



# 1

#### Stats at a Glance

Year-to-Date ("YTD") as of Q1 2025

Unicorns
YTD

\$10B

**Total Equity Funding** 

18

3,990

**Number of Deals** 

Q1 Exit Count

385

\$2.5M

**Average Deal Size** 

Q1 Total Exit Value

\$56.2B

87

**Active Fund Count** 

7.7%

**VC 12-Month Distribution Yield\*** 

Source: PitchBook-NVCA Venture Monitor, Q1 2025

<sup>\*</sup>For US VC's as % of NAV, as of September 30, 2024

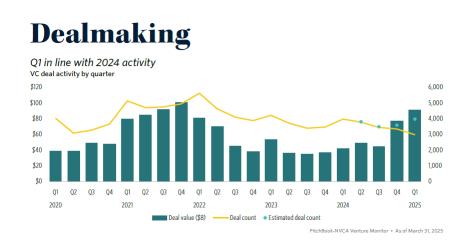
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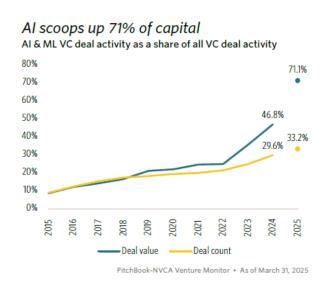
#### **Market Overview**

#### Funding, Deals, Exits

The pace of dealmaking remained sluggish in Q1 2025 as LPs continue to show caution. The VC industry continues to face significant challenges, including the lack of clarity on government tariffs and other policies, market volatility, cost containment in the tech industry, and negative consumer sentiment. There were an estimated 3,990 deals in Q1 2025, a 10.9% QoQ uptick and almost the same level as Q1 2024. The Q1 deal value of \$91.5 billion was up 18.5% from that of Q4 2024, which was the highest level since Q1 2022.

Elevated deal value from the most recent two quarters was bolstered by large AI deals that represented a significant portion of quarterly deal value. The five largest deals from Q1 were OpenAI's \$40 billion venture growth-stage financing, two rounds raised by Anthropic totaling \$4.5 billion, Infinite Reality's \$3 billion latestage VC round, and Groq's \$1.5 billion round, all of which came from the AI sector. While demand for AI remains strong, the impact of new tariffs on chip supply chains could dent VC appetite for these investments.



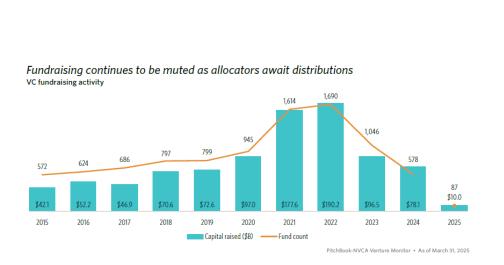


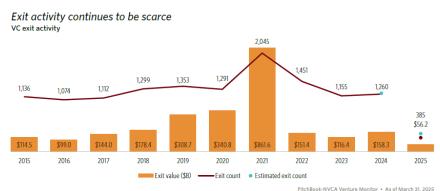
## Market Overview (cont.)

Funding, Deals, Exits

Exits hit their highest quarterly value since Q4 2021, generating \$56.2 billion across 385 exits. However, nearly 40% of Q1's value was generated through one IPO. CoreWeave, an AI cloud computing company, went public at \$39 per share and a pre-money valuation of \$21.7 billion. Only 12 companies completed public listings in Q1. Several notable startups have filed, with some like cryptocurrency exchanges and aerospace or defense companies well positioned as beneficiaries of the Trump administration's current policy aims.

The fundraising market struggled in Q1 due to the lack of liquidity over the past three years. Only \$10 billion was raised across 87 VC funds, setting apace for the lowest year of fundraising in a decade. 2024 saw a concentration of capital raised by a few managers, with the top decile of funds by size contributing over 71% of the capital raised. 2025 is yet to be buoyed by these large capital raises as only one US VC fund has reached the \$1 billion mark. While there was a promising bump in IPO filings in Q1, new tariffs have caused companies to rethink their IPO strategies or delay them until markets stabilize, meaning distribution will likely remain pressured barring a dramatic reversal of market sentiment.





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## **Regional Analysis**

## Established & Developing US Regions

Trends across the venture ecosystem in early 2025 mostly reflect a continuation of the prevailing themes seen in 2024. AI, defense tech, and digital infrastructure continue to dominate the sector narrative, while a convincing recovery in exit markets has yet to take hold. Increased macro and policy uncertainty early in the year dampened an expected acceleration in IPO activity. U.S.-China trade relations in particular will be a key policy area to watch in the coming year in addition to the broader resolution of U.S. tariff policy. President Trump's "America First Investment Policy" considers a variety of new or expanded restrictions on U.S. outbound investment to China in sensitive technologies, including semiconductors, AI, quantum, biotechnology, aerospace, and more. Key tech hubs such as the Bay Area, New York, Los Angeles, and Boston sustained their roles as primary centers of venture activity. Emerging markets maintained their parity with key hubs within the U.S., with a 51.7% / 48.3% split between established and emerging markets, respectively.

### Regional spotlight

Market moving back to coasts Q1 2025 VC deal activity by ecosystem

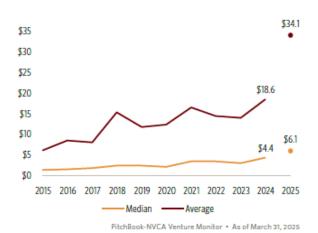


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## **Key Deal Factors by Sector**

Summary

Manufacturing
Manufacturing finding larger deal sizes
Median and average manufacturing VC deal values (\$M)



Female-Led Businesses
Outside of OpenAI, \$11.1 billion invested in female-founded companies in Q1

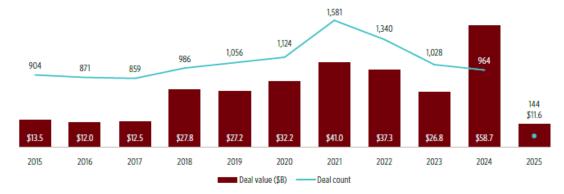
VC deal activity in companies with at least one female founder



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#### Venture Debt

#### Q1 lending sets strong pace Venture debt deal activity

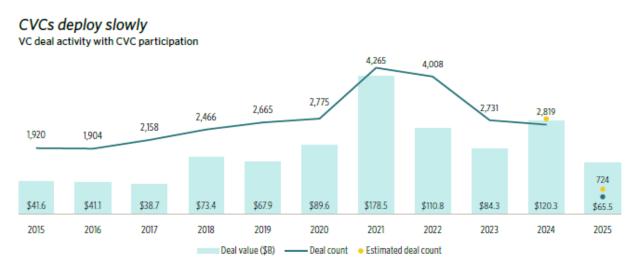


#### **Investor Trends**

## Corporate Venture Capitalists ("CVCs") Deploy Slowly

Nontraditional investors continue to represent diminished activity relative to the boom years. While crossover investors have maintained an average of around 170 deals per quarter over the past 10 periods, this represents one-third of the activity of the peak year in 2021. Crossover firms have been largely unable to exit from significant positions built up several years ago, and this group is unlikely to get more involved in the market, absent a strong revival in IPOs. Similarly, many hedge funds that added VC strategies during the boom years appear to have shifted away from the market in favor of more liquid asset classes.

In Q1, corporate investors continued to play a significant role in VC, though their participation continues to decline as a share of total deals. CVCs have increasingly focused on AI companies, representing about 41% of all CVC deals in Q1—the highest share recorded and well above the annual average of 32.3% for 2023. Moreover, large corporate deals in AI, such as those involving OpenAI and Anthropic, have contributed to a high deal value participation rate, reaching 61% in Q1. Looking forward, cost-cutting strategies adopted in response to tariff policy will be a key determinant of the rate of investment in AI.



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Houlihan Capital is a leading, employee-owned valuation, financial advisory and investment banking firm. We pride ourselves on being thought leaders in an ever-changing landscape.

Houlihan Capital is SOC-compliant, a FINRA and SIPC member and committed to the highest levels of professional ethics and standards.

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- Complex & Illiquid Securities (Level 3)
- Cryptoasset /Blockchain Valuations
  - o Locked Token Valuations
- Enterprise Valuations
- Fairness & Solvency Opinions
  - o SPAC Fairness Opinions
- Estate & Gift Valuations
- Purchase Price Allocation (ASC 805)
- Goodwill Impairment Testing (ASC 350)
- Stock-based Compensation (ASC 718, IRC 409A)

#### **Investment Banking**

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  - o Leveraged Buyouts
  - o Majority Recapitalizations
  - o Corporate Divestitures
- Corporate Financial Services
  - Financial Modeling
  - Investor Presentation
  - Valuation Analysis
  - Strategic Advisory

For questions or inquiries regarding our services, please contact:

info@houlihancapital.com