NGP Capital

DACH STARTUPS DECODED

2025 Edition

A look at the DACH region's startup ecosystem, showcasing trends across dealmaking, fundraising and booming sectors.

Foreword: The DACH Region's Strategic Pivot

The DACH startup ecosystem has entered a new chapter defined by strategic focus, technological depth, and geopolitical relevance.

As we publish this third edition of ***DACH Startups Decoded***, we're witnessing a fundamental transformation. The region has carved out a distinct identity: a powerhouse for B2B innovation and deep technology, with its strength amplified by a uniquely distributed network of thriving hubs.

Germany's venture funding has surged past France by 32%, reaching a record $8.47 billion during the last 12 months, while Switzerland continues to lead Europe in per-capita investment at $352 per person. But beyond the headline figures, there has been a strategic realignment that positions DACH startups at the intersection of technological capability and global necessity.

This shift is perhaps most visible in the meteoric rise of defence and dual-use technologies, which have seen funding surge by 175% to over $1.7 billion over the past 12 months, reflecting the region's response to a world where technological sovereignty and security have become paramount concerns.

Similarly, the evolution of AI investment—from horizontal platforms to specialized enterprise and industrial applications—showcases DACH's pragmatic approach to the AI era.

Munich had one of the strongest growth moments across the region, reflecting a mature ecosystem that plays to its strengths: engineering excellence, industrial know-how, a strong university ecosystem, and systematic problem-solving.

Yet significant challenges persist. Late-stage funding from Europe remains scarce, bureaucracy is still high, and tariffs pose particular risks for DACH's hardware-intensive sectors, especially in Switzerland, with its large dependencies and higher tariffs.

As we look ahead, the region stands at an inflection point. The stability in funding levels over the last three years indicates a healthy, sustainable ecosystem that has found its equilibrium. The DACH startup ecosystem could also be one of the biggest beneficiaries of the EU-Inc initiative, if it can survive in its intended form to tackle some of the bureaucracy.

The challenge now is to translate this stability into breakthrough innovations that can shape global markets. The DACH region's greatest asset has always been its ability to turn complex problems into solutions. In an era defined by security concerns and the need for sustainable industrial transformation, this capability has never been more valuable.

The startups emerging from this ecosystem have a real chance of solving global problems and building a better future.

Christian Noske
Partner
NGP Capital

Key Takeaways

1. DACH VC funding climbed over the last 12 months, with Germany reaching $8.47B (+22%) and Switzerland $3.16B (+14%). In 2025, Germany is on its way to reach $8.1B annualized, leaving France trailing at $5.5B, a 32% gap after once being behind.

2. Funding in Defence tech surged ($1.4B LTM, +315%) over the past year, driven by rising interest in resilience and geopolitical pressures, while Enterprise Software slipped –$0.33B (–19%).

3. AI funding in DACH is shifting from core tech to applied use cases, as Enterprise AI funding share grew from 37% to 45% and Industrial AI from 15% to 21%, while horizontal AI fell to 21%.

4. Munich-based startups raised $3.44B in the past 12 months, making the city the DACH region's leading hub, fueled by its industrial and deeptech ecosystem. Switzerland also stands out with five cities in the top 10.

5. Startup hiring is slowing, potentially due to AI: Seed-stage companies in 2024 hired 32% fewer people than in 2022, and post-Series A hiring dropped 25%.

Data & Methodology

Methodology

In the report, we analyzed data related to DACH area venture funding and venture funded companies. The analysis is based on data from NGP Capital's data & ML platform Q, which aggregates & analyzes data across multiple sources.

Full dataset from 1st January 2020 (Q1 2020) to 31st August 2025.

In the context of this analysis:
- **LTM** refers to the dates from 1st July 2024 to 30th June 2025 (Q3 2024 to Q2 2025).
- **PTM** refers to "Prior Twelve Months", correspondingly covering the dates from 1st July 2023 to 30st June 2024 (Q3 2023 to Q2 2024).

DACH is defined as Germany, Switzerland, Austria and Liechtenstein.

Data from UK and France is used for comparison on a few charts.

Full dataset includes 12049 funding rounds raised by 8333 companies.

of which 2049 rounds by 1949 companies were recorded in LTM (between Q3 2024 – Q2 2025).

Total amount of venture funding raised in the rounds is **$ 80.8 billion.**

of which $12.1 billion was raised between Q3 2024 – Q2 2025.

Raw data sources: Dealroom.co | Harmonic | Predictleads

01 Landscape

DACH VC Funding Climbs in 2025 After Three Years of Stability

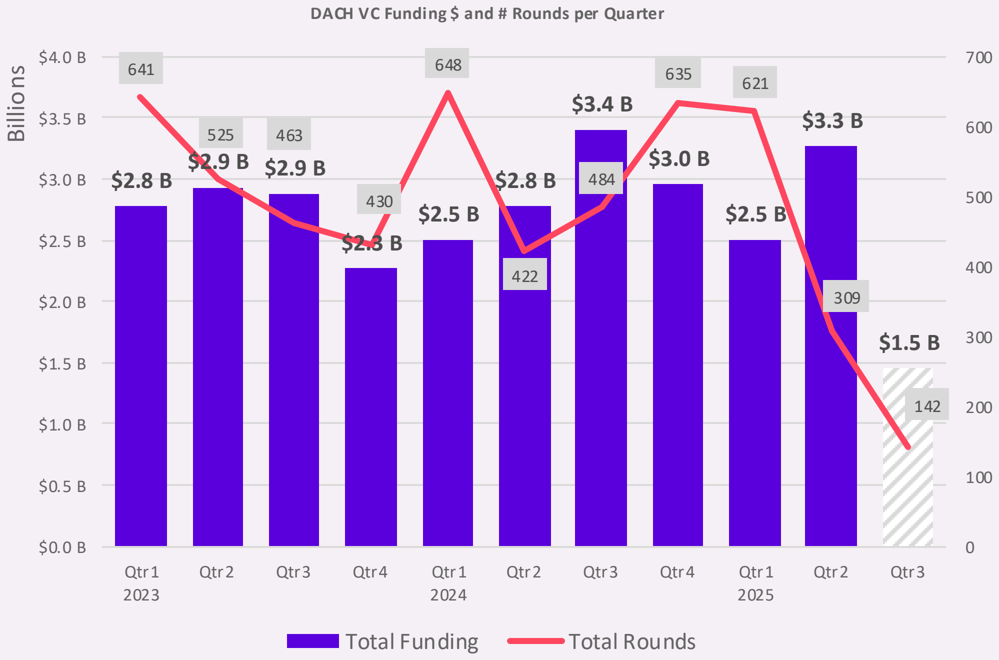
Venture funding in the DACH region has shown remarkable stability over the past three years, consistently ranging between $2.3B and $3.4B per quarter.

In Q2 2025, funding surged 18% year-over-year to $3.3 billion, with rolling 12-month data showing a consistent 16% increase, indicating this is a structural change rather than a temporary spike.

Early Q3 2025 activity, including multiple nine-figure rounds such as Climeworks ($162M Series E),Talon One $135M Series B and Nuclidium ($99M Series B), reinforces this positive trajectory.

$12.1B LTM

Raised by DACH Startups between Q3 2023 to Q2 2025



Venture Investment in DACH on the Rise, but Austria Is Lagging

Over the past two years, DACH venture funding has shown diverging paths across its three core markets.

Within the DACH region, Germany secured the highest regional funding, ranging between $7B and $8.5B annually. During the last 12 months, German startups raised $8.47B, up 22% year-on-year from $6.96B.

Similarly, Swiss VC funding has increased in the most recent 12-month period, with funding reaching $3.16B, a 14% increase from the $2.76B recorded a year earlier.

Austria, by contrast, has seen a sharp decline with its annual funding dropping to just $384M in the year to Q2 2025, a 46% decrease compared to $697M the year before, leaving Austria at just 12% of Switzerland's total, despite a similar population size.

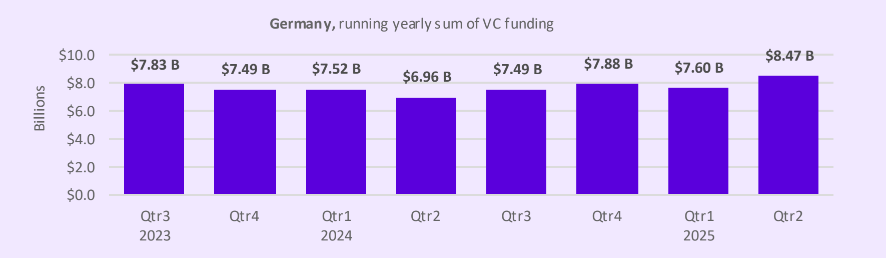
Germany +22%

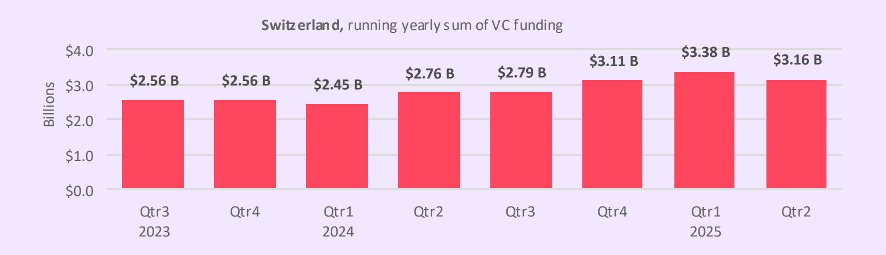
Switzerland +14%

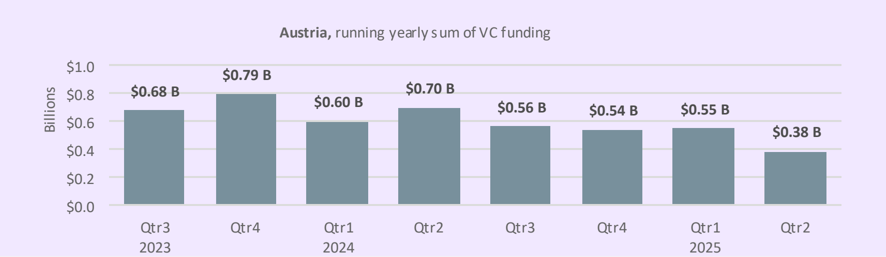
Austria -46%

NGP Capital analysis

DACH startups decoded 2025





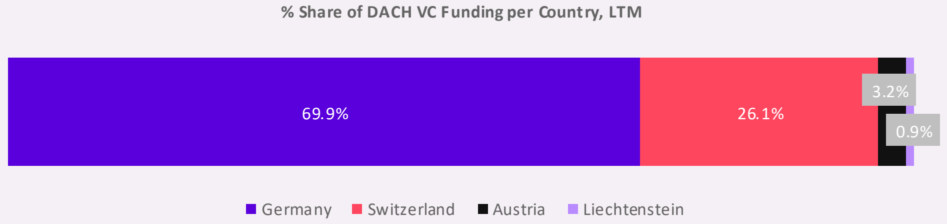


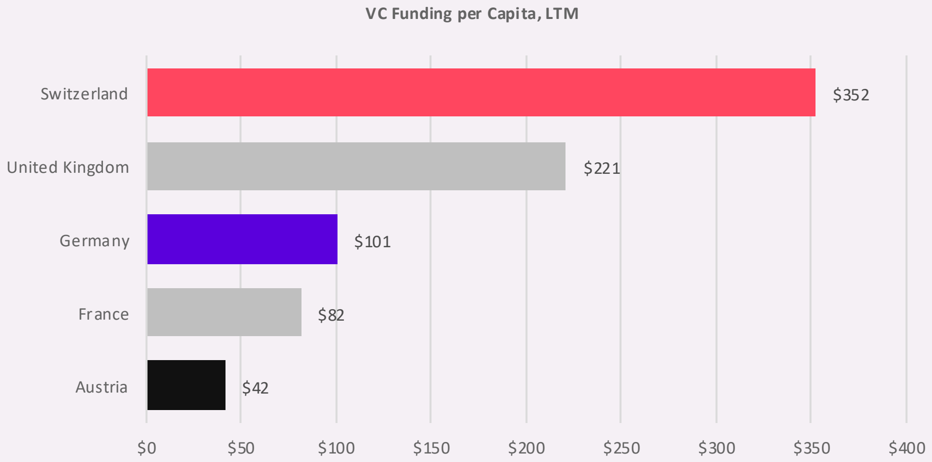
Germany Captures Bulk of DACH VC Investment, But Switzerland Wins on Per Capita

Germany dominates the DACH region, attracting 69.9% of total VC funding ($8.47B) in the last 12 months. Switzerland follows with 26.1% ($3.16B), while Austria (3.2%, $380M) and Liechtenstein (0.9%, $111M) contribute only marginally.

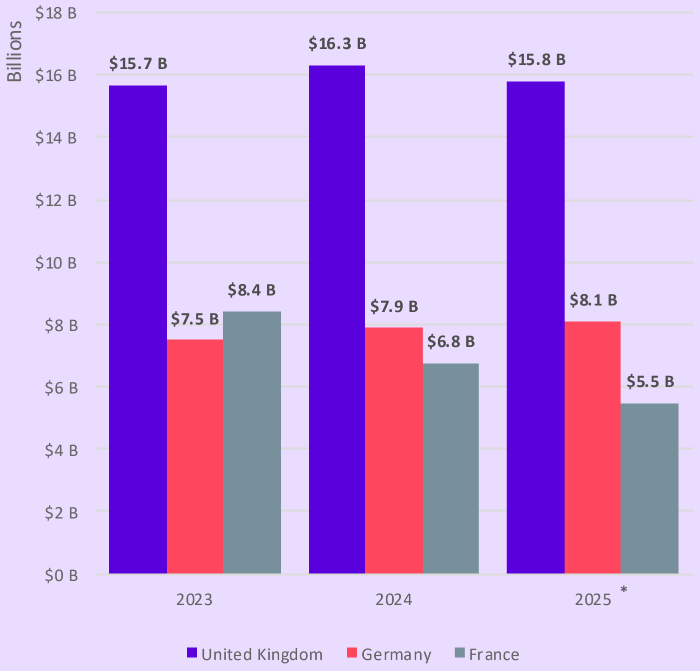
However, on a per capita basis, Switzerland leads with $352 per person, outpacing both its DACH peers and larger markets like the UK ($221) and France ($82). Germany comes in at $101, well ahead of France but far below the UK, while Austria lags at $42.

Liechtenstein is an outlier: its small population lifts per capita VC funding to an eye-catching $2,775, largely driven by Celestia's $100M round in Sept 2024.





Germany Pulls Ahead of France in VC Funding



* 2025 annualized based on Jan-Jun data

While the UK remains Europe's VC leader at roughly $16B annually, the more interesting story is the shifting balance between France and Germany.

In 2023, France raised 12% more VC funding than Germany, despite its smaller population. By 2024, the tables had turned: Germany pulled ahead, leaving France 14% behind. Based on annualized H1 2025 figures, the gap widened further, with France now 32% behind Germany.

Germany is also slowly closing the distance with the UK — moving from 48% of UK funding in 2023 to 51% in 2025 (H1).

2

Market by Market

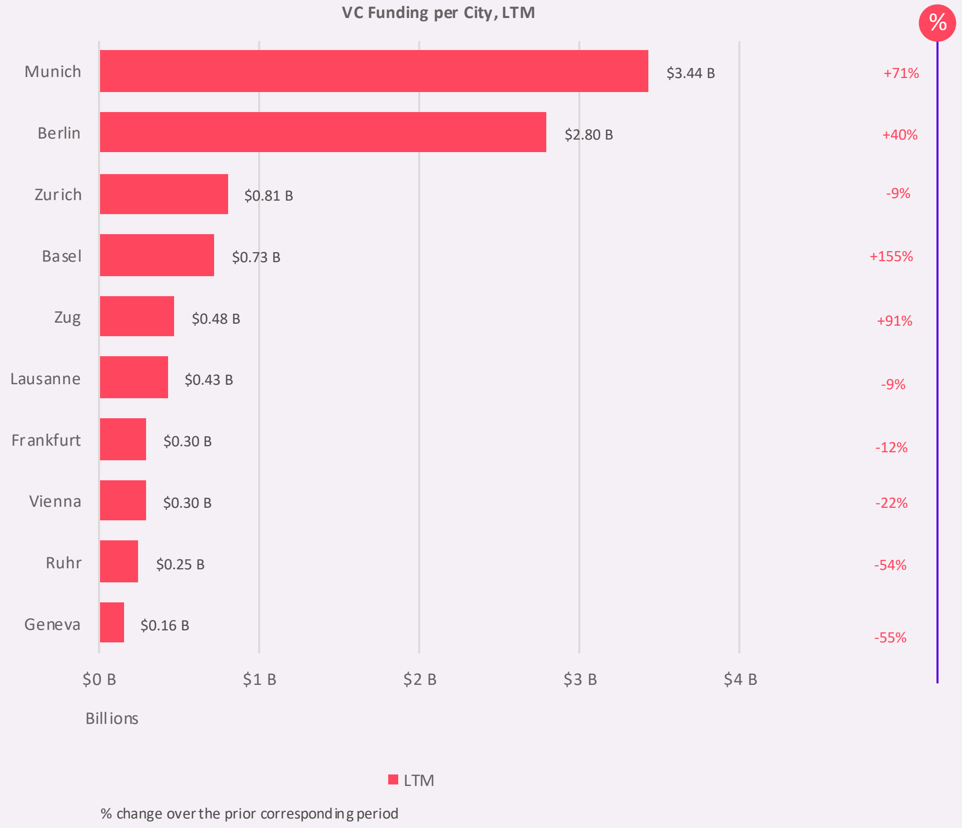
Munich Overtakes Berlin in VC Funding as Swiss Cities Strengthen

In the past 12 months (Q3 2024–Q2 2025), Munich-based companies raised $3.44B, surpassing Berlin's $2.80B. This is a notable shift from the previous year, when both cities were neck-and-neck at $2.0B each, and from a longer history in which Berlin consistently led.

Switzerland shows a contrasting picture. Five Swiss cities ranked in the LTM top 10, with four taking positions 3 to 6 — underlining both the strength of Swiss VC funding and its multi-centered ecosystem.

For Germany, the trend appears more concentrated. Beyond Munich and Berlin, only two other cities made the top 10, while the Ruhr area posted a sharp 54% decline.

While annual VC flows can fluctuate, the data raises the question of whether Germany is experiencing a structural shift, with Munich's B2B and deeptech strengths gaining ground against Berlin's traditional B2C focus, leading to consolidation around its two largest hubs.



Security & Defence Surges, Enterprise Software Stalls

During the last 12 months, VC investment patterns have shifted notably across industries in the region.

The standout industry is Security & Defence, which surged by +315%, adding $1.4B in new funding, driven by a growing interest in resilience and geopolitical drivers.

HealthTech & Life Sciences also saw a major boost, recording the largest absolute increase of $1.32B compared to the previous year, with growth of +77%.

By contrast, Enterprise Software continues to contract, down $0.33B (-19%) year-on-year. After leading the boom in 2021 and suffering a steep slowdown since, the sector may now be facing a second wave of pressure driven by Generative AI.

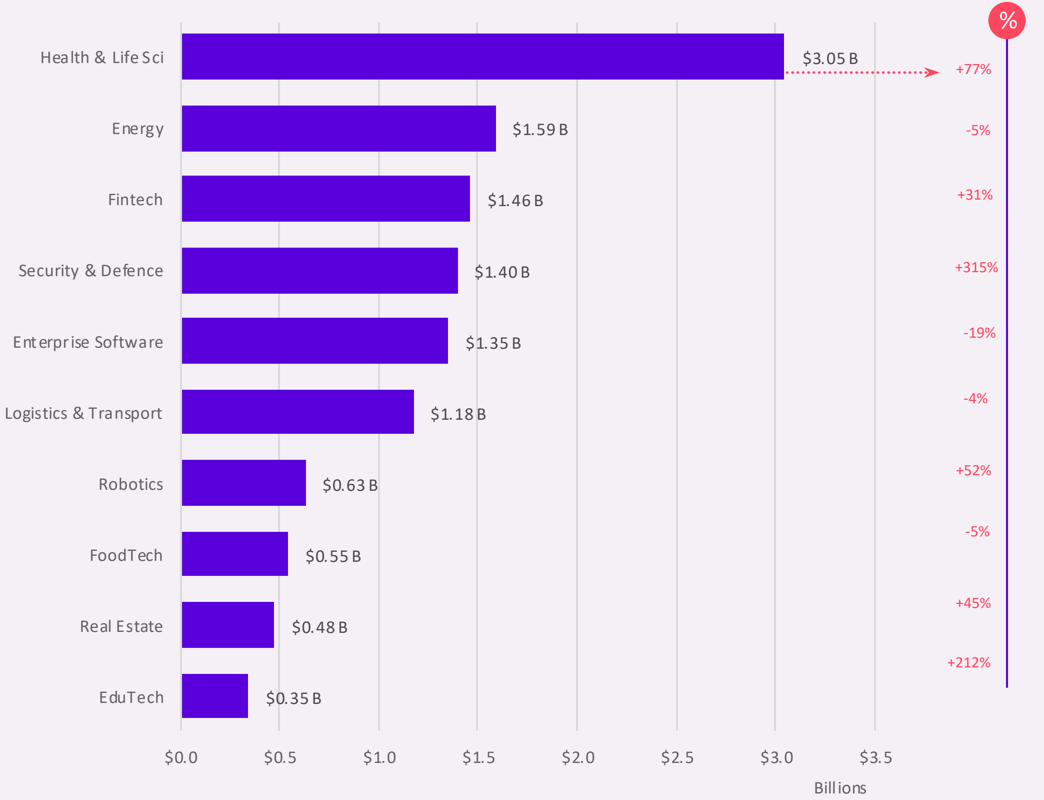
+315%

Security & Defence

-19%

Enterprise Software

VC funding (USD) per industry, LTM



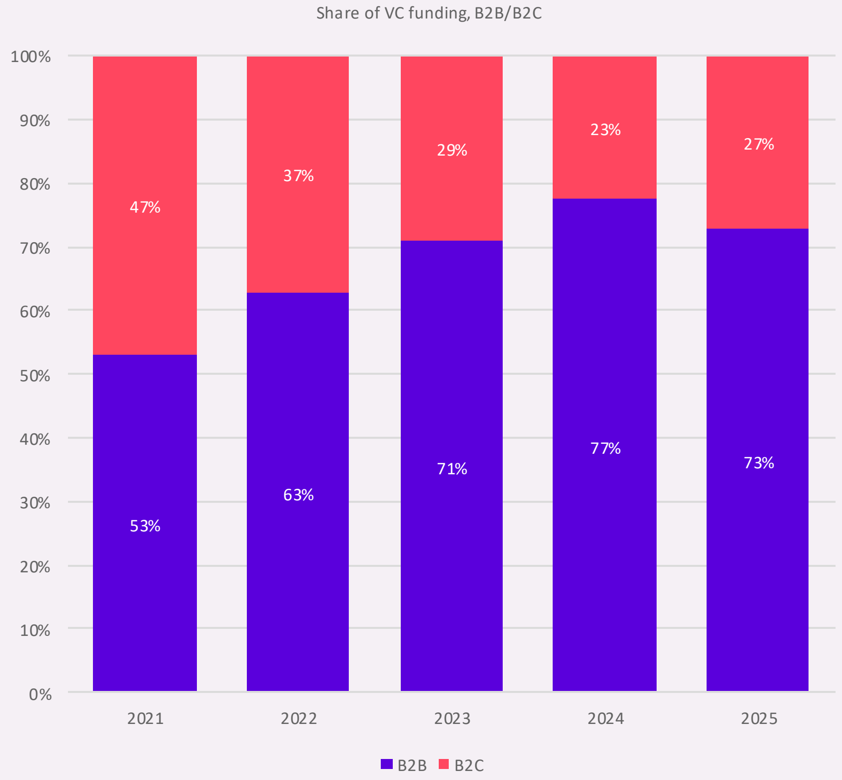
% change over the prior corresponding period

B2B Accounts for 73% of DACH Funding, Reflecting the Region's Deeptech and Industrial Focus

Since 2021, VC funding in the DACH region has clearly shifted toward B2B. Back then, investment was almost evenly split between B2B (53%) and B2C (47%). By the first half of 2025, however, B2B companies accounted for 73% of all funding.

From 2023 onwards, this pattern has stabilized, with roughly three-quarters of VC capital consistently flowing to B2B startups each year.

Taken together, the data positions DACH firmly as a B2B-focused region.



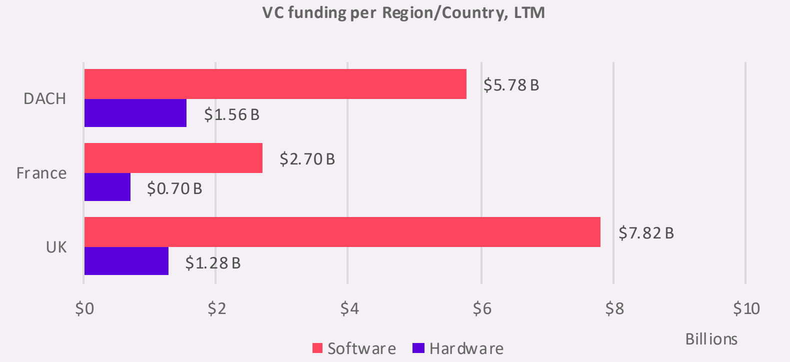
DACH Hardware Funding Tops UK and Doubles France

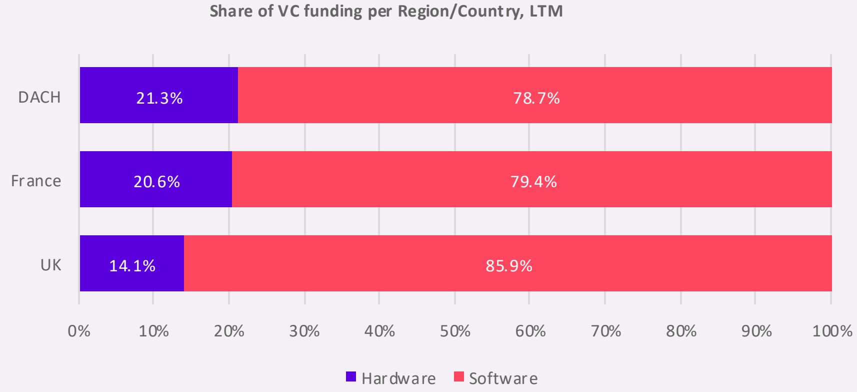
While software-only startups continue to attract the majority of VC funding, DACH shows a stronger tilt toward hardware.

In the last 12 months (Q3 2024–Q2 2025), hardware startups in the DACH region raised $1.56B, exceeding the UK ($1.28B) and more than doubling France ($0.70B).

From a share perspective, hardware startups accounted for 21.3% of total VC investment in DACH and 20.6% in France, but only 14.1% in the UK — nearly a third lower.

Startups are classified as “Hardware” if their product includes a hardware component (even if paired with software), while “Software” refers to pure software products.





03 Deep Dives

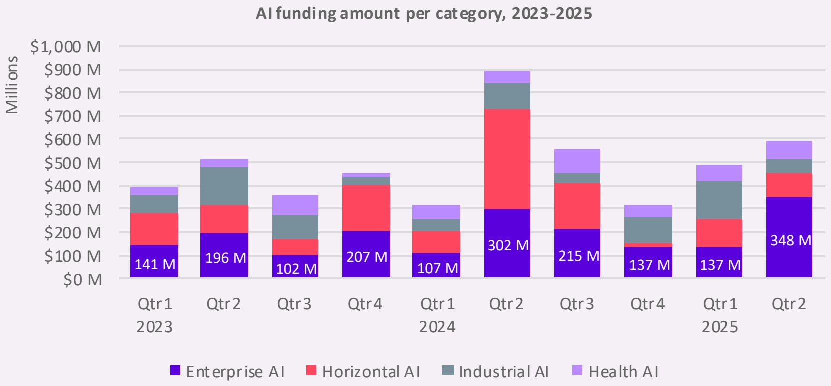
In focus:
Artificial Intelligence

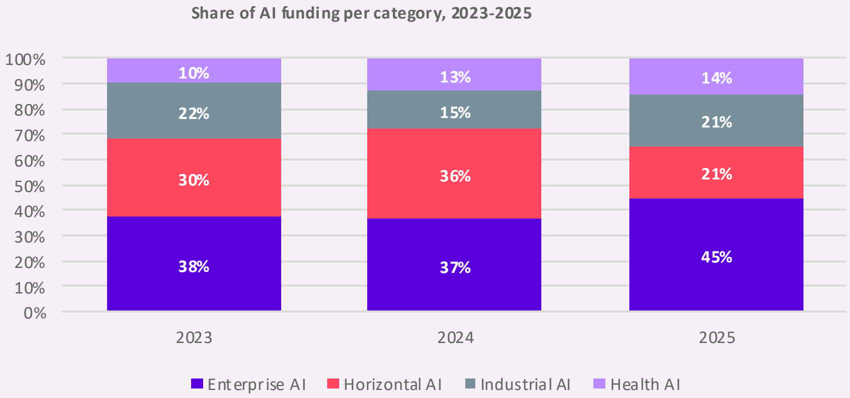
AI Investment Shifts Towards Applications

AI funding in the DACH region is shifting away from core technologies toward applied use cases.

Overall investment dipped slightly, down 3% year-on-year ($1.95B vs. $2.01B), but momentum in 2025 has been strong so far, with $489M raised in Q1 and $591M in Q2. The record quarter remains Q2 2024, driven by DeepL's $300M round which pushed the total to $889M.

Looking deeper at which types of AI companies are attracting funding, the share of funding in Enterprise AI has grown from 37% to 45%, while Industrial AI climbed from 15% to 21%. However, horizontal AI has lost ground, falling from 36% in 2024 to just 21% in 2025.





Top 10 AI rounds during LTM

NGP

	Description	Funding round	Amount	Category
osapiens	Cloud platform for sustainable growth and compliance solutions.	Series B in Jul 24	$ 120 M	Enterprise AI
Parloa	AI platform for managing customer service interactions at scale.	Series B in Jul 24	$ 120 M	Enterprise AI
Black Forest Labs	Generates and edits images using AI-driven models.	Series A in Sep 24	$ 100 M	Horizontal AI
Noxtua	Legal AI platform for professionals and businesses in Europe.	Series B in Apr 25	$ 87 M	Horizontal AI
Makersite	AI-driven platform for product lifecycle management and sustainability.	Series B in Jul 25	$ 71 M	Enterprise AI
n8n	Workflow automation platform for technical teams with integrations.	Series B in Mar 25	$ 57 M	Horizontal AI
HAWK	Technology solutions for financial crime detection in financial institutions.	Series C in Apr 25	$ 56 M	Enterprise AI
Qualifyze	Quality management solutions for life sciences supply chains.	Series C in Apr 25	$ 54 M	Health AI
planqc	Develops quantum computers using individual atoms as qubits.	Series A in July 24	$ 53 M	Enterprise AI
ORORA TECHNOLOGIES	Wildfire management platform utilizing satellite technology for monitoring.	Series B in May 24	$ 42 M	Enterprise AI

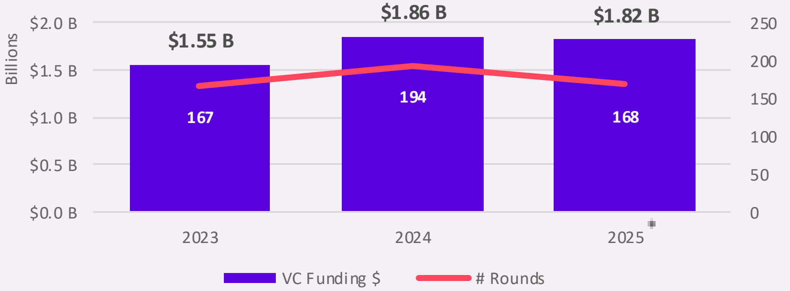
In focus:
Deep Tech

Deep Tech Shifts Toward Energy and Climate, Away from Space and Robotics

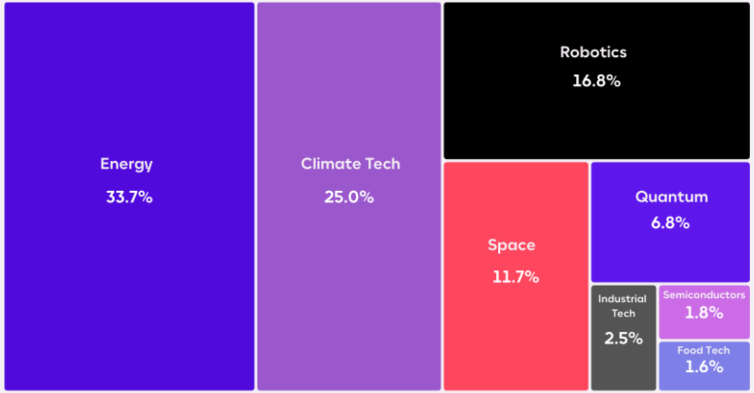
Excluding AI and Defence, Deep Tech funding has held steady in 2025. Based on annualized figures from the first half of the year, investment is flat compared to 2024 (-2%) but remains well above 2023 levels (+18%). The number of funding rounds has also stayed stable, with 167 in 2023 and 168 projected in 2025.

Within Deep Tech, energy and climate now dominate the landscape. Energy's share has more than doubled, rising from 15.3% in 2023 to 33.7% in 2025, while Climate Tech surged from 5.5% to 25.0% over the same period.

These gains have come at the expense of other sectors: Space fell from 27.2% to 11.7%, Robotics from 24.0% to 16.8%, and Semiconductors from 14.9% to just 1.8%.



* 2025 annualized based on Jan-Jun



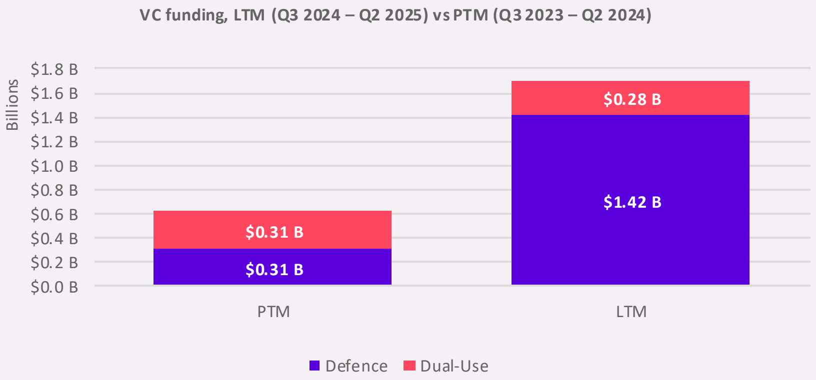
Defence & Dual Use Funding Surges in DACH

VC funding for Defence and Dual Use companies (excluding Cybersecurity) has surged in the DACH region. Over the past 12 months, investment reached $1.7B, up from $620M in the previous period - a 175% increase.

In earlier years, capital was evenly split between dual-use and pure defence companies; however, in the last 12 months, pure defence companies have captured 84% of capital.

The shift was driven by some of the largest rounds in the entire DACH region, including Helsing's $680M Series D and $484M Series C, as well as Quantum-Systems' $182M Series C.

It is worth noting that some dual-use startups are classified under other industries, meaning the true figure for dual-use could be somewhat higher. Still, the data points to a clear trend: defence-focused companies are now dominating the funding landscape in this vertical.



Company	Description	Round	Amount
Helsing	Defence technology company enhancing democratic capabilities with AI solutions.	Series D in Jun 25	$ 680 M
		Series C in Jul 24	$ 484 M
QUANTUM SYSTEMS	Creates the world's most advanced eVTOL platforms letting artificial intelligence take control and fly	Series C in May 25	$ 182 M

04

DACH
Startups jobs

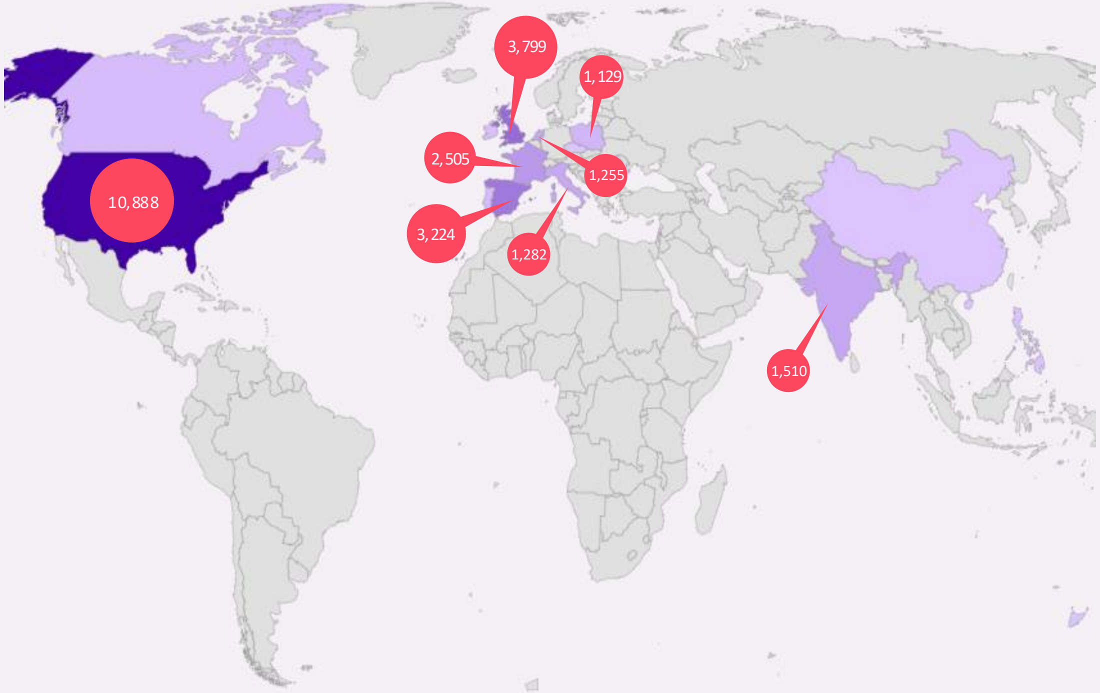
DACH Startups Prioritize the US in Global Expansion

Looking at job postings outside of the DACH region, the United States accounts for 30.8% of all new roles posted by DACH startups in the last 12 months (Q3 2024–Q2 2025).

This makes the US by far the top hiring destination, with postings 186% higher than in the #2 country, the United Kingdom (14.4%).

Other key markets include Spain (12.6%), France (7.9%), and India (5.6%), highlighting how hiring is spread across both European neighbours and global talent hubs.

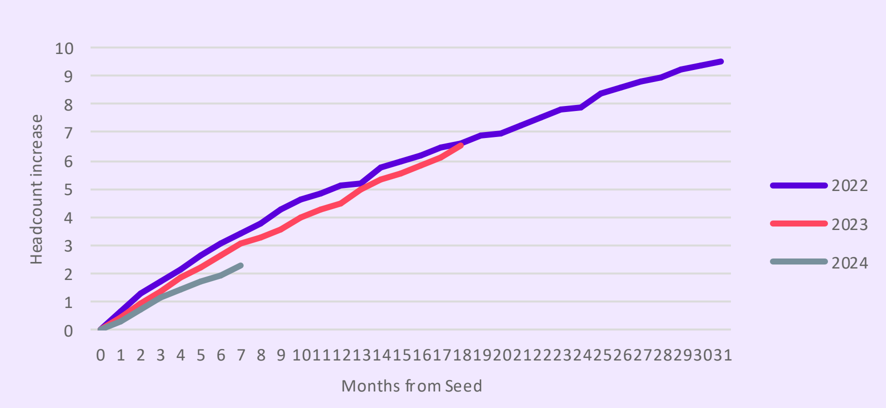
Hiring of DACH startups outside DACH, LTM

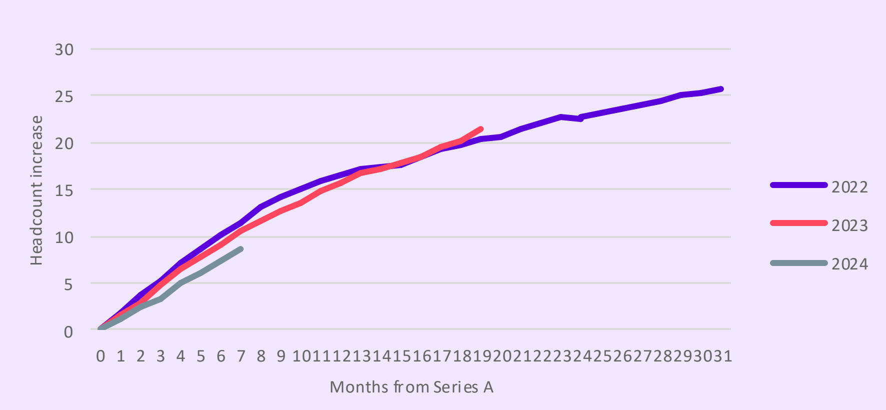


GenAI Productivity Gains May Be Slowing Startup Hiring

Hiring trends among DACH startups show a clear slowdown. Seed-stage companies that raised in 2022 added an average of 3.4 employees within seven months, compared to 2.3 in 2024, a 32% reduction. At Series A, hiring fell from an average of 11.5 in 2022 to 8.6 in 2024, a 25% drop.

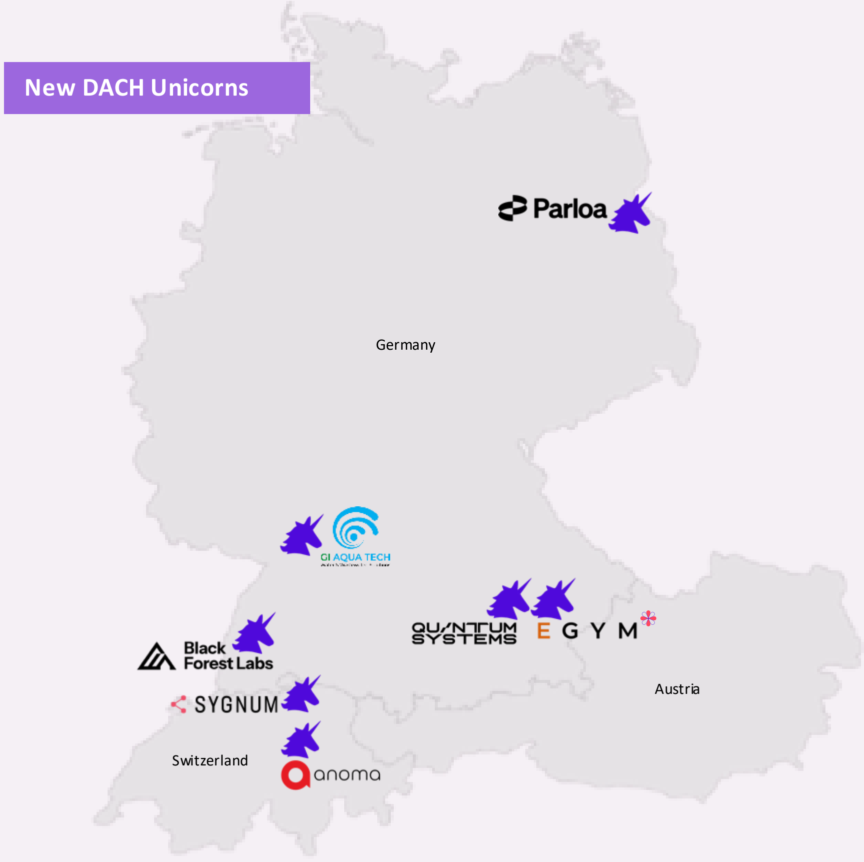
This suggests the early impact of Generative AI, which startups are likely adopting faster than the broader market. While companies continue to expand headcount after funding rounds, the pace is slower, pointing to productivity gains that may be reducing the need for larger teams.





05 Trailblazing DACH startups

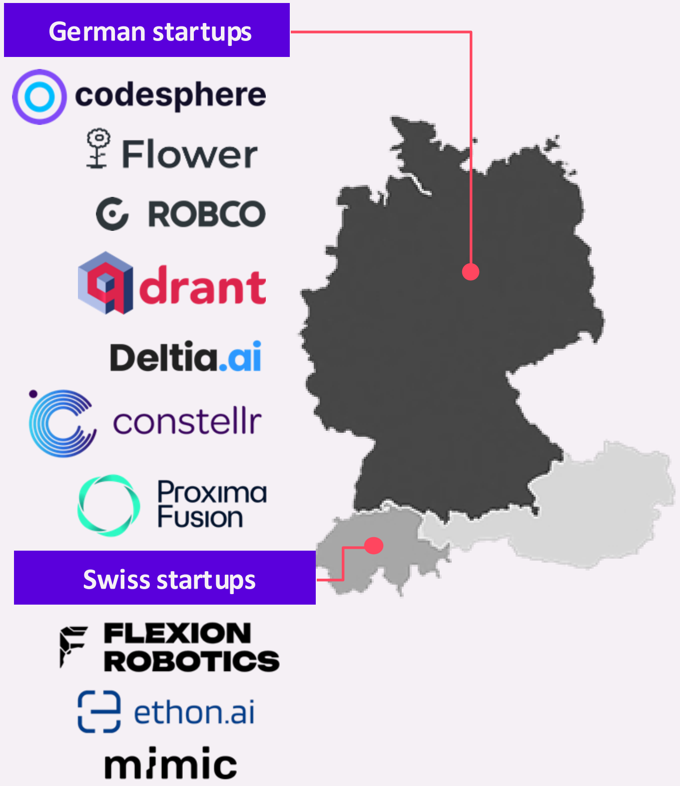
DACH Unicorn births 2025



NGP Capital portfolio company

Highest momentum DACH startups

Name	HQ City	Total Funding
Flexion Robotics	Switzerland	$ 7,680,000
Codesphere	Germany	$ 25,291,878
Flower Labs	Germany	$ 23,750,000
EthonAI	Switzerland	$ 24,670,922
RobCo	Germany	$ 56,800,000
Qdrant	Germany	$ 38,824,884
Deltia	Germany	$ 4,500,000
Constellr	Germany	$ 37,705,360
Mimic Robotics	Switzerland	$ 2,465,140
Proxima Fusion	Germany	$ 169,029,421



Momentum is based on an internal NGP Capital growth score.

06 Investors

Local VCs Still Call the Shots in DACH

Local investors dominate the DACH funding landscape. High-Tech Gründerfonds (HTGF) alone backed 65 rounds in the past year, making it by far the most active investor. HV Capital follows as the leading local late-stage VC player with 9 rounds. Across stages, other frequent local names include Bayern Capital, IBB Ventures, NRW.Bank, Earlybird, SpeedInvest, and Companisto.

By contrast, international investors play a smaller, more selective role. Seed activity is led by Antler, Plug and Play, and Y Combinator, while later-stage participation comes from General Catalyst, EQT, Partech, Motive Partners, Balderton, Sequoia, and Novo Holdings. Even Antler, the top global investor with 19 rounds, would only rank around #10 if listed alongside local peers.

Local Investor	# Rounds
High-Tech Gründerfonds	65
Bayern Kapital – Venture Capital für Bayern	38
SICTIC	37
HV Capital	33
IBB Ventures	30
Venture Kick	26
NRW.BANK – Wir fördern Ideen	23
Companisto	22
Earlybird	20
Speedinvest	18

international Investor	# Rounds
Antler	19
Plug and Play	17
Y Combinator	14
General Catalyst	12
EQT	10
Partech	9
Motive Partners	9
Balderton capital	9
Sequoia	8
novo holdings	8

Publicly announced rounds per Investor, LTM

07 Universities

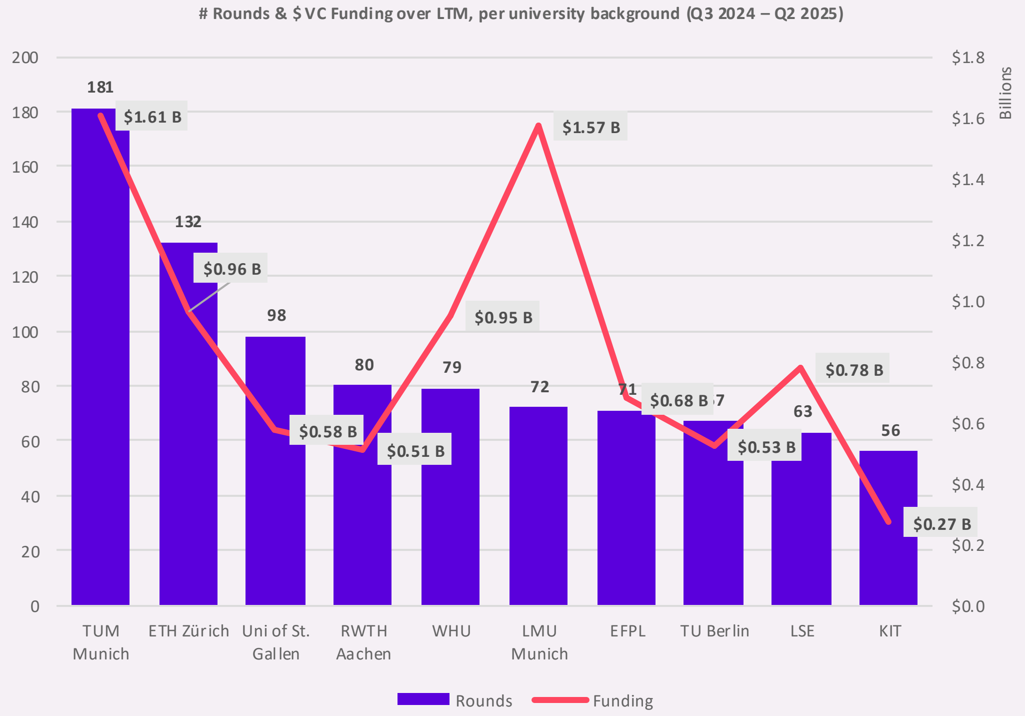
TUM and ETH Graduates Drive Startup Success in DACH

Looking at funding rounds over the last 12 months by founders' university background, familiar names dominate.

TUM Munich (181 rounds) and ETH Zürich (132 rounds) lead the list, followed by University of St. Gallen (98), RWTH Aachen (80), and WHU – Otto Beisheim School of Management (79).

Notably, the London School of Economics (63 rounds) is the only foreign university to appear in the top 10.

Overall, German institutions make up six of the top 10, while three are Swiss, once again showing how Switzerland punches above its weight relative to its size.



About NGP Capital

NGP Capital backs early-stage B2B companies from Series A onwards in Europe and the US within enterprise software, industrial technology, cybersecurity, and Edge and Data infrastructure.

Through its $400m fifth fund launched in 2022, NGP Capital invests in companies driving the convergence of the physical and digital.

Founded in 2005, NGP Capital has over $1.6B in AUM and has invested in more than 100 companies of which 19 became unicorns and 11 went on to IPO.

Some of the companies NGP has backed in the DACH region include ANYbotics, GetYourGuide, The Exploration Company, Babbel, Daedalus, Clue, and Scandit.
To learn more visit www.ngpcap.com