

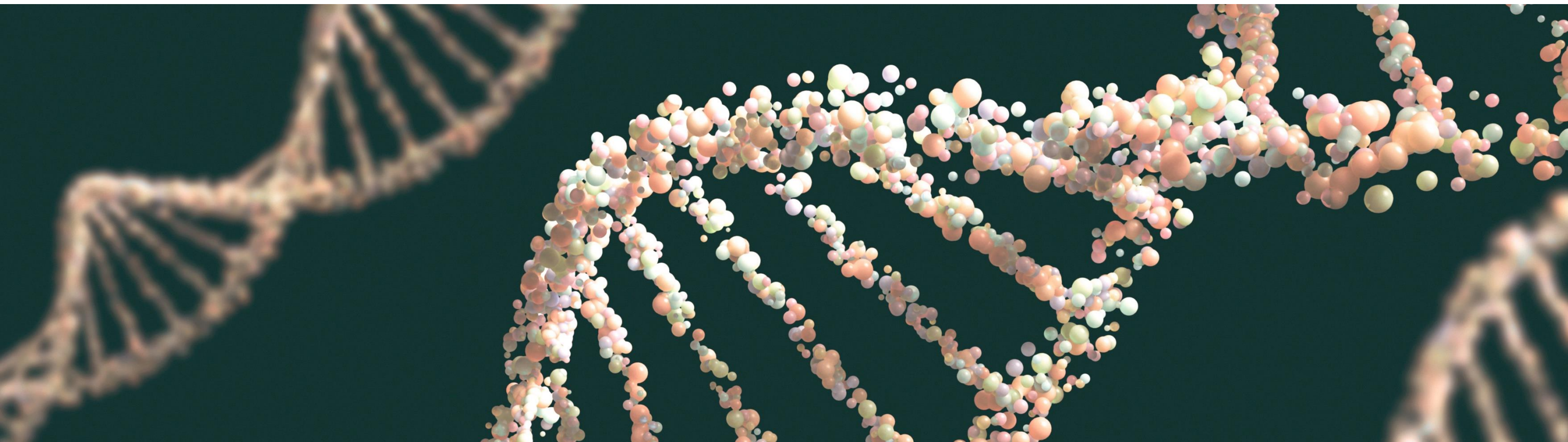
J.P.Morgan

Medtech Q1 2025: Strategic shifts and market dynamics

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Executive Summary

Medtech venture investments and licensing activity showed meaningful deal count—with key concentrations

Medtech venture investment activity continued to see larger rounds into fewer companies to post a higher dollar total for Q1 2025, exceeding Q1 2024. While still finding footing from a dormant public market in years prior, medtech IPOs got on the scoreboard with two public exits. Medtech licensing and research and development partnerships saw larger deals and a higher upfront commitment, albeit with fewer deals reporting key financial details. The number of M&A deals decreased slightly but remains at a multi-year high in transaction numbers, while M&A deal values increased.

Here are a few highlights from our Q1 2025 report:

- **Medtech venture activity: \$3.7 billion invested in Q1 2025 from 117 funding rounds.** .
- **IPOs:** Two medtech IPOs were completed on the Nasdaq in Q1 2025, raising \$467 million.
- **M&A:** 57 medtech M&A deals were announced in Q1 2025, totaling \$9.2 billion.
- **Medtech licensing partnerships:** 286 medtech deals announced in Q1 2025 disclosed \$3.7 billion in total deal value, with over \$871 million in upfront payments.

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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.

Deals are tracked globally unless otherwise noted.

Data as of March 31, 2025

Medtech venture activity: Bigger bets, fewer players

Strong medtech venture dollar momentum continues

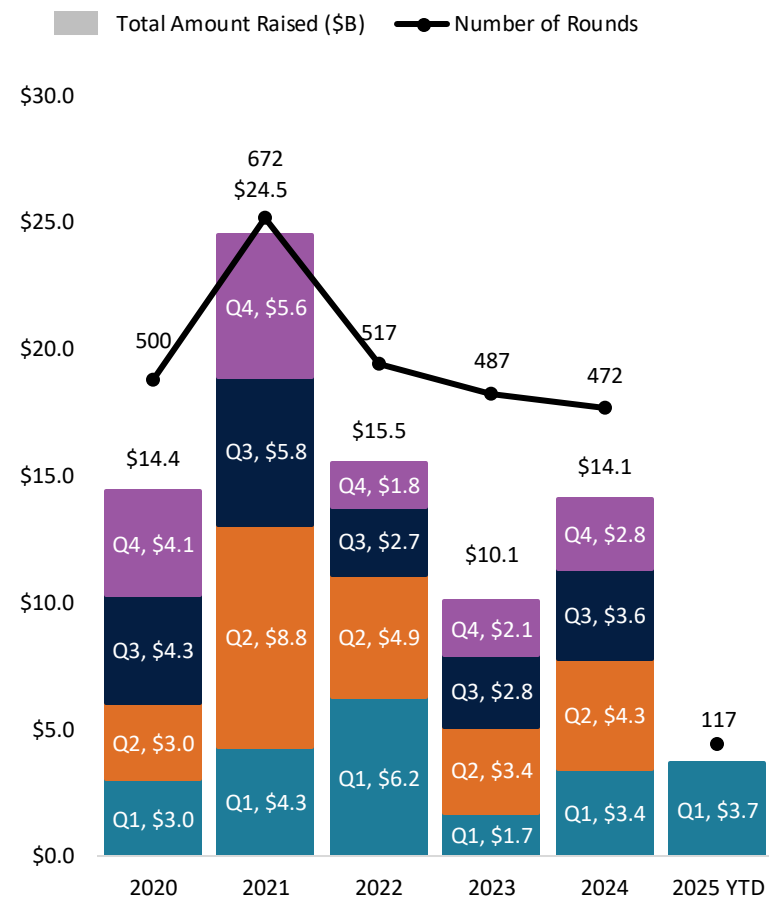
Q1 2025 medtech venture dollars topped Q1 2024 figures. Larger rounds came from fewer transactions, however, as venture investments concentrated on more advanced companies developing medical devices, diagnostics, therapeutic digital health and commercial medtech tools.

- Q1 2025 medtech venture activity has seen \$3.7 billion of investment from 117 funding rounds.
- Relative to Q1 2024, the first quarter of 2024 saw approximately 9% growth year over year.

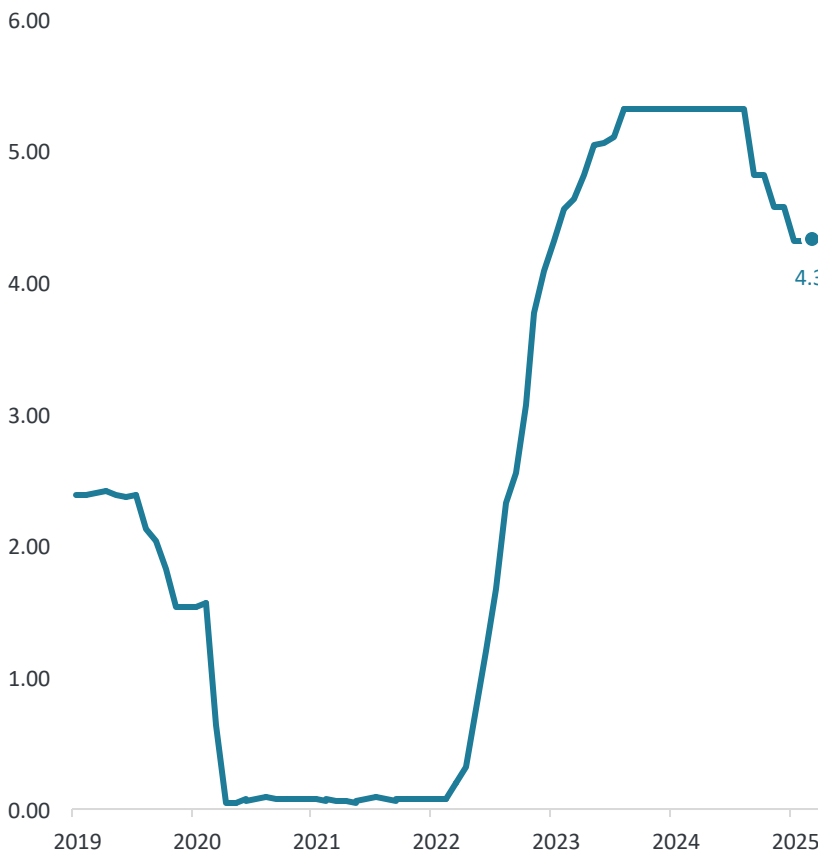
Source: DealForma.com database; Fed rate: fred.stlouisfed.org
Financials based on disclosed figures. Data through March 31, 2025.

Total Venture Investments in Medtech (\$B)

Total Deal Value (\$B)



Federal Funds Effective Rate



Mega rounds drive medtech momentum

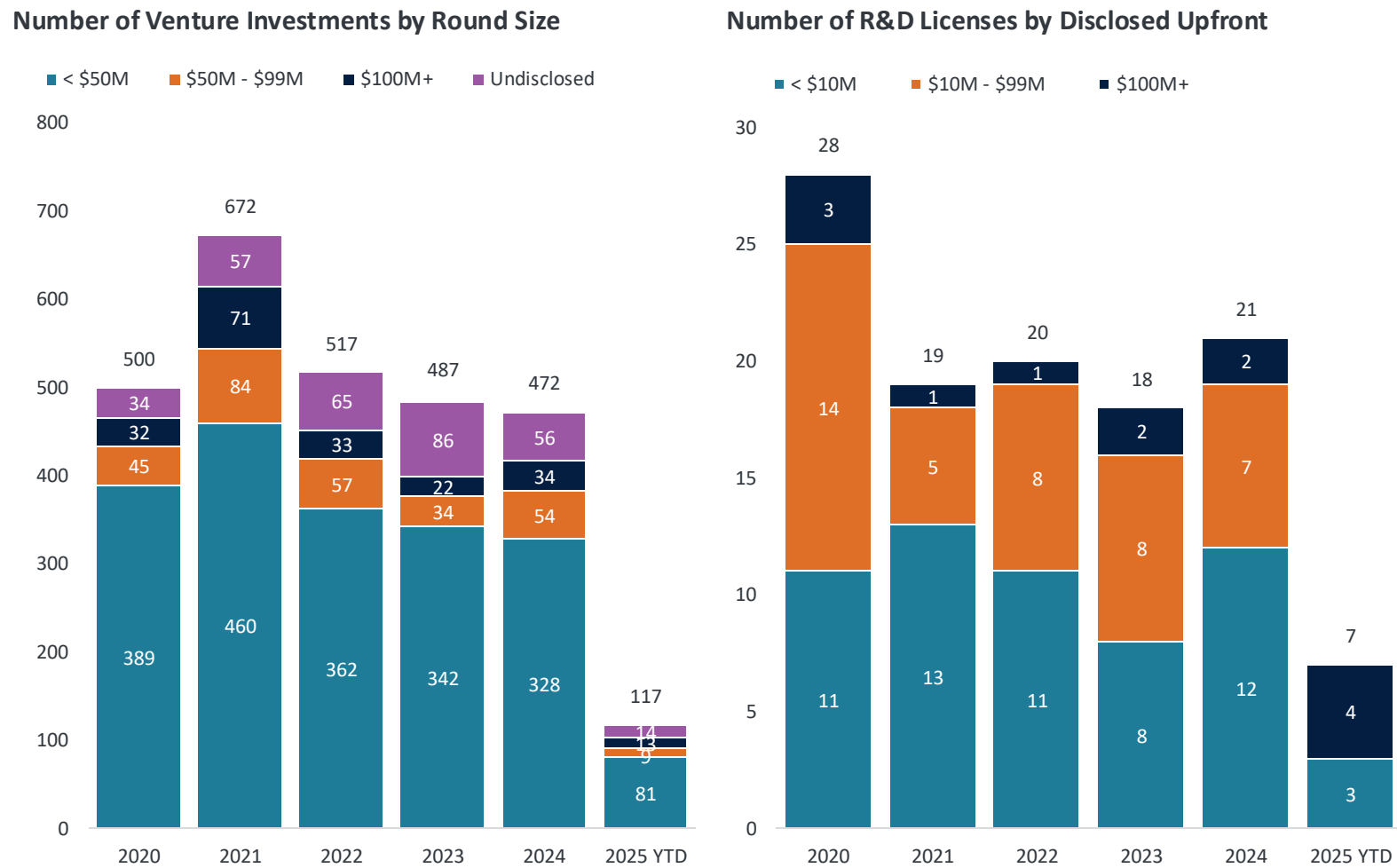
Large venture rounds and large licensing payments came from fewer transactions overall in Q1 2025

Medtech venture investments in Q1 2025 continued to slow in overall transaction numbers with larger rounds going to those companies with more developed programs.

- Of the 117 medtech venture rounds closed in Q1 2025, 13 rounds in the first quarter were at or above \$100 million, with an additional 9 rounds over \$50 million.
- Among the largest medtech venture rounds in Q1 2025 were the Lila Sciences seed round at \$200 million (a Flagship Pioneering/General Catalyst AI company straddling multiple sub-industries) and the \$142 million round for OganOx (HealthQuest Capital/Lauxera Capital).
- Medtech partnership and licensing upfront payments saw more deals with over \$100 million in disclosed upfront payments in Q1 2025. Four of the seven disclosed deals had over \$100 million, topping the full-year 2024 figure.

Source: DealForma.com database
Financials based on disclosed figures. Data through March 31, 2025.

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



Early-stage medtech: While dollars invested shows growth, headwinds remain

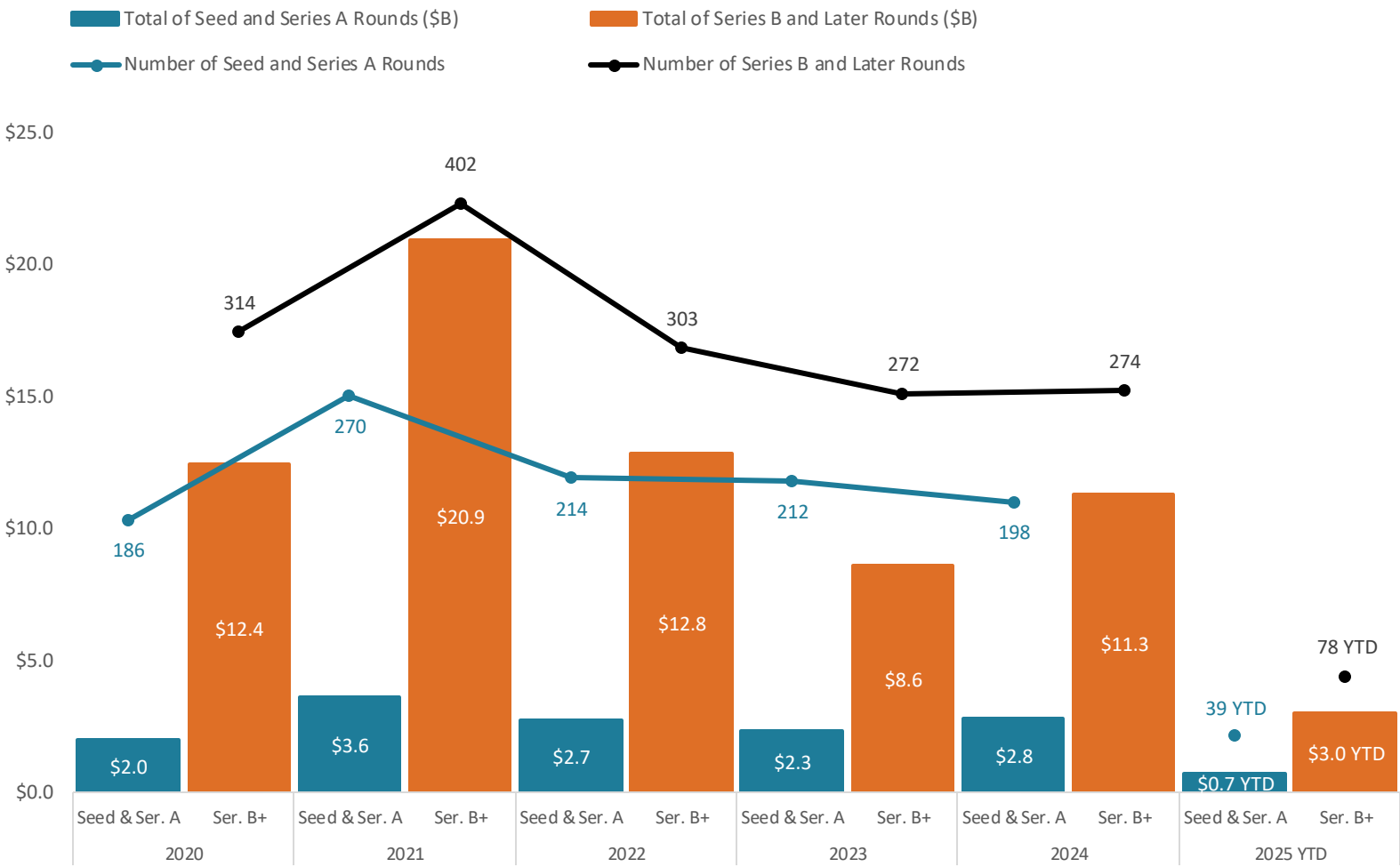
Q1 2025 first-time financing had fewer deals relative to a year ago, with one large outlier

Dollar volume across seed and Series A rounds through Q1 2025 continued the upward momentum caveated by fewer deals and key concentrations.

- \$720 million in 39 seed and Series A rounds completed in Q1 2025. This compares to \$605 million raised over 53 rounds in Q1 2024.
- A notable Q1 2025 Series A was PinkDx, securing \$45 million in a round led by Catalio Capital Management.
- Lila Sciences (Flagship/General Catalyst) hauled in \$200 million in a Series A financing, nearly 28% of the quarter’s first-time financing dollars.
- Notable Q1 2025 later rounds were Supira Medical’s Series E at \$120 million and 4C Medical Technologies’ \$175 million Series D.

Source: DealForma.com database
Financials based on disclosed figures. Data through March 31, 2025.

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



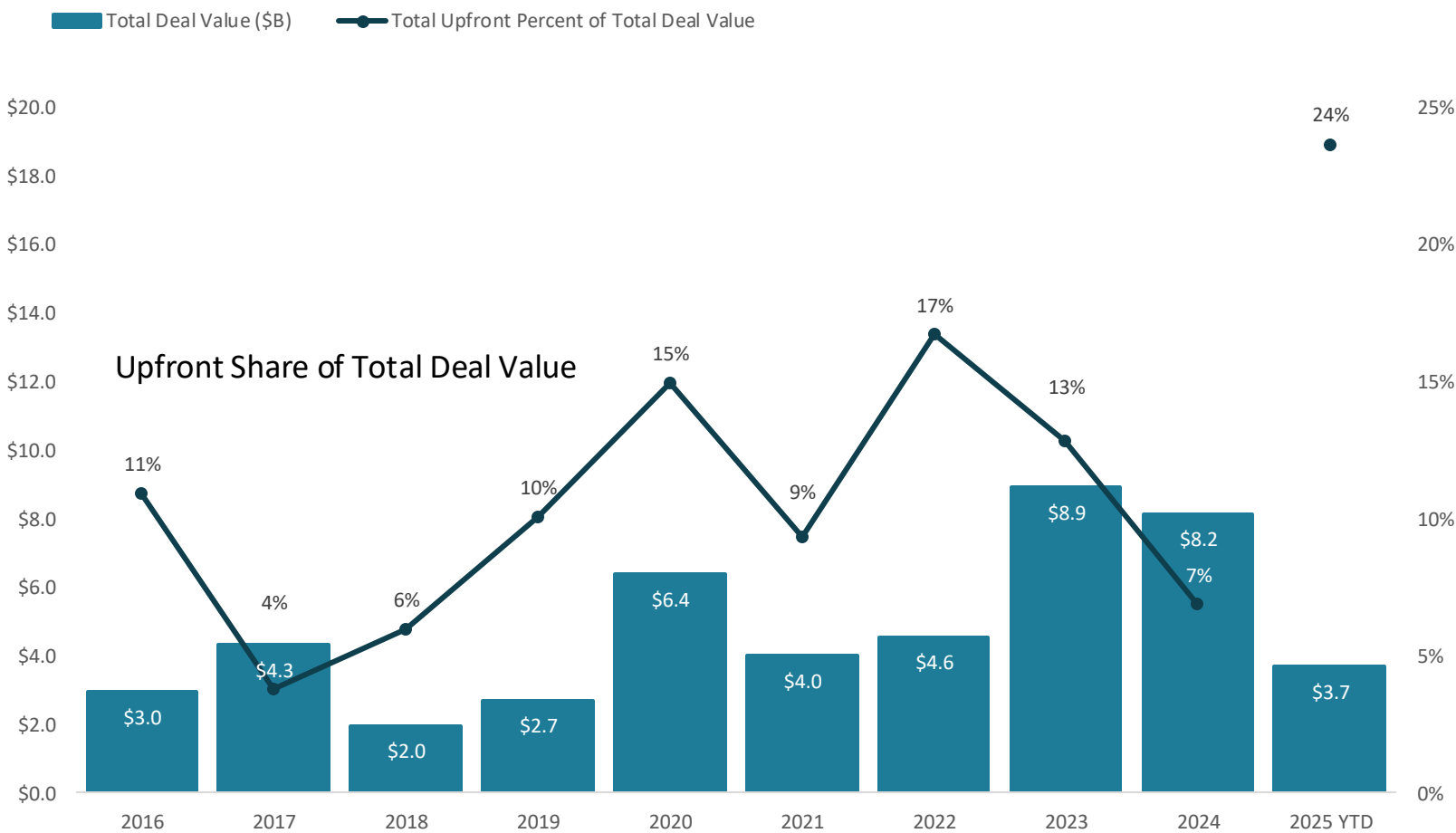
Licensing deals: Activity remains robust with examples of large upfront payments

Medtech licensing and R&D partnership deal activity started strong in 2025 as deal count nearly doubled from Q1 2024 to Q1 2025

- 24% of the total announced deal value in Q1 2025 was in upfront payments in medtech licensing, the highest proportion in nearly a decade. However, a majority of the data set didn't disclose key financial terms.
- Q1 2024 had a total of 140 deals with \$285 million in upfront proceeds reported. This compares to Q1 2025, which had 286 deals reporting upfront payments of \$871 million.
- Notable deals include the joint venture between Hologen AI and MeiraGTx to apply Hologen's multi-modal generative foundation models to obesity with \$230 million upfront.

Source: DealForma.com database
Financials based on disclosed figures. Data through March 31, 2025.

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



M&A: Fewer deals, bigger dollars

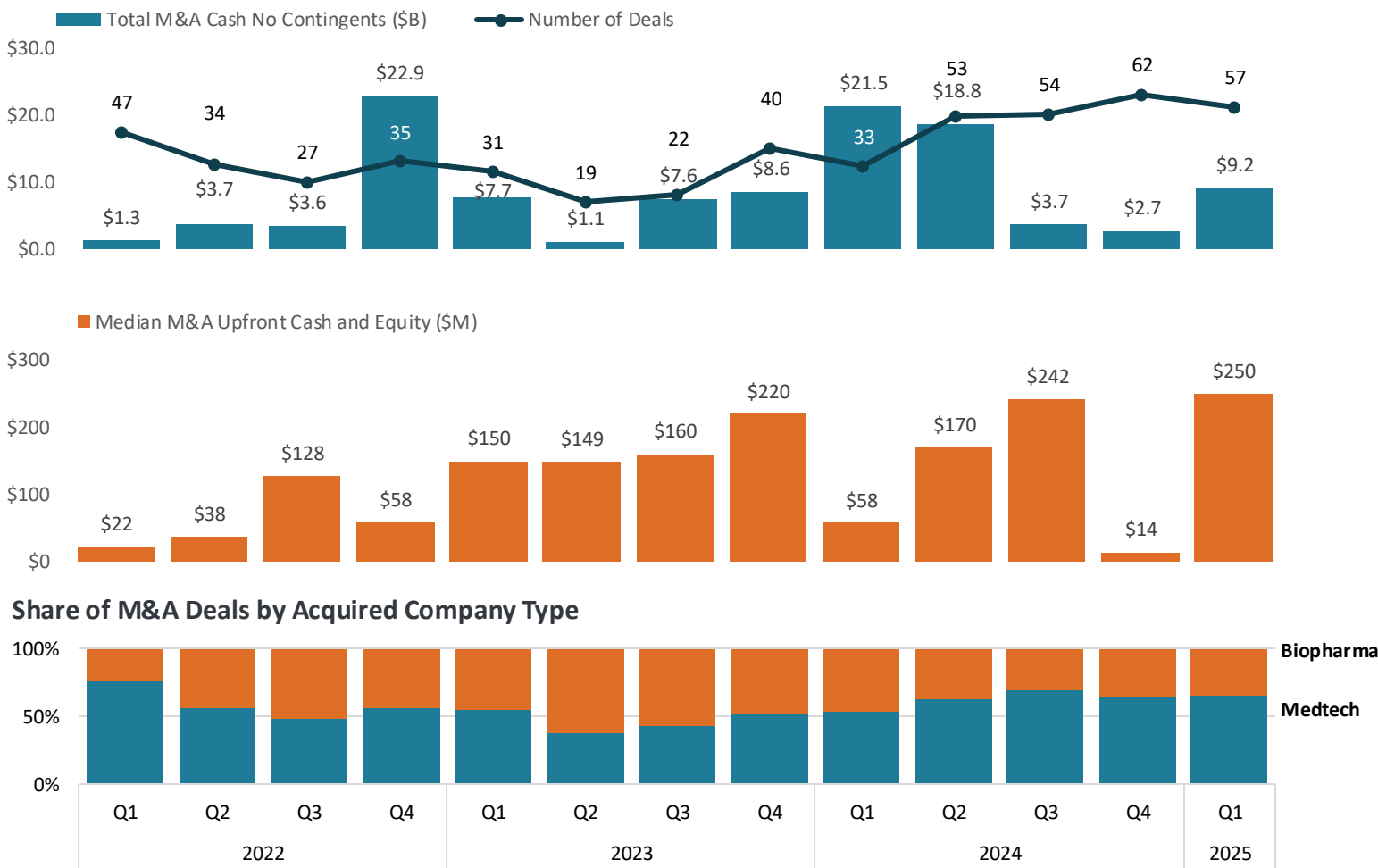
Quarterly medtech M&A activity tempered with fewer but larger deals

Medtech acquisition activity in Q1 2025 was down slightly from Q4 2024 in terms of the number of deals but higher in the total announced upfront value. Since Q1 2022, the number of M&A deals was the second highest total aside from Q4 2024.

- 57 M&A transactions were announced in Q1 2025, totaling over \$9.2 billion for companies developing medical devices, diagnostics, therapeutic digital health and commercial research tools. This compares to 62 transactions totaling \$2.7 billion in Q4 2024.
- Median M&A upfront payments increased to \$250 million in the first quarter.
- Notable medtech M&A deals in Q1 include Stryker/Inari Medical for \$4.9 billion and Zimmer Biomet/Paragon 28 for \$1.2 billion.

Source: DealForma.com database
Financials based on disclosed figures. Medtech M&A with any buyer type, acquisition options and reverse mergers.
Data through March 31, 2025.

Medtech M&A: Number of Deals, Total Deal Value (\$B) and Median M&A Upfront Cash and Equity (\$M)



IPO spotlight: Medtech able to point to 2 distinct IPOs

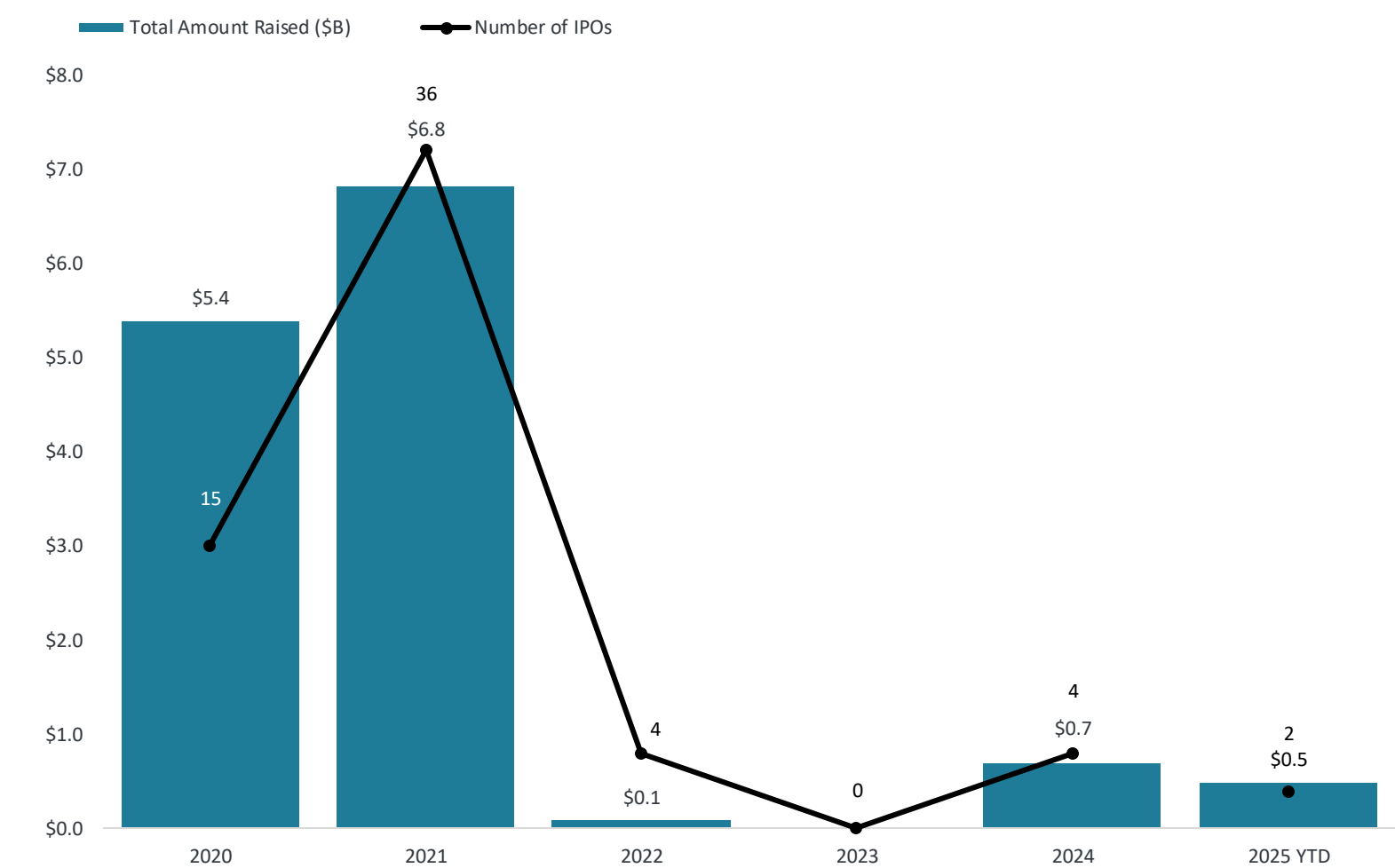
Medtech IPOs still show tentative signs of market appetite, but far below 2020 and 2021 levels

Medtech IPO activity returned in Q1 2025 with two companies raising \$467 million on U.S. exchanges. This follows four U.S. medtech IPOs in all of 2024 and none in 2023.

- Two medtech IPOs completed on the Nasdaq in Q1 2025: Beta Bionics with \$235 million in January 2025 and Kestra Medical Technologies with \$232 million in March 2025.
- As of this writing, Beta Bionics is trading down 36% while Kestra is trading up 43% from its initial IPO price.

Source: DealForma.com database
Financials based on disclosed figures. IPOs \$15 million and larger by completion date. Data through March 31, 2025.

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



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