



UK INNOVATION UPDATE

Q3 2024

October 2024

Image: Flo



UK innovation - Q3 2024

UK startups raised \$2.9B in fresh funding in Q3 2024

Investment in UK startups slowed over the summer period, in line with global venture capital dynamics.

But UK startups still raised \$2.9B of fresh capital in Q3, with the largest share being raised at breakout stage, of Series B and C rounds.

2024 UK investment is still tracking largely in line with 2023 to date.

UK leads for Femtech and Fintech

The largest funding round for a UK startup in Q3 2024 was \$200M raised by London-based femtech startup Flo, which saw it become Europe's first femtech unicorn.

The \$1B raised by UK healthtech startups overall in Q3 catapulted the sector into second place in terms of total funding for the year. Fintech retained the top spot for 2024 with \$3.3B raised - \$1B more than any other sector.

UK-based VC investors on track to raise record levels of dry powder

UK-based venture capital investors are on track to raise \$12.2B in new funds in 2024, beating the previous record of \$11.5B raised in 2021.

Major new funds were raised by established investors including Index Ventures, Atomico and Balderton Capital, as well as newer entrants such as Taavet Hinrikus's Plural, climate venture builder Climate13, and UK-Ukrainian diaspora seed fund 1991 ventures.

UK remains #1 tech hub in Europe by venture capital raised

UK startups have raised almost as much venture capital in 2024 as France and Germany combined.

UK startups have raised \$12.4B in venture capital in the first three quarters of 2024. This compares to \$6.7B for Germany and \$6.5B for France in the same period.

London alone has raised more than either country, with \$8.7B.



Simon Bumfrey

Head of Technology and Life Sciences



***“We’re pleased to share our latest quarterly innovation report, in partnership with Dealroom, which highlights encouraging signs for the UK’s innovation economy. Despite a typical seasonal slowdown in VC activity over the summer, Q3 still saw \$2.9 billion raised by UK startups, and continues to track in line with 2023.*”**

“However overall investment does not tell the full story. Looking beyond closed deals, the report reveals that UK-based venture capital investors are on track to raise a record \$12.2 billion of fresh capital by the end of the year - surpassing even the levels seen at the height of the pandemic boom. This deep pool of liquidity is a sign of confidence from long-term investors in the strength of the domestic innovation ecosystem and suggests a buoyant outlook for 2025 and beyond.

“In 2024, top global funds have been actively raising capital to be deployed in UK start-ups and scale-ups ready to achieve their next phase of growth. Encouragingly, the fact that Q3 funding was heavily weighted towards deals at the critical Series B and C ‘breakout’ stages, suggests that these global VCs will have no shortage of mature, high-growth businesses to invest in. The proportion of inbound, international investment is at its highest since 2021, which underscores the strength of UK innovation on the global stage.

“Other highlights include a standout quarter for health and life science businesses. Companies in these sectors attracted over \$1 billion of funding in Q3, bringing the total to \$2.3 billion for the year and cementing it as one of the UK’s fastest growing sectors.

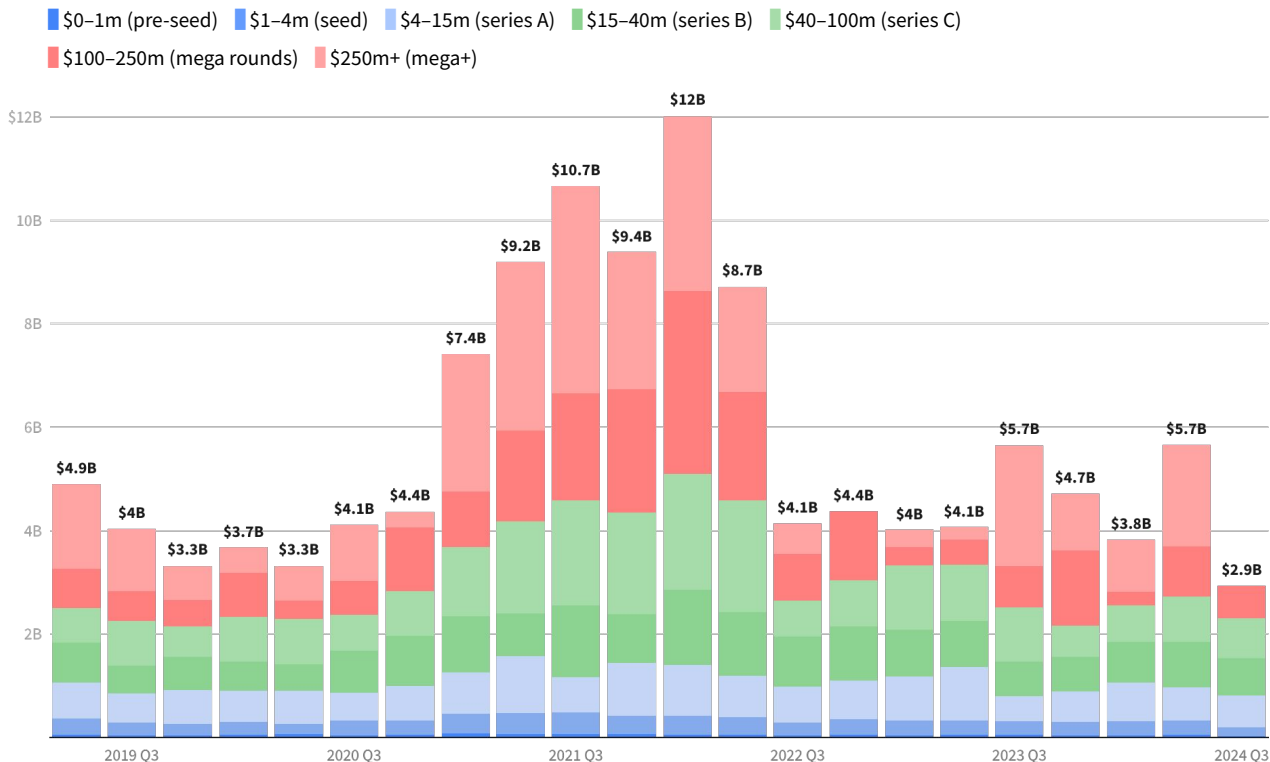
“Looking forward, the team at HSBC Innovation Banking UK and I remain extremely positive about the future of the UK’s innovation economy, and we are excited at the prospect of continuing to partner with clients and investors to foster further expansion of this key industry sector.”

UK startups raised \$2.9B in Q3 2024

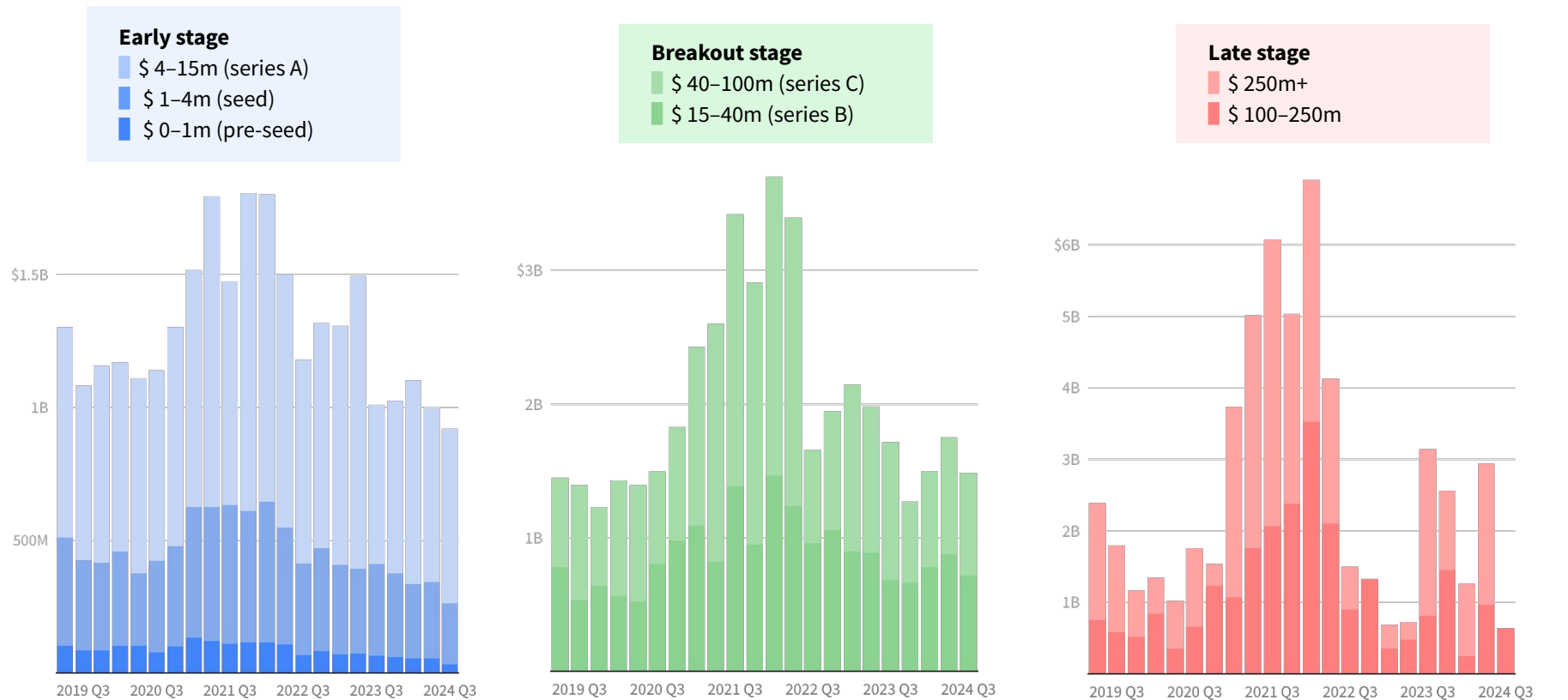
Globally venture capital had a slow quarter in Q3 2024, its slowest in [over four years](#).

Most of the slowdown came from a drop in megarounds whilst early and breakout stage was fairly stable.

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

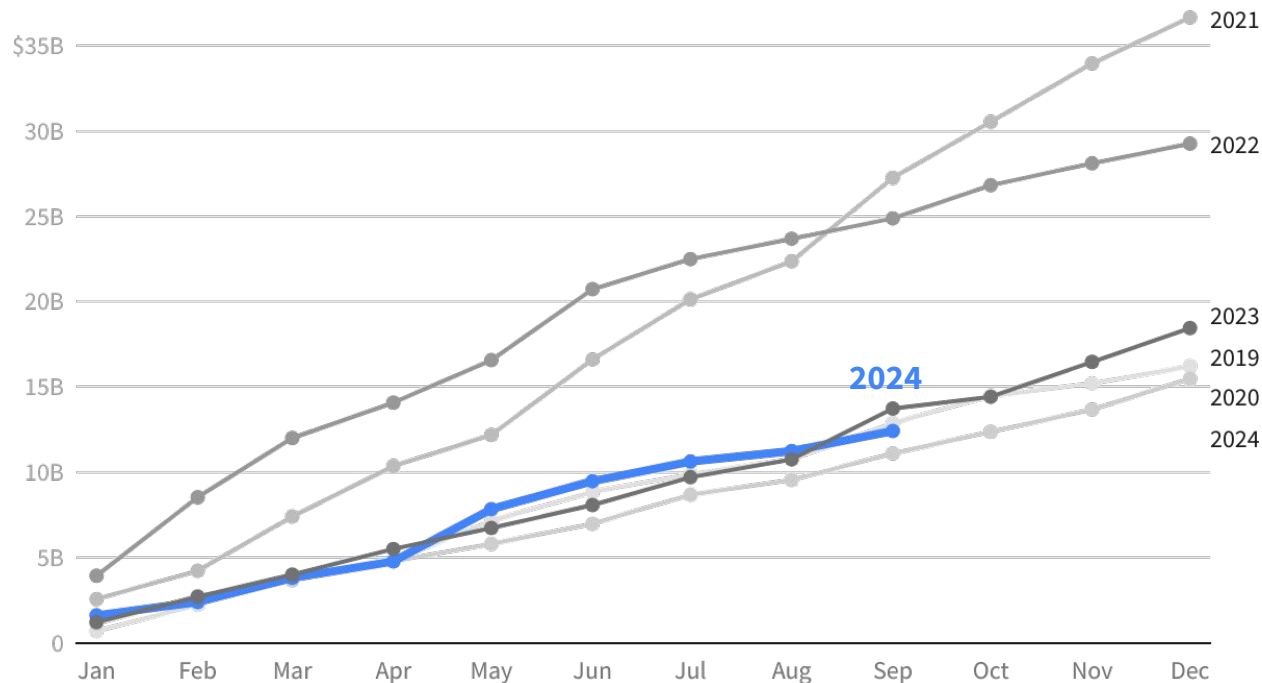


Most UK venture capital in Q3 was raised at breakout stage - Series B and C - with over \$1B raised.



UK venture capital is currently tracking roughly in line with 2023.

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





Amelia Armour

Partner at Amadeus Capital
Partners



Amadeus
Capital Partners










“We’ve seen a lot more momentum in the VC investment market in 2024 with companies such as PolyAI (\$50m), Riverlane (\$75m) and ConstructiveBio (\$58m) raising good sized rounds to support their growth.”

“Companies with strong topline growth at high margins, or those developing products for large nascent markets, such as quantum computing, are attracting interest from overseas investors. AI remains a significant investment focus area with opportunities ranging from energy reduction solutions for datacentres through to model output explainability and productivity tools built on top of LLMs.”

The biggest UK venture capital rounds in Q3 2024.

The largest round in Q3 2024 came from Flo, newly minted Femtech unicorn. 3 of the largest rounds were in Biotech.

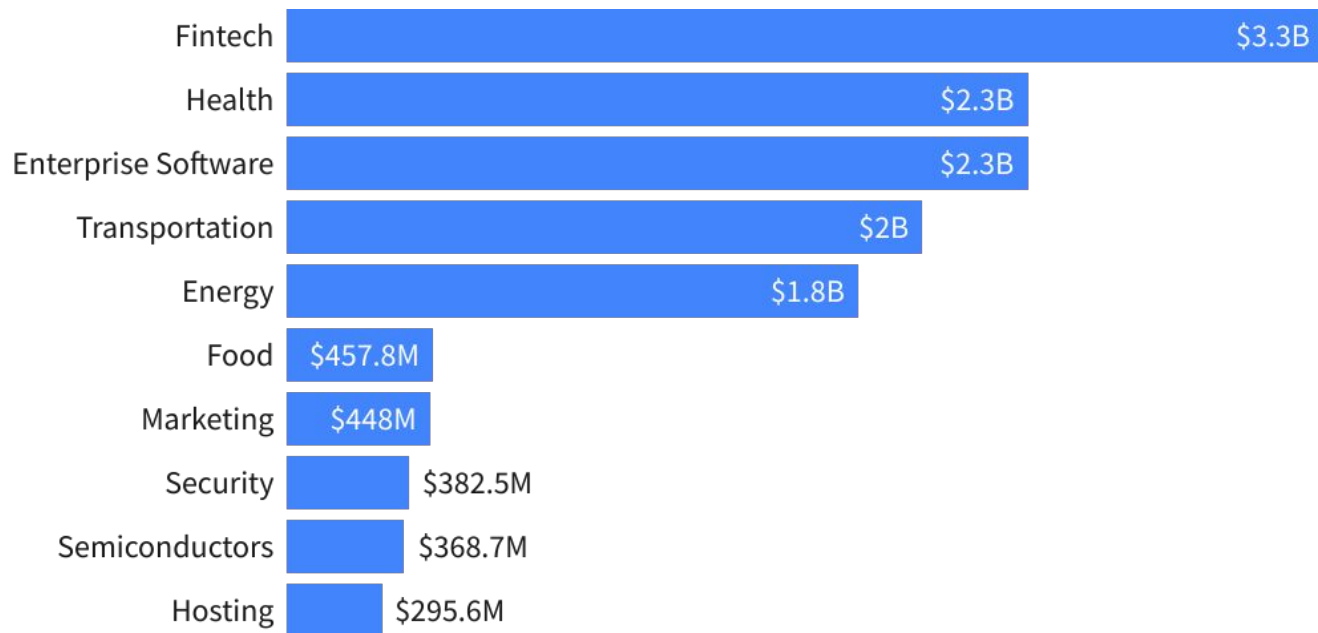
» [see rounds](#)

<p>Femtech London</p>  <p>\$200M Series C - July 2024</p>	<p>Payroll Fintech Andover</p>  <p>\$120M Late VC - Aug 2024</p>	<p>Biotech London</p>  <p>£90M Series A - July 2024</p>
<p>Vaccine Biotech London</p>  <p>\$100M Series B - Sep 2024</p>	<p>Biotech Manchester</p>  <p>\$100M Series H - Sep 2024</p>	<p>Digital Health London</p>  <p>\$80M Series D - July 2024</p>
<p>Quantum Computing London</p>  <p>£59M Series C - Aug 2024</p>	<p>Fintech London</p>  <p>\$60M Series C - Sep 2024</p>	<p>AI Chatbots London</p>  <p>\$60M Series C - July 2024</p>

Fintech is the UK's most funded aggregate sector in 2024. Health moved into second in Q3.

Nearly \$1B was raised in Q3 alone by UK healthtech startups, driven by megarounds for Flo Health and Myricx Bio.

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





Julian Schoemig

CEO and co-founder of Diesta

DIESTA

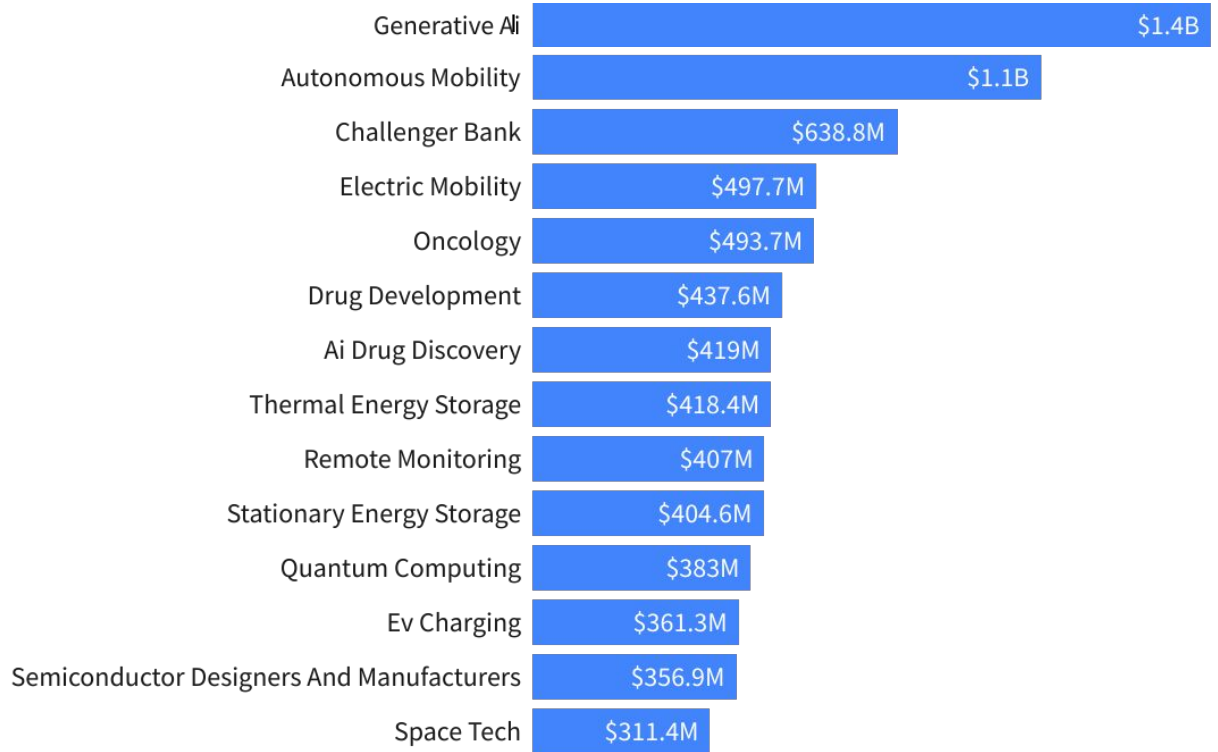
“2024 has been an exciting year for Diesta. We secured a seed extension led by top US fintech investors, fuelling our growth in the insurance payments space.”

“Raising capital in today’s cautious market can be challenging but rewarding, especially with interest from overseas investors and the right partner. Even with recent funding, cash flow management remains crucial as we balance product development and revenue growth. On the client side, the need for cost relief and faster payments aligns well with current market dynamics. We’re excited to see what the rest of the year holds.”

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](#)





Barney Hussey-Yeo

Founder & CEO of Cleo

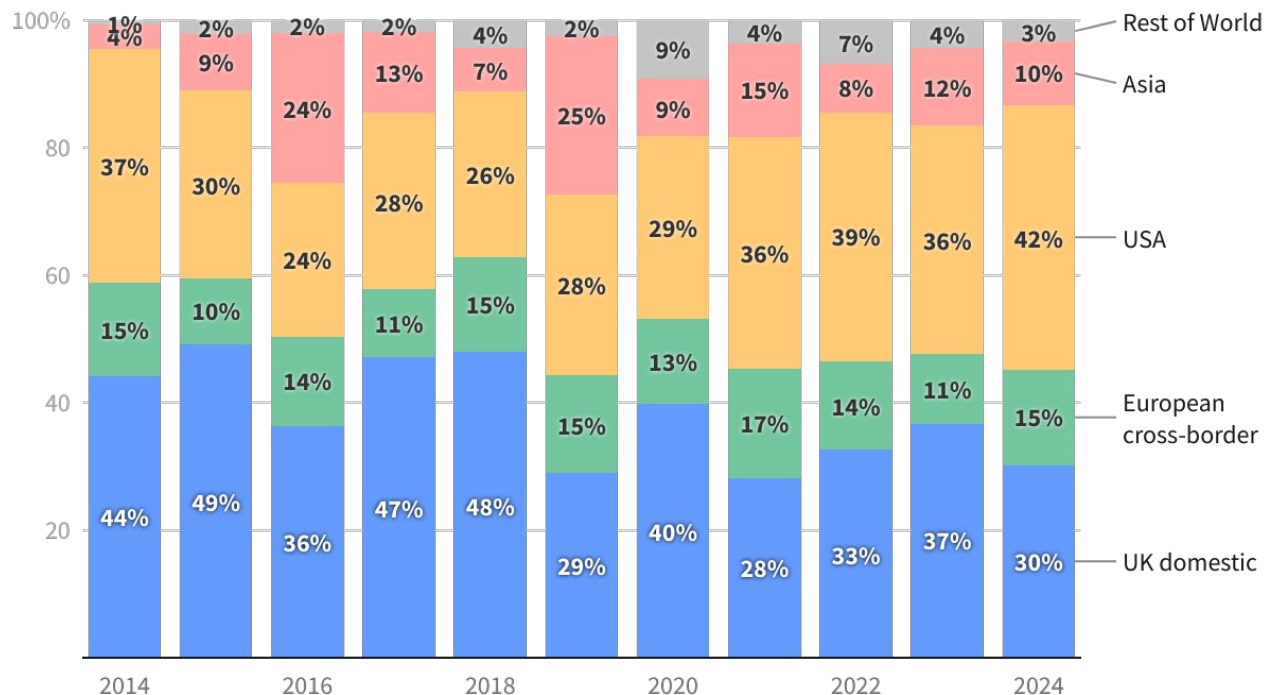


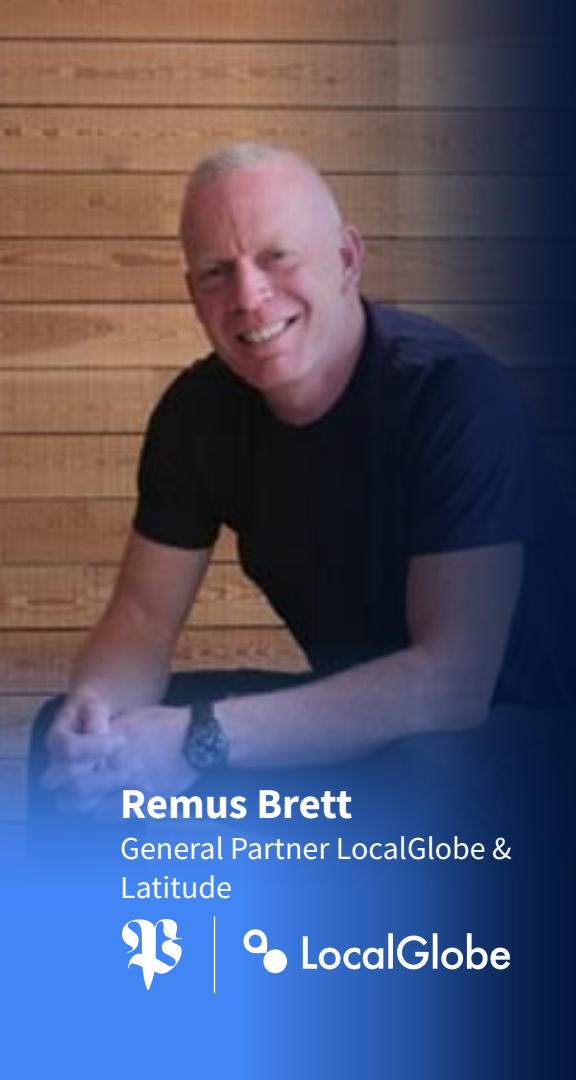
“For AI companies like ours, 2024 has brought a surge of interest, making fundraising relatively straightforward.

“However, this experience contrasts sharply with the challenges faced by founders in more traditional venture-backed businesses. With interest rates starting to ease and public market valuations for mid-cap tech stocks rising, we anticipate that this positive momentum will soon influence private market sentiment.”

**70% of UK VC
has come from
abroad in 2024 -
this is one of the
highest shares
to date.**

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





Remus Brett

General Partner LocalGlobe &
Latitude



LocalGlobe











***“The UK fintech sector is back. Many scaleups, having emerged from a challenging funding market stronger than ever, are making a serious dent in incumbents’ market share. Tide, for example, now boasts over 10% of the SME banking market and Cuvva underwrites 11% of all new UK car insurance policies. A new generation of AI native startups is reshaping fintech from consumer to enterprise transformation.*”**

“While unicorns have long excited investors with their hope and promise, we are now seeing a group of growing tech and science-backed companies with annual revenues of more than \$100m a year. These “Thoroughbreds” are creating jobs and driving growth in our country’s economy. With plenty of dry powder at their disposal, investors are entering 2025 ready to support the next generation of innovative UK tech companies with the attributes to become national, regional, and global champions.”

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

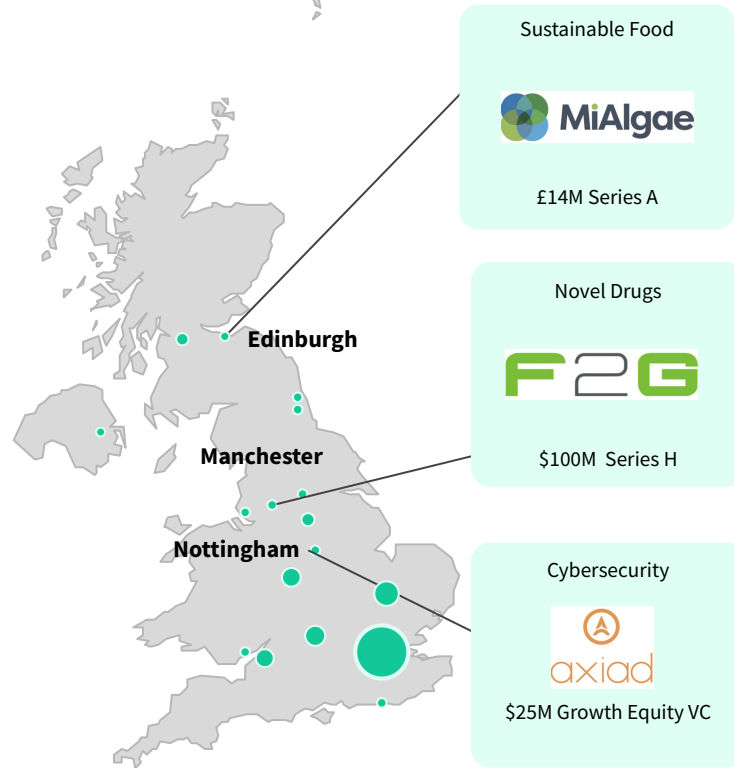
The UK has raised nearly double the level of investment of both Germany and France in 2024.

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

Country		VC investment	
	UK	\$12.4B	-9%
	Germany	\$6.6B	6%
	France	\$6B	-13%
	Israel	\$2.5B	-29%
	UAE	\$2.3B	290%
	Switzerland	\$2.2B	-2%
	Netherlands	\$2.1B	31%
	Sweden	\$1.9B	-56%
	Spain	\$1.3B	-6%
	Italy	\$933.1M	22%

Cambridge and Oxford startups have raised the most new venture capital outside of London in 2024. Edinburgh, Manchester and Nottingham grew by over 100%.

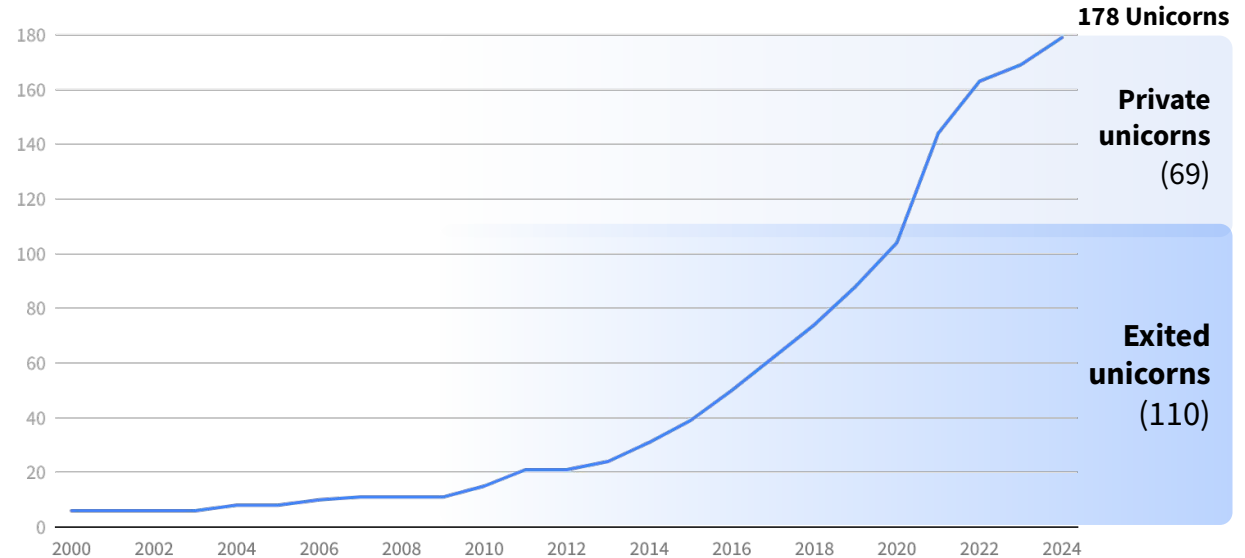
Hub	VC investment 2024 YTD	change vs. 2023
London	\$8.7B	-1%
Cambridgeshire	\$886.3M	35%
Oxfordshire	\$354.8M	-42%
Manchester	\$286.8M	121%
Edinburgh	\$264M	145%
Glasgow	\$103.4M	-59%
Bristol	\$101.2M	-72%
Newcastle upon Tyne	\$97.3M	21%
Nottingham	\$72.4M	619%
Brighton	\$68.4M	36%



The UK has now created 178 unicorns, with eight additions in 2024.

14 have reached decacorn status.

Cumulative UK Unicorns



2024 UK unicorns



PREQIN



IntraBio



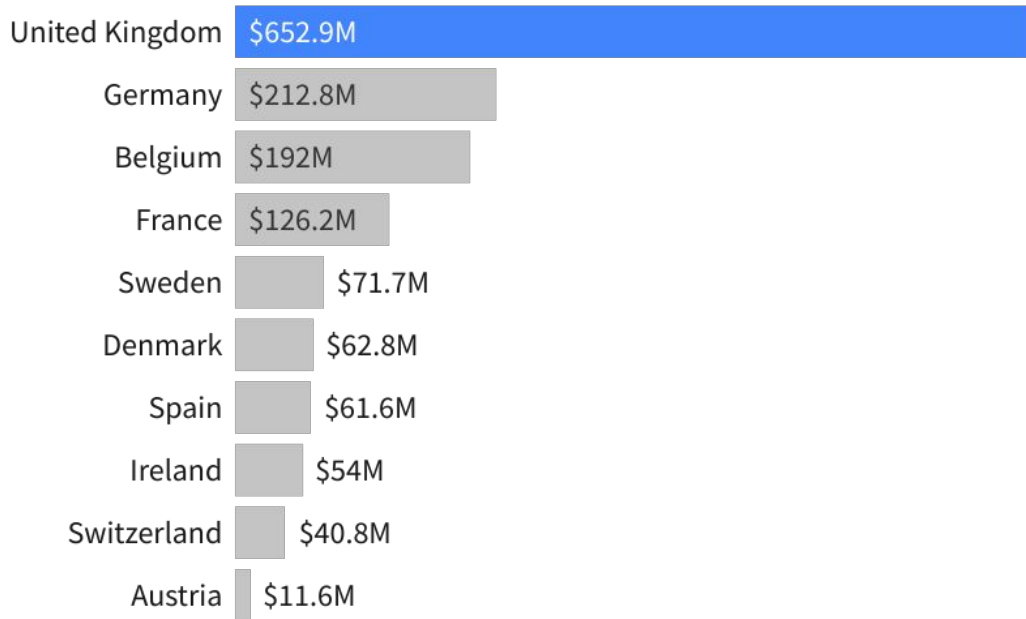
IIElevenLabs

[» see all UK unicorns](#)

The UK is the undisputed leader in European Femtech.

Newly minted unicorn [Flo Health](#) raised a \$200M round in Q3 2024 - the 4th largest Femtech round ever, and the only European company to raise a Femtech mega round.

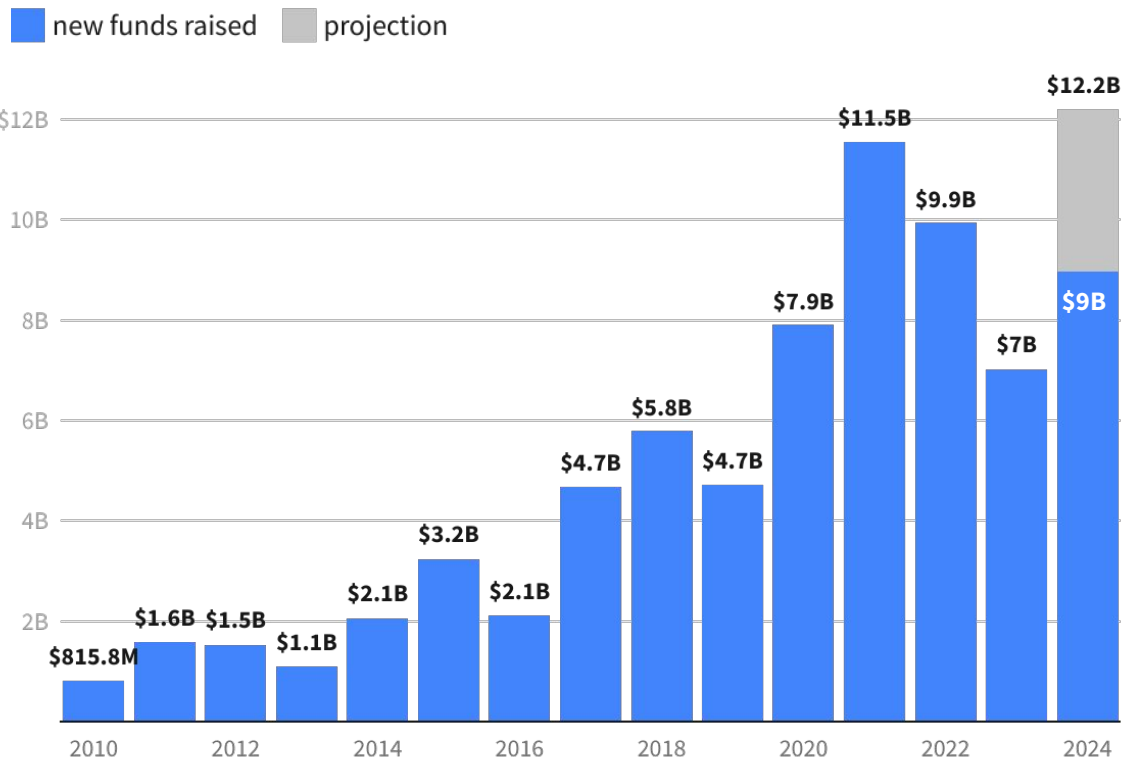
European Femtech Ranking VC invested since 2019



The UK is on track for a record \$12.2B in new VC funds raised in 2024.

This adds significantly to available dry powder, with \$9B announced so far in 2024.

UK new VC funds raised





Lilly Bussmann

Head of Strategic Capital,
Oxford Science Enterprises

O X F O R D
S C I E N C E
E N T E R P R I S E S

“At a macro level, things are looking up for UK venture. UK VCs are on track to raise record levels of dry powder in 2024. At the same time, the percentage of venture investment coming from the US is at an all-time high.”







“Currently, for every pound UK ventures receive, 42p is being invested by US firms, often market leaders. Despite this encouraging macro outlook, the situation becomes more complex on a sector-by-sector basis. While VCs are increasingly vocal about the world’s ‘turn towards physical’—from defence tech and semiconductors to climate tech—the number of investors truly capable of diligencing and pricing deep tech assets at Series B and beyond remains limited. This stands in stark contrast to sectors like fintech or biotech. However, the UK has a once-in-a-generation opportunity to replicate its globally recognized biotech success in deep tech. All the building blocks are there.”

The biggest UK venture capital new funds in 2024.

The largest new fund in 2024 was raised by Index Ventures: \$2.3B.

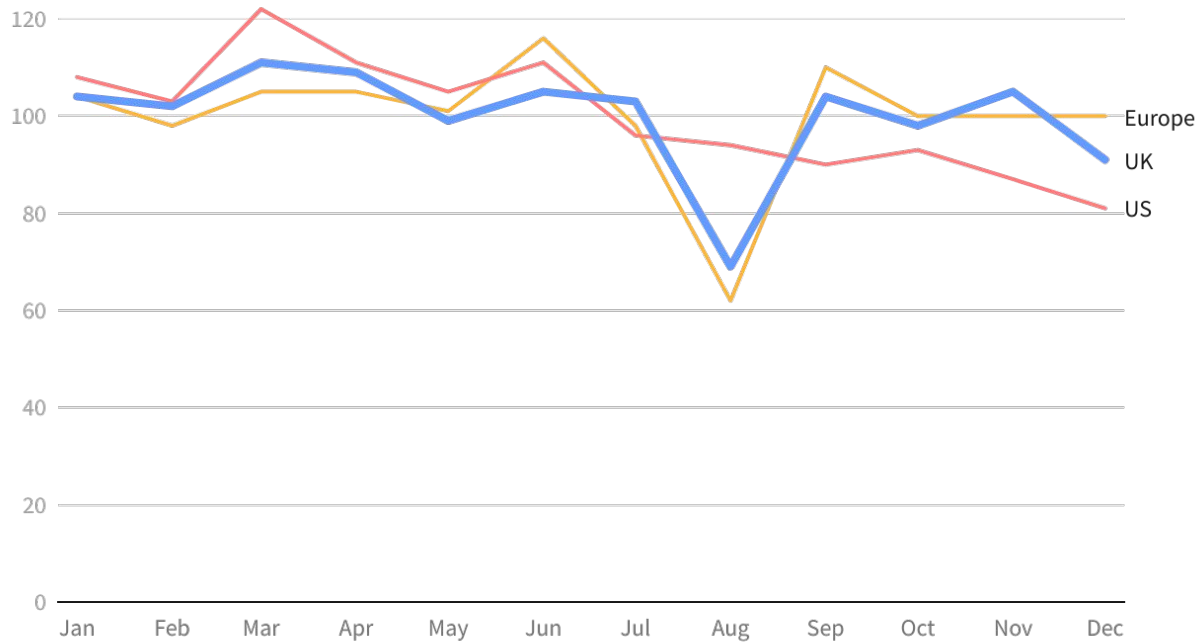
Balderton raised two funds in 2024, adding up to a combined \$1.3B.

» [see new funds](#)

<p>Index Ventures London</p>  <p>\$2.3B July 2024</p>	<p>Balderton Capital London</p>  <p>\$685M & \$615M Nov & Aug 2024</p>	<p>Atomico London</p>  <p>\$754M & \$485M August & Sept 2024</p>
<p>Northern Powerhouse Investment Fund Sheffield</p>  <p>£660M March 2024</p>	<p>Corten Capital London</p>  <p>€680M June 2024</p>	<p>Plural London</p>  <p>€400M January 2024</p>

August is historically the quietest month for venture capital in the UK and Europe overall.

Transatlantic VC seasonality. Monthly average = 100



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. For more info please visit dealroom.co or contact 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.

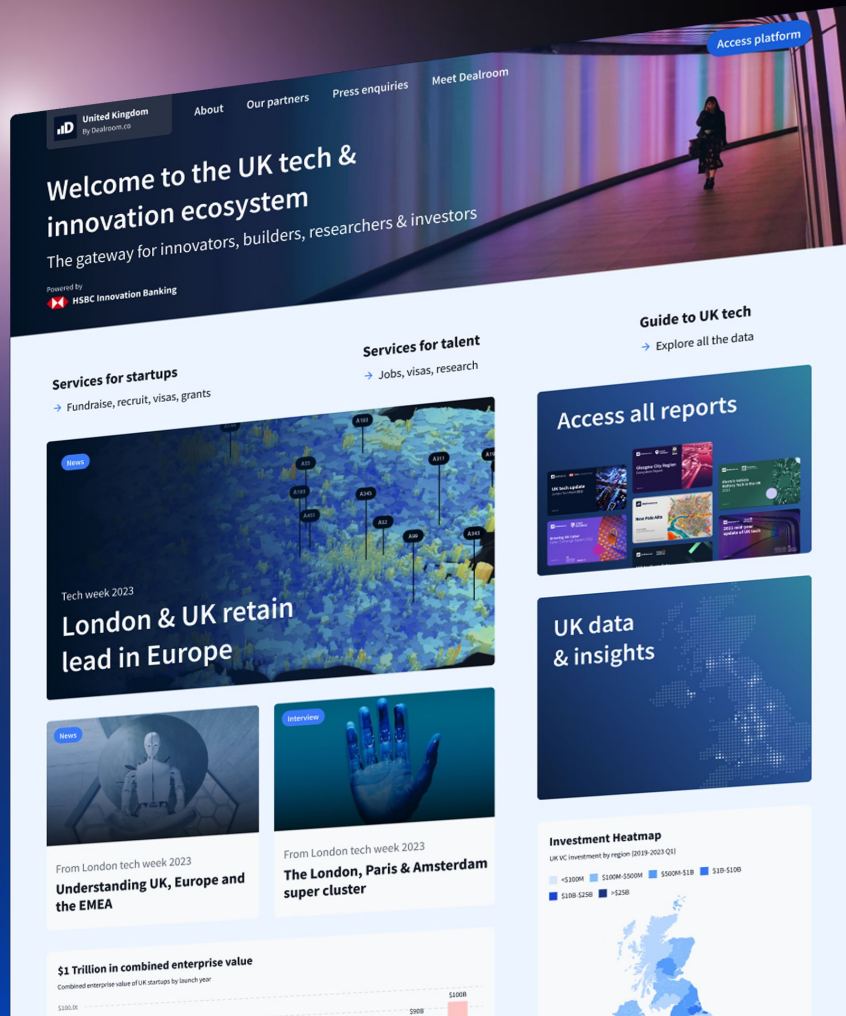
Guide » [Dealroom tech taxonomy](#)

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