

J.P.Morgan

# Q3 2023 Medtech Licensing and Venture Report

October 2023

Fueled by



STRICTLY PRIVATE AND CONFIDENTIAL



# Executive summary

## Medtech venture investment maintains longer-term growth trend despite a dormant IPO market

The medtech sector saw continued venture investment in the third quarter of 2023 with a return to the steady growth trend from 2017-19. Despite the cautious optimism in private financing following the blockbuster totals of 2021, other dealmakers are still waiting to jump back in. Licensing and service contract activity was mixed, as the number of deals signed continued lower but with higher commitment totals.

The number and total value of medtech M&A deals declined, and IPOs were non-existent again—as they have been since the third quarter of 2022.

Here are a few highlights from our third-quarter report:

- **VC Investment:** \$5.3 billion was raised across 151 private funding rounds for medtech companies in Q3 2023.
- **IPO:** There were no medtech IPOs in Q3 2023.
- **M&A:** There were 24 M&A transactions for a total transaction value of \$9.1 billion in the third quarter.
- **Licensing Deals and Service Contracts:** \$6.6 billion in total announced deal values for medtech programs across 66 deals in the third quarter of 2023.

J.P. Morgan is committed to your success. Our relationships, our capital and our skilled team of bankers and specialists dedicated to the life sciences and healthcare sectors reflect our conviction in the pivotal contributions these clients add to their stakeholders—society, shareholders and employees alike.

Our bankers' expertise ranges from advising companies at the earliest stage of formation to the most graduated, complex M&A and capital markets transactions. Regardless of the size or stage of your company, we are prepared, equipped and enthusiastic about advising and enabling you to meet your strategic, financial and technical objectives.

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

Kathryn McDonough  
Head of Life Sciences, Innovation Economy,  
Commercial Banking, J.P. Morgan

Skip Kelly  
Head of Healthcare VC Coverage  
Commercial Banking, J.P. Morgan

### Parameters

Medtech companies are defined as firms developing medical devices, diagnostics, digital health therapeutics, and research tools.

Biopharma companies are defined as firms developing therapeutics and technology platforms engaged in drug discovery, clinical R&D and commercialization. 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 9/30/2023

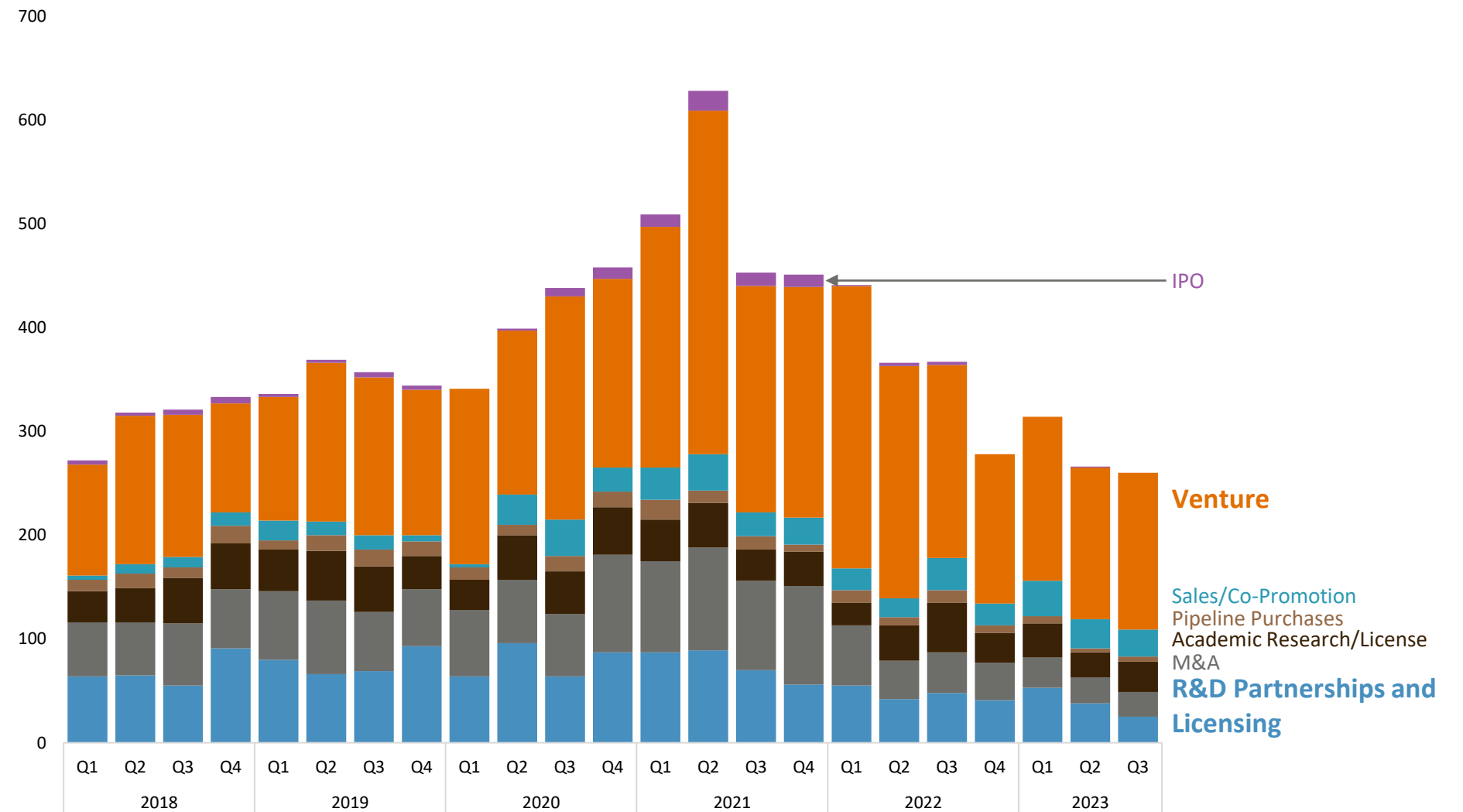
# Medtech dealmaking in 2023

Medtech, device, diagnostics, and research tools saw steady venture activity through 2023, with a slight increase in the number of deals in Q3. Partnership and licensing activity declined, however, to the lowest since before 2018.

- 151 venture deals completed for medtech companies in Q3 2023, up from 146 in Q2 2023.
- 25 medtech R&D licensing partnerships signed in Q3 2023, down from 38 in Q2 2023.

Source: DealForma.com database  
Financials based on disclosed figures. Data through 9/30/2023.

## Medtech, Diagnostics, Digital Therapeutics, and Tools: Total Number of Deals



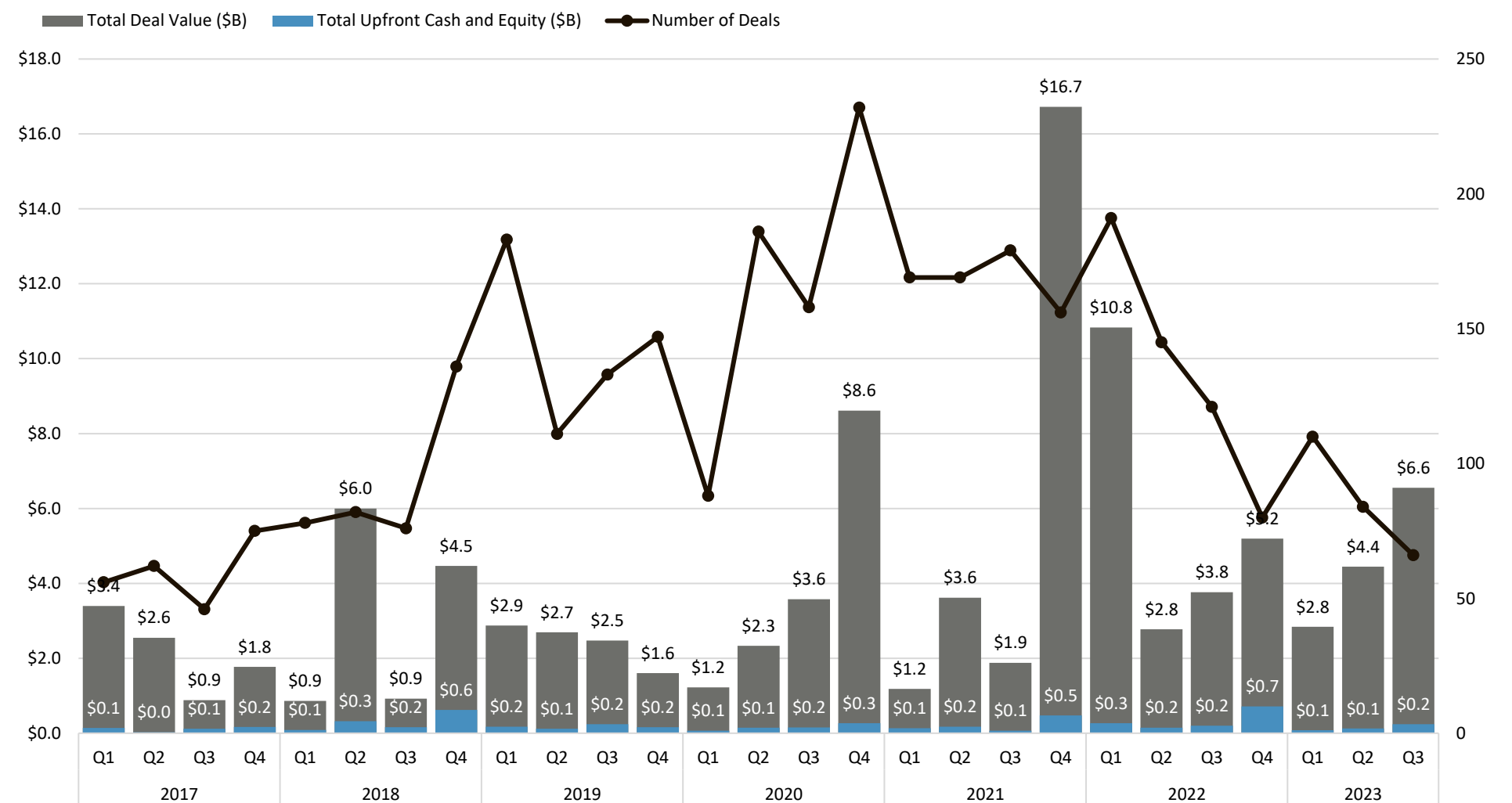
# Medtech contracts and licensing activity remained low despite deals with large potential

Quarterly medtech licensing and service contract activity for devices, diagnostics, and digital health therapeutics saw an increase in total announced deal values when factoring in potential milestone payments. This was concentrated on fewer deals, however, as the quarterly deal count fell to 66.

\$6.6 billion for 66 deals in Q3 2023, compared to \$4.4 billion in total announced deal values for medtech programs across 84 deals in Q2 2023.

- \$200 million in total upfront cash and equity in licensing and service contract deals for Q3 2023, double the Q2 2023 upfront figure.

## Medtech, Diagnostics, Digital Therapeutics and Tools: Partnership and Contract Service Activity



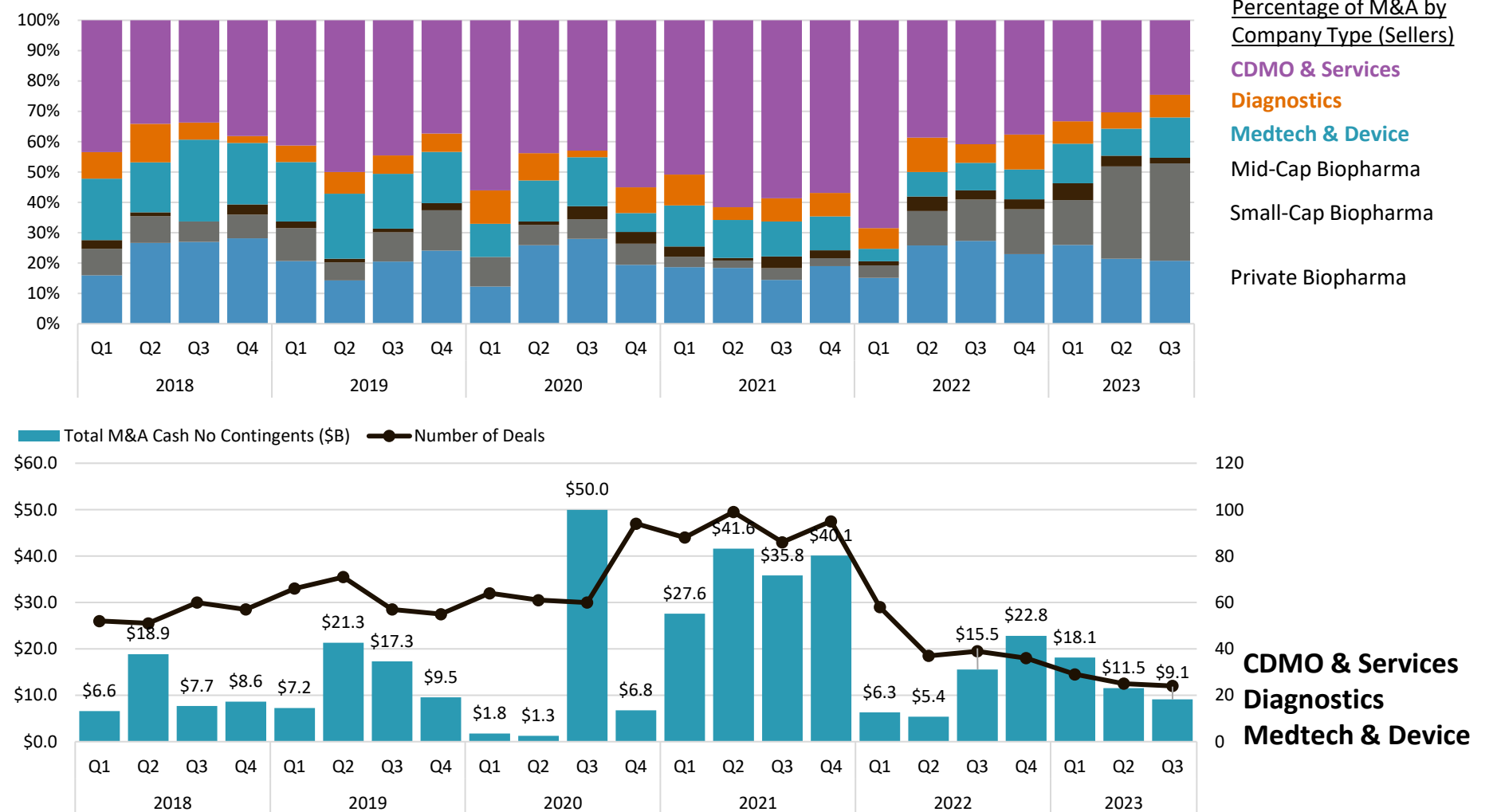
Source: DealForma.com database  
Financials based on disclosed figures. Data through 9/30/2023.

# Medtech M&A continued to decline with fewer and smaller deals in Q3

Medtech M&A continued its decline since Q4 2022. There were fewer deals and smaller total deal values through the third quarter of 2023.

- 24 M&A transactions were announced in the third quarter of 2023.
- \$9.1 billion in total M&A deal value for medtech companies, reverting to mid-2022 dollar totals.

## Medtech M&A Activity Compared with Other Healthcare and Life Sciences Subsectors



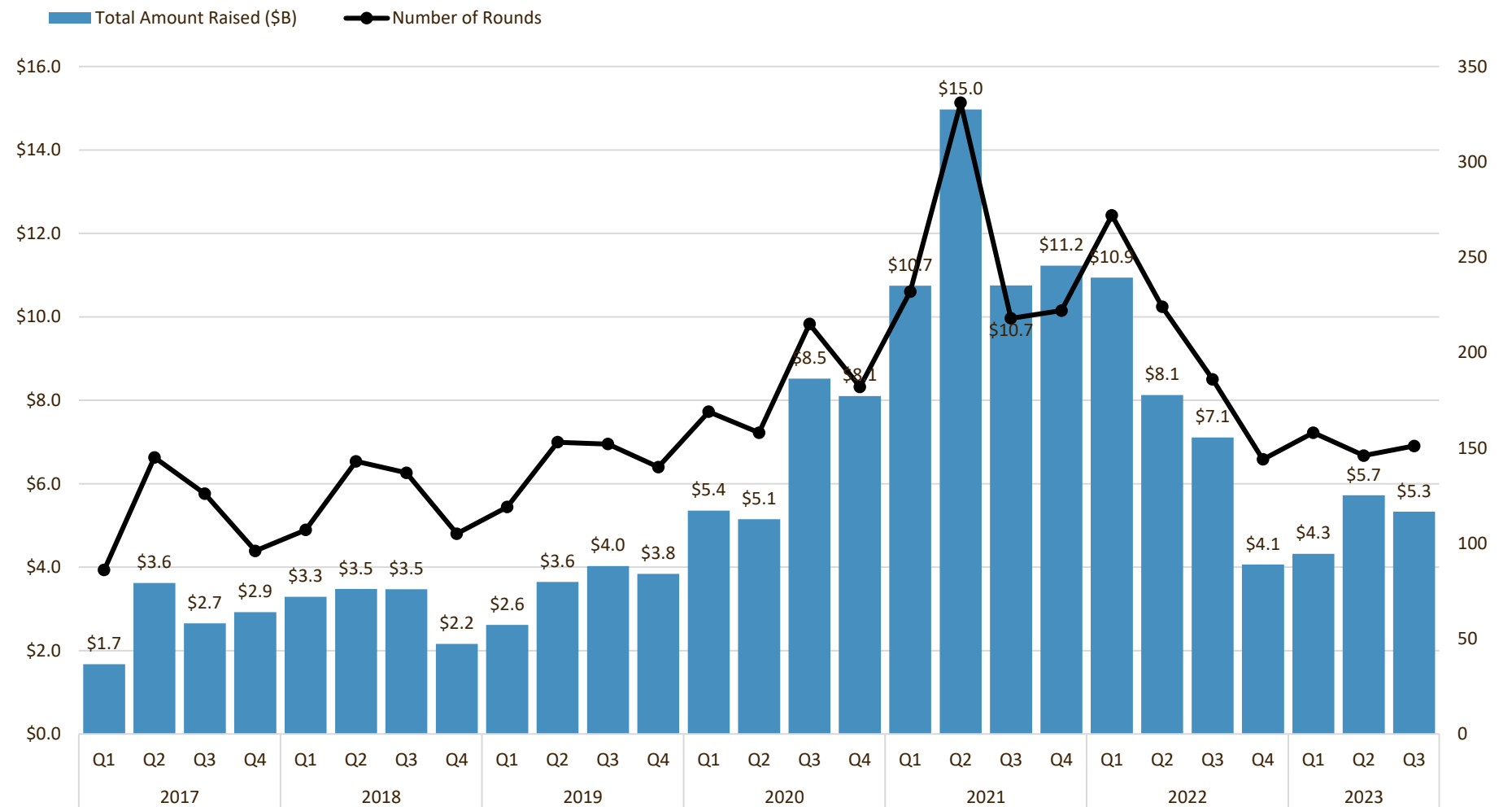
Source: DealForma.com database  
Financials based on disclosed figures. Data through 9/30/2023.

# Medtech venture activity held steady in Q3, remaining above 2018 / 2019 levels.

Quarterly medtech venture dollar totals fell slightly to \$5.3 billion while the number of rounds increased slightly to 151 in the third quarter of 2023.

- \$5.3 billion was raised in private funding rounds for medtech companies in the third quarter of 2023.
- More rounds were raised at 151 in the third quarter of 2023, up slightly from 146 rounds in Q2 2023.

### Medtech, Devices, Diagnostics, and Research Tools: Venture Totals (\$B) and Number of Rounds

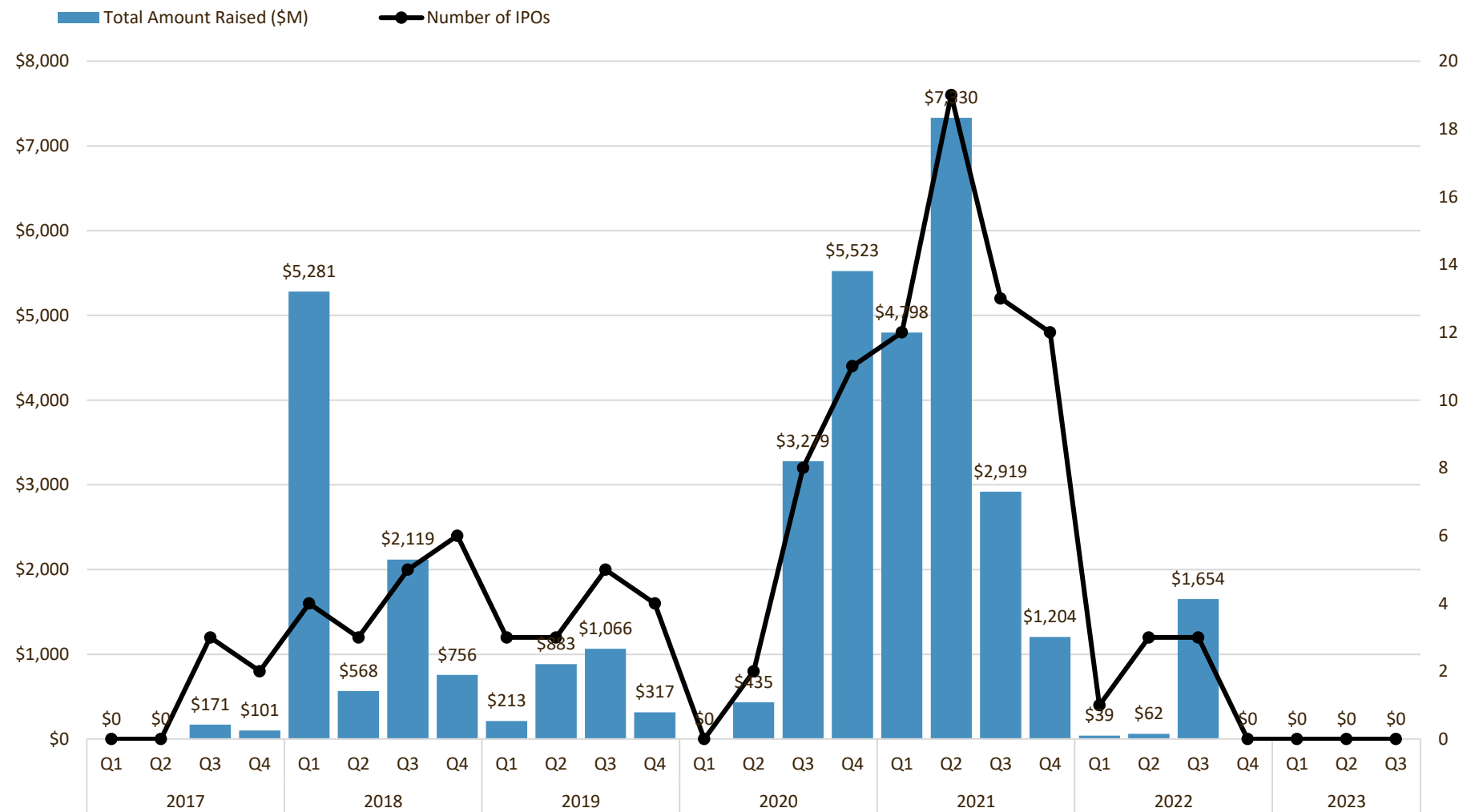


Source: DealForma.com database  
Financials based on disclosed figures. Data through 9/30/2023.

# Medtech IPO completions were flat at zero for four quarters in a row

Medtech IPOs remained non-existent in 2023 since the last cohort of three companies went public in Q3 2022.

### Completed IPOs in Medtech: Totals (\$M) and Number of IPOs



Source: DealForma.com database  
Financials based on disclosed figures. IPOs by completion date. Data through 9/30/2023.

# Disclaimer

Changes to Interbank Offered Rates (IBORs) and other benchmark rates, such as the London Interbank Offered Rate (LIBOR) are, or may in the future become, subject to ongoing international, national and other regulatory guidance, reform and proposals for reform. For more information, please consult [www.jpmorgan.com/IBORChase](http://www.jpmorgan.com/IBORChase), J.P. Morgan JPMorgan Chase, and Story by J.P. Morgan are marketing names for certain businesses of JPMorgan Chase & Co. and its subsidiaries worldwide (collectively, "JPMC", "We", "Our" or "Us", as the context may require).

Products and services offered by JPMC and its affiliates are subject to applicable laws and regulations, as well as our service terms and policies. Not all products and services are available in all geographic areas or to all customers. Credit is subject to approval. Rates and programs are subject to change; certain restrictions apply. Products and services may be provided by banking affiliates, securities affiliates or other JPMorgan Chase affiliates or entities. In particular, securities brokerage services other than those that can be provided by banking affiliates will be provided by appropriate registered broker/dealer affiliates, including J.P. Morgan Securities LLC and J.P. Morgan Institutional Investments Inc. Any securities provided or otherwise administered by such brokerage services are not deposits or other obligations of, and are not guaranteed by, any banking affiliate and are not insured by the Federal Deposit Insurance Corporation.

Eligibility for particular products and services will be determined by JPMorgan Chase Bank, N.A. or its affiliates. Your JPMC contacts may be employees of any JPMC affiliate. The information in this content is not an offer to sell, or solicit an offer to purchase, any securities by anyone in any jurisdiction in which such offer or solicitation is not authorized, or in which JPMC or the person making such an offer is not qualified to do so, or to anyone to whom it is unlawful to make such an offer or solicitation, or to anyone in any jurisdiction outside of the United States. Nothing in this content constitutes any commitment by JPMC or any affiliate to underwrite, subscribe for or place any securities or to extend or arrange extend or arrange credit or to provide any other product or service.

Certain financial products and services are required by law to be provided only by licensed representatives and affiliates. Inquiries regarding such products and services will be referred to a licensed representative or a licensed affiliate.

The information in this content, website, article, or event invitation does not constitute advice on legal, tax, investment, accounting, regulatory or other matters. You should always consult your own financial, legal, tax, accounting, or similar advisors before making any financial or investment decisions or entering into any agreement for JPMC products or services. In no event shall JPMC or any of its directors, officers, employees or agents be liable for any use of, for any decision made or action taken in reliance upon or for any inaccuracies or errors in, or omissions from, the information in this content. The information does not include all applicable terms or issues and is not intended as an offer or solicitation for the purchase or sale of any product or service. We are not acting as any Client's agent, fiduciary or advisor, including, without limitation, as a Municipal Advisor under the Securities and Exchange Act of 1934. JPMC assumes no responsibility or liability whatsoever to any Client with respect to such matters, and nothing herein shall amend or override the terms and conditions in the agreement(s) between JPMC and any Client or other person.

The views, opinions, estimates and strategies, as the case may be, ("views") expressed in linked content are those of James Glassman (Head Economist, Commercial Banking), Michael Cembalest (Chairman of Market and Investment Strategy, J.P. Morgan Asset and Wealth Management) and/or the other respective authors and speakers named in those pieces and/or the JPMC departments that publish the content, and may and may differ from those of J.P. Morgan Commercial Banking. This communication in no way constitutes J.P. Morgan research and should not be treated as such. These views are often based on current market conditions and are subject to change without notice. Any examples used are generic, hypothetical and for illustration purposes only. Any information related to cybersecurity provided is intended to help clients protect themselves from cyber fraud, not to provide a comprehensive list of all types of cyber fraud activities nor to identify all types of cybersecurity best practices.

Any information requested on this invitation, page or other relevant registration form will be processed for the purposes of preparation and administration of this event. Providing the requested information will also assist us in ensuring that the event is properly tailored to meet the requirements of the attendees. By providing the information requested, you are consenting to your data being processed by employees and agents of JPMorgan Chase & Co. and its subsidiaries as well as potential co-organizers for these purposes. You expressly consent to our use of your information in the manner described below and in our privacy policy ([www.jpmorgan.com/privacy](http://www.jpmorgan.com/privacy)).

Please note that any JPMC-hosted event you register to attend may be recorded and videos, photographs and other recordings may be taken, where you may be captured participating in the event. By providing the information requested on the registration form, you consent to the publication of such photographs, videos, recordings, and/or likenesses (whether edited, adapted, modified or copied) and their use by us and those that we authorize, without prior notice or compensation, in any way which we may see fit now or in the future, including but not limited to, marketing and advertising. Further, you release JPMorgan Chase & Co, its subsidiaries, and their respective employees and agents from all claims of every kind on account of such use. You also acknowledge and agree that the replay links, if any, will be shared with JPMC clients and prospects who were invited but did not register/attend, and also potentially to other third-parties if the topics are relevant to them. If you do not agree with any statements this paragraph, please make a member of our staff aware on the day of the event.

The statements made in this content or during this event are proprietary to JPMC and are not intended to be legally binding. Any products and services described during these events are offered by JPMorgan Chase Bank, N.A. or its affiliates subject to applicable laws and regulations and service terms.

JPMorgan Chase & Co. will provide reasonable accessibility accommodations brought to our attention.

© 2023 JPMorgan Chase & Co. All rights reserved. JPMorgan Chase Bank, N.A. Member FDIC. JPMorgan Chase Bank, N.A., organized under the laws of the U.S.A. with limited liability.