Pre-seed to exit: takeaways from Toronto Tech Week 2026

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Toronto Tech Week 2026 provided a clear view into how Canada's technology ecosystem is evolving across the full company lifecycle, from early formation to scale and exit.

Key takeaways from the week

- Documentation quality is now a differentiator at pre-seed and seed - clean cap tables and properly assigned IP materially affect a company's ability to close.
- Defence-adjacent and applied AI opportunities arrive with complex IP, export control and contracting requirements earlier than most founders anticipate.
- Cross-border structures cannot be deferred - governance and IP decisions made at formation are difficult to unwind later.
- IP is a strategic asset, not a legal afterthought - defaults are hard to fix once capital or government-adjacent counterparties are in play.
- Transaction readiness is a growth tool, not just an exit consideration.

Toronto Tech Week 2026 (TTW 2026) reflected a Canadian innovation economy that remains active and resilient – but increasingly selective. Across events, conversations mapped consistently to the full company lifecycle: from early capital access and formation through scale, cross-border growth and exit. BLG's lawyers were on the ground throughout the week, working with founders, investors and corporates at every stage. The following observations draw on those conversations.

A selective capital cycle, with early-stage momentum

Selectivity now defines the venture environment.

Early-stage financings are accounting for a growing share of deployed capital. That dynamic is reshaping behaviour across the ecosystem, influencing how founders plan for liquidity, how investors manage portfolios, and how corporates approach acquisition strategy.

The message throughout the week was pragmatic. In a market where later rounds are harder to secure, companies that can demonstrate early traction, focus, and efficiency can still raise. Understanding your capital strategy and weighing profitability versus growth are more important than ever.

Pre-seed and seed: readiness is the differentiator

Pre-seed and seed remain the healthiest part of the funnel, even as overall deal volumes decline. Investors continue to back companies with a defensible wedge and a credible path forward.

What has changed is the premium placed on preparation. TTW 2026 programming emphasized investor readiness, from application-based meetings to curated one-on-one formats that reward founders who arrive with a tight narrative and clear asks.

Across early-stage conversations, the same insight surfaced repeatedly. The most valuable rooms were not the loudest ones. They were the rooms where clarity, relevance, and alignment replaced broad exposure. The companies that stood out in these rooms had focused positioning, early commercial validation, and leadership teams that understand how to engage investors well before a formal fundraising process begins.

Practical takeaway for founders: Clean documentation, thoughtful investor targeting, and a disciplined narrative materially improve outcomes.

BLG Beyond CoFound, BLG's dedicated legal program for early-stage founders, works with companies at this exact stage - building the documentation infrastructure that serious investors expect before a deal conversation begins.

What is being built, and why it matters

The market is prioritizing applied technologies with real-world deployment, defensibility, and strategic relevance.

AI remains central, but the conversation has matured as the emphasis shifts from novelty to integration. Investors and operators consistently framed AI as a business system, embedded in workflows, verticalized by industry, and evaluated by measurable return on investment.

Defence and national security-adjacent technologies were more visible than in prior years. Discussions highlighted companies building dual-use capabilities across areas such as AI, advanced sensing, cybersecurity, infrastructure resilience, and mission-critical software. Defence-adjacent technology sits at the intersection of applied AI, deep tech, and infrastructure, and it brings distinct considerations around governance, contracting, export controls, and IP strategy.

Infrastructure also featured prominently. Fintech discussions focused less on consumer experiences and more on rails, compliance, identity, payments, and treasury. In these businesses, regulatory strategy and partnerships often matter as much as product development.

Deep tech maintained a strong presence as well, particularly where the narrative centred on near-term commercial applications. Quantum and advanced computation were framed less as scientific breakthroughs and more as enterprise-relevant tools, a shift that shortens commercialization timelines and accelerates partnerships.

Practical takeaway for investors and corporates: Many of Canada's most compelling opportunities sit at the intersection of applied AI, infrastructure, defence-adjacent capabilities, and commercial deep tech, raising complex IP, data, governance, and contracting questions much earlier in the lifecycle.

BLG advises across all of these areas, from data rights and export control considerations in defence-adjacent work to AI governance frameworks and technology licensing.

Cross-border dynamics surface earlier

As companies move from product to scale, cross-border considerations arise quickly. TTW 2026's emphasis on ***building "here, for the world"*** reflects a reality most founders already experience. Canadian technology companies are global by design, whether through customers, talent, or capital.

While participation by U.S. investors fluctuates, reliance on foreign capital increases materially at later stages. Large growth financings remain heavily dependent on non-Canadian investors, introducing structural complexity around governance, IP ownership, and control.

Practical takeaway for founders: Cross-border capital and acquisition optionality should be anticipated early. Governance, capitalization, and IP structures should be designed accordingly.

IP retention moves upstream

Cross-border pressure brings IP strategy into sharper focus. Canada continues to generate world-class innovation, but value capture remains uneven. IP migration often occurs quietly, through corporate structuring decisions, investor-driven terms, or operational choices made to unlock capital or market access.

This dynamic is particularly acute in AI, deep tech, and defence-adjacent technologies, where defensibility rests on data rights, trade secrets, proprietary know-how, and, in some cases, sensitive or regulated IP tied to government or allied customers. These companies often face heightened scrutiny around ownership, control, and jurisdiction earlier than their peers.

IP strategy is increasingly viewed as an early-stage concern rather than a transactional one. Investor readiness discussions now assume that IP ownership, assignment, and protection have been addressed well before a major financing or strategic partnership is underway.

Practical takeaway for founders and boards: IP ownership and data rights should be treated as strategic assets. Defaults are difficult to unwind once capital, customers, or government-adjacent counterparties are in play.

M&A as strategy, not just outcome

In this environment, M&A plays an increasingly central role. Acquisitions remain the dominant liquidity pathway for founders and investors.

Both strategic and financial buyers are active, but disciplined. Strategics focus on synergies such as distribution, data, and product adjacency. Financial sponsors emphasize repeatable growth and structured outcomes, with careful attention to diligence.

A recurring theme at TTW 2026, particularly among later-stage and highly ambitious companies, was that acquisition is no longer viewed solely as an endpoint. Many are using M&A to accelerate growth through tuck-ins, talent acquisition, and capability expansion.

Practical takeaway for corporates and scale-ups: Transaction readiness should begin early. Clean capitalization, strong IP hygiene, and clear integration planning reduce execution risk and improve outcomes. For the right players, an acquisition strategy can significantly bolster growth.

Closing thought

TTW 2026 was, above all, a confidence signal. Canada's technology ecosystem is building in public, at scale, and with global ambition. At the same time, the week reinforced that long-term value creation depends on how effectively companies navigate scaling, IP retention, and exit pathways.

For founders, investors, and corporates, the opportunity in 2026 is to treat the lifecycle as connected. Build early traction with rigor. Scale with governance and IP strategy in mind. Approach M&A and strategic capital as tools, not last resorts.

If you are navigating any part of this lifecycle -from early financing through scale, cross-border growth or exit - BLG's team supports founders, investors and corporates to build robust structures, enable growth, and capture value at every stage.

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