




CAPITAL ADVISORS GROUP'S DEBT MARKET UPDATE

Q3 2025

[Please click here for disclosure information:](#) Our research is for personal, non-commercial use only. You may not copy, distribute or modify content without prior written authorization from Capital Advisors Group. All contents © Copyright 2025 Capital Advisors Group, Inc. All rights reserved.

A decorative graphic at the bottom of the page consisting of a blue, wavy, mesh-like pattern with a hexagonal grid overlay, set against a dark blue background.

COMMENTARY – Q3 2025

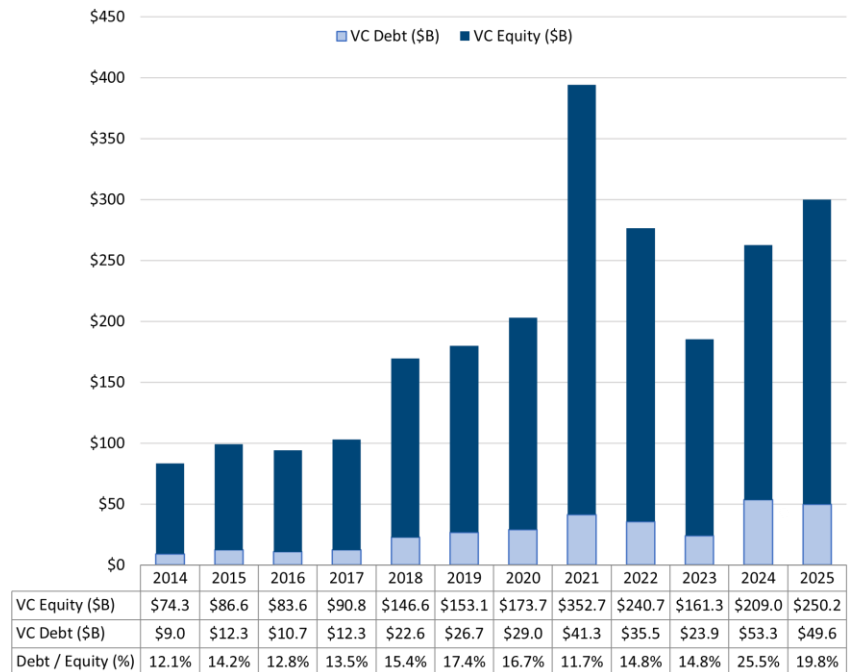
As we review Q3 2025 the venture debt market continues to show positive momentum, with both the technology and healthcare sectors showing meaningful signs of growth. While each sector exhibited distinct patterns, both recorded increases in deal count and volume, supported by larger transaction sizes and deepening deal pipelines as the year draws to a close.

In the technology sector, momentum accelerated notably. Deal count rose 25% from the prior quarter and 3% year-over-year, reflecting continued demand for venture debt as a flexible financing tool amid a still-volatile equity environment. Completed deal value totaled approximately \$16 billion—the third-highest quarterly total over the past five years. Although this marked a 13% decline from the record-setting second quarter, it reflected a dramatic 236% increase from the same period last year.

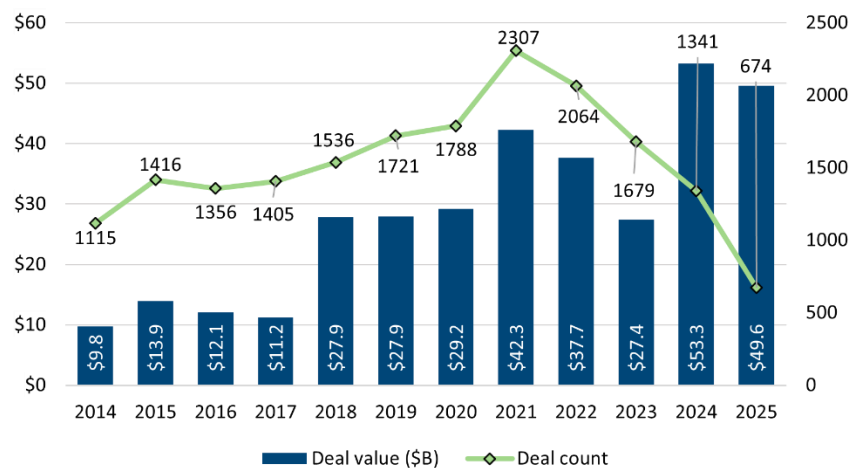
The healthcare sector followed a similar upward trajectory, continuing a positive trend in both deal value and transaction count. Venture lending volume rose to \$2.3 billion in Q3, up from \$2.0 billion in the prior quarter, while the number of transactions increased 16% to 55. The data highlights a continuing pattern of fewer but larger financings—a theme that has characterized healthcare lending throughout 2025. Compared to Q3 2024, total deal volume was up 26%, while the transaction count declined nearly 50%, suggesting that lenders and borrowers are increasingly targeting scaled opportunities with more mature companies or later-stage financing needs.

Taken together, these trends indicate that venture debt may be begun re-establishing itself as a core component of growth-stage capital structures. As the year concludes, the combination of strong deal pipelines, healthy balance sheets, and investor appetite helps to position the venture debt market for continued expansion into 2026—with expectations of stable to rising volume across both sectors, despite a moderating macroeconomic backdrop.

U.S VENTURE CAPITAL AND DEBT ACTIVITY



U.S VENTURE DEBT ACTIVITY

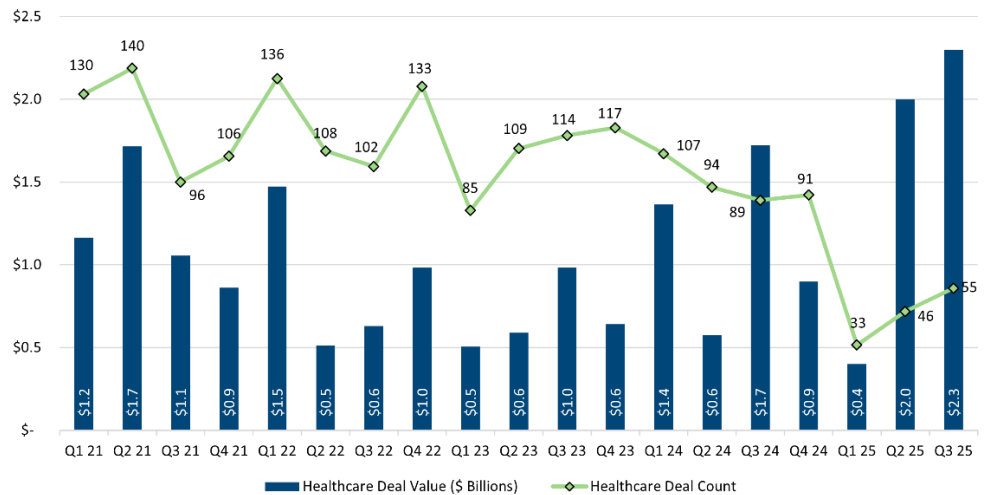


*Information and data sources include PitchBook Data as of 9/30/2025 and other publicly available data from parties that Capital Advisors Group has engaged with on historical debt transactions and is suited for general informational purposes only. Capital Advisors Group makes no representation or warranty regarding the accuracy or completeness of the data. [Please click here for disclosure information.](#) Our research is for personal, non-commercial use only. You may not copy, distribute or modify content without prior written authorization from Capital Advisors Group. All contents © Copyright 2025 Capital Advisors Group, Inc. All rights reserved.

HEALTHCARE

Venture lending in the healthcare market continued its positive momentum in Q3, with increases in both deal volume and transaction count. Compared to the prior quarter, deal volume rose slightly to \$2.3 billion, up from \$2.0 billion in Q2, while deal count rose by 16% to 55 transactions. Year over year, the trend of fewer but larger transactions has become more evident. Compared to the Q3 2024, deal volume was increased by 26% while deal count declined 48% over the same period.

U.S. HEALTHCARE VENTURE DEBT ACTIVITY

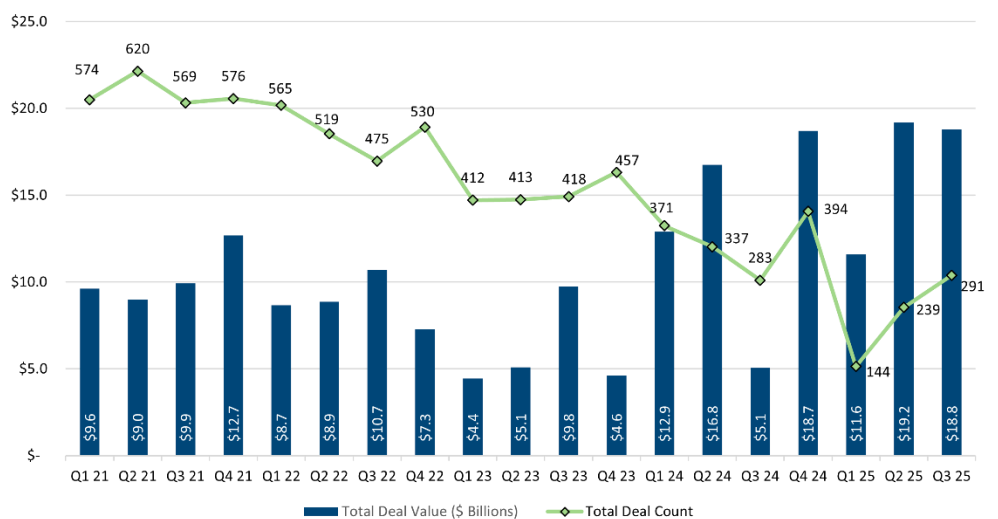


TECHNOLOGY

In Q3, tech sector deal count increased by 25% quarter-over-quarter, and 3% year-over-year, signaling continued momentum in venture debt activity. Completed venture debt deals in tech totaled \$16 billion – the third highest quarterly total in the past five years. While this represents a 236% increase year-over-year, it also reflects a 13% decline from the record-breaking prior quarter.

In market conversations, lenders are signaling more activity and larger deal pipelines. This suggests that there is reason to believe that deal momentum is likely to continue as we wrap up 2025 and look ahead into 2026.

TECHNOLOGY VENTURE DEBT ACTIVITY



*Information and data sources include PitchBook Data as of 9/30/2025 and other publicly available data from parties that Capital Advisors Group has engaged with on historical debt transactions and is suited for general informational purposes only. Capital Advisors Group makes no representation or warranty regarding the accuracy or completeness of the data. [Please click here for disclosure information.](#) Our research is for personal, non-commercial use only. You may not copy, distribute or modify content without prior written authorization from Capital Advisors Group. All contents © Copyright 2025 Capital Advisors Group, Inc. All rights reserved.

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.



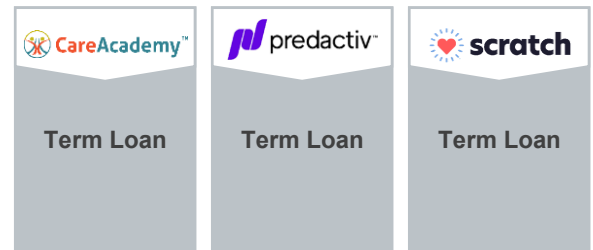
No Board Seat Requirements

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

SSpazek@capitaladvisors.com



Ryan McCarthy
Managing Director

rmccarthy@capitaladvisors.com



Jeff Griffor
Managing Director

jgriffor@capitaladvisors.com

IMPORTANT INFORMATION

This report is intended for informational purposes only. Nothing contained in this report is a guarantee of actual results, outcomes, or future performance. Past performance is no guarantee of future results. Nothing in this report constitutes an offer to sell, a solicitation to buy, or a recommendation of any security.

The information in this report is, or is based on, information that has been made publicly available by third parties, and it is subject to change without notice. All information in this report is accurate only as of the date of this report, unless otherwise noted. Capital Advisors Group, Inc. has no obligation to update this report, or to provide you with a copy of any update of this report if one is prepared. Capital Advisors Group, Inc. does not independently verify or guarantee the accuracy of such information, and any inaccuracies in such information likely will affect Capital Advisors Group, Inc. analysis and conclusions included in this report.

This report may include forward looking statements. Capital Advisors Group, Inc. is not undertaking to update or revise any forward-looking statements in this report, whether resulting from new information, future events or otherwise. You should not take any statements regarding past trends as a representation that trends or activities will continue in the future. Accordingly, you should not put undue reliance on this report.

Capital Advisors Group, Inc. is registered with the U.S. Securities and Exchange Commission as an investment adviser. Additional information regarding Capital Advisors Group, Inc., including its investment strategies and their risks, is available in Capital Advisors Group, Inc.'s disclosure document (Form ADV, Parts 2A and 2B), which is available by calling 617-630-8100. You may also find a copy of the disclosure document at the SEC's website www.sec.gov. This presentation is not a complete description of Capital Advisors Group, Inc.'s investment strategy, the strategy's investment risks, or tax or other important considerations. Prospective clients should read all disclosure documents provided by Capital Advisors Group, Inc. relating to its products or services before engaging Capital Advisors Group, Inc. to perform for it investment management or advisory services.

Photocopying and/or redistributing this report in any form is strictly prohibited. This report is a confidential document and it may not be provided or disclosed to any persons other than the intended recipients without Capital Advisors Group, Inc.'s written consent.

All contents © copyright 2025 Capital Advisors Group, Inc. All rights reserved.