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HSBC Innovation Banking

UK INNOVATION UPDATE

Q3 2025

October 2025

Simon Bumfrey
Head of Banking

HSBC Innovation Banking

"Near-record levels of investment into ideas, talent, and ambition are reinforcing the UK's role as Europe's leading tech hub and a global centre for innovation.

"After a sustained period of stable investment activity, the data in our Q3 Dealroom report suggests momentum has returned with real confidence. The return of multiple mega-rounds ($100m+) sends a strong signal that global investors continue to see the UK as a place where world-class ideas can scale into world defining companies. At the same time, record Series A activity through to late-stage billion dollar plus raises – demonstrates a depth and resilience that few markets can match.

"This breadth matters. With almost half of all 2025 funding rounds taking place outside London, regional hubs such as Cambridge, Oxford, Glasgow and Manchester are proving that innovation thrives nationwide. Together, these trends tell a broader story: one of maturity, international credibility, and enduring confidence in the UK's ability to produce globally relevant companies.

"Fintech continues to stand out as the UK's flagship sector, combining entrepreneurial energy with global ambition. Its success, from landmark billion-dollar raises to steady growth among scaling firms, underlines the UK's unique ability to shape the future of financial services. But the picture is wider still. Growing interest in AI infrastructure, energy and climate tech are sectors with keen investor interest and areas sure to garner serious investment in the coming year. Health-tech and therapeutics, AI driven SaaS, quantum and deep tech continue to advance rapidly, showcasing the diversity of talent and ideas that power the UK's position on the global stage.

"At HSBC Innovation Banking, we support this momentum everyday. Our role is to support the founders, companies and investors by bringing their ambitions to reality and driving the next wave of UK innovation – and to ensure the ecosystem remains not only Europe's leader, but one of the world's most dynamic engines of progress."

UK Innovation — Q3 2025 key insights

UK innovation companies raised $9B in venture capital in Q3

Q3 2025 was the second highest Q3 on record for UK venture capital investment, and the highest quarter since 2022.

It brings the total raised in 2025 to $17.3B, on track for third highest annual total.

The quarter and year to date show a marked recovery, from quieter 2023 and 2024.

Investment is growing at all stages, including megarounds

UK VC investment grew at every stage in Q3. Early, breakout and late-stage rounds all grew year on year and quarter on quarter.

The growth in Q3 was not just down to a few outlier megarounds, but more investment being raised by innovation companies across the board.

AI was a big contributor to investment growth.

UK is the #1 in Europe - raised more than the next three countries combined

With $17.1B raised in 2025 to date, the UK has raised more VC investment than France, Germany and Switzerland combined, the next three European countries.

Within the UK, 45% of UK funding rounds in 2025 have been raised outside of London. Cambridge, Glasgow and Manchester startups have raised the most rounds outside the capital.

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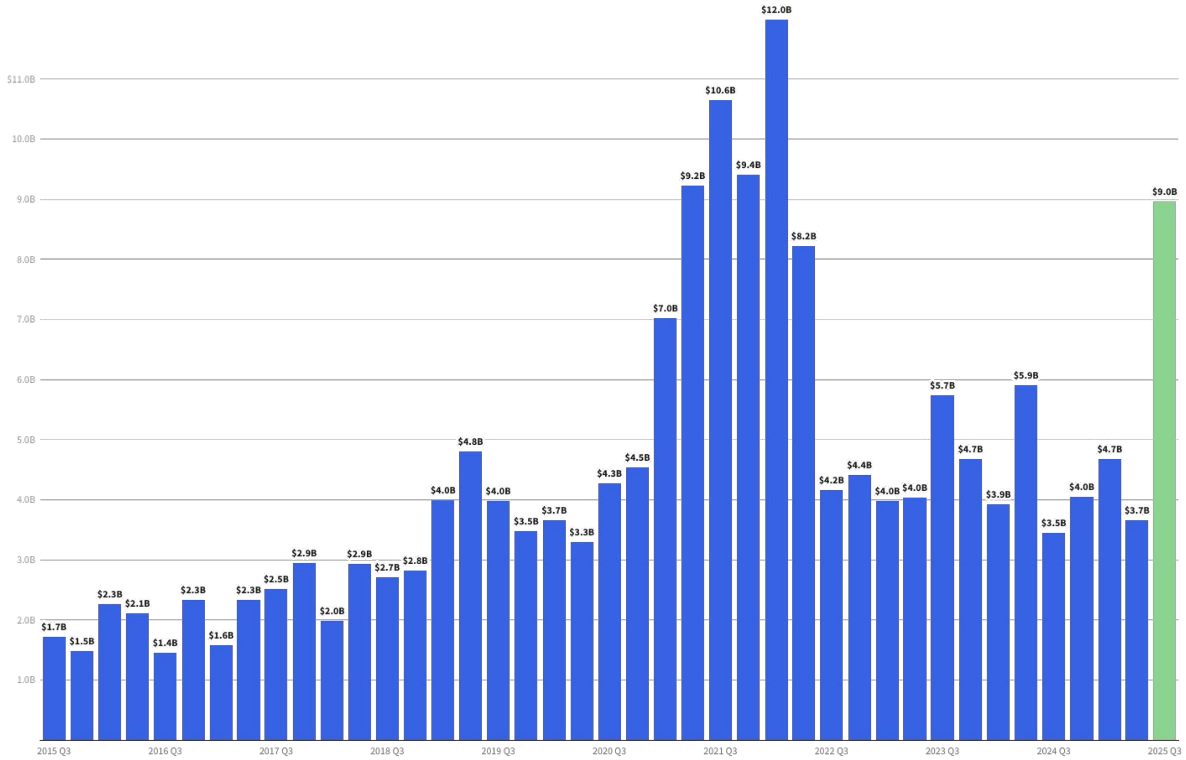
UK innovation companies raised $9B in venture capital in Q3 2025, the highest quarter since 2022

It is the second highest Q3 on record for UK startups, after only Q3 2021.

UK VC investment in Q3 was up 2.4x on the previous quarter, and 2.6x year on year.

UK VC investment - quarterly » view online



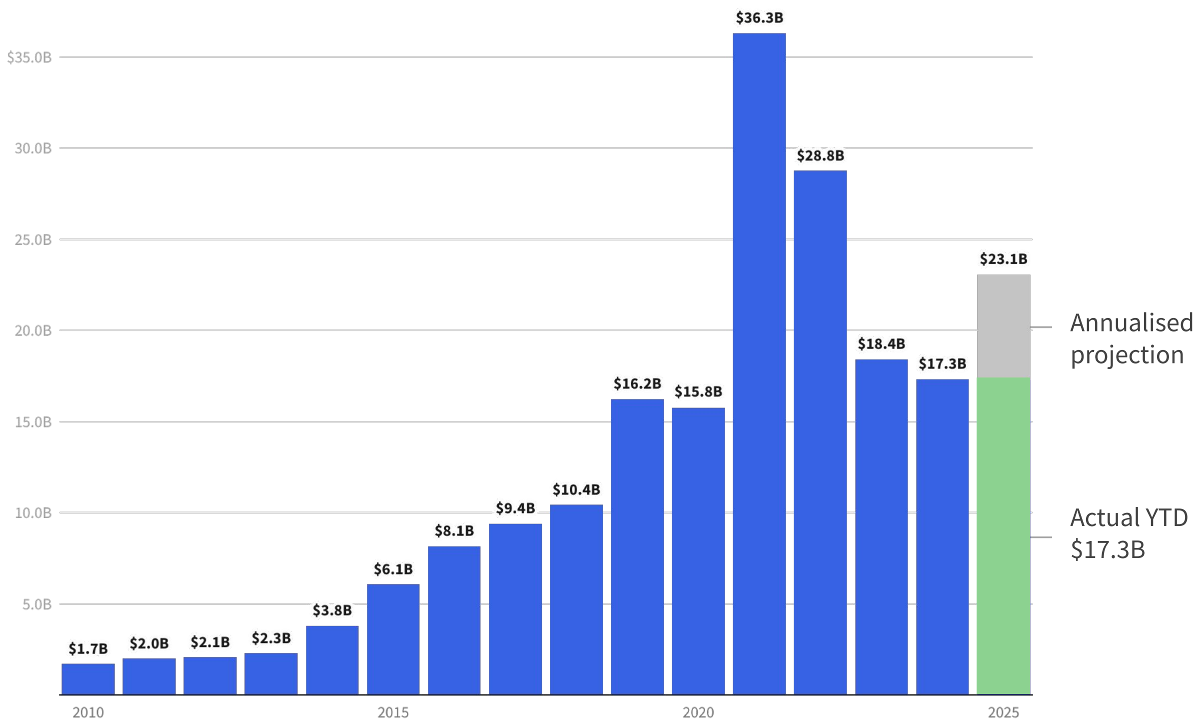
Source: Dealroom.co.

UK innovation companies have raised as much VC investment so far in 2025 as they did in all of 2024

UK startups have raised $17.3B in venture capital in the first three quarters of 2025. They are on track for the third highest total of venture capital raised, and the highest since 2022.

On an annualised projection basis the total is on track to reach $23.1B by year end.

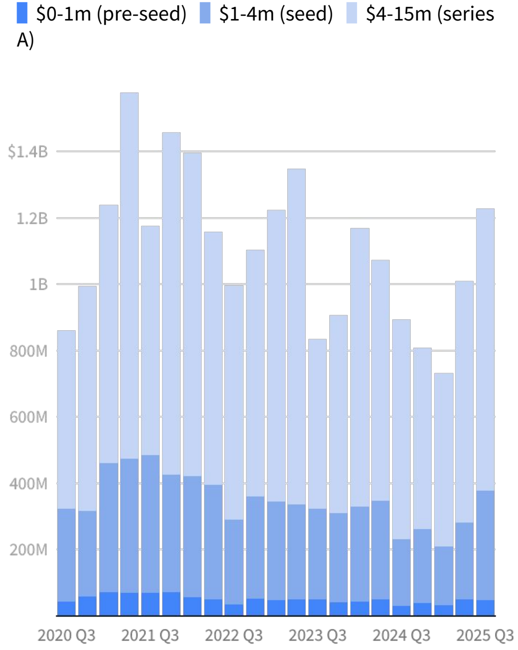
UK VC investment - annual » **view online**



Source: Dealroom.co. Actuals to end of Sep 2025, plus annualised projection

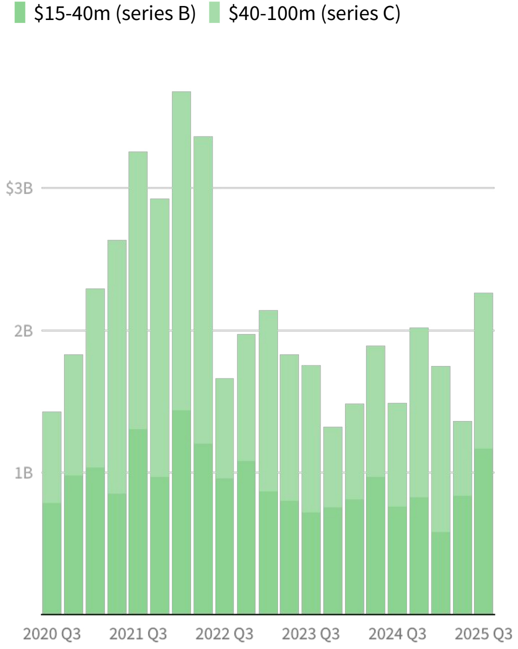
UK investment grew in all of Early, Breakout and Late stage in Q3 2025

Early stage



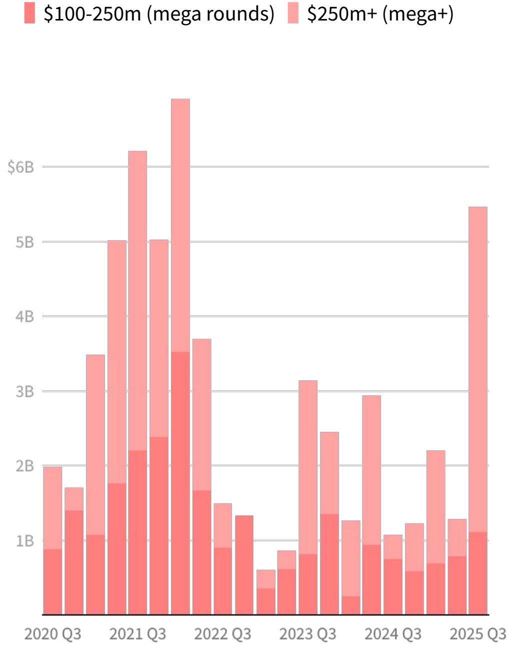
NOURISH3D $12M Matta £8.3M

Breakout stage



Light €25M ZILO £20M

Late stage



QUANTINUUM $600M NOTHING $200M

Source: Dealroom.co

The biggest UK venture capital rounds in Q3 2025

In Q3 2025 both Revolut and Nscale raised rounds of over a billion dollars.

2025 is the first year since 2022 with more than one round of over a billion dollars raised in the UK.

There were 12 megarounds of $100M+ in Q3, almost as many as the previous two quarters combined (14). The 12 megarounds accounted for 61% of all venture capital raised in the UK in Q3.

See rounds »

Challenger bank
London
Revolut
$2B
Late VC - Jul 2025

AI infrastructure
London
NSCALE
$1.1B
Series B - Sep 2025

Fibre infrastructure
London
CityFibre
£500M
Late VC - Jul 2025

Full-stack quantum
Cambridge
QUANTINUUM
$600M
Late VC - Sep 2025

Consumer hardware
London
NOTHING
$200M
Series C - Sep 2025

Brand risk mitigation
London
SIGNAL AI
$165M
Late VC - Sep 2025

CFO tech
London
xelix
$160M
Series B - Jul 2025

Field service management
Birmingham
joblogic®
£100M
Growth Equity VC- Sep 2025

Sustainable Energy
Iver
GRIDSERVE SUSTAINABLE ENERGY
£100M
Growth Equity VC- Jul 2025

Source: Dealroom.co

The biggest UK Series A rounds in Q3 2025

The largest Series A in Q3 was raised by CuspAI, a company that uses AI to design new materials for sustainability and clean energy.

There were 46 Series A rounds in Q3, the highest for seven quarters.

See rounds »

AI materials discovery Cambridge cusp.ai $100M Series A - Sep 2025	**Adaptive immunity** London ALCHEMAB THERAPEUTICS $32M Series A - Sep 2025	**Drug development** Cambridge T-Therapeutics £24.2M Series A - Aug 2025
CFO tech London Light €25M Series A - Sep 2025	**Wealth management** London ZILO™ £20M Series A - Sep 2025	**Healthcare recruitment platform** London TERN $24M Series A - Sep 2025
Continuous glucose monitor London Sava $19M Series A - Jul 2025	**Synthetic data** London SYNTHESIZED €17M Series A - Sep 2025	**Embedded invoicing** London TRIVER £14M Series A - Sep 2025

Source: Dealroom.co

Carina Namih
Partner

Plural

“The UK ecosystem is gathering real momentum, with significant raises from ambitious startups now happening at every stage of the funnel.

“What excites me most is the number of exceptional founders who are tackling really tough missions - whether that’s hardware, quantum or AI infrastructure. That reflects the extraordinary talent density that stems from world-class universities, research institutes and the ripple effects of two decades of startup building.

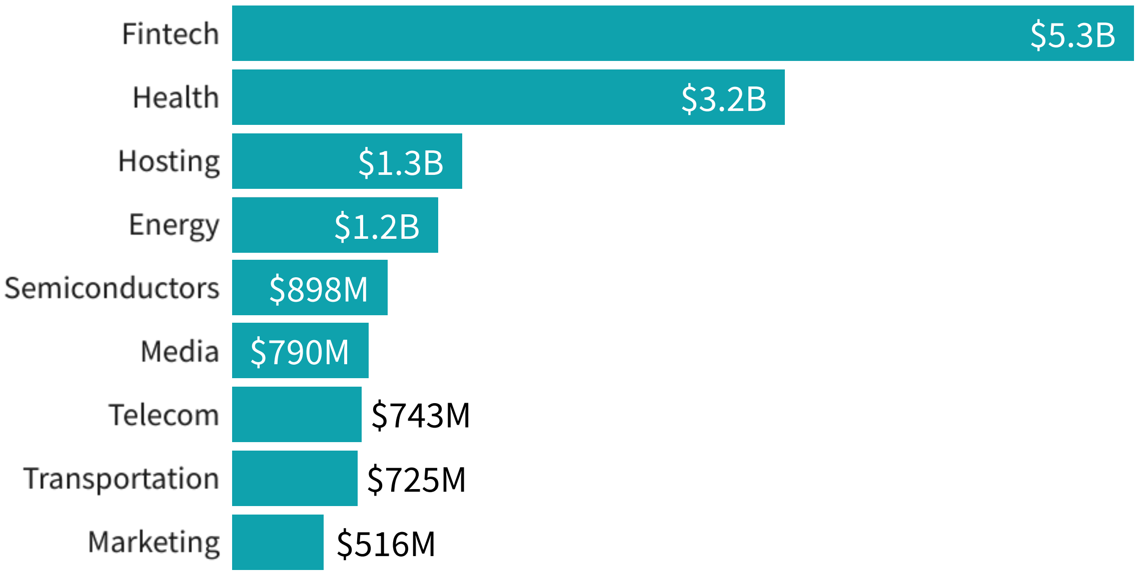
“As the volume of capital available for generational companies grows, the focus needs to be on keeping economic value and jobs in the UK, making sure our startups can keep scaling globally from here.”

Fintech is the UK's most funded innovation sector in 2025

Fintech is the top sector in 2025, due in large part to Revolut's $2B round.

Health, is a clear second, with investment raised across a diverse set of companies, including AI drug discovery (Isomorphic Labs, Charm Therapeutics), gene therapies (Trogenix), clinical trial platform (Lindus) and surgical robots (CRM Surgical).

UK leading industries for VC investment in 2025 » view online



Source: Dealroom.co. Companies can be assigned up to two industries.

"The current deal environment for fintech remains highly dynamic, with payments standing out as one of the most attractive segments.

"Riva's recent $3 million pre-seed round reflects this trend, with investors actively pursuing opportunities driven by both the scale of the global market and the rapid pace of technological innovation.

"The emergence of blockchain and stablecoins has enabled new payment infrastructures that promise faster, cheaper, and more transparent solutions — in sharp contrast to the legacy rails still largely operated by banks. Recent regulatory changes in the UK and EU are also shaping the landscape, providing greater clarity around digital assets and opening the door for broader institutional adoption, even as fragmentation across jurisdictions continues to complicate scaling."

Niklas Hoejman
CEO
riva.

AI now accounts for almost half of all SaaS VC investment being raised in the UK

Selected AI x SaaS funding rounds, 2025

synthesia

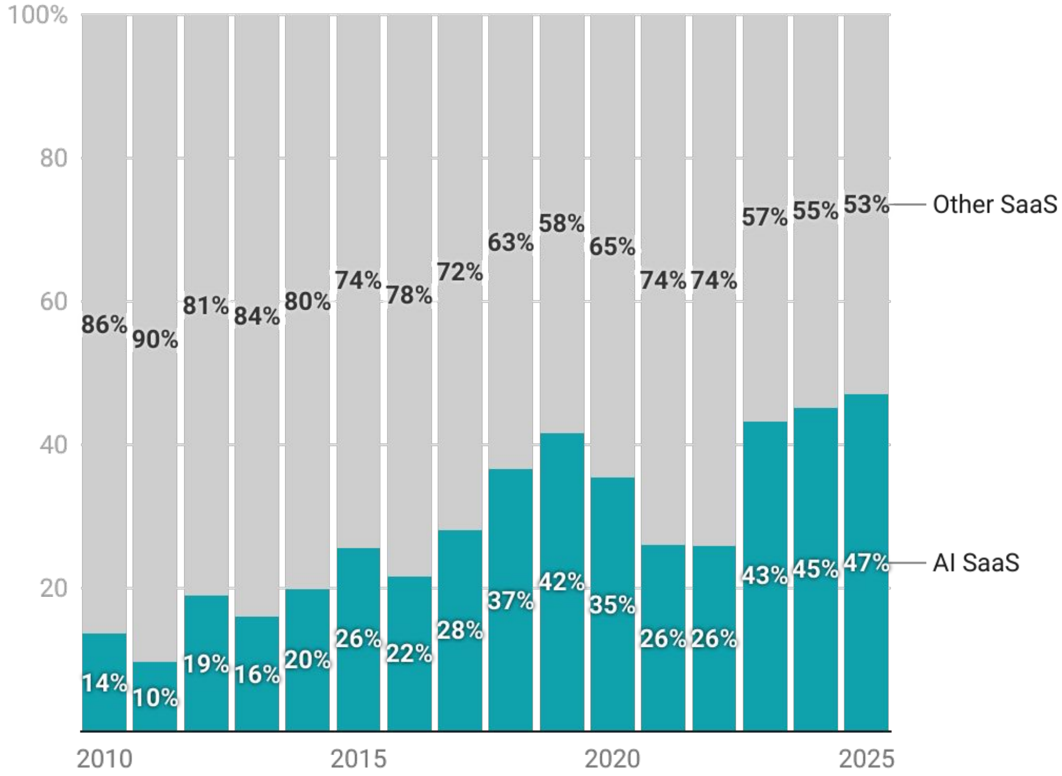
ORI

PHYSICS X

quantexa

SIGNAL AI

AI share of SaaS venture capital in the UK



Source: Dealroom.co

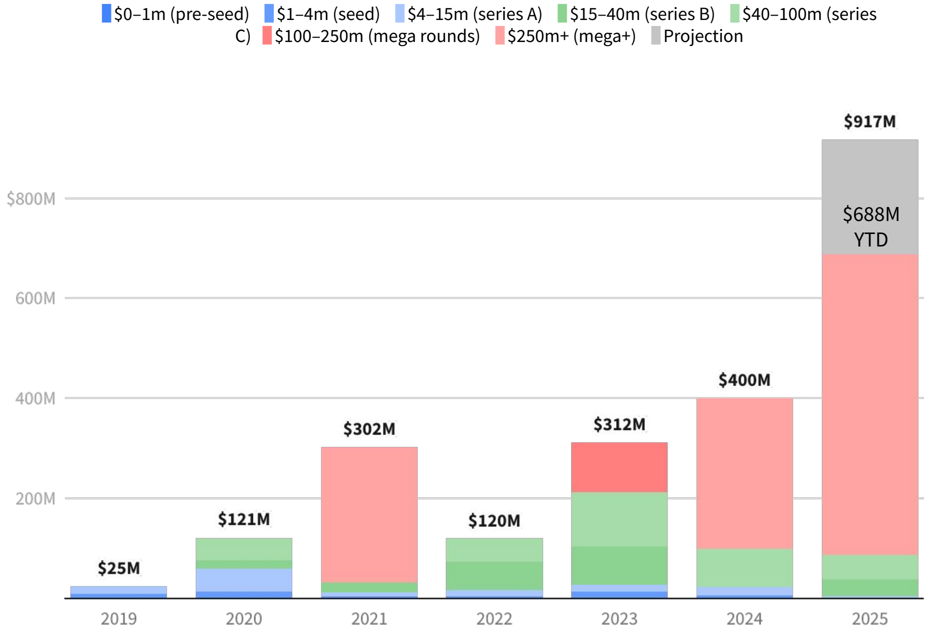
UK Quantum computing startups have already raised record levels of investment in 2025, growing fast from a low base

The UK is home to more than 50 funded Quantum startups in segments such as quantum computers & processor, quantum computing software, quantum cryptography and communications, and quantum sensing.

Selected companies

- Quantinuum
- Oxford Quantum Circuits
- Riverlane
- Cambridge Quantum Computing
- Phasecraft
- ORCA Computing

VC investment and number of rounds in the UK's Quantum startups



Source: Dealroom.co; Selection criterias: top funded, raised since 2019, founded after 2014, not closed, public or acquired.
VC investment projected as of September 2025.

Ashley Montanaro
Co-founder and CEO

PHASECRAFT

"Q3 was a banner quarter for Quantum.

"The UK-US Tech Prosperity Deal had quantum advantage front and centre, which we've been working towards for years. Global investment trends prove confidence in the technology has never been stronger, something we saw firsthand in our own Series B and recent funding rounds of several quantum hardware companies.

"But what the world sees today is just the tip of the iceberg. In quantum algorithms and software, near-term breakthroughs are in reach, progress is accelerating, and there is a huge opportunity for the UK to play a leading role in shaping the future of this technology."

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

UK startups have raised more than the next three European countries combined so far in 2025.

Top 10 European countries by VC investment in 2025 » view online

Country	VC Investment (2025)
United Kingdom	$17.3B
France	$6.3B
Germany	$6.0B
Switzerland	$2.7B
Spain	$2.5B
Sweden	$2.2B
Netherlands	$1.9B
Finland	$1.0B
Norway	$958M
Ireland	$874M

Source: Dealroom.co

Ben Blume
Partner
atomico°

"It's fantastic to see UK venture funding surge to a multi-year high in Q3, with progress across all stages, reaffirming the country's position as a European tech powerhouse.

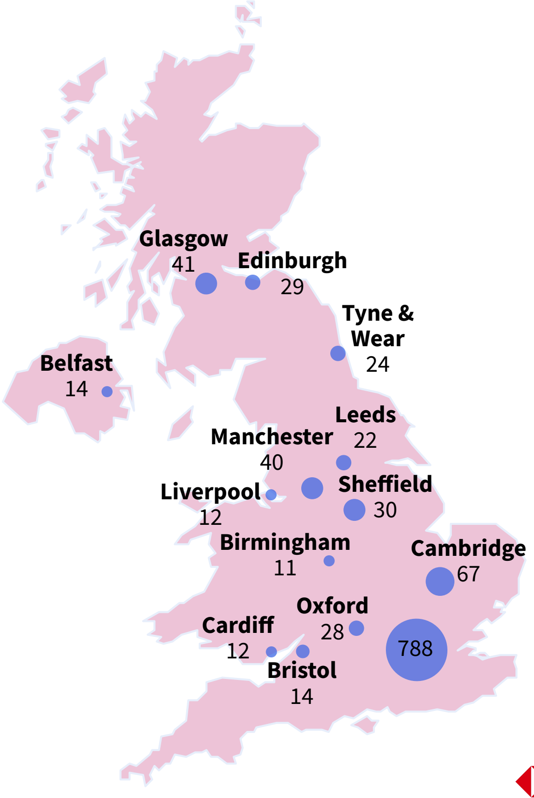
"We know we have world-class tech talent all across the UK, and as a testament to that, nearly half of this year's funding rounds were raised outside London. We see this in our own portfolio with Cambridge-based Healx pioneering new treatments for rare diseases, one of the toughest health challenges of our time, and Dexory with their state-of-the-art robotics facility in Oxfordshire.

"Every week, I meet UK founders working with AI and other incredible technologies to solve huge challenges in areas including healthcare, finance and heavy industry, with fresh ideas and the drive to succeed. We've got the successful scale ups and world class academic institutions acting as a breeding ground for new talent, alongside the investors and community needed to keep building world-leading companies here in the UK."

Outside London, Cambridge and Oxford have raised the most VC investment in 2025

City	2025 VC
London	$13B
Cambridge	$2B
Oxford	$406M
Cardiff-Newport	$172M
Glasgow	$121M
Edinburgh	$96M
Manchester	$94M
Belfast	$72M
Leeds–Bradford	$62M
Sheffield	$55M

Number of funding rounds 2025



Most active regions by number of rounds in 2025

Greater London	811
East of England	95
South East England	89
Scotland	89
North West England	80
Yorkshire & the Humber	65

Source: Dealroom.co

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"UK innovation is thriving far beyond London, with this report suggesting that 45% of all funding rounds in 2025 have indeed been raised by startups in regional cities.

"As a venture investor with a national footprint of 11 offices, Mercia Ventures is privileged to meet founders who want to build a strong business in their locality to develop world-class innovation. This broadening of the UK's tech ecosystem is creating new jobs, attracting global capital, and driving record growth. Whilst some funds have been preserving capital to support their own portfolios, and there has been a reticence to join syndicates, we've seen a stronger founder interest in Q3 to use venture debt to shape a funding solution.

Whilst there are always challenges in any market, the regional picture is clear and unchanged: the UK's strength lies in its diversity, and its future will be shaped by ambitious founders and investors from every corner of the country.

Will Clark
Managing Director

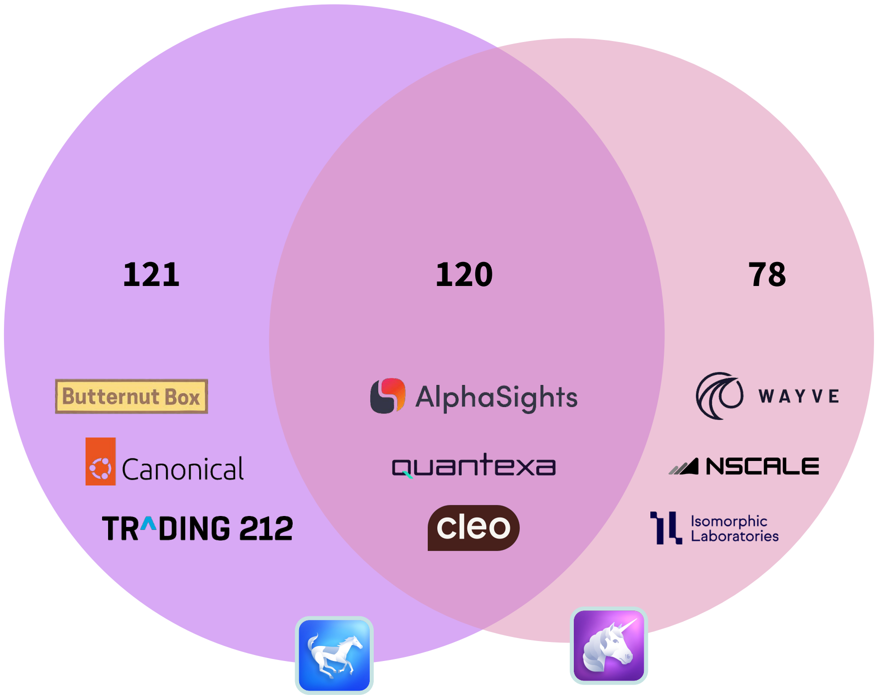
mercia Ventures

The UK has now produced 241 Thoroughbreds - startups generating at least $100M in annual revenue

This is alongside 198 unicorns that have been produced by the UK - companies valued or exited at over $1B.

120 of these companies are both unicorns ($1B+ valuation) and thoroughbreds ($100M+ revenue).

UK Unicorns and Thoroughbreds



Thoroughbreds
(241 total)

Unicorns
(198 total)

Source: Dealroom.co

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.

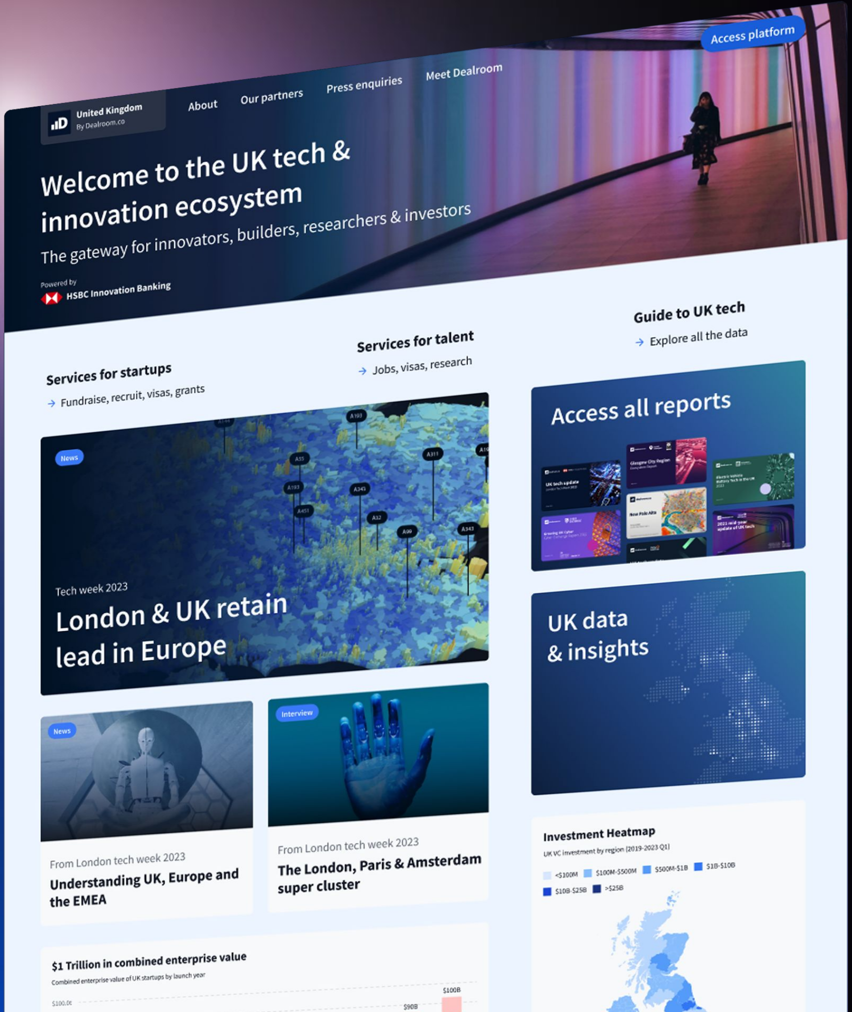
Sectors

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

*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.



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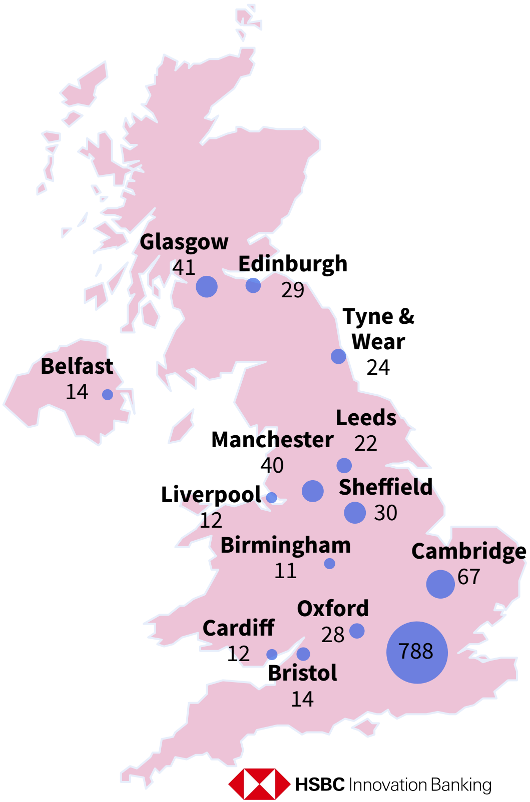
Nottingham	$30M
Birmingham	$25M

Number of funding rounds 2025



Source: Dealroom.co

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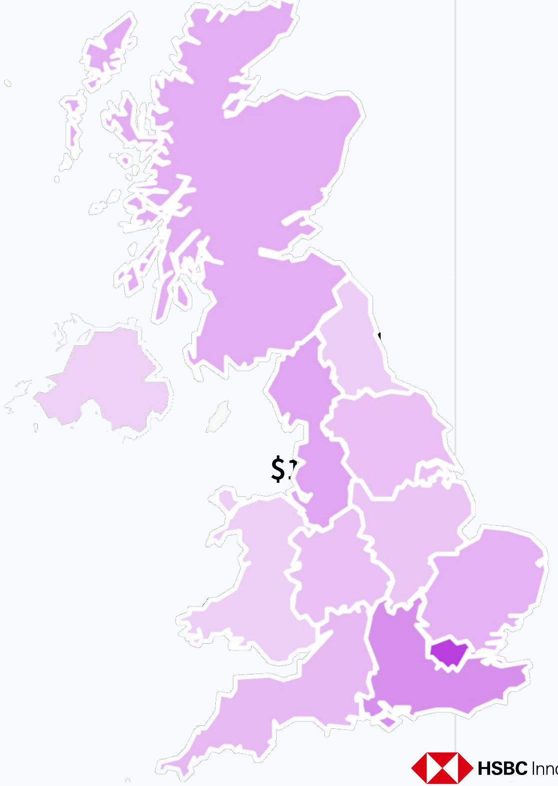
Outside London, the East of England and Scotland raised the most VC funding in the first three quarters of 2025

UK regions by number of VC investment rounds in 2025 (excl. London)

East of England	95
South East England	89
Scotland	89
North West England	80
Yorkshire & the Humber	65
South West England	48
North East England	35
West Midlands	27
East Midlands	27
Northern Ireland	19
Wales	15

Amount of VC funding r[illegible]ed in 2025



Source: Dealroom.co. Q1-3 2025

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