TECH NATION

IN PARTNERSHIP WITH

snowflake®

DATA PARTNER

dealroom.co

THE TECH NATION REPORT 2025



Unlocking the UK's Growth Potential

OUR PARTNERS

HEADLINE PARTNER

snowflake®

FOUNDING PARTNER

HSBC Innovation Banking

POWERED BY:

FOUNDERS FORUM GROUP

DATA PARTNERS

dealroom.co

shipshape.vc

WITH SUPPORT FROM

Picsart

CONTENTS

Foreword I
By The Rt Hon Peter Kyle MP, Secretary of State for Science, Innovation and Technology UK Government — 4

Foreword II
By Carolyn Dawson, CEO, Founders Forum Group — 5

Foreword III
By James Petter, GVP, EMEA, Snowflake — 6

Key Findings — 7

Unlocking the UK's Growth Potential — 12
The Growth of UK Tech | Barriers to Growth | Potential Solutions

UK Tech in 2025 — 47
Investment | Most Active Investors | Funds | Unicorns, Soonicorns & Exits | Top Sectors

AI Sector Spotlight — 98

Methodology — 107

FOREWORD I

At last year's London Tech Week, I spoke about our plan to harness the power of British tech to rebuild our public services and deliver long-term economic growth. I promised change, and we have delivered. In the last year, we've taken radical action to tear down the barriers businesses in Britain are facing.

We've created the Regulatory Innovation Office to help firms get innovative products and services into citizens' hands faster. Our planning reforms will make it cheaper and easier to build the infrastructure that powers our digital economy.

We are rethinking procurement to ensure that we aren't just working with the same old suspects but using our buying power to create prosperity right across the UK. And we're working with some of Britain's biggest pension providers to unlock billions in productive investment for British science and tech. There is no better demonstration of our ambition than the AI Opportunities Action Plan, a world-leading strategy to safeguard our position at the forefront of the global AI revolution.

Now, our efforts are bearing fruit. In the first half of 2025, UK tech start-ups raised more than $7 billion in venture capital investment – that's including the biggest first quarter fundraise in the last three years.

At every stage, UK start-ups are raising bigger rounds than they were last year, with deep tech and AI firms leading the way. Across the UK, we have extraordinarily talented people building products and services that are changing lives for our citizens.

But we know that too many of those people are still being held back, unable to achieve their full potential. Though they are raising more, it's also taking firms here longer to do so. Britain may be a great place to start a business but concerns about access to capital and top talent mean too many entrepreneurs still aren't sure if it's the right place for them to scale. Now, I'm making it my personal mission to change their mind.

We have sent a powerful statement of intent: we will not hold back in our pursuit of change. Now, it's time to double down. We know that the success of our start-ups and scale-ups will define our country's path to prosperity in the decade to come. Together, we will make Britain a country that encourages innovation and rewards ambition – a country that every part of our tech sector is proud to call home.



The Rt Hon Peter Kyle MP

Secretary of State for Science,
Innovation and Technology UK Government

FOREWORD II

The Tech Nation Report has been the state of the nation report on UK tech since 2015. In our special 10th anniversary edition, we focus on the number one challenge facing the UK tech sector: Growth.

The UK remains Europe's number one tech ecosystem in 2025, home to more than 17,000 VC-backed startups, with a combined market valuation of $1.2 trillion. In H1 2025, UK tech startups have raised more than $7b, including the biggest first quarter fundraise of the past three years.

UK startups are raising bigger rounds at each stage than they were last year. Companies are reaching unicorn status faster than ever before. We're seeing the rise of breakthrough technologies in rapidly-growing sectors like deep tech, health tech, robotics, and AI. Outside London, the number one city in Europe for VC investment, exciting tech hubs are developing across the UK, in the Midlands, the East of England, and Scotland in particular.

However, we face an era-defining challenge. While the UK excels at startup creation, we struggle to retain our most promising companies as they scale. Homegrown tech champions like Wayve, Multiverse, and Darktrace have turned to the US for investment and exit opportunities, while others are considering relocating their headquarters outside the UK.

In **The Tech Nation Report 2025: Unlocking the UK's Growth Potential**, we provide a comprehensive overview of the UK tech ecosystem, covering the latest VC investment trends, startups to watch, high-growth sectors, and insider insights from 50+ of the UK's leading tech founders, investors, and corporate and government leaders.

Plus, we reveal the results of our comprehensive UK Tech Sector Survey of 1,000+ UK tech founders and investors, endorsed by the Department for Science, Innovation and Technology (DSIT), to uncover the key barriers to growth faced by UK tech companies and the potential solutions.

From our findings, the message is clear: To attract and retain the best and brightest tech talent in the UK, we must support founders at all stages in overcoming their most significant barriers to growth – access to capital and access to talent.

At **Founders Forum Group**, we are on the front line of startup development across the globe, supporting entrepreneurs at every stage of their journeys through the power of connections, knowledge sharing, and talent opportunities. And we know that, to achieve transformational change in the UK, it takes a collective effort; it takes a Tech Nation.

Under **Tech Nation**, with the support of our founding partner, **HSBC Innovation Banking**, we relaunched our pioneering startup growth programmes to connect and support founders 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.

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.

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 talent from around the world to build their careers in the UK.

This Government has made economic growth its number one mission, with the Industrial Strategy and the AI Opportunities Action Plan signalling a firm commitment to supporting the UK's thriving tech ecosystem.

Still, the founders we surveyed call for more direct government intervention in funding markets, enhanced R&D tax credits to hire the best talent, better digital infrastructure, and regulatory sandboxes to test new technologies and support their companies' growth.

The UK stands poised to lead the global technology revolution. Our task now is to create the conditions where our most promising companies can scale without looking elsewhere, championing the innovators building our technological future right here in the UK.

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



Carolyn Dawson, OBE
CEO, Founders Forum Group

FOREWORD III

At a pivotal moment in its evolution, the UK tech sector has built a thriving startup ecosystem that now faces the critical challenge of scale. As The Tech Nation Report 2025 reveals, the next chapter of British innovation depends on our ability to transform promising ventures into global powerhouses.

The UK's position as Europe's leading tech ecosystem is undeniable, with a combined market valuation of $1.2 trillion and a thriving community of over 17,000 VC-backed startups. This success is underpinned by significant financial investment, with UK startups raising over $7 billion in the first half of 2025.

However, the report rightly emphasizes a key concern: the difficulty in scaling high-potential companies. This is where the strategic use of data and AI, enabled by platforms like Snowflake, becomes an essential growth-driver for start-ups across all sectors.

In today's competitive landscape, startups need a data and AI strategy that's built on these principles:

- **Ease:** Speed and agility are paramount. Startups require data platforms that are quick to implement and simple to use, allowing them to focus on creating innovation from day one.
- **Connectivity:** Siloed data creates blind spots and hinders innovation. A platform that seamlessly connects data from across the organisation – and its vendor and customer ecosystem – provides the foundation for informed decision-making.
- **Trust:** Data integrity and security are non-negotiable. Startups need a reliable and secure platform to manage and protect their data and build customer confidence.

A solid data foundation delivers these critical needs for startups, empowering them to:

- **Accelerate Innovation:** By providing easy access to connected and trusted data, we enable startups to derive insights faster, develop cutting-edge AI solutions, and disrupt markets.
- **Achieve Scalable Growth:** Startups' data needs evolve rapidly. A platform that scales effortlessly ensures that their data infrastructure supports, rather than hinders, their growth trajectory.
- **Cultivate Data-Driven Cultures:** When data is accessible and reliable, it empowers teams across the organization to make data-driven decisions, fostering a culture of continuous improvement and innovation.

We are proud to collaborate with many of the UK's most innovative startups, providing them with the data capabilities they need to compete and succeed. The Tech Nation Report 2025 offers a valuable roadmap for the UK tech sector, highlighting both its strengths and the areas that require collective action.

I encourage you to explore the report's findings and join us in our shared commitment to fostering a thriving environment where UK tech companies can scale and lead the world.

snowflake®



James Petter
GVP, EMEA, Snowflake

KEY FINDINGS





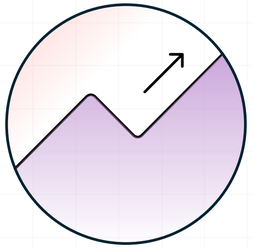




Captions (clockwise from top):
Marta Krupinska (CUR8) & Pippa Gawley (Zero Carbon Capital), The Rt Hon Keir Starmer at our Future Fifty launch, Future Fifty cohort of 2024, Baroness Jones of Whitchurch.

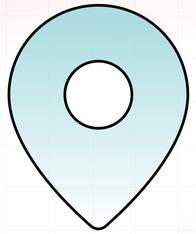
1 The UK tech sector has reached a combined market valuation of $1.2 trillion in 2025, cementing its place as the number one tech ecosystem in Europe.

12.5% CAGR



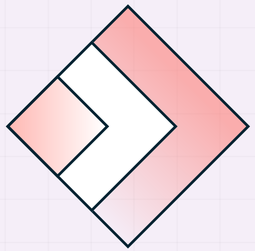
UK tech is growing at a CAGR of **12.5%**, outstripping its European competitors.

59% of value



London accounts for **59%** of the UK tech sector's total value, while the East Midlands, Scotland, and the North East are the fastest-growing tech hubs in the UK.

Record exits in 2024



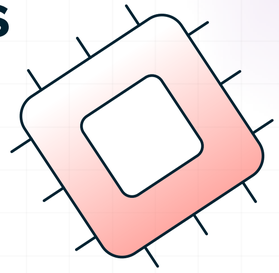
More UK tech companies exited in 2024 than ever before, although tech IPOs have become almost negligible.

$10.9b raised by VCs



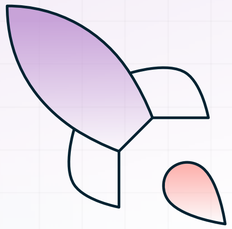
UK VCs raised **66** new funds in 2024 worth **$10.9b – 70%** more than VCs in France and Germany combined.

Top Tech Sectors



Fintech, Health Tech, and Enterprise SaaS are the top tech sectors in the UK, while Robotics is the fastest-growing tech sector.

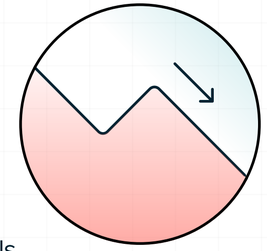
163 Unicorns



The UK has produced **163** unicorn companies to date – including **48** active unicorns – with 90% staying in the UK. And companies are reaching unicorn status faster than ever before.

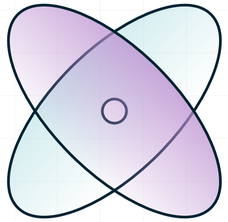
2 UK tech startups have raised more than $7b in VC investment in H1 2025, including the biggest first quarter fundraise of the past three years.

Global VC: downward



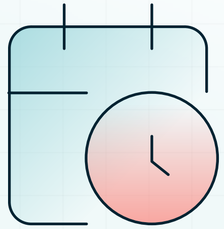
VC investment follows a global downward trend, but investors show continued appetite for growth-stage deals.

Bigger rounds



UK startups are raising bigger rounds at each stage than they were last year, with deep tech and AI startups raising the largest rounds.

9.6 years



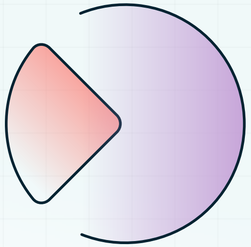
But it is taking longer to raise VC funding – the average time it takes a UK startup to go from launch to Series C has nearly doubled to **9.6** years since 2019.

7x more raised in London



London-based startups raised **7x** more than any other UK region in 2024, while Scotland and the East of England have seen the biggest growth in investment.

11.6% equity given up

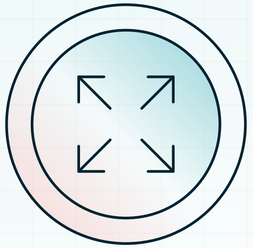


London-based founders give up the least equity (**11.6%**) when raising early-stage funding, while founders in the North East and Northern Ireland sacrifice around 25% of their businesses.

3 UK founders say access to capital, the tax environment, and availability of top talent are their biggest barriers to growth in the UK.

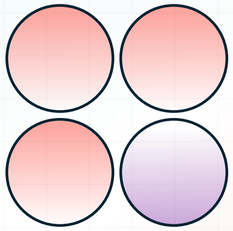
Tough scale

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



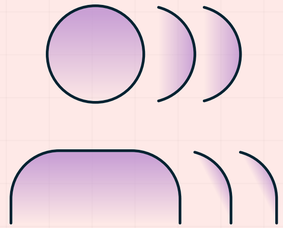
Funding barrier

3 in 4 UK tech founders say access to growth capital is their biggest barrier to growth.



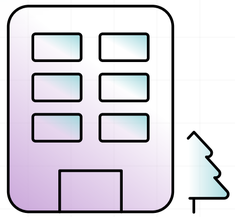
Talent gaps

1 in 3 UK founders say availability of top talent is their biggest barrier to growth.



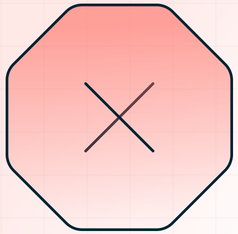
HQs may relocate

43% are actively considering relocating their company's headquarters outside the UK.



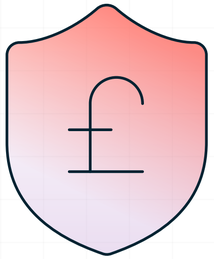
Exit & capital limits

Meanwhile, limited exit opportunities and availability of institutional capital are the biggest barriers investors face when investing in UK companies.



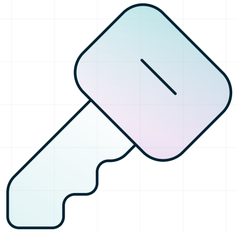
4 To overcome those barriers, founders call for government intervention in funding markets, enhanced R&D tax credits to hire the best talent, digital infrastructure funding, and regulatory sandboxes to test new technologies.

Investment funds



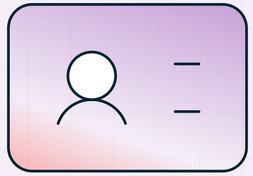
1 in 2 UK founders say new government-backed funds and policies that better incentivise investors to invest in the UK would best support the growth of their businesses.

Pension reform



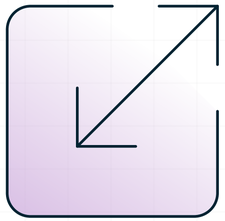
More than **1 in 3** growth-stage founders in the UK want pension fund investment reform to unlock access to growth capital.

Visa reform



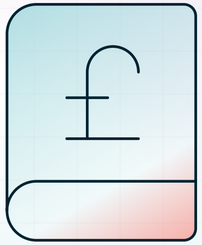
1 in 2 founders say improving immigration and visa processes would best support their talent needs.

Market access



1 in 2 want the government to use competition laws to remove barriers to investment and scaling, while 1 in 3 want public procurement reform.

Tax incentives



Meanwhile, **1 in 2** investors say enhanced tax incentives would make them more likely to increase their investment activity in the UK.

UNLOCKING THE UK'S **GROWTH POTENTIAL**

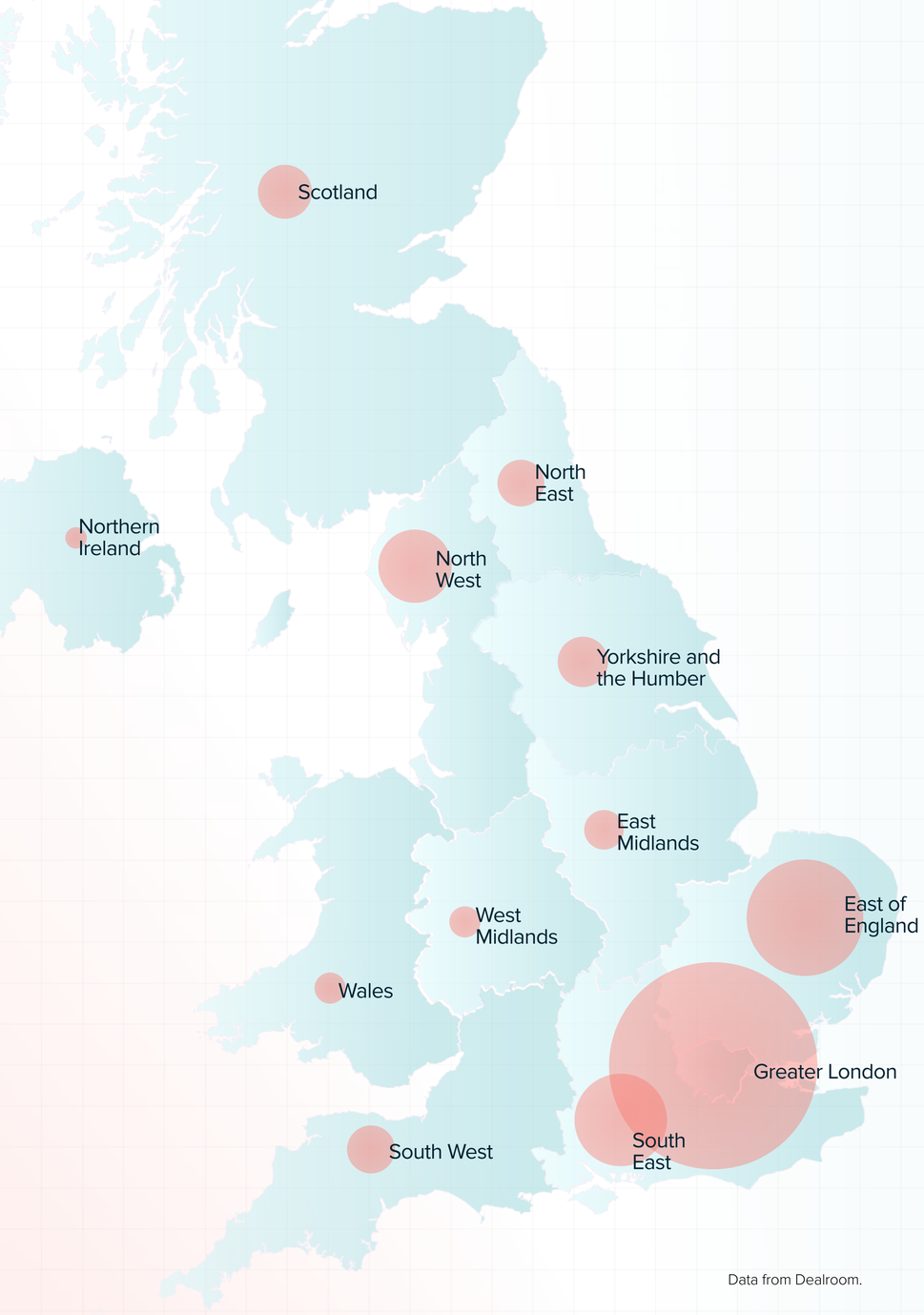








Captions (clockwise from top):
Tej Lalvani (Vitabiotics) & Rana Yared (Balderton), Lara Lewington, Lord Adair Turner (Energy Transitions Commission).



The UK is Europe's number one tech ecosystem, home to more than 17,000 VC-backed startups.

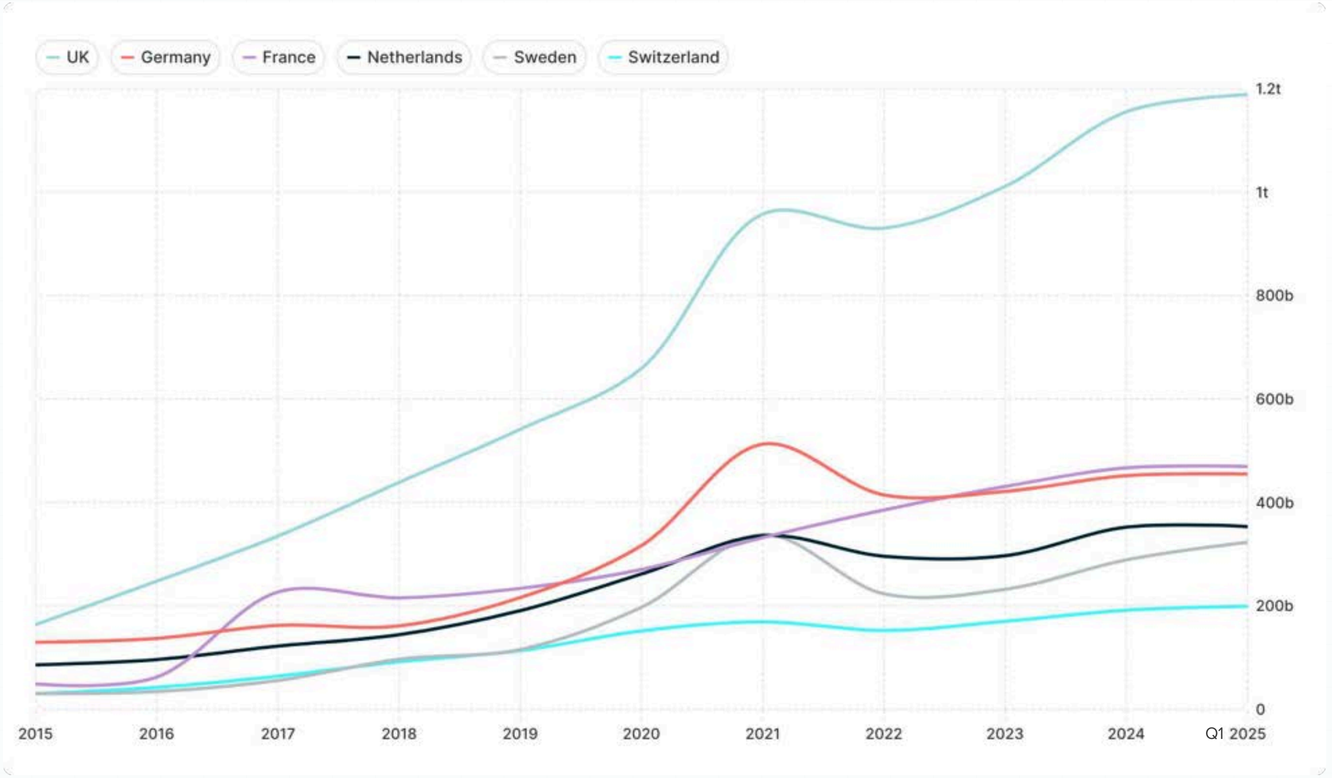
HQ Region	Value	Growth in Value (2020-25), CAGR	VC Investment (2024)	Growth in VC investment (2020 vs 2024) %	Unicorns HQ	Unicorn Logos
East Midlands	$24.7b	21%	$150m	-23.6	4	
East of England	$223.2b	14%	$1.5b	89.8	10	
Greater London	$693.7b	12%	$10.8b	-5.1	119	
North West England	$32.9b	5%	$597m	37.2	9	
North East England	$6.3b	15%	$160m	53.9	1	
South East England	$73.7b	8%	$1.4b	7.8	11	
South West England	$21.6b	8%	$289m	-49.7	4	
West Midlands	$16.4b	11%	$143m	-55.5	3	
Yorkshire and the Humber	$23.8b	0.2%	$149m	-20.5	5	
Scotland	$25.6b	19%	$660m	120.3	3	
Wales	$24.3b	10%	$32m	-66.5	1	
Northern Ireland	$3.8b	7%	$84m	250.7	0	

Data from Dealroom.

The UK tech sector reached a combined market valuation of $1.2 trillion in H1 2025, cementing its place as the number one tech ecosystem in Europe.

While other European markets have stagnated, the UK tech sector is growing at a CAGR of 12.5% and its total value is more than double the size of Germany and France combined.

The combined market valuation of the UK tech sector in a European context



CAGR (2020-2025)

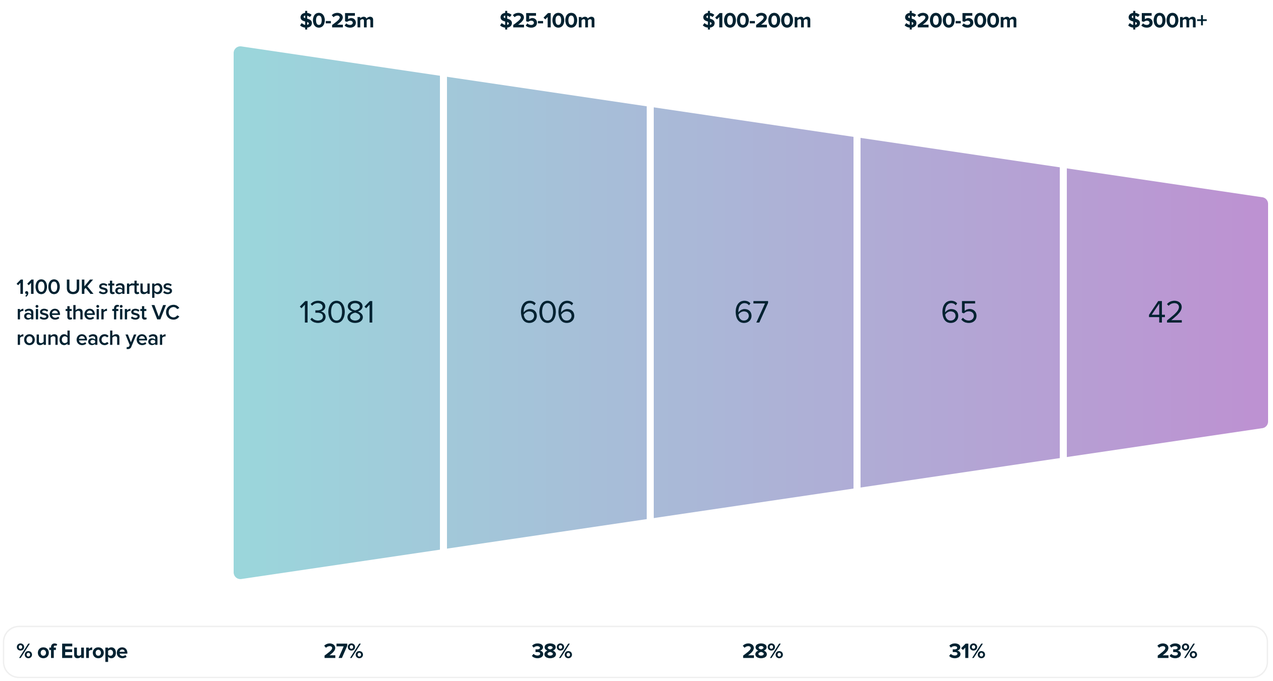
UK	12.5%	Germany	7.5%	France	12%
Netherlands	6%	Sweden	10%	Switzerland	6%

Data from Dealroom.

The UK is home to around a quarter of Europe’s biggest tech companies by revenue.

23% of European tech firms with $500m+ in revenue are based in the UK. The UK also accounts for 38% of growth-stage companies in the $25-100m revenue range, but companies struggle to break through the $100m barrier.

Number of VC-backed companies by revenue (ARR)



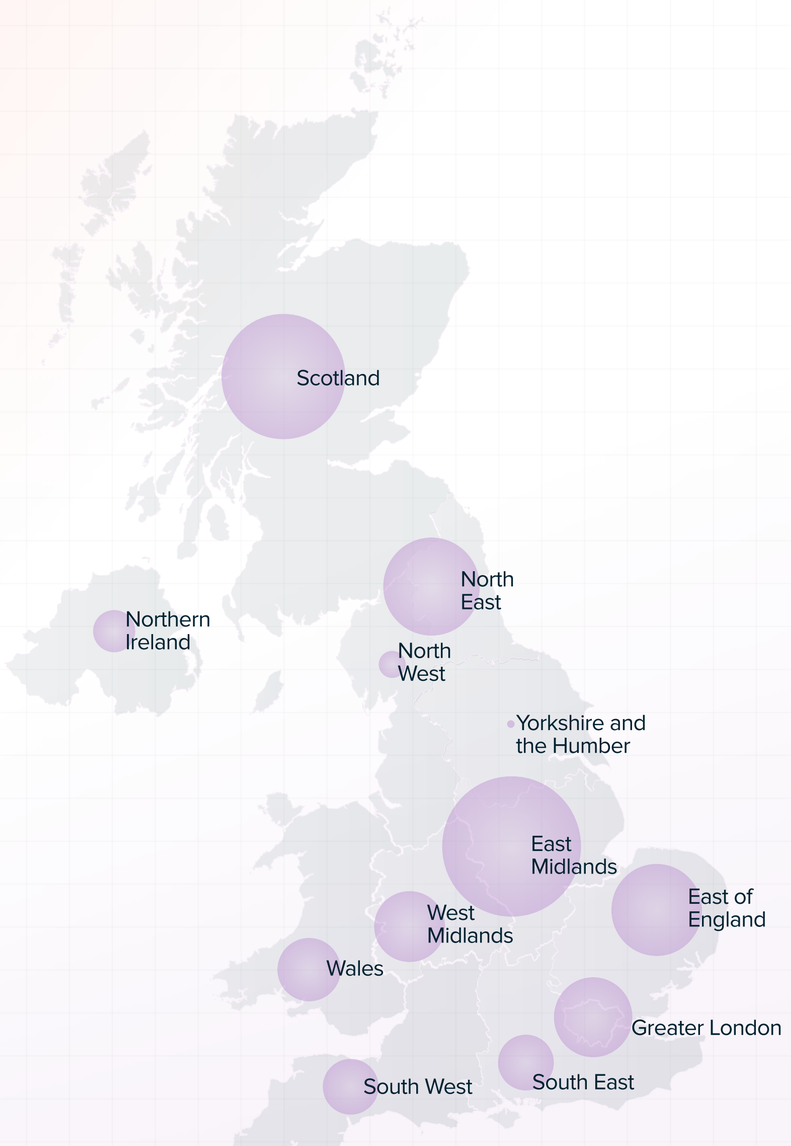
Analysis covers manually verified companies founded or headquartered in the UK since 1990 with $100k total minimum funding. Data recorded May 2025.

Data from Dealroom.

London dominates the UK tech landscape, but there are fast-growing tech hubs across the UK.

The East Midlands, Scotland, and the North East are the fastest-growing tech hubs in the UK based on market value, with CAGRs exceeding 15% between 2020 and 2025.

London accounts for 59% of the UK tech sector's total value, with London's tech ecosystem growing at a CAGR of 12% in the past five years.



HQ Region	Value	Growth in Value (2020-25), CAGR ↓	Market share
East Midlands	$24.7b	21%	2%
Scotland	$25.6b	19%	2.2%
North East England	$6.3b	15%	0.5%
East of England	$223.2b	14%	19%
Greater London	$693.7b	12%	59%
West Midlands	$16.4b	11%	1.4%
Wales	$24.3b	10%	2.1%
South East England	$73.7b	8%	6%
South West England	$21.6b	8%	1.8%
Northern Ireland	$3.8b	7%	0.3%
North West England	$32.9b	5%	2.8%
Yorkshire and the Humber	$23.8b	0.2%	2%

Data from Dealroom.

> 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.



Mati Staniszewski

IIElevenLabs

> The UK has proven itself as a powerhouse for startup innovation. The key is to ensure that high-potential tech companies have all the support they need to grow. Fostering a culture of long-term investment – where UK-based companies can thrive at home – will be key to retaining our most promising businesses and cementing the UK as a global tech leader.



Dame Jayne-Anne Gadhia

moneyfarm

> The UK has rightly earned its reputation as Europe's startup hub, but turning early-stage success into global scale means breaking down barriers to growth. Expanding access to digital infrastructure and skills, fostering regulation that fuels innovation, and ensuring the UK remains a magnet for investment are key to this.



Darren Hardman

Microsoft

> A tech superpower must also be a skills superpower. The UK Government has set out a bold ambition to address the tech skills gap – enterprise and academia must rally behind that to help scale up training opportunities nationwide.



Leon Butler

IBM

> The UK is Europe's leading innovation powerhouse – driving revenue, producing more unicorns, and attracting a growing share of VC investment. To sustain this momentum, we must create an environment that boosts investor confidence by unlocking domestic scale-up capital from UK institutions, building on the UK's position as a leading destination for international capital, and strengthening our public markets to create alternatives to the US.



Simon Bumfrey

HSBC Innovation Banking

> Deep tech companies are a vital part of our tech sector. However, the challenging economic climate has made it more difficult for startups to secure funding. To increase access to capital, we'd like to see the Mansion House Reforms accelerated and the British Business Bank and British Patient Capital backing more deep tech companies. We need more investors with the expertise and specialist skills to confidently invest in deep tech, and we also suffer from a limited pool of UK C-suite talent with experience of scaling companies from £10m to £100m+. We need to find creative ways to bring these people into the ecosystem.



Dr Hayaatun Sillem CBE

Royal Academy of Engineering



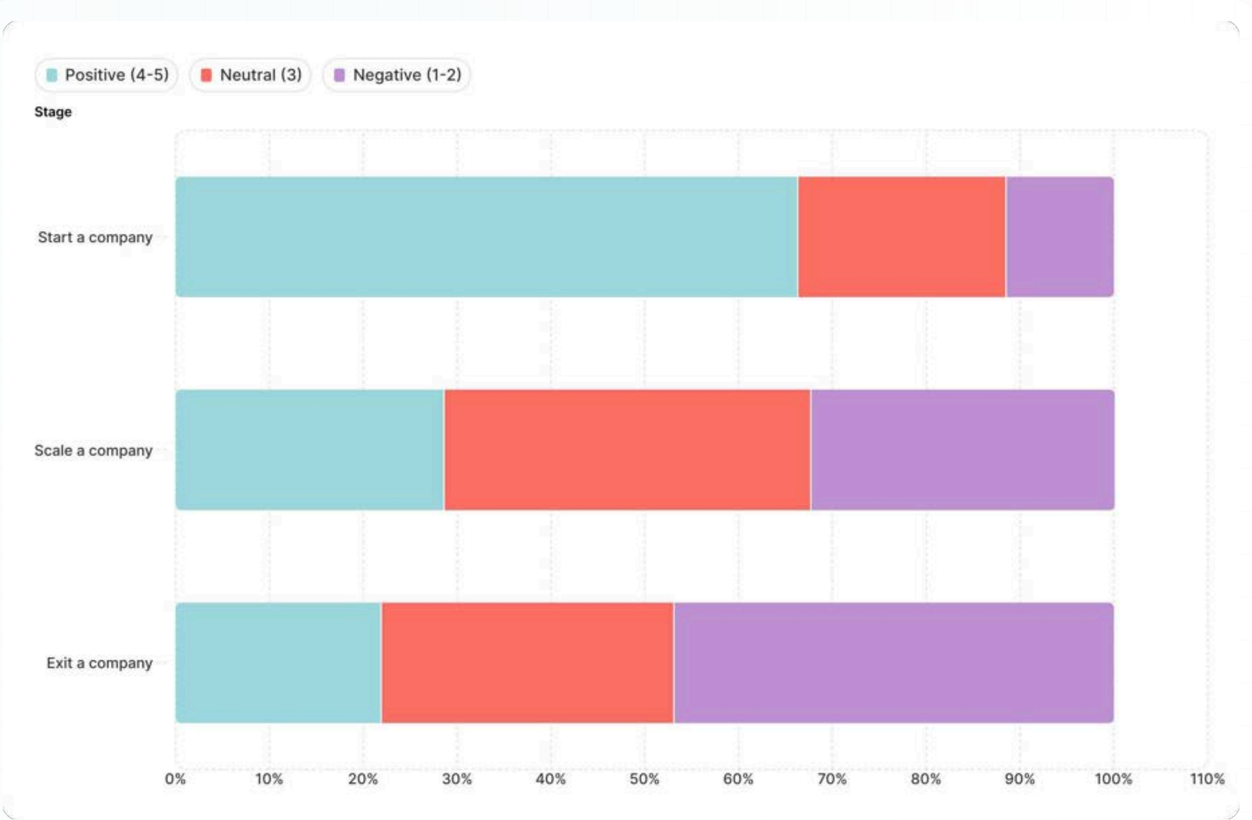
BARRIERS TO GROWTH

While the UK has built an impressive track record as Europe's leading hub for startup creation, tech leaders face challenges when it comes to scaling their businesses in the UK.

In our UK Tech Sector Survey, we asked 1,000+ founders, investors, and leaders of UK tech startups about the key barriers they face while scaling their businesses in the UK, and the potential policy solutions

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

More than 60% of the founders we surveyed rate the UK positively as a place to start a tech company, but less than 30% rate the UK positively for scaling their companies and almost half of the founders we surveyed view the UK negatively when it comes to exiting.

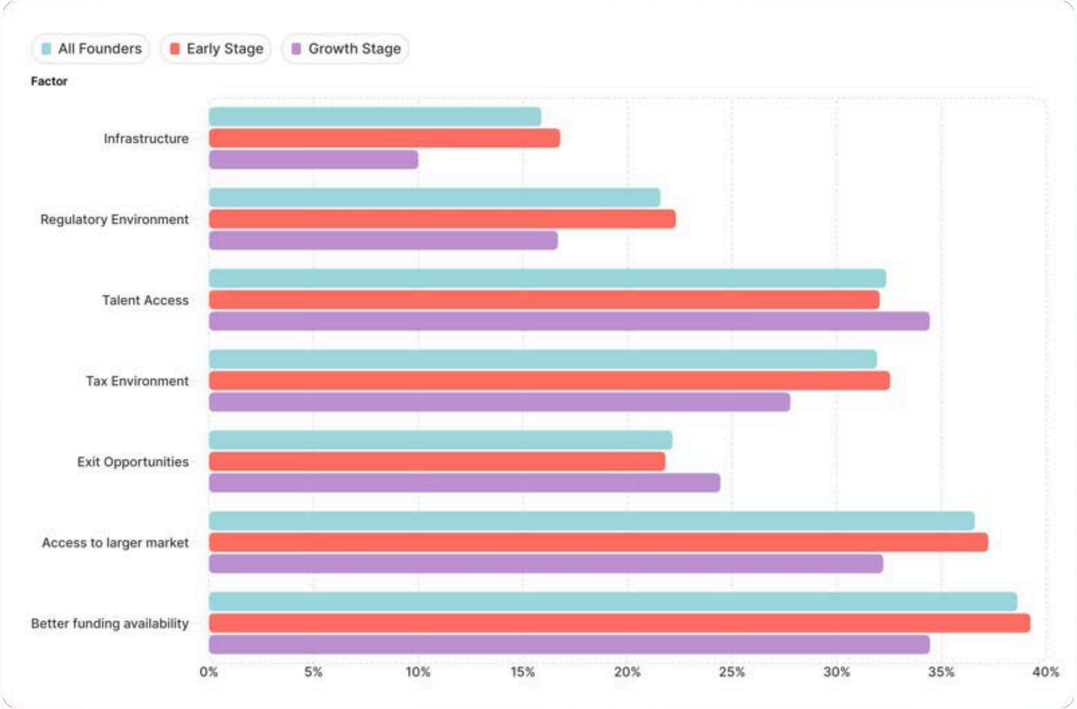


43% of UK founders we surveyed are considering relocating their company's headquarters outside the UK.

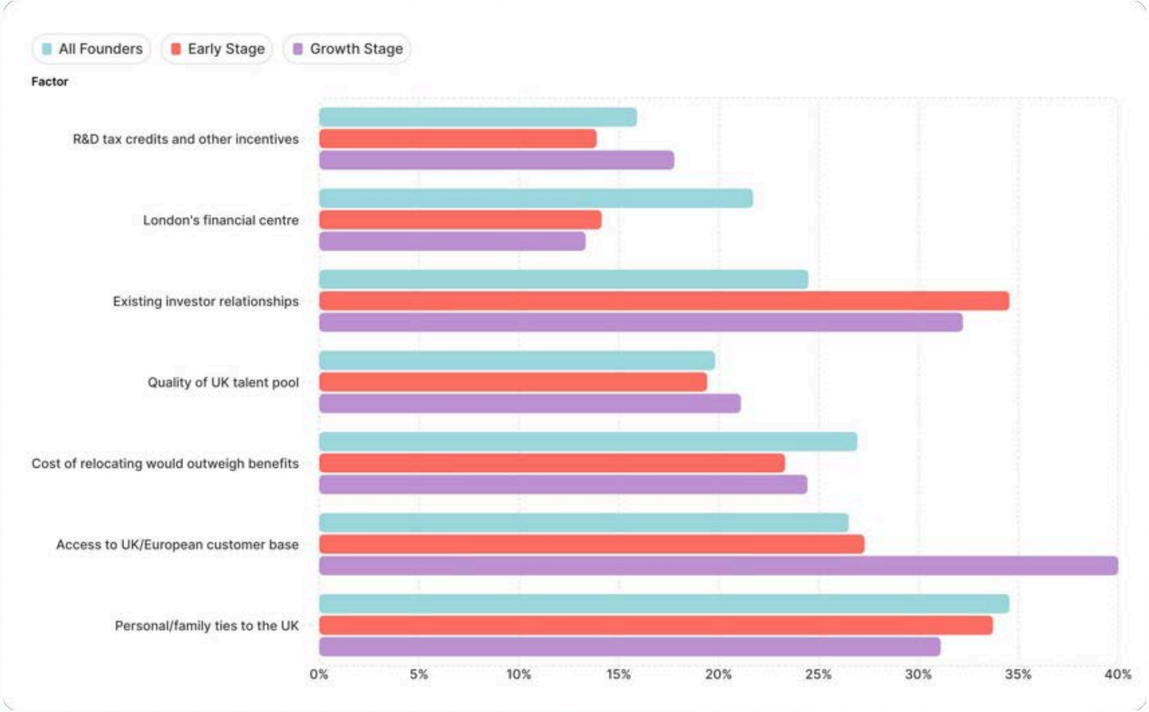
The risk of not supporting scaling business in the UK is the best move abroad. Almost all of the founders we surveyed who are considering relocating are targeting the US. Of those, more than 1 in 3 are looking for better funding availability, exit opportunities, and access to a larger market outside the UK.

Those not considering relocating cite personal ties and access to the UK and EU market as their primary reasons for staying in the UK. Growth-stage founders are especially focused on investment, talent, and cost, with 1 in 3 saying the cost of relocating would outweigh the benefits, while 18% say R&D tax credits are an important factor in convincing them to stay in the UK.

Which factors made you consider or decide to relocate?



Which factors have made you stay in the UK?



Early-stage founders mostly plan to expand to the US, maintaining strong interest despite recent trade tariffs.

Based on data from Shipshape.vc, 1 in 2 early-stage UK founders with international expansion plans are targeting the US, while just under 30% target the EU. On a month by month basis, the percentage of early-stage UK startups planning US expansion has stayed strong in recent months despite US trade tariffs.

Where do early stage companies located in United Kingdom plan to expand to?

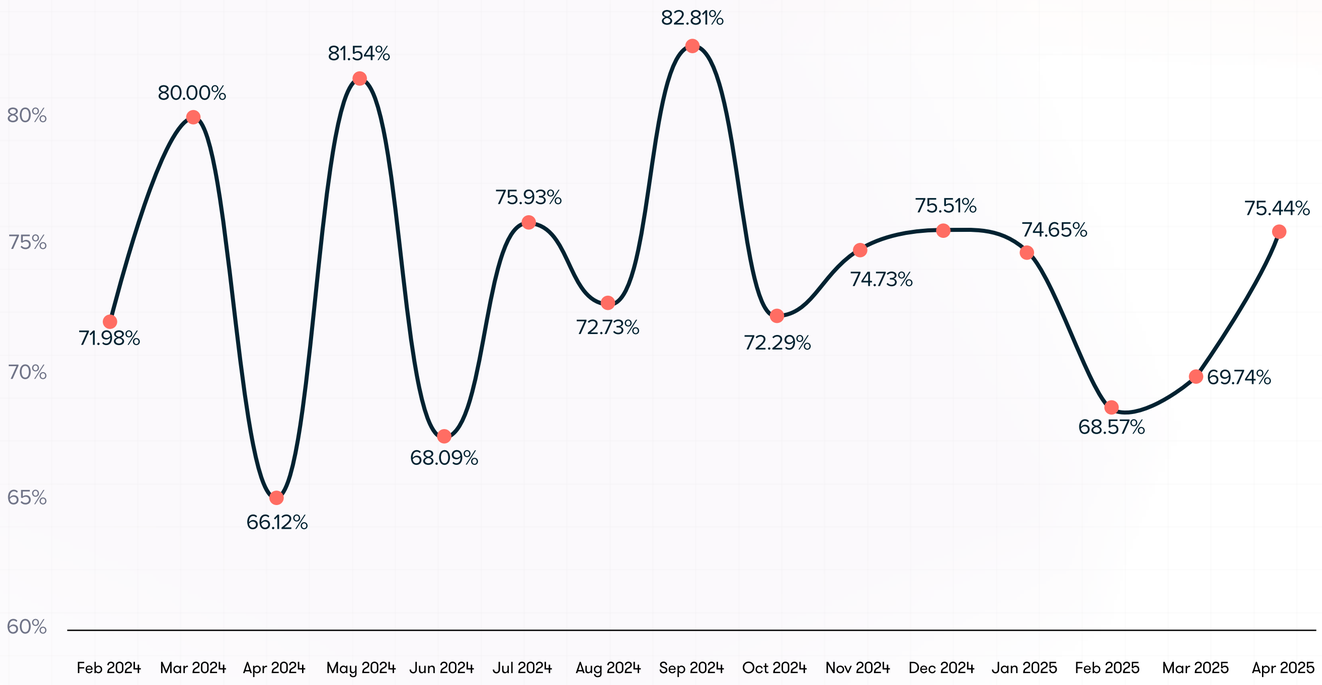


Top 10 expansion destinations

United States of America (**48.9%**)
EU (**28.3%**)
Europe (**17.6%**)
GCC (**7.5%**)
Southeast Asia (**6.8%**)
Australia (**6.1%**)
Latin America and the Caribbean (**4.8%**)
India (**4.7%**)
East Asia (**4.5%**)

Based on a survey of 1,945 tech companies using shipshape.vc between July 2023 and April 2025. Data from Shipshape.vc

UK Tech company sentiment: Planning expansion to the USA



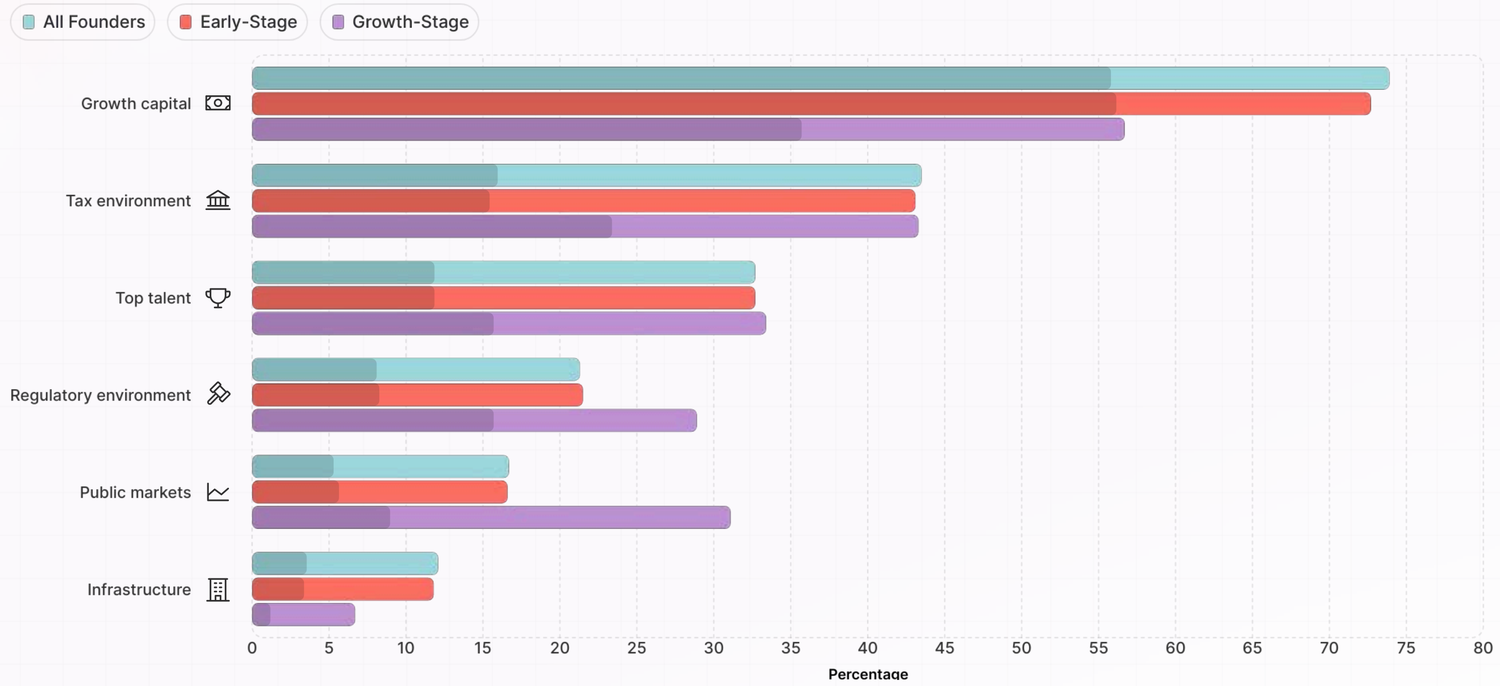
Based on a survey of 1,103 tech companies planning international expansion using shipshape.vc between Jan 2024 and April 2025. Data from Shipshape.vc

Founders say access to capital, the UK tax environment, and availability of top talent are their biggest barriers to growth.

3 in 4 UK tech founders we surveyed say access to growth capital is their biggest barrier to growth, with funding availability a significant concern for early-stage founders in particular. 1 in 3 UK founders say availability of top talent is their biggest barrier to growth.

Talent and the UK tax environment are of equal concern for both early and growth-stage founders, while concerns about public markets and regulation become more prominent as companies reach growth stage.

Biggest Barriers to growth for UK Founders



UK Founders were asked to rank the biggest obstacles they face while scaling their businesses in the UK.
* Darker shading represents first-ranked barriers; lighter shading shows second-ranked barriers.

Growth capital

All	Early	Late
73.9%	72.7%	56.7%

Tax environment

All	Early	Late
43.5%	43.1%	43.3%

Top talent

All	Early	Late
32.7%	32.7%	33.4%

Regulatory environment

All	Early	Late
21.3%	21.5%	28.9%

Public markets

All	Early	Late
16.7%	16.6%	31.1%

Infrastructure

All	Early	Late
12.1%	11.8%	6.7%

> The UK remains a fantastic launchpad for innovative companies. Unlocking sustainable growth-stage funding requires simpler access to venture debt and improved tax incentives for investors.



Gavin Dein
Reward

> 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
FYLD

> The single biggest hurdle that we face in the UK is the provision of risk capital. Our VCs are so risk-averse that they have failed to help companies scale – this is a systemic issue.



Ilyas Khan
Quantinuum

> 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
Beamery

> The biggest challenge for scaling a startup in the UK right now is cost of living. This makes it difficult to attract and retain talent, and it limits the amount of risk early-stage entrepreneurs can take.



Robyn Greaves
Pravi

> 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.



Barney Hussey Yeo
Cleo

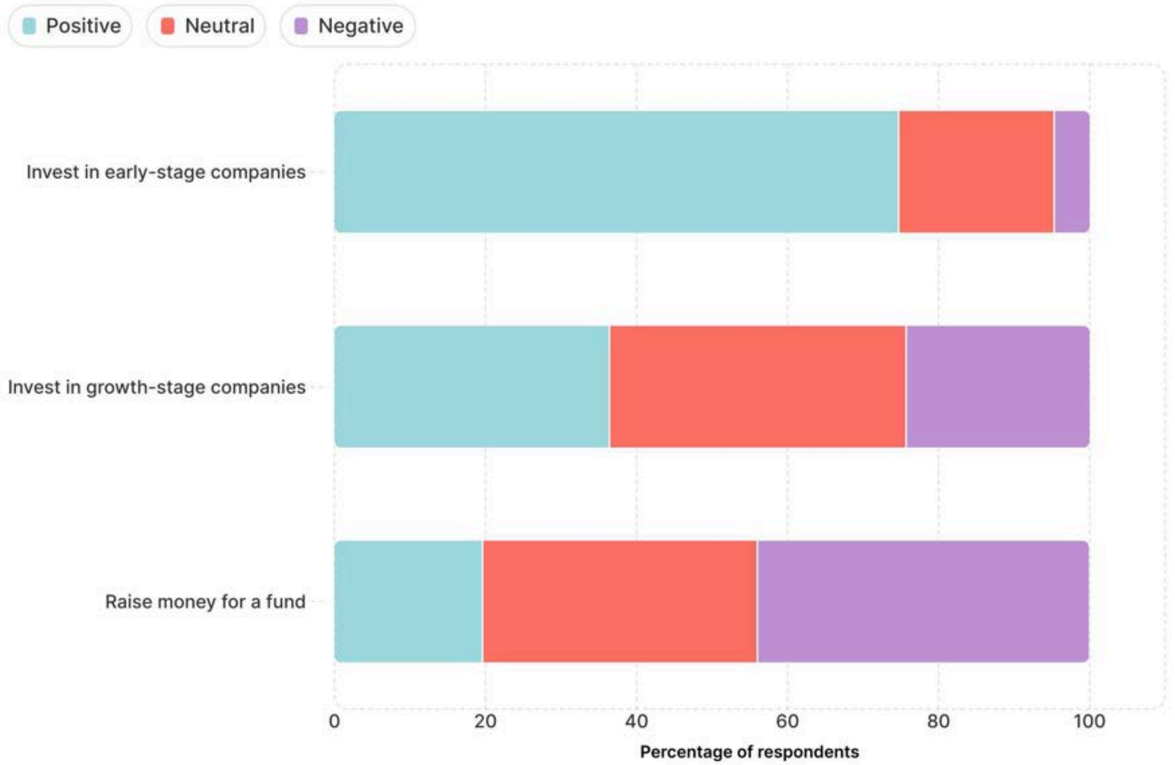
> There are more conversations now around capital efficiency and pathways to profitability than there have ever been.



Jade Cohen
Qualis Flow

Investors face their own barriers when investing in growth-stage companies.

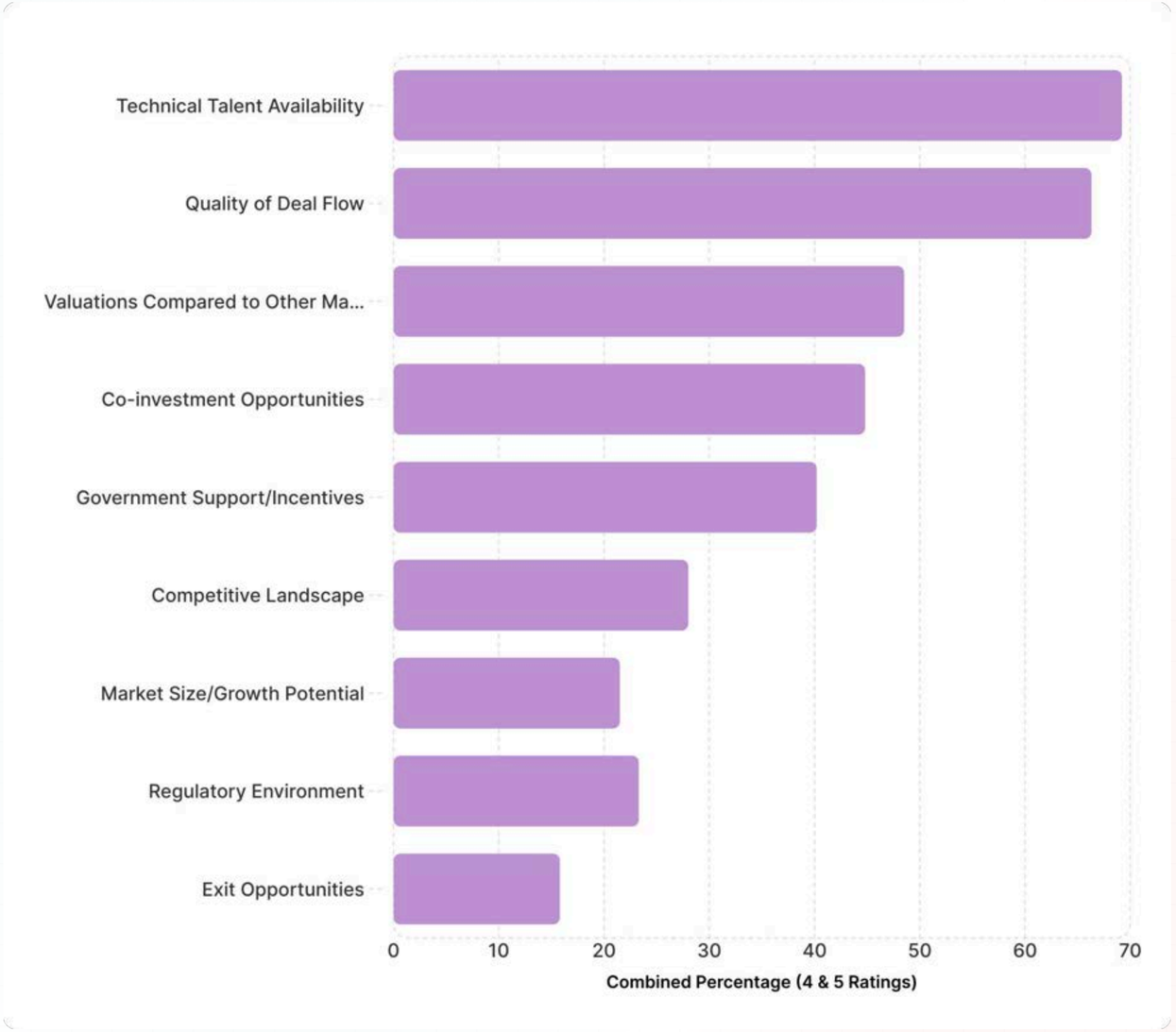
To unlock growth capital, creating a conducive environment for investors to invest is key. While 75% of the investors we surveyed rate the UK as a good place to invest in early-stage startups, 36% rate the UK positively for investing in growth-stage startups and just 20% rate the UK as a good place to raise money for a fund.



Investors say availability of technical talent and quality of deal flow are the most important factors that make the UK an attractive place to invest.

Investors, including VCs and angels, are also drawn to the UK’s competitive valuations and co-investment opportunities.

Which factors make the UK an attractive place to invest?



1 in 2 investors say enhanced tax incentives would make them more likely to increase their investment activity in the UK.

Better tax incentives, plus overcoming the key barriers to investment – the exit environment and availability of institutional capital – would make investors increase their investment activity in the UK.

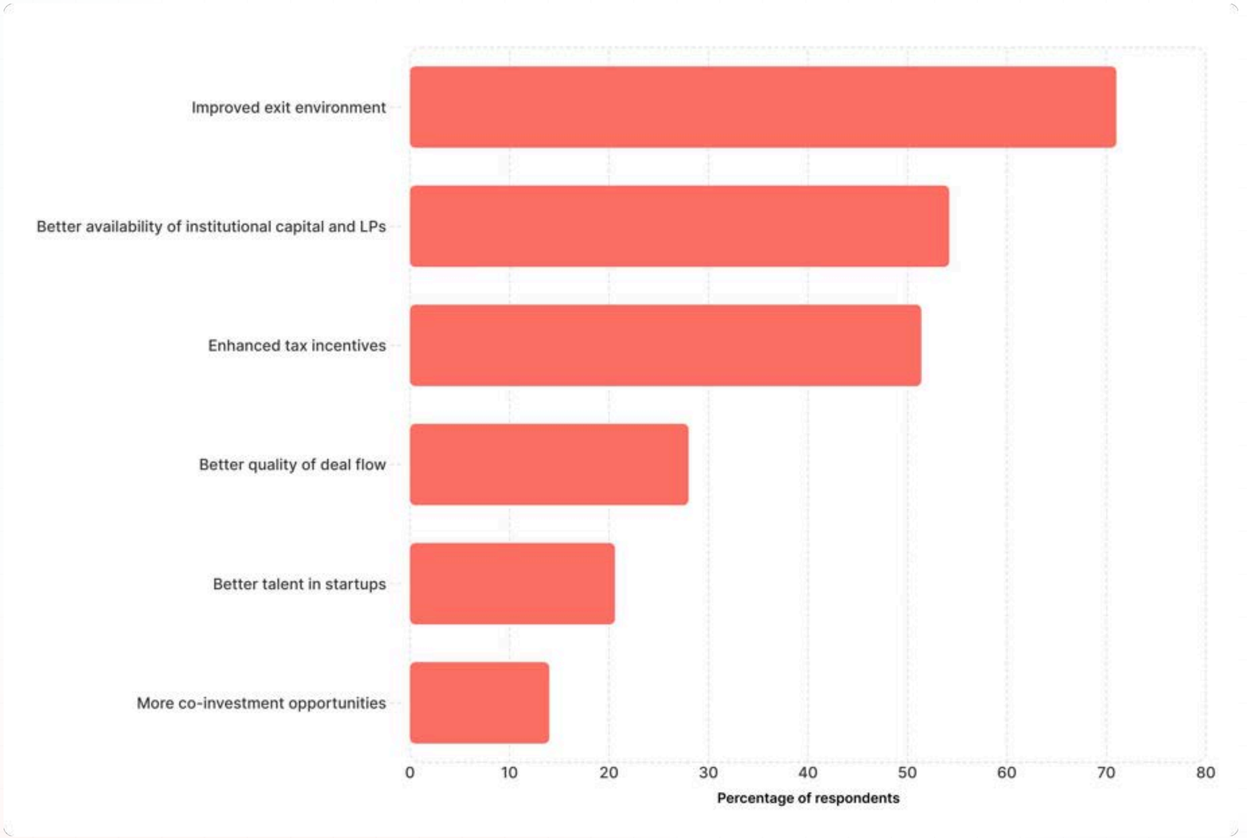
Investors also mentioned:

Better access to European markets post-Brexit.

Reduced FCA regulatory costs and administrative burdens for small venture funds.

Improved quality of co-investors and closer connections to US investor networks.

Which of the following factors would most make you increase your investment activity in the UK?



> Britain has world class technology talent and an excellent venture capital ecosystem. The only missing piece of the jigsaw is public market investors who value innovation and growth. There remains a chronic lack of $1b+ exit paths for UK companies who stay in the UK.



Tommy Stadlen
Giant Ventures

> We need to improve our relationship with Europe to attract more EU LPs, VCs, and companies to the UK. Many EU LPs have found it difficult to invest in us as our fund is in the UK and, unless we start to align, differences in regulation will make this harder over time.



Pippa Gawley
Zero Carbon Capital

> As instrumental as EIS/SEIS is for individual investors, the UK Government should put stronger incentives in place for institutions and pension funds to invest in startups. Otherwise, funding and exits will always be fueled by the US.



Ben Marrel
Breega

> We need to keep incentives like EIS/SEIS, Innovate UK grants, and R&D credits. We also need more ambition as they have in the US. We generally sell out too early.”



Pam Garside
Cambridge Angels

> More investors need to take an Israeli approach: build in the UK, export to America, play to your strengths.



Hussein Kanji
Hoxton Ventures

> The UK equity market has been harmed by the de-equitization trend in UK pensions over the past 30 years. This has resulted in poorer UK pensioners compared to other OECD countries, a weaker secondary market on the London Stock Exchange, and less long-term institutional investment in venture capital. It's critical to create a path for pension dollars to flow into VC, as this is the most logical match of funds with a long-term view and long-term investments.



Rana Yared
Balderton

> If the UK wants to remain a global innovation hub, modernising the Enterprise Management Incentive (EMI) scheme should be a Government priority. Startups thrive when they have the right people, and the scheme has been one of the UK's best tools for recruiting and retaining that talent through equity ownership. But EMI hasn't kept pace with the scale or ambition of today's startups, especially in the AI era. Updating the thresholds to include companies with up to £200m in assets and 1,000 employees would immediately improve the UK's ability to compete for top talent.



Hannah Seal
Index Ventures

> The UK should not be a country that only incubates companies for foreign investors to buy. We need to increase the amount of funding available to technology companies as they go through their stages of growth, supporting them as they expand, develop products, enter new markets, and create jobs here in the UK.
>
> UK breakthrough technology companies raise a similar number of rounds to their US counterparts, but receive significantly less funding overall on a GDP-weighted basis. UK companies that receive overseas investment are also more likely to exit abroad, representing significant unrealised economic potential. We are seeking to catalyse external institutional capital – including pension fund investment – into UK high potential companies.



Louis Taylor
British Business Bank



POTENTIAL SOLUTIONS

How can we overcome those barriers and support the growth of UK tech companies? We asked founders to identify the potential policy solutions that would best support the growth of their businesses, focusing on investment, talent and skills, infrastructure, and competition regulation.

Investment

UK tech founders want direct government intervention in funding markets to unlock access to growth capital.

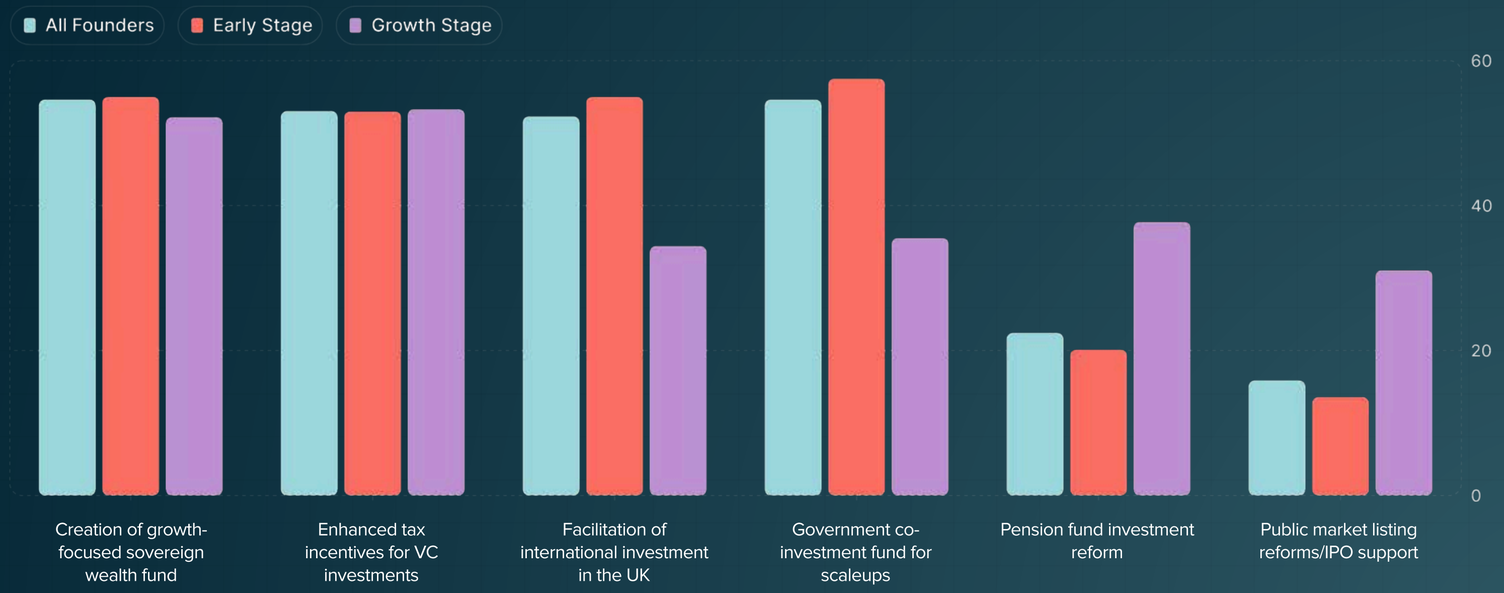
1 in 2 UK founders say new government-backed funds (sovereign wealth fund, co-investment fund) and policies that better incentivise investors to invest in the UK (international investment, VCs) would best support the growth of their businesses.

Early-stage founders strongly favour a government co-investment fund for scaleups, while growth-stage founders show more interest in pension fund and public market reform – more than 1 in 3 growth-stage founders in the UK want pension fund investment reform to unlock access to growth capital.

Founders also called for:

- Enhanced incentives through SEIS/EIS expansion.
- Increased government funding via grants and investments targeting underrepresented founders.
- Closer alignment with EU markets.

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



> The Government has to improve the incentives to scale and exit in the UK. Everything else – improving access to capital or improved broadband access to support remote working – comes second if there is no incentive to build a successful business.



Zoe Bucknell

Kube

> The UK can better support scaling companies by improving access to growth-stage funding and streamlining public procurement to enable SME participation. Innovation-enabling public-private funding mechanisms – such as matched investment schemes or challenge-based grants – would help de-risk cutting-edge technology development and attract private capital. Clear, stable regulation and a strong talent pipeline are also crucial to fostering long-term growth.



Dr Richard Pearson

KYOTO FUSIONEERING

> We ended up going to the US for funding and had a US corporate take the whole of our last round. In general, it seems risk appetite is lower in the UK and Europe, which in a higher risk sector like life sciences makes things difficult. Whether it is incentives, tax breaks, or co-investment, we need to see some of the capital the UK has directed more readily to UK companies.



David Newton

AKRIVIA HEALTH

> We've found American VCs are more founder-friendly in terms of terms, valuation, and speed, which is crucial to startups as we're all burning runway. We need a stronger VC ecosystem, but this also comes down to a good environment for LPs to deploy into UK VCs, which comes down to the market for exits and tax.



Brett Cotten

arda

Talent & Skills

1 in 2 UK founders say improving immigration and visa processes would best support their talent needs.

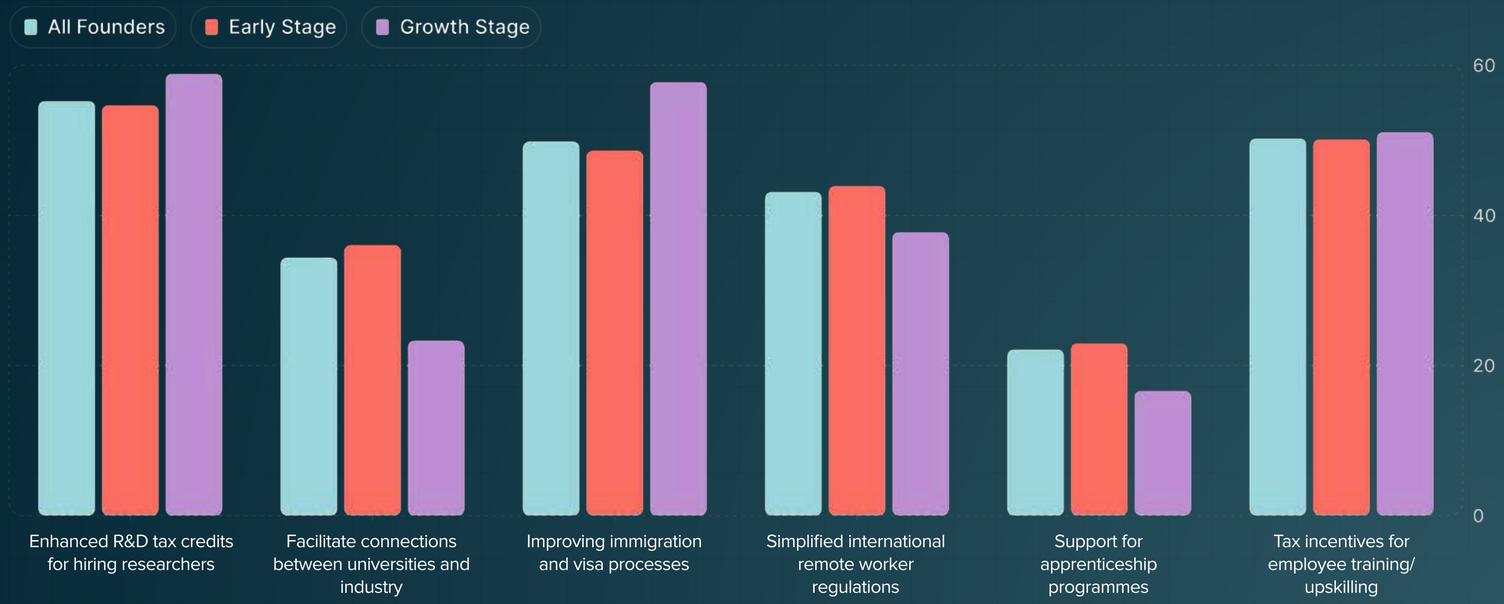
When it comes to improving access to top talent, more than half of the founders we surveyed also called for enhanced R&D tax credits for hiring researchers and tax incentives for employee training.

Founders generally 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). Immigration reform and R&D tax credits are especially prioritised by growth-stage founders.

Founders also called for:

- Policies that make it easier to hire EU workers post-Brexit.
- Training programmes that align with industry needs.
- Better government support for parental leave and employment law reform to make hiring processes less restrictive.

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



“

The UK tech sector faces intense competition. All companies are struggling with how to ensure their teams are upskilled and developed to meet the demands and technology capabilities of tomorrow, but doing so is critical to survival.

When we expanded into the US it wasn’t just an opportunity to grow revenue, it’s also given us access to a broader pool of C-suite and senior leadership talent that have the proven capability to navigate the challenges of hyper-growth.

The Government's priority should be to focus on the foundational elements that enable all businesses to thrive – that’s as much about infrastructure as it is about establishing a stable regulatory regime. Regarding talent, the Government's primary objective should be to make the UK workforce the most AI-literate in the OECD, driving productivity and ensuring individuals thrive from AI, rather than have their careers put at risk.



Euan Blair

multiverse

> 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.



Husayn Kassai

Quench.AI

> 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.

> We need to continue investing in tech education, particularly in coding, data science, AI, and cybersecurity. Partnerships between universities, colleges, and tech companies can ensure students are equipped with the skills needed in the real world and promoting more diverse talent in the tech sector is essential for growth.



Gauthier Van Malderen

Perlego

> To attract young talent or senior talent with families, we need to improve the ROI of the tax framework in comparison to the social benefits available in the UK.



Elizabeth Rossiello

AZA FINANCE

Infrastructure

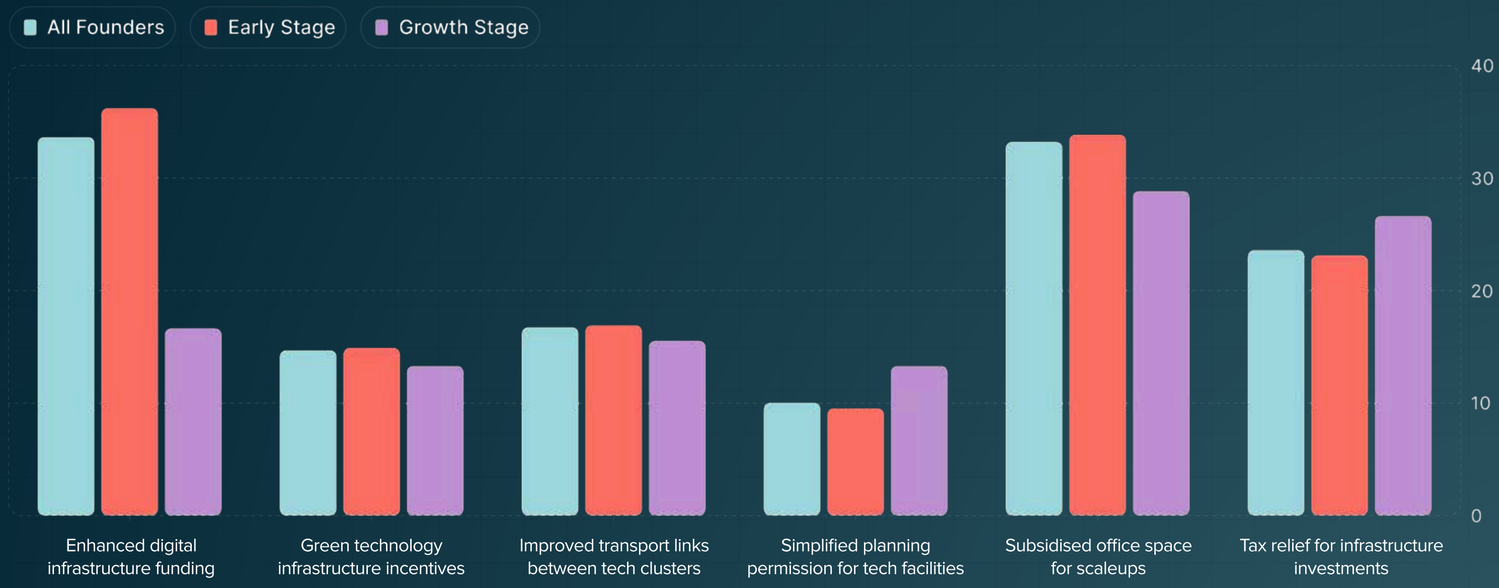
1 in 3 UK founders say better digital connectivity and subsidised office space would best support their infrastructure needs.

Early-stage founders value digital infrastructure funding significantly more than growth-stage founders, while growth-stage founders place more emphasis on tax relief for infrastructure investments. Green technology infrastructure incentives and planning reform are lower priority for founders compared with other policy solutions.

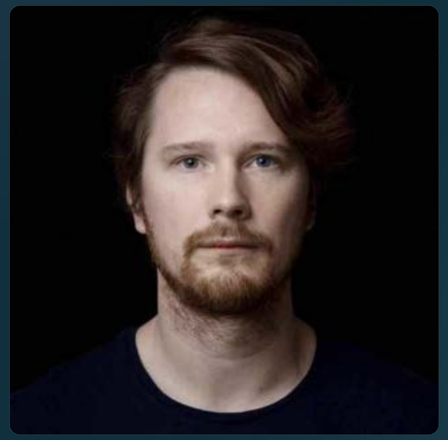
Founders also called for:

- Nationwide ultra-fast broadband, particularly in underserved and remote areas.
- Cheaper rail travel to connect tech hubs more effectively.
- Access to lab facilities and testing centers designed for early-stage ventures.

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



> 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.



Tom Graham

METAPHYSIC

> A cultural shift has to take place. One that is ignited by heartfelt recognition by the leadership of the country, which calls out the critical value of the startup sector to delivering a brighter, more prosperous future. From there, we need a trickle down through the public, private, and academic sectors that sees the country rediscover what it means to innovate, to take measured risk in the pursuit of breakthroughs that drive a renewed culture of connected, ambitious entrepreneurship.



Richard Browning

GRAVITY

Competition & Regulation

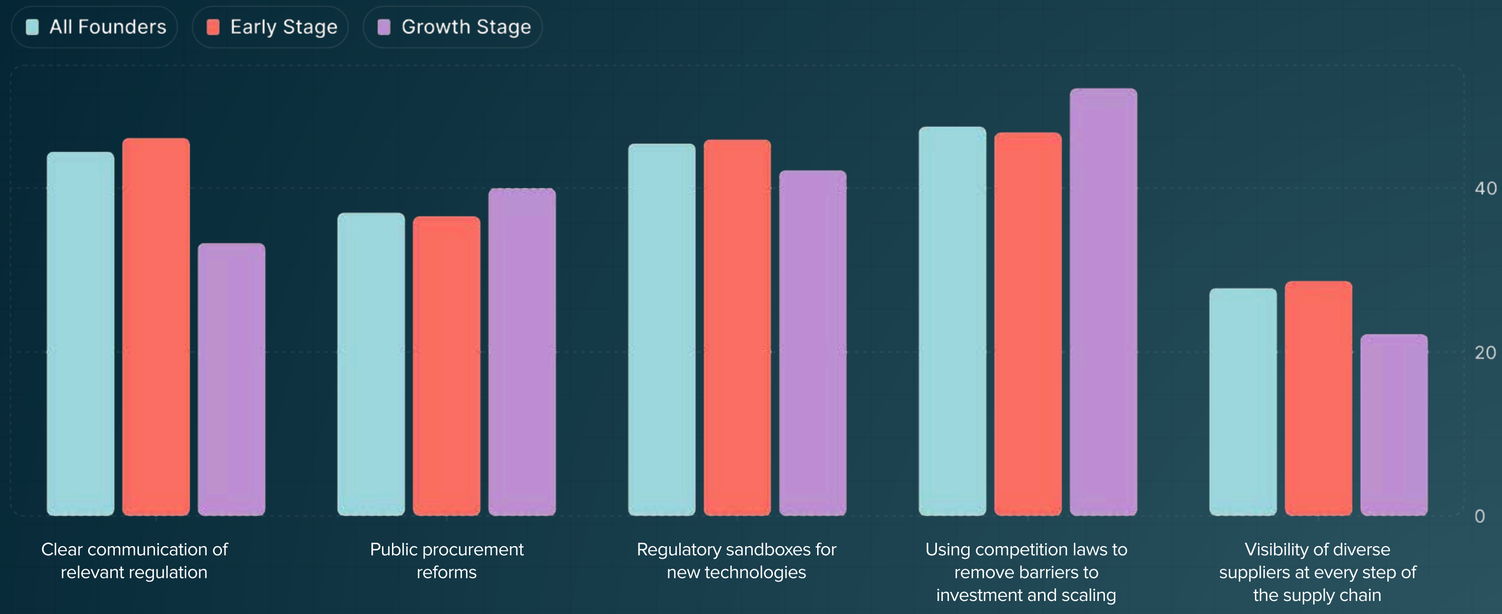
UK founders want competition laws to unlock growth and regulatory sandboxes to test new technologies.

To stay competitive, 1 in 2 founders want the government to use competition laws to remove barriers to investment and scaling. More than 1 in 3 founders want public procurement reform. Early-stage founders especially want clearer communication of regulation.

Founders also called for:

- A pro-innovation approach to regulation to compete internationally.
- Greater alignment with EU regulation.
- Streamlined public procurement that enables SME participation.

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



> 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.



Hovhannes Avoyan

Picsart

> The potential of the UK's growth ecosystem is immense, and much has been achieved in the last decade despite political instability. If government can provide regulatory clarity, stability, and an attractive fiscal framework, we can expect a step-change in growth.



Henry Motte de la Motte

EDGE

> Government must be a better customer for UK tech and AI firms, with simpler procurement rules and bigger contracts broken up into chunks, plus energy and planning reform to make growing an AI business easier.



Marc Warner

faculty

> The UK needs to shift from a think tank and incubator to a regulation and adoption-friendly market.



Hassan Luwalira

unwildered

In Summary

Unlocking the UK’s Growth Potential

How can we unlock the UK’s growth potential? We surveyed 1,000+ UK tech founders who identified the key barriers they face when scaling their companies in the UK and the potential solutions.

BARRIER TO GROWTH	TOP 3 PROPOSED SOLUTIONS
Access to growth capital	• Creation of a growth-focused sovereign wealth fund. • Government co-investment fund for scaleups. • Enhanced tax incentives for VC investments.
Access to top talent	• Enhanced R&D tax credits for hiring researchers. • Tax incentives for employee training/upskilling. • Improving immigration and visa processes.
Infrastructure	• Enhanced digital infrastructure funding. • Subsidised office space for scaleups. • Tax relief for infrastructure investments.
Regulation	• Using competition laws to remove barriers to investment and scaling. • Regulatory sandboxes for new technologies. • Clear communication of relevant regulation.

UK TECH IN 2025









Captions (clockwise from top):
Richard Browning (Gravity Industries),
Future Fifty cohort 2025,
Jen Lothian (Datawollet)



INVESTMENT

UK startups have raised more than $7b in VC investment so far in H1 2025, including the biggest first quarter fundraise of the past three years.

After fluctuations throughout 2023 and 2024, the VC market is showing signs of recovery in 2025, with the $4.2b raised by UK startups in Q1 2025 representing the biggest first quarter fundraise since 2022.

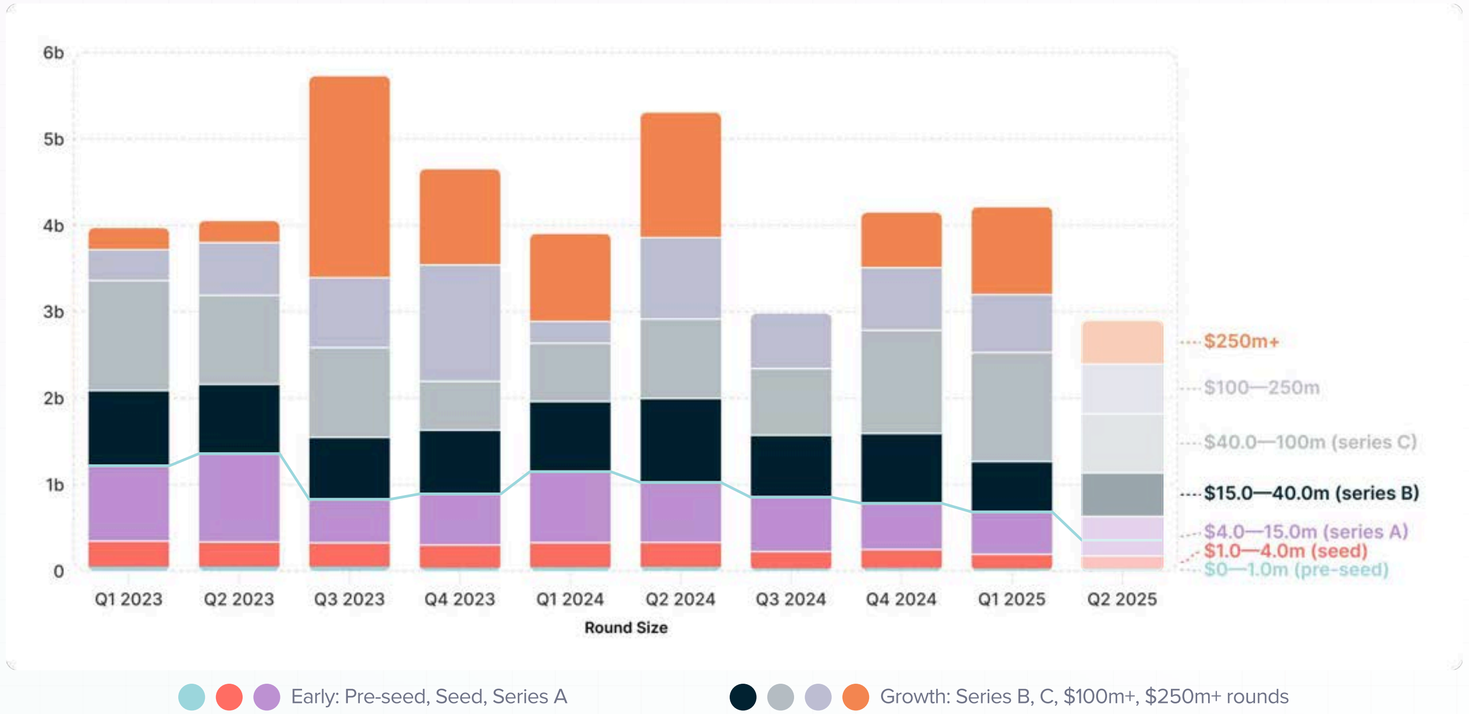
Q1 2025 also saw more capital concentrated in growth-stage deals, led by an upsurge in Series C stage investments. In fact, the ratio of early-to-growth stage VC investment has shifted over the past two years, with growth-stage funding becoming increasingly dominant in Q1 2025 (81% growth stage vs. 19% early stage).

Early-stage funding is fairly consistent over time, although Seed funding has been on a general downward trend from Q1 2023 ($296m) to Q1 2025 ($163m), with investors showing more caution toward new ventures.

Significant Raises in 2025:

Isomorphic Labs	$600m	Late VC
Biotech		**Thrive Capital**
Verdiva Bio	$411m	Series A
Health Tech		**General Atlantic, Forbion**
Synthesia	$180m	Series D
AI		**NEA**

UK VC Investment by Round Type (in million USD)



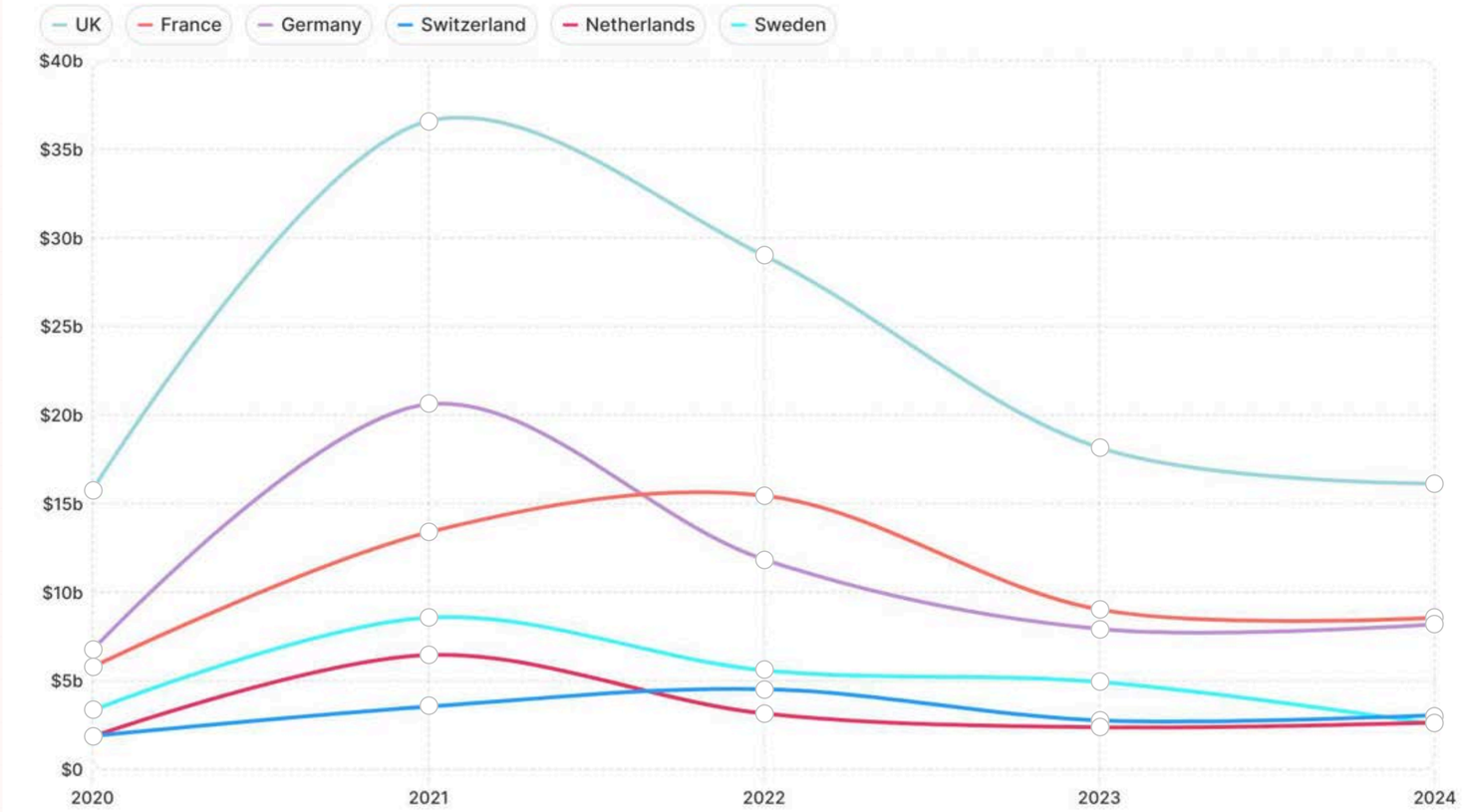
Q2 2025 data recorded May 2025.

Data from Dealroom.

VC investment follows a global downward trend, but the UK still attracts around double the investment of France and Germany combined.

2024 saw the continued normalisation of the VC funding environment following the boom years of 2021 and 2022. Still, the UK remains Europe's leading investment hub – UK startups raised $16.1b in VC investment 2024 compared with $8.6b raised by startups in France and $8.2b raised by startups in Germany.

UK VC investment in European context



Data from Dealroom.

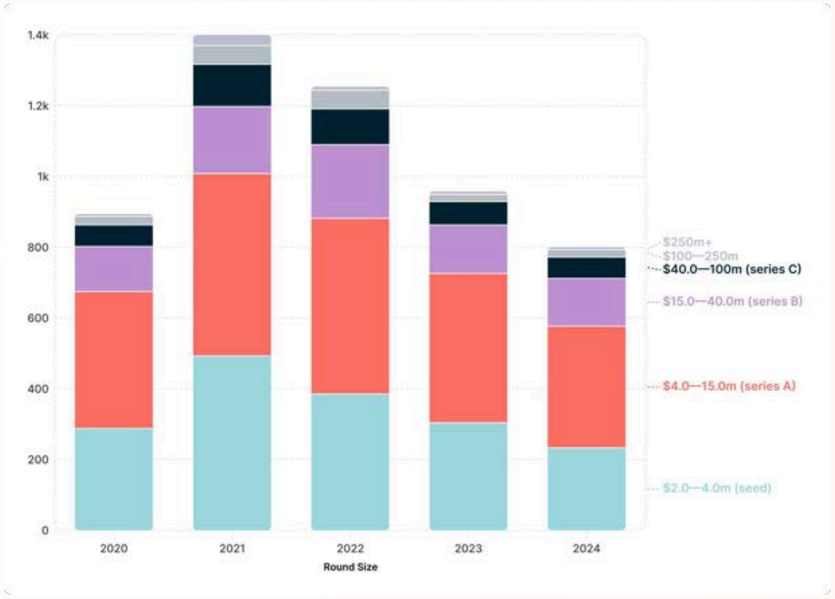
Deal activity is also on a downward curve, but investors show continued appetite for growth-stage deals.

800 $2m+ VC rounds were raised in 2024, representing a 17% decline compared to 2023, as deal activity returns to pre-boom 2020 levels.

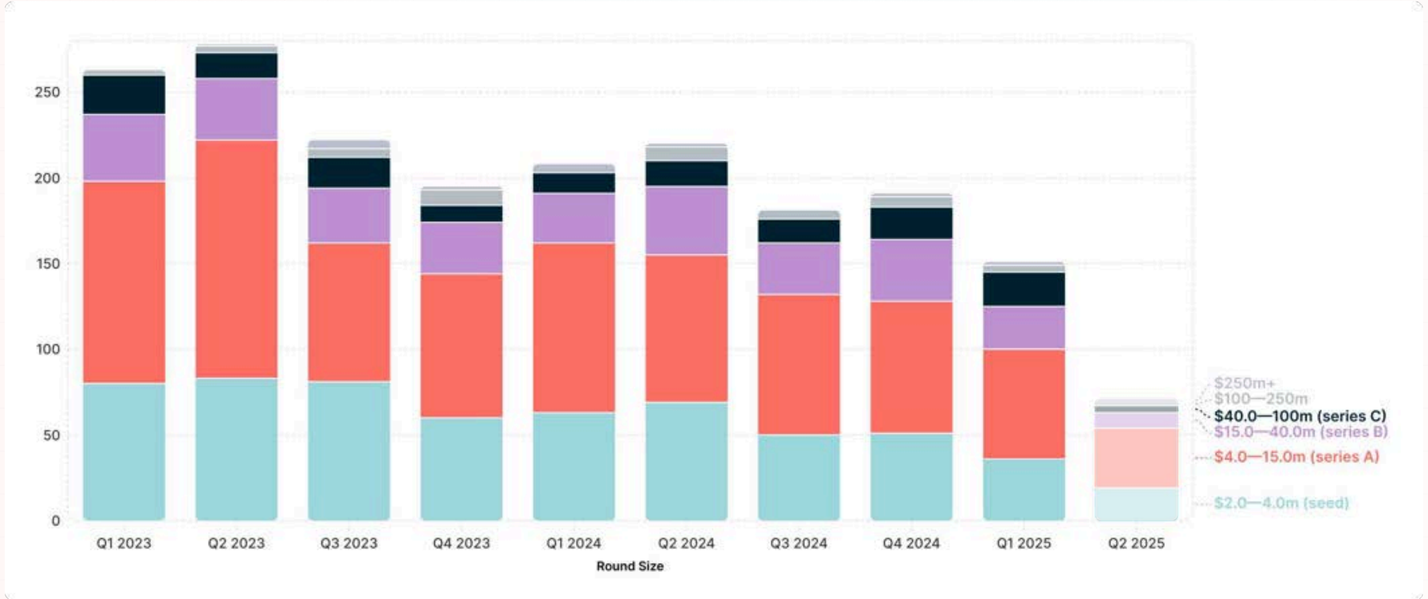
Early-stage deals have experienced the steepest declines, with Seed stage activity down 23% and Series A down 19%, suggesting again that VCs are tightening their criteria for early-stage investments.

This pattern is consistent across annual and quarterly timescales, with early-stage deal volume declining while Series B+ growth-stage deals have maintained comparative stability.

UK VC Rounds Over $2M (2020-2024)



UK VC Rounds Over $2m (Q1 2023 - Q2 2025 YTD)



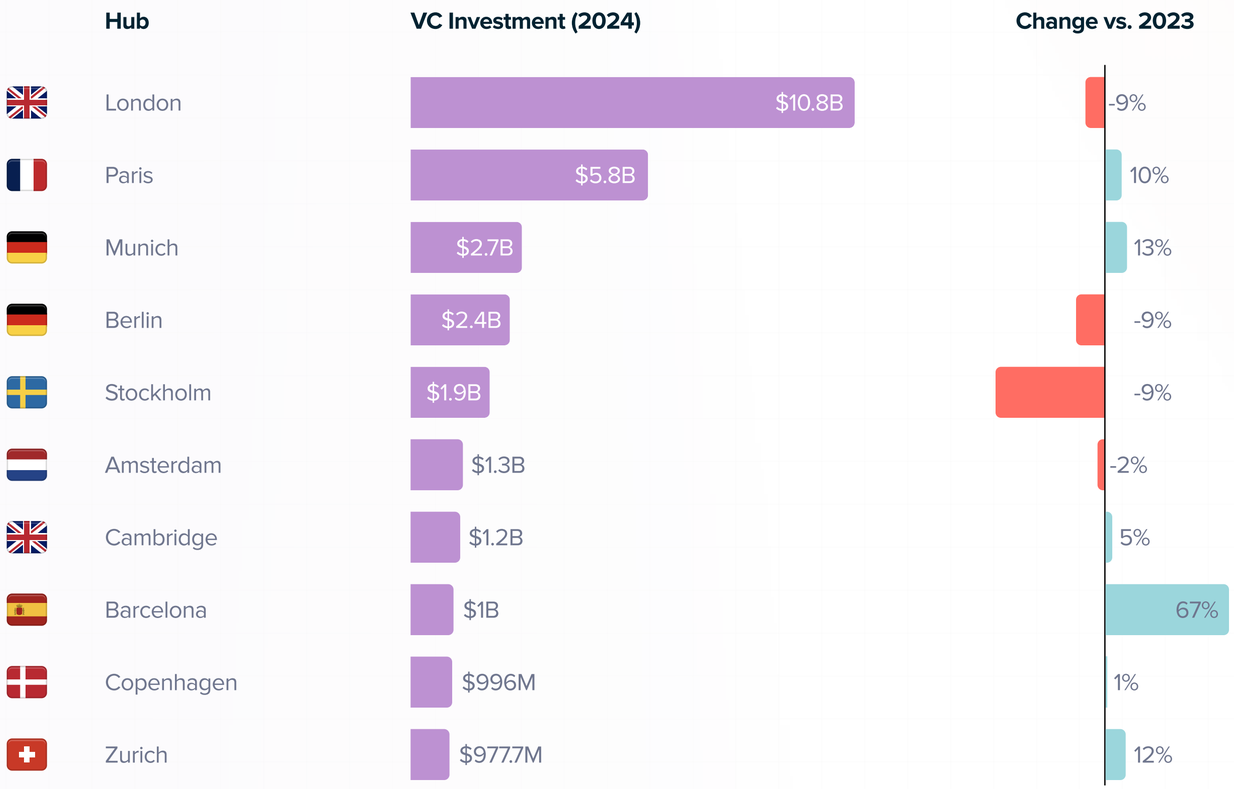
Note, there is a known reporting lag for early-stage funding rounds. In order to accurately track deal activity, our analysis only considers rounds worth more than $2m.
Q2 2025 data recorded May 2025.

Data from Dealroom.

London is the number one tech city in Europe for VC investment, with Cambridge in seventh.

London-based startups raised $10.8b in VC investment in 2024, almost double the amount raised by startups in Paris and accounting for 68% of all UK VC investment. Meanwhile, Cambridge saw investment increase to $1.2b last year.

UK VC investment in European context



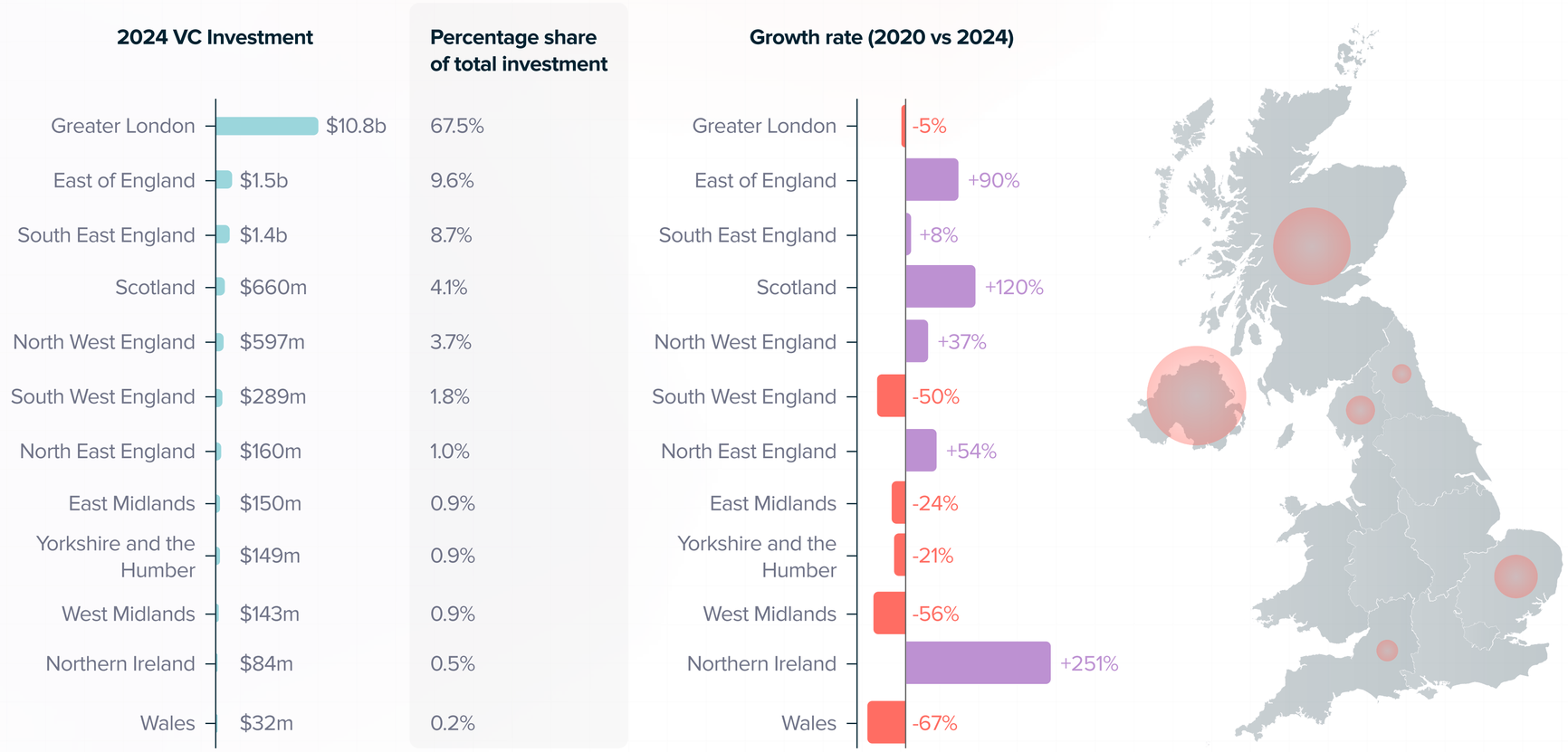
Data from Dealroom

Scotland and the East of England have seen the most significant growth in investment.

London-based startups raised 7x more than any other UK region in 2024, but there are growing investment hubs across the UK. Comparing 2024 to 2020 pre-boom investment levels, Scotland saw VC funding increase by 120% to $660m, while investment into the East of England increased by an impressive 90% to $1.5b.

While Northern Ireland saw significant growth in percentage terms, investment increased from a very small base to $84m in 2024, accounting for 0.5% of total UK investment.

UK VC investment in European context



Data from Dealroom

London-based founders give up the least equity (11.6%) when raising early-stage funding, while founders in the North East and Northern Ireland sacrifice around 25% of their businesses.

Securing a high valuation is key for founders as it directly impacts how much of their company they retain when raising capital. With the highest average pre-money valuations in the UK, founders in London retain the most ownership of their businesses at the earliest stages, followed by founders in the North West and South East England.

Founders in Northern Ireland and North East England experience the highest dilution when raising their early investment round (24.7% and 24.5% respectively), corresponding with the lowest pre-money valuations.

UK Early-Stage Funding: Equity Dilution by Region

Sorted by dilution percentage (lowest to highest)

REGION	DILUTION %	AVERAGE RAISE	AVERAGE PRE-MONEY VALUATION
London	11.6%	£338,029	£2,570,634
North West England	12%	£299,093	£2,201,732
South East England	12.6%	£341,000	£2,363,704
Scotland	13.1%	£329,066	£2,191,412
South West England	13.8%	£324,714	£2,028,907
East of England	14.3%	£311,440	£1,870,831
East Midlands	16.4%	£339,889	£1,738,250
West Midlands	18%	£317,667	£1,444,196
Yorkshire and the Humber	18.2%	£343,708	£1,543,200
Wales	20.8%	£365,431	£1,389,021
North East England	24.5%	£316,667	£976,667
Northern Ireland	24.7%	£333,333	£1,016,667

Based on 1,534 UK companies using Shipshape.vc in the 24 months up to Feb 2025 raising between £100k-£500k. Dilution is the portion of the company that founders give up to investors. Dilution percentage is calculated by dividing the investment amount by the total company value after investment (pre-money valuation plus the investment amount).

Data from Shipshape.vc

> We need to reinvent London as an attractive place to live and to attract wealthy people – VCs, PEs, and family offices – and the funding associated with that.



George Hadjigeorgiou
ZOE

> 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 Midlands is an industrial hub with a very high quality of life, a huge network of universities and a thriving tech scene. We have universities within 10 miles of my office which have advanced degree programmes in additive and advanced manufacturing– that's super rare.



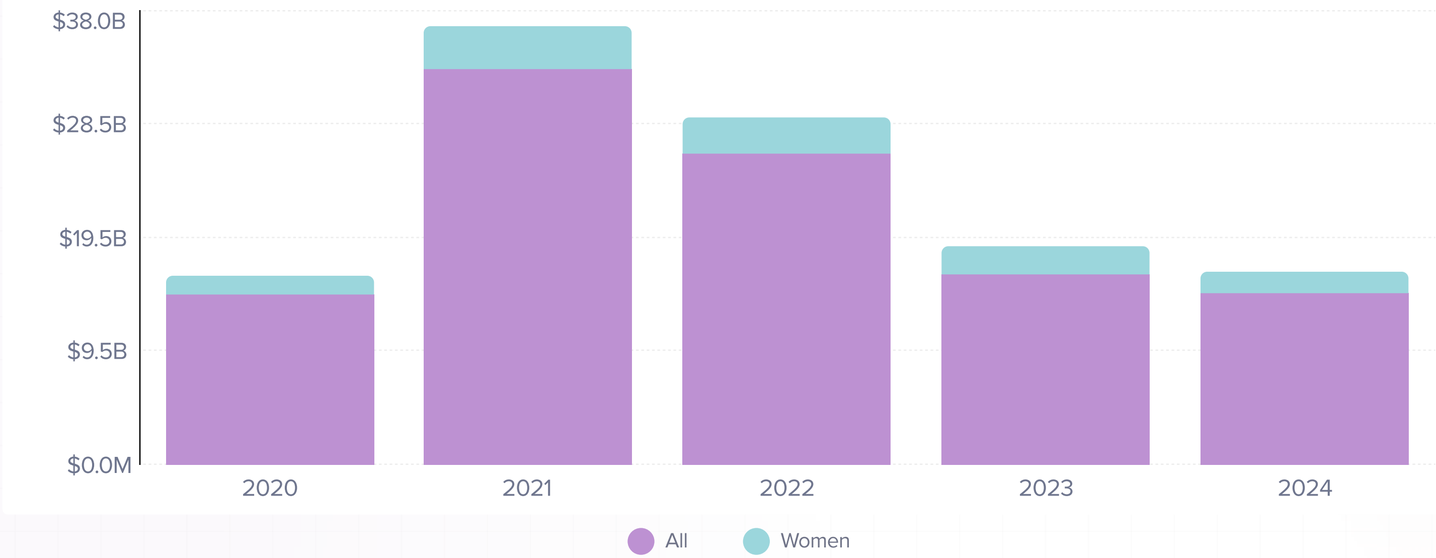
Melissa Snover
Rem3dy Health

Women raised 10.5% of total VC investment in 2024 as numbers continue to stall.

Of the $16.1b raised by UK tech startups in 2024, just $1.7b went to companies with at least one woman co-founder.

While the proportion of investment flowing to tech startups founded by women has more than doubled in the past decade (from 5% in 2014), there's still significant progress to be made, with numbers flatlining at between 9-12% over the past five years.

UK Investment Distribution (2020-2024)



Percentage of Investment to Women-led Companies

2020	2021	2022	2023	2024
9.6%	9.3%	10.2%	11.8%	10.5%

Women-led = companies with at least one woman co-founder.

Data from Dealroom

> The statistics for capital deployed to female-founded firms are getting worse. We need change by writing cheques and levelling the opportunity playing field; unlocking further capital to alternative investments, opening up the public sector to benefit from private sector tech advances, and increasing connectivity and action across diverse sectors to gain accelerated growth for all.



Stella Smith
pirkx

> We need policies that incentivise investment into women-led businesses. Less than 2% of capital goes to women-led businesses. If women were given the same opportunity to start and scale businesses as their male counterparts, we'd add an additional £250 billion to the economy!



Pip Jamieson
The Dots

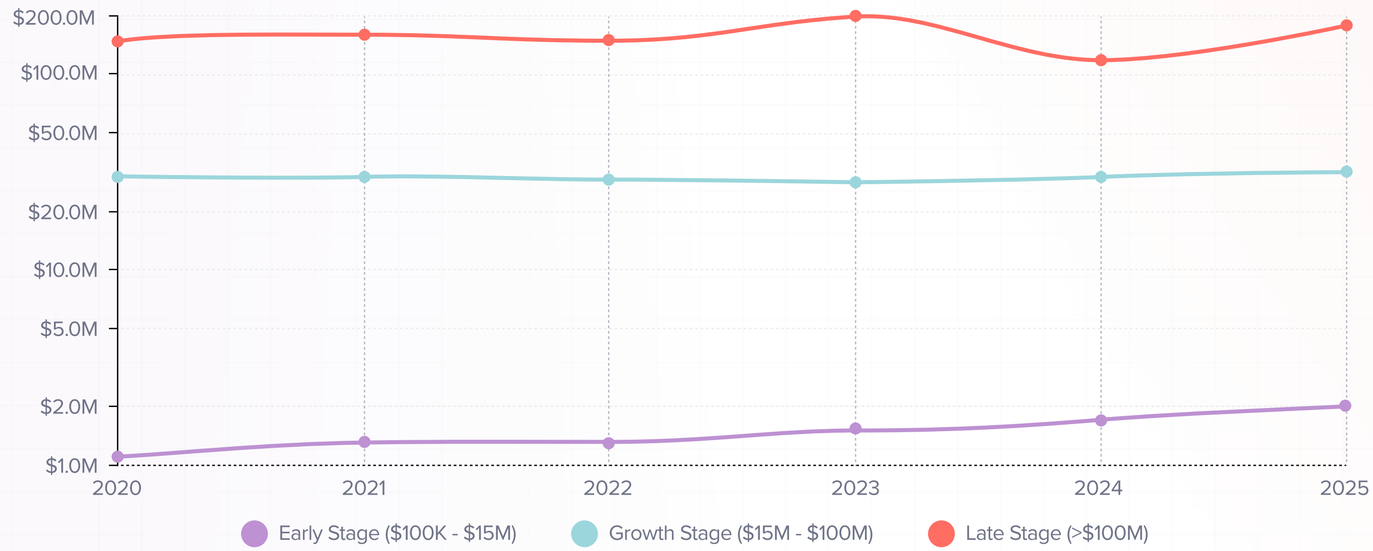
UK startups are raising bigger rounds at each stage than they were last year.

Early-stage startups, in particular, are securing bigger funding rounds than ever before, with the median early-stage round for UK startups reaching $2m this year – up from $1.7m in 2024 and nearly double the $1.1m seen five years ago.

For growth-stage companies, the median funding round now stands at $32m, compared with $30m last year, while late-stage rounds have seen a jump to a median size of $180m, up 50% from $120m in 2024.

Median Round Sizes by Funding Stage (2020-2025)

All Companies (Industry Average)



Funding Stage Growth Comparison

Early Stage ($100K - $15M)

2020	2025
$1.1M	$2.0M

CAGR (2020-25)
12.70%

Growth Stage ($15M - $100M)

2020	2025
$30.0M	$32.0M

CAGR (2020-25)
1.30%

Late Stage (>$100M)

2020	2025
$149.6M	$180.0M

CAGR (2020-25)
3.77%

Median round sizes between 2020 and 2025, based on startups founded after 1990. Analysis excludes rounds less than $100k. 2025 data recorded in March 2025.

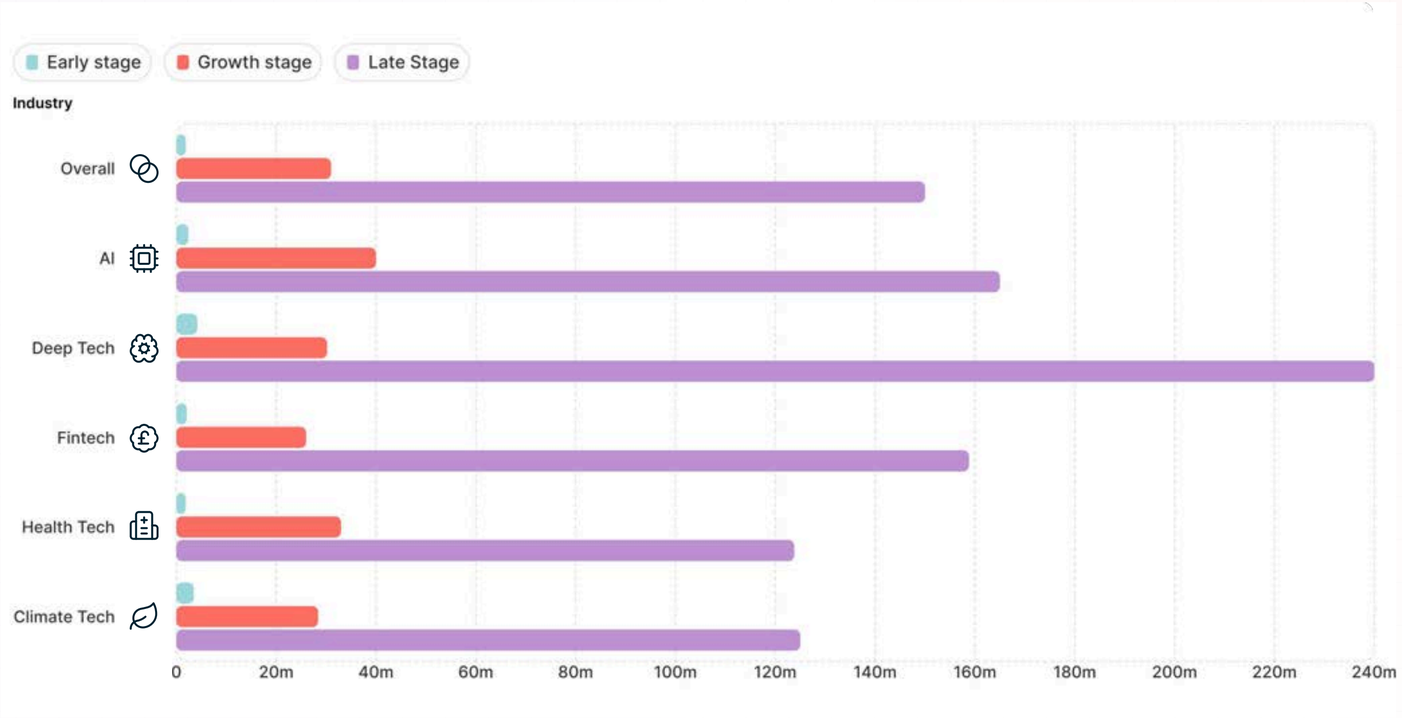
Data from Dealroom.

Deep tech startups raise the biggest rounds at early and late stage, while AI startups raise the biggest growth-stage rounds.

Considering early-stage median round sizes for UK startups across 2024 and 2025, capital-intensive deep tech startups are raising more than double the UK average, at $4.2m, followed by climate tech startups, at $3.5m.

Deep tech startups also raise the biggest late-stage rounds among all industries, while AI startups secure the largest growth-stage funding rounds, followed by health tech companies.

Median Round Sizes by Funding Stage (2020-2025)



Industry	Early stage (>$100K - $15M)	Growth stage (>$15M - $100M)	Late Stage (>$100M)
Overall	$1.9M	$31.0M	$150.0M
AI	$2.4M	$40.0M	$165.0M
Deep Tech	$4.2M	$30.2M	$240.0M
Fintech	$2.1M	$26.0M	$158.8M
Health Tech	$1.9M	$33.0M	$123.8M
Climate Tech	$3.5M	$28.4M	$125.0M

Median round sizes by industry between 2024-2025, excluding rounds less than $100k.

Data from Dealroom.

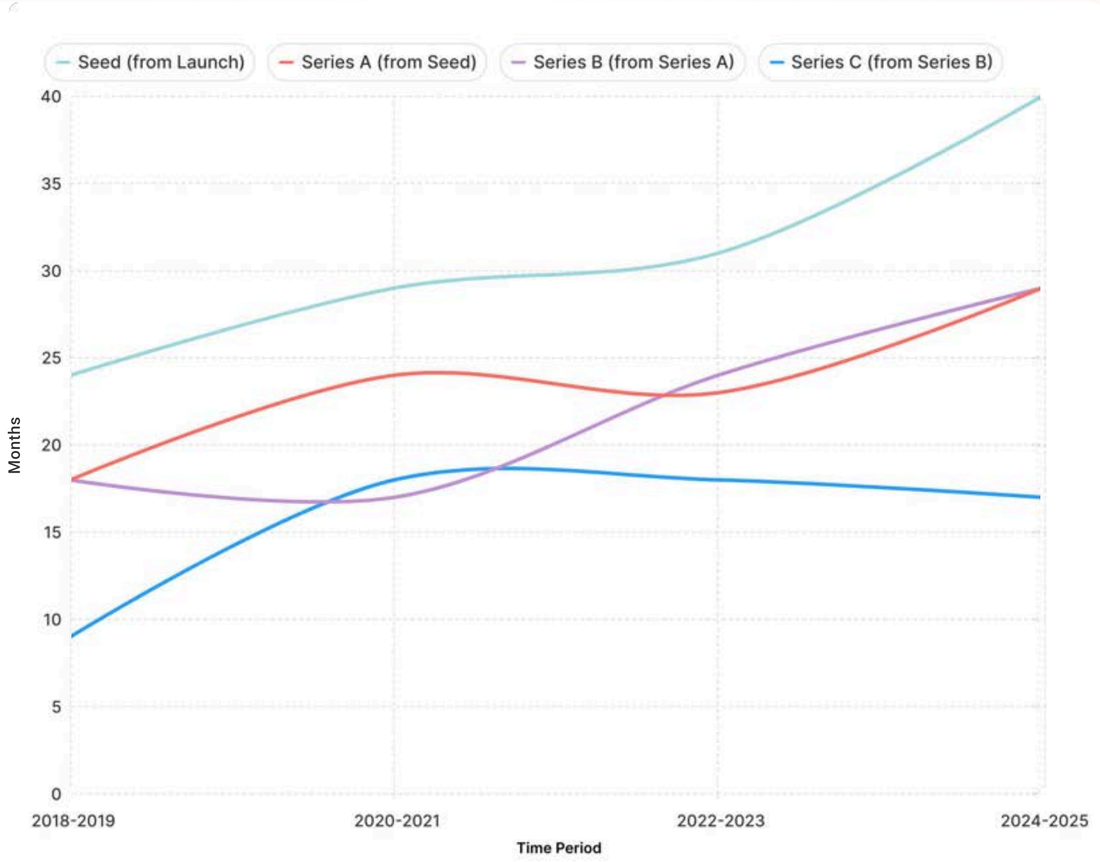
But it is taking longer to raise VC funding – the average time it takes a UK startup to go from launch to Series C has nearly doubled to 9.6 years since 2019.

Early-stage startups, in particular, are taking longer to raise funding, with the average time from launch to Seed round increasing from 24 months (2 years) in 2019 to 40 months (3.3 years) today.

Startups also take more time to raise subsequent rounds. The average period for UK startups to progress from Seed to Series A, as well as from Series A to B, has increased from 18 months (1.5 years) in 2019 to 29 months (2.4 years) today.

The average time it takes a UK startup to move from Series B to Series C increased sharply from 9 months in 2019 to 18 months in 2021, but has slightly decreased to 17 months today.

Startup Funding Timelines



Round Year	Seed	Series A	Series B	Series C	Launch to Series C
2018-2019	24 months	18 months	18 months	9 months	5.8 years
2020-2021	29 months	24 months	17 months	18 months	7.3 years
2022-2023	31 months	23 months	24 months	18 months	8.0 years
2024-2025	40 months	29 months	29 months	17 months	9.6 years

Data from Dealroom.

Seed and Series A data for 2024-2025 may be skewed slightly due to a reporting lag in early-stage rounds.
Seed data is time in months between founding and raising a seed round.



Harsha Kapre
Director, Snowflake Ventures

> We're enthusiastic about how UK founders are applying rapid advancements in generative AI to enterprise use cases.

Why the UK?

The UK tech sector is a powerhouse of innovation and the projected economic uplift from AI adoption here presents substantial opportunities for investors:

- **The UK has proven outstanding at creating the next wave of unicorn fintech companies.** There has been an important shift in investor interest towards partnering with startup founders transitioning from established financial services organisations. Without legacy technical debt or rigid corporate structures inhibiting their ability to develop, these individuals' deep domain expertise translates to leveraging data in unique ways, resulting in competitive advantages not seen in other regions.
- **Investors have access to a pipeline of talent emerging from world-class universities.** These institutions contribute to strengthening the UK's digital infrastructure, with entrepreneurs discovering remarkable ways to accelerate digital adoption across industries, creating a fertile ground for data generation and consumption – critical elements for training AI models and building data-driven applications.
- **The UK's diversity is proving to lead to fresh perspectives and innovative problem-solving.** This helps identify unmet needs and develop novel solutions for the market.

What do you look for?

We're particularly enthusiastic about how UK founders are applying rapid advancements in generative AI to enterprise use cases on Snowflake, opening new possibilities for data transformation, content creation and intelligent automation.

We're also keen on seeing how companies are building specialised AI and data applications that tackle unique challenges within specific industries. As AI scales, the need for robust governance, ethical AI development, and explainable AI becomes paramount. We're eager to support startups building tools and platforms that help organizations ensure responsible and trustworthy AI adoption.

snowflake® ventures

What are the barriers to investment?

We've observed a perceived gap in later-stage growth capital in the UK compared to the US. This often leads promising companies to seek funding or exit opportunities abroad. We see a similar challenge with the AI and tech talent pipeline, where retention remains an issue, sometimes prompting UK tech leaders to relocate headquarters to the US for better access to both capital and talent. We also observe that early-stage valuations can sometimes be higher relative to traction, and the path to massive scale and large exits may be less clear or slower than in the more mature US market.

From a tech perspective, many UK businesses grapple with data accessibility, consistency and transparency, impeding effective AI integration. While some sectors like banking and finance lead in AI adoption, broader integration across all industries is crucial to maximise AI's economic impact. Furthermore, fragmented data environments and legacy infrastructure within UK enterprises can complicate the adoption of new data and AI solutions for our portfolio companies. Restricted access to large, high-quality public datasets, compared to some markets, can occasionally limit certain types of AI innovation.

What needs to change?

Initiatives focused on data governance and democratisation, such as promoting data sharing frameworks and secure marketplaces, are essential to fuel AI innovation and strengthen the UK's position as a global tech and AI leader. It's equally important to continue developing agile regulatory sandboxes and proactive, sector-specific AI policies that foster innovation without stifling technological advancements. Promoting a 'scale-up' culture through mentorship, networks, and resources will be vital in supporting ambitious companies navigating hyper-growth.

snowflake® ventures

Fundraising Tips

1 Demonstrate clear, measurable value for customers

Our ideal partners articulate how building on Snowflake accelerates time-to-value, reduces operational costs, provides unique insights, or enables new data-driven workflows for our customers.

2 Exhibit deep domain expertise

Clearly identify and solve a pressing, scalable problem within your target industry, backed by proof of concept or early traction.

3 Demonstrate commitment

Be an active part of the Snowflake ecosystem. We want to see visionary leadership and a clear roadmap for growth.



MOST ACTIVE INVESTORS

Who are the most active investors in UK tech startups?

SFC Capital, the UK's leading SEIS fund, is the most prolific investor in early-stage startups, while Octopus Ventures is the most frequent investor in growth-stage startups, based on the number of VC rounds they have participated in over the past five years.

The Business Growth Fund leads the way for late-stage investments and, together with Octopus, is among the most active investors across all stages. Only two international firms feature and both are headquartered in the US: Insight Partners at growth stage and BlackRock at late stage.

Early Stage (Seed, Series A)

Name	HQ	Type	Preferred round	Number of rounds ↓
SFC Capital	United Kingdom	Angel, VC	SEED	**456**
Mercia Asset Management	United Kingdom	PE, VC	SEED	**165**
Scottish Enterprise Growth Investments	United Kingdom	VC	SEED	**139**
Fuel Ventures	United Kingdom	VC	SEED	**132**
Seedcamp	United Kingdom	VC	SEED	**127**
Haatch	United Kingdom	VC	SEED	**118**
Octopus Ventures	United Kingdom	VC	SERIES A	**103**
Business Growth Fund	United Kingdom	PE, VC	GROWTH EQUITY	**94**
Maven Capital Partners	United Kingdom	PE	SEED	**82**
Ascension	United Kingdom	VC	SEED	**73**

Data from Dealroom.

Growth Stage (Series B, Series C)

Name	HQ	Type	Preferred round	Number of rounds ↓
Octopus Ventures	United Kingdom	VC	SERIES A	**26**
Molten Ventures	United Kingdom	VC	SERIES B	**24**
British Patient Capital	United Kingdom	VC	SERIES B	**21**
Latitude	United Kingdom	VC	SERIES B	**18**
Business Growth Fund	United Kingdom	PE, VC	GROWTH EQUITY	**18**
Index Ventures	United Kingdom	VC	SERIES A	**16**
Balderton Capital	United Kingdom	VC	SERIES A	**15**
Insight Partners	USA	PE, VC	SERIES B	**14**
IQ Capital	United Kingdom	VC	SEED	**14**
Oxford Science Enterprises	United Kingdom	VC	SEED	**14**

Late Stage (Series D+)

Name	HQ	Type	Preferred round	Number of rounds ↓
Business Growth Fund	United Kingdom	PE, VC	GROWTH EQUITY	**69**
Maven Capital Partners	United Kingdom	PE	SEED	**34**
LDC	United Kingdom	PE	ACQUISITION	**32**
Foresight Group	United Kingdom	PE	SEED	**24**
Mercia Asset Management	United Kingdom	PE, VC	SEED	**16**
YFM Equity Partners	United Kingdom	PE	EARLY VC	**16**
IW Capital	United Kingdom	PE	GROWTH EQUITY	**13**
Balderton Capital	United Kingdom	VC	SERIES A	**13**
Octopus Ventures	United Kingdom	VC	SERIES A	**12**
BlackRock	USA	PE, VC	GROWTH EQUITY	**11**

Top 10 most active investors by VC rounds participated in the last five years (2020-2025).

Data from Dealroom.

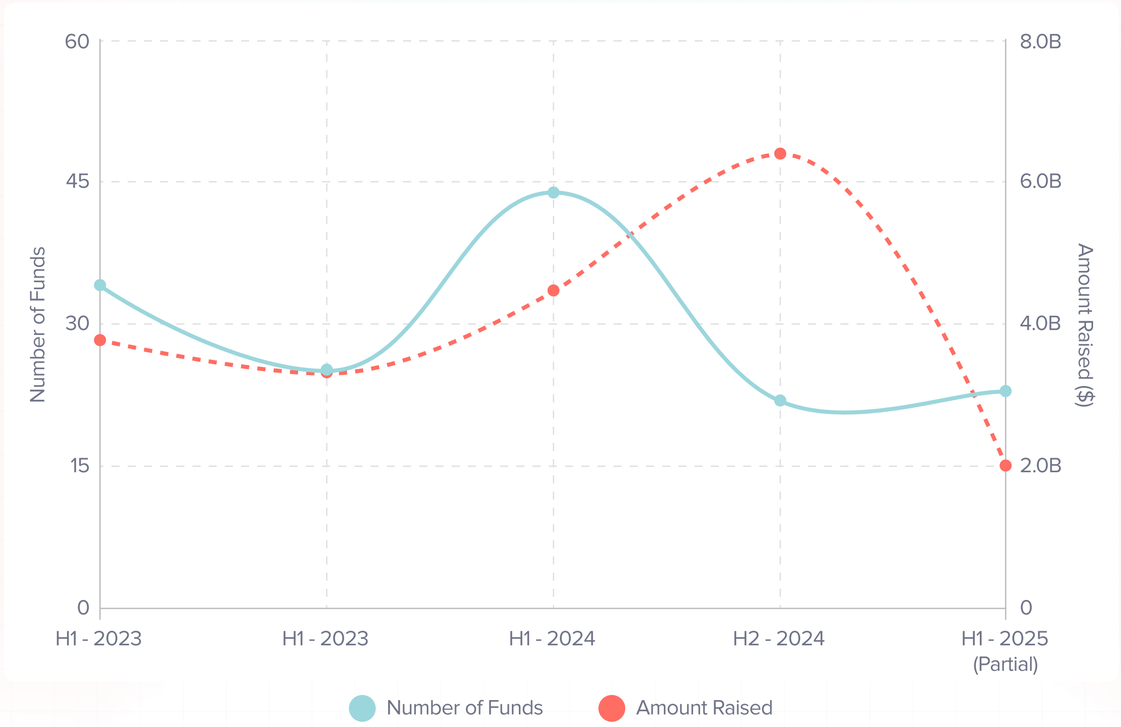


FUNDS

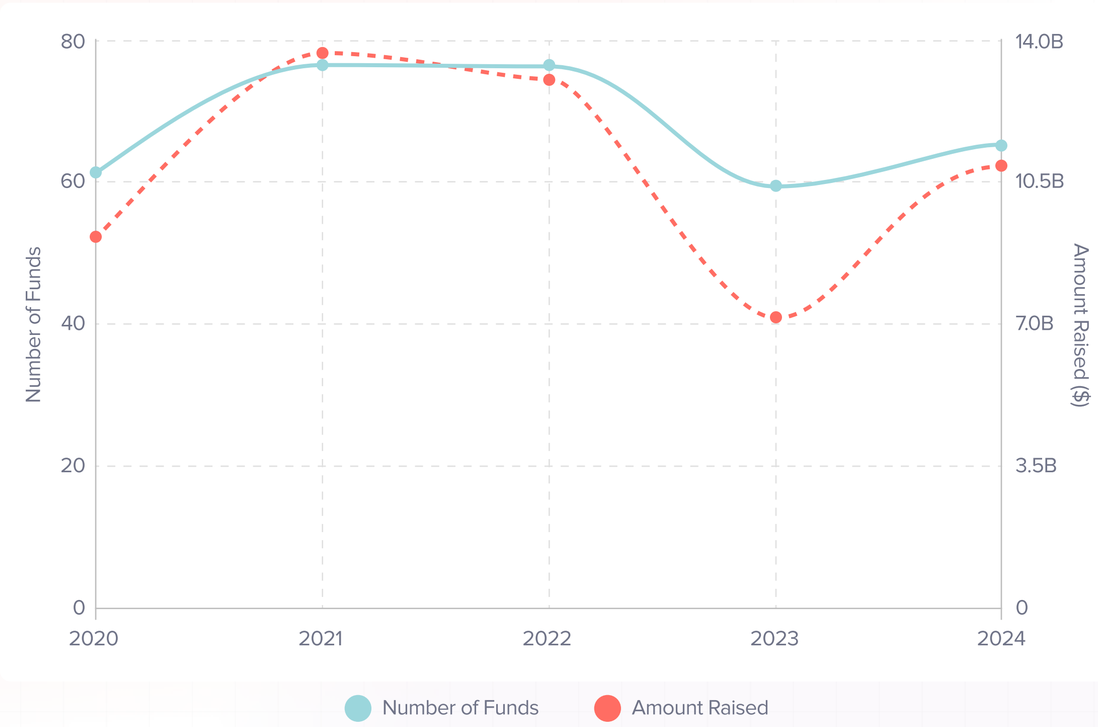
UK VCs have raised 23 new funds so far in H1 2025, worth $2b.

UK VCs are building up dry powder ready to invest, with both the number of new funds and capital raised rebounding in 2024. UK VCs raised 66 new funds in 2024 worth $10.9b, up 53% compared with the previous year.

UK VC Funds — Half-Year Comparison



UK VC Funds - Annual Comparison



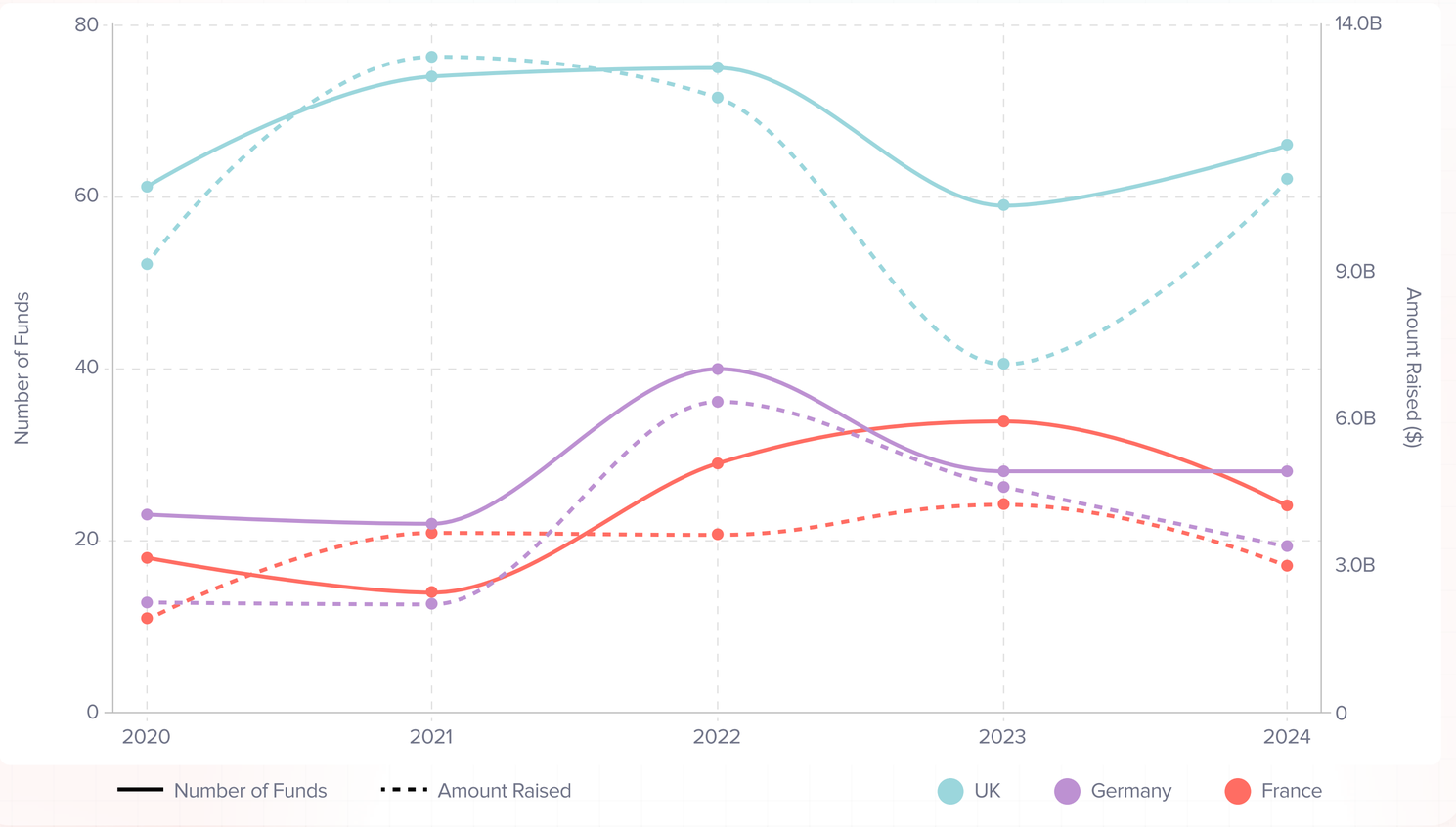
H1 2025 data recorded in May 2025.

Data from Dealroom

UK VCs raise 3-5x more capital than funds in France or Germany as the UK strengthens its position as Europe's number one VC ecosystem.

UK VCs raised 70% more than VCs in France and Germany combined in 2024 ($10.9b vs $6.4b). Plus, while UK funding rebounded strongly, VC fundraising activity in both France and Germany declined.

VC funds in a European Context



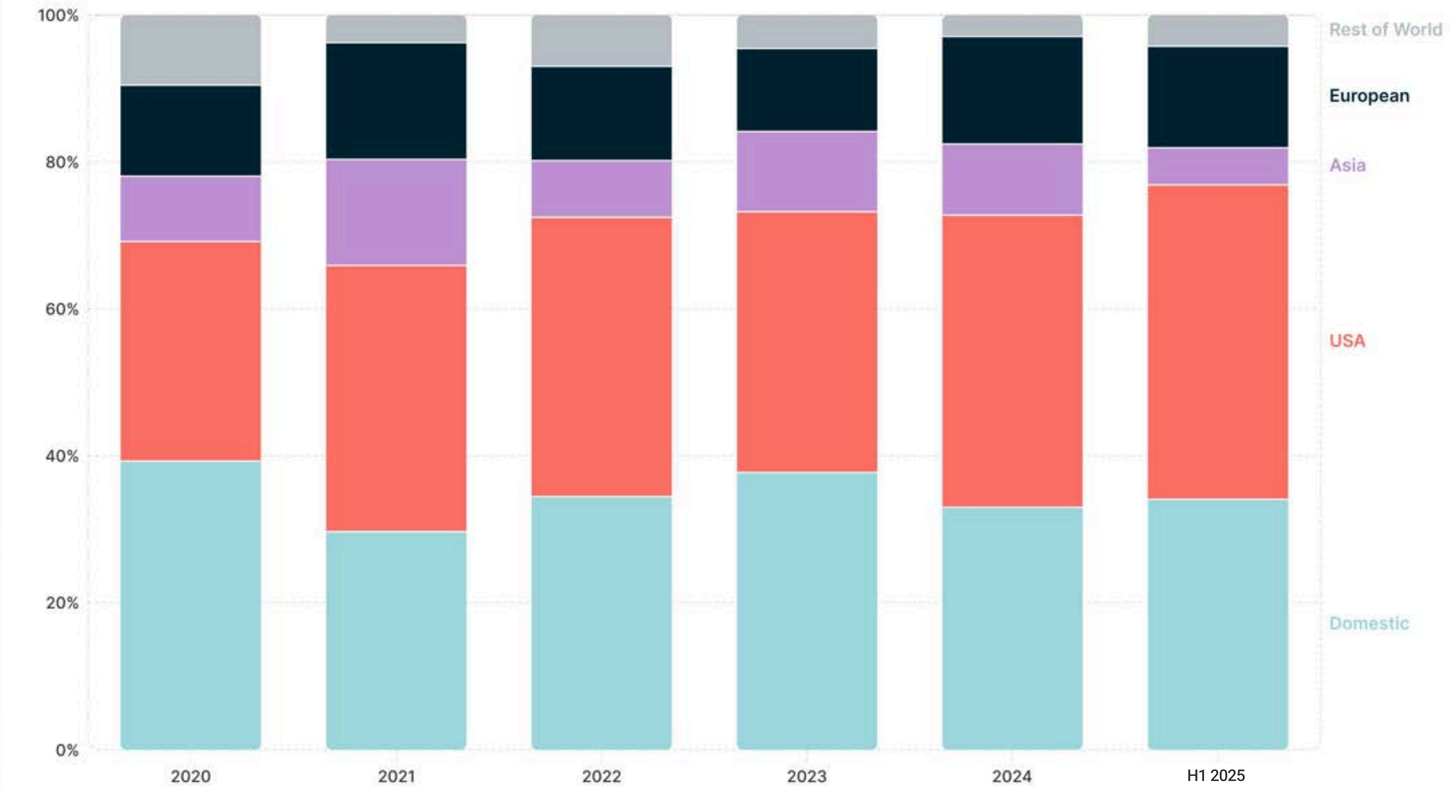
Data from Dealroom

43% of UK VC investment in H1 2025 originates from funds in the United States.

UK tech is reliant on overseas investment, with 66% of VC investment in H1 2025 coming from international sources – a pattern that has remained consistent over the past five years.

The US is the strongest international backer of UK tech, followed by Europe (contributing 14% of VC investment in H1 2025), while the proportion of funding provided by funds in Asia has halved, falling from 10% in 2024 to 5% in H1 2025.

VC funds in a European Context



H1 2025 data recorded in May 2025.

Data from Dealroom

> VC funding is a powerful tool to unlock growth. We need to allocate capital to the best VC managers in the UK who will in turn try and seek out the best companies.



Sam Endacott

firstminute capital

> We need to concentrate investment on the very small number of incredibly ambitious startups that can have global impact.



Harry Briggs

ASTANOR

> Enhancing the UK's scaleup ecosystem necessitates broadening LP participation, refining tax incentives, and effectively attracting and retaining talent. Encouraging a diverse range of LPs, including pension funds, to allocate capital to VC funds can significantly boost the availability of growth-stage funding.



Temi Marcella

ALCENT

> The Government's initial steps towards making pension capital available for private company investing are hopefully indicative of an enduring shift which will help support innovation, create jobs, accelerate growth of the economy, and make us all even more proud of the UK's vast entrepreneurial potential.



Rytis Vitkauskas

DIG. ventures



UNICORNS, SOONICORNS **& EXITS**

The UK has produced 163 unicorn companies in history with 90% staying and scaling in the UK.

149

stayed and scaled in the UK



14

moved abroad



11

of those went to the US

ElevenLabs

ZWIFT

worldpay

Unicorn numbers recorded in May 2025.

Today, there are 170 all-time unicorn companies **headquartered** in the UK...*

148

are UK companies



22

were founded abroad and relocated to the UK

Flo

WISE

Rapyd

*All-time unicorns are companies that have been a unicorn at any stage in their history. This includes privately held startups with a value of more than $1 billion and those that achieved a $1b+ exit via going public or acquisition.

The UK has...

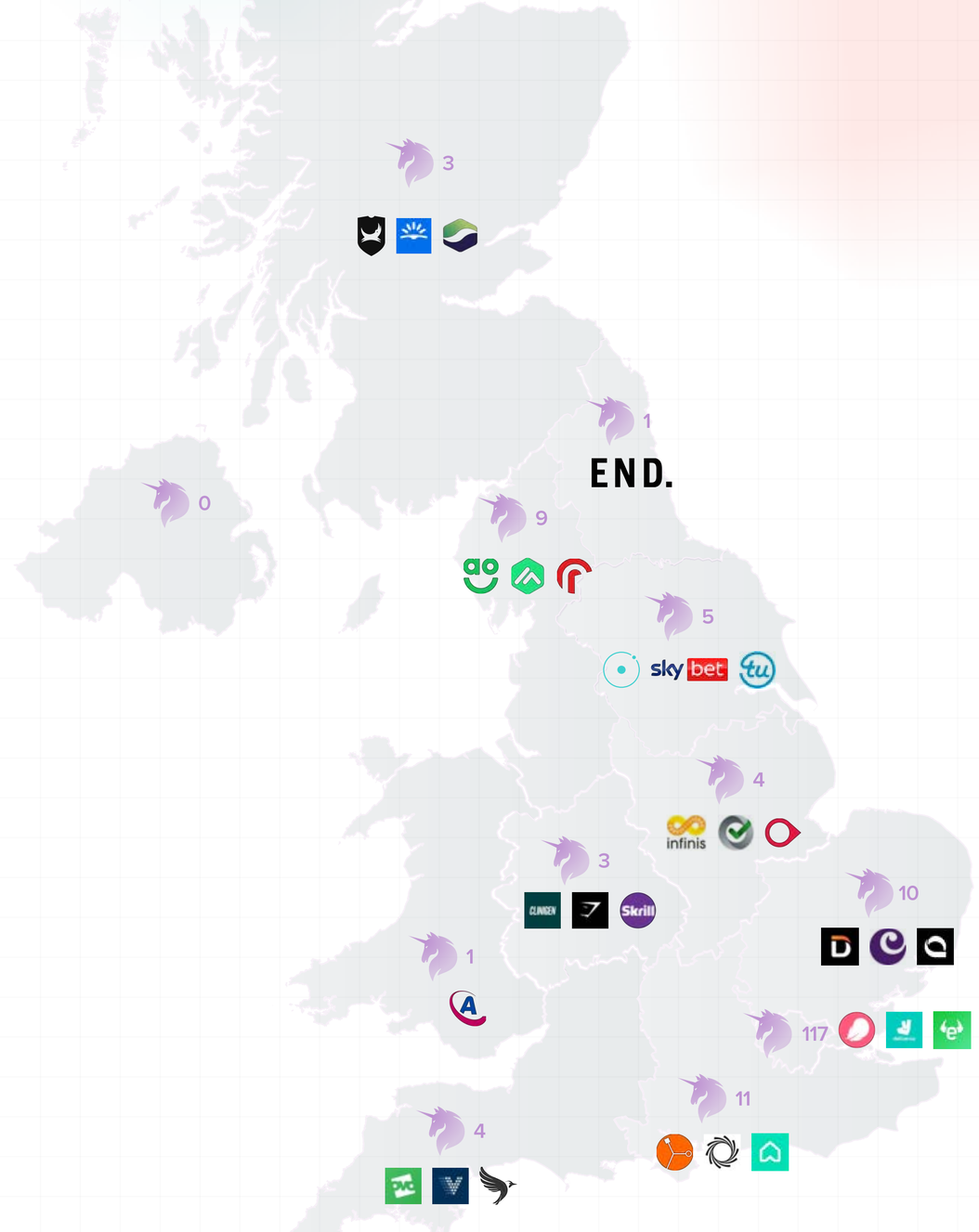
48 active unicorns

Unicorns founded and headquartered in the UK that are still VC-backed and privately-owned today.

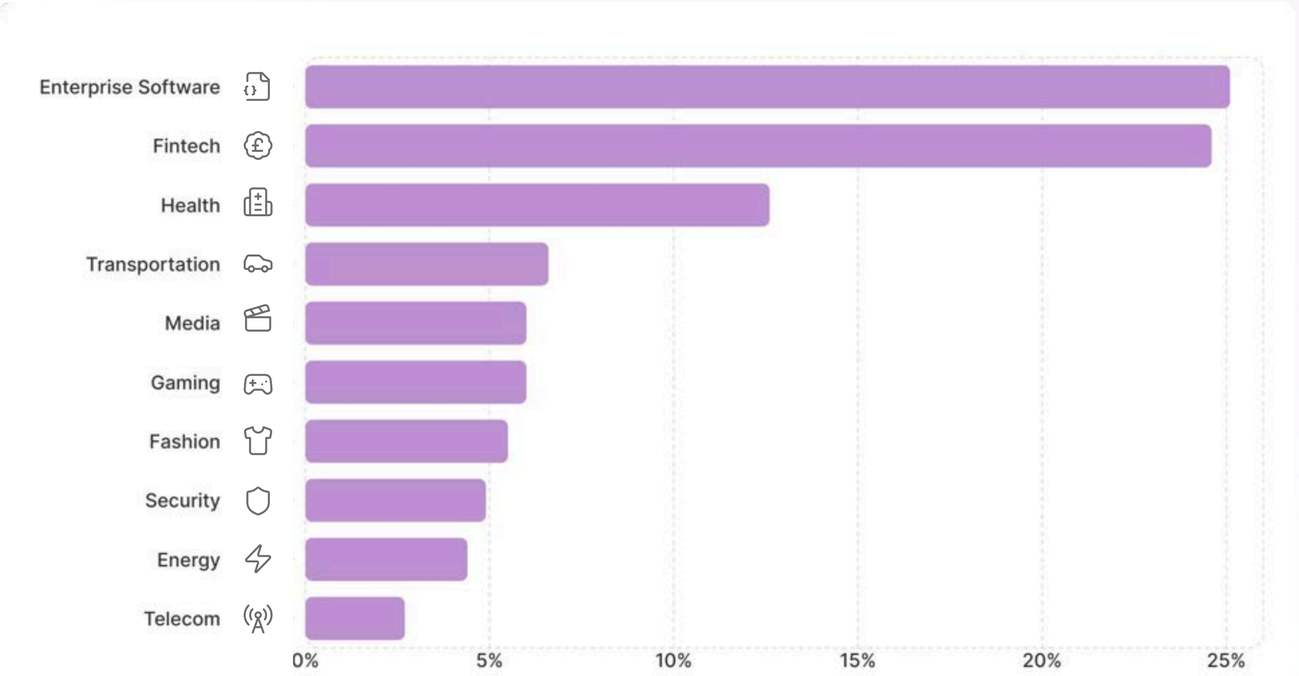


Data from Dealroom.

1 in 4 UK unicorns are fintech or enterprise SaaS companies and 70% are headquartered in London.



UK Unicorn Companies by Industry (% of Total)



Data from Dealroom. Unicorn numbers recorded May 2025. Analysis based on all-time unicorn companies.

1 in 3 UK unicorns are founded by serial entrepreneurs with a significant number graduating from the UK's top universities.

8%

of UK unicorns have women founders or co-founders.

synthesia Starling Bank DARKTRACE

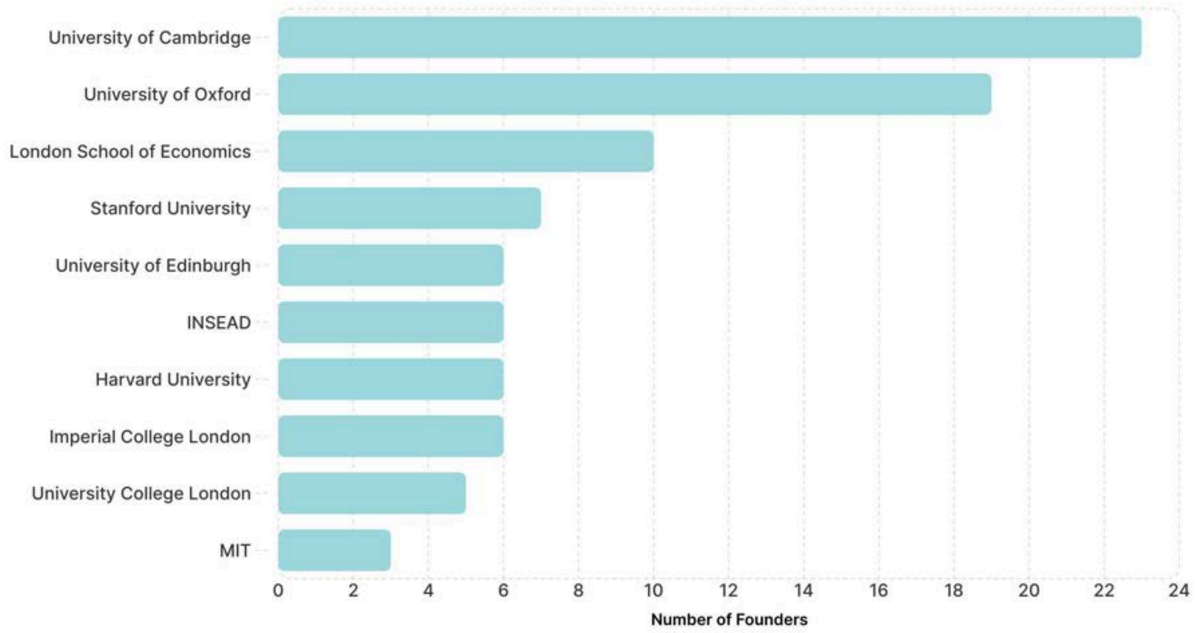
36%

are founded or co-founded by a serial entrepreneur.

Revolut monzo Entain

42

founders of UK unicorns are University of Cambridge or Oxford alums.

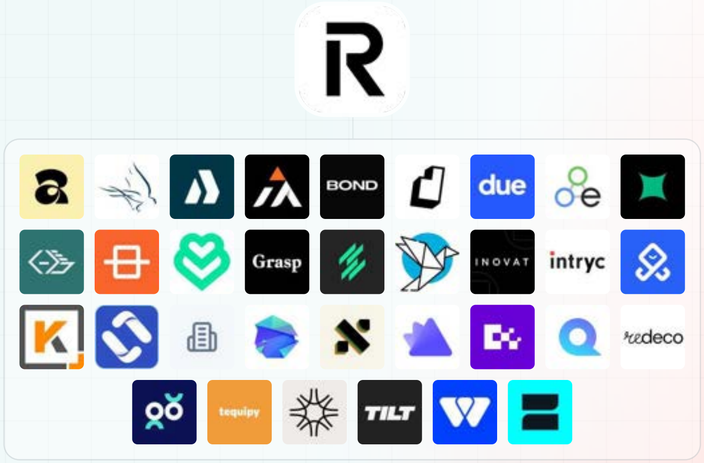


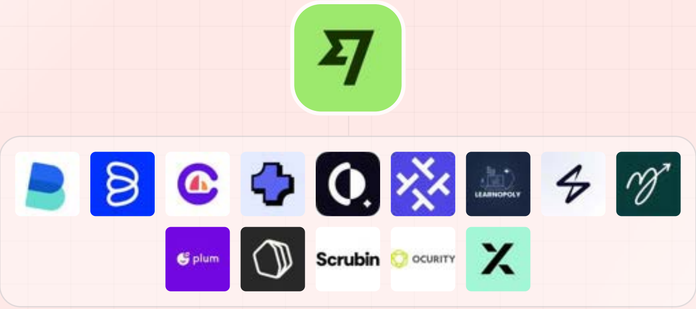
Analysis based on all-time unicorn companies. Data from Dealroom.

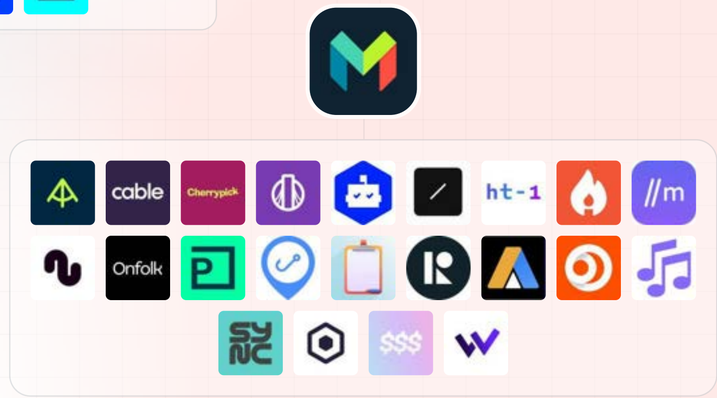
42 UK unicorns have fuelled 259 startups across the UK raising more than $4.4b.

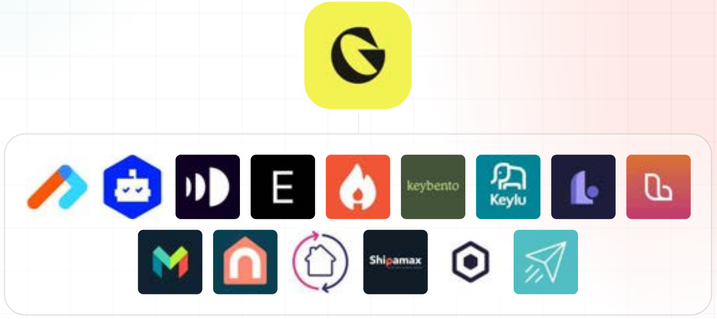
When they scale, the UK's unicorn companies create a startup network effect with employees leaving to found their own startup success stories.

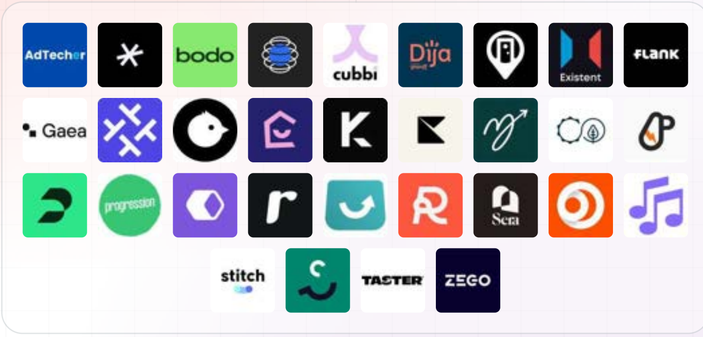
Revolut is the UK's biggest unicorn 'founder factory', with 33 UK startups raising $241m founded by former employees (including the likes of Apron and Fuse Energy), followed by Deliveroo (32 startups raising $454m including insurtech unicorn, Zego), and Monzo, which itself was founded by former employees from GoCardless and Starling Bank.











Unicorn	Number of startups founded by former employees	Raised
Revolut	33	$241m
Deliveroo	32	$454m
Monzo Bank	22	$104m
GoCardless	15	$2.1b
Wise	14	$236m
Babylon	13	$50m
Improbable	13	$39m
Skyscanner	13	$38m
OVO Energy	10	$152m
Checkout.com	9	$264m

Data from Dealroom. Analysis based on all-time unicorn companies.

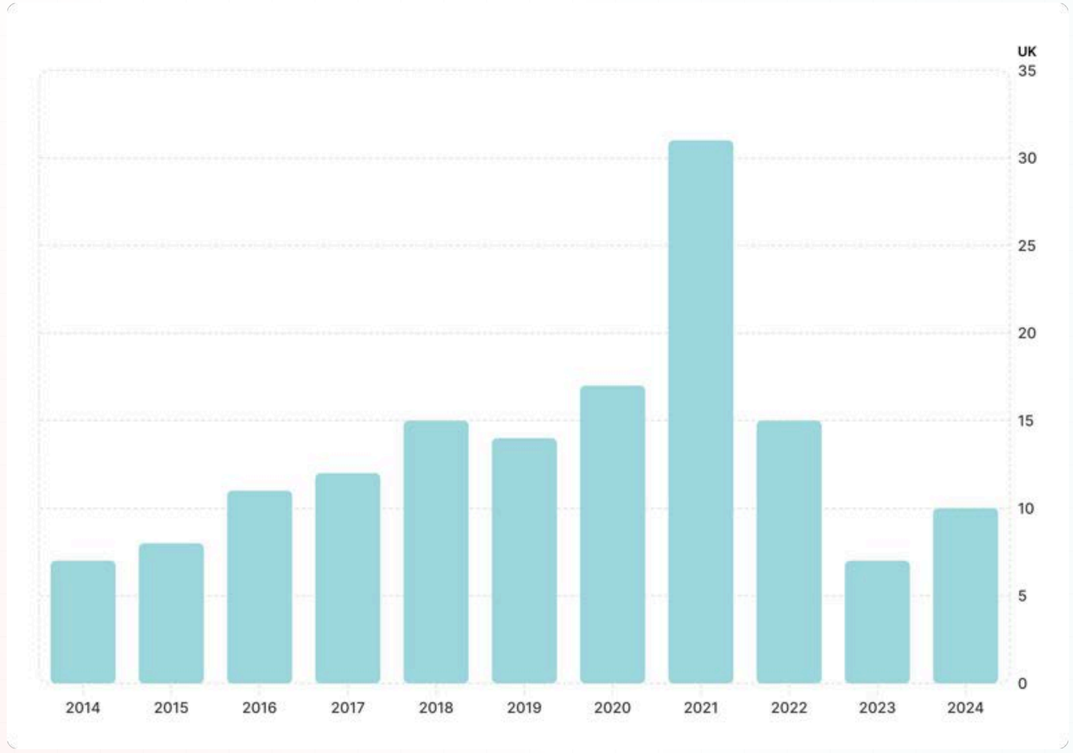
The number of new unicorn companies produced in the UK has stalled in the past two years, following wider market trends.

10 new UK unicorns were born in 2024 – including Flo Health, Quantinuum, and Wayve – though the number of new unicorns produced in the UK and across Europe has declined substantially since 2021.

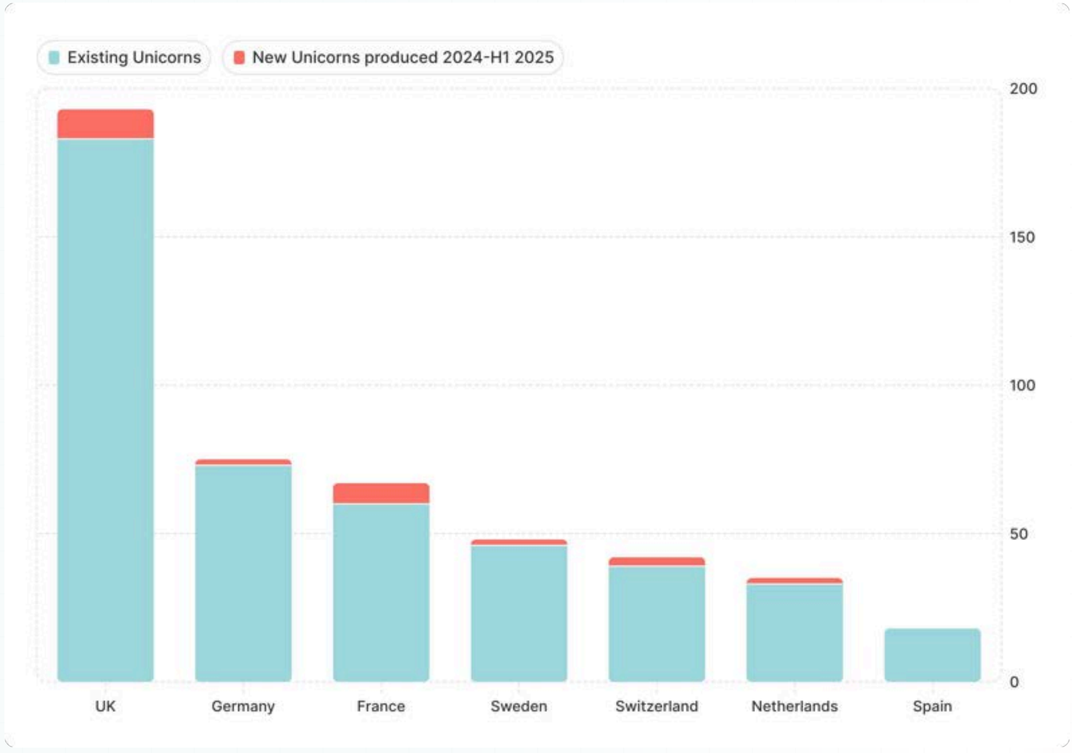
Still, the UK leads the way for unicorn creation in Europe and boasts more unicorn companies than its closest European competitors – France, Germany, and Sweden – combined.

In H1 2025, 2 new unicorns have been produced in the UK – AI drug discovery startup, Isomorphic Labs, and biotech company, Verdiva Bio.

New Unicorn Companies per Year



European Unicorns by Country



Unicorn companies founded or headquartered in each country.

Data from Dealroom.

However, in terms of capital efficiency, the UK creates unicorns at a comparable rate to the US.

The more investment a company raises, the more likely it is to reach a $1b valuation and become a unicorn. While the US startup ecosystem attracts the most investment in the world by far, the UK demonstrates comparable capital efficiency in turning those investment dollars into unicorns.

For example, 12% of UK companies with $100m-$250m in total funding are unicorns, compared with 14% in the US. Similarly, 51% of UK companies with $250m-$1b in total funding are unicorns, compared with 58% in the US.



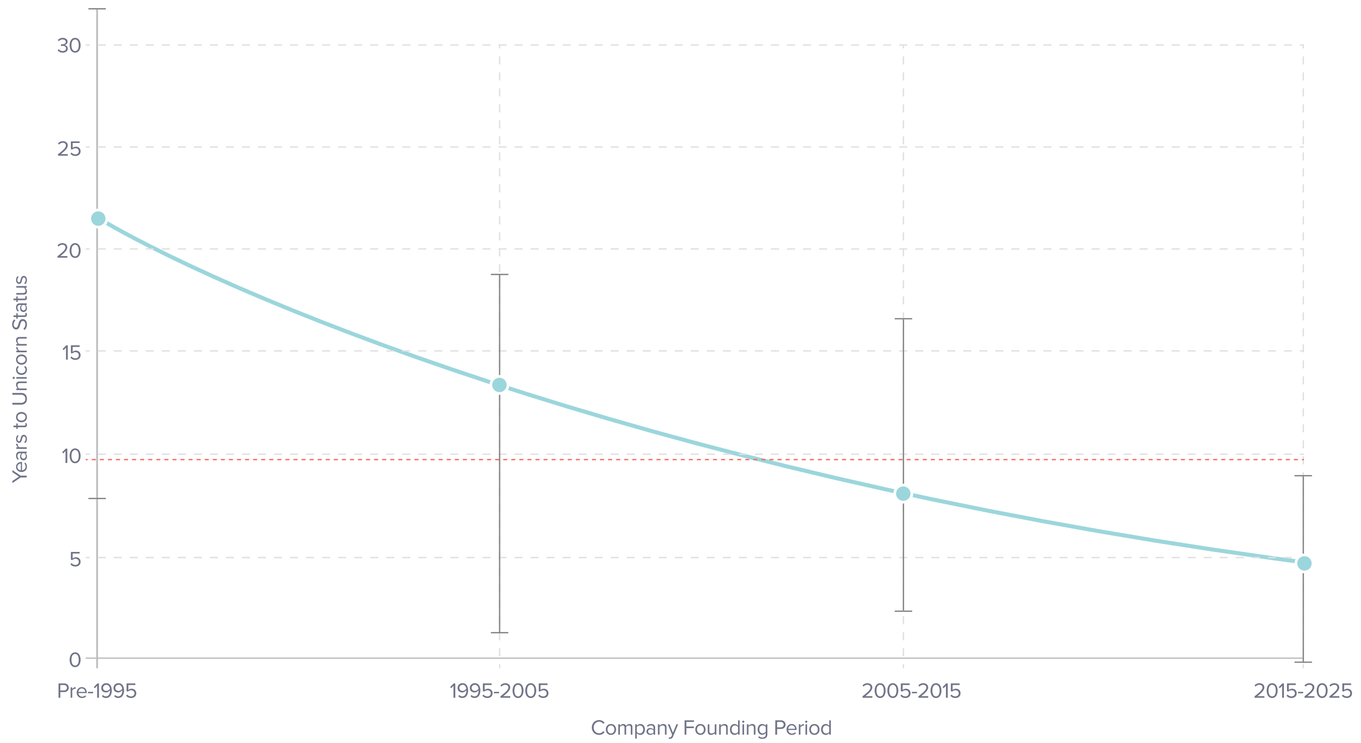
Data from Dealroom.

And companies are reaching unicorn status faster than ever before.

UK unicorns founded between 2015-2025 are reaching unicorn status in less than 5 years on average, compared with around 8 years for companies founded in the previous decade.

The UK companies that reached unicorn status the fastest include ElevenLabs (2 years from launch to a $1b+ valuation), Lastminute.com (2 years), and Revolut (3 years).

Time to Achieve Unicorn Status



Pre-1995

Average
21.6 Years

Range
8 to 30 Years

1995-2005

Average
13.2 Years

Range
2 to 18 Years

2005-2015

Average
8.3 Years

Range
3 to 16 Years

2015-2025

Average
4.8 Years

Range
0 to 9 Years

Based on analysis of 120 all-time UK unicorn companies conducted in February 2025.

Data from Dealroom

The UK is also home to 250 ‘soonicorn’ companies tipped for unicorn status.

Most UK soonicorns are fintech, health tech, or B2B SaaS companies. 65% are headquartered in London. New soonicorns to watch include AI-native software developer, Tessl, which was founded and raised $125m in Seed and Series A funding in 2024, and AI biotech startup, Latent Labs, which launched with $50m in funding in 2023.

Soonicorns by industry

Fintech	24%	Transport	7%
Health Tech	18%	Marketing	5%
Enterprise SaaS	13%	Food Tech	3%
Energy	7%		

New soonicorns, by launch date:

Tessl

London — **AI**

Feb 2024 — $125m

Latent Labs

London — **Biotech**

July 2023 — $59m

Nscale

London — **AI**

June 2023 — $185m

Hope Studios

London — **Media**

Nov 2023 — $45m

Quotient Therapeutics

Cambridge — **Biotech**

2022 — $50m

Weev

Belfast — **Energy**

2022 — $66m

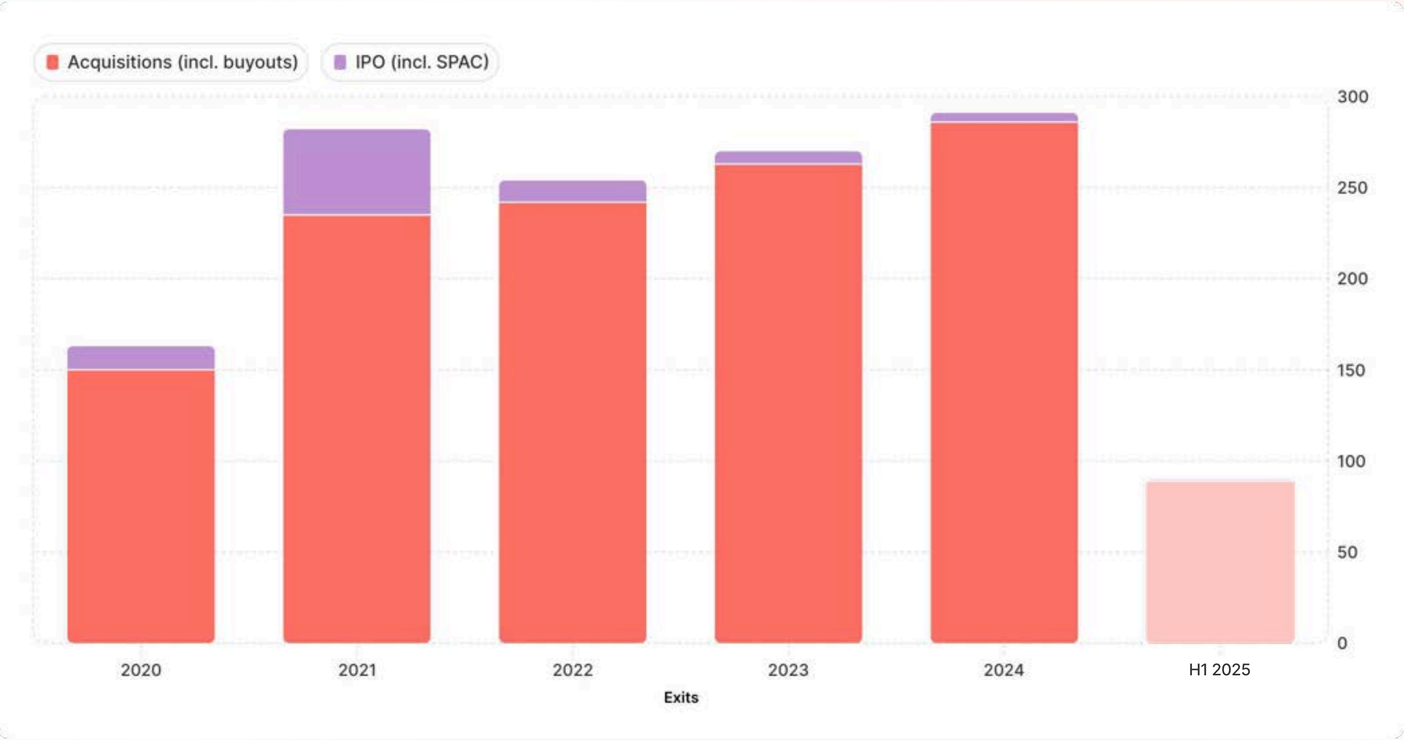
$m figure shows total funding raised.
Soonicorns are companies valued at $250m-$999m that have raised investment in the last three years, have not exited, and are on a potential unicorn track.

Data from Dealroom.

More UK tech companies exited in 2024 than ever before – and almost all of them via acquisition.

291 companies exited in 2024 and 98% of those were acquired. While acquisition activity is on an upward trajectory, tech IPOs have become almost negligible since 2021, with just 5 companies going public in 2024. In H1 2025, 90 companies have exited with just one IPO, by martech company, RedCloud.

UK Company Exits 2020-H1 2025



Deliveroo

Food Delivery

Acquired by DoorDash

£2.9b May 2025

Dotmatics

Biotech

Acquired by Siemens

$5.1b April 2025

Esure Group

Fintech

Acquired by Aegeas

£1.3b April 2025

Raspberry Pi

Hardware

IPO on the LSE

$200m June 2024

H1 2025 data recorded in May 2025.

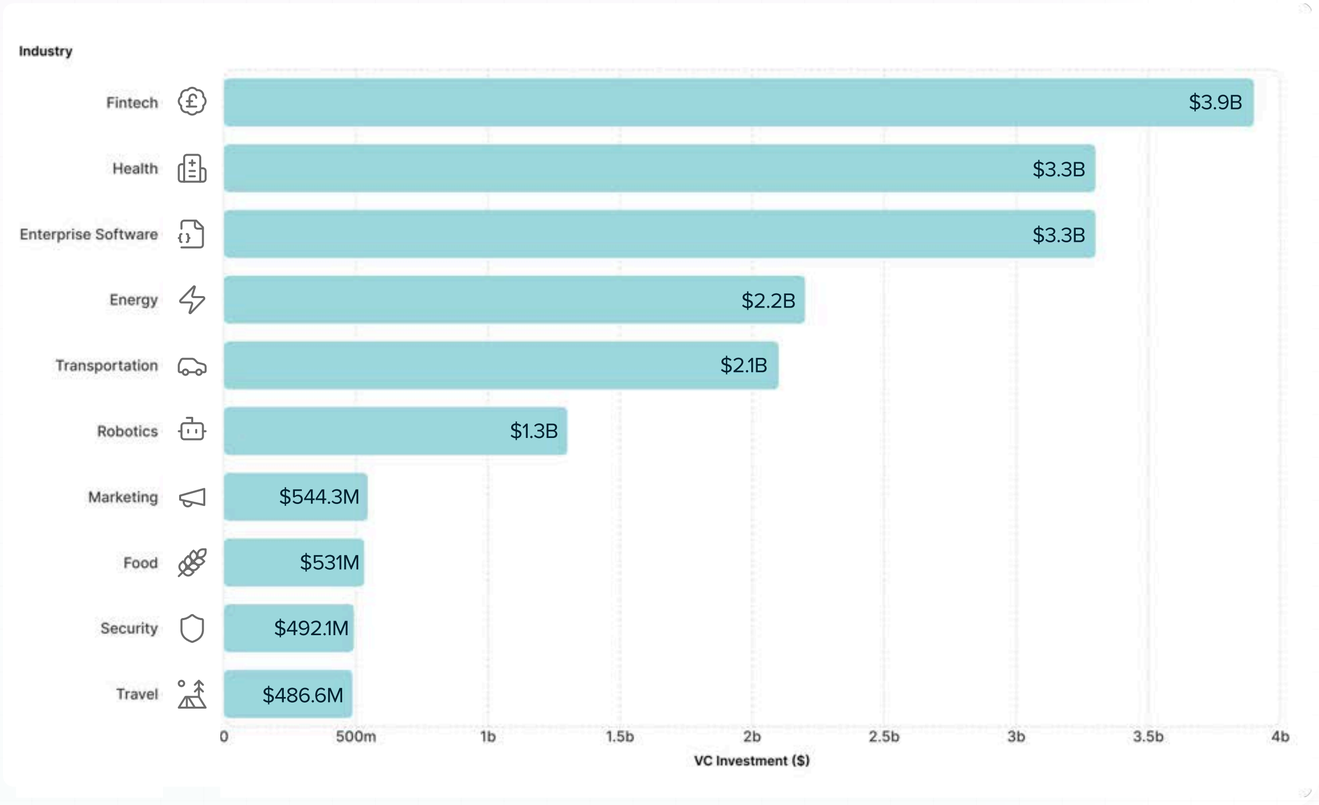
Data from Dealroom

TOP SECTORS

Fintech, health tech, and enterprise SaaS are the top tech sectors in the UK based on total VC investment.

Fintech startups raised $3.9b in 2024, 18% more than companies in health tech and enterprise software, both at $3.3b.

Top UK tech sectors by VC investment



Total VC investment raised by UK tech startups by sector in 2024.

Data from Dealroom

Robotics is the fastest-growing tech sector in the UK, while telecoms and fashion tech have seen funding decline.

As industries automate, investment in UK robotics companies has flourished, achieving an impressive 83% CAGR over the past five years and reaching $1.3b in 2024. Other emerging sectors – event tech, music tech, and web hosting – have also experienced strong growth in investment, though starting from smaller bases.

While most of the UK's largest tech sectors have demonstrated resilience, fintech has seen a slight decline in funding since its peak during the 2021-22 boom. Telecoms and consumer-focused sectors such as fashion, food, and sports have experienced the most significant funding declines.

INDUSTRY	2020	2024	CAGR (2020 - 2024) ↓
Robotics	$115.0m	$1.3b	83.36%
Event Tech	$22.5m	$66.9m	31.31%
Music	$47.4m	$116.0m	25.07%
Hosting	$218.0m	$431.0m	18.58%
Energy	$1.3b	$2.2b	14.06%
Travel	$320.0m	$518.0m	12.80%
Gaming	$180.0m	$291.0m	12.76%
Enterprise Software	$2.3b	$3.3b	9.45%
Transportation	$1.5b	$2.1b	8.78%
Health	$2.5b	$3.3b	7.19%
Education	$126.0m	$163.0m	6.65%
Semiconductors	$456.0m	$419.0m	-2.09%
Media	$368.0m	$294.0m	-5.46%
Wellness Beauty	$133.0m	$102.0m	-6.42%
Fintech	$5.2b	$3.9b	-6.94%
Marketing	$766.0m	$532.0m	-8.71%
Legal	$359.0m	$224.0m	-11.12%
Food	$940.0m	$523.0m	-13.63%
Sports	$411.0m	$204.0m	-16.06%
Fashion	$366.0m	$156.0m	-19.20%
Telecom	$841.0m	$83.4m	-43.88%

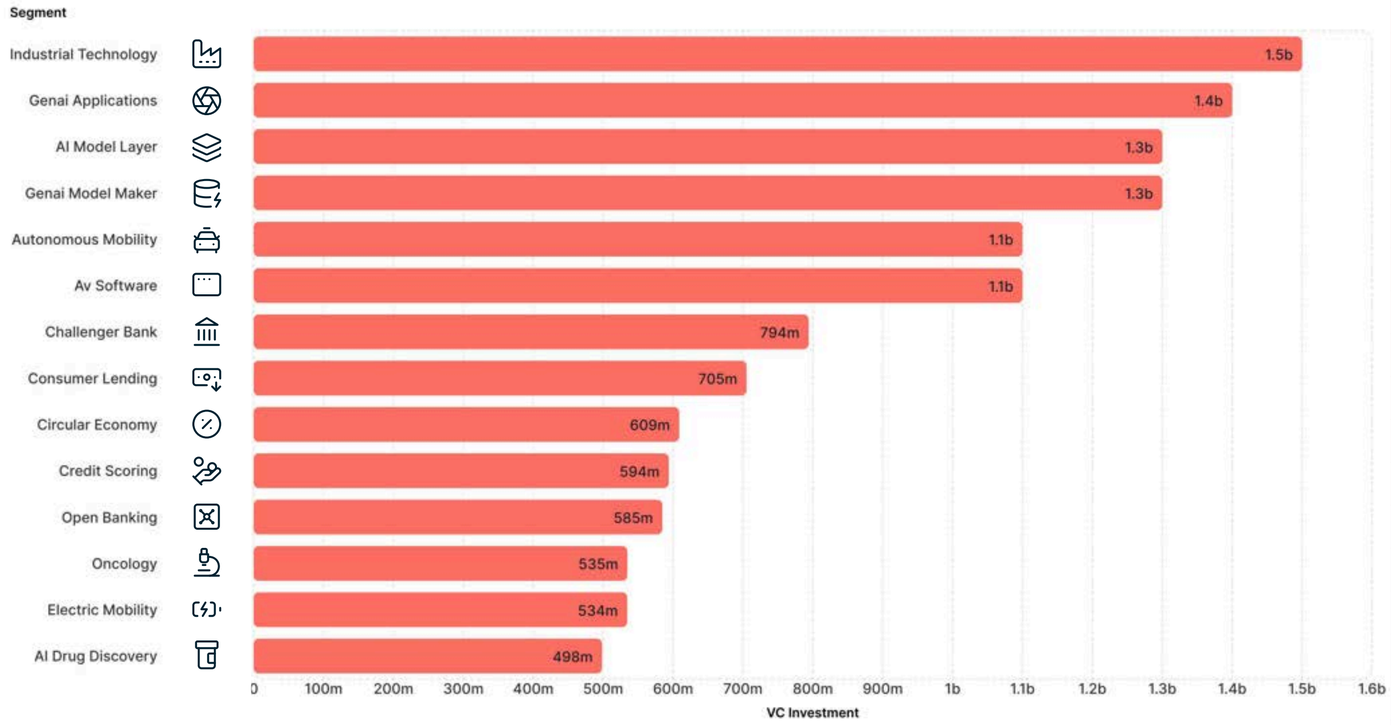
Data from Dealroom.

Fastest-growing industries based on CAGR of VC investment between 2020 and 2024.

Industry tech and generative AI applications lead the way for investment in new, frontier technologies.

AI and other innovative technologies modernising industry, finance, health, and mobility are the hottest tickets for VC investors.

Top UK frontier technologies by VC investment

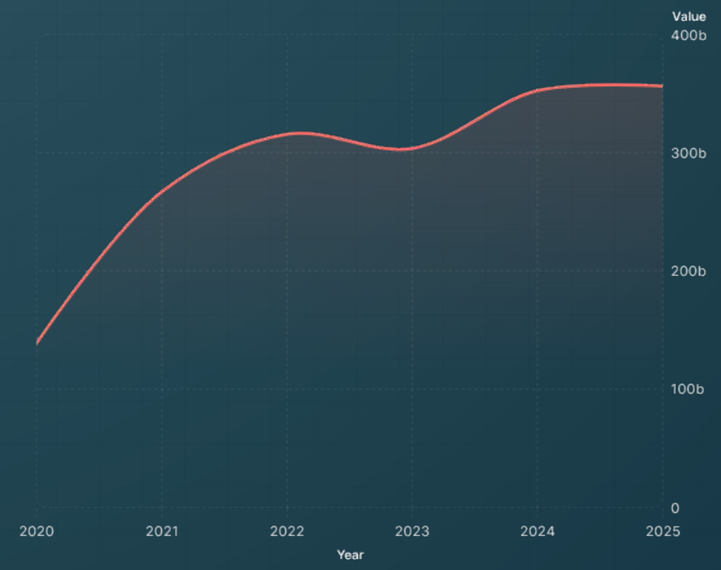


Data from Dealroom

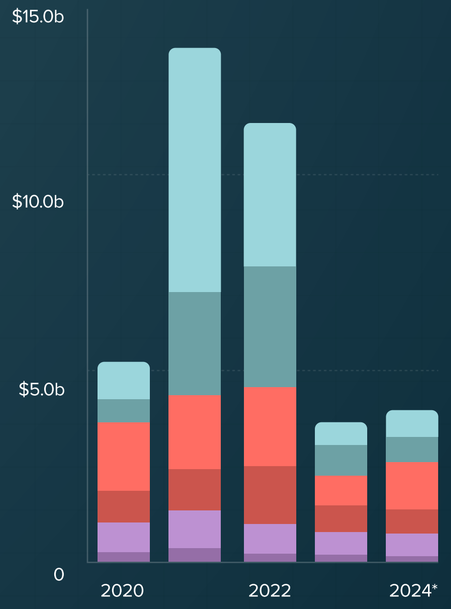
Fintech

$356b
Market Value in H1 2025

21%
CAGR (2020-2025)



$4b
Raised by startups in 2024





$1.5b Raised by startups in 2025 (Jan-April)

Biggest raises:

FNZ
- London
- $500m
- Growth Equity
- April 2025

quantexa
- London
- $500m
- Growth Equity
- April 2025

ZEPZ
- London
- $500m
- Growth Equity
- April 2025

Data from Dealroom.

Typical round sizes

Early stage

(>$100k - $15m)

Fintech Industry
$2.1m

Overall Industry
$1.9m

Growth stage

(>$15m - $100m)

Fintech Industry
$26m

Overall Industry
$31m

Late Stage

(>$100m)

Fintech Industry
$158.8m

Overall Industry
$150m

Median round sizes, 2024-2025

52
Exits in 2024

22
Exits in 2025 (Jan-April)

Esure Group

$1.3b

Acquisition **Ageas** April 2025

Freetrade

£160m

Acquisition **IG** Jan 2025

Helio

$175m

Acquisition **MoonPay** April 2025

52
Unicorns

All-time unicorns produced in the UK to date.

New Unicorns:

PREQIN a part of BlackRock
quantexa
ACCELERANT.

Data from Dealroom.

> The UK system needs to better recognise the risk of starting and scaling a company. Here, failure is still seen negatively as is making a financial return when you have taken a risk. We need a mindset shift towards entrepreneurship, which flows down to better financial incentives for innovative startups.



Fiona Roach Canning
Pollinate

> Crypto in the UK is at a crossroads. As the US signals a pro-innovation regulatory overhaul, the UK faces a critical moment: act decisively to remain an attractive destination for digital assets or risk losing its status as a global hub for this transformative industry – and the future of financial services more broadly.



Nicolas Cary
blockchain.com

> The UK has done an excellent job in fostering thousands of early-stage startups, but less so in nurturing the few dozen scale-ups with potential to become true world leaders. From a regulatory standpoint this could mean less sandboxes and more scale-up units. For skills, making it easy to bring in the world's top talent. And for funding, tax incentives for both investors and colleagues.

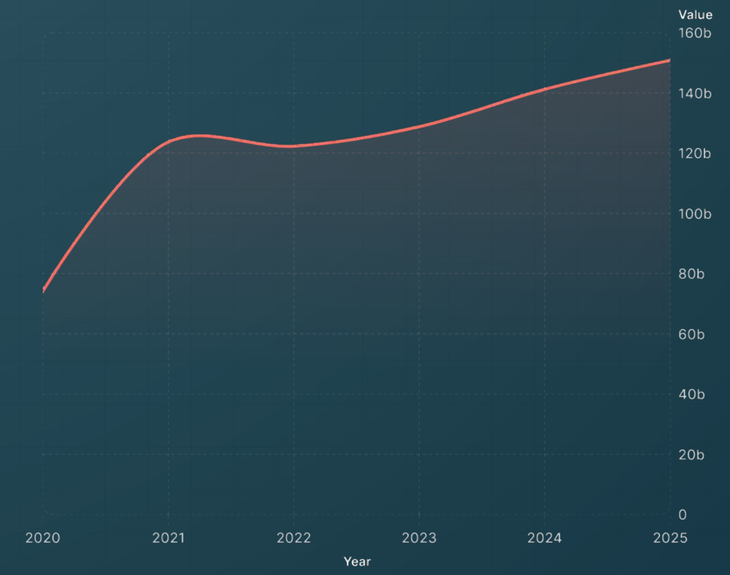


Conrad Ford
Allica Bank

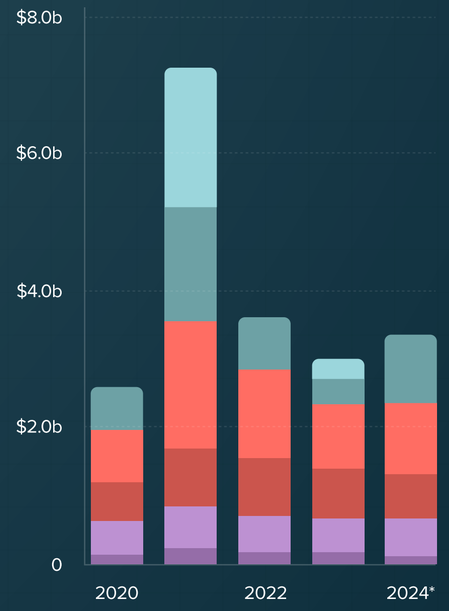
Health Tech

$150b
Market Value in H1 2025

15%
CAGR (2020-2025)



$3.3b
Raised by startups in 2024





$2b Raised by startups in 2025 (Jan-April)

Biggest raises:

Isomorphic Labs
- London
- Late VC
- $600m
- April 2025

Verdiva Bio
- London
- Series A
- $411m
- Jan 2025

OrganOx
- Oxford
- Late VC
- $142m
- Feb 2025

Data from Dealroom.

Typical round sizes

Early stage

(>$100k - $15m)

Health Tech
$1.9m

Overall Industry
$1.9m

Growth stage

(>$15m - $100m)

Health Tech
$33m

Overall Industry
$31m

Late Stage

(>$100m)

Health Tech
$123.8m

Overall Industry
$150m

Median round sizes, 2024-2025

36
Exits in 2024

8
Exits in 2025 (Jan-April)

Dotmatics
$5.1b
Acquisition **Siemens** April 2025

Meddbase
Undisclosed
Acquisition **Cority** Jan 2025

Surgery Hero
Undisclosed
Acquisition **Sword Health** Feb 2025

26
Unicorns

All-time unicorns produced in the UK to date.

New Unicorns:

Isomorphic Labs
Verdiva Bio
Flo

Data from Dealroom.

> We need a big push to increase the attractiveness for scaling companies here. If we continue to sell out too early, the UK won't see wider economic benefits.



Mark Kotter
bit bio

> The UK has been an extremely good environment to grow a company from a talent perspective. We have to make sure that we maintain agility in employment law as it's crucial for young companies.



Stephanie Eltz
Doctify

> The UK risks losing its competitive edge in innovation unless there is a strong commitment to making it easier to scale. This includes reforming tax incentives for investors, reducing red tape, and ensuring a stable, pro-business regulatory environment.

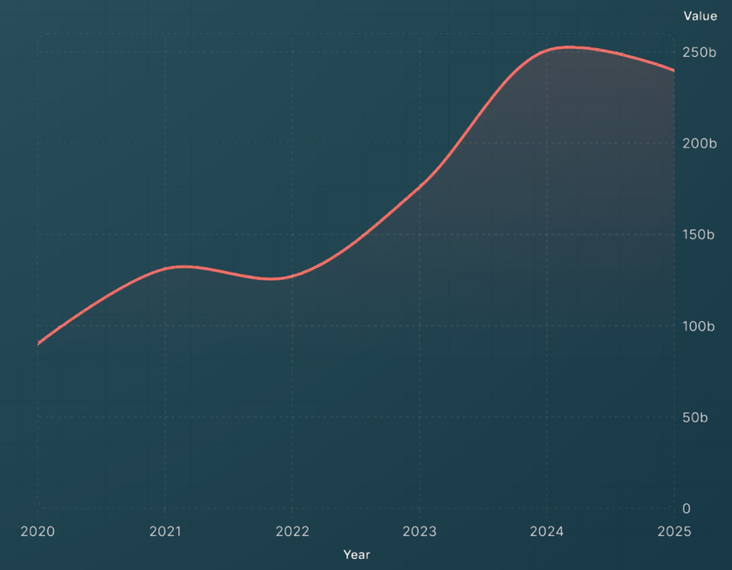


Beatrice Zatorska
PD Buddy

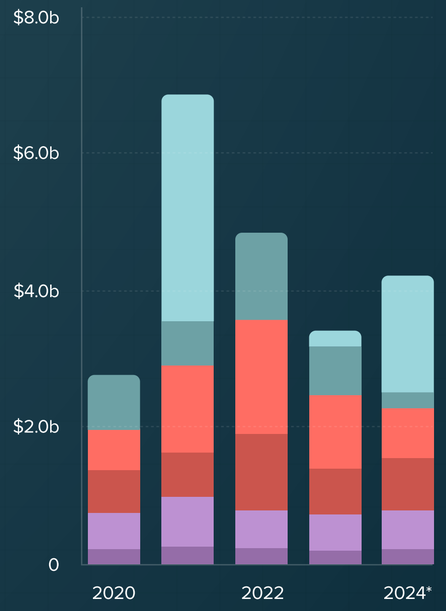
Deep Tech

$240b
Market Value in H1 2025

22%
CAGR (2020-2025)



$4.3b
Raised by startups in 2024





$1.6b Raised by startups in 2025 (Jan-April)

Biggest raises:

synthesia
- London
- Series D
- $180m
- Jan 2025

CMR SURGICAL
- Cambridge
- Late VC
- $100m
- April 2025

Luminance
- Cambridge
- Series C
- $75m
- Feb 2025

Data from Dealroom.

Typical round sizes

Early stage

(>$100k - $15m)

Deep Tech
$4.2m

Overall Industry
$1.9m

Growth stage

(>$15k - $100m)

Deep Tech
$30.2m

Overall Industry
$31m

Late Stage

(>$100m)

Deep Tech
$240m

Overall Industry
$150m

Median round sizes, 2024-2025

29
Exits in 2024

3
Exits in 2025 (Jan-April)

Mosaic Smart Data

Undisclosed

Acquisition **Behavox** April 2025

Cado Security

$100m

Acquisition **Darktrace** Jan 2025

Intelligent Ultrasound

£45.2m

Acquisition **Surgical Science** Dec 2024

23
Unicorns

All-time unicorns produced in the UK to date.

New Unicorns:

WAYVE

synthesia

INTELLIGENT ULTRASOUND

Data from Dealroom.

> There are huge opportunities for fusion energy and superconducting magnets. The UK should be the best place in the world for these global opportunities – and we look forward to more focus on growth from the government to ensure that the UK really is the best place.



David Kingham
Tokamak Energy

> We need the government to back a cohort of winning UK companies, buy products targeted for government use aligned with government missions, and provide preferential funding, loans, purchases, and grants.



Anthony Baker
SatVu

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

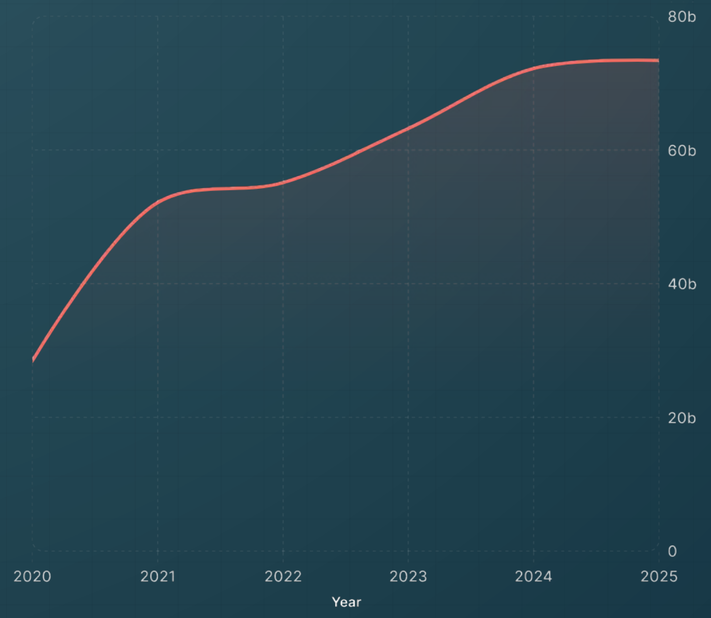


Angie Ma
Faculty

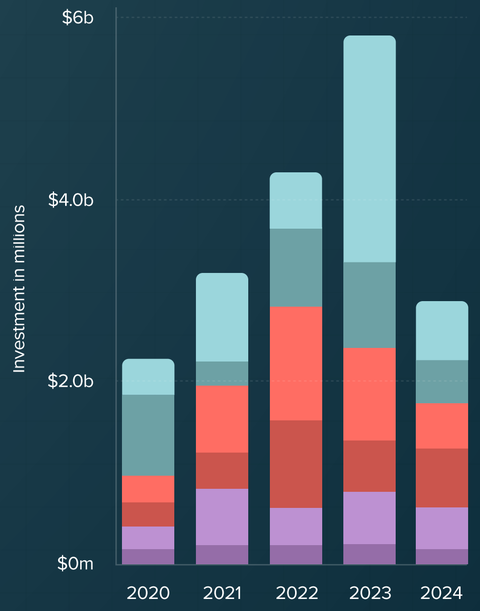
Climate Tech

$73b
Market Value in H1 2025

21%
CAGR (2020-2025)



$2.9b
Raised by startups in 2024





$596m Raised by startups in 2025 (Jan-April)

Biggest raises:

Connected Kerb
- London
- Late VC
- £65m
- Feb 2025

PULPEX
- Cambridge
- Series D
- £62m
- Feb 2025

PROTIUM
- London
- Series B
- £31m
- Jan 2025

Data from Dealroom.

Typical round sizes

Early stage

(>$100k - $15m)

Climate Tech
$3.5m

Overall Industry
$1.9m

Growth stage

(>$15m - $100m)

Climate Tech
$28.4m

Overall Industry
$31m

Late Stage

(>$100m)

Climate Tech
$125m

Overall Industry
$150m

Median round sizes, 2024-2025

22
Exits in 2024

8
Exits in 2025 (Jan-April)

Wild Cosmetics

$285m

Acquisition **Unilever** Feb 2025

Switch EV

Undisclosed

Acquisition **Liberty Charge** April 2025

PANGAIA

Undisclosed

Acquisition **Royal Group** Jan 2025

12
Unicorns

All-time unicorns produced in the UK to date.

New Unicorns:

ZENOBĒ BeZero

Data from Dealroom.

> Government should actively include startups in procurement of new products and first of a kind solutions in critical growth areas.



Sai Shivareddy
Nyobolt

> We need to increase visibility for early stage ventures and streamline support and education for early-stage founders to demystify the fundraising process.



Gabriele Barteskaite
Future Greens

> We need to bridge the gap between lab success and commercial deployment. Government could create programmes that de-risk early industrial partnerships and reward manufacturers who integrate UK-developed climate solutions into their supply chains



Pierre Paslier
Notpla

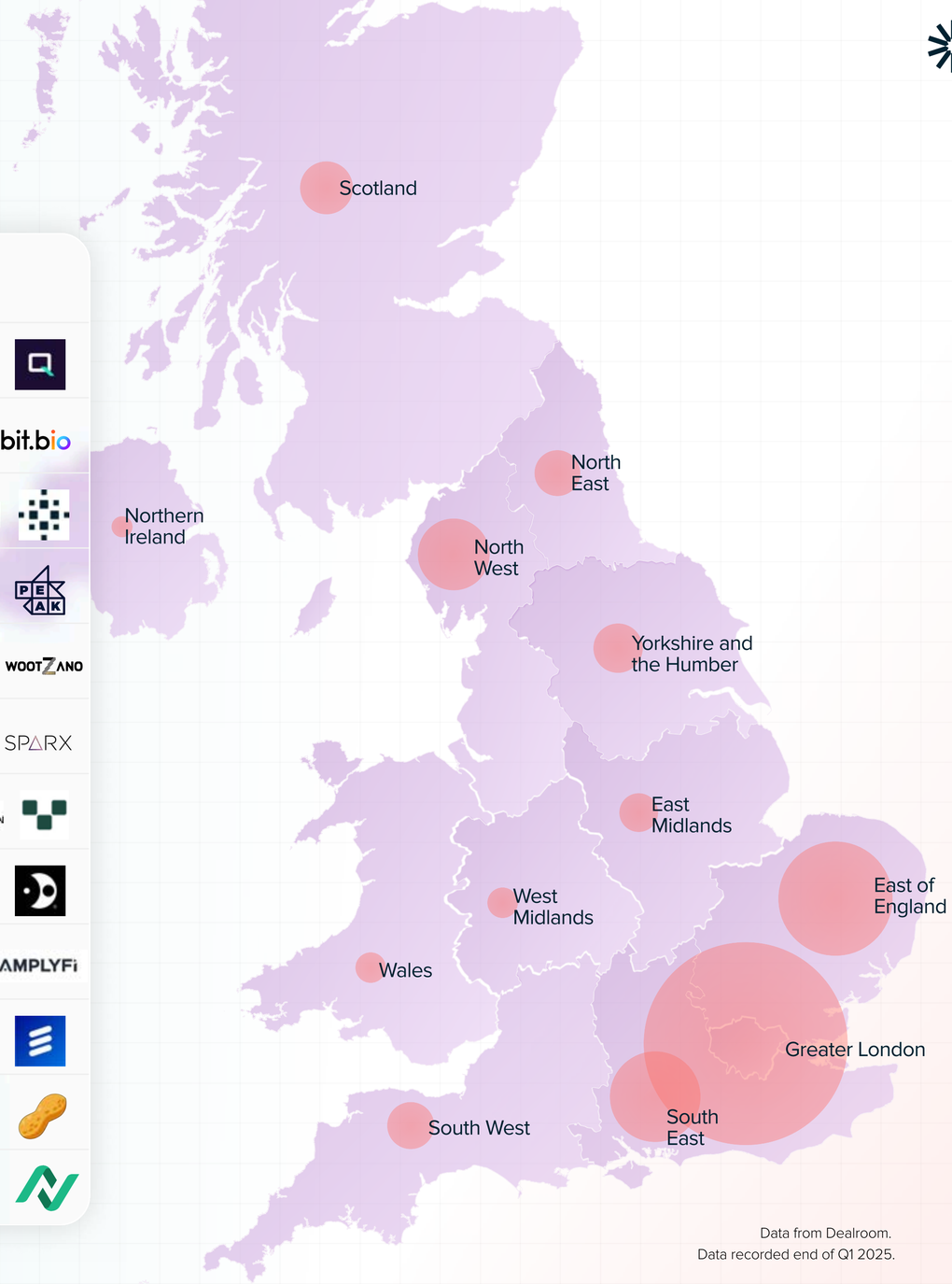
AI SECTOR SPOTLIGHT



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.

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%	



Data from Dealroom.
Data recorded end of Q1 2025.

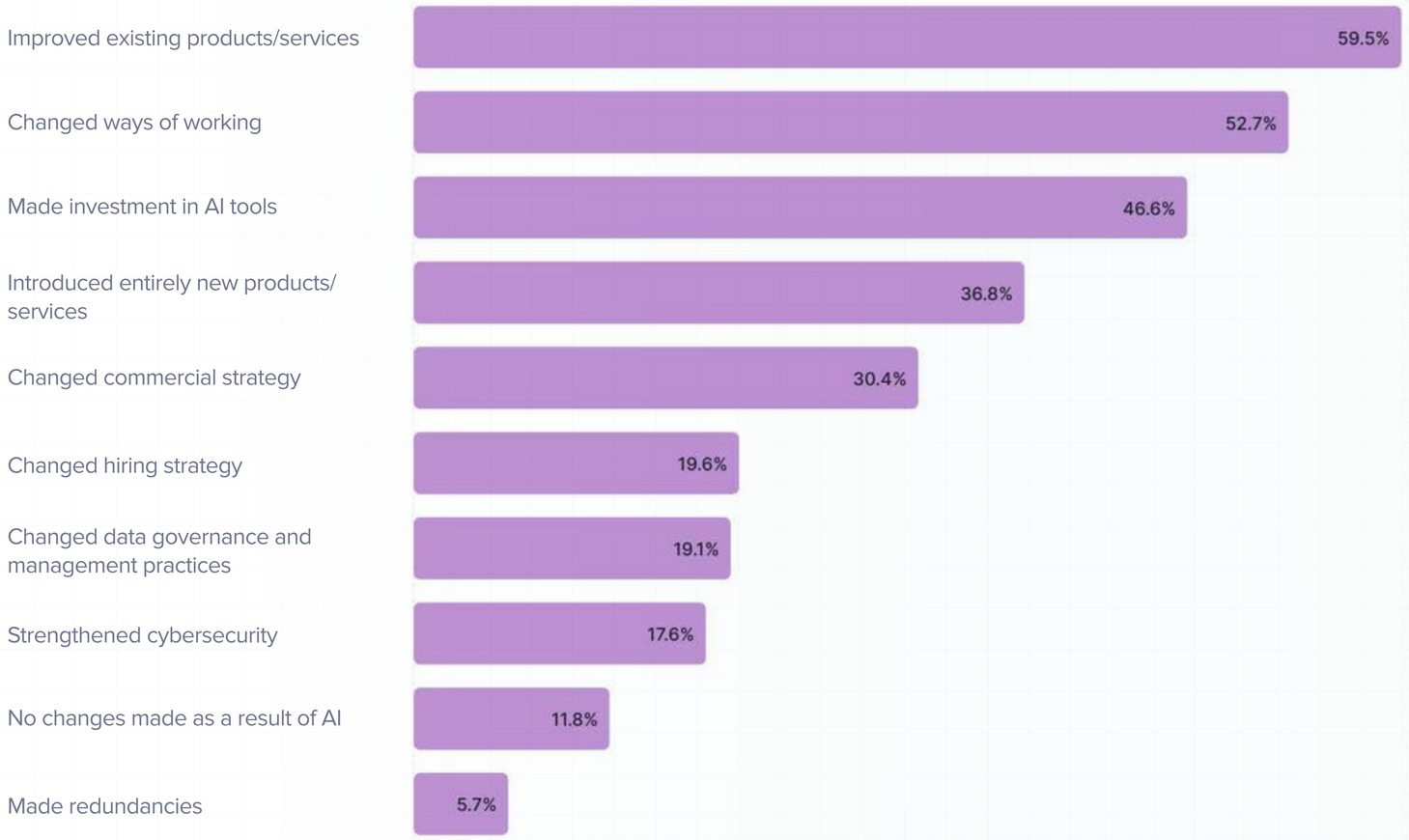
1 in 2

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.

What changes has your company made as a result of AI?

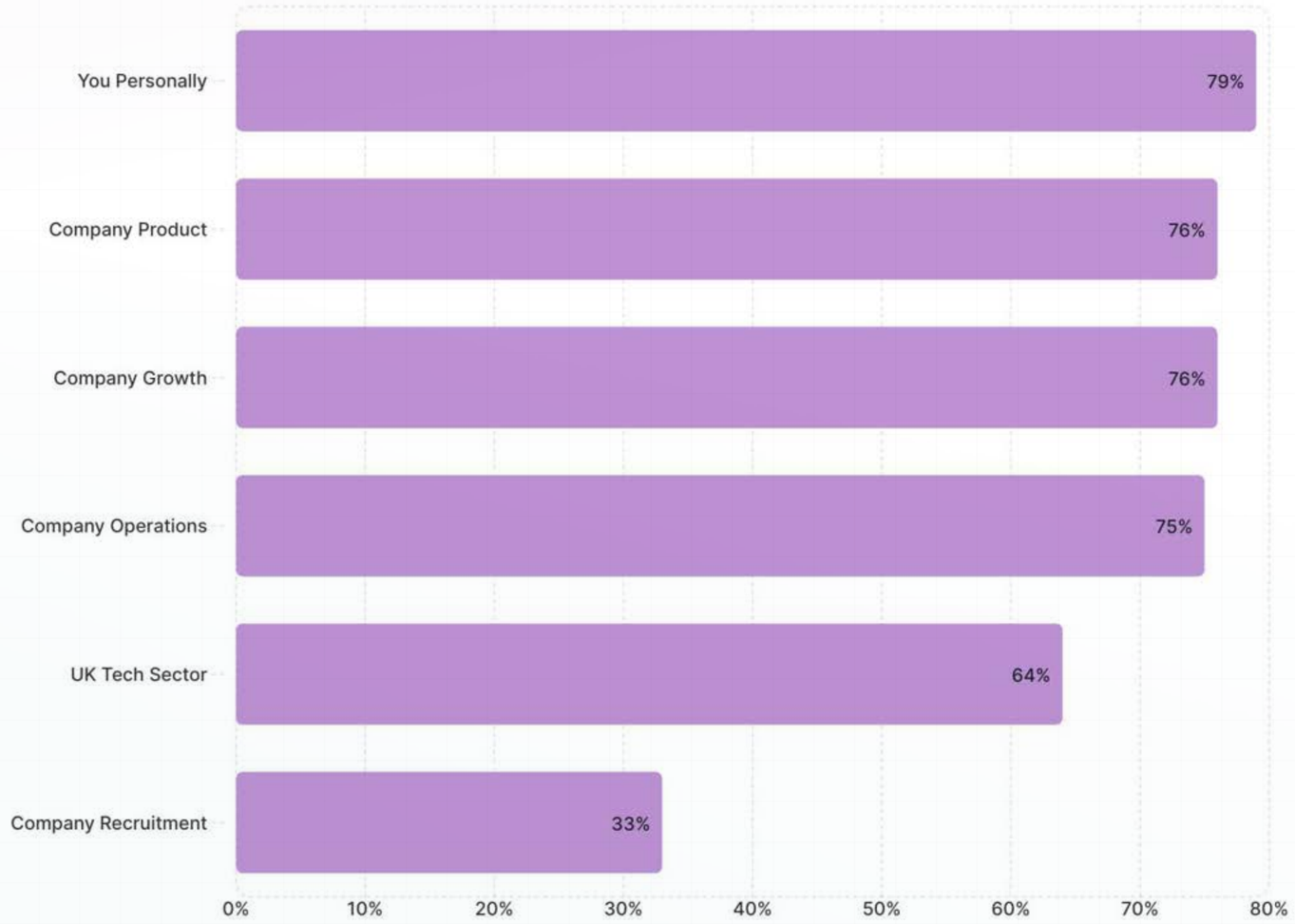


3 in 4

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...

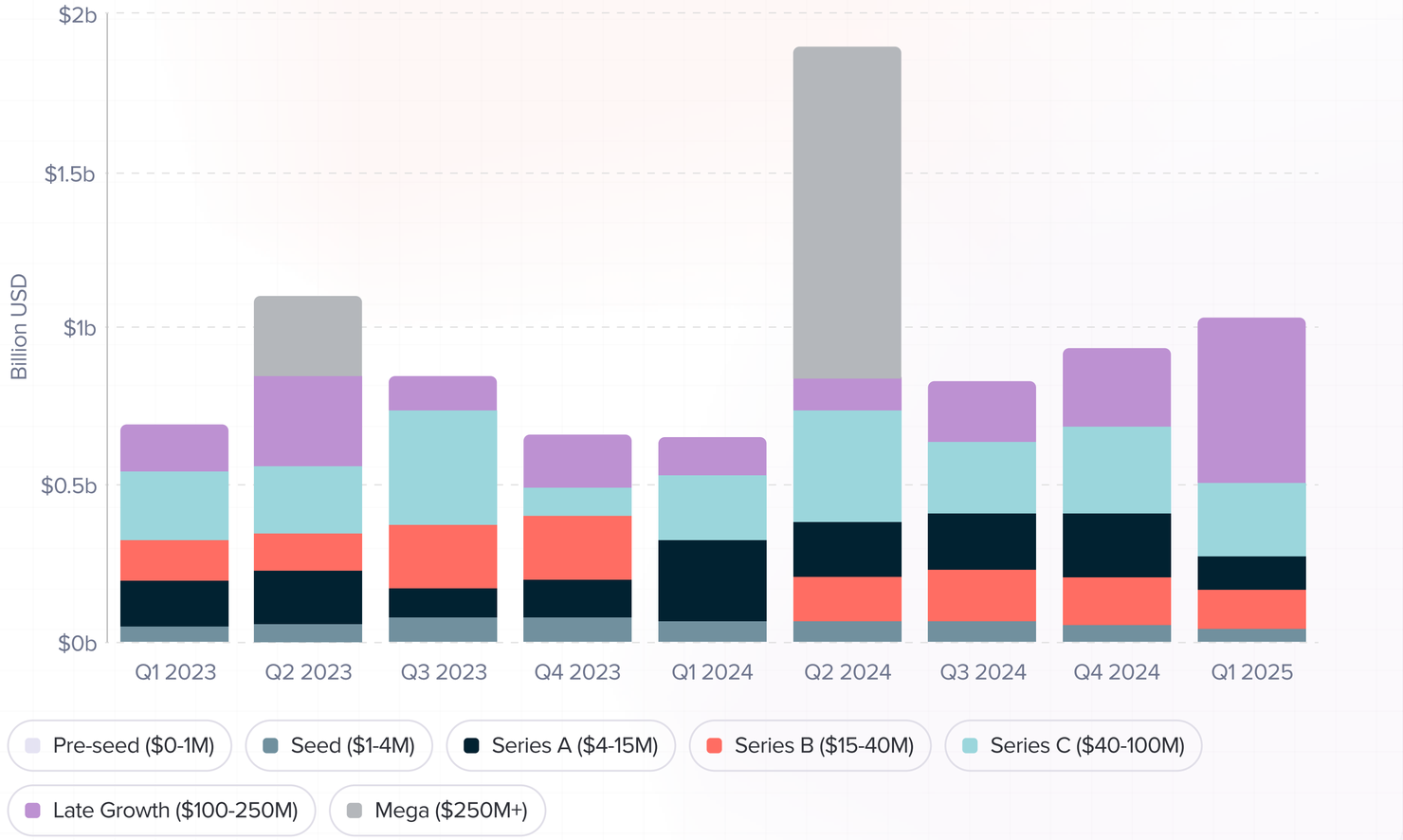


UK AI startups raised $1.03b in VC investment in Q1 2025, the biggest first quarter fundraise of the past three years.

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:

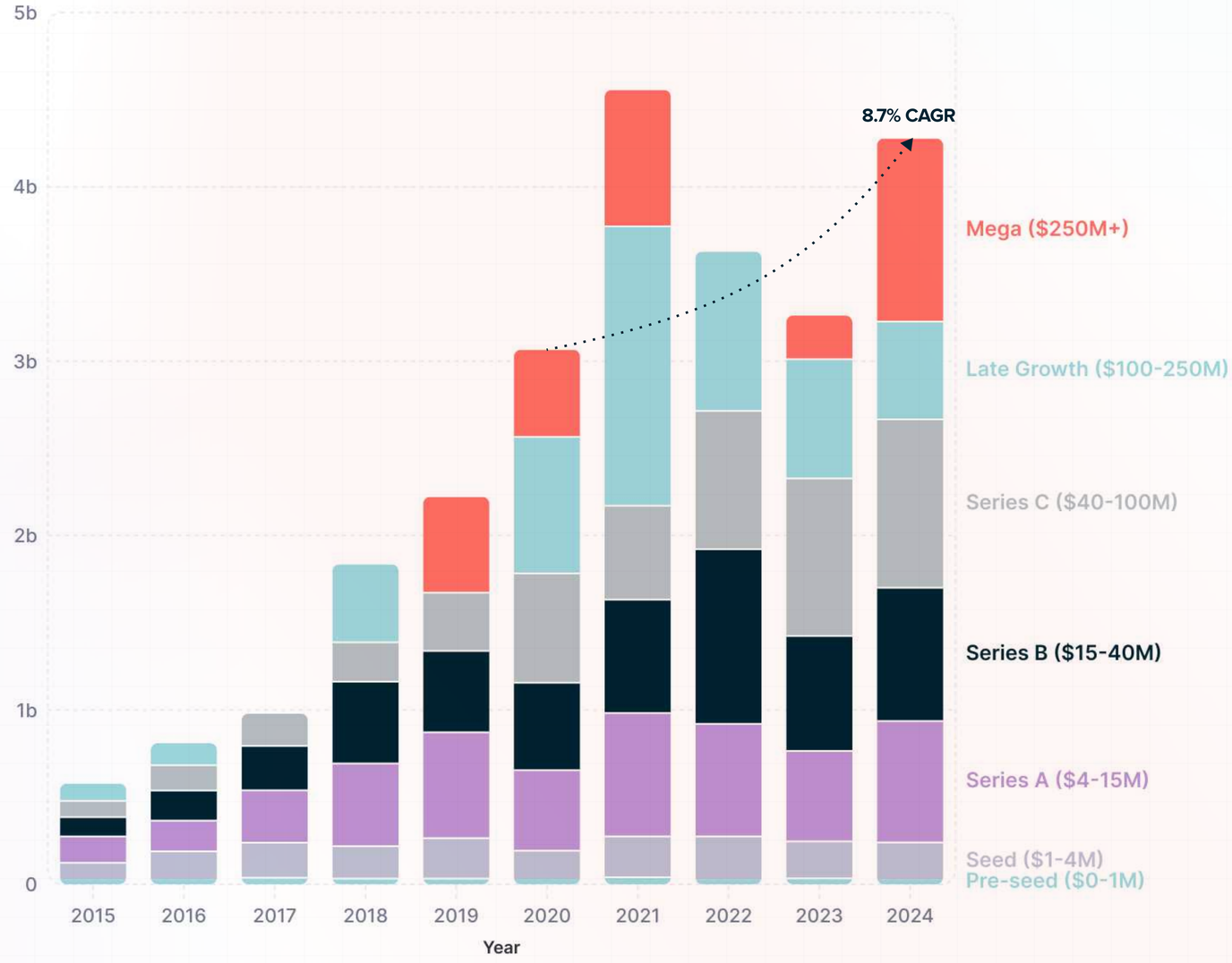
synthesia	quantexa	ORI	Luminance	LindusHealth	VERTICE AI	Latent Labs
$180m	$175m	$140m	$75m	$55m	$50m	$50m

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 fundraise contributing nearly a quarter of total investment for the year.

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



Data from Dealroom.

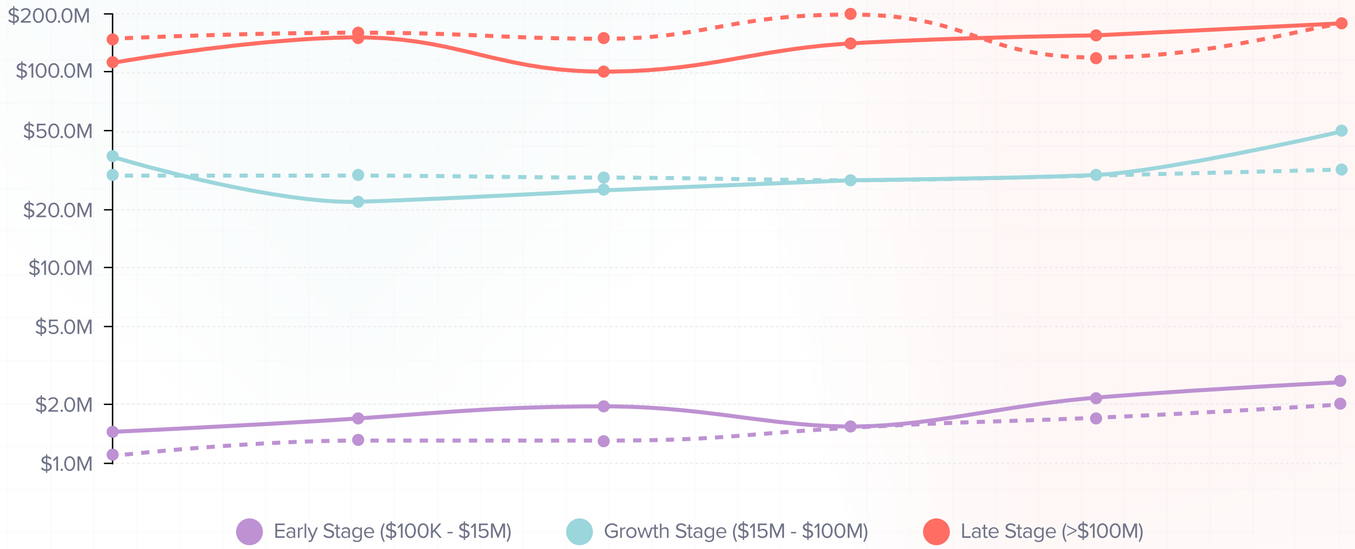
AI companies are raising bigger rounds than the wider market and round sizes are increasing.

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).

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

Solid Lines: AI Companies Dashed Lines: Industry Average



Funding Stage Growth Comparison

Early Stage ($100K - $15M)		Growth Stage ($15M - $100M)		Late Stage (>$100M)	
AI (2025)	All (2025)	AI (2025)	All (2025)	AI (2025)	All (2025)
$2.6M	$2.0M	$50.0M	$32.0M	$175.0M	$180.0M
AI CAGR	All CAGR	AI CAGR	All CAGR	AI CAGR	All CAGR
12.70%	12.70%	6.23%	1.30%	9.45%	3.77%

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

Data from Dealroom.

> 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.



Shruti Dube

Meta

> 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.



Alex Kendall

WAYVE



Read our UK AI Sector Spotlight 2025 in full for a comprehensive overview of the UK AI ecosystem, top AI investors, future unicorns, and more!

Read now

METHODOLOGY

Unlocking the UK's Growth Potential: 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 key barriers to growth faced by UK tech companies and the potential solutions.

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% are from early-stage startups (pre-Seed to Series A); 22% are from growth or late-stage startups (Series B+). Similarly, 78% of investors mostly invest in early-stage startups; 22% in growth or late-stage startups.
- 77% of those organisations 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%), and climate tech (7%).

UK founders specifically:

- 65% identify as men; 28% identify as women.
- 46% are based in London; 54% outside London.
- The most prominent regions represented outside London are the South East (13%), East of England (8%), South West (5%), and North West (5%).
- 85% are from early-stage startups (pre-Seed to Series A); 15% are from growth or late-stage startups (Series B+).
- The most represented industries are AI/ML (15%), health tech (12%), fintech (11%), retail/consumer tech (9%), and climate tech (7%).

UK Tech in 2025

To tell the growth story of the UK technology sector, we used UK tech startup and investment data provided by Dealroom, covering investment trends, valuations, unicorns, exits, and growth sectors. Currency data is in USD unless noted otherwise.

Valuations

The figure for the annual value of the UK tech sector is based on the combined sum of the valuations of UK tech companies founded since 1990 for each year over the past decade. Other valuation figures follow the same corresponding criteria. For example, the value of UK fintech is based on the combined sum of UK fintech companies.

Investment

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. H1 2025 investment figures were recorded in May 2025 unless noted otherwise.

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

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.

For equity dilution, we also used survey data provided by venture capital search engine, Shipshape.vc. All Shipshape.vc data is provided by the management teams of companies using the search engine. For our analysis, we focused on early-stage startup data.

Unicorns & Soonicorns

'All-time' unicorns are companies that have been a unicorn at any stage in their history. This includes privately held startups with a value of more than $1 billion and those that achieved a $1b+ exit via going public or acquisition. When we say, 163 unicorn companies have been produced in the UK, we refer to all-time unicorns.

Deeper analysis of UK unicorns in this report is based on all-time unicorn numbers unless stated otherwise. Unicorn numbers can include companies founded and/or headquartered in the UK. In each case, context is provided within the report. When unicorns are broken down by industry, the combined total does not equate to a total unicorn number. This is because some companies are counted as operating in more than one industry.

Active UK unicorns are unicorns founded and headquartered in the UK that are still VC-backed and privately-owned today.

Soonicorns are companies valued at $250m-$999m that have raised investment in the last three years, have not exited, and are on a potential unicorn track. Soonicorn numbers include companies founded and headquartered in the UK.

AI Sector Spotlight

AI as a technology is now being used by most tech companies to improve efficiency, speed up performance, development and deployment. Our AI analysis 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).

Data for the AI Sector Spotlight was recorded at the end of Q1 2025. Investment data was provided by Dealroom and survey data is from our UK Tech Sector Survey.

dealroom.co

AI / HUB
LONDON

The centre of gravity 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.

An initiative by

MERANTIX

TECH NATION

LONDON AI FOUNDERS

TECH NATION

Powered by Founders Forum Group, Tech Nation is the leading platform for tech insights, growth support and talent, supporting ambitious founders and their teams with the access and knowledge they need to scale successfully.

Explore our programme portfolio on the right...

Join us on this journey
technation.io

TECH NATION CLIMATE

TECH NATION LIBRA

TECH NATION FUTURE FIFTY

TECH NATION RISING STARS

TECH NATION CREO

TECH NATION UPSCALE

TECH NATION VISA

TECH NATION RESEARCH

Powered by: FOUNDERS FORUM GROUP

Events & Networking

Education

Services

Investment

Philanthropy

Content

FOUNDERS FORUM GROUP

OUR PARTNERS

As our community grows, Founders Forum Group continues to expand via incubation, investment, acquisition, and partnership.

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