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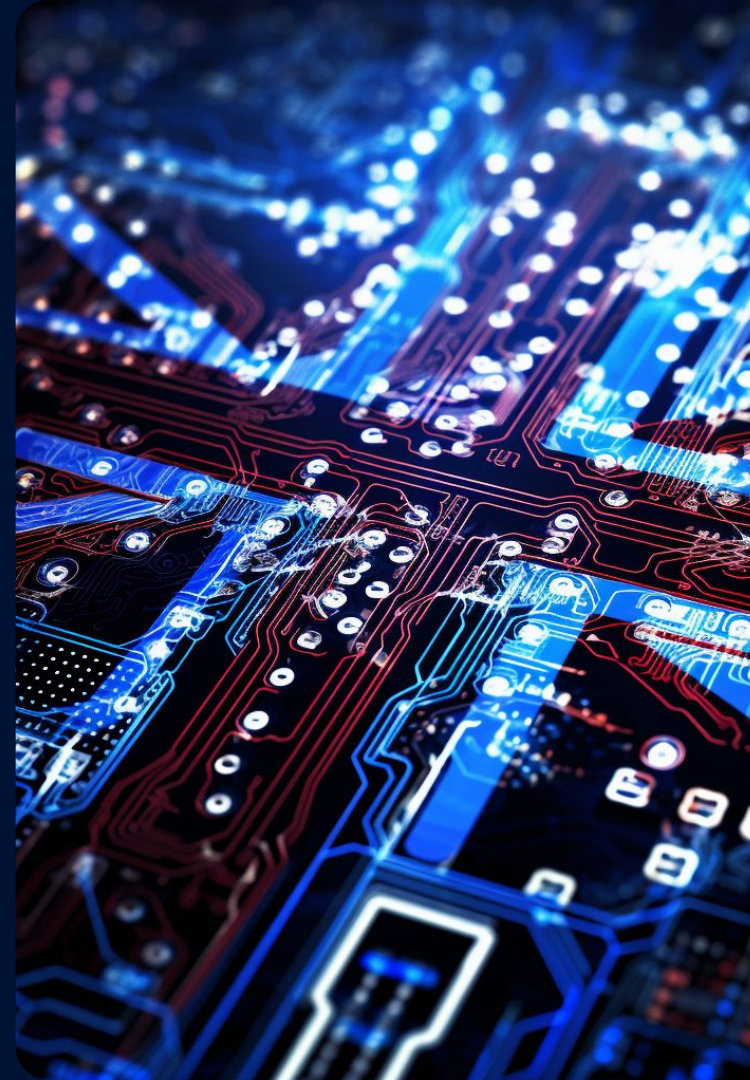


HSBC Innovation Banking

UK tech update

London Tech Week 2023

June 2023



Key Takeaways

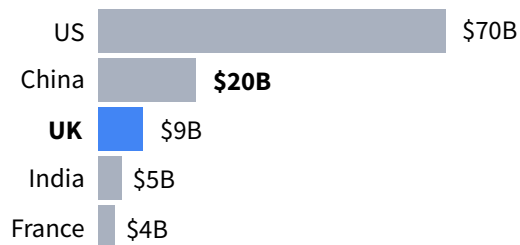
The UK retains position as #3 country for VC investment globally, and first in Europe.

UK startups have raised \$8.9B so far in 2023.

This is a ~50% decrease in investment compared to the same period last year, as global venture markets have been rockets in the last year.

However, the UK retains its global position, and early-stage investment in particular is holding up well.

Top countries by VC investment in 2023



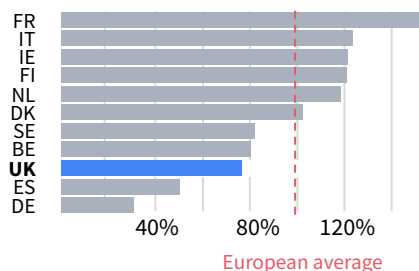
The UK has raised double the investment of any other European country in 2023.

The UK still dominates the European startup and investment landscape.

In 2023, UK startups have raised 2.3x the investment of the next European ecosystem - France.

However, the rest of Europe is closing the gap. Longer term investment growth trends show the UK behind the European average.

VC activity by country in 2022 vs. 2019



London was the #1 global hub for fintech last year, but is also diversifying.

London fintech startups raised more investment than any other global hub in 2022, ahead of New York and the Bay Area. Fintech accounted for 45% of all investment in the city in 2022.

But London is also diversifying. Of the nine new unicorns produced in the last year, just one is Fintech (Copper). New scale startups are also emerging in Edtech (Multiverse), Energy (NewCleo) and AI (Stability AI), among other sectors.

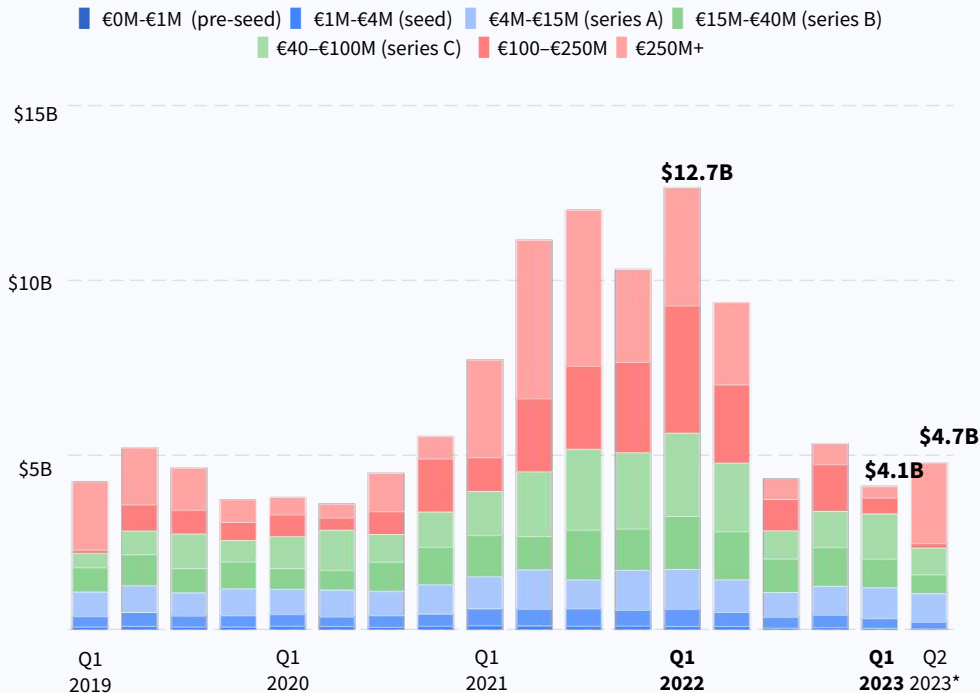
Fintech investment by global hub, 2022

	2017	2018	2019	2020	2021	2022
London	\$2B	\$2B	\$6B	\$5B	\$13B	\$10.1B
Bay Area	\$4B	\$6B	\$8B	\$9B	\$24B	\$10B
New York	\$3B	\$3B	\$3B	\$5B	\$15B	\$9B
Singapore	\$224M	\$515M	\$867M	\$658M	\$4B	\$3B
Paris	\$364M	\$453M	\$722M	\$679M	\$2B	\$3B
Bengaluru	\$701M	\$442M	\$1B	\$2B	\$4B	\$2B

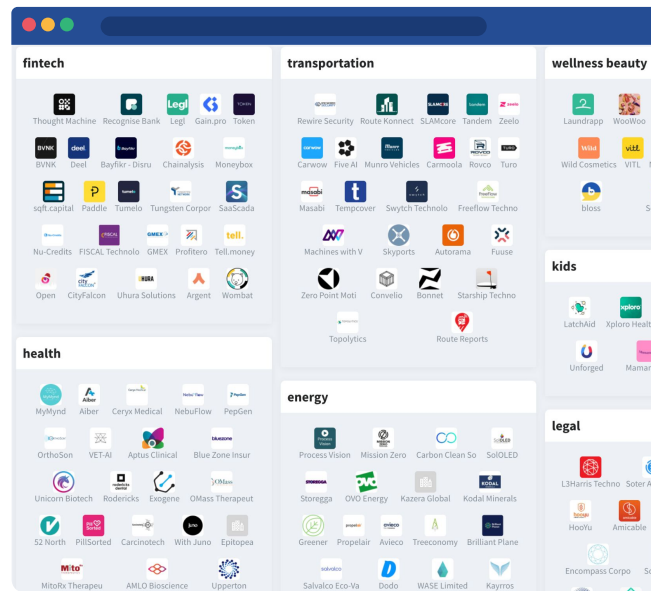


\$8.9B has been raised by UK startups so far in 2023. Investment has returned to 2020 levels following a global surge in 2021/22.

VC investment in UK startups » [view online](#)



4.7K+ UK startups have raised since 2022 » [view online](#)



Most of the fall in UK startup funding is due to the drop in megarounds. Early-stage investment is still active and competitive.

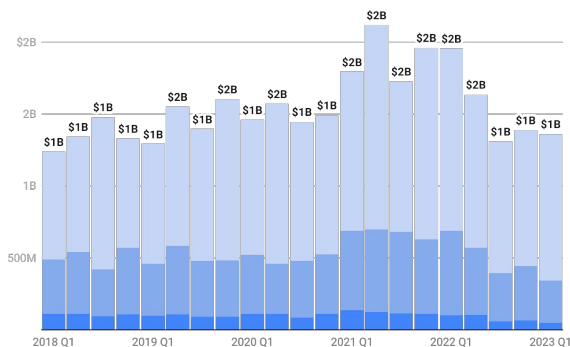
In early stage, \$1.3 billion was invested, down 36% from the peak.

In breakout stage, \$3 billion was invested, down 44% from the peak.

In late stage, \$7.7 billion was invested, down 59% from the peak.

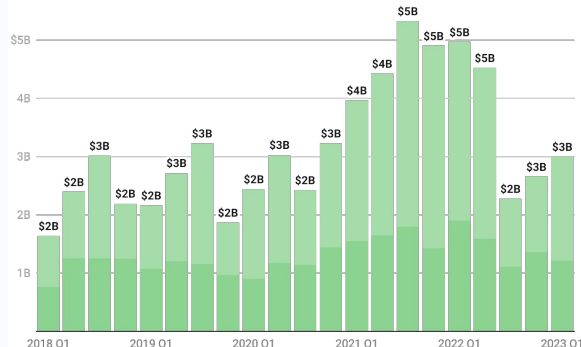
UK Quarterly VC startup-stage investment (\$0-\$15M rounds)

■ \$0-1M (Pre-seed) ■ \$1-4M (Seed) ■ \$4-15M (Series A)



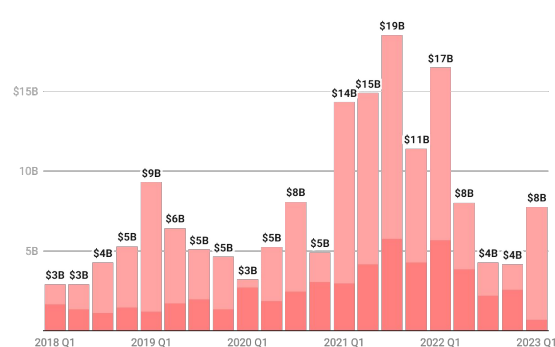
UK breakout stage quarterly investment (\$15-100M rounds)

■ \$15-40M (Series B) ■ \$40-100M (Series C)



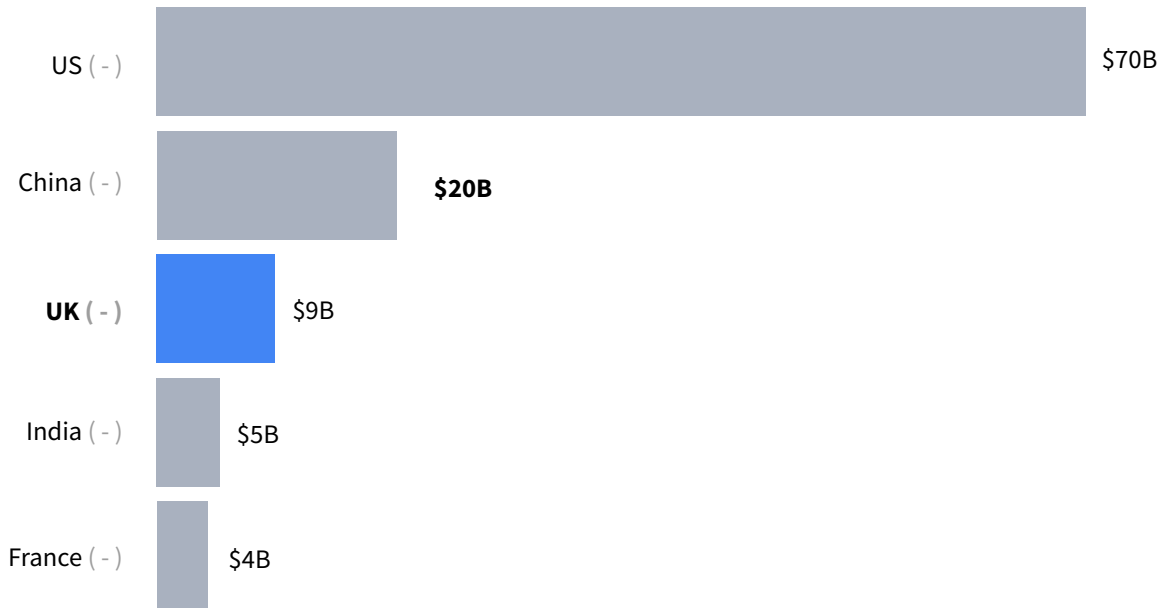
UK quarterly scaleup-stage investment (\$100M+ rounds)

■ \$100-250M+ (Megarounds) ■ \$250M+ (Megarounds+)



The UK ranks third globally for startup investment in 2023, behind only the United States and China, ahead of India and France.

VC investment in 2023 year-to-date by top countries (vs. full year 2022 ranking)



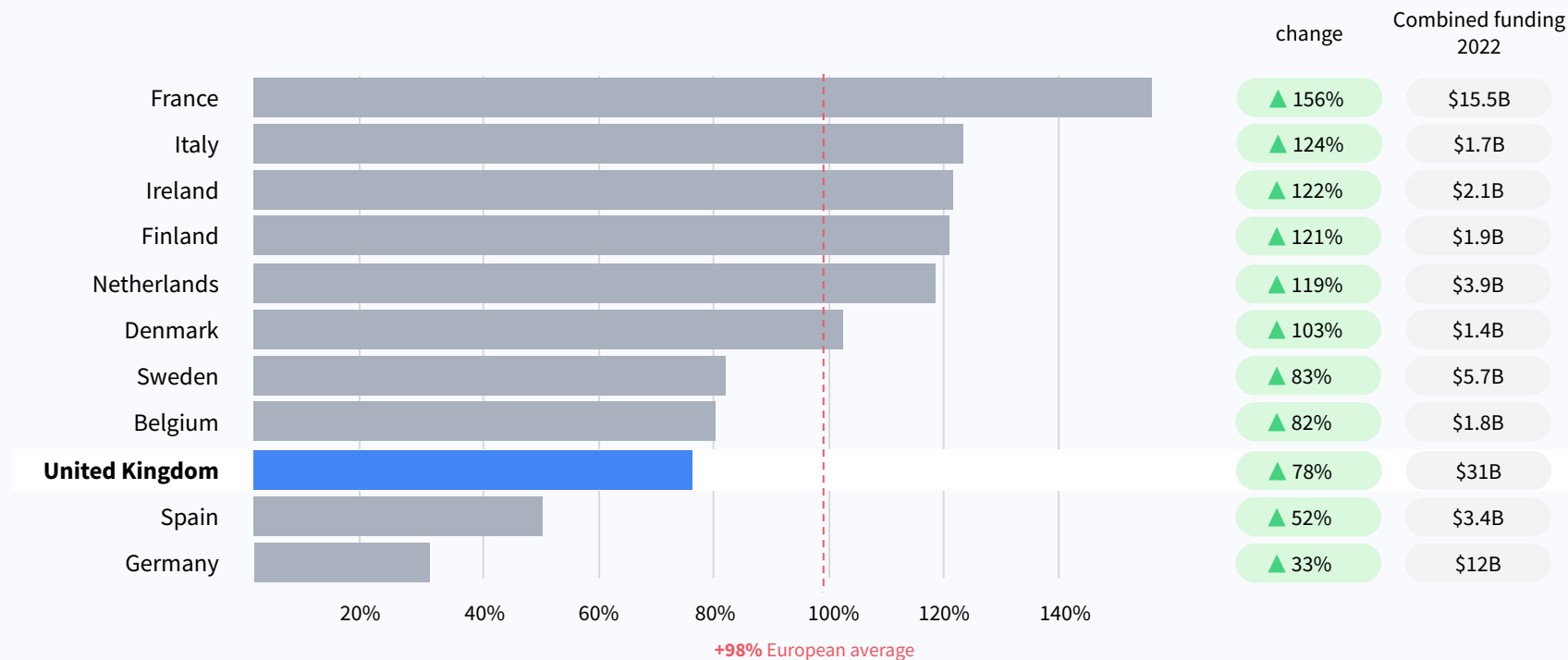
The UK remains first in Europe for VC investment. UK startups have raised more than double the amount of funding of any other European market so far in 2023.

VC investment in 2023 (Jan-June 2023) by country [» view online](#)



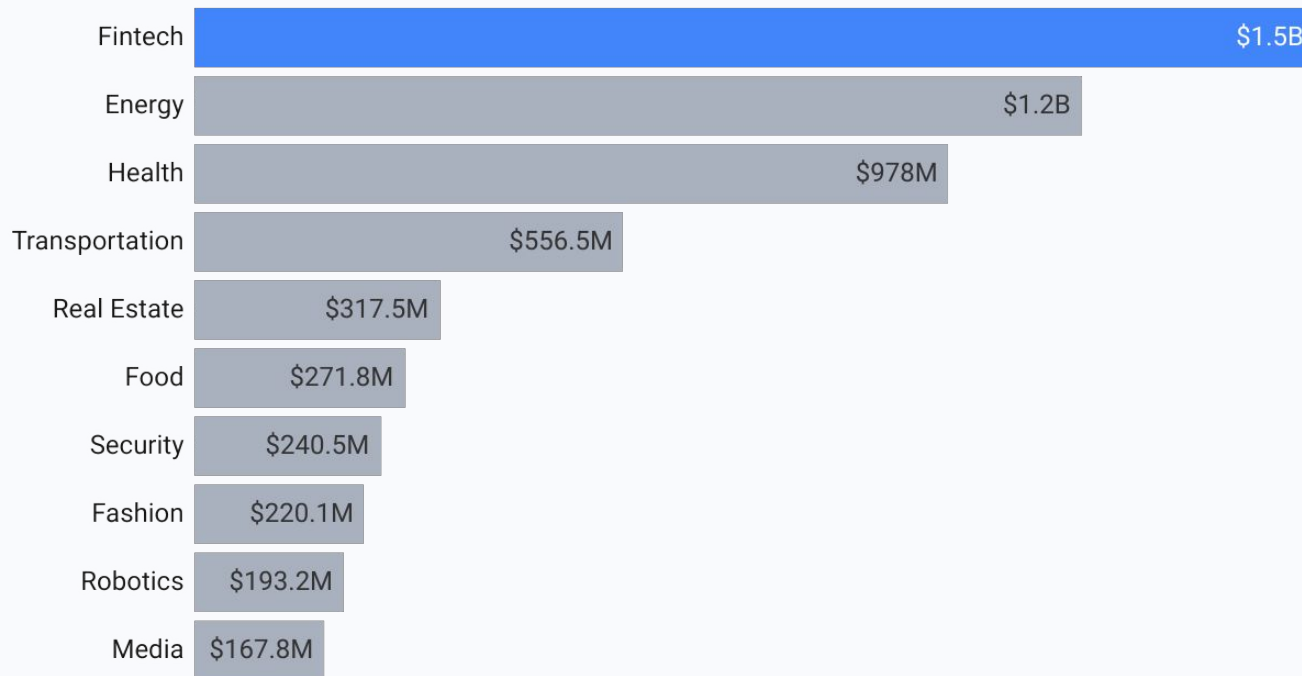
While the UK leads in Europe for VC investment, other countries are closing the gap, with investment growing at a faster pace.

VC activity by country in 2022 vs. 2019 [» view online](#)



Fintech, Energy and Health are the leading UK sectors for VC investment in 2023.

UK VC investment in 2023 (Jan-May) by sector » [view online](#)



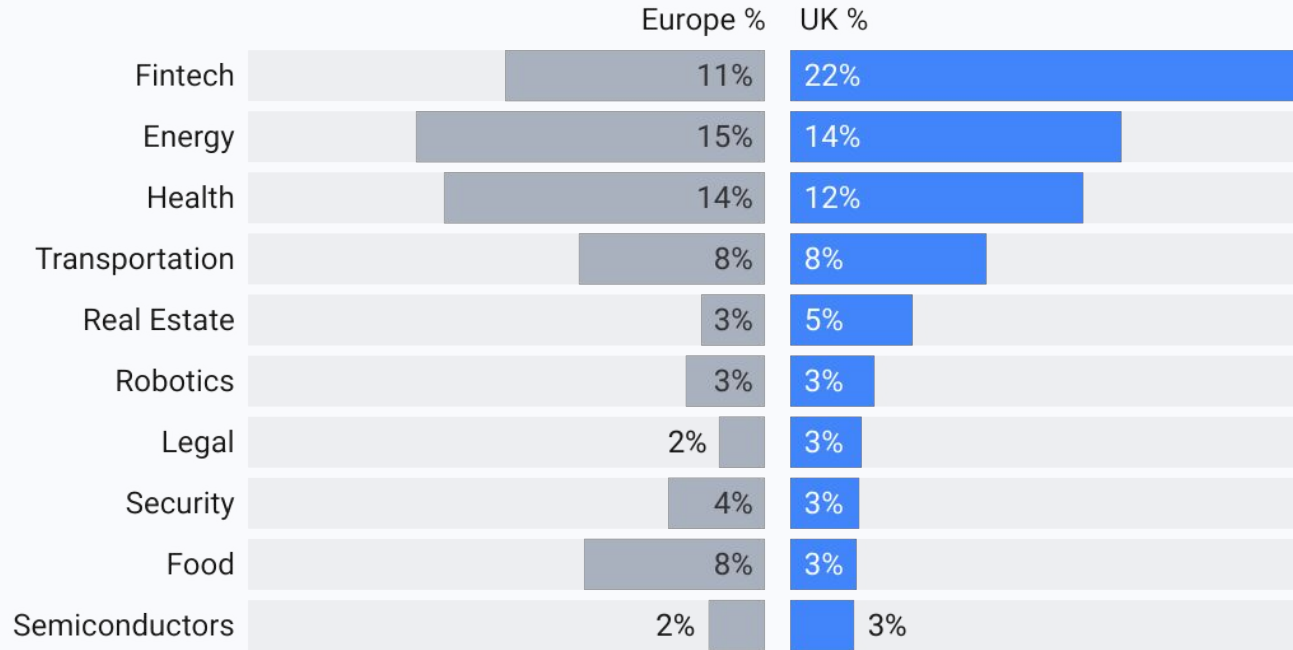
London-based fintech startups raised more investment last year than any other global hub, ahead of the Bay Area and New York City.

	2017	2018	2019	2020	2021	2022
London	\$2B	\$2B	\$6B	\$5B	\$13B	\$10.1B
Bay Area	\$4B	\$6B	\$8B	\$9B	\$24B	\$10B
New York	\$3B	\$3B	\$3B	\$5B	\$15B	\$9B
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Paris	\$364M	\$453M	\$722M	\$679M	\$2B	\$3B
Bengaluru	\$701M	\$442M	\$1B	\$2B	\$4B	\$2B
Los Angeles	\$517M	\$607M	\$1B	\$878M	\$2B	\$2B
Berlin	\$271M	\$628M	\$1B	\$520M	\$3B	\$2B
Seoul	\$397M	\$330M	\$435M	\$324M	\$1B	\$2B
São Paulo	\$164M	\$503M	\$999M	\$1B	\$3B	\$2B









The UK is still a fintech-specialized ecosystem. 22% of investment this year has been raised by fintech startups, compared to 11% of VC in all of Europe.

UK VC allocation against Europe average, 2023

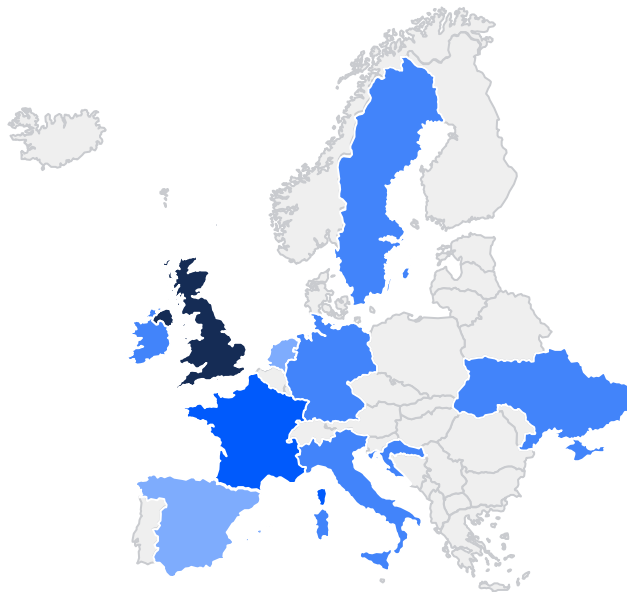


The UK has produced nine new unicorns in the last twelve months, including Generative AI leader Stability AI. This is more than France, Germany and Sweden combined.

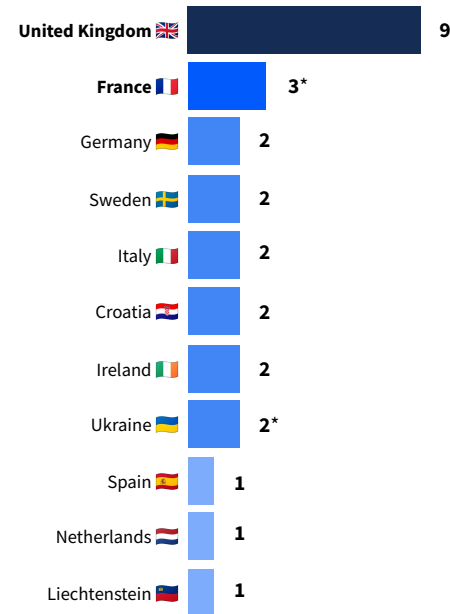
9 new unicorns in the UK between June 2022 - June 2023

Company	Industry
 quantexa	Enterprise Software
 copper	Finance
 Beamery	Enterprise Software
stability.ai	Enterprise Software
Augustinus Bader	Manufacturing
 kape	Subscription
 FORTERRO	Enterprise Software
multiverse	Education
 newcleo	Energy

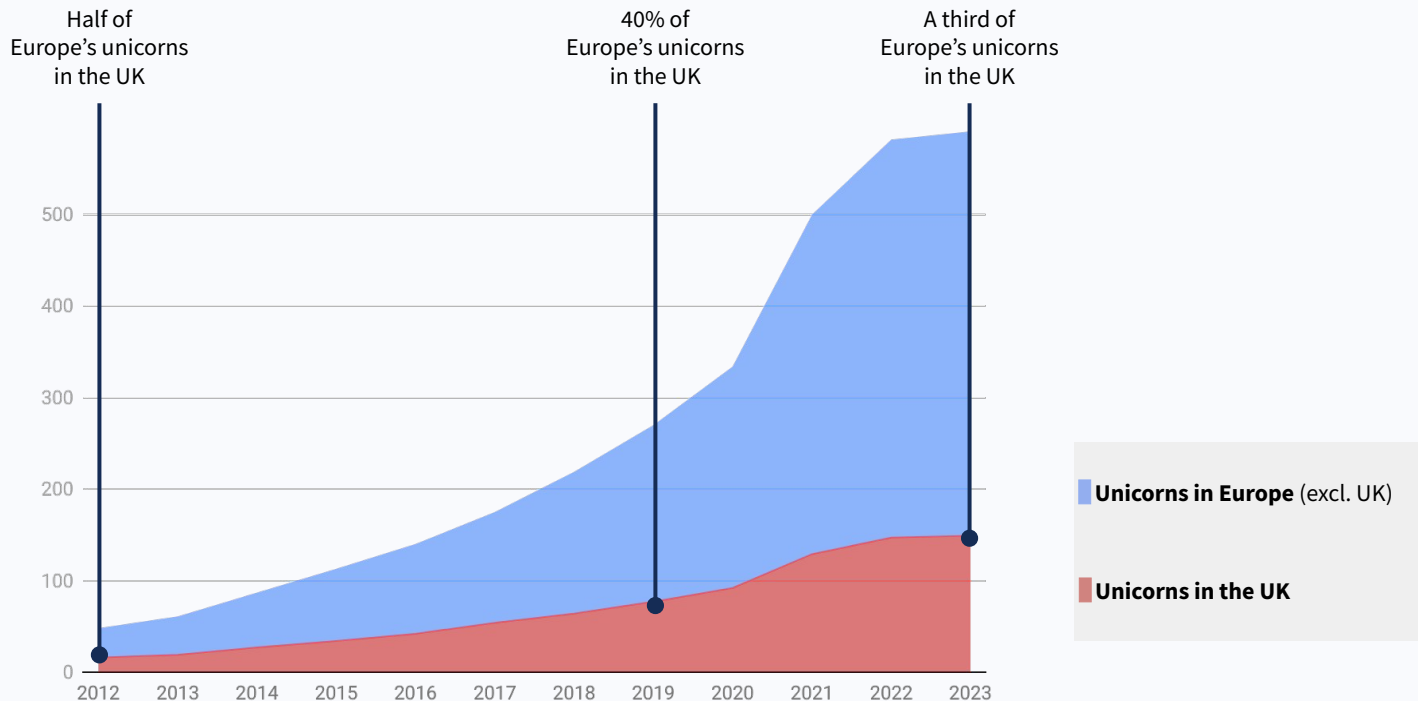
New unicorns in Europe since June 2022



27 new unicorns across Europe between June 2022 - June 2023

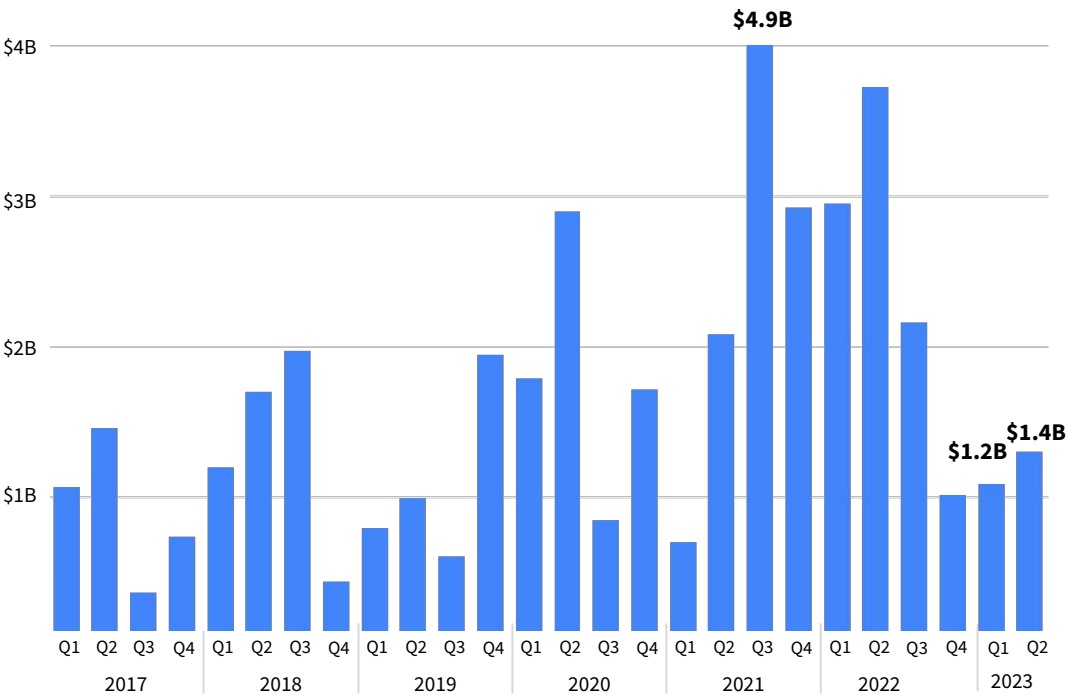


The UK is home to by far Europe's biggest startup ecosystem, and a third of the continents unicorns. But the rest of Europe has been making up ground in the last 10 years ago.



UK-based venture capital investors raised \$13.4B in 2022 and 2023, 30% of all European total.

New venture capital funds raised by VCs in the UK



New UK-based VC funds in 2023 » [view online](#)

Company	Size
 HIGHLAND EUROPE	\$1B
 MIDLANDS INNOVATION	\$250M
 isomer capital	\$250M
IQ CAPITAL	\$200M
 HIRO CAPITAL	\$166M
Talis	\$164M
 KINDRED	\$115M
MOONFIRE	\$115M
 Playfair	\$70M

Methodology & definitions

Startups & venture capital

This report focuses on companies in the internet age, i.e. after 2000. Most but not all unicorns are VC backed.

Companies included in the analysis are tech-driven. Industries include software, ecommerce, online marketplaces, hardware, ICT infrastructure. The full [industry & business model taxonomy](#) can be found online

Investment numbers refer to venture capital investment rounds such as seed, series A, B, C, late stage, and growth equity rounds. It excludes debt or other non-equity funding, lending capital, grants and ICOs. Buyouts, M&A, secondary rounds, and IPOs are treated as exits: excluded from funding data, but included in exit data.

Unicorns

A unicorn is defined as a tech-driven company that has reached a \$1 billion valuation, on the basis of a funding round (unrealised), acquisition or IPO (realised).

There are some notable edge-cases:

- Companies that IPO-ed at or above \$1 billion but subsequently dipped below that valuation, are still included as \$1B+ exit (examples: Alfa, Rovio, eDreams).
- Some companies have at some stage reached a \$1 billion but subsequently raised, IPO-ed or were acquired below that value. In this case the company is not counted as a unicorn (examples: Blippar, Home24, Fanduel, Ulmart, Conduit, Wonga, VE Interactive, Powa).
- If a unicorn moved HQ, the company is counted in the country where it reached unicorn status. Occasionally companies received dual HQ status.

Underlying data

Dealroom's proprietary database and software aggregate data from multiple sources: harvesting public information, user-submitted data verified by Dealroom, data engineering. All data is verified and curated with an extensive manual process.

Most underlying data from the report is available online via <https://uk.dealroom.co/intro>. For more info please visit dealroom.co or contact support@dealroom.co





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