

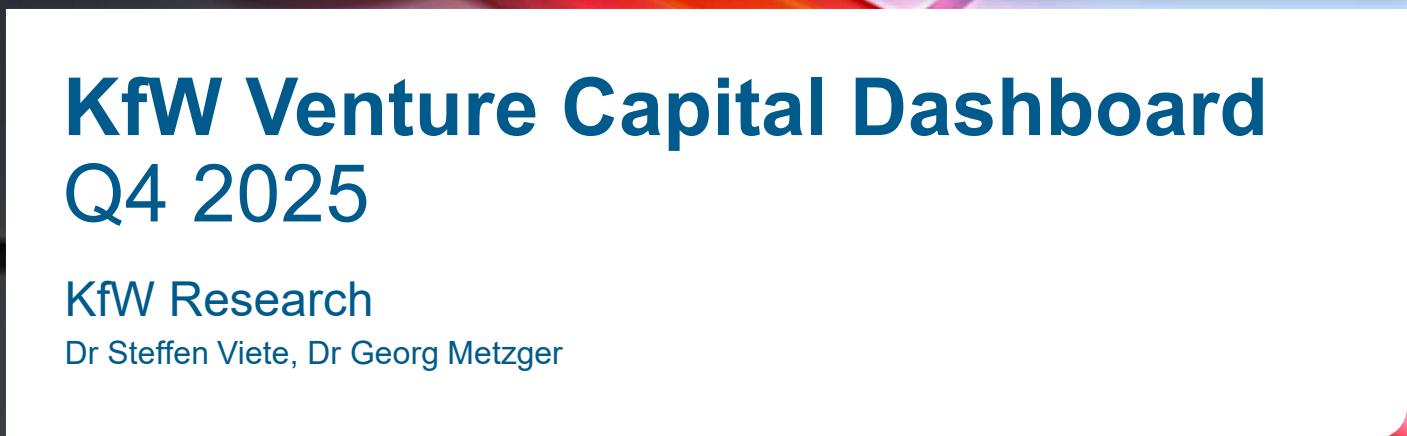
KfW

KfW Venture Capital Dashboard

Q4 2025

KfW Research

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Overview

The German venture capital market in Q4 2025

1

Despite high economic uncertainty, investment in the German VC market in 2025 almost matched the previous year's level. In total, EUR 7.2 billion was invested in German start-ups (-4% year on year). A solid fourth quarter contributed a deal volume of around EUR 2 billion (+62% quarter on quarter). At 1,444, the number of deals in 2025 was slightly below the previous year's level. That means investors continue to act more cautiously than in the last boom phase of the market. At the same time, however, the average size of funding rounds grew again, suggesting that the conditions for successful start-ups continued to improve in the course of the year. The market share of scale-up funding in 2025 picked up again for the first time after the consolidation of the years 2022 and 2023.

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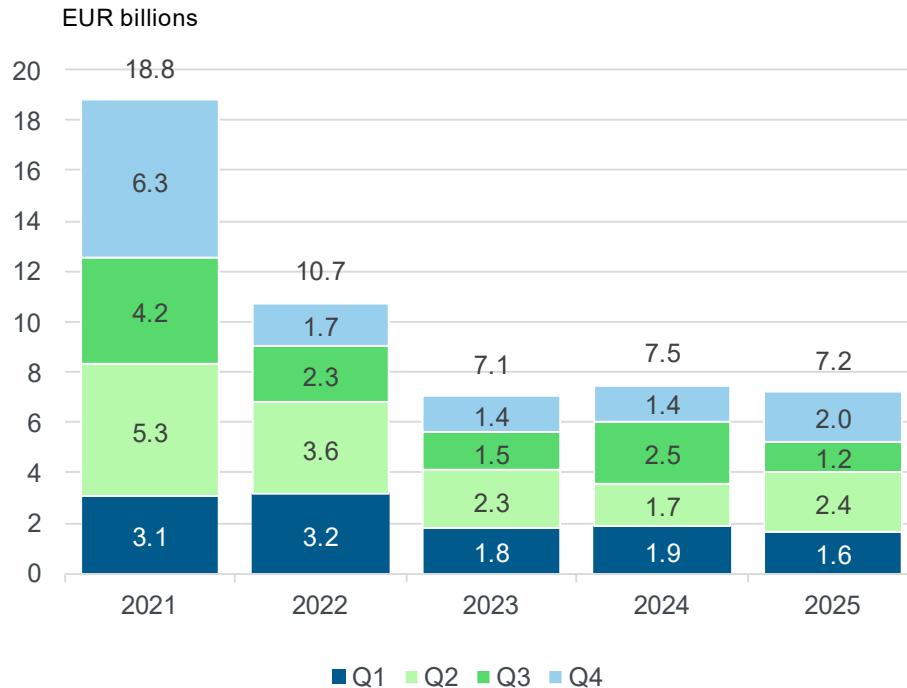
The solid investment activity in the German market in 2025 lacked the momentum seen in important comparison markets. Investment activity picked up noticeably in multiple countries, including the United Kingdom (+39% YoY), in France (+31% YoY) and particularly in the US (+48% YoY). VC markets thus reflected the economic situation of their respective economies. Germany experienced comparatively moderate growth. In such an environment, business growth tends to take place through market share gains rather than a broad cyclical upswing. Accordingly, there are sectoral winners – at present mainly in the areas of artificial intelligence and security – while consumer-related business models such as traditional e-commerce meet with more cautious investor demand.

3

Assuming stable conditions, the normalisation in the German VC market should continue in 2026. The interest rate environment became noticeably less restrictive in the course of the past year and inflation steadied. That meant lower discount factors and capital costs than during the 2022–2023 consolidation phase and is likely to support the valuation level of start-ups. Compared with the zero-interest rate era and the strong fundraising years up to 2022, however, capital costs remain elevated and fundraising for VC investors therefore historically more challenging. Established fund managers with a strong track record have an advantage in this environment. The robust volume of investment in German start-ups in the new interest-rate environment is currently being supported by large amounts of freed-up funds from past fundraising activities (dry powder). A revival of exit markets and corresponding return flows to investors would be a central pillar for reinvigorating VC fundraising in 2026 and for the medium-term development of the VC market.

EUR 7.2 billion in investment in German start-ups – German VC market experienced a sideways movement in 2025

Deal volume



Source: Dealroom.co, KfW Research (as at: 05.01.2026).

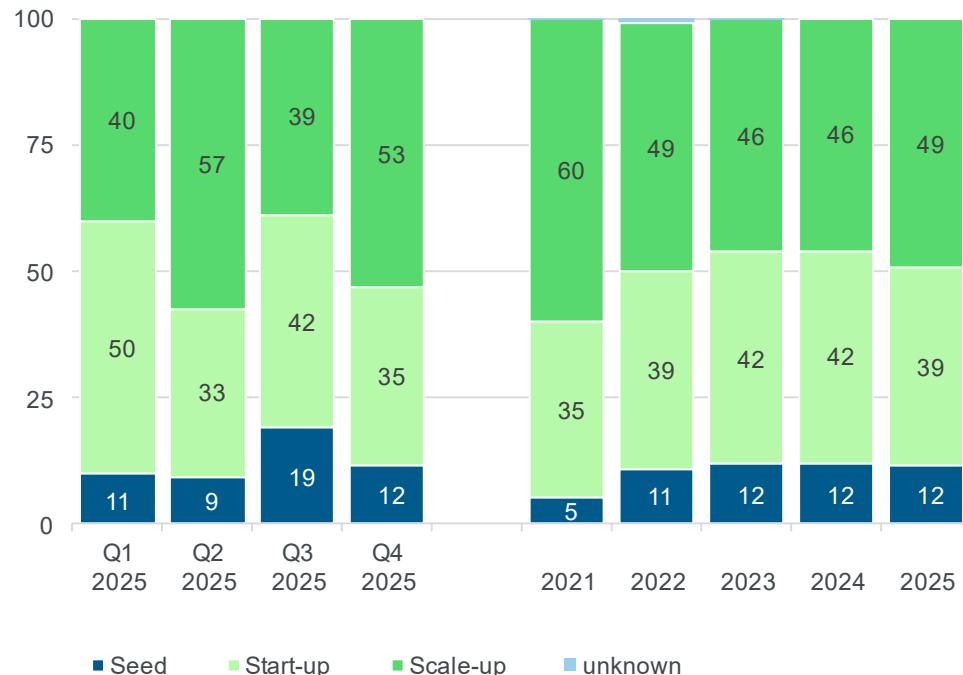
The investment volume in the final quarter was just under EUR 2 billion, making it the second strongest quarter of the year. The German VC market thus reached a deal volume of around EUR 7.2 billion in 2025, a similar level as in the preceding years 2023 and 2024. After major funding rounds were largely absent from the preceding quarter, the deal volume in Q4 2025 was driven in part by five mega rounds of EUR 100 million and more.

Furthermore, the market share of follow-up fundings in the scale-up segment – later funding rounds from Series C – was 53% in Q4 2025, significantly higher than in the preceding quarter. The earlier-stage market segments of start-up and seed funding reached shares of 35 and 12% in Q4. A slight shift in market shares towards scale-up funding was evident for the year 2025 as a whole. After scale-up funding deals were most heavily affected by the market consolidation from 2022 and their market share declined across the year up to 2023, the pendulum is now slowly swinging back again.

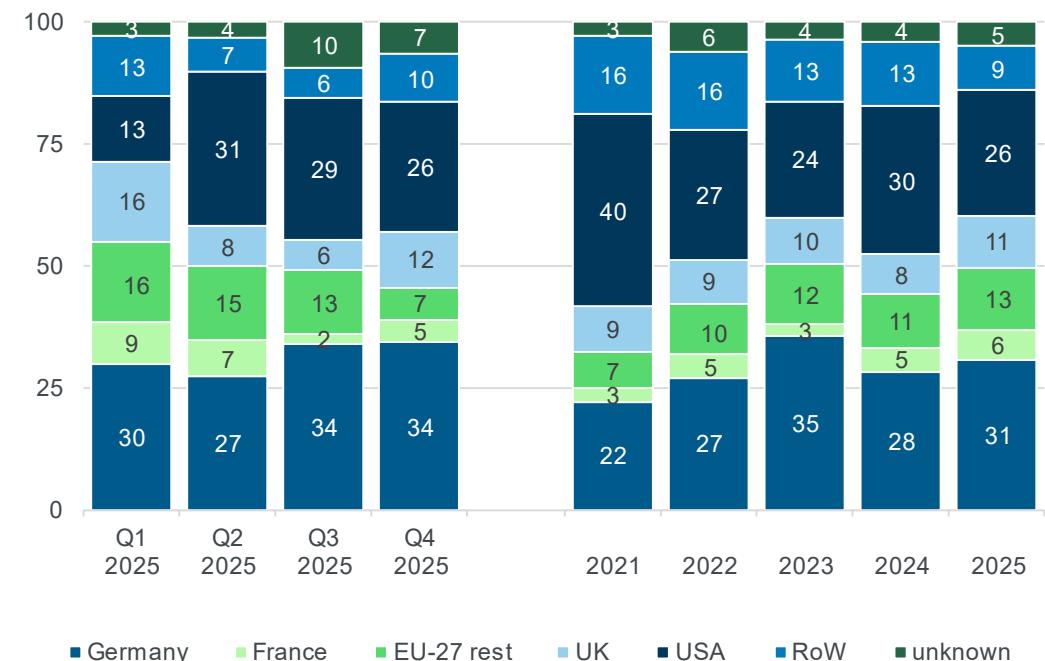
Despite global trade conflicts, no substantial shifts in the origin of investors were apparent in 2025. US investors took a similar share as in the years 2022 and 2023, with 26% for the year as a whole, thus remaining the most important source of foreign funding for German start-ups. Almost one third of funds came from domestic investors in 2025. Whether an increasingly fragmented global order will also impact international financing operations in the VC market remains to be seen. In any case, the German VC market was globally integrated in a similar way in 2025 as in the previous years.

Scale up financing had a growing market share in 2025, with nearly one third of the deal volume coming from domestic investors

Deal volume by phases (in per cent)



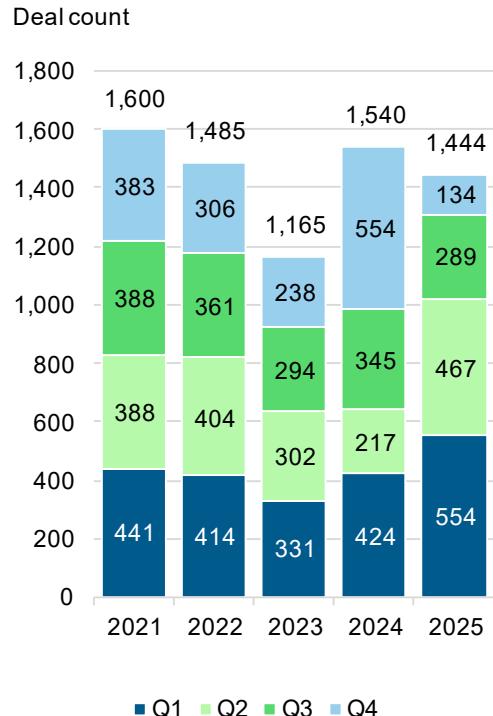
Deal volume by investor origin (in per cent)



Source: Dealroom.co, KfW Research (as at: 05.01.2026).

Number of financing rounds fell slightly in 2025

Number of deals



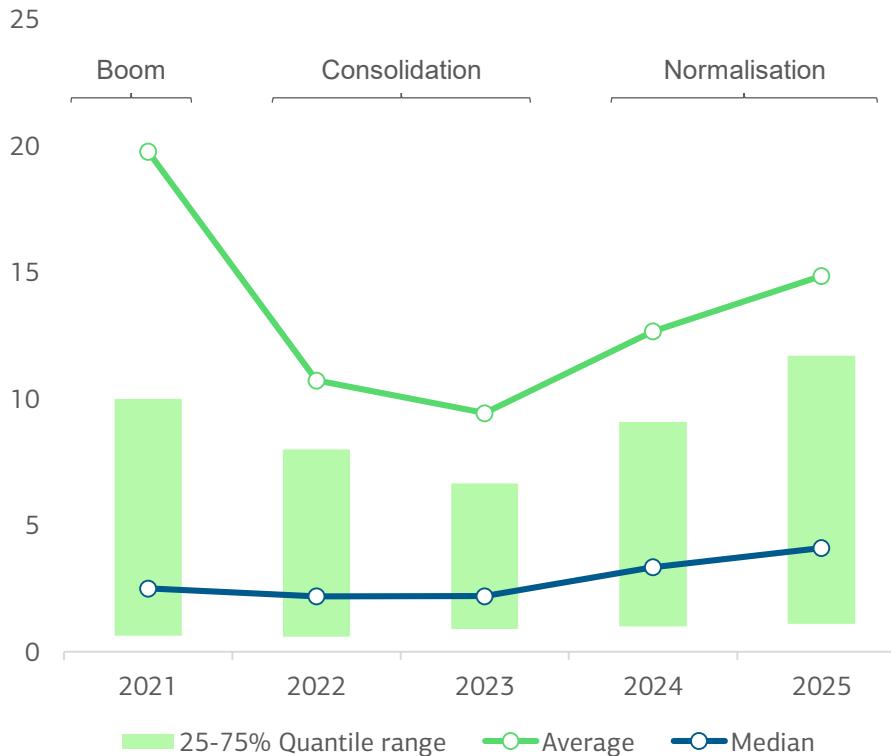
of which
➤

By the end of the final quarter, 134 deals were recorded. A total of 1,444 financing deals of German start-ups have so far been registered for 2025 as a whole. The number of funding rounds recorded thus decreased slightly on the previous year. This is particularly evident for deals with a reported volume from EUR 1 million. The number of late notifications of such deals was significantly lower than the totality of all known deals. That makes them particularly suitable for mapping trends at the current margin. The slight drop in the number of deals indicates that investors continue to be more selective in their response to funding requests than in the previous boom phase of the market, preferring quality over broad diversification in their investment decisions.

Source: Dealroom.co, KfW Research (as at: 05.01.2026).

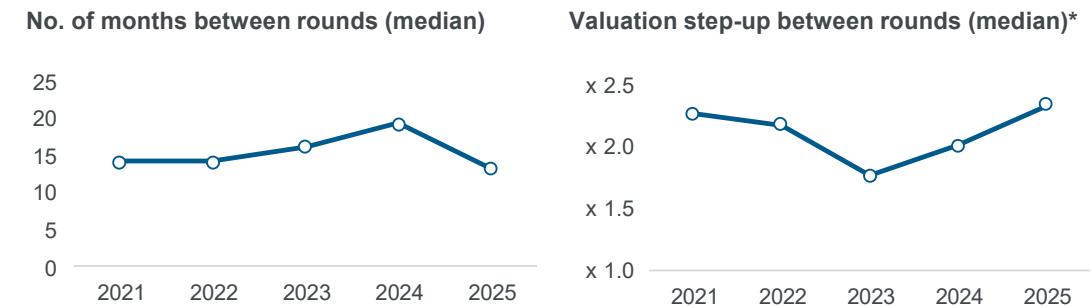
Financing conditions for the most promising start-ups improved yet again: Deal volume increased for the second consecutive year

Distribution of deal sizes (in EUR millions)



Although the number of financing rounds decreased in 2025, successful start-ups were able to secure larger tickets. Funding rounds also increased in 2025 after 2024. This applied to both the average (EUR 15 million), which is significantly influenced by very large rounds, and the median funding round (EUR 4 million), which is a better measure of the development of a large portion of realised funding deals.

In short: The market is more selective than it was in the boom years of 2021/2022. The financing conditions for the most promising start-ups continued to improve in 2025 on the previous year. The more favourable financing environment is also reflected in the fact that start-ups that were successful in obtaining funding were able to attract fresh capital in shorter intervals (median months between rounds). Not least, the valuation premium between two consecutive funding rounds also increased again in 2025, which means start-ups can again raise capital more often at improved valuations.

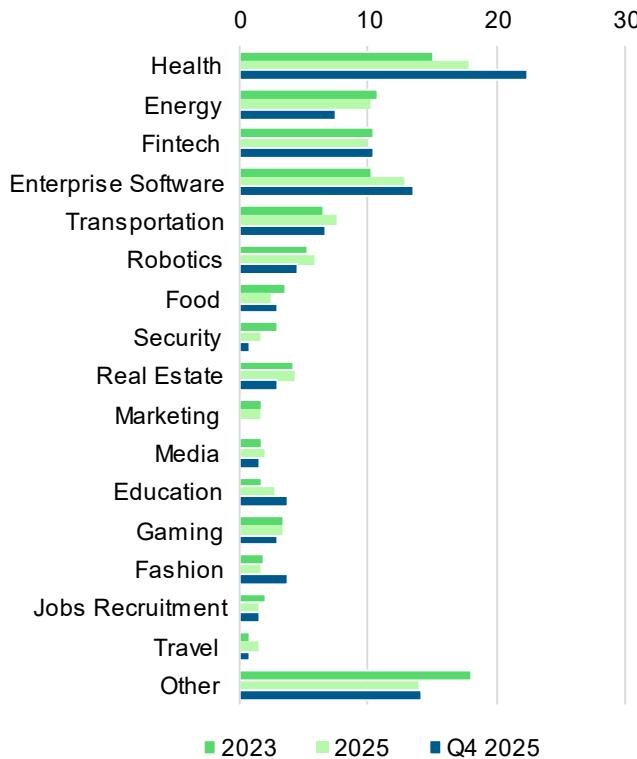


Source: Dealroom.co, KfW Research (as at: 05.01.2026).

Note: * The valuation premium between consecutive funding rounds can be calculated for 20–50% of deals annually.

Security start-ups quadrupled their market share in the deal volume on the years 2021–2024

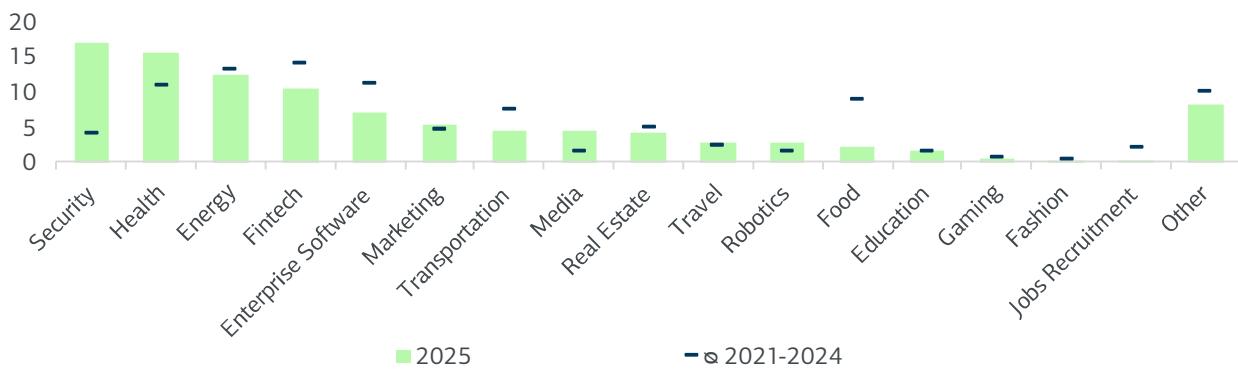
Share of deals by industry (in per cent)



More than one fifth of all funding rounds in Q4 2025 went to start-ups in the health segment, once again accounting for the majority of deals. With 13% of all deals, the enterprise software segment came in second, followed by fintechs with 10%.

In terms of market share of the funding volume, the security segment stood out as the clear winner of the year 2025 with 17% – a positive trend that has been noticeably gathering pace since 2022. Besides cyber security innovations, this segment also includes technologies for countering physical threats. Security start-ups make up only 2% of all deals but 17% of the deal volume. This suggests that individual start-ups in this segment have comparatively high capital needs. By contrast, the market share in the deal volume for enterprise software is significantly lower than its share in the number of deals (7 vs. 13%), indicating that such business models have a lower capital intensity. The food segment – which includes delivery service platforms – was a trending topic particularly in 2021 but today has much lower market shares.

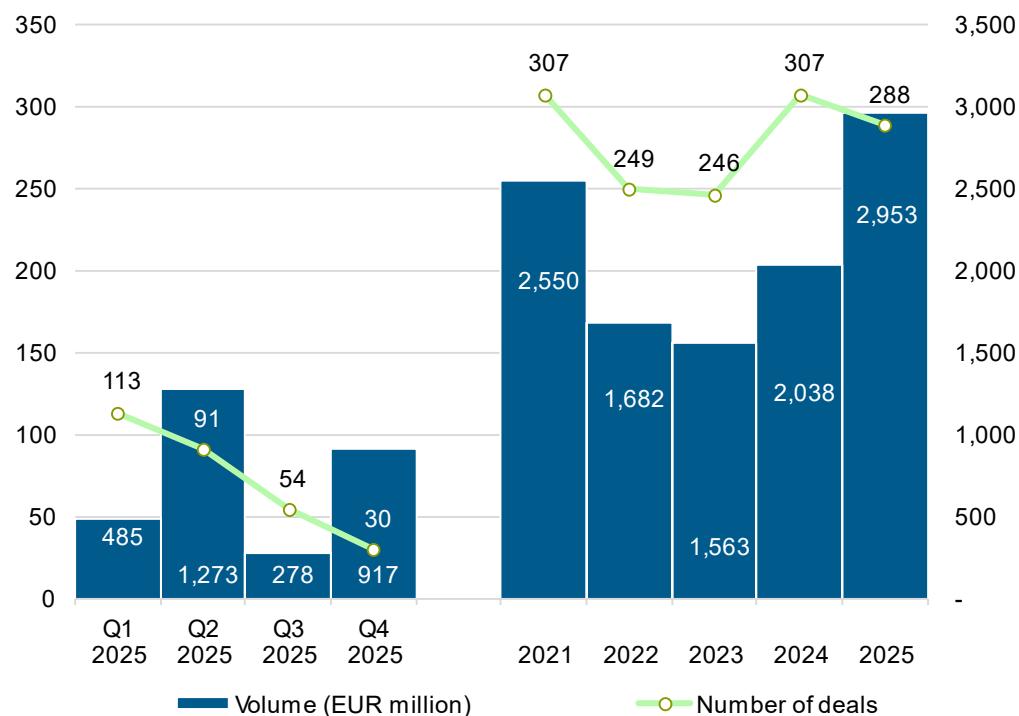
Share of deal sizes by industry (in per cent)



Source: Dealroom.co, KfW Research (as at: 05.01.2026).

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: 05.01.2026).

The technological field of artificial intelligence (AI) remained the most important driver behind the development of international VC markets in 2025. In Germany AI start-ups again attracted a high investment volume of EUR 917 million in Q4. These include, in particular, three mega rounds of EUR 100 million and more in the industrial areas of enterprise software and security. That made 2025 the year with the highest investment volume for German AI start-ups so far, with a deal volume close to EUR 3 billion, which was around 41% of the entire German market. Globally, AI start-ups accounted for well over 40% of the deal volume.

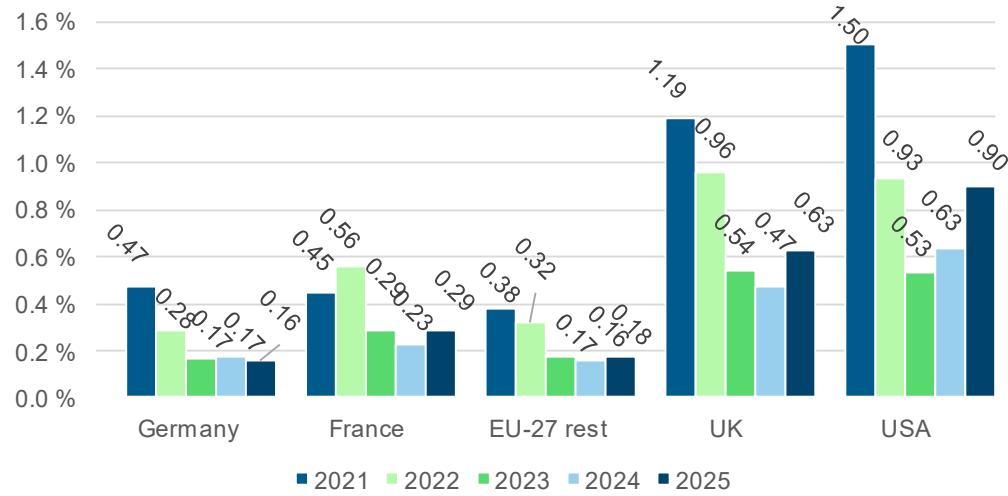
AI is a cross-cutting technology (vertical) that is developed and applied across various industries. According to the classification by the data provider Dealroom.co, AI technologies include hardware and software in the application areas of machine learning/deep learning, generative AI, computer vision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

Investment activity picked up in important comparison markets in 2025

Deal volume in USD millions

	2025 Q1	2025 Q2	2025 Q3	2025 Q4
Germany	1,785	2,654	1,326	2,147
France	1,455	2,095	2,944	3,060
EU-27 rest	7,739	9,126	8,060	11,128
UK	4,861	3,611	8,812	6,251
USA	85,216	45,017	77,806	64,797

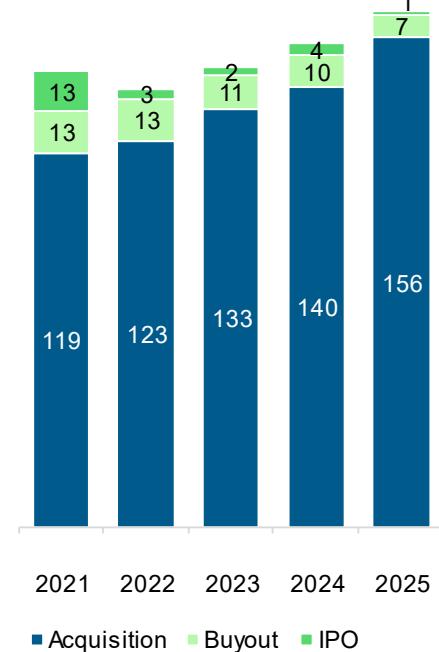
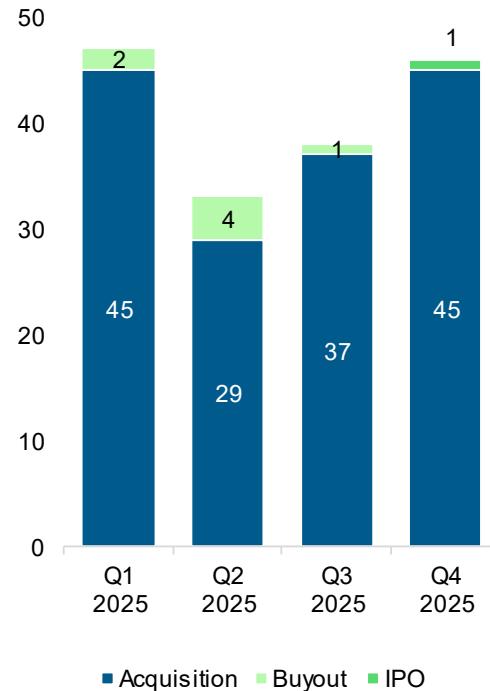
Deal volume in per cent of respective GDP



Investments in the German VC market showed a healthy development in 2025 but still lagged behind the growth of key comparison markets. Activity rebounded sharply in the United Kingdom (USD 23.5 billion; +39% YoY), driven by mega rounds in Q3. France grew strongly (USD 9.6 billion; +31%), especially in the second half of the year, and investments in the EU-27, too, rose to USD 36.1 billion (+15%). On balance, in Germany the deal volume relative to economic output (0.16%) slipped slightly below the EU-27 average (0.18%). At international level the US is the driving force behind the positive market trend (USD 272.8 billion; +48% on 2024). In total, VC markets reflect the economic development in 2025 – with comparatively moderate growth in Germany.

Number of exits increased again at the end of the year

Number of exits in VC-financed German start-ups



Exits are a core element of the funding cycle of the VC market. VC investors exit from their start-up investments through the M&A market (acquisition), by selling them to a financial investor (buyout) or via an initial public offering, thus generating return flows and returns. Many VC funds from the strong fundraising years up to 2022 are currently approaching the phase in which exits must increasingly be realised. Well-functioning exit markets are therefore becoming more important for a functioning VC business model.

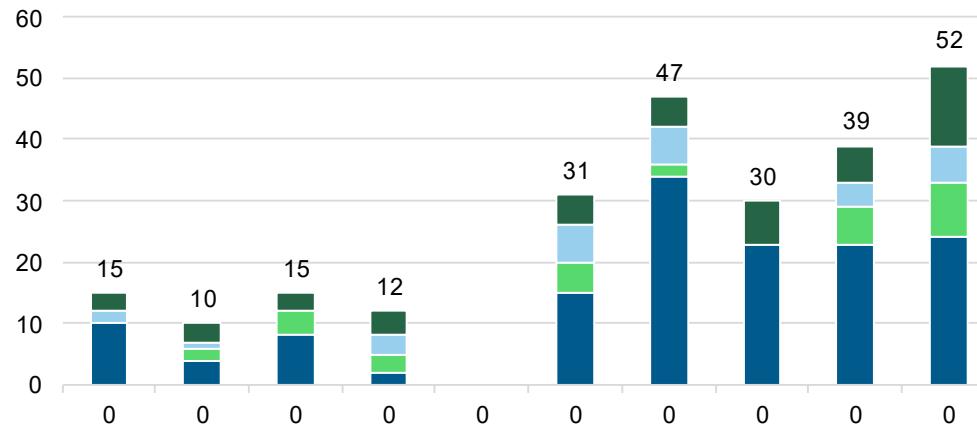
It is true that the number of exits increased again from 2023 after the decline in 2022 due to the interest rate turnaround but investor sentiment remained frosty because falling valuations no longer allowed them to achieve the exit proceeds previously seen. This was particularly because IPOs, which offer the highest returns, became rare. The high volatility in the capital markets in the first half of 2025 caused by the US economic and trade policy put another dampener on exits. After all, start-up investments are more difficult to sell in an uncertain market situation with volatile prices.

In Q4 2025, a total of 46 exits of VC-funded start-ups from Germany were recorded. Besides 45 acquisitions, the first and thus far only IPO of the year took place. The number of exits thus rose to 164 in 2025, again exceeding the previous year's level. However, the valuations of the sold businesses and, thus, exit proceeds have been increasing only slowly for the past two years now. Amid foreseeably steady interest rates and moderate economic growth, and provided there are no negative shocks, a further revival of trade sales and individual IPOs is likely in the year ahead.

Source: Dealroom.co, KfW Research (as at: 05.01.2026).

German venture debt market reached a record high in 2025

Number of venture debt deals



By deal size:

- <100 EUR million
- ≥ 100 - 250 EUR million
- ≥ 250 EUR million
- unknown

The German venture debt market had another record year in 2025. Overall, 52 financing transactions have been reported so far, exceeding the previous all-time high of 47 in 2022. On the demand side, a large portfolio of start-ups in later financing stages with corresponding capital needs and the currently more difficult access to lucrative exits now supports the raising of debt capital. On the supply side, private debt markets were generally on the rise in 2025, increasing debt capital availability and lending willingness. On balance, venture debt is likely to continue gaining a foothold as a method of financing for German start-ups in the new year as well.

Source: Dealroom.co, KfW Research (as at: 05.01.2026).

Appendix

Appendix I

Deals

	2025	2025	2025	2025	2021	2022	2023	2024	2025
	Q1	Q2	Q3	Q4					
Market overall									
Volume (EUR million)	1,623	2,413	1,205	1,952	18,781	10,735	7,059	7,477	7,193
Number of deals	554	467	289	134	1,600	1,485	1,165	1,540	1,444
Deal size* (Ø, EUR million)	13	18	9	22	20	11	9	13	15
Stages (EUR million)									
Seed	162	224	230	227	985	1,158	847	907	844
Start-up	813	805	508	684	6,544	4,206	2,967	3,139	2,811
Scale-up	648	1,383	467	1,040	11,240	5,286	3,241	3,431	3,538
unknown	-	-	-	-	12	84	5	0	-
By deal size (count)									
<100 EUR million	123	129	131	85	908	977	733	573	468
≥ 100 - 250 EUR million	4	5	1	3	30	19	13	15	13
≥ 250 EUR million	-	1	-	2	11	4	2	2	3
unknown	427	332	157	44	651	485	417	950	960
Deal volume by investor location (EUR million)**									
Germany	481	658	408	664	4,147	2,900	2,490	2,108	2,211
France	144	174	22	93	499	532	194	358	433
EU-27 rest	264	370	159	128	1,394	1,098	860	817	921
UK	267	198	76	226	1,751	970	680	628	767
USA	216	759	351	514	7,444	2,847	1,665	2,258	1,840
RoW	203	169	74	195	2,995	1,728	886	1,000	641
unknown	48	85	115	132	551	660	284	308	380

Source: Dealroom.co (as at: 05.01.2026).

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				2021	Share of deals (%)			
	2025	2025	2025	2025		2022	2023	2024	2025
	Q1	Q2	Q3	Q4					
Health	112	76	39	30	13 %	14 %	13 %	15 %	18 %
Energy	55	56	25	10	14 %	11 %	12 %	11 %	10 %
Fintech	46	52	30	14	10 %	9 %	10 %	10 %	10 %
Enterprise Software	58	59	49	18	7 %	8 %	12 %	10 %	13 %
Transportation	50	29	20	9	8 %	8 %	8 %	7 %	7 %
Robotics	29	29	20	6	5 %	7 %	5 %	5 %	6 %
Food	12	9	9	4	5 %	5 %	4 %	4 %	2 %
Security	4	12	6	1	4 %	4 %	3 %	3 %	2 %
Real Estate	27	21	9	4	4 %	4 %	4 %	4 %	4 %
Marketing	12	6	5	-	2 %	3 %	2 %	2 %	2 %
Media	8	11	7	2	3 %	3 %	2 %	2 %	2 %
Education	13	15	6	5	2 %	2 %	2 %	2 %	3 %
Gaming	18	16	9	4	3 %	2 %	3 %	3 %	3 %
Fashion	7	5	6	5	2 %	2 %	2 %	2 %	2 %
Jobs Recruitment	10	5	5	2	2 %	2 %	2 %	2 %	2 %
Travel	10	6	5	1	1 %	1 %	2 %	1 %	2 %
Other	83	60	39	19	16 %	16 %	16 %	18 %	14 %

Source: Dealroom.co (as at: 05.01.2026).

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)

	2025	2025	2025	2025	2021	2022	2023	2024	2025
	Q1	Q2	Q3	Q4					
Market overall									
Volume (EUR million)	485	1,273	278	917	2,550	1,682	1,563	2,038	2,953
Number of deals	113	91	54	30	307	249	246	307	288
Deal size* (€, EUR million)	11	32	8	37	14	9	9	13	20

Source: Dealroom.co (as at: 05.01.2026).

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

USD million	2025	2025	2025	2025	2021	2022	2023	2024	2025
	Q1	Q2	Q3	Q4					
Germany	1,785	2,654	1,326	2,147	20,659	11,809	7,766	8,225	7,913
France	1,455	2,095	2,944	3,060	13,242	15,551	8,902	7,268	9,553
EU-27 rest	7,739	9,126	8,060	11,128	66,788	54,592	32,440	31,369	36,054
UK	4,861	3,611	8,812	6,251	37,466	29,905	18,309	16,979	23,535
USA	85,216	45,017	77,806	64,797	355,952	242,783	148,108	184,604	272,836
as share of GDP (%)									
Germany					0.47%	0.28%	0.17%	0.17%	0.16%
France					0.45%	0.56%	0.29%	0.23%	0.29%
EU-27 rest					0.38%	0.32%	0.17%	0.16%	0.18%
UK					1.19%	0.96%	0.54%	0.47%	0.63%
USA					1.50%	0.93%	0.53%	0.63%	0.90%

Source: Dealroom.co (as at: 05.01.2026), IMF and own calculations.

Appendix V

Exits

	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2021	2022	2023	2024	2025
IPO	-	-	-	1	13	3	2	4	1
Buyout	2	4	1	-	13	13	11	10	7
Acquisition	45	29	37	45	119	123	133	140	156

Source: Dealroom.co (as at: 05.01.2026).

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

	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2021	2022	2023	2024	2025
Market overall									
Volume (EUR million)	1,745	890	814	1,803	3,992	3,798	648	4,181	5,251
Number of deals	15	10	15	12	31	47	30	39	52
Deal size* (Median, EUR million)	33	40	60	150	67	15	23	32	42
By deal size (count)									
<100 EUR million	10	4	8	2	15	34	23	23	24
≥ 100 - 250 EUR million	-	2	4	3	5	2	-	6	9
≥ 250 EUR million	2	1	-	3	6	6	-	4	6
unknown	3	3	3	4	5	5	7	6	13

Source: Dealroom.co (as at: 05.01.2026).

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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