



Houlihan
Lokey

Portfolio Valuation and Fund Advisory Snapshot
2024 Venture Debt Market Update
in Europe

June 2025

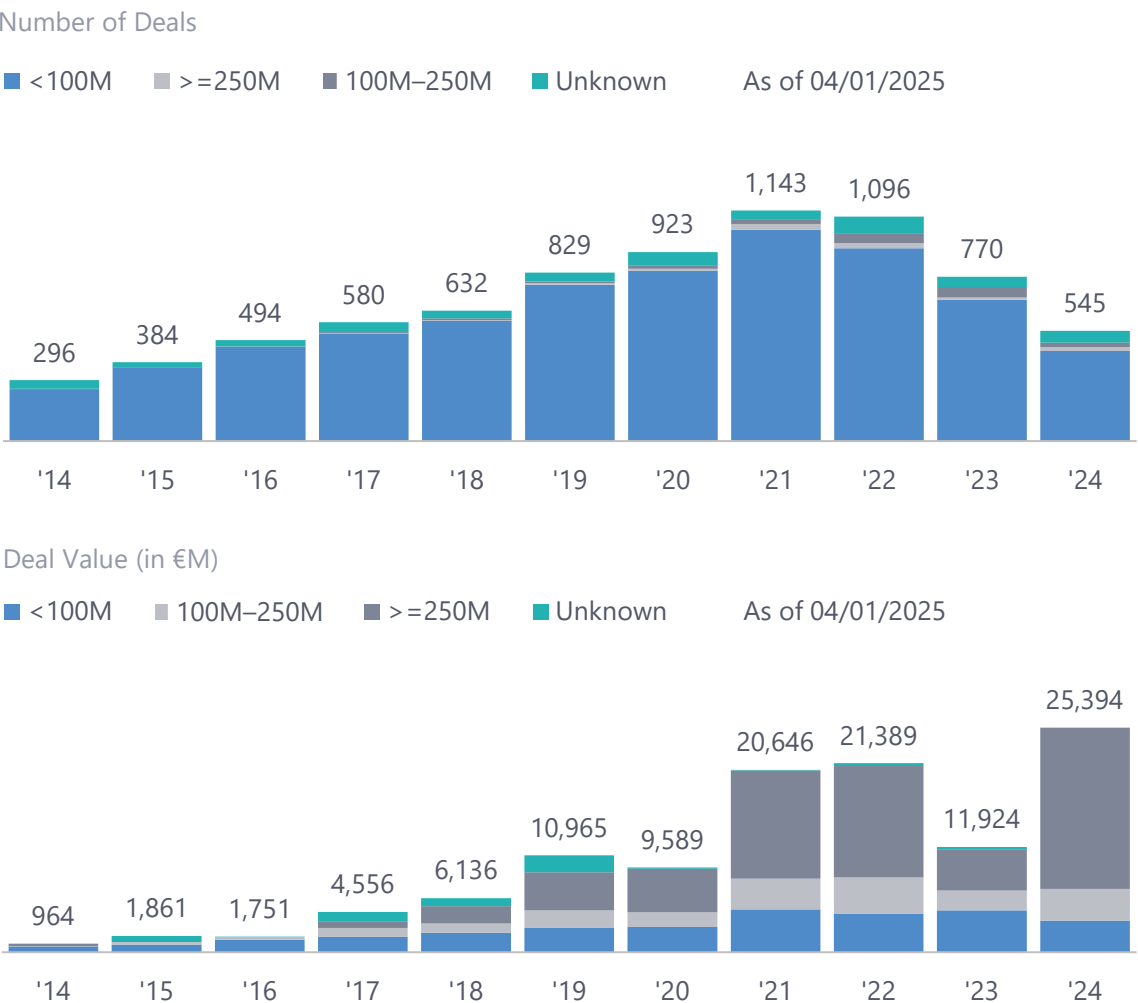
Venture Debt Market Activity Back to Record-High Levels in 2024

During 2023, tighter financial conditions, rising global interest rates, and geopolitical uncertainty significantly hindered European private market activity and slowed deal flow.

Venture debt was no exception, with total volumes falling sharply to €12 billion in 2023, down from the record €21 billion reached in 2022. However, in the first half of 2024, the European venture debt market showed signs of recovery. Several megadeals, including Northvolt (€4.5 billion), H2 Green Steel (€4.2 billion), and SumUp (€1.5 billion), played a central role in sustaining momentum and driving total deal volumes to c. €17 billion for the period. Beyond offering a lower cost of capital relative to equity financing, the resilience of the venture debt market can be attributed to a set of structural characteristics, including its non-dilutive nature, the more rapid access to capital it enables, and its capacity to extend cash runways between equity rounds. Moreover, in a market environment characterised by persistent uncertainty, venture debt provides companies with the flexibility to raise capital without the need to reprice their valuations to prevailing market conditions—thereby preserving value and allowing for potential recovery ahead of future equity issuances. This combination of factors continued to support venture debt activity throughout the year, and, despite a slowdown in the second half, full-year 2024 concluded with an all-time high of €25 billion in venture debt volumes distributed across 545 transactions, underscoring the resilience of this market and its continued attractiveness to both startups and investors amid persistent fundraising challenges.

Sources: “McDermott Will & Emery Private Market Update January 2025,” PitchBook.

Figure 1: Venture Debt Transactions in Europe



Trends of the Venture Debt Market in Europe

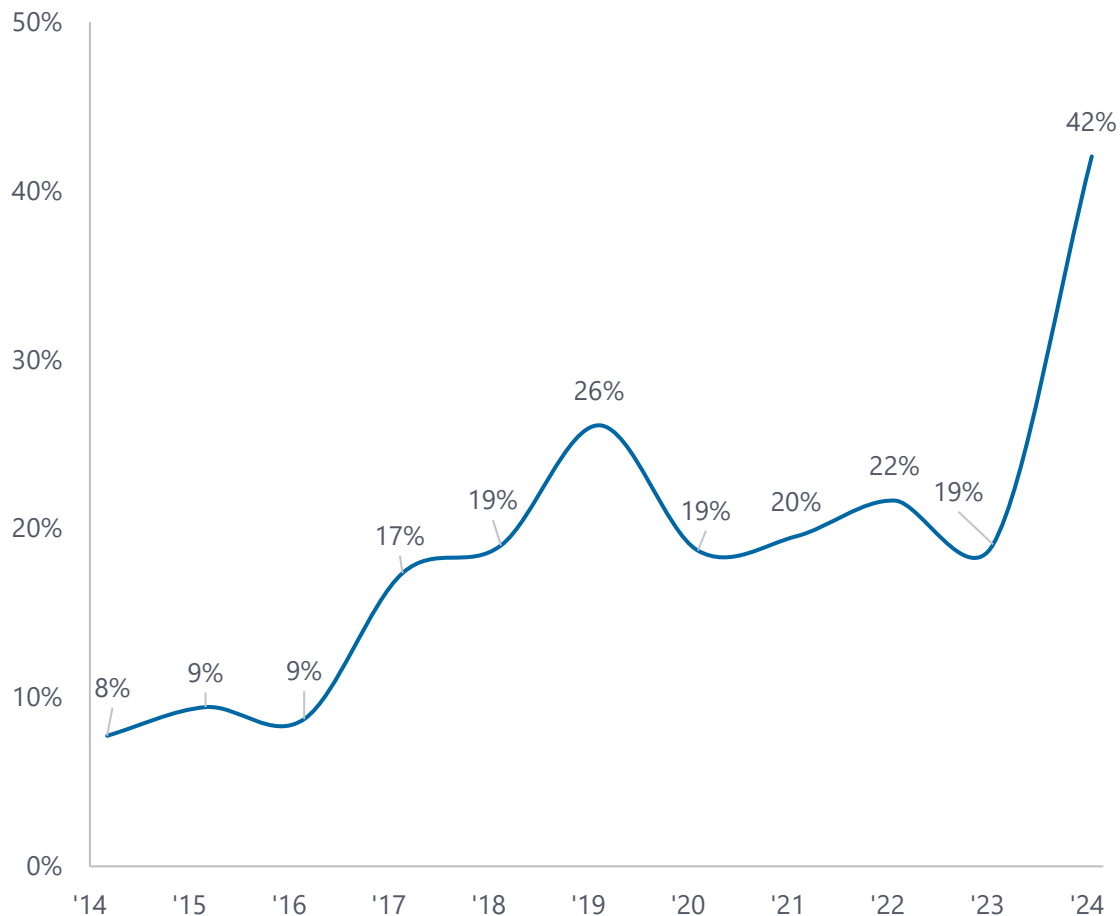
Since late 2021, significant shifts in the startup financing landscape have unfolded, driven by geopolitical conflicts and energy crises.

Rising global interest rates have further dampened private market activity and slowed deal flow, posing challenges for private equity funds to finance new venture capital transactions and refinance existing ones. These factors have created more demanding fundraising conditions, prompting investors to adopt more conservative approaches in shaping their investment strategies.

Throughout 2024, equity-based funding has remained highly selective, with a clear skew toward high-quality assets and more mature ecosystems. Within this challenging fundraising environment, as central banks progressed along the path of interest rate normalization and startups postponed equity-based fundraising in anticipation of more favourable conditions, venture debt became an increasingly vital financing option.

The exceptional activity achieved in 2024 reflects broader structural shifts in European venture capital dynamics. Indeed, while between 2014 and 2016 venture debt accounted for approximately 8% to 9% of the European venture capital market, its share rose to 22% in 2022 and reached 42% in 2024.

Figure 2: European Venture Debt Deal Volume Relative to the Venture Capital Market



Sources: "McDermott Will & Emery Private Market Update January 2025," PitchBook.



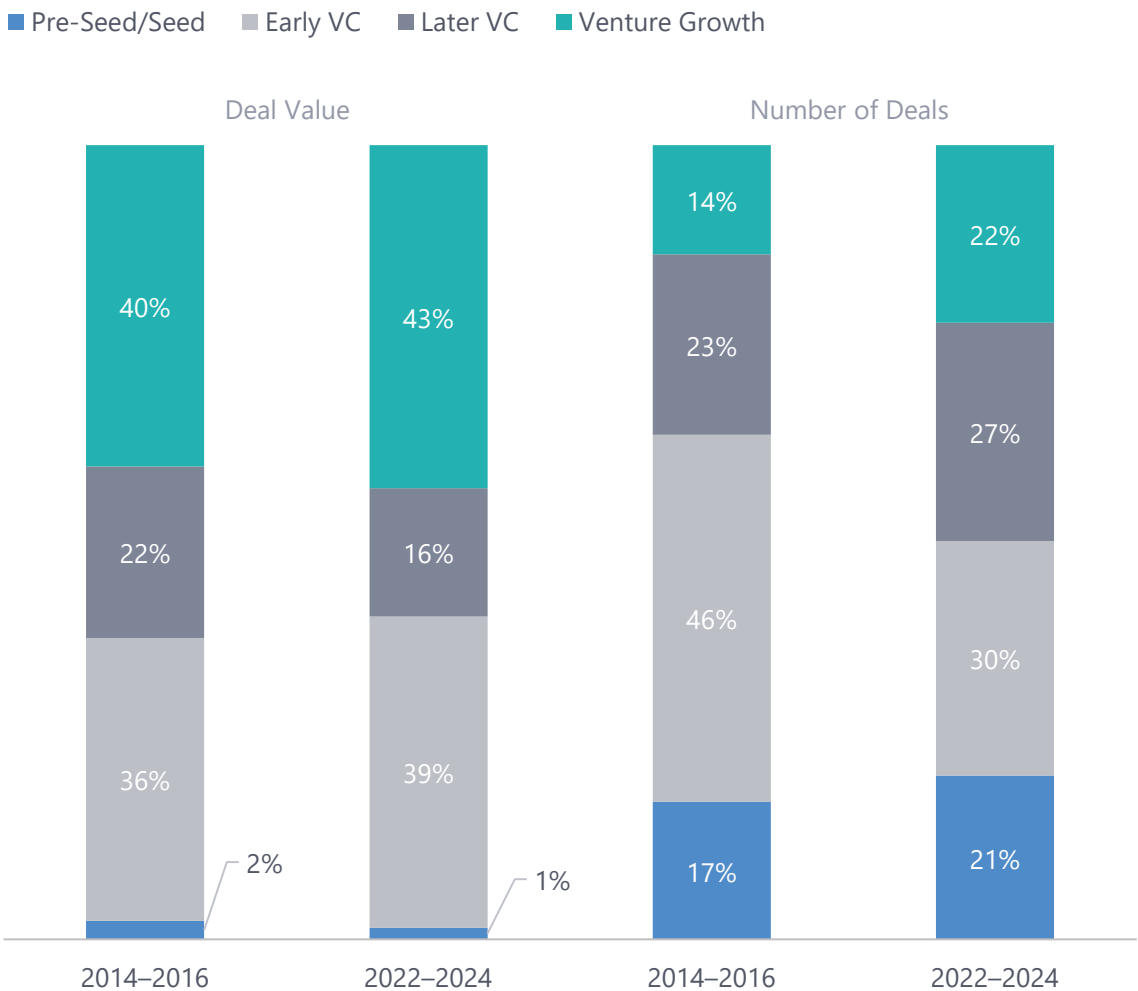
Trends of the Venture Debt Market in Europe (cont.)

This growth has also been supported by the maturing European startup ecosystem, where a rising number of companies are seen progressing into later-growth stages. As these firms scale, many reach a level of operational maturity and cash-flow generation that makes them viable candidates for debt financing. Yet their improved financial profile does not reduce their need for capital—on the contrary, continued expansion often requires substantial funding, which is increasingly difficult to secure solely through equity, particularly in a more selective and risk-averse fundraising environment. Therefore, given their enhanced financial stability and sustained capital needs, these companies are increasingly well suited to venture debt, contributing to the growing demand for this form of financing. Indeed, while in 2014–2016 late-stage and venture-growth venture debt deals accounted for 37% of all European venture debt transactions by number of deals, in 2022–2024, this balance grew to 49%. According to David Bateman, a Managing Partner at Claret Capital Partners, a venture debt financier with AUM of €600 million, Claret Capital Partners’ deals represented €132 million for 34 companies in 2024.

On the other hand, the share of early-stage deals dropped from 46% in 2014–2016 to 30% in 2022–2024 in terms of the number of deals but increased from 36% to 39% in terms of deal volume over the same periods.

Venture debt deal activity in 2025 may not surpass the level seen in 2024 if there continues to be an absence of megadeals, plus the fact that the IPO markets are expected to open soon. Nevertheless, venture debt remains a growing topic in European private markets, with the relatively low cost of borrowing, favourable financing conditions, and shifted capital dynamics.

Figure 3: Share of Venture Debt Deals by Growth Phase



Sources: “McDermott Will & Emery Private Market Update January 2025,” PitchBook.



Leading Independent, Global Advisory Firm

Corporate Finance

2024 M&A Advisory Rankings
All Global Transactions

	Advisor	Deals	
1	Houlihan Lokey	415	No. 1 Global M&A Advisor
2	Rothschild & Co	406	
3	Goldman Sachs & Co	371	
4	JP Morgan	342	Leading Capital Solutions Group, Raising ~\$25 Billion in the Past 12 Months*
5	Morgan Stanley	309	

Source: LSEG (formerly Refinitiv).
Excludes accounting firms and brokers.

Financial and Valuation Advisory

2000–2024 Global M&A
Fairness Advisory Rankings

	Advisor	Deals	
1	Houlihan Lokey	1,243	No. 1 Global M&A Fairness Opinion Advisor Over the Past 25 Years
2	Duff & Phelps, A Kroll Business	1,045	
3	JP Morgan	1,020	
4	UBS	792	2,000+ Annual Valuation Engagements
5	Morgan Stanley	698	

Source: LSEG (formerly Refinitiv).
Announced or completed transactions.

Financial Restructuring

2024 Global Distressed Debt &
Bankruptcy Restructuring Rankings

	Advisor	Deals	
1	Houlihan Lokey	88	No. 1 Global Restructuring Advisor
2	PJT Partners Inc	59	
3	Rothschild & Co	48	\$3.8 Trillion of Aggregate Transaction Value Completed
4	Lazard	44	
5	Perella Weinberg Partners LP	40	

Source: LSEG (formerly Refinitiv).

Financial Sponsors Coverage

2024 Global Private Equity Financial
Advisors Rankings

	Advisor	Deals	
1	Houlihan Lokey	232	No. 1 Most Active Advisor to Private Equity—Globally
2	Rothschild & Co	189	
3	Jefferies	175	1,900+ Sponsors Covered Globally
4	William Blair & Co	150	
5	Morgan Stanley	147	

Source: The Deal.

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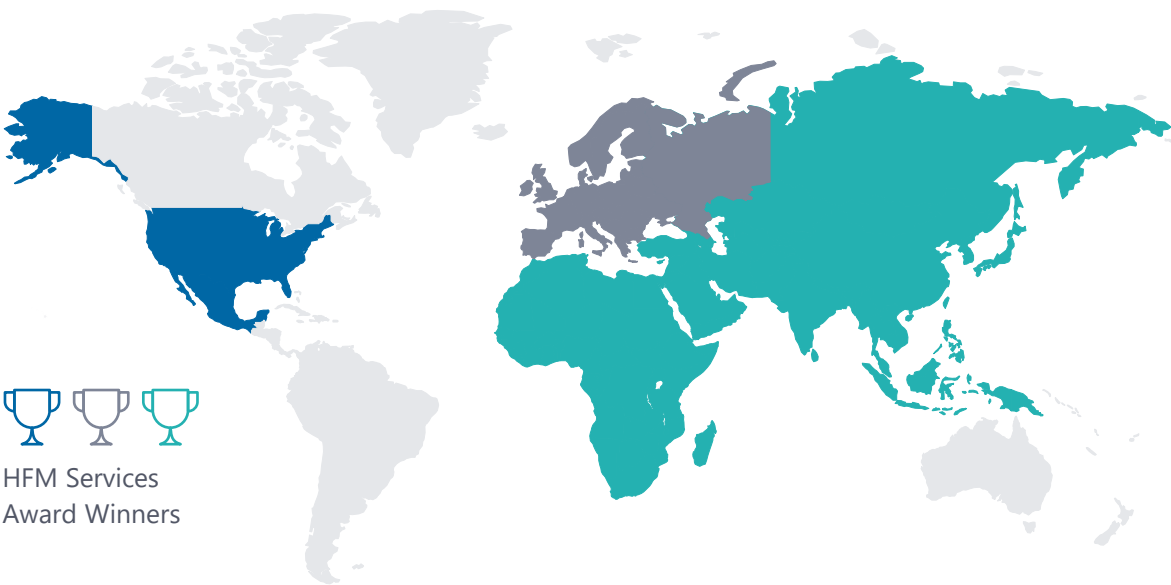


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We rapidly mobilise the right team for the job, drawing on our expertise in a wide variety of asset classes and industries, along with our real-world transaction experience and market knowledge, from our dedicated global Financial and Valuation Advisory business.

Global Recognition



Portfolio Valuation and Fund Advisory Services

- Fair Valuation for Financial Reporting
- Structured Products Valuation Advisory
- Securitization and Regulatory Compliance
- Derivatives Valuation and Risk Management
- Pre-Acquisition and Divestiture Services
- Fund Recapitalization and Transaction Opinions
- GP and Fund Manager Valuation
- Fund Opinions
- Sustainability Advisory Services
- Valuation Governance and Best Practices



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