Funding Trends H1 2025

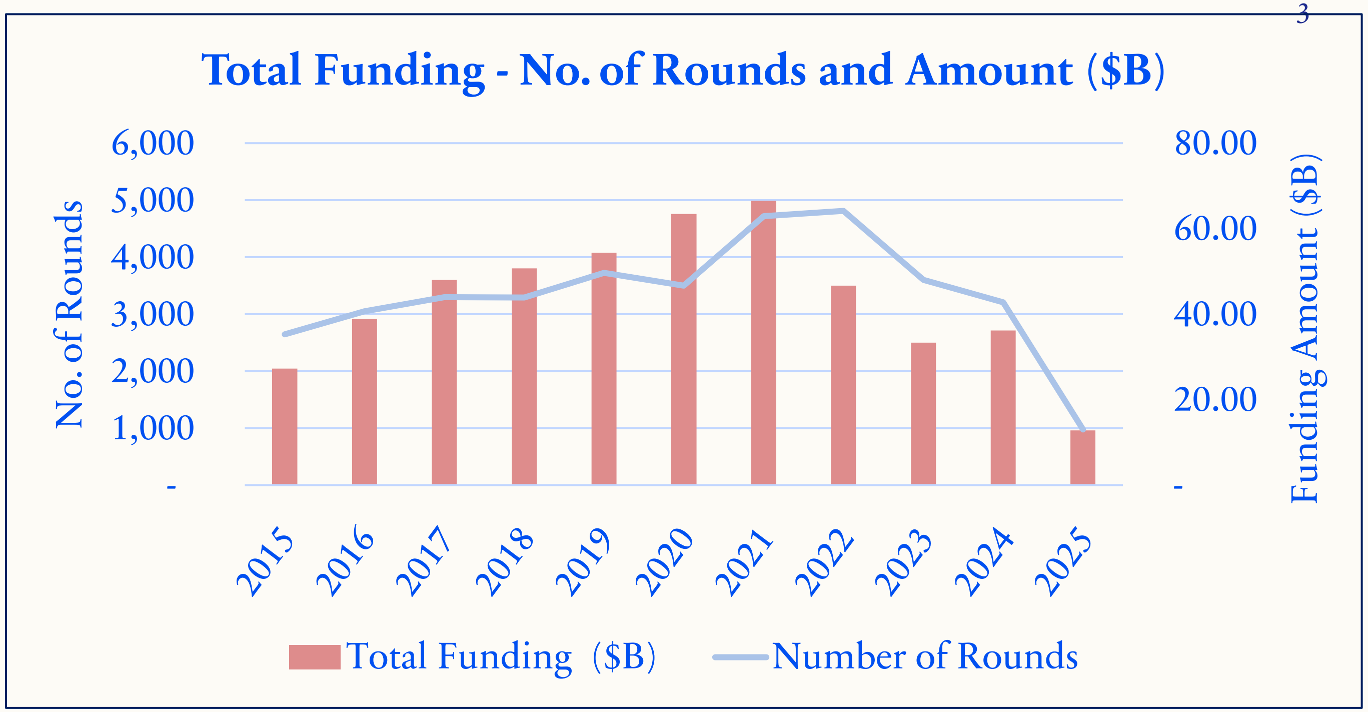
India and Europe

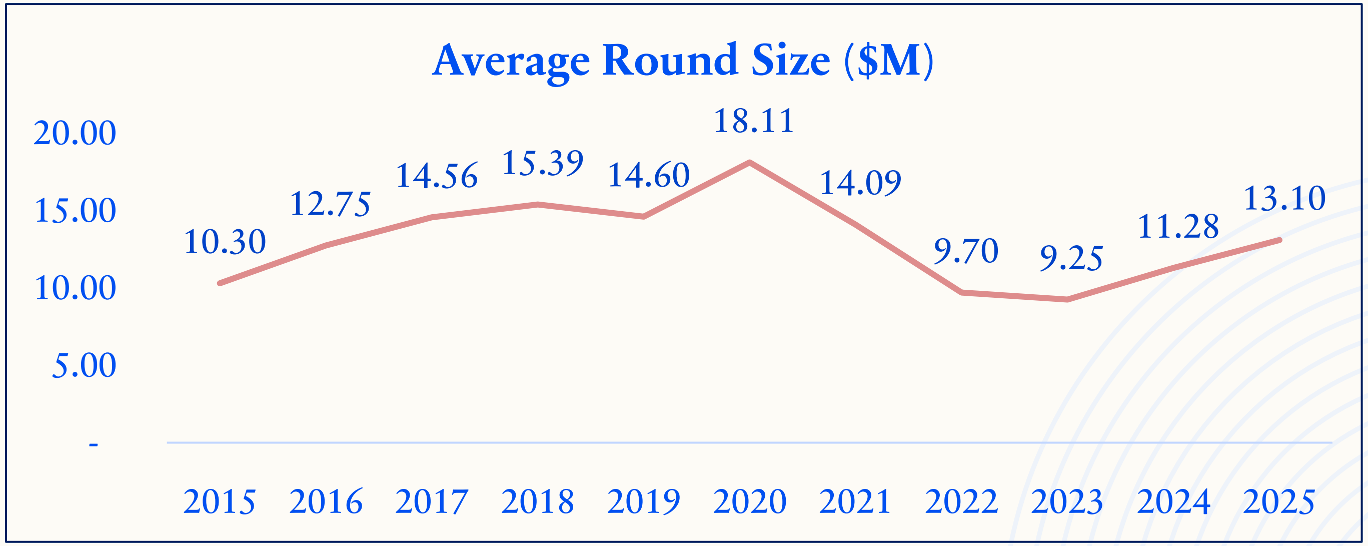
India Trends

FUNDING ROUNDS - OVERVIEW

- **Total Funding** for H1 2025 is $12.80B which 34% less than total funding in H1 2024
- The **number of rounds** has also decreased by ~50% in H1 2025 as compared to H1 2024
- However, the average round size has increased by 28% as compared to H1 2024

These trends indicate the continuation of the funding winter in 2025 with lower number of deals but with higher round amounts

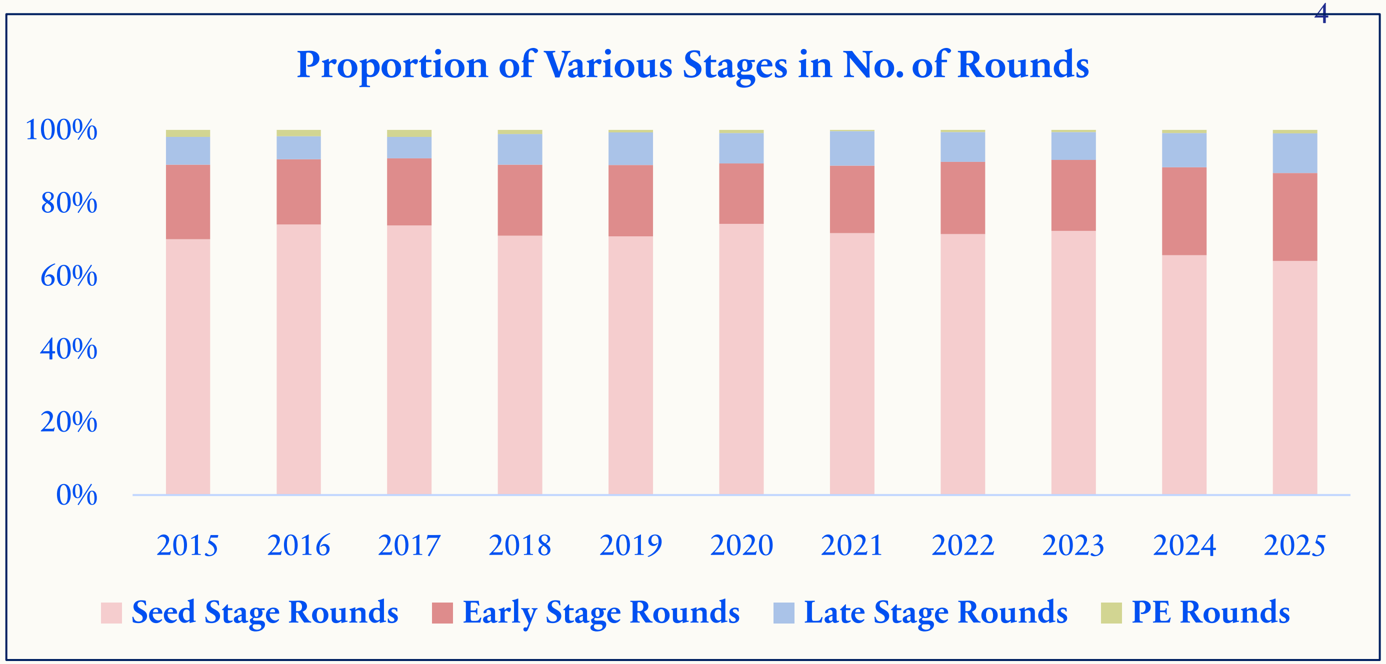


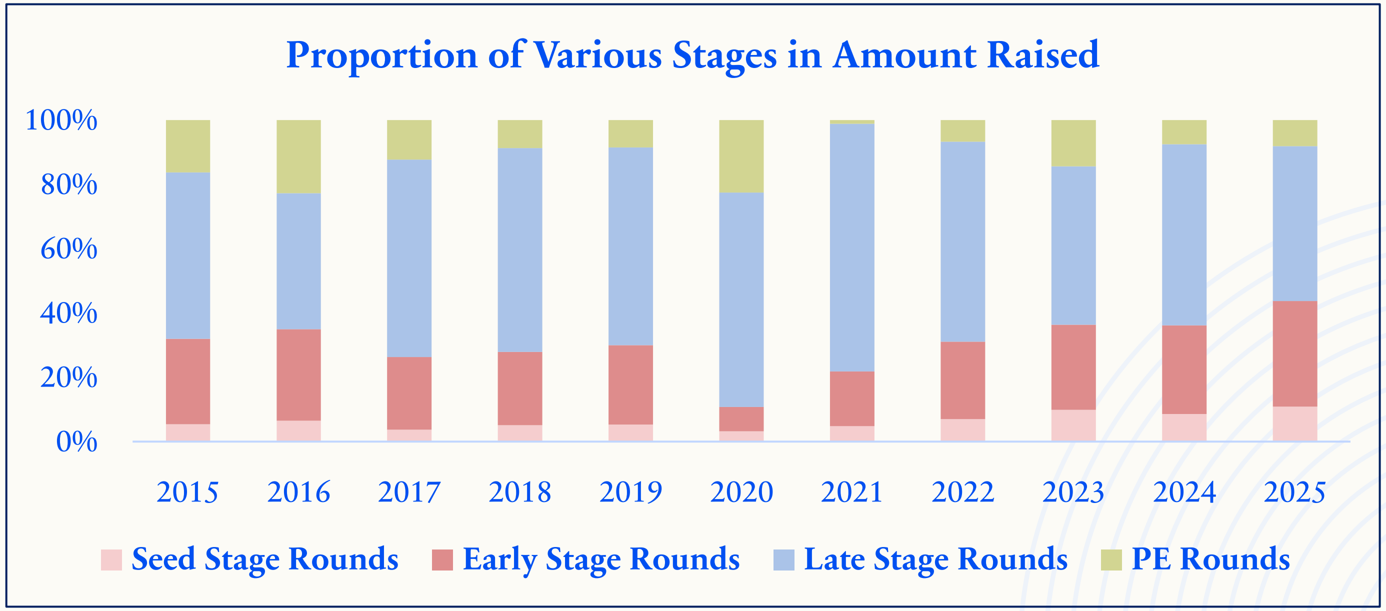


FUNDING ROUNDS - STAGE WISE REVIEW

- While the proportion of seed and early stage has reduced in the number of rounds, their proportion has increased in the amount raised implying an increase in the average round size

The average round size has increased for the seed stage from $0.93 million to $1.44 million and for early-stage deals from $8.18 million to $11.64 million

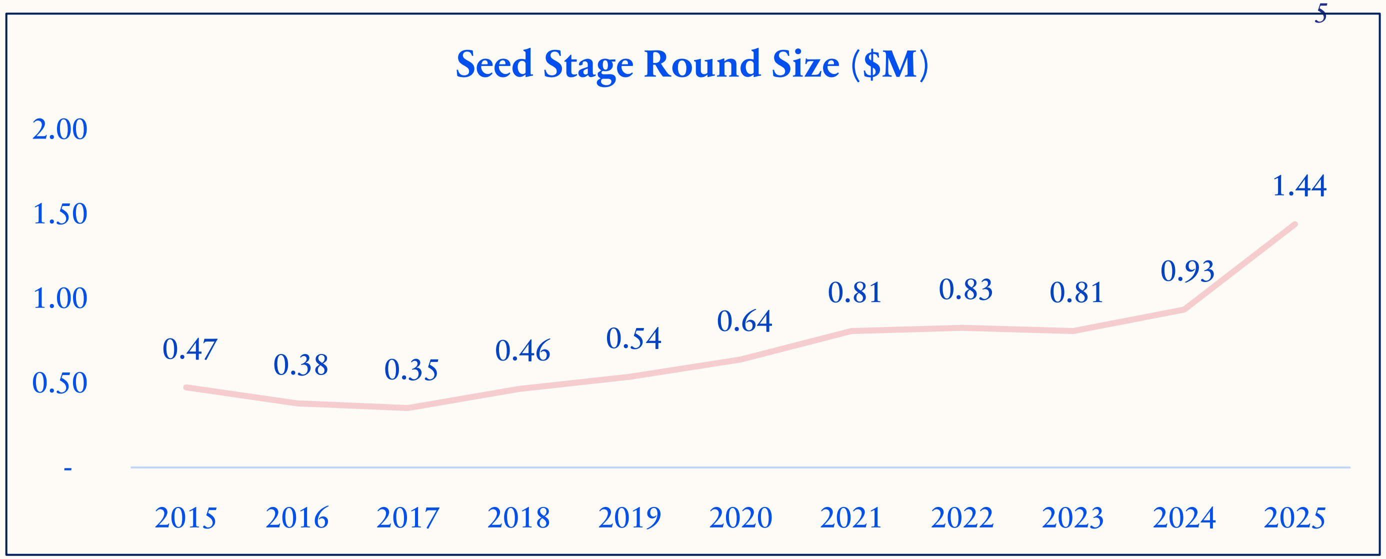


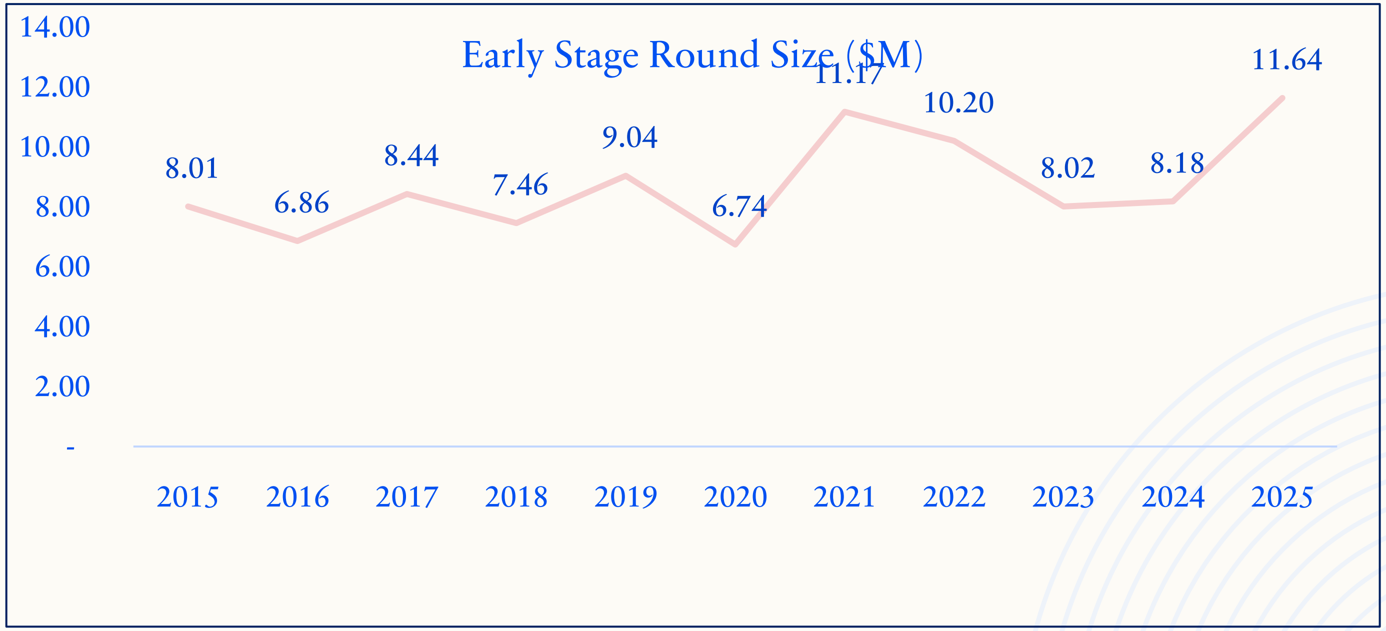


FUNDING ROUNDS - STAGE WISE REVIEW

- Clearly the **average round size** has been increasing at the **seed and early stage** of investment
- However, it is not the same case for late stage and private equity deals

Implying that investors are unwilling to bet higher amounts on late-stage companies if they are not showing financial discipline





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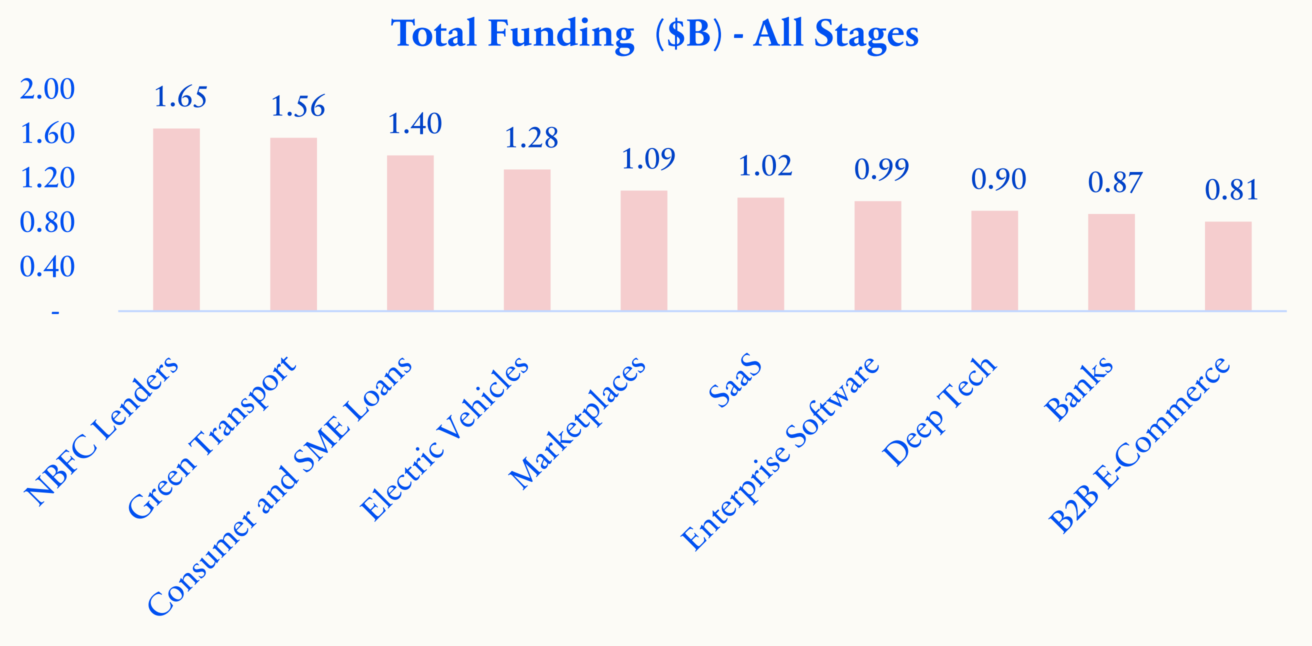
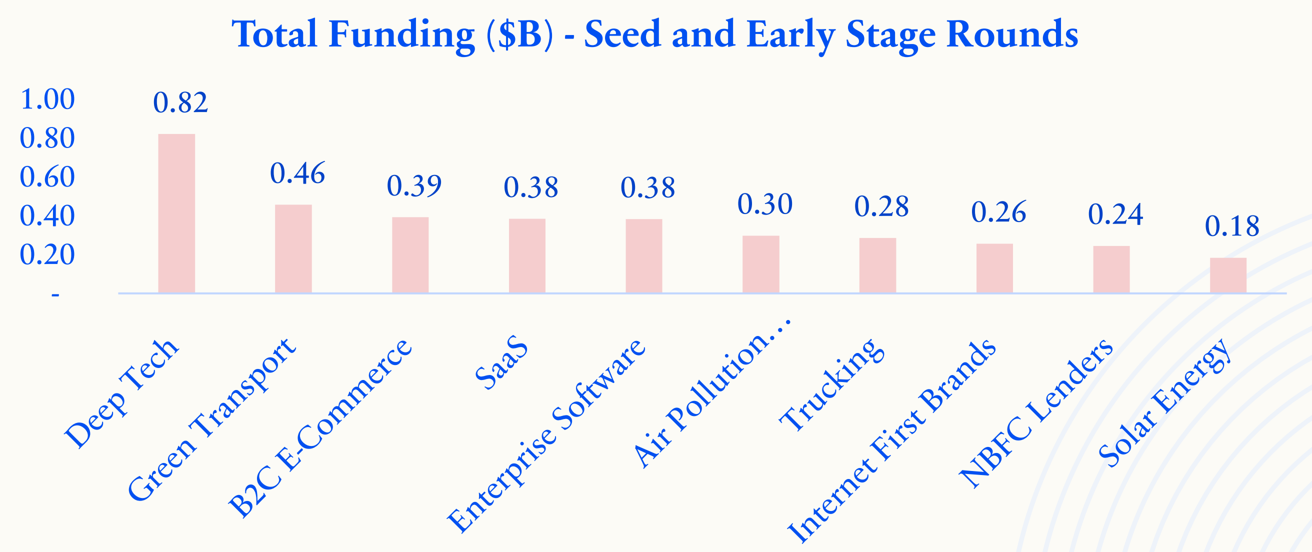
SO WHICH SECTORS AND THEMES ARE TRENDING

- Overall, the most capital is going towards **lenders and fintech companies** focusing on lending.
- This is driven by few large private equity deals in leading NBFCs
- This is followed by companies in **Green Transport and Electric Vehicles**
- However, in **seed and early stages** it is the **Deep tech, Green Transport, B2C Ecommerce and SaaS** which has got the most funding

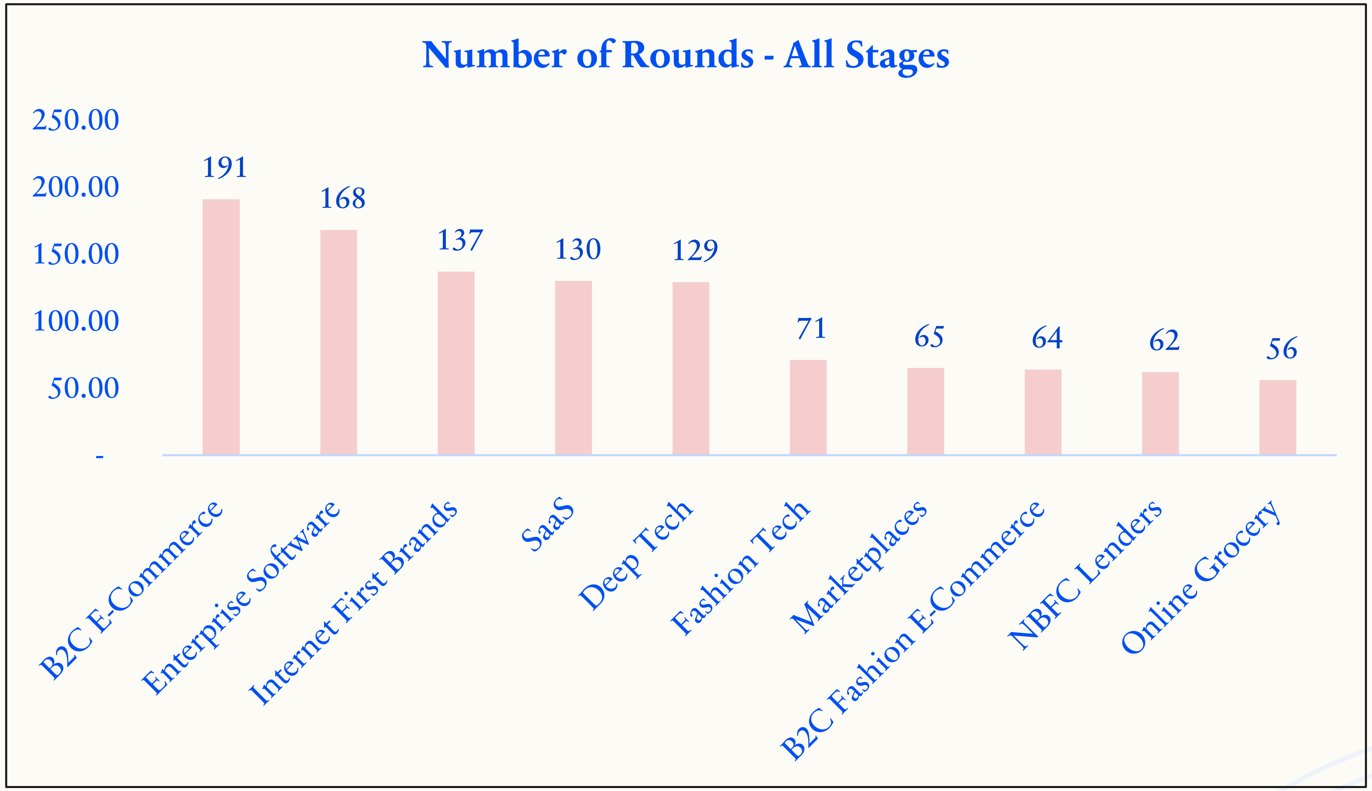




SO WHICH SECTORS AND THEMES ARE TRENDING

- In terms of number of rounds, **B2C E-Commerce** driven by fashion tech and beauty and personal care segment has done the most deals

- This is followed by **Enterprise Software SaaS and Deep Tech**



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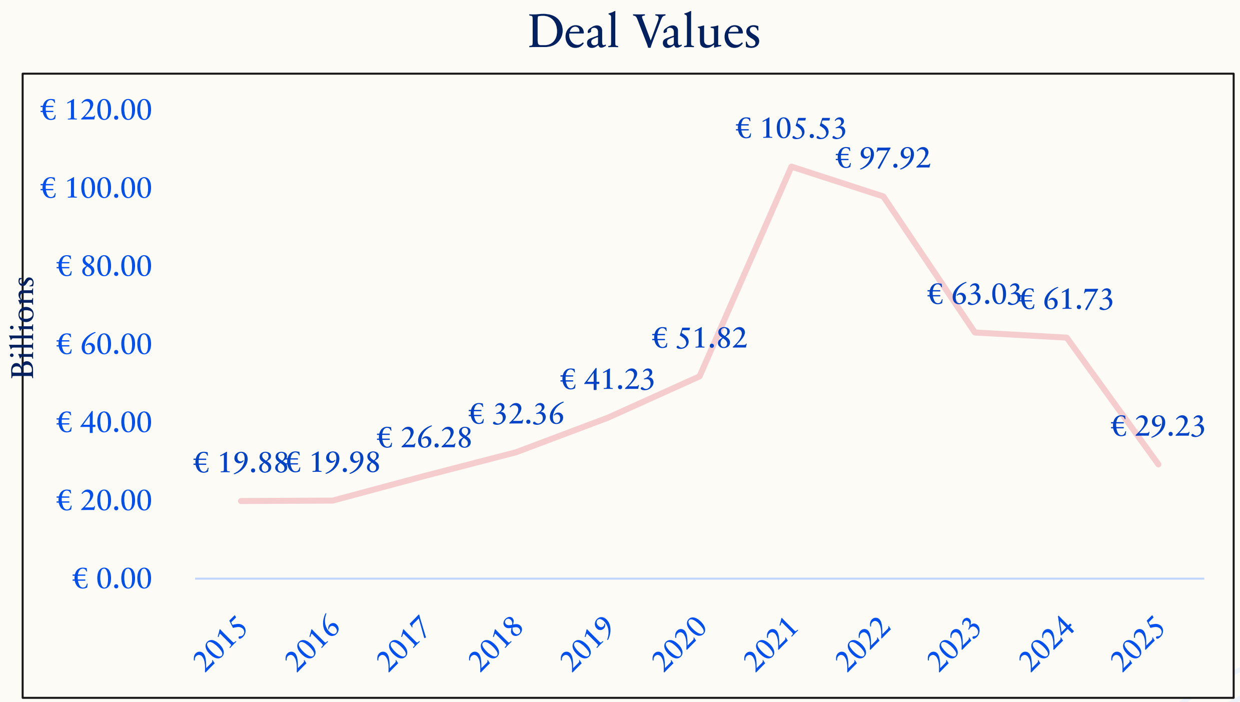
Europe Trends

EUROPE VC

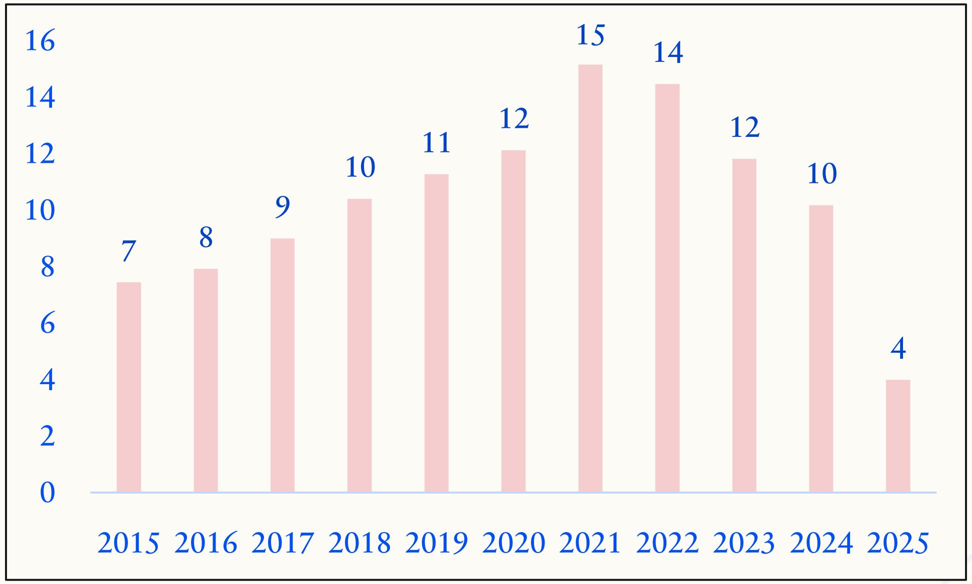
- This line graph shows deal value surged between 2020 and 2021, peaking above €100 billion, due to mega-rounds, inflated valuations, and enthusiasm around sectors like AI, fintech, and SaaS. Post-2021, deal values sharply dropped — down nearly 75% by 2025 — aligning with broader de-risking trends and revaluation of tech assets.



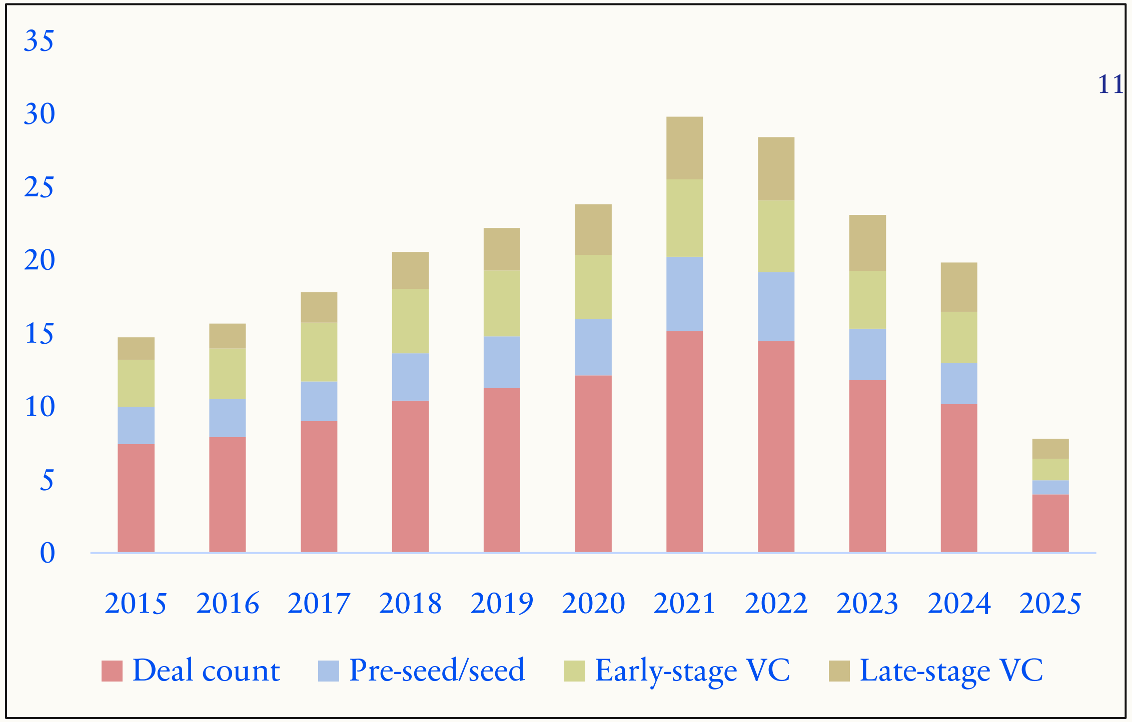
VENTURE DEAL VOLUME CONTRACTS SHARPLY AFTER 2021 PEAK

- The chart illustrates a decade-long VC cycle, with deal activity rising steadily from 2015 and peaking in 2021 at over 15,000 transactions, driven by abundant liquidity, low interest rates, and pandemic-era digital transformation. However, from 2022 onwards, deal volume began a structural correction, falling sharply through 2024 and plummeting in 2025 H1.

EU - Venture Deal Volumes



FROM BOOM TO BUST: KEY DRIVERS BEHIND STAGE-WISE EUROPEAN VC FUNDING TRENDS (2015–2025)



Pre-Seed/Seed

Incline (2015–21): Surge in accelerator/incubator programs, government grants, and angel networks lowered entry barriers.

Decline (2022–25): Risk aversion rose; seed funds prioritized follow-on rounds over new bets. Early teams found it harder to secure first checks amid macro headwinds.

Early-Stage VC

Incline: Strong series A/B appetite as promising prototypes and MVPs sought scaling capital. European tech “scale-ups” began attracting crossover and US investors.

Decline: Investors shifted to preserving cash for later-stage portfolio companies. Rising due-diligence scrutiny and down-round fears discouraged mid-stage financing.

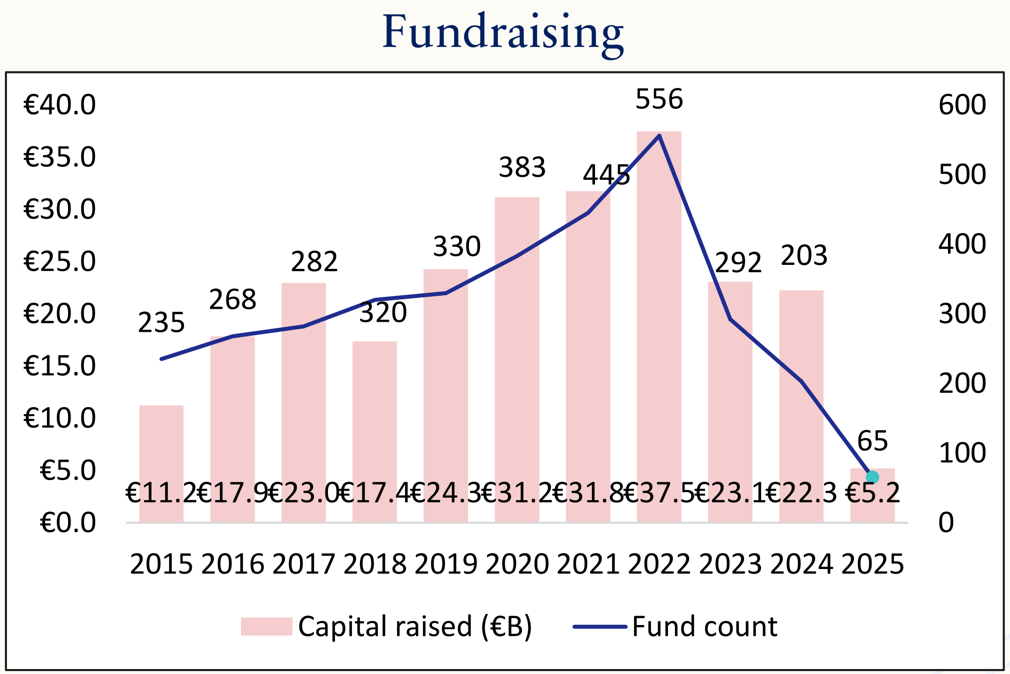
Late-Stage VC

Incline: Record mega-rounds fueled by crossover funds chasing late-stage growth and pre-IPO deals (e.g., delivery, fintech “unicorns”).

Decline: Public markets’ downturn erased IPO pathways; down-valuations and muted M&A exits made large rounds scarce, pulling back late-stage commitments.

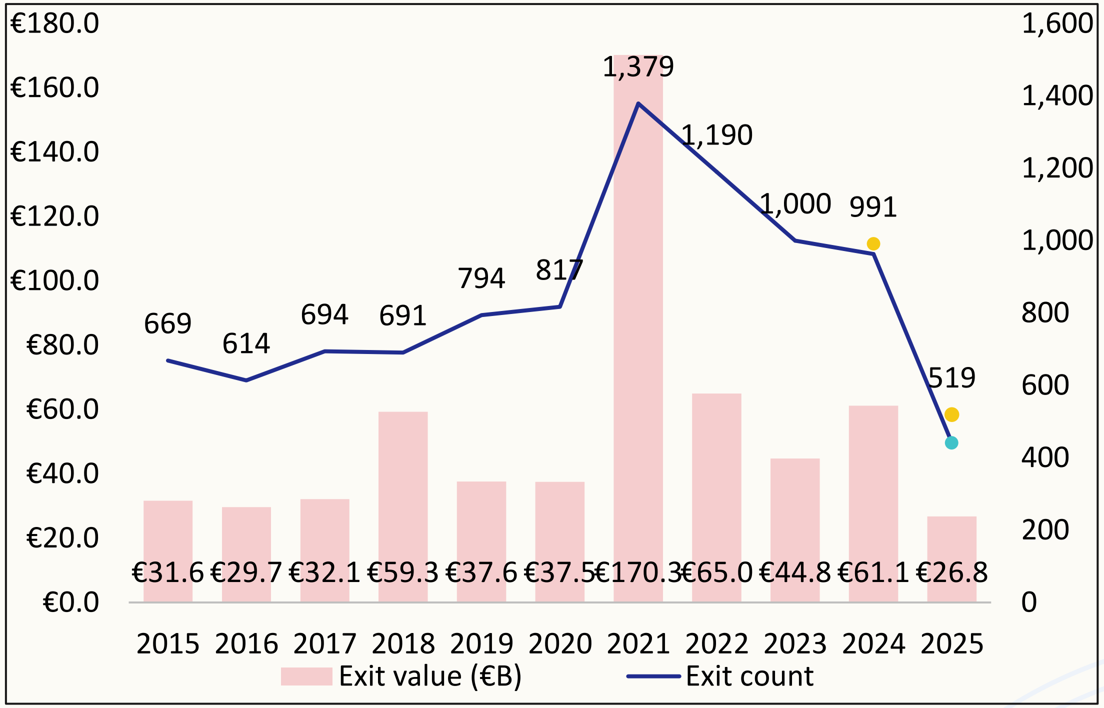
FUNDRAISING WINTER HITS HARD: CAPITAL SHRINKS, LPS CONSOLIDATE

- The sharp collapse post-2022 marks a structural shift in LP behaviour. By H1 2025, capital raised plummeted to €5.2B across only 65 funds — on pace for the lowest annual total in over 10 years. This drop reflects multiple pressures: constrained liquidity, poor exit performance, and heightened LP risk aversion.
- Median fund size is down to €50m (lowest since 2019), with emerging managers capturing 65.1% of capital YTD.
- Regional fundraising leadership shifts: DACH and Israel gain share at the expense of the UK & Ireland, marking a significant geographic shift in capital allocation.



EXIT MOMENTUM FADES: ACQUISITION SURGE & WEAK LP RETURNS DEFINE 2025 LANDSCAPE

- After several years of moderate exit value (~€30–60B), 2021 saw a massive spike to €170.3B across 1,379 exits, fuelled by frothy public markets, high valuations, and a surge of SPACs and IPOs.
- However, that momentum proved unsustainable. Since 2022, both exit **volume and value have declined sharply**, with H1 2025 recording just **€26.8B** in exits—on track for a **12.3% YoY decline** and one of the **weakest years** post-2016.
- Notably, **acquisitions now represent over 70%** of exit activity, with IPO windows largely closed in Europe. While **fintech exits** (e.g., eToro) have been resilient, the broader **exit drought is constraining LP returns,** fuelling demand for **secondary sales and structured liquidity solutions**



- Despite recent cooling, exit values still outstrip pre-2021 levels. However, fund liquidity and distributions are a growing challenge, leading to LP pressure and strategic interest in secondaries.

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Thank you