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KfW Venture Capital-Dashboard

Q2 2025

KfW Research

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Overview

The German venture capital market in Q2 2025



1

After a quiet first quarter, the German VC market picked up steam in the second quarter of 2025. In Q2 2025, German start-ups raised around EUR 2.4 billion in venture capital – significantly more than in the first quarter of the year (+45% QoQ). The first half of 2025 thus closed with a deal volume of just under EUR 4 billion. That means the German VC market posted a growth in deal volume for the third half-year in a row. The investments in Q2 2025 were undertaken in 208 financing rounds thus far reported, 98 of which with an individual deal volume of over EUR 1 million.



2

In the second quarter of 2025, the market was shaped by large individual financing rounds in the scale-up phase. Six mega deals with a volume of EUR 100 million and more were made. In total, scale-up financing operations accounted for 57% of the funds invested in the German VC market (40% in Q1 2025). As large financing rounds in the scale-up segment often involve investors from the US, their share in investments in German start-ups was again significantly higher than in the previous quarter, at 30%. This shows that there are no indications yet that the US economic and trade policy would have had any effects on the foreign investments of US VC providers in Germany.

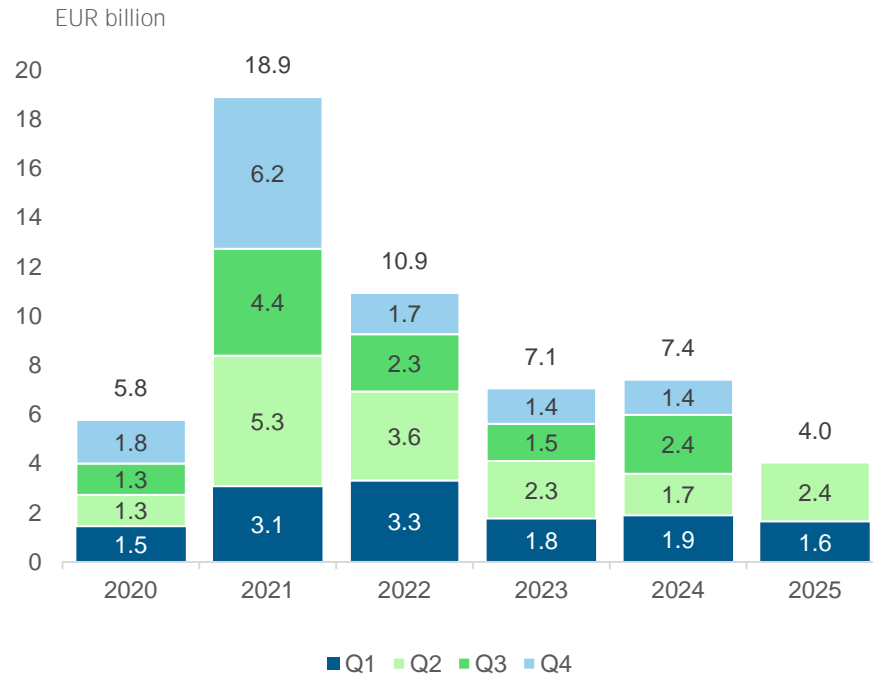


3

Thus, the German VC market has shown itself to be very resilient in the economically challenging first half of 2025. The current conditions give reason to hope that investments will remain on a similar level in the second half of the year. After the temporary turbulence, international capital markets were in calmer waters again towards the end of the second quarter. After the ECB's renewed interest rate reduction in June, the interest rate environment is now more favourable again for alternative investments such as venture capital than last year. Economic policy initiatives aimed at promoting start-ups and scale-ups, such as those provided for under the coalition agreement of the German Federal Government and in the new EU Start-up and Scale-up Strategy, mean that the investment environment is likely to improve further. What would be important for the medium-term development of the VC market, however, would be a revival of exit markets, which were weakened by the great market uncertainty in Q2 2025. Not least, the stability of the global economic and geopolitical situation is a key prerequisite for the market to develop positively in the further course of the year.

EUR 4 billion was invested in German start-ups in the first quarter of 2025 – strong second quarter with a deal volume of EUR 2.4 billion

Deal volume



German start-ups attracted approx. EUR 2.4 billion in funding in the second quarter of 2025. Investment activity thus clearly gained momentum on the previous quarter (+45% QoQ). Over the entire first half of the year, German start-ups were thus able to raise around EUR 4 billion. This shows that, on a half-yearly basis, the positive trend is becoming increasingly clear after the market consolidation was overcome in the years 2022 and 2023: investment in German start-ups grew for the third consecutive half-year. This trend is particularly pleasing because the conditions in the first half of 2025 were rather challenging, especially as a result of the temporary turmoil in international capital markets resulting from the US tariff policy, which created a rather challenging investment environment.

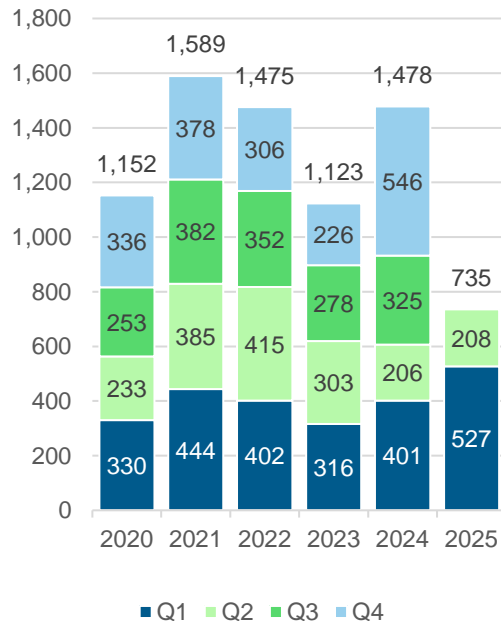
By financing phase, in Q2 2025 the market segments developed almost in direct opposition to the first quarter of the year. While large financing rounds in the scale-up segment were less common at the start of the year, such financing operations made up more than half the deal volume in the German VC market – around 57% – in the second quarter. This was primarily the result of individual megadeals of EUR 100 million and more. As large growth finance rounds often involve US investors, too, their share in the financing of German start-ups also increased significantly. They accounted for nearly one third of all invested funds in Q2 2025. As a result of the transatlantic trade conflicts at the start of the year, potential effects on international financing transactions were debated at length in the VC market. The investment activity in the first half of 2025, however, showed no signs of any major restraint nor of any greater involvement of US investors in Germany.

Source: Dealroom.co, KfW Research (as at: 01.07.2025).

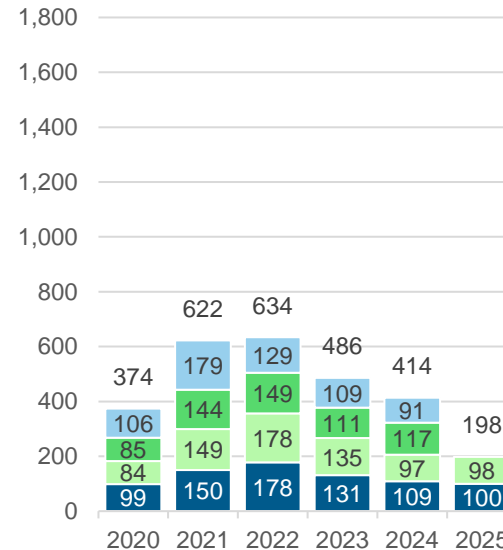
In Q2 2025, a total of 208 financing rounds was already recorded – 98 of which were rounds with more than EUR 1 million

Number of deals

Total deals recorded



Deals with a known volume of over EUR 1 million

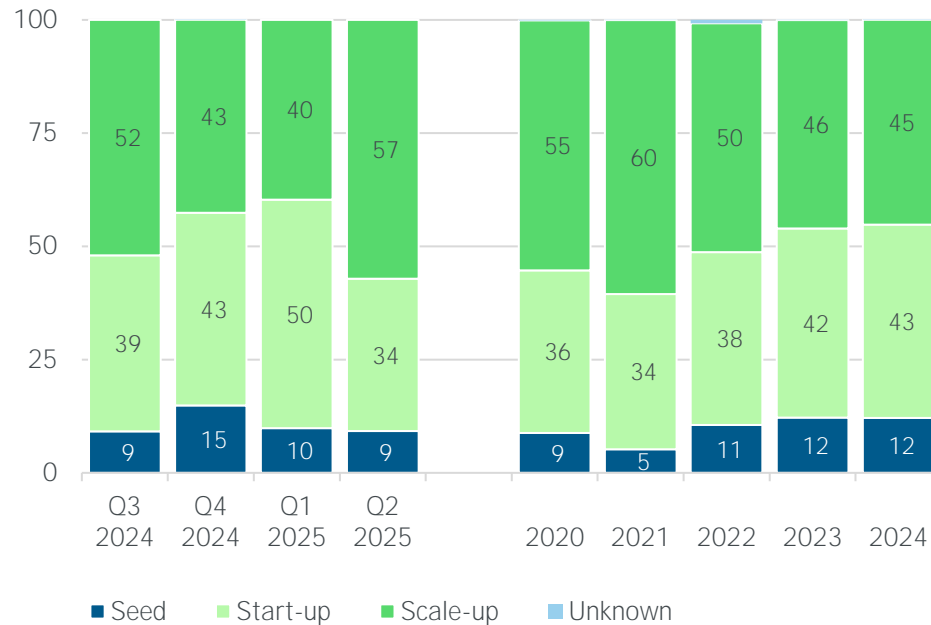


Up until the reporting date, 208 financing rounds were recorded for Q2 2025. Thus, 735 financing rounds of German start-ups have already been reported as at the current reporting date for the entire first half of 2025. It must be borne in mind that the number of financing rounds are regularly subject to retroactive entries. Smaller financing rounds in the angel and pre-seed segment, in particular, are often made public with a delay. This limits the possibility to make timely comparisons of the number of financing rounds completed each quarter. Financing rounds with a volume of EUR 1 million and more, on the other hand, are comprehensively recorded in a much timelier manner. In Q2 2025 there were 98 such financing rounds. That was almost as many as both in the preceding quarter Q1 2025 and in the previous second quarter of 2024. Throughout the first half of 2025, 198 financing deals with a volume in excess of EUR 1 million each were recorded. In terms of the number of these financing rounds, in the first half of the year the German VC market was roughly on the same level as in the previous year.

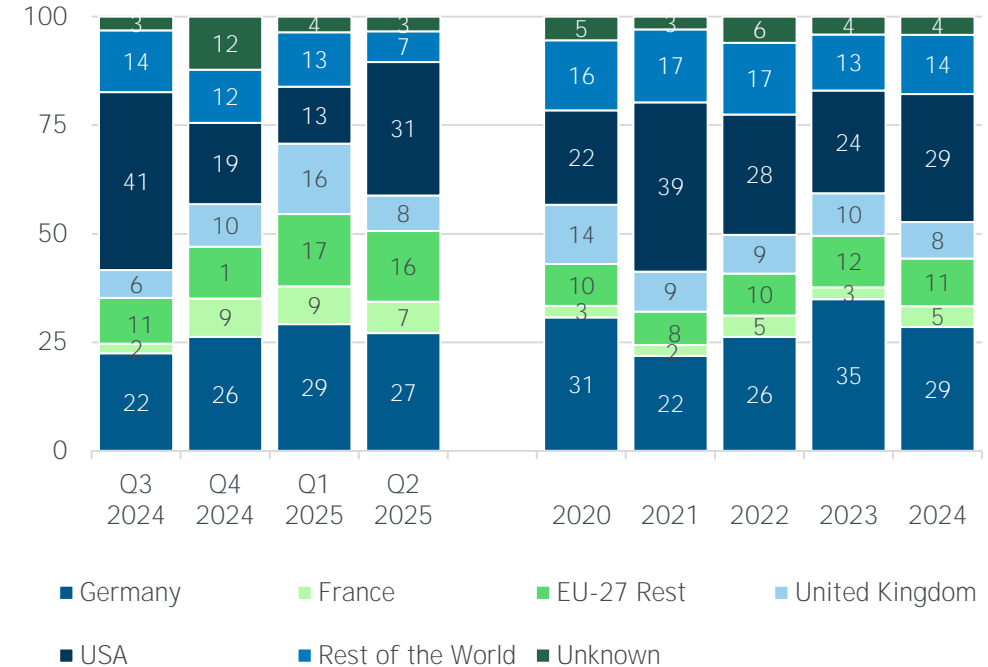
Source: Dealroom.co, KfW Research (as at: 01.07.2025).

Investments in the scale-up segment were up again in Q2 2025, with US investors providing almost one third of funds

Deal volume by phases (in percent)



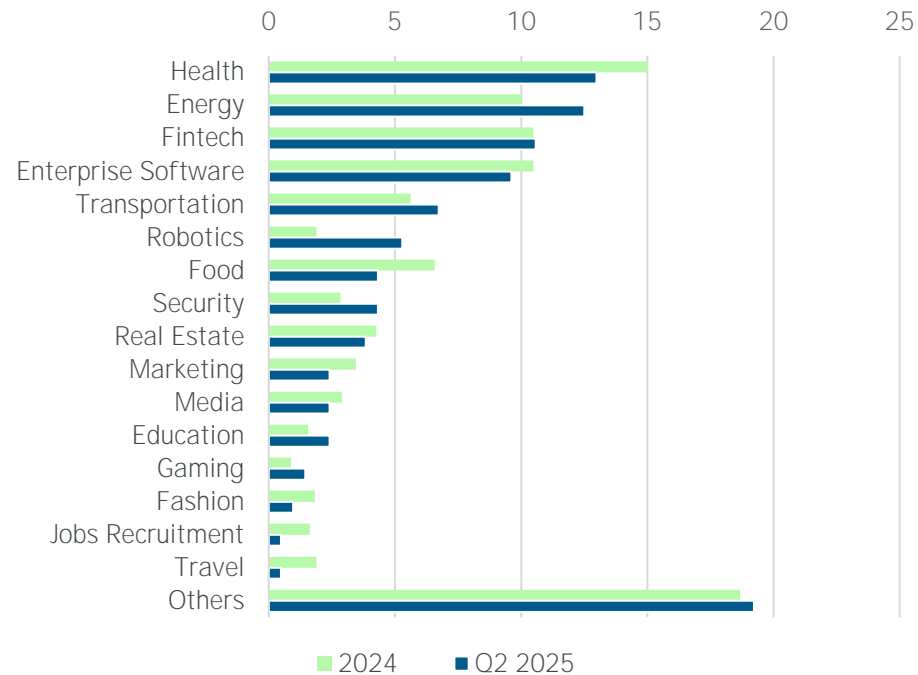
Deal volume by investor origin (in percent)



Source: Dealroom.co, KfW Research (Stand: 01.07.2025).

Health continues to be the industry with the greatest market share

Share of deals by industry (in percent)

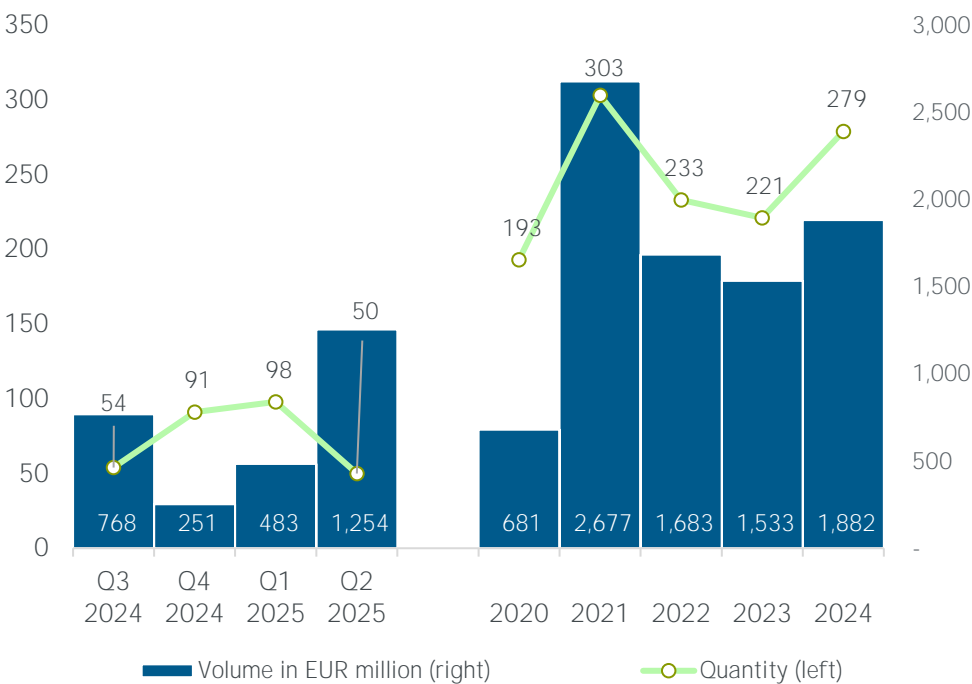


Start-ups in the health industry completed the most financing deals again in Q2 2025. But at 13%, their share was slightly lower than on average in the previous year (15%). Start-ups in the energy, transportation, robotics, security, education and gaming sectors recorded more financing deals than on average across the previous year.

Source: Dealroom.co, KfW Research (as at: 01.07.2025).

Focus Artificial Intelligence

Number of deals and deal volume



The technological area of artificial intelligence (AI) was an important part of the German VC market again in Q2 2025. With a deal volume touching on EUR 1.3 billion, financings of AI start-ups accounted for roughly half the total deal volume in the VC market. For one thing, it must be borne in mind here that AI is a cross-cutting technology that plays a part in business models of various industries and therefore also attracts many financing deals. For another, the investments completed in Q2 2025 also involved three significant mega rounds of EUR 100 million and more. These included two rounds that enabled the companies Parloa and Quantum Systems to reach unicorn valuations, as well as a new financing round of the security start-up Helsing.

Overall, EUR 1.7 billion was invested in German AI start-ups in the first half of 2025. This shows that investors continue to have high expectations for AI, as this deal volume exceeded that of the years 2022 and 2023 already in the first half of 2025.

AI is a cross-cutting (vertical) technology developed and used in a range of industries. According to the definition of the transaction data provider Dealroom.co, AI technologies include hardware and software in the areas of application of machine learning/deep learning, generative AI, computer vision and natural language processing.*

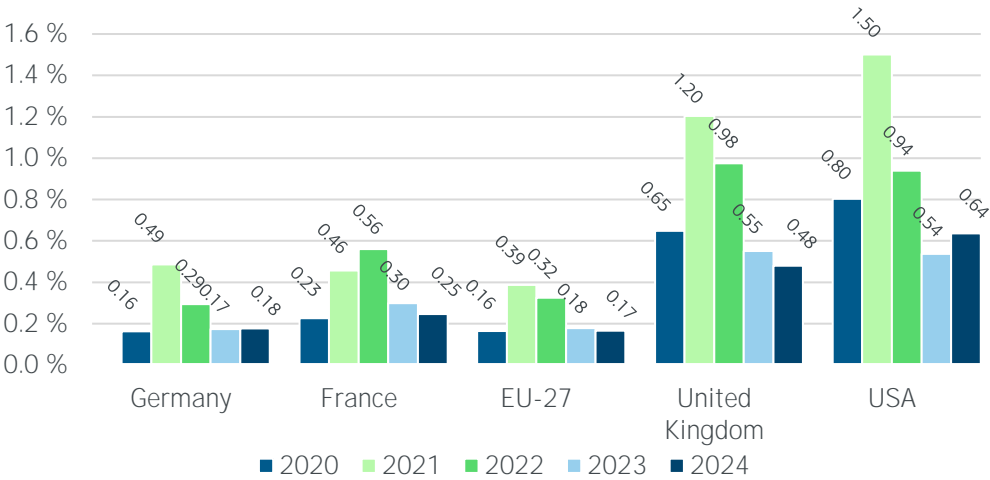
Note: Since there is no generally accepted definition, the figures reported here may differ from those of other sources..
Source: Dealroom.co, KfW Research (as at: 01.07.2025).

US posted strongest growth of VC investments among important comparison markets in the first half of 2025

Deal volume in USD millions

	2024 Q3	2024 Q4	2025 Q1	2025 Q2
Germany	2,633	1,572	1,813	2,634
France	1,611	1,927	1,348	2,135
EU-27	7,303	7,998	8,216	9,192
United Kingdom	3,036	4,529	4,229	4,710
USA	40,914	60,148	83,322	44,326

Deal volume in per cent of respective GDP

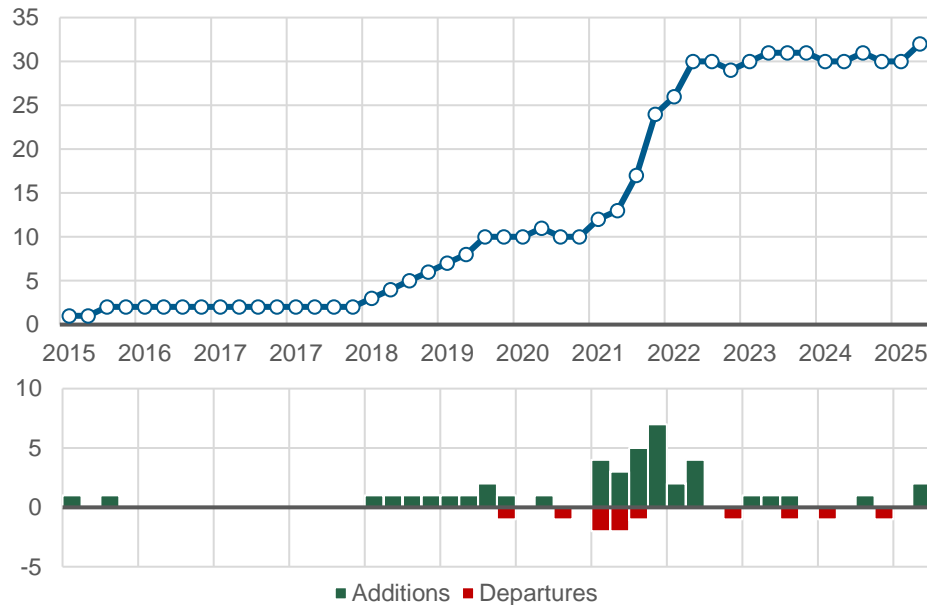


In the first half of 2025, the German VC market experienced a moderate increase in deal volume compared with the second half of 2024. In France, on the other hand, the deal volume was slightly lower in the first half despite a solid second quarter. It has now dropped for the third consecutive half-year. After the deal volume in the UK fell in the second half of 2024, higher investment amounts were recorded there again in the first half of 2025. The market development in the US was a clear outlier. Buoyed by strong investment in the first quarter, approx. EUR 127 billion was invested there in the first half of 2025. That made the first half of 2025 the fourth strongest in US history after the boom year of 2021 and the first half of 2022.

Source: Dealroom.co (as at: 01.07.2025), IMF and own calculations

Two new German start-ups joined the league of unicorns

Number of privately listed start-ups with a valuation of over USD 1 billion



Germany had 32 unicorns at the end of the second quarter of 2025. At the beginning of May, the start-ups Parloa and Quantum Systems joined the league of unicorns.

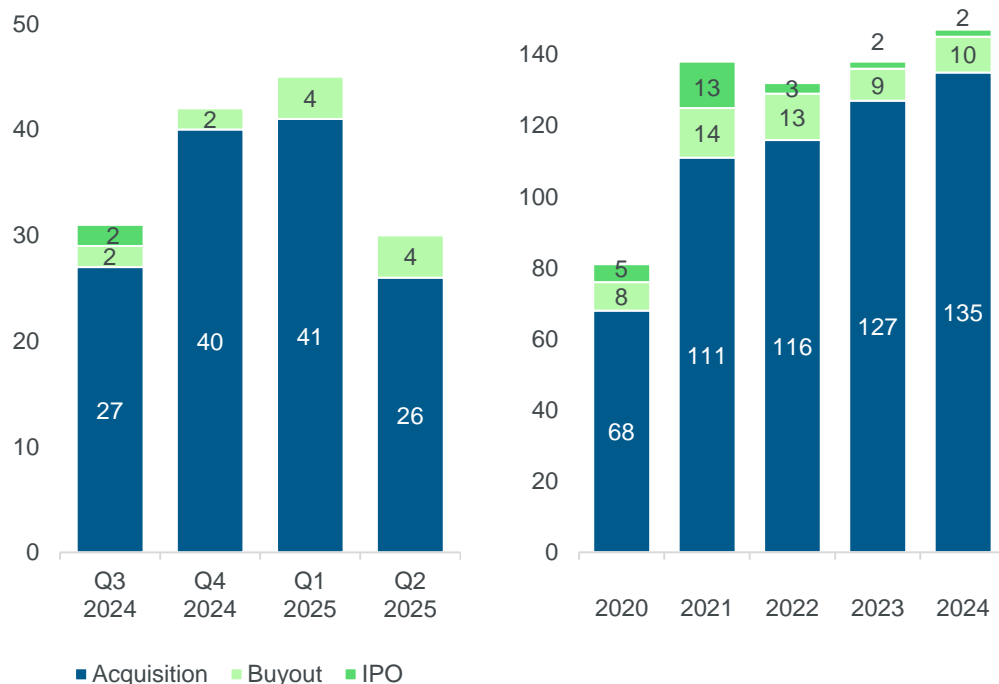
Given the renewed increase in the valuation level, it is safe to assume that further start-ups may potentially achieve a billion-dollar valuation for the first time in the course of the year.

Sources: Quellen: CB Insights, Dealroom.co and Sifted Unicorns Ranking

Note: Unicorns are privately listed startups with an investor valuation of at least USD 1 billion. Startups are no longer considered unicorns if they are liquidated, lose their independence, or go public. The timing is determined by the date of the financing round that resulted in a valuation of at least USD 1 billion (entry) or the exit (exit). Only startups that are listed as unicorns in at least two of the above sources are included in the statistics.

Lower number of exits in Q2 2025 are a sign of market uncertainty

Number of exits in VC-financed German Start-ups



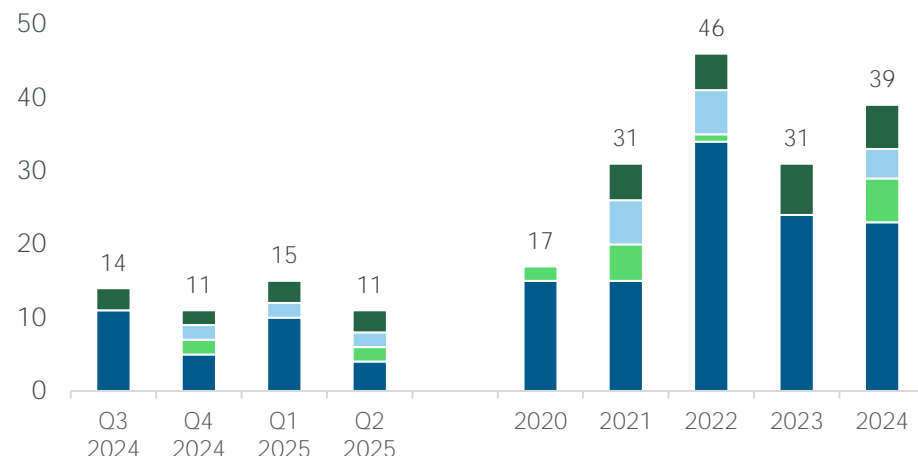
VC funds generate return flows and returns for their investors by exiting from their investments, either by selling to other enterprises, through IPOs, or with buyouts. For many funds from the years of strong fundraising since 2020, opportunities for successful exits are becoming increasingly important as they are approaching their disinvestment phase. Various economic-policy initiatives currently recognise the great importance of exits for the financing cycle in the VC market. For example, the WIN Initiative in Germany or the EU Start-up and Scale-up Strategy aim to, among other things, improve the exit options for VC investors.

The conditions for exits were unfavourable in Q2 2025. The quarter was characterised by high volatility in public markets as a result of US economic and trade policy. Valuations in public markets, for their part, are an important point of reference for setting the price level in exits from VC investments. Uncertainty around how valuations will develop thus make exit deals more difficult. This resulted in a comparatively low number of 30 exits of VC-financed start-ups in Germany in Q2 2025. However, the fact that the uncertainty in capital markets has subsided noticeably again likely means that investors will find improved conditions for exits again in the second half of the year.

Source: Dealroom.co, KfW Research (as at: 01.07.2025).

Venture debt was in demand in Q2 2025 as well

Number of venture debt deals



By deal size:

■ <100 EUR million ■ 100-250 EUR million ■ >= 250 EUR million ■ Unknown

Venture debt has become increasingly relevant in recent years as a method of financing that can complement venture capital. A double-digit number of financing deals with venture debt was recorded again in Germany in the second quarter of 2025. In total, there were 26 transactions in the German venture debt market in the first half of the year. That currently puts it on course to roughly match the previous record year 2022, in which 46 transactions were recorded at the end of the year.

Source: Dealroom.co, KfW Research (as at: 01.07.2025).

Appendix

Appendix

Deals

	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2020	2021	2022	2023	2024
Total									
Volume (EUR million)	2,394	1,429	1,648	2,395	5,772	18,902	10,944	7,064	7,414
Quantity	325	546	527	208	1,152	1,589	1,475	1,123	1,478
Dealsize* (Ø, EUR million)	15	11	13	19	9	20	11	10	13
Phases (EUR million)									
Seed	219	213	162	222	509	986	1,156	860	899
Start-up	930	607	832	804	2,072	6,476	4,179	2,953	3,166
Scale-up	1,245	609	654	1,369	3,184	11,426	5,524	3,246	3,348
Unknown	-	0	-	-	7	14	84	5	0
Megadeals (Quantity)									
<100 EUR million	157	122	122	117	637	911	971	726	557
≥ 100 until 250 EUR million	4	3	4	5	7	31	20	13	15
≥ 250 EUR million	1	-	-	1	1	11	4	2	2
Unknown	163	421	401	85	507	636	480	382	904
Dealvolume by investor origin (EUR million)**									
Germany	538	375	481	649	1,776	4,145	2,874	2,469	2,115
France	53	127	144	174	151	469	537	193	355
EU-27 Rest	253	170	274	388	558	1,448	1,060	837	811
United Kingdom	153	140	267	196	786	1,746	974	692	627
USA	981	268	216	736	1,258	7,369	3,029	1,669	2,183
Rest of the World	340	174	206	169	930	3,172	1,807	916	1,013
Unknown	76	175	59	81	315	554	663	288	310

Source: Dealroom.co (as at: 01.07.2025).

Note: The evaluations are based on Dealroom.co. The figures may differ from other data sources. They are based on the cut-off date and may even change retroactively through the addition of new data. The following financing stages/occasions are counted as venture capital deals: The following financing stages/occasions are counted as venture capital deals: Angel and seed (phase: 'seed'), Series A / Round 1, Series B / Round 2 and early VC (phase: 'start-up'), Series C+ / Round 2+, growth, late VC and megarounds+ (phase: 'scale-up') and deals with unknown financing round. Grants, support programmes, media for equity and venture debt are not included.

* Only deals that specify deal volume; ** approximated under the assumption that investments are equally distributed among all investors in each deal.

Appendix

Deals

	2024	2024	2025	2025	2020	2021	2022	2023	2024
Industries	Q3	Q4	Q1	Q2					
Health	54	89	86	27	13 %	13 %	13 %	12 %	15 %
Energy	31	52	49	26	6 %	7 %	8 %	11 %	10 %
Fintech	34	54	46	22	12 %	14 %	11 %	12 %	10 %
Enterprise Software	26	54	31	20	10 %	10 %	9 %	10 %	10 %
Transportation	17	25	26	14	8 %	5 %	7 %	5 %	6 %
Robotics	7	11	11	11	3 %	3 %	2 %	2 %	2 %
Food	22	39	42	9	6 %	7 %	7 %	8 %	7 %
Security	8	18	15	9	3 %	3 %	2 %	3 %	3 %
Real Estate	12	23	22	8	4 %	4 %	4 %	4 %	4 %
Marketing	8	19	9	5	5 %	5 %	5 %	4 %	3 %
Media	9	17	4	5	3 %	4 %	4 %	3 %	3 %
Education	4	8	5	5	3 %	3 %	3 %	2 %	2 %
Gaming	1	7	7	3	1 %	1 %	1 %	2 %	1 %
Fashion	9	8	3	2	2 %	2 %	2 %	2 %	2 %
Jobs Recruitment	5	12	10	1	3 %	2 %	3 %	2 %	2 %
Travel	9	8	9	1	2 %	2 %	2 %	2 %	2 %
Other	69	102	152	40	17 %	17 %	17 %	17 %	19 %

Source: Dealroom.co (as at: 01.07.2025).

Note: The evaluations are based on Dealroom.co. The figures may differ from other data sources. They are based on the cut-off date and may even change retroactively through the addition of new data. The following financing stages/occasions are counted as venture capital deals: Angel and seed (phase: 'seed'), Series A / Round 1, Series B / Round 2 and early VC (phase: 'start-up'), Series C+ / Round 2+, growth, late VC and megarounds+ (phase: 'scale-up') and deals with unknown financing round. Grants, support programmes, media for equity and venture debt are not included.

Appendix

Deals (Artificial Intelligence)

	2024	2024	2025	2025	2020	2021	2022	2023	2024
Total	Q3	Q4	Q1	Q2					
Volume (EUR million)	768	251	483	1,254	681	2,677	1,683	1,533	1,882
Quantity	54	91	98	50	193	303	233	221	279
Dealsize* (Ø, EUR million)	24	7	12	37	6	15	10	10	13

Source: Dealroom.co (as at: 01.07.2025).

Note: The evaluations are based on Dealroom.co. The figures may differ from other data sources. They are based on the cut-off date and may even change retroactively through the addition of new data. Artificial intelligence (AI) is a cross-cutting (vertical) technology that comprises both hardware and software and is developed and used in a range of industries. AI technologies mainly include machine learning, computer vision and natural language processing. The following financing stages/occasions are counted as venture capital deals: Angel and seed (phase: 'seed'), Series A / Round 1, Series B / Round 2 and early VC (phase: 'start-up'), Series C+ / Round 2+, growth, late VC and megarounds+ (phase: 'scale-up') and deals with unknown financing round. Grants, support programmes, media for equity and venture debt are not included.

* Only deals that specify deal volume.

Appendix

Benchmarks

	2024	2024	2025	2025	2020	2021	2022	2023	2024
USD million	Q3	Q4	Q1	Q2					
Germany	2,633	1,572	1,813	2,634	6,349	20,792	12,039	7,771	8,155
France	1,611	1,927	1,348	2,135	5,990	13,499	15,571	9,045	7,730
EU-27	7,303	7,998	8,216	9,192	25,055	66,728	54,134	32,368	31,395
United Kingdom	3,036	4,529	4,229	4,710	17,495	37,831	30,244	18,414	16,763
USA	40,914	60,148	83,322	44,326	171,181	354,019	241,903	147,072	183,075
% of GDP									
Germany					0.16%	0.49%	0.29%	0.17%	0.18%
France					0.23%	0.46%	0.56%	0.30%	0.25%
EU-27					0.16%	0.39%	0.32%	0.18%	0.17%
United Kingdom					0.65%	1.20%	0.98%	0.55%	0.48%
USA					0.80%	1.50%	0.94%	0.54%	0.64%

Source: Dealroom.co (as at: 01.07.2025), IMF and own calculations

Unicorns

	2024	2024	2025	2025	2020	2021	2022	2023	2024
	Q3	Q4	Q1	Q2					
Additions	1	-	-	2	1	19	6	3	1
Depatures	-	1	-	-	1	5	1	1	2
Existing Stock	31	-	-	32	10	24	29	31	30

Sources: CB Insights, Dealroom.co and Sifted Unicorns Ranking

Note: Unicorns are non-publicly listed startups with an investor valuation of at least USD 1 billion. Startups are no longer counted as unicorns if they are liquidated, lose their independence, or go public. The timing is determined by the date of the financing round that resulted in a valuation of at least USD 1 billion (entry) or the exit (exit). Only startups that are listed as unicorns in at least two of the aforementioned sources are included in the statistics.

Appendix

Exits

	2024	2024	2025	2025	2020	2021	2022	2023	2024
	Q3	Q4	Q1	Q2					
IPO	2	-	-	-	5	13	3	2	2
Buyout	2	2	4	4	8	14	13	9	10
Acquisition	27	40	41	26	68	111	116	127	135

Source: Dealroom.co (as at: 01.07.2025).

Note: Due to methodological changes at the data provider Dealroom.co, the figures presented here are not directly comparable with previous editions of the KfW VC Dashboard. Purchases and majority shareholdings (50%-100%) are counted as acquisition; buyout: mentioned as 30%-100% takeover by private equity firms, or as 'buyout' in the transaction.

Venture Debt

	2024	2024	2025	2025	2020	2021	2022	2023	2024
Total	Q3	Q4	Q1	Q2					
Volume (EUR million)	266	1,972	1,745	1,890	811	3,992	3,698	674	4,181
Quantity	14	11	15	11	17	31	46	31	39
Dealsize* (Median, EUR million)	15	45	33	80	20	67	15	24	32
Megadeals (Quantity)									
<100 EUR million	11	5	10	4	15	15	34	24	23
≥ 100 until 250 EUR million	-	2	-	2	2	5	1	-	6
≥ 250 EUR million	-	2	2	2	-	6	6	-	4
Unknown	3	2	3	3	-	5	5	7	6

Source: Dealroom.co (as at: 01.07.2025)

Note: The definition of venture debt follows Dealroom.co and SVB (2020): European VC Pulse Check H1 2022. It captures debt capital transactions of banks and non-banks to young growth-oriented enterprises. We exclude lending capital –loans to FinTech and other platforms collateralized by assets (SME loans, real estate, etc.).

* Only deals that specify deal volume.



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