Houlihan Lokey

Equity Capital Markets Update

Q2 2026

Introduction

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We are pleased to present you with our U.S.-focused Equity Capital Markets Update and review of equity capital markets (ECM) activity for 1H 2026.

ECM activity delivered one of the strongest first halves on record, with total proceeds of $297.1 billion, building on the capital raising momentum established in 2025. The IPO market was a standout, with deal count nearly doubling year-over-year and headlined by SpaceX's offering, the largest IPO in history. Follow-on and convertible issuance remained healthy contributors as well, with Alphabet's sizeable financing effort a notable highlight of the period, alongside sponsors continuing to lean on the market to meet ongoing monetization requirements.

Aftermarket performance was varied as 2026 progressed, with investors continuing to reward established, well-prepared issuers while remaining more selective toward growth-oriented names. External factors, including persistent geopolitical tensions, sticky inflation, and an uncertain path for monetary policy, provided headwinds on performance. Looking ahead, a healthy backlog of IPO candidates, along with proposed SEC reforms aimed at easing the path to and through the public markets, supports a continued constructive outlook for the remainder of 2026.

Key Takeaways

U.S. equity capital markets generated $297.1 billion in total proceeds in 1H 2026, exceeding 1H 2025 levels and marking one of the strongest first halves on record. Total proceeds were driven by broad-based strength across equity products, with a resurgent IPO market, record-setting issuer activity, and strong convertible issuance—all contributing to the period's momentum.

The IPO market posted 63 deals in 1H 2026, nearly double the 32 priced in 1H 2025. Activity was headlined by SpaceX's ~$86.0 billion offering, the largest IPO in history. While offering activity was headlined by SpaceX's ~$86.0 billion offering, the largest IPO in history, overall activity was broad-based rather than reliant on a single transaction, with healthcare and industrials tied for the most active sectors by count, and technology close behind.

Follow-on activity and convertible issuance were bolstered by Alphabet, which priced a ~$21.0 billion follow-on, announced a new $40.0 billion ATM program, and issued a series of convertibles totaling ~$20.0 billion, together representing one of the largest single-issuer financing efforts of the period. Secondary selling remained a consistent theme across the follow-on market, reflecting the ongoing demand for sponsors and large shareholders to monetize holdings.

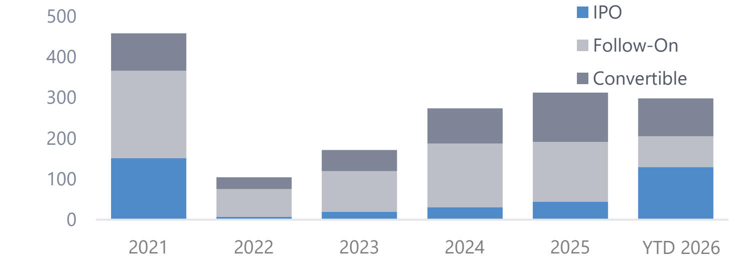
IPO performance was mixed, with the average YTD return of 13.1% masking significant dispersion across sectors. Healthcare stood out as the top-performing sector for the period, while technology, real estate, and energy names lagged, weighed down by AI and macro-related volatility. Separately, proposed SEC reform efforts could potentially lessen the disclosure and capital-raising requirements for newly public companies and provide a meaningful boost for future issuance if enacted. Looking ahead, a healthy backlog of IPO candidates, including a handful of rumored high-profile names, points to continued momentum, though uncertainty around inflation, monetary policy, and geopolitics warrants caution.

Source: Dealogic.
Note: U.S. IPOs above $50 million as of June 30, 2026, excluding SPACs and closed-end funds.

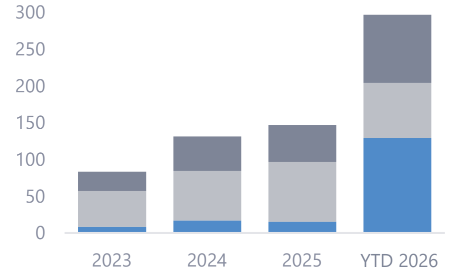
U.S. ECM Activity

Issuance by Product YTD 2026 vs. Prior Years

Proceeds Raised ($B)



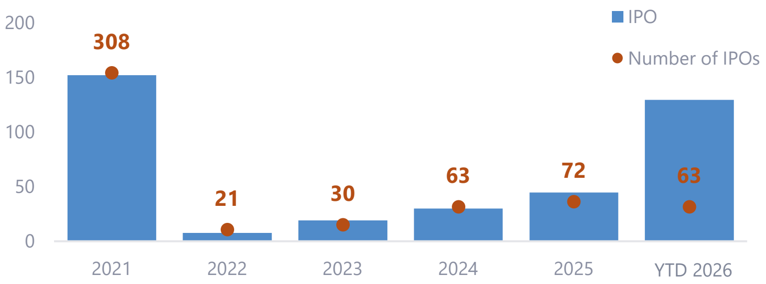
YTD Comparison



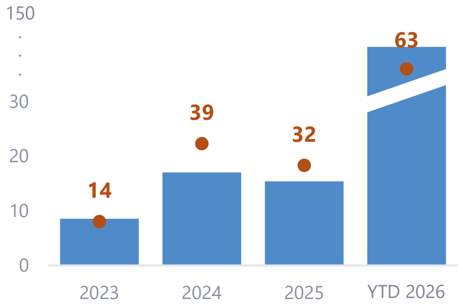
- ECM volume for 1H 2026 totaled $297.1 billion, doubling 1H 2025 levels of $147.0 billion, marking one of the strongest first halves on record.
- Issuance was led by IPOs, which comprised 43.5% of the total 1H volume, propelled by SpaceX's ~$86.0 billion offering, the largest IPO in history.
- Convertibles remained a meaningful contributor at 31.3% of proceeds, while follow-ons rounded out the remainder at 25.2% of 1H volume.

U.S. IPOs YTD 2026 vs. Prior Years

Proceeds Raised ($B)



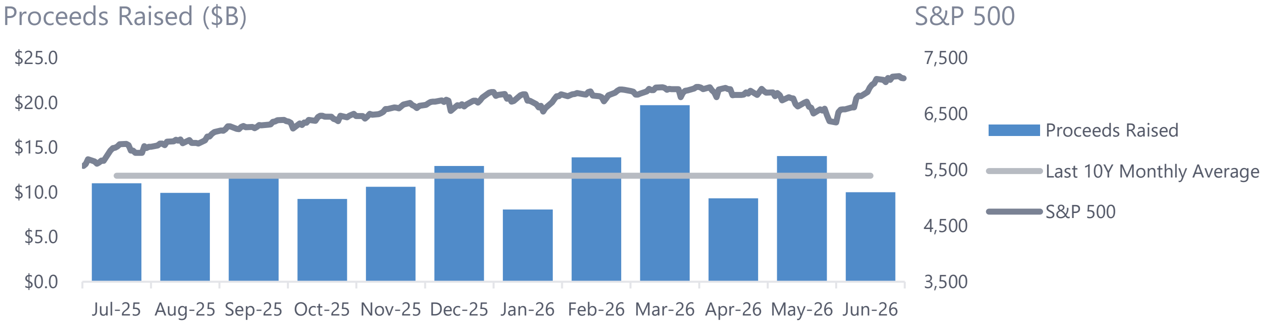
YTD Comparison



- IPO activity delivered a record first half, with 63 deals raising $129.2 billion in proceeds, by far the strongest first-half showing on record.
- Deal count nearly doubled year over year, with 63 IPOs pricing in 1H 2026 compared with just 32 in 1H 2025.
- The IPO market continues to favor more established, larger-scale companies, and with market volatility emerging late in the quarter, it is likely to continue to skew toward large-cap issuers.

U.S. Follow-Ons YTD 2026

Proceeds Raised ($B)



- Follow-on activity increased approximately 29% in Q2 2026 to 125 deals versus Q1 2026, though proceeds declined 20% to $33.3 billion as deal sizes moderated.
- Alphabet's $20.7 billion follow-on, priced in June, represented a meaningful share of the quarter's proceeds on its own, alongside a newly announced $40.0 billion ATM program.
- Secondary selling remained a meaningful driver, at ~53% of total follow-on proceeds across Q2.

Key Takeaways

U.S. ECM activity delivered one of the strongest first halves on record, with total proceeds of $297.1 billion doubling 1H 2025 issuance. The market was defined by a historic IPO backdrop, as SpaceX's ~$86.0 billion offering, the largest IPO in history, anchored a first half that saw deal count nearly double year over year.

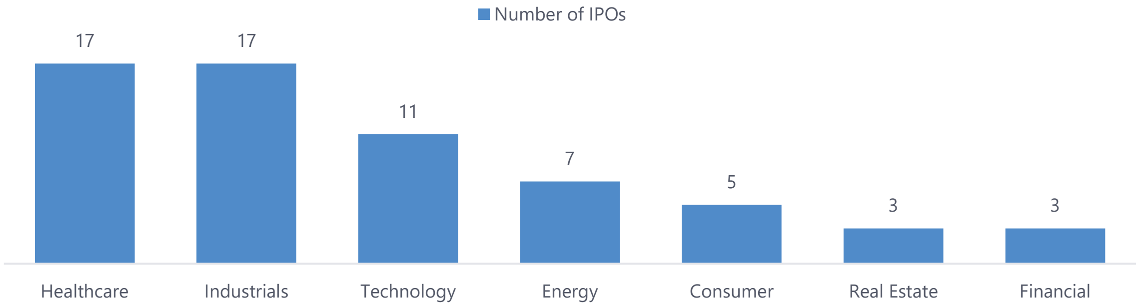
Beyond SpaceX, 63 IPOs priced in 1H 2026 alone, signaling that the new issue window is firmly open and that established, larger-scale issuers continue to find receptive markets, a trend likely to persist as volatility resurfaced late in the quarter. Convertibles remained a durable source of capital, contributing nearly a third of 1H proceeds.

Follow-on activity was highlighted by Alphabet's ~$21.0 billion offering, though proceeds more broadly moderated as deal count rose and average deal sizes fell. Secondary selling remained a consistent theme, reflecting the ongoing demand from sponsors and large shareholders to monetize holdings.

Sources: Dealogic, S&P Capital IQ.
Note: U.S. ECM transactions above $50.0 million, excluding SPACs and closed-end funds. Follow-ons issuance data as of June 30, 2026.

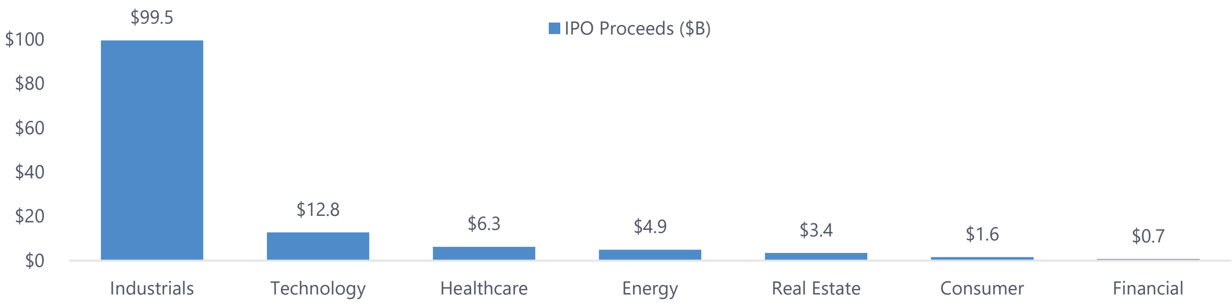
U.S. ECM Activity (cont.)

IPOs by Sector YTD 2026



- Healthcare and industrials tied as the most active IPO sectors in 1H 2026, each contributing 17 transactions, together accounting for more than half of the total deal count.
- Technology followed with 11 offerings, continuing to represent a meaningful share of new issuance.
- The breadth of activity across sectors, rather than concentration in any single vertical, points to a broadly constructive IPO market heading into the second half of the year.

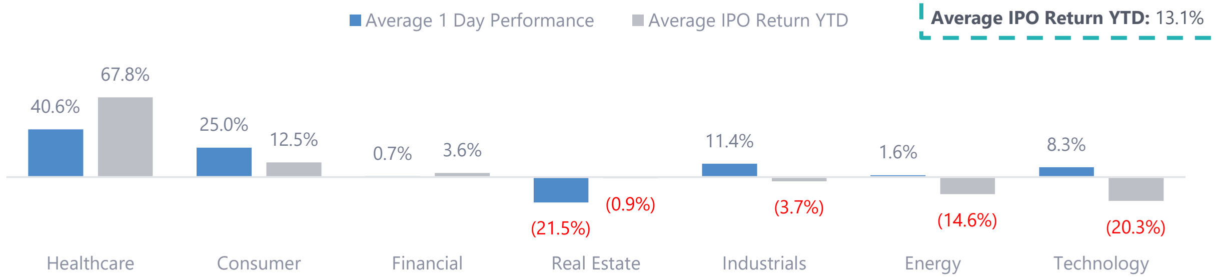
IPO Proceeds by Sector YTD 2026



- 1H 2026 IPO proceeds of $129.2 billion were led by industrials, technology, and healthcare, though the mix was heavily skewed by the SpaceX IPO.
- Industrials generated $99.5 billion in proceeds, driven overwhelmingly by SpaceX's ~$86.0 billion offering.
- Excluding SpaceX, proceeds would be far more evenly distributed, and both industrials and technology would stand out as the leaders by proceeds raised.

IPOs Performance by Sector YTD 2026(1)

Average 1 Day Performance: 16.8%
Average IPO Return YTD: 13.1%



- IPO performance was mixed to close 1H 2026, with the average YTD return of 13.1% masking significant dispersion across sectors.
- Healthcare was the standout performer, driven by offerings such as Veradermics in Q1 and GMR Solutions in Q2.
- Real estate and energy IPOs underperformed on a YTD basis, declining 0.9% and 14.6%, respectively, while technology continued to struggle amid ongoing AI- and macro-related uncertainty.

Key Takeaways

The IPO market delivered record first-half proceeds, with healthcare and industrials leading deal count and technology close behind. This deal count breadth across sectors, rather than reliance on any single vertical, points to a broadly constructive backdrop heading into the second half of the year.

That said, the proceeds mix was heavily skewed by SpaceX's ~$86.0 billion offering, which pushed industrials well ahead of other sectors. Excluding that transaction, technology would rival industrials as the leader in capital raised.

Aftermarket performance remained mixed. Healthcare was the standout, propelled by offerings such as Veradermics and GMR Solutions, while real estate and energy lagged, and technology continued to face headwinds tied to AI- and macro-related uncertainty. The dispersion reinforces that investors remain selective, rewarding differentiated, high-quality issuers over broad-based new supply.

Sources: Dealogic, S&P Capital IQ.
Note: 2026 U.S. IPOs above $50.0 million as of June 30, 2026, excluding SPACs and closed-end funds.
1) Performance data as of July 15, 2026.

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