



Valuation & Financial Advisory | Investment Banking

**INDUSTRY UPDATE
VENTURE CAPITAL
Q4 2025**

1

Stats at a Glance

As of Q4 2025

Unicorns YTD
124

Q4 Exit Count
422

Q4 Total Exit Value
\$93.6B

\$91.6B	Total Equity Funding
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3,379	Number of Deals
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\$27.1M	Average Deal Size
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537	Active Fund Count
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11.2%	VC 12-Month Distribution Yield*
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Source: PitchBook-NVCA Venture Monitor, Q4 2025

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

2

Market Overview

Funding, Deals, Exits

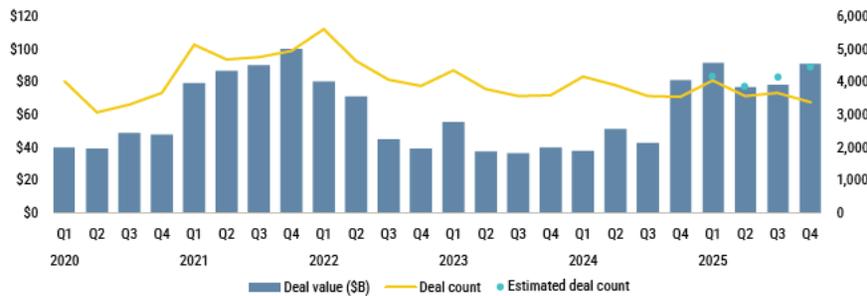
In Q4 2025, \$91.6 billion was deployed across an estimated 4,482 VC deals, representing a 13.2% quarter-over-quarter (“QoQ”) increase in deal value. Dealmaking in Q4 outpaced Q2 and Q3 and showed continuing recovery in quarterly deal value since the COVID-19 pandemic. AI captured a disproportionate amount of 2025’s capital, capturing 65.4% of the annual deal value while representing 39.4% of the annual deal count. 11 AI-related rounds reached or exceeded \$1.0 billion, and the eight largest deals were in the AI sector. The top 11 deals totaled \$37.4 billion, representing ~41% of quarterly deal value and underscoring the market’s continued concentration in a small set of high-profile raises.

The broader U.S. economy appears to have weathered the shifting policy landscape of 2025, with the GDP growing ~2.0% YoY. IPO and M&A activity have increased within the AI sector as venture capital deployment continues to rebound to its 2021 high. However, follow-on rounds continue to decline, fundraising cycles are lengthening, and despite the gains in AI overall deal count remains ~30% below its 2021 record.

Dealmaking

Quarterly deal value exceeds pre-pandemic levels

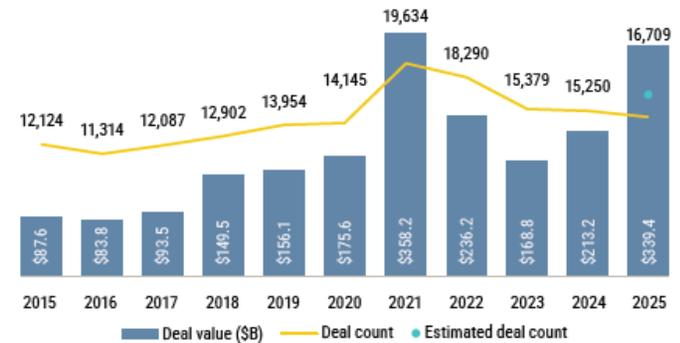
VC deal activity by quarter



PitchBook-NVCA Venture Monitor • As of December 31, 2025

Deal value is second highest in a decade, after only 2021

VC deal activity



PitchBook-NVCA Venture Monitor • As of December 31, 2025

Source: PitchBook-NVCA Venture Monitor, Q4 2025

3 Market Overview (cont.)

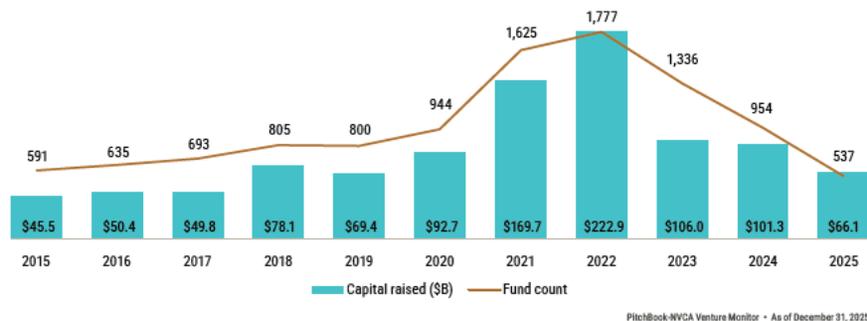
Funding, Deals, Exits

Exit activity improved in 2025 but failed to return to pre-pandemic levels in terms of exit value. \$297.6 billion was generated across ~1,635 exits, with 17 unicorns going public. The total IPO count came to 48 listings, holding to the post-pandemic trend, with the largest listings occurring in those sectors that align with the Trump administration’s policy priorities – AI, space, crypto, fintech, and national security. By year-end, most of the major IPOs traded well below their first-day closing price, reflecting a larger constraint on exit momentum as tariff negotiations, government funding showdowns, and a volatile public market make pricing and timing especially uncertain.

Outsized first financings are becoming increasingly prominent as investor confidence drives capital into financings efforts before financial metrics can mature. Looking ahead, stabilizing valuations, continuing interest rate cuts, and investor appetite represent the groundwork for a continued recovery in 2026.

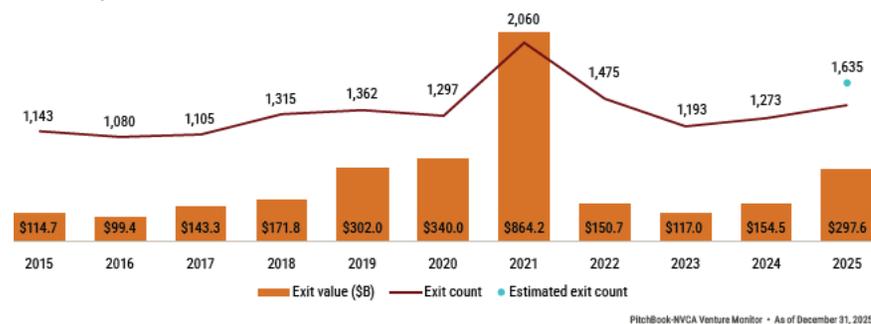
Fundraising and performance

Fewest funds close in a decade
VC fundraising activity



Exits

2025 had the fourth-highest exit value of the past decade
VC exit activity



Source: PitchBook-NVCA Venture Monitor, Q4 2025

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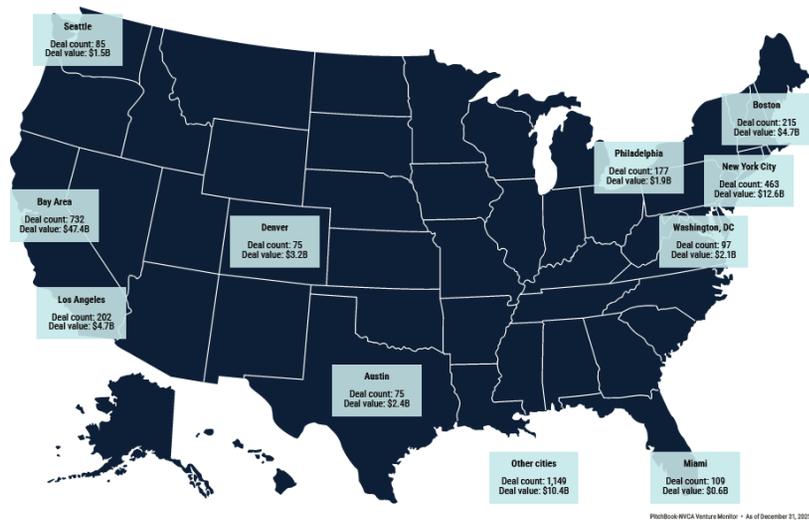
Regional Analysis

Established & Developing US Regions

Geographic concentration in deal activity also intensified in 2025. From 2022 to 2025, the West Coast’s share of US VC deal value rose from 48.6% to 64.5%, while its share of deal count remained relatively stable. Key tech hubs such as the Bay Area, New York, Los Angeles, and Boston sustained their roles as primary centers of venture activity, generating 74.1% of all deal value in Q4. Notably, while the venture deal value is concentrated in hub markets, emerging markets have achieved a slight advantage with hub markets in terms of deal count (49.5% / 50.5% split between hub and emerging markets, respectively).

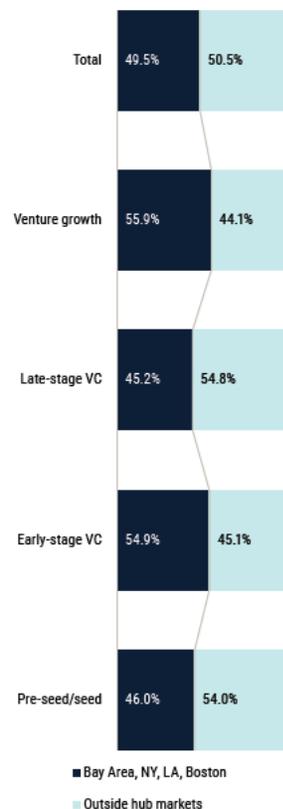
Regional spotlight

Bay Area and New York account for only 36.7% of deal count but 64.2% of deal value
Q4 2025 VC deal activity by ecosystem



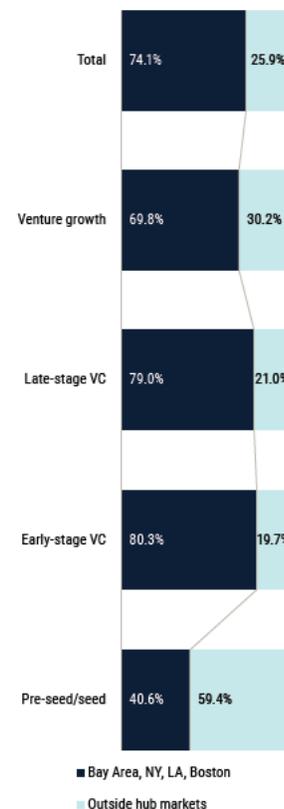
Hubs driving early-stage market

Share of VC deal count by market breakout



No surprise where deal value is centered

Share of VC deal value by market breakout



Source: PitchBook-NVCA Venture Monitor, Q4 2025

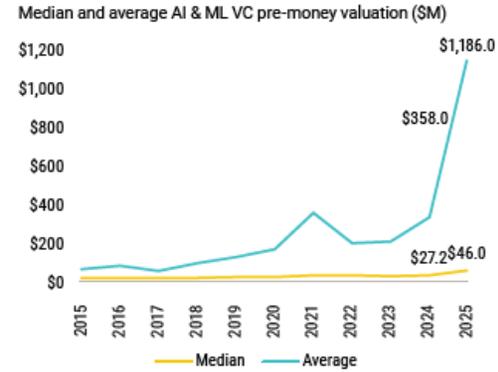
Artificial Intelligence and Machine Learning

New record deal activity in AI
AI & ML VC deal activity



PitchBook-NVCA Venture Monitor • As of December 31, 2025

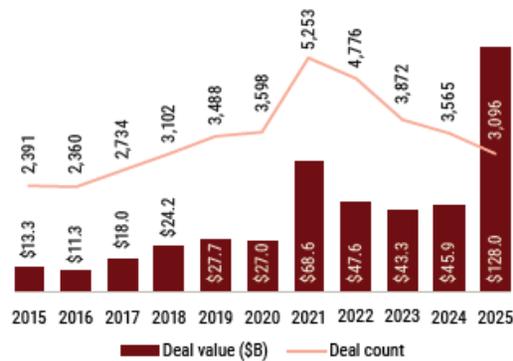
Valuations showing market hype



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Female Founders

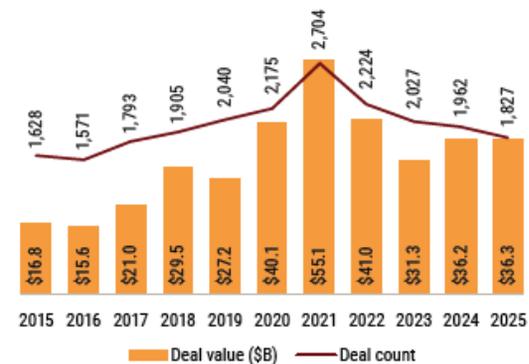
Deal count falls back to pre-2018 levels
VC deal activity in companies with at least one female founder



PitchBook-NVCA Venture Monitor • As of December 31, 2025

Life Sciences

Deal activity points toward headwinds
Life sciences VC deal activity



PitchBook-NVCA Venture Monitor • As of December 31, 2025

Source: PitchBook-NVCA Venture Monitor, Q4 2025

6

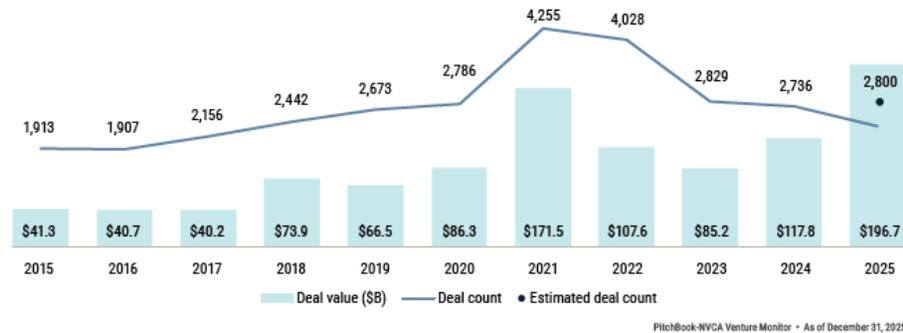
Investor Trends

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. Corporate VC firms (“CVCs”) have also played a meaningful role, with many of them drawing on capital from their corporate parents to participate in large AI rounds. In 2025, VC deals with CVC participation totaled ~\$196.7 billion, or the highest level of the past decade. However, CVC participation was nearly half of its 2021 level, indicating CVCs’ particular focus on funding and partnering with AI-related startups.

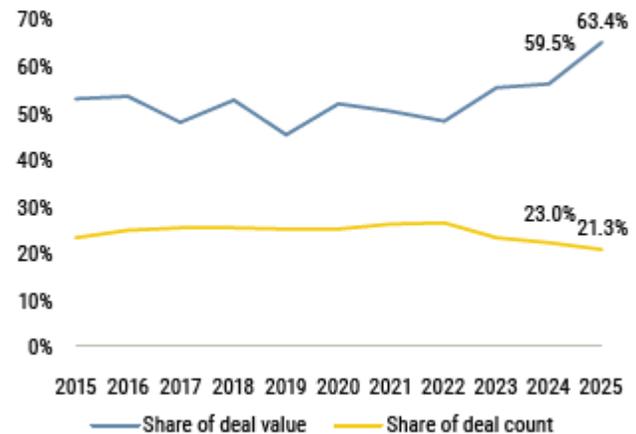
Investor trends

CVC deal count similar to 2024 and 2023 levels
VC deal activity with CVC investor participation



Only a fifth of deals include a CVC investor

Deal activity with CVC investor participation as a share of all VC deal activity



Source: PitchBook-NVCA Venture Monitor, Q4 2025

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 - Locked Token Valuations
- **Enterprise Valuations**
- **Fairness & Solvency Opinions**
 - SPAC Fairness Opinions
- **Estate & Gift Valuations**
- **Purchase Price Allocation (ASC 805)**
- **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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