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HSBC Innovation Banking

UK INNOVATION UPDATE

Q3 2026

October 2026



Q3 2026 in UK tech

UK startups raised over \$6B in venture capital in Q3 2026

This is the second strongest Q3 in five years, behind only Q3 2025's \$9.3B.

Late-stage rounds of \$100M or more raised \$3.5B across 11 deals, 58% of all UK venture capital this quarter.

CityFibre's \$1.2B growth round leads the quarter and ranks fourth-largest of any UK round in 2026, ahead of FNZ (\$450M) and Open Cosmos (\$346M).

Capital raised by UK VC funds hit a record \$6.9B in Q3 2026, four times the recent average

UK VC firms raised \$6.9B in Q3 2026, the largest amount of capital raised in a quarter on record.

Index Ventures accounted for just over half of the capital raised by UK VC funds, closing three funds worth \$3.5B across seed, venture and growth, ahead of Highland Europe's €1.1B Fund VI.

The UK leads European venture capital

The UK raised 25% of all European venture capital in Q3 2026.

UK startups closed 367 rounds this quarter, 30% of every round raised in Europe and more than Germany, France and Sweden combined, with health and fintech leading the way.

Across the first nine months of 2026 the UK took 35% of all European venture capital.



Emily Turner

CEO at HSBC Innovation Banking UK



***“There is a lot to be encouraged by in the innovation economy. Significant capital continues to be invested into UK companies, but the new funding being raised to support the next generation of extraordinary tech founders is what stood out this quarter.*”**

UK venture managers raised \$6.9 billion across 31 new funds, their strongest fundraising quarter on record. Alongside the \$6.1 billion invested into UK startups and scaleups, that points to significant capital being deployed today which will also be available for the years ahead.

New funds were raised across seed, venture and growth strategies, while businesses continued to attract investment at different stages of their development. The challenge now is ensuring that depth of capital translates into a stronger pipeline of companies able to build and scale from the UK. The wider market remains strong too. Fintech and Health continue to generate significant levels of activity, while semiconductor investment has already surpassed the sector's previous full-year record. Almost half of all UK semiconductor funding since 2010 has now been raised in the past two years, demonstrating the growing momentum behind the sector.

Taken together, the new funds raised and continued deployment into key sectors show the depth of the UK innovation economy, with experienced investors raising new capital and ambitious businesses continuing to attract funding as they grow. That is helping the UK maintain its position as Europe's largest venture market. However, there is no room for complacency. Capital alone does not build successful companies. Maintaining the UK's position will depend on creating the conditions in which ambitious businesses can scale over the long term.

This is where opportunity lies: turning the depth of capital and entrepreneurial talent already present in the UK into enduring, globally competitive companies. At HSBC Innovation Banking, our focus is on supporting founders and investors as they build and scale, helping more of the UK's innovation potential translate into lasting success.”

1 UK Venture Capital in Q3 2026

2 UK tech update

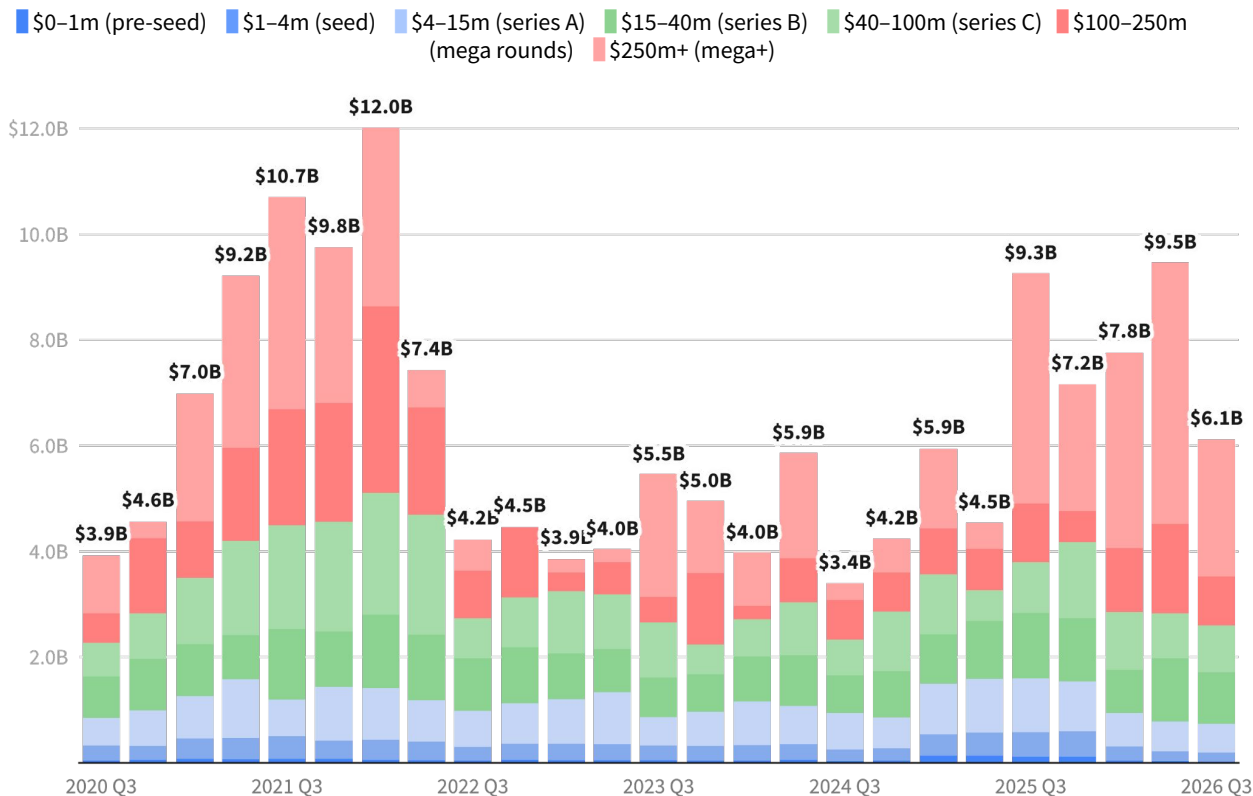
UK venture capital reached \$6.1B in Q3 2026

Late-stage rounds accounted for 58% of capital raised, driving the majority of Q3 investment.

Breakout-stage rounds of \$15M to \$100M added \$1.9B across 55 deals, 30% of the quarter's capital and up from 24% a year ago.

[View online »](#)

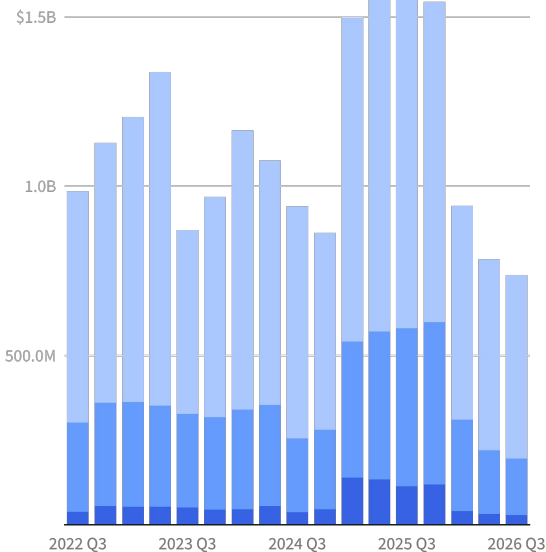
UK VC investment by stage - quarterly



Most UK venture capital in Q3 was raised through late-stage megarounds, totalling \$3.5B, followed by \$1.9B at breakout stage and \$740M at early stage

Early-stage

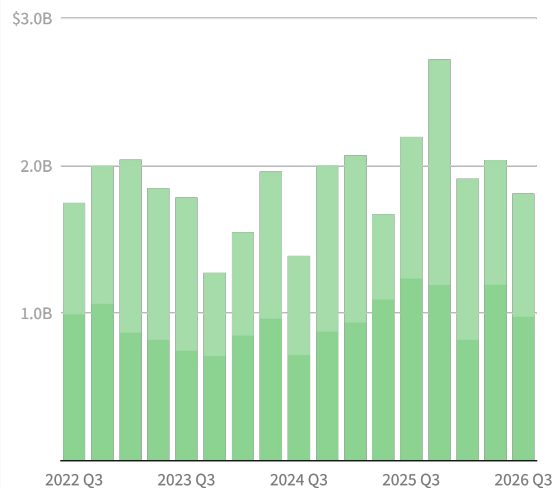
■ \$0-1m (pre-seed) ■ \$1-4m (seed) ■ \$4-15m (series A)



MOTH: £11M WORDSMITH: \$14M

Breakout-stage

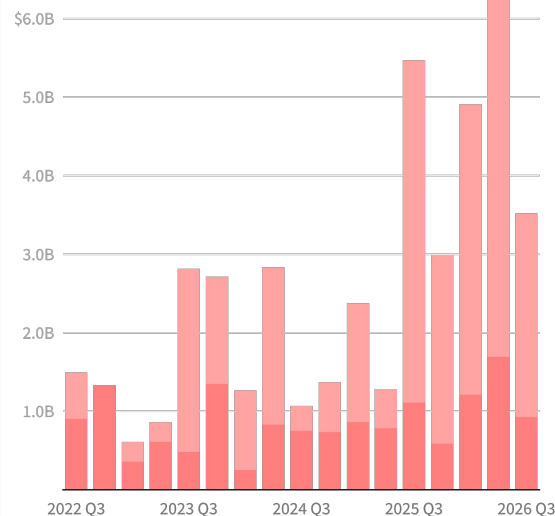
■ \$15-40m (series B) ■ \$40-100m (series C)



VELOCITY: \$38M Greenjets: £30M

Late-stage/megarounds

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



FNZ: \$450M OLIX: \$312M

The biggest UK venture capital rounds in Q3 2026

The largest round in Q3 2026 came from CityFibre.

Nine of the twelve largest rounds went to London-based companies, with Open Cosmos in Harwell, Cambridge Aerospace in Cambridge and Abingdon-based Nexeon the exceptions.

[See rounds »](#)

Fibre Broadband
London



\$1.2B
Growth Equity - Jul 2026

Wealth Management
London



\$450M
Growth Equity - Sep 2026

Earth Observation
Harwell



\$346M
Late VC - Sep 2026

Photonic AI Chips
London



\$312M
Series B - Aug 2026

Air & Missile Defence
Cambridge



\$300M
Series C - Aug 2026

AI Data Centres
London



\$225M
Series A - Aug 2026

Maritime Defence
London



\$175M
Series B - Jul 2026

Humanoid Robots
London



\$152M
Series A - Jul 2026

Protein Discovery
London



\$140M
Series C - Sep 2026

Silicon Battery Anodes
Abingdon



\$132M
Late VC - Aug 2026

AI Orchestration
London



\$100M
Seed - Aug 2026

AI Lettings
London



\$95M
Series B - Jul 2026

The biggest UK Series A rounds in Q3 2026

UK startups raised \$1B across 35 Series A rounds in Q3 2026, up 40% in value compared with Q3 2025.

Volta led UK Series A rounds in Q3 2026 with a \$225M raise, the largest of the year so far, and one of two Series A rounds to top \$100M alongside Humanoid's \$152M.

[See rounds »](#)

AI Data Centres
London

VOLTA

\$225M
Series A - Aug 2026

Humanoid Robots
London

HUMANOID

\$152M
Series A - Jul 2026

Data Sovereignty
London

 **Valarian**

\$50M
Series A - Jul 2026

Electric Propulsion
Bedford

 **Greenjets**

\$40M
Series A - Jul 2026

AI Recruitment
London

Jack & Jill

\$40M
Series A - Sep 2026

Digital Assets
London

 **Velocity**

\$38M
Series A - Jul 2026

Drug Discovery
London

 **ALCHEMAB**
THERAPEUTICS

\$33M
Series A - Jul 2026

Innovative Food
Birmingham

 **arboreal**

\$31M
Series A - Jul 2026

Industrial AI
London

 **Arrakis Technologies**

\$30M
Series A - Jul 2026

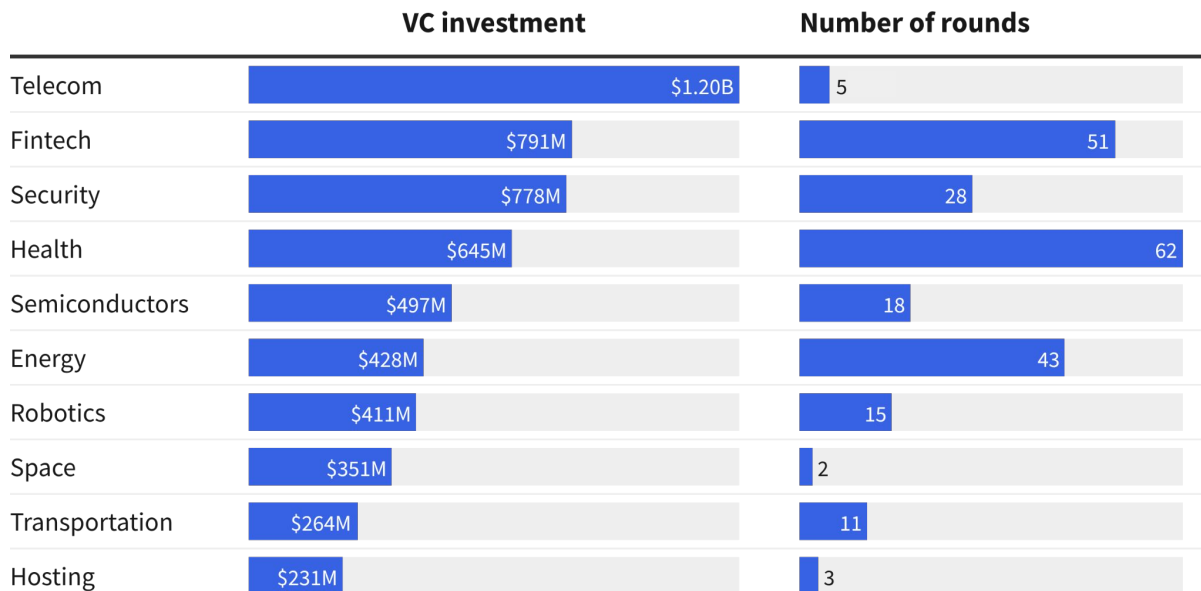
Telecom and Fintech lead UK industries by investment with Health leading by deal count

CityFibre's \$1.19B round carried Telecom while FNZ's \$450M round drove Fintech. Basecamp Research's \$140M Series C led Health, and OLIX's \$312M Series B drove Semiconductors.

Health led by deal count with 62 rounds, followed by Fintech with 51 and Energy with 43.

[View online »](#)

UK leading industries by VC investment in Q3 2026



Source: Dealroom.co. Segments overlap between each other.



Inga Deakin

Partner, Molten Ventures

Molten

“Health and life sciences leading the UK by deal count in Q3 2026, with 62 rounds and \$645 million invested, shows that this is a tremendously exciting period for this sector. These emerging VC-backed companies are built differently now, embedding deep software and data capabilities from day one, whether that is AI-driven protein discovery at Basecamp Research or novel antibody platforms like Alchemab Therapeutics.”

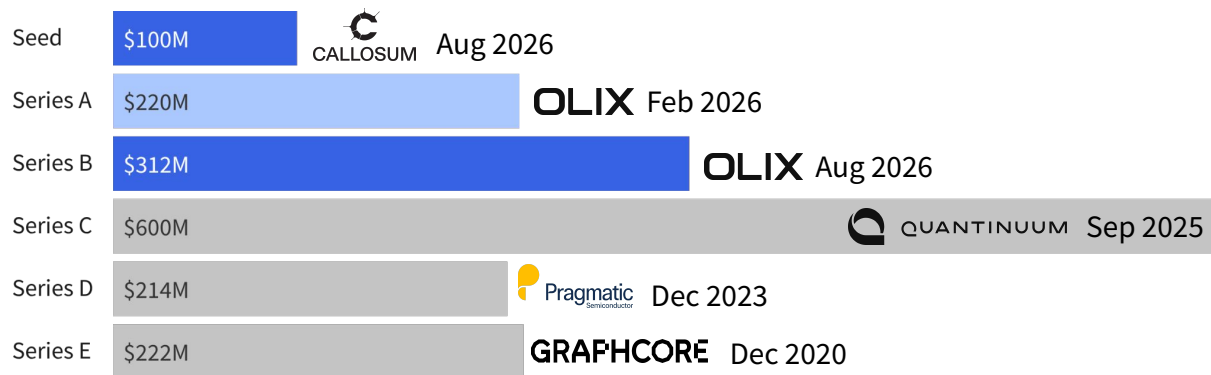
AI is transforming every sector, but biological data is complex. In health and life sciences, access and use of well-structured, analysis-ready datasets remains a key differentiator. Better data tools mean we can develop new therapies faster, stratify patients more precisely, and optimise for real-world outcomes. For venture investors across the UK and Europe, we have world leading science and tech talent, which means this convergence of life sciences, data, and AI is creating some of the most compelling opportunities to back companies with genuine global ambition.”

Q3 2026 saw the UK's largest-ever semiconductor Seed and Series B rounds

UK semiconductor startups have raised \$1.59B so far in 2026, already an all-time annual record with a quarter still to run.

OLIX set the Series A record in Q1 and the Series B record in Q3, raising \$532M in nine months. Callosum's \$100M round is the largest seed round ever raised by a UK semiconductor company.

Largest UK semiconductor VC round raised at each stage





Naomi Weir

CBI Director of Technology and
Innovation



“The data in this report is a powerful vote of confidence in the UK's innovation economy. Record levels of investment, particularly in cutting-edge sectors such as semiconductors, show that investors see huge potential in UK startups to innovate, grow and compete on the global stage. The UK remains Europe's leading destination for venture capital, underlining the strength of our research base, entrepreneurial talent and innovation ecosystem. The challenge now is turning more of these early successes into globally significant businesses anchored in the UK.

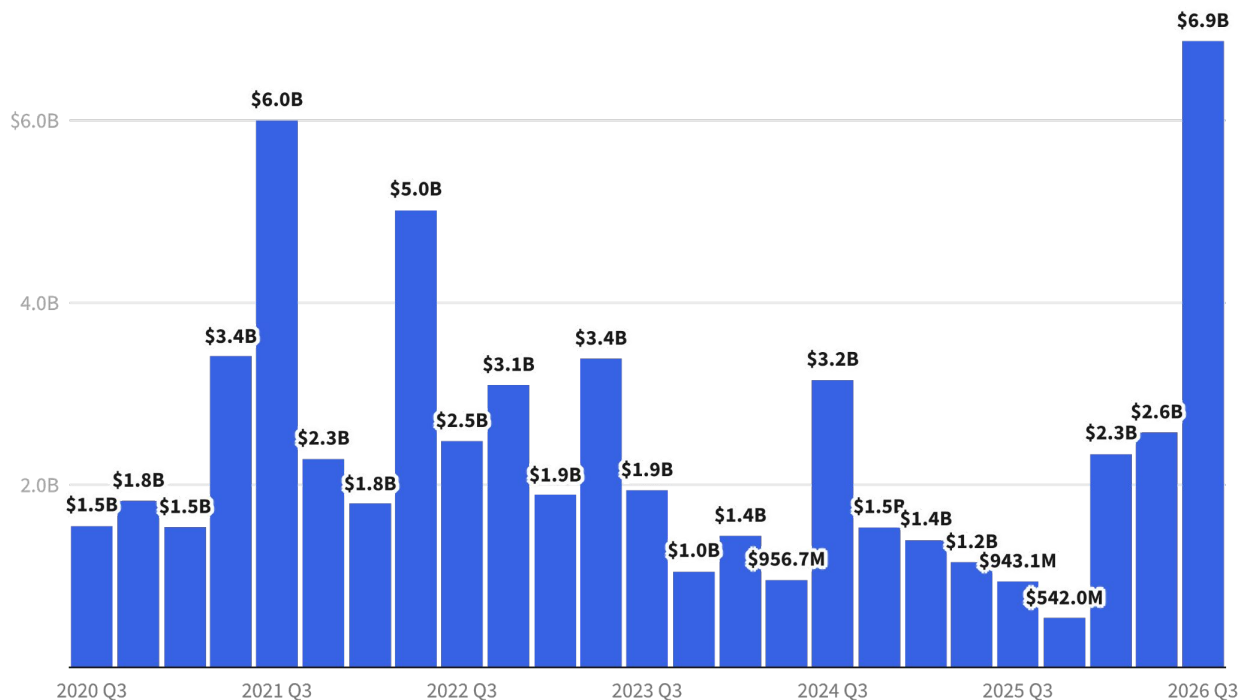
“That means government and business of all sizes working hand in hand to strengthen market opportunities and unlock more late-stage growth capital, so the brilliant companies featured in this report can scale and stay in the UK, delivering jobs, investment, new capabilities and wider economic value across the country.”

UK VC fundraising hits its highest quarter on record

UK venture managers closed 31 new funds worth \$6.9B in Q3 2026, four times the quarterly average of the past two years and the highest quarter on record.

[View online »](#)

New VC funds in the UK by quarter



Source: Dealroom.co. New VC funds raised by UK-headquartered managers, by quarter announced, in USD.

Large growth funds are driving the UK's record fundraising quarter

Index Ventures accounted for over half of the capital raised by UK VC funds in Q3 2026, closing three funds worth \$3.5B across seed, venture and growth.

Highland Europe's €1.1B sixth growth fund and QuantumLight's \$500M second fund were the other largest closes, while Crane Venture Partners raised \$484M across four funds.

Largest new UK VC funds, Q3 2026

Investor	Fund name	Date	Size
 Index Ventures	Index Ventures Growth Fund	July 2026	\$2.2B
 HIGHLAND EUROPE	Highland Europe Growth Fund VI	July 2026	€1.1B
 Index Ventures	Index Ventures Venture Fund	July 2026	\$900M
QUANTUMLIGHT	QuantumLight Fund II	August 2026	\$500M
 Index Ventures	Index Ventures Seed Fund	July 2026	\$400M
 WHITE STAR CAPITAL	White Star Capital Fund IV	August 2026	\$250M

The UK's top investors nearly tripled their deal count, with regional funds driving most of the increase

Nine of the quarter's ten leading investors were active a year ago. SFC Capital stands out, rising from 3 UK rounds in Q3 2025 to 13 in Q3 2026.

Nine out of ten are UK-based, with half HQ outside London. Northstar Ventures in Newcastle and Scottish Enterprise in Glasgow each went from one UK round a year ago to six this quarter.

Top 10 VC investors in the UK, Q3 2026

Investor	Deal count	Lead deals	Participated amount
SFC Capital	13	5	\$31.8M
Mercia Ventures	8	2	\$58.3M
PXN Ventures	8	3	\$72.6M
Business Growth Fund	6	4	\$67.5M
Northstar Ventures	6	5	\$26.6M
Scottish Enterprise Growth Investments	6	0	\$20.3M
The FSE Group	5	3	\$6.1M
Beringea	4	1	\$42.4M
Fuel Ventures	4	1	\$9.4M
Future Planet Capital	4	0	\$24.4M

Source: Dealroom.co. VC firms ranked by UK startup venture rounds joined in Q3 2026; participated amount credits each investor the full round size. Deal count is based on disclosed rounds.



Orla Browne

Head of Insights



“UK tech is flying in 2026, on track for its second highest year on record. London and the UK's place as a significant centre of AI and deep tech is clear. UK semiconductor startups are on track for a record fundraising year, and the largest rounds have included deep tech leaders such as in space, semis and robotics: Open Cosmos, Cambridge Aerospace, OLIX and Humanoid.

“But just as significantly, UK-based VCs raised their highest levels of dry powder in a single quarter in Q3, and are on track for an all-time high in 2026. Ready for future deployment in the UK and around the world.”

1 UK Venture Capital in Q3 2026

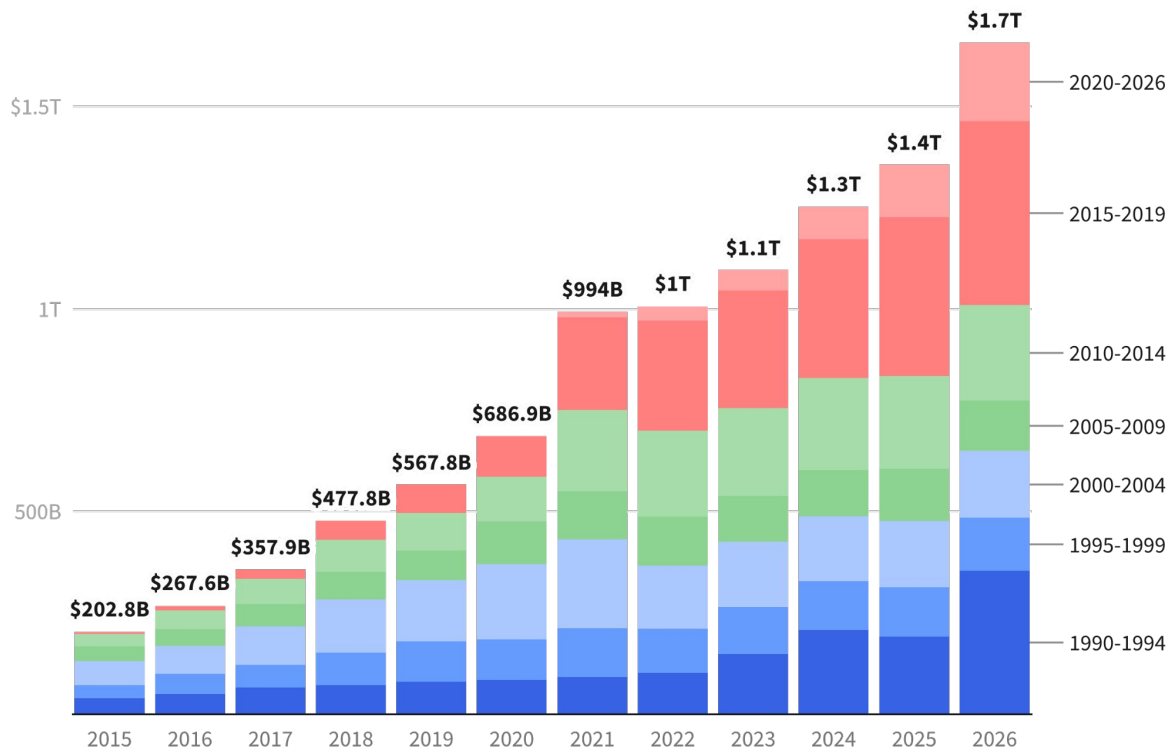
2 UK tech update

The UK innovation economy is worth \$1.7 trillion, growing 6.4x in the past decade

Companies founded since 2010 now account for 49% of the UK innovation economy's enterprise value.

[View online »](#)

UK innovation economy combined enterprise value, by founding year





Glen Waters

Head of Banking Tech & Life Sciences



HSBC Innovation Banking

“Q3 fundraising was largely driven by a small number of major closes. Concentration at the top is striking, but the range of fund strategies also matters because companies need different kinds of backing as they mature. A healthy venture market combines specialist early-stage investors, experienced growth managers and firms able to support international expansion.

“The record quarter therefore represents both an immediate pool of capital and a longer-term commitment to the companies shaping the UK’s innovation economy.”



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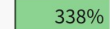
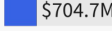
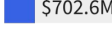
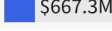
The UK leads Europe for VC investment in Q3 2026

The UK remains the strongest European country for VC investment, raising 25% of all European VC in Q3 2026 and 30% of all rounds.

Its 367 rounds are more than Germany, France and Sweden combined.

[View online »](#)

Top 10 European countries by VC investment in Q3 2026

Country	VC investment	Number of rounds	Change in VC
 United Kingdom	 \$6.1B	 367	 -34%
 Germany	 \$5.0B	 138	 267%
 France	 \$4.6B	 100	 50%
 Sweden	 \$1.8B	 76	 338%
 Finland	 \$1.4B	 25	 -4%
 Netherlands	 \$1.3B	 70	 53%
 Switzerland	 \$1.0B	 77	 26%
 Italy	 \$704.7M	 53	 128%
 Spain	 \$702.6M	 77	 8%
 Portugal	 \$667.3M	 25	 701%

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

The UK has raised 35% of all European VC since the beginning of 2026, up 18% compared to the same period in 2025 across 1,219 rounds.

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Top 10 European countries by VC investment in Q1-Q3 2026

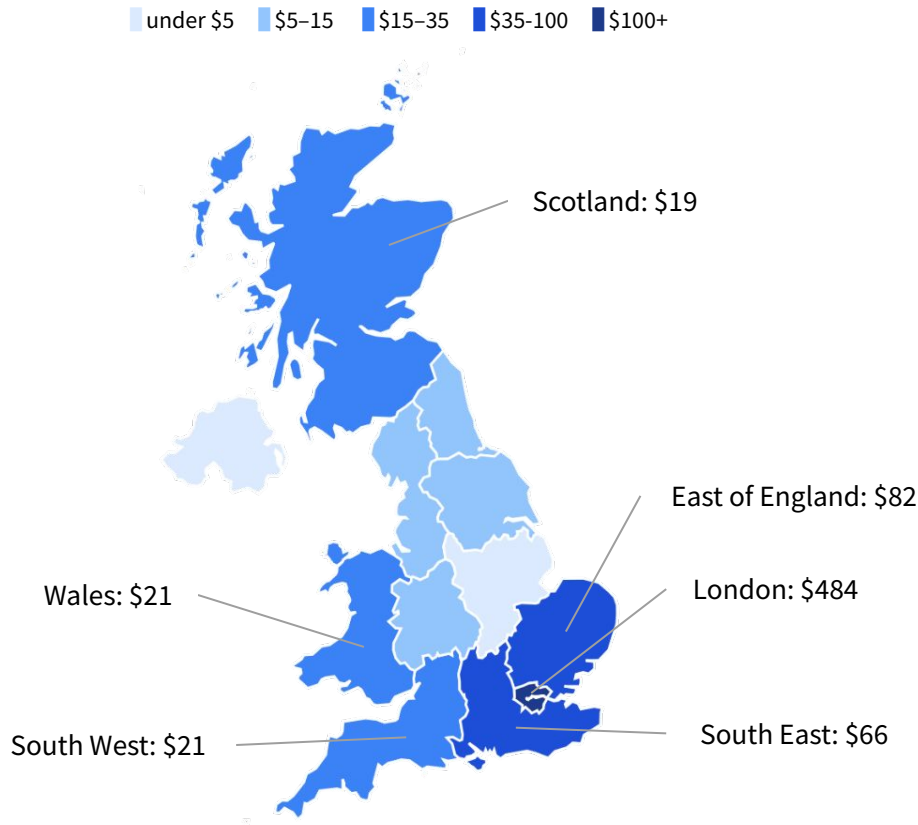
Country	VC investment	Number of rounds	Change in VC
 United Kingdom	\$23.3B	1,219	18%
 Germany	\$10.4B	432	74%
 France	\$10.0B	371	56%
 Sweden	\$4.6B	225	106%
 Netherlands	\$3.3B	235	51%
 Spain	\$2.9B	302	11%
 Switzerland	\$2.7B	243	2%
 Finland	\$1.9B	112	-2%
 Italy	\$1.4B	172	68%
 Belgium	\$1.0B	118	14%

Venture capital continues to reach regional innovation hubs across the UK

Scottish startups raised \$103M across 21 rounds, led by Mironid's \$46M Series B in Glasgow.

Investment is also reaching hubs beyond the established centres, including Draig Therapeutics' \$65M Series B in Cardiff and Advanced Electric Machines' \$21M Series B round in Sunderland. Wales attracted \$21 in VC per capita, ahead of both Scotland and the Midlands.

VC per capita by UK region, Q3 2026



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

Investments 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.

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