

J.P.Morgan

2024 Medtech Industry Insights: Investment Trends, M&A Activity, and Market Dynamics

January 2025

Fueled by



Executive summary

2024 Medtech Sector Overview: Investment Shifts, M&A Surge, and Evolving Deal Structures

In 2024, the Medtech sector saw a shift in venture investment activity, with fewer but larger funding rounds leading to a year-to-date total that surpassed the full-year 2023 in terms of dollar value. Mergers and acquisitions have surged, reaching levels second only to the 2021 peak, while the IPO market has shown a slow-but-steady recovery. Licensing and R&D partnerships have moved towards more conservative deal structures, resulting in smaller overall deal sizes.

Here are a few highlights from our Q4 2024 report:

- **Venture investment in Medtech:** \$19.1 billion raised across 691 funding rounds through Q4 2024
- **IPO Activity:** Four medtech IPOs completed on NASDAQ and NYSE through Q4 2024, raising a combined \$744.5 million
- **M&A Activity:** 305 acquisitions announced in 2024 YTD totaling \$63.1 billion with a rise in smaller deals.
- **Licensing Partnerships:** 1,051 deals announced, with a total value of \$7.2 billion and \$597 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.

Data as of Dec. 9, 2024

Medtech venture activity

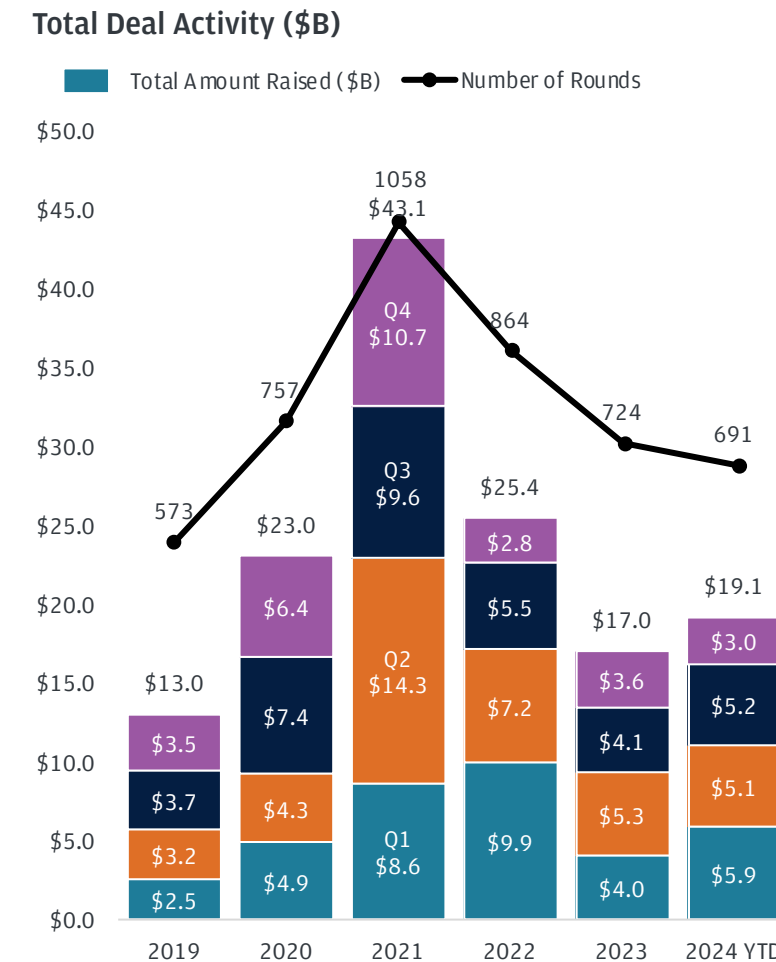
2024 medtech venture investments: Rising dollar totals amid fewer transactions

In 2024, medtech venture investments surpassed the figures from 2023 in terms of dollar value, despite a continued decline in the number of funding rounds for the third consecutive year. This trend was observed across various segments, including medical devices, diagnostics, therapeutic digital health, and commercial medtech tools. In the fourth quarter of 2024 alone, the sector attracted \$3.0 billion from 125 funding rounds. Year-to-date (YTD) funding for 2024 reached \$19.1 billion across 691 rounds, marking a 12% increase in venture dollar totals compared to 2023, although this was achieved with 5% fewer rounds.

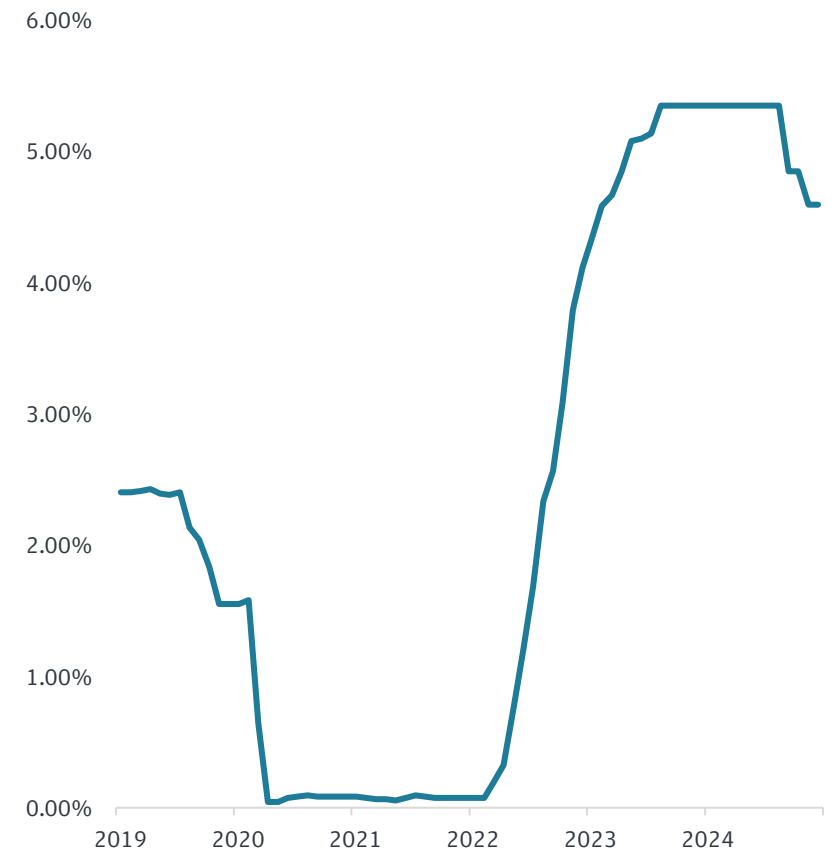
- **Q4 2024 Venture Activity:** \$3.0 billion raised from 125 funding rounds.
- **2024 YTD Funding:** \$19.1 billion secured across 691 rounds.
- **Comparison to 2023:** 12% increase in venture dollars with 5% fewer rounds.

Source: DealForma.com database; Fed rate: fred.stlouisfed.org
Financials based on disclosed figures. Data through Dec. 9, 2024.

Total Venture Investments in Medtech (\$B)



Federal Funds Effective Rate



Medtech venture investments

Emphasis on larger deals amid fewer rounds, reflecting selective confidence in high-value opportunities

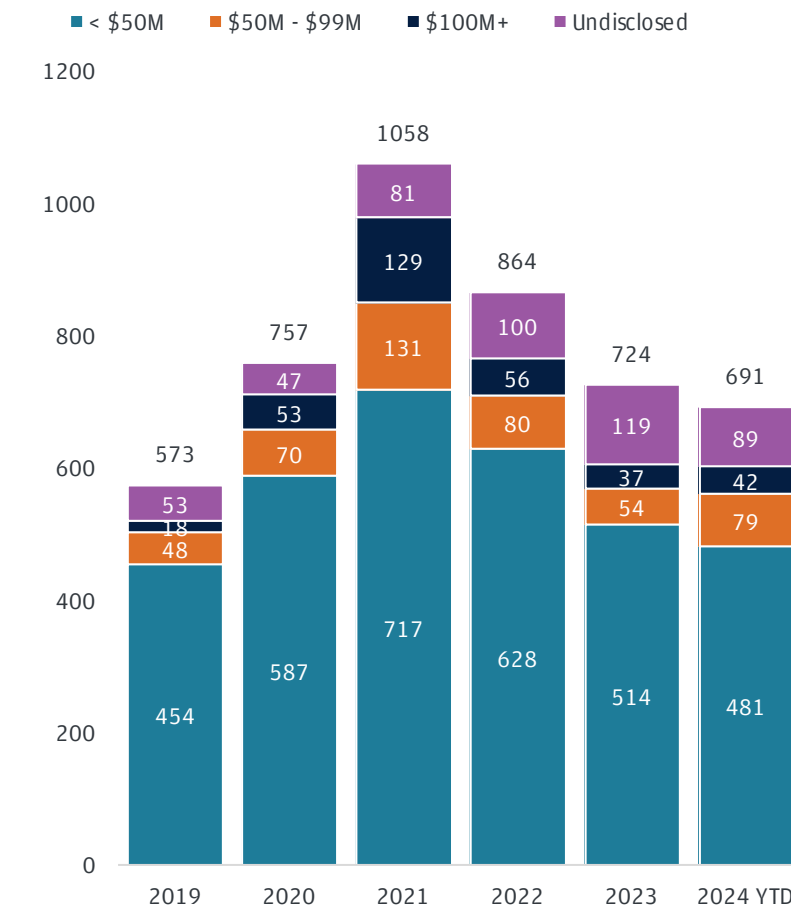
In 2024, medtech venture investments have shown a decline in the overall number of funding rounds, yet there has been a notable increase in larger investments compared to the full year of 2023. While the total number of deals has decreased, investments in the \$50 million-plus and \$100 million-plus categories have risen, reflecting selective confidence in high-value opportunities.

- Overall Decline in Rounds:** The total number of venture rounds decreased from 724 in 2023 to 691 in 2024, yet there was a significant increase in larger rounds, with 42 rounds exceeding \$100 million and 79 rounds over \$50 million, reflecting a focus on high-value opportunities
- Notable Q4 Rounds:** Some of the largest rounds in Q4 2024 included Impress's private round of \$117 million and Nusano's series C of \$115 million, highlighting selective confidence in substantial investments
- Partnership and Licensing Payments:** Upfront payments in medtech partnerships and licensing deals shifted towards smaller amounts, with 13 out of 20 deals having under \$10 million in disclosed upfront payments, four deals ranging from \$10 million to \$99 million, and three deals exceeding \$100 million, showing a cautious approach in initial payments

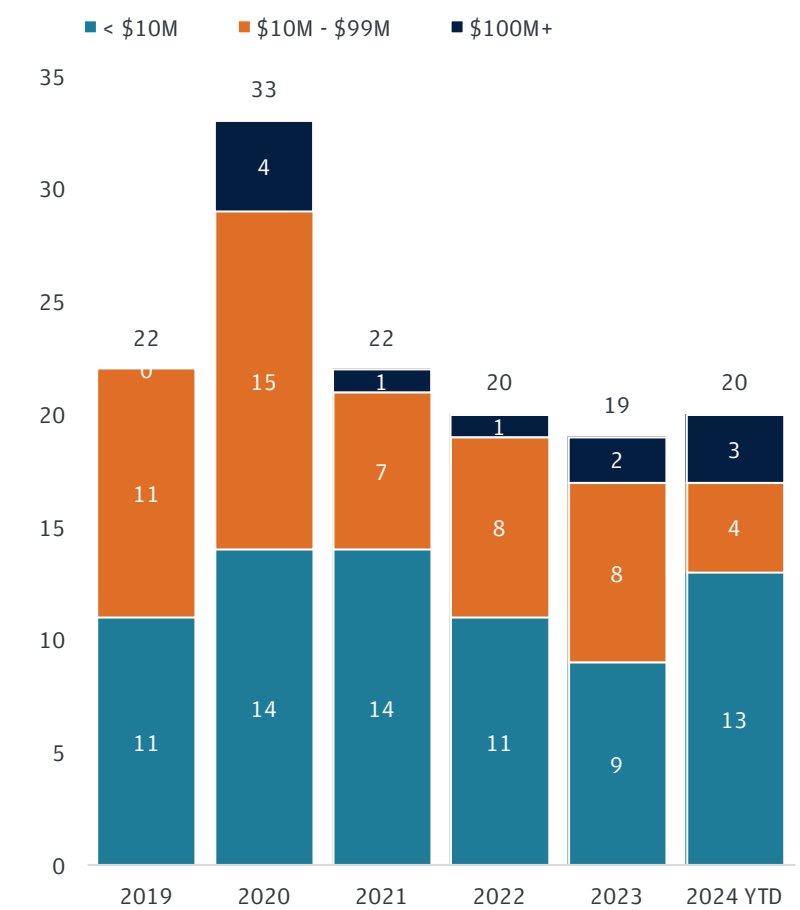
Source: DealForma.com database
Financials based on disclosed figures. Data through Dec. 9, 2024.

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 Disclosed Upfront



Early-stage medtech investments

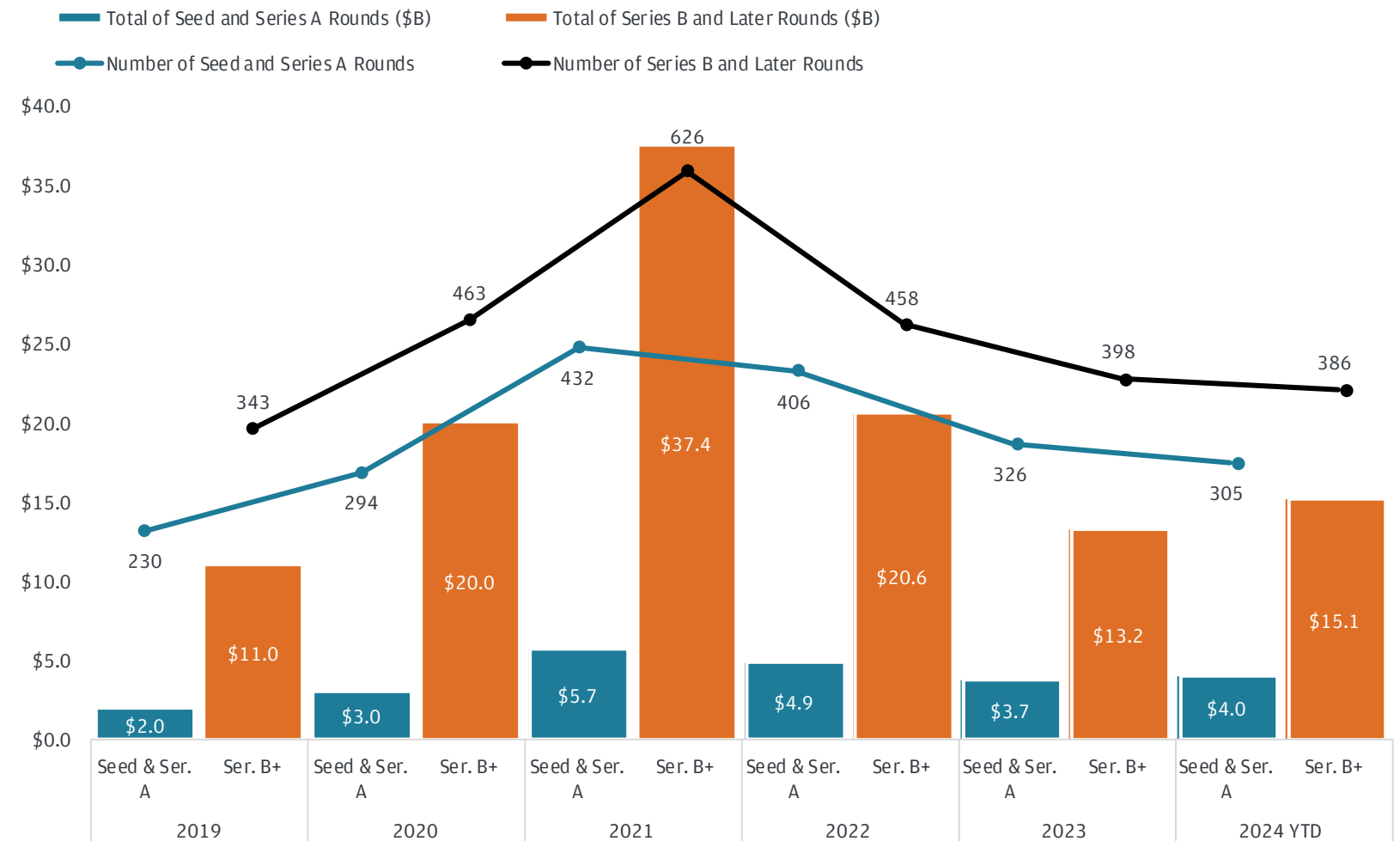
A resurgence in seed and series A funding signals renews interest in first-time company investments

In 2024, the dollar volume in seed and series A rounds through Q4 has surpassed 2023 levels, indicating a robust return to first-time company investments in the medtech sector.

- **Seed and series A funding:** \$4.0 billion raised in 305 rounds through Q4 2024, surpassing 2023 levels and signaling renewed interest in early-stage medtech investments
- **Notable series A round:** Horizon Surgical Systems raised \$30 million in Q4 2024, highlighting significant interest in promising new ventures
- **Series B and later rounds:** \$15.1 billion secured across 386 rounds, contributing to a total of \$19.1 billion for all seed and series rounds in 2024, reflecting strong support for advancing medtech innovations

Source: DealForma.com database
Financials based on disclosed figures. Data through Dec. 9, 2024.

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



Medtech licensing and R&D partnerships

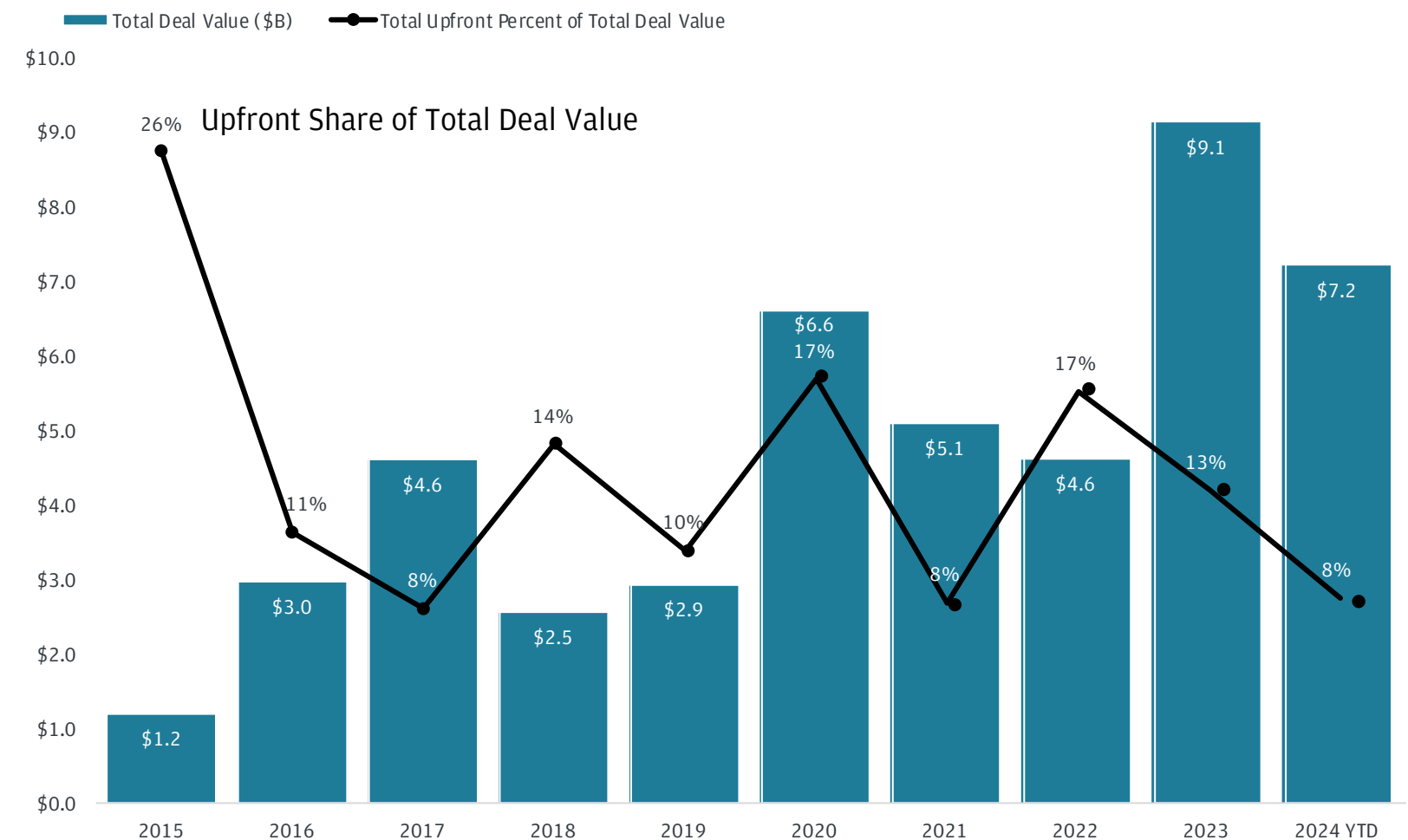
Decline in upfront payments reflects cautious financial commitments in medtech deals

In 2024, medtech licensing and R&D partnership deals continued to experience a reduction in initial payment commitments. Since 2015, the portion of total announced dollars paid upfront has remained below a quarter of the total deal value, with 2024 year-to-date figures showing just 8% of the \$7.2 billion in total announced deal value being paid upfront. This marks a decrease from 13% in 2023. Despite a record number of 1,051 medtech deals announced through Q4 2024, only \$597 million was disclosed as upfront payments, highlighting a cautious approach in initial financial commitments..

- **Upfront payment decline:** Only 8% of the \$7.2 billion in total announced deal value in 2024 YTD was paid upfront, down from 13% in 2023, indicating a continued pullback in initial payment commitments
- **Record number of deals:** A total of 1,051 medtech deals were announced through Q4 2024, yet upfront payments amounted to just \$597 million, reflecting a trend toward more conservative financial arrangements
- **Historical context:** The trend of low upfront payments has persisted since 2015, with upfront commitments consistently below a quarter of total deal values, underscoring a long-term shift in deal structuring

Source: DealForma.com database
Financials based on disclosed figures. Data through Dec. 9, 2024.

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



Medtech M&A activity

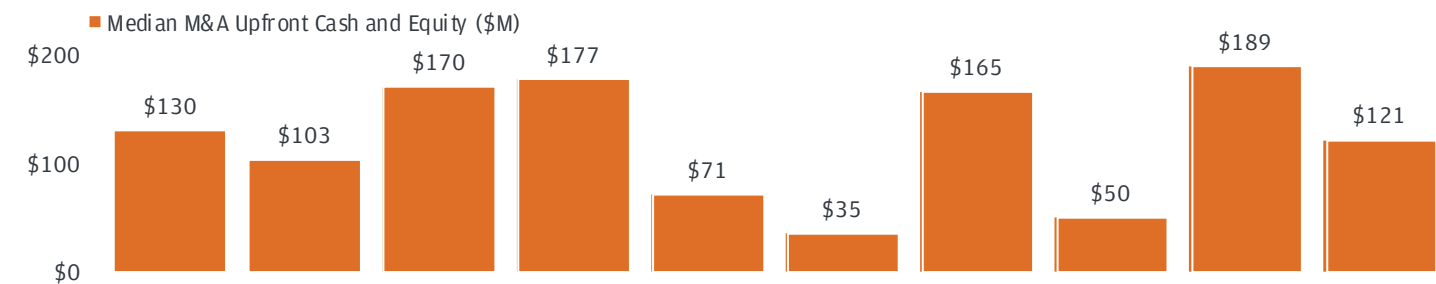
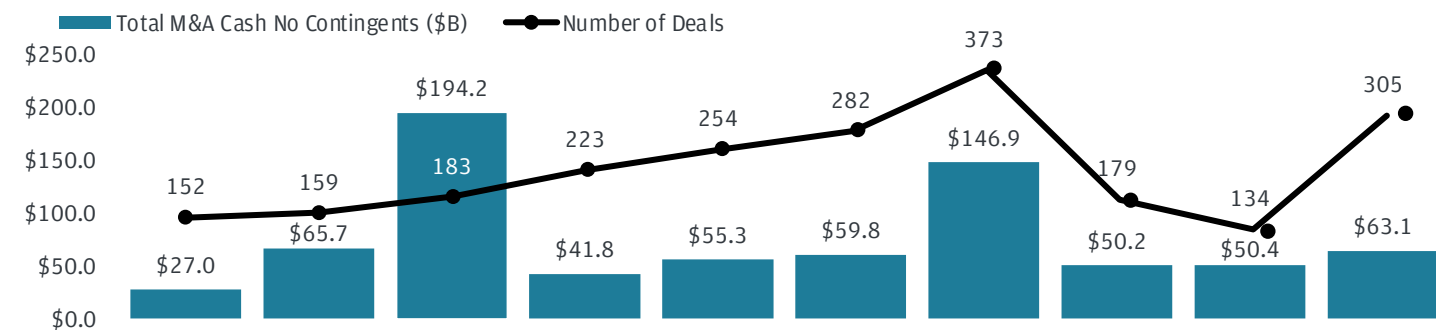
Record deal volume and value with strategic acquisitions despite lower median upfront payment

In 2024, medtech acquisition activity through Q4 exceeded the previous two years in both deal count and total announced value, ranking second only to the 2021 peak. A total of 305 M&A transactions were announced, totaling over \$63.1 billion for companies in medical devices, diagnostics, therapeutic digital health, and commercial research tools, up from 134 deals in 2023. However, the median M&A upfront payments decreased to \$121 million.

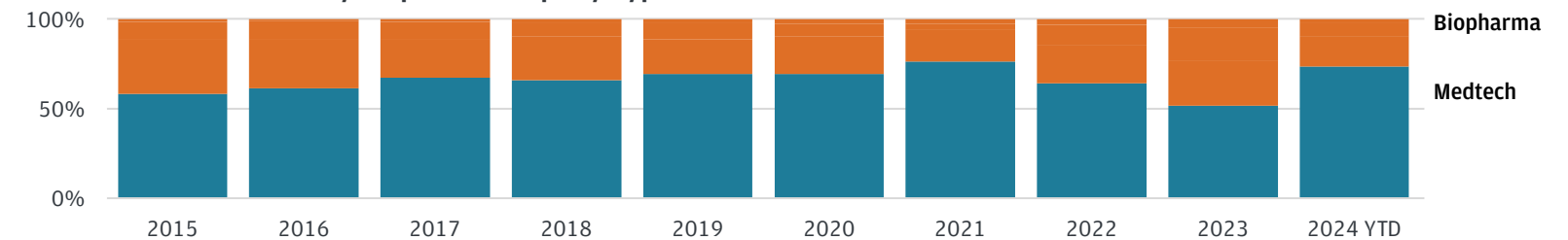
- **Increased deal volume:** 305 M&A transactions in 2024, up from 134 in 2023
- **Total deal value:** Over \$63.1 billion announced in 2024
- **Median upfront payments:** Dropped to \$121 million
- **Notable Q4 deals:** Cardinal / GI Alliance for \$2.8 billion; Cardinal / Advanced Diabetes Supply Group for \$1.1 billion
- **Major 2024 deals:** J&J/Shockwave for \$13.1 billion; Novo Holdings/Catalent for \$16.5 billion

Source: DealForma.com database
 Financials based on disclosed figures. Medtech M&A with any buyer type, acquisition options, and reverse mergers.
 Data through Dec. 9, 2024.

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



Number of M&A Deals by Acquired Company Type



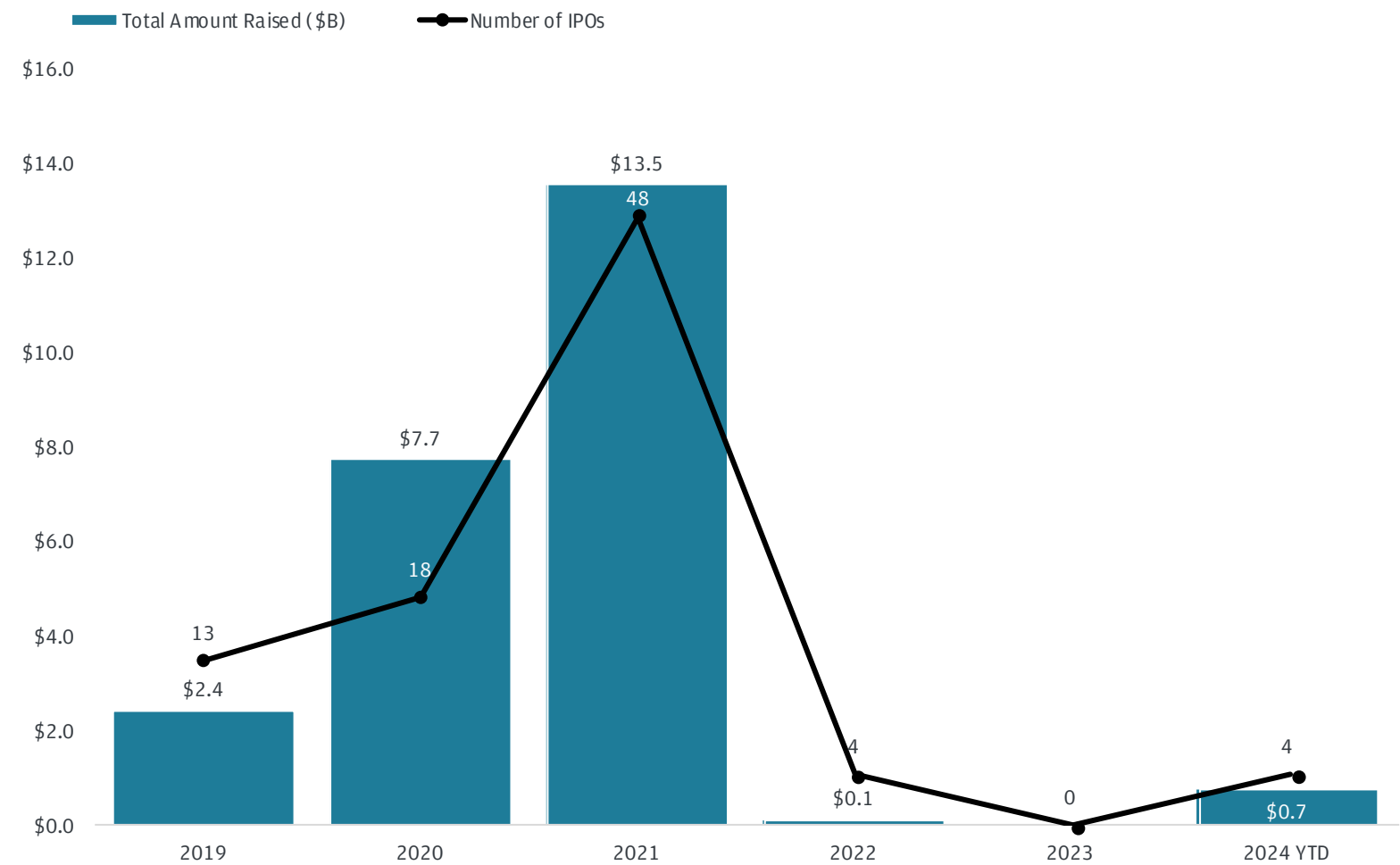
Medtech IPO activity

Revival in medtech IPOs after a year of absence

In 2024, medtech IPO activity made a comeback, with four companies collectively raising \$745 million on U.S. exchanges, marking a significant shift from 2023, which saw no medtech IPOs in the U.S.

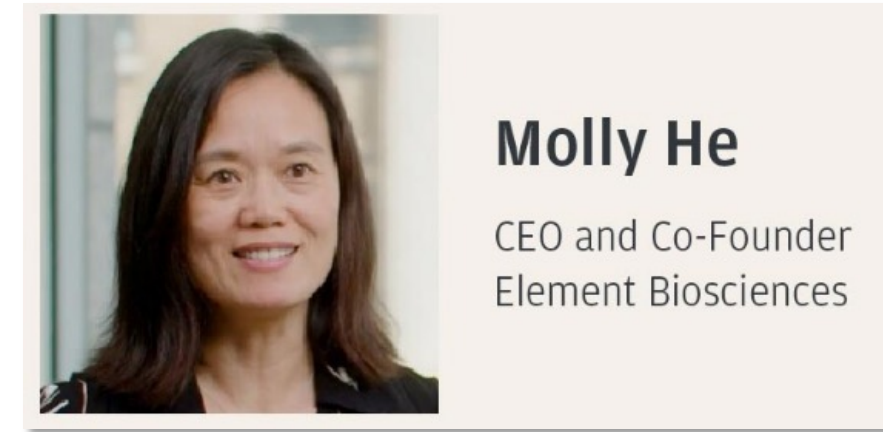
- 4 medtech IPOs completed on NASDAQ and NYSE through Q4 2024:
 - Fractyl Health: \$110 million in Q1
 - Tempus AI: \$411 million in Q2
 - Ceribell: \$207 million in Q4
 - Invizyne Technologies: \$15 million in Q4

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



Source: DealForma.com database
Financials based on disclosed figures. IPOs \$15 million and larger by completion date. Data through 12/9/2024.

Client spotlight: Element Biosciences



July 2017

Element Biosciences is founded by three scientists who seek to disrupt and democratize genomic sequencing.

June 2019

Series A financing

January 2020

Series B financing accelerates development of the sequencing platform

June 2021

Element closes \$276M series C financing to deliver on the promise of disruptive genomic sequencing
January 2023

February 2022

Element closes acquisition of Loop Genomics

July 2024

Element raises over \$277M series D to develop and commercialize differentiated products and continue rapid growth

Element announces the \$200 genome with the AVITI™ benchtop sequencing system

ABOUT

Element Biosciences is a multidisciplinary San Diego startup focused on innovating genetic-analysis tools for the research market. Founded in 2017, three passionate scientists—Molly He, Michael Previte, and Matthew Kellinger—came together because they had a dream to democratize access to genomic sequencing and advanced biological tools.

AN ELEMENTAL APPROACH TO SUCCESS

In 2022, Element Biosciences launched its first product, the AVITI™, a DNA benchtop sequencing platform powered by avidite base chemistry (ABC), which increased access to genomic sequencing in labs all over the world. The AVITI platform allows a range of industries—from academia to biotech, cancer research and agriculture—to conduct sophisticated genomic research in-house, reducing dependence on external sequencing facilities and speeding up research, collaboration and scientific discoveries. Over the past seven years, the company grew from three employees to 320.

PUSHING THE BOUNDARY OF INNOVATION

In 2024, Element Biosciences raised more than \$277 million in series D funding to continue its work. The company is creating a culture of continued learning and is focused on finding people who are never satisfied with the status quo, according to CEO and Co-Founder Molly He. “We have a saying in the company. It’s ‘Always be learning. Always be growing,’” says He. “We have a really strong team consistently pushing the boundary of innovation.” The future of the company has been on He’s mind since Day One. When Element Biosciences started, the company’s founders knew it wasn’t going to be limited to DNA sequencing. As the technology develops, the equipment can help customers study the molecular components that form and act upon DNA. “DNA is one piece of the puzzle, but there are proteins, epigenetics and all the different things that come together,” He said. “When we made the innovation, we already thought ahead to looking at the proteins. We built these instruments to be futureproof.”

We are committed to being the leading bank for the innovation economy, connecting founders, investors, startups, and high-growth companies like Element Biosciences. Discover He’s inspiring journey on our [Content Hub](#), explore how J.P. Morgan’s Innovation Economy Startup Banking solutions can support your growth on our [website](#), and delve into our specialized offerings for the life sciences sector [here](#).

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