HOULIHAN CAPITAL

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Valuation & Financial Advisory | Investment Banking

INDUSTRY UPDATE
VENTURE CAPITAL
Q2 2026

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1 Stats at a Glance

As of Q2 2026

$412.7B	Total Capital Deployed*
3,653	Number of Deals
$113.0M	Average Deal Size
$72.4B	Capital Raised*
86.0%	AI Share of VC Deal Value*

Q2 Exit Count
365

Q2 Total Exit Value
$1,828.8B

Source: PitchBook-NVCA Venture Monitor, Q2 2026

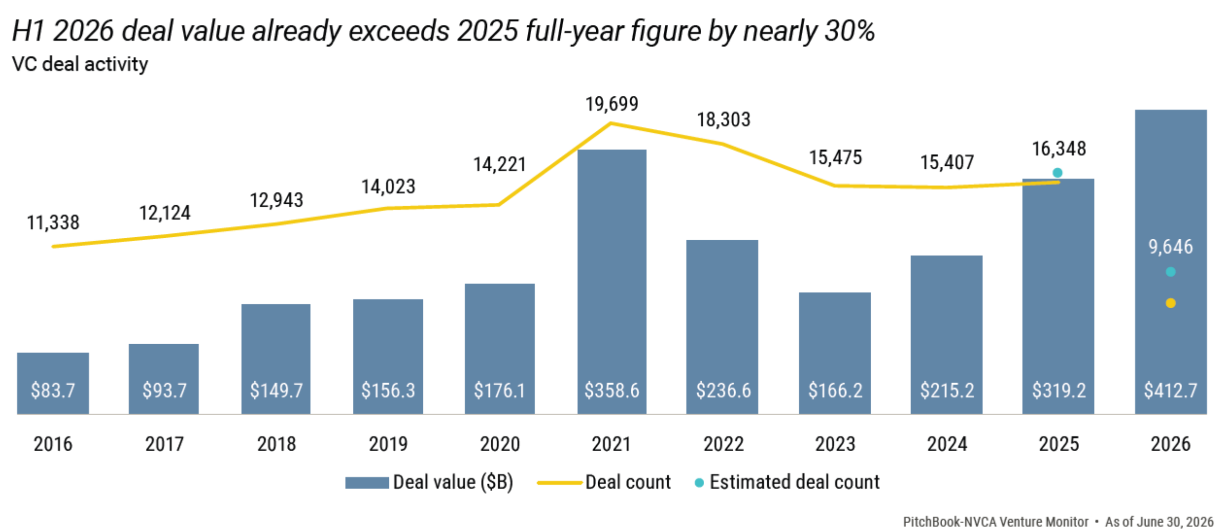
*Year-to-date as of June 30, 2026

2 Market Overview

Funding, Deals, Exits

AI continued to define the venture market in H1 2026. Total AI deal value, $355.9 billion, made up 86% of all venture dollars for Q2 2026. The companies driving the largest private rounds are now moving toward public markets: OpenAI and Anthropic through confidential IPO filings, and xAI through its acquisition by SpaceX, which has listed. Megadeals (rounds of $100 million or more) made up 87.5% of the $412.7 billion deployed. Deals under $100 million drew $51.4 billion, and their share of value has compressed consistently and sharply over the years, from 43.8% in 2024 to 33.1% in 2025 and 12.5% this year.

First-time financings reached an estimated 5,674 deals in H1 2026, putting the year on pace to see more than 10,000 companies raising their first venture round, which would be a record. Valuations pushed past their 2021 highs at every series. The median pre-money valuation more than doubled relative to 2021 at pre-seed, seed, and Series D+. AI is the main force as expectations of fast revenue growth and market capture push the largest valuations higher and set comparables across stages. The next six months will be critical as companies seek to deliver on their promises of explosive growth or risk a down round.



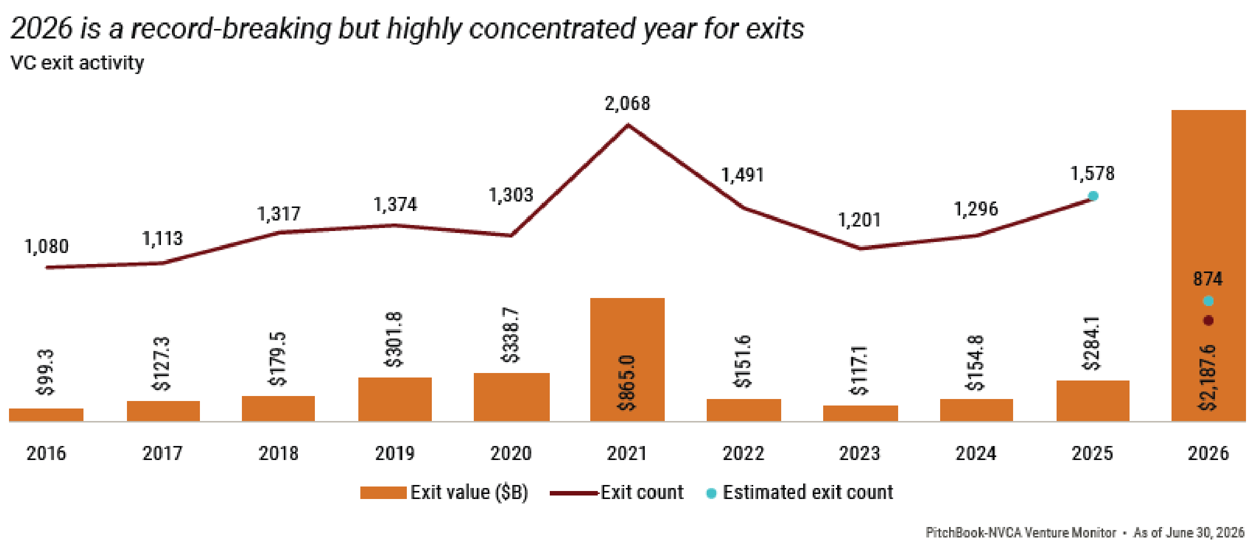
Source: PitchBook-NVCA Venture Monitor, Q2 2026

Market Overview (cont.)

Funding, Deals, Exits

The most significant story of H1 2026 can be summarized in one word: SpaceX. In Q2, SpaceX's $1.7 trillion IPO generated more value than all exits in the past decade combined, raised $75 billion, and saw its market capitalization surge above $2 trillion in early trading. Without SpaceX, the Q2 2026's exit value would sit at a level more consistent with the constrained environment of recent years. IPO activity has improved in certain sectors like AI, space technology, and cryptocurrencies, but a number of highly-valued tech companies have failed to maintain their stock prices post-IPO.

In H1 2026, capital raised reached $72.4 billion across only 405 funds, just below the full-year 2025 total of $74.9 billion across more funds. LP dollars are still flowing, but they are reaching a smaller set of large established managers rather than the broader market. Fund formation, a leading indicator of the asset class's future capacity, is contracting sharply. Capital is concentrating in large late-stage and multistage vehicles backing large later-stage AI companies. Over time, that could concentrate pricing power among the managers holding the most dry powder, and because much of that capital is bound for AI, it deepens the market's exposure to a single sector.

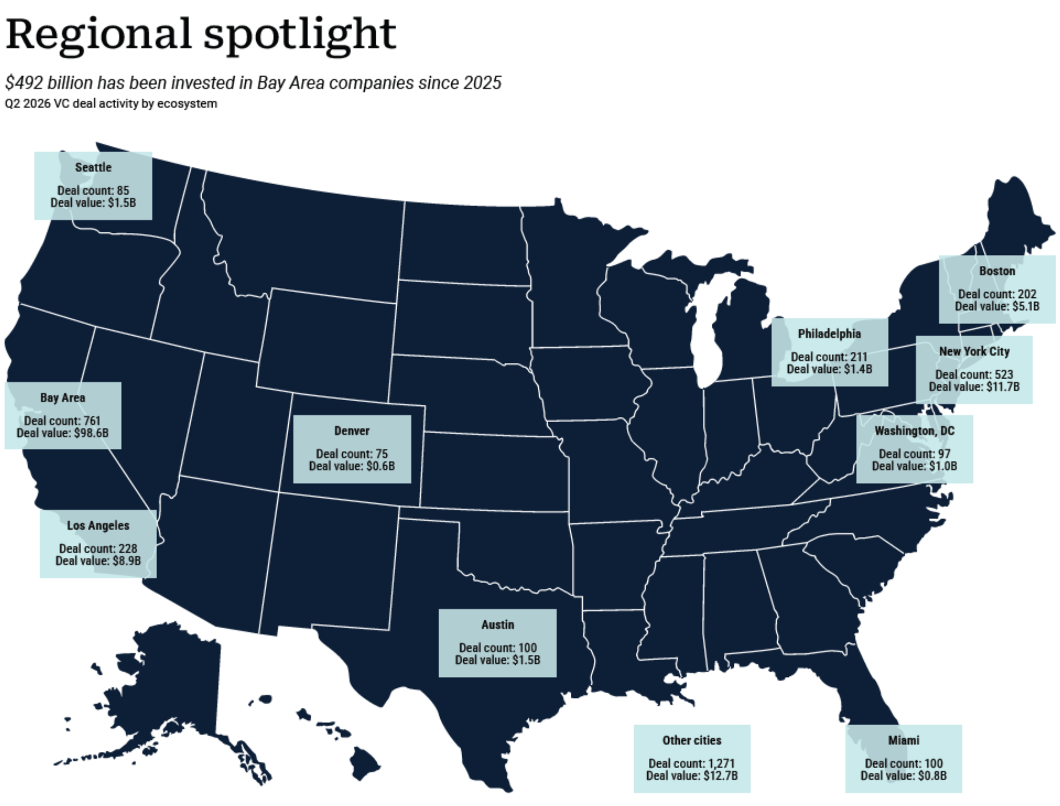


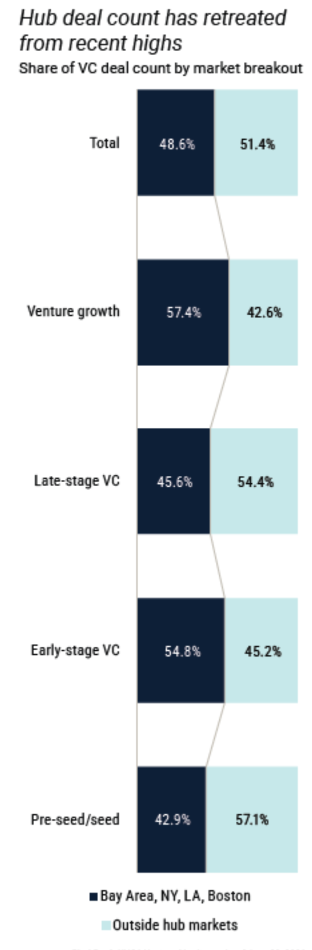
Source: PitchBook-NVCA Venture Monitor, Q2 2026

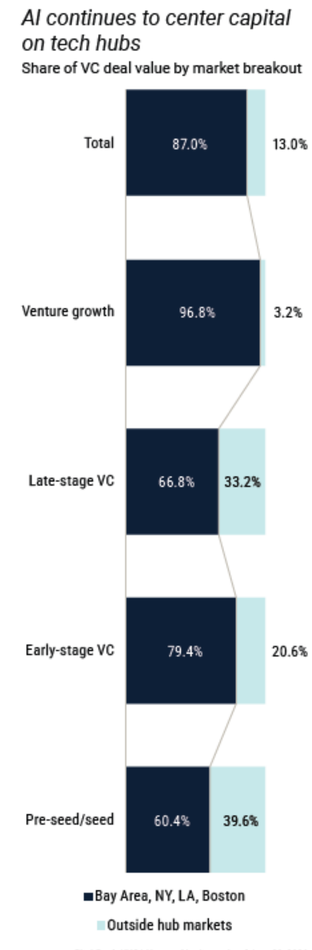
4 Regional Analysis

Established & Developing US Regions

Q2 2026 saw a notable shift in the geographical deal activity trend noted across 2025 and Q1 2026. Key tech hubs centered in the Bay Area, New York, Los Angeles, and Boston captured 87.0% of all deal value in Q2, capitalizing on investments in AI. However, emerging markets notably overtook tech hubs by share of VC deal count, notably outperforming the key tech markets late-stage VC and pre-seed / seed deal markets.





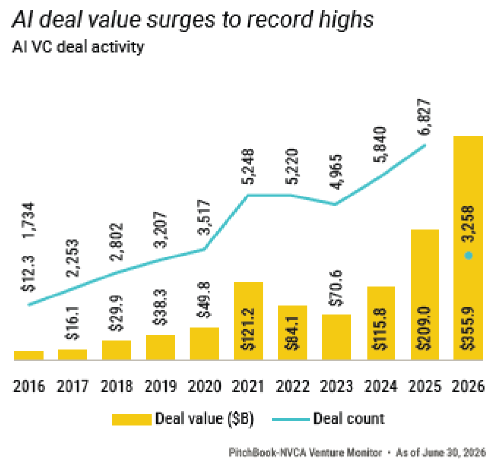


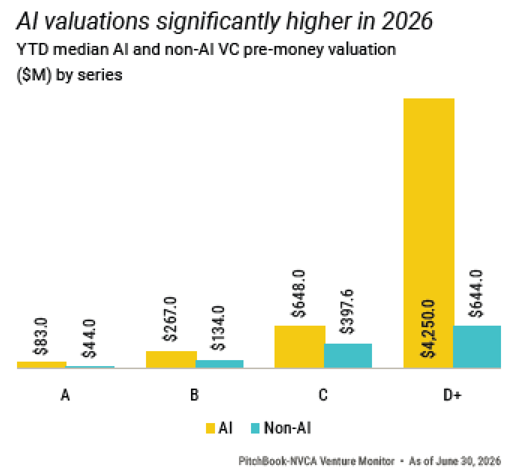
Source: PitchBook-NVCA Venture Monitor, Q2 2026

5 Key Deal Factors by Sector

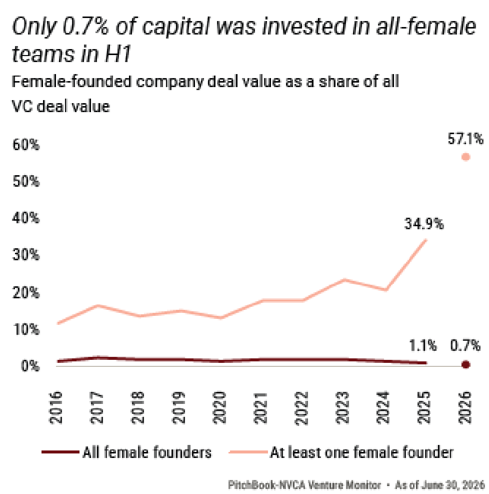
Summary

Artificial Intelligence and Machine Learning

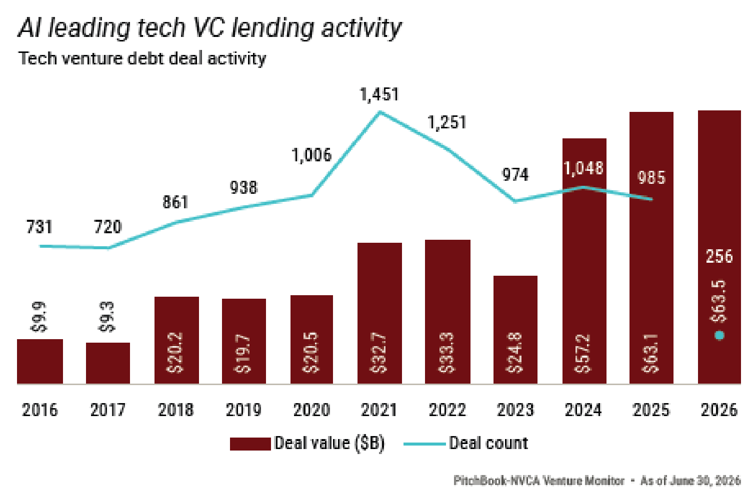




Female Founders



Venture Debt

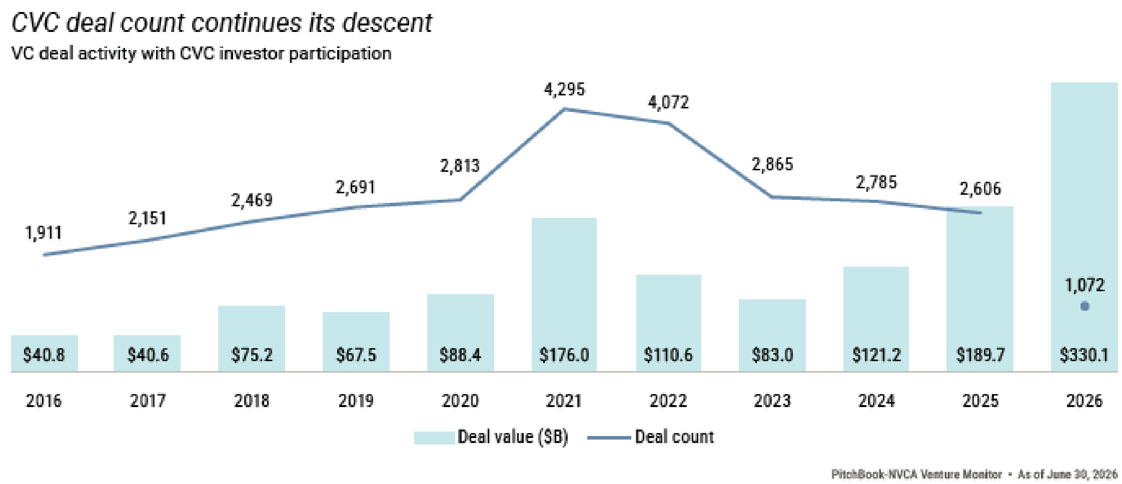


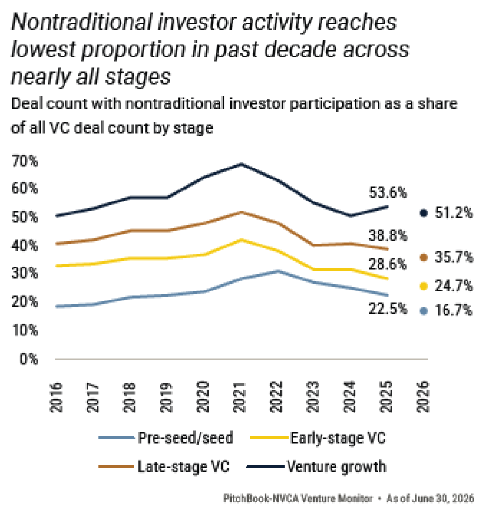
Source: PitchBook-NVCA Venture Monitor, Q2 2026

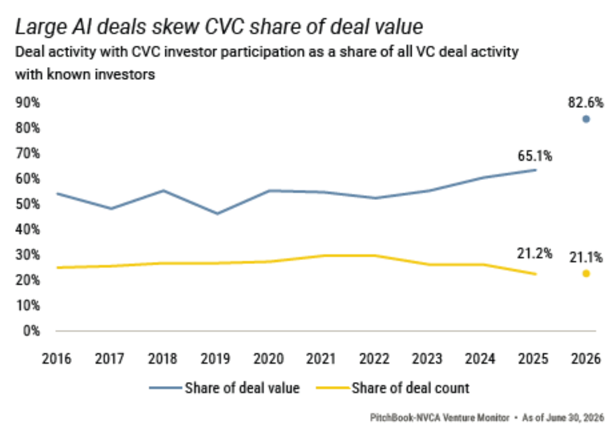
6 Investor Trends

Corporate Venture Capitalists ("CVCs") Deploy Slowly

Corporate venture capital refers to direct investments made by an established, non-financial corporation into external startups or early-stage companies, typically through a dedicated investment arm or fund the corporation itself capitalizes. Traditional VC firms raises money from outside limited partners.







Source: PitchBook-NVCA Venture Monitor, Q2 2026

Industry Spotlight

Top Unicorns to Watch

Anthropic and OpenAI have confidentially filed for IPOs. Those IPOs will likely add two more trillion-dollar exits by VC-backed companies. Along with the SpaceX IPO, these exits will generate more value than all US VC-backed exits since 2000. That would more than make up for the lack of liquidity the market has endured over the past few years, but a large portion of investors and their LPs will not see distributions from those deals. Looking ahead, it will be important to remember that a few good exits do not necessarily create a strong liquidity market.

Not all unicorns are ready to IPO

Estimated times to exit for select top unicorns

Company	Valuation estimate ($B)	Last known post-money valuation ($B)	1-year IPO probability	3-year IPO probability	Announced exit	City	Verticals	VC raised to date ($B)
Anthropic	$1,014.2	$965.0	76.9%	84.9%	IPO	San Francisco	AI & machine learning (ML), Big Data, software as a service (SaaS)	$124.3
OpenAI	$905.2	$852.0	89.2%	93.2%	IPO	San Francisco	AI & ML, Big Data, mobile, SaaS	$181.9
Stripe	$168.9	$159.0	44.5%	87.3%	N/A	South San Francisco	AI & ML, fintech, mobile, SaaS	$8.7
Databricks	$146.9	$134.0	5.0%	39.3%	N/A	San Francisco	AI & ML, Big Data, mobile, SaaS	$22.4
Waymo	$138.5	$126.0	3.6%	26.8%	N/A	Mountain View	AI & ML, autonomous cars, mobility tech, mobile	$27.1
Anduril Industries	$63.9	$61.0	3.6%	18.5%	N/A	Costa Mesa	Augmented reality, AI & ML, robotics & drones	$11.9
Ripple	$46.3	$40.0	8.3%	40.0%	N/A	San Francisco	B2B payments, cryptocurrency/blockchain, fintech, SaaS	$0.8
Ramp	$45.2	$44.0	5.9%	36.1%	N/A	New York	AI & ML, fintech, mobile, SaaS	$3.5
Cognition	$27.0	$26.0	5.7%	26.5%	N/A	San Francisco	AI & ML, SaaS	$1.7
Rippling	$21.6	$16.8	14.6%	75.2%	N/A	San Francisco	AI & ML, HR tech, SaaS	$1.9
ClickHouse	$17.2	$15.0	2.4%	26.0%	N/A	San Francisco	AI & ML, Big Data, cloudtech & development operations, SaaS	$1.0
Devoted	$14.5	$13.0	6.7%	22.9%	N/A	Waltham	Digital health, healthtech, insurtech, LOHAS & wellness	$2.7
Shield AI	$13.9	$12.7	6.8%	33.8%	N/A	San Diego	Advanced manufacturing, AI & ML, Big Data, robotics & drones	$2.8
Notion	$12.1	$11.0	4.1%	19.5%	N/A	San Francisco	AI & ML, mobile, SaaS	$0.3
Polymarket	$10.7	$15.0	6.6%	37.7%	N/A	New York	AI & ML, fintech, mobile, SaaS	$1.9

PitchBook-NVCA Venture Monitor • As of June 30, 2026

Source: PitchBook-NVCA Venture Monitor, Q2 2026

8 Policy Spotlight

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 and AAG Omeed Assefi in June 2026, President Trump nominated Adam Candeub, a Big Tech critic with no antitrust trial experience, to lead the Division. Enforcement itself has moderated: nine significant merger investigations concluded in H1 2026 with no litigated challenges, and average review timelines ran over two months shorter than 2025, aided by DOJ's shift to targeted Second Requests and an optional expedited-review track. Strategic M&A now clears faster and with less litigation risk, even as who ultimately sets the Division's policy remains genuinely unresolved.

Qualified Small Business Stock (Section 1202) Tax Policy

The One Big Beautiful Bill Act's overhaul of Section 1202 continues to reshape exit economics for founders and investors on stock issued after July 4, 2025. The revised policy has meaningfully widened the pool of capital-intensive, fast-scaling companies that can offer QSBS-eligible stock, given investors more flexibility around timing exits, and reinforced the standard VC-backed playbook of organizing as a Delaware C-corporation. Reporting indicates the IRS is turning its attention to "QSBS stacking" or the practice of gifting stock into multiple non-grantor trusts to multiply the per-taxpayer exclusion. For VC funds and their portfolio companies, this is now one of the more consequential and fastest-moving policy threads of the year, touching nearly every eventual exit.

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. The SEC's push to raise the Rule 0-7 "small entity" AUM threshold from $25 million to $1 billion (which would reclassify roughly 75% of advisers for regulatory flexibility purposes) cleared the comment period and remains pending. Continuation vehicles and retail-facing fund structures are becoming standard liquidity channels as exit timelines stay stretched.

Houlihan Capital

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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.

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  - SPAC Fairness Opinions
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- **Goodwill Impairment Testing (ASC 350)**
- **Stock-based Compensation (ASC 718, IRC 409A)**

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