

J.P.Morgan

Q3 2024 Medtech Licensing and Venture Report

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Executive summary

Medtech venture investments and M&A are signaling a positive year along with a return to IPOs

Venture investment activity into medtech through the third quarter is set to beat full-year 2023 activity. M&A activity has already passed prior years in the number of deals with the dollar totals ready to pass as well. Medtech IPOs also returned after a quiet two years.

Here are a few highlights from our Q3 2024 report:

- **Venture investment in medtech:** Medtech venture activity through Q3 2024 has seen \$16.1 billion from 554 funding rounds. Venture investments during the third quarter of 2024 totaled \$5.1 billion across 154 rounds, up approximately \$1 billion compared to Q3 2023.
- **Medtech licensing and partnerships:** The 744 medtech deals announced through Q3 2024 have disclosed \$4.7 billion in total deal value with \$400 million in upfront payments. **M&A:** 2024 YTD has seen 195 medtech acquisitions totaling \$47.0 billion. In FY 2023, 128 medtech M&A deals were announced, totaling over \$50.1 billion.
- **IPOs:** 2 medtech IPOs were completed on NASDAQ and NYSE through Q3 2024, raising a combined \$500 million.

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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

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 9/30/2024

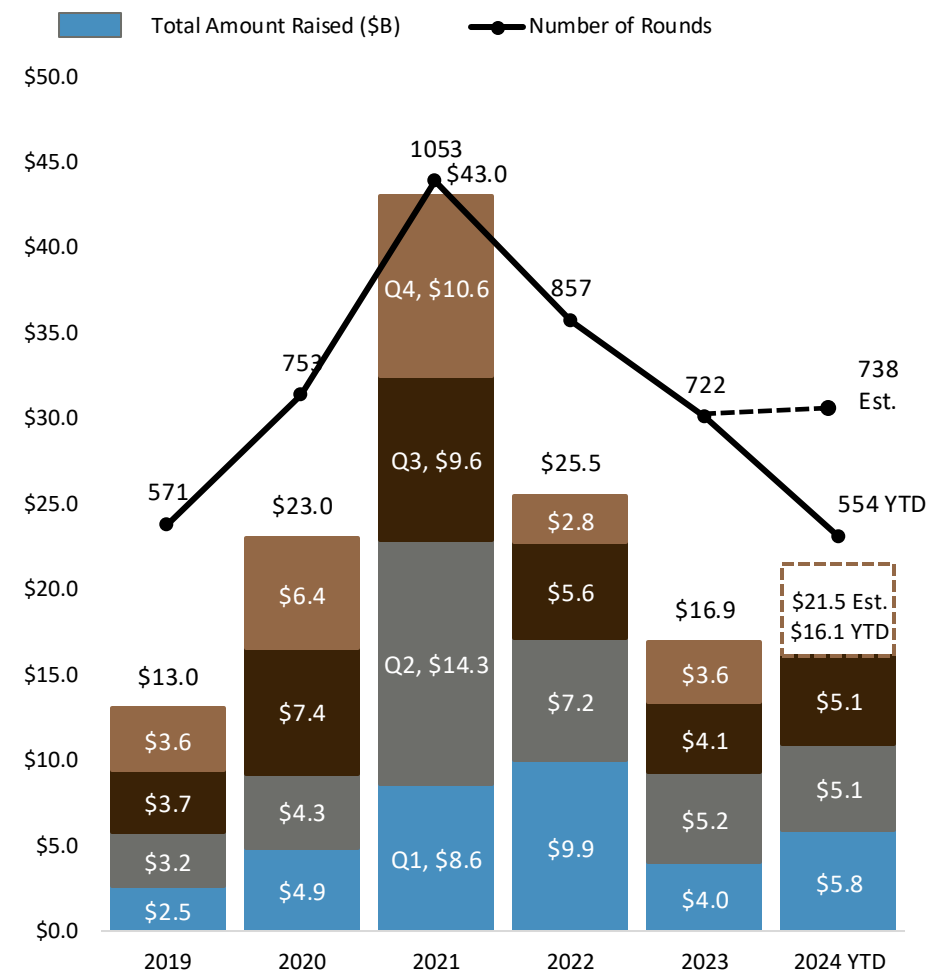
Medtech venture investment dollars are estimated to beat full-year 2023 total

Strong quarterly venture investment activity continued in the third quarter of 2024. The year is estimated to beat 2023 full-year dollar totals and stabilize on the number of rounds. This is after a two-year slide seen in medical devices, diagnostics, therapeutic digital health and commercial medtech tools since 2021.

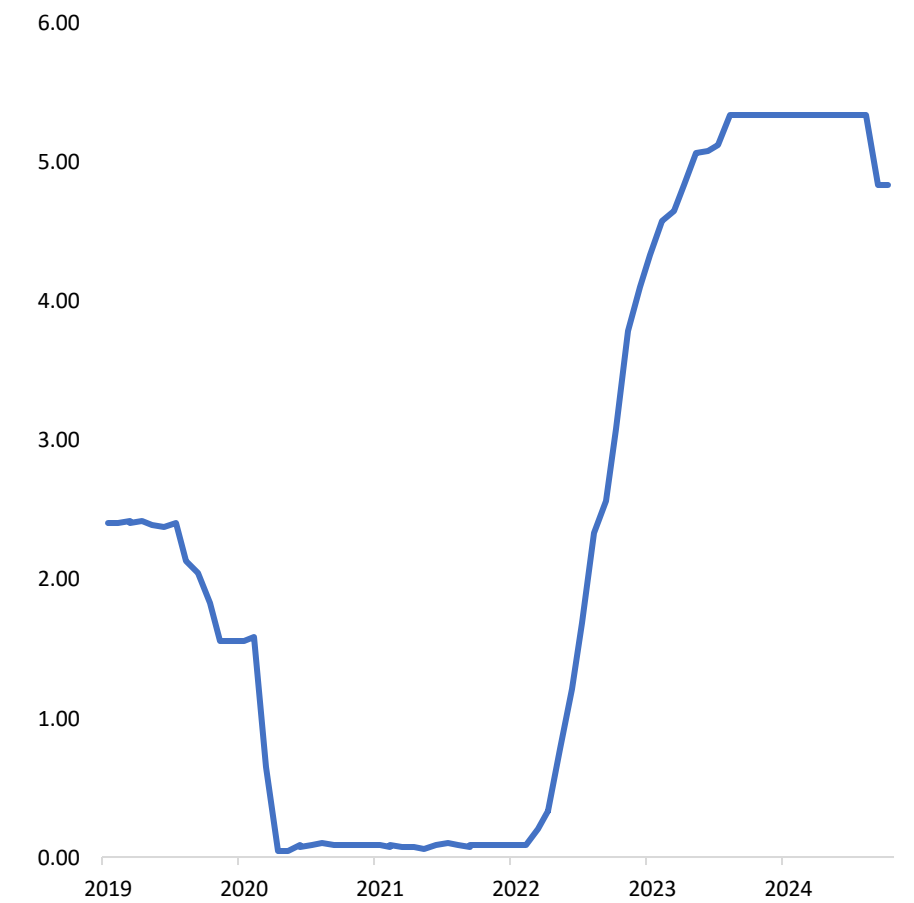
- Third quarter 2024 venture activity has seen \$5.1 billion from 154 funding rounds.
- 2024 YTD funding into medtech has seen \$16.1 billion across 554 rounds with an estimate of \$21.5 billion to finish the year. Robust venture activity is helping 2024 to post over 27% annual growth.

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 9/30/2024.

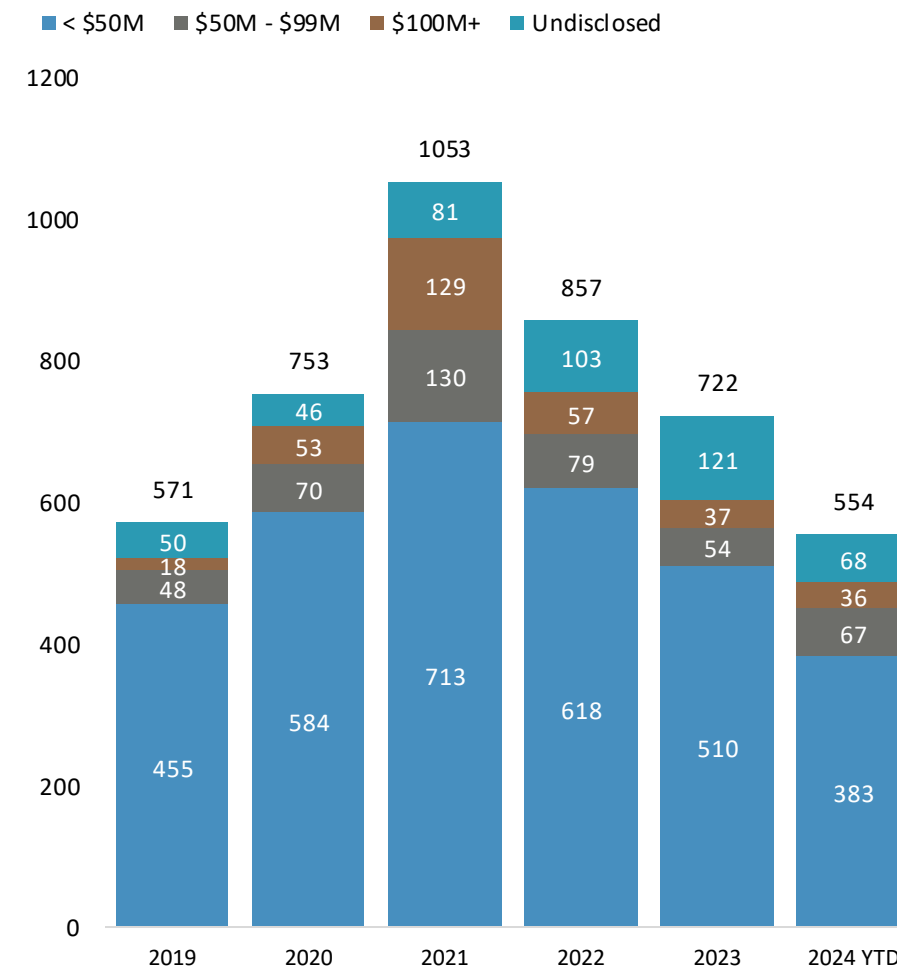
Smaller rounds continued to drive medtech venture investment and licensing upfronts

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

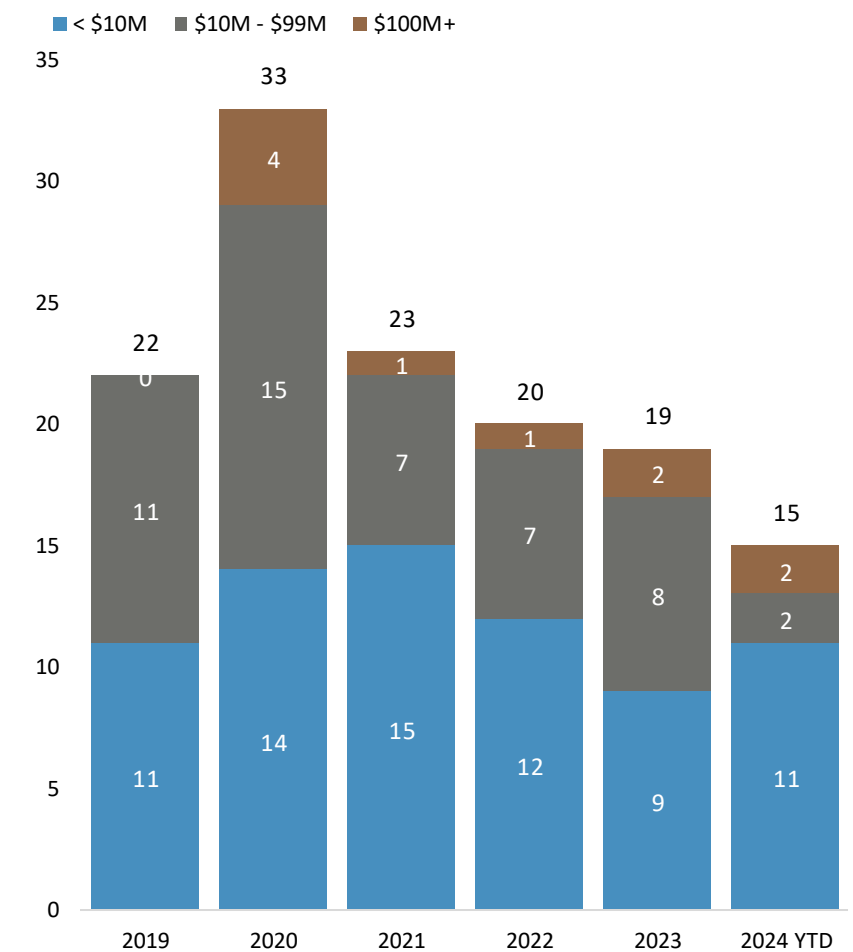
- 383 of the 486 disclosed medtech venture rounds through Q3 2024 have been under \$50 million, though there have been 36 so far over at \$100 million.
- Some of the largest medtech venture rounds in Q3 2024 include the private rounds for Element Biosciences at \$277 million and Flo Health at \$200 million.
- Medtech partnership and licensing upfront payments finished the first three quarters of 2024 with 11 deals under \$10 million.

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 Disclosed Upfront



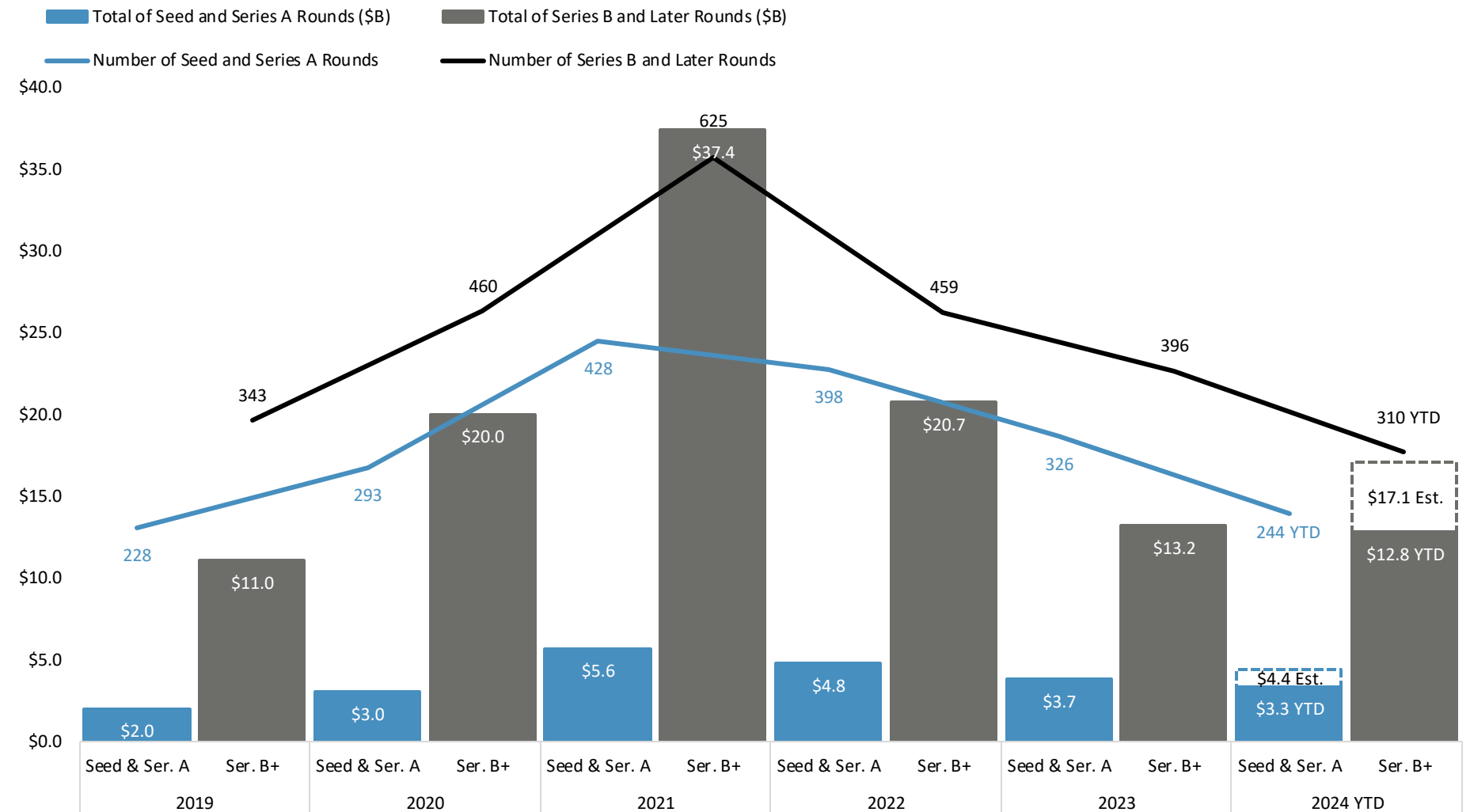
Source: DealForma.com database
Financials based on disclosed figures. Data through 9/30/2024.

First-time venture financing activity in medtech is close to beating full-year 2023 totals

Dollar volume in seed and Series A rounds in the first three quarters of 2024 is signaling a standout year to challenge 2023.

- \$3.3 billion in 244 seed and Series A rounds completed through Q3 2024.
- Notable Q3 2024 Series A rounds in medtech include PanTera at \$102 million and Spear Bio at \$45 million.
- Series B and later rounds tracked \$12.8 billion in 310 rounds through Q3 2024 for a total of \$17.1 billion in medtech for all seed and Series rounds.

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



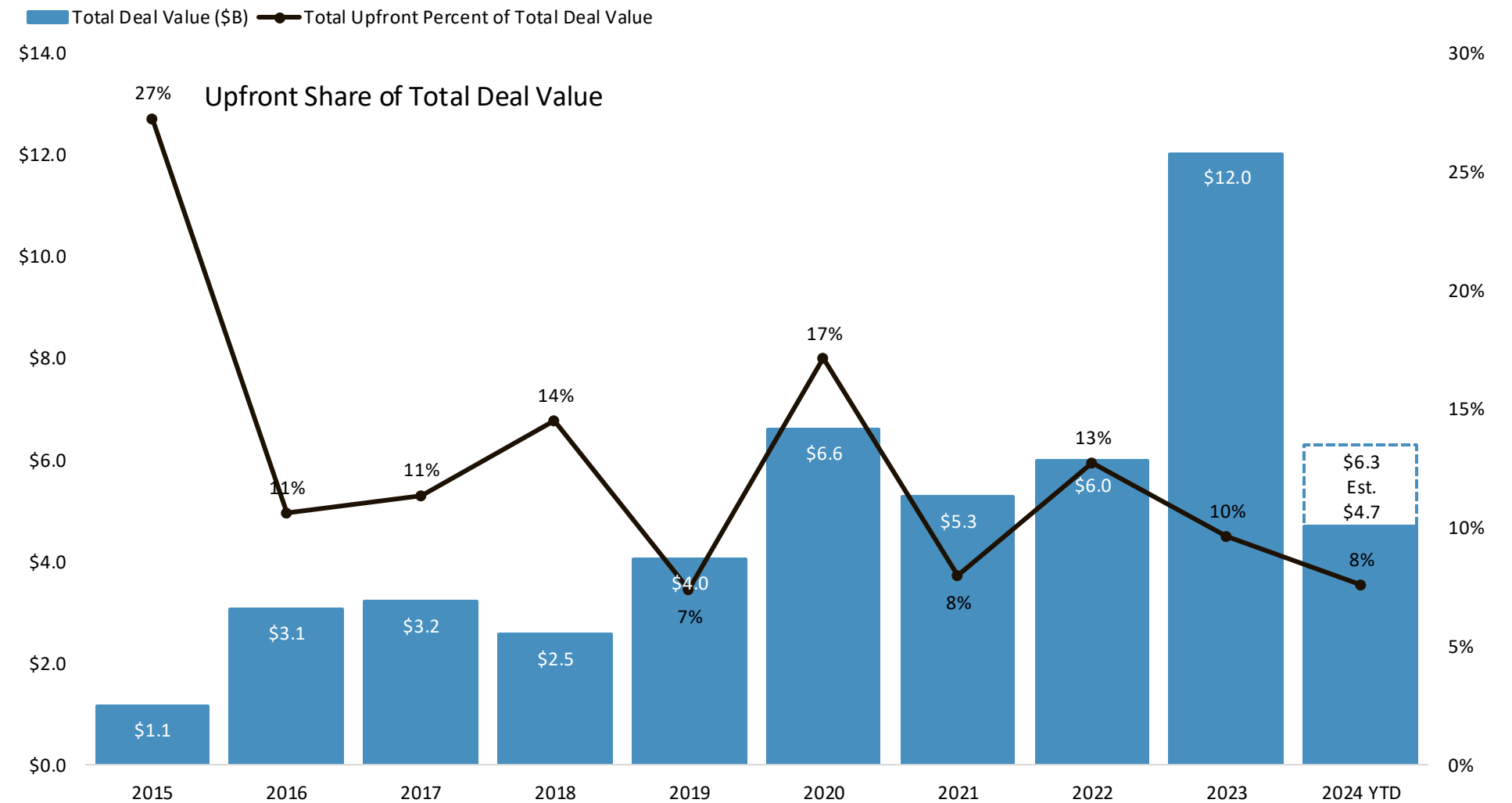
Source: DealForma.com database
Financials based on disclosed figures. Data through 9/30/2024.

Medtech licensing upfronts remained low at 8% of total announced deal value

Medtech R&D partnerships and licensing transactions continued to see the share of deal economics heavily in favor of de-risked milestones. The portion of total announced dollars paid upfront has sat below a quarter of total deal value since 2015.

- 8% of the \$4.7 billion in total announced deal value in the first three quarters of 2024 was in upfront payments in medtech licensing, down from 10% in 2023.
- The 744 licensing and partnership medtech deals announced through Q3 of 2024 only disclosed \$4.7 billion in total deal values with upfront payments of \$400 million.

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



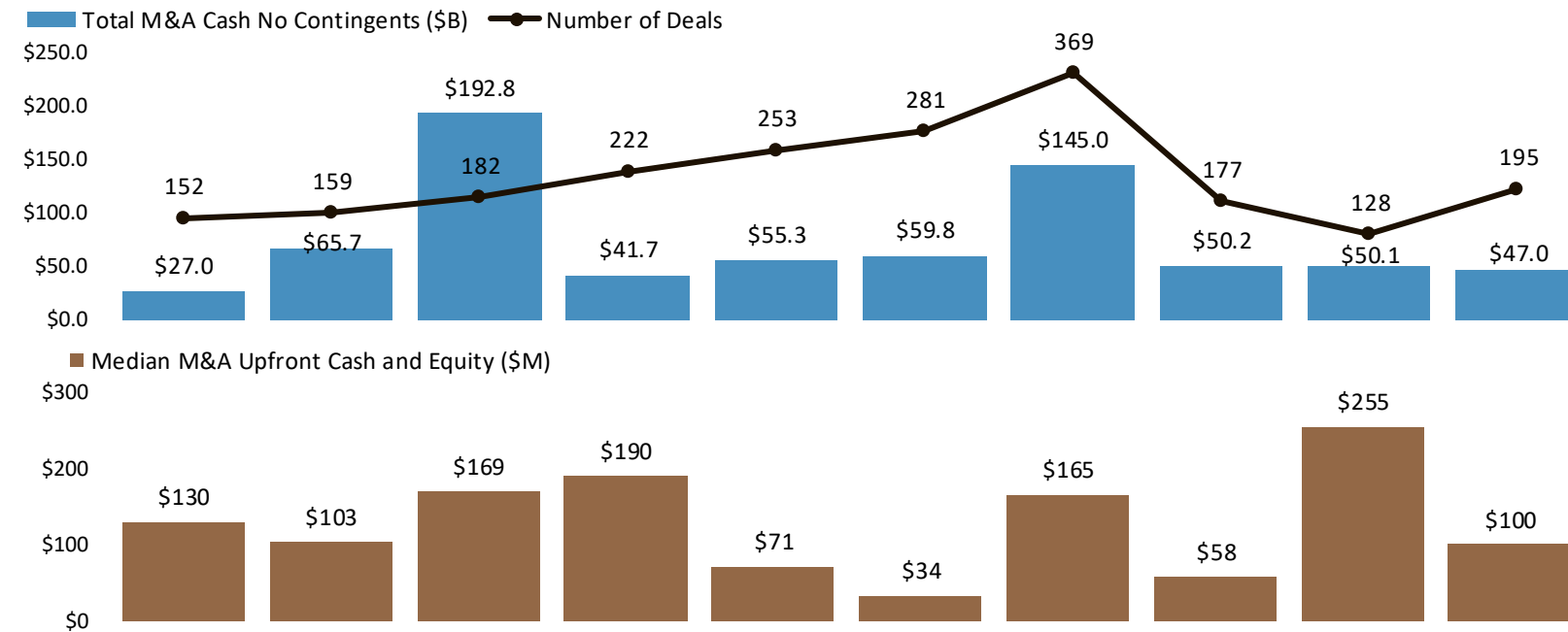
Source: DealForma.com database
Financials based on disclosed figures. Data through 9/30/2024.

Medtech M&A activity posted strong numbers through Q3 2024 to turn the trend upward

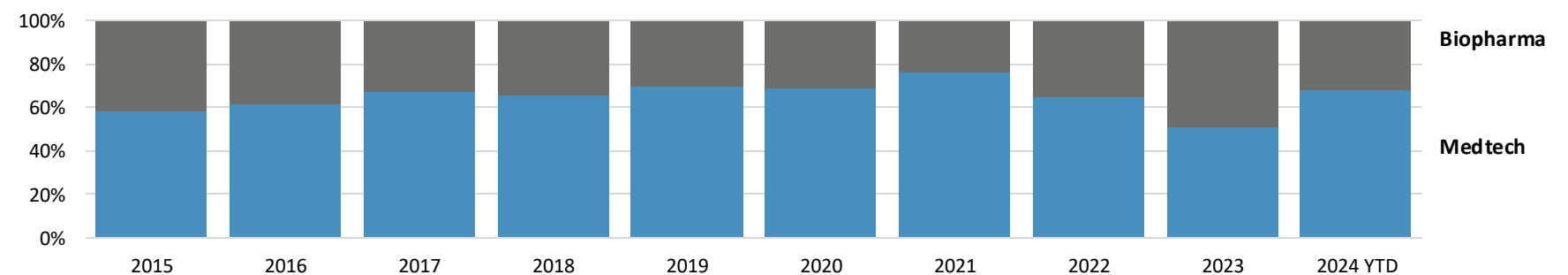
Medtech acquisition activity through the first three quarters of 2024 has turned positive for the year in terms of the number of deals and is signaling a positive dollar total for the year as well. This would beat 2023 and 2022 figures and challenge 2021.

- 195 M&A transactions were announced through Q3 2024, totaling over \$47.0 billion for medical device, diagnostics, therapeutic digital health and commercial research tool companies. This compares to 128 for the full year of 2023.
- Median total deal value remained at \$100 million through the third quarter. This is down from the peak of \$255 million for the full year of 2023.
- Notable medtech M&A deals for Q3 include J&J/V-Wave for \$1.7 billion and Edwards Life Sciences/JenaValve for \$1.6 billion. Notable M&A for 2024 YTD includes J&J/Shockwave for \$13.0 billion.

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



Number of M&A Deals by Acquired Company Type



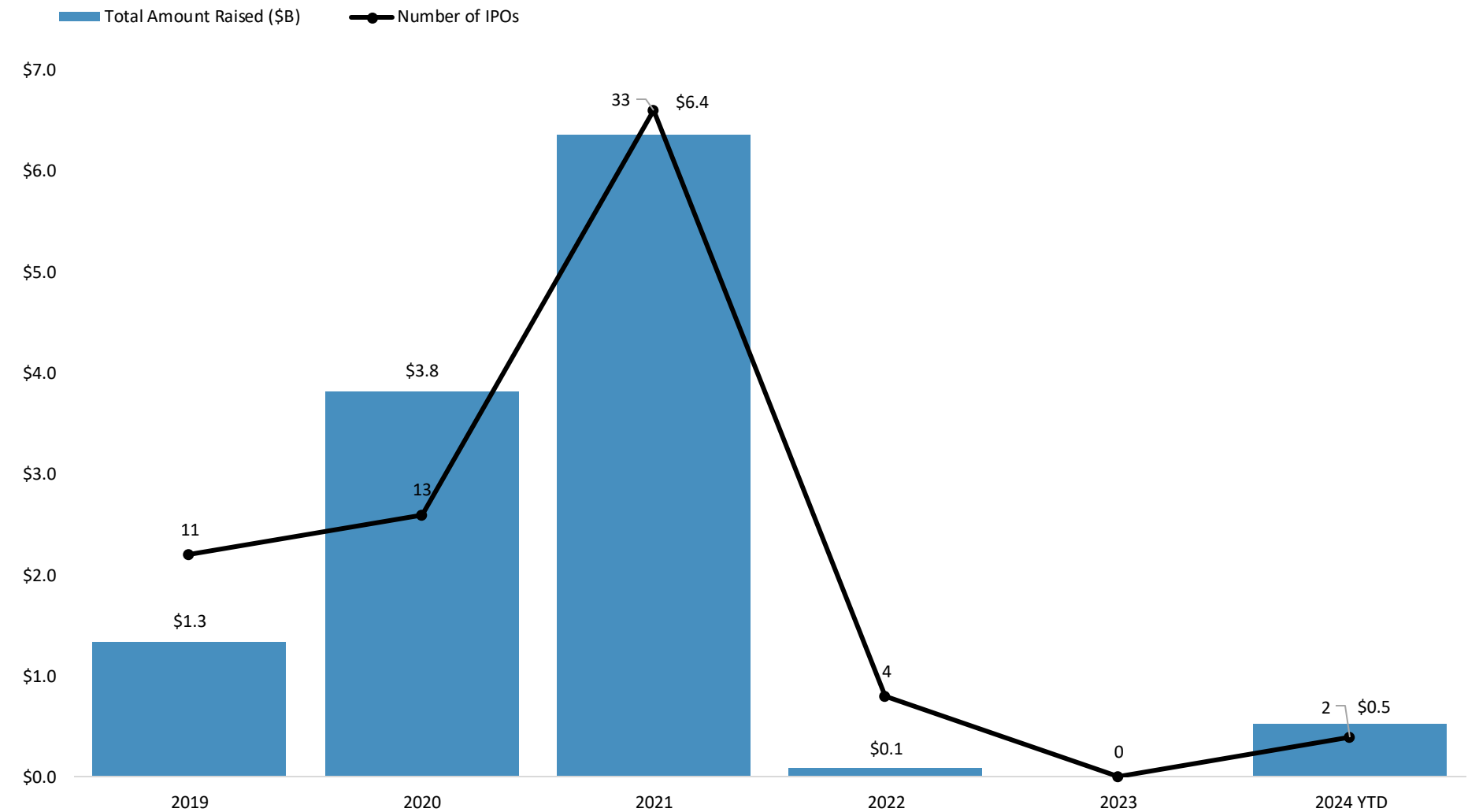
Source: DealForma.com database
Financials based on disclosed figures. Data through 9/30/2024.

Medtech IPOs rebounded in 2024 after two quiet years

Medtech IPO activity returned in 2024, albeit slowly, with 2 companies raising \$500 million on U.S. exchanges. This follows no U.S. medtech IPOs in 2023.

- Two medtech IPOs completed on NASDAQ and NYSE through Q3 2024: Tempus AI with \$411 million in Q2 and Fractyl Health with \$110 million in Q1.

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



Source: DealForma.com database
Financials based on disclosed figures. IPOs over \$15 million by completion date. Data through 9/30/2024.

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