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HSBC Innovation Banking

UK INNOVATION UPDATE

Q1 2025

April 2025

*Image generated by
Dealroom using ChatGPT*





Simon Bumfrey

UK CEO



HSBC Innovation Banking

“We’re delighted to share our latest quarterly UK innovation update in partnership with Dealroom, highlighting a strong start to the year for the UK innovation economy.

Headlining the report is the finding that UK startups collectively raised \$4.2 billion in the first quarter, the strongest start to a year since 2022. This is a positive indicator that appetite is strong for backing UK innovation companies in core UK sectors such as life sciences, AI, and fintech.

Underpinning this total was an exceptional quarter for UK health tech and life sciences, which secured \$1.8 billion in funding. This marked the sector’s second highest quarterly total on record, driven largely by health tech and life sciences businesses closing three of the UK’s six Q1 mega rounds.

Deepmind spinout Isomorphic Labs’ \$600 million raise was the largest round of the quarter, reflecting the growing influence that AI now plays within the life sciences sector. This signals the UK’s status as an AI superpower and demonstrates how the depth and diversity of technical and scientific talent is enabling cross-pollination between sectors, unlocking exciting new possibilities.

Encouragingly, \$1.8 billion of total funding came from breakout stage deals, with late stage close behind at \$1.7 billion. With strength across all life stages, we expect to see meaningful growth and acceleration from UK start-ups and scale-ups with Q1 setting the stage for future success.

2025 still has plenty of room to run, but Q1 has laid the foundations for the next phase of growth and investment into UK innovation, while recognising the outlook is heavily reliant on the current economic and geo-political macro headwinds. The team at HSBC Innovation Banking look forward to supporting our ecosystem partners across the country to make this a year to remember.”



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UK innovation - Q1 2025 key insights

UK startups raised \$4.2B of venture capital in Q1 2025

This shows positive UK YoY growth of 7.7%.

Breakout stage rounds made up the highest amount of VC at \$1.8B. Q1 also saw 6 mega rounds at a total of \$1.7B.

Top rounds came from Isomorphic Labs (\$600M) and Verdiva Bio (\$411M).

Health had the second strongest quarter on record

UK healthtech startups raised \$1.8B in Q1 2025. Only Q2 2021 saw a higher amount raised in a single quarter.

\$1B of health funding came from just two rounds: Isomorphic Labs & Verdiva Bio.

Nearly half of VC investment in health was raised by AI-driven startups.

25 years UK tech ecosystem - Europe's undisputed leader

Since 2000, the UK has emerged as the leading tech ecosystem in Europe, by any measure.

The UK tech ecosystem is worth \$1.2T. The UK has produced 185 unicorns and \$1B+ exits, has raised \$204B in venture capital funding and has seen over 2.5K VC-backed exits to date.

Successful UK startups are nurturing the next generation of founders

Hundred of startups have been founded by staff alumni of some of the UK's most successful unicorns, such as Deliveroo, Revolut, Skyscanner and Wise.

The next generation of startups are being founded by talent with exceptional experience and track record. The tech flywheel is turning.



Ed Lascelles

Partner

AlbionVC

***“The UK startup ecosystem entered 2025 with strong momentum, raising \$4.2B in venture capital in the first quarter. It is clear the market has adjusted to the new normal and good companies are out raising successful rounds again.*”**

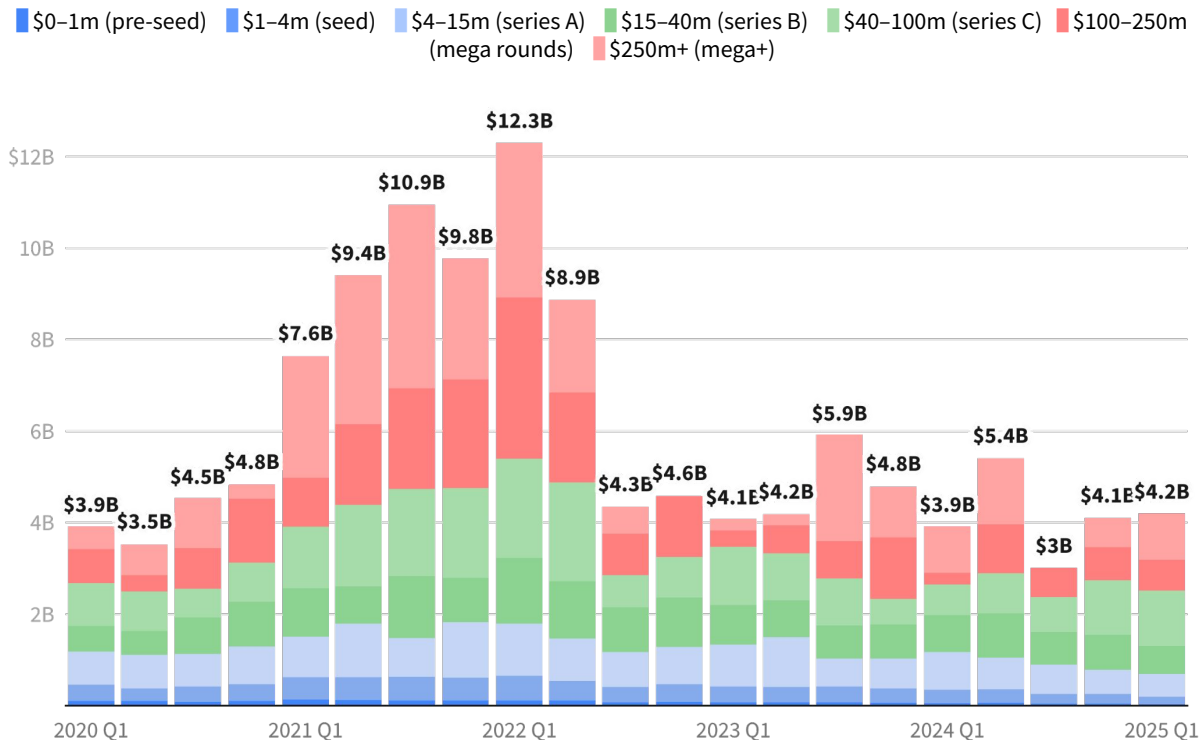
We were delighted to see Quantexa secure a \$175m Series F at a \$2.6bn valuation in March, hot on the heels of high-profile financings for ElevenLabs and Synthesia. We then finished the quarter with the incredibly exciting \$600m round for Isomorphic labs. Four such large rounds in one quarter, all in AI, give a clear signal that UK tech firms are continuing to compete on the world stage, despite the macro headwinds. While breakout companies captured the majority of this funding—over \$1.8bn— anecdotally we see momentum in the seed and Series A rounds once again, albeit this is still dominated by AI companies and the adjacent ecosystem.”

UK innovation businesses raised \$4.2B in Q1 2025

This is the highest Q1 since 2022 and a year on year increase of 7.7%.

There is a generally stable trend overall in the amount of venture capital raised, with a greater proportion of capital flowing to breakout companies.

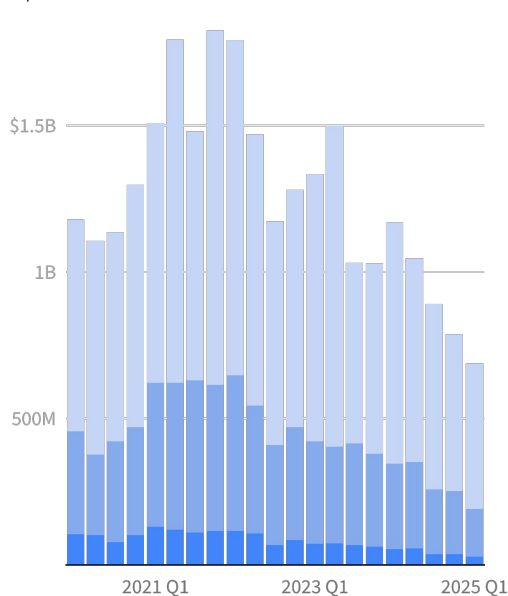
UK VC investment by stage » [view online](#)



Most UK venture capital in Q1 was raised in breakout stage with \$1.8B, closely followed by \$1.7B in late stage

Early stage

■ \$0-1m (pre-seed) ■ \$1-4m (seed) ■ \$4-15m (series A)



ALF21

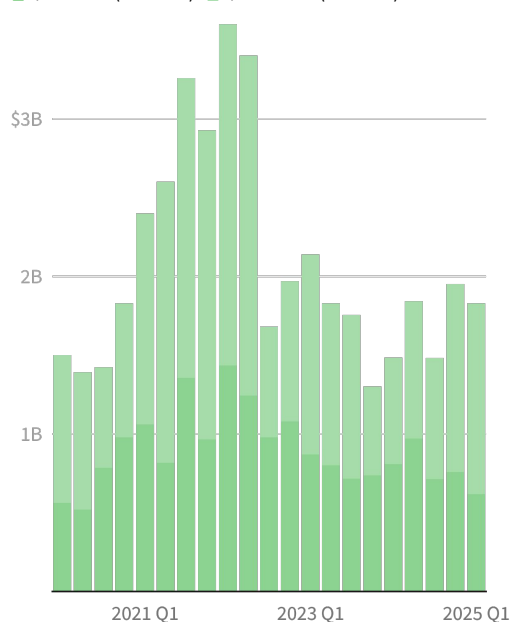
£12.5M

strolll

£10.4M

Breakout stage

■ \$15-40m (series B) ■ \$40-100m (series C)



Luminance

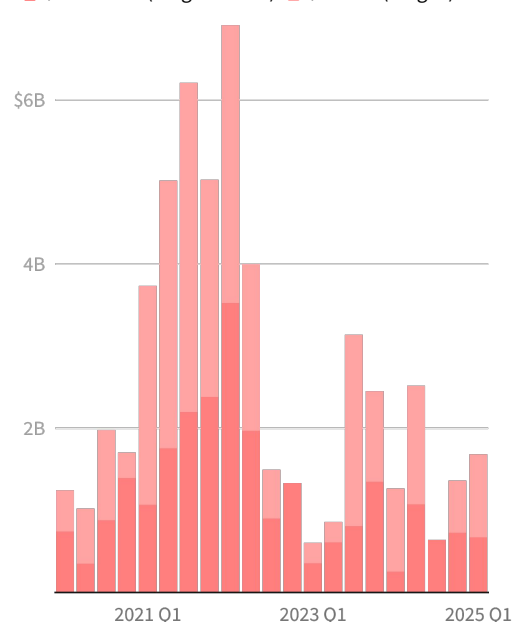
\$75M

Shop Circle

\$60M

Late stage

■ \$100-250m (mega rounds) ■ \$250m+ (mega+)



Isomorphic Laboratories

\$600M

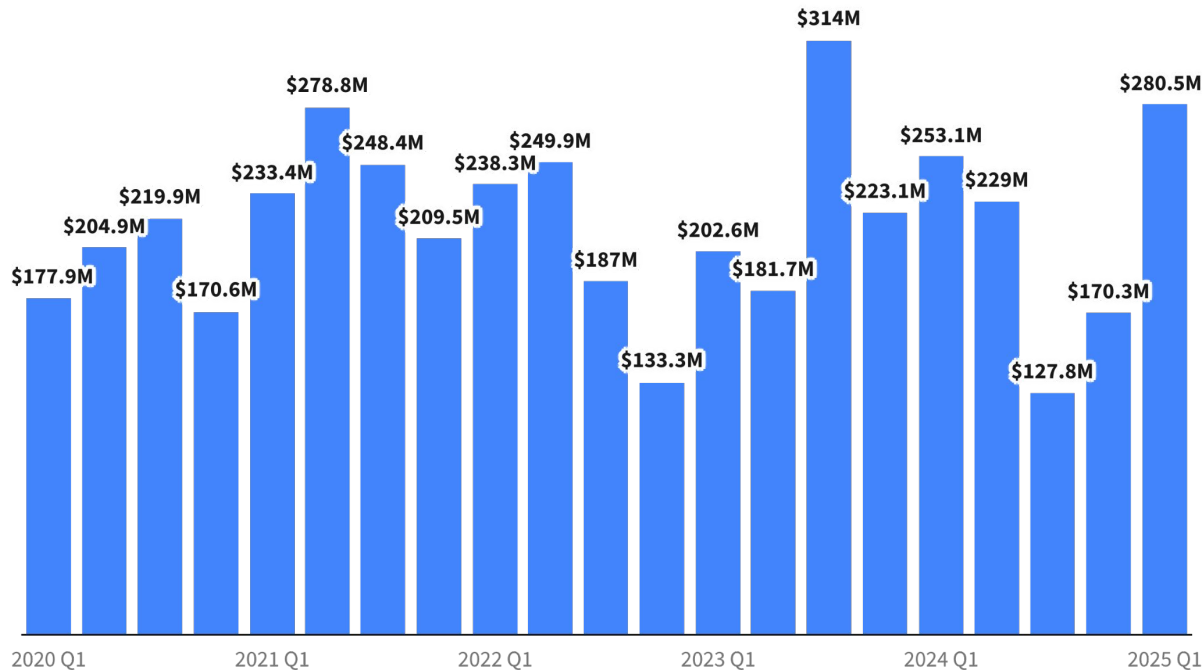
Verdiva Bio

\$411M

Though the number of megarounds has dropped since the record years of 2021/2022, the average size of megarounds has remained relatively stable

Q1 2025 saw the second highest average size of megarounds since 2020.

UK average size of megarounds



The biggest UK venture capital rounds in Q1 2025

The largest round in Q1 2025 came from AI drug discovery company [Isomorphic Labs](#). 3 out of 6 megarounds came from the Health sector in Q1.

[See rounds »](#)

AI Drug Discovery
London



\$600M
Late VC - Mar 2025

Biotech
London



\$411M
Series A - Jan 2025

Generative AI
London



\$180M
Series D - Jan 2025

Cloud Computing
London



\$175M
Late VC - Jan 2025

FinCrime & Risk AI
London



\$175M
Series F - Mar 2025

Medical Devices
Oxford



\$142M
Late VC - Feb 2025

Pharmaceuticals
London



£70M
Growth Equity VC Mar 2025

EV Charging
London



£65M
Late VC - Feb 2025

Sustainable Packaging
Sawston



£62M
Series D - Feb 2025

The biggest UK Series A rounds in Q1 2025

The second largest UK round in Q1 is also the largest Series A round: [Verdiva Bio](#).

There were a total of 34 Series A rounds this quarter.

[See rounds »](#)

Biotech
London



\$411M
Series A - Jan 2025

AI Drug Discovery
Babraham



£58M
Series A - Mar 2024

Supply Chain Tech
Glasgow



£50M
Series A - July 2024

AI Drug Discovery
London



\$50M
Series A - Feb 2025

E-Commerce
London



\$35M
Series H - Feb 2025

Semiconductors
Oxford



\$30M
Series A - Feb 2025

Payments
London



€17.2M
Series A - Feb 2025

Novel Energy
London



\$22.5M
Series A - Mar 2025

Climate Tech
Sawston



\$18.3M
Series A - Mar 2025



Tom Wilson

Partner



“In Q1, we’ve seen UK founders raise the bar — from repeat entrepreneurs launching ambitious techbio and AI companies, to early-stage teams showing sharper commercial discipline..

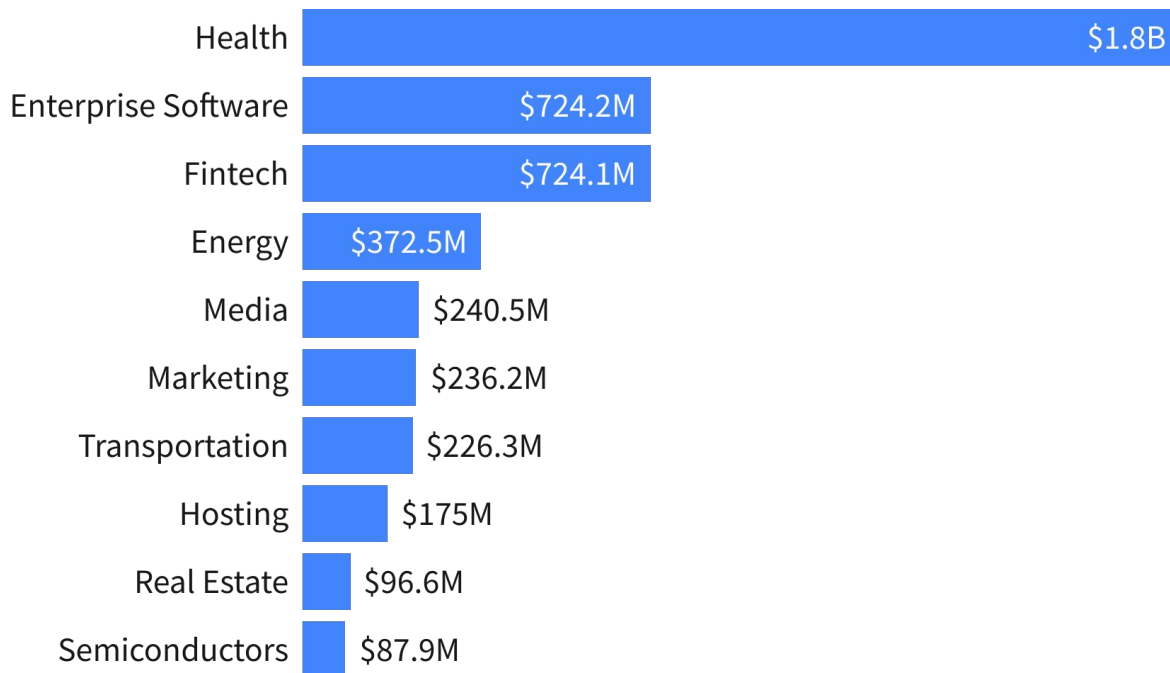
Health and deep tech sectors led the way in both funding and momentum, highlighting the strength of the UK’s science and research-led innovation. Alongside the stand out strength of London, it’s also encouraging to see Cambridge and Oxford emerge as increasingly significant hubs, contributing meaningfully to overall funds raised — particularly in frontier areas like AI drug discovery and semiconductors. While VC deployment remains measured, conviction is high where quality and technical edge meet market opportunities.”

Health was by far the UK's most funded sector in Q1 2025

Health recorded its second-highest quarter on record, driven by [Isomorphic Labs'](#) (\$600M) and [Verdiva Bio's](#) (\$411M) megarounds.

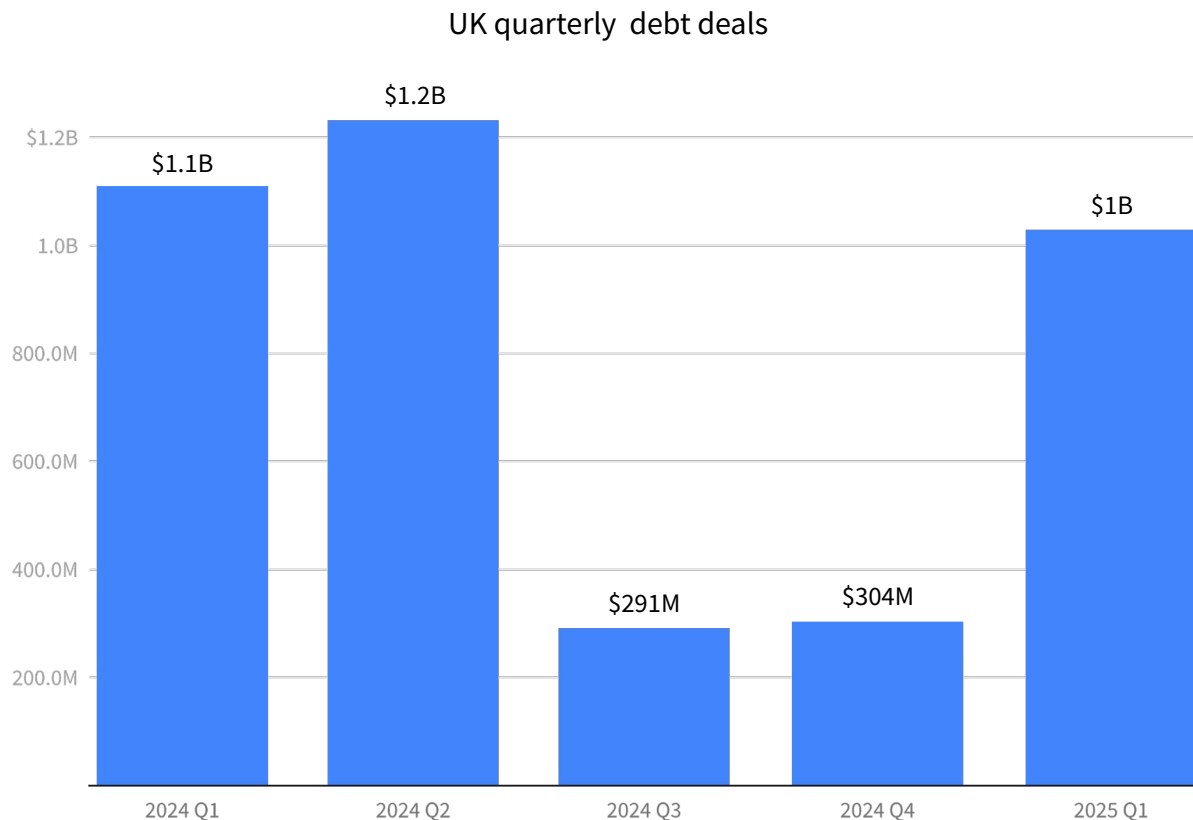
Nearly half of all VC investment in the health sector came from AI-powered startups.

UK leading industries for VC investment in 2025 » [view online](#)



2025 Q1 has been a stronger quarter for debt deals after a dip in H2 2024

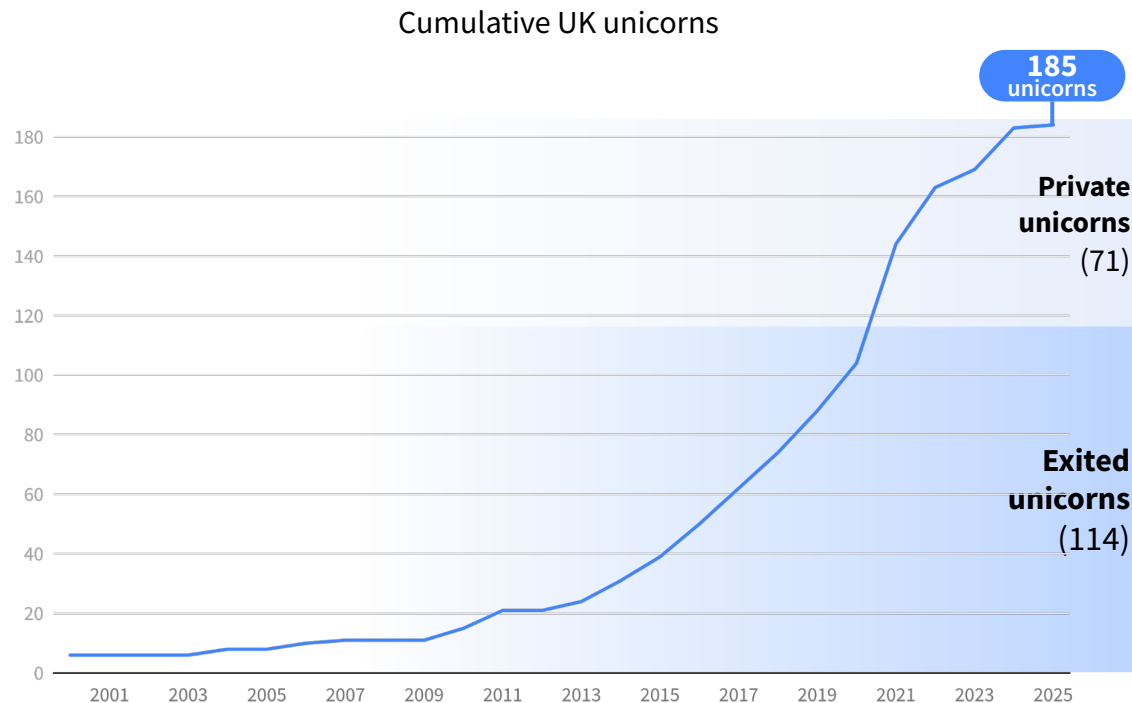
Debt funding surged to \$1B in Q1 2025, rebounding sharply from H2 2024 lows and signaling renewed lender confidence.



The UK has now created 185 unicorns

Two new unicorns were added to the count in 2025

Out of the 71 pre-exit unicorns, 36 are based on recent valuations from after 2022, while for the rest their unicorn status is based on older reported valuations.



2025 UK unicorns



Verdiva Bio

» [see all UK unicorns](#)



James Gozney

Founder and CEO



***“A buoyant NASDAQ at the end of 2024 brought hopes for long-awaited VC fund liquidity in Q1, perhaps bringing confidence back to an uncertain market so VCs can complete their raises.*”**

As it is, recent turbulence means many VCs continue to wait, and founders are doing more with less. The VCs who continue to invest have driven a flight to quality, so while fewer businesses are being funded, there is more of a fight for allocation to the best start-ups, with some great valuations hitting the headlines. To achieve their required ownership, some later stage VCs have reacted by moving earlier stage; providing much needed support for early-stage founders, but who now need to prove out more, earlier, to win funding.”











The UK remains the #1 country in Europe by VC investment in Q1 2025

The UK is still by far the strongest European country in terms of VC investment.

In Q1 2025 the UK raised more than France, Germany and Spain combined.

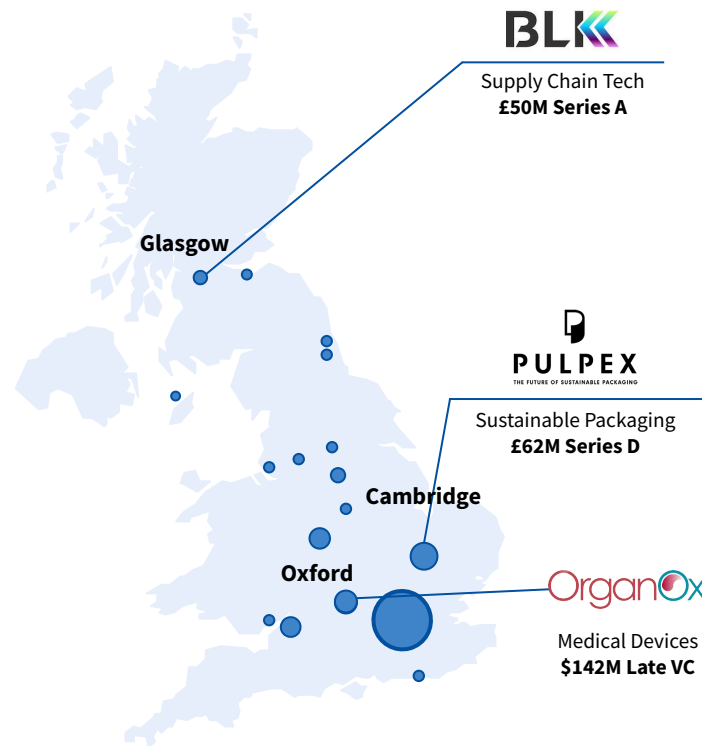
Malta, Spain and Ireland saw some large mega rounds this quarter which contributed to their strong growth rates.

Top 10 European countries by VC investment in 2025 » [view online](#)

Country	VC Investment (2025)	Change vs 2024
 UK	\$4.2B	8%
 Germany	\$1.8B	-14%
 France	\$1.4B	-28%
 Spain	\$1.0B	175%
 Switzerland	\$879.5M	1%
 Sweden	\$756.2M	-21%
 Malta	\$600.0M	1230%
 Ireland	\$538.4M	542%
 Netherlands	\$511.6M	-56%
 Italy	\$295.5M	-30%

UK cities - VC activity outside of London in Q1 2025 was dominated by Oxford, Glasgow & Cambridge

City	VC 2025 Q1
London	\$3.1B
Cambridgeshire	\$292.4M
Oxfordshire	\$280.2M
Glasgow	\$76.3M
Belfast	\$35.5M
Sheffield	\$24.5M
Manchester	\$22.6M
Edinburgh	\$11.6M
Leeds-Bradford	\$8.7M
Newcastle upon Tyne	\$5.1M





Itxaso del Palacio

General Partner

NOTION

“While fintech continues to be the most significant value driver to UK's tech ecosystem, the number of AI-native businesses funded in Q1 2025 was the second highest on record showcasing the investment appetite in AI first companies.

We anticipate that in a few months, AI will quickly become the underlying technology for any business built in the UK and abroad. UK universities will play a critical role in training the technical talent that fulfils the demand of AI engineers required by these businesses.”

25 years of UK tech

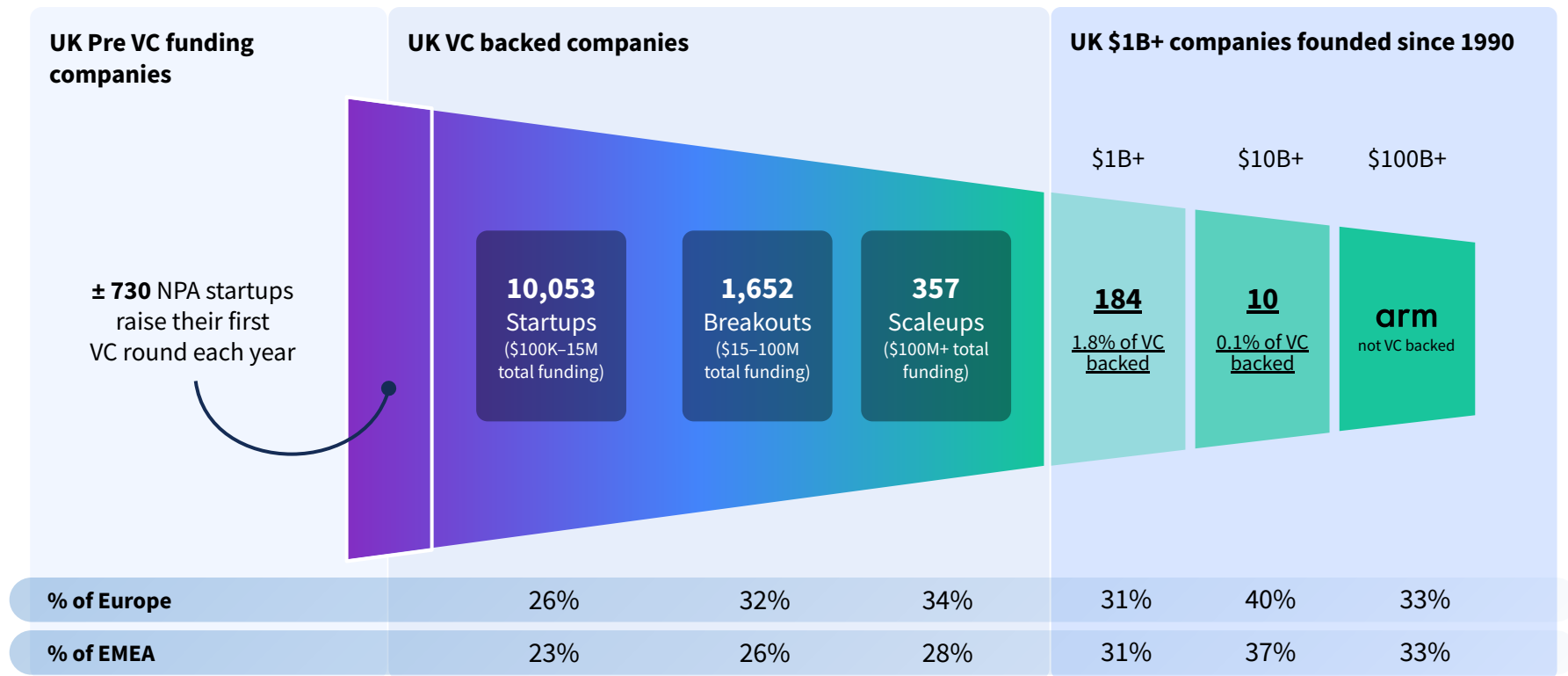
\$1.2T
Value in 2025

\$204B
VC raised since 2000

2.5k+
VC-backed exits
since 2010

185
Unicorns
(HQ/founded)

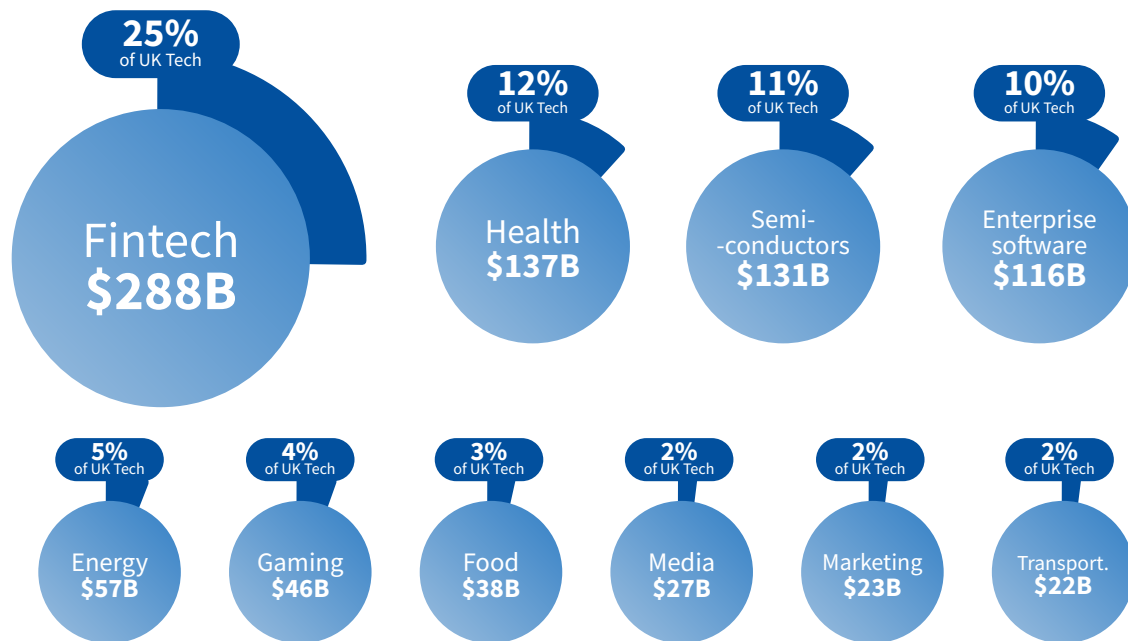
The pipeline of valuable innovative companies in the UK is already large (1/3 of Europe) with growth potential throughout the funnel



After 25 years, UK innovation economy is worth \$1.2T

Fintech by far contributes the most to the value of UK tech at 25%. Health comes in at number 2, and Semiconductors (largely driven by [ARM](#)) comes in third.

UK innovation economy combined enterprise value, breakdown by top 10 valued industries



Source: Dealroom.co;

Note: The figures shown represent the combined enterprise value of the top 10 highest-valued industries within the UK tech ecosystem, based on Dealroom.co taxonomy. The remaining industries outside the top 10 collectively account for the balance of the total \$1.2T UK tech enterprise value.



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Explore UK unicorns using the landscape feature

[» Explore the landscape](#)

United Kingdom
Founding or HQ locations

verified unicorns and \$1b exits
Tags

Type to filter results

Clear all

Advanced filters

Save & export

Showing 184 funded companies

Table

Cards

Landscape

Edit columns

Industries

Sub industries

Technologies

SDGs

Income streams

Business models

Client focus

Employee ranges

fintech

Revolut

Wise

WorldPay

Accelerant

Starling Bank

Blockchain.com

Payhawk

Admiral Group

Monzo Bank

Lendable

Marshmallow

LMAX Exchange

Quantexa

FNZ

BeZero Carbon

Checkout.com

Rothsay

Interactive Inv

Zopa

Skrill

Radius

TransUnion UK

SumUp

Paddle

Plus500

media

ElevenLabs

Synthesia

OnlyFans

Minute Media

Stability AI

Improbable

Moonbug

Markit

DNEG

Sumo Group

Moonpig.com

gaming

Entain

King.com

Playtech

Tripledote Studi

Unibet Group (K

Kindred Group

OpenBet

real estate

Rightmove

Zoopla

energy

Phenna

Zenobe Energy

OVO Energy

Smart Metering

ITM Power

Ceres

Octopus Energy

Infinis Energy

health

Isomorphic Labs

EyeBio

IntraBio

Verona Pharma

Autolus

Flo Health

Centessa Phar...

Touchlight Gene

Oxford Nanop...

Spectrum Med...

Orchard Thera...

Immunocore

wellness beauty

Augustinus Bade

Charlotte Tilbu

legal

Turbonomic

event tech

Viagogo

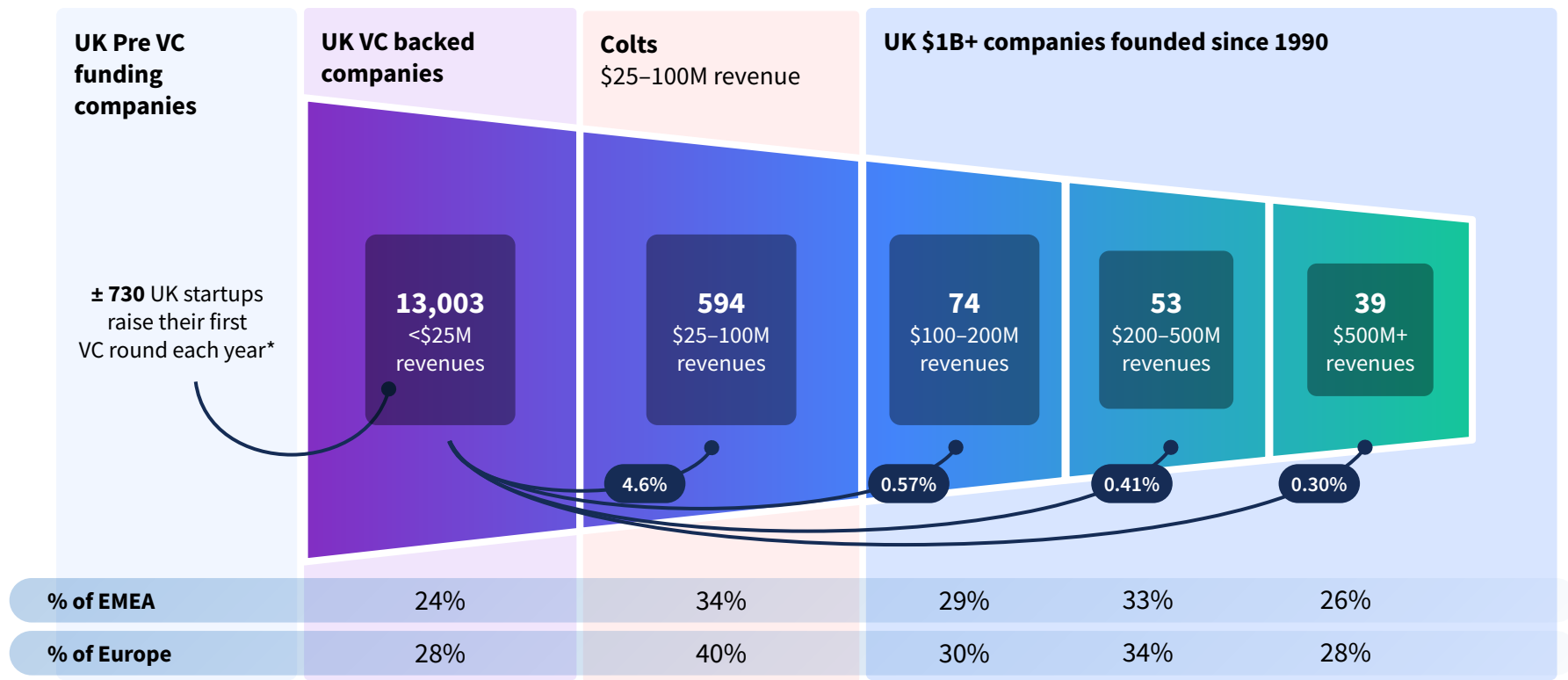
transportation

hosting

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The UK has a successful funnel of VC-backed high-revenue generating businesses: UK businesses account for 40% of Europe's \$25M-\$100M revenue scale ups





Neil Shah

Head of Tech Sector,
Primary Markets



London
Stock Exchange

“At the London Stock Exchange, we've had the best start to the year since 2021, and we are encouraged by the IPO pipeline.”

Despite global market conditions, we are building on what is already a strong foundation of support for companies choosing to go public and a trusted exit platform for VC-backed businesses. Reforms to the UK capital markets continue and a key focus this year is increasing the flow of domestic capital to UK companies. Furthermore, the launch of our new Private Securities Market will enable private companies to offer liquidity to their shareholders. We are also celebrating the 30th anniversary of AIM and its impact on UK innovation and the UK economy. These vital components help to ensure a funding continuum that is seamlessly connected, so that companies can start, grow, scale and stay in the UK.”



Potential UK Unicorn IPO candidates

The UK's innovation ecosystem continues to mature, with several high-growth companies reaching valuations that position them as potential IPO candidates.

With a heavy focus on fintech, these firms reflect the strength of the UK's innovation landscape.

Challenger Bank
London

Revolut

\$45B valuation

Consumer Lending
London

lendable

\$4.8B valuation

Insurtech
London


ACCELERANT.

\$2.4B valuation

Crypto
London

 **Blockchain.com**

\$14B valuation

Challenger Bank
London

 **Starling Bank**

\$3.3B valuation

Payments
London

 **zilch**

\$2.4B valuation

Challenger Bank
London


monzo

\$5.9B valuation

Hospitality Analytics
London

 **lighthouse**

\$2.4B valuation

Brewery
Ellon







BREWDOG

\$1.2B valuation

The UK dominates Europe in multiple dimensions: VC, unicorns and enterprise value

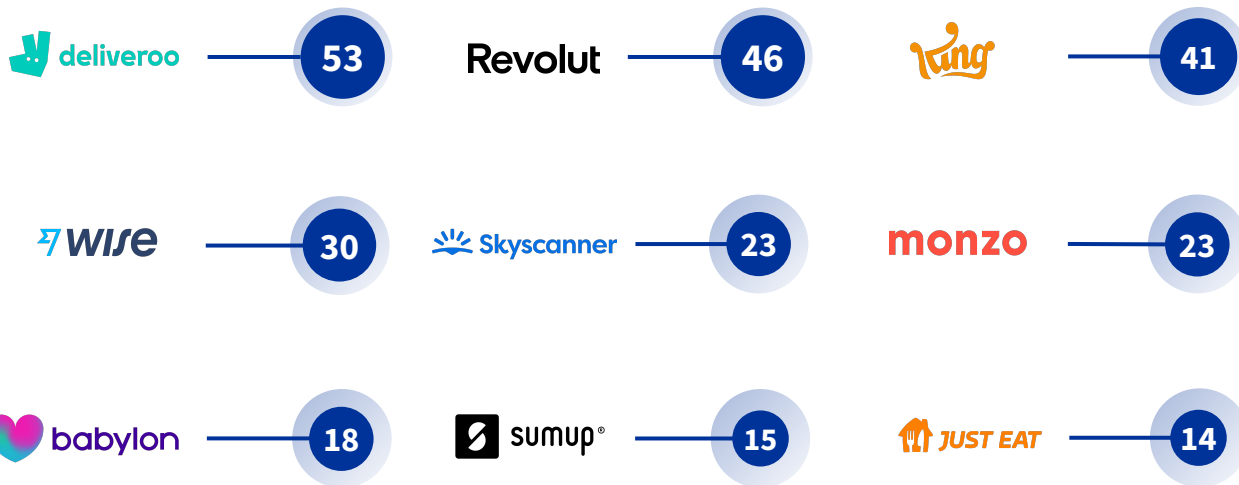
The UK alone is responsible for nearly one third of VC investment between 2020 and 2024.

European countries as a % of Europe total - key stats

	VC 2020-2024	# Unicorns	Enterprise Value
 UK	33%	31%	29%
 Germany	15%	12%	12%
 France	14%	10%	12%
 Sweden	7%	8%	8%
 Netherlands	4%	6%	9%

The UK's unicorn founder factories are breeding the next generation of founder talent

Number of 2nd generation startups coming out of ...



Notable startup creation in 2024/2025: exceptional founder activity

The success of the UK innovation ecosystem fosters new innovation. See some promising new startups that have been founded by exceptional entrepreneurs who have previous (founding) experience at top companies.

See all the [new founders with a track record](#).

AIOLOS BIO



Verdiva Bio

Founders Tapan Maniar, Jane Hughes and Khurem Farooq of [Aiolos Bio](#) launched [Verdiva Bio](#) in 2025

QUANTINUUM



cuspi.ai

Former [Quantinuum](#) head of strategy & products Chad Edwards launched [CuspAI](#) in 2024

snyk



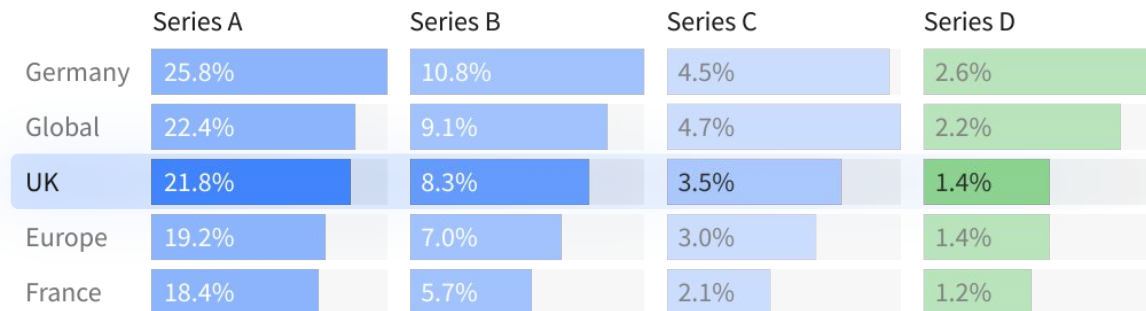
Tessl

Founder of [Snyk](#) Guy Podjarny launched [Tessl](#) in 2024

A larger proportion of UK startups make it through the complete funding journey than the European average

The UK compares favourably to Europe, though European graduation rates lag the global average, which is led by US late-stage companies where they benefit from greater availability of growth capital.

Conversion rate of startups from seed*, with seed year between 2010 - 2023, UK in comparison














Source: Dealroom.co;

*Startup graduation rates track startups that secured seed funding in a given year and measure how many raise Series A, B, or C+ within 3 to 36 months. The calculation excludes companies that skip funding stages, ensuring a clear view of progression through the funding pipeline.

The 15 most active investors in UK startups at Series A+ since 2000 are all UK-based

Investors with the most successful portfolios have been LocalGlobe, Index Ventures and Seedcamp - see the [Dealroom.co investor investor ranking](#) for more.

Most active UK investors in UK innovation **since 2000** by **Series A+** round activity

Investor name	Country	Activity
Business Growth Fund		100
Octopus Ventures		71
Balderton Capital		58
Index Ventures		55
Accel	 	44
Parkwalk Advisors		43
MMC Ventures		39
Molten Ventures		36
Amadeus Capital Partners		34
Future Planet Capital		30
Mercia Asset Management		29
Scottish Enterprise Growth Investments		25
LocalGlobe		25
Oxford Science Enterprises		25
Notion Capital		25



Julia Salasky
CEO & founder

Legl

“We weathered the changing macroeconomic and funding climates of the last few years not just unscathed but much stronger as a business.”

What we are seeing now is that investors are rewarding companies like Legl that are growing fast with great unit economics and a clear path to generating free cash flow. Our customers really love what we do and that gives us the confidence to continue investing in our business.”

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](#)

Startup graduation rates

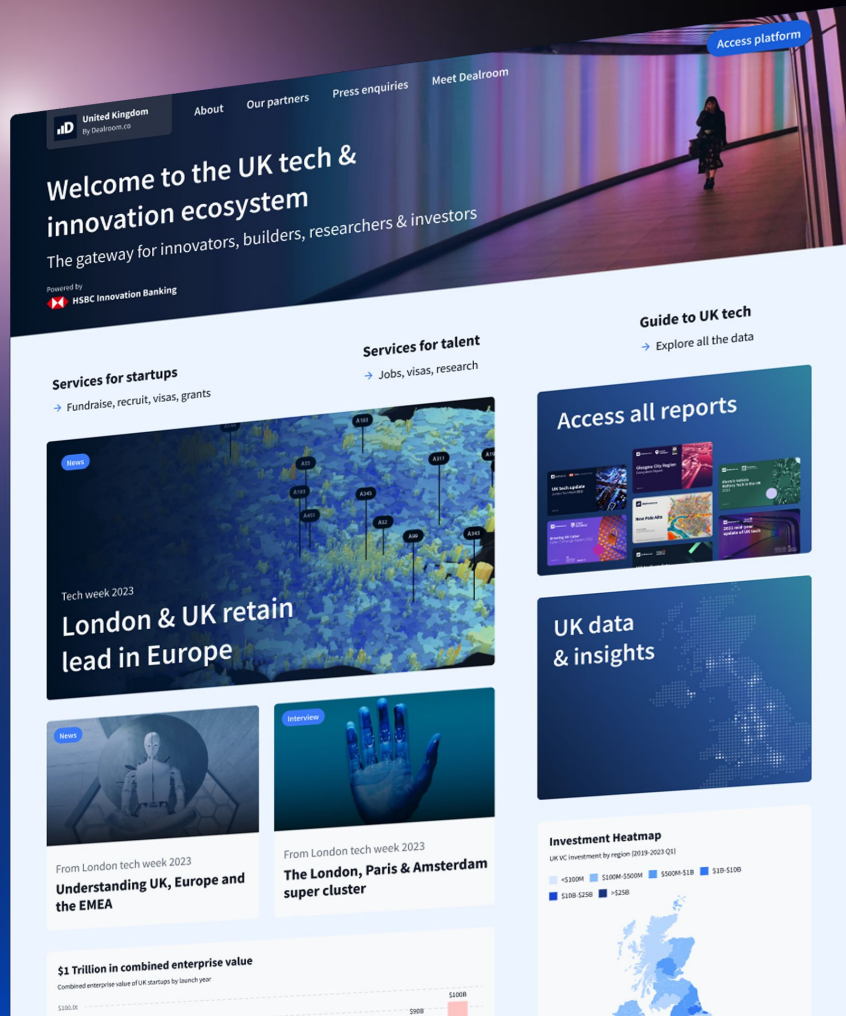
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