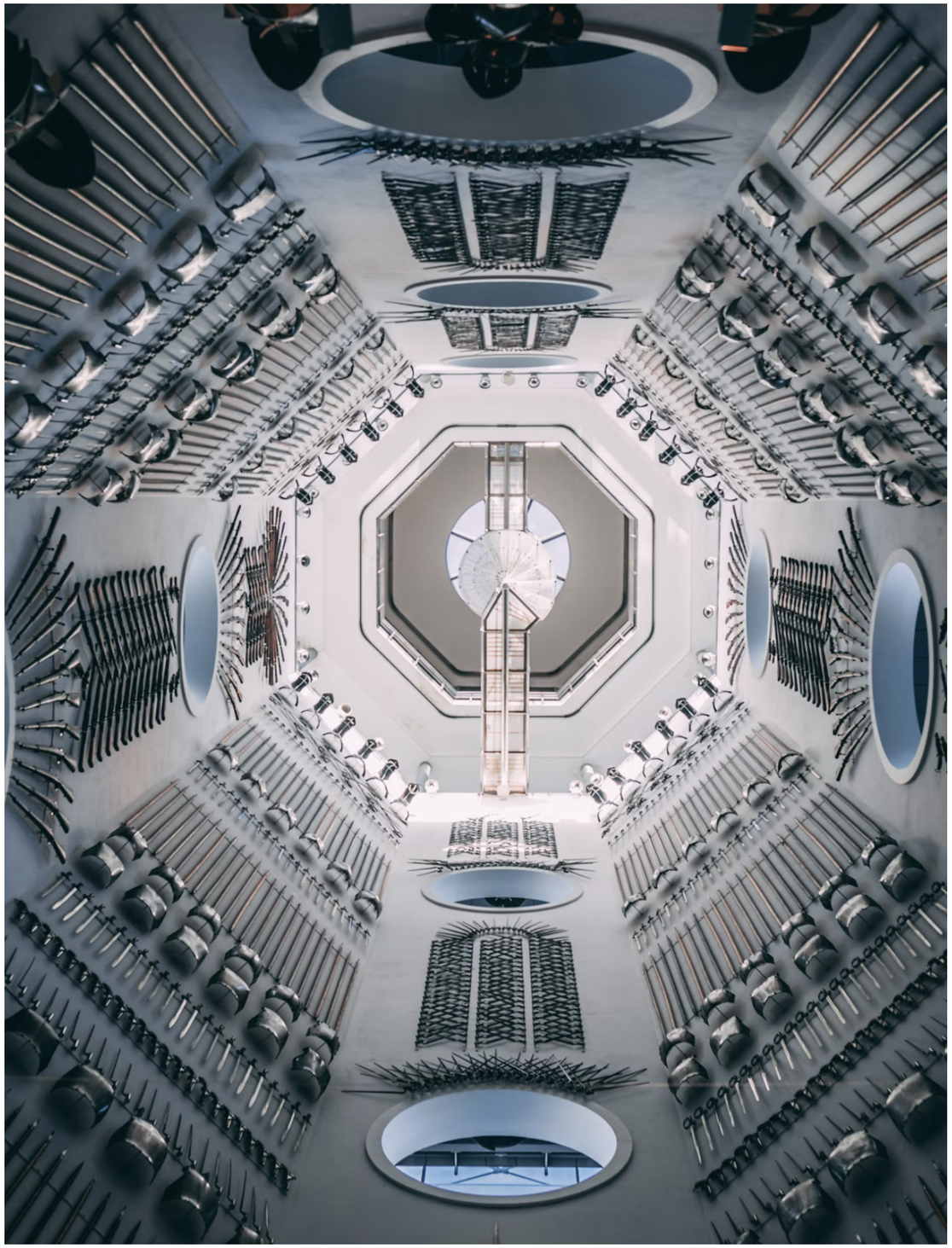
The table below shows the equity stakes taken by the UK universities between 2015 and 2025, as well as over the last five years.

▸ **TABLE 13:** NON-CASH (IP) EQUITY STAKE TAKEN BY UNIVERSITIES IN UK SPINOUTS

	Eligible spinouts (2015-2025)	Eligible spinouts (2020-2025)	Average (2015-2025)	Average (2020-2025)	Median (2015-2025)	Median (2020-2025)
University of Oxford	111	48	22%	19%	20%	14%
University of Cambridge	72	41	15%	13%	10%	10%
Imperial College London	54	34	15%	10%	8%	8%
The University of Manchester	39	27	31%	30%	30%	30%
University College London	37	13	28%	25%	20%	16%
University of Sheffield	31	25	25%	23%	20%	18%
Royal College of Art London	30	14	6%	6%	5%	5%
University of Bristol	26	13	29%	21%	29%	26%
University of Warwick	23	5	34%	39%	33%	40%
University of Nottingham	23	17	40%	38%	45%	45%
Queen's University Belfast	21	14	29%	28%	31%	31%
University of Leeds	20	11	45%	43%	49%	49%
University of Glasgow	19	9	38%	36%	31%	30%
University of Liverpool	16	12	32%	27%	30%	28%
King's College London	16	8	43%	33%	50%	30%
University of Edinburgh	15	13	23%	24%	20%	20%
Swansea University	15	4	16%	11%	15%	13%
Newcastle University	15	9	38%	41%	40%	40%
The University of Birmingham	15	10	34%	30%	40%	36%
University of Strathclyde	14	9	20%	19%	20%	20%

▸ **TABLE 14:** NON-CASH EQUITY STAKE TAKEN BY UNIVERSITIES AND CAPTIVE OR UNIVERSITY-AFFILIATED FUNDS IN UK SPINOUTS

	Eligible spinouts (2015-2025)	Eligible spinouts (2020-2025)	Average (2015-2025)	Average (2020-2025)	Median (2015-2025)	Median (2020-2025)
University of Oxford	111	48	31%	27%	29%	20%
University of Cambridge	72	41	21%	21%	13%	13%
Imperial College London	54	34	17%	12%	9%	8%
The University of Manchester	39	27	34%	33%	30%	30%
University College London	37	13	29%	27%	20%	16%
University of Sheffield	31	25	26%	22%	20%	16%
University of Bristol	26	13	30%	21%	31%	26%
University of Warwick	23	5	30%	39%	33%	40%
University of Nottingham	23	17	42%	41%	45%	45%
Queen's University Belfast	21	14	29%	29%	31%	31%
University of Leeds	20	11	47%	43%	49%	49%
University of Glasgow	19	9	34%	31%	30%	30%
University of Liverpool	16	12	33%	28%	31%	29%
King's College London	16	8	44%	37%	51%	30%
University of Edinburgh	15	13	25%	25%	20%	20%
Swansea University	15	4	16%	12%	18%	13%
Newcastle University	15	9	41%	45%	40%	43%
The University of Birmingham	15	10	34%	30%	40%	36%
University of Strathclyde	14	9	20%	19%	20%	20%



Part 02

Inside the founding team: equity and role dynamics in UK spinouts

Introduction

There has rightly been significant attention on the share of equity universities take when forming spinout companies, supported by an established evidence base, detailed analysis, and the development and adoption of best practice principles across the sector. By contrast, far less attention has been given to an equally important step in spinout company formation – the division of equity between founders. This is a critical part of the process in shaping incentivisation, roles and responsibilities and team dynamics, yet it is an area where evidence is limited and practice varies widely. Existing evidence outside of the analysis in this report suggests that on average, current practice results in equal equity splits.[16] However this may not reflect different levels of contribution or levels of risk taken.

Through supporting UK spinouts via the Academy's Enterprise Fellowships programme, we have seen nearly 600 cap tables showing significant variation in approaches to founder equity. It was these differing approaches that, in part, inspired us to create the first edition of this Spotlight on Spinouts report in 2021.[17]

Against this backdrop, we have begun increasing this evidence base and have set out to explore whether greater clarity or best practice guidance is needed to support founders to develop equitable equity structures. To build a fuller picture we engaged with founders, technology transfer offices (TTOs) and investors and also analysed the cap tables received through applications to our Enterprise Fellowships programme. In addition, we commissioned Dealroom to conduct a quantitative analysis of the 1200 UK spinouts formed since 2010 (more detail can be seen in the methodology section).

This exploratory analysis identifies common patterns in founder equity allocation, the challenges associated with the process, highlights areas of misalignment between stakeholder groups, and begins to address the question of whether best practice guidance could play a role in supporting founders.

16 Independent Review of University Spinout Companies, DSIT and HMT, 2023.
17 Spotlight on spinouts 2021, Royal Academy of Engineering, 2021.

Findings

No two founding teams look the same

Founding teams vary widely in both size and composition, and these differences inevitably shape how equity among founders is allocated and how that decision making process unfolds. Our consultation showed that those fulfilling executive roles (CEO, CSO etc) often, but not exclusively, hold larger shares than academics or those taking on less significant roles like adviser or chair, which may reflect different levels of time commitment to the company or level of risk taken. Table 15 shows a set of anonymised examples of equity splits at the point of company formation. While it does not account for individual backgrounds (for example academic or commercial), it demonstrates how much variation can exist across founding teams, including by size, roles, and equity division.

Dealroom's findings complement our findings that more senior roles do often, but do not exclusively, have greater equity shares. Having analysed 1200 of the 2025 UK spinouts incorporated since 2010, they found that founders* who take on the CEO role are associated with the highest shares of equity, with CSO roles closely following (Figure 17). They also examined the makeup of founding teams, paying attention to the distribution of academic and commercial expertise.

- Across these spinouts, 43% of founders were from academia, 32% had both academic backgrounds and commercial experience, and 25% were external co-founders with commercial experience.
- 81% of spinouts have at least one co-founder with commercial experience, suggesting that in the majority of cases there is at least one founder with commercial expertise.
- When looking specifically at the initial CEO role, co-founders with commercial experience are more prevalent than among founders overall (41% compared with 25%). This suggests that it is common to appoint an external CEO with commercial experience in the early stages of company formation.

▸ **TABLE 15: SOME EXAMPLES OF VARYING EQUITY SPLITS OF THE FOUNDING TEAM AT THE POINT OF COMPANY FORMATION AS SHARED BY ENTREPRENEURS**

COMPANY A	
Role	**Equity percentage**
CEO	50
CSO	18
Adviser	7

COMPANY B	
Role	**Equity percentage**
CEO	35
Academic	5
Academic	5
Academic	5

COMPANY C	
Role	**Equity percentage**
CEO	60
COO	40

COMPANY D	
Role	**Equity percentage**
CEO	32
CTO	32

COMPANY E	
Role	**Equity percentage**
CEO	30
CTO	25
Academic (full-time professor)	25
Academic (full-time professor)	20

COMPANY F	
Role	**Equity percentage**
Director	63
Co-founder	18.5
Clinical lead	18.5

COMPANY G	
Role	**Equity percentage**
CEO	26
CMO	26
CSO	26

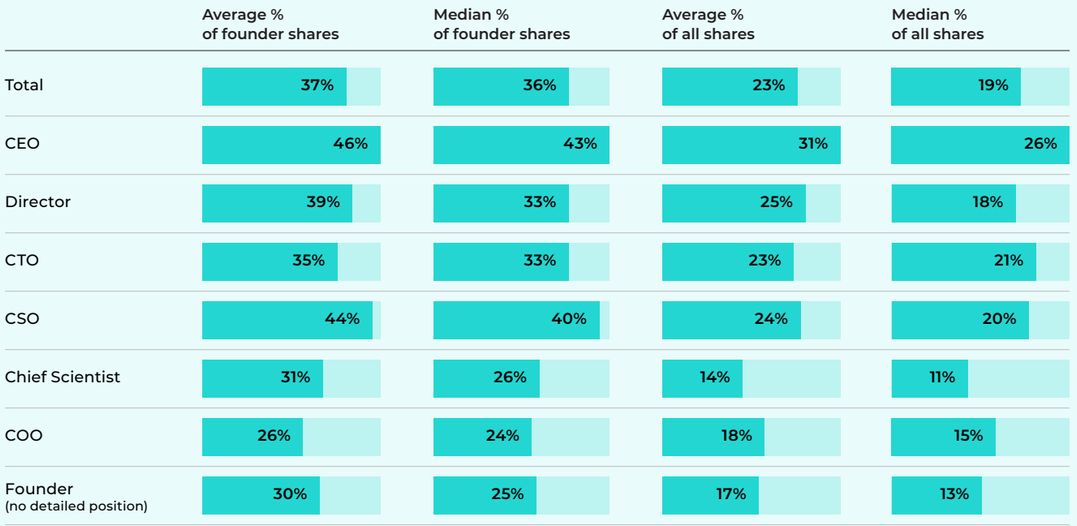
COMPANY H	
Role	**Equity percentage**
CTO	15
CEO	15
Commercial director	15
Chief engineer	15

Base: founders who have spun out (n=23)

These findings suggest a tendency for UK spinouts to draw on commercial expertise, particularly in early leadership roles. This may point towards the perceived value of commercial expertise for both establishing and driving the company forward. Alternatively, it may indicate a lack of desire in academics to lead the spinout at the possible detriment to their research career. Further research could help us understand what drives these decisions.

* Please see the annex for further methodological details on how founders were identified by Dealroom.

▸ **FIGURE 17: % OF FOUNDER SHARES ON THE FIRST CONSOLIDATED CAP TABLE BY INITIAL ROLE IN THE COMPANY**



Analysis of 1200+ UK spinout since 2010 with an university equity stake on cap table

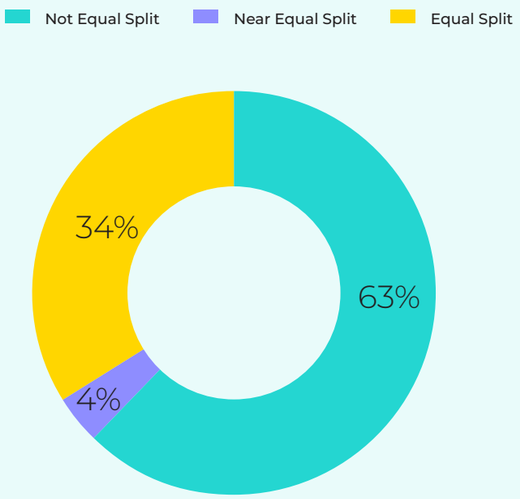
Most founding teams don't split equity equally

Our findings indicate that current practices more often reflect founders' time commitment to the company than existing evidence suggests. The consultation indicates that at company formation, unequal splits of equity are more likely to occur than equal splits. These initial equity splits can change over time, reflecting changing roles as well as other reasons such as dilution from outside investment or option pools being used. We found that of the 23 entrepreneurs we consulted who had already spun out, around a quarter stated that the founding team had an equal split at the point of company formation.[18] Conversely, over half of the respondents reported that the founding team members received various different shares.[19] Just over half of these entrepreneurs said that their role, or that of others in the founding team, had changed since the company was established,[20] with around a quarter having said that their role stayed the same.[21]

18 5 of the 23 respondents
19 13 of the 23 respondents. 5 of the 23 respondents did not provide an answer.
20 12 of the 23 respondents
21 6 of the 23 respondents. 5 of the 23 respondents did not provide an answer.

Dealroom's analysis supports this when examining 144 of the most successful UK spinouts incorporated since 2010.[22] They found that 63% of these companies had an unequal equity split between founders at formation, compared to 34% of companies that had an equal split.

▸ **FIGURE 18: INITIAL EQUITY SPLIT FOR UK SPINOUT SUCCESSES SINCE 2010**



140+ UK spinouts launched since 2010 that raised $10M+ funding or reached a $100M+ valuation

A similar analysis of Enterprise Fellowships applications[23], comparing the stake held by the lead applicant with that of the remaining founding team, shows that the split favoured the lead applicant in 43% of cases, was equal or near-equal in 23%, and favoured co-founders in 34%. While this may appear positive, there are often multiple co-founders compared with a single lead-applicant, and in 86% of applications the co-founding team as a whole committed equal or less FTE than the lead applicant. In practice, this indicates that most applications are driven by a single highly committed lead, with relatively limited support from the wider team.

What shapes equity decisions

Several factors can and should inform decisions about how equity is split between founders. Those we consulted emphasised the relationship between time commitment, roles and responsibilities, and the level of risk taken relative to reward. Founders described weighing past contributions to the underlying IP alongside expectations about who will take on greater operational responsibility, as well as how individual circumstances and level of involvement may evolve over time.

Founders also need to consider how early equity decisions may influence future investment and how cap table structures can signal whether the team dynamics are well-positioned for commercial success, this is of particular interest to investors. The investors we consulted favoured equity distribution that is proportionate to founders' time commitments and were wary of academic founders retaining sizeable shares while staying in full-time academic roles. This can create challenges for team cohesion and morale. Analysis of our Enterprise Fellowships application data shows that in 9% of cases, one or more co-founders received equity despite committing 0 FTE. In 34% of these cases (0 FTE), the co-founders received equal or a greater equity share than the lead applicant, who is expected to join the company full time. Ultimately, investors look for founding teams whose equity allocations ensure that those driving the business day to day are incentivised to lead the company forward.

Founders are not in complete agreement with the investors' views. Founders expressed that motivation is shaped by multiple factors; equity shares represent just one element alongside considerations such as the wider spinout process and the drive to develop the technology. There was also a consistent sentiment that dead equity (equity held by individuals who are no longer active in the spinout) is acceptable if in recognition of significant past contribution to the company, for example if it is a reward via a proportionate or small share.

Share classes, option pools and reverse vesting, as well as ensuring a concrete plan for future commercial hires are structural elements important in building early cap tables which founders need to navigate.

22 Defined by those that raised either £10m+ in funding or have reached £100m+ in valuation.
23 575 applications

"I have never been motivated by shares... To me, the motivation came from what you want to do... I love what I do"

◆ **A FOUNDER WHO SPUN OUT IN 2020.**

SUMMARY

THINK AHEAD

When deciding how founding team equity is split, entrepreneurs repeatedly stressed the importance of looking beyond the moment of incorporation. Their key pieces of advice included the following:

- Think several years ahead. Early equity decisions can have long-term implications on the dynamics, responsibilities and fairness of the founding team.
- Consider how responsibilities will evolve and reflect on who is likely to take on full-time responsibility for the business and who may remain in academia.
- Reflect on how you will work together over time.
- Consider how personal life circumstances may change.

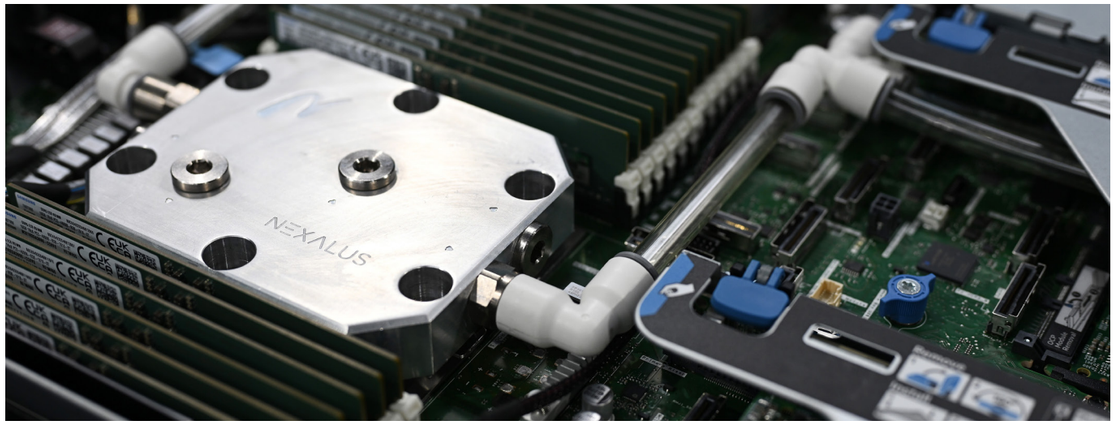
CASE STUDY

PLANNING AHEAD TO SHAPE A FAIR EQUITY SPLIT

One founder, currently in the process of spinning out, described how their four-person founding team agreed an equity structure that felt fair now and that they hope will feel fair in the future. The team consists of four senior roles – a COO, CSO, CEO and a CTO with the latter two having prior experience in spinning out.

Rather than focusing solely on contributions to date, the founders mapped out what the next 10 years would look like, for example forecasting expected dilution across future investment rounds and identifying what equity shares would likely reduce to as the company scaled. They also agreed to have a sizeable option pool to strengthen the company's 'investability'.

This example highlights how early, structured planning, including considering long-term dilution, can help founding teams reach an equitable agreement.



Guidance is rare and advice is fragmented

Founders receive advice on how to split equity between founders from a wide range of sources. Broadly, founders draw on different types of advisers, each bringing different perspectives and priorities. Just over two-thirds of the founders we consulted said that they received advice: mostly from entrepreneurs, followed by TTOs, investors, and lawyers while one respondent cited an independent body.[24] Our consultation revealed clear gaps in the advice available and that the nature of advice available is fragmented and sometimes contradictory.

Founders consistently highlighted the absence of practical guidance to help them understand what a fair or typical equity split might look like and how to weight different levels of commitment. They indicated that they would welcome case studies from experienced entrepreneurs or later-stage companies. They also pointed to a broader lack of support in navigating legal considerations, protecting their interests, and understanding technical elements such as share classes and option pools. Founders who had not yet spun out echoed these points, emphasising the need for insight from those with prior experience of the process.

As no two founding teams are the same, the negotiation experience can vary and take different lengths of time. While many founding teams can agree equity splits relatively quickly, the length and complexity of negotiations can vary widely implying that they are context-dependent with no single typical negotiation process. Some founders we consulted reported negotiations consisting of quick discussions with agreements reached easily, other shared experiences of long discussions that were not as simple.

The TTOs we consulted had clear views on what founders need to know when making these decisions, as well as what good looks like. TTO engagement in this area typically centred on helping founders understand the relationship between roles, time commitment, salaries and equity stakes, sometimes in the context of how to build an investable proposition.

SUMMARY

WHAT FOUNDERS NEED TO KNOW AND WHAT GOOD LOOKS LIKE FROM A TTO PERSPECTIVE

- People and roles: it is important to consider the people who make up the founding team, as well as the numbers on the cap table. Founders should construct equity splits that relate to both past contributions, for example through IP or early technology development, as well as the future work required to build the company.
- They should have an awareness of the potential longer-term consequences of early equity decisions, for example thinking through a range of scenarios with future milestones to consider.
- Founders should understand cap tables and share classes.
- Reverse vesting was regarded positively as a mechanism to ensure ongoing commitment and avoid dead equity.
- Option pools were mostly seen as important for managing future hiring needs, although it was noticed that they need to be managed appropriately and not be allocated prematurely.
- Avoid dead equity as this can undermine both founder motivation and investor confidence. In these cases, it was felt that it is not uncommon for investors to want to reshape the cap table (for example to address what they could perceive as dead equity). TTOs had seen cases where these were realigned to reflect the company's journey further down the line.
- Founders should have the right information to make well-informed decisions, for example through access to networks and expertise including support from entrepreneurs with the relevant experience or legal advice.

24 16 out of the 23 respondents received advice. 4 out of 23 did not receive advice and 3 out of 23 did not provide an answer.

TTOs adopt mixed approaches when giving this advice, potentially creating conflicts of interest. While they may frequently discuss founder equity allocation with founding teams, they are generally not directly involved in the negotiation process. Most emphasised that decisions are ultimately left to the founders themselves, with TTO input positioned as guidance or light touch conversations, rather than directive or legal advice. Some TTOs did note that they will proactively initiate these conversations, whereas others will actively avoid this. The variation in approach warrants further investigation but it may partly be caused by different institutional contexts, with each university operating within its own ecosystem, which may shape what level of support feels appropriate.

However, most agreed that there are times when it is necessary to help facilitate conversations as conflicts arise, particularly where institutional hierarchies may influence decision-making. For example, postdoctoral researchers deferring to senior academics was highlighted as a power dynamic that can lead to inequitable equity structures. This dynamic is often reflected in the experiences of individuals participating in the Academy's Enterprise Fellowships programme.

SUMMARY

THE MAIN CHALLENGES

Founders may face several challenges when deciding early equity structures:

- **Fragmented or lack of advice:** the entrepreneurs we consulted reported a range of experience relating to the advice they received, with some advice conflicting depending on who was consulted.
- **Institutional power dynamics:** several entrepreneurs, as well as the TTOs we spoke to, noted how power dynamics (for example between a postdoctoral researcher and supervisor) can have a negative impact on how equity splits are decided.
- **Lack of forward thinking:** various founders noted that in hindsight, they would think further ahead when deciding early equity splits, with a greater consideration of how contribution and roles may change over time.

CASE STUDY

NAVIGATING EARLY EQUITY DECISIONS AND POWER DYNAMICS

A founder who spun out their company as a postdoctoral researcher in 2017 and then became CEO described co-founding the company along with their academic supervisor who remained employed full time at the university. At the time of incorporation, the equity split was 50/50 – a decision the founder described as "what felt fair at the time".

With hindsight however they reflected that they did not fully appreciate the implications of being the one to leave the university and depend entirely on the business for their income. They highlighted the power imbalance that can exist between a postdoctoral researcher and their supervisor, which in this case left them feeling like that had limited voice during negotiations. The lack of a proper conversation with their TTO only amplified this imbalance.

Looking back, they noted that an equal split can be reasonable at the moment of founding, but it would be helpful to have a clear, structured plan to revisit equity as roles evolve. Their advice to future founders is to think ahead to what your life might look like in several years, especially if you are the one stepping away from the university safety net. They emphasised how valuable an impartial adviser would have been in navigating the negotiation to help broker discussions.

Our reflections

Taken together, this exploratory analysis shows that founder equity can be shaped by the combination of past contributions, future roles and risk as well as wider influences like team dynamics and advice received. The confidential nature of founder equity discussions has limited public discourse, but the Academy's experience of supporting over 150 spinout founders suggest these challenges are common and merit further discussion. The experiences gathered highlight that it remains an area where practice varies widely, and while it provides valuable insights the evidence base should be developed further. In doing so it may help to better understand how early equity decisions shape longer-term company trajectories.

The findings also point to a clear need for more accessible and structured information from trusted sources to support founders when navigating these decisions. Many founders described fragmented advice, a lack of practical guidance on typical equity ranges and limited access to legal and technical advice. TTOs identified principles of good practice but varied widely in how far they saw their role extending into founder negotiations. Taken together, this suggests the sector could benefit from independent best-practice guidance to better inform founders to make effective decisions and help the reduce the risk of inequitable equity structures. Developing and implementing this could present an opportunity to continue to improve the conditions in which new spinouts are formed in the UK.

SUMMARY

On this basis we see the following areas where further action could help address the gaps identified and support consistent and equitable practice:

- Provide best practice guidance to support structured equity negotiations, ensuring founders understand how roles, responsibilities and dilution may evolve. This could include principles such as indicative equity ranges mapped to different levels of contribution
- Reduce the fragmentation of advice available to founders and improve access to impartial guidance. The Academy's Entrepreneur's Handbook provides a strong starting point for this.
- Continue to build the evidence base on founder equity in spinouts (this could include considering how existing datasets might be analysed, and shared where appropriate) to inform the development of practical guidance and support more consistent approaches across the ecosystem.

Part 03

UK spinouts – a status update

It has now been over two years since the Independent Review of University Spinout Companies was published, and the UK spinout landscape has continued to evolve in significant and positive ways.[25] The review set out ways to help improve the creation and growth of university spinouts in the UK and the Academy is continuing its commitment to track how the review's recommendations are being implemented.

One of the most crucial developments has been the publication of the Spinout Register.[26] This represents a major step forward for data availability and transparency across the ecosystem – something that the Academy has consistently advocated for. The register is essential for improving policy insights and outcomes and we hope it will support further evidence generation for continued informed decision-making across the sector.

Progress has also been made in other areas identified in the review. Proof-of-concept (PoC) funding has continued to rise, helping to increase confidence and accelerate technology development progress towards commercialisation. Reforms to support UK scaleup capital, such as expanding the capacity of the British Business Bank as outlined in the Industrial Strategy, will help to ensure that UK companies are incentivised to stay in the UK.[27] In addition, early findings of the shared TTO pilot, which concluded in 2025, suggest there is appetite to build shared capability between universities, with project ambitions having been met or exceeded.[28] If further evidence supports the viability of shared TTOs, a clear plan to scale and sustain this model will be needed. While shared TTOs are not a silver bullet, they could help address the need underpinning the original recommendation 4: to build capacity across the sector, especially for smaller institutions.

While we have seen positive progress across the ecosystem, not all commitments in response to the Independent Review have been fully delivered and more reform is needed to realise its vision.
It is encouraging to see that 69 universities across the UK have voluntarily adopted TenU's best practice University Spinout Investment Terms (USIT) Guide in response to recommendation 1.[29] However, with Research England no longer monitoring adoption there is currently no mechanism to understand how effectively universities are embedding the guide across their practices. Evidence gathered from our Enterprise Hub members, as well as cap tables submitted in applications to our Enterprise Fellowships programme, suggests that despite formal adoption, not all universities are consistently embedding the best practice in their day-to-day spinout processes. A structured monitoring mechanism is needed to test whether universities are consistently applying the guide in practice, whether this is improving founder experiences, and whether it is translating into better outcomes and increased transparency.

Innovate UK's recent prospectus sets out a shift towards an integrated, end-to-end approach to support high-potential deep tech businesses across the UK. Central to this is the Velocity programme, a new account-management offer intended to provide more tailored, long-term support to selected companies. While Velocity is not designed specifically for university spinouts, it reflects elements of the review's recommendation to consolidate the existing support landscape and connect founders with experienced expertise, albeit within a broader innovation and scale up context.[30]

While this is a positive development for the wider innovation ecosystem, more is needed in relation to targeted support for spinout founders. As part two of this report found in relation to equity splits among founders, founders would benefit from clearer best practice guidance to support more structured equity negotiations, alongside reduced fragmentation of advice and improved access to impartial guidance.

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25 Independent Review of University Spinout Companies, DSIT and HMT, 2023.
26 Spin-out Register, HESA, 2025.
27 The UK's modern industrial strategy, DBT, 2025
28 Shared TTO pilot demonstrates appetite for innovation through collaboration, Knowledge Exchange UK, 2025.
29 Spin-out review implementation: best practice adoption list, Research England, 2025, The USIT Guide, TenU, 2023
30 Innovate UK: turning breakthrough ideas into industry giants, Innovate UK, 2026

An important policy development in the ecosystem is the recent publication of Tony Hickson's review on deepening university-investor links. The review, commissioned by UKRI, calls for a whole systems approach to improve the conditions for spinouts to thrive and scale at pace in the UK. By focusing on access to finance, investor interactions, behaviours and partnerships and the capacity and capability of the UK's commercialisation ecosystem, it outlines the ways the environment that universities, investors and founders exist in can operate more effectively as a whole.

The Hickson Review introduces a set of recommendations, some of which are complementary and reinforce those of the 2023 Independent Review. Table 17 provides a concise overview of where we note intersections that build on this existing work.[31]

By continuing to track this progress, we can build a clearer picture of how the Independent Review – and the work that has followed – has influenced founder experiences to date. While the review has provided an important framework for change, it is not sufficient alone to address the full range of challenges faced by UK spinouts. We therefore flag where implementation alone may fall short, and where further action is needed to deliver sustained, system level impact across the UK's spinout ecosystem. Table 16 sets this out, alongside an overview of current progress against the review's recommendations in its entirety.

31 Deepening university-investor links: a review by Tony Hickson, UKRI, 2026

▸ TABLE 16

Recommendation as outlined in the Independent *Review of University Spinout Companies*	Current progress
▸ RECOMMENDATION 1	
◆ IN PROGRESS	
What implementation alone won't fix Applications to our Enterprise Fellowships programme suggest a slow start to implementation. For example, in March 2025, approximately 11% of applications showed universities planning to take equity stakes above the recommended 25% cap. This reduced to roughly 3% of applications in September 2025; however in both cases the university claimed it was following best practice guidance. Encouragingly, none of the applications submitted in March 2026 showed universities proposing to take a stake above 25%. While this trend suggests more recent improvement in alignment with best practice, it is limited to a single programme. We would therefore welcome discussion around other existing datasets, and where appropriate, what can be learnt from them. In the absence of active monitoring by Research England, claims of USIT adoption risk becoming purely nominal. A structured monitoring mechanism is needed to test whether universities are consistently applying the guide in practice, whether this is improving founder experiences, and whether it is translating into better outcomes and increased transparency.	
Accelerate towards innovation-friendly university policies that all parties, including investors, should adhere, and are underpinned by guidance co-developed between investors, founders, and universities. • All parties should agree spinout deals on market terms, avoiding unnecessary negotiations. Equity splits identified via TenU's University Spin-out Investment Terms (USIT) Guide can be used as a starting point for life sciences spin-outs (10 to 25% university equity). • Universities, investors, and founders to jointly develop guidance for (i) software spinouts, (ii) hardware and engineering spin-outs. For less IP-intensive sectors, common in software-only spin-outs, typical deal terms should be much lower, with university equity of 10% or less. • Universities, investors and founders to jointly build on the USIT guidance to develop a template for spin-out term sheets. • Universities should have clearly stated expectations on time to complete the stages of the spin-out process by both the university and founders. University approvals needed for a standard spin-out should be delegated to trusted individuals and not taken by committees that meet infrequently. • Founders should be encouraged to adopt amongst themselves proportionate equity distribution that both recognises originating IP and continued intellectual support, but also the need to reward and incentivise those individuals who will commit considerable effort in taking the company forward.	As of February 2026, 69 universities across the UK have voluntarily adopted the best practice policies in TenU's USIT Guide as recommended by the review and published changes to their policies. Research England previously monitored this based on voluntary adoption statements but they no longer undertake routine updates to the list. Universities are invited to contact Research England directly to be included in the list. Part two of this report explores current founder equity practices in greater detail. While the review outlined that on average, equity splits among founders are equal, the entrepreneurs we consulted detailed varying splits and this was supported by Dealroom's analysis. Their experiences pointed to different challenges in how equity negotiations among founding teams are conducted, alongside clear gaps in guidance that can make this process difficult to navigate.

Recommendation as outlined in the Independent *Review of University Spinout Companies*	**Current progress**
▸ RECOMMENDATION 2	
◆ RECOMMENDATION MET	
More data and transparency on spin-outs through a national register of spin-outs, and universities publishing more information about their typical deal terms. The Higher Education Statistics Authority's ongoing review of the Higher Education Business & Community Interaction (HE-BCI) dataset must present solutions to improve the reliability of data on spin-outs.	In June 2025 the UK's first publicly available spinout register was launched by HESA in partnership with Research England and their advisors University Commercialisation and Innovation (UCI) Policy Evidence Unit at the University of Cambridge. The register is the first of its kind and represents a major milestone in quality and transparency of national data on UK spinouts. It provides an official publicly available evidence base that can be used by a range of relevant stakeholders, better informing national discussions and helping to shape policy to support the spinout ecosystem. Since its publication, HESA reopened the data collection to allow providers to check and address the completeness of their data and allowed for corrections to improve quality. In response to user feedback, it has also included additional data breakdowns and has been updated to show disciplinary backgrounds, foundation/incorporation months and spinout ID.[32] Following this, the register was most recently updated in April 2026 UCI published a flagship analytical report as a result of the register, providing analysis of the data underlying it and demonstrating the insights it can unlock as well as providing advice to Research England on the kinds of routine analysis they may wish to conduct in the future.[33]

▸ RECOMMENDATION 3	
◆ IN PROGRESS	
Higher Education Innovation Funding (HEIF) should be used to reduce the need for universities to cover the costs of technology transfer offices (TTOs) from spin-out income. Given that HEIF equivalents are lower in the devolved administrations, the devolved governments may want to consider the findings of this review and provide additional support for their universities.	As part of the review of HEIF, Research England set a new strategic direction with new policies and priorities for the period 2025 to 2031 in a document published October 2025. It states that Research England continues to expect higher education providers (HEPs) in receipt of HEIF (to whom it is relevant) to take account of TenU's USIT guides listed in the review.[34]

32 Spin-out Register, HESA, 2025.
33 Powering Ideas to Innovation: The significance, structure and dynamics of the university spinout ecosystem, Tomas Coates Ulrichsen and Joscelyn Miller, 2025
34 Higher Education Innovation Funding policies and priorities 2025 to 2031, Research England, 2025.

Recommendation as outlined in the Independent *Review of University Spinout Companies*	**Current progress**
▸ RECOMMENDATION 4	
◆ IN PROGRESS	
What is needed for system-level impact? Early findings from the pilot programme demonstrated appetite to build shared capability between universities, with project ambitions having been met or exceeded - although complete findings are yet to be published. If further evidence supports the viability of shared TTOs, a clear plan to scale and sustain this model will be needed. While shared TTOs are not a silver bullet, this could help address the need to build capacity across the sector, especially for smaller institutions. However, as flagged in the Hickson Review sector-based models may better align with investor needs and both may be required going forward.[35]	
Create shared TTOs to help build scale and critical mass in the spin-out space for smaller research universities. These could be operated through collaboration with established university TTOs and could be implemented at a regional or sector-wide level. We note that the latter may be particularly of interest to spin-outs from the social sciences, humanities, and the arts.	Research England established a pilot programme that awarded funding to 13 projects to explore diverse and innovative models of sharing tech transfer capability. Through its Connecting Capability Fund and Research England Development Fund, Research England allocated over £4.7 million involving 49 HEPs. Research England commissioned Knowledge Exchange UK to conduct an independent evaluation of the pilot programme to understand if shared TTOs are viable and sustainable. While the entirety of the findings from the pilots are yet to be made publicly available, early findings show that further funding has been secured to support ongoing activities for some projects, as well as ongoing collaboration agreements with shared principles and guidance between some TTOs. Please see UK spinouts – a status update for the full list of collaborations, which projects ended in April 2025.[36]

35 Deepening university-investor links: a review by Tony Hickson, UKRI, 2026
36 UK spinouts – a status update, Royal Academy of Engineering, 2025.

Recommendation as outlined in the Independent *Review of University Spinout Companies*	**Current progress**
▸ RECOMMENDATION 5	
◆ RECOMMENDATION MET	
What is needed for system-level impact? While PoC funding plays an important role in de-risking early technology and supporting spinout formation, it represents only one element of the wider landscape, and cannot, on its own, resolve the more substantial funding gaps UK spinouts continue to face. For example, as shown in part one of this report, overall investment activity has slowed, with UK spinouts securing £1.3 billion in venture capital funding in 2025, the lowest level since 2021. However, in light of Innovate UK's recent prospectus suggesting a shift away from early-stage funding, we recognise that PoC funding remains an important mechanism to help ensure spinouts can progress to later stages of support.	
Government should increase funding for proof-of-concept funds to develop confidence in the concept prior to spinning out. These should integrate with the timing and offering of commercialisation support and venture-building programmes. Investors should lend their expertise to assessing funding bids for proof-of-concept and translational funds.	48 projects have received funding as part of UKRI's £9 million PoC funding, spanning disciplines including medicine, space science, the environment and AI.[37] Additionally, a total amount of £2.945 million was awarded to 18 projects from 10 universities from the Scottish Government's pilot PoC fund. The projects ran from September 2025 to March 2026.[38] UKRI announced its next round of PoC funding in March 2026 with projects starting in October 2026, receiving up to £250,000.[39] Despite this progress, the Hickson Review argues that there remains a gap in PoC funding, recommending that URKI expand funding for PoC to £100 million annually.[40]

Recommendation as outlined in the Independent *Review of University Spinout Companies*	**Current progress**
▸ RECOMMENDATION 6	
◆ INCOMPLETE	
In developing the 'engagement & impact' and 'people & culture' elements of Research Excellence Framework (REF) 2028, the four Higher Education Funding Bodies should ensure that the guidance and criteria strongly emphasise the importance of research commercialisation, spin-outs, and social ventures as a form of research impact. We encourage spin-outs to assist universities in drafting impact studies for REF.	No substantive changes have been made to the 'engagement & impact' or 'strategy, people, research and environment' elements for REF 2029 which increases the emphasis on the importance of research commercialisation, spinouts and social ventures as a form of research impact.

37 48 projects backed to turn cutting-edge research in businesses, UKRI, 2025.
38 Research commercialisation – Proof of Concept Fund: successful projects 2025 to 2026, Scottish Government, 2025
39 UKRI Translation: Proof of Concept, UKRI, 2026
40 Deepening university-investor links: a review by Tony Hickson, UKRI, 2026

Recommendation as outlined in the Independent *Review of University Spinout Companies*	**Current progress**
▸ RECOMMENDATION 7	
◆ RECOMMENDATION MET	
What is needed for system-level impact? As explored in depth in part two of this report, founders would benefit from best practice guidance to support structured negotiations for founder-to-founder equity, as well as reduced fragmentation of advice available to founders and improved access to impartial guidance.	
Founders need access to support from individuals and organisations with experience of operating successful high-tech start-ups, regardless of the region founders are based in or sector they operate in. The existing landscape of support services needs both consolidation and targeted expansion to ensure that founders have access to: • Advice, support, or representation in negotiations with universities and investors. • Training on entrepreneurship and commercialisation. • Support for business-building activities: provide support to identify the commercial proposition of spin-outs, build a business case, access customers, help connect investors with spin-outs, and help identify experienced and diverse people to join as early employees, advisors, and board members. • Access to part-time or on-call professional support in law, finance, or operations in early stages before permanent hires are needed. • Access to shared equipment and facilities for rent.	Innovate UK's recent prospectus sets out a shift towards an integrated, end-to-end approach to support high-potential deep tech businesses across the UK. Central to this is the Velocity programme, a new account-management offer intended to provide more tailored, long-term support to selected companies, connecting businesses to grow sector expertise (deep sector expertise and active portfolio management), the investment community and wider ecosystem. While Velocity is not designed specifically for university spinouts, it reflects elements of the review's recommendation to consolidate the existing support landscape and connect founders with experienced expertise, albeit within a broader innovation and scale up context. In response to the review in 2023, the government outlined an action to map the existing landscape of support for deep tech startup founders. However there is yet to be any publicly available evidence for progress made against this.[41] The Academy's Enterprise Fellowships programme continues to offer this level of support to academics spinning out companies through its 12-month accelerator programme.[42]

▸ RECOMMENDATION 8	
◆ IN PROGRESS	
UK Research and Innovation (UKRI) should ensure that all PhD students they fund have a voluntary option of attending high-quality entrepreneurship training and increase the opportunities for them to undertake internships in local spinouts, venture capital firms or TTOs.	In 2024, UKRI published a Statement of Expectations for Doctoral Training which requires research organisations to deliver appropriate, tailored and innovative training, guidance and opportunities to enhance the wider research skills of UKRI-funded students. At a minimum this should cover routes to impact including opportunities for commercialisation and entrepreneurship training.[43]

41 Government Response: Independent Review of University Spin-outs, DSIT and HMT, 2023.
42 Enterprise Fellowships, Royal Academy of Engineering, 2025.
43 Statement of Expectations for Doctoral Training, UKRI, 2024.

Recommendation as outlined in the Independent *Review of University Spinout Companies*	**Current progress**
▸ RECOMMENDATION 9	
◆ IN PROGRESS	
Recognising the important role that university-affiliated funds have played in helping spin-outs from some regions access finance, universities considering working with new affiliated investment funds should ensure they are still able to attract a wider set of investors and encourage competition when agreeing such deals.	Further university-affiliated funds to help accelerate commercialisation of research have launched in 2025. • The Royal College of Art launched a fund to invest in design-led spinouts. The RCA Design and Innovation Investment Fund is managed by Infinity Asset Management and has invested in 10 companies to date. • The SPARK Innovation fund was launched by King's College London, providing seed funding to research from disciplines of social sciences, arts and humanities.[44] • Parkwalk and Northern Gritstone launched the Northern Universities Venture Fund to provide greater access to investment for spinouts from the University of Leeds, University of Liverpool, University of Manchester and University of Sheffield.[45] The Hickson Review flags that while university-affiliated funds can play a crucial role in accelerating spinout creation, as well as larger later investment, the model is not always replicable in all regions across the UK and may only be viable in well-defined clusters. The number of funds also remains limited. It recommends that UKRI and universities should work together to consider how they convene a more strategic UK-wide approach to building a network of these funds.[46] While these initiatives aim to create a more balanced funding landscape and accelerate commercialisation in the UK, we remain unaware of any public evaluation of how these funds impact universities' ability to attract a wide set of investors and encourage competition.

44 University venture fund launches accelerate in 2025, Global Corporate Venturing, 2026.
45 UK university spinouts win record investment, Parkwalk and Beauhurst reveal, Business Weekly, 2025
46 Deepening university-investor links: a review by Tony Hickson, UKRI, 2026

Recommendation as outlined in the Independent *Review of University Spinout Companies*	**Current progress**
▸ RECOMMENDATION 10	
◆ IN PROGRESS	
We welcome ongoing reforms to support scale-up capital, such as changes to pensions regulation, and encourage the government to accelerate these efforts. Government should continue its reforms to ensure that UK capital markets are able to provide the financing to incentivise companies to stay in the UK.	In 2023, the government response to the review detailed a commitment of £250 million to two successful bidders under the Long-term Investment for Technology and Science (LIFTS) initiative. In November 2024, the British Business Bank completed a £250 million investment into Schroders Capital's new Long-Term Asset Fund (LTAF) under LIFTS and is accessible to pension funds and other institutional investors. The investment was matched by £250 million pension investment from Phoenix Group.[47] The LTAF offers defined contribution and other institutional investors the opportunity to support late-stage UK science and technology companies. The Academy is unaware of any publicly available evidence for a second successful LIFTS bid. Following the publication of the Industrial Strategy there have been reforms to support UK scaleup capital, such as expanding the capacity of the British Business Bank.[48] The Science and Technology Venture Capital Fellowship (STVCF), delivered by the Academy and Imperial College London, is working to address this recommendation through this programme, which has been designed to enhance investor capability.[49]

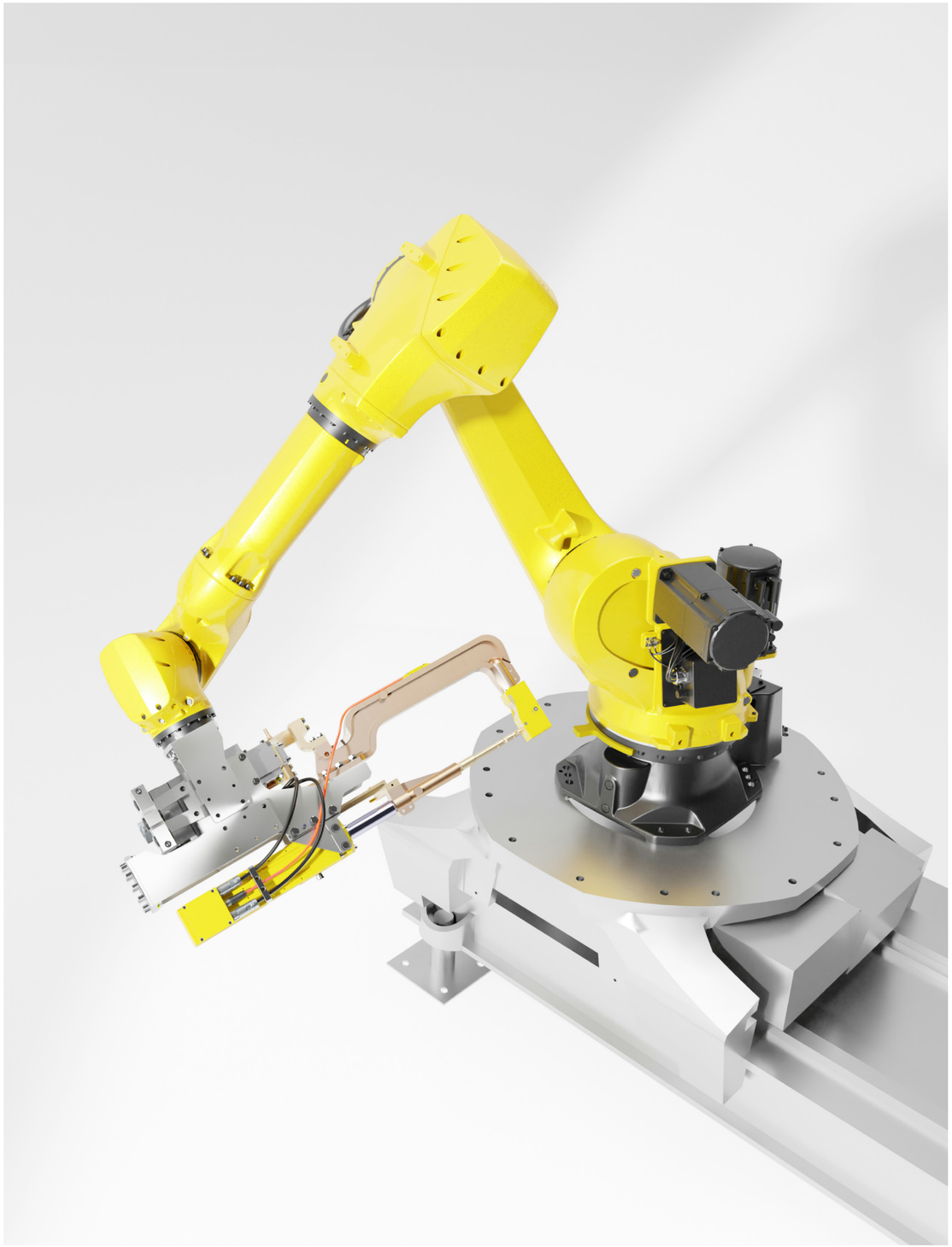
▸ RECOMMENDATION 10	
◆ IN PROGRESS	
Government should improve the provision of funds to enable movement between academia and industry, including through: • Funds that 'buy out' academic time to focus on commercial partnerships and potential ventures; or adapting funds for industry collaboration to be more accessible to spinout founders. • An 'academic returner' fellowship for researchers wishing to return to academia	UKRI announced that it will invest over £1.5 billion to support research commercialisation including: • Investing £4 million a year in new Enterprise Fellowships, funding up to 100 researchers to spinout over the next four years, or take up business secondments • Launching a UKRI call for organisations to develop entrepreneurship-focused doctoral training, backed by £25 million.[50]

47 Long-term Investment for Technology and Science, British Business Bank, 2025
48 The UK's modern industrial strategy, DBT, 2025
49 Science and Technology Venture Capital Fellowship, Royal Academy of Engineering Enterprise Hub
50 Entrepreneurship in the UK, HMT, 2025.

▸ **TABLE 17**

The below table illustrates how several recommendations from the Hickson Review (2026) align with and extend some of those set out in the Independent Review (2023). Together, the two reviews highlight complimentary priorities to strengthen the UK's spinout ecosystem.

Independent review of university spinout companies (2023) recommendations	**Deepening university-investor links: a review by Tony Hickson (2026) recommendations**
Recommendation 1	Accelerate spinout formation and reduce spinning out too soon
Recommendation 2	Enhance transparency and built trust between universities and investors
	Improve metrics and tracking
Recommendation 4	Enable models for sector-based shared technology transfer offices
	Improve the mobility and anchoring of spinouts in regions and in the UK
Recommendation 5	Significantly boost pre-incorporation and pre-seed funding
Recommendation 9	Advance diversity in spinouts and investment
Recommendation 10	Improve access to scaleup finance for spinouts
	Expand specialist deep tech capital access
Recommendation 11	Strengthen the entrepreneurial culture in academia



Annex

Part one: additional details

What is a spinout?

Spinouts are companies that originate from research carried out in a university or research centre. Most of the report focuses on spinouts from UK universities, consistent with past Spotlight on Spinouts reports[51] and in alignment with HESA's Spinout Register.[52]

In many cases, the university might hold equity in the company, but this is not a requirement for spinout status. The university might instead have non equity agreements (such as royalty only), or there might be no formal agreement, but still a clear and foundational link to the institute's research. Companies are not counted as spinouts if they did not emerge from university research, even if they have supported, accelerated, or licensed technology that is not their core starting IP.[53] The analysis also includes some spinouts from two or more different institutions.[54]

International comparison

When comparing with the rest of Europe, the analysis includes companies spun out from research centres.[55] In countries such as Germany and France, a much larger share of research is carried out in research centres compared to the UK's primarily university driven research ecosystem. As a result, including companies spun out from research centres make little difference to UK statistics but substantially affect those of other countries.

Deep tech

In this report, deep tech refers to companies built on the fundamental principles of engineering and science to create novel solutions and are recognised as being capital-, time-, and R&D-intensive. Being grounded in cutting-edge advances in engineering and science, deep tech offers solutions to the world's most complex environmental, economic and societal challenges. For more details, refer to the State of UK Deep Tech report 2025 by the Academy and Dealroom.[56]

Geographical scope

This report focuses primarily on spinouts from UK universities, regardless of where the current headquarters are based. Some analyses however, such as funding trends, focus only on the spinouts headquartered in the UK to enable closer alignment with the UK support ecosystem. A notable example is PsiQuantum, a US based spinout from the University of Bristol. PsiQuantum is included in successful spinouts originating from UK universities, but is excluded from UK funding trend analyses, as its growth has been driven primarily by the US support ecosystem rather than the UK one.

Timeframe

For many analyses, such as top universities by spinout value created and equity stakes analysis, the report focuses only on spinouts launched from 2010 onwards, to be coherent with past Spotlight on Spinouts reports and to focus on more recent developments. For other analyses, such as funding and exit trends, the scope includes spinouts created since 1990 (provided they raised VC funding or exited recently) to capture a more comprehensive view of the ecosystem.

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51 Past reports: Spotlight on Spinouts, Royal Academy of Engineering.
52 Spinout Register, HESA, 2026.
53 Dealroom highly values institutions' inputs but reserves the right to validate inputs and make judgement calls. Dealroom also features closed spinouts and other companies to track historical trends.
54 Spinouts can emerge from collaborative research carried out by multiple institutions, sometimes across different countries. Dealroom assessed whether the link to each institution is sufficiently strong and, if so, classified the company as a spinout from more than one institution. This may differ from that self-reported by the institutions. When reporting spinout numbers and value creation by institution, these companies are counted in full for each relevant institution. However, when data is reported at a country or city level, each spinout is counted only once for that geography.
55 Research centres also contribute to the spinout landscape, creating a smaller but meaningful share of companies, particularly in health and life sciences. Notable examples include the Francis Crick Institute, the Wellcome Trust Sanger Institute, Medical Research Council – University of Cambridge, Cancer Research UK institutes and the NHS hospital system.
56 State of UK Deep Tech report 2025, Royal Academy of Engineering and Dealroom, 2025.

For example, OrganOx[57] is the largest exit of a UK spinout this year and was spun out of the University of Oxford in 2008, and CellCentric[58] raised one of the largest VC funding rounds for UK spinouts this year and was spun out of the University of Cambridge in 2003. In these cases, we will look at all VC-backed spinouts since 1990 as the default scope. The scope for each analysis is clearly stated throughout the report.

Gender data

Privacy laws and respect for individual data mean Dealroom won't identify a person's gender unless publicly and explicitly stated; Dealroom does not infer or assume gender as a general rule. This constrains individual-level coverage.

Dealroom captures founder gender where it is publicly available, and/or community/partner supplied and surfaces a company-level flag ("woman-founder") when there is at least one female (co-)founder. This flag may therefore be used as a substitute for gender-diverse metrics, but it may not substitute all-women founding teams.

Most, but not all, woman-founded startups feature at least one founder identified as a woman. Where this is not the case, the woman founder flag was applied because the company is publicly known to be (co-) founded by a woman, and/or have a diverse founding team. Team-level labels ("woman-founder") are applied when there is explicit public evidence. This may, for instance, be inferred from a company's participation in, or support received from, a programme where gender diversity of the founding team is a selection criterion.

Differences with the HESA definition and the National Register of Spinouts

As of March 2026, all entries in the Spinout Register had been compared with Dealroom-tracked spinouts, and key discrepancies manually reviewed. The difference in the core scope of spinouts since 2010+ is small, with Dealroom considering less than 5% more spinouts than the register in scope for the analysis. Most of these are old spinouts which did not raise financing and important discrepancies have been resolved through direct engagement with TTOs.

While the update to the register in April 2026 is not fully reflected in the report, Dealroom carried out an assesment of the impact of these changes and found them to be minimal.

Dealroom also applies a different approach to HESA for identifying acquired spinouts. If a university spinout is acquired by another company, the acquirer is not considered a spinout from that university by Dealroom, even if the university might end up holding shares in the acquirer as part of the acquisition. While this has no impact on the number of spinouts analysed, it has strong impact on combined value and other key metrics used in the report.

For example, BlueGnome spun out from the University of Cambridge in 2002 and is missing on HESA database, which instead lists Illumina as a spinout from Cambridge (ILLUMINA CAMBRIDGE LIMITED). Based on different sources, Dealroom assesses that Illumina acquired Bluegnome, but it is not in and of itself a Cambridge spinout. Another example is Insmed (INSMED INNOVATION UK LTD) which is listed in the spinout register as a University of Cambridge spinout, but it is a US spinout from the University of Rochester. The spinout from the University of Cambridge in this case is Adrestia Therapeutics.

Notable exclusions

Some spinouts from UK universities which were included in previous editions of the report and in other reporting on the UK spinout ecosystem have been excluded for more adherence with HESA's definitions. The most notable cases include Darktrace from the University of Cambridge, Synthesia from University College London, and Pragmatic from the University of Manchester. This decision follows direct consultation with the respective TTOs and/or the companies themselves, confirming that they do not meet the standardised HESA criteria for spinout classification.

Dealroom may classify these and other excluded companies as spinouts in the scope of other reporting, so discrepancies are expected when comparing trends in this report with other sources.

57 OrganOx
58 CellCentric

Underlying Data

Dealroom's proprietary database and software aggregate data from multiple sources: harvesting public information, user-submitted data verified by Dealroom, and data engineering. All data is verified and curated with an extensive manual process. The data on which this report is built is available via app.dealroom.co. For more info, please visit dealroom.co or contact support@dealroom.co.

Differences with past report edition

The data and analysis in this report has been provided by Dealroom and differ from the datasets used in previous editions. As a result, there are some changes to definitions and to the scope of the report.

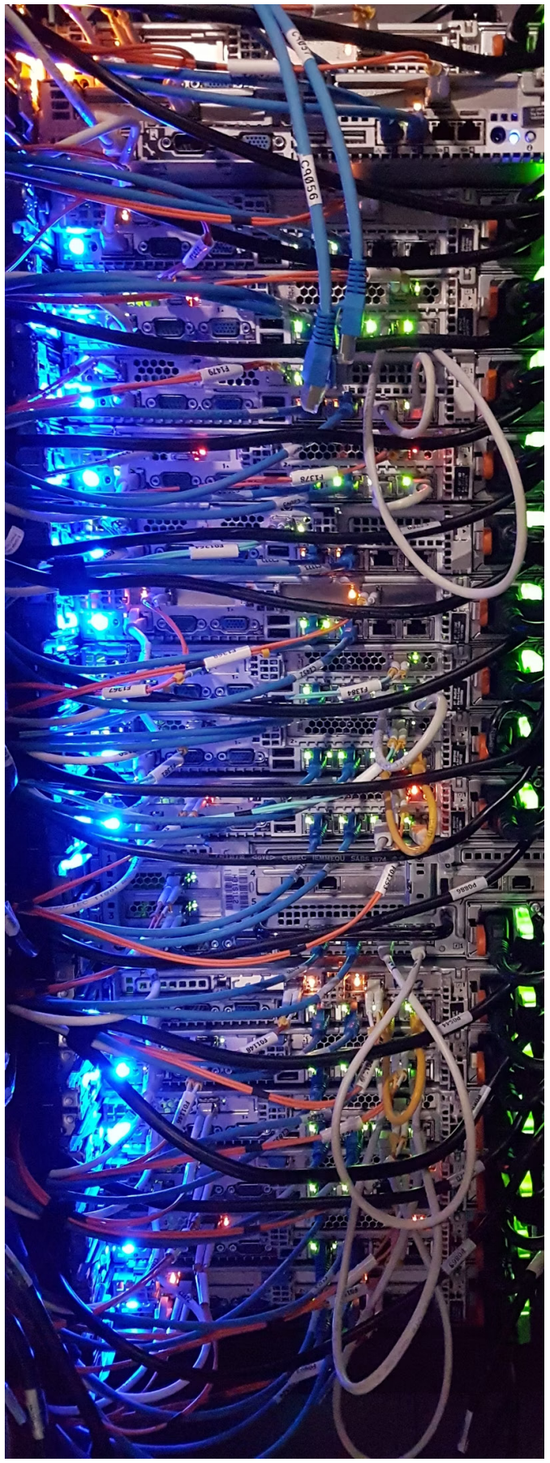
Spinout definition

While the Dealroom and Beauhurst definitions of spinouts are broadly aligned, minor discrepancies often arise from proprietary classification criteria and revision. As full datasets remain private, a direct line-by-line reconciliation is not feasible. Notably, the previous report predated the availability of Spinout Register; the integration of this resource in the current cycle allows for more rigorous identification of spinouts and a refined verification of complex 'edge cases' that may have previously been included.

Differences in funding amounts, number of rounds, and exit data

The difference in the spinout scope also impacts funding amounts, trends and exits, as the companies excluded (highlighted above) raised significant amounts. For example, Darktrace was one of the largest exits of UK spinouts in the previous report.

Additionally, while the amount of capital raised is an objective and comparable metric, the number of rounds is dependent on judgement calls. Rounds raised by startups are often made up in the Company House filings of many tranches of equity executed over several months at the same share price, sometimes as much as five or six tranches for a unique Series A for instance. Whether and how these rounds are aggregated is a choice carried out by the data provider which can result in a different number for the same set of transactions. Dealroom typically aggregate these different equity tranches into a single round when these occur within a three-month period and are part



of the same round (share price and share type). By contrast, round extensions that take place six months or more after the original round are typically recorded as a separate extension round. Transactions occurring within the three-to-six-month range are reviewed on a case-by-case basis. This has an impact on both the trends of number of rounds in time, as well as number of rounds by investor insights.

Differences in equity calculation methodology

The equity calculation methodology has changed from last year's report and as a result the findings in this section are not comparable with previous editions. The details have been explained in the equity stakes chapter (see section 5.1). The change was driven by the following assumption stated in previous report editions that was found not to reflect the actual data:

> *"The confirmation statement provides a snapshot of a company's shareholders at the time of filing but does not necessarily account for changes to shareholdings that occur between filings. For example, a company could spin out, split equity between founders and the academic institution, and raise dilutive external investment in the space of a year. While in practice, this may only apply to a small number of spinouts, these cases would make the founder and institutional stakes smaller in the first confirmation statement than the stakes had actually been at the point when the company spun out."*

Following a full analysis of spinouts cap tables and the share allocations, Dealroom found that that this scenario applies to 30% of cases:

1) In many cases spinouts start pre-allocating shares before a funding round even when the rounds have not been completed. The companies pre-allocate shares at near null value to the investors to prepare the cap table for the round. Sometimes these shares are of different types (seed shares or preferred shares) and they can be easily excluded, but no details were given in last year's methodology on whether this was done or not. In other cases, these shares can be of the same type as founders and university shareholding (all ordinary shares), therefore they need to be excluded from the calculus by identifying all shareholders and filtering out investors.

2) In some cases, the university equity stake first appears in the cap table when the first institutional round has already occurred. This might be the case for some spinouts which show strong traction and raise their seed round very quickly or cases in which the university had an agreement to receive its share allocation at the time of the first round. Failing to take into account dilution from these cases of cash share issuances can mean understating the university held equity shares by 50% or more in many cases.

3) In some other cases the university itself can hold both non-cash and shares in the cap table, such as a University of Cambridge spinout where Cambridge Enterprise might be holding the IP non-cash shares, but University of Cambridge might be holding cash shares from investing in the spinout (or vice versa). In Dealroom's methodology only the non-cash shares are then included.

4) Finally, last year's report excluded stakes held by captive or university-affiliated funds and stated that "*The stakes held by captive funds, such as Cambridge Innovation Capital (CIC) and Oxford Science Enterprises, have been excluded because they are received in exchange for external investment (cash shares).*"

This statement was found to not be completely accurate. While it is indeed true that in many cases these captive funds invest into spinouts and receive their shares that way, there are many instances where they own IP related non-cash equity on behalf of the university. Dealroom has included these cases in this year's report.

These funds may or may not be owned by the university, but there is public evidence of an agreement for them to provide some or all of the technology transfer services to newly formed spinouts. In exchange, the university transfers a portion or all of the non-cash shares to these entities. Examples include Oxford Science Enterprise (OSE), Techkinos, Touchstone Business, Frontier IP Group, and IP2IPO.

These differences in equity calculation mean that findings show that university equity stakes have historically been under-reported.

Additional details on how the equity stakes analysis was conducted and the distinction between non-cash and cash-shares can be found on our website.

Part two: additional details

Part two of this report was supported by engagement with entrepreneurs (survey and interviews), TTOs (roundtable), and investors (survey).

Founder definition

For the purposes of this analysis, we define founder (interchangeable with entrepreneur)/the founding team as the individuals who were involved in establishing the company at inception and who received an equity stake at that point. This may include academic and non-academic founders, regardless of job title or time commitment and excludes individuals who joined the company later and did not receive founder equity.

Quantitative analysis of founder equity and team composition:

Founder equity and team composition of the 1200+ spinouts incorporated since 2010 were analysed by Dealroom to support part two of this report.

Companies House filings were processed to identify the founding team members who could hold non-cash equity shares. Dealroom also aggregated information from public sources such as company webpages, news outlets and LinkedIn to identify founders and gather key information on roles held in the company and their evolution in time.

There are some key limitations to this approach:

- The role of the founders themselves is not officially established in regulatory filings.
- There is often a judgement call to be made to consider whether or not a key contributor in the early stages of company formation is a founder or not.
- Key roles, such as CEO, CTO, CSO, are not unequivocally defined. Dealroom therefore standardised role titles before retrieving and aggregating the data.

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