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HSBC Innovation Banking

UK INNOVATION UPDATE

H1 2026

July 2026



UK startups H1 2026 raised \$17B, the strongest opening in four years

UK VC more than doubled year-on-year: \$17B in H1 2026, up 102% on H1 2025

This is a second straight half-year of growth from \$15.2B in H2 2025. UK VC is now near the all-time H1 record of \$20.8B set at the 2022 peak.

The UK's \$1.7 trillion innovation economy has grown 6.7x in a decade, and now counts 217 unicorns - with 18 more added in 2026 so far.

UK AI startups raised \$12.6B in H1 2026 from 297 rounds — a new annual record in just six months (74% of all UK VC)

19 of the 28 H1 2026 mega rounds were secured by AI, including all four \$1B+ rounds: Isomorphic Labs (\$2.1B), Nscale (\$2B), Wayve (\$1.2B), Ineffable Intelligence (\$1.1B).

Enterprise software is where AI is thriving most: 113 rounds raised \$5.2B in H1, followed by Health at \$2.6B with 52 rounds, then Hosting at \$2.1B (4 rounds) and Robotics at \$1.5B (22 rounds).

The UK raised more than France, Germany, and Sweden combined

The UK led European growth at +102% year-on-year, the highest increase among Europe's top 10.

68% of UK VC came from late-stage rounds, compared to 59% across Europe — the highest concentration among Europe's largest markets.

The UK takes 41% of European Deep Tech & Life Sciences funding in H1 2026, up from 23% in H2 2025. At \$10.3B, this is more than Germany, France, Sweden and Switzerland combined.



Emily Turner

CEO at HSBC Innovation Banking UK



HSBC Innovation Banking

***“The first half of 2026 has shown the strength and maturity of the UK’s innovation ecosystem. At a time when investors remain selective, the UK continues to attract capital at a scale unmatched anywhere else in Europe. This reflects the quality of our founders, the depth of our research base and our ability to build companies with global ambition.*”**

Our H1 Innovation Update, produced in partnership with Dealroom, captures that momentum. UK startups raised \$17 billion in venture capital during the first six months of the year – the strongest first half since 2022 and a 102% increase on H1 2025.

One theme stands out throughout this report. AI is driving investment and innovation across the UK economy, accelerating progress in fields ranging from life sciences and advanced computing to enterprise software and industrial technologies. As adoption continues to broaden, AI continues to create new opportunities for founders, investors and businesses across sectors.

Equally striking is the breadth of investment taking place across the UK. Record levels of later-stage investment, combined with major funding rounds across AI, semiconductors, quantum computing and biotechnology, demonstrate the UK’s growing ability to develop companies capable of competing on the global stage. Increasingly, these businesses are emerging from innovation hubs across the country, reinforcing the importance of strong regional ecosystems alongside London’s continued success.

The UK consistently delivers exceptional innovation outcomes relative to its size. Sustaining that momentum will depend on ensuring ambitious founders can continue to access the capital, expertise and support needed to scale.

At HSBC Innovation Banking, we’re proud to support the founders, investors and innovators shaping that future. We remain totally committed to helping the UK’s most ambitious companies scale and unlocking the full potential of this extraordinary community.”



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1 UK Venture Capital in H1 2026

2 AI Dominance Continues

3 State of UK tech

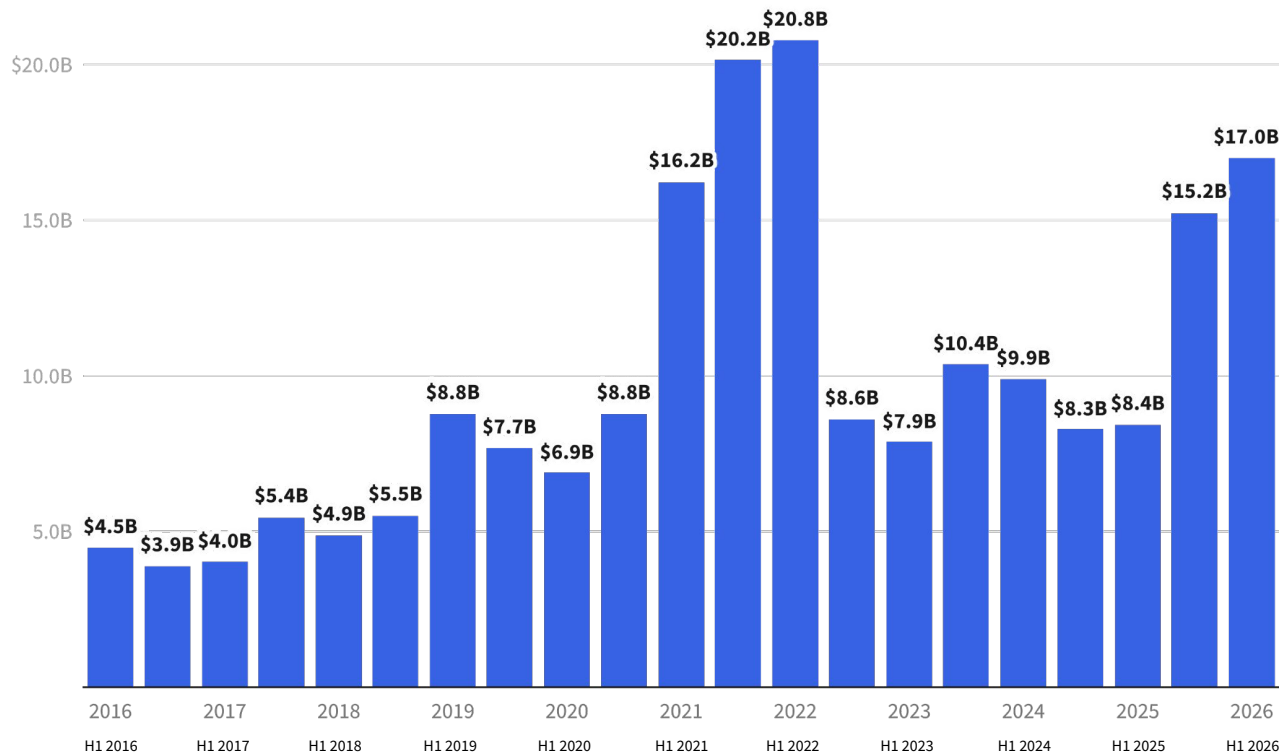
UK startups raised \$17B in H1 2026, the strongest opening half-year since 2022

UK VC more than doubled versus H1 2025, with \$8.6B more invested in the first half of 2026.

UK VC keeps rising: \$17B in H1 2026, up from \$15.2B in H2 2025, a second straight half-year of growth.

[View online »](#)

UK VC investment - half-yearly



The UK remains the #1 country in Europe by VC investment in H1 2026

At \$17B, the UK accounts for 39% of all VC investment in Europe, and more than the next 3 countries combined.

The UK also led on growth, up 102% year-on-year, the highest increase among Europe's top 10.

[View online »](#)

Top 10 European countries by VC investment in H1 2026

Country	VC investment	Change in VC
 United Kingdom	\$17.0B	102%
 Germany	\$6.8B	48%
 France	\$5.4B	61%
 Sweden	\$2.8B	55%
 Netherlands	\$2.3B	62%
 Spain	\$1.9B	-4%
 Switzerland	\$1.7B	-6%
 Finland	\$857.9M	95%
 Belgium	\$670.0M	93%
 Italy	\$650.1M	29%

Enterprise Software leads UK industries in H1 2026 by VC investment.

Enterprise Software, Health, and Hosting top the table because a handful of large AI rounds dominate. Hosting reached \$2.1B on just 4 rounds versus Fintech's \$1.4B across 105.

Enterprise Software and Health are the UK's deepest markets, while Fintech and Energy show the broader, more distributed VC activity.

[View online »](#)

UK leading industries by VC investment in H1 2026

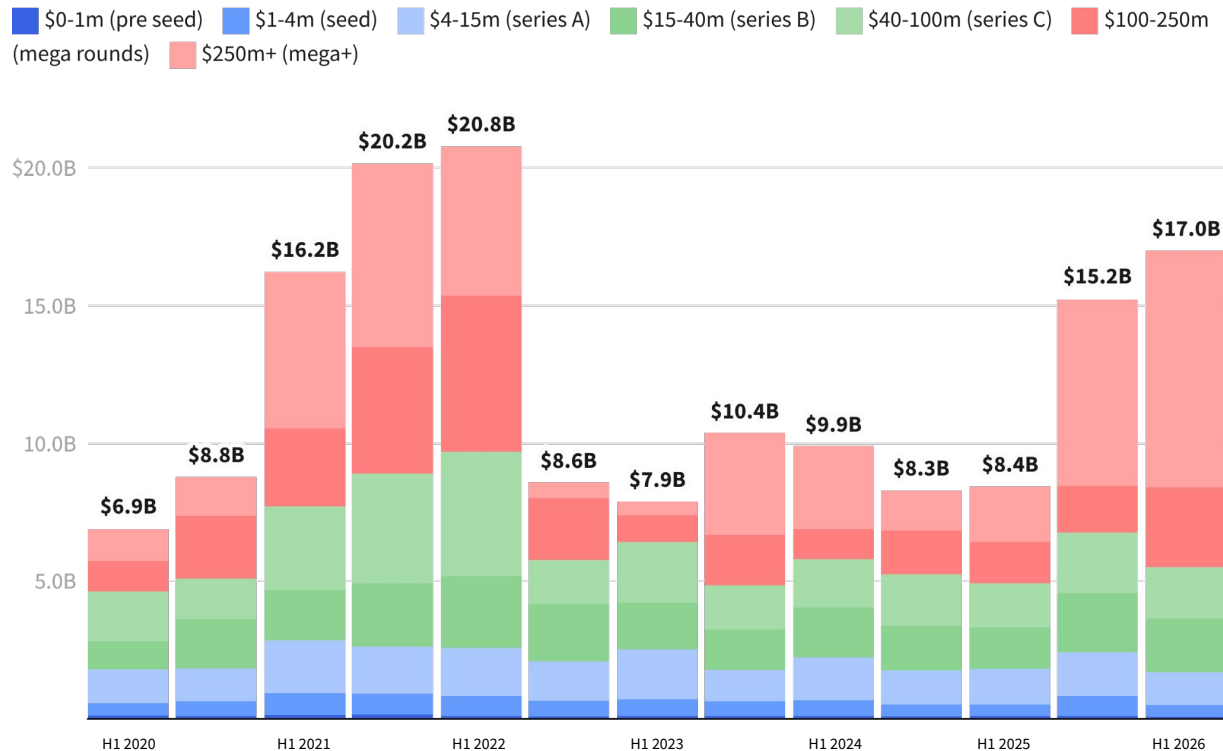
	VC investment	Number of rounds
Enterprise Software	\$5.9B	166
Health	\$3.8B	161
Hosting	\$2.1B	4
Transportation	\$1.6B	27
Robotics	\$1.5B	32
Fintech	\$1.4B	105
Energy	\$1.2B	77
Semiconductors	\$1.1B	24
Media	\$935.3M	27
Engineering and Manufacturing Equipment	\$829.3M	16

Late-stage megarounds drove UK VC to \$17B in H1 2026, nearly double a year ago

Late-stage made up 68% of H1 2026 funding, up from 42% a year earlier. \$250M+ rounds alone hit a record \$8.6B making up 51% of the total.

[View online »](#)

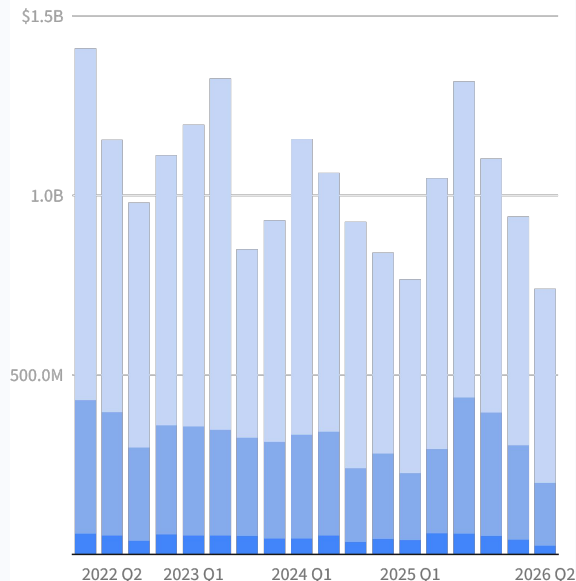
VC into UK, by stage/half year



Late-stage megarounds led UK VC in H1 2026 with \$11.5B raised. Breakout and early stage contributed \$3.8B and \$1.7B respectively

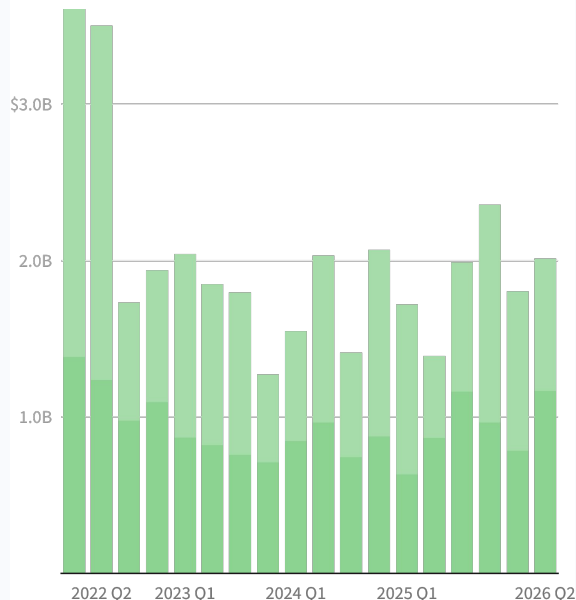
Early-stage

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



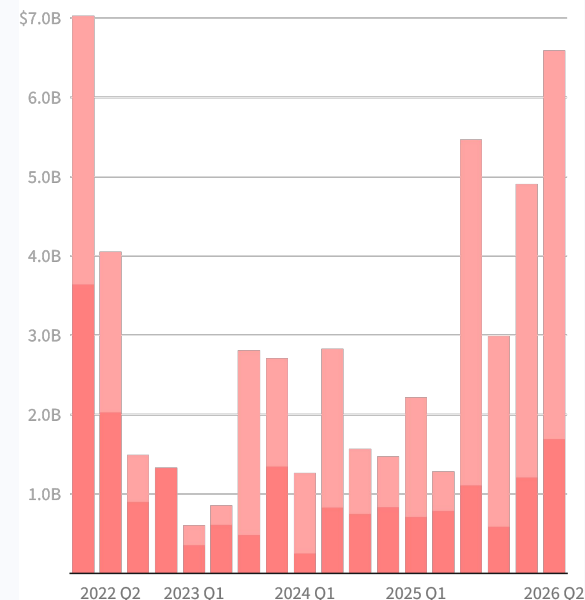
Breakout-stage

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



Late-stage/megarounds

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

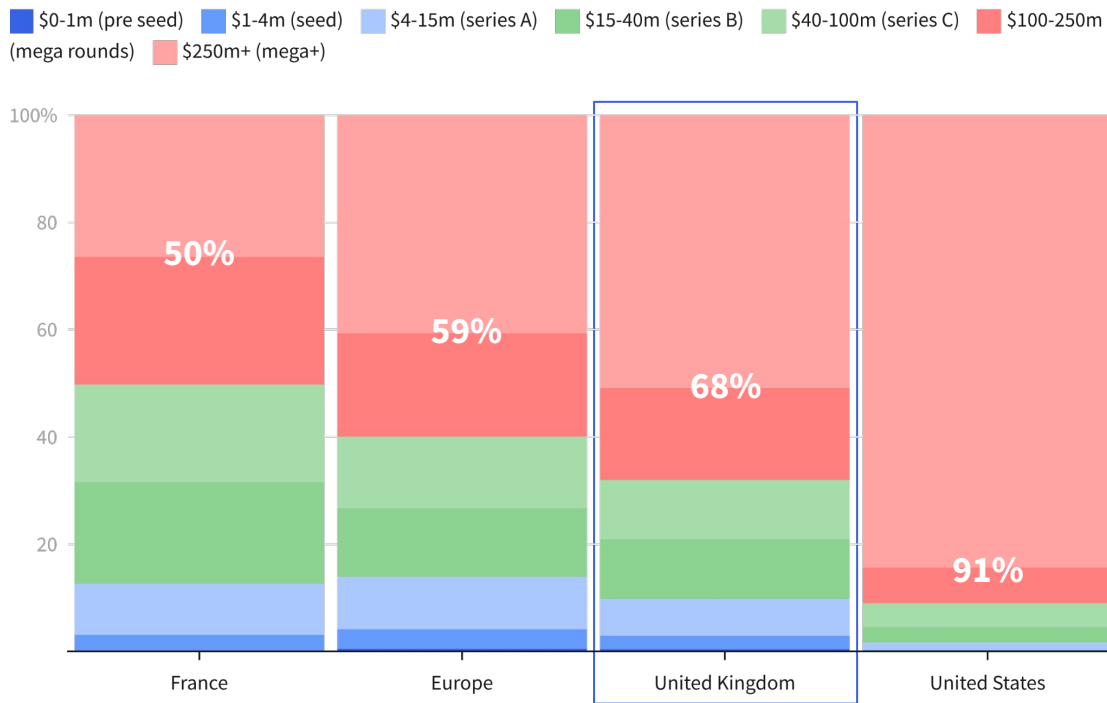


UK VC skews heavily late-stage compared to the rest of Europe

68% of UK VC investment in H1 2026 came from late-stage rounds, compared to 59% across Europe, the highest share among Europe's largest VC ecosystems.

\$250m+ rounds alone account for 51% of UK VC, compared to 40% in Europe.

VC investment by stage, H1 2026



[View online »](#)

The biggest UK venture capital rounds in H1 2026

UK startups completed 837 rounds in total in H1 2026. Four AI rounds exceeded \$1B: Isomorphic Labs (\$2.1B), Nscale (\$2B), Wayve (\$1.2B) and Ineffable Intelligence (\$1.1B), accounting for 38% of all capital deployed in H1.

In H1 2025, the UK saw more rounds but fewer mega rounds: 1127 in total, with just 6 AI mega rounds worth \$1.4B. H1 2026 saw 19 AI megarounds with the four largest worth \$6.4B.

[See rounds »](#)

AI Drug Discovery London



\$2.1B
Series B - May 2026

AI Hyperscaler London



\$2.0B
Series C - Mar 2026

AI Self-Driving London



\$1.2B
Series D - Feb 2026

Post-LLM AI London



\$1.1B
Seed - Apr 2026

Self-Improving AI London



\$650M
Seed - May 2026

AI Voice Synthesis London



\$500M
Series D - Feb 2026

Molecular Simulation Cambridge



\$400M
Late VC - Jun 2026

Quantum Computing Reading



\$350M
Series C - Jun 2026

AI Physics Simulation London



\$300M
Series C - Jun 2026

Cancer Therapy Little Chesterford



\$220M
Series D - May 2026

Photonic AI Chips London



\$220M
Series A - Feb 2026

AI Semiconductors London



\$220M
Series B - May 2026

The biggest UK Series A rounds in H1 2026

UK startups completed 105 Series A rounds in H1 2026, including 56 in Q2, with 19 raised by AI companies.

The UK's Series A market extends well beyond AI, with 41 Deep Tech and Life Sciences rounds raised. Semiconductor startups raised just 3 rounds, but OLIX's \$220m raise was the largest Series A of H1.

[See rounds »](#)

Photonic AI Chips
London

OLIX

\$220M
Series A - Feb 2026

Antibody Discovery
London



£86M
Series A - Jun 2026

Cardiac Antibody Therapy
Cambridge

IMMUTRIN

£65M
Series A - Mar 2026

Cancer Immunotherapy
London

CYTOSPIRE

£61M
Series A - May 2026

Precision Manufacturing
London

Isembard

\$50M
Series A - Mar 2026

Precision Manufacturing
London

ISOMETRIC

\$40M
Series A - Jun 2026

Antibody Therapeutics
Little Chesterford



\$40M
Series A - Mar 2026

Embedded Digital Health
London

ΛPOHA

\$36M
Series A - Jan 2026

Synthetic Fuels
London

RIVAN

£25M
Series A - Apr 2026



Adam Workman

Head of Investments and New Ventures,
Oxford University Innovation



“The current fundraising market resembles an hourglass. On one side, we see investor appetite for pre-seed and seed-stage companies, particularly those commercialising breakthrough research in AI, quantum and life sciences. On the other side, later-stage companies with significant revenue growth, clinical validation or market leadership are attracting substantial international investment and maintaining strong valuations.

The challenge lies in the narrow middle. Growth-stage companies are finding it harder to secure funding as investors concentrate capital into fewer high-conviction opportunities. While sentiment remains positive for businesses with differentiated technology and a clear path to value creation, fundraising is taking longer and requiring evidence of commercial progress.

Recent rounds by Oxford Quantum Circuits (\$350m) and Fractile (\$220m) illustrate continued demand for world-leading Oxford-born innovation.”

1 UK Venture Capital in H1 2026

2 **AI Dominance Continues**

3 State of UK tech

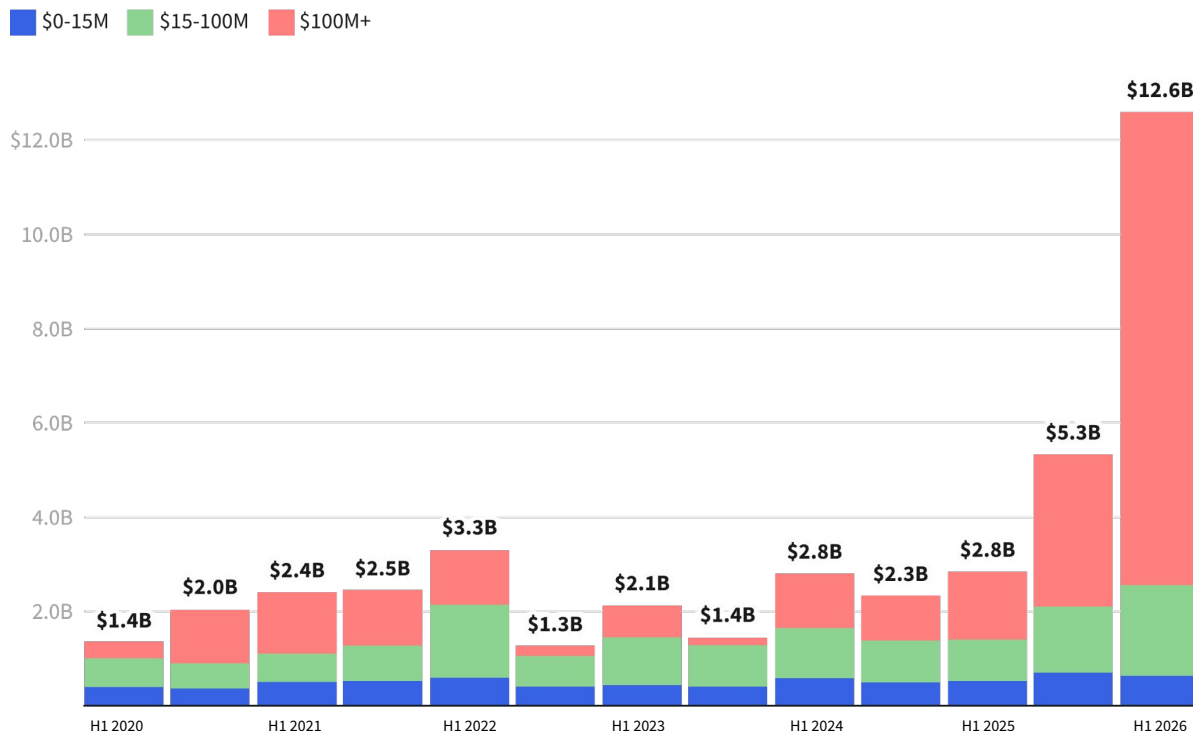
UK AI startups raised \$12.6B in H1 2026, setting a new annual record in just six months

H1 2026 is more than 4x H1 2025 (\$2.8B) and nearly 4x the previous all-time high set in H1 2022 (\$3.2B).

297 AI rounds closed in H1 2026, with 19 mega rounds alone driving \$10B (80%). This is roughly similar to the 303 AI rounds in H1 2025 but with 13 more mega rounds.

[View online »](#)

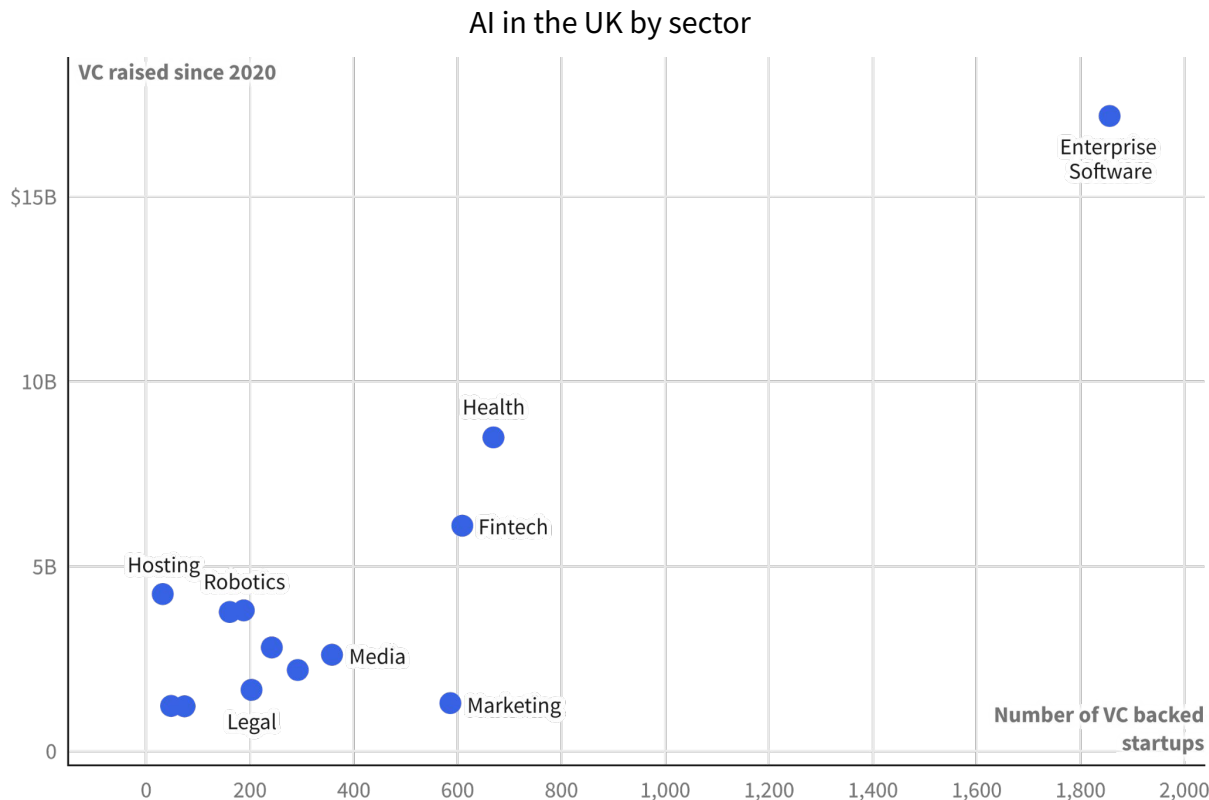
AI VC investment in the UK - half year



Enterprise Software dominates UK AI, leading by startup creation and capital raised since 2020

Enterprise Software leads with 1868 AI startups and \$17.2B raised since 2020. Health is the clear second with 669 AI startups and \$8.5B raised. Fintech rivals Health on AI startup count, but raises less per company.

Hosting has just 32 AI startups, yet \$4.3B raised through 4 large deals.





Nick Morley

CEO, Lunio



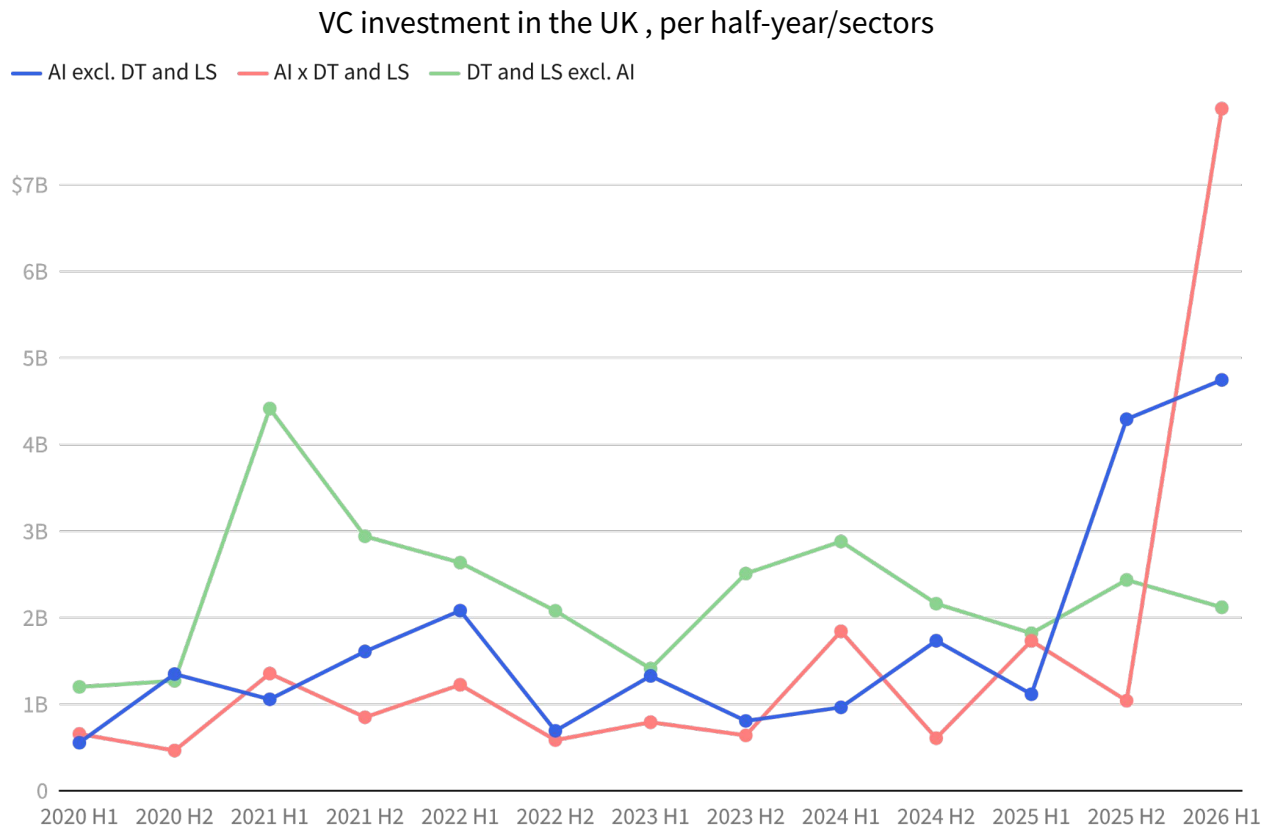
“The next phase of AI adoption will be defined by accountability. Across the market, we’re seeing businesses move beyond experimentation and focus on where AI can deliver measurable commercial impact. In digital advertising, that means giving marketers clearer visibility into wasted spend, poor-quality traffic and the hidden inefficiencies that distort performance data. As media buying becomes more automated, the ability to identify where budget is being lost before it reaches genuine customers is becoming a board-level efficiency issue.

The UK has a strong opportunity to lead in applied AI: technology that solves specific, expensive business problems at scale. For Lunio, that means building waste intelligence for digital advertising and helping marketers protect investment, improve efficiency and drive more accountable growth.”

Deep Tech and Life Sciences VC has remained resilient, and is increasingly powered by AI

Excluding AI, Deep Tech and Life Sciences have been relatively steady since 2022, averaging \$2-2.5B in VC raised per half year.

In H1 2026, AI x Deep Tech & Life Sciences surged to \$7.9B, driven by large raises like Isomorphic Labs (\$2.1B).

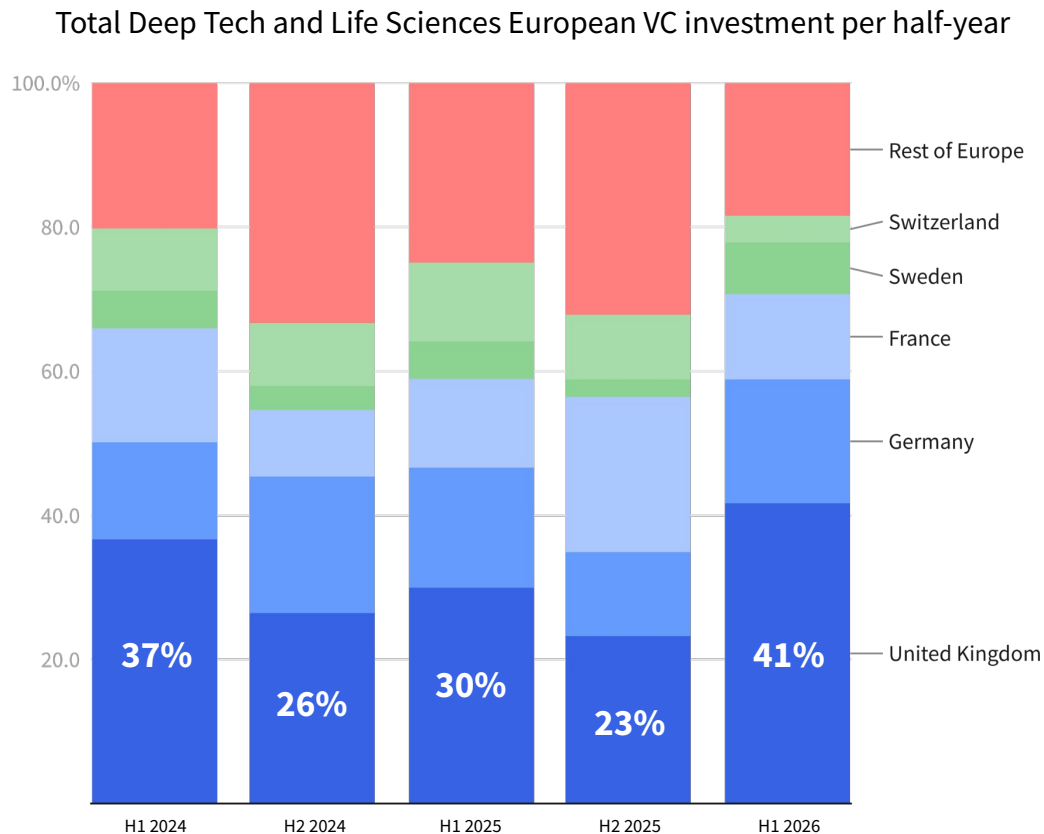


The UK now captures 41% of European Deep Tech funding

The UK nearly doubled its share of European Deep Tech and Life Sciences funding since H2 2025, going from 23% to 41%.

Biotech led at \$3.4B, autonomous tech jumped from near-zero to \$1.4B, and AI media added \$0.7B (ElevenLabs, Synthesia).

With \$10.3B in total, that puts the UK ahead of Germany, France, Sweden, and Switzerland combined.



1 UK Venture Capital in H1 2026

2 **AI Dominance Continues**

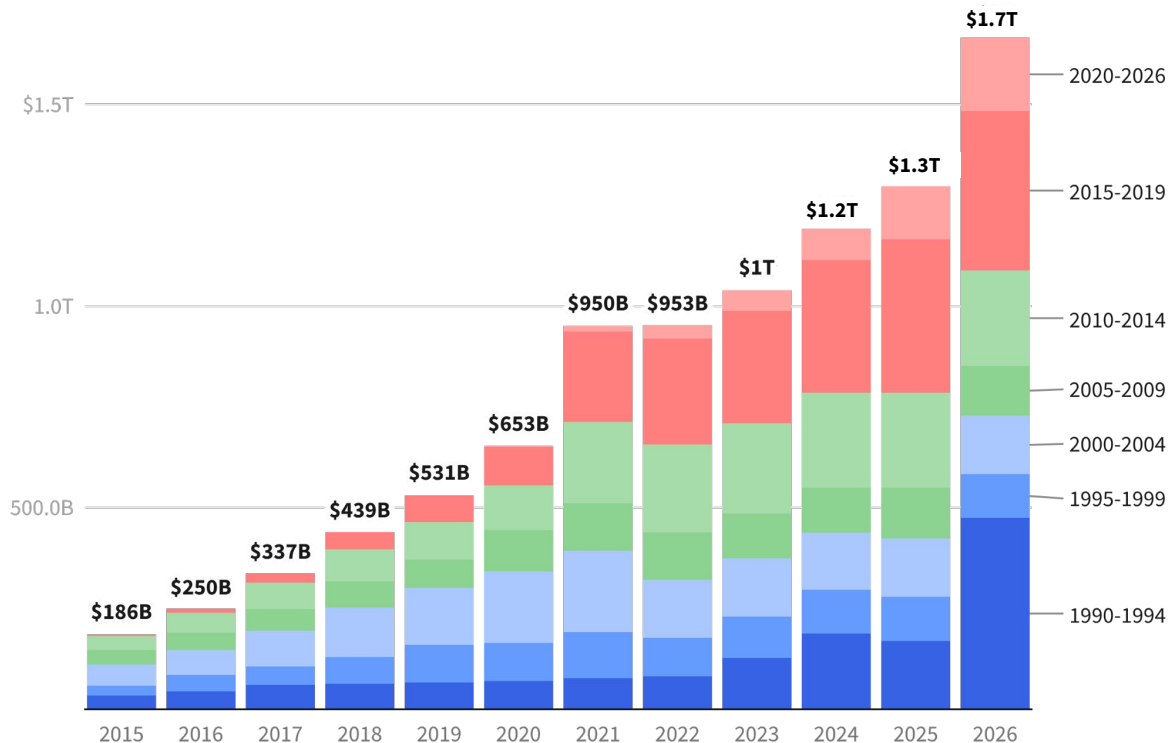
3 **State of UK tech**

The UK innovation economy is worth a combined \$1.7 trillion, growing 6.7x in the past decade

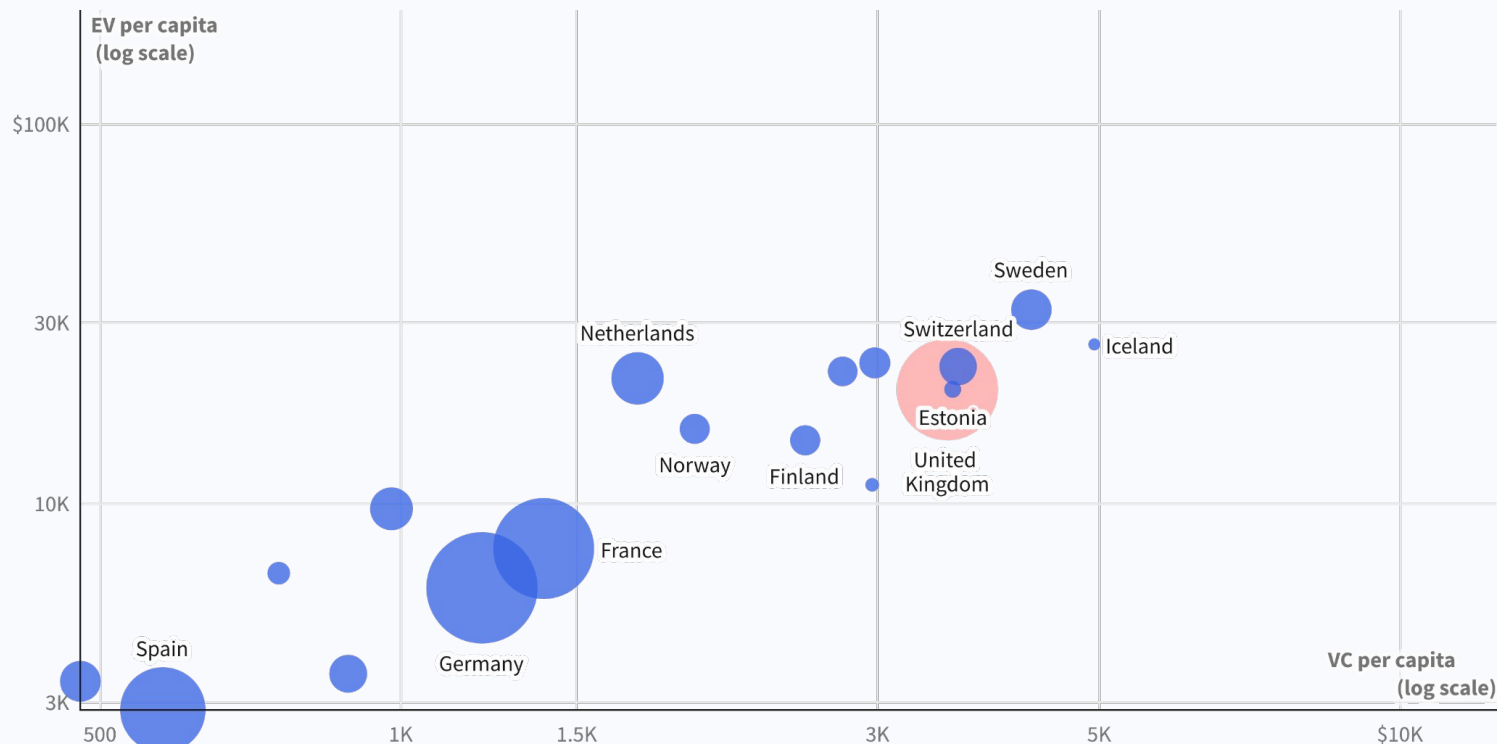
49% of the ecosystem value comes from companies founded since 2010.

[View online »](#)

UK innovation economy combined enterprise value, by founding year



The UK delivers strong ecosystem value relative to its size. When adjusted for scale, the UK generates ~3-4x more value per capita than France and Germany



Source: Dealroom.co

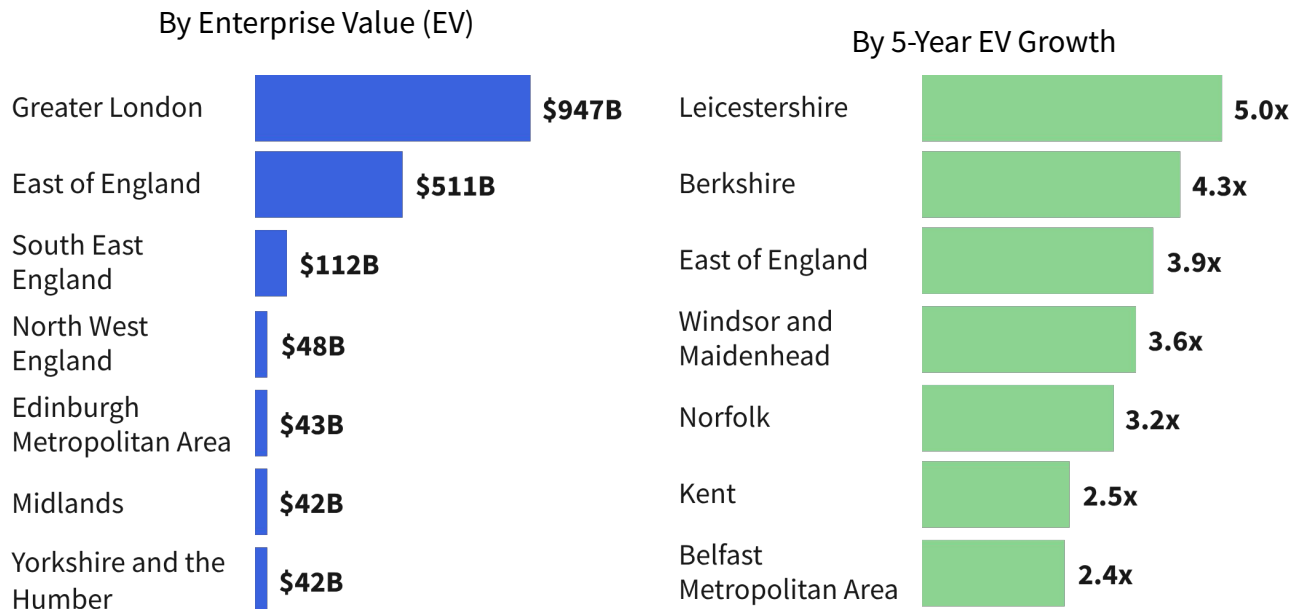
Both axes use a log₁₀ scale; equal distances represent equal multiplicative differences in VC or EV per capita.

London leads by enterprise value; Leicestershire, the East of England, and Berkshire are growing the fastest

Leicestershire leads the UK on 5-year growth at 5x. East of England grew 3.9x by ARM reaching a \$417B valuation.

Greater London still leads at \$947B, ahead of East of England (\$511B) but regions are catching up on EV growth as the UK diversifies beyond its capital.

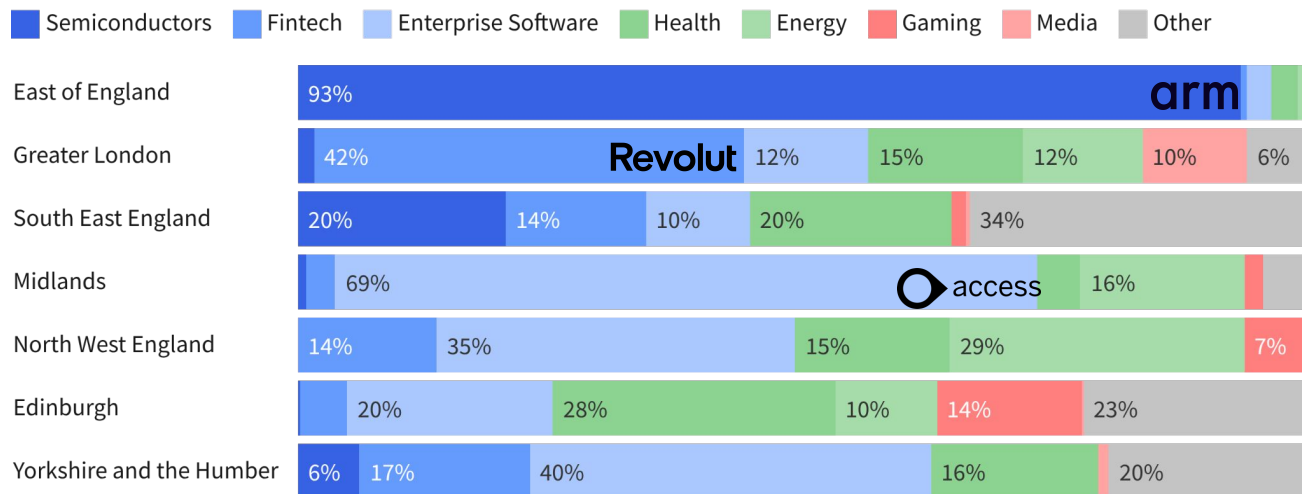
Top UK Regions



Enterprise software and semiconductors led regional enterprise value growth, while London grew across every sector

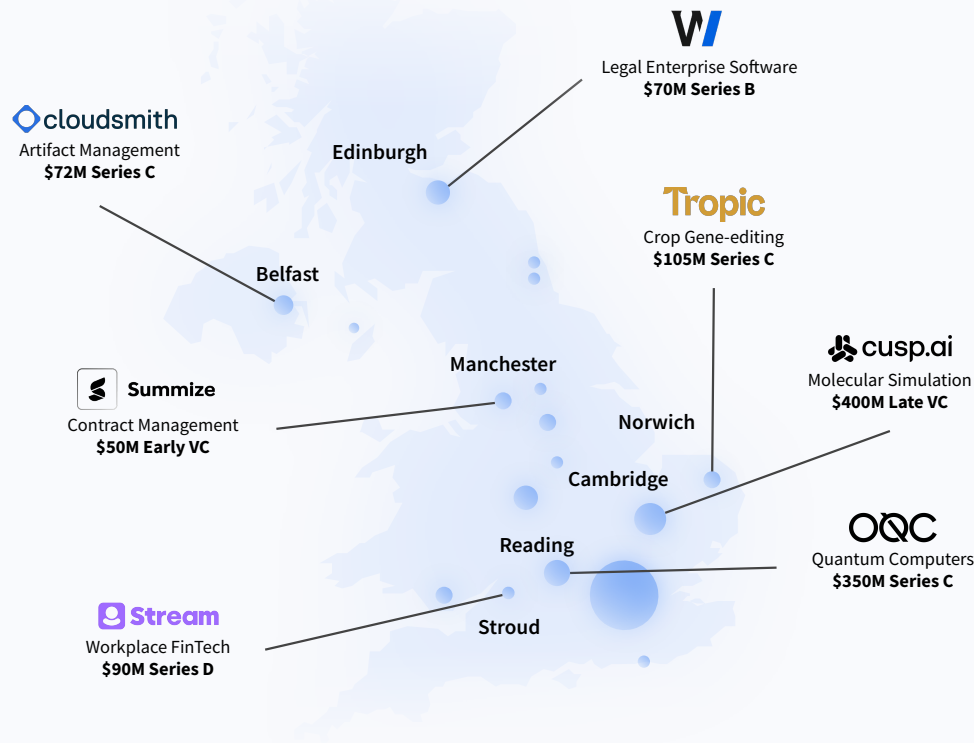
Semiconductors drove 93% of East of England's growth (ARM), while enterprise software led the Midlands (69%), Yorkshire (40%) and the North West (35%). Energy was a major contributor in the North West (29%) and Midlands (16%).

Contribution to 5-year EV growth by industry



Outside of London, most VC was raised by startups in Cambridge, Reading, Oxford and Edinburgh driven by Deep Tech and AI

VC Investment by region, H1 2026





Gerard Mullaly

CEO, OQC



***“From OQC’s perspective, the funding market for quantum is becoming more selective, but also more strategic. Investors are no longer backing quantum simply as frontier science; they are backing technology that can underpin AI, financial services, security and defence.*”**

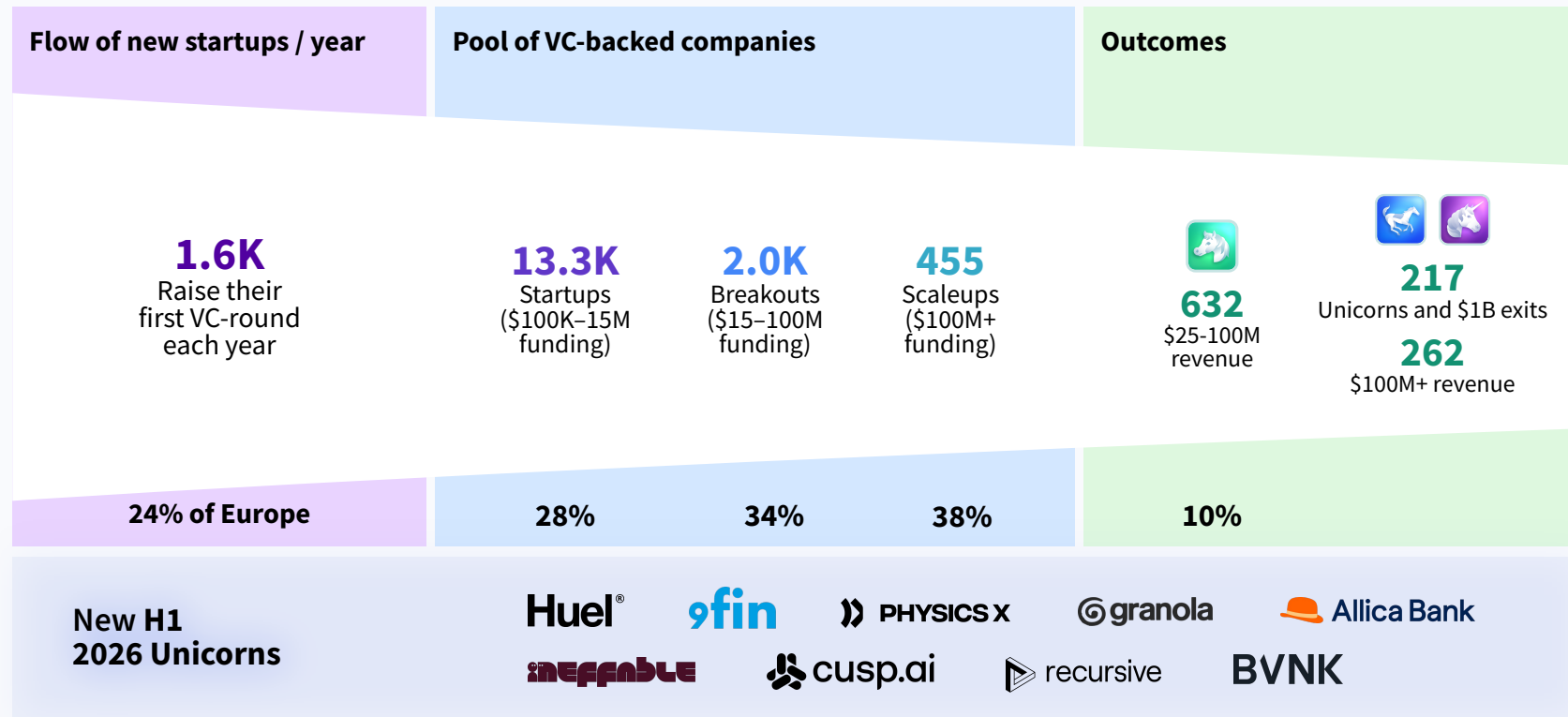
Our recent Series C, Europe’s largest private funding round for a quantum computing company, reflects that shift. We are also seeing valuations mature, with unicorn-scale private companies emerging alongside SPAC activity as scale-ups seek larger pools of capital, often in the US. The UK has the technology and talent to build global winners; the priority now is converting capital, customer demand and sovereign interest into long-term commercial scale in the UK.”



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The UK startup funnel: 13.3K companies, 455 scaleups, 217 unicorns and 262 thoroughbreds



Startup flywheel



Deliveroo produced **57** companies including unicorn founder factories



9 tech-enabled startup spinouts



7 tech-enabled startup spinouts

GoCardless

\$2.18B raised by startups founded by former GoCardless employees

monzo

\$1.91B

incident.io

\$95M

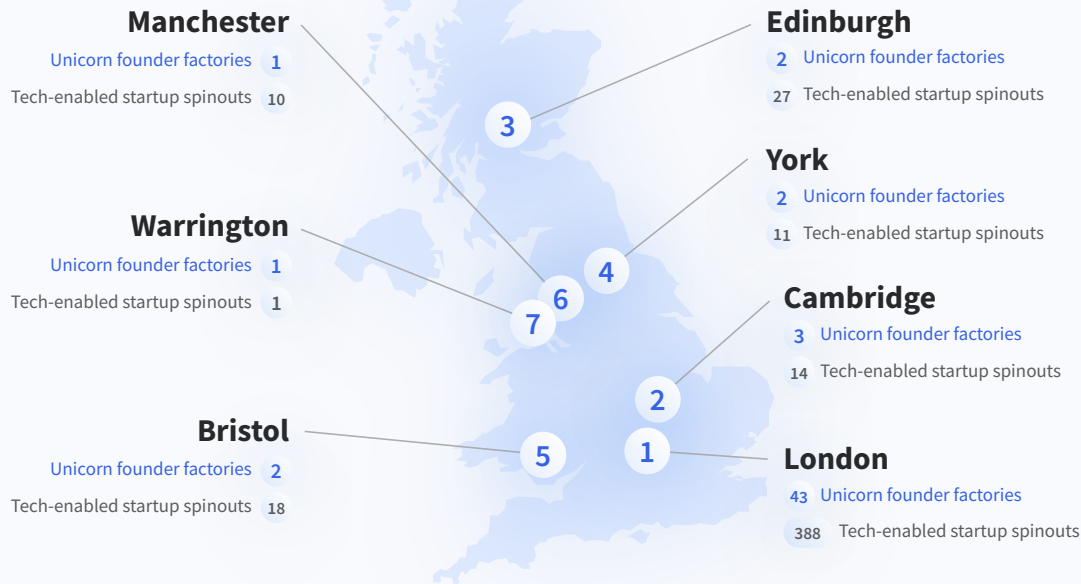
nested

\$92.3M

Duffel

\$56.3M

The UK's unicorns have nurtured the most tech founders in Europe with **54** UK-founded unicorns, fueling **464** startups across the region



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?](#)

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.

Based on round size, investment is divided into: early-stage investment (\$0-15M), breakout-stage investment (\$15-100M), late-stage investment/megarounds (\$100M+).

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](#)

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.

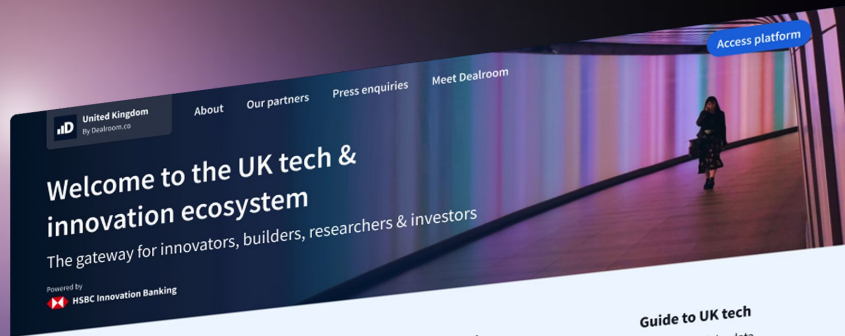
The data on which this report is built is available via app.dealroom.co. For more info please visit dealroom.co or contact support@dealroom.co. Data for this report was taken in 2026

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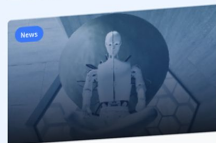


Services for startups

→ Fundraise, recruit, visas, grants

Services for talent

→ Jobs, visas, research



From London tech week 2023
Understanding UK, Europe and the EMEA



From London tech week 2023
The London, Paris & Amsterdam super cluster

\$1 Trillion in combined enterprise value

Combined enterprise value of UK startups by launch year



Guide to UK tech

→ Explore all the data

Access all reports



UK data & insights



Investment Heatmap

UK VC investment by region (2019-2023 Q1)



EXPLORE NOW

THE UK TECH & INNOVATION DATABASE

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UK breakout startups are majoritarily funded by U.S. funds

At seed, 77% of capital is local. At \$250M+, 84% comes from abroad, with the US alone leading 63%. This is a sign that top global investors are competing to back UK breakouts at growth stage.

VC investment in UK by source of funds (H1 2026)

