



Capital Advisors Group's Debt Market Update

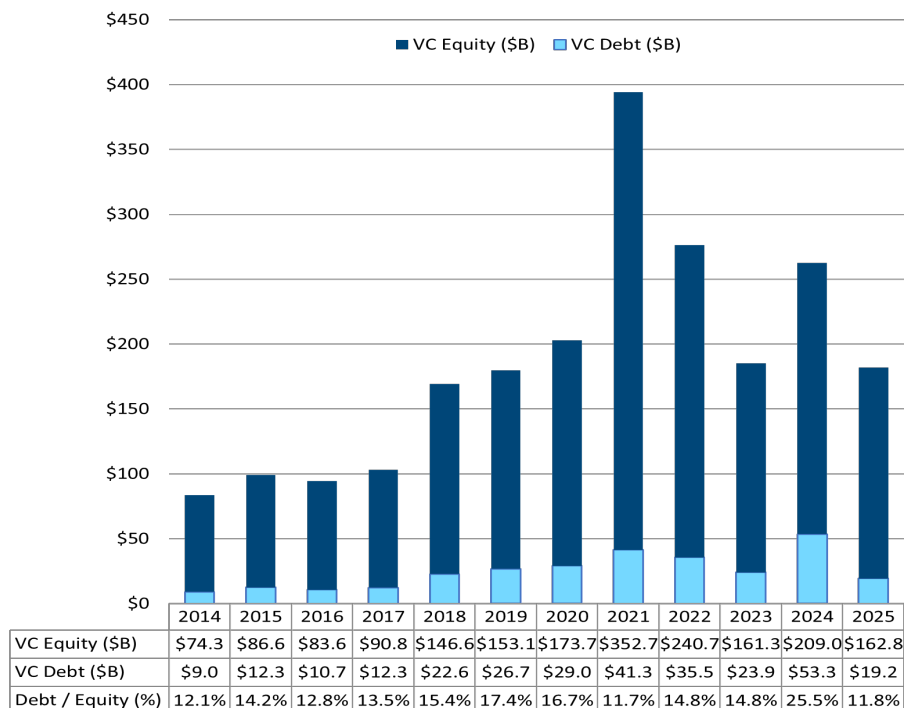
Q2 2025

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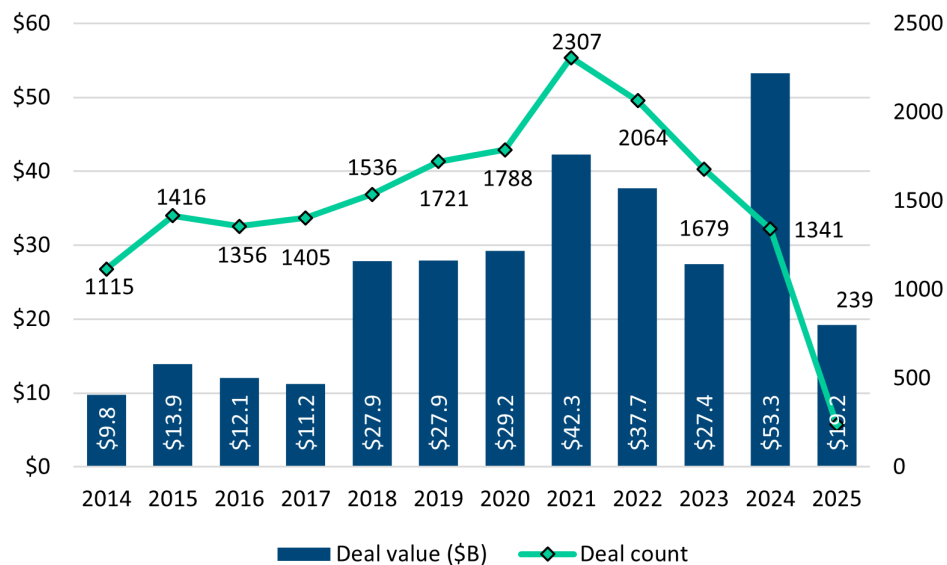
Commentary – Q2 2025

As we review the overall numbers for Q2 '25, we see the continuation of a growing trend in both the technology and healthcare venture debt markets – stable deal value represented across fewer deals. Naturally this means average deal size is increasing, with some large outliers skewing the numbers even higher. Tech market deal value of \$18.4 billion actually notches a new quarterly high point for the sector, but volume remains historically low at just over 200 deals. For context, this represents a 30% drop in deal volume from the same period last year, and if we look over the first halves year-over-year, tech sector deal volume is down more than 45%. For regular readers of this newsletter, many are aware that the healthcare sector is faring even worse. These numbers are worth repeating throughout this newsletter - deal volume in the healthcare sector was more than 60% lower over the first half of 2025 than over the same period in 2024. At the same time, overall deal value has remained relatively steady over the same period. As we have mentioned in the past, we attribute these trends to a continuation of lenders moving toward larger, later-stage growth investments. Across all sectors, late-stage venture and venture growth rounds have increased dramatically in average size and markedly so over the past two years.

US Venture Capital and Debt Activity



US Venture Debt Activity



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Healthcare

The healthcare venture debt market continued at its slower pace through the second quarter of this year. Interestingly, in terms of deal value, the numbers show a relatively robust quarter, coming in at \$2 billion in deployed capital. However, that number was achieved across just 46 deals. To put this paltry number in context, as we look back at the first half of 2025, deal volume was more than 60% lower than deal volume through the first half of 2024. While these numbers are somewhat alarming, they reflect a continuing trend of more capital being deployed across fewer deals to later-stage and growth-stage healthcare companies. This trend has accelerated over the past several years and confirmed, anecdotally, via conversations with lenders who have shifted their focus over time to later-stage transactions.

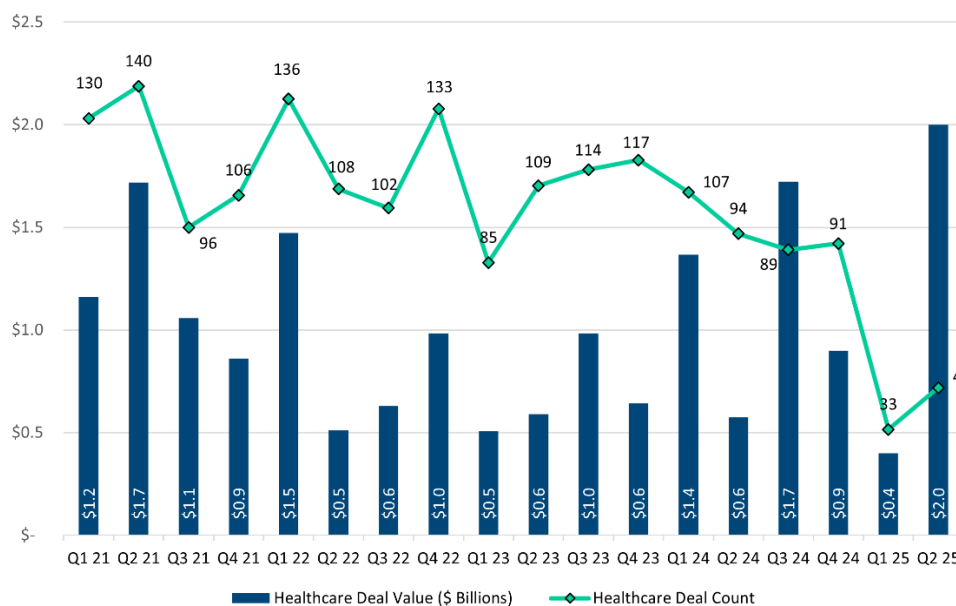
Technology

Within the tech sector, the number of deals completed increased sharply in Q2, coming in 66% higher than the prior quarter. However, the Q2 deal count was down 29% year-over-year, and was the second lowest total over the past five years.

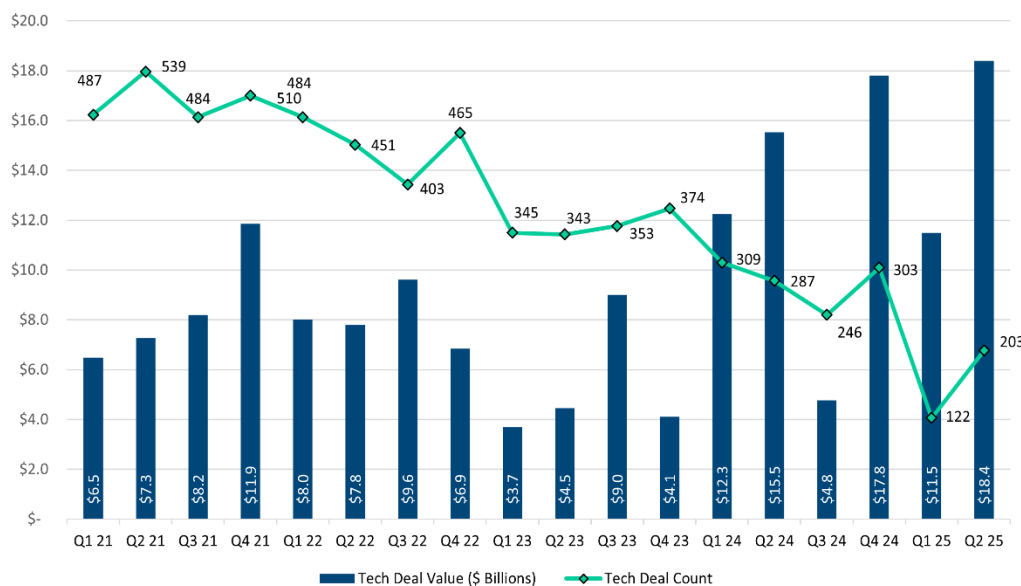
In contrast, the value of completed venture debt deals came in at \$18.4 billion – the highest total over the past five years. This figure represents a 60% increase quarter-over-quarter and an 18% increase year-over-year.

In market conversations, lenders are generally signaling that they are actively looking for opportunities. While the market is not as frothy as it was a few years ago, many lenders are observing improving conditions. So, it looks like it could be a fairly active second half of the year.

US Healthcare Venture Debt Activity



Technology Venture Debt Activity



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Why Consider Venture Debt



Runway Extension

Extends runway required to hit important milestones prior to next equity raise, which may help drive a higher valuation.



Less Dilutive Growth Capital

Enables continued investment in growth, while minimizing the dilution associated with raising equity.



Enhance Liquidity

Provides a cash cushion, which may act as "insurance" if it takes longer than anticipated to reach the next milestone or raise the next equity round.



Acquisition Financing

Reduces operating burn to provide more cash for potential acquisitions.



No Board Seat Requirements

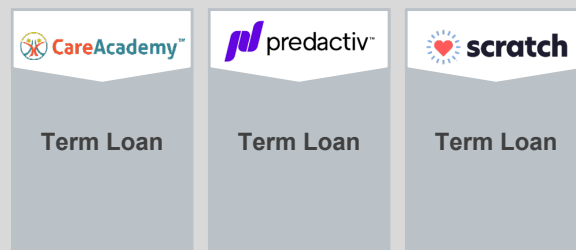
Brings on a significant capital partner without impacting current board dynamic.

End-to-End Transaction Support

From initial query to cash in hand, we develop your strategy, evaluate potential lenders, solicit bids, and help you source the most favorable deals.



Sample Transactions



Recently completed debt deals. For our clients' confidentiality, only those clients who have authorized us to use their name and financing information in our marketing materials are listed. Clients listed do not necessarily endorse or approve of the debt advisory services provided by Capital Advisors Group.

Key Team Members

Since 2003, we have worked side-by-side with emerging growth companies to help obtain the best terms and conditions for debt transactions ranging from \$5M to more than \$200M.



Stefan Spazek
EVP—Director of
Debt Placement



Ryan McCarthy
Managing Director

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