



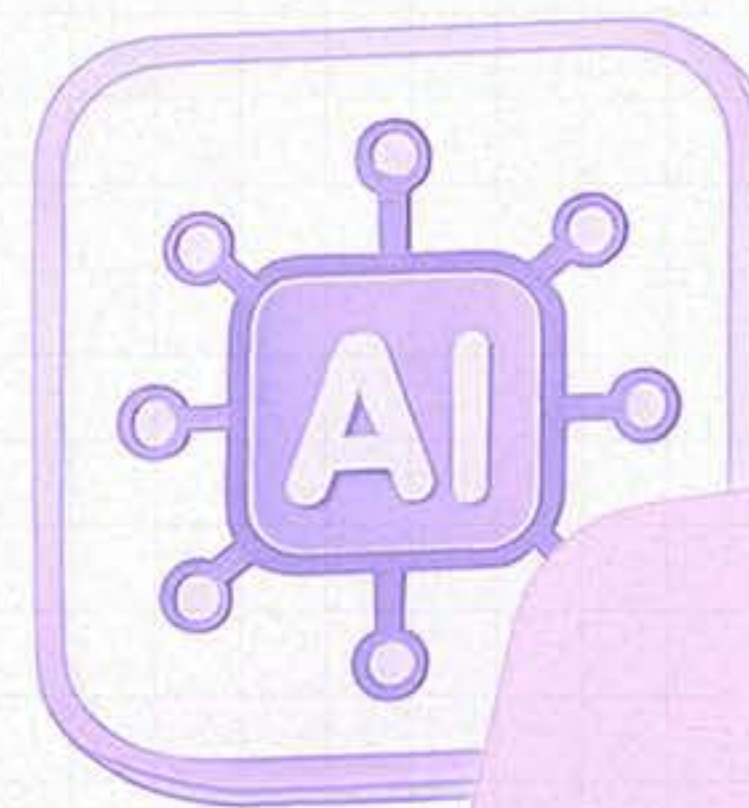
**TECH
NATION**

DATA PARTNER



UK AI SECTOR SPOTLIGHT

2025





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By Carolyn Dawson, CEO, Founders Forum Group

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FOREWORD

The UK has established itself as Europe's number one AI hub, home to more than 2,300 VC-backed AI companies with a combined market valuation of \$230b.



Carolyn Dawson, OBE
CEO, Founders Forum Group

From voice generators to autonomous cars, UK AI companies are supercharging the UK tech sector – 3 in 4 of the UK tech leaders we surveyed say AI is having a positive impact on their company’s growth; 1 in 2 have improved their products and services as a result of AI. UK AI startups raised \$1.03b in VC investment in Q1 2025, the biggest first quarter fundraising of the past three years.

Yet we face a defining challenge. While the UK excels at startup creation, we struggle to retain our most promising companies as they scale. Homegrown AI champions like Wayve, Darktrace, and DeepMind must turn to the US for investment and exit opportunities, while others are considering relocating their headquarters outside the UK.

The message is clear: we must urgently address the barriers to growth our AI companies face.

In our **Tech Nation UK AI Sector Spotlight 2025**, we provide a comprehensive overview of the UK’s AI ecosystem, the barriers to growth, and the potential policy solutions, with insider insights from our survey of a select group of 100 UK AI leaders.

Since **Founders Forum Group** brought leading UK founders together to help inform the first AI Safety Summit at Bletchley Park in 2023, we have ramped up our efforts to support AI founders at all stages in overcoming their two most significant obstacles to growth: access to capital and access to talent.

Under **Tech Nation**, with the support of our founding partner, **HSBC Innovation Banking**, we relaunched our growth programmes and initiatives to support startups in all corners of the UK – Climate, our programme for climate tech startups; Libra, for underrepresented founders; Upscale, for scaleups after Series A; Future Fifty, for pre-IPO, late-stage ventures; Creo, for disabled founders and entrepreneurs innovating around disability; and Rising Stars, our UK-wide pitch competition for early-stage tech startups. Almost all the companies in these programmes are leveraging AI or have AI at their core.

This year, we launched the **London AI Hub**, in collaboration with Merantix and Husayn Kassai, providing a community, co-working space, and events to act as the centre of gravity for the UK’s AI ecosystem.

We’re launching the **AI Alliance**, bringing top founders and CEOs together to help secure the UK’s position as a global AI leader. Plus, through our network, insights, support services, and our role as the official endorsement body for the **Global Talent Visa** for digital technology, we are enabling the best AI talent from around the world to build their careers in the UK.

AI promises to transform industries, drive efficiencies, and help solve our most pressing challenges in healthcare, climate, and public services.

With the [AI Opportunities Action Plan](#), this Government has signalled a firm commitment to building the UK’s AI capabilities for good. Still, the AI leaders we spoke to call for more pro-innovation regulation, direct intervention in funding markets, improved immigration processes, and regulatory sandboxes to test new technologies and support their companies’ growth.

The UK has the potential to lead the global AI revolution. Our task now is to create the conditions where our companies can thrive and scale without looking elsewhere, and to champion, connect, and support the innovators who are building our AI future, right here in the UK.

Read on to discover the trends shaping the future of UK AI.





KEY FINDINGS



KEY FINDINGS

1



The UK AI sector reached a combined market valuation of \$230b in Q1 2025, cementing itself as Europe's largest AI market.

- The UK is home to more than 2,300 VC-backed AI startups, including 20 AI unicorn companies.
- UK AI grew at a compound annual growth rate (CAGR) of 22% between 2020 and 2024.

2



UK AI startups raised \$1.03b in VC investment in Q1 2025, the biggest first quarter fundraise of the past three years.

- While total UK VC funding follows a downward trend, investment in AI increased at a CAGR of 8.7% between 2020 and 2024. Investment in generative AI has more than tripled in the past five years.
- In 2024, UK AI startups raised \$4.3b in VC investment, the second highest year on record, representing 27% of all UK venture capital.
- Investment is primarily focused on business applications and enterprise solutions over consumer tech.

3



76% of UK tech leaders say AI is having a positive impact on their company's growth.

- 1 in 2 UK tech companies have changed their ways of working and improved their products and services as a result of AI.
- Only 6% of the companies we surveyed have made redundancies due to AI.

4



However, AI startup leaders say access to capital and talent are their biggest barriers to growth in the UK.

- UK AI leaders rate the UK as a good place to start an AI company, but they are less positive about scaling or exiting their companies in the UK.
- 1 in 3 AI leaders we surveyed are actively considering relocating their company's headquarters outside the UK.

5




To overcome those barriers, AI startup leaders call for direct government intervention in funding markets, more R&D tax credits to hire the best talent, and regulatory sandboxes for AI.

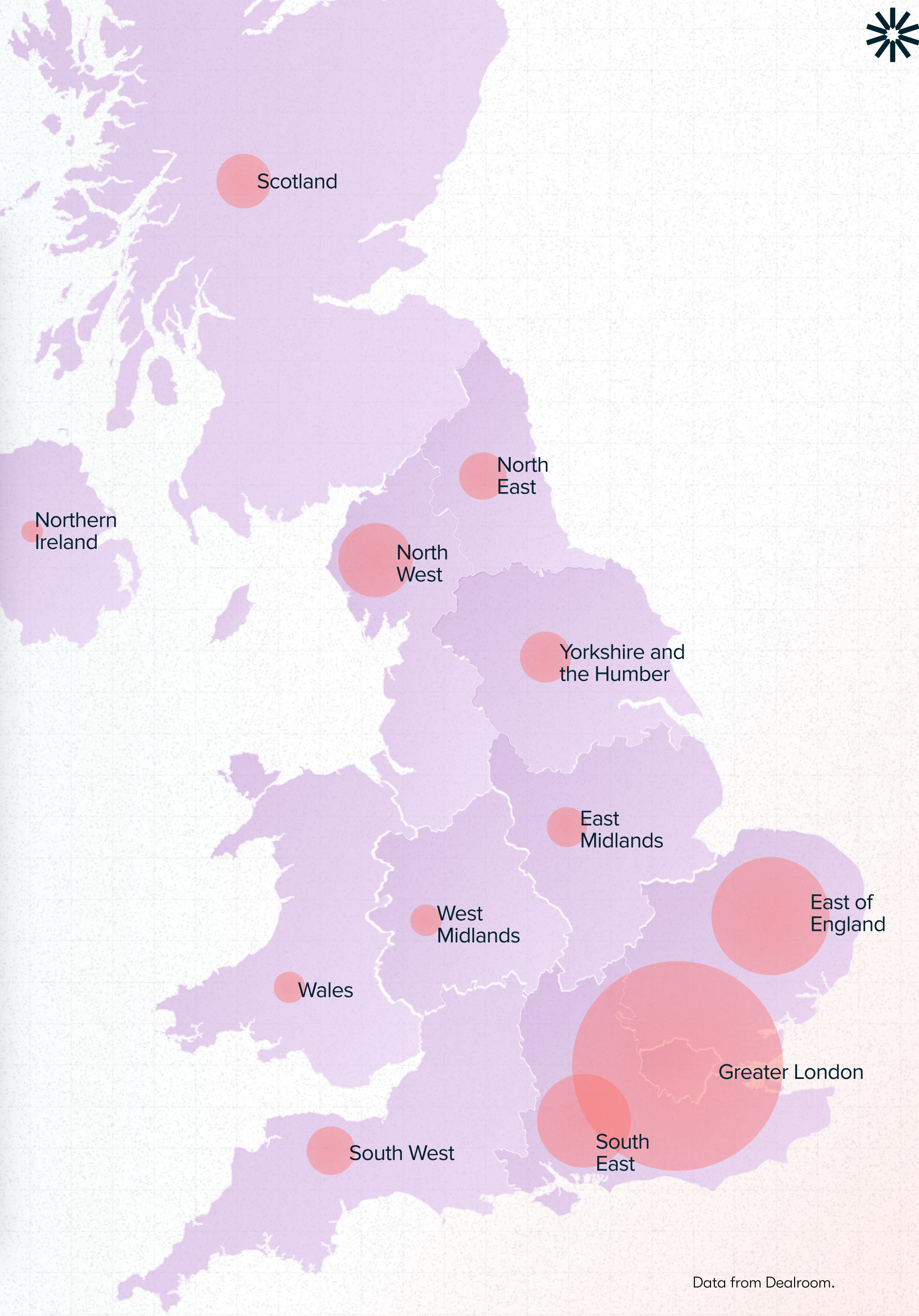
- 1 in 2 AI leaders say introducing government-backed funds and better incentives for VCs to invest would best help unlock UK growth capital.
- AI leaders prefer policies that directly reduce talent costs (tax credits, incentives) or expand the talent pool (immigration, remote work) over long-term talent development.



UK AI IN 2025

THE GROWTH OF UK AI

Region	AI Startups	AI Soonicorns	AI Unicorns	AI Investment ↓ (2024)	Investment CAGR (2020-2024)	Top Companies
Greater London	1603	33	14	\$3.6b	+16%	  
East of England	138	5	2	\$269m	+12%	  
South East	178	4	2	\$170m	-19%	  
North West	84	2	1	\$124m	+36%	  
Scotland	112	1	0	\$53m	+35%	  
South West	66	0	0	\$32m	-48%	  
North East	26	0	0	\$15m	+62%	  
Yorkshire and the Humber	41	0	1	\$8.4m	-2%	  
Wales	30	0	0	\$5.2m	-5%	  
East Midlands	26	0	0	\$3.4m	+38%	  
West Midlands	41	0	0	\$1.9m	-38%	  
Northern Ireland	28	0	0	>\$0m	-100%	  





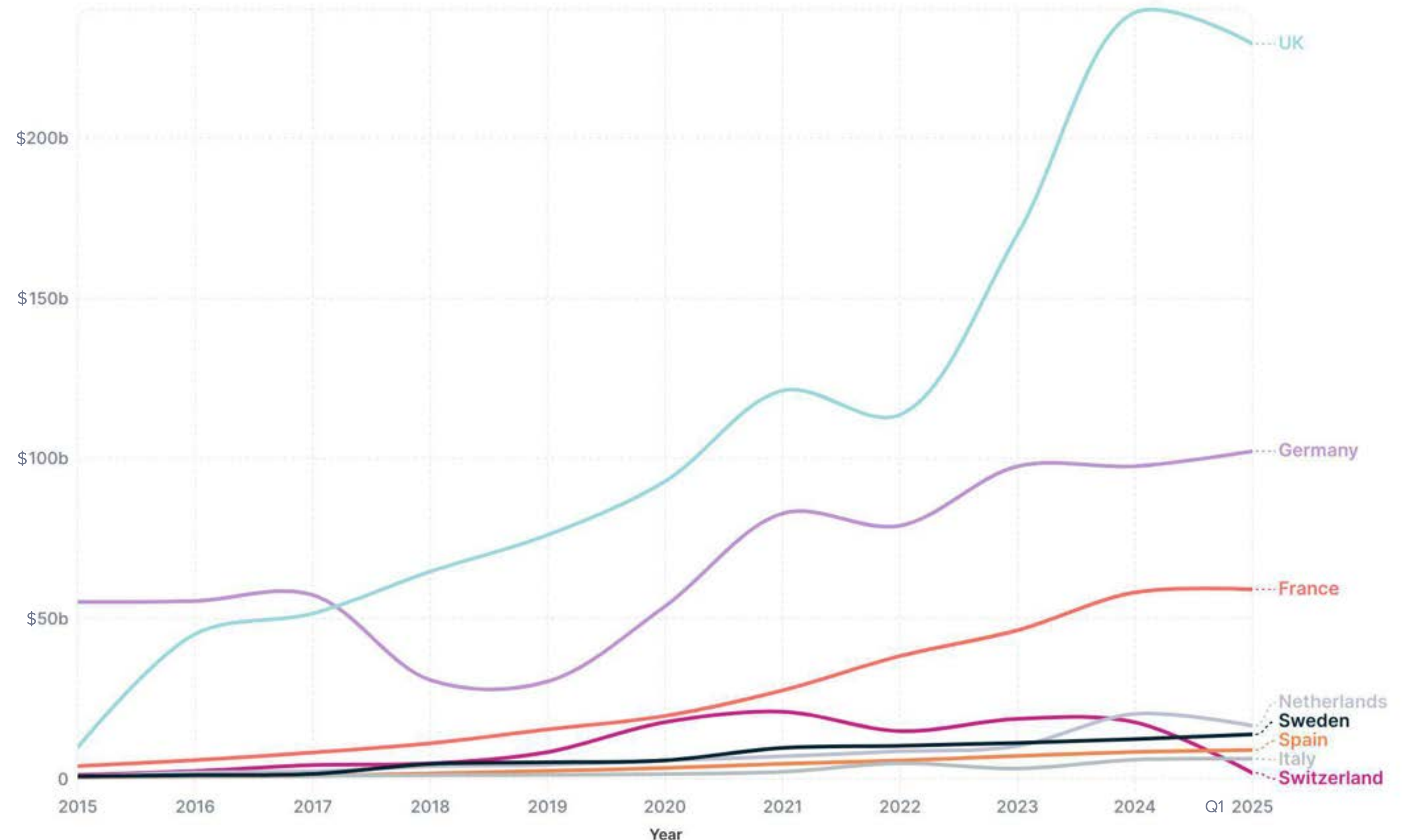
The UK AI sector reached a combined market valuation of \$230b in Q1 2025, more than the size of Germany and France combined.

Home to more than more than 2,300 VC-backed AI companies, the UK AI sector is unleashing new innovations across industries, attracting billions in investment, and driving the overall growth of the UK tech sector.

While the UK AI market has declined 4% in value since its peak in 2024, the UK maintains its position as Europe's largest AI market, and third in the world after the US and China, with a compound annual growth rate (CAGR) of 22% over the past five years.

Much of the UK AI sector's value is down to ARM, the publicly-listed multinational semiconductor and software design company valued at \$118b. But even excluding public companies, the UK AI sector is more than 55% bigger than its closest European competitors.

Combined market valuation of the UK AI sector in a European context



The combined sum of the valuations of AI companies founded since 1990

Data from Dealroom.

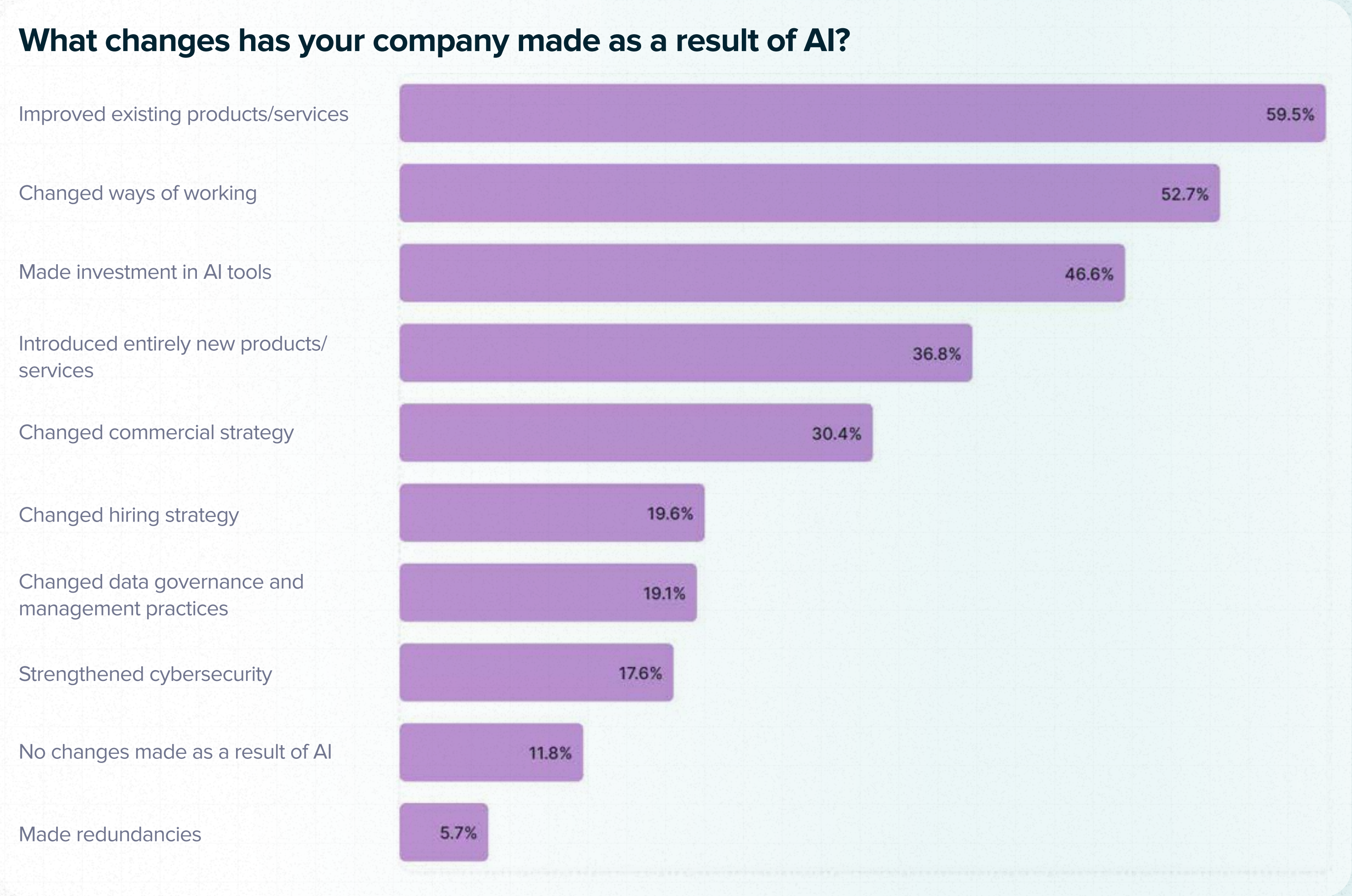


1 in 2

UK tech companies have changed their ways of working and improved their products and services as a result of AI.

AI is increasingly pervasive across the UK tech sector with companies launching new products, shifting commercial strategies, and changing their working models due to AI.

Plus, AI is mostly augmenting rather than replacing the UK tech workforce. Out of our UK Tech Sector Survey of more than 1,000+ founders and company leaders operating across the UK tech ecosystem, only 6% report that their companies have made redundancies due to AI.



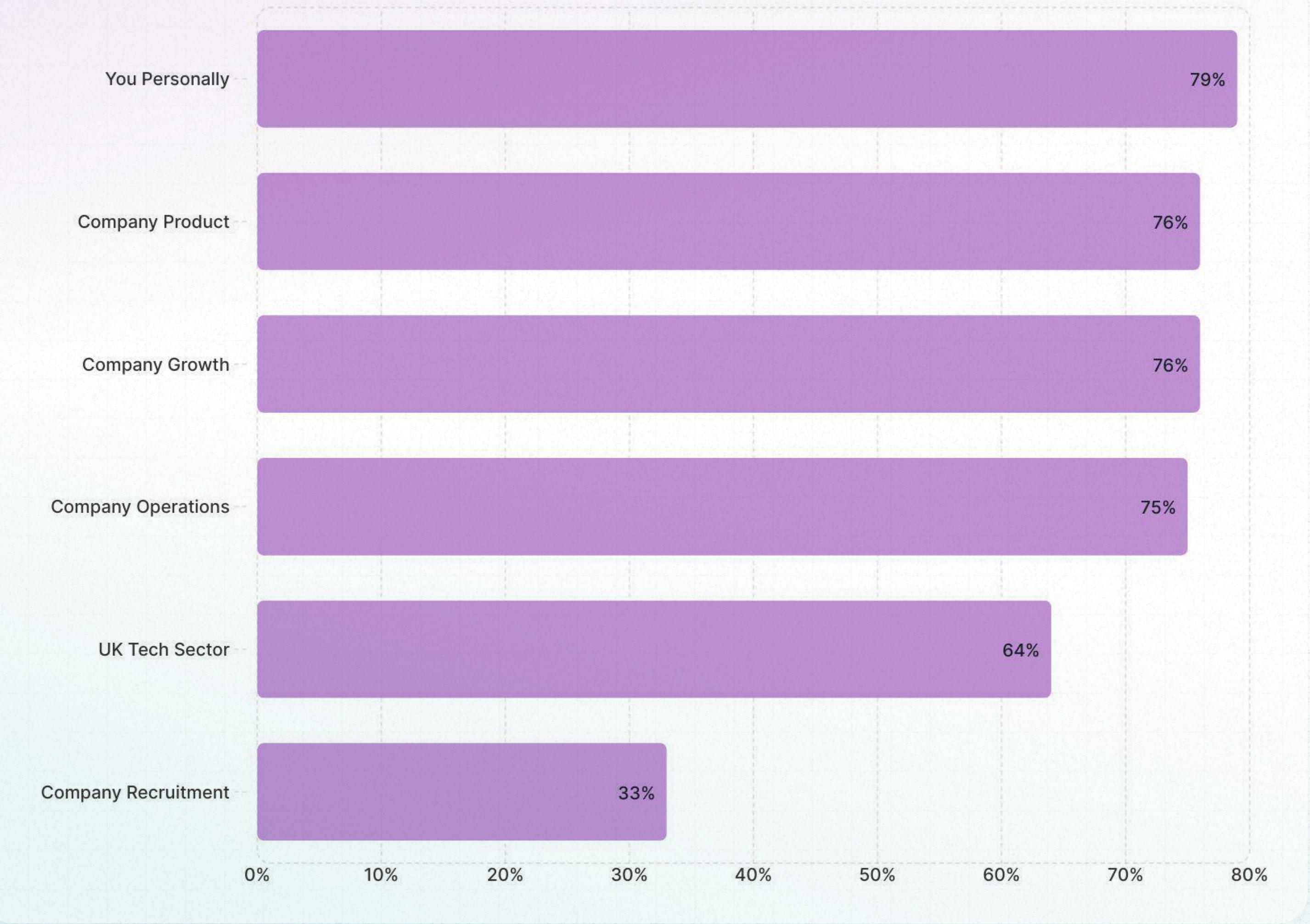


3 in 4

UK tech leaders say AI is having a positive impact on their company's growth.

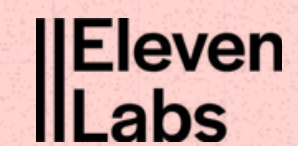
UK tech leaders are especially positive about the impact of AI on their businesses – their growth (76%), product, operations and them personally – although they are less convinced by AI's impact on recruitment.

To what extent does AI currently have a positive impact on...





Mati Staniszewski



“

The UK has played a central role in our company’s success, and we expect that to continue in the months and years ahead. For the UK to remain a strong environment for the starting and scaling up of AI companies, we urge the government to follow through on the powerful commitments of the Prime Minister’s AI Opportunities Action Plan – partner with AI companies to improve public services, support groundbreaking research, build AI infrastructure, incentivise top talent to move and remain here, and avoid overly burdensome regulations.



Shruti Dube



“

The UK has done a great job of setting out a positive and ambitious vision of the role AI can play in helping to drive growth and innovation. In order to deliver that core vision of being ‘makers not takers’, it needs to fully embrace open source. By doing so the UK will both realise the inherent benefits from driving AI adoption but also create the environment for innovators and builders to flourish, maximising returns to UKPLC.

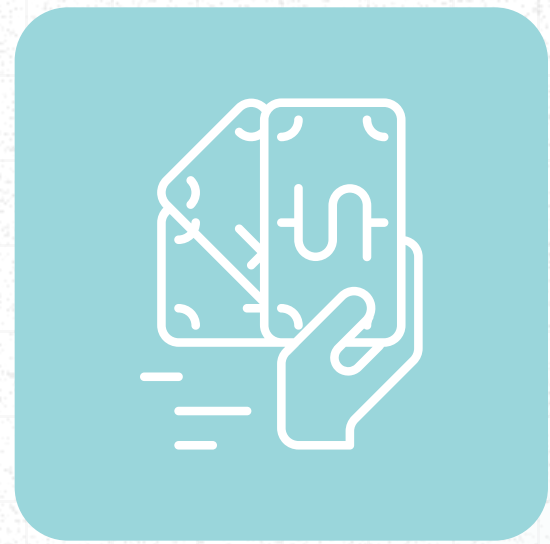


Alex Kendall



“

With Embodied AI, we're witnessing AI extending its reach beyond chatbots and image generation, and giving machines the ability to interact and learn from our environment in the physical world. This will be the most transformative technology of our generation and will revolutionise our cities, giving us safer, smarter, and more sustainable transport systems. The UK has a real opportunity to drive forward this technology, attract international investment, and establish itself as a global leader in Embodied AI.



Investment Trends

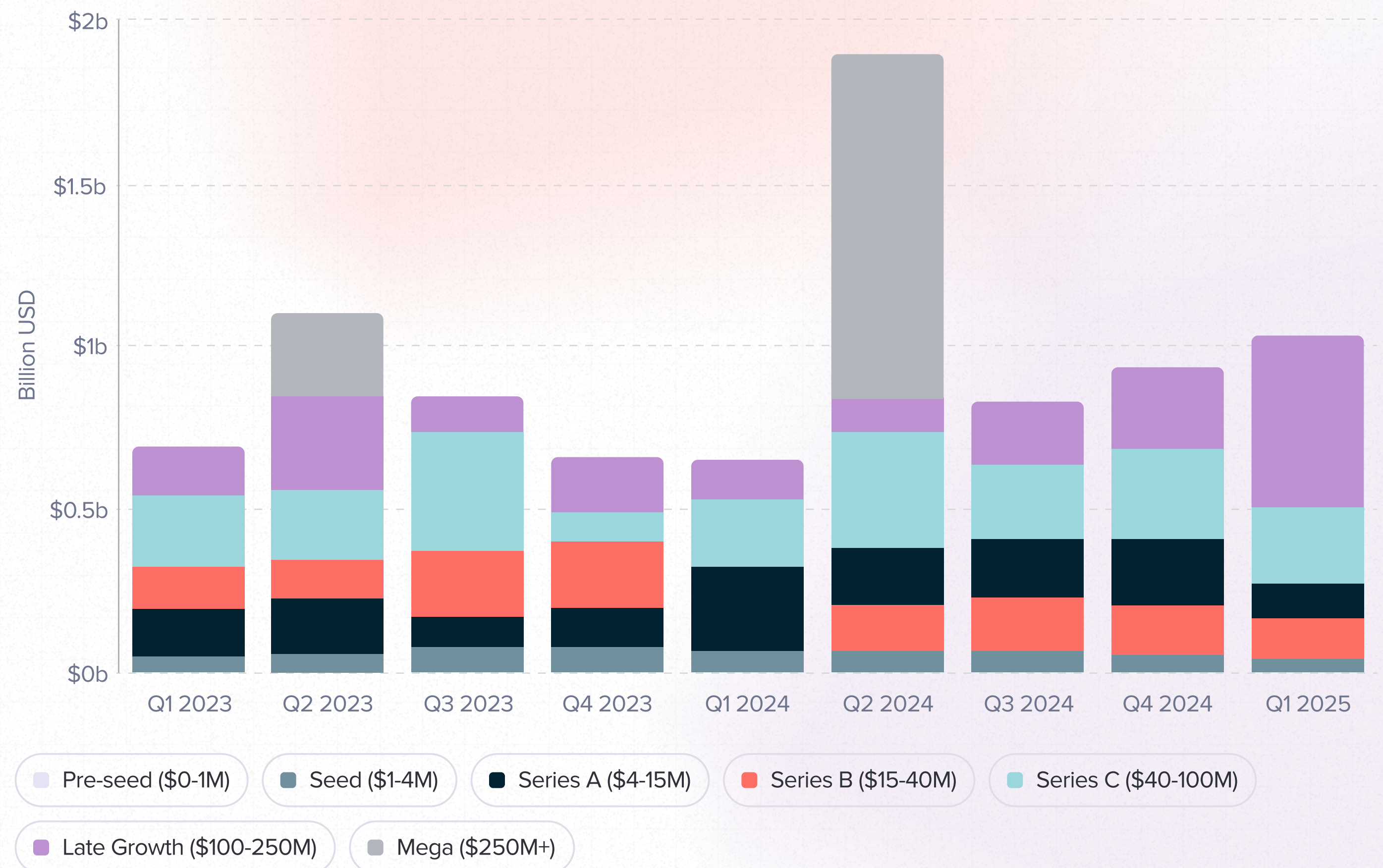


UK AI startups raised \$1.03b in VC investment in Q1 2025, the biggest first quarter fundraise of the past three years.

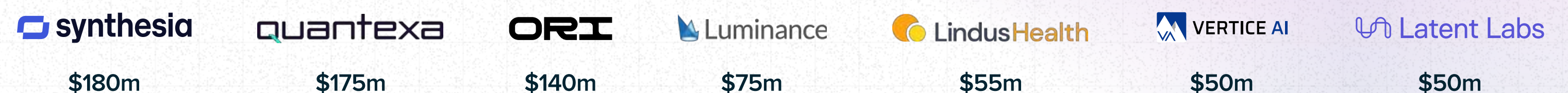
Investment in AI is bucking the trend of overall UK venture capital and Q1 2025 represents the biggest first quarter fundraise by UK AI startups since 2022 with significant raises by generative AI startup, Synthesia, AI analytics company, Quantexa, and AI compute provider, Ori.

Excluding Wayve's \$1.05b mega-round in Q2 2024, VC investment in UK AI startups has typically ranged from \$650m-\$900m per quarter over the past two years.

UK AI Investment by Quarter (2023-2025)



Biggest Q1 2025 Raises:



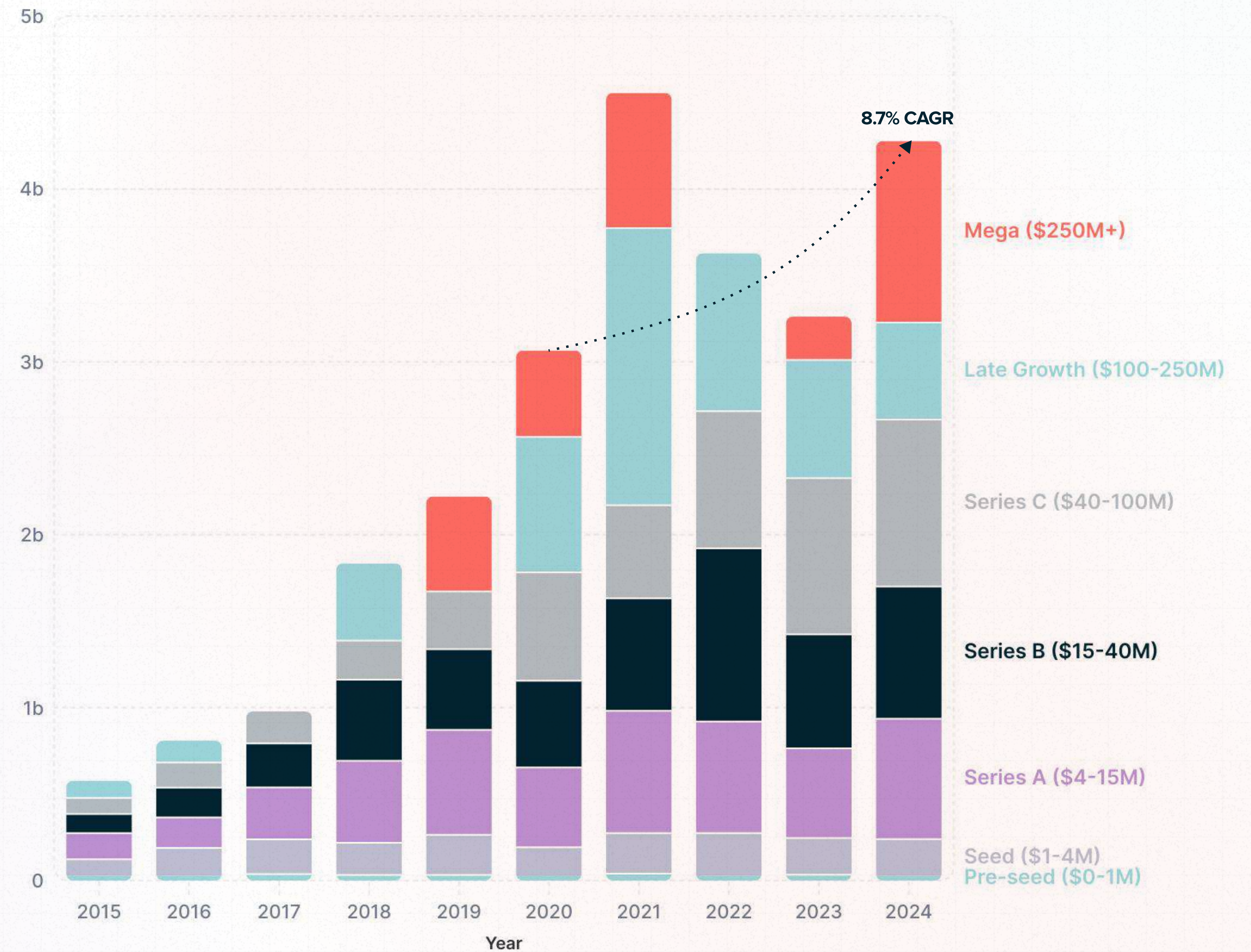
Data from Dealroom.



UK AI investment grew at a compound annual growth rate (CAGR) of 8.7% per year between 2020 and 2024.

While total UK VC funding has seen a decline since the boom years of 2021 and 2022, investment in AI is on an upward trajectory. UK AI startups raised \$4.3b in VC investment in 2024, the second highest year on record, with Wayve's fundraising contributing nearly a quarter of total investment for the year.

UK AI VC Investment by Round Size (2015-2024)

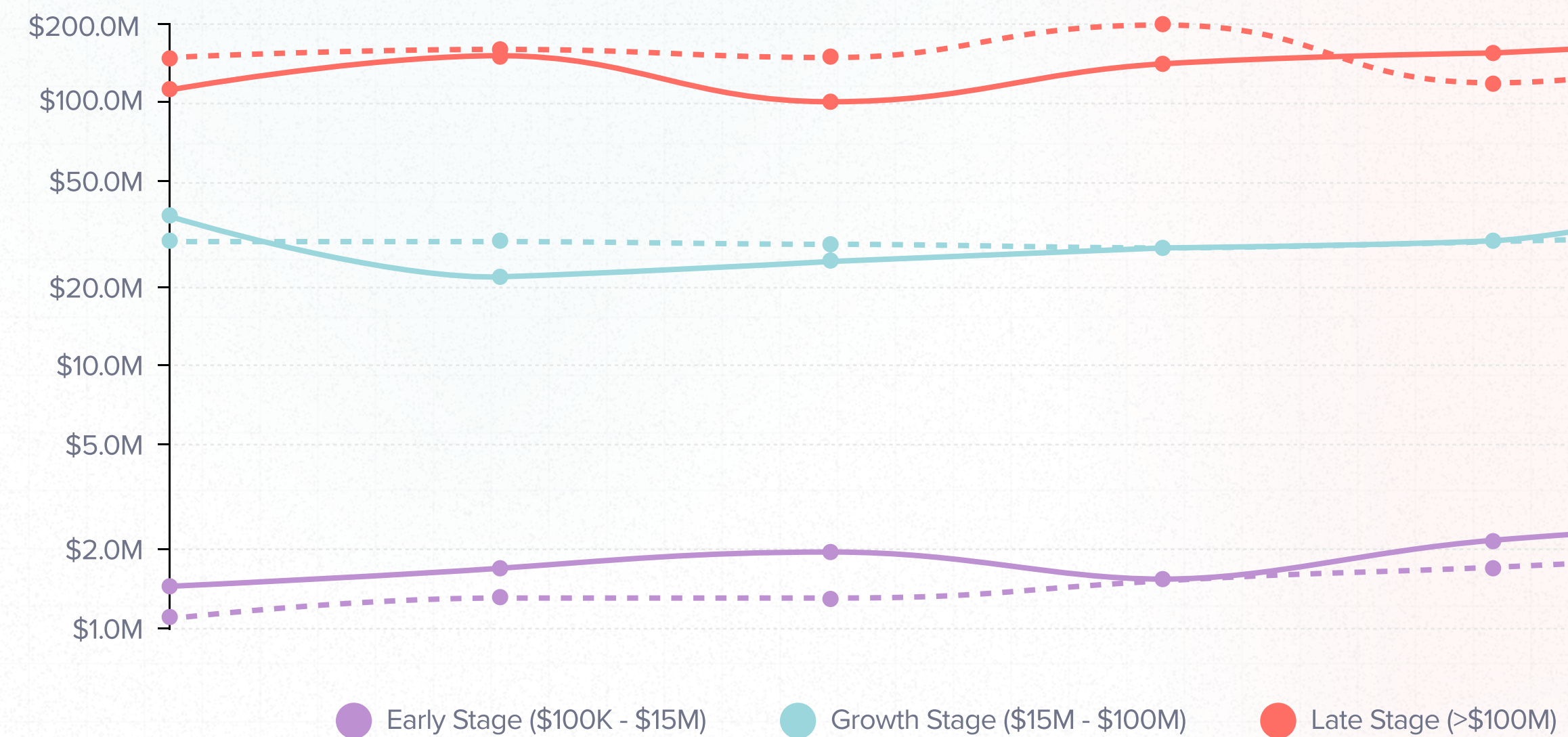


Data from Dealroom.



UK AI VC Investment by Round Size (2020-2025)

Solid Lines: AI Companies Dashed Lines: Industry Average



AI companies are raising bigger rounds than the wider market and round sizes are increasing.

Investors are willing to pay a premium for AI with UK AI companies securing larger median round sizes than the broader market across early, growth, and late-stage rounds in 2025.

AI round sizes are on an upward curve, with growth-stage AI rounds growing nearly 5x faster than the broader market (with a CAGR of 6% between 2020 and 2025).

Funding Stage Growth Comparison

Early Stage (\$100K - \$15M)

AI (2025)	All (2025)
\$2.6M	\$2.0M

AI CAGR	All CAGR
12.70%	12.70%

Growth Stage (\$15M - \$100M)

AI (2025)	All (2025)
\$50.0M	\$32.0M

AI CAGR	All CAGR
6.23%	1.30%

Late Stage (>\$100M)

AI (2025)	All (2025)
\$175.0M	\$180.0M

AI CAGR	All CAGR
9.45%	3.77%

Based on startups founded after 1990, considering all rounds worth \$100k+.

Data from Dealroom.

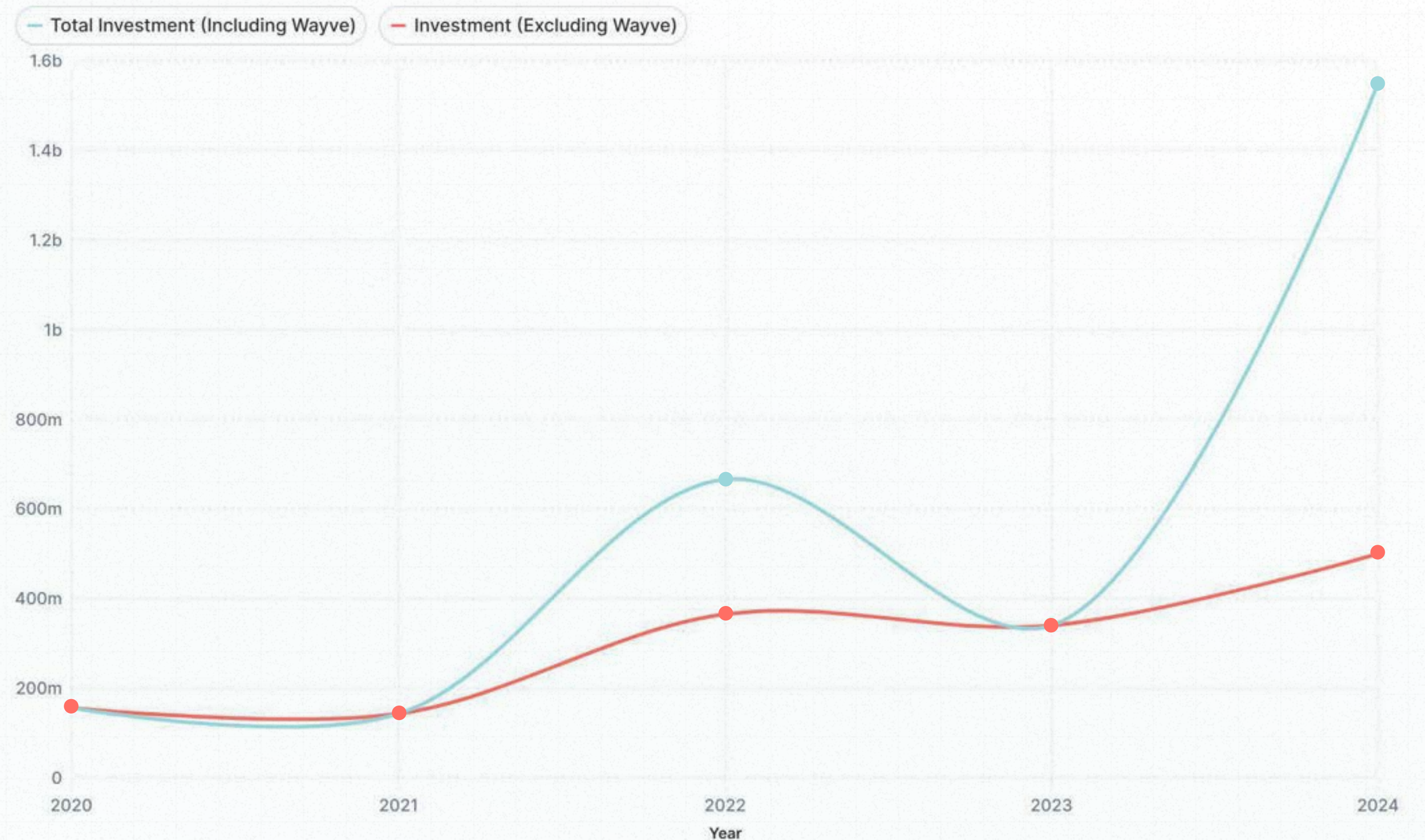


Investment in generative AI startups has more than tripled in the past five years.

While generative AI investment only made up 12% of total AI investment in 2024, funding for generative AI startups has seen significant growth (from \$156m in 2020 to \$499m in 2024), with investment growing at a CAGR of 34% over the past five years.

And that's excluding Wayve, the outlier, which uses generative AI models for the development of autonomous vehicles. With Wayve included, generative AI investment reached \$1.6b in 2024, a nearly 10x increase compared with 2020.

UK Generative AI Investment Over Time (\$)

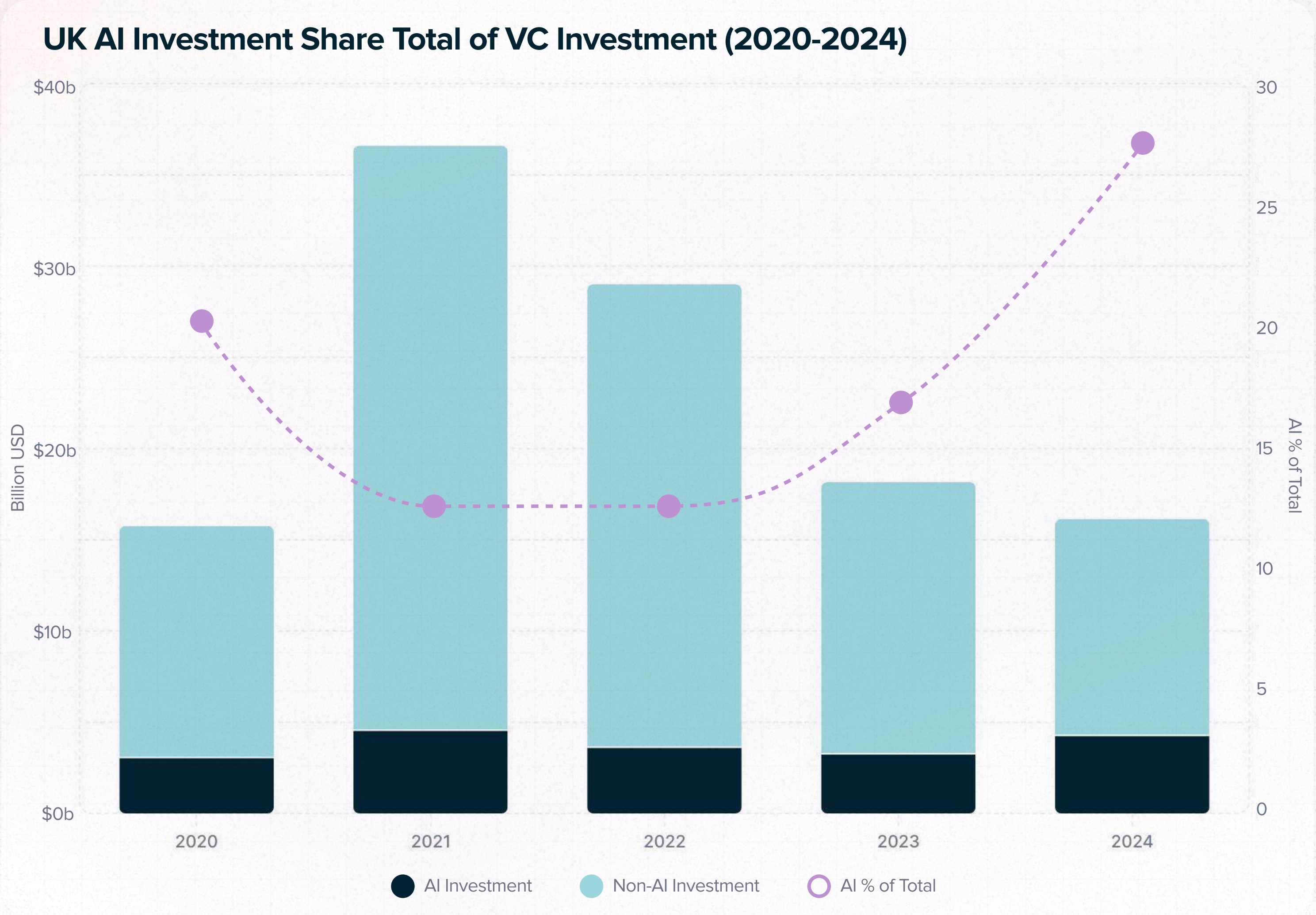


Data from Dealroom.



27%
of all UK venture capital was
raised by AI startups in 2024, the
highest share to date.

The proportion of total UK VC investment flowing into AI startups
has increased by 7% over the past five years (from 20% in 2020).

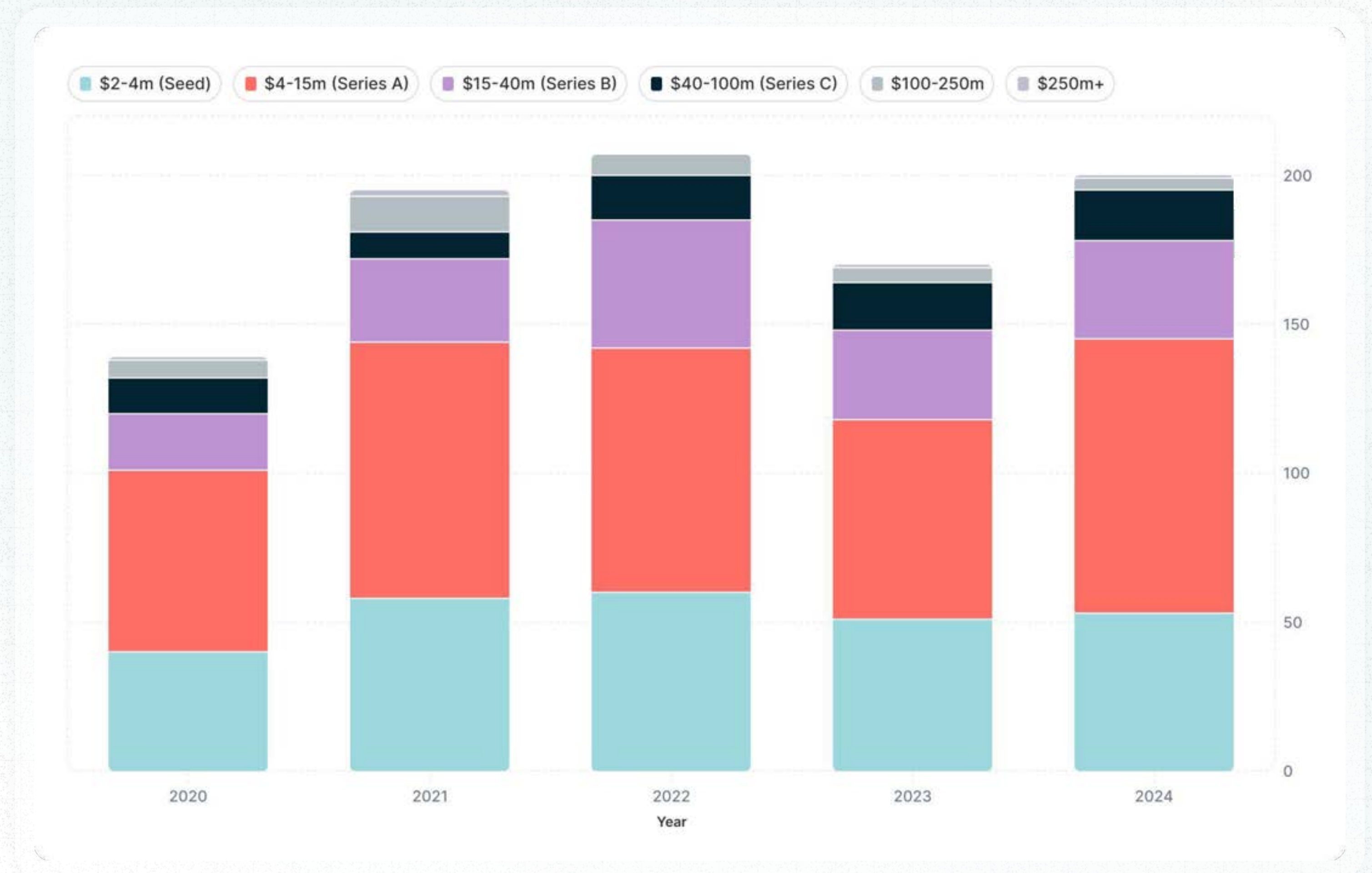


Data from Dealroom.



Deal activity is on an upward curve and we're seeing more later-stage AI rounds as the market matures.

200 \$2m+ AI rounds were raised in 2024, up 13% compared with the previous year. The vast majority are Seed-Series A rounds and AI mega rounds are still rare. However, there is some evidence of market maturation with Series B (19 to 34) and Series C deals (12 to 17) increasing between 2020 and 2024.



Number of \$2m+ funding rounds raised by UK AI startups per year.

Data from Dealroom.

Note, there is a known reporting lag for early-stage funding rounds. In order to accurately track deal activity, our analysis only considers rounds worth more than \$2m.

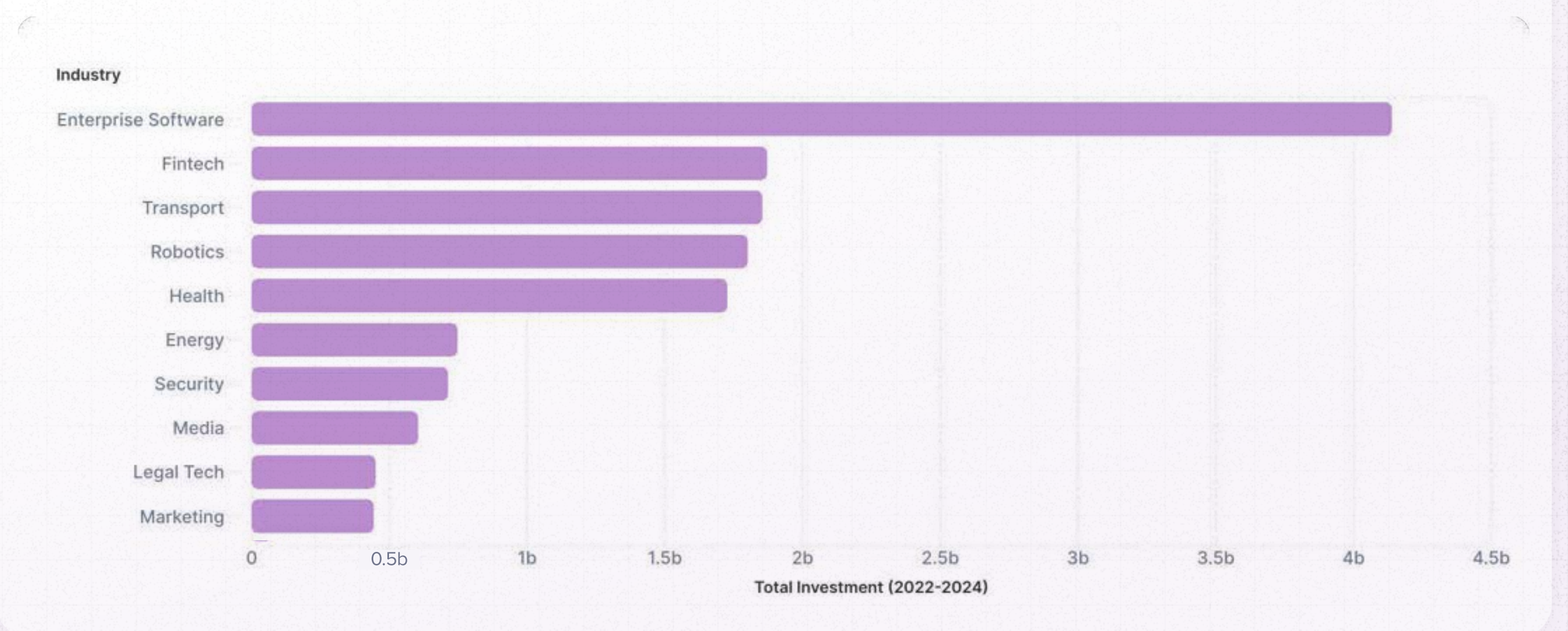


Investment in UK AI is primarily focused on business applications and enterprise solutions.

From Flo Health's AI tracking to improve women's health to Benevolent AI's progress in accelerating drug discovery, UK AI companies operate across a variety of sectors and a significant proportion of VC investment in AI is focused on transforming traditional industries including finance, transport, and healthcare.

However, the majority of UK VC investment in AI goes to companies in the enterprise software space (\$4.1b over the past two years), with VCs investing more in B2B AI solutions than consumer tech.

AI Investment by Industry (2022-2024)



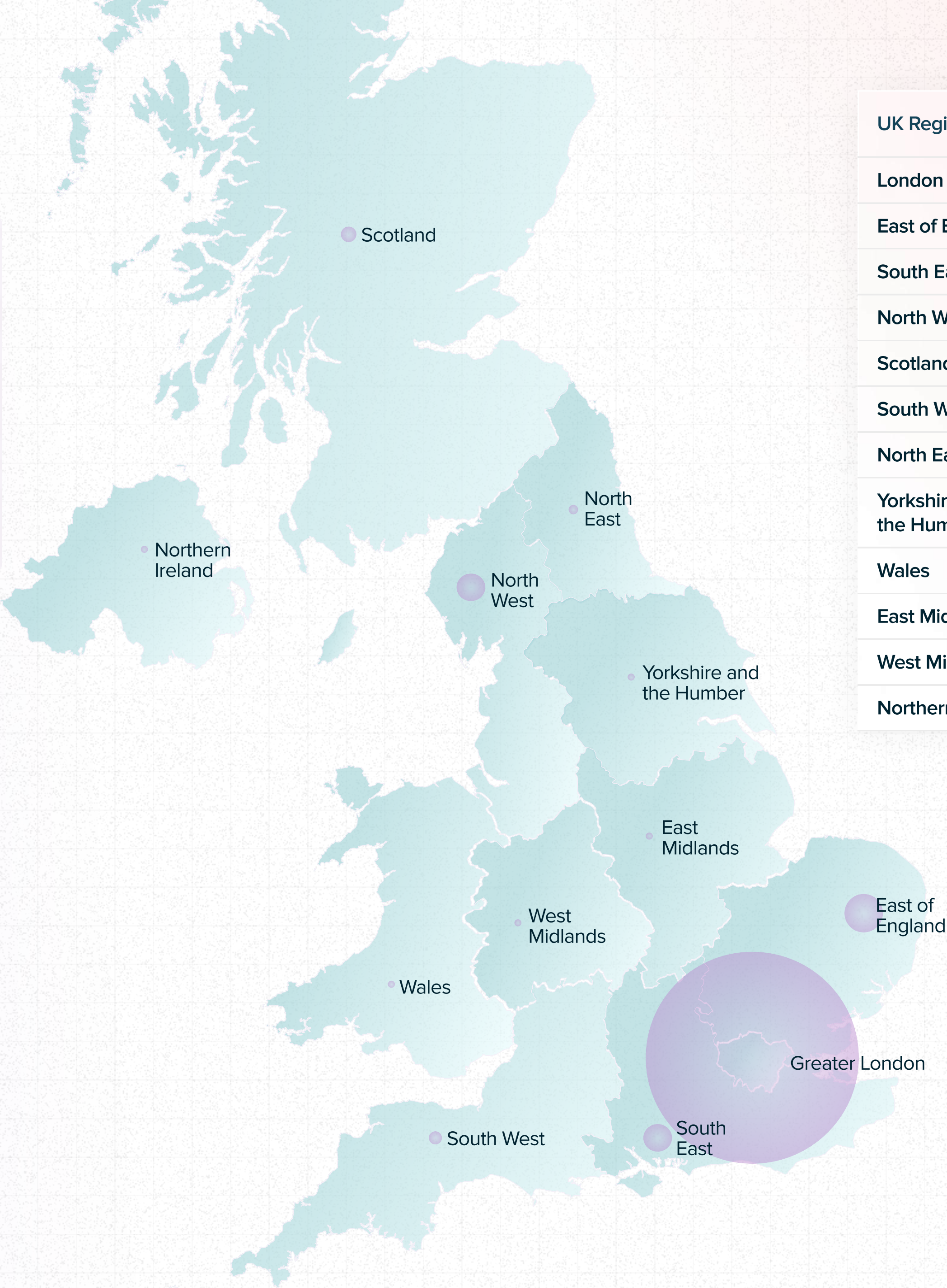
Data from Dealroom.



London-based AI startups raised 10x more than any other UK region in 2024, but there are growing investment hubs across the UK.

While many of the fastest-growing UK regions for AI investment are increasing from a small base, there are promising AI hubs emerging in the North West and Scotland in particular.

Still, AI development is mostly centralised in the London-Cambridge-Oxford golden triangle with London, the South East, and the East of England accounting for 90% of total UK AI investment over the past five years. London-based AI startups alone raised \$3.6b in 2024 and have raised \$13.3b in investment over the past five years, accounting for 71% of total UK AI investment.



UK Region	2024 Investment	Total Investment ↓ (2020-2024)	CAGR (2020-2024)
London	\$3.6b	\$13.3b	16%
East of England	\$269m	\$987.0m	12%
South East	\$170m	\$2.4b	-19%
North West	\$124m	\$799.6m	36%
Scotland	\$53m	\$239.5m	35%
South West	\$32m	\$594.7m	-48%
North East	\$15m	\$52.5m	62%
Yorkshire and the Humber	\$8.4m	\$98.9m	-2%
Wales	\$5.2m	\$54.2m	-5%
East Midlands	\$3.4m	\$20.9m	38%
West Midlands	\$1.9m	\$81.9m	-38%
Northern Ireland	>\$0m	\$19.9m	-100%

Data from Dealroom.



Barney Hussey Yeo



“

Twenty thousand users in 24 hours. That's what happened when we launched Cleo in the US – not because we had some revolutionary new technology, but because we offered something desperately needed in a market ready to embrace conversational AI for finance.

This isn't just about America's bigger market or the UK's regulatory caution; it's about a fundamental difference in how these ecosystems approach the future. The UK produces world-class talent and attracts serious investment. What it lacks is the infrastructure and mindset that lets companies dream at scale. British founders aren't told 'think bigger'; they're told 'grow cautiously'. It's a subtle distinction that makes all the difference.

Britain's moment to become a global AI powerhouse won't wait forever. We need regulators who see growth as part of their mandate. We need to unlock investment from pension funds into venture capital. And we need to make Britain the obvious choice for AI talent, not just a worthy alternative.



Tom Graham



“

AI policy needs to be people-first. Among other things, that means AI safety and protecting individual privacy, but in the near future, AI will transform every facet of our economy and ‘AI policy’ will touch all of government.

We must focus on data policy and building national data resources to train AI models ethically and safely. Regardless of the policy intervention, it is critical that we build frameworks that can adapt to the rapidly evolving technical capabilities of AI and their impact on the lives of regular people.



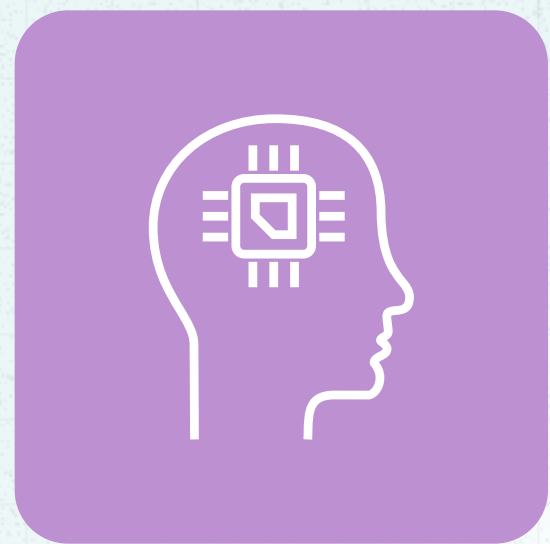
Hovhannes Avoyan

Picsart

“

AI will enable creators, solopreneurs, and small businesses to compete with larger players while unlocking entirely new industries and job categories we've yet to envision. To enable UK AI companies to flourish, we need a regulatory framework that strikes the right balance, fostering innovation while ensuring ethical AI practices.

This means prioritising investments in AI education and training to build a skilled workforce, offering tax incentives to drive R&D, and guaranteeing fair access to data and cloud infrastructure. Most importantly, policymakers must stay adaptive, evolving regulations in step with tech advancements.



Most Active Investors











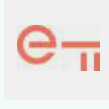











Who are the most active investors in UK AI startups?

SFC Capital, the UK’s leading SEIS fund, is the most prolific investor in early-stage AI startups, while Seedcamp, Octopus Ventures, IQ Capital, and AlbionVC are especially active across early and growth stages.

International investors are most active in later-stage rounds with China’s Tencent number one for growth stage AI investment activity in the UK and Japan’s Vision Fund and SoftBank among the most active backers of late-stage UK AI companies.





















Early Stage (Seed, Series A)

Name		HQ		Type	Preferred round	Number of rounds ↓
SFC Capital		United Kingdom		Angel, VC	SEED	84
Mercia Asset Management		United Kingdom		PE, VC	SEED	34
Seedcamp		United Kingdom		VC	SEED	32
MMC Ventures		United Kingdom		VC	SERIES A	25
Octopus Ventures		United Kingdom		VC	SERIES A	25
Entrepreneur First		United Kingdom		VC	SEED	23
IQ Capital		United Kingdom		VC	SEED	23
Haatch		United Kingdom		VC	SEED	22
Fuel Ventures		United Kingdom		VC	SEED	22
AlbionVC		United Kingdom		VC	SERIES A	21





















Data from Dealroom.



Growth Stage (Series B, Series C)

Name		HQ		Type	Preferred round	Number of rounds ↓
Tencent		China		Corporate	SERIES B	8
Balderton Capital		United Kingdom		VC	SERIES A	8
Atomico		United Kingdom		VC	SERIES A	6
83North		United Kingdom		VC	SERIES A	5
Notion Capital		United Kingdom		VC	SERIES A	5
AlbionVC		United Kingdom		VC	SERIES A	5
Octopus Ventures		United Kingdom		VC	SERIES A	5
IQ Capital		United Kingdom		VC	SEED	5
National Grid Partners (NGP)		United States		Corporate	SERIES B	5
Seedcamp		United Kingdom		VC	SEED	5

Late Stage (Series D+)

Name		HQ		Type	Preferred round	Number of rounds ↓
Business Growth Fund		United Kingdom		PE, VC	GROWTH EQUITY	7
Vision Fund		Japan		Corporate	SERIES C	4
AlbionVC		United Kingdom		VC	SERIES A	4
Insight Partners		United States		PE, VC	SERIES B	4
M&G Investments		United Kingdom		Corporate	SERIES C	4
SoftBank		Japan		Corporate	SERIES B	3
Octopus Ventures		United Kingdom		VC	SERIES A	3
MMC Ventures		United Kingdom		VC	SERIES A	3
Perwyn		United Kingdom		PE	BUYOUT	3
Maven Capital Partners		United Kingdom		PE	SEED	3

Most active investors by AI rounds participated in the last five years (2020-2025).

Data from Dealroom.



Darren Hardman



“

We're investing £2.5 billion to expand AI infrastructure and we're training one million people in AI skills. But investment alone isn't enough. The Government has set the scene with its AI action plan. A collective effort from policymakers, industry and academia is now required to turn those ambitions into reality.



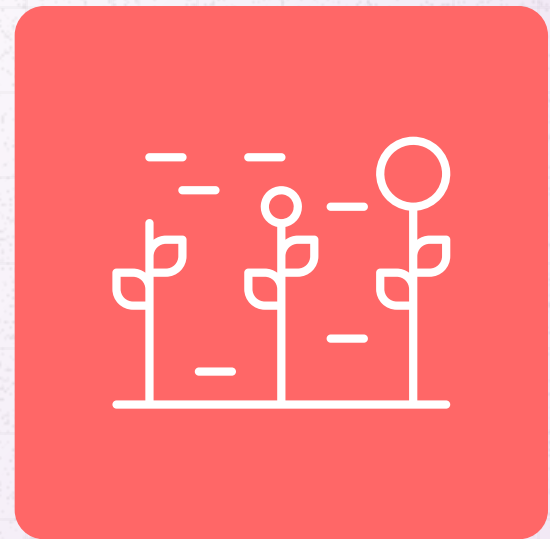
Husayn Kassai

Quench.AI

“

To help UK AI companies scale, the government should expand visa access for critical AI skills by streamlining work visas and allowing AI graduates to stay longer, similar to Canada’s Tech Talent Strategy and France’s Tech Visa, which attract top global talent.

They should also allocate a percentage of government procurement budgets to startups founded in the past five years, following the model of Israel’s Innovation Authority, which funds early-stage companies to drive national AI leadership. These changes would help UK startups retain talent and compete fairly for public contracts, rather than being locked out by legacy vendor restrictions.



Unicorns, Soonicorn & Exits



The UK has produced 23 AI unicorns in total with three new unicorns born in 2024.

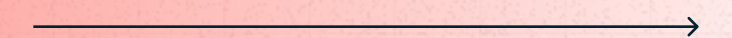
Wayve, ElevenLabs, and Flo Health are the latest UK-founded AI companies to become unicorns in 2024, joining the total 17 AI unicorns produced in the UK in the past five years. Eleven Labs reached a \$1b+ valuation just two years after launch, with the average time to unicorn for UK AI companies founded in the past decade at 4.8 years.

UK AI unicorns mostly operate in enterprise software, health tech, cyber security, and fintech. The vast majority are headquartered in London, while three – Eleven Labs, Snyk, and Turbonomic – were founded in the UK but have since relocated to the US.

Most are leading innovation in their industries, although others have had contrasting fortunes. Babylon went into administration and its assets sold for just £500k in 2023, the leading example of a UK AI unicorn that lost its wings.



Read on to discover the full list





Name

Accelerant

HQ City

London

Founders

Christopher Lee-Smith; Jeff Radke

Launch Year

2018

Industries

Fintech

Status

Operational

Unicorn Year

2022

1

Name

Arm

HQ City

Cambridge

Founders

Hermann Hauser

Launch Year

1990

Industries

Semiconductors

Status

Unicorn Year

1998

1

Name

Babylon

HQ City

London

Founders

Ali Parsa

Launch Year

2013

Industries

Health

Status

Acquired By Emed Healthcare Uk For £500k In 2023.

Unicorn Year

2019

1

Name

Beamery

HQ City

London

Founders

Abakar Saidov; Michael Paterson; Sultan Murad Saidov

Launch Year

2012

Industries

Jobs Recruitment; Enterprise Software

Status

Operational

Unicorn Year

2022

1

Name

BenevolentAI

HQ City

London

Founders

Michael Brennan; Brent Gutekunst; Ivan Griffin; Ken Mulvany

Launch Year

2013

Industries

Health

Status

Operational

Unicorn Year

2015

1

Name

Darktrace

HQ City

Cambridge

Founders

Dave Palmer; Emily Orton; Poppy Gustafsson; Andy France Obe

Launch Year

2013

Industries

Security

Status

Acquired By Thoma Bravo For \$5.3b In 2024.

Unicorn Year

2018

1



Name

ElevenLabs



HQ City

New York City, NY



Industries

Media



Founders

Mati Staniszewski;
Piotr Dabkowski



Status

Operational



Launch Year

2022



Unicorn Year

2024

1



Name

Exscientia



HQ City

Oxford



Industries

Health



Founders

Andrew Hopkins



Status

Acquired By Recursion
Pharma For \$688m In 2024.



Launch Year

2012



Unicorn Year

2021

1



Name

Flo Health



HQ City

London



Industries

Health



Founders

Dmitry Gurski; Yuri Gurski



Status

Operational



Launch Year

2015



Unicorn Year

2024

1



Name

Gousto



HQ City

London



Industries

Food



Founders

Timo Boldt; James Carter



Status

Operational



Launch Year

2012



Unicorn Year

2020

1



Name

Matillion



HQ City

Altrincham



Industries

Enterprise Software



Founders

Matthew Scullion



Status

Operational



Launch Year

2011



Unicorn Year

2021

1



Name

Noventiq



HQ City

London



Industries

Security; Enterprise Software



Founders

Igor Borovikov



Status

Operational



Launch Year

1993



Unicorn Year

2021

1



<div><div><div><div><div></div><div>Name</div></div></div><div>Ocado</div></div><div><div><div><div></div><div>HQ City</div></div><div>Hatfield</div></div><div><div><div><div></div><div>Founders</div></div><div>Tim Steiner; Jonathan Faiman; Jason Gissing</div></div><div><div><div><div></div><div>Launch Year</div></div><div>2000</div></div><div><div><div><div></div><div>Industries</div></div><div>Food</div></div><div><div><div><div></div><div>Status</div></div><div>Operational</div></div><div><div><div><div></div><div>Unicorn Year</div></div><div>2010</div></div></div></div><div>1</div></div></div></div></div></div>	<div><div><div><div><div></div><div>Name</div></div></div><div>Oxford Nanopore Technologies</div></div><div><div><div><div></div><div>HQ City</div></div><div>Oxford</div></div><div><div><div><div></div><div>Founders</div></div><div>Hagan Bayley; Gordon Sanghera; Spike Willcocks</div></div><div><div><div><div></div><div>Launch Year</div></div><div>2005</div></div><div><div><div><div></div><div>Industries</div></div><div>Health</div></div><div><div><div><div></div><div>Status</div></div><div>Operational</div></div><div><div><div><div></div><div>Unicorn Year</div></div><div>2016</div></div></div></div><div>1</div></div></div></div></div></div>	<div><div><div><div><div></div><div>Name</div></div></div><div>Quantexa</div></div><div><div><div><div></div><div>HQ City</div></div><div>London</div></div><div><div><div><div></div><div>Founders</div></div><div>Vishal Marria; Imam Hoque</div></div><div><div><div><div></div><div>Launch Year</div></div><div>2016</div></div><div><div><div><div></div><div>Industries</div></div><div>Fintech; Enterprise Software</div></div><div><div><div><div></div><div>Status</div></div><div>Operational</div></div><div><div><div><div></div><div>Unicorn Year</div></div><div>2023</div></div></div></div><div>1</div></div></div></div></div></div>
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Name

Tractable

HQ City

London

Founders

Adrien Cohen; Alexandre Dalyac; Razvan Ranca

Launch Year

2014

Industries

Enterprise Software

Status

Acquired By Softbank Group For \$32b In 2016.

Unicorn Year

2021

1

Name

Turbonomic

HQ City

Boston, MA

Founders

Yuri Rabover; Shmuel Kliger; Shai Benjamin

Launch Year

2008

Industries

Legal; Enterprise Software

Status

Acquired By IBM For \$1.5b In 2021.

Unicorn Year

2021

1

Name

Wayve

HQ City

London

Founders

Alex Kendall; Amar Shah

Launch Year

2017

Industries

Robotics; Transportation

Status

Operational

Unicorn Year

2024

1

Name

Zego

HQ City

London

Founders

Sten Saar; Harry Franks; Stuart Kelly

Launch Year

2016

Industries

Fintech

Status

Operational

Unicorn Year

2021

1

Name

Zyber 365

HQ City

London

Founders

Sunny Vaghela; Pearl Kapur

Launch Year

2023

Industries

Security

Status

Operational

Unicorn Year

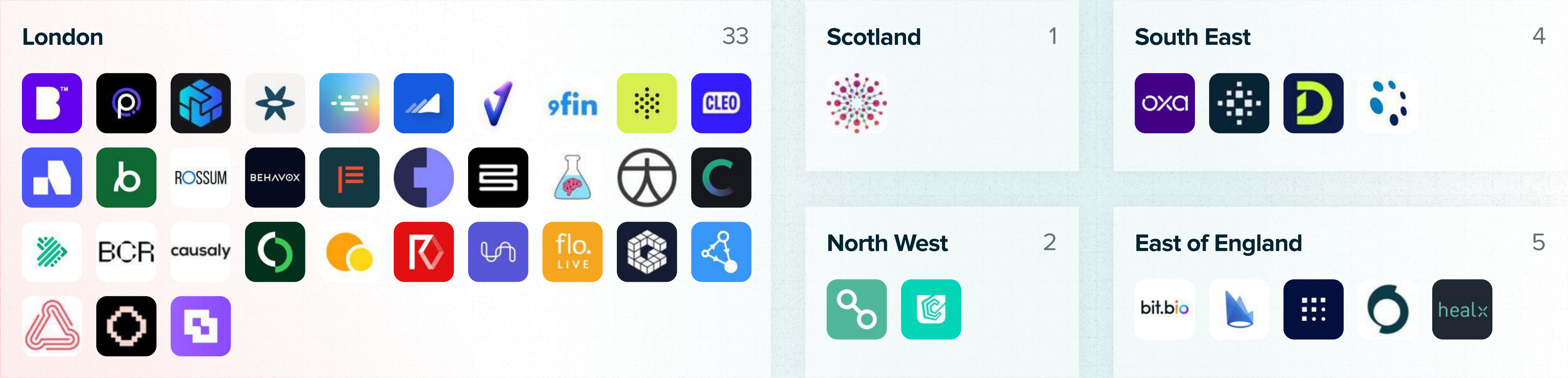
2023

1



45 UK AI companies are tipped for unicorn status.

Who will be the next UK AI unicorn? The UK soonicorns on track for unicorn status have raised more than \$5.3b between them and mostly operate across B2B SaaS and fintech.



Soonicorns are companies valued at \$200m-\$999m and on track for unicorn status.

Data from Dealroom.

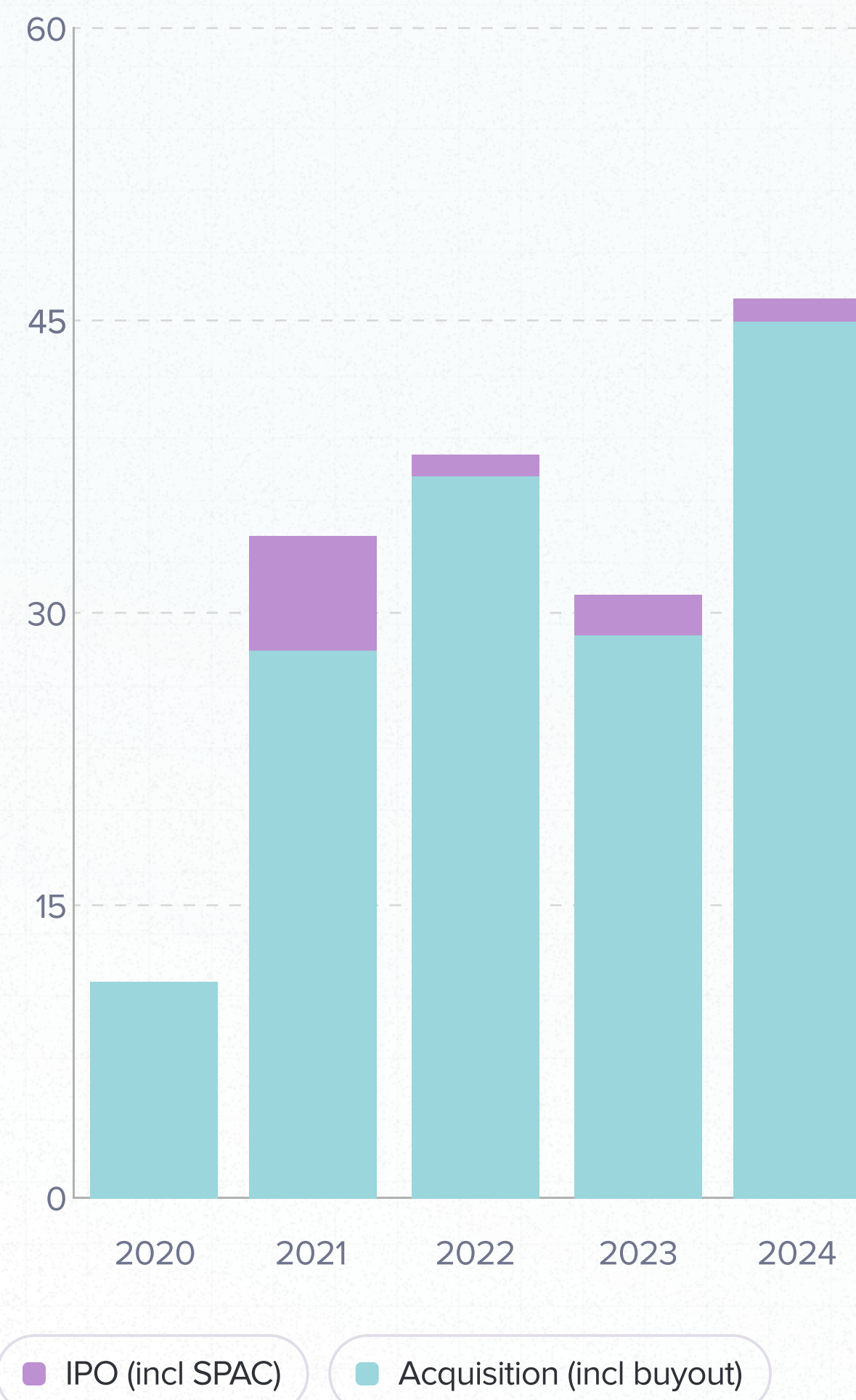


A record number of AI companies exited in 2024 although exit activity has stalled in Q1 2025.

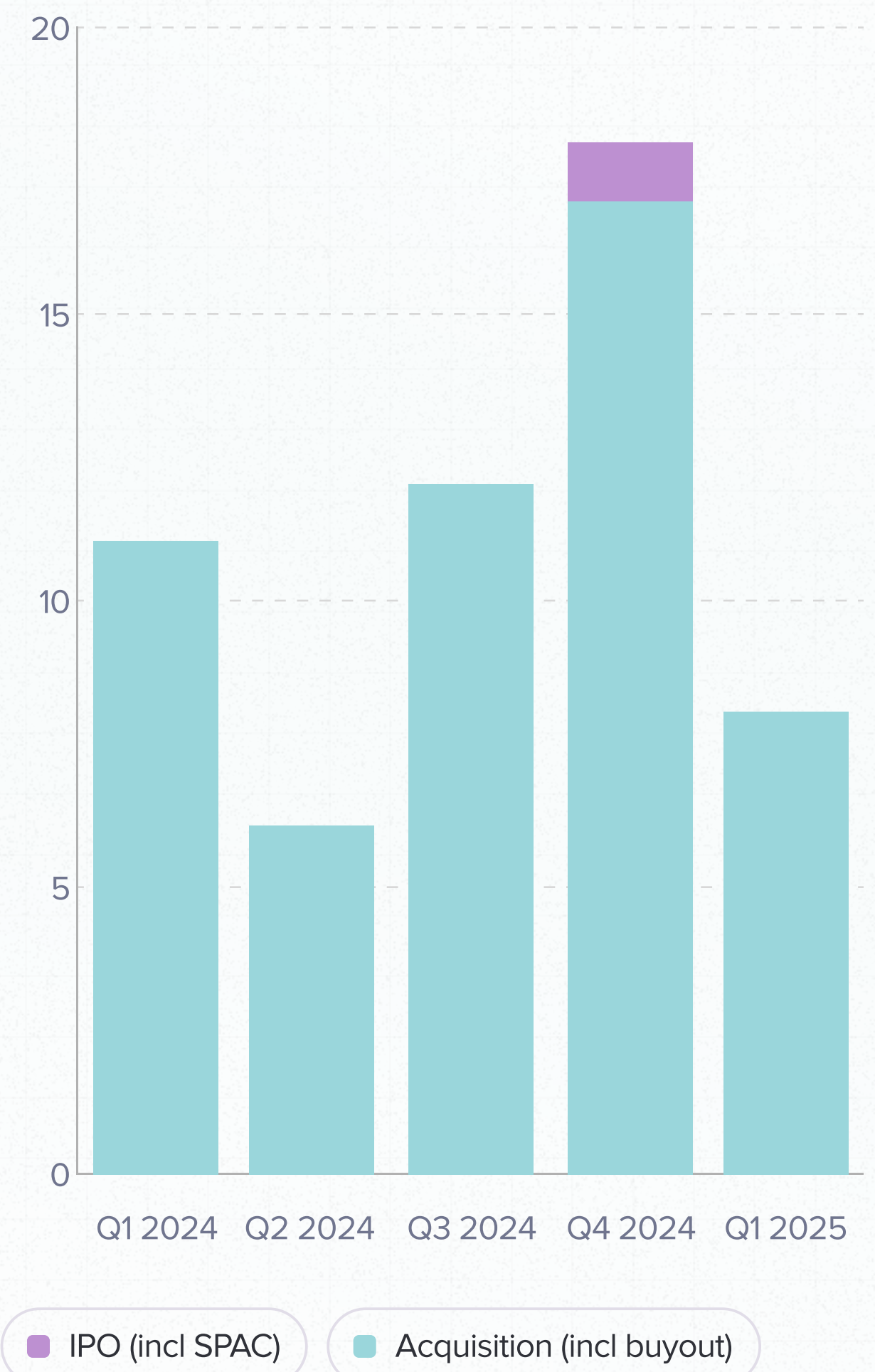
47 UK AI companies exited in 2024 with notable exits by Darktrace (\$5.3b acquisition by Thoma Bravo) and Exsientia (\$688m acquisition by Recursion Pharma). AI exits mirror the wider UK market with strong acquisition activity but limited public market exits. Acquisitions of AI companies account for 95% of exits over the past five years.

In Q1 2025, 8 AI companies exited, all via acquisition, with numbers down on the previous two quarters. The most significant exits include Ravelin's acquisition by WorldPay, Metaphysic's acquisition by VFX giant, DNEG Group, and Peak.ai's acquisition by UiPath.

UK AI Company Exits (2020-2024)



UK AI Company Exits by Quarter (2024-2025)



Data from Dealroom.

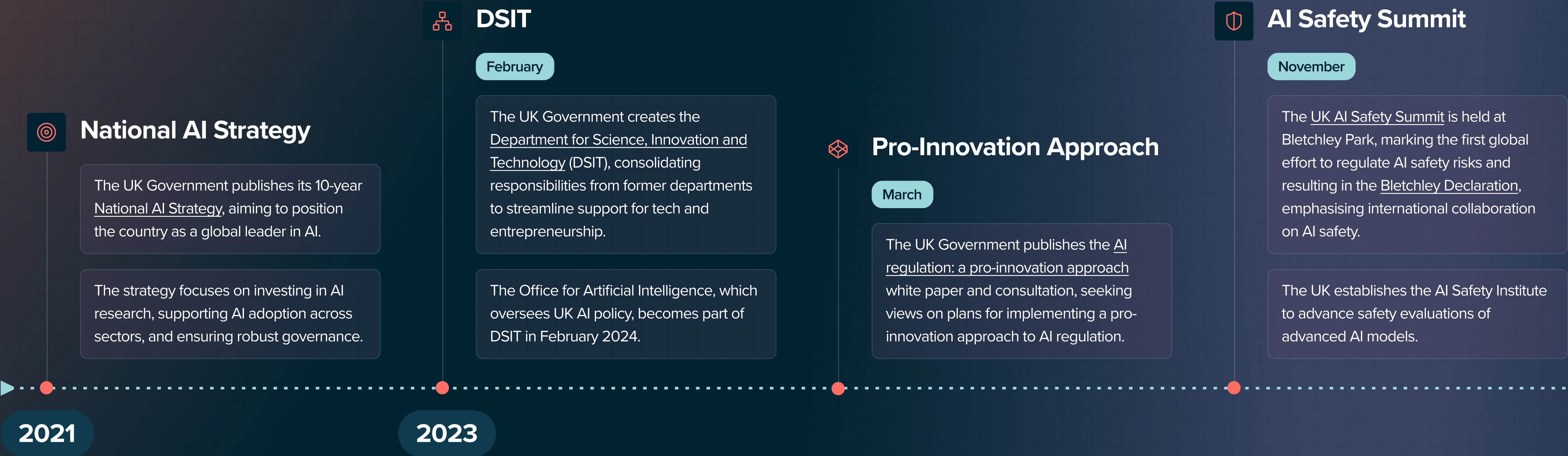


THE FUTURE OF UK AI

UK AI POLICY: EVOLVING PRIORITIES

Since the first international AI Safety Summit at Bletchley Park in 2023, the global conversation around AI development has shifted, collaboration has given way to competition, and major powers are vying to become the next AI superpower.

At the AI Action Summit in Paris this year, the UK joined the US in rejecting an international declaration on AI, citing national security concerns. As AI advances, the UK Government must balance innovation with managing risks and introduce the policies that will best support home-grown AI companies to overcome the barriers they face when scaling in the UK.





AI Seoul Summit

May

The UK Government co-hosts the [AI Seoul Summit](#) with the Republic of Korea.

The UK [signs an agreement](#) with nine other countries and the European Union to form an international network of AI safety institutes.

Copyright Laws

2024 - 2025

The UK Government launches a [consultation](#) on plans to give certainty to the creative industries and AI developers on how copyright material can be used to train AI models.

Artists subsequently [protest](#) against proposed laws which they say would make it easier for AI companies to train models using copyrighted work without a licence.

AI Opportunities Action Plan

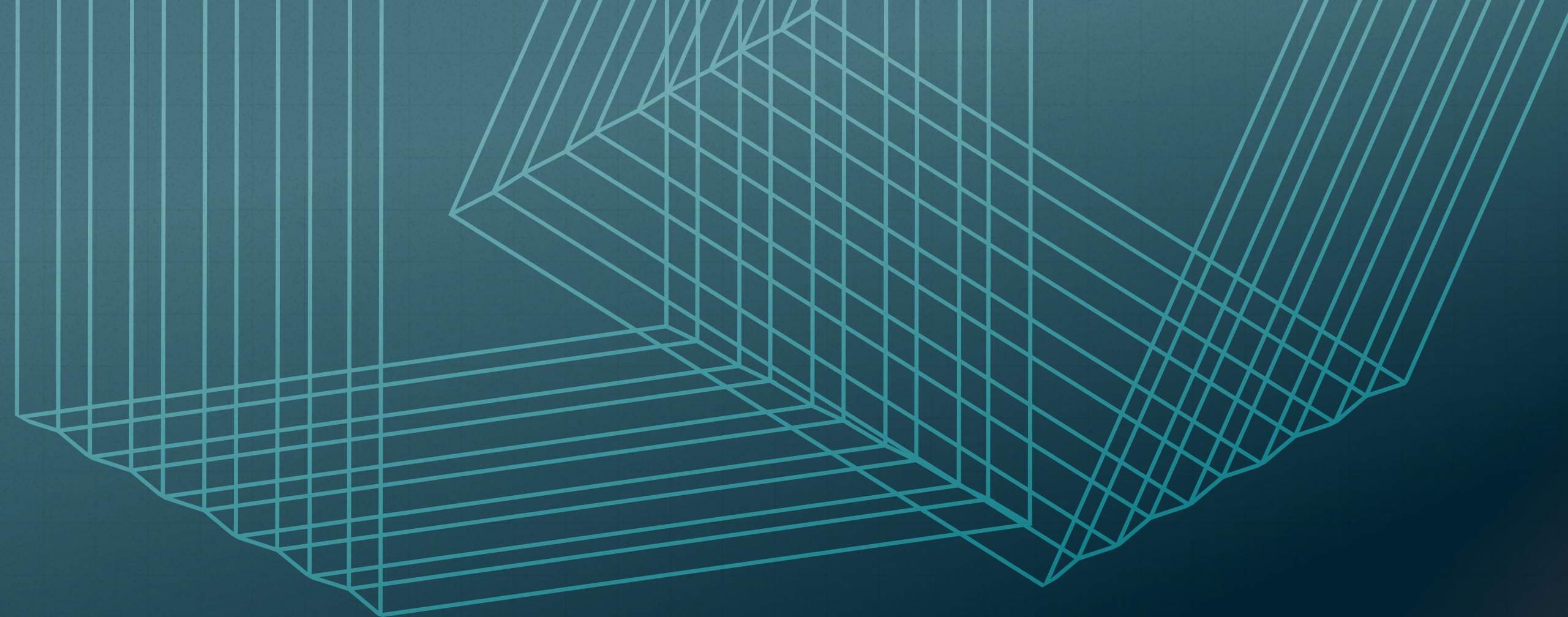
January

The UK Government unveils the [AI Opportunities Action Plan](#), outlining 50 recommendations to leverage AI to drive economic growth, benefit public services, and increase personal opportunities.

Key initiatives include expanding public AI computing power, establishing AI Growth Zones, and creating a National Data Library.

2024

2025



Shift in AI Safety Focus

February-March

Together with the US, the UK declines to sign an international declaration on inclusive and sustainable AI at the AI Action Summit in Paris, citing concerns around global AI governance and national security. This marks a shift as the UK reframes its AI safety focus towards security-related issues.

The AI Safety Institute is renamed The AI Security Institute with a mandate that prioritises security implications, including the use of AI in developing chemical weapons, AI-facilitated cyber attacks, and criminal activities enabled by AI.



AI in Government

February-March

The UK Government publishes a new AI Playbook, providing guidance on responsible AI adoption across government departments.



Anthropic Partnership

February-March

The AI Security Institute signs an MoU with Anthropic to advance AI development and explore the potential of AI tools in improving how UK citizens access government information and services online

2025



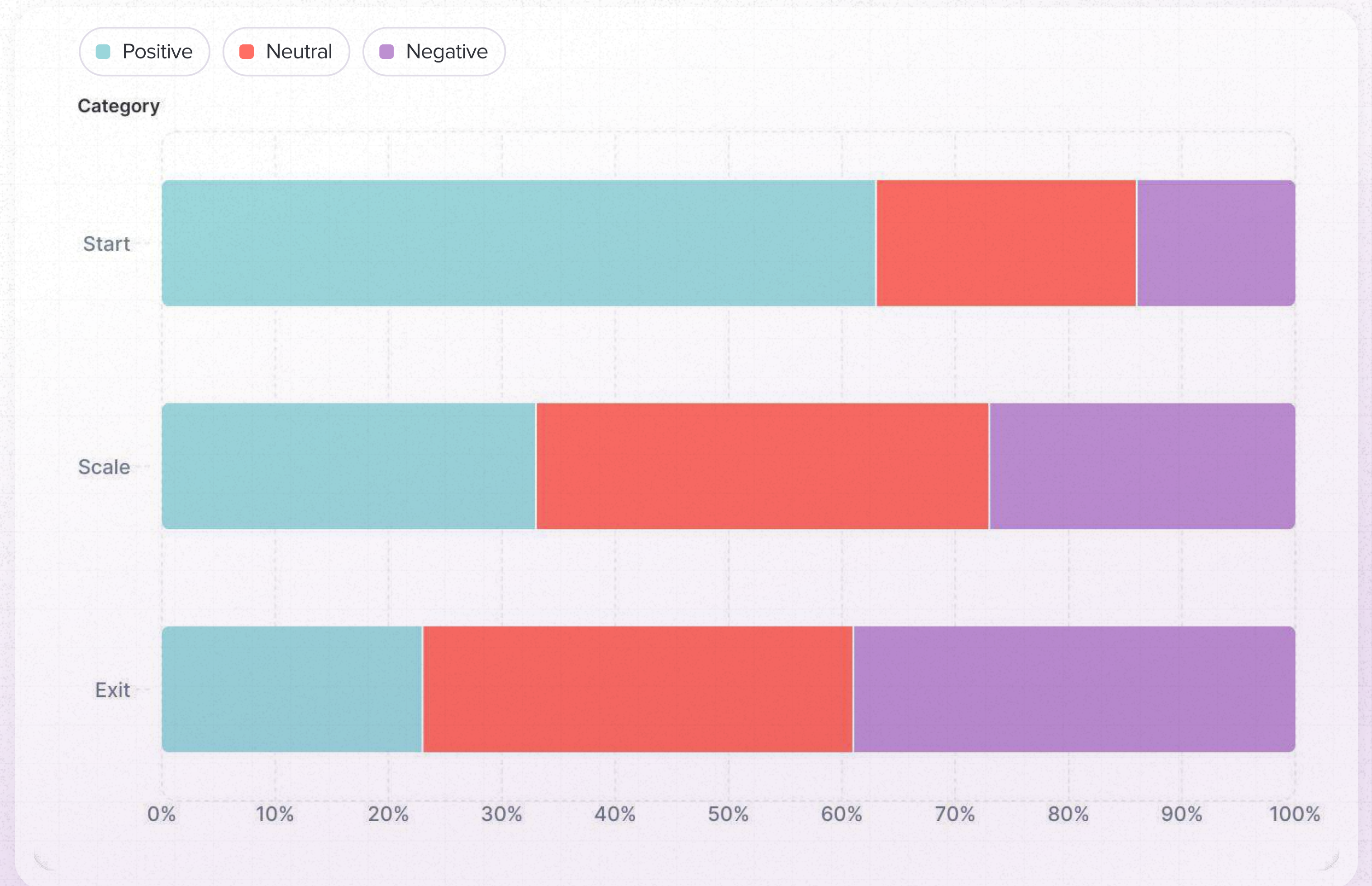
Barriers to Growth

As part of our wider UK Tech Sector Survey, we asked a select group of 100 UK AI leaders about the key barriers to growth they are facing while scaling their businesses in the UK, and the potential policy solutions.



UK AI leaders rate the UK as a good place to start an AI company, but they are less positive about scaling or exiting their companies in the UK.

Nearly three times as many UK AI leaders we surveyed view the UK favourably for starting a company compared with scaling or exiting. While the UK has built a strong reputation for startup creation, AI leaders are less convinced by the UK's scaling environment and perceive limited exit opportunities in the UK market.





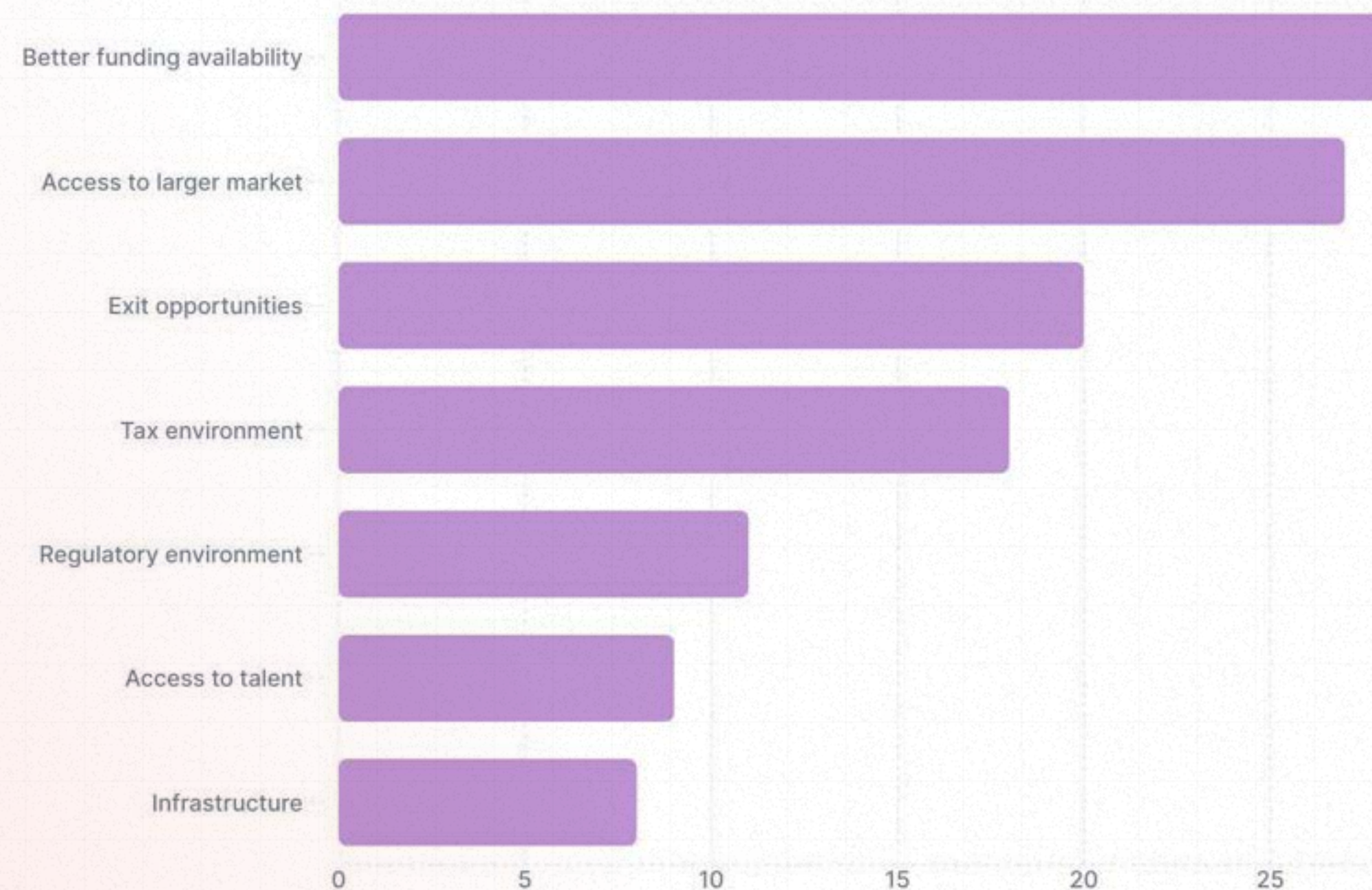
1 in 3

AI leaders we surveyed are actively considering relocating their company's headquarters outside the UK.

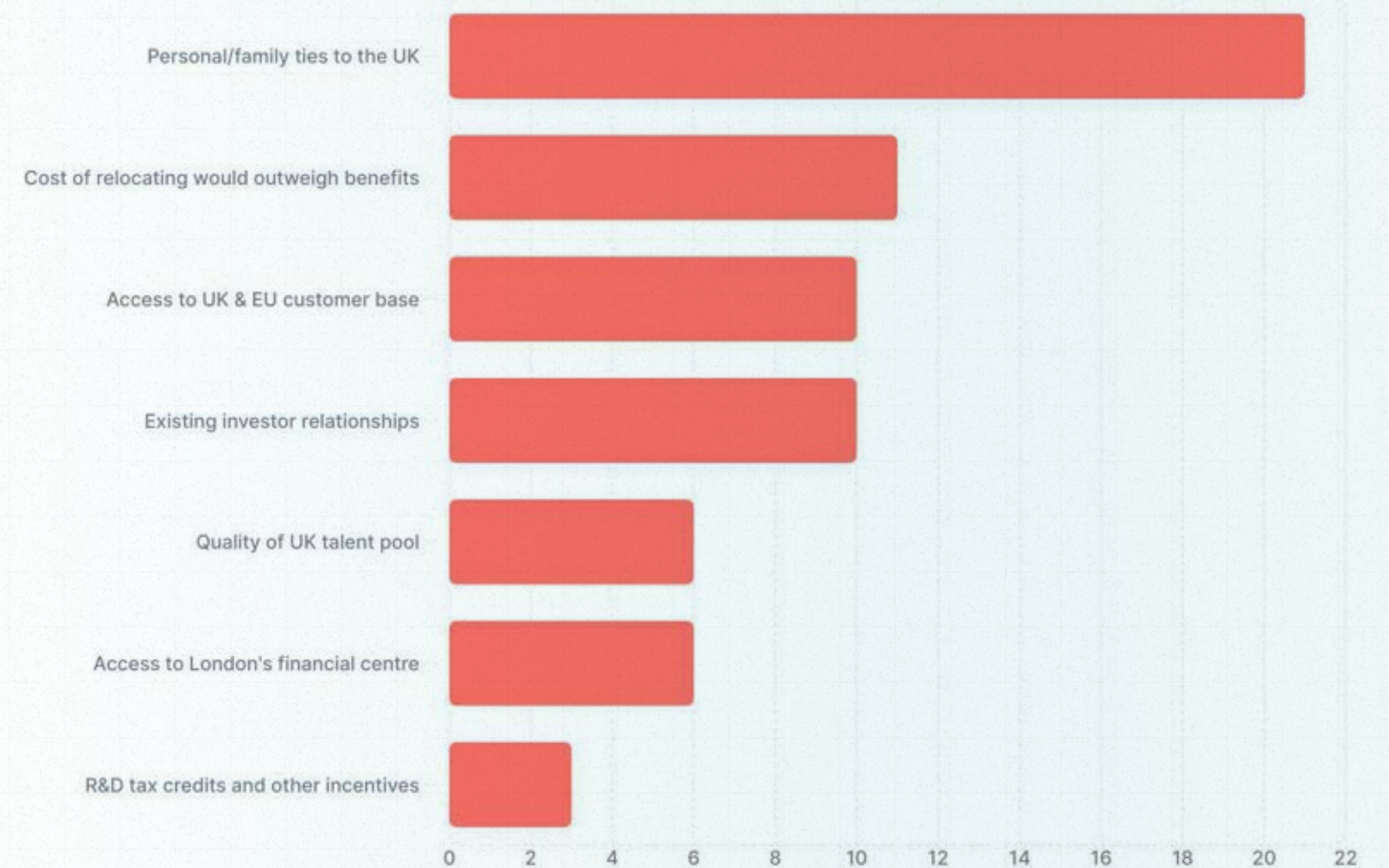
The risk of not supporting scaling business in the UK is that the best move abroad. Almost all of the AI leaders we surveyed who are considering relocating are targeting the US, primarily due to better funding availability and access to a larger market.

Those not considering relocating point to personal ties, existing business relationships, and access to the UK and EU market as their primary reasons for staying in the UK.

Top Reasons for Relocating AI Companies out of UK



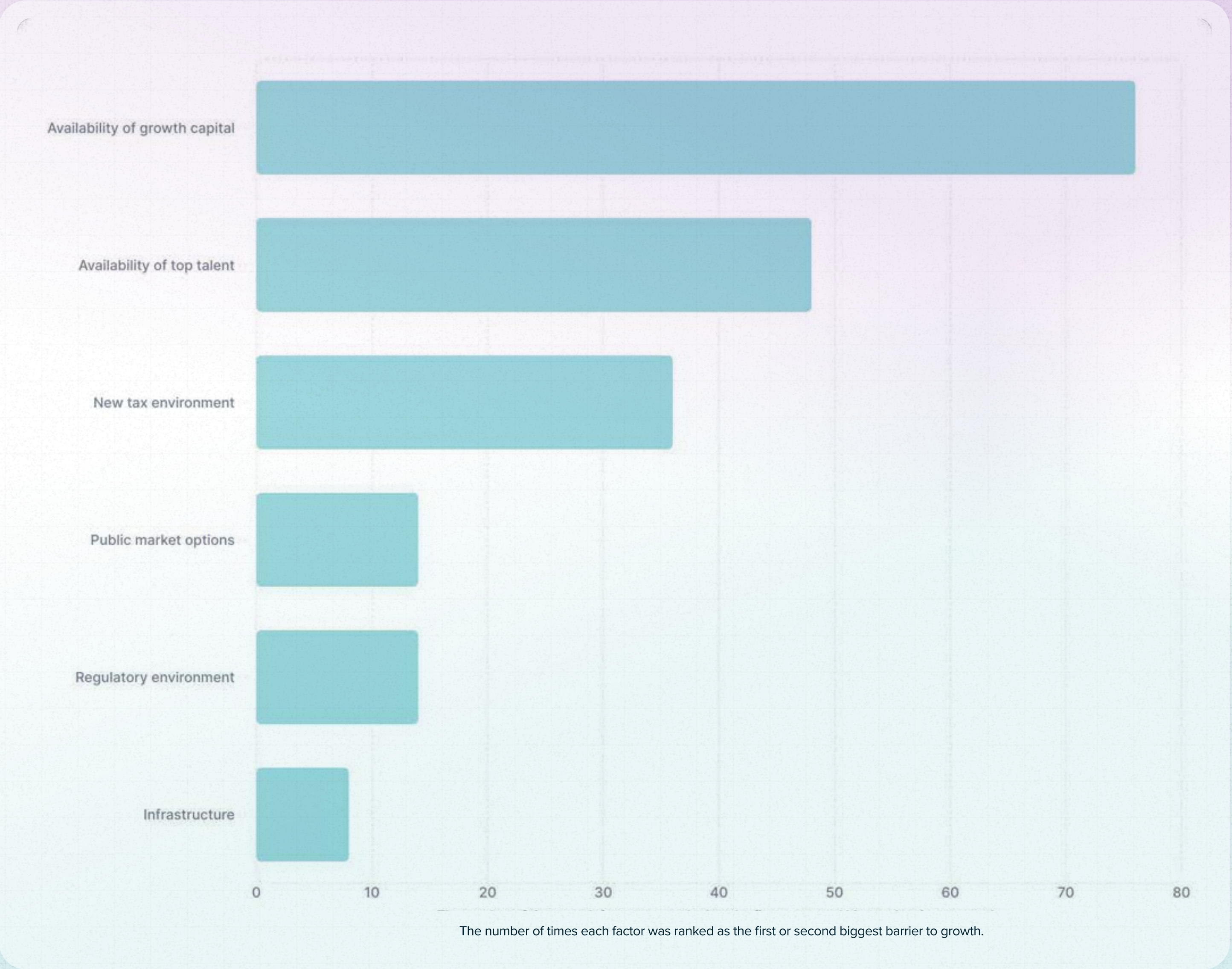
Top Reasons for Keeping AI Companies in the UK





UK AI leaders say access to growth capital and talent are their biggest barriers to growth.

UK AI leaders were asked to rank the biggest obstacles they face while scaling their businesses in the UK, with availability of growth capital and talent consistently ranked as the most important factors.





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The UK is at a pivotal moment where government policy could either create a real future for becoming a leading technology centre or tax and regulate away any incentive for scaling businesses here.



Abakar Saidov



“

Now is a great time to scale – there's a lot of energy behind the importance of us creating the next generation of AI-first organisations. But we need changes that enable institutions to invest more freely.



Claudine Adeyemi-Adams





“

Lack of growth capital combined with a shrinking public market that doesn't understand how to value high growth companies is a huge issue preventing growth.



Timo Boldt
gousto

“

To scale successfully, access to growth capital is crucial, as is access to the world's biggest markets. To this end, US growth equity is a very attractive form of capital.



Shelley Copsey
IFYLD



“

To help AI companies scale, we need customers, use cases, and success stories to drive growth and adoption. The Government needs to grease the wheels to encourage partnerships in industries like finance where it has a strong national advantage.



Martin Buhr

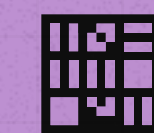


“

The biggest barrier is the risk aversion of UK enterprises and investors when it comes to AI. Addressing this through policy incentives and structural support would unlock more opportunities for growth-stage startups.



Xiaofei Du



INSTILL AI



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Scaling AI is crucial for transforming key sectors like healthcare. The Government must take stronger action to upskill the public in identifying and using AI tools safely and confidently. Too often, misinformation and skills gaps erode trust, creating uncertainty and ultimately slowing progress.



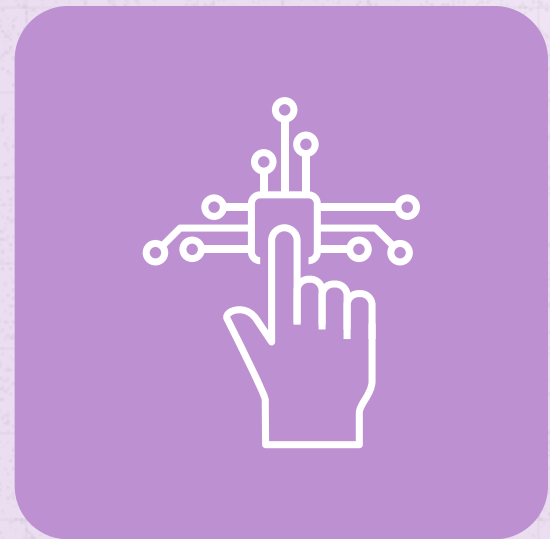
Dr Tom Kelly
Heidi

“

Now is a great time to scale – there's a lot of energy behind the importance of us creating the next generation of AI-first organisations. But we need changes that enable institutions to invest more freely.



Marc Warner
faculty



Unlocking AI's Growth Potential

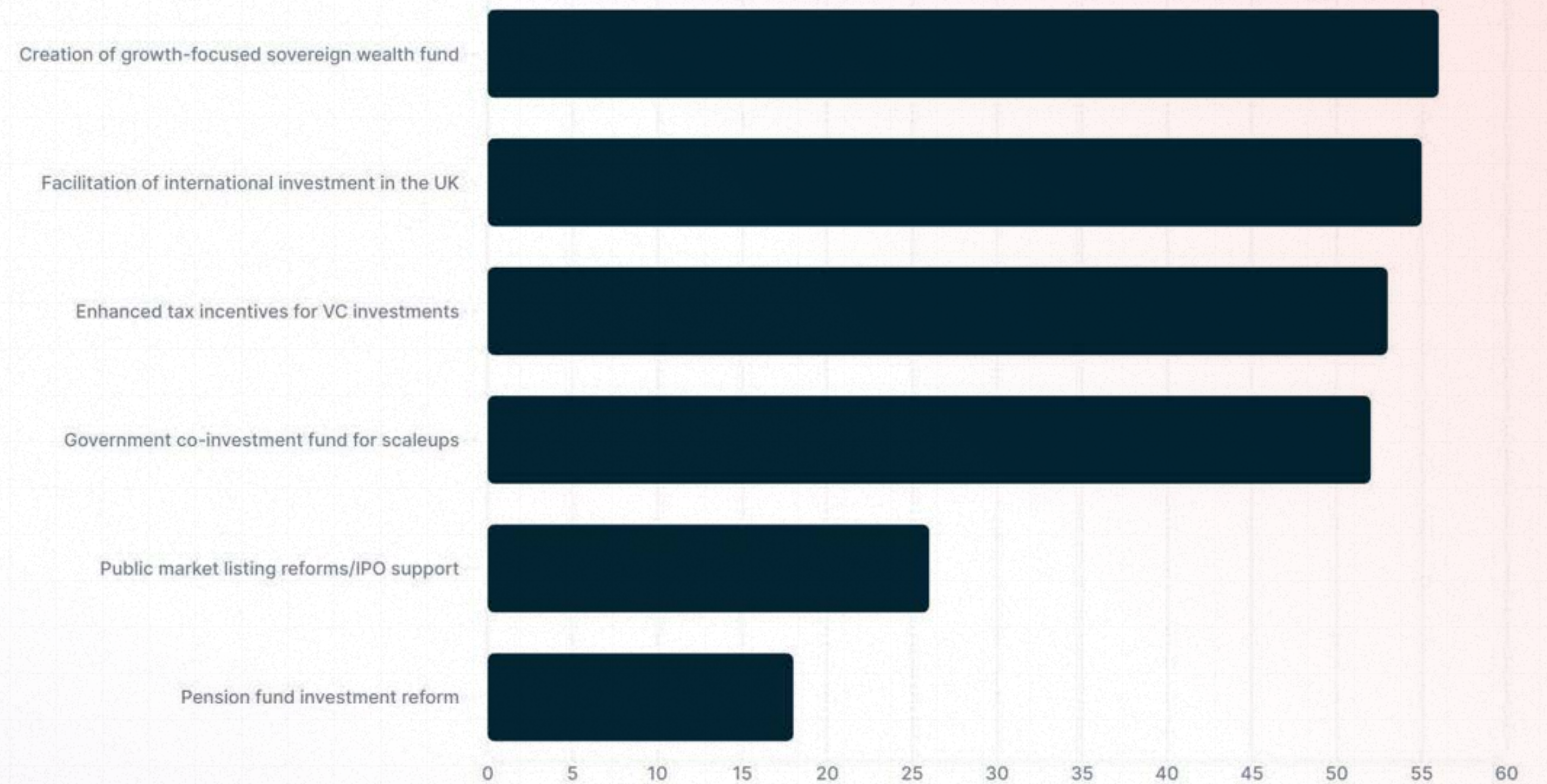
How can we overcome those barriers and support the growth of UK AI companies? We asked UK AI leaders to identify the potential policy solutions that would best support the growth of their businesses.



UK AI leaders want direct government intervention in funding markets to unlock access to growth capital.

1 in 2 AI leaders we surveyed say the introduction of new government-backed funds (sovereign wealth fund, co-investment fund) and policies that better incentivise investors to invest in the UK (international investment, VCs) would best support the growth of their businesses.

Regarding access to growth capital/investment, which government policy solutions would best support the growth of your business?

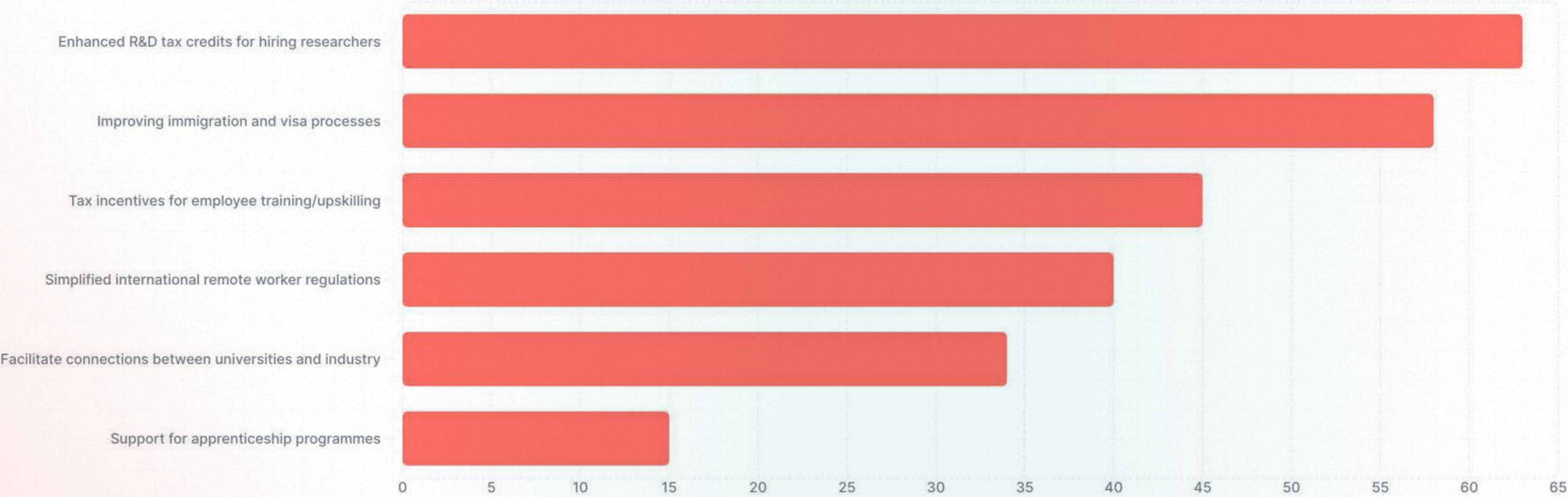




To improve access to talent, AI leaders call for R&D tax credits and improved immigration and visa processes.

Top AI talent is in short supply and the AI leaders we surveyed call for urgent support to help them compete internationally and attract the best research and engineering talent to the UK. They show a preference for policies that directly reduce talent costs (tax credits, incentives) or expand the talent pool (immigration, remote work) in the short-term over long-term talent development (university connections, apprenticeships).

Regarding talent and skills, which government policy solutions would best support the growth of your business?





AI leaders want competition laws to unlock growth and regulatory sandboxes to test new technologies.

Big Tech players dominate the AI space, raising megarounds for their LLMs and investing in AI across industries (Google DeepMind in biotech, Big Tech investments in Wayve). To stay competitive, the majority of UK AI leaders we surveyed welcome competition laws. They also want regulatory sandboxes to test out new technologies, access to national data to take advantage of the UK’s unique public data sets (in healthcare for example), and public procurement reforms to support UK companies.

Regarding competition, which government policy solutions would best support the growth of your business?





“

Government's biggest lever to double down on AI is procurement.



Angie Ma
faculty

“

A lack of standards and clarity on AI adoption is preventing large enterprises and listed companies from adopting generative AI. They need to understand if and how they might be held accountable if systems fail and by what they will be judged.



David Sully
Advai



“

Government should align growth-stage funding with their own agenda, investing in AI ventures addressing societal challenges like upskilling, sustainability, and inclusion. This collaboration would support the innovation ecosystem while advancing public priorities and driving measurable impact.



Holly Simmons
NiYA

“

We need to take action! Saying AI is the future followed by no investment on the ground will not deliver an AI future.



Alan Timothy
bubo



“

Many businesses, including ours, have faced challenges with AI models being trained on proprietary data without consent. Protecting intellectual property should be a core principle of AI development, not an afterthought.

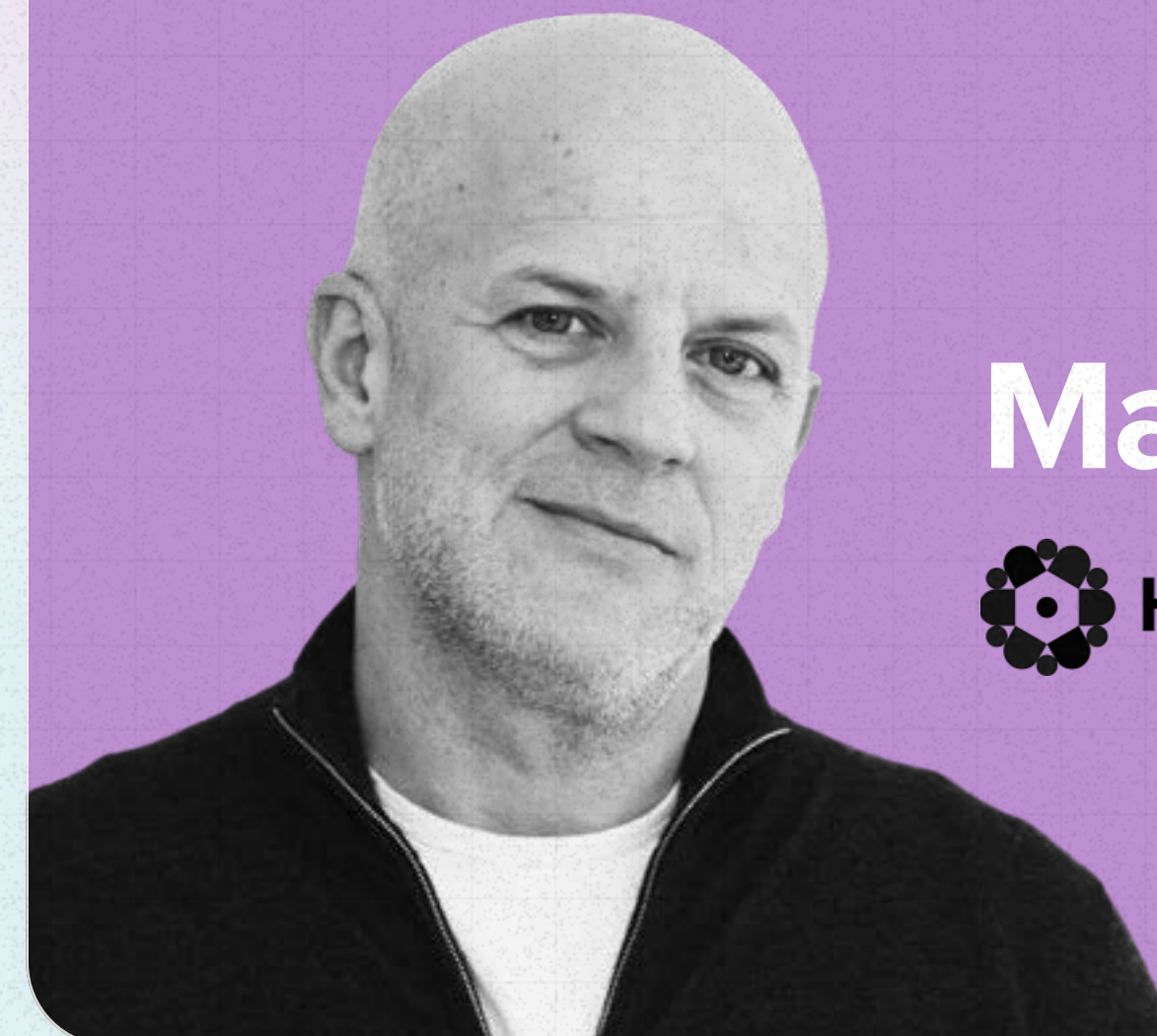


Jessica Alderson



“

The UK is already one of the best environments for developing AI products and services. Adopting a more pragmatic regulatory framework would provide a significant competitive edge over the EU.



Matteo Berlucchi





“

There are blockers across government to the fast and efficient adoption of tech, including lengthy procurement. These blockers often favour the legacy tech giants, who are not necessarily giving the government the best deal. By embracing startups and scaleups building for government, public services will benefit from better and more cost-effective solutions, and enable the best outcomes for everyone.



Alex Stephany

/// beam

“

We're on the brink of an AI revolution and R&D tax relief is one of the most important incentives for starting and growing R&D functions and scaling the startup ecosystem.



Neta Meidav
vault.



“

In addition to supporting London and the South, the UK must double down on its regional strengths. For example, the University of Edinburgh's School of Informatics is the largest in Europe and regarded as a world leader in AI research. AI regulation must also be pragmatic while balancing AI safety – overregulating before the technology is fully understood risks stifling innovation, especially when competing with US and global policies.



Iain Mackie

 **malTED^{AI}**

“

The UK's ambition to be a global AI leader needs to translate into more proactive support for scaling startups, not just foundational research. Create dedicated programs for AI startups, particularly in fields like Ethical AI, legal tech, and health tech, where the UK has the potential to lead. Foster stronger public-private partnerships to create sandbox environments where startups can pilot technologies with real users. Provide explicit, consistent criteria for R&D tax claims, particularly for emerging tech like AI, which doesn't fit existing frameworks.



Matthew Mayes

A-dapt



“

We need to make the claims process for R&D tax credits more founder-friendly, particularly for hardware-intensive businesses that require significant upfront capital. Streamlining claims and ensuring certainty in eligibility would help companies reinvest faster. Plus, a government-backed fund to support domestic manufacturing would reduce dependency on overseas suppliers. We also need to expand the role of the British Business Bank to co-invest in later-stage rounds, not just Seed stage, and encourage institutional investors to deploy more capital into UK scaleups.



Varun Bhanot
MAGIC

“

The UK has a unique opportunity to position itself as a global leader in AI, if we get it right. With the right strategy – investment in education, clear AI regulations, and support for AI adoption across all industries – the UK can lead, not follow.



Ieva Balciute



NAVIGATING AI SAFETY: A GUIDE FOR SCALING AI COMPANIES



As AI capabilities advance rapidly, UK companies scaling AI technologies face crucial safety considerations that impact both their regulatory compliance and long-term success. Here's three key safety implications that UK AI companies must consider as they scale:



1. 99.9% of UK AI companies pose no large-scale AI risk

When it comes to the kinds of AI risks we focus on at Founders Pledge — [global catastrophic risks](#) —the vast majority of UK AI companies have nothing to worry about. Emerging regulatory frameworks focused on extreme risks (including many of the risks that the [UK AI Security Institute](#) works on) are not targeting this startup ecosystem, but rather the small handful of very large companies at the frontier of AI development.

While we would encourage all AI companies to embrace a culture of safety, in practice there is a small subset where safety is particularly important, including:

- **Frontier AI companies**, seeking to develop and deploy models at the bleeding edge. Companies actually building AI models should run tests before deployment.
- **Companies building certain agentic systems**, where loss of control and interaction with critical infrastructure are of special concern.
- **Companies building systems with potential dual-use applications**, such as biological design tools (BDTs) or other 'AI for science' applications that could be misused by malevolent actors like terrorists.
- **Applications in high-consequence sectors**, such as national defense and critical national infrastructure.

For this subset of companies, we recommend the following:



2. Develop a layered defense

There is no silver bullet for AI safety. The range and unpredictability of threats — accidents, the misuse of biological design-tools (BDTs) by would-be bioterrorists, AI-enabled cyber operations, the theft of powerful capabilities, power-seeking AI, and more — often requires a 'layered defense'.

This means that a robust approach to safety will require a culture of safety from early development to post-deployment in the small subset of companies where safety matters most. Red-teaming and evaluation of potentially dangerous capabilities will be a critical part of this work, as will the development of incident response frameworks.



3. Engage with third-party evaluators, AI safety experts, and the AISI

A growing ecosystem exists to help scaling AI companies incorporate safety into their work, and to understand whether their work poses large-scale risks. For example, the [UK AI Security Institute \(AISI\)](#) works closely with the private sector and continuously publishes important work on challenges companies may face, e.g. [Principles for Safeguard Evaluation](#). Furthermore, an increasing number of third-party evaluators can help companies to assess dangerous capabilities and find ways to mitigate them.

By integrating safety considerations into your development process as you scale your company, you can build more robust, trustworthy systems while avoiding costly redesigns or reputational damage.

Founders Pledge is a global nonprofit empowering entrepreneurs to do the most good possible with their charitable giving. For more comprehensive analysis on navigating AI risks check out [Navigating Risks from Advanced AI](#) (condensed version [here](#)).





METHODOLOGY



UK AI

To tell the growth story of the UK AI sector, we used UK tech startup and investment data provided by [Dealroom](#), covering investment trends, valuations, unicorns, and exits. Currency data is in USD.

AI as a technology is now being used by most tech companies to improve efficiency, speed up performance, development and deployment. Our AI analysis instead focuses specifically on two types of companies:

1. AI-first startups where the core product is built and enabled by AI (e.g. Quantexa AI fraud detection, Helsing AI for defence, Writer genAI writing assistant).
2. AI tools and model makers such as companies creating AI models (e.g. Mistral AI), hardware or computing infrastructure for AI (e.g. CoreWeave), and tools for AI (e.g. Pinecone).

The figure for the annual value of the UK AI sector is based on the combined sum of the valuations of UK AI companies founded since 1990 for each year over the past decade.

VC investment figures (money raised by tech startups) include all venture-type investments, from VCs as well as corporate venture investments and venture investments by family offices, angel networks, crowdfunding, sovereign wealth funds, crossover funds etc.

When total AI investment is broken down by industry, the combined total investment figure per industry does not equate to total investment in UK AI startups. This is because some companies are counted as operating in more than one industry, so the resulting figure would be greater.

Unicorn companies include companies that are privately valued at \$1b+, and those that achieved a \$1b+ exit via going public or acquisition. Unicorn numbers include companies founded in the UK. Soonicorns are companies valued at \$250m+ that have raised investment in the last three years, and are therefore on a potential unicorn track. Soonicorn numbers include companies founded and headquartered in the UK.

There is a known reporting lag for early-stage funding rounds. In order to accurately track deal activity (number of rounds raised over time), our analysis only considers rounds worth more than \$2m.

UK Tech Sector Survey

We surveyed 1,157 professionals working in the UK tech sector between January and March 2025 to gather their perspectives on the current state and future direction of UK tech and the impact of AI.

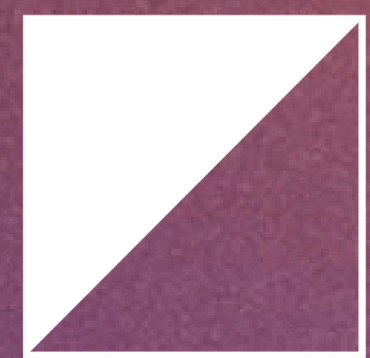
Our survey respondents overall:

- 61% identify as men; 28% identify as women.
- They are senior leaders in their organisations. 60% are founders; 83% are in executive and/or leadership positions including founders; 10% are investors including VCs.
- 78% of founders and operators are from early-stage startups (pre-Seed to Series A); 12% are from growth or late-stage startups (Series B+). Similarly, 78% of investors mostly invest in early-stage startups compared with 12% for growth or late-stage startups.
- 77% of those companies are headquartered in the UK. 54% are headquartered in London; 46% outside London.
- The most prominent regions represented outside London are the South East (10%), East of England (6%), South West (6%), and Scotland (5%). 3% have no physical office location.
- They come from a variety of industries. The most prominent are AI/ML (14%), fintech (11%), Health tech (9%), consulting/professional services (8%), climate tech (7%).

For this report, we also extracted survey data for a select group of 100 UK AI leaders – including founders, executives, and directors of UK-based AI companies – to identify the key barriers to growth faced by UK AI companies and the potential solutions.

Of these survey respondents:

- 66% identify as men; 32% identify as women.
- 57% are based in London; 43% outside London.
- 89% are leaders of pre-Seed-Series A companies.



AI / HUB
LONDON

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for the UK's AI
ecosystem.

Where innovation, collaboration, and groundbreaking ideas thrive. The London AI Hub unites AI entrepreneurs, researchers, and industry leaders to shape the future of AI through community, co-working, and impactful events, in one dedicated space.

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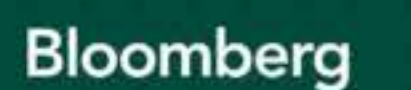


Content



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We welcome collaborations with individuals, organisations, and governments who share our mission in promoting entrepreneurship and *driving positive change through technology.*