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# Q2 2024 U.S. Medtech Licensing and Venture Report

July 2024

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# Executive summary

## Medtech private venture investments are signaling a positive year alongside an increase in M&A activity

While IPO activity in medtech remained muted in the first half of 2024, M&A activity nearly matched the full year of 2023, offering a viable path to successful exits. The number of venture investment rounds continued to decline, albeit with a growth in investment dollars quarter-over-quarter. Although 2023 saw a few high-value licensing deals, the first half of 2024 proved quiet for partnering transactions.

Here are a few highlights from our Q2 2024 report:

- **Venture investment in medtech:** Medtech venture activity in H1 2024 has seen \$9.7 billion from 353 funding rounds. This tops the same period in 2023, where medtech raised \$8.8 billion in 342 rounds. For full-year stats, the sector raised \$15.8 billion in 656 private funding rounds in 2023, down from \$25.3 billion in 874 rounds in 2022.
- **Medtech licensing partnerships:** The 447 medtech deals announced in H1 2024 have disclosed \$1.8 billion in total deal value with \$100 million in upfront payments. 2023 saw \$12 billion in total announced deal value.
- **M&A:** H1 2024 has seen 114 acquisitions totaling \$40.3 billion. In 2023, 127 medtech M&A deals were announced, totaling over \$47.7 billion.
- **IPOs:** 3 medtech IPOs completed on NASDAQ in H1 2024, for a total of \$1.2 billion.

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

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### 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, therapeutic digital health and commercial research tools. Healthcare IT and payer/provider software are excluded.

Therapy areas, development stages, modalities and deal structures 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 6/30/2024

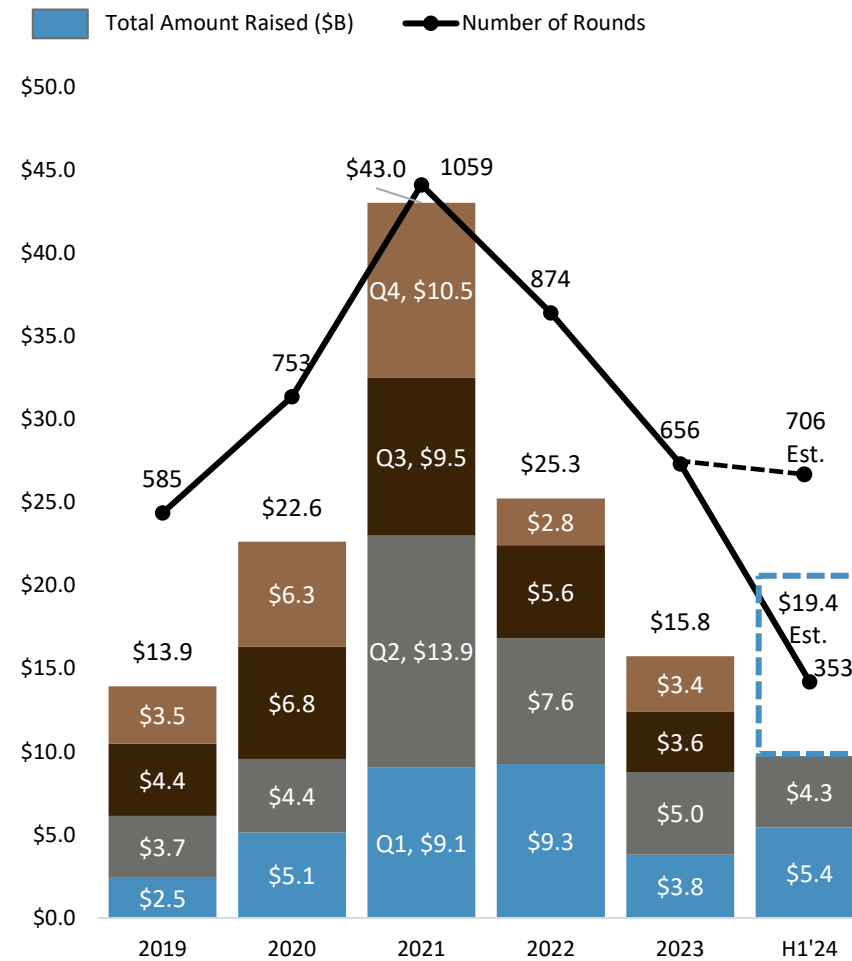
# Medtech venture activity (dollars and volume) increased modestly

Investment in sectors such as medical devices, diagnostics, therapeutic digital health and commercial medtech tools has been under pressure since 2021. In 2023, the amount of money invested fell below the levels seen in 2020, as venture capitalists hesitated for a variety of reasons. However, the first half of 2024 shows a promising path towards rebounding to growth.

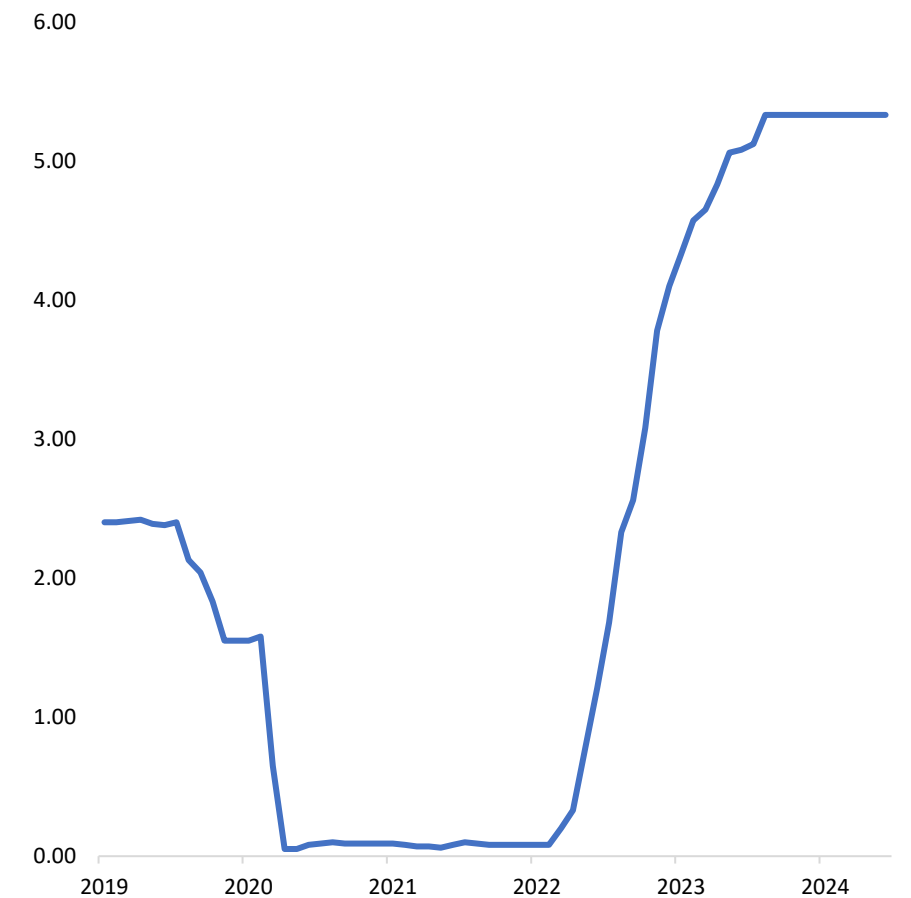
- Total first half 2024 funding into medtech has seen \$9.7 billion across 341 rounds with an estimate of \$19.4 billion to finish the year. If 2H 2024 keeps this momentum, 2024 could see over 20% annual growth.
- Second quarter 2024 venture activity has seen \$4.3 billion from 167 funding rounds.

## Total Venture Investments in Medtech (\$B)

### Total Deal Activity (\$B)



### Federal Funds Effective Rate



Source: DealForma.com database; Fed rate: fred.stlouisfed.org  
Financials based on disclosed figures. Data through 6/30/2024.

# Smaller rounds drove medtech venture investment and partnership upfront payments

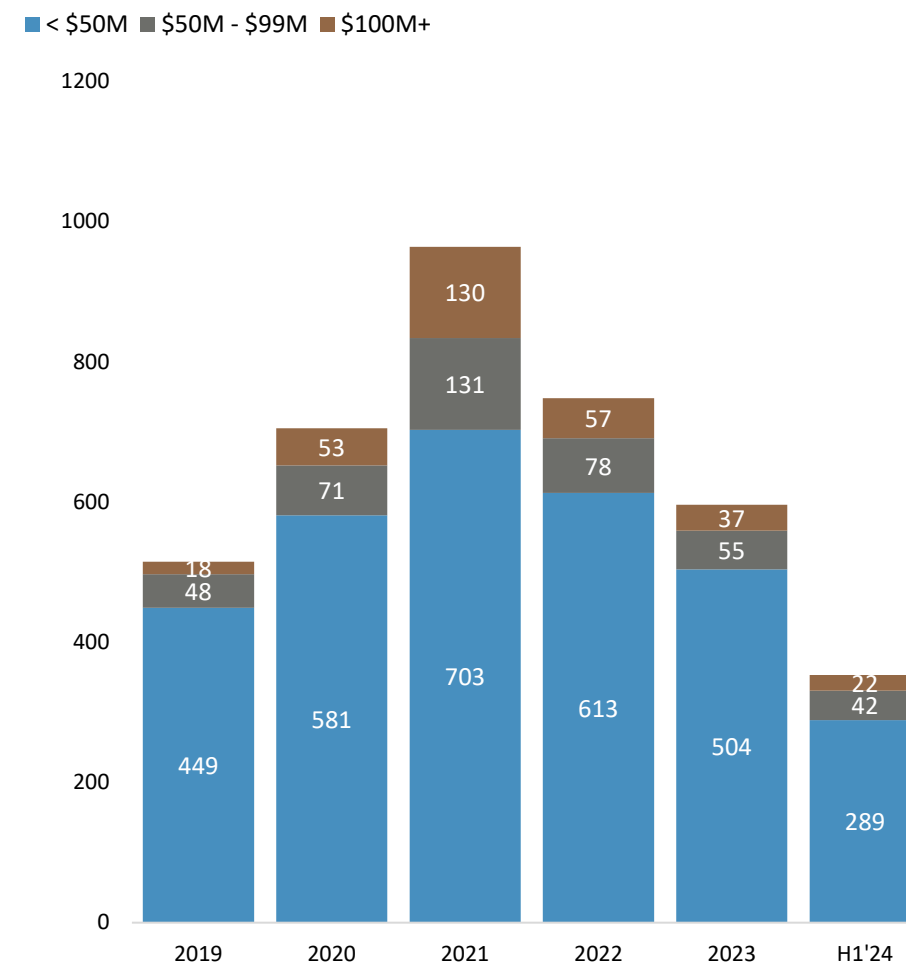
In the first half of 2024, investment and partnership upfront check sizes in the medtech sector remained relatively modest. Most venture funding rounds for medtech companies were under \$50 million. Upfront payments for R&D licenses concentrated below \$10 million.

- 289 of the 353 disclosed medtech venture rounds in H1 2024 have been under \$50 million, though there have been 22 so far over at \$100 million.
- Some of the largest medtech venture rounds in H1 2024 include the private rounds for Radiology Partners at \$720 million and Amethyst Radiotherapy at \$323 million.
- Medtech partnership and licensing upfront payments finished H1 2024 with 9 deals under \$10 million. First quarter 2024 produced 6 medtech R&D partnerships, which disclosed any upfront values. 2024 licensing transactions are on track to modestly outpace 2023.

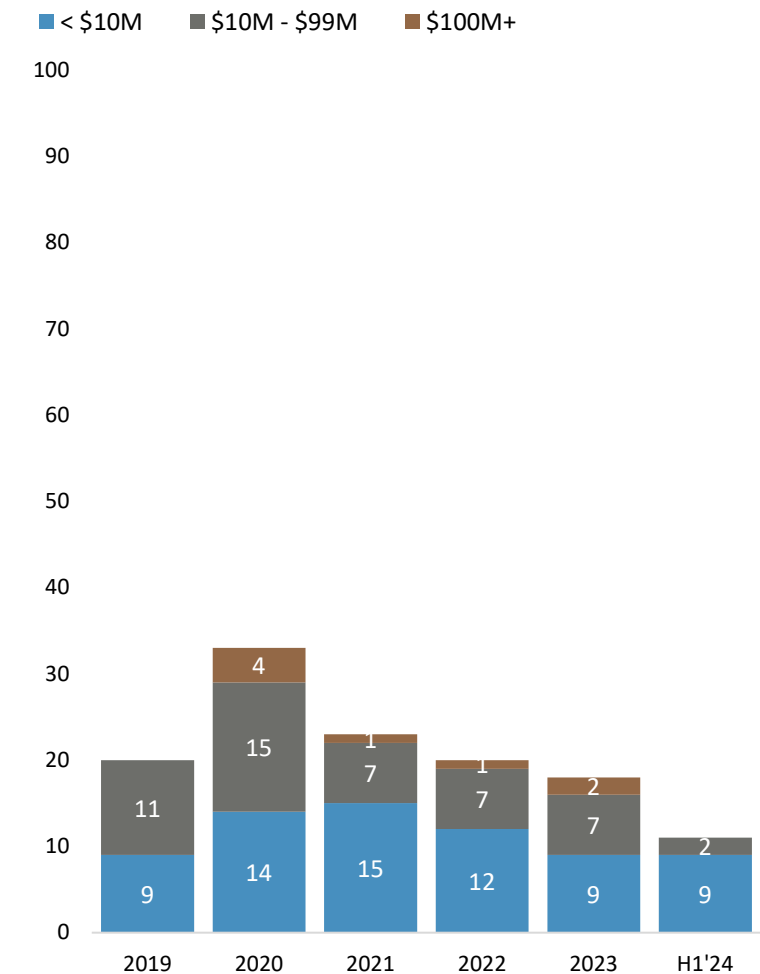
Source: DealForma.com database  
Financials based on disclosed figures. Data through 6/30/2024.

## Medtech: Total Number of Venture Rounds and R&D Partnership & License Deals by Value Upfront

### Number of Venture Investments by Round Size



### Number of R&D Licenses by Upfront Size

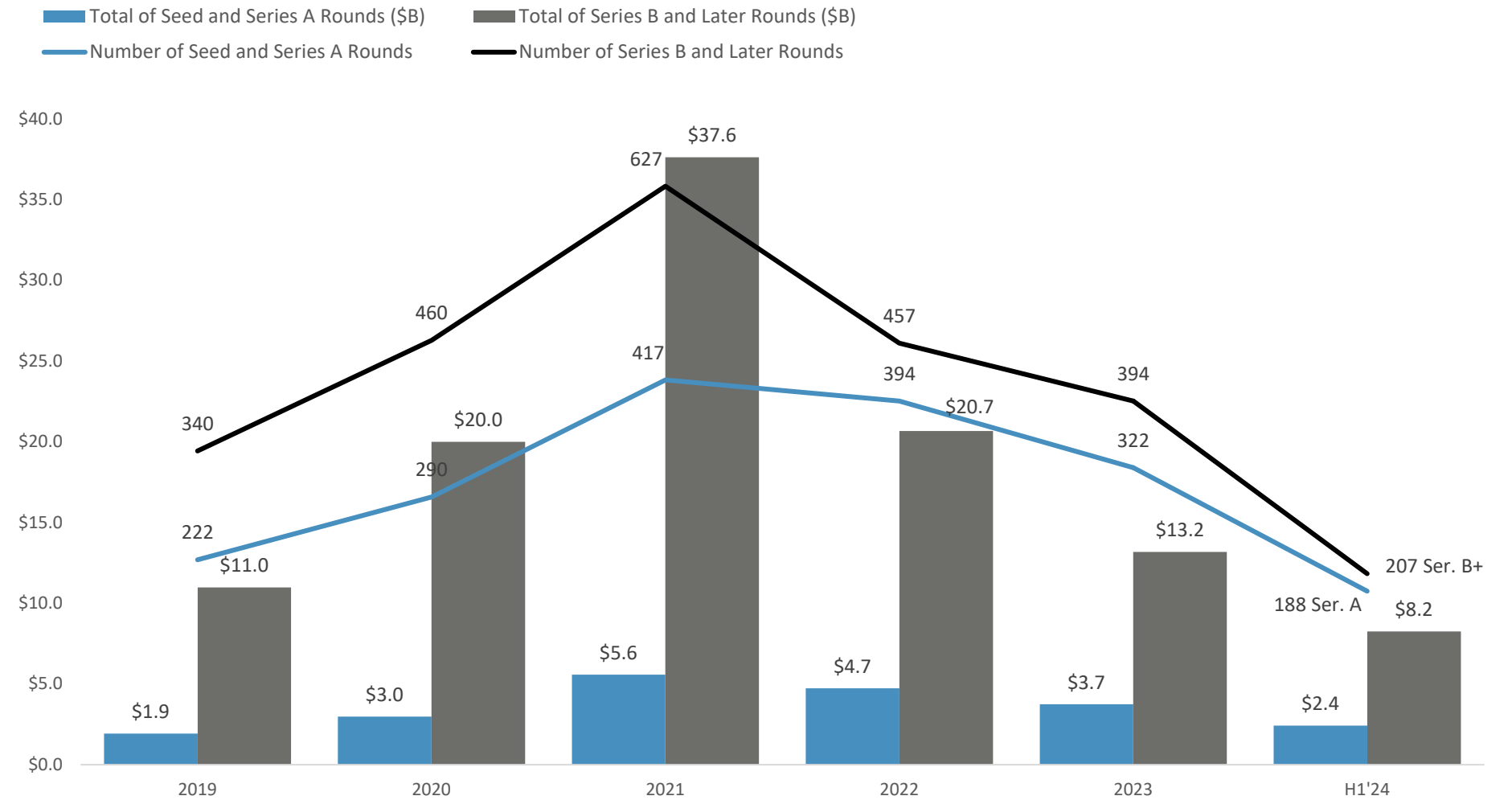


# H1'24 saw exceptional growth in first-time financing dollars relative to 2023

Seed and Series A funding for medtech startups has traditionally been more scarce than other healthcare sectors. However, dollar volume in seed and Series A rounds in the first half of 2024 is signaling a standout year. 2024 is on track to beat the previous two years and come close to 2021.

- \$2.4 billion in 188 seed and Series A rounds completed in H1 2024.
- Notable Q2 2024 Series A rounds in medtech include Amber Therapeutics at \$100 million.
- Series B and later, with much larger investment amounts, tracked \$8.2 billion in 207 rounds in H1 2024 for a total of \$10.6 billion for medtech for all seed and Series rounds.

## Seed and Series A vs. Later Series Venture Totals in Medtech



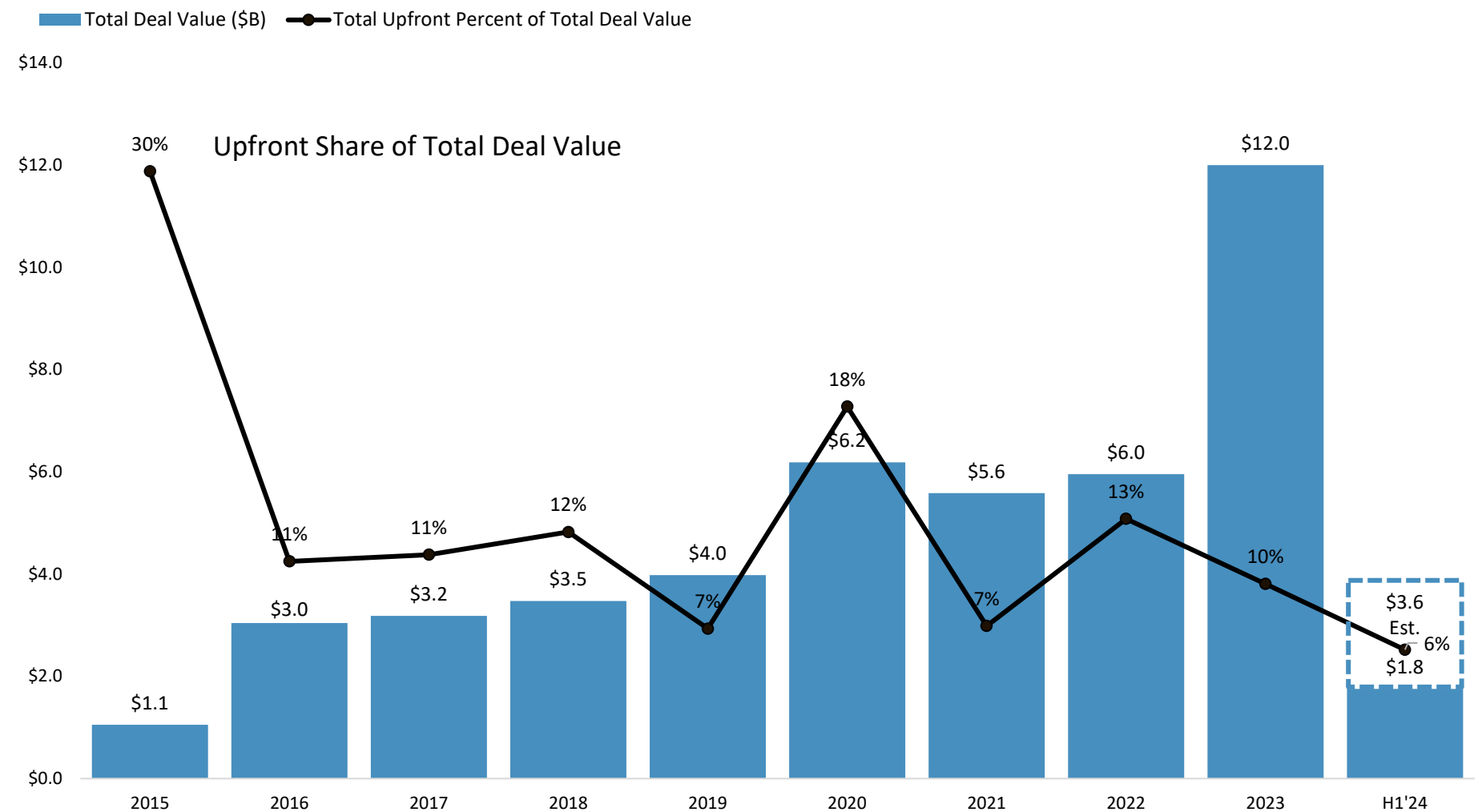
Source: DealForma.com database  
Financials based on disclosed figures. Data through 6/30/2024.

# Medtech licensing upfronts now sit at 6% of total announced deal value

In-licensing partners and buyers must balance deal economic risk with the demand for valuable programs, which attract the most upfront. Biopharma had this share at 6% of total deal value paid in upfronts in H1 2024 and we are seeing the same in medtech.

- 6% of the \$1.8 billion in total announced deal value in H1 2024 was in upfront payments in medtech licensing, down from 10% in 2023.
- The 447 medtech deals announced in H1 2024 only disclosed \$1.8 billion in total deal values with upfront payments of \$100 million.

**Medtech: R&D Partnership & Licensing Totals (\$B) and Percentage Upfront**



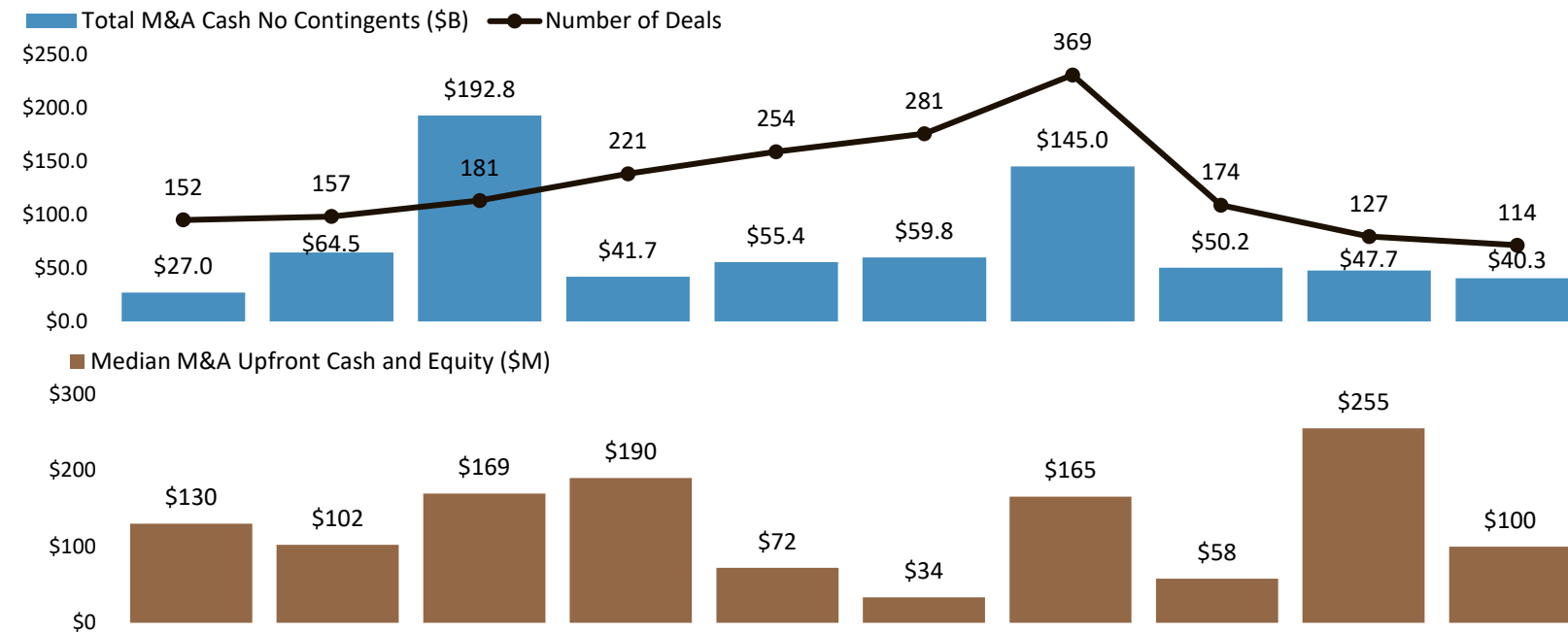
Source: DealForma.com database  
Financials based on disclosed figures. Data through 6/30/2024.

# Medtech M&A has not yet rebounded since its peak in 2021 – optimistic for 2024

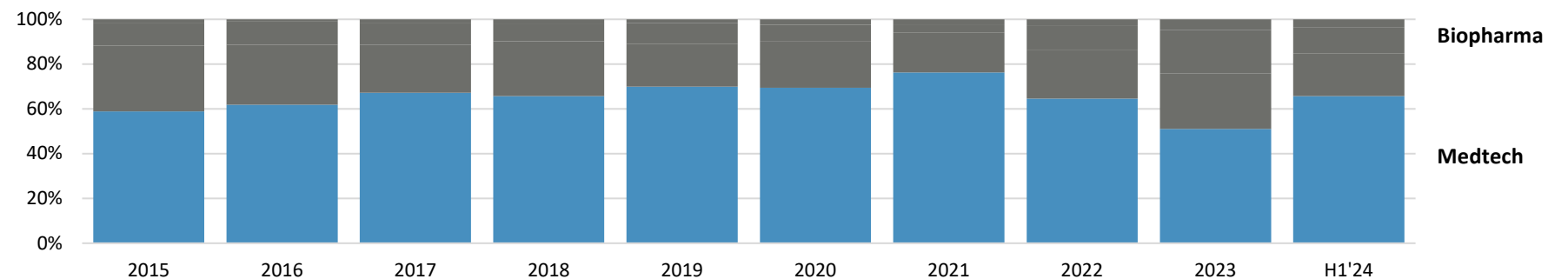
Medtech acquisition activity has historically seen more acquisitions than the biopharma sector. First-half 2024 activity is signaling a notably positive year with H1 2024 volumes, nearly matching the full year 2023 reported M&A transactions.

- 114 M&A transactions were announced in H1 2024, totaling over \$40.3 billion for medical device, diagnostics, therapeutic digital health and commercial research tool companies. This compares to 127 for the full year of 2023.
- Median total deal value through H1 2024 is at \$100 million, which is down from the peak of \$255 million in 2023.
- Notable M&A deals include J&J/Shockwave for \$13 billion and Boston Scientific/Silk Road for \$1.2 billion.

### Medtech M&A: Number of Deals and Total Deal Value (\$B)



### Number of M&A Deals by Acquired Company Type



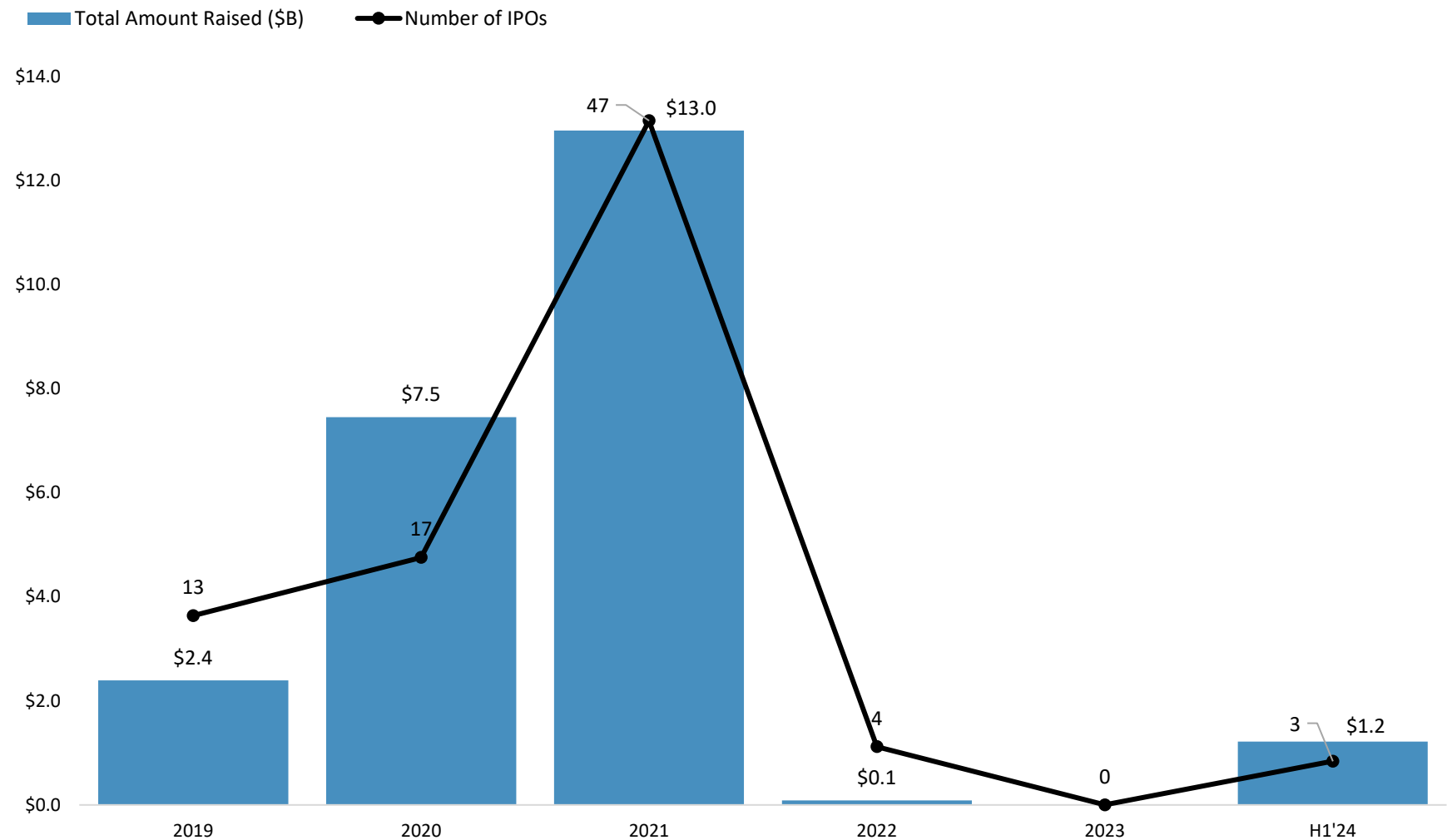
Source: DealForma.com database  
Financials based on disclosed figures. Data through 6/30/2024.

# Medtech IPOs remained soft through the first half of 2024

Medtech IPO activity reached its height in 2021 with 47 companies raising \$13 billion on U.S. exchanges. However, in early 2022, this dropped dramatically to \$100 million from just 4 IPOs, followed by a five-quarter hiatus. It wasn't until 2024 that medtech IPOs resumed, albeit at a lower level.

- One medtech IPO completed on NASDAQ in Q2 2024: Tempus AI with \$411 million. Q1 2024 had two medtech IPOs on NASDAQ: Fractyl Health with \$110 million and BrightSpring Health Services at \$693 million. All three were trading below their IPO price at the end of Q2 2024.

**NASDAQ and NYSE Completed IPOs in Medtech: Totals (\$B) and Count**



Source: DealForma.com database  
Financials based on disclosed figures. IPOs by completion date. Data through 6/30/2024.



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