

KfW Venture Capital Dashboard
Q3 2026

KfW Research
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Contents

Overview	3
Market Development	4
Benchmarks	9
Unicorns	10
Exits	11
Venture Debt	12
Annex	13

Overview

The German venture capital market in the third quarter of 2026

1

German start-ups raised around EUR 4.5 billion in Q3 – by 2026, after three quarters, they had already attracted more capital than in each of the three previous years combined. The upswing in the German VC market gained further momentum in the third quarter. With around EUR 4.5 billion, deal volume was a good third higher than the already strong previous quarter and almost four times as high as in Q3 2025 (EUR 1.2 billion). Since the beginning of the year, investment totals amount to around EUR 9.5 billion. This means that the volume for each of the full years 2023 to 2025 (in each case a little over EUR 7 billion) has already been exceeded. This development in the third quarter is driven by a handful of very large rounds. Six megadeals, each with a volume exceeding EUR 100 million, together accounted for around EUR 3.5 billion – roughly three quarters of total quarterly volume. However, the picture is different across the wider market. With just 89 funding rounds of at least EUR 1 million, so few deals were completed as in no third quarter in recent years.

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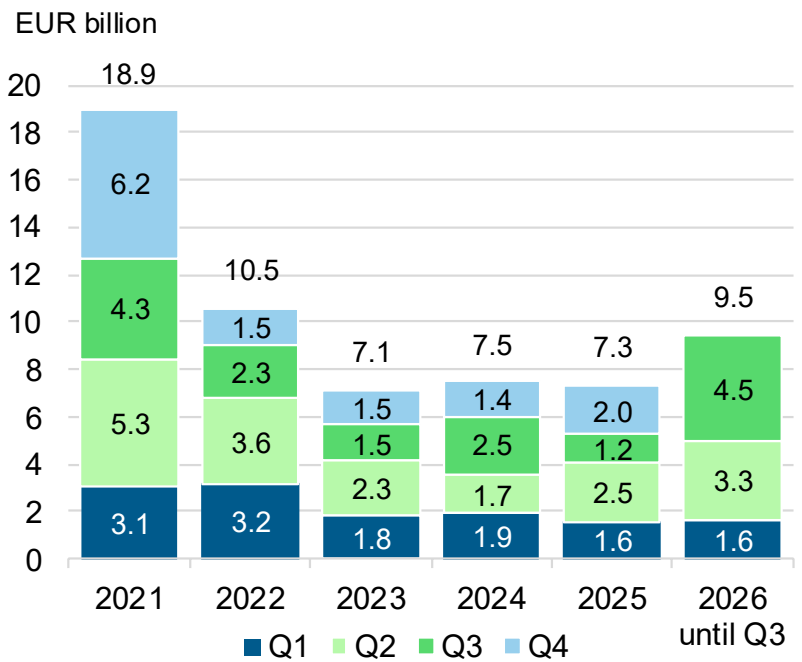
A high share of US investors in the overall market is being driven largely by a single giga deal. In the third quarter of 2026, an estimated 43% of the venture capital invested in German start-ups came from investors from the United States. This is clearly higher than in the preceding quarters (28%–32%). By contrast, the share of German investors fell to around 19% (Q2 2026: 33%). Behind this shift, however, lies essentially a single transaction in the defence sector worth more than EUR 1 billion, in which US investors were heavily involved. Without this deal, the share of US investors in deal volume would have been only around 20% and thus rather below the level seen in previous years. This shows how, at present, individual very large funding rounds can shape market activity and potentially overshadow developments across the market. The case also shows, however, that individual very large growth financings for German start-ups continue to be unlikely to be realised without capital from the United States.

3

The economic upturn and higher interest rates are shaping the environment. After a noticeable acceleration in overall economic momentum, an economic recovery can be expected for Germany in 2026, which may also prove beneficial for sentiment in the German VC market. At the same time, in September the ECB raised interest rates for the second time this year in response to persistently high inflation in the euro area. In addition, the US Federal Reserve raised its policy rates for the first time in three years. Rising interest rates are likely to make fundraising harder for Venture Capitalists over the coming period, as secure investments become more attractive than VC. Following the postponement of planned initial public offerings by two US technology leaders in the field of artificial intelligence, AI security and regulatory needs are currently dominating the public debate. Given the importance of AI, the outcome of this debate could also have implications for the global VC market. In these choppy waters, existing trends in the VC market are likely to persist: capital is expected to continue to concentrate in the coming quarters on a small number of major funding rounds for successful companies in strategically important areas, while financing across the broad market is likely to develop with considerably weaker momentum than at the peak.

Around EUR 4.5 billion in Q3 2026 – German start-ups' most investment-intensive quarter since the end of 2021

Deal volume



With a deal volume of EUR 4.5 billion, the German VC market recorded an exceptionally strong third quarter of 2026. After an already robust Q2 (EUR 3.3 billion), the volume rose again by around one third. Measured in terms of absolute deal volume, Q3 2026 was thus the strongest quarter since Q4 2021. At EUR 9.5 billion in total, the deal volume in the first three quarters of 2026 already exceeds the full-year figures for 2023 to 2025. The main driver in Q3 was six megadeals of at least EUR 100 million, two of which in the dual-use/defence segment had a volume of more than EUR 1 billion each.

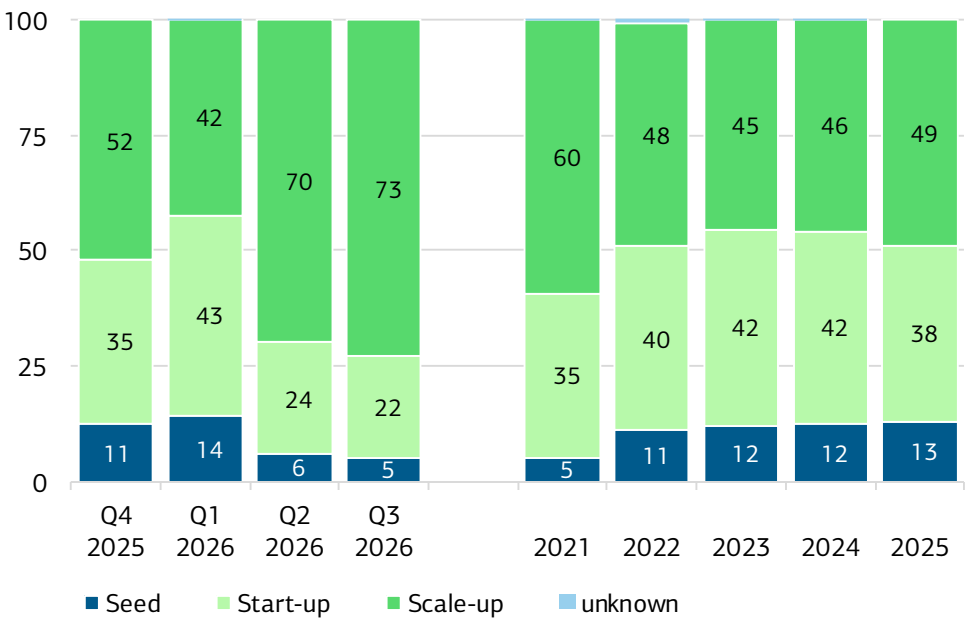
As in the preceding quarter, the bulk of investment was concentrated in the scale-up segment (from Series C) due to the mega rounds secured. With a volume of EUR 3.3 billion, this accounted for once again more than 70% of total market volume in Germany. In the seed stage, deal volume recovered after the weak preceding quarter (EUR 193 million), rising to EUR 227 million and returning to around the level seen in Q4 2025 and Q1 2026 (EUR 230–256 million).

The regional distribution of capital sources differs markedly in Q3 2026 from the picture seen across the rest of the year so far. With an estimated 43%, the largest share came from investors from the United States, while the share of German investors fell to 19% (Q2: 33%). The main reason is a single giga-round in the defence segment in which US investors were heavily involved. Without this deal, the US share of deal volume would have been only around 20%.

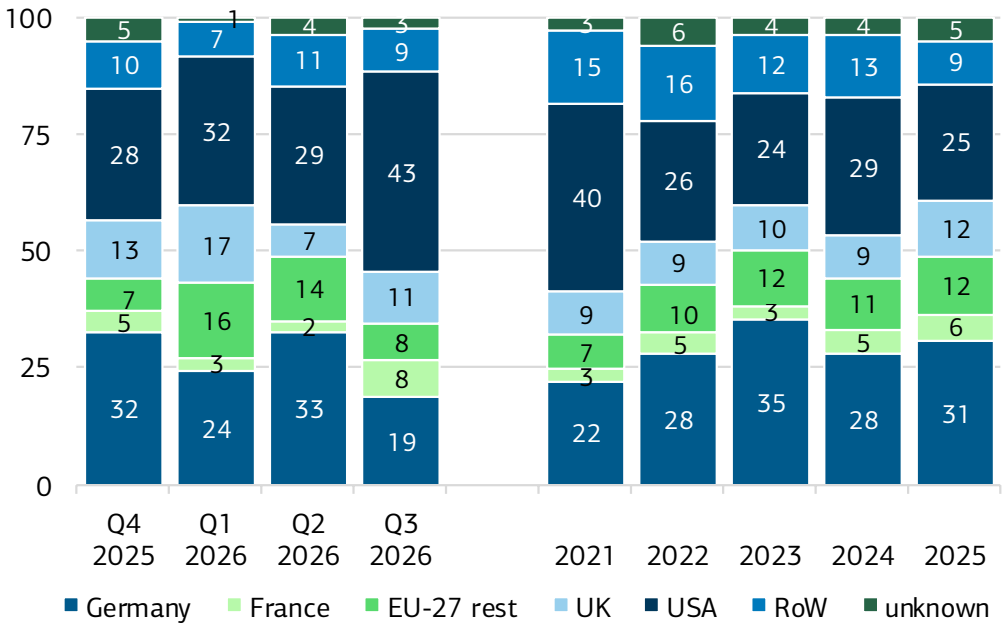
Source: Dealroom.co, KfW Research (as at 1 October 2026).

Three quarters of the capital flows into scale-up rounds in Q3 2026 – a single gigadeal lifts the US share to 43%

Deal volume per stage (in per cent)



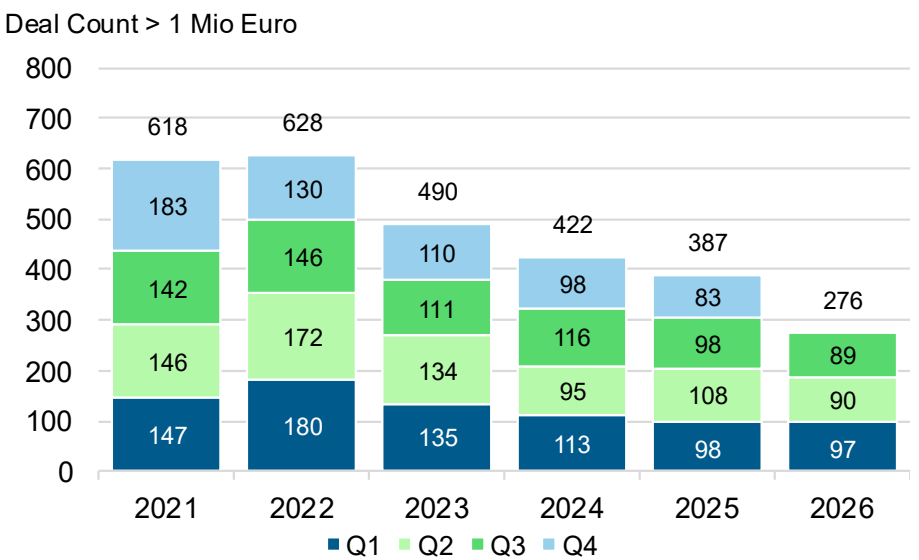
Deal volume by investor origin (in per cent)*



* Approximate, assuming investments are evenly distributed among all investors per deal.
Source: Dealroom.co, KfW Research (as at 1 October 2026).

Fewer deals, larger rounds: the number of deals in Q3 2026 reaches lowest level of the year

Number of deals



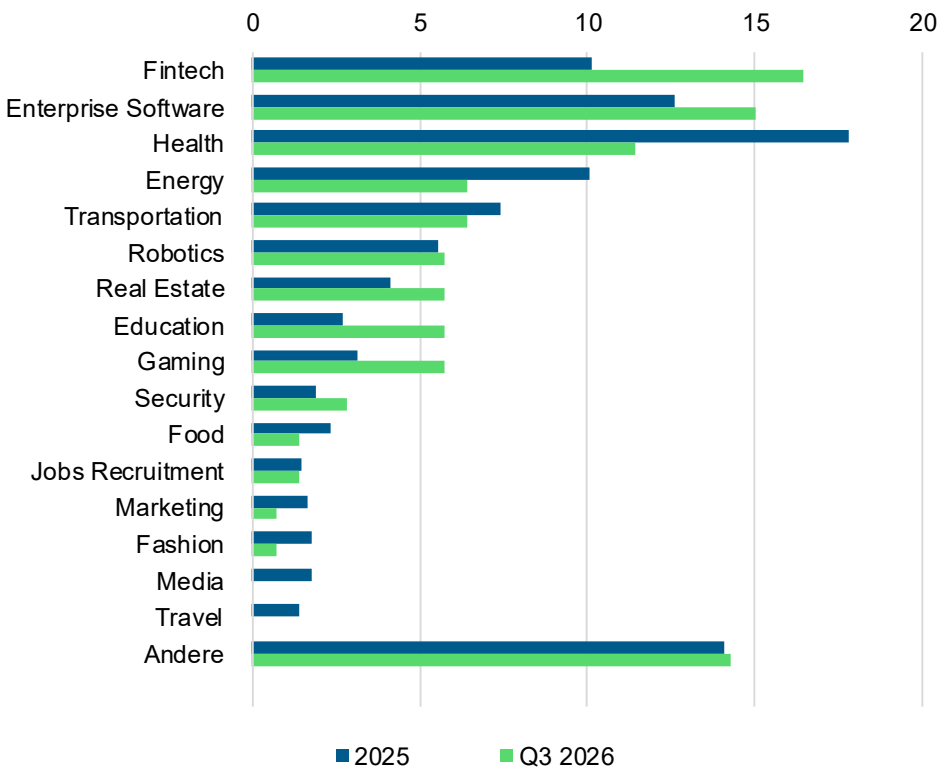
The exceptionally high deal volume, however, does not reflect conditions across the market. In the third quarter, the number of funding rounds of at least EUR 1 million fell to 89 – one of the lowest figures seen in recent years. Across the first three quarters, 2026 reaches 276 deals of at least EUR 1 million, compared with 304 in the same period of the previous year and 324 in 2024. The downward trend in the number of deals thus continues.

The implications of rising investment volume alongside a falling number of funding rounds are that capital is increasingly being concentrated in fewer and fewer companies. Admittedly, financing conditions for German start-ups have improved steadily across the board in recent years. In particular, the volume of the median round size has risen continuously from EUR 2.1 million in 2023 to EUR 3.0 million (2024), EUR 3.8 million (2025) and EUR 4.3 million in the first three quarters of 2026. However, the average round size amounts to EUR 29 million. This means that a small number of high-volume deals pushes the average up substantially. In contrast, for a large number of start-ups, it is likely to remain difficult to complete a financing round.

Source: Dealroom.co, KfW Research (as at 1 October 2026).

Fintech and enterprise software at the top in Q3 2026 – health with comparatively few deals

Share of deals by industry (in per cent)

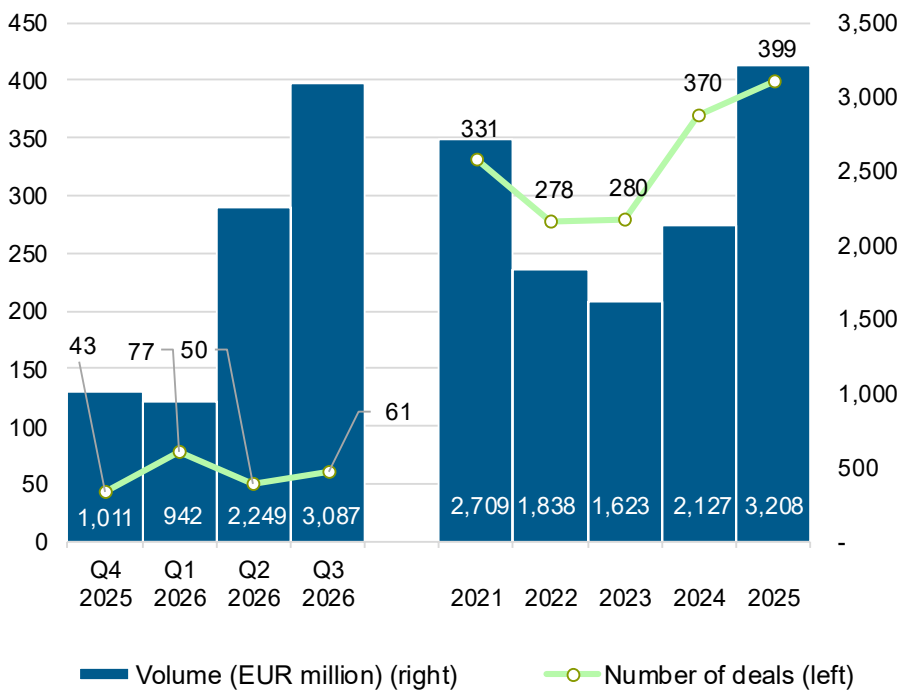


Source: Dealroom.co, KfW Research (as at 1 October 2026).

For some time now, health, enterprise software, energy and fintech have been among the sectors in which particularly many German start-ups are funded. This still holds true in the third quarter of 2026, although the ranking has shifted. Fintech (including payment, banking, insurance, and wealth management) and enterprise software (including analytics, productivity tools, and no- and low-code) each accounted for around 16% and 15% of deals respectively, and therefore lead the list together. After the share of deals in the enterprise software segment had fallen to 12% and 9% in the two quarters of the first half of the year, it is now back above the year-ago figure of 13%. In Q2, health start-ups (medical devices and platforms, biotech, and pharmaceuticals) accounted for every fourth deal. They have now slipped to just under 12%, and thus also below their 2025 average (18%).

Focus Artificial Intelligence (AI)

Number of deals and deal volume



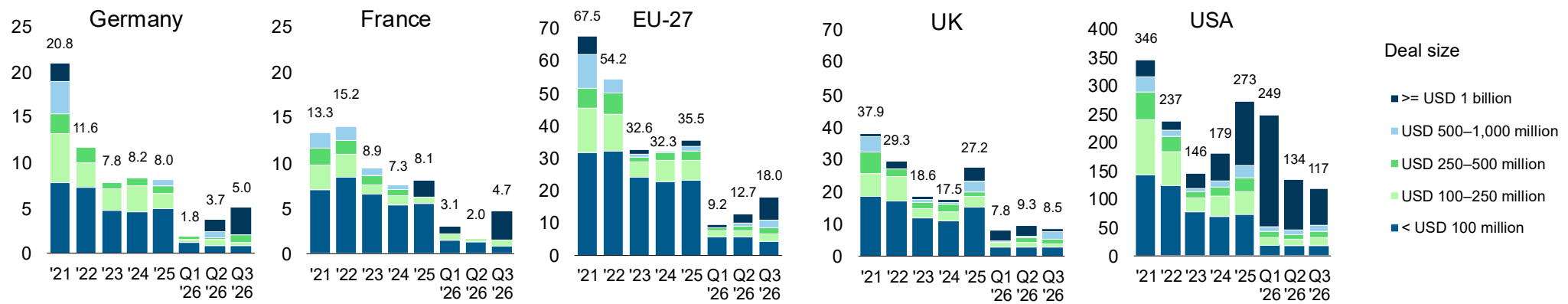
AI has developed into a core technology that is finding its way into virtually all sectors, from enterprise software and robotics to defence. For many start-ups, it is now firmly embedded in the business model. In addition, the development of more powerful AI applications requires a great deal of capital. Both of these factors are reflected in the VC market. In the third quarter of 2026, around EUR 3.1 billion flowed into 61 funding rounds for German AI start-ups, accounting for 69% of total deal volume. A significant part of this comprised two giga deals by dual-use/defence start-ups whose technologies are based largely on AI. Since the beginning of the year, AI investments therefore sum to around EUR 6.3 billion. Already after three quarters, this is roughly twice as much as in the previous record year 2025 (EUR 3.2 billion).

AI is a cross-sector technology (vertical) that is developed and applied in different industries. According to the data provider Dealroom.co's definition, AI technologies include hardware and software used in the following application areas: machine learning/deep learning, generative AI, computer vision and natural language processing.**

Note: ** As there is no universally accepted definition, the figures reported here may differ from those in other sources.
Source: Dealroom.co, KfW Research (as at 1 October 2026).

Europe catches up in billion-plus rounds – the gap to the United States remains enormous

VC deal volume in USD billion by deal size

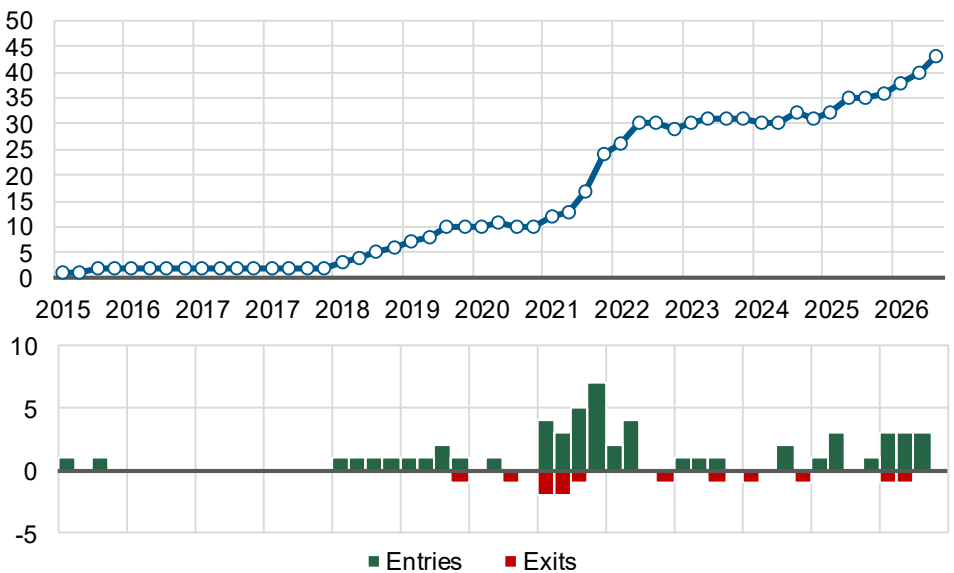


Funding rounds in the billions are no longer a purely US phenomenon in the third quarter of 2026. Exceptional large rounds were also completed in the comparable European markets. In Germany, deal volume rose to USD 5 billion (Q2: USD 3.7 billion), with two billion-plus deals contributing more than half. France increased similarly, to USD 4.7 billion after USD 2.0 billion in the preceding quarter. In that country, most of the jump was driven by Mistral AI with a Series D round of more than USD 3 billion. The United Kingdom remained Europe's largest VC market at USD 8.5 billion, although it lost some volume versus Q2 (USD 9.3 billion). Across the EU-27 as a whole, around USD 18 billion was invested, the highest quarterly figure since the beginning of 2022. The scale in the United States, however, remains unmatched. While momentum has eased since the record-year start, USD 249 billion in Q1 was followed by USD 134 billion in Q2 and now USD 117 billion. Nevertheless, billion-plus rounds alone totalled USD 63 billion in the third quarter. Since the beginning of the year, around USD 500 billion has been invested in US start-ups, nearly double the level for the whole of 2025 (USD 273 billion). These figures are, however, evidence of an extreme concentration on a small number of funding rounds in which atypical investors such as corporate venture capital played a significant role. How easy or difficult it is for start-ups outside this top segment to raise finance can hardly be inferred from them.

Source: Dealroom.co, KfW Research (as at 1 October 2026).

The herd is growing – 43 unicorns in Germany

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



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

In Germany, three funding rounds were made public in the third quarter of 2026 in which start-ups reached the status of “unicorns”. This means that a valuation of at least USD 1 billion can be assumed for these companies. With the nine funding rounds with billion-plus valuations now known for 2026, as well as the two exits via M&A transactions, the stock of unicorns in Germany increased to 43 start-ups in the third quarter of 2026.

Unicorns are privately held start-ups with an investor valuation of at least USD 1 billion. Start-ups are not counted as unicorns if they are liquidated, lose their independence or go public. For the purposes of classification by time, it is the announcement of the funding round that is decisive – namely the round in which the valuation of at least USD 1 billion was achieved (entry) – or the exit taking place (departure). At the time of entry, the company’s head office must have been in Germany. Only start-ups are included in the statistics that are recorded as unicorns in at least two of the sources mentioned (CB Insights, Dealroom.co and Sifted Unicorns Ranking). Start-ups with unconfirmed downrounds remain in the statistics. The statistics may change retrospectively if the billion-plus valuation from a funding round is only reported at a later stage.

101 exits after three quarters – 2026 is on track for a record year, yet the route to the stock market remains unused

Number of exits of VC-financed German start-ups



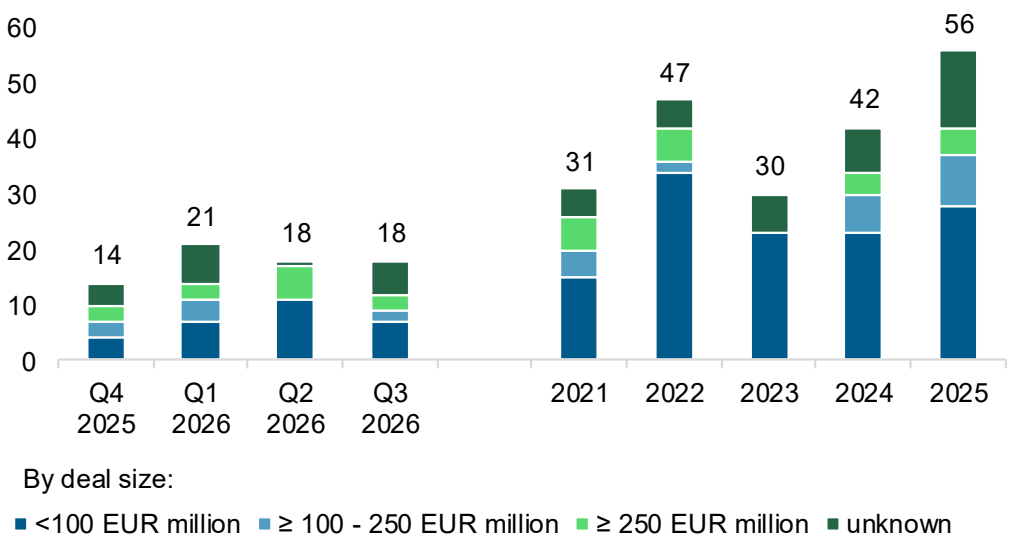
In the third quarter of 2026, investors were able to exit 36 investments in German start-ups, 34 of them as part of acquisitions and two via buyouts. This slightly exceeded the already strong level seen in the two preceding quarters (32 and 33 exits). After three quarters, 2026 totals 101 exits. For comparison, in each of the years from 2021 to 2025, the full-year figure was between 110 and 123. If the current pace is maintained in the fourth quarter, 2026 will likely record the highest number of exits in recent times. However, one important exit route is still missing: an initial public offering. Similar to the first half of the year, in the third quarter no VC-backed German start-up went public.

At the beginning of 2026, the definition of relevant exit transactions used by the data provider Dealroom.co was changed. Previously, exits of all companies were recorded in which investors were involved who are themselves active in the VC market. Under the current approach, only exits of start-ups are counted where at least one prior round of financing was a confirmed VC round. The number of exits reported here is therefore no longer directly comparable with earlier versions of the VC dashboard.

Source: Dealroom.co, KfW Research (as at 1 October 2026).

After three quarters, the venture debt market already reached as many transactions as in the record year 2025

Number of venture debt deals



Debt for young growth companies continues to be in demand. In the third quarter of 2026, 18 venture debt financings were completed for German start-ups, after 21 in the first quarter and 18 in the second quarter. With a total of 57 transactions, the full-year 2025 figure has already been reached.

Source: Dealroom.co, KfW Research (as at 1 October 2026).

Appendix

Appendix I

Deals

	2025 Q4	2026 Q1	2026 Q2	2026 Q3	2021	2022	2023	2024	2025
Market overall									
Volume (EUR million)	2,049	1,615	3,332	4,513	18,949	10,538	7,097	7,488	7,309
Number of deals	140	165	129	140	1,609	1,503	1,182	1,580	1,488
Deal size* (Ø, EUR million)	20	13	33	44	20	10	9	12	14
Stages (EUR million)									
Seed	256	230	193	227	983	1,166	858	913	927
Start-up	723	699	807	989	6,675	4,191	3,006	3,141	2,809
Scale-up	1,070	686	2,332	3,297	11,279	5,097	3,228	3,431	3,572
unknown	-	0	-	-	12	84	5	3	-
By deal size (count)									
<100 EUR million	99	121	93	97	910	986	746	598	506
≥ 100 - 250 EUR million	3	-	4	2	31	18	13	15	12
≥ 250 EUR million	2	1	3	4	11	4	2	2	3
unknown	36	43	29	37	657	495	421	965	967
Deal volume by investor location (EUR million)**									
Germany	664	389	1,089	841	4,142	2,930	2,508	2,111	2,236
France	93	50	74	352	517	525	196	361	432
EU-27 rest	143	256	466	358	1,392	1,047	850	827	897
UK	257	270	227	508	1,771	993	700	694	878
USA	581	515	981	1,927	7,625	2,715	1,699	2,196	1,820
RoW	203	116	367	411	2,933	1,688	874	1,006	665
unknown	108	19	129	116	569	640	270	293	381

Source: Dealroom.co (as at 1 October 2026).
Note: The analyses are based on Dealroom.co. The figures may differ from those in other data sources. The information is based on specific cut-off dates and may be revised retroactively as new data are added. Based on the Investment Round Types lt. Dealroom, the following transactions are classified as venture capital deals: in the seed segment, deals labelled “Angel” and “Seed”; in the start-up segment, deals labelled “Series A”, “Series B” and “Early VC”; in the scale-up segment, deals labelled “Series C”, “Series D”, “Series E” etc., “Late VC” and “Growth Equity VC”. This definition merely refines the definition used up to Q4 2025 but is identical in substance, i.e. the analyses in earlier issues of the KfW Venture Capital Dashboard remain unchanged.
* Only deals with information on deal volume; ** Rounded to zero if deals without stage classification are less than a total of EUR 500,000; *** Approximate, assuming investments are evenly distributed among all investors per deal;

Appendix II

Deals

	Deal count				Share of deals (%)				
	2025	2026	2026	2026	2021	2022	2023	2024	2025
Industries	**Q4**	**Q1**	**Q2**	**Q3**					
Fintech	17	28	16	23	10 %	9 %	11 %	10 %	10 %
Enterprise Software	19	20	12	21	8 %	9 %	12 %	10 %	13 %
Health	25	29	32	16	13 %	14 %	13 %	15 %	18 %
Energy	13	13	15	9	14 %	11 %	11 %	10 %	10 %
Transportation	6	13	7	9	7 %	8 %	8 %	6 %	7 %
Robotics	6	8	6	8	6 %	7 %	5 %	5 %	6 %
Real Estate	4	4	5	8	4 %	4 %	4 %	4 %	4 %
Education	4	7	5	8	2 %	2 %	2 %	2 %	3 %
Gaming	5	7	3	8	3 %	2 %	3 %	3 %	3 %
Security	2	4	2	4	4 %	4 %	3 %	3 %	2 %
Food	4	7	2	2	5 %	5 %	4 %	4 %	2 %
Jobs Recruitment	2	1	1	2	2 %	2 %	2 %	2 %	1 %
Marketing	-	2	1	1	2 %	3 %	2 %	2 %	2 %
Fashion	7	-	-	1	2 %	2 %	2 %	2 %	2 %
Media	2	2	3	-	3 %	2 %	2 %	2 %	2 %
Travel	1	1	1	-	1 %	2 %	2 %	1 %	1 %
Other	23	19	18	20	15 %	17 %	16 %	18 %	14 %

Source: Dealroom.co (as at 1 October 2026).
Note: The analyses are based on Dealroom.co. The figures may differ from those in other data sources. The information is based on specific cut-off dates and may be revised retroactively as new data are added. Based on the Investment Round Types It, Dealroom, the following transactions are classified as venture capital deals: in the seed segment, deals labelled “Angel” and “Seed”; in the start-up segment, deals labelled “Series A”, “Series B” and “Early VC”; in the scale-up segment, deals labelled “Series C”, “Series D”, “Series E” etc., “Late VC” and “Growth Equity VC”. This definition merely refines the definition used up to Q4 2025 but is identical in substance, i.e. the analyses in earlier issues of the KfW Venture Capital Dashboard remain unchanged.

Appendix III

Deals (Artificial Intelligence)

	2025	2026	2026	2026	2021	2022	2023	2024	2025
Market overall	**Q4**	**Q1**	**Q2**	**Q3**					
Volume (EUR million)	1,011	942	2,249	3,087	2,709	1,838	1,623	2,127	3,208
Number of deals	43	77	50	61	331	278	280	370	399
Deal size* (Ø, EUR million)	26	16	54	63	14	9	8	11	15

Source: Dealroom.co (as at 1 October 2026).
Note: The analyses are based on Dealroom.co. The figures may differ from those in other data sources. The information is based on specific cut-off dates and may be revised retroactively as new data are added. Artificial intelligence (AI) is a cross-cutting technology (vertical) that comprises both hardware and software and is developed and deployed across various industries. AI technologies include in particular machine learning, computer vision and natural language processing. Based on the Investment Round Types lt. Dealroom, the following transactions are classified as venture capital deals: in the seed segment, deals labelled “Angel” and “Seed”; in the start-up segment, deals labelled “Series A”, “Series B” and “Early VC”; in the scale-up segment, deals labelled “Series C”, “Series D”, “Series E” etc., “Late VC” and “Growth Equity VC”. This definition merely refines the definition used up to Q4 2025 but is identical in substance, i.e. the analyses in earlier issues of the KfW Venture Capital Dashboard remain unchanged.
* Only deals with information on deal volume

Appendix IV

Benchmarks

USD million	2025 Q4	2026 Q1	2026 Q2	2026 Q3	2021	2022	2023	2024	2025
Germany	2,254	1,777	3,665	4,964	20,844	11,592	7,807	8,237	8,040
France	1,715	3,078	2,025	4,740	13,277	15,246	8,922	7,310	8,107
EU-27 rest	9,547	9,226	12,739	17,997	67,475	54,243	32,629	32,265	35,500
UK	7,351	7,771	9,325	8,472	37,872	29,303	18,574	17,476	27,218
USA	66,293	249,222	133,698	117,072	345,641	237,292	146,107	179,266	272,888
as share of GDP (%)									
Germany					0.48%	0.28%	0.17%	0.17%	0.16%
France					0.45%	0.54%	0.29%	0.23%	0.25%
EU-27 rest					0.39%	0.32%	0.18%	0.17%	0.17%
UK					1.20%	0.94%	0.55%	0.49%	0.73%
USA					1.46%	0.91%	0.53%	0.61%	0.90%

Source: Dealroom.co (as at 1 October 2026), IMF and own calculations.

Appendix V

Exits

	2025 Q4	2026 Q1	2026 Q2	2026 Q3	2021	2022	2023	2024	2025
IPO	-	-	-	-	9	2	2	4	1
Buyout	-	1	2	2	8	9	6	8	6
Acquisition	29	31	31	34	106	99	108	110	116

Source: Dealroom.co (as at 1 October 2026).
Note: Due to methodological changes at data provider Dealroom.co, the figures shown here are not directly comparable with earlier issues of the KfW VC Dashboard. Acquisitions comprise takeovers and majority shareholdings (50%–100%); buyout: 30%–100% acquisition by private equity firms, or "buyout" explicitly mentioned in the transaction.

Venture Debt

Market overall	2025 Q4	2026 Q1	2026 Q2	2026 Q3	2021	2022	2023	2024	2025
Volume (EUR million)	1,908	4,609	5,224	2,604	3,992	3,799	648	4,341	4,941
Number of deals	14	21	18	18	31	47	30	42	56
Deal size* (Median, EUR million)	100	70	40	75	67	15	23	31	41
By deal size (count)									
<100 EUR million	4	7	11	7	15	34	23	23	28
≥ 100 - 250 EUR million	3	4	-	2	5	2	-	7	9
≥ 250 EUR million	3	3	6	3	6	6	-	4	5
unknown	4	7	1	6	5	5	7	8	14

Source: Dealroom.co (as at 1 October 2026)
Note: The definition of venture debt follows Dealroom.co and SVB (2020): European VC Pulse Check H1 2022. It covers debt transactions by banks and non-banks directly to young growth companies. We exclude lending capital – loans to fintech and other platforms that are secured by assets (SME loans, real estate, etc.).
* Only deals with information on deal volume.

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