

MedDevNews







Q1 2025

Featuring:

- Quarterly Overview
- Market Trends
- Relevant Transaction Activity

Q1 2025 Market At A Glance

MedDevNews provides an exclusive quarterly summary into market trends, recent private finance and merger and acquisition activity, as well as major news stories within the Medical Device sector.

OEM M&A		50 Transactions	0.0% Change YoY		\$9.5 billion Transaction Value	28.9% Change YoY
CMO M&A		12 Transactions	140.0% Change YoY		N / A Transaction Value	N / A Change YoY
Private Financings		279 Transactions	- 18.4% Change YoY		\$3.7 billion Transaction Value	13.0% Change YoY
Public Companies		4.1x Median EV / Revenue	14.6x Median EV / EBITDA		+7.4% Median Revenue Growth YoY	66.1% Median GM

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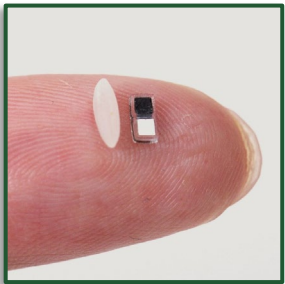
Sources: CapIQ, Pitchbook

Q1 2025 Quarterly Overview



Artificial Intelligence Crosses Critical Threshold in Imaging and Diagnostics

Q1 signaled a clear shift from experimental AI tools to validated clinical applications in the medical device space. Philips expanded its AI offerings across MRI and CT platforms, emphasizing workflow efficiency and diagnostic accuracy in the face of radiology workforce shortages. At the same time, the FDA granted new approvals to AI-based diagnostics, including an application for interstitial lung disease. One of the most striking AI milestones came from a Charles Darwin University study that demonstrated 96.6% accuracy using ultrasound video to diagnose pneumonia, COVID-19, and other lung conditions. The AI application also incorporated explainability features, helping clinicians understand decision logic. These advances point to a new phase where artificial intelligence is no longer siloed in innovation labs but is increasingly embedded in frontline diagnostic tools.



Pacemaker Innovations

Northwestern University engineers have created a tiny pacemaker, about the size of a grain of rice, that is activated by light and could be a game-changer for newborns with heart issues or adults needing temporary pacing. This super-small device, which is injected with a syringe and dissolves in the body after doing its job, means no invasive surgery or leftover hardware. A wearable patch on the chest uses infrared light to wirelessly trigger the pacemaker when it detects an irregular heartbeat, and it works just as well as the big, traditional models. After successful tests in animals and human heart tissue, the team hopes to start human trials in 2-3 years, potentially making heart treatment safer and easier for patients.



Stryker Acquires Inari Medical

In a major move this quarter, Stryker agreed to acquire Inari Medical for \$80.00 per share, valuing Inari at approximately \$4.9 billion. Inari Medical is a fast-growing company specializing in minimally invasive devices for the treatment of venous thromboembolism, a condition where blood clots form and travel across the body. Examples include deep vein thrombosis and pulmonary embolism. Inari's devices enable the removal of blood clots without the need for thrombolytic drugs or invasive surgery, an approach that has seen rapid adoption across hospitals due to its safety profile and efficiency. For Stryker, the acquisition marks a deliberate expansion into the vascular intervention space.

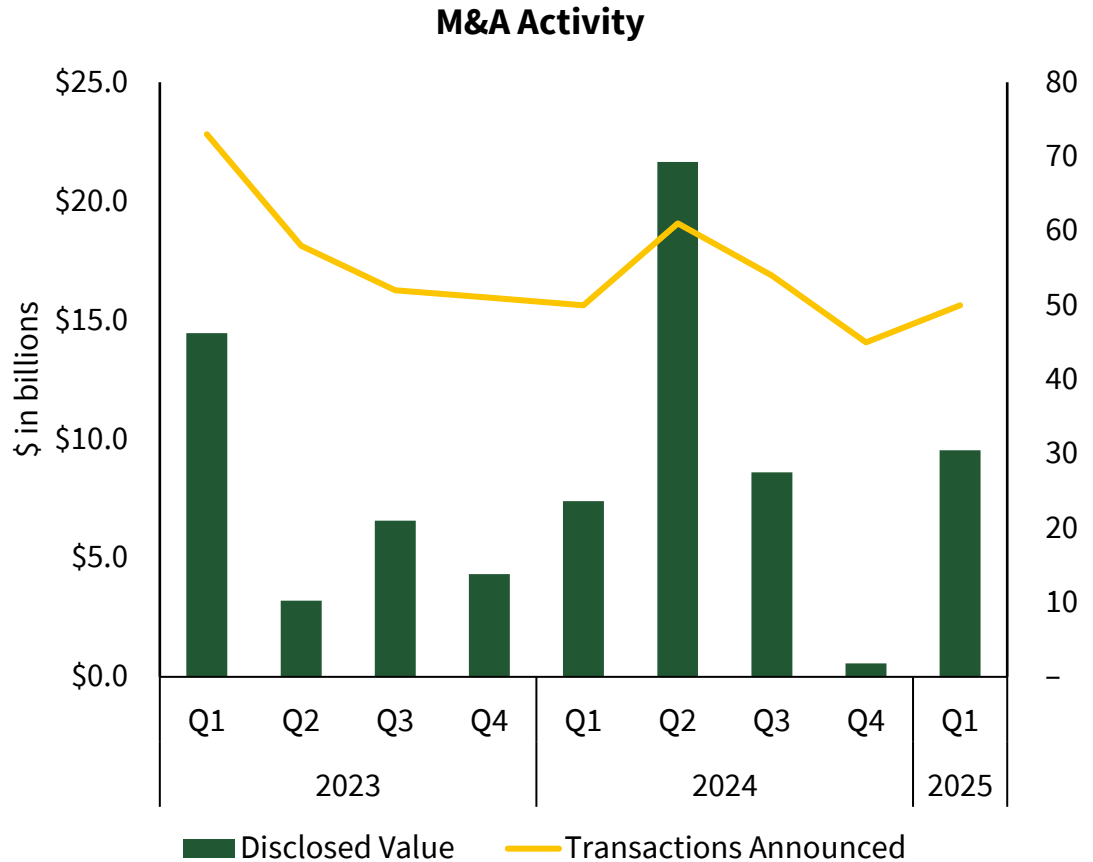
Sources: The Courier Mail, The Guardian, Respiratory Therapy, The New York Post, Reuters

OEM Merger & Acquisition Activity

The OEM M&A market recorded 50 transactions in Q1 2025, up from 45 in the prior quarter but flat from Q1 2024.

Despite mild growth in the number of transactions, total disclosed transaction value saw a resurgence to \$9.5 billion, marking a return to levels above those seen in Q3 2024 and following unusually low activity in Q4 2024. This rebound also represented a 28.9% increase from Q1 2024.

OEM M&A activity showed signs of stabilization in Q1 2025 following a volatile end to 2024. While the total number of deals remained flat quarter-over-quarter, disclosed deal value rebounded sharply. These movements signify a flight to quality and a renewed appetite for scaled, strategic acquisitions. Despite these headwinds, and looming macro risks such as trade policy uncertainty, early 2025 trends suggest a cautious shift from defensive posturing toward selective, confidence-driven M&A activity in the OEM space.



Source: CapIQ

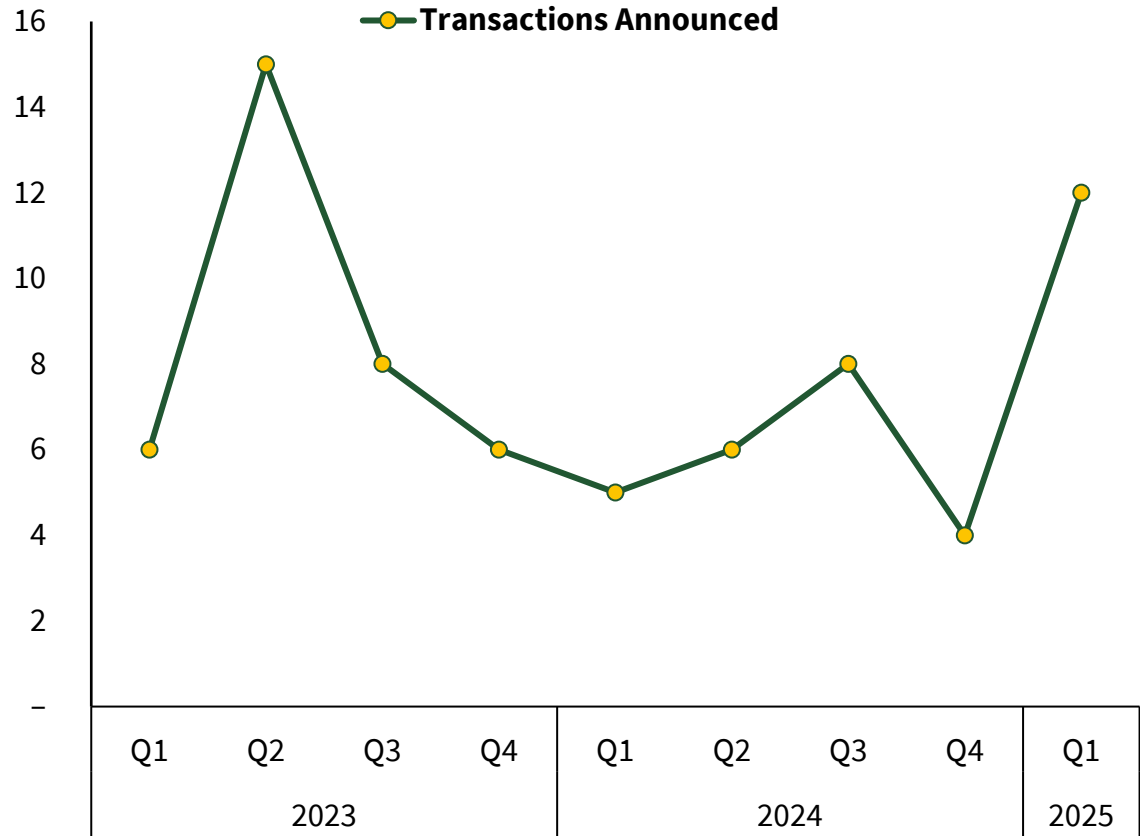
CMO Merger & Acquisition Activity

M&A activity in the CMO space more than doubled from Q4 2024 to Q1 2025, with 12 announced deals: the highest quarterly total since Q2 2023. The uptick reflects a return to more normalized dealmaking, following a quiet end to 2024, and was driven primarily by strategic buyers seeking to expand scale, internalize costs, and improve margin control amid continued inflation in labor and materials.

After a sluggish Q4, strategics regained momentum through tuck-in acquisitions and demonstrated greater selectivity, favoring targets with differentiated technical capabilities. Transactions highlighted interest in precision machining, additive manufacturing (3d printing), and minimally invasive instrumentation.

Orthopedic manufacturing remained a focal point, including Montagu's merger of Intech, Tyber, and Resolve to form the largest CDMO in the industry. These firms often function as private-label MROs, extending the strategic value chain for OEMs.

Looking ahead, tariff policy is becoming a more prominent consideration, as uncertainty surrounding new and reinstated tariffs, particularly on implants and elective-use equipment, has begun to influence sourcing strategies and slow select deal processes.



Source: CapIQ

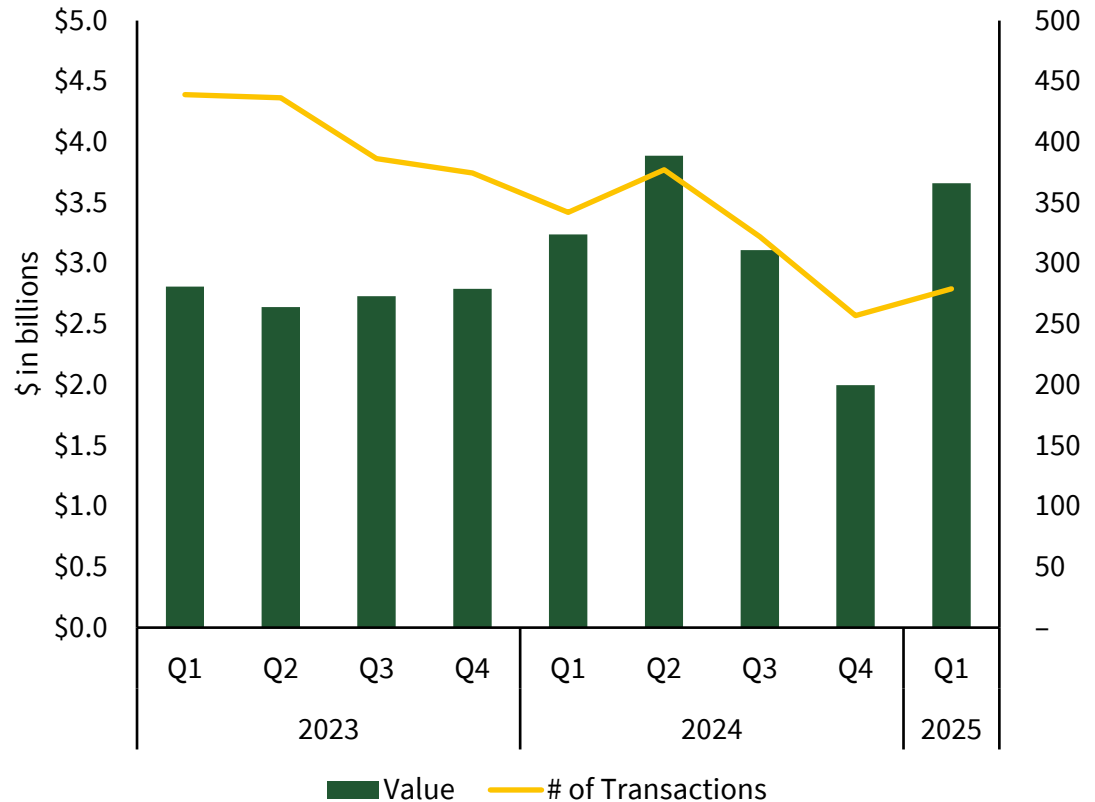
Private Financing Activity

Q1 2025 transaction activity saw a slight uptick, reaching 279 financings, higher than the 257 reported in Q4 2024.

Despite a modest increase in transaction count, capital deployment climbed to levels not seen since Q2 2024 with \$3.7 billion in total financings.

Private financings in medical devices show investors' interest in blue-chip assets and deploying more capital per transaction. The total number of financings increased, yet the aggregate value of investments rose sharply, buoyed by larger, later-stage investments. The trend in transaction count reflects continued investor selectivity, particularly in areas where paths to commercialization remain long and capital-intensive. On the other hand, high quality assets, especially those with strong reimbursement prospects, continued to attract significant capital. As mentioned in Q4 2024, a portion of this growth reflects a resurgence from depressed activity tied to election-related uncertainty.

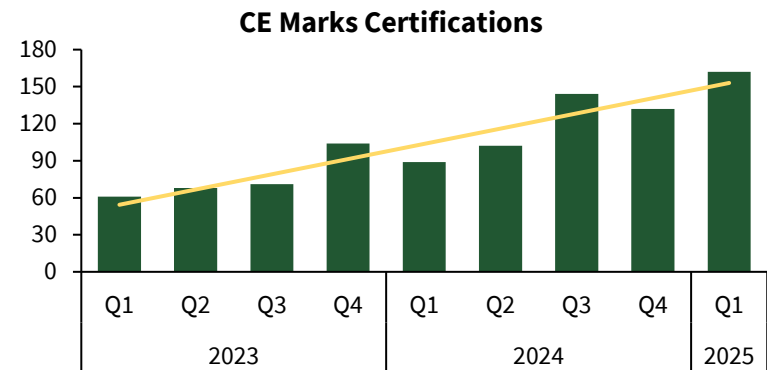
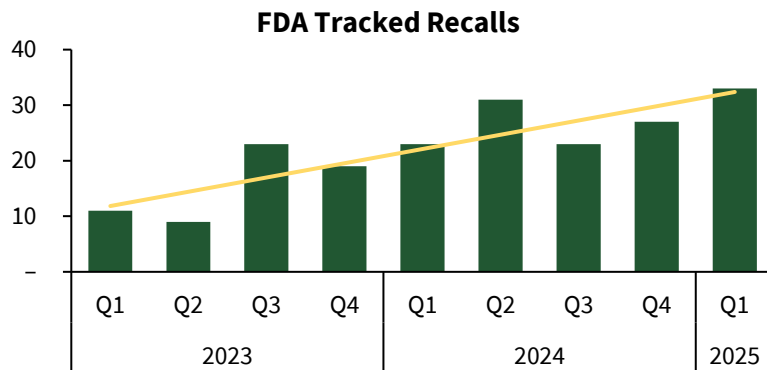
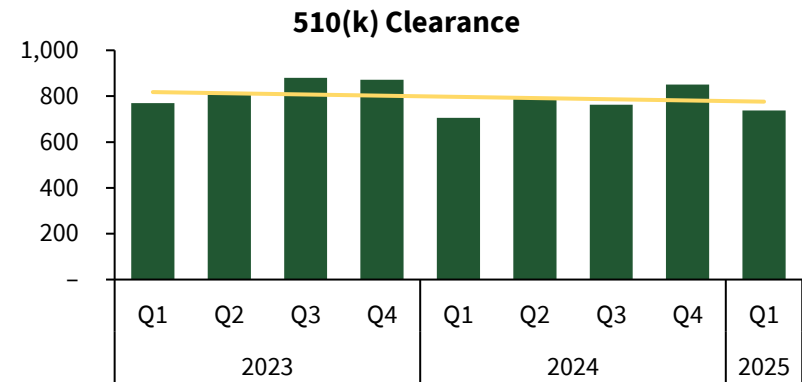
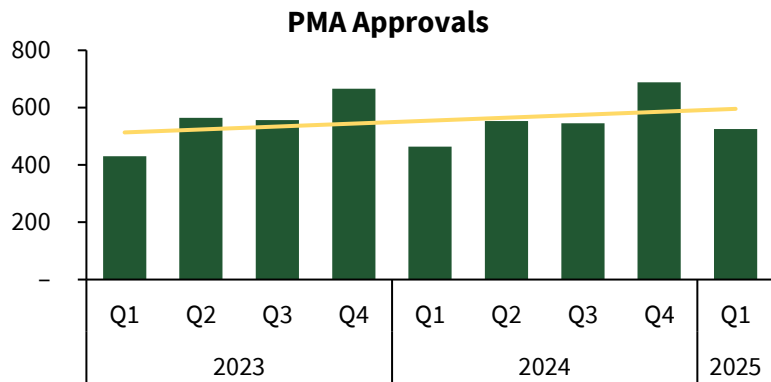
U.S. Financing Trends



Sources: Goodwin Law, MedTech Dive, PitchBook

















Regulatory Trends

In Q1 2025, PMA approvals declined from the previous quarter, continuing a typical annual pattern of a slower start followed by stronger activity later in the year. 510(k) clearances followed a similar trajectory, returning to levels slightly higher than Q1 2024. FDA-monitored recalls continued their steady upward trend, driven by sustained regulatory oversight, particularly around quality management systems. This is expected to continue as the FDA increases scrutiny, specifically related to quality management systems. CE Mark certifications under the 2021 EU MDR also increased, driven not by regulatory leniency but by the system catching up after early delays. Initially, certifications were limited due to capacity constraints at Notified Bodies handling MDR reviews. As companies adjust and approach the 2027-2028 transition deadlines, certification volume is accelerating, a trend expected to normalize over time.




















Source: FDA.gov

Q1 2025 Notable OEM M&A Transactions

Target	Acquirer	Announced Date	Target Enterprise Value (millions)	Enterprise Value/ LTM Revenue	Enterprise Value/ LTM EBITDA
		January 2025	\$4,920	8.4x	N/A
		January 2025	1,300 ⁽¹⁾	5.1x	N/A
		January 2025	664	N/A	N/A
		February 2025	542	0.6x	N/A
		March 2025	540	N/A	N/A
		March 2025	419	7.7x	29.9x
		March 2025	255	4.3x	N/A
		March 2025	47	3.7x	15.4x
			Median	5.1x	22.6x

1. Includes value of CVR of up to \$84 million
Source: CapIQ

Q1 2025 Notable CMO M&A Transactions

Target	Acquirer	Announced Date	Target Enterprise Value (millions)	Enterprise Value/ LTM Revenue	Enterprise Value/ LTM EBITDA
		March 2025	\$2,200	4.8x	19.3x
		March 2025	N/A	N/A	N/A
		March 2025	N/A	N/A	N/A
		January 2025	N/A	N/A	N/A
		January 2025	N/A	N/A	N/A
 		January 2025	N/A	N/A	N/A
		January 2025	N/A	N/A	N/A
		January 2025	N/A	N/A	N/A
			Median	4.8x	19.3x

Source: CapIQ

Q2 2025 Developing Trends



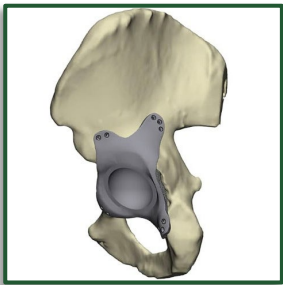
Trump-Imposed Tariffs and Changes at the FDA

The Trump administration's imposition of tariffs on all imports has made significant waves in the medical device industry. A 25% tariff on European imports and a 50% tariff on global steel and aluminum have introduced further uncertainty. Industry leaders have expressed concerns that tariffs could stifle innovation, lead to job losses, and escalate healthcare costs. Despite high speculation of rhetoric regarding a Chinese trade war, China accounts for a small minority of U.S. medical device imports. Chinese imports now face a 30% tariff, while a baseline 10% duty applies to most other imports. Compounding these challenges, substantial layoffs at the FDA have raised concerns about potential delays in device approvals. The FDA continues to undergo significant changes that have led to confusion, particularly around device applications that require nuanced dialogue with device-makers.



U.S. Manufacturing Investment Accelerated Amid Economic Uncertainty

Early 2025 has seen a sharp rise in U.S. manufacturing investment, as companies respond to Trump-era policy shifts that emphasize domestic production and trade protectionism. Recent data shows a growing number of firms, particularly in critical sectors like medical devices, relocating supply chains and expanding U.S.-based facilities to mitigate geopolitical risk. While this trend signals a resurgence of American industrial confidence, concerns persist around the sustainability of such investment. Economists warn that overreliance on political cycles and tariff-driven incentives could expose the sector to volatility in the event of a broader slowdown. Still, medical device companies are moving quickly to reassess sourcing and production strategies.



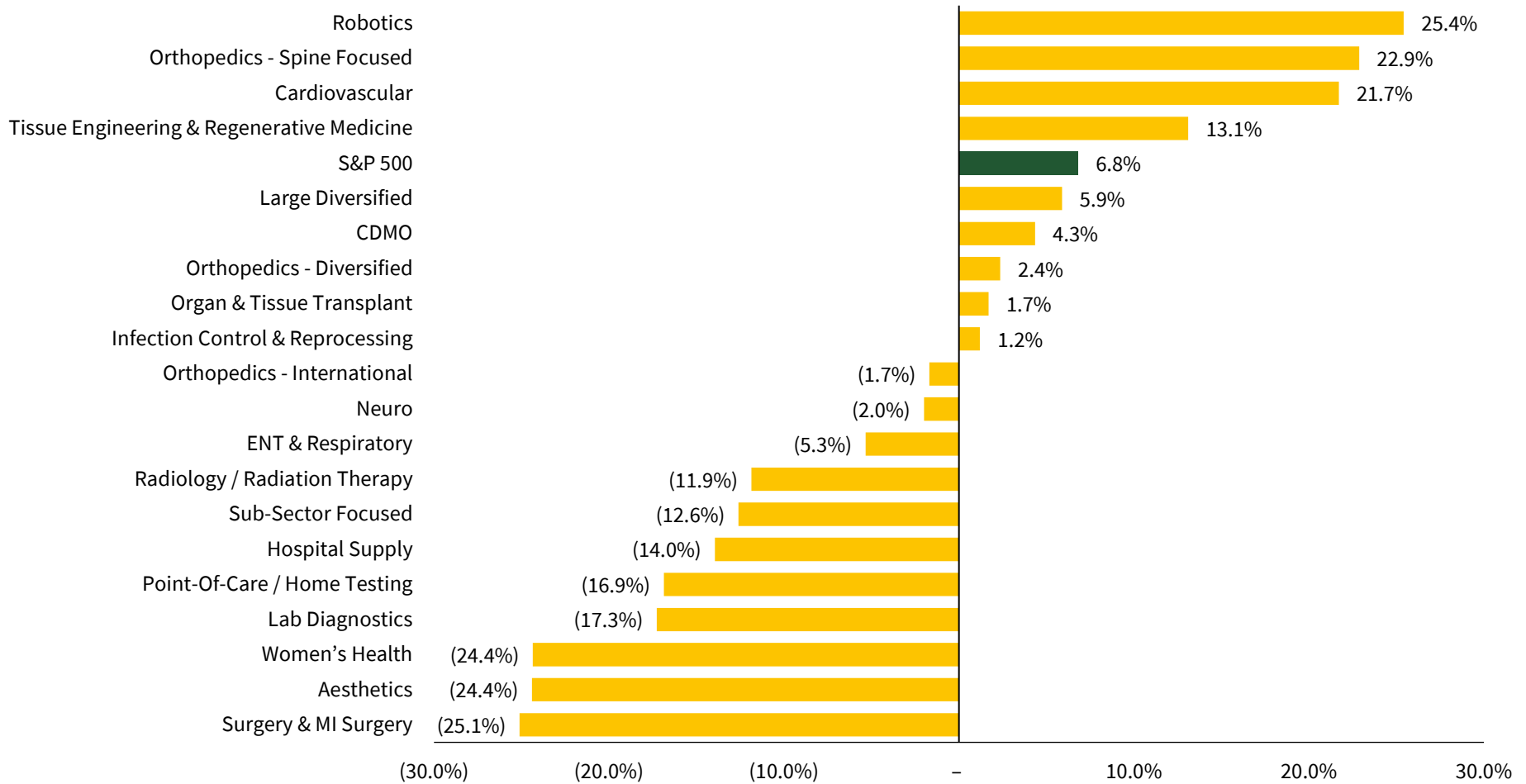
Artificial Intelligence Tools Expand Surgeon Capabilities

Medical device companies are accelerating efforts to embed computing power, sensors, and real-time analytics into surgical instruments. These smart systems are already transforming the operating room by capturing video and performance data during procedures and comparing them against large surgical datasets, enabling more consistent outcomes. Looking ahead, next-generation tools are expected to assist in tissue analysis, flag anomalies mid-operation, and even automate specific manual tasks. The result is a subtle but important shift; surgical precision is becoming less reliant on individual instinct and more driven by data, repeatability, and remote access. As these technologies mature, they could also play a role in standardizing surgeon training and credentialing across health systems.

Sources: American Medical Association, Financial Times, Medtronic, Newsweek

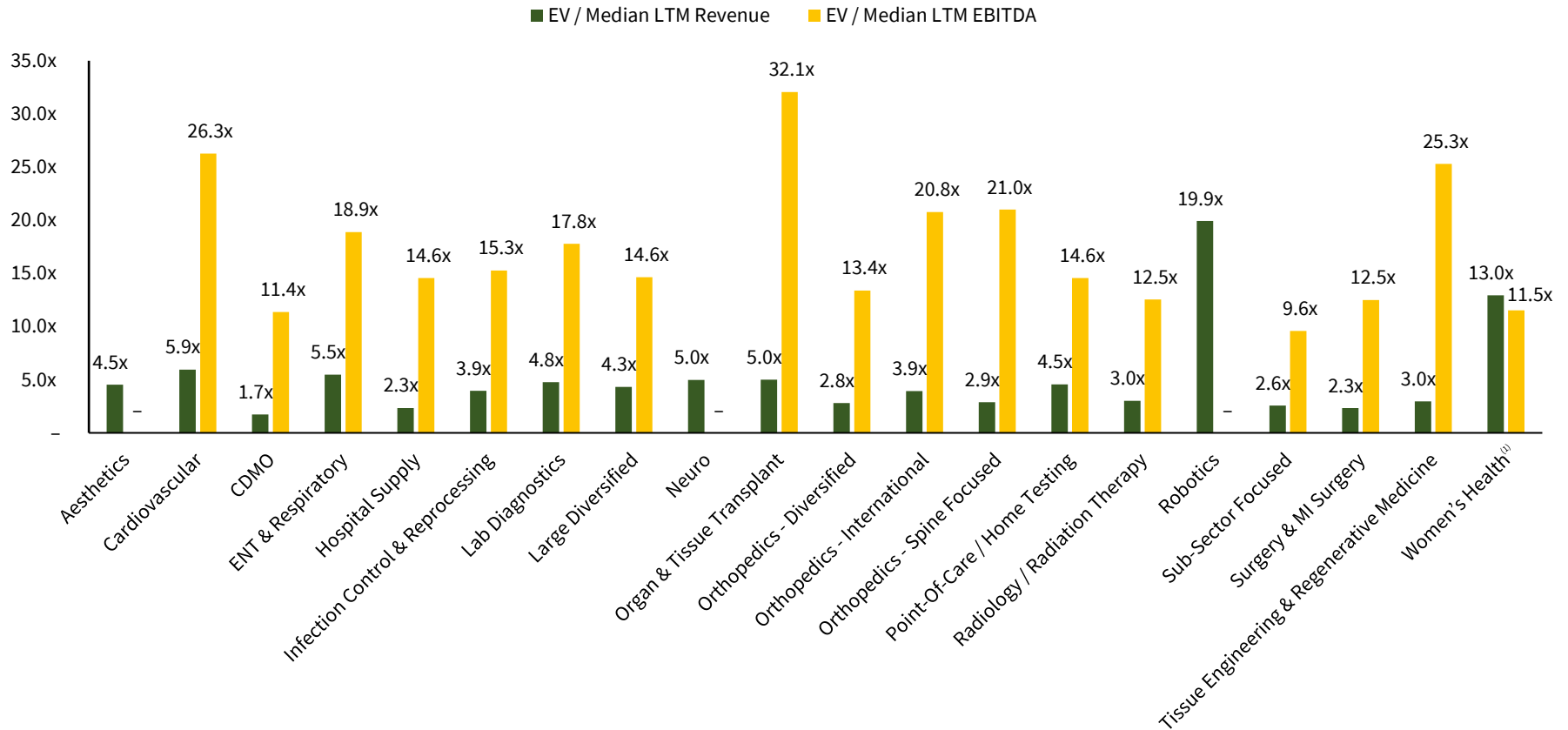
Public Market Performance

12-Month Stock Returns



Source: CapIQ (as of 3/31/2025)











Public Company Analysis by Sector



(1) Within Women's Health, the revenue multiple includes both Hologic and Femsys, while the EBITDA multiple includes only Hologic

Source: CapIQ (as of 3/31/2025); Companies with multiples less than 0x or more than 50x are excluded. As a result, aesthetics, neuro, and robotics do not display EV / EBITDA multiples

Recent Medical Device Experience

 <p>COLLAGEN SOLUTIONS</p> <p>has been acquired by</p>  <p>Sell-Side Advisor</p>	 <p>\$38,500,000 Series C Preferred Stock</p>  <p>Exclusive Placement Agent</p>	 <p>has entered into a strategic relationship with</p>  <p>Exclusive Financial Advisor</p>	 <p>\$25,000,000 Debt Financings</p> <p>Exclusive Financial Advisor</p>	 <p>\$12,700,000 Series C-1 Preferred Stock</p>  <p>Exclusive Placement Agent</p>
 <p>has been acquired by</p>  <p>Sell-Side Advisor</p>	 <p>has been acquired by</p>  <p>Sell-Side Advisor</p>	 <p>has been acquired by</p>  <p>Sell-Side Advisor</p>	 <p>\$31,000,000 financing by</p>  <p>Financial Advisor</p>	 <p>has been acquired by</p>  <p>Sell-Side Advisor</p>
 <p>has received an investment from</p>  <p>Financial Advisor</p>	 <p>has been acquired by</p>  <p>A subsidiary of Colfax</p> <p>Sell-Side Advisor</p>	 <p>Design. Develop. Deliver.</p> <p>has been acquired by</p>  <p>Sell-Side Advisor</p>	 <p>has been acquired by</p>  <p>Exclusively foot & ankle</p> <p>Sell-Side Advisor</p>	 <p>has been acquired by</p>  <p>Buy-Side Advisor</p>

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