NatWest Group

From Innovation to Impact: Wales

Growing Together

Wales' commercialisation opportunity

Wales has built a diverse innovation economy rooted in advanced manufacturing, compound semiconductors, life sciences, clean energy, digital technology and research-led innovation. Home to 878 innovative businesses and 404 recipients of public innovation grants, Wales has developed significant innovation strengths that support jobs, investment and economic growth across the nation.

Innovation activity is spread across Wales, supported by universities, research institutions, industrial clusters and growing technology businesses. From advanced manufacturing in North East Wales and emerging clean energy opportunities in South Wales, to world-leading expertise in compound semiconductors, Welsh businesses are developing innovative products and services with the potential to compete in global markets.

Wales has demonstrated a strong ability to generate innovative businesses and attract investment. Among grant-backed firms, 47 have achieved an exit, 106 have secured follow-on equity investment, and 24 have demonstrated a scale-up signal. The region has also attracted more than £1.28 billion in follow-on equity investment, reflecting the strength of its innovation base and its ability to attract private capital.

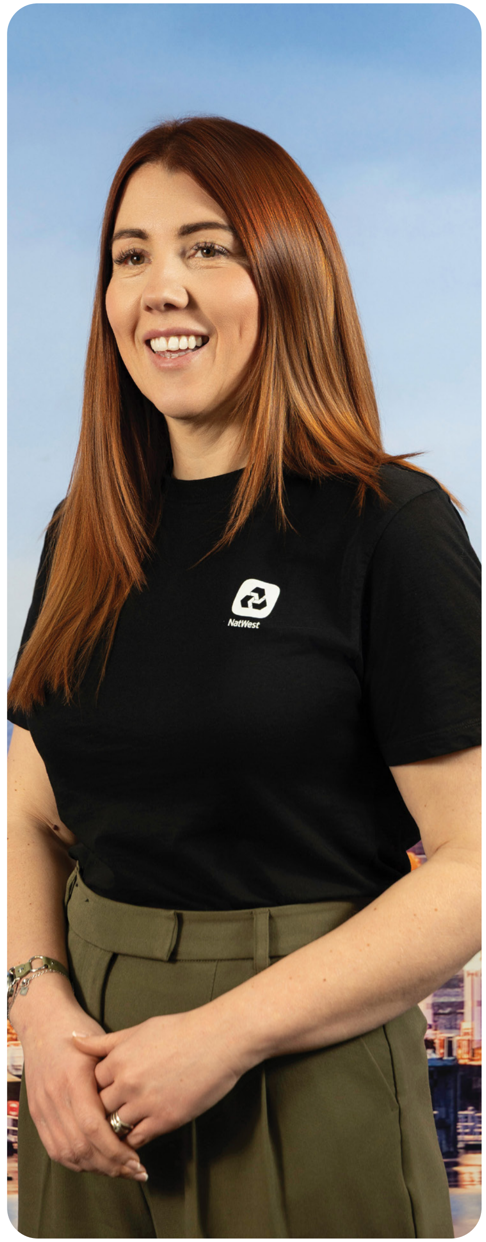
However, the central finding of NatWest's From Innovation to Impact report is also visible in Wales. While the nation continues to generate innovative firms and commercial opportunities, there remains significant potential to help more businesses translate innovation into sustained growth. Our analysis identifies 160 businesses that continue to trade and innovate but have not yet secured follow-on investment, achieved an exit or demonstrated a scale-up signal. We describe these firms as the untapped innovation cohort. They are not unsuccessful businesses. Rather, they represent innovative companies that have yet to convert innovation into measurable commercial growth.

At 39.6% of grant recipients, Wales's untapped innovation cohort is slightly above the UK average of 38.1%. This suggests that while many Welsh businesses are successfully innovating, there remains an opportunity to strengthen the pathways that help firms commercialise new products, access investment and scale their operations.

The report's findings suggest that successful commercialisation depends on more than finance alone. Businesses consistently highlighted the importance of access to customers, leadership capability, routes to market, commercial expertise and strong innovation ecosystems. Helping firms navigate these challenges will be critical if Wales is to capture more of the economic value generated by innovation.

Wales also benefits from a strong research and university base. The nation is home to 201 academic spinouts, a significant number relative to the overall size of its innovation economy. However, only 68 of these businesses have also received public innovation funding, a lower proportion than many other UK regions. This highlights the importance of ensuring that promising research-intensive businesses can access the support, investment and networks needed to commercialise and grow.

The findings also come at a time when policymakers are considering how best to support innovation-led growth across Wales, including proposals for a new development agency. Such an organisation could play an important role in helping innovative businesses access finance, develop new markets, attract investment and scale successfully, complementing Wales's existing strengths in research, entrepreneurship and innovation.



Turning Innovation into Economic Growth

The opportunity for Wales is therefore not simply to create more innovation, but to help more innovative businesses achieve commercial scale. Supporting the untapped innovation cohort to grow would strengthen productivity, create skilled jobs and attract further investment. Wales already possesses many of the foundations needed for innovation-led growth. The challenge now is ensuring that more innovative businesses can access the finance, expertise and commercial opportunities needed to translate innovation into long-term economic impact.

For the full analysis and policy recommendations, scan the QR code to read NatWest's From Innovation to Impact report.

(1) Source: Beauhurst. Please see next page for further information.

Wales by numbers[1]

878
innovative businesses.

201
academic spinouts.

47
businesses have achieved an exit.

39.6%
of grant-backed firms are in the untapped innovation cohort (UK average: 38.1%).

404
recipients of public innovation grants.

106
businesses have secured follow-on equity investment.

160
businesses sit within the untapped innovation cohort.

£1.28 bn
in follow-on equity investment attracted by grant-backed firms.

Wales Snapshot

- **26.2%** of grant-backed firms have secured follow-on investment, broadly in line with the UK average.
- **11.6%** of firms have achieved an exit, above the UK average.
- **201** academic spinouts, reflecting the importance of Wales's university research base.
- **160** businesses remain within the untapped innovation cohort, representing a significant growth opportunity.
- Strong regional strengths in advanced manufacturing, semiconductors, life sciences, clean energy and digital technologies.

The untapped innovation cohort refers to businesses that remain active but have not yet secured follow-on investment, achieved an exit or demonstrated a recognised scale-up signal.

Additional information

The analysis of UK public innovation grants in this report was provided by Beauhurst. The underlying dataset covers UK companies that have received at least one publicly disclosed innovation grant since 2011 that have received at least one publicly disclosed innovation grant, including Innovate UK funding. The analysis examines 12,381 grant recipients and tracks their subsequent commercial outcomes using Beauhurst's company-level data.

Companies were classified into one of five mutually exclusive categories: Exited (acquired, listed or sold to new owners), Follow-on Equity (secured additional equity investment), Scaling (identified as achieving high growth without a recorded equity event), untapped innovation cohort (still trading but with no recorded exit, follow-on equity or scale-up signal), and Ceased (no longer operating). Outcomes were applied in that order, ensuring each company was counted once.

Regional analysis is based on companies' registered addresses. Follow-on equity figures include all equity investment raised by grant recipients and should be interpreted as an association rather than a direct measure of grant impact. Throughout the report, the term "Untapped Innovation Cohort" refers to firms that remain active but have not yet demonstrated a tracked commercialisation outcome.

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NatWest Group plc
36 St Andrew Square
Edinburgh, EH2 2YB

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With customers and colleagues in every nation and region of the UK, we provide insights that help national, devolved, regional and local policymakers better understand the opportunities and challenges facing the real economy.

For any queries or further information,
please contact publicpolicyinsights@natwest.com

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NatWest Group

NatWest Group plc
36 St Andrew Square
Edinburgh, EH2 2YB