# UK AI startups break funding records with $2.4 billion raised in H1 2025



UK AI startups have reached a historic milestone in venture capital funding, securing an unprecedented $2.4 billion (£1.7 billion) in the first half of 2025, accounting for 30% of the nation’s total VC investment—a new high in the country's innovation landscape. This surge in funding represents more than a doubling since 2022, the year OpenAI introduced ChatGPT, and signals the increasing maturity and diversification of the UK’s AI ecosystem, which now spans industries from personalised medicine to autonomous shipping technology.

Among the standout deals were Isomorphic Labs, which raised $600 million (£439 million) for its AI-driven drug discovery platform, exemplifying the UK's growing strength in healthcare innovation. Synthesia, a generative AI media platform specialising in creating realistic video avatars, secured $180 million (£131.7 million) in Series D funding, boosting its valuation to $2.1 billion. Founded in 2017, Synthesia targets corporate communications with high-profile clients including Zoom, Xerox, and Microsoft. Meanwhile, Orca AI, an autonomous shipping tech startup, successfully closed a $72.5 million (£53 million) Series B round, highlighting the broadening application of AI across sectors.

London, reaffirming its position as a global AI centre, accounted for 68% of the 179 AI funding rounds during the period. However, the growth of AI investment is no longer confined to the capital. Significant activity emerged in regional hubs such as Cambridge (£329 million), Oxford (£242 million), Cardiff (£126 million), and Glasgow (£77.5 million), alongside smaller towns like Bude in Cornwall and Castlereagh in Northern Ireland, indicating a nationwide momentum for AI innovation. This regional spread suggests a robust and decentralized AI ecosystem developing across the UK.

Over the first half of 2025, UK companies attracted over $8 billion (£5.8 billion) in venture capital, up 3% from the previous six months, and nearly triple the investment volume compared to a decade ago. Impressively, UK startups have now maintained a consistent influx of over $3 billion (£2.2 billion) in funding each quarter for more than six and a half years, underscoring the resilience and long-term appeal of the UK’s tech innovation economy.

When set against the broader European context, the UK continues to lead the charge in AI investment. German AI firms raised $4.4 billion (£3.2 billion) and French startups garnered $3.2 billion (£2.3 billion) in comparable periods, placing the UK in a commanding position with a 30% share of all European VC investments in AI to date. This dominance was further reflected in Q1 2025, when UK AI startups secured nearly half of all European AI funding, a remarkable share that highlights the country’s pre-eminence.

The sector's growth dovetails with increased investment across other innovation segments such as health, which narrowly surpassed fintech with around $2.3 billion (£1.6 billion) in funding during the same period. Enterprise software also attracted considerable capital, raising $1.9 billion (£1.3 billion). Noteworthy fintech rounds included wealth management platform FNZ’s $500 million (£366 million) raise and payments companies Zepz and Dojo securing $165 million (£121 million) and $190 million (£139 million) respectively.

Simon Bumfrey, head of banking at HSBC Innovation Banking, described the surge in AI investment as "hugely exciting," pointing to the emergence of innovative use cases and the nationwide diversity of AI startups as key drivers. He emphasised the resilience of the UK’s innovation economy amid geopolitical uncertainties, noting its continued leadership as Europe’s foremost tech hub.

This vibrant funding environment and the UK’s ability to produce unicorns—188 to date, with several recent additions like Mubi and Oxford Ionics—position the country as a fertile ground for both AI innovation and broader tech sector growth. Such robust investment dynamics suggest the UK’s technology industry is poised for sustained expansion throughout 2025 and beyond.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.digit.fyi/ai-drives-record-share-of-uk-vc-investment-in-2025/), [[4]](https://www.rothschildandco.com/en/newsroom/insights/2025/05/ga_growth_equity_update_edition_38/), [[7]](https://www.eu-startups.com/2025/04/ai-keeps-the-lights-on-european-startups-double-down-on-ai-as-funding-declines-elsewhere)
* Paragraph 2 – [[1]](https://www.digit.fyi/ai-drives-record-share-of-uk-vc-investment-in-2025/), [[2]](https://www.ft.com/content/3a35f3ba-7273-41ea-a0a5-77fe46965e63), [[4]](https://www.rothschildandco.com/en/newsroom/insights/2025/05/ga_growth_equity_update_edition_38/), [[5]](https://www.beauhurst.com/research/state-of-uk-investment-q1-2025/)
* Paragraph 3 – [[1]](https://www.digit.fyi/ai-drives-record-share-of-uk-vc-investment-in-2025/)
* Paragraph 4 – [[1]](https://www.digit.fyi/ai-drives-record-share-of-uk-vc-investment-in-2025/), [[6]](https://kpmg.com/uk/en/media/press-releases/2025/04/uk-leads-venture-capital-investment.html)
* Paragraph 5 – [[1]](https://www.digit.fyi/ai-drives-record-share-of-uk-vc-investment-in-2025/), [[4]](https://www.rothschildandco.com/en/newsroom/insights/2025/05/ga_growth_equity_update_edition_38/), [[7]](https://www.eu-startups.com/2025/04/ai-keeps-the-lights-on-european-startups-double-down-on-ai-as-funding-declines-elsewhere)
* Paragraph 6 – [[1]](https://www.digit.fyi/ai-drives-record-share-of-uk-vc-investment-in-2025/)
* Paragraph 7 – [[1]](https://www.digit.fyi/ai-drives-record-share-of-uk-vc-investment-in-2025/), [[2]](https://www.ft.com/content/3a35f3ba-7273-41ea-a0a5-77fe46965e63), [[5]](https://www.beauhurst.com/research/state-of-uk-investment-q1-2025/)

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## Bibliography

1. <https://www.digit.fyi/ai-drives-record-share-of-uk-vc-investment-in-2025/> - Please view link - unable to able to access data
2. <https://www.ft.com/content/3a35f3ba-7273-41ea-a0a5-77fe46965e63> - Synthesia, a UK-based AI startup, achieved a valuation of $2.1 billion following a $180 million funding round led by NEA, with participation from Google Ventures and Accel Partners. Founded in 2017, Synthesia focuses on creating realistic video avatars using generative AI. The company reported a turnover of £25.7 million last year but also post-tax losses of £23.6 million. Synthesia aims to enhance avatar realism for corporate communications and has clients including Zoom, Xerox, and Microsoft.
3. <https://media.londonandpartners.com/news/london-hits-all-time-high-for-venture-capital-investment-into-ai-in-2024> - In 2024, London-based AI startups raised a record $3.5 billion in venture capital, accounting for 32% of overall VC investment in the city. This reflects a 52% increase from 2023 and positions London as a leading AI hub in Europe, ahead of Paris and Munich. Overall, London-based startups collectively raised $10.8 billion in 2024, with AI investments playing a significant role in this growth.
4. <https://www.rothschildandco.com/en/newsroom/insights/2025/05/ga_growth_equity_update_edition_38/> - In the first four months of 2025, European AI businesses raised $1.28 billion across nine rounds, with the largest being $600 million for Isomorphic Labs and $180 million for Synthesia. AI represented 9.4% of the total $13.6 billion raised for VC-backed companies in Europe during this period, indicating a growing focus on AI investments in the European venture capital landscape.
5. <https://www.beauhurst.com/research/state-of-uk-investment-q1-2025/> - In Q1 2025, Isomorphic Labs raised £464 million, marking a significant investment in the UK's AI sector. The company has developed a drug design platform that enables the use of AI models in pharmaceutical development, highlighting the growing interest and investment in AI-driven healthcare solutions within the UK.
6. <https://kpmg.com/uk/en/media/press-releases/2025/04/uk-leads-venture-capital-investment.html> - The UK led Europe in venture capital investment in Q1 2025, raising £4.1 billion across 507 deals. This includes significant investments in AI, with Isomorphic Labs securing a £453 million funding round, underscoring the UK's dominance in the European venture capital market during this period.
7. <https://www.eu-startups.com/2025/04/ai-keeps-the-lights-on-european-startups-double-down-on-ai-as-funding-declines-elsewhere> - UK-based AI startups raised €1.4 billion in Q1 2025, accounting for 47% of all European AI funding. Notable funding rounds include €528 million for Isomorphic Labs and €158 million for Synthesia, highlighting the UK's leading position in the European AI investment landscape.