Beauhurst

Defence and Security Accelerator

Growth Impact Report 2025

Defence and Security Accelerator

DASA INNOVATION FOR A SAFER FUTURE

03 Foreword
04 Introduction
06 Company demography
10 Investment and exits
14 Employment and economic contribution
18 Commodities
20 Methodology
21 About

01

Contents

Foreword

Impactful innovation

Anita Friend
Head of the Defence
and Security Accelerator

I believe that when it comes to innovation, the principal aim is to create a technological edge in order to deter or win; but there is also a requirement, in addition to this, to develop an innovative industrial base in order to generate options, agility and economic growth. Of course, innovation does not happen by itself or in a vacuum, and this is especially true within defence and security. It needs to be a collaborative effort across Government, industry—both large enterprises and small businesses, including those who have not worked with defence or security previously—and academia. No one organisation has all the solutions, and innovation by its very nature only works as a result of a fusion of expertise and effort. The value of collaboration cannot be underestimated, and there is a growing need to understand all perspectives in developing the innovations that are really needed and to then enable them to be realised into impact.

We at the Defence and Security Accelerator (DASA) are proud to be a key enabler for innovation, and this Beauhurst report demonstrates the real-world impact DASA is currently making for the defence, security and economic growth of the UK. Since 2016, our mission has evolved beyond simply finding and funding innovation to supporting the businesses behind the innovation. I am delighted to see that this Impact Report highlights how DASA-funded innovators have gone on to receive an additional £592m total equity investment and added 1,842 jobs since 2016, while generating nearly £974m in Gross Value Added (GVA) between 2019 and 2023. And that despite broader market downturns, DASA-funded firms raised £174m in 2024 alone. These are significant numbers and bring home the importance of DASA's work. I am also very pleased to see that this report not only recognises DASA's regional reach but showcases DASA-funded SMEs' active import and export engagement in both domestic and international markets, demonstrating the broad scope of support DASA offers.

By working with and encouraging industry, academia, investors, and Government to come together, we can help reach and engage those in the supply base to develop innovation, and then work to harness it to help build a safer future. Addressing fragmentation in the system, focusing on dual-use technologies, reaching out to and supporting those suppliers who have not traditionally worked in the defence and security space, and ensuring that business growth is factored in will ensure that we not only find the right innovations but are able to continue to translate it into a strategic and economic advantage for the UK.

As we look to the future, we remain dedicated to fostering an environment where innovation thrives and supports economic growth. By continually seeking and nurturing novel solutions from idea to impact, we aim to keep the UK safe and secure, ensuring that our defence and security capabilities remain second to none. We invite all stakeholders across Government, industry and academia, as well as those who haven't worked with defence or security before, to read this report, find out about DASA's impact and support us in our mission to harness innovation for a safer, secure future.

02

Introduction

Since its launch in 2016, DASA has backed 461 UK SMEs, significantly impacting the innovation landscape within the UK's defence and security sector. These companies operate at the intersection of civilian and military needs, focusing on dual-use technologies. Such technologies address a wide array of needs across various sub-sectors and offer the flexibility required to expand into adjacent markets (such as healthcare and transport) as these technologies evolve.

This report delves into the regional and sectoral focus of DASA-funded SMEs. It analyses post-DASA awarded funding—both public and private—alongside trends in exits, employment, Gross Value Added (GVA), and traded commodities.

Key findings

461

Total UK SMEs which have received support from DASA

£592m

Total equity investment secured following DASA funding (2016 - 2024)

8,307

Total employment reported by DASA-funded SMEs following DASA funding (2023)

03

Company demography

DASA's support extends to the whole of the UK, focusing on innovation beyond London. Out of the 423 active DASA-funded SMEs based in the UK, 99 are based in the South East. Key sectors include electronics hardware, with 78 companies, followed by security and surveillance, with 70 companies.

Regional distribution

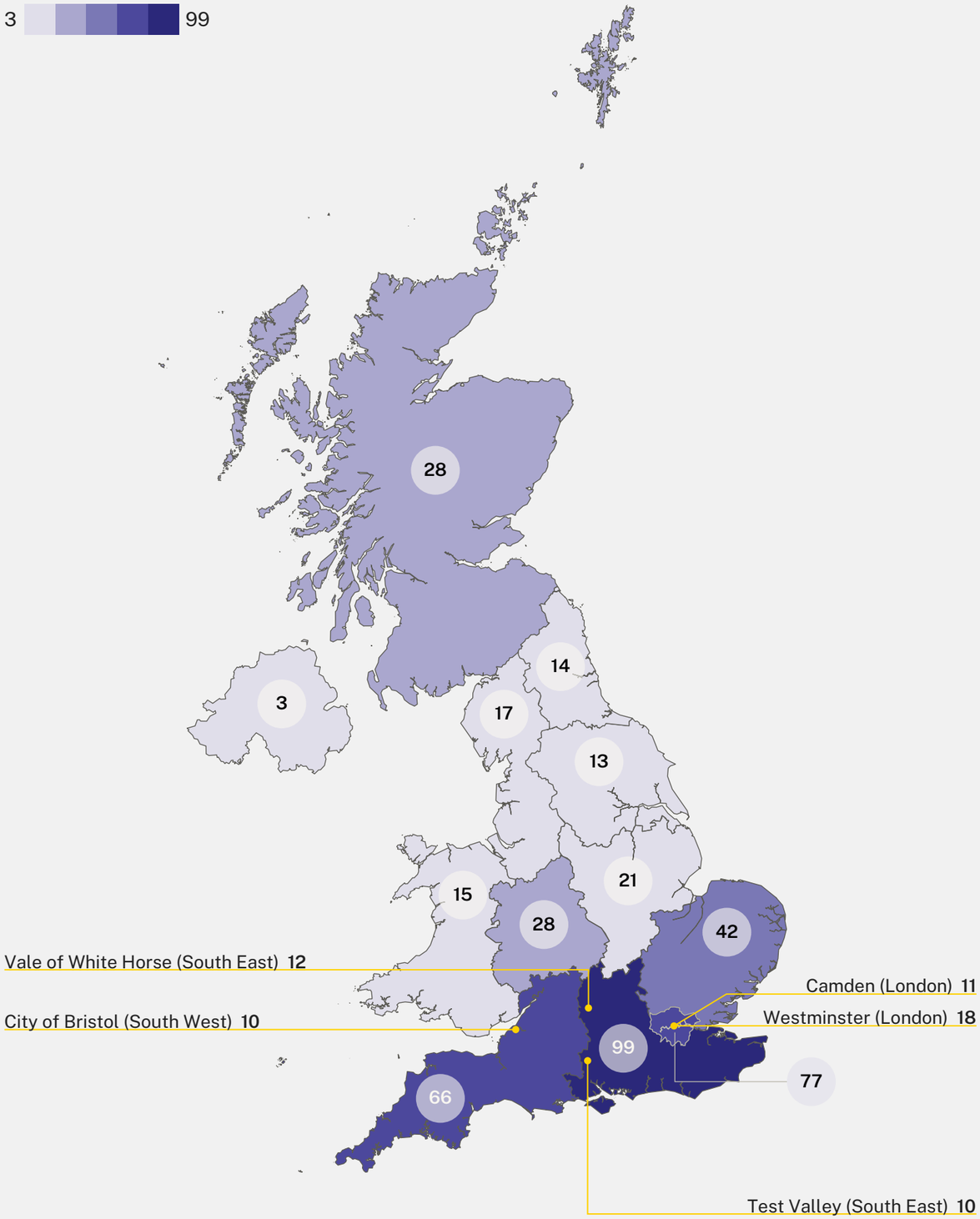
As of March 2025, 423 active SMEs headquartered in the UK have received support from DASA. Although there is significant business activity concentrated in the southern regions, DASA's support extends well beyond this area, reflecting its impact across all regions. Notably, the number of active DASA-supported companies in the South East exceeds the 77 based in London. This highlights DASA's contribution to innovation beyond the capital, which typically attracts the most funding.

There is a significant concentration of business activity in the Vale of White Horse, situated in the South East. This local authority is home to 12 active DASA-funded SMEs and ranks second nationally by volume of these companies. The Vale of White Horse is located within the Oxford science cluster, and benefits from key support nodes such as the University of Oxford and three local science parks: the Harwell Science Campus, Milton Science Park, and Abingdon Business Park. DASA has supported a total of 10 SMEs across these parks, with six at Harwell—including Oxford Space Systems, which develops components for space satellites. Founded in September 2013, the company first received funding from DASA in November 2018 in the form of a £975k contract. In March of 2025, Oxford Space Systems secured a key role in the Ministry of Defence's Oberon contract through a partnership with Airbus.

The South West also demonstrates a strong presence of DASA-funded SMEs, with 66 active companies. Bristol is the top local authority in this region, with 10 companies, followed closely by Wiltshire and Bath with seven companies each. The South West is home to the UK's largest aerospace cluster, and benefits from the support of research-intensive universities like the University of Bath and the University of Bristol. These institutions not only drive innovation, but also produce academic spinouts such as Actuation Lab. The company spun out of the University of Bristol in 2021, and manufactures industrial machinery hardware to reduce carbon dioxide emissions.

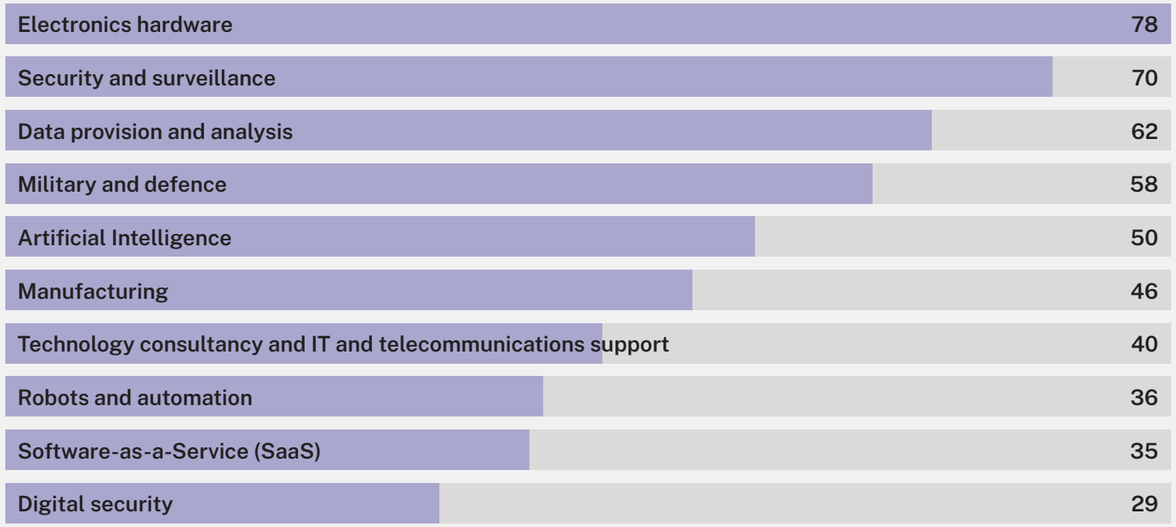
423
Total active UK SMEs supported by DASA (as of March 2025)

Regional distribution of active DASA-funded SMEs (as of March 2025)



Sectoral distribution

Top 10 sectors where DASA-funded SMEs operate (as of March 2025)[1]



The companies in the DASA-funded SME cohort are distinguished by their dual-use capabilities—products and services that fulfil societal and national security purposes. These may refer to technologies initially developed for defence and security applications, but later adapted for civilian use, and vice versa. Dual-use innovations are essential, serving national security interests and benefiting civilian industries in areas such as telecommunications, healthcare, and transportation.

This page outlines the 10 sectors where DASA-funded SMEs are the most active. These sectors represent the industries where these companies predominantly operate. For more details on the sectors refer to the methodology. In some cases, companies may span multiple sectors. The interconnected nature of modern industries means that these companies engage in activities across multiple sectors, a trend especially notable among firms developing dual-use technologies.

Electronics hardware is the leading sector for SMEs supported by DASA, with a total of 78 companies. Within this sector, these firms often overlap with sub-sectors including sensors, manufacturing, and mobile hardware. Among the companies in the electronics hardware sector is Calyo. Based in Bristol, the company develops sensor systems using ultrasound technology to provide perception and vision capabilities. Calyo received funding from DASA in November 2022 and has since attracted additional funding via two grants worth £1.32m—one from Innovate UK and another from the Centre for Connected and Autonomous Vehicles. Calyo's technology is set to transform the sensor-enabled mobile robotics industry, exemplifying its dual-use capabilities with applications in unmanned systems for the defence sector, as well as assistive tools designed to aid the visually impaired.

Security and surveillance is the second most prominent sector, with some 70 companies. Of these, 31.4% are headquartered in London, among them is cybersecurity firm Goldilock. The company designs, develops, and manufactures Physical Connection Controllers that are network devices to ensure operational resilience, protecting sensitive data and infrastructure assets from unauthorised access and cyber attacks. Since its launch in 2021, Goldilock has worked with NATO and the Ministry of Defence, in numerous vertical markets, and with other organisations responsible for critical national security. Following its initial funding from DASA in 2022, Goldilock has continued to attract significant funding and grow a strong, loyal customer following.

> **Dual-use innovations are essential, serving national security interests and benefiting civilian industries in areas such as telecommunications, healthcare, and transportation.**

[1] Companies can operate in multiple sectors. Military and defence refers to companies operating in weapons, munitions, defence logistics and operational support. Security and surveillance refers to companies operating in the monitoring and crime prevention.

04

Investment and exits

Out of 461 UK SMEs funded since 2016, 107 secured £592m through 225 equity deals. Remarkably, in 2024 alone, DASA-funded firms raised £174m, despite a broader market downturn. There were 18 company exits via acquisition between 2018 and 2024.

Private investment

Since DASA's launch in 2016, it has provided funding to 461 SMEs in the defence tech space. Among these companies, 107 went on to receive additional equity funding following DASA's involvement. Between 2016 and 2024, these companies collectively raised £592m in equity funding via 225 deals. During this period, there were two significant spikes in the value of equity funding received—one in 2022 and a second in 2024. DASA-funded SMEs secured £181m in equity funding in 2022, representing 30.4% of the total raised since 2016. This spike in funding was due to a significant £73.8m deal by Osler Diagnostics, which represented 41.0% of the total raised that year. The Oxford-based clinical diagnostics company develops a device that can test for a range of disease biomarkers.

DASA-funded SMEs raised £174m in 2024. Funding in 2024 was more than triple the amount raised the year before. This value contrasts with the wider market drop in equity for companies in the UK, which secured 19.0% less investment in 2024 than in 2023.[2] Of the 41 companies that received investment in 2024, two secured multiple fundraisings—including Vector Photonics, with three deals. The Glasgow-based company develops semiconductor lasers using photonic crystal lasers. These deals contributed to a total of £7.12m raised in equity since Vector Photonics' launch in 2020.

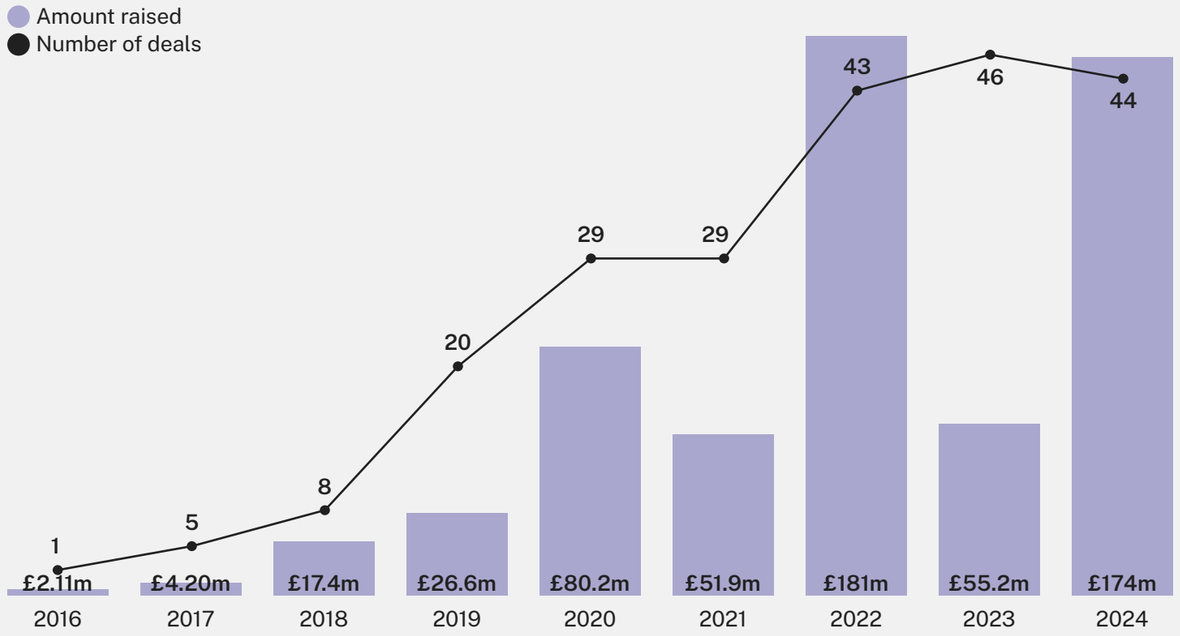
Excluding these two peaks, equity investment into DASA-funded SMEs has shown relatively stable growth between 2016 and 2023.

The top investee since 2016 was Osler Diagnostics, which raised a total of £109m in funding via two deals since receiving funding from DASA. Chromacity secured the highest number of equity deals following DASA funding. The company designs and manufactures a range of ultra-short pulse lasers for industrial and scientific applications such as laser material processing and semiconductor engineering. In June 2017, the company secured a funding contract with DASA, after which it secured seven equity deals worth £4.39m.

£592m
Total equity investment secured after receiving DASA funding (2016 - 2024)

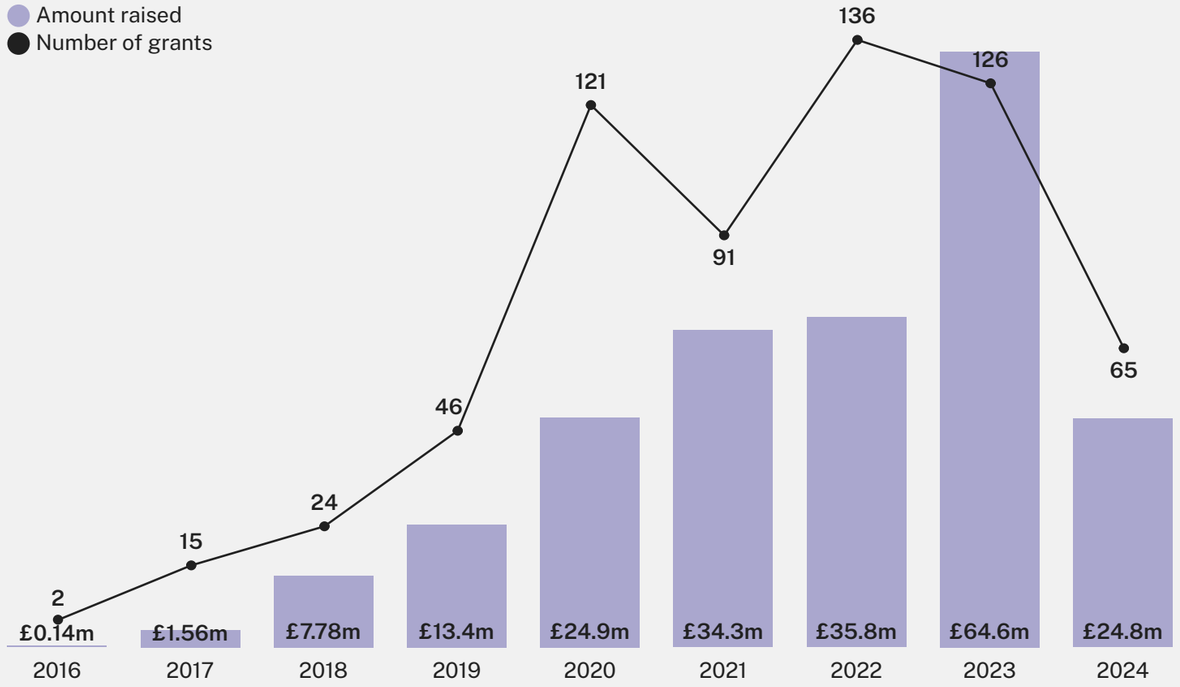
£174m
Total equity investment after receiving DASA funding (2024)

Equity investment in DASA-funded SMEs after receiving DASA funding (2016 - 2024)



[2] "The Deal 2024." Beauhurst. February 25, 2025. https://www.beauhurst.com/research/the-deal-2024/.

Public funding awarded to DASA-funded SMEs after receiving DASA funding (2016 - 2024)[3]



Public funding

Since being awarded DASA funding, these SMEs have shown consistent growth in grant funding up to 2023. Excluding the awarded DASA contracts, Innovate UK (IUK) is the second most prominent public funder, awarding 490 grants between 2016 and 2024.

Grant funding in 2024 decreased by over half from the previous year. This contraction is not solely confined to DASA-funded SMEs; the broader grant funding landscape experienced a comparable drop of approximately 54% from 2023.[4] Yet within this constrained environment, some DASA-supported SMEs have reported heightened grant activity. Among the top-funded companies is Archangel Lightworks, an Oxford-based firm specialising in wireless laser communications for space-based operations. Despite the funding downturn, 2024 marked its most active year in terms of grant success, having received four grants totalling £2.60m. UKRI's Technology Missions Fund provided part of this funding to aid the development of next-generation telecom technologies.

The 2023 peak of £64.6m was driven by a large number of deals in the South East and South West, with companies collectively securing £12.8m and £11.4m, respectively. The regional funding landscape shifted in 2024, with Scotland emerging as the leading region. DASA-funded SMEs in Scotland were awarded a total of £6.04m in grant funding, narrowly edging out the £6.02m raised by companies in the South East. The top Scottish beneficiary was Zelim, which was awarded £1.95m via a single IUK grant. The Edinburgh-based company has developed an AI-enhanced lookout system that automates the detection and alerting of people falling overboard, potential collisions, and maritime security threats.

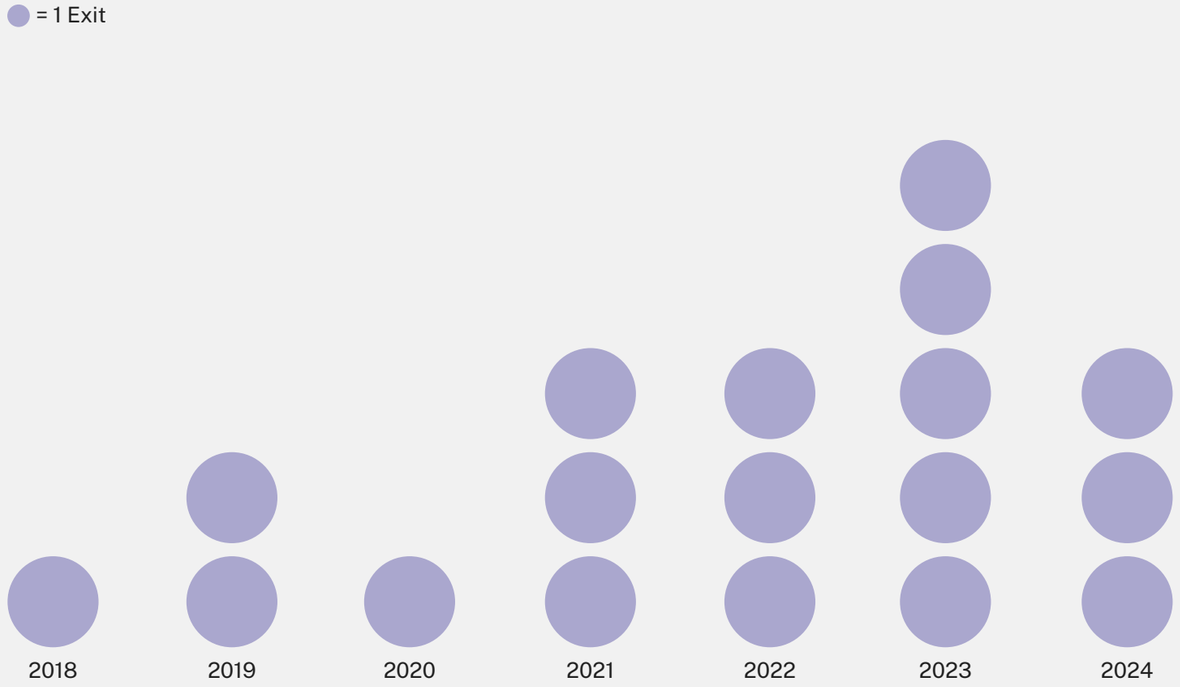
The South East remains the dominant region for grant funding, driven by its high concentration of DASA-supported SMEs. The top grant recipient in the South East was AI firm nquiringminds, with its secure AI Agent Technology. Based in the Southampton Science Park, DASA funding has been instrumental in unlocking over £2.31m in security-related grants and contracts.

£207m
Total grant funding awarded after receiving DASA funding (2016 - 2024)

£24.8m
Total grant funding awarded after receiving DASA funding (2024)

[3] This chart does not include funding provided by DASA.
[4] Beauhurst data collected 15th April 2025.

Number of exits by DASA-funded SMEs after receiving DASA funding (2018 - 2024)[5]



Exits

Of the 461 SMEs DASA has supported since its launch, 18 have exited via acquisition between 2018 and 2024. A standout year for company exits was 2023, with a total of five exits. Despite the absence of initial public offerings (IPOs) in this cohort, acquisitions remain the predominant exit strategy within the wider high-growth ecosystem. This is a common trend for exiting companies in the UK. Acquisitions tend to be more popular than IPOs because they often provide a quicker, less costly path to realising the value of a company.

A standout deal was the acquisition of Blue Bear Systems Research for £18.0m in August 2023. The company designs and develops a range of autonomous flight systems with applications in the defence, agriculture and emergency services sectors.

Exit activity was primarily driven by companies in the security and surveillance sector, with four acquisitions occurring from firms operating in this space. One such company is CyberOwl, which develops software to detect early warnings of cyber attacks in the maritime and critical national infrastructure sectors. In September 2024, Norwegian firm DNV acquired CyberOwl. With this acquisition, DNV aims to create one of the world's largest specialists in maritime cybersecurity. Prior to the acquisition, CyberOwl had raised £12.2m in equity funding, including a £4.49m round in February 2022.

> **Despite the absence of IPOs in this cohort, acquisitions remain the predominant exit strategy within the wider high-growth ecosystem.**

The South East emerged as the top region for exit activity, accounting for six of the exits recorded between 2018 and 2024. The most active year for these companies was 2024, highlighted by the strategic acquisitions of two companies: Malloy Aeronautics and STS Defence. Windsor-based Malloy Aeronautics, which develops flying vehicles such as drones and hover bikes, was acquired by BAE Systems in February 2024. Meanwhile, electronic engineering firm STS Defence was acquired in January 2024 by Switzerland-based Cicor Group.

18
Number of exits recorded after receiving DASA funding (2018-2024)

[5] Chart commences from 2018 as no exits took place in 2016 and 2017.

05

Employment and economic contribution

DASA-funded SMEs have demonstrated growth. Since 2016, they have added 1,842 jobs and generated nearly £972m in Gross Value Added (GVA) between 2019 and 2023.

Employment

DASA-funded SMEs have shown consistent growth in headcount year-on-year after receiving funding. The increase in the darker segment of the chart demonstrates this. This segment captures how many more (or fewer) people were employed at each company after receiving DASA funding, representing the year-on-year change in headcount. The lighter shade indicates the base number of employees recorded at the time of funding. Together, they provide a full picture of total employment for the DASA-funded SMEs in each year.[6]

Between 2016 and 2023, these companies added a cumulative total of 1,842 employees after receiving DASA funding. While this analysis does not precisely isolate the direct impact of DASA funding, it highlights the role these SMEs have played in expanding the UK's workforce in advanced technology sectors.

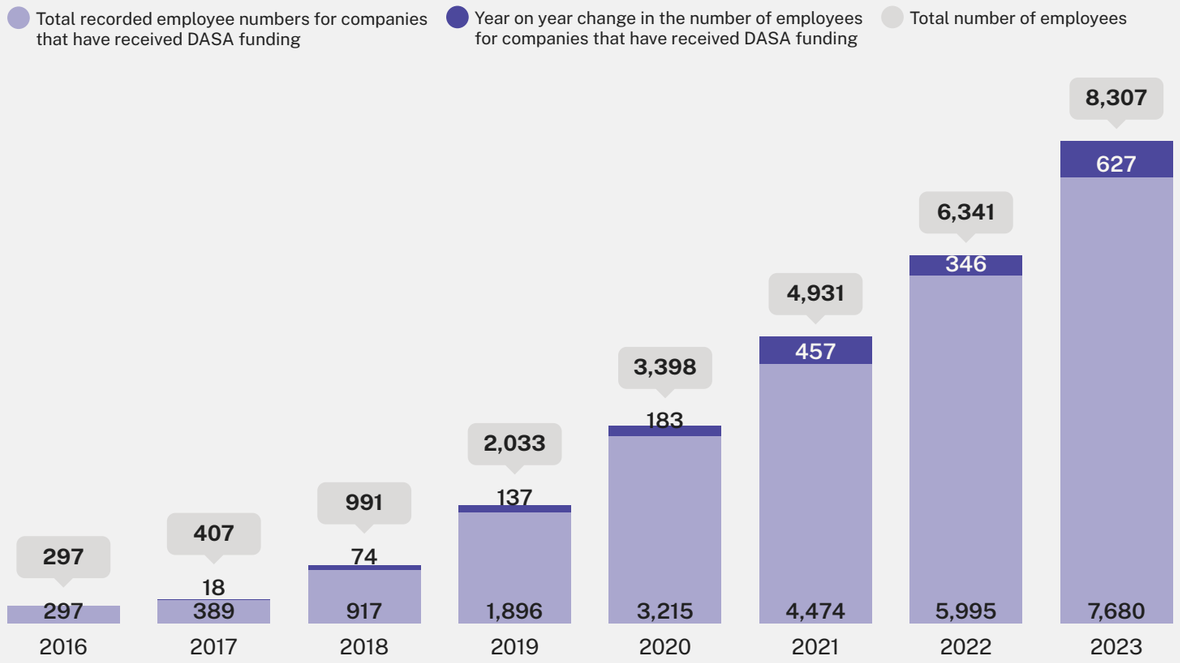
Additional analysis based on 205 SMEs that received funding from DASA within five years of incorporation supports the case for early-stage public funding. Three years before receiving DASA funding, these companies had an average employment growth of 0.91 employees per year. This rises to 1.55 employees per year in the three years following funding.

This analysis, detailed on the methodology page, does not include counterfactuals (a comparable set of companies that did not receive DASA support). The absence of counterfactuals means the analysis cannot confirm whether the DASA funding directly caused this growth. However, DASA targets companies in deep tech and other high-technology sectors. These firms often face longer commercialisation timelines and higher early-stage risk. Given this context, even if not definitively causal, the observed post-funding growth supports the case for continued public investment in such businesses.

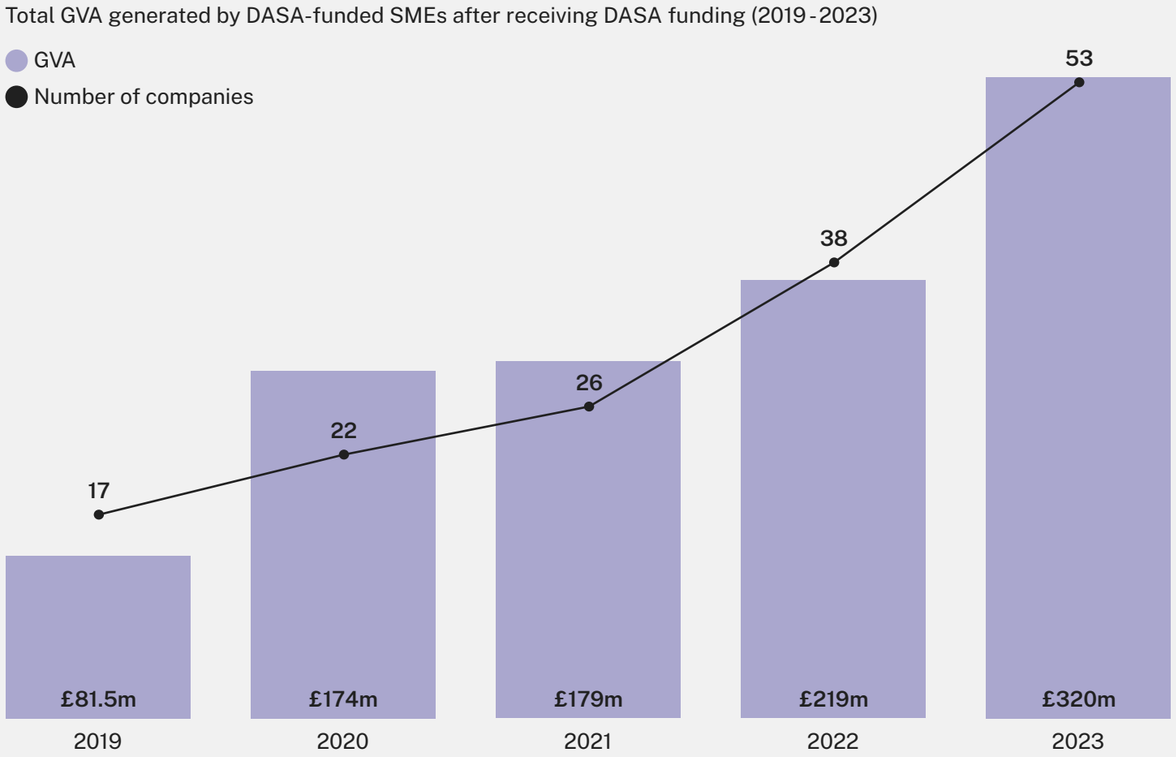
8,307
Total employment reported following DASA funding (2023)

1,842
Cumulative total of employees added following DASA funding (2016 - 2023)

Employment growth in DASA-funded SMEs following DASA funding (2016 - 2023)[7]



[6] There is no darker segment for 2016, as this was the first year of DASA funding, making year-on-year comparison infeasible.
[7] Data on number of employees is provided up to 2023, based on disclosures in Companies House financial statements. As these statements typically report figures from the previous financial year, and firms have up to nine months after their year-end to file accounts, there is an inherent lag in reporting. As a result, 2023 represents the most recent fully completed annual dataset.



Economic output

Gross Value Added (GVA) is a metric that measures the contribution of goods and services to the economy. This measure captures the increase in value generated through production processes, excluding the impact of taxes and subsidies, to present a picture of economic output. Between 2019 and 2023, DASA-funded SMEs have consistently grown their total reported GVA since receiving DASA funding. DASA-funded SMEs have generated nearly a billion pounds (£974m) in GVA since 2019.

The reporting of GVA data is limited to the data available. The data supporting its calculation is from financial statements filed at Companies House. Full accounts are required for GVA to be calculated. Only medium and large enterprises are required to provide full accounts. As a result, GVA can only be calculated for companies that are in this size band. In the case of DASA-funded SMEs, 53 companies have available data. This is explained further in the methodology.

The number of DASA-funded SMEs reporting GVA has increased from 19 to 53. The methodology provides a more detailed explanation about this. The average GVA per company has also increased, rising from £4.79m per company in 2019 to £6.04m in 2023.

Among the top contributors are TMD Technologies (now CPI TMD Technologies) and STS Defence. When combined, these companies have contributed £101m in GVA since 2019. CPI TMD Technologies manufactures a wide range of microwave tubes, high-voltage power supplies, and transmitters, with over 90% for export. It generated £17.6m in GVA in 2023 alone. TMD Technologies was an MBO from Thorn EMI Electronics in 1995 and was acquired by CPI in 2021. STS Defence develops technology for the defence and nuclear energy sectors. Both firms exited via acquisition in 2021 (TMD) and 2024 (STS).

£6.04m
Average GVA generated by each SME after receiving DASA funding (2023)[8]

DASA-funded SMEs have generated nearly a billion pounds (£974m) in GVA since 2019

[8] Of the 53 DASA-funded SMEs used in this analysis which have reported this data.

06

Commodities

DASA-funded SMEs have been involved in 3,151 imports and 1,239 exports, showcasing their active engagement in both domestic and international markets. Trade data reveals that DASA-supported SMEs are predominantly net importers, reflecting their innovation-led operations. A smaller subset of firms demonstrates strong export performance, particularly in advanced manufacturing sectors.

Imports and exports

Import and export data offers a comprehensive view of trade among DASA-funded SMEs. This perspective is vital for understanding how these firms are positioned to respond to shifts in the global trade environment. In addition, providing their full trade activity indicates their broader contribution to the UK economy, particularly in relation to Gross Domestic Product (GDP).

From 2016 to 2024, DASA-supported SMEs were involved in 3,151 imports and 1,239 exports, indicating a clear inclination toward net importing. This is expected given the sectors these companies operate in, which are predominantly innovation-driven and likely need to import equipment and materials to conduct operations.

During this period, “Machinery and mechanical appliances” emerged as the predominant commodity trade section among DASA-funded SMEs. Among the high-technology ecosystem this commodity was also the most traded globally in 2023. Therefore, it is not surprising that it is heavily featured in the trade activities of these innovation-driven companies.

Evolve Dynamics was the top importer within the “Machinery and mechanical appliances” trade section, with 149 imports. The Surrey-based company manufactures unmanned aerial vehicle (UAV) technology. Since its launch in 2016, the company has raised £10.8m via four equity fundraisings, as well as £508k via two

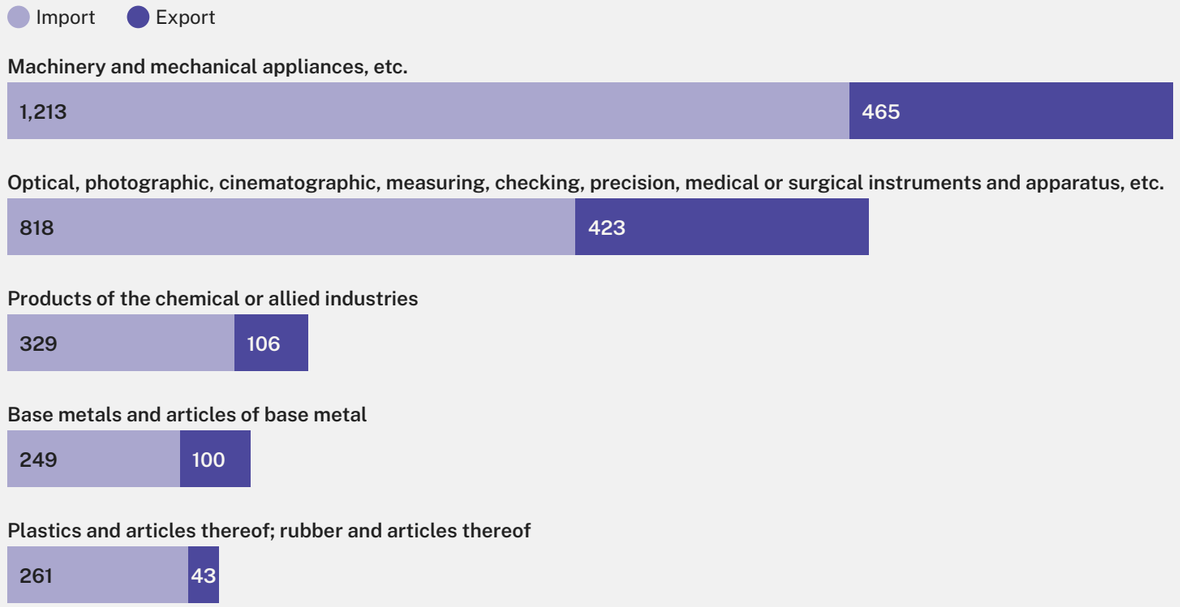
870
Total number of imports by DASA-funded SMEs in 2024

344
Total number of exports by DASA-funded SMEs in 2024

awards, the first one a funded contract from DASA in 2023 and the second a grant from IUK in 2024. On the export side, Raplas Technologies was the most notable, with 75 exports within this trade section. Based in Wales, Raplas Technologies produces additive manufacturing technology for the plastics and metals sectors. In February 2025, Raplas Technologies won funding from DASA as part of the latest round of the Defence Technology Exploitation Programme (DTEP).

While the majority of DASA-funded companies were net importers, a small portion exported more than they imported. For example, Can-Phantom, a manufacturer of vehicle theft prevention technology, recorded exports of 85.7% of its total trade between 2016 and 2024.

Top five commodity trade sections among DASA-funded SMEs (2016 - 2024)



Methodology

The following definitions and methods are used in this report:

Bespoke analysis on average employment growth on early-stage DASA funded SMEs: This analysis examines employment growth in early-stage companies that received DASA funding. Early-stage firms are defined as those funded within five years of incorporation. For each company, employee numbers were gathered from Companies House financial statements. Where funding dates did not align with reporting dates, the number of employees at the point of funding was estimated using linear interpolation. Growth was measured over fixed three-year windows before and after funding. Annualised growth rates were calculated as the average yearly change in headcount over each period. This is a descriptive analysis; no causal claims are made. Results are based on available data and assume linear change between reporting intervals.

Gross Value Added (GVA): This is calculated using the income approach to GVA. The ONS defines this as income from employment (compensation of employees), and other income generated by the production of goods and services (gross operating surplus). This data is sourced using Companies House financial statements. As DASA predominantly funds SMEs, these companies are not subject to filing accounts on these areas, which means data is limited to those that have filed full accounts.

Sectors: The sectoral ranking chart counts how many of Beauhurst's 306 bespoke industries and emerging sectors are represented among DASA-funded UK SMEs. Companies can appear in multiple categories. The Beauhurst industries and emerging sectors go beyond outdated SIC codes, which often group unrelated activities and are overly broad. The lack of suitable SIC code options means many companies default to selecting "Other". Beauhurst's machine learning-based classification offers more relevant, flexible tagging across 4.6m+ UK companies, providing a clearer picture of each company's operations.

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Beauhurst is the ultimate source of UK private company data.

Through our data platform, we provide data on every UK private company—from investments and hiring status, to patents and trade data—identifying hidden growth, innovation, risk, and ESG signals across UK companies.

Our Research and Consultancy team can provide powerful insights, thought leadership, and data-led reports. Please get in touch if you would like to talk about a project.

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The Defence and Security Accelerator (DASA) finds and funds exploitable innovation to support UK defence and security quickly and effectively, and support UK prosperity. DASA is part of the Ministry of Defence.

Our vision is for the UK to have strategic advantage through the most innovative defence and security capabilities in the world.

We achieve this by welcoming ideas from innovators small and large, providing support to those who have not previously worked with Government.

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