HOULIHAN CAPITAL *Value. Added.*

Valuation & Financial Advisory | Investment Banking

Industry Update

Venture Capital

Q4 2024

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1 Stats at a Glance

Year-to-Date ("YTD") as of Q4 2024

Unicorns YTD
68

Q4 Exit Count
356

Q4 Total Exit Value
$37B

$209B	Total Equity Funding
15,260	Number of Deals
$13.7M	Average Deal Size
508	Active Fund Count
6.5%	VC 12-Month Distribution Yield*

*For US VC's as % of NAV, as of June 30, 2024

Source: PitchBook-NVCA Venture Monitor, Q4 2024

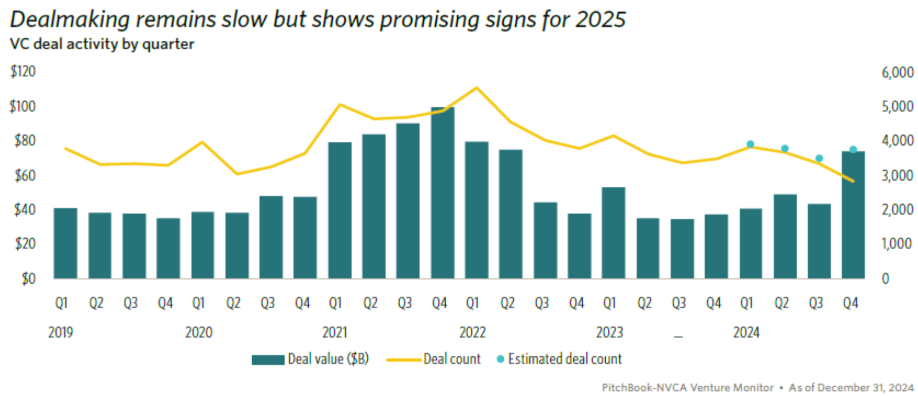
2 Market Overview

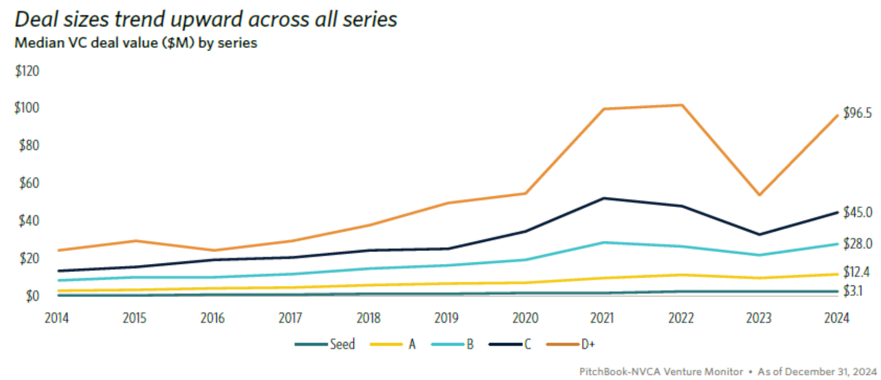
Funding, Deals, Exits

The pace of dealmaking was remarkably slower in 2024 compared with the flurry of oversubscribed rounds from the pandemic years. On the bright side, venture activity is showing promising signs of recovery, fostering renewed optimism for 2025. 2024's deal value crossed $209 billion across 15,260 deals. Both figures surpass pre-pandemic and 2023 totals but are still far from zero-interest-rate-policy ("ZIRP")-era highs.

Out of the $74.6 billion in deal value generated in Q4 2024, 43.2% can be attributed to the five largest deals: Databricks, OpenAI, xAI, Waymo, and Anthropic. When broadening the scope to deals $500 million or greater, 15 companies raised 54.4% of Q4's deal value, further demonstrating how concentrated venture has become considering that nearly 4,000 deals closed in the quarter. The influence of outsized deals can also be observed by comparing median and average deal sizes. Using venture growth as an example, the 2024 average deal size was $84.4 million, which is 7.7x the median deal size of $11 million.

Dealmaking





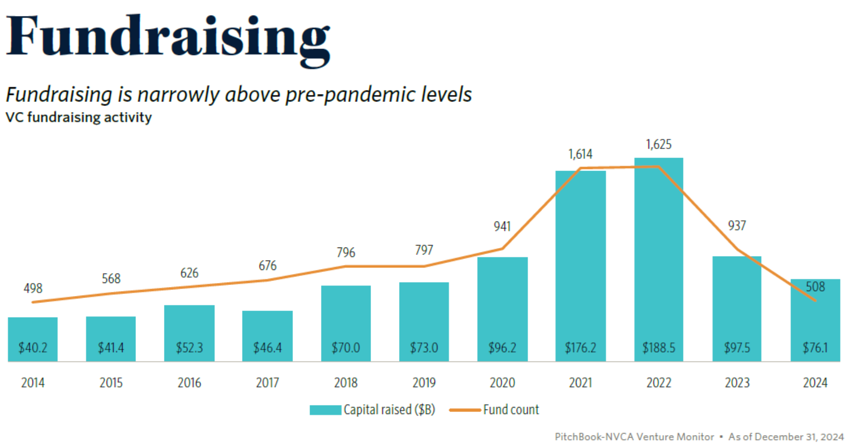
Source: PitchBook-NVCA Venture Monitor, Q4 2024

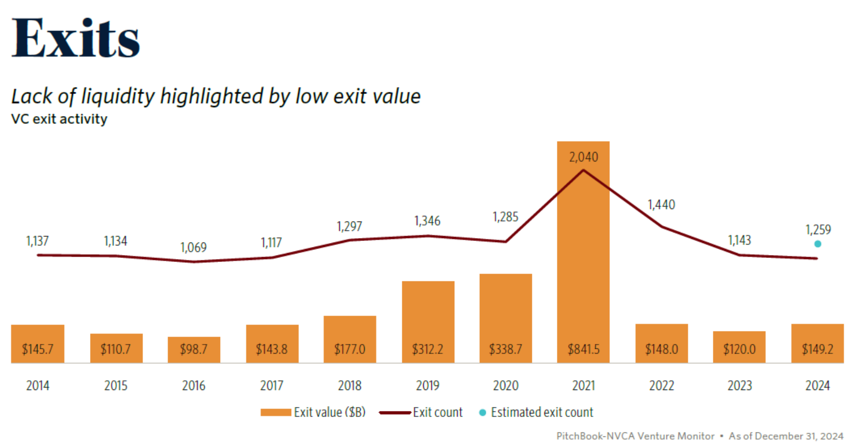
3 Market Overview (cont.)

Funding, Deals, Exits

Fundraising was slow in 2024, with $76.1 billion raised across 508 VC funds. Though the total capital raised in 2024 was above pre-pandemic levels, fund counts were at decade lows and were merely 31.3% of 2022 highs. Fundraising activity was increasingly concentrated among a handful of large, brand-name managers. As a result, only 20 firms captured 60% of the total capital raised in 2024, with Andreessen Horowitz leading the pack by singlehandedly bringing in nearly 10% of the annual fundraising figure. Established firms raised 79.4% of the total capital raised in 2024, which is the highest concentration in the last decade.

2024 recorded an estimated total of 1,259 exit events with an aggregate value of $149.2 billion. The exit count in 2024 eclipsed that of the prior year by 10%, while total exit value reflected a 24.3% YoY uptick. 2024 had 21 exits at or above the $1 billion threshold, totaling $62.3 billion. Q4 finished 2024 with $37 billion generated across an estimated total of 356 exit events. The quarterly exit value and count both exceed those of Q3. The largest exits—public listings and acquisitions— tended to concentrate in healthcare and information technology. AI dominated the second-, fourth-, and sixth-largest exits by size (Tempus AI, Astera Labs, and Pony.ai, respectively) during the year, reflecting the market consensus that AI is a fundamentally disruptive technology set to boost productivity and bring about innovative solutions.



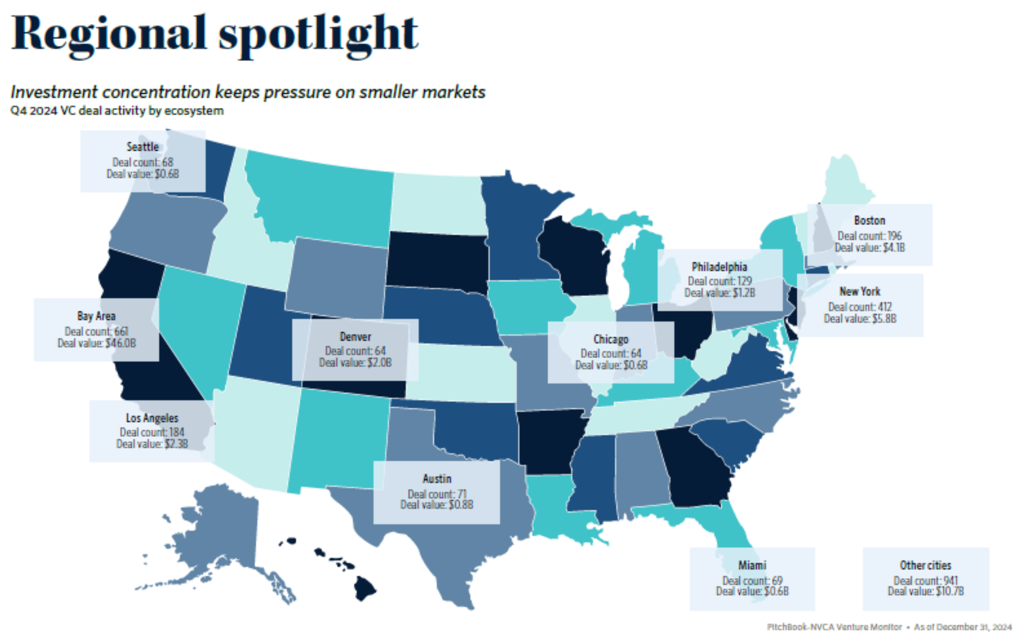


Source: PitchBook-NVCA Venture Monitor, Q4 2024

4 Regional Analysis

Established & Developing US Regions

The United States continued to lead the global venture capital market in Q4 2024, with 356 deals totaling $37.0 billion across all sectors. AI dominated the narrative in 2024 and likely will continue doing so in 2025 as the number of unique investors in this sector has remained steadily above pre-pandemic levels. The increase in outsized deals was the primary driver of 2024's deal value, so venture's recovery was heavily skewed toward the top performers and AI companies. 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 key hubs within the U.S., with a 52.5% / 47.5% split between established and emerging markets, respectively. However, on a dollar basis, nearly 80% of funding went into hub cities as AI development pushes deal value into established technology hubs. Investors were driven by their fear of missing out on the next technology wave, so AI startups inflated total venture dealmaking figures because they had been relatively insulated from the dealmaking struggles that other startups faced.

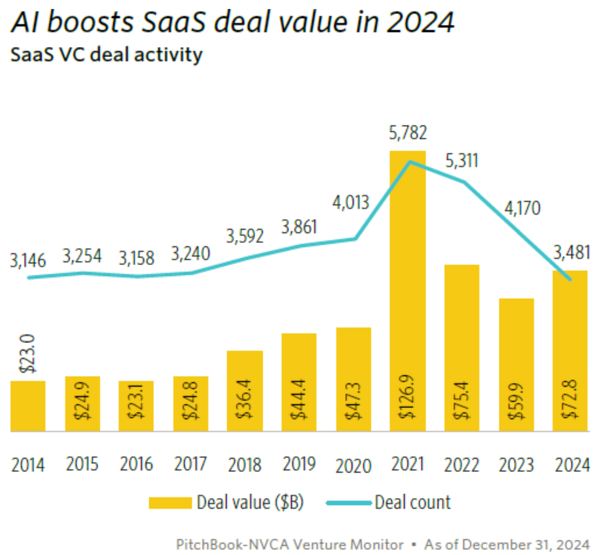


Source: PitchBook-NVCA Venture Monitor, Q4 2024

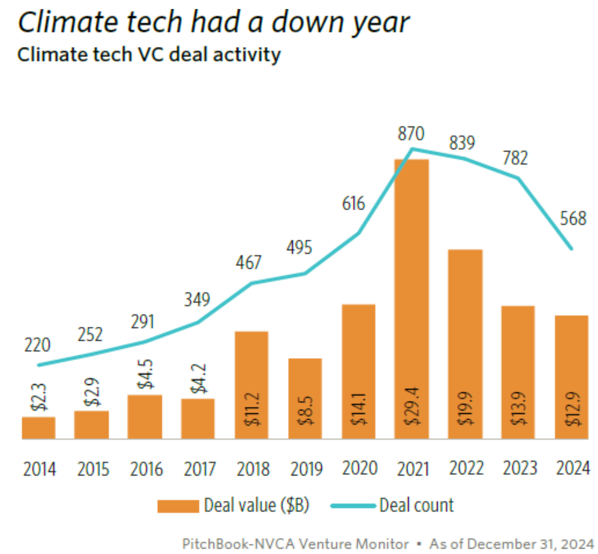
5 Key Deal Factors by Sector

Summary

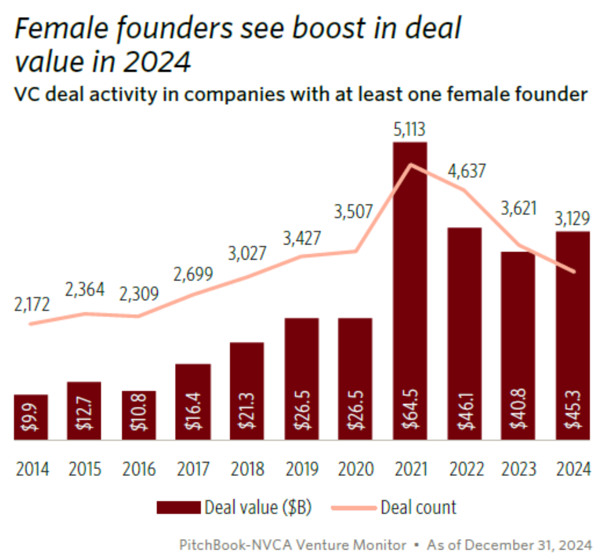
Software as a Service ("SAAS")



Climate Technology



Female-Led Businesses



Source: PitchBook-NVCA Venture Monitor, Q4 2024

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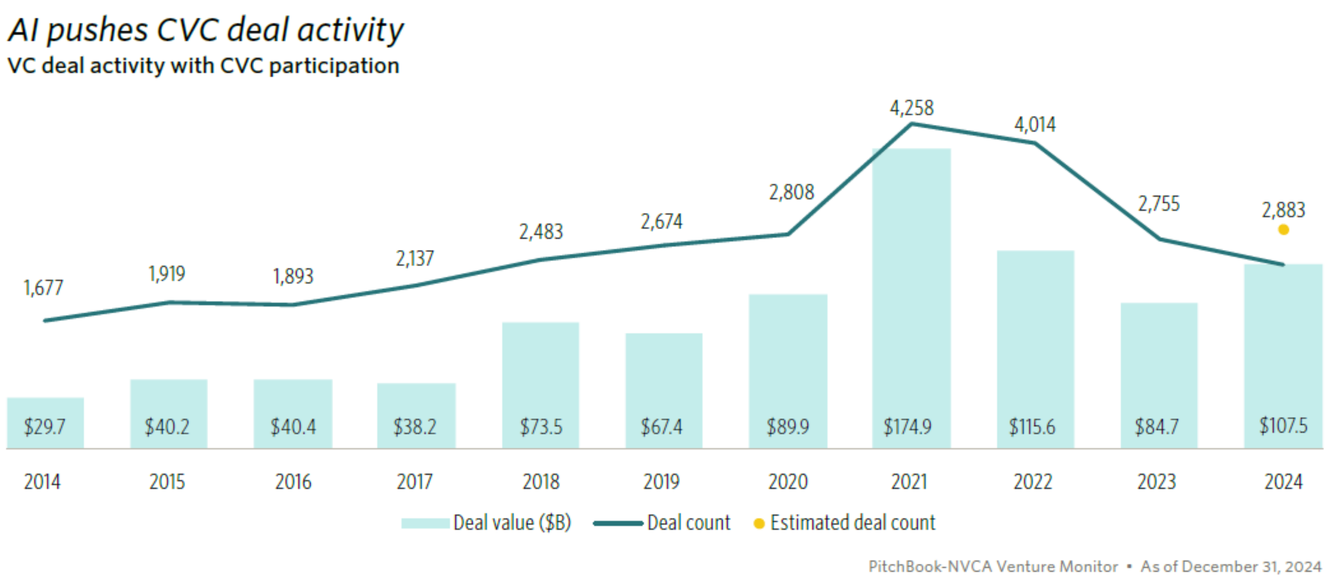
AI Spotlight

Artificial Intelligence & Corporate Venture Capitalists ("CVCs")

Nearly 3,000 deals with corporate involvement occurred in 2024, and Big Tech was a mainstay in the large AI deals that included partnerships and compute credits at times alongside large equity stakes. In Q4, 38.1% of CVC deals were made into AI companies both large and small. That was the highest quarter on record for that figure. As AI continues its march into all corners of tech, corporates are uniquely positioned to capture emerging applications and introduce new models and use cases into their own products. Focus by CVCs in AI has consistently grown from 22.5% of completed CVC financings in 2021 to 31.9% in 2024.

More than 36% of new debt issuance has gone to AI projects, though that is heavily biased toward the large, outsized deals. The loans are being used for heavy investment in chips and the energy needs for the high-compute models. Venture-backed AI companies were the primary drivers of increasing deal sizes and valuations in 2024, capturing 46.4% of the year's deal value. Excluding deals for Databricks, OpenAI, xAI, Anthropic, and Waymo reduces the total amount invested in the market by more than $42 billion. Removing the 15 deals over $1 billion reduces the total investment in the market by $53.5 billion, or about 26.5%. That would place 2024 on par with 2018, on a deal count that is roughly 1,500 higher.



Source: PitchBook-NVCA Venture Monitor, Q4 2024

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Houlihan Capital

About Us

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- **Enterprise Valuations**
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  - SPAC Fairness Opinions
- **Estate & Gift Valuations**
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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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