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HSBC Innovation Banking

# UK INNOVATION UPDATE

Q2 2024

July 2024

*Image: Wayve*



# UK innovation - Q2 2024

## UK venture capital is growing year on year

UK startups raised \$5.6B in Q2 2024, up 37% year on year, and up 47% compared to Q1 2024.

This means the UK raised a total of \$9.4B for H1 2024, compared to \$8.1B raised in the first half of 2023.

The biggest round in 2024 so far was for Cambridge-founded autonomous vehicle company Wayve, which raised a \$1.05B Series C round from investors Microsoft, Nvidia and Softbank.

## The UK remains #1 in Europe

UK startups have raised more VC investment than France and Germany combined in 2024.

Germany and France each raised \$4.3B in venture capital in the first half of 2024, compared to \$9.4B raised by UK startups.

The UK ecosystem is also #1 in Europe by value created. The UK innovation economy is worth a combined \$1.1 trillion, 30% of all European value.

## UK AI startups pass \$250B in value

UK AI has passed a quarter of a trillion dollars in value.

AI now accounts for 22% of UK innovation ecosystem value, up from 12% in 2019.

UK AI startups have also raised \$2.1B in investment so far in 2024, almost as much as was raised in the whole of 2023 (\$2.6B).

Investment is on track to reach an all-time high by year end.

## UK universities lead Europe in Spinouts

The UK is the top ranked country in Europe by university spinouts created. Cambridge and Oxford universities rank 1st and 3rd respectively in Europe by value produced by university spinouts, with ETH Zurich coming in 2nd.

Among UK cities, Cambridge and Oxford have also raised the most venture capital outside of London in 2024, followed by Edinburgh and Manchester.



**Simon Bumfrey**

Head of Technology and Life Sciences



***“We are pleased to share our latest quarterly innovation update in partnership with Dealroom, which reveals that the UK innovation ecosystem is continuing to exhibit the dynamism and ascendance that has established the UK as one of the world’s leading hubs of innovation.*”**

Since the pandemic-era booms of 2022 and 2023 the UK has remained resilient, and this quarter we have seen positive signs that funding is picking up once again. Q2 saw UK startups secure \$5.6 billion of venture capital investment, representing a massive increase of 37% over the same period last year, and a 47% rise over Q1 2024.

Generative AI has been the dominant story in global tech investment over the past 18 months, and the UK is no exception. This year, UK AI startups have raised over \$2 billion, with megarounds for companies like Wayve attracting investment from some of the biggest names in global tech. We are hoping to see further large investments into UK AI and other leading areas, such as fintech, climate tech and life sciences, as the year progresses.

The UK continues to comfortably lead Europe for tech investment, with spinouts from world-class British universities ensuring a robust pipeline of cutting-edge innovation at the early stage. We’re excited about UK innovation and its pivotal role within the UK economy and remain committed to supporting and partnering with innovators, investors and the broader ecosystem to drive further growth.”

# **1 Venture Capital in Q2**

2 UK tech

3 AI spotlight



## UK startups raised \$5.6B in Q2 2024

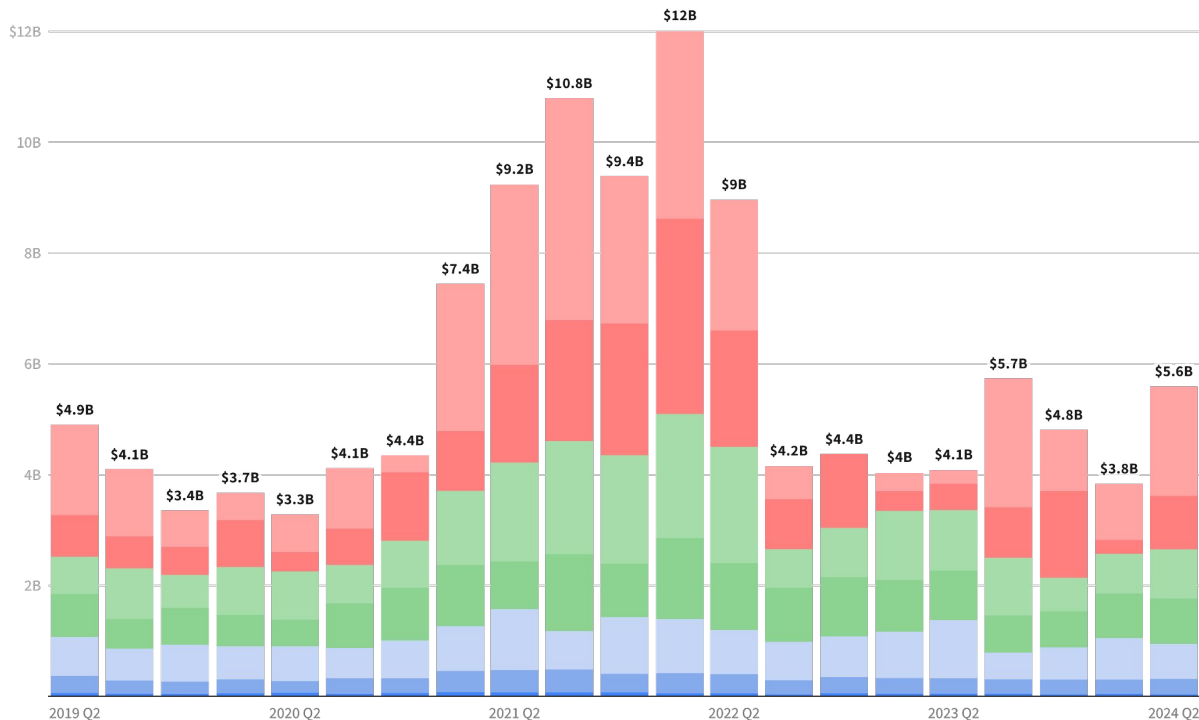
UK venture capital investment was up 37% year on year in the second quarter of 2024, and up 47% compared to Q1.

In total UK startups have raised \$9.4B in H1 2024, compared to \$8.1B in H1 2023.

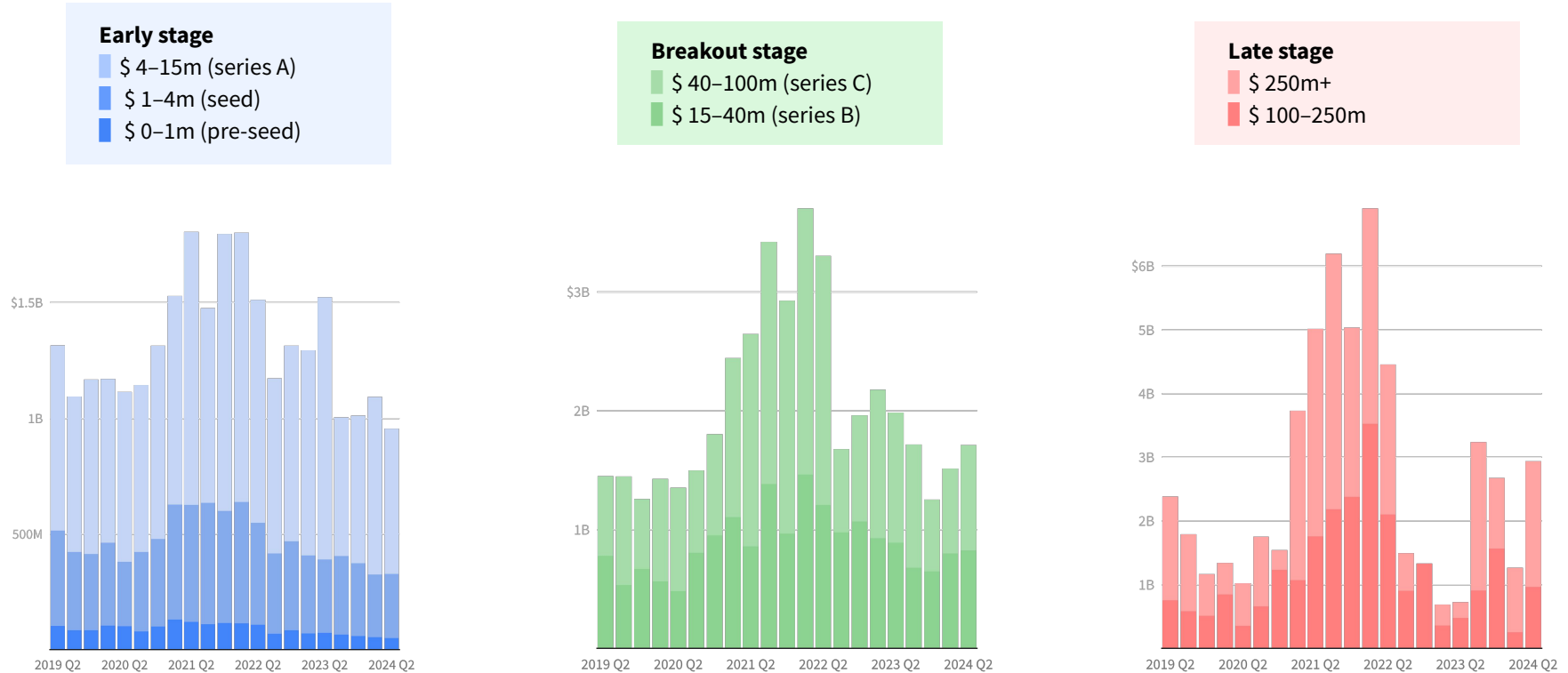
The UK's biggest round of Q2 was \$1.05B for autonomous vehicle company Wayve. Mega and mega+ rounds made up 45% of Q2 VC, up from 33% in Q1.

### UK Venture Capital by stage » [view online](#)

■ \$0–1m (pre-seed) ■ \$1–4m (seed) ■ \$4–15m (series A) ■ \$15–40m (series B) ■ \$40–100m (series C)  
■ \$100–250m (mega rounds) ■ \$250m+ (mega+)

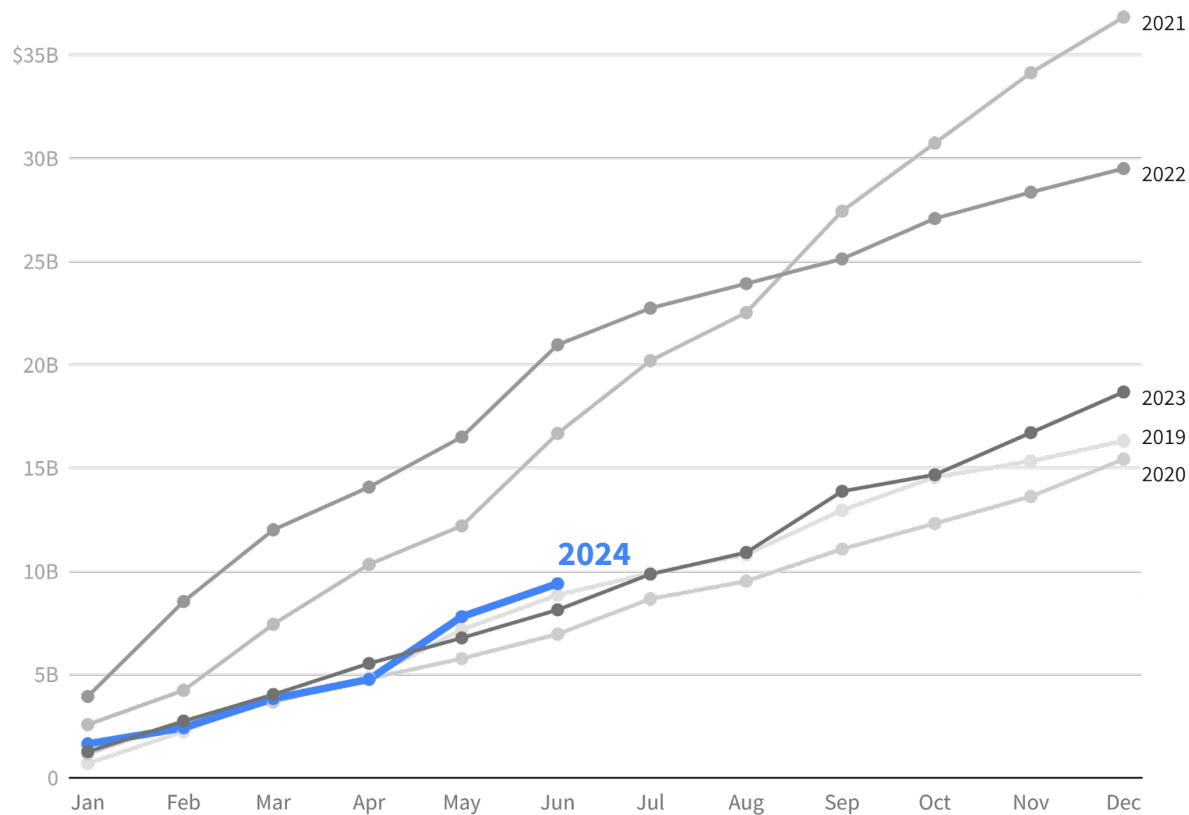


# Early and breakout stage investment have been stable since the boom years of 2021 & 2022. Late-stage megarounds are returning in 2024.



**UK venture capital is currently tracking ahead of 2023, behind only the outlier years of 2021/22.**

UK VC investment amount by month » [view online](#)



## The biggest UK venture capital rounds in 2024.

Cambridge-founded autonomous driving startup Wayve raised the blockbuster round of the quarter, a \$1.05B round in May.

» [see rounds](#)

**Autonomous Driving**  
London



\$1.1B  
Late VC - May 2024

**Lending Fintech**  
London



£400M  
Late VC - May 2024

**Challenger Bank**  
London



£340M & \$190M  
Late VC - Mar & May 2024

**Energy Storage**  
London



£300M  
Growth Equity VC - Jun 2024

**Quantum Computing**  
Cambridge



\$300M  
Late VC - Jan 2024

**Green Data Centre**  
London



£200M  
Growth Equity VC - Jan 2024

**Wealth Management**  
London



£108M  
Growth Equity VC - Mar 2024

**EV Charging**  
London



£100M  
Late VC - June 2024

**Biotech**  
London

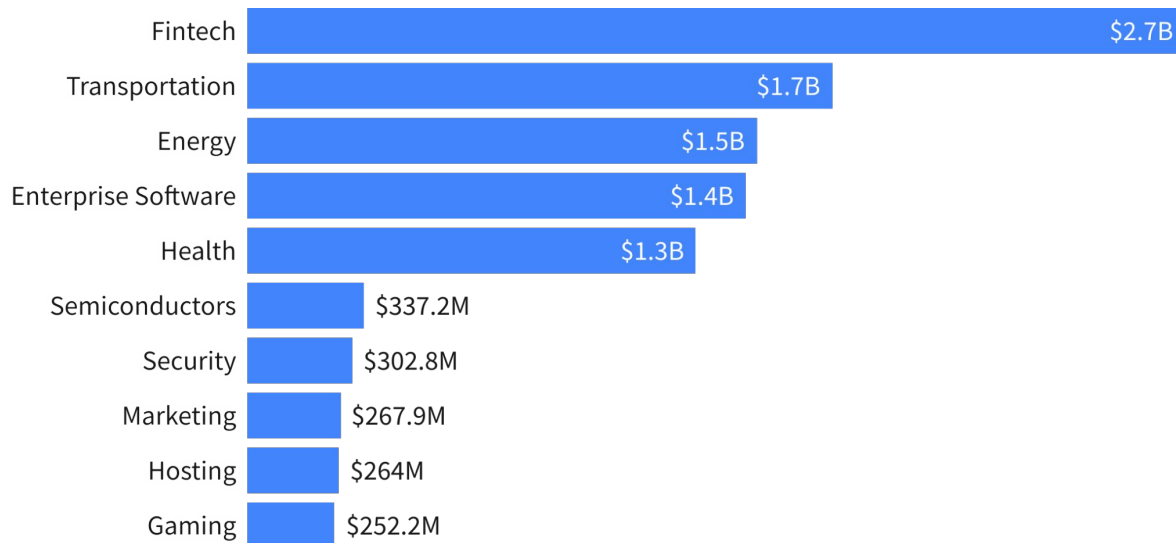


\$120M  
Series B - May 2024

## Fintech is still the UK's most funded aggregate sector in 2024. Fintech startups have raised \$2.7B year to date.

Notable mega rounds were raised by Abound, Monzo and Flagstone.

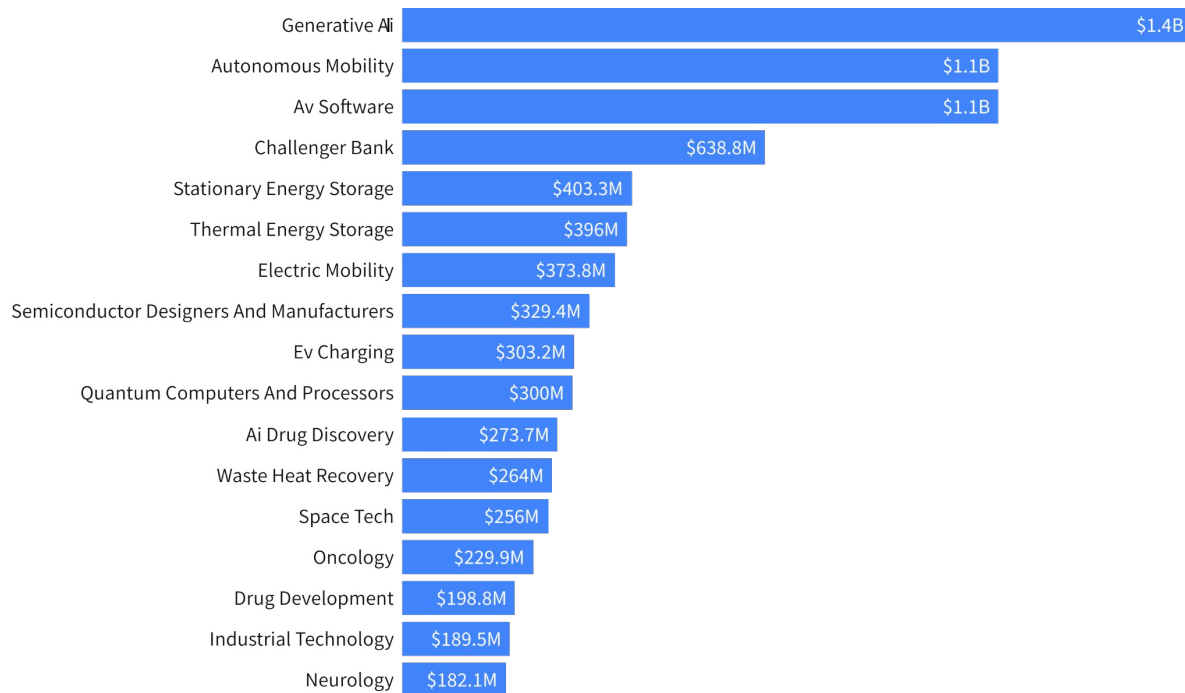
UK leading industries for VC investment in 2024 » [view online](#)



## Generative AI has been the leading segment in 2024.

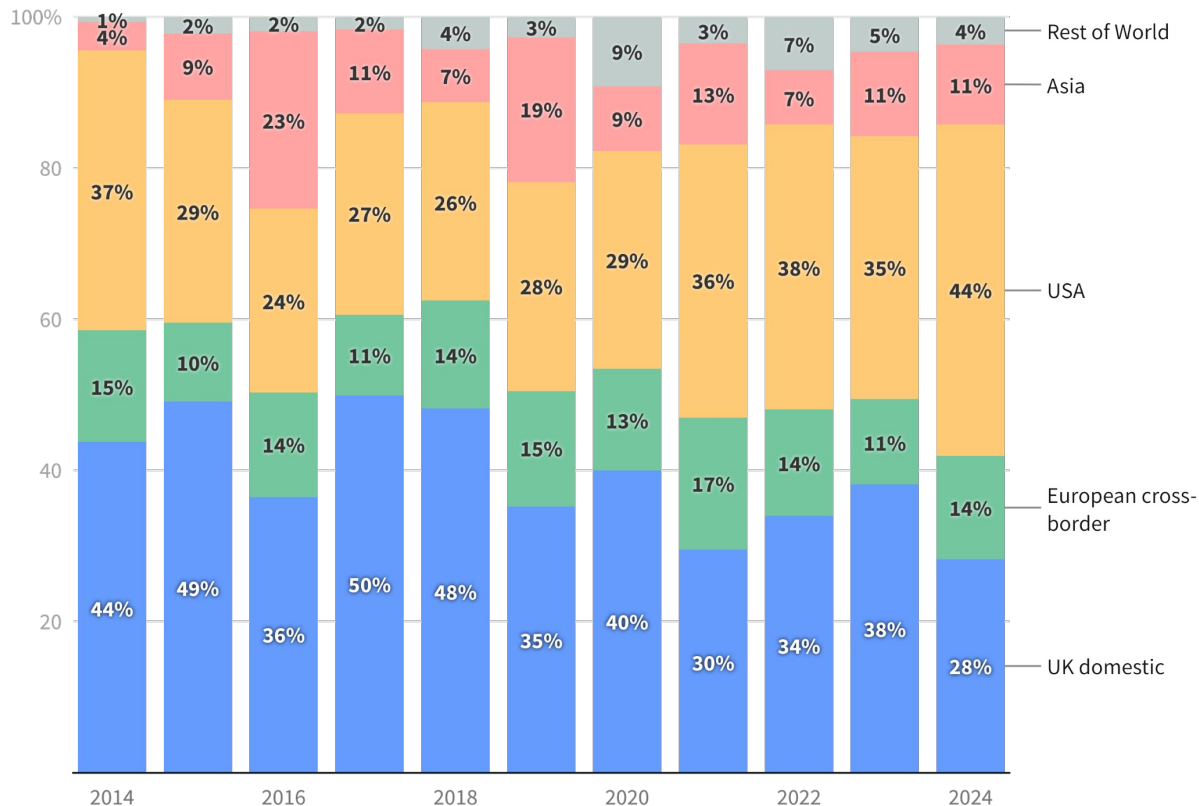
Deep tech and AI-adjacent industries also feature heavily, including autonomous mobility, energy storage, drug discovery and semiconductors.

UK leading segments for VC investment, 2024 » [view online](#)



**72% of UK VC  
has come from  
abroad in 2024 -  
this is the  
highest share  
to date.**

## UK venture capital by investor source » [view online](#)



1 Venture Capital in Q2

**2 UK tech**

3 AI spotlight

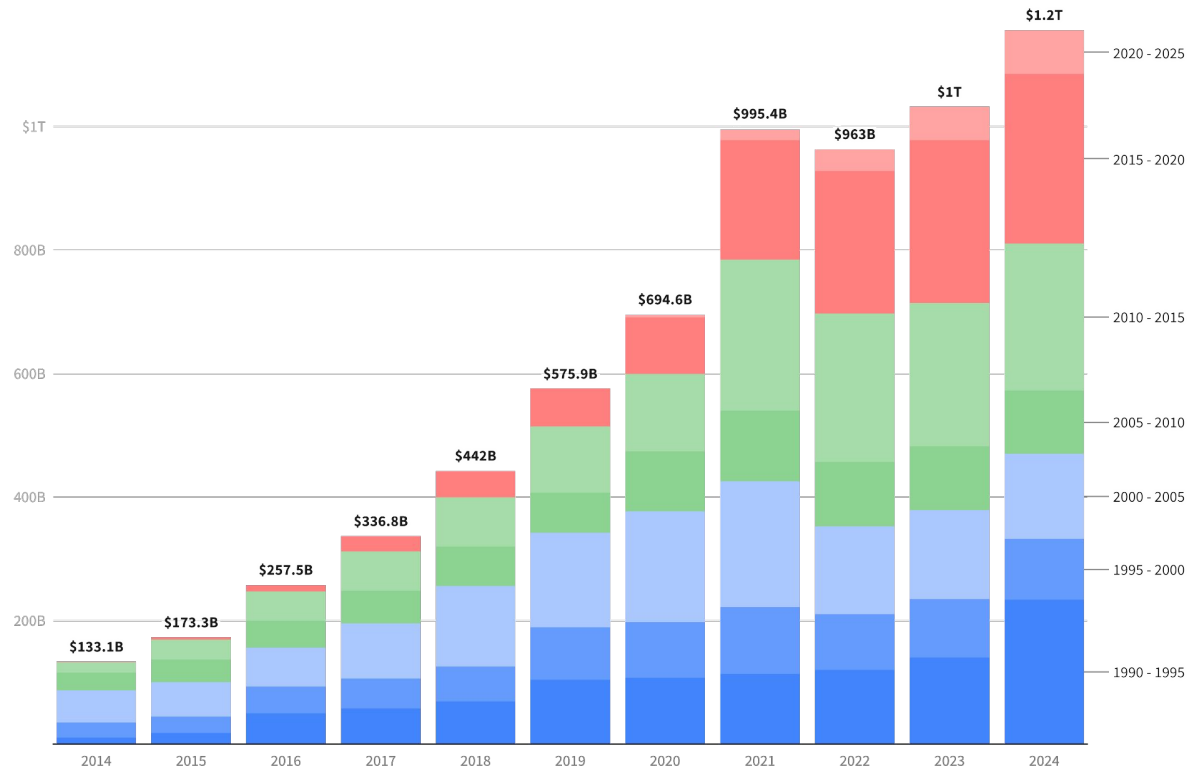


**The UK innovation economy is worth a combined \$1.2 trillion.**

Half is still pre-exit.

[» view online](#)











UK innovation economy combined enterprise value, by founding year



## The UK remains the #1 country in Europe by VC investment in 2024.

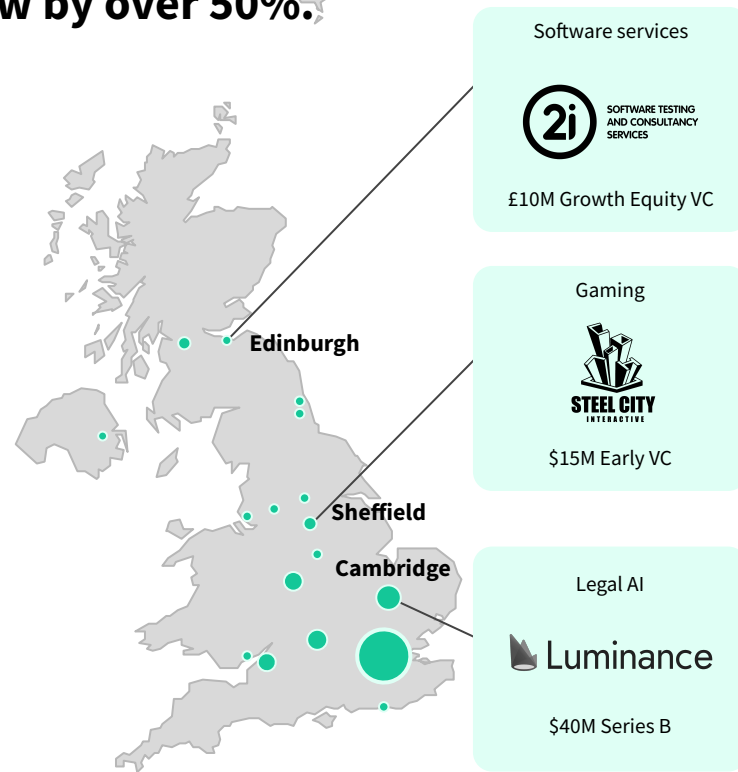
The UK has raised 219% the level of investment of both Germany and France in 2024 - more than both countries combined.

Top 10 European countries by VC investment in 2024 » [view online](#)

Country		VC investment
	UK	\$9.4B
	Germany	\$4.3B
	France	\$4.3B
	Switzerland	\$1.7B
	Netherlands	\$1.6B
	Sweden	\$1.5B
	Denmark	\$939.4M
	Spain	\$886.8M
	Norway	\$618.6M
	Belgium	\$562.4M

# Cambridge and Oxford startups have raised the most new venture capital outside of London in 2024. Edinburgh and Sheffield grew by over 50%.

Hub	VC investment H1 2024	change vs. 2023
London	\$6.8B	30%
Cambridgeshire	\$664.6M	83%
Oxfordshire	\$344.3M	-32%
Edinburgh	\$209.2M	166%
Manchester	\$133.9M	14%
Newcastle upon Tyne	\$94.4M	29%
Bristol	\$76.7M	-9%
Glasgow	\$64.1M	0%
Brighton	\$45.9M	0%
Sheffield	\$36.6M	52%



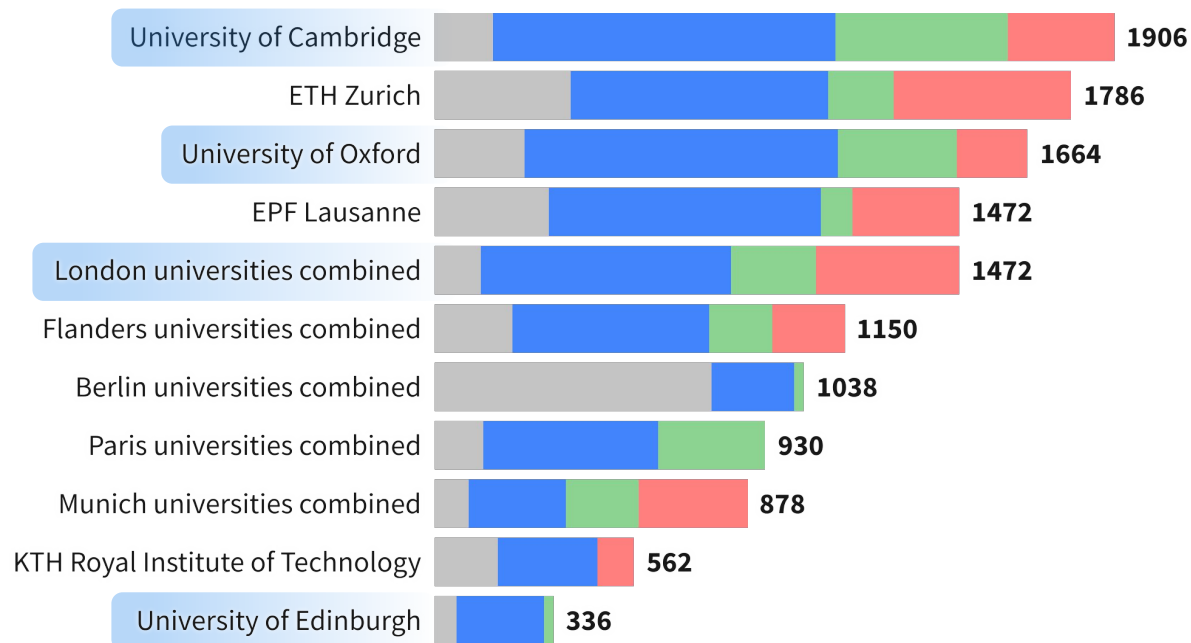
## Cambridge and Oxford are among the top European universities for creating spinout value.

Source :

Dealroom.co. Data as of 8 May 2024. University value creation is ranked by multiplying the number of startups at every stage of maturity. A score of 2 for a VC-backed startup, up to 100 for a unicorn. Comparisons are as close as possible but spinouts policies do vary from country to country. Some countries like France and Sweden run professor privilege models where universities have little or no stake in professor research innovation.

### European universities that have created the most spinout value

VC Backed (2) Series A+ (10) Future Unicorn (30) Unicorn (100)

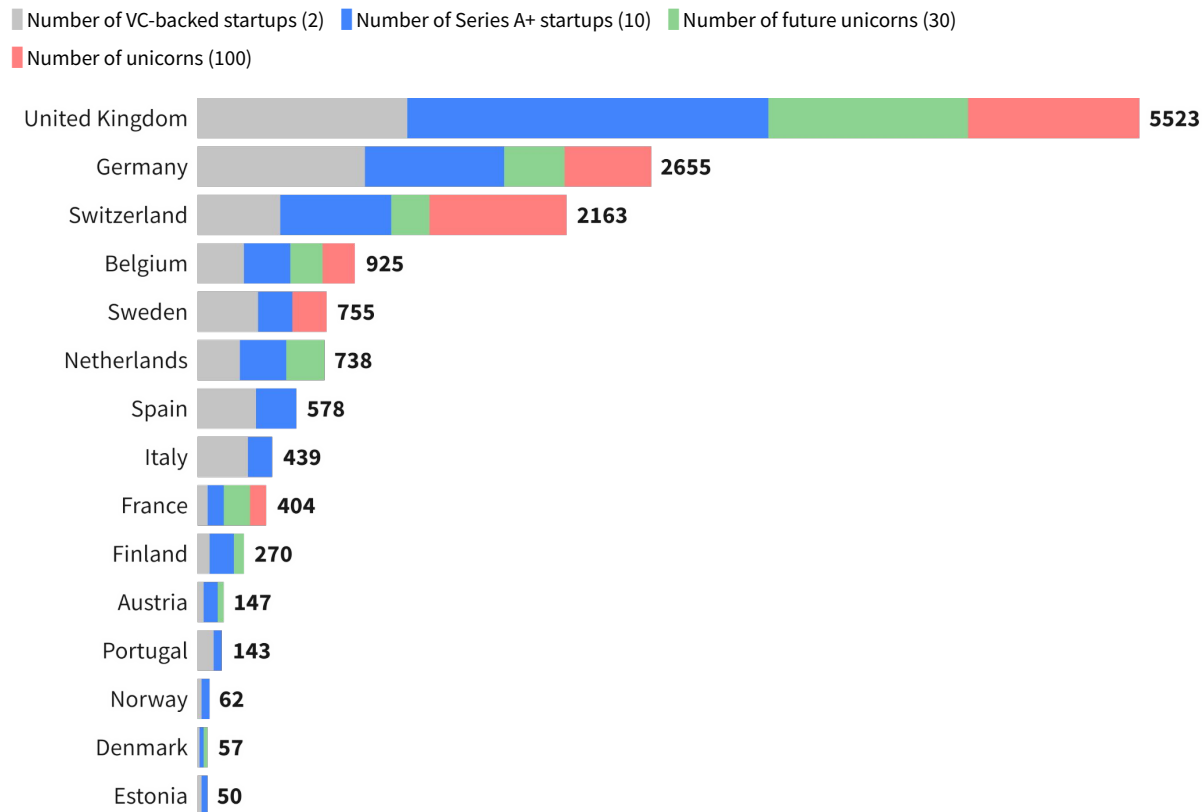


## The UK leads Europe by university spinouts.

58% of the UK spinout value has been created by Health startups.

Source : Dealroom.co. Data as of 8 May 2024 University value creation is ranked by multiplying the number of startups at every stage of maturity. A score of 2 for a VC-backed startup, up to 100 for a unicorn. Comparisons are as close as possible but spinouts policies do vary from country to country. Some countries like France and Sweden run professor privilege models where universities have little or no stake in professor research innovation.

## European countries that have created the most spinout value

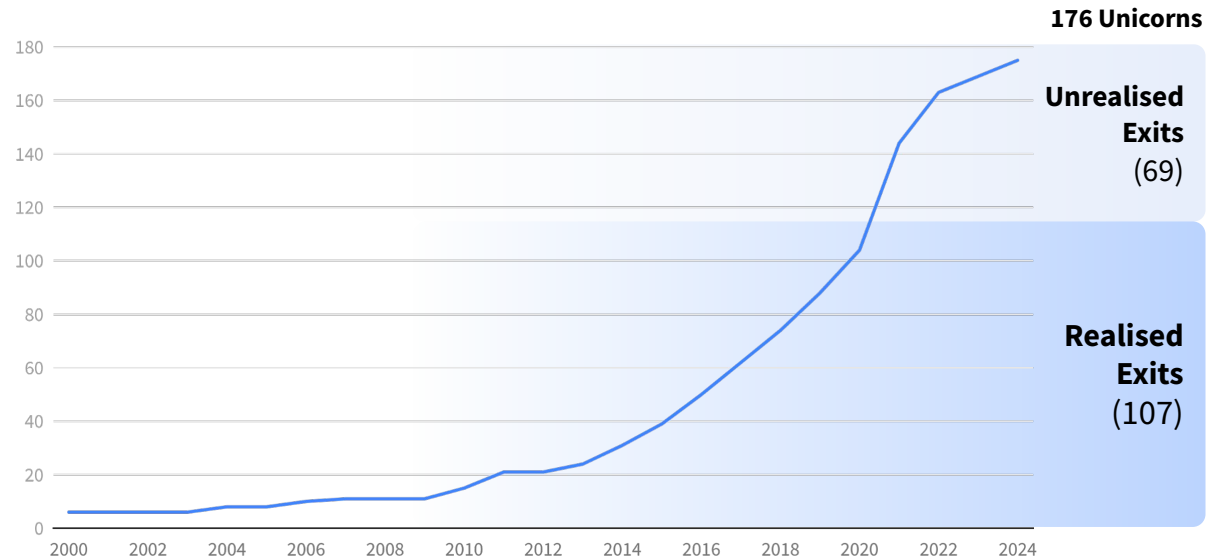


Source: Dealroom.co

**The UK has now created 176 unicorns, with five new additions in 2024.**

**14 have reached decacorn status.**

## Cumulative UK Unicorns



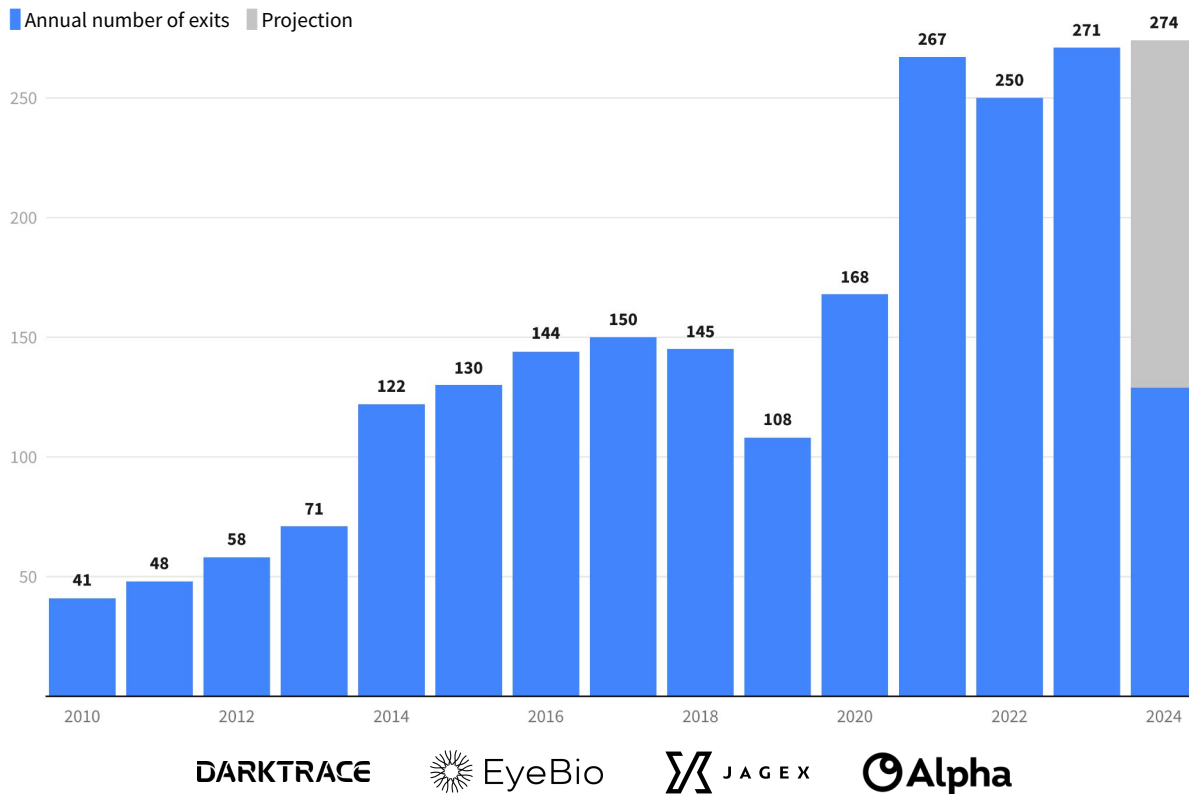
## 2024 UK unicorns



**2024 is on track to be the biggest year for VC-backed exits so far.**

[» view exits](#)

## UK Exits over time



1 Venture Capital in Q2

2 UK tech

**3 AI spotlight**



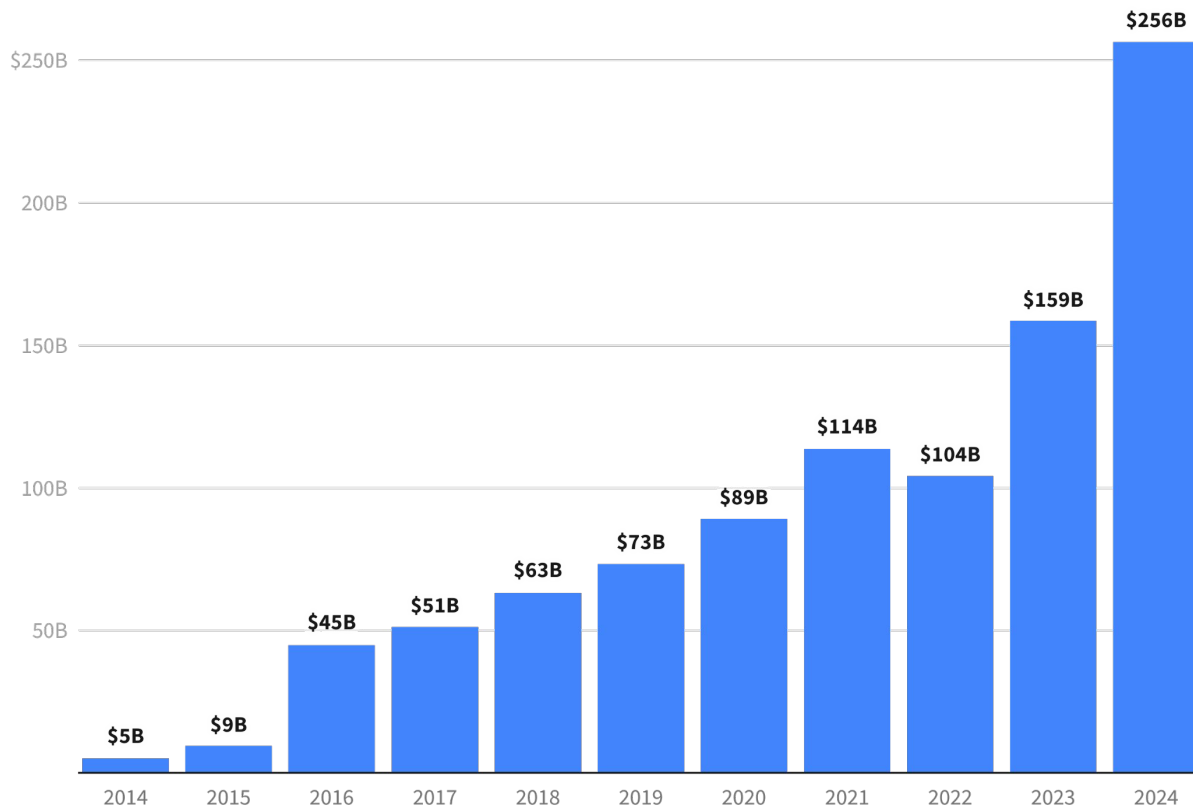
## UK AI startups are now worth a quarter of a trillion dollars.

AI now accounts for 22% of UK innovation ecosystem value, up from 12% in 2019.

This includes chip giant Arm, which is playing a central role in global AI, and is one of only two European tech companies founded since 1990 to pass a \$100B valuation, along with Booking.com.

» [Live data](#)

Value of UK AI



Source: Dealroom.co



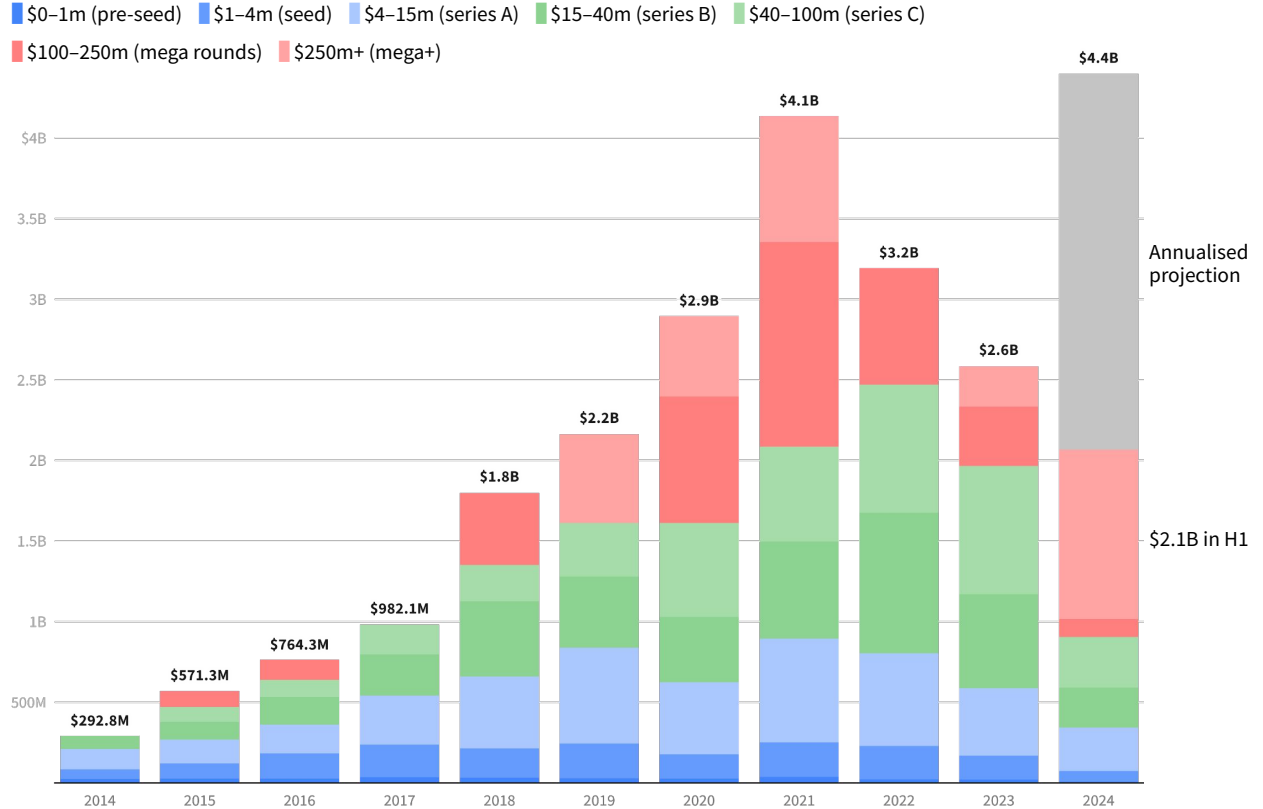
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# UK AI startups have raised \$2.1B in investment in 2024 and are on track for a record breaking year.

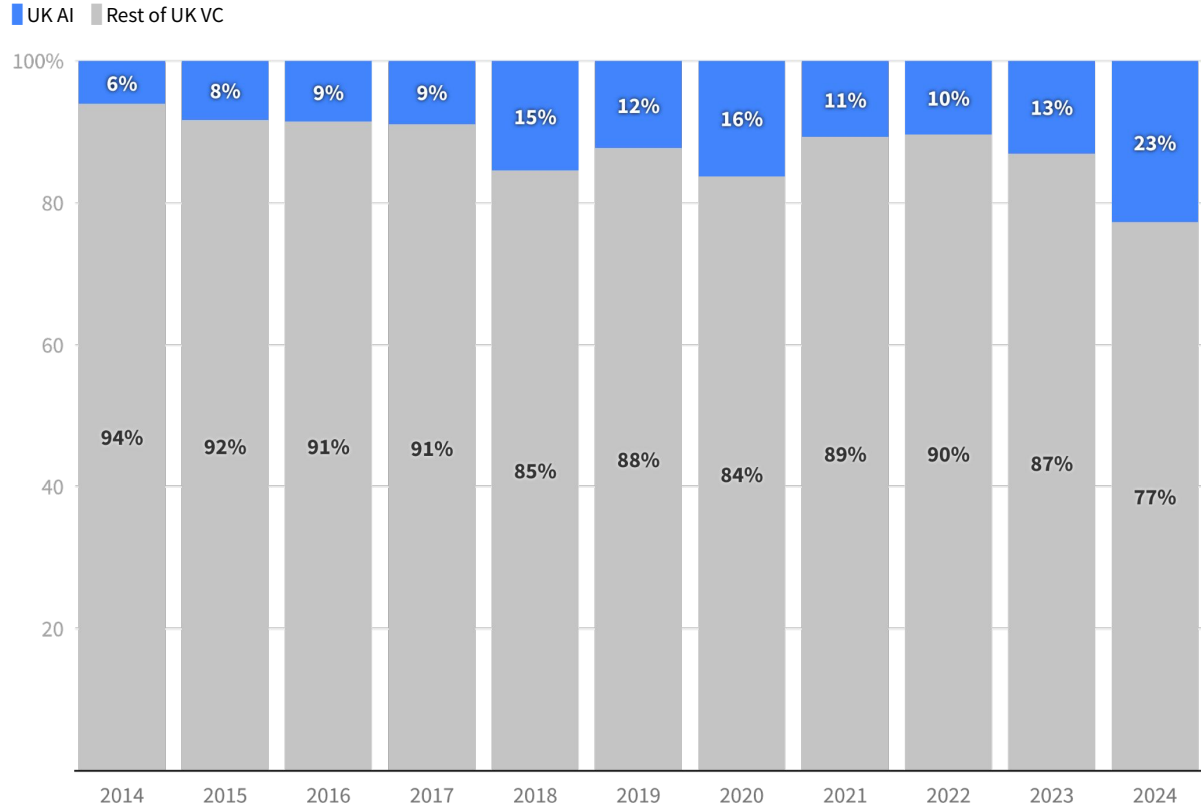
In 2024, Wayve raised a mega round of \$1.05B.

UK AI Venture Capital by stage » [view online](#)



**AI is taking an ever greater share of UK venture capital, at an all-time high of 23% in 2024.**

## UK AI - share of venture capital



## The biggest UK AI venture capital rounds in 2024.

The UK's top AI rounds are spread across diverse applications including energy, therapeutics, legal & finance.

The most notable round was the Wayve megaround of \$1.1B.

» [view rounds](#)

**Autonomous Driving**  
London



\$1.1B  
Late VC

**Open ce GenAI**  
London



\$80M  
Early VC

**Blockchain Insurance**  
London



\$65M  
Series B

**Financial Compliance AI**  
London



£45M  
Growth Equity

**Drug Discovery**  
London



£40.5M  
Series A

**Conversational AI**  
London



\$50M  
Growth Equity VC

**Drug Discovery**  
London



£35M  
Series B

**Legal Due Diligence**  
Cambridge



\$40M  
Series B

**Drug Discovery**  
London



Relation Therapeutics

\$35M  
Late VC

# Methodology.

## What is a startup?

Companies designed to grow fast. Generally, such companies are VC-investable businesses.

When startups are successful, they develop into scaleups (>50 people), grownups (>500 people) and result in big companies. Only companies founded since 1990 are included in this report.

Blog post » [What is a Startup?](#)

## What is a unicorn?

Unicorns are (former) startups that are privately valued at over US\$ 1B, or have achieved a \$1B+ exit via public market or M&A.

A decacorn is a unicorn that is valued at \$10B+.

Blog post » [What is a Unicorn?](#)

## Underlying Data

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

The data on which this report is built is available via [app.dealroom.co](https://app.dealroom.co). For more info please visit [dealroom.co](https://dealroom.co) or contact [support@dealroom.co](mailto:support@dealroom.co). Data for this report was taken in 2024.

## Venture Capital, Investors

Investment are referred to by their round labels such as Seed, Series A, B, C, ... late stage, and growth equity. VC investments exclude debt, non-equity funding, lending capital and grants.

## Sectors

Dealroom's proprietary tech taxonomy consists of 32 fixed industries, 77 sub-industries, and thousands of tags for niche, granular company categorization.

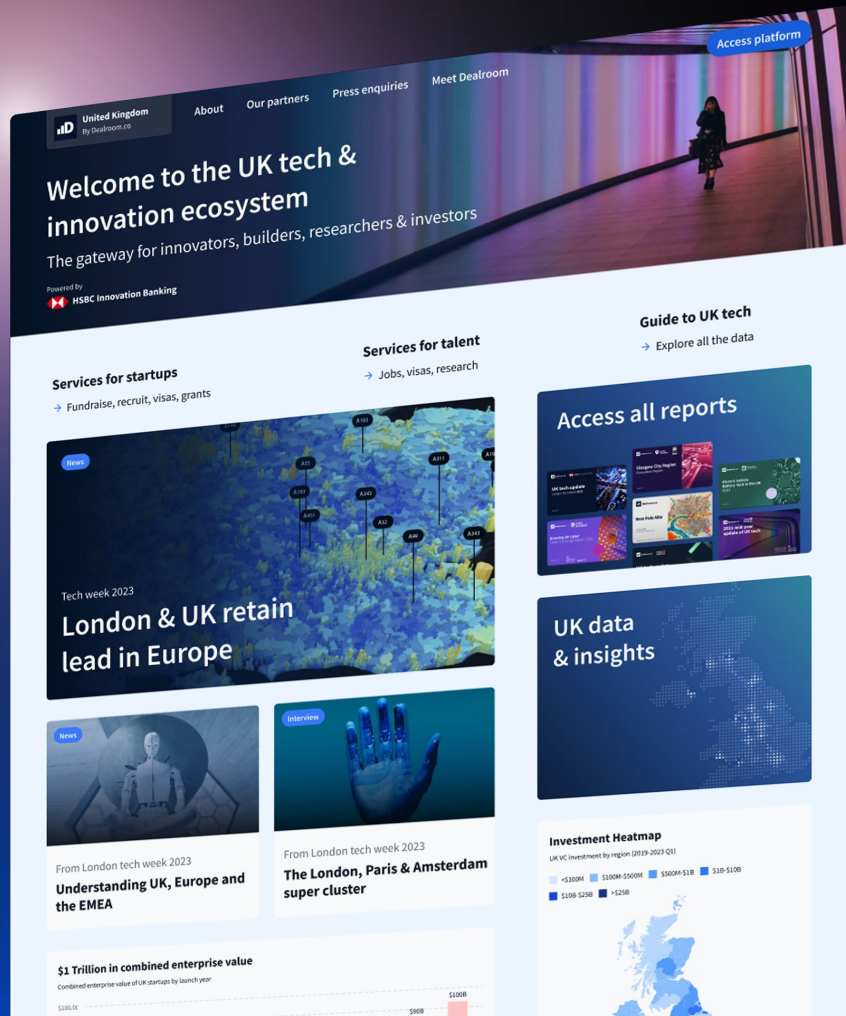
Guide » [Dealroom tech taxonomy](#)

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