



**HOULIHAN  
CAPITAL**

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Valuation & Financial Advisory | Investment Banking

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**INDUSTRY UPDATE  
VENTURE CAPITAL  
Q1 2026**

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## Stats at a Glance

*As of Q1 2026*

<b>Unicorns YTD</b>
<b>66</b>

<b>Q1 Exit Count</b>
<b>327</b>

<b>Q1 Total Exit Value</b>
<b>\$347.3B</b>

<b>\$47.8B</b>	<b>Total Equity Funding</b>
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<b>3,336</b>	<b>Number of Deals</b>
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<b>\$14.3M</b>	<b>Average Deal Size</b>
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<b>172</b>	<b>Active Fund Count</b>
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<b>17.8%</b>	<b>VC 12-Month Distribution Yield*</b>
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Source: PitchBook-NVCA Venture Monitor, Q1 2026

\*For US VC's as % of NAV, as of March 31, 2026

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## Market Overview

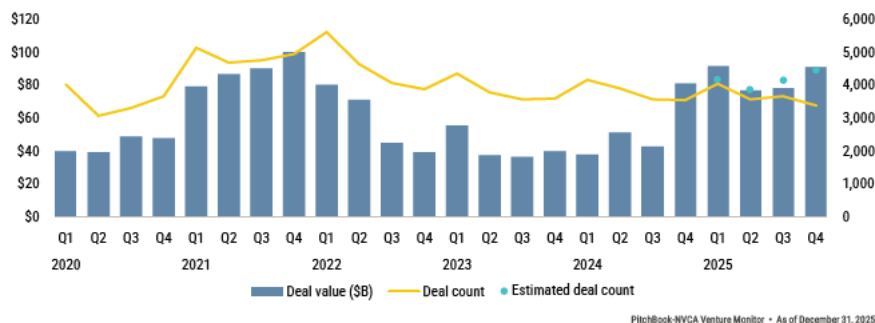
### Funding, Deals, Exits

In Q1 2026, quarterly deal value topped all full-year totals, except for those of 2021 and 2025, at \$267.2 billion. 2026 is on track to become the second-highest year for exit value, generating \$347.3 billion in Q1 and setting a quarterly high. Concentration continues to define the broader VC ecosystem with five deals constituting 73.2% of the quarterly deal value and 86.6% of the quarterly exit value. Four deals above \$15 billion were completed, including OpenAI’s \$122 billion financing, and xAI’s merger with SpaceX was the largest VC-backed exit of a US company in history.

Despite these topline successes, the broader VC market remains constrained. Neither IPO registrations nor liquidity have significantly improved as policy risk, AI-induced market volatility, and elevated past valuations place pressure on VC-backed tech startups. Until there is a broader move to unlock liquidity, a large portion of the venture market will remain repressed. The fundraising space faces similar consolidation, with 73.1% of the capital committed in Q1 going to five VC firms as managers generally struggle to attract capital. The fast pace of development in AI puts a premium on capital, and those companies with the agility afforded by larger cash bases and large fund investors have leverage to move fast and win.

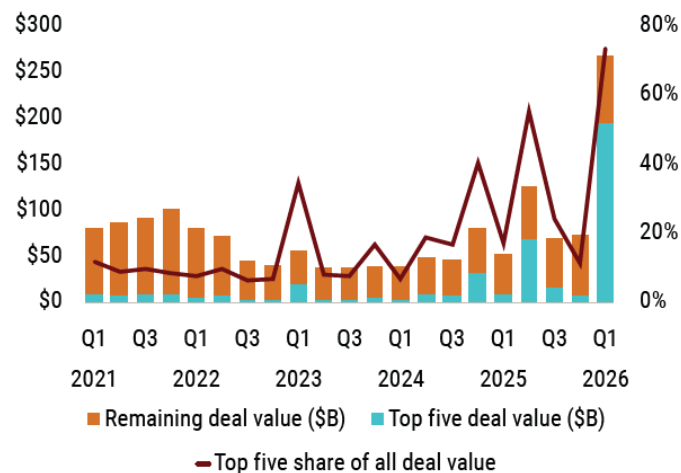
### Dealmaking

Quarterly deal value exceeds pre-pandemic levels  
VC deal activity by quarter



### \$195.6 billion invested in five companies

Top five deals as a share of all VC deal value by quarter



PitchBook-NVCA Venture Monitor • As of March 31, 2026

Source: PitchBook-NVCA Venture Monitor, Q1 2026

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## Market Overview (cont.)

### Funding, Deals, Exits

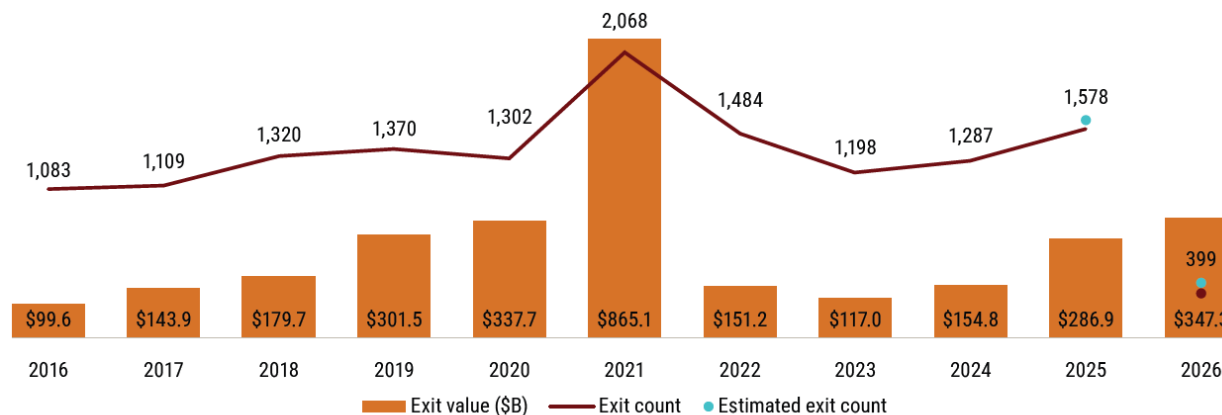
VC dollars are flowing to fewer companies in larger amounts at increasingly elevated valuations. Half of early-stage deals now exceed \$10 million, the highest share of large early-stage deals in the past decade. Aging dry powder and the rapidly accelerating pace of early and seed-stage investments are widening a gap between the median and average deal sizes – suggesting a significant and growing bifurcation in the market. Notably, 86.8% of Q1 acquisitions had undisclosed valuations, implying significant markdowns and limited returns for investors.

The IPO market continued to make a measured recovery, outpacing 2025’s number of listings while not yet clearing the post-2021 backlog. EquipmentShare and BitGo both held IPOs in January of 2026 and demonstrated the trend that continues to plague the broader IPO landscape – both entities were priced above their marketed range and saw enthusiasm quickly fade. The most consequential variable for 2026’s IPO outlook has yet to materialize. Potential listings from SpaceX, OpenAI, and Anthropic could rank among the largest IPOs in history, permanently altering the exit landscape.

## Exits

2026 is already the second-largest year for exits

VC exit activity



PitchBook-NVCA Venture Monitor • As of March 31, 2026

Source: PitchBook-NVCA Venture Monitor, Q1 2026

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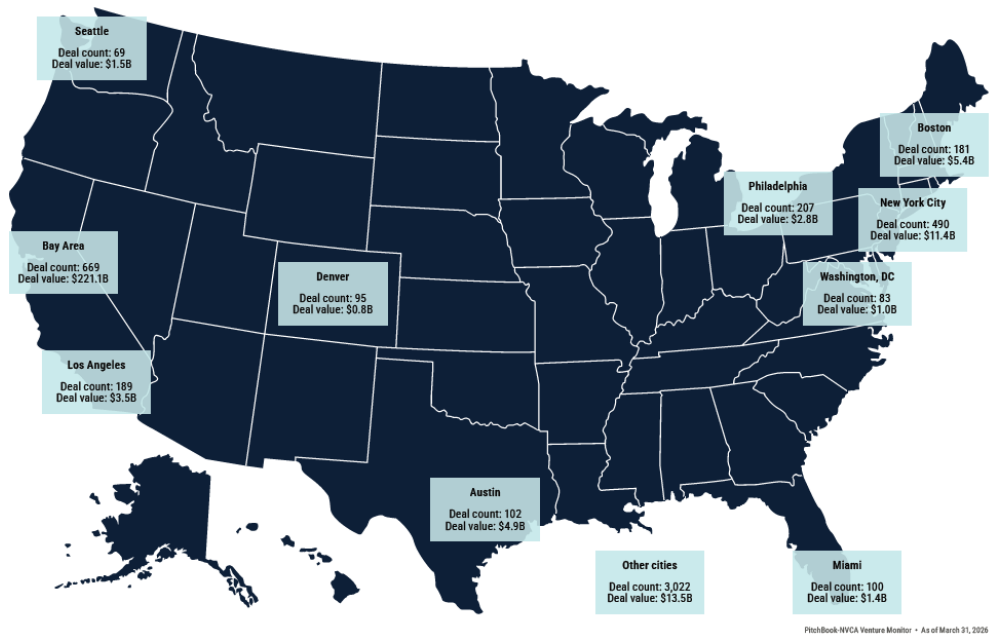
## Regional Analysis

*Established & Developing US Regions*

Q1 2026 continued to drive the trends in geographic deal activity observed across 2025. Financing and market trends drove VC dollars to key tech hubs such as the Bay Area, New York, Los Angeles, and Boston, which captured 90.9% of all deal value in Q1. Hub markets outperformed emerging markets most notably in the venture growth deal category, stemming from the tech mega-financings driving major value into their markets. Interestingly, emerging markets continued to increase their share of the overall deal count with a 47.6% / 52.4% between hub and emerging markets.

### Regional spotlight

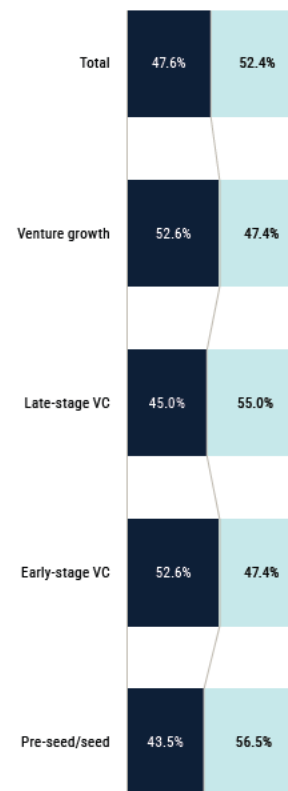
*Mega-financings push more than \$244 billion into tech hubs in Q1*  
Q1 2026 VC deal activity by ecosystem



PitchBook-NVCA Venture Monitor • As of March 31, 2026

*Early-stage activity pacing high in hubs*

Share of VC deal count by market breakout

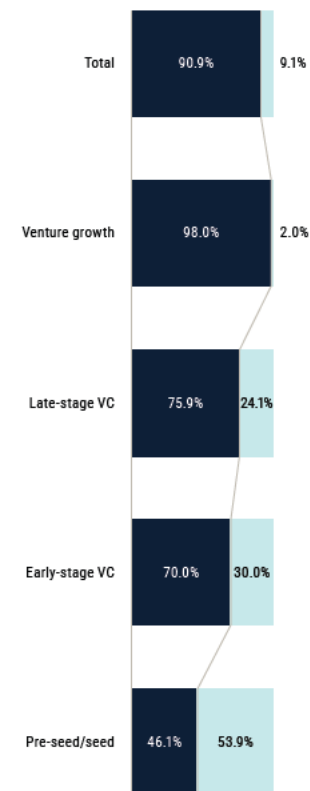


■ Bay Area, NY, LA, Boston  
■ Outside hub markets

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*90.9% of VC dollars went to hubs in Q1*

Share of VC deal value by market breakout



■ Bay Area, NY, LA, Boston  
■ Outside hub markets

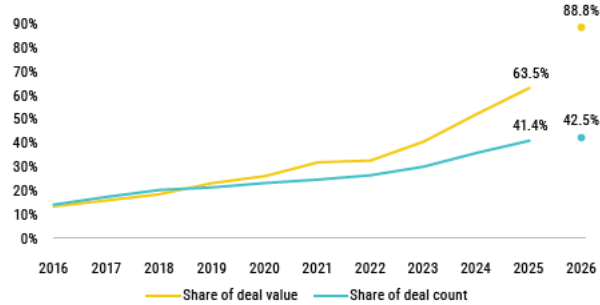
PitchBook-NVCA Venture Monitor • As of March 31, 2026

Source: PitchBook-NVCA Venture Monitor, Q1 2026

### Artificial Intelligence and Machine Learning

88.8% of Q1 deal value went to AI

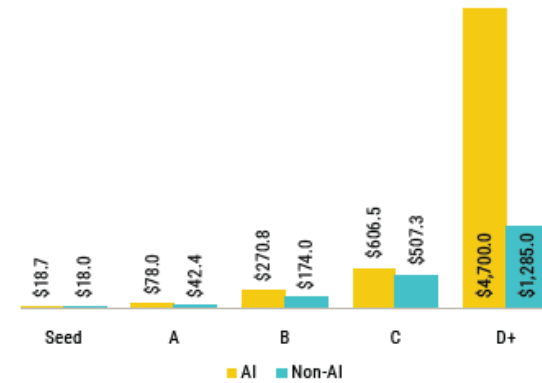
AI & ML VC deal activity as a share of all VC deal activity



PitchBook-NVCA Venture Monitor • As of March 31, 2026

AI valuations significantly higher

Median AI and non-AI VC pre-money valuation (\$M) by series

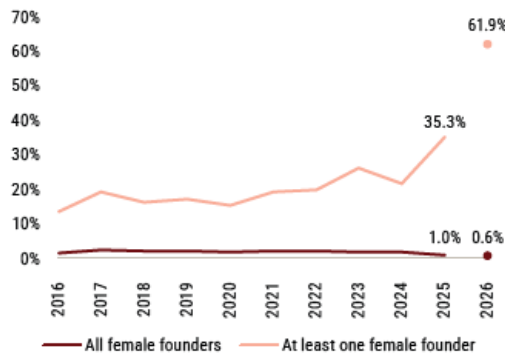


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### Female Founders

Only 0.6% of capital was invested in all-female teams in Q1 2026

Female-founded company deal value as a share of all VC deal value

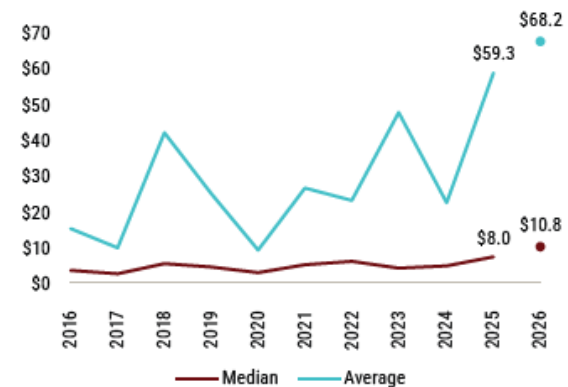


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### Venture Debt

Decade highs for median and average late-stage loan sizes

Median and average late-stage venture debt deal value (\$M)



Source: PitchBook-NVCA Venture Monitor, Q1 2026

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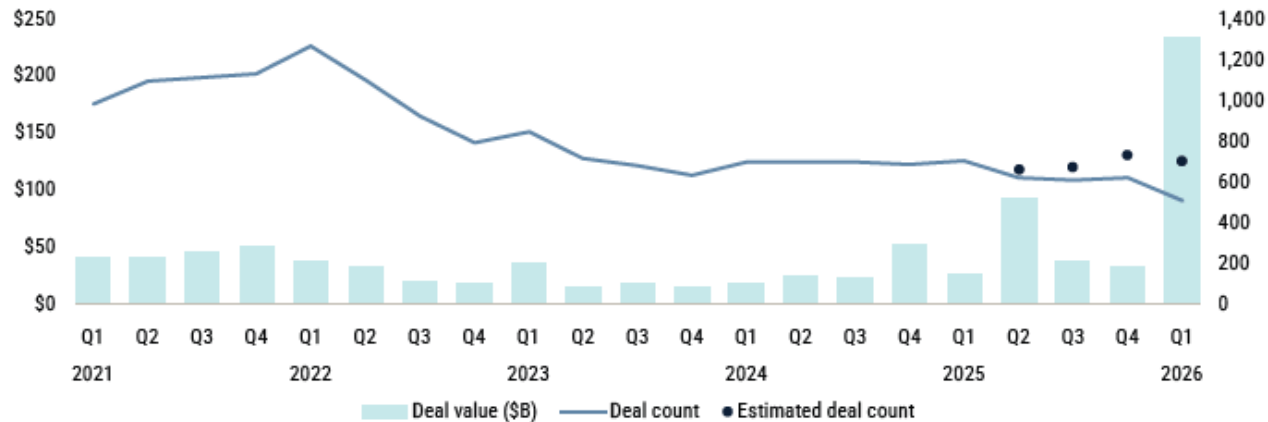
## Investor Trends

### 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.

**CVC deal counts hold steady**

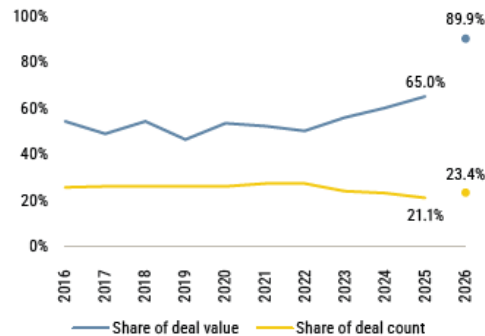
VC deal activity with CVC investor participation by quarter



PitchBook-NVCA Venture Monitor - As of March 31, 2026

**Less than a quarter of deals include a CVC investor**

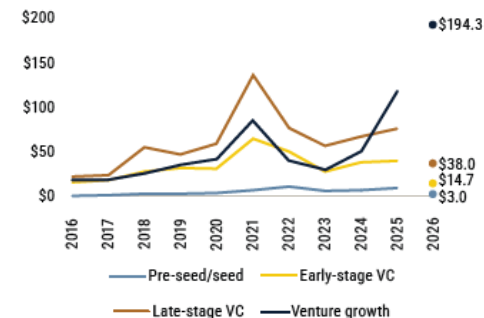
Deal activity with CVC investor participation as a share of all VC deal activity



PitchBook-NVCA Venture Monitor - As of March 31, 2026

**Nontraditional investor deal values decline for nearly all stages**

VC deal value (\$B) with nontraditional investor participation by stage



PitchBook-NVCA Venture Monitor - As of March 31, 2026

Source: PitchBook-NVCA Venture Monitor, Q1 2026

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## Industry Spotlight

### Artificial Intelligence

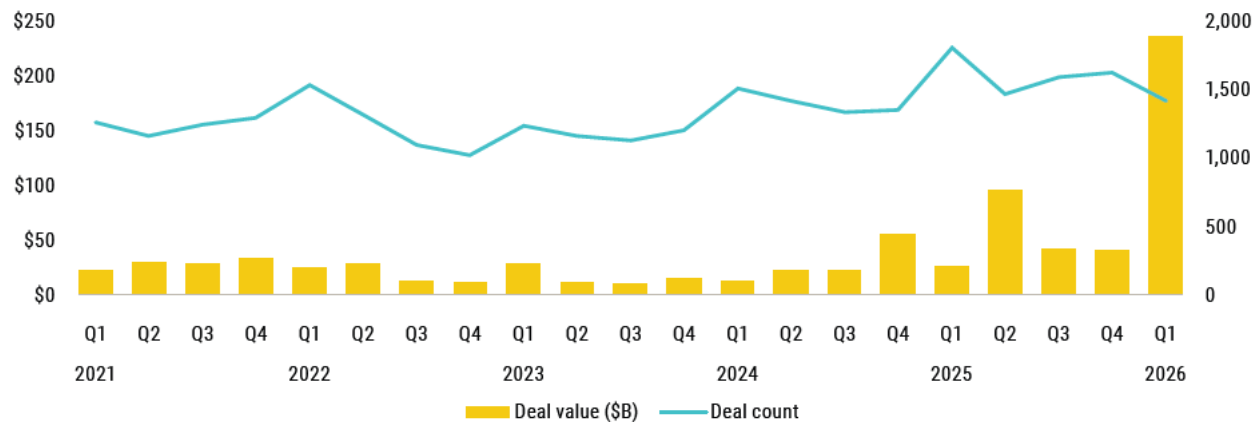
AI companies’ proportion of all completed deals has risen every quarter bar one since 2022. 42.5% of deal count in Q1 involved an AI startup (a significant increase from the sector’s 14.6% share a decade ago) and more than half (51.7%) of the megadeals defining the market completed during Q1 involved AI companies. The market value of AI startups is now only outpaced by that of software-as-a-service startups, which notably significantly overlap with AI companies.

AI is the most invested vertical at every stage. AI companies move through the early venture lifecycle at much higher rates than non-AI companies, and at higher valuation step-ups, reflecting strong investor conviction for AI even at the earliest stages. The IPOs of OpenAI and Anthropic could occur in 2026, charting a path for AI investment, catalyzing additional public offerings as other entities seek liquidity, and posing a significant test for if the companies can meet investor expectation and optimism.

## AI spotlight

Q1 deal value nearly reaches aggregate of prior five quarters

AI & ML VC deal activity by quarter



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Source: PitchBook-NVCA Venture Monitor, Q1 2026

#### ***Federal Merger & Competition Policy***

Federal merger enforcement continues to operate in a period of notable institutional flux. Following the resignation of Antitrust Division Assistant Attorney General (“AAG”) Gail Slater in February 2026 amid reported tensions with the Attorney General's office, Acting AAG Omeed Assefi has assumed leadership, leaving the longer-term direction of DOJ enforcement policy unsettled. Ongoing litigation over the revised Hart-Scott-Rodino (“HSR”) notification form continues to cloud filing requirements and deal timelines, compounding the planning uncertainty that counterparties and their advisors must account for throughout the deal process.

#### ***Blockchain & Cryptocurrency Regulation***

The SEC has clarified that blockchain-based securities remain subject to existing securities law while providing a more workable structuring framework. Chair Atkins has signaled openness to an “innovation exemption,” and in March 2026 outlined specific proposed contours under "Project Crypto," including a startup exemption, a fundraising exemption, and an investment contract safe harbor designed to give issuers a defined off-ramp from securities classification. Separately, in March 2026, the SEC and CFTC signed a Memorandum of Understanding committing to coordinate on digital asset regulation and reduce duplicative oversight — a structural development that may partially substitute for statutory clarity in the near term. The ongoing jurisdictional question between the SEC and the Commodity Futures Trading Commission (“CFTC”) will be a key area to clarify going forward.

#### ***Capital Market Requirements***

The SEC is focused on private market structure, highlighting secondaries, continuation funds, SPVs, and tender offers as alternative liquidity mechanisms in a constrained exit environment. The agency is advancing a push toward “responsible retailization,” emphasizing valuation discipline and governance as private assets reach a broader investor base. Proposed changes to the “small entity” threshold could reshape how regulatory burdens are applied. These changes substantially expand the share of advisers factored into the SEC's regulatory flexibility analyses and could meaningfully influence how future rules are tailored.

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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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- **Complex & Illiquid Securities (Level 3)**
- **Cryptoasset /Blockchain Valuations**
  - 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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  - Strategic Advisory

**For questions or inquiries regarding our services, please contact:**

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