HOULIHAN CAPITAL *Value. Added.*

Valuation & Financial Advisory | Investment Banking

Industry Update

Venture Capital

Q3 2025

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1 Stats at a Glance

As of Q3 2025

Unicorns YTD
79

Q3 Exit Count
362

Q3 Total Exit Value
$74.5B

$80.9B	Total Equity Funding
4,208	Number of Deals
$1.9M	Average Deal Size
376	Active Fund Count
12.7%	VC 12-Month Distribution Yield*

*For US VC's as % of NAV, as of June 30, 2025

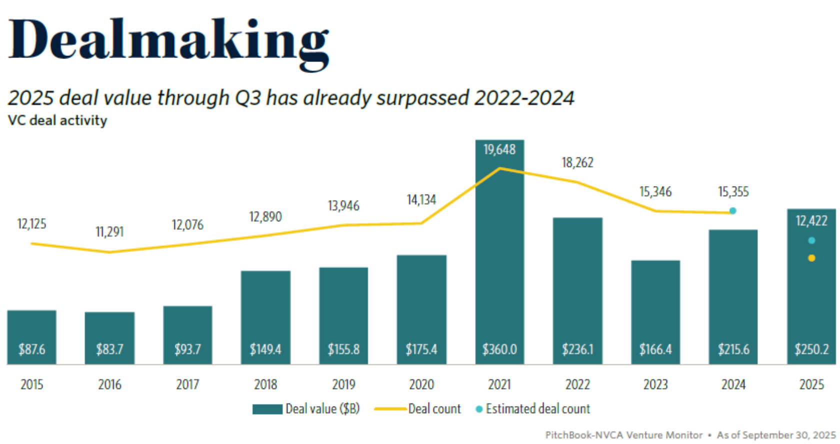
Source: PitchBook-NVCA Venture Monitor, Q3 2025

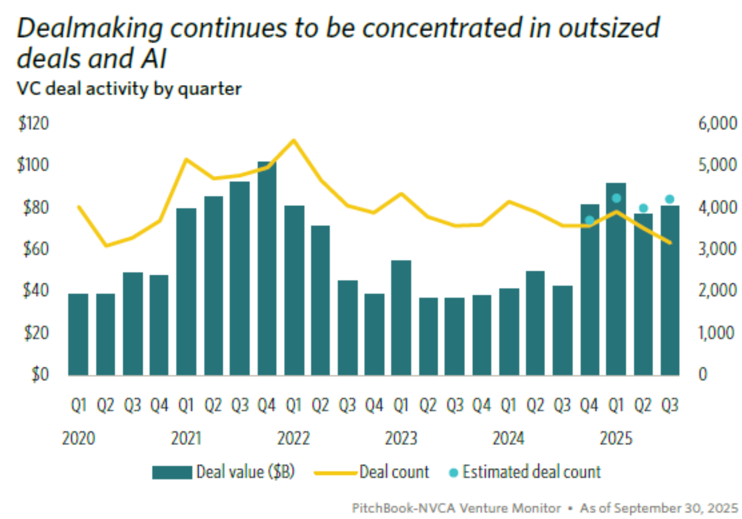
2 Market Overview

Funding, Deals, Exits

In Q3 2025, VC firms deployed $80.9 billion across an estimated 4,208 deals, representing a 4.9% quarter-over-quarter ("QoQ") increase in deal value. This quarter was defined by investor appetite for artificial intelligence and capital concentration in outsized deals, continuing the trends observed throughout 2025. AI accounted for 64.3% of venture deal value in the year to date, despite representing only 37.5% of deal count. Similarly, unicorns have dominated deal value, capturing 56.8% of dollars with just 2.7% of deal count.

Despite the strength of dealmaking in the AI space, startup founders continue to face headwinds outside of these standout industries. The share of sub-$5 million rounds fell to 50.3% of all VC deals in 2025, down from 57.0% in 2024—a decade low that illustrates how selective capital allocation has become. As AI companies experience tremendous growth in valuations over short periods of time (notably, Anthropic's $183 billion Series F valuation which tripled its Series E valuation from six months prior), so too does the pressure rise for these companies to deliver outsized returns for their investors.





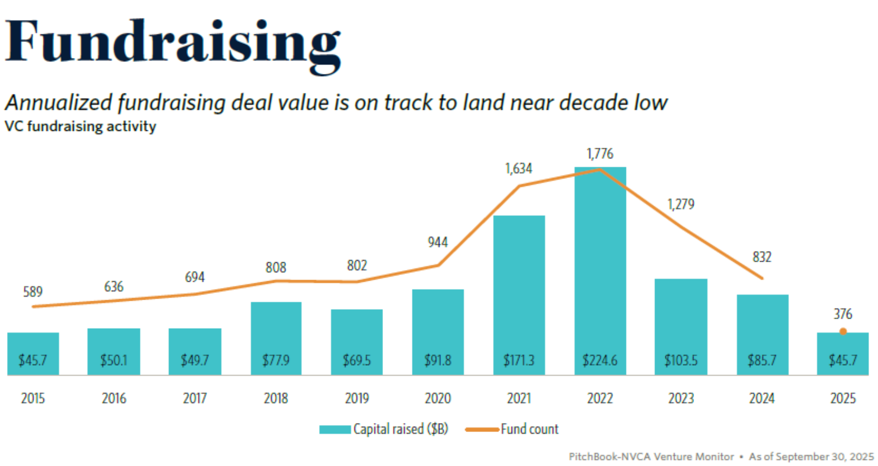
Source: PitchBook-NVCA Venture Monitor, Q3 2025

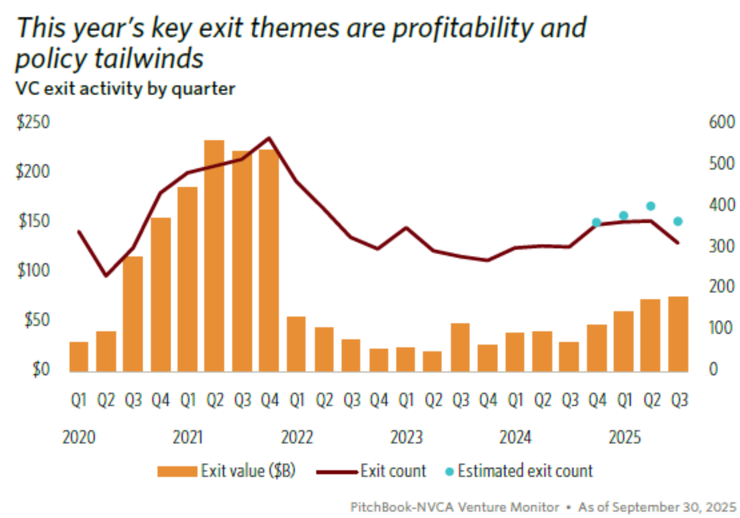
3 Market Overview (cont.)

Funding, Deals, Exits

Exit activity accelerated in Q3 2025, generating $74.5 billion across 362 exits - marking the strongest quarter since the pandemic era. Seven unicorns completed IPOs during the quarter, mirroring levels seen earlier this year. With YTD exit value already surpassing that of the past three slowdown years, optimism is growing that startups are beginning to find paths to liquidity again. Through the first three quarters, $45.7 billion was raised across 376 funds, putting the market on pace to return to pre-pandemic levels. Participation has also become increasingly concentrated. The top 10 VC funds captured 42.9% of capital, the highest share in at least a decade.

Outside of profitability, Q3's largest listings suggest a clear advantage for candidates whose businesses align with the Trump administration's policy agenda, particularly in AI, space, crypto, and national security. Companies whose missions align with federal priorities (e.g. crypto exchange Gemini, Netskope, Firefly Aerospace) have found smoother paths to public markets, but notably are trading below their closing prices observed at September 30, 2025. A key factor to consider looking ahead is duration of investor enthusiasm for these companies.





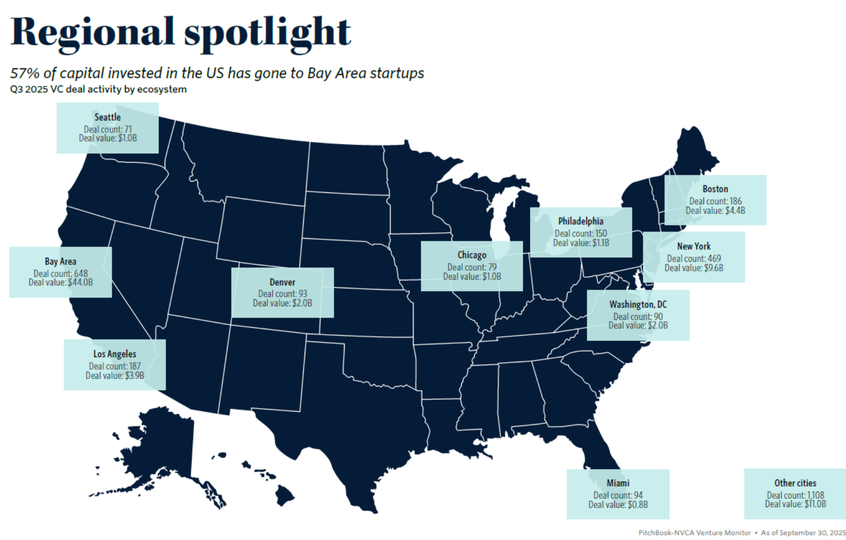
Source: PitchBook-NVCA Venture Monitor, Q3 2025

4 Regional Analysis

Established & Developing US Regions

The venture environment appears to be continuing its recovery as AI and related industries lead the market and reshape capital flows across all stages of the venture capital life cycle. Approximately 41% of all venture investment dollars went to 10 companies in the AI sector for the Q3 YTD period. U.S. macroeconomic forecasts have improved since the "Liberation Day" but remain below initial full-year outlook as higher tariffs continue to act as headwinds to growth. Estimated GDP growth of roughly 2% for full-year 2025 would be in line with long-term trend but the slowest since the pandemic. Looking ahead, the Federal Reserve will remain a key area of interest for potential investors as questions surrounding rate cuts and broader institutional independence continue to swirl.

Key tech hubs such as the Bay Area, New York, Los Angeles, and Boston sustained their roles as primary centers of venture activity, generating 73.4% of all deal value in Q3. Interestingly, while the venture deal value is concentrated in hub markets, emerging markets have achieved near-parity with hub markets in terms of deal count (50.1% / 49.9% split between hub and emerging markets, respectively).

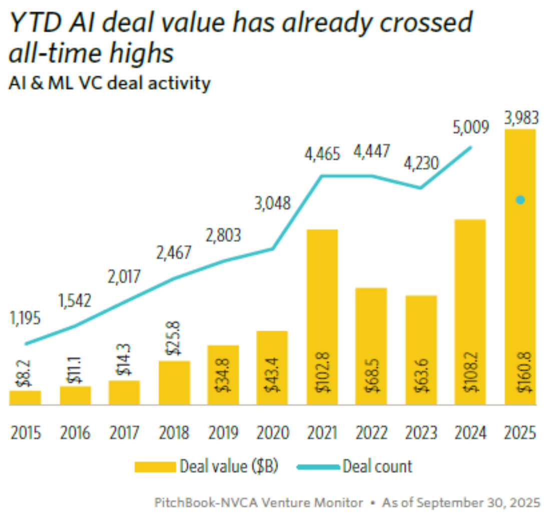


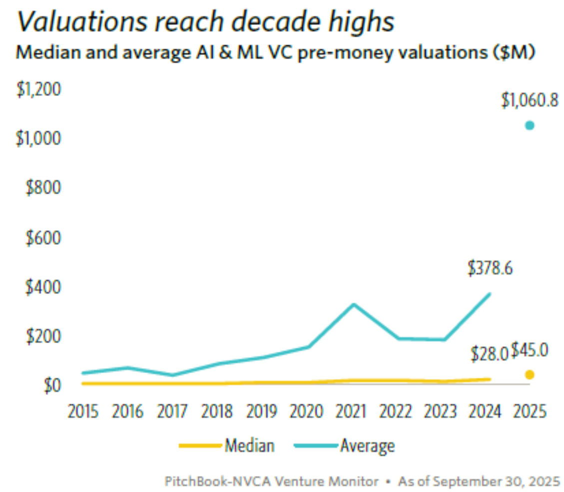
Source: PitchBook-NVCA Venture Monitor, Q3 2025

5 Key Deal Factors by Sector

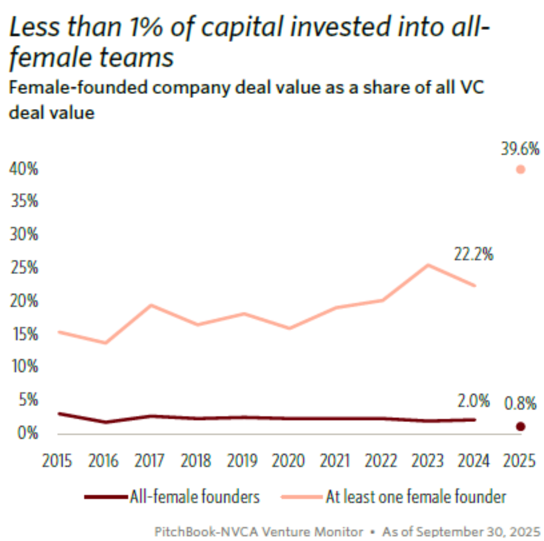
Summary

Artificial Intelligence and Machine Learning

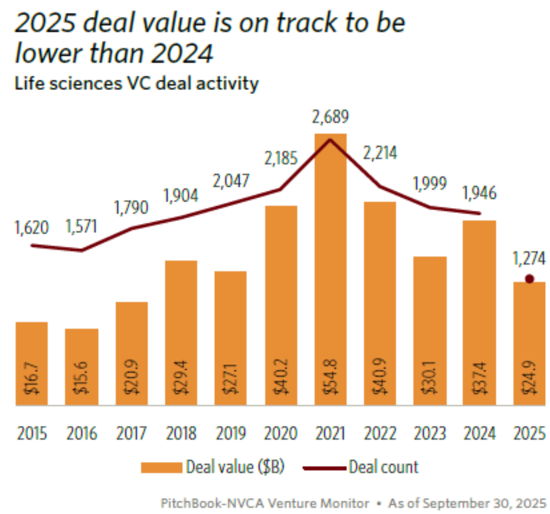




Female Founders



Life Sciences



Source: PitchBook-NVCA Venture Monitor, Q3 2025

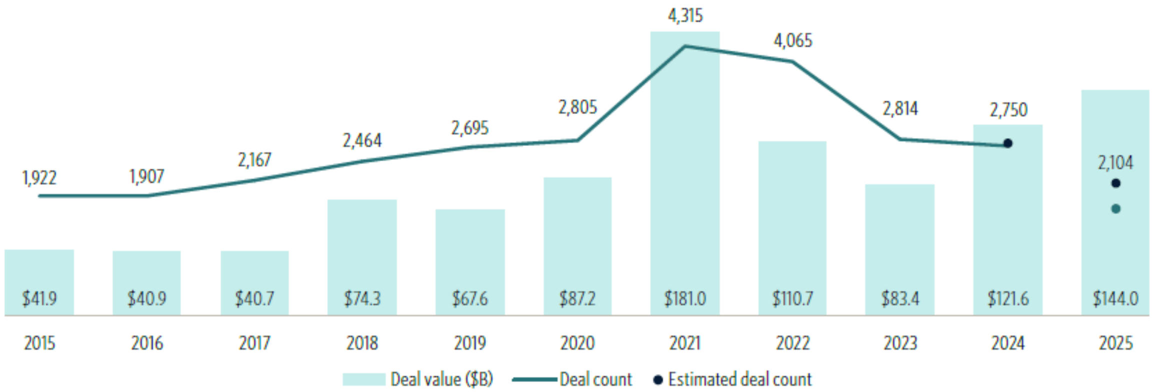
6 Investor Trends

Corporate Venture Capitalists ("CVCs") Deploy Slowly

Corporate investors are a subset of nontraditional investors - specifically asset managers, hedge funds, mutual funds, and sovereign wealth funds - that have been active in VC investment across any stage. They are referred to as crossover as these investors are likely to be participating at the late stages directly prior to an exit. Q3 2025 saw a continuing decline in CVC participation in the venture sector. The number of venture deals with participating from CVCs has steadily declined from 658 in Q1 2025 to 473 in Q3, the lowest level of participation since 2016. This trend mirrors a broader decline in CVC participation in venture deals, with the overall count for 2025 representing a 60.4% decline from the peak in 2021.

CVC activity pacing roughly flat to 2024

VC deal activity with CVC participation



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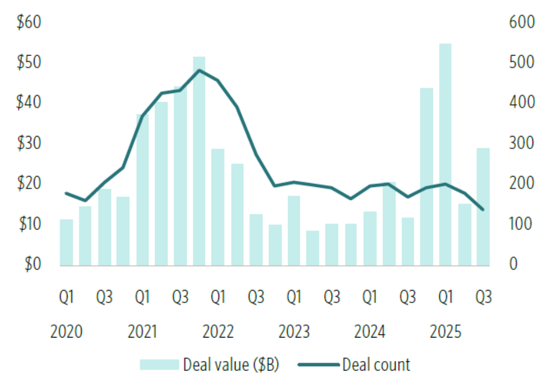
Crossovers activity falls despite spate of megadeals in VC

VC deal activity with crossover investor participation by quarter



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Source: PitchBook-NVCA Venture Monitor, Q3 2025

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Houlihan Capital

About Us

Houlihan Capital is a leading, solutions-driven 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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    - Locked Token Valuations
- **Enterprise Valuations**
- **Fairness & Solvency Opinions**
    - SPAC Fairness Opinions
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- **Goodwill Impairment Testing (ASC 350)**
- **Stock-based Compensation (ASC 718, IRC 409A)**

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For questions or inquiries regarding our services, please contact:

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