



European defense startups on track for a record: Dealroom forecasts \$10.5 billion in 2026

As of September 20, funding had already reached \$7.4 billion, driven by major funding rounds and investment in drones.

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PARIS — European defense startups could raise a record **\$10.5 billion** this year, according to a forecast by Dealroom, a company that tracks venture capital investments.

The total would be about four times the **\$2.6 billion** raised a year earlier. Investment in companies developing drone technologies is driving the increase.

As of **September 20, 2026**, funding had already reached \$7.4 billion. The figure comes from the annual State of Defence Tech report, published Monday by **Dealroom** and Resilience Media.

Fundraising was supported by so-called mega-rounds by two German companies, Helsing and Quantum Systems. In the previous September, the 2025 report showed funding of **\$1.5 billion**.

Europe increases its share

Europe is capturing a growing share of investment in defense technology. By September, the European Union accounted for **21%** of funding for startups in the sector, up from 15% last year.

The United States' share, meanwhile, fell to **75%**, the lowest level ever recorded in Dealroom's data. «It is Europe catching up, not the United States slowing down,» the company said.

According to Dealroom, funding in the **27 EU countries** more than doubled in one year. Mega-rounds accounted for more than 85% of the venture capital invested this year in European defense startups.

These include Helsing's **\$1.8 billion** Series E round in July. Since 2023, according to the report, German startups have set every fundraising record in European defense technology venture capital.

In NATO countries, defense startups have raised **\$27.1 billion** in venture capital so far in 2026. The figure already exceeds the \$14.5 billion raised in all of 2025.

Dealroom forecasts that the total could reach **\$38.5 billion** by the end of December.

Drones and autonomous systems lead

In Europe, the largest share of venture capital is flowing into drones and autonomous systems. The sector absorbed **74%** of funding in the EU and 77% in the United Kingdom, compared with 57% in the United States.

European startups in the segment that have raised capital include Germany's **Helsing**, Quantum Systems and Stark, France's Harmattan AI, and the UK's Cambridge Aerospace.

In the European market, unmanned aircraft raised **\$4.7 billion** by September. Earth observation and satellite imagery followed, with \$1.8 billion.

Counter-drone solutions and launch vehicles each raised **\$1.2 billion**. Maritime robotics received \$796 million.

European startups active in ground robotics, including unmanned ground vehicles, remain somewhat behind for now. This year, they secured **\$77.6 million** in venture capital.

Germany leads, Munich heads the ecosystem

Germany is the leading European country for defense venture capital in 2026, with **\$3.5 billion**. It is followed by Finland with \$1.2 billion, the United Kingdom with \$932 million, and France with \$376 million.

Munich leads Europe's sector hubs: as of September 20, it had attracted \$3 billion. Helsinki, London, Berlin, Cambridge, and Paris follow.

«Munich is the leading hub of Europe's defense technology ecosystem,» Dealroom said. Helsing and Quantum Systems account for much of that and are worth a combined **\$25.7 billion**.

According to the firm, they are followed by an emerging group of younger companies in ground robotics, counter-drone systems, and hypersonic technologies.

As the sector grows, funding sources for defense startups are diversifying. Dealroom forecasts that total private investment in defense startups across NATO countries could reach **\$42.7 billion**.

The figure includes venture capital, private equity, debt, and grants. A year earlier, the total stood at **\$16.9 billion**.

According to Dealroom, defense is Europe's fastest-growing sector for startup fundraising, ahead of space and robotics. In the EU, it accounts for **15%** of total venture capital funding, compared with 6.2% a year earlier.

Across NATO countries, defense had attracted **4.9%** of venture capital funding by September.

News link: <https://www.defensenews.com/global/europe/2026/10/05/european-defense-startups-to-raise-record-105-billion-in-2026-dealroom-forecasts/>