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KfW Venture Capital Dashboard

Q3 2025

KfW Research

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The German venture capital market in Q3 2025

1

In the third quarter, investment in German start-ups was weaker than in the two quarters of the first half-year. In total, German start-ups raised around EUR 1.3 billion in venture capital in the third quarter of 2025. That was approx. 47% less than in the previous quarter and some 20% less than in the first quarter. The main reason for this was that only one mega round of EUR 100 million or more was completed in Q3, the lowest number of such large rounds to date. Measured by the number of deals, the VC market is trending roughly on the level of the previous quarter. The deals closed in the third quarter thus amount to a solid deal volume of EUR 5.3 billion for the year so far.

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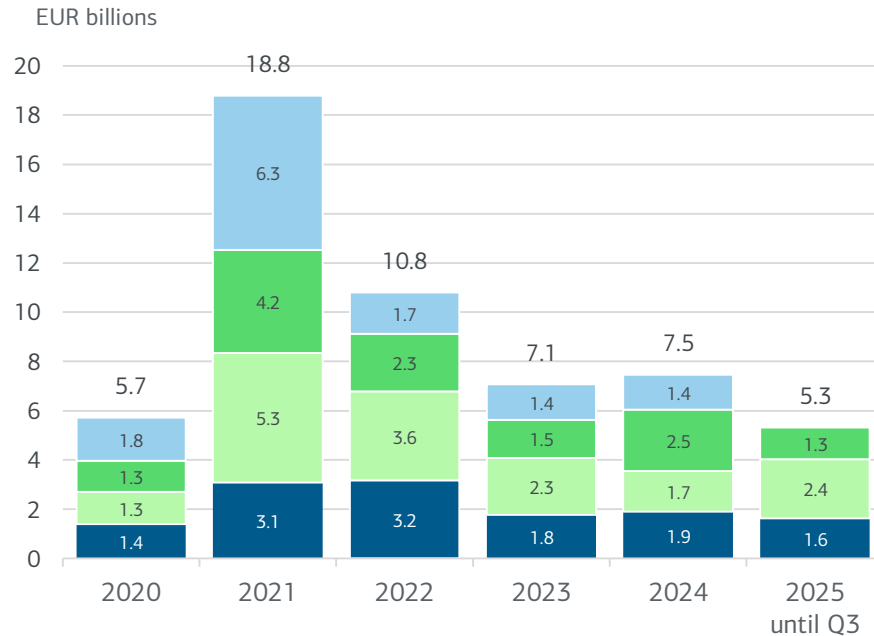
Half a year after the US administration's 'Liberation Day', there has still not been any significant reaction from US investors in engaging with German start-ups. In general, US investors are the most important foreign source of capital for German start-ups. In 2024 they provided an estimated 29% of the venture capital invested in Germany. In Q3 2025 US investors contributed 27% of the invested funds to the German VC market, a similar share as in the previous year. This shows that they are neither exercising greater restraint nor intensifying their operations in Germany.

3

Despite the temporary drop in the third quarter, the German venture capital market is trending to close the year on a similar level as in the past two years. Robust financing activity in the face of what has been a challenging investment environment through much of the year clearly demonstrates that attractive investment opportunities currently present themselves in many technological areas in Germany. However, the lack of momentum on the exit side of the VC funding cycle remains a fly in the ointment. Lower capital costs as a result of interest rate reductions on both sides of the Atlantic and a generally calmer market environment are creating the conditions for successful exits from start-up investments potentially becoming possible more often in the months ahead.

Investment volume was lower in the third quarter – investments for the year 2025 as a whole are trending to exceed EUR 7 billion again

Deal volume



German start-ups raised approx. EUR 1.3 billion in funding in the third quarter of 2025. That was a drop of approx. 47% on the high-volume previous quarter. However, market activity was also dominated by six mega rounds in the previous quarter, some of which greatly exceeded EUR 100 million. In the third quarter, on the other hand, there was only one financing round in excess of EUR 100 million. Accordingly, the market share of major follow-up funding transactions in the scale-up phase in Q3 2025 was significantly lower than in the previous quarter, at 44 vs. 57%. With 18%, the volume of seed funding rounds for German start-ups in particular took a higher market share in Q3 2025 than in the previous two quarters.

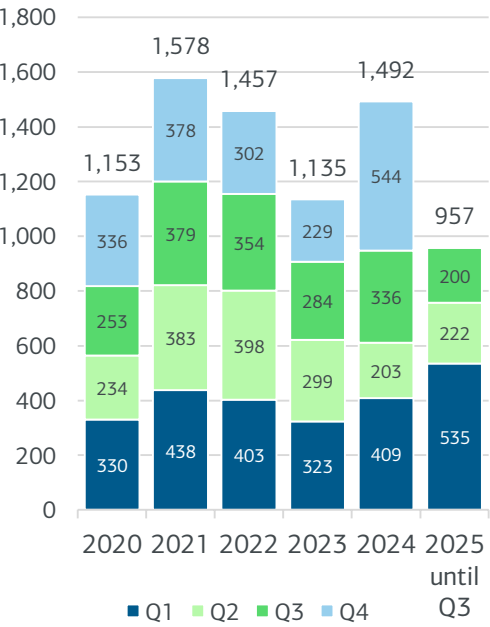
The third quarter has so far seen the lowest investment volume this year. Provided that was only a temporary drop and the final quarter returns to the previous quarterly average, the German VC market is heading for a total volume of just over EUR 7 billion for the year. The year 2025 would then be on a similar level as the two previous years. Even if towards the end of the year there are no mega deals, which moved the market particularly in the second quarter, the annual volume might also remain below expectations. Given the weak economic growth in Germany, international trade conflicts and resulting temporary disruptions in the capital markets so far this year, the German VC market would nonetheless have shown itself to be resilient in 2025.

Source: Dealroom.co, KfW Research (as at: 01.10.2025).

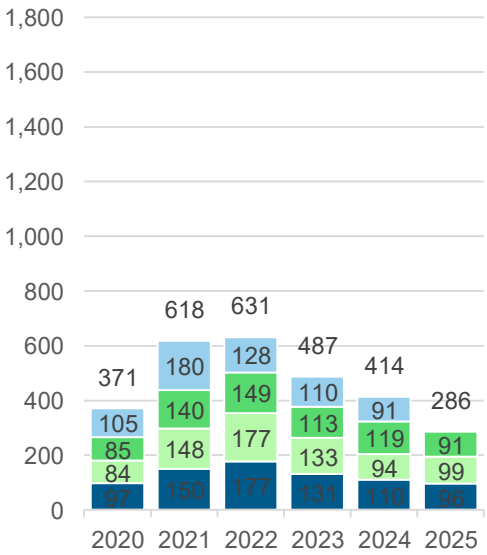
Number of financing rounds remained steady in the third quarter of 2025

Number of deals

Deal Count



Deal Count > EUR 1 million



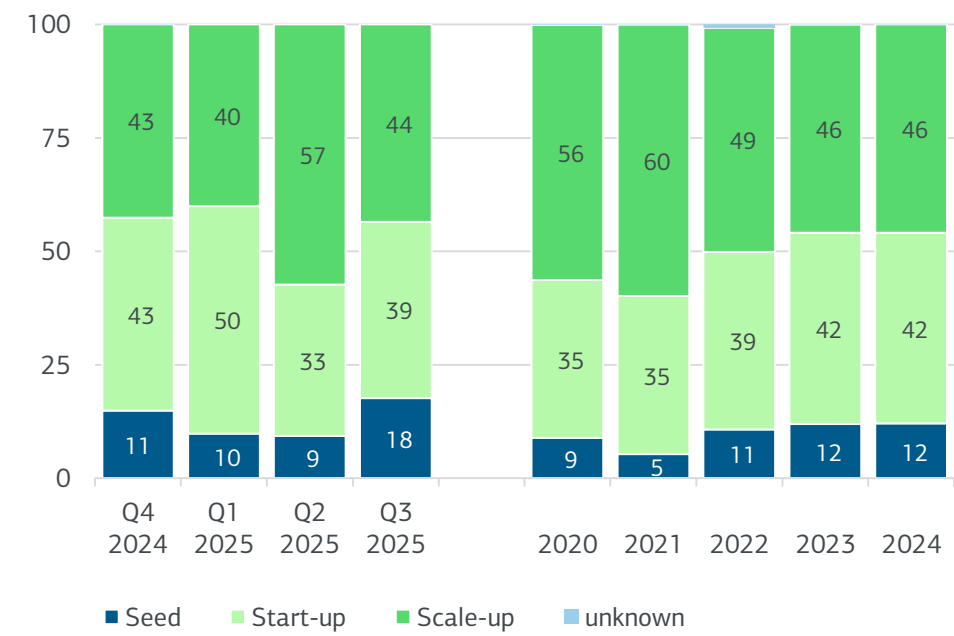
So far, 200 financing rounds of German start-ups have been recorded in the third quarter of 2025. The number of closings has thus been only minimally lower than in the previous quarter.

This finding is confirmed by the number of funding rounds exceeding EUR 1 million. These are affected much less by late notifications and therefore particularly well-suited for a timely comparison of quarters. A total of 91 financing rounds with more than EUR 1 million were completed in Germany in Q3 2025. That was almost as many as in the first two quarters of the year (96 in Q1 and 99 in Q2 2025).

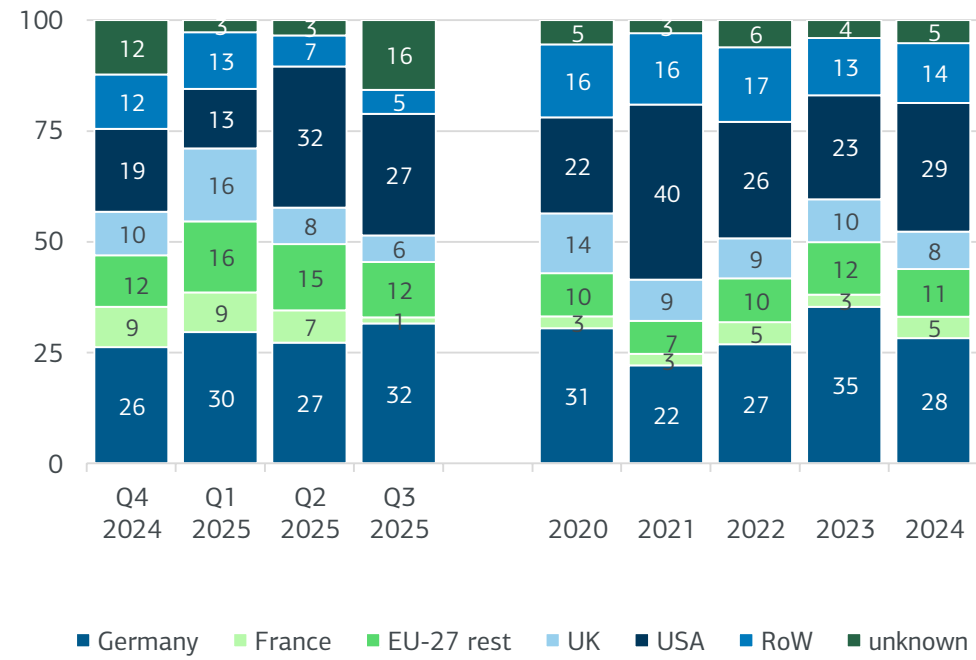
Source: Dealroom.co, KfW Research (as at: 01.10.2025).

Still no visible effects of the geopolitical and trade policy situation on the engagement of US investors in German start-ups

Deal volume by phases (in per cent)



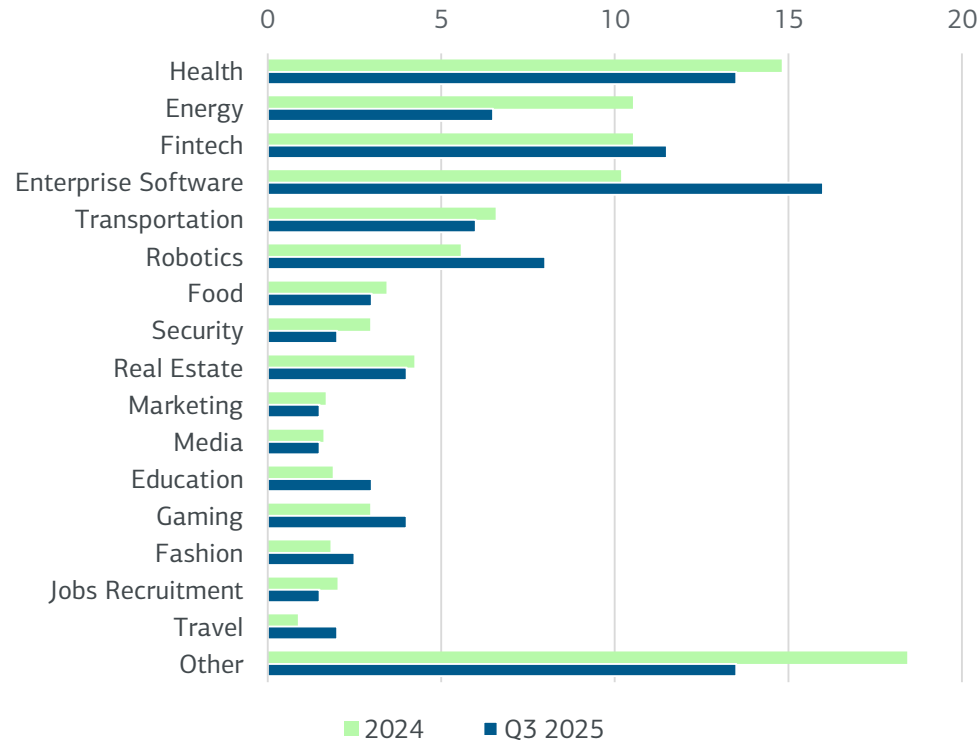
Deal volume by investor origin (in per cent)



Source: Dealroom.co, KfW Research (as at: 01.10.2025).

Enterprise software received the most financing rounds in Q3

Share of deals by industry (in per cent)

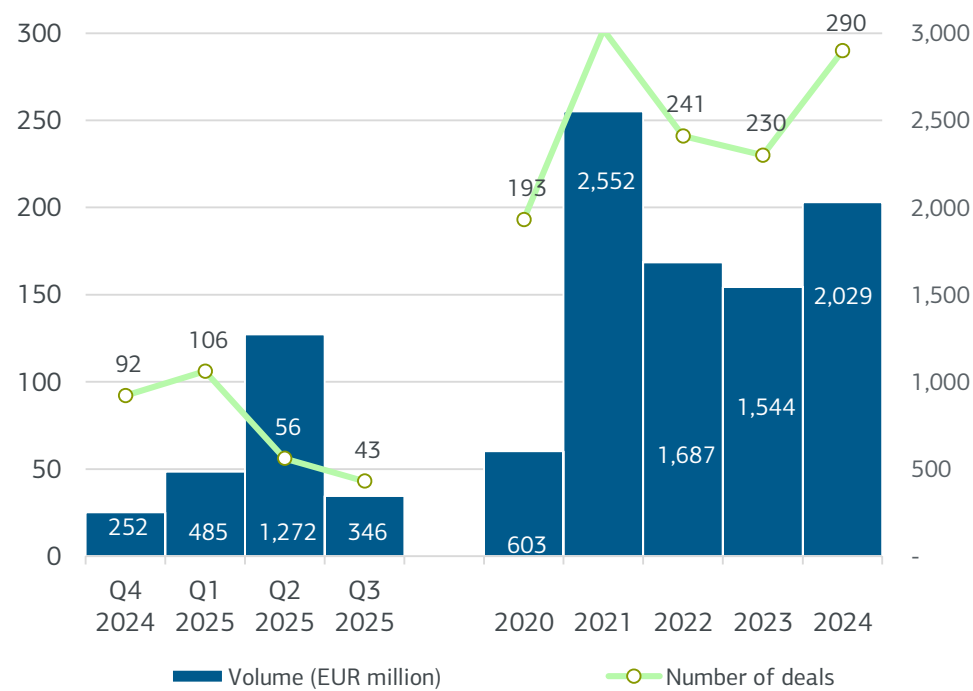


Enterprise software is one of the traditional fields of investment of VC investors. In Q3 2025, 16% of all financing rounds in the German VC market went to start-ups in this area, making this industry the one with the most deals. After that, the health and fintech sectors each took a market share of over 10%.

Source: Dealroom.co, KfW Research (as at: 01.10.2025).

Focus on artificial intelligence

Number of deals and deal volume



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: 01.10.2025).

The field of artificial intelligence (AI) is currently a trending topic in the VC market both in Germany and around the world. In the third quarter, however, investment in AI start-ups was weaker than in the two previous quarters. The deal volume reached EUR 346 million in 43 financing rounds. Nevertheless, at around EUR 2.1 billion the cumulative deal volume in 2025 after the third quarter is already about as high as in all of 2024 (EUR 2.0 billion).

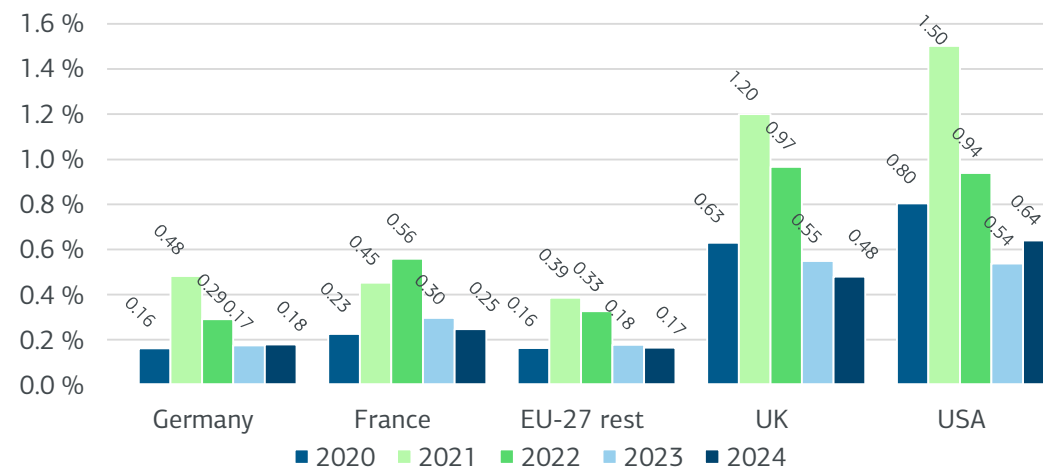
AI is a cross-cutting technology (vertical) that is developed and applied across various industries. According to the classification by the data provider Dealroom.co, AI technologies include hardware and software in the application areas of machine learning/deep learning, generative AI, computer vision,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

United Kingdom saw a particularly high deal volume in the third quarter of 2025

Deal volume in USD millions

	2024 Q4	2025 Q1	2025 Q2	2025 Q3
Germany	1.572	1.782	2.652	1.409
France	1.935	1.338	2.049	2.861
EU-27 rest	7.753	8.159	8.998	8.001
UK	4.032	4.654	3.586	8.798
USA	60.873	84.172	44.642	77.749

Deal volume in per cent of respective GDP

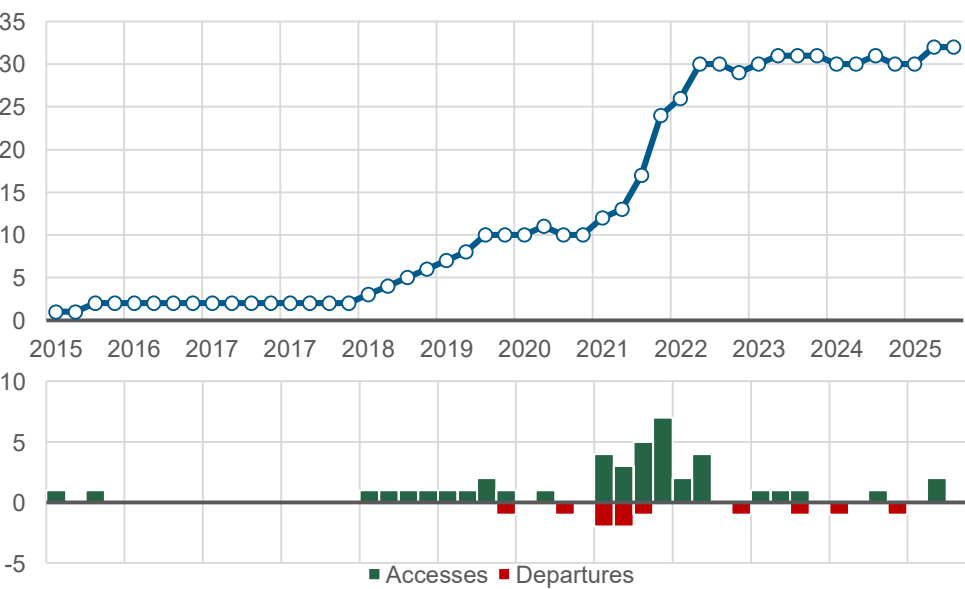


The deal volume in the EU-27 countries overall decreased as it did in Germany. France, however, recorded the quarter with the highest investment so far this year, with a deal volume of around USD 2.9 billion. In the US, too, the deal volume was also significantly higher in Q3 than in the previous quarter. The United Kingdom also recorded exceptionally strong investment in the third quarter. Around USD 8.8 billion was invested in start-ups there in Q3 2025 – more than in the whole second half of the previous year 2024. This was made possible not just by a strong broad market development but, in particular, by four very large mega rounds in the field of fintech, semiconductors, enterprise software and telecommunications, each with a deal volume well in excess of EUR 250 million.

Source: Dealroom.co (as at: 01.10.2025), IMF and own calculations

Unicorns in Germany

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

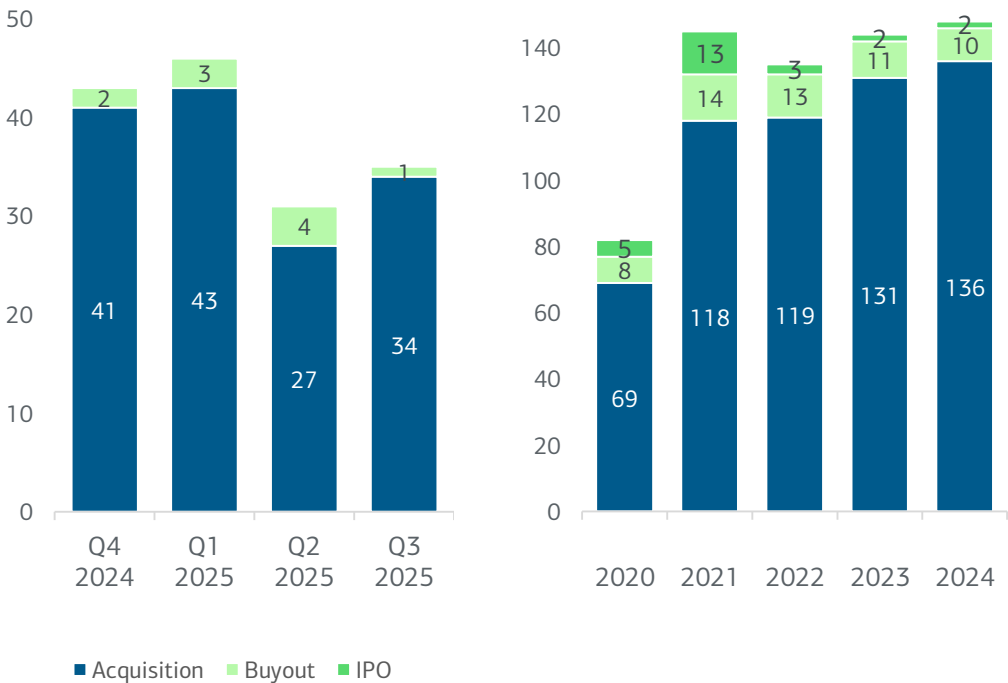


Germany can be expected to continue with 32 unicorns by the end of the third quarter of 2025. To be recognised as such, start-ups need to be registered as unicorns in at least two of our three sources (the CB Insights Unicorn Tracker, Dealroom.co and the Sifted Unicorns Ranking). Two start-ups last joined the league of unicorns in early May – Parloa and Quantum Systems.

Sources: 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.

Exit markets slowly recovered in Q3 from the downturn of the previous half of the year

Number of exits in VC-financed German Start-ups



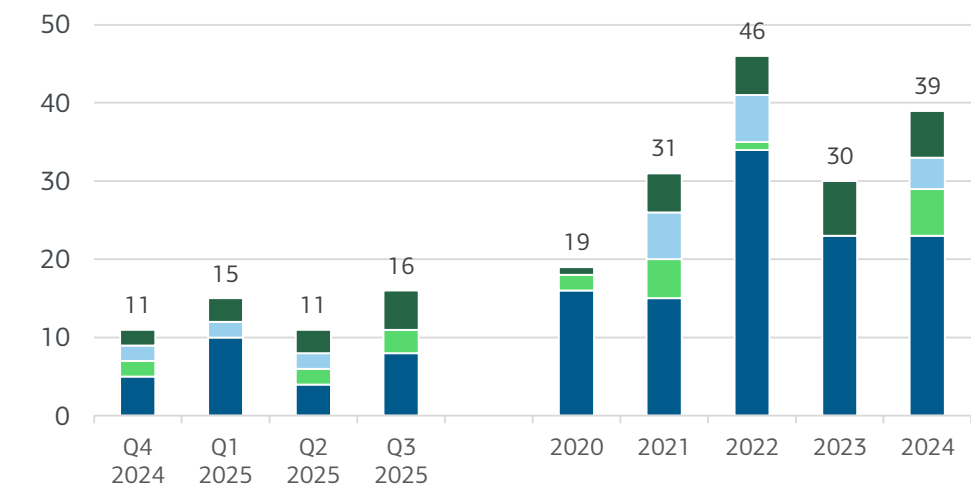
By the beginning of 2025, the number of exit transactions of German start-ups had clearly gained momentum. In the course of the first half of 2025, however, geopolitical tensions and the associated volatility in global capital markets created new challenges for exiting from start-up investments. The number of exits remained moderately below the average of the previous year in the third quarter as well. Thus, 34 exits in the form of acquisitions by strategic buyers and one buyout transaction with financial investors were recorded. The window for IPOs, on the other hand, remains closed.

A revival of exit channels through which VC providers generate returns for their investors is increasingly becoming the key factor for a consistently strong funding cycle in the VC market. It is therefore pleasing that the economic uncertainty has now eased significantly compared with the first half of the year, making it easier to plan exit transactions. Central banks' previous and expected interest rate reductions on both sides of the Atlantic reduce the capital costs for M&A and are therefore likely to generate positive impetus for exit markets.

Source: Dealroom.co, KfW Research (as at: 01.10.2025).

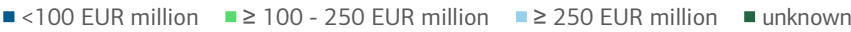
German venture debt market set to have a record year in 2025

Number of venture debt deals



In the third quarter of 2025, 16 venture debt financing transactions of German start-ups were reported. So far this year, 42 transactions have been recorded – already more than in all of the previous year, which was so far the year with the second-highest number of venture debt financing transactions. Thus, the German venture debt market is well poised to exceed its previous record year 2022 at the end of this year.

By deal size:



Source: Dealroom.co, KfW Research (as at: 01.10.2025).

Appendix

Appendix I

Deals

	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2020	2021	2022	2023	2024
Market overall									
Volume (EUR million)	1.429	1.620	2.411	1.281	5.726	18.782	10.791	7.069	7.469
Number of deals	544	535	222	200	1.153	1.578	1.457	1.135	1.492
Deal size* (Ø, EUR million)	11	13	18	11	9	20	11	9	13
Stages (EUR million)									
Seed	213	159	224	226	506	987	1.158	843	899
Start-up	607	813	804	497	1.991	6.541	4.226	2.980	3.139
Scale-up	609	648	1.383	558	3.222	11.240	5.323	3.241	3.431
unknown	0	-	-	-	7	14	84	5	0
By deal size (count)									
<100 EUR million	122	121	125	120	634	912	976	732	567
≥ 100 - 250 EUR million	3	4	5	1	7	30	19	13	15
≥ 250 EUR million	-	-	1	-	1	11	4	2	2
unknown	419	410	91	79	511	625	458	388	908
Deal volume by investor location (EUR million)**									
Germany	375	481	657	405	1.747	4.154	2.905	2.498	2.111
France	130	144	175	17	151	499	532	193	358
EU-27 rest	166	260	361	160	557	1.374	1.064	837	803
UK	140	267	199	77	776	1.755	975	687	632
USA	268	216	766	351	1.242	7.419	2.843	1.655	2.165
RoW	174	207	171	70	939	3.027	1.811	913	1.009
unknown	176	45	83	202	315	553	661	286	390

Source: Dealroom.co (as at: 01.10.2025).

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.

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

Appendix II

Deals

Industries	Deal count				Share of deals (%)				
	2024	2025	2025	2025	2020	2021	2022	2023	2024
	Q4	Q1	Q2	Q3					
Health	90	88	31	27	13 %	13 %	14 %	13 %	15 %
Energy	53	45	21	13	12 %	14 %	11 %	12 %	11 %
Fintech	54	32	21	23	10 %	10 %	9 %	10 %	11 %
Enterprise Software	52	49	29	32	6 %	7 %	8 %	12 %	10 %
Transportation	39	44	10	12	6 %	7 %	8 %	8 %	7 %
Robotics	25	26	14	16	8 %	5 %	7 %	5 %	6 %
Food	19	9	5	6	5 %	5 %	5 %	4 %	3 %
Security	17	4	6	4	3 %	4 %	4 %	3 %	3 %
Real Estate	23	24	9	8	4 %	4 %	4 %	4 %	4 %
Marketing	12	11	1	3	3 %	2 %	3 %	2 %	2 %
Media	9	7	8	3	3 %	3 %	3 %	2 %	2 %
Education	11	13	11	6	3 %	2 %	2 %	2 %	2 %
Gaming	18	15	9	8	3 %	3 %	2 %	3 %	3 %
Fashion	8	4	2	5	2 %	2 %	2 %	2 %	2 %
Jobs Recruitment	8	10	2	3	2 %	1 %	2 %	2 %	2 %
Travel	7	8	4	4	2 %	1 %	2 %	2 %	1 %
Other	99	146	39	27	17 %	16 %	16 %	16 %	18 %

Source: Dealroom.co (as at: 01.10.2025).

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 III

Deals (Artificial Intelligence)

	2024	2025	2025	2025	2020	2021	2022	2023	2024
Market overall	Q4	Q1	Q2	Q3					
Volume (EUR million)	252	485	1.272	346	603	2.552	1.687	1.544	2.029
Number of deals	92	106	56	43	193	302	241	230	290
Deal size* (Ø, EUR million)	7	11	33	10	6	14	10	9	13

Source: Dealroom.co (as at: 01.10.2025).

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 IV

Benchmarks

	2024	2025	2025	2025	2020	2021	2022	2023	2024
USD million	Q4	Q1	Q2	Q3					
Germany	1.572	1.782	2.652	1.409	6.299	20.660	11.870	7.776	8.216
France	1.935	1.338	2.049	2.861	5.986	13.381	15.567	8.998	7.730
EU-27 rest	7.753	8.159	8.998	8.001	24.961	66.397	54.342	32.319	31.107
UK	4.032	4.654	3.586	8.798	17.035	37.709	29.949	18.371	16.770
USA	60.873	84.172	44.642	77.749	171.607	354.169	241.981	147.345	184.132
as share of GDP (%)									
Germany					0,16%	0,48%	0,29%	0,17%	0,18%
France					0,23%	0,45%	0,56%	0,30%	0,25%
EU-27 rest					0,16%	0,39%	0,33%	0,18%	0,17%
UK					0,63%	1,20%	0,97%	0,55%	0,48%
USA					0,80%	1,50%	0,94%	0,54%	0,64%

Source: Dealroom.co (as at: 01.10.2025), IMF and own calculations.

Unicorns

	2024	2025	2025	2025	2020	2021	2022	2023	2024
	Q4	Q1	Q2	Q3					
increase	-	-	2	-	1	19	6	3	1
decrease	1	-	-	-	1	5	1	1	2
total	31	-	-	32	10	24	29	31	30

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

Note: Unicorns are start-ups not publicly listed that are valued by investors at USD 1 billion or more. Start-ups are not counted as unicorns anymore when they are liquidated, lose their independence or go public. The date of the financing round through which the valuation of at least USD 1 billion came about (entry) or the exit was completed determines the date from which they are no longer included. The statistics count only start-ups that were recognised as start-ups in at least two of the sources cited.

Appendix V

Exits

	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2020	2021	2022	2023	2024
IPO	-	-	-	-	5	13	3	2	2
Buyout	2	3	4	1	8	14	13	11	10
Acquisition	41	43	27	34	69	118	119	131	136

Source: Dealroom.co (as at: 01.10.2025).

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 Q4	2025 Q1	2025 Q2	2025 Q3	2020	2021	2022	2023	2024
Market overall									
Volume (EUR million)	1.972	1.745	1.890	664	831	3.992	3.698	648	4.181
Number of deals	11	15	11	16	19	31	46	30	39
Deal size* (Median, EUR million)	45	33	80	50	20	67	15	23	32
By deal size (count)									
<100 EUR million	5	10	4	8	16	15	34	23	23
≥ 100 - 250 EUR million	2	-	2	3	2	5	1	-	6
≥ 250 EUR million	2	2	2	-	-	6	6	-	4
unknown	2	3	3	5	1	5	5	7	6

Source: Dealroom.co (as at: 01.10.2025)

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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