

HOULIHAN CAPITAL

Valuation & Financial Advisory | Investment Banking

INDUSTRY UPDATE
VENTURE CAPITAL
Q3 2026

123 N Wacker Dr, Suite 2025, Chicago, IL 60606
www.houlihancapital.com | 312.450.8600
Member of FINRA | Member of SIPC

HOULIHAN CAPITAL
Valuation & Financial Advisory | Investment Banking



01 STATS AT A GLANCE

As of Q3 2026

Q3 Exit Count	**301**
Q3 Total Exit Value	**$113.0B**
$515.8B	**Total Deal Value***
11,800	**Number of Deals***
$43.7M	**Average Deal Size***
$108.5B	**Capital Raised***
82.7%	**AI Share of VC Deal Value***

Source: PitchBook-NVCA Venture Monitor, Q3 2026 | *Year-to-date figures as of September 30, 2026

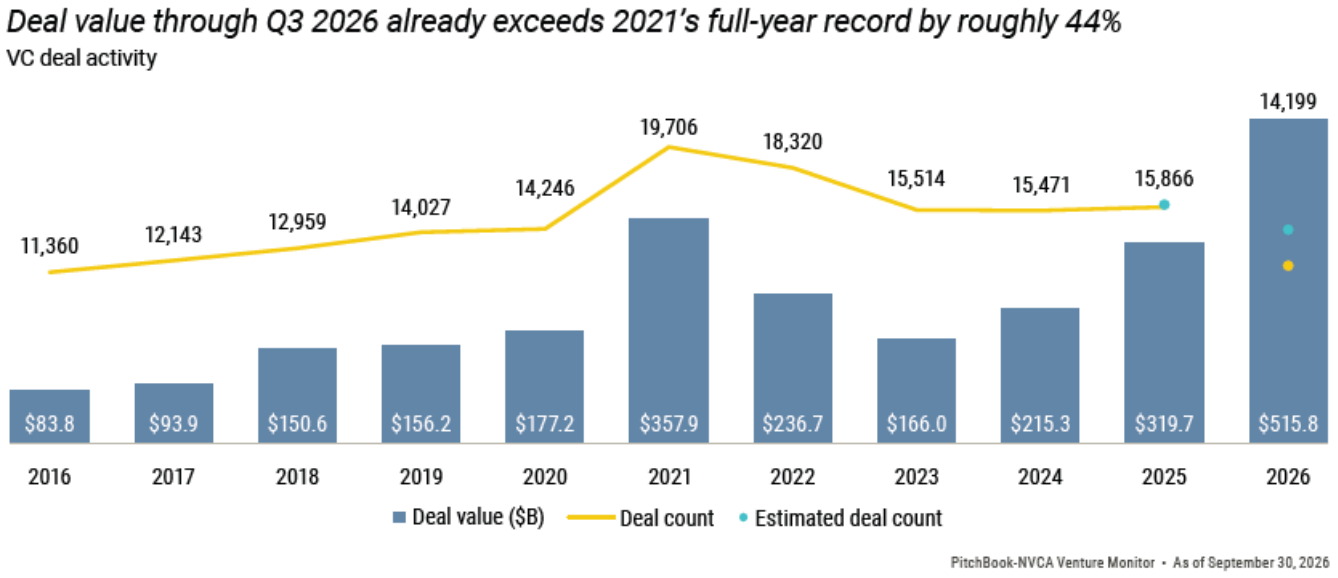


02 MARKET OVERVIEW

Deals

Over the first three quarters of 2026, US venture capital deal value hit $515.8 billion across an estimated 14,199 deals. This total was largely driven by above-average sized transactions in the first half of the year. Activity cooled in Q3, with deal value falling 40% from the prior quarter to $98.4 billion. While deal value fell significantly, the estimated 5,012 deals that closed is the second largest per-quarter figure recorded. Fewer dollars, yet a near record number of deals, underscores how much of H1's deal volume was driven by a few outsized deals.

The concentration of AI related investment continued through Q3, accounting for 82.7% of total deal value for the year. While dominant, AI's share of quarterly deal value fell in each successive quarter from 88.4% in Q1, to 84.1% in Q2, to 65.9% in Q3. While the share of AI investment has retreated steadily, that of deal count has been far more stable, making up 46% in Q1, 44.4% in Q2, and 44.9% in Q3.



Source: PitchBook-NVCA Venture Monitor, Q3 2026



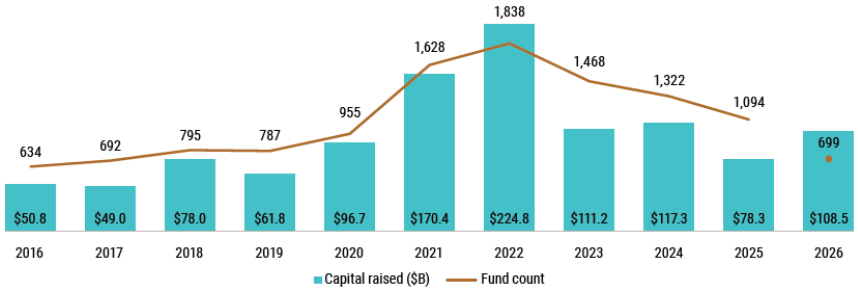
03 MARKET OVERVIEW (cont.)

Fundraising

$108.5 billion has been raised across 699 funds so far this year, already surpassing the $78.3 billion raised in 2025. Annualized fundraising is on pace to pass 2023, 2024, and 2025, though still falls behind 2021 and 2022 levels. 78.1% of total capital raised YTD has gone to megafunds of $500 million or larger, despite accounting for only 6% of the new funds closed. The number of distinct emerging firms closing at least one fund fell from 927 in 2022 to 440 in 2025 and currently sits at 211 thus far in 2026. First-time funds have suffered from the existing liquidity constraints in the market, with only $4.9B raised across 81 funds YTD, with the annualized count on pace for the fewest in the past decade.

US VC fundraising passes 2025's level, even as capital keeps consolidating into fewer hands

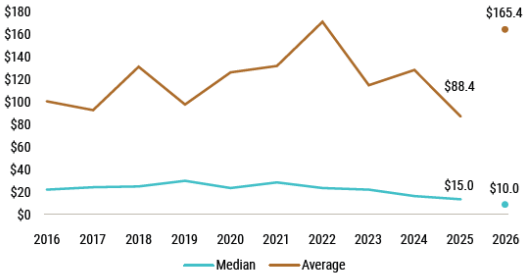
VC fundraising activity



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

Outsized vehicles push average fund size to second-highest level in a decade

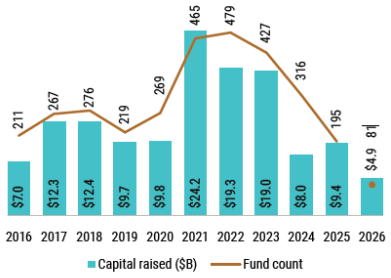
Median and average VC fund size ($M)



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

Annualized first-time fund count on track to be lowest since 2016

VC first-time fundraising activity



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

Source: PitchBook-NVCA Venture Monitor, Q3 2026

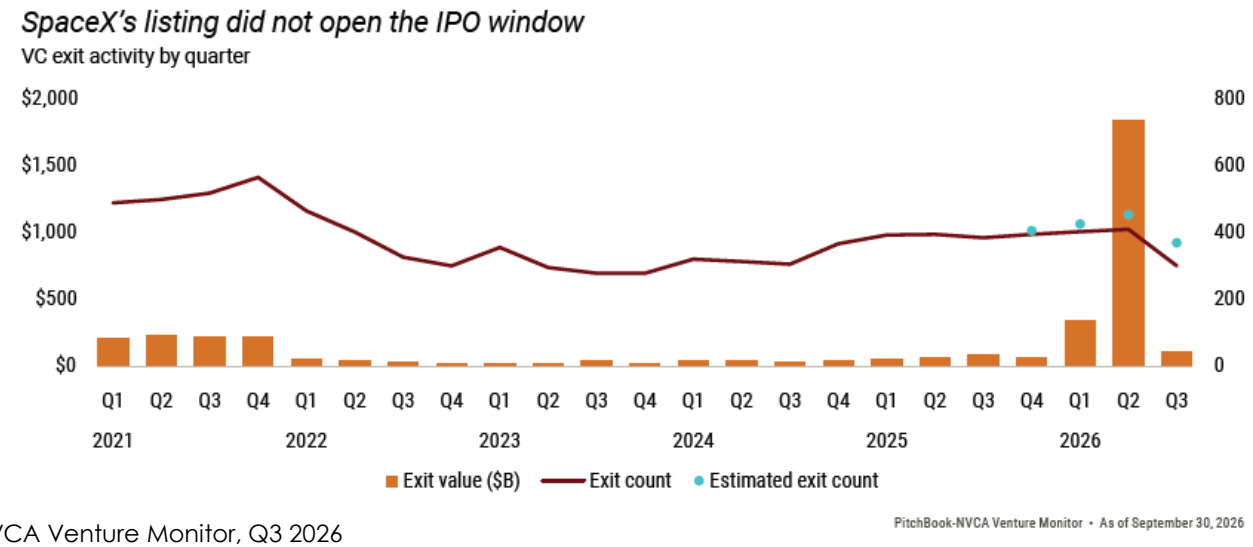


04 MARKET OVERVIEW (cont.)

Exits

SpaceX continues to dominate the exit narrative in 2026 and is central among the three largest exits of all time in the US. Its $60 billion all-stock purchase of Cursor in Q3 is the second largest M&A deal recorded, behind only its own acquisition of xAI earlier this year. Q3s next two largest acquisitions were both related to AI, with Salesforce's purchase of Fin for $3.6 billion and Autodesk's purchase of MaintainX for $3.6 billion. While the IPO market may seem like the likely exit for fast-growing AI companies, M&A has become the primary route for liquidity. Valuation compression has continued among some exits, with Airtable fetching $1.3 billion vs. a prior $11.7 billion valuation. In addition, the acquisition of Miro is expected to close in Q4 for around $1.4 billion, vs. a peak valuation of $17.5 billion during its Series C round in 2022.

Despite SpaceX's record-breaking $1.7 trillion listing in Q2, the IPO activity paused during the third quarter. Both OpenAI and Anthropic delayed listings, as public pushback against AI and datacenters rises and backlash over the risks associated led to an agreement among founders and management that development may be moving too quickly. OpenAI ruled out a 2026 listing, and Anthropic is targeting a November IPO. Such a listing would test investors' appetite for trillion-dollar valuations and absorb a meaningful share of institutional capital. Of the 18 companies to go public in the third quarter, 12 were healthcare-related, with high-tech growth names LPs need for distributions largely absent.



Source: PitchBook-NVCA Venture Monitor, Q3 2026



05 REGIONAL ANALYSIS

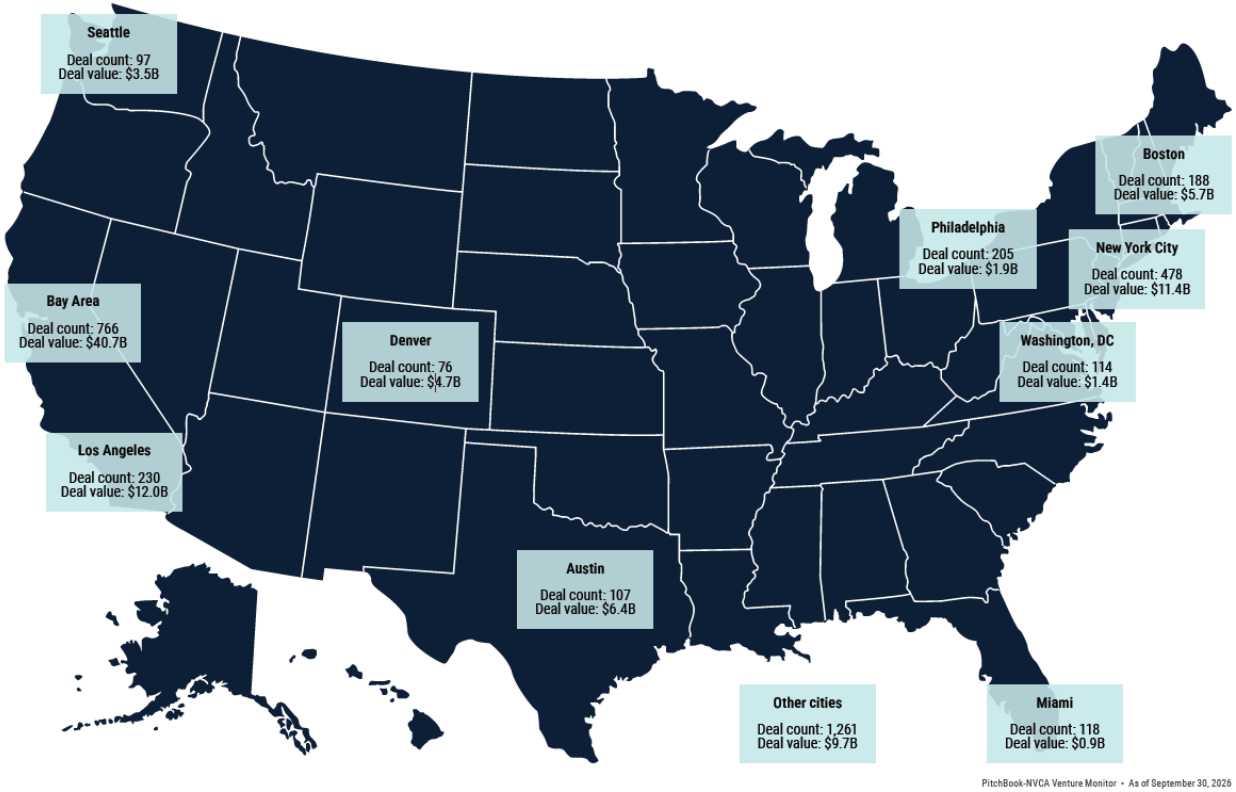
Established and Developing US Regions

Funding has begun reaching non-hub markets in recent quarters, with 47.1% of Q3 deal value occurring outside of the Bay Area and NY. Similarly, 70% of all venture-growth and Late-stage venture transactions occurred outside of hub markets.

Regional spotlight

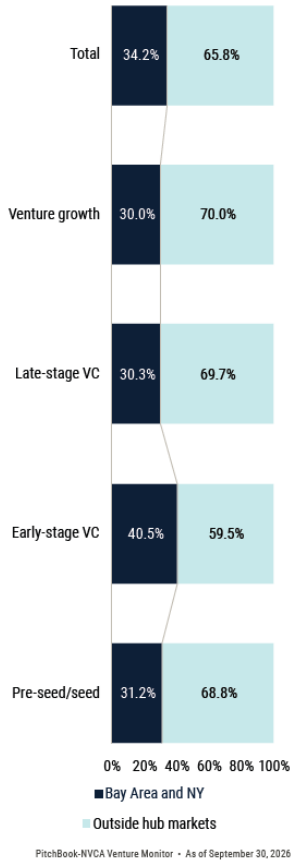
34.2% of Q3 deal count occurred in San Francisco and New York

Q3 2026 VC deal activity by ecosystem



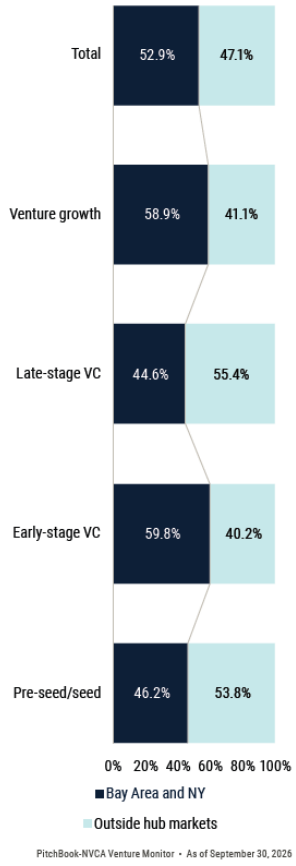
70% of venture-growth deal count happens outside of San Francisco and New York

Share of VC deal count by market breakout



More than half of deal value is going to San Francisco and New York

Share of VC deal value by market breakout



Source: PitchBook-NVCA Venture Monitor, Q3 2026



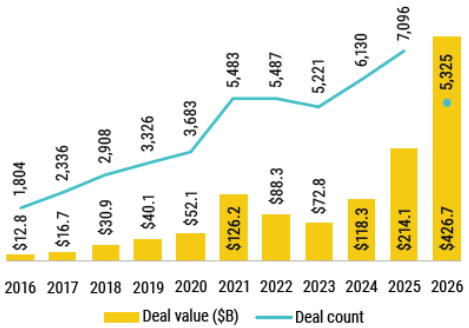
06 KEY DEAL FACTORS BY SECTOR

Summary

ARTIFICIAL INTELLIGENCE

Deal count pacing flat to 2025

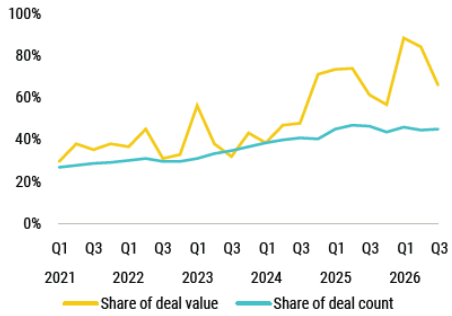
AI VC deal activity



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

Share of VC deal count has plateaued

AI VC deal activity as a share of all VC deal activity by quarter

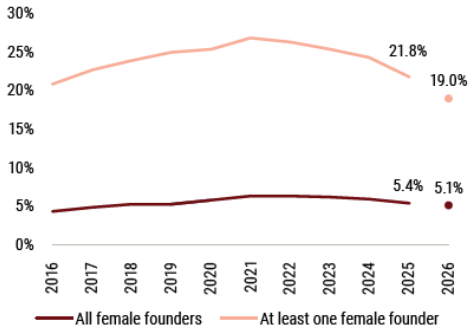


PitchBook-NVCA Venture Monitor • As of September 30, 2026

FEMALE FOUNDERS

Only 19% of 2026 deals have been for companies with at least one female founder

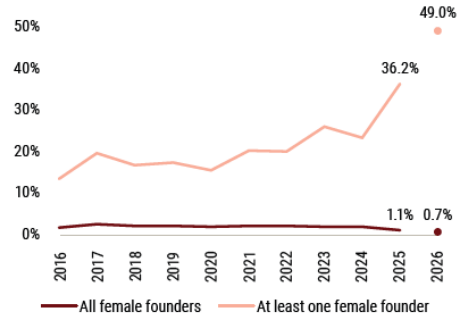
Female-founded company deal count as a share of all VC deal count



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

All-female teams have received only 0.7% of capital YTD

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



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

Source: PitchBook-NVCA Venture Monitor, Q3 2026



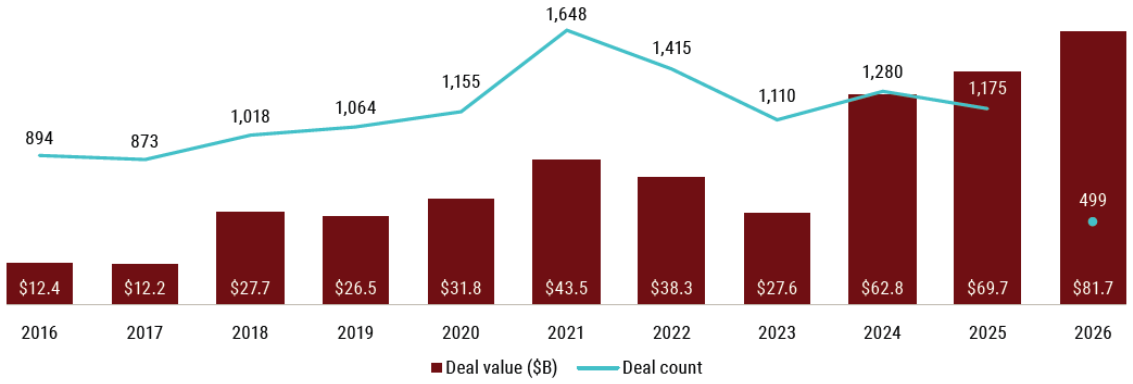
07 KEY DEAL FACTORS BY SECTOR (cont.)

Summary

VENTURE DEBT

VC-backed companies have taken on nearly $82 billion in debt in 2026

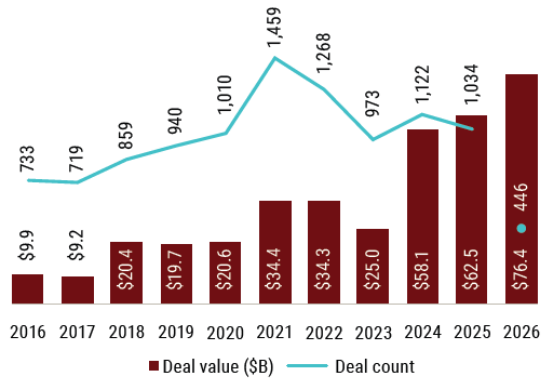
Venture debt deal activity



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

AI leading to high loan value for tech

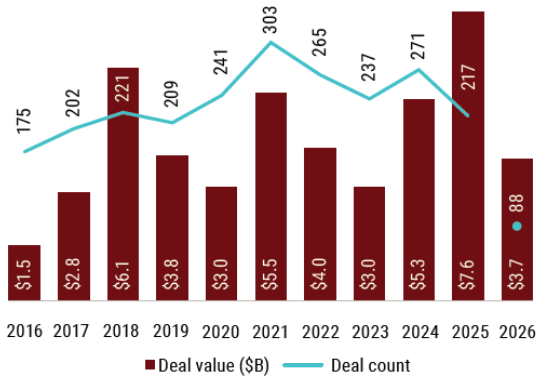
Tech venture debt deal activity



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

Healthcare debt has declined back to normal levels

Healthcare venture debt deal activity



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

Source: PitchBook-NVCA Venture Monitor, Q3 2026

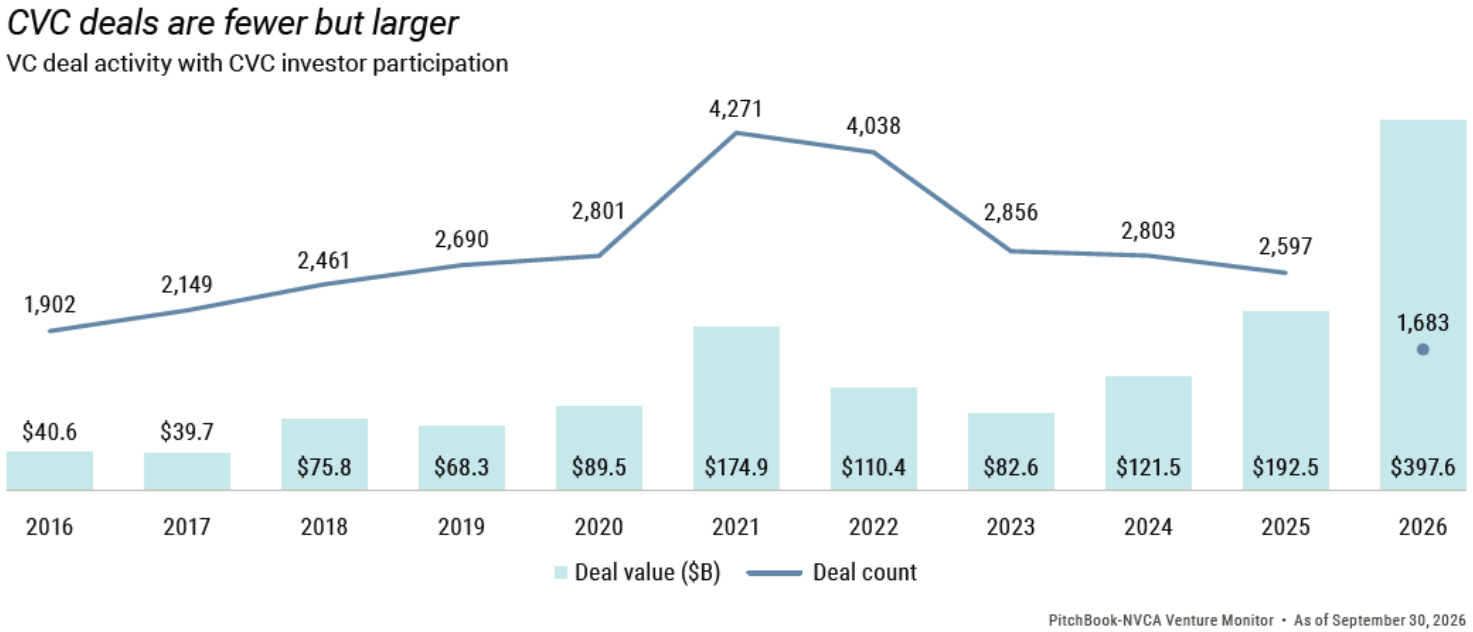


08 INVESTOR TRENDS

Corporate Venture Capitalists ("CVCs")

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.

Corporate investors have been present in 20.7% of US deals this year. As we've seen, corporates continue to spend on the development and integration of their own applications and products, and as such may be reevaluating their investment activities. The first three quarters have seen notable closures of CVC programs, such as PayPal, and slowdowns in capital deployment in those that remain active. Crossover firms are on track for a year-over-year decline and the lowest share of deal count participation since 2019, though could grow alongside pre-IPO deal growth in the coming quarters. 43% of megadeals this year have had crossover participation, below the 60% participation rate in 2021.



Source: PitchBook-NVCA Venture Monitor, Q3 2026



09 INDUSTRY SPOTLIGHT
IPO Targets

The IPO delays of Anthropic and OpenAI have created broader uncertainty in the market, keeping liquidity constrained, preventing investment elsewhere, and slowing the flow of capital back to LPs. Investors have taken large risks on AI investment, especially given the expectation of significant cost declines in the future. The uncertainty around the true costs remains ever present. OpenAI ruled out a 2026 listing, and Anthropic, which is targeting a November IPO, claims profitability only after discounting model training costs and partner revenue sharing. While $3 trillion of liquidity has been hyped up around OpenAI and Anthropic listings, companies are beginning to move toward open-weight, lower-cost models. OpenAI's assigned probability of a 1-year IPO to fell from 89% in Q2 to 12% in Q3, with Anthropic's rising from 77% to 86%.

The market awaits liquidity, which will only be unlocked by large listings

Top startups by most recent estimated VC valuation

Company	1-year IPO probability	3-year IPO probability	Most recent estimated VC valuation ($B)	Total VC raised to date ($B)	Most recent valuation date
Anthropic	86%	89%	$1,187.7	$124.3	May 28, 2026
OpenAI	12%	23%	$1,018.0	$181.9	March 31, 2026
Databricks	16%	33%	$198.2	$29.2	August 13, 2026
Waymo	25%	42%	$141.0	$27.1	April 22, 2026
Figure	14%	29%	$91.8	$2.2	May 22, 2025
Safe Superintelligence	1%	2%	$71.9	$7.0	April 11, 2025
Anduril Industries	6%	24%	$70.4	$11.9	May 13, 2026
Ripple	32%	67%	$54.5	$0.8	November 4, 2025
Ramp	17%	52%	$50.6	$3.5	June 4, 2026
Cognition	4%	7%	$49.3	$3.7	September 8, 2026
Prometheus	1%	2%	$49.3	$18.2	June 11, 2026
Reflection AI	1%	8%	$41.9	$4.7	April 23, 2026
VAST Data	22%	47%	$40.0	$1.4	October 5, 2025
Scale AI	5%	13%	$39.0	$15.9	June 12, 2025
Crusoe	88%	95%	$32.0	$6.7	September 3, 2026

PitchBook-NVCA Venture Monitor • As of September 30, 2026
Note: Probability data is based on PitchBook VC Exit Predictor methodology.

Source: PitchBook-NVCA Venture Monitor, Q3 2026



10 POLICY SPOTLIGHT
Key Items to Watch

Capital Markets
The SEC proposed raising the Form PF filing threshold for private fund advisors from $150 million to $1 billion and extended the compliance date for amendments to July 1, 2027.

Tax Policy
Qualified Small Business Stock (QSBS) drew scrutiny in Q3, as some Senators requested Joint Committee on Taxation data on the Section 1202 exclusion, including "stacking" through trusts and family members. Treasury officials confirmed work on a regulatory package, though the scope is uncertain.

National Security
The National Defense Authorization Act for Fiscal Year 2027 resumes this fall, with proposals affecting commercial contracting, emerging technology adoption, technical data rights, and scrutiny of foreign capital.

Emerging Tech and Research
The White House's "Science: A New Golden Age" strategy called for faster translation of research into products and has committed over $5 billion to the Genesis Mission. The National Science Foundation committed $380 million to building AI-enabled automated labs, and the Department of Energy launched a quantum computing competition with up to $215 million in planned funding. The Office of Management and Budget proposed grant rules requiring political appointee review of funding decisions and expanding agencies' termination authority, which remains pending.

Energy
AI and datacenter growth are sharpening focus on grid reliability, interconnection delays, and power costs. Permitting reform retains bipartisan interest, though a year-end package is uncertain.

Healthcare
The Centers for Medicare & Medicaid Services (CMS) advanced its RAPID pathway to coordinate FDA authorization and Medicare coverage for breakthrough devices.

Immigration
DHS proposed a $103,265 fee for each cap-subject H-1B petition, raising sponsorship costs for startups competing for technical talent.

Source: PitchBook-NVCA Venture Monitor, Q3 2026



11 HOULIHAN CAPITAL
About Us

Houlihan Capital is an employee-owned valuation and investment banking firm. We pride ourselves on delivering exceptional client value and trusted advisory in a dynamic marketplace.

As a FINRA registered broker-dealer, SIPC member, and SOC-compliant firm, we are committed to the highest standards of integrity and professionalism.

VALUATION & FINANCIAL ADVISARY

- **Portfolio Valuation (ASC 820)**
- **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)**

INVESTMENT BANKING

- Sell-Side Advisory
- Sale of Minority Ownership Positions
- Leveraged Buyouts
- Majority Recapitalizations
- Corporate Divestitures

GROWTH FINANCIAL SERVICES

- Financial Modeling
- Investor Presentation
- Valuation Analysis
- Strategic Advisory

For questions or inquiries regarding our services, please contact: info@houlihancapital.com