

J.P.Morgan

# Medtech Licensing and Venture Deals

November 2022

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# Executive summary

## Medtech dealmaking and fundraising slowed to early-2020 levels

Deal flow for medtech, devices, diagnostics and research tools continued to decline across the subsectors in Q3 2022. This tracks with the declines in biopharma therapeutics and platform deals and funding activity coming off 2021's records.

Here are a few highlights uncovered in our third quarter report:

- **R&D licensing and contract services:** \$3.8 billion in total announced deal volume across 158 deals for medical devices, diagnostics, digital health therapeutics, and research tools.
- **Medtech venture:** \$6 billion in total medtech venture funding across 164 rounds, down from \$8.1 billion and 202 rounds in Q2.
- **IPO and M&A:** \$1.7 billion in five newly-filed IPOs—despite a closed IPO window—and \$13.0 billion across 26 acquisitions announced, both on the low end compared to prior time periods.

What does this mean for the rest of 2022?

- **Diagnostics development** will continue to see special focus from investors and manufacturing partners, especially in infectious diseases due to continued COVID-19 momentum.
- **Venture fundraising** will remain depressed following software pullbacks in digital health and broader healthcare IT. As in the biopharma subsector, it is likely PIPEs, late-stage rounds and debt round activity will increase.

At J.P. Morgan, we have a team of relationship bankers and specialists dedicated to the life sciences and healthcare sectors. We believe deeply in the pivotal contributions these entrepreneurs add to society, shareholders and employees alike.

Regardless of the size or stage of your company, we're committed to your success. We're prepared and equipped to help you meet your strategic, financial and technical objectives.

Thank you for taking the time to read this report. We look forward to supporting you.

Sincerely,  
Kathryn McDonough  
Co-head of Healthcare, Commercial Banking  
J.P. Morgan

### Parameters

Biopharma companies are defined as firms developing therapeutics and technology platforms engaged in drug discovery, clinical R&D and commercialization. Medtech companies are defined as firms developing medical devices, diagnostics, digital health therapeutics and research tools. Therapy areas, development stages and modalities are segmented per the DealForma database.

Financials are based on disclosed figures curated by DealForma. Multiple tranches of the same Series are counted as one together.

Data as of Oct. 3, 2022

# Deal flow across medtech, diagnostics, digital therapeutics, and tools continued downward

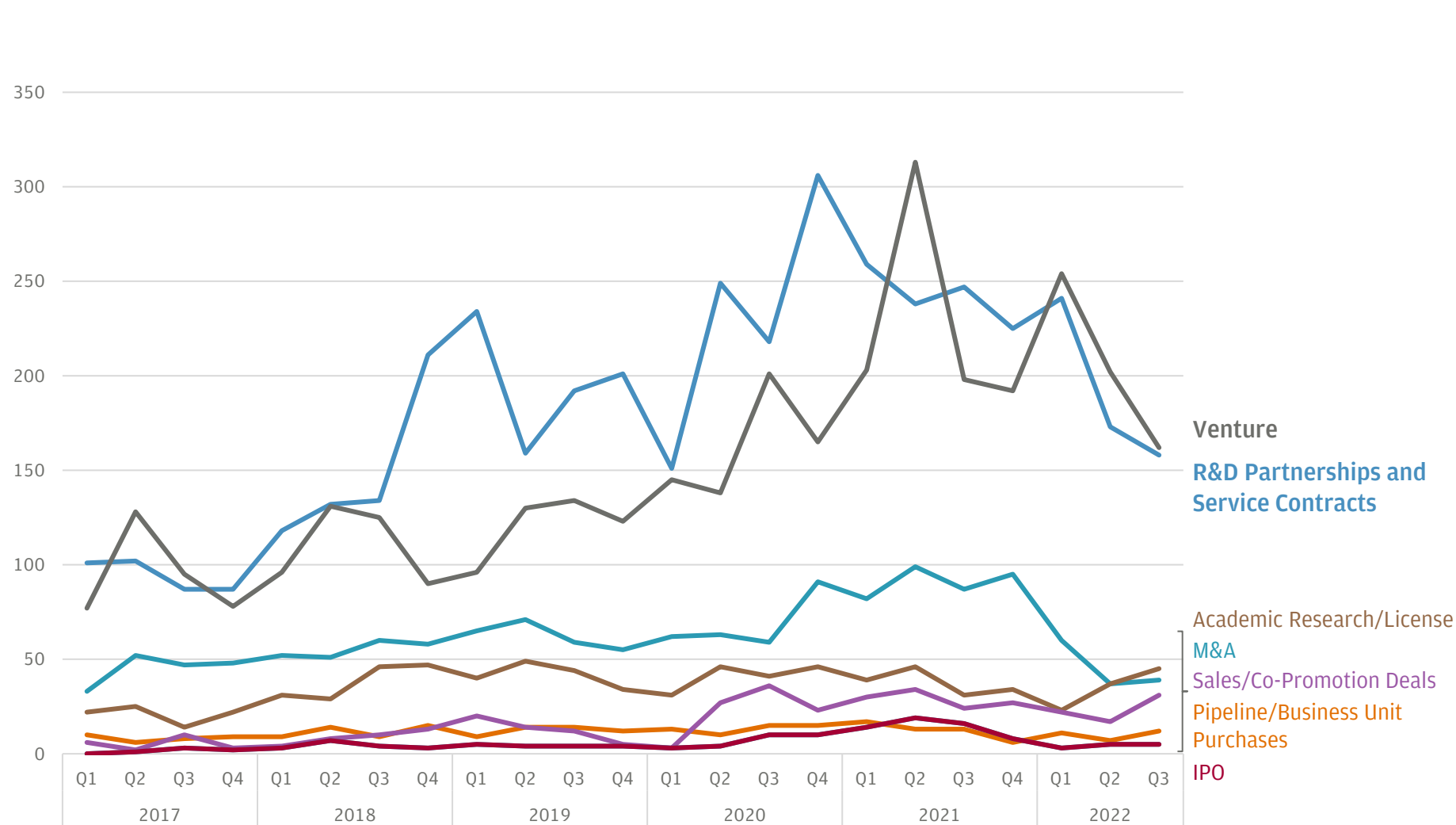
Partnerships, service contracts, and fundraising activity within medtech, diagnostics, digital therapeutics and tools companies was down again for Q3 2022. The number of venture rounds saw the biggest slowdown.

In Q3 2022, there were:

- 452 total transactions across venture rounds and IPOs, deals and M&A, and service contracts, down slightly from 478 in Q2.
- 162 venture rounds into medtech, down from 2021's peak of 313 rounds.
- 158 R&D partnerships and service contracts to develop devices, diagnostics and tools, down from the 306 peak in the number of deals in early 2021.

Source: DealForma.com database  
Financials based on disclosed figures. Data through Oct. 3, 2022.

## Medtech, diagnostics, digital therapeutics and tools: Total number of deals



# Medtech licensing and M&A

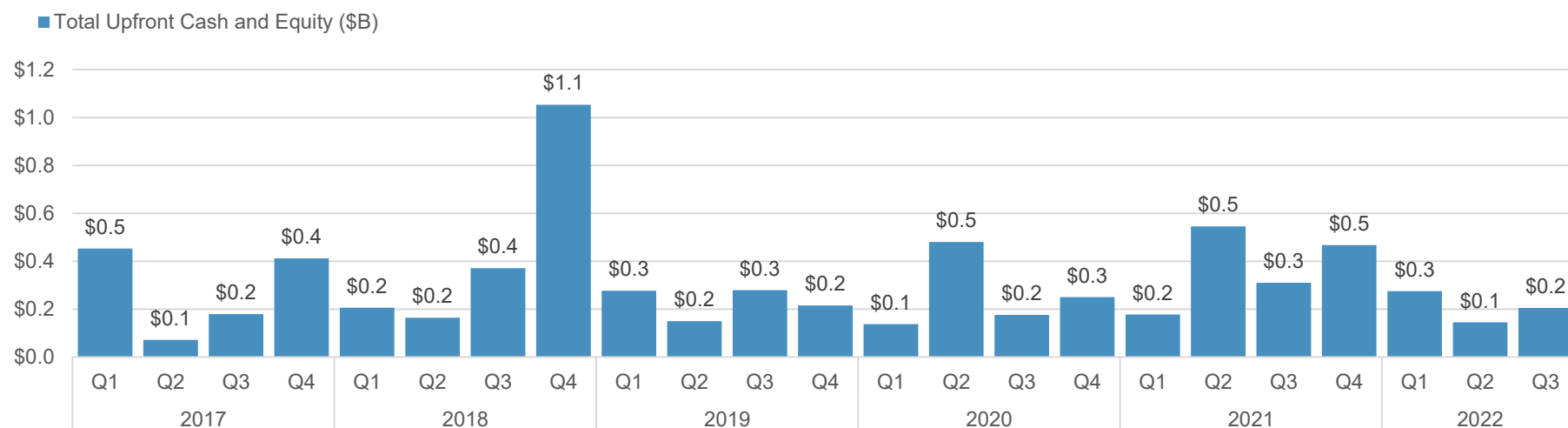
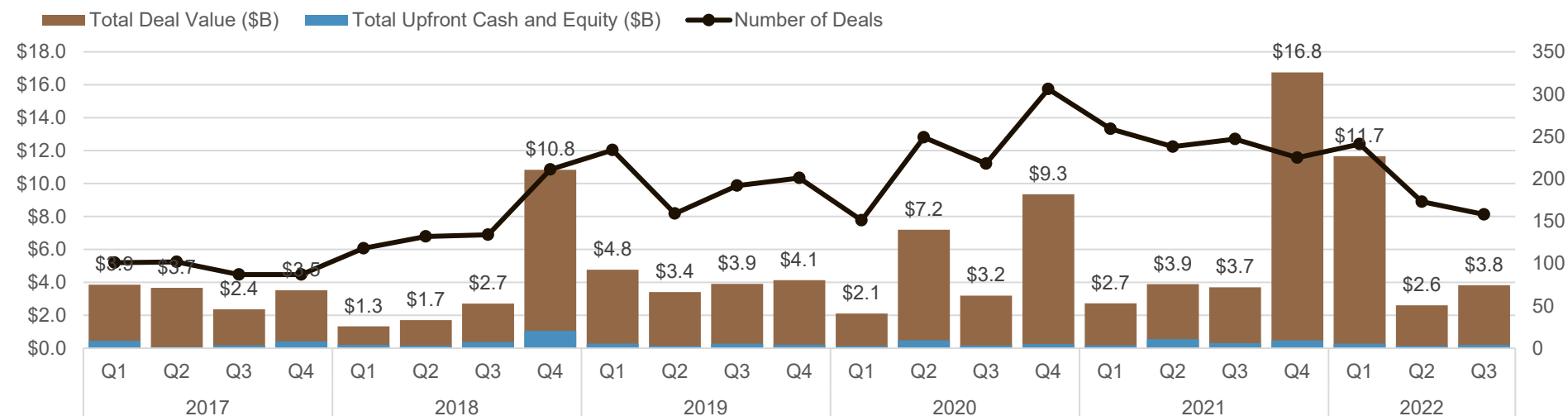
# Medtech, diagnostics, and digital therapeutics partnerships tracked lower

R&D partnership and contract service activity within medical devices, diagnostics, digital health therapeutics, tools, and manufacturing decreased across the board through Q3 2022.

In Q3 2022, there were:

- 158 medtech partnerships and service contracts signed, down from 173 in Q2.
- \$3.8 billion in total announced deal values, higher than Q2 and in the normal quarterly range since 2017.

## Medtech, diagnostics, digital therapeutics and tools: Partnership and contract service totals (\$B)



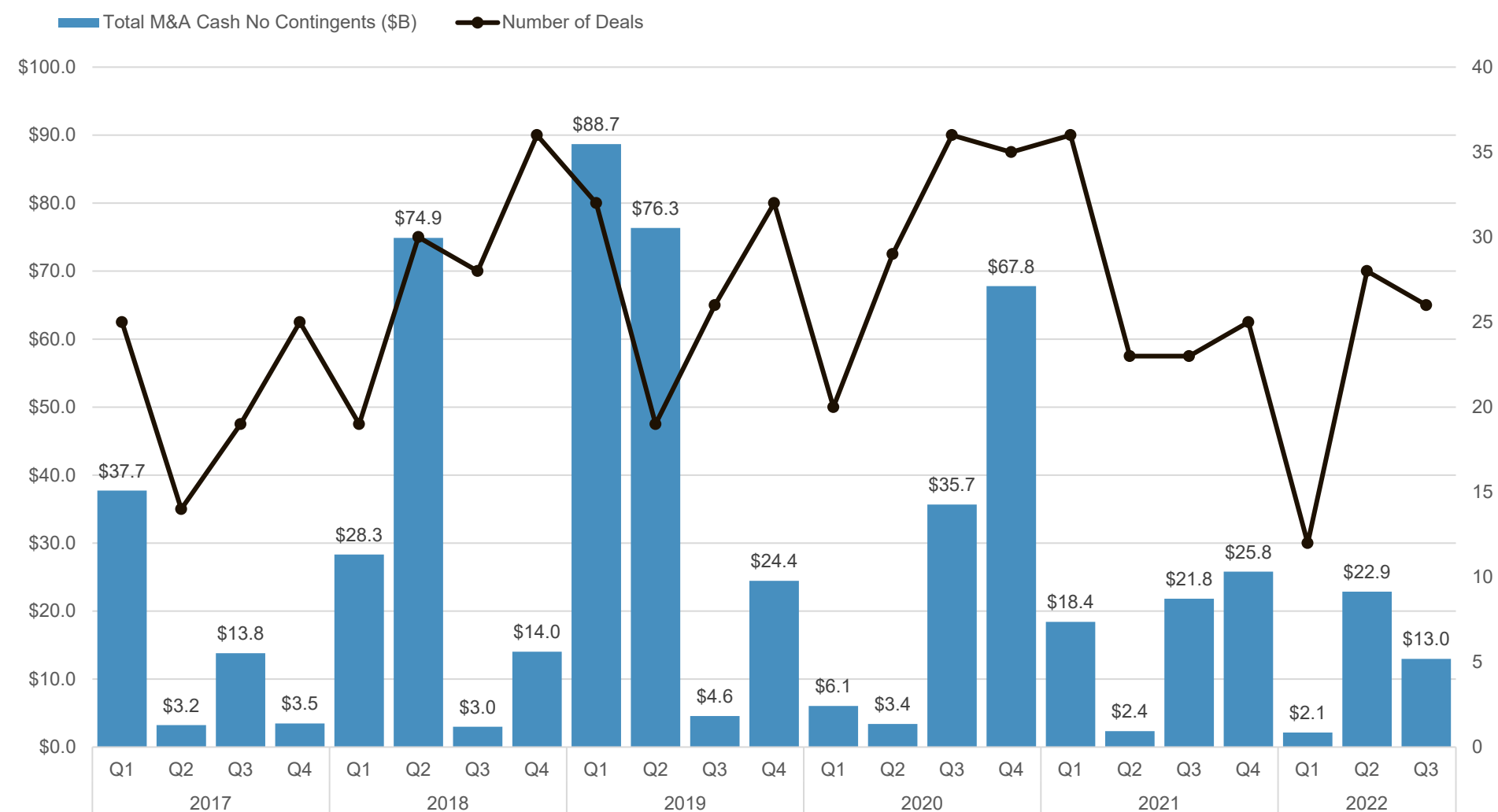
Source: DealForma.com database  
Financials based on disclosed figures. Data through Oct. 3, 2022.

# Quarterly M&A activity in medtech, diagnostics and tools continues to bounce

M&A activity within medtech and services has remained largely in range since 2017, finishing Q3 2022 with 26 company acquisitions.

- \$13 billion in total M&A upfront payments—not counting potential earn outs and contingent payments—across 26 acquisitions in Q3 2022. This is down from \$22.9 billion and 28 deals in Q2.

## M&A activity in medtech, diagnostics, digital therapeutics and tools: Number of deals and total value (\$B)



Source: DealForma.com database  
Financials based on disclosed figures. Data through Oct. 3, 2022.

# Medtech venture highlights

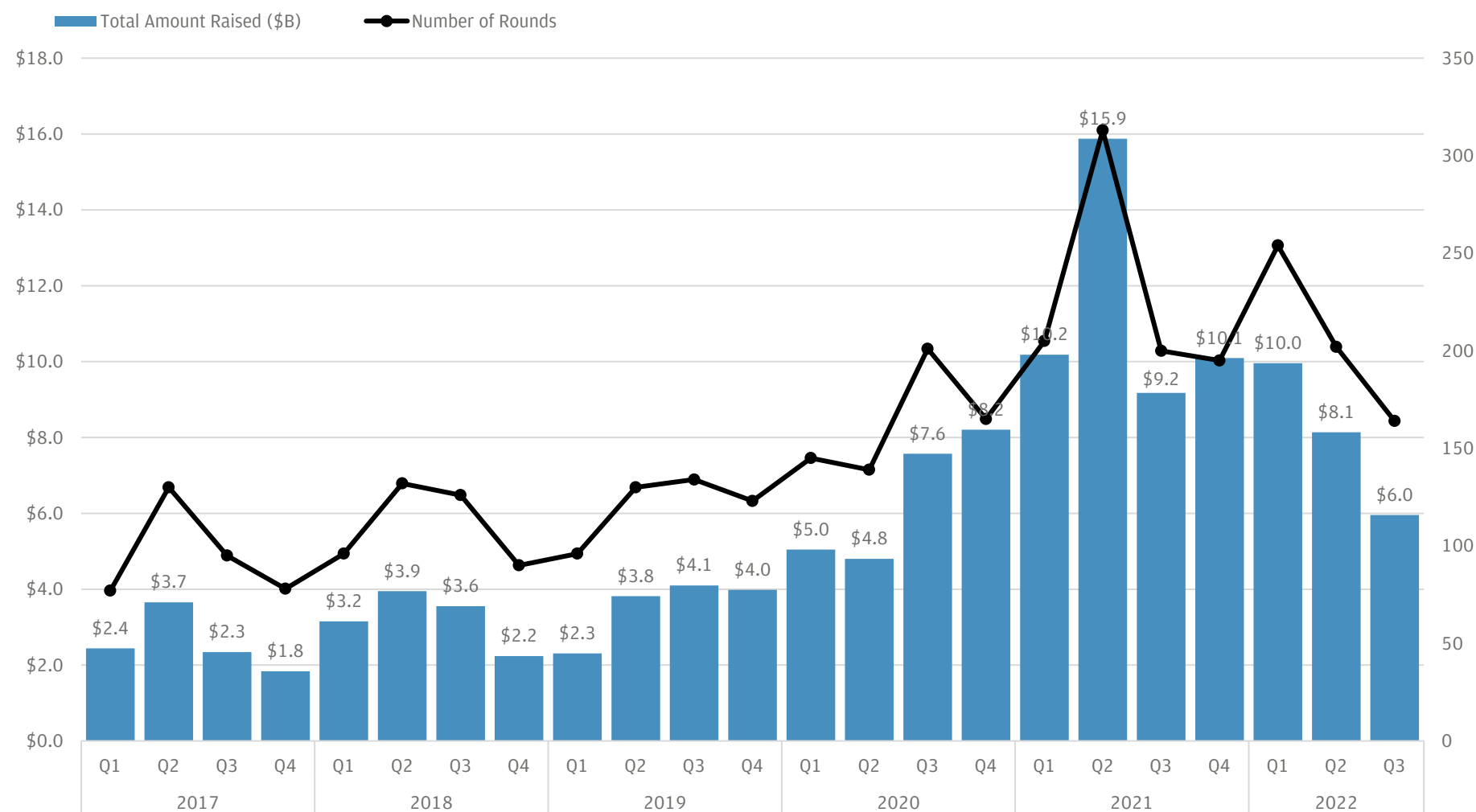
# Medtech, diagnostics, and digital therapeutics venture investment continued to slow down

Quarterly medtech, diagnostics, digital therapeutics, and tools company venture investment activity continued to track lower from the record set in Q2 2021. The number of rounds and dollar totals are back to mid-2020 levels.

In Q3 2022:

- \$6 billion in total medtech venture funding across 164 rounds, down from \$8.1 billion from 202 rounds in Q2.
- Activity was split evenly between medical devices and diagnostics at \$1.5 billion for each subsector. Digital health therapeutics and research tools brought in the remaining \$3 billion, though in a larger cohort of companies.

Medtech, diagnostics, digital therapeutics and tools: Number of venture rounds and totals (\$B)



Source: DealForma.com database  
Financials based on disclosed figures. Data through Oct. 3, 2022.



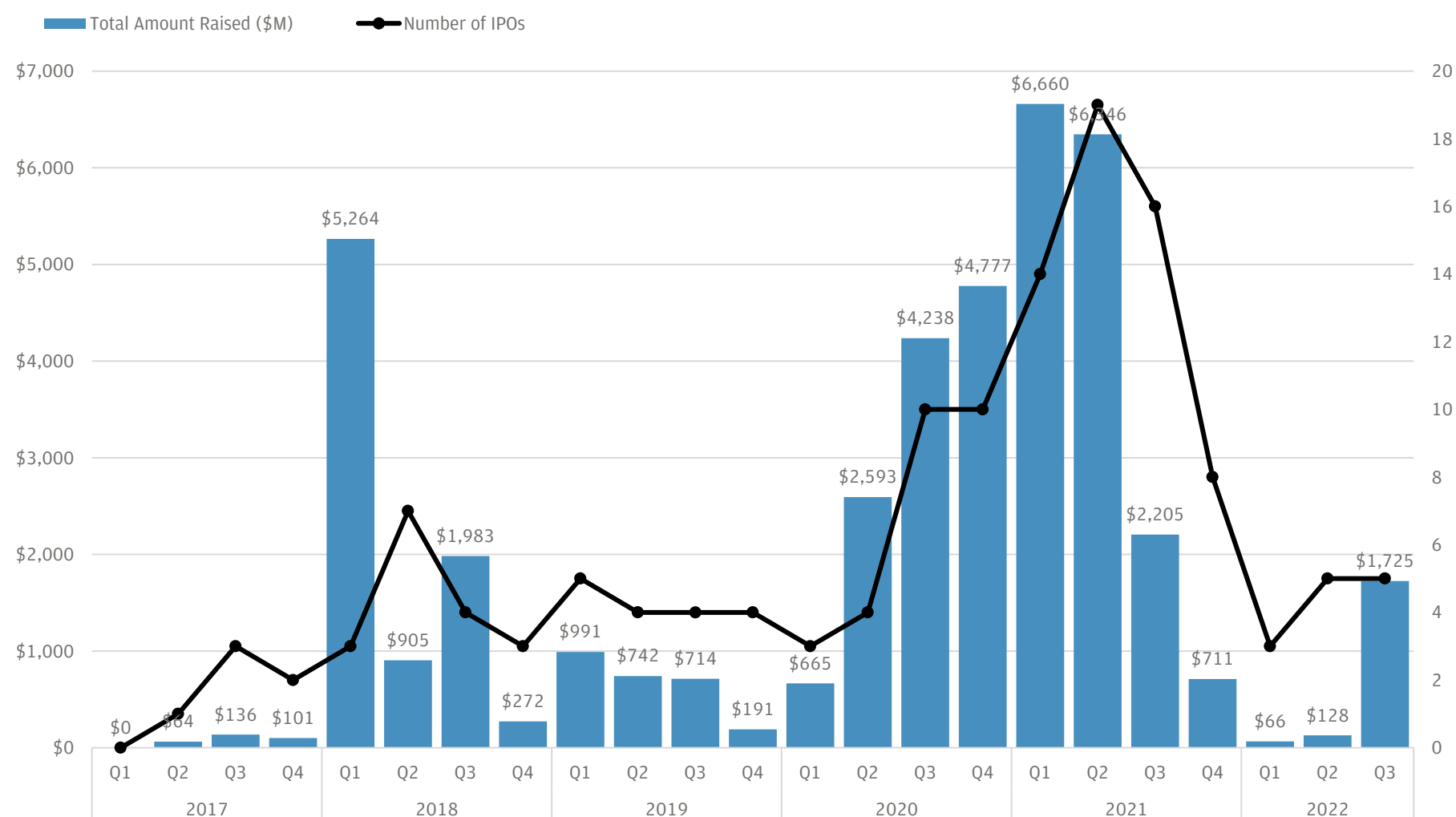
# The medtech IPO window was short compared to biopharma

The number of new IPO filings for medtech, diagnostics, digital therapeutics, and tools companies dropped to pre-2020 levels after a shorter IPO window for the subsector compared to biopharma.

In Q3 2022:

- \$1.7 billion in five newly-filed IPOs, the same number of filings as Q2 but with substantially higher values.
- Longer timelines from first filing and unfavorable market conditions continued to cause some companies to withdraw their IPO filings.

Active and completed IPOs in medtech, diagnostics, digital Tx and tools: Number of IPOs and totals (\$B)



Source: DealForma.com database  
Financials based on disclosed figures. IPOs by first filing date. Data through Oct. 3, 2022.

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