

J.P.Morgan

Q2 2023 Medtech Licensing and Venture Report

July 2023

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Executive summary

Medtech faces continued funding and deal challenges following the broader tech sector

The medtech sector had a muted Q2 2023 with pockets of positive data. Venture investment dollars to medtech companies continued to track higher for the third consecutive quarter albeit on fewer rounds and still short of the capital raised in 2021 and 1H22. Similarly licensing and partnership deal volume was up significantly quarter-over-quarter but on fewer transactions.

The IPO window for medtech companies has remained shut for three consecutive quarters. M&A activity declined for the third consecutive quarter both in deal value and number of deals, but total transaction value remains higher than Q2 2022.

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

- **Licensing Deals:** \$4.5 billion in total announced deal values for medtech programs across 120 deals.
- **VC Investment:** \$4.3 billion was raised across 137 private funding rounds for medtech companies.
- **IPO and M&A:** There were no medtech IPOs in Q2 2023. There were 22 M&A transactions for a total transaction value of \$8.1 billion.

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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

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.

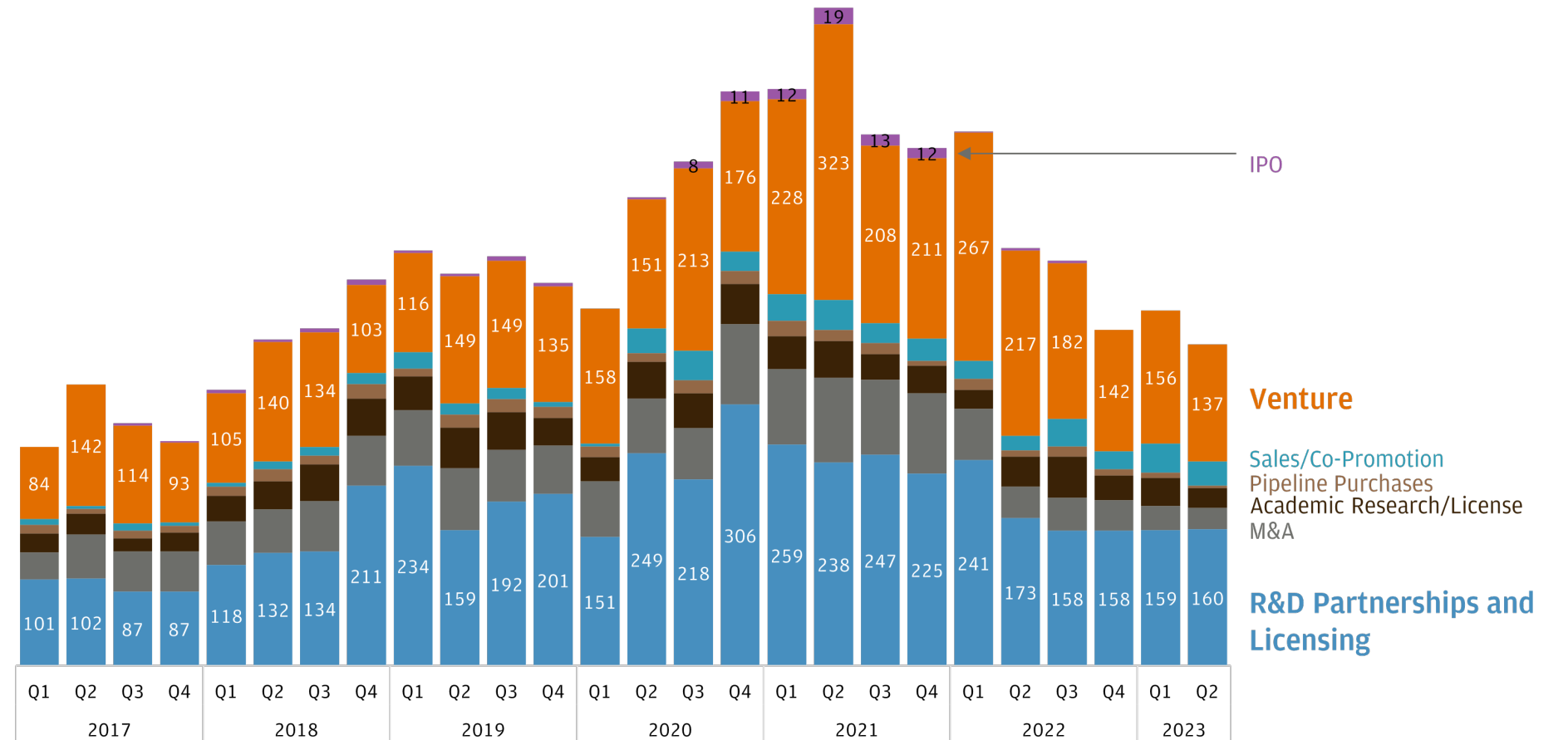
Data as of 6/30/2023

Medtech dealmaking in 2023

Medtech, device, diagnostics, and research tools saw steady partnership and venture activity since Q4 2022, despite the declines from the 2021 records seen in other deal structures.

- 160 medtech R&D licensing partnerships signed in Q2 2023, one more than in Q1 2023.
- 137 venture rounds completed for medtech companies in Q2 2023, down from 156 in Q1 2023.

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



Source: DealForma.com database
Financials based on disclosed figures. Data through 6/30/2023.

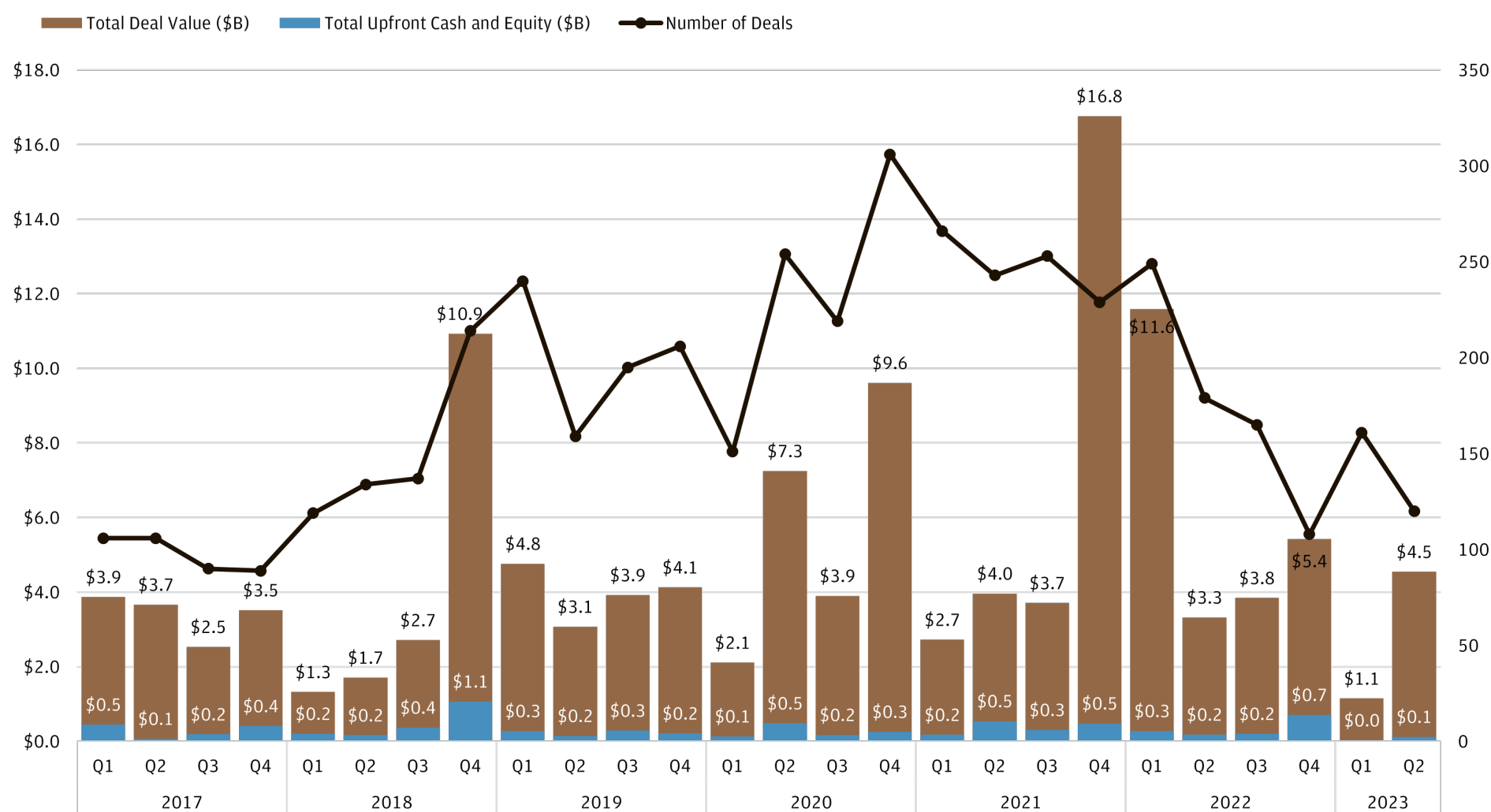
Medtech Licensing and M&A

Partnership activity has not recovered for medtech, diagnostics, and digital therapeutics

Quarterly licensing activity for devices, diagnostics, and digital health therapeutics saw an increase in deal values.

- \$4.5 billion for 120 deal in Q2 2023 as compared to \$1.1 billion in total announced deal values for medtech programs across 120 deals in Q1 2023.
- \$100 million in total announced upfront cash and equity in licensing deals for second quarter 2023.

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



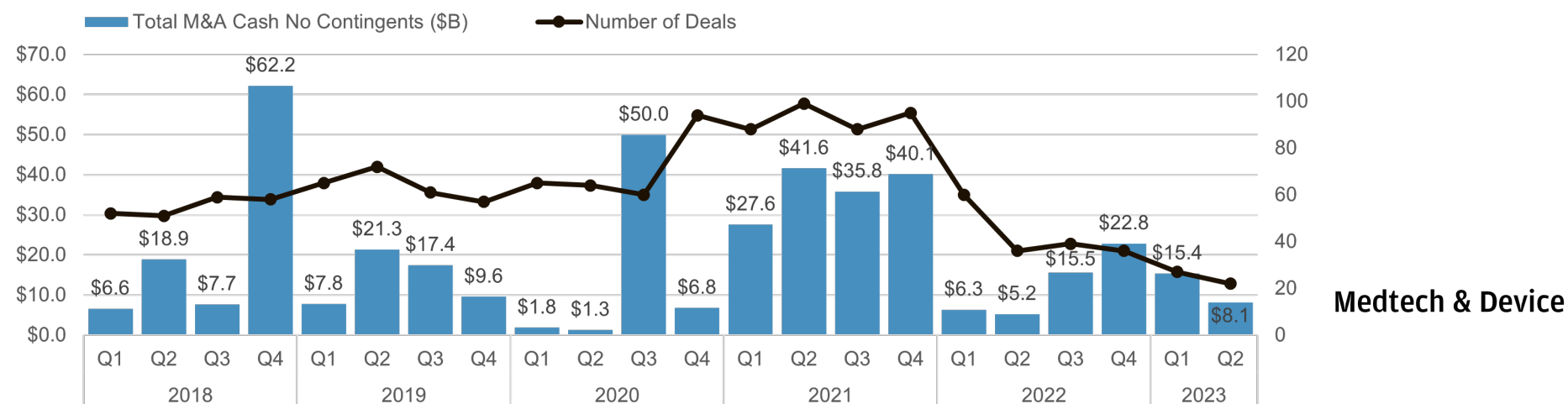
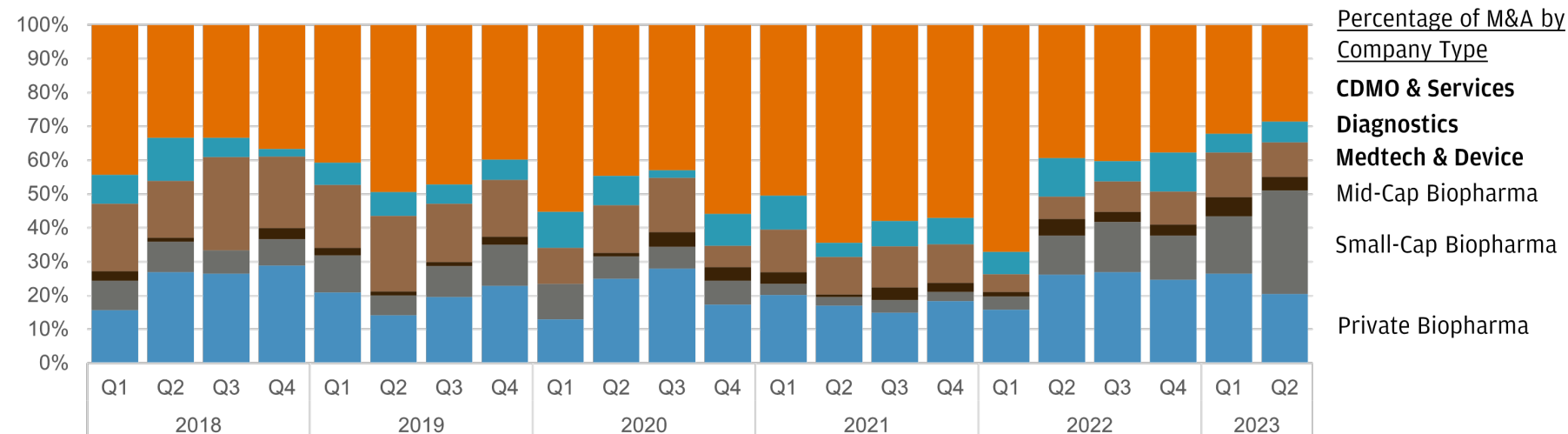
Source: DealForma.com database
Financials based on disclosed figures. Data through 6/30/2023.

Medtech M&A continued to decline with fewer and smaller deals in Q2

Medtech M&A activity continued its decline since Q1 2022. There were fewer deals and smaller total deal values.

- 22 M&A transactions for medtech, device, diagnostics, and research tools companies were announced by the second quarter of 2023.
- \$8.1 billion in total M&A deal value for medtech companies, the lowest total deal volume since 2018.

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



Source: DealForma.com database
Financials based on disclosed figures. Data through 6/30/2023.

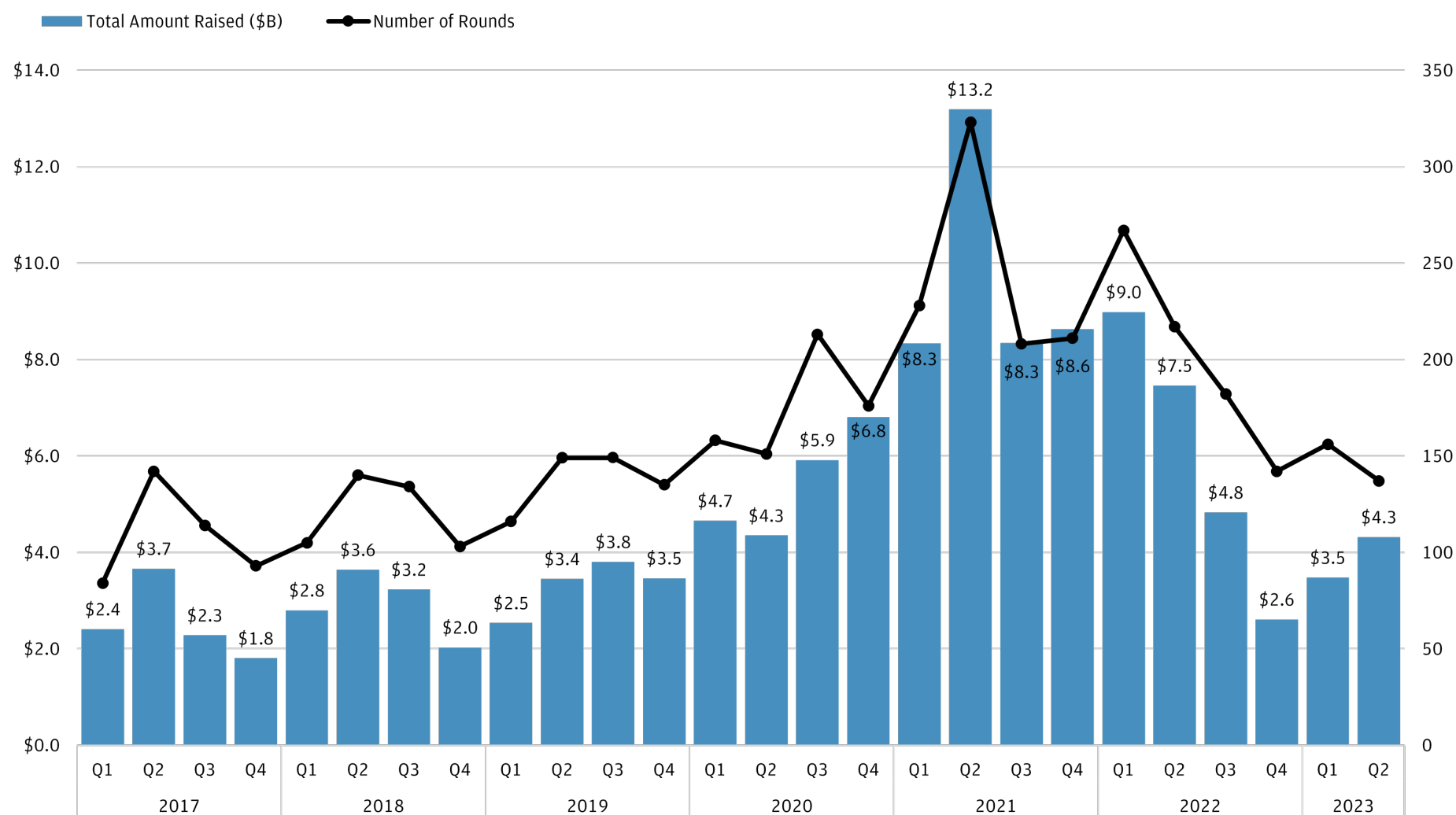
Medtech Venture Highlights

Medtech venture dollars tracked higher for the second quarter, but to fewer companies

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- \$4.3 billion was raised in private funding rounds for medtech companies in the second quarter of 2023.
- Fewer rounds were raised, 137, in the second quarter, down from 156 rounds in Q1 2023.

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

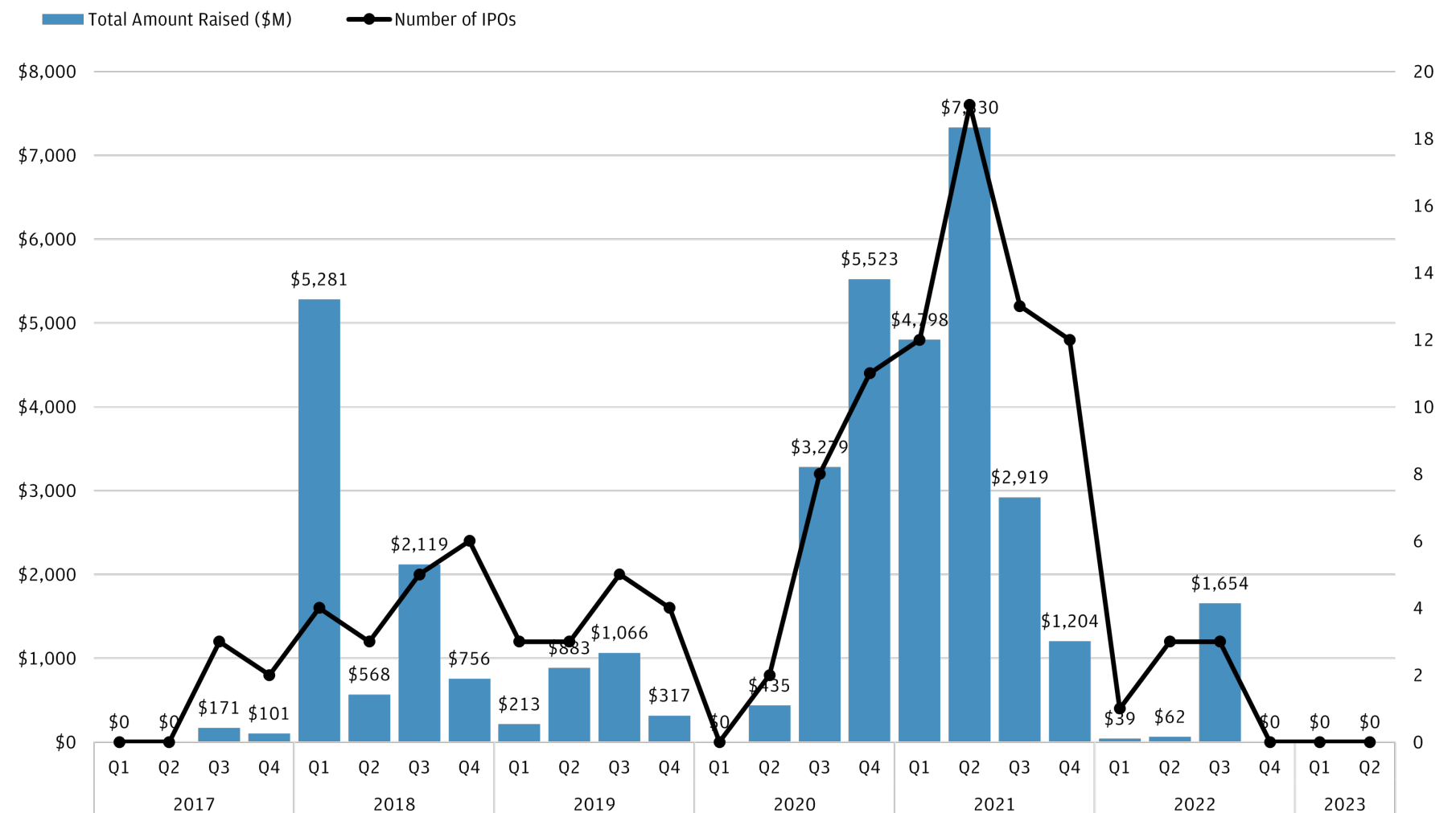


Source: DealForma.com database
Financials based on disclosed figures. Data through 6/30/2023.

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

There were no medtech company IPOs completed in 2023 year-to-date, reflecting a much harder environment for exits and venture funding before then.

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 6/30/2023.

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