Innovation Banking

HSBC Venture Healthcare Report

Fearless

Investors embrace AI and "risk-on" investment in Healthcare as exit tailwinds deliver much-needed returns

Mid-Year Report 2026

July 16, 2026

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Jonathan Norris joined HSBC's Innovation Banking Division in April 2023. He manages healthcare venture relationships and works with investors and companies on commercial banking and debt products.

In addition, for more than fifteen years, Jonathan has written comprehensive reports on the venture healthcare ecosystem, covering venture fundraising, investment, valuations, and exits. These reports have been widely cited in the ecosystem, and he often speaks at major investor and industry conferences. He has more than 26 years of healthcare banking experience.

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HSBC Venture Healthcare Report

HSBC Venture Healthcare Report
1H 2026 Recap – Fearless

General Overview

After an extended downturn that started in the second half of 2022, marked by weaker exit markets and investors growing more selective about new investments, the market stabilized toward the end of 2024 and showed signs of a cycle upswing in late 2025. While mega rounds[1] remain a large part of the story, 1H 2026 was marked by a resurgence in "risk-on" investment by traditional VCs, with increased investment pace and more early-stage risk taking. A partially open IPO window and strong M&A[2], both in deal count and deal value, provided companies security in clearer paths to exit, and by extension, gave investors more confidence about which valuation inflection points would justify a new round. Every healthcare sector is on pace for more investment than in 2025. The prevalence of AI across all the sectors has brought in new investors, both VC and tech corporate, and has stirred discussion of how the large tech AI players will factor into the healthcare and life sciences market. In 1H 2026, AI tech companies made multiple investments into venture healthcare, and included one acquisition of a VC-backed life science tool company for $400M.

Biopharma

- **First-Financing Mega Rounds continue:** First-Financing dollars were up in 1H 2026, fueled by two large mega rounds. While mega rounds continued to fund later-stage opportunities, the stronger exit environment gave investors more confidence to take on early-stage risk, refocusing capital in preclinical deals with smaller syndicates and deal sizes. Oncology and autoimmune each saw a first half uptick both in deals and dollars versus 2025. Mega Rounds continued to finance later-stage, as oncology had a $450M Phase III mega round and autoimmune had three first-financings over $100M, two of which were Phase II.
- **Overall investment stable:** Mega Rounds captured about 60% of all biopharma funding over the last three years, though VC exit-multiples continued to compress in these deals, resulting in smaller return numbers that reflect lower ownership. Overall, biopharma investment was stable outside of $400M+ mega rounds. China in-license newco activity continued, but not at the same pace as previous years. Comp Bio biopharma deals accounted for four of the largest five financings, with many comp bio deals from the past few years now raising capital for assets moving through the clinic.
- **M&A[2] and IPO activity:** Biopharma exits yielded record M&A deal values and IPO hauls. In the last 18 months, there were 19 pre-clinical or Phase I private VC-backed M&A, with the median upfront deal value of $1B.

Dx/Tools

- **First-Financing comeback:** First-Financing staged a comeback in 1H 2026 as AI positively impacted investment in life science tools, diagnostics and analytics. Dx Analytics saw the largest resurgence in 1H 2026, already exceeding 2025 full year investment, as these companies now demonstrate clear actionable value to their end customers.
- **Overall investment slightly down:** Deals and dollars stayed on track with prior years' activity. The mega round pace was less than last year's with only three deals, as most of the larger deals were in the $30-90M range, Many of the larger deals secured add-on rounds to larger deals originally closed in prior years, rather than raising new rounds.
- **Subsector overview:** R&D tool investment continued to dominate dx/tools dollars, focused on drug discovery tools and manufacturing capacities. In manufacturing, 1H 2026's largest deals focused on radiopharma and cell therapy. Dx Test investment fell for the second year, on track for a 40% reduction. Dx Analytics saw increased activity, especially in oncology, with strong investor support from hospital systems and HealthTech investors.
- **M&A[2] and IPO activity:** Private M&A activity matched full-year 2025 numbers and median deal values at midyear, including an M&A by Anthropic. The sole IPO, R&D tools company Alamar, had a strong step-up to IPO and positive momentum afterward, following 2025's strong IPO performances from Heartflow and BillionToOne.

Med Device

- **First-Financing activity led by larger Series A:** First-financing activity showed a strong upswing, led by larger ($20M+) Series A financings. Bigger financings are critical for early-stage device companies, as larger rounds provide more time to reach the valuation inflection points that Series B investors demand. Neuro, imaging and non-invasive monitoring all saw increased investment in 1H 2026, helped by strong rounds for AI-enabled technology companies, while cardiovascular investment retreated.
- **Overall investment record:** While failing to match 2025 record investment pace, 1H 2026 produced two strong quarters, highlighted by 24 $50M+ financings. Neuro investment continues to lead all device indications. Cardiovascular investment declined sharply in 1H 2026, though likely an aberration, while vascular and drug delivery technologies were up. We continue to see a strong, diverse set of later-stage capital, though the need for near-term M&A activity to increase is clear.
- **M&A[2] upfront strong, positive IPO performance:** 1H 2026 bucked the trend of soft 1H exit activity over the past few years with 12 deals, exceeding 2025 full-year totals and matching its total deal value. Median upfront deal dollars remained strong at $345M. Medtronic showed dynamic deal making in 1H 2026, with three venture-backed M&A. With two more public listings in 1H 2026 (MOBIA and Spyglass), there have been six IPOs in the last 18 months, with median post-IPO performance of +4%.

HealthTech

- **First-Financing activity accelerates:** First-Financing continued its recovery from 2025, as 1H 2026 saw greater first-financing investment activity than the previous four years, with Q1 alone capturing $1.1B, led by eMed's $200M round.
- **Mega Rounds prop up an uneven half-year**
  Overall, 1H 2026 started strongly, with Q1 delivering the biggest funding quarter since 2022, driven by 13 $100M+ mega rounds raising $2.8B (about 50% of Q1 capital). Momentum cooled in Q2 amid macro stressors, bringing total 1H 2026 funding to $9.3B across 391 deals, broadly back in line with 1H 2025. Even with the slowdown, mega rounds stayed resilient, with 22 $100M+ rounds raising ~$4B in 1H, putting 2026 on track to outpace 2025 (29 deals, $7B).
- **Capital concentration and AI-enabled workflows**
  Across the market, average deal size held steady at $25M, but the pattern is "more money to fewer bets" as investors deploy remaining dry powder into perceived winners. The clearest beneficiary is Provider Operations: $3.3B in 1H 2026, representing 35% of total HealthTech capital.
- **Consumer health and navigation investment surge**
  Consumer-centric platforms remained active, with Wellness & Education raising $1.2B across 27 deals in 1H 2026, led by WHOOP's $575M round. These deals were supported by trends like rising premiums and deductibles, along with improved AI data access that pushes consumers toward self-management. Healthcare Navigation spiked on mega rounds, nearly matching 2025's full-year dollars and signaling growing demand for provider matching and guidance.

Note: Data from PitchBook as of 6/30/26.
1. Mega Rounds defined as $100M+ equity financing.
2. Private, venture-backed M&A with a minimum of $50M in upfront deal value in dx/tools and med device and $75M in upfront deal value for biopharma.
Source: PitchBook, company websites, internal analysis.

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Venture Healthcare Overview

1H 2026

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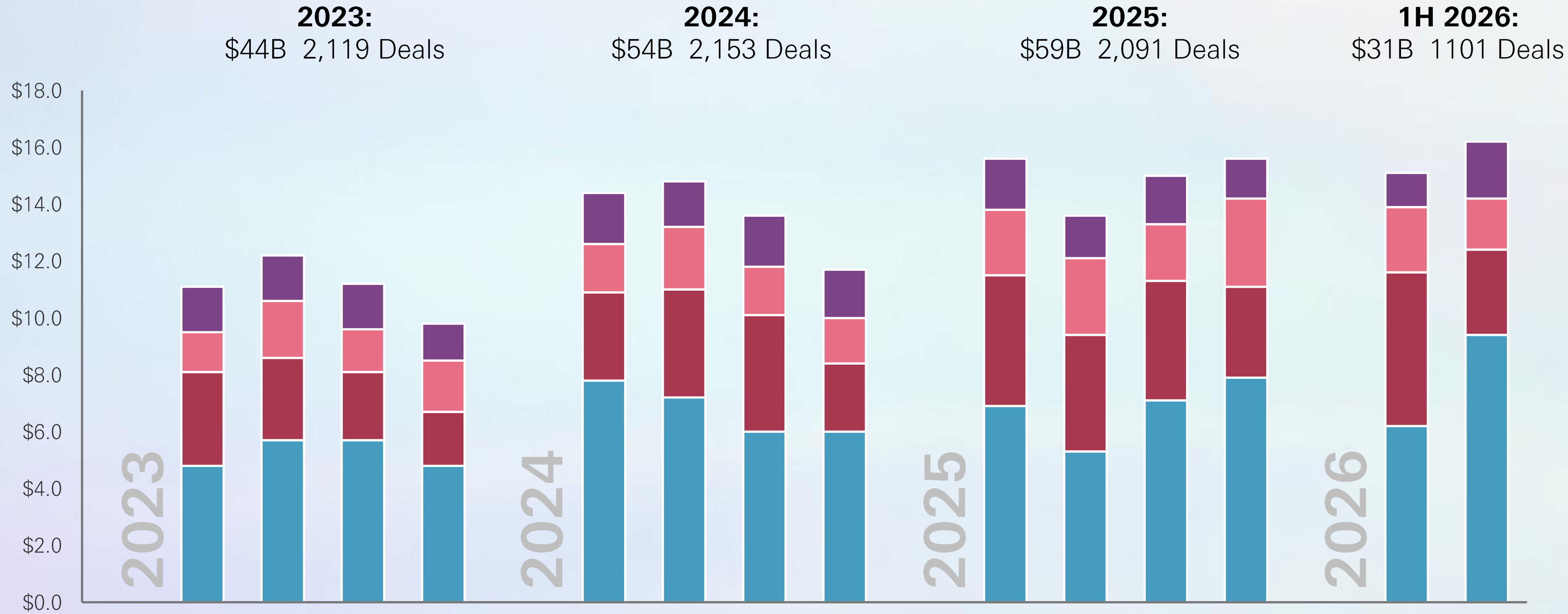
Venture Capital Investment by Healthcare Sector

Investment continued to increase in 1H; Investors take more risk

Healthcare Venture Investment Activity ($/Deals)

Investment ($ billions)



	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1	2026 Q2
Quarterly Totals	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
$ Invested	$11.1B	$12.2B	$11.2B	$9.7B	$14.3B	$14.7B	$13.7B	$11.7B	$15.5B	$13.4B	$14.8B	$15.6B	$15.1 B	$16.2B
# Deals	586	542	497	494	576	564	455	558	558	477	479	577	532	569

The Cycles within Healthcare Venture (2023-2025)
As we entered 2023, healthcare venture investment was in triage. Many companies were priced for the pre-downturn market and running out of money, as new investors demanded more progress before investing. Investment in 2023 dropped more than 50% from 2021 highs, with most investment supporting insider rounds[1] to existing portfolio companies. In 2024, investment started to emerge from the cycle bottom, increasing 25% to $55B. Valuation was still a concern, and exit markets remained challenged. To mitigate next-round financing risk, $100M+ "mega rounds" emerged, oftentimes combining two rounds into one, with a large syndicate of investors providing additional dry powder if needed. Almost half of 2024's invested healthcare capital (43%) came from these mega rounds. In 2025, investment increased another 10%, and mega rounds continued to capture 43% of the capital. In 2H 2025 we started to see investors show more willingness to take on risk, helped by a spike in M&A, leading to increased investment pace and a shift back toward traditional-sized rounds instead of mega rounds, with a smaller syndicate and larger investor ownership.

1H 2026: strong trend towards an up cycle
Healthcare venture continued to build off late 2025 exit momentum, finding a selective but open IPO window and strong exit momentum across most of the industry. While early-stage first-financing remained as difficult as ever in this cycle, investors appeared to focus on a barbell thesis – continuing to support early-stage companies (many through venture-incubated spinouts) while concentrating capital into momentum-driven later-stage mega rounds. The percentage of that allocation differed by investor, but a critical question remains around whether mega round VC-backed companies can still drive venture-type returns. We think the IPO market will be critical to determining the answer to that question over the next few years.

Percentage of healthcare sector dollars per year

	2023	2024	2025	1H 2026
Biopharma	47%	50%	45%	50%
Dx/Tools	14%	13%	11%	10%
Med Device	15%	13%	17%	13%
HealthTech[1]	24%	25%	27%	27%

Note: Data from PitchBook as of 6/30/26.
HealthTech deals that overlap with other healthcare sectors are not counted in the HealthTech totals in this slide – including overlap, HealthTech investment was $12.7B in 2023, $14.6B in 2024, $17.5B in 2025 and $9.3B in 1H 2026.
1. Insider rounds defined as equity/convertible financings where only insiders participate, typically at smaller amounts.
Source: PitchBook, company websites, internal analysis.

Biopharma Early Stage: First-Financing Analysis (Seed/Series A)

1H 2026

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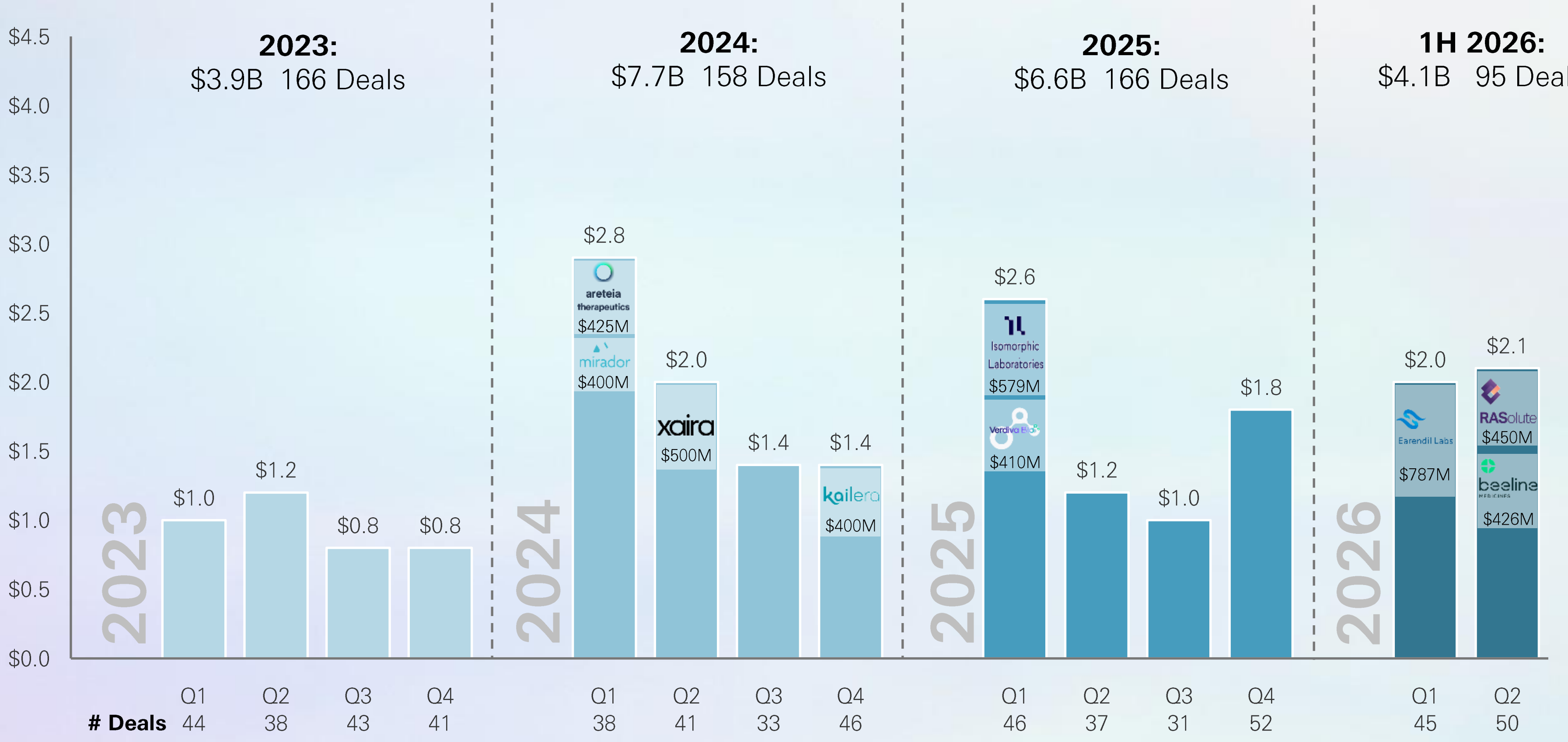
Biopharma First-Financing[1] Analysis

Investment pace up in 1H, driven by two Mega Rounds; Smaller round opportunities appear well timed with exit activity

Biopharma First-Financing Investment Activity ($/Deals)

Investment ($ Billions)



Logos represent $400M+ private financings of VC-backed deals.

Note: Data from PitchBook as of 6/30/26.
Covers private, venture-backed investment.
1. First-Financing defined as initial Seed or Series A financing of $2M+.
2. VC-backed private M&A with an upfront deal value of at least $75M.
Source: PitchBook, company websites, internal analysis.

2023–1H 2026 US & Europe

Mega Round Financings Continue

First-Financing mega rounds ($100M+) emerged in 2024. Opportunistic mega rounds occurred in past cycles too, typically funding large clinical trials for later stage assets in-licensed from big pharma, but mega rounds in this current cycle were different for two reasons. First, VCs have largely gravitated to China-based assets (with clinical data in hand) rather than pharma spin-outs. Second, investors have also embraced mega rounds to fund preclinical and early clinical companies, not to run large clinical trials but instead as a risk mitigant and safety net, given uncertainty around valuations, next round risk, and exit. Mega Rounds felt safer, as consolidating two rounds into one large investor syndicate provided more runway and added dry powder if needed. On the downside, investors received smaller overall ownership at higher valuations.

The top 10% of deals have amassed an ever-increasing percentage of total first-financing dollars. In 2023, the top 10% of deals accounted for 44% of dollars, rising to 58% in both 2024 and 2025, and then increasing further to 63% in1H 2026. The two largest financings in 1H 2026 accounted for 30% of all first-financing dollars.

Great Opportunity for smaller, early-stage bets:

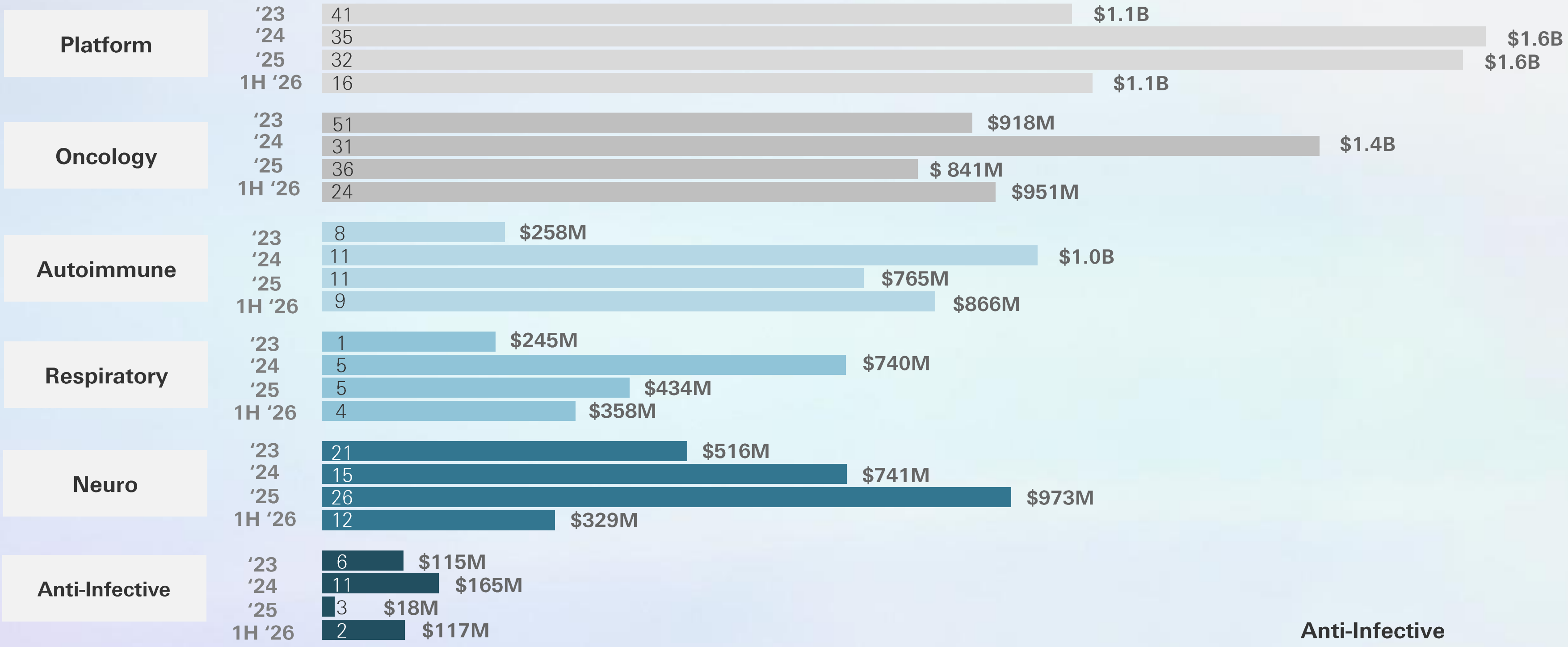
Next round valuation inflection has become more predictable and M&A[2] exits have swelled over the past 18 months. However, difficulty securing traditional venture funding for early-stage entrepreneurs has persisted. Data shows smaller-sized discovery and pre-clinical financings have declined. When they do happen, they tend to be venture-created internal spinouts - although many venture firms now keep their newcos under wraps, wary of the highly competitive market around new technologies and targets.

Outside of venture newcos, when startup teams do secure a first-financing, it tends to be with a syndicate of smaller-sized venture funds and angel groups (see slide 11). While traditional venture focus on spinouts and mega rounds, this gives smaller funds a great opportunity to back promising ideas with small to medium sized rounds that can catalyze early data. Lucrative early-stage M&As are in vogue, with 19 pre-clinical or Phase I private M&A[2] deals in the last 18 months, with a median upfront deal value of $1B!

Biopharma First-Financing[1] by Top Indications[2]

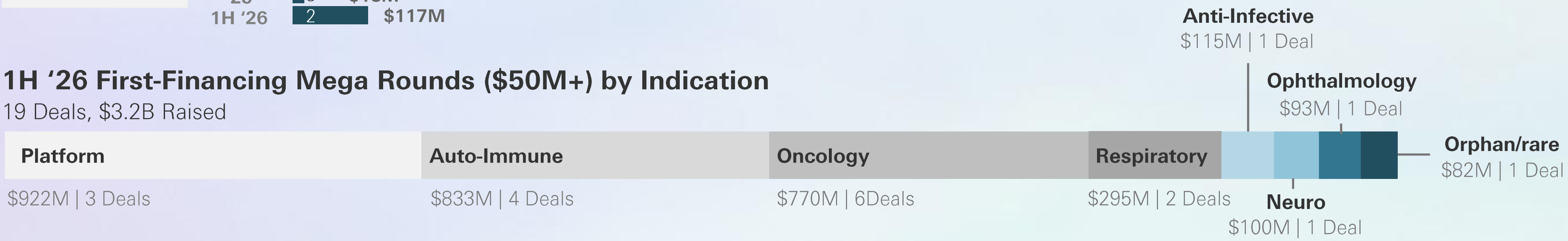
Neurology First-Financing decreases; Mega Rounds span multiple indications

Dollar Investment by Top Indications



1H '26 First-Financing Mega Rounds ($50M+) by Indication

19 Deals, $3.2B Raised



Note: Data from PitchBook though 6/30/26. Covers private, venture-backed investment.
1. First-Financing defined as initial Seed or Series A financing of $2M+.
2. Indication defined as lead asset focus area or focus delineated in the company's website. If preclinical with multiple areas of potential focus, it is defined as Platform.
Source: PitchBook, company websites, internal analysis.

2023–1H 2026 US & Europe

First-Financing frenzy

First-financing deal activity was robust in 1H 2026, with both deals and dollars on pace to exceed full-year totals in 2023, 2024, and 2025. Mega Rounds continued to dominate first-financing dollars in 1H 2026, with 75% of total funds attributed to just 17 deals. The leading indications were oncology (24 deals), platform (16 deals), and neuro (12 deals), with total deals in each indication meeting or exceeding full-year 2025 levels.

Year	Deals	Dollars	Mega Rounds
1H26	95	$4.1B	8
2025	166	$6.6B	17
2024	159	$7.7B	20
2023	166	$3.9B	6

Oncology, platform, and autoimmune dollars surge

Oncology led indication-specific first-financing deals and investment in 1H 2026, at $951M, already ahead of full-year 2023 and 2025 dollars and tracking to surpass 2024 totals as well. The $450M mega round by RASolute, a Phase III company, was a key driver. Overall, however, most deals were concentrated in preclinical stage assets (18 deals) with five mega rounds (three preclinical, one Phase I, and one Phase III).

Platform first-financing investment swelled to $1.1B in 1H 2026, largely driven by the $787M Series C mega round investment in comp bio company Earendil Labs (Phase I). The remaining deals were concentrated in seed and Series A pre-clinical stage companies with a median deal size of $10M.

Autoimmune first-financing investment also achieved record highs in 1H 2026. Investment dollars were concentrated in mega rounds, with three deals (two Phase II and one Phase I) accounting for 90% of total dollars raised. Clinical-stage assets received the most funding, with a median deal size of $180M compared to the median preclinical deal size of $8M.

Neuro investment declines

There were just 12 neuro deals in 1H 2026 and total invested dollars are on pace to decrease 34% year-over-year. Similar to the other indications, investment skewed toward early stage (8 of 13 deals were preclinical or Phase I) but the one mega round was a Phase II asset (Vima Tx, $100M).

Biopharma First-Financing[1] Largest Rounds

Largest rounds account for 70% of all First-Financing dollars; Comp Bio deals decline

Largest Investments in 1H 2026

#	Company	Indication Stage	Size of Round ($M)/ Step-up?	Deal Quarter	Location
1	Earendil Labs	Platform Phase I Comp Bio AID	$787	Q1	Middletown, DE
2	RASolute	Oncology Phase III	$450	Q2	Cedar Falls, IA
3	beeline Medicines	Autoimmune Phase II	$426	Q2	Boston, MA
4	AirNexis Therapeutics	Respiratory Phase I	$200	Q1	San Carlos, CA
5	cAMPfield Therapeutics	Autoimmune Phase II	$180	Q2	San Diego, CA
6	BIONYRA	Autoimmune Phase I	$165	Q2	Paris, France
7	RQBIO	Anti-Infective Preclinical	$115	Q2	London, UK

#	Company	Indication Stage	Size of Round ($M) Step-up?	Deal Quarter	Location
8	vima Therapeutics[2]	Neuro Phase II	$100	Q1	Cambridge, MA
9	POPLAR Therapeutics	Respiratory Preclinical	$95	Q1	Denver, CO
10		Ophthalmology Preclinical	$93	Q2	Boston, MA
11	AVERNA Therapeutics[3]	Platform Preclinical	$85	Q1	Watertown, MA
12	Mendra	Orphan/Rare Preclinical	$82	Q1	San Francisco, CA
13	NextGen Scientific	Oncology Phase I	$75	Q1	Hutchinson, KS
14	NEOK Bio	Oncology Preclinical	$75	Q1	Palo Alto, CA

First-Financings with licensing/development connections to Asia ($50M+ deals)

China:
- AirNexis Therapeutics → Haisco
- cAMPfield Therapeutics → NEWSOARA
- NEOK Bio → BIOCYTOGEN
- BIONYRA → TRUELAB, NovaRock Biotherapeutics
- Oblenio Bio → Leads Biolabs
- Prolium → KeyMed Biosciences, INNOCARE

South Korea:
- NEOK Bio → ablbio
- → CURACLE, MabTics

Note: Data from PitchBook though 6/30/26. Covers private, venture-backed investment.
1. First-Financing defined as initial Seed or Series A financing of $2M+.
2. Originally announced in 2025, with additional equity in 2026.
3. Originally announced in 2024 as Exsilio.
Source: PitchBook, company websites, internal analysis.

Numbers at a glance: 14 largest First-Financing deals
The top 14 deals in 1H 2026 raised $2.9B, accounting for 73% of all biopharma first-financing dollars. In 1H 2026 10 of 14 largest deals were early-stage (preclinical or Phase I), a reversal from the trend of forming well-funded companies around later-stage assets. In 2025, eight of the fourteen largest deals were later-stage (Phase II or Phase III).

What happened to comp bio First-Financings?
Comp Bio focused Earendil closed the largest first-financing deal in 1H 2026, but there were just two other comp bio biopharma first-financings in 1H 2026. This was a sharp departure from last year's 21 comp bio first-financing deals. However, comp bio interest remains intense in later-stage financings, accounting for four of the top five largest deals overall in 1H 2026. Comp Bio investor interest in biopharma appears to have concentrated around already established venture-backed companies. These later-round deals were either already in the clinic or had notable discovery deals or equity investment by big Pharma.

Stage

Preclinical:	6 deals
Phase I:	4 deals
Phase II:	3 deals
Phase III:	1 deal

Indication

Oncology:	3 deals
Autoimmune:	3 deals
Platform:	2 deals

Location

MA:	4 deals
NorCal:	3 deals

China and South Korea asset activity in larger deals
China continued to be a major source of venture licensing activity. Six of the 19 $50M+ first-financing deals had assets in-licensed from China. Two additional larger deals had license or development ties to South Korea.

Biopharma Active Investors in Smaller US First-Financings[1]

Investors that have completed multiple $2-12M early-stage investments

Active Investors[2] in Smaller First-Financing Pre-Seed/Seed/A Deals
($2-12m Deals, list not exhaustive)

- 10X Capital
- 2048 Ventures
- Actium
- Alexandria Venture Investments
- Atria Ventures_
- age1
- Alumni Ventures
- BEVC
- Boom Capital
- BoxOne
- Breakout Ventures
- Civilization Ventures
- Cure Ventures
- DCVC Bio
- Dimension
- Dolby Family Ventures
- FV Future Ventures
- 50Y Fifty Years
- Gaingels
- Hawktail
- KdT Ventures
- Lux
- Modi Ventures
- Madrona
- mission BioCapital
- MMRF Myeloma Investment Fund
- NfX
- Pear
- pillar
- Pioneer
- playground
- Range Ventures
- Red Tree Venture Capital
- Seeds Capital
- SOSV
- Santé Ventures
- Two Bear Capital
- YK Bioventures

Note: Data from PitchBook though 6/30/26. Covers investors who did at least two smaller venture-backed biopharma investments in the United States since 2024.
1. First-financing defined as initial Seed or Series A financing of $2M+.
2. Investors with more than one small early-stage investment since 2025. We have not included firms that predominately create their own newco companies.
Source: PitchBook, company websites, internal analysis and conversations with investors.

Biopharma Investment: All Venture Deals

1H 2026

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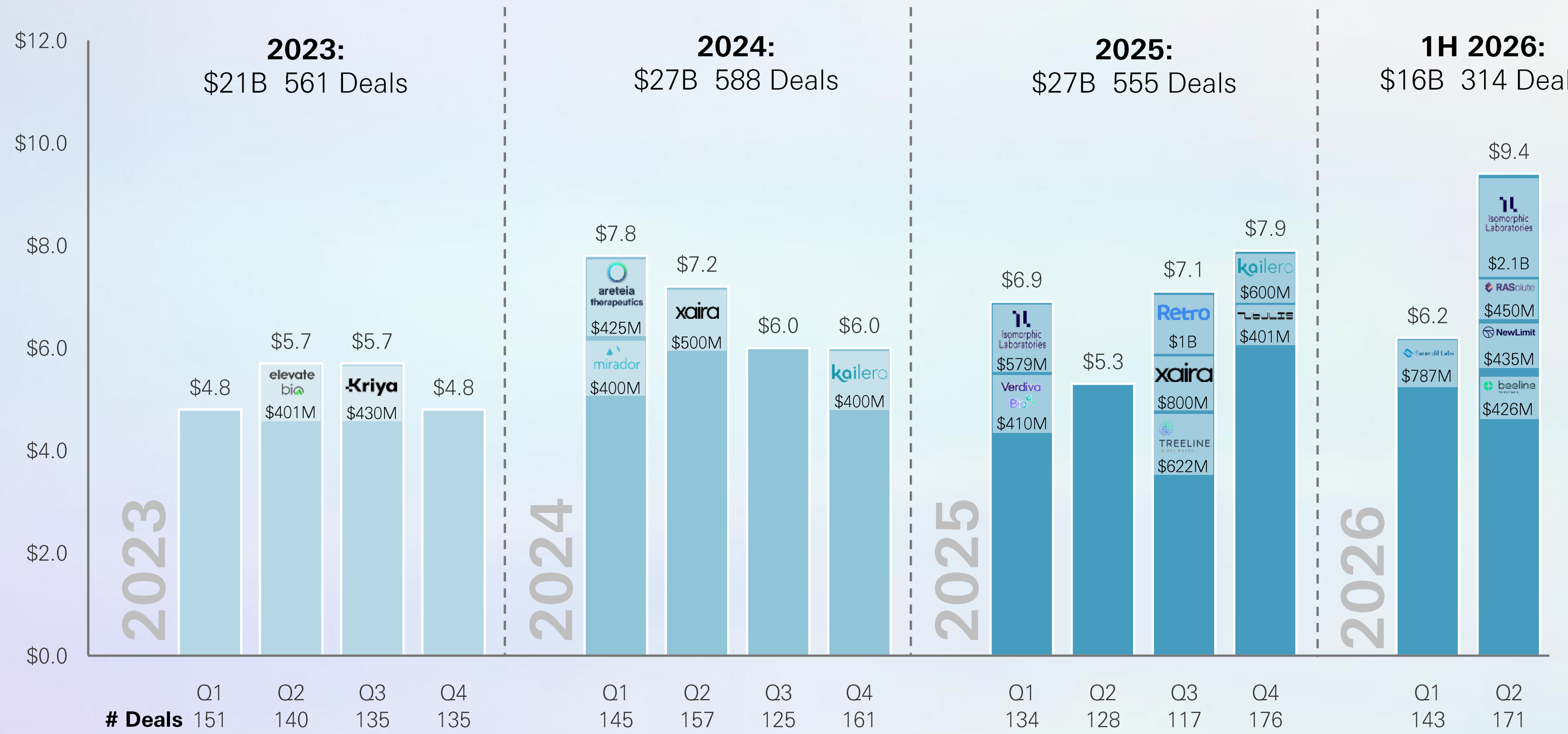
Biopharma Analysis (All Deals)

Mega Rounds dominate investment; has China become too pricey?

Biopharma Investment Activity ($/Deals)

Investment ($ Billions)



Logos represent $400M+ private financings of VC-backed deals.

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Covers private, venture-backed investment.
Source: PitchBook, company websites, internal analysis.

2023–1H 2026 US & Europe

Mega Rounds account for almost 60% of biopharma dollars since 2024

The number of mega rounds in biopharma held steady through 1H 2026, at 38 deals, on pace with the 77 deals seen in full-year 2025. Mega Round median dollar size has remained about the same (~$140M), though the largest deals pushed mega deal dollars to more than $9B in 1H 2026. Mega Round dollars over the past three years have accounted for 58-60% of all investment in the sector. While M&A deal values have set records over the past few years, and the IPO window is selectively open, it remains an open question whether the payback on these huge mega round bets will provide "venture returns", or whether the number of mega rounds will decrease as investors grow more confident in the current financing and exit cycle.

Absent the largest mega rounds ($400M+), investment into venture-backed biopharma has remained consistent, at around $5-6B a quarter since 2023, reflecting ample capital to support biopharma financings. The way this capital has been invested has shifted focus over the past four years. In 2023, a large share went into insider and add-on rounds to support companies pushing toward new value inflection points that next-round investors demanded. From 2024 until late 2025, insider rounds and insider round extensions continued, but mega rounds emerged as a safer type of investment. However, from late 2025 into 2026 mega round investments continued for later-stage assets and selected "big moonshots", alongside a growing "risk-on" mentality.

However, with the exit environment strengthening, investors felt more confident in securing the next round and potential exit. This has led them to increase newco creation and fund smaller syndicate, higher-ownership equity rounds. While venture fundraising by entrepreneurs remains difficult, the current environment is primed for risk-taking.

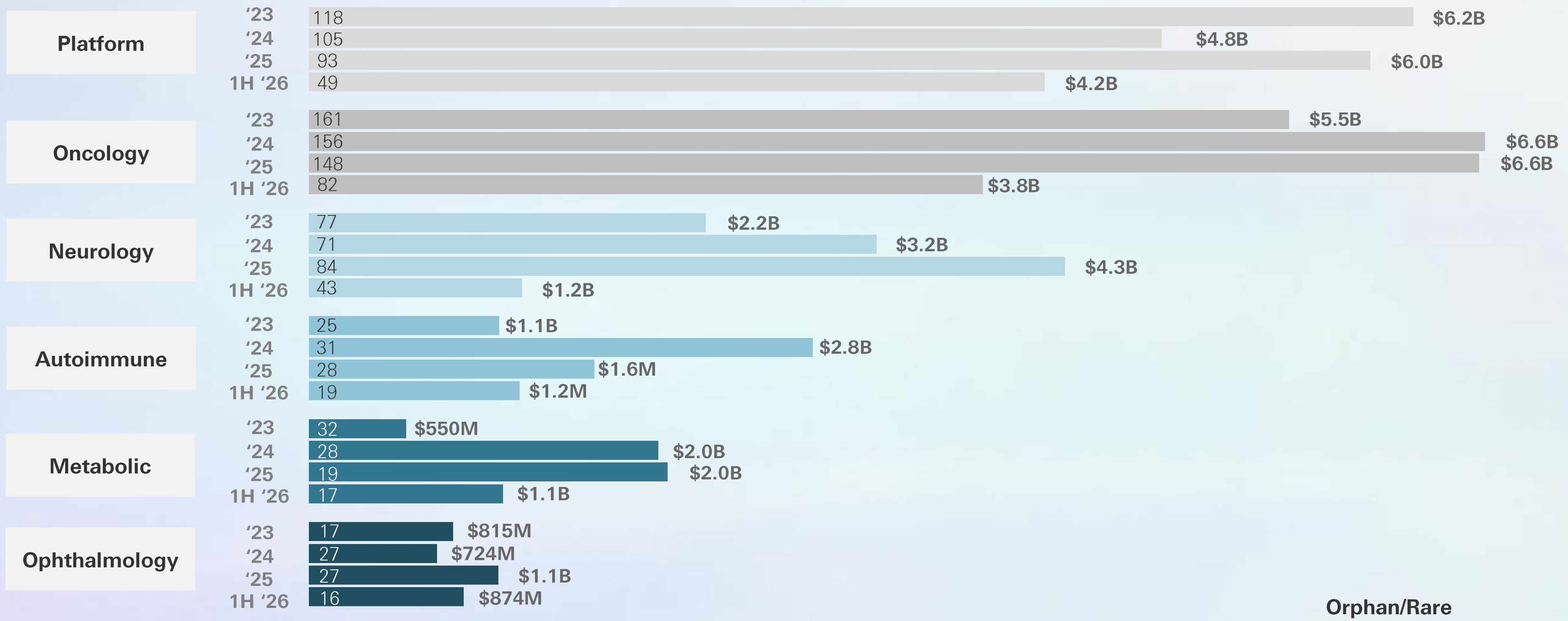
China: has the bid/ask finally caught up?

China continued to draw strong VC interest. Newcos with China in-licensed assets remain a strong venture thesis. However, the perceived discount to investors appears to be narrowing quickly, as China pharma and start-ups demand stronger deal terms. We think that China has clearly established itself as a strong innovation center, though we predict the frenzy of venture deal activity will start to slow in 2H 2026 and into 2027, especially as pharma engages directly in the region.

Biopharma Investment by Top Indications[1]

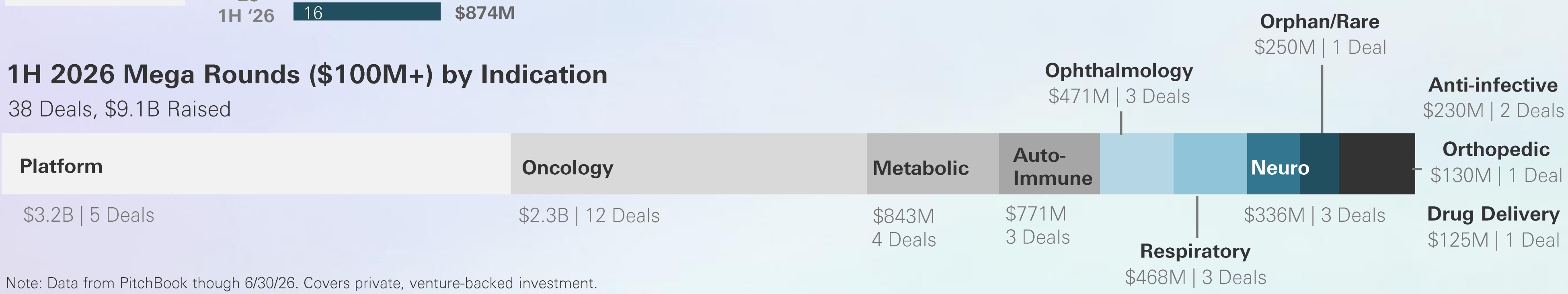
Platform and Autoimmune dollars rebound; Oncology remains top indication; Neuro investment declines

Dollar Investment by Top Indications



1H 2026 Mega Rounds ($100M+) by Indication

38 Deals, $9.1B Raised



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Source: PitchBook, company websites, internal analysis.

2023–1H 2026 US & Europe

1H Platform investment increases 52% year-over-year
1H 2026 saw a surge in platform investment, increasing to $4.2B compared to $3.3B in 2H 2025 and $2.7B in 1H 2025. Only four of the 49 platform deals were mega rounds, yet these mega rounds comprised 76% of total platform investment, largely driven by Isomorphic Labs' $2.1B Series B. Rising platform investments may reflect an industry-wide embrace of AI's potential in drug discovery, as robust strategic partnership and M&A activity resumes (see slide 19). It may also signal venture's return to developing multiple assets at once, rather than concentrating on a single asset, which was more common during the downturn.

Oncology remains steady
Oncology remained the top indication in 1H 2026 by both deal count and dollars invested. Most deals were preclinical stage (37) or Phase I (26 deals), although preclinical dollars invested continued to lag 2023 and 2024 levels. Large investment went into Phase III stage companies, with $812M invested across just three mega rounds: RASolute Tx ($450M), Orca Bio ($250M), and Rakuten Medical ($112M). Compared to prior periods, comp bio investment slowed ($112M in 1H 2026 vs. $775M in 2H 2025), while cell therapy and ADC investment remained strong, reflecting recent high-impact successes and approvals across both modalities.

Neuro investment dips
While total deals were on pace with prior periods (43 deals), neuro investment declined sharply, decreasing to $1.2B compared to $2.5B in 2H 2025 and $1.8B in 1H 2025. Larger financings skewed toward Phase I and Phase II, with total neuro dollars concentrated in derisked, clinical-stage companies. Preclinical neuro companies continued to face a difficult fundraising environment driven by investors' late-stage bias. While total preclinical deal count was in-line with prior periods (15 deals), investment dollars declined to their lowest point in three years ($242M), and there were no $50M+ pre-clinical stage deals.

Autoimmune rebounds
Following weak activity in 2025, autoimmune investment returned to near-2024 levels in 1H 2026. Deals were heavily concentrated in pre-clinical stage companies (11 of 19 deals), while total dollars invested favored Phase II stage companies (55% of total dollars). There were three $100M+ mega rounds, led by Beeline Medicines ($426M, Phase II).

Respiratory dollars soar
Respiratory investment jumped to $870M in 1H 2026, already exceeding full-year 2025 ($834M) and on-pace to exceed full-year 2024 highs ($1.5B). This uptick was largely driven by three mega rounds totaling $468M, the largest being AirNexis ($200M Series A).

Biopharma Largest Rounds (All Deals)

Later-stage and Comp Bio dominate largest financings; Oncology indication dominates

Largest Investments in 1H 2026

#	Company	Indication Stage	Size of Round/ ($M) Step-up?[1]	Quarter/ Round	Location
1	Isomorphic Laboratories	Platform Preclinical (Comp Bio IPI)	$2100	Q2	London, UK
2	Earendil Labs	Platform Phase I (Comp Bio AID)	$787	Q1	Middletown, DE
3	RASolute	Oncology Phase III	$450	Q2	Cedar Falls, IA
4	NewLimit	Metabolic Preclinical (Comp Bio AID)	$435 (1.7x)	Q2	South San Francisco, CA
5	beeline medicines	Autoimmune Phase II	$426	Q2	Boston, MA
6	Parabilis Medicines	Oncology Phase I/II (Comp Bio AID)	$305 (1.5x)	Q1	Cambridge, MA
7	orcabio	Oncology Phase III	$250	Q1	Menlo Park, CA
8	anagram	Orphan/Rare Phase II	$250 (4.0x)	Q2	Natick, MA
9	CellCentric	Oncology Phase II	$220	Q2	Cambridge, UK
10	ThirdArcBio 2	Oncology Phase I	$217 (0.8x)	Q1	Lower Gwynedd, PA
11	AirNexis Therapeutics	Respiratory Phase I	$200	Q1	San Carlos, CA
12	Alveus Therapeutics	Metabolic Phase II	$197 (0.9x)	Q1	Philadelphia, PA
13	Osanni	Ophthalmology Phase I	$190	Q2	San Francisco, CA
14	beren	Platform Commercial	$190	Q2	Thousand Oaks, CA
15	cAMPfield Therapeutics	Autoimmune Phase II	$180	Q2	San Diego, CA
16	BIONYRA	Autoimmune Phase I	$165	Q2	Paris, France
17	Windward Bio	Respiratory Phase II	$165	Q2	Basel, Switzerland
18	ollin biosciences	Ophthalmology Phase III	$156	Q2	Austin, TX
19	syncromune	Oncology Phase II	$145	Q2	Fort Lauderdale, FL
20	Sidewinder Therapeutics	Oncology Preclinical	$137 (1.4x)	Q1	San Diego, CA

Valuation[1]: Step-Up | Flat Rd | Step-Down

1H 2026 US & Europe

Later-stage and Comp Bio highlight largest deals
The top 20 deals in 1H 2026 accounted for just 6% of all biopharma financings but captured 47% of total venture dollars as mega round sizes continued to increased. By comparison, the top 20 deals in 2023-2025 accounted for only 25% of total venture investment.

As asset in-licensing continues to attract venture interest, later-stage (Phase II and III deals) captured more than 50% of the largest rounds in 2026 (11 of 20), consistent with activity over the last three years.

Similar to 2025 (three of the top four), comp bio deals accounted for four of the top six spots. However, large comp bio deals were not as prevalent in mega rounds as last year, at 15% of 1H 2026 mega rounds versus 22% in 2025. Additional detail on comp bio activity is discussed in our comp bio section.

Numbers at a glance (largest 20 deals)

Stage

Phase II:	8 deals
Phase I:	5 deals
Preclinical:	3 deals
Phase III:	3 deals

Indication

Oncology:	7 deals
Platform:	3 deals
Autoimmune:	3 deals
Metabolic/Respiratory:	2 deals

Location

NoCal:	4 deals
MA	3 deals
UK, SoCal, PA:	2 deals

The most active investors in 1H 2026 mega rounds included VCs Frazier and Goldman Sachs (three each), Andreessen Horowitz and Longitude (two each), along with corporate investors Sanofi Ventures (three) and growth/crossover players Janus Henderson (three), and Jeito and Alderline (two).

Note: Data from PitchBook though 6/30/26. Covers private, venture-backed investment.
1. Step-ups calculated using Pitchbook valuation data for previous and new financing as follows: Divide new pre-money valuation by previous round post-money valuation.
2. Originally announced in 2024, 2026 $52M add-on to get to stated round size.
Source: PitchBook, company websites, internal analysis.

Biopharma Most Active Investors[1]

Crossover and VC activity scale up as “risk on” mentality emerges

First-Financing and Later Stage deals – Last 18 Months Activity 2025-1H-2026

VC[3]		Corporate[3]		Growth/Crossover[2]	
17	Forbion Ventures	23	sanofi	27	RA CAPITAL
14	OrbiMed Healthcare Fund Management	22	Lilly	20	Janus Henderson Investors
13	novo holdings	19	Alexandria Venture Investments	10	Jeito; LOGOS Capital; INVUS
10	Frazier Healthcare Partners	10	Regeneron Ventures	9	Cormorant Asset Management
9	EQT Life Sciences	7	abbvie; Johnson&Johnson	8	Balyasny; Deep Track Capital
8	Foresite Capital			7	Blue Owl Capital Corporation; BVF Partners L.P.
7	Goldman Sachs; Omega Funds; Samsara BioCapital; Sofinnova partners; SR One; venrock				

Note: Data from PitchBook as of 6/30/26. Covers private, venture-backed investment.

1. Most Active Investors only include investment into a new portfolio company, not follow-on financings.
2. Growth/Crossover Investors defined as investment firms that typically invest in later-stage companies that either are revenue scaling, or the round is anticipated to be the last before an IPO.
3. Note that families of funds are combined for this slide, as are corporate and corporate venture with the same parent.

Source: PitchBook, company websites, internal analysis and conversations with investors.

Biopharma Largest Post-Money Values[1]
Corporate support dropped; Step-ups abound

Largest Post-Money Valuations in 1H 2026

Indication	Company	Quarter	Deal Size ($M)	Round	Post $ ($M)/ Step-up?[2]	Stage	Notable/Lead New Investor(s)
Metabolic (Comp Bio AID)	NewLimit	Q2	$435	C	3,100 (1.7x)	Preclinical	VC
Platform	stipple bio	Q2	$100	A	2,248 (54.4x)	Preclinical	Hedge, Corporate
Oncology (Comp Bio AID)	Parabilis Medicines	Q1	$305	F	920 (1.5x)	Phase I/II	PE, Hedge, Asset Manager
Oncology (Comp Bio AID)	Iambic	Q2	$28	B	648 (1.1x)	Phase I	VC
Platform (Comp Bio AID)	diagonal Therapeutics	Q1	$125	B	459 (1.5x)	Preclinical	VC, Asset Manager, Hedge
Metabolic (Comp Bio AID)	ATAVISTIK	Q1	$40	B1	435 (1.2x)	Phase I/II	Existing Investor
Oncology	adcendo	Q2	$74	C	396 (1.2x)	Phase I	VC, Sovereign Wealth, Growth
Ophthalmology	RAY Therapeutics	Q2	$125	B	393 (1.8x)	Phase I	PE, Hedge, Asset Manager
Orphan/Rare	anagram Therapeutics	Q2	$250	B	385 (4.0x)	Phase II	PE

Valuation[3] Step-Up | Flat Rd | Step-Down

Note: Data from PitchBook though 6/30/26. Covers private, venture-backed investment.
1. Financing data based on information available from PitchBook, including post-money values and step-up, flat and down round calculations.
2. Step-ups calculated using Pitchbook valuation data for previous and new financing as follows: Divide new pre-money valuation by previous round post-money valuation.
Source: PitchBook, company websites, internal analysis.

1H 2026 US & Europe

Comp Bio excitement in high-valued deals
Five of the top six post-money valuations were comp bio in 1H 2026, following the trend of six of seven in 2025 and five of seven in 2024. Two of the 1H 2026 comp bio deals are in Phase I/II trials, and over the next year there will be numerous comp bio focused biopharma companies with Phase II data in hand. Substantial comp bio company M&A has not yet occurred, as acquirers appear to be waiting for definitive data readouts. Will that data be enough to drive strong M&A from big pharma and biotech, or an eventual IPO? And if so, can these deals still provide true venture returns based on such large valuations?

Corporate support of top-valued deals wanes
Corporate investors have remained consistent supporters of venture-backed biopharma deals for the past 20 years. As we noted in last year's report, since 2023, new corporate investors have participated in 12 of the top 27 post-money deals (44%). However, only one corporate appeared as a new investor among the largest post money deals in 1H 2026.

Every company garnered a Step-up in 1H 2026
Despite high valuations, the top eight companies with the highest post-money valuation in 1H 2026 all secured a step-up. Substantial increases in M&A upfront payments (over $1B median since 2024) and successful large IPOs have helped drive this excitement.

Exits for highly valued companies remain elusive
This report has tracked 25 companies designated as having top post-money valuations, across the 2024 and 2025 annual reports and this one. Of those, 11 had post-money values at greater than $1B. However, these companies remain largely private, with 21 of 25 continuing to operate as venture-backed companies. There were just two IPOs (Maplight and Alumis), one M&A (Scorpion) and one out of business (Areteia). On the reassuring side, those three exits had M&A deal values, or have current market caps, higher than their last private valuation. It remains to be seen whether the IPO market, or possibly M&A, can provide additional liquidity opportunity in 2H 2026, and at what valuation.

Biopharma Investment: Private M&A and IPO Analysis

1H 2026

HSBC Innovation Banking

Biopharma Private VC-Backed M&A[1] Analysis

Acquisitions accelerate, values remain high in 1H 2026

M&A Median Values

Date	2020	2021	2022	2023	2024	2025	1H 2026
Deals	20	15	9	6	17	17	19
Upfront ($M)	$315	$370	$320	$305	$800	$925	$950
Milestone TBE ($M)	$138	$350	$100	$500	–	$450	$500
Median Deal ($M) Total Yr Deal Value ($B)	$608 $20B	$525 $8B	$405 $12B	$828 $7B	$1,100 $19B	$1,500 $26B	$1,225 $35B
$1B+ Total Deal Value Exits	7 (35%)	5 (33%)	3 (33%)	3 (50%)	10 (59%)	11 (65%)	12 (63%)
# of Preclinical & Phase I deals[2]	13 (65%)	9 (60%)	6 (67%)	5 (83%)	11 (65%)	9 (53%)	10 (59%)

Notable VC-Backed Private M&A 1H 2026

EngageBio	→ Lilly	35Pharma	→ GSK	Vega Therapeutics	→ Incyte	Neurona Therapeutics	→ UCB
Surf Bio	→ Halozyme	Corstasis Therapeutics	→ Esperion	Ouro Medicines	→ Gilead	Emalex Biosciences	→ Teva
aicuris	→ AsahiKASEI	Excellergy	→ Novartis	Ajax Therapeutics	→ Lilly	Orphai Therapeutics	→ Quince Therapeutics
Perfuse Therapeutics	→ Bayer	Tubulis	→ Gilead	transcend Therapeutics	→ Otsuka	Orna	→ Lilly
kelonia	→ Lilly	FireflyBi	→ Johnson&Johnson	Candid Therapeutics	→ UCB		

$1B+ Total Deal Value M&A

2020–1H 2026

M&A activity spikes, with large deal values
In 1H 2026 there was more venture-backed M&A activity than in any full year since 2020 with 20 deals. Twelve of the 19 deals had a total deal value of $1B or more, and nine of the 19 had upfront payments of at least $1B. Looking back five years to 2022, there were just nine M&As, with a median upfront was just $320M. No one could have predicted the spike in deal values we see today.

While deal values have climbed recently, so have mega rounds, both in number and size. That prompted a comparison of median invested capital in venture-backed private exits from 2020 to 2023 (50 deals) against the same measure in 1H 2026 deals. The answer surprised us: the median dollars invested from 2020 to 2023 was $71M, not very far off from the $90M median in 1H 2026. Notably, three of the 1H 2026 exits (Orna, Neurona and Emalex) raised at least $300M in venture capital, Candid raised more than $400M and Tubulis raised $600M+.

By indication, autoimmune and oncology each logged four exits, along with two platform deals. Over the last two and a half years, oncology led private venture-backed exits with 12, followed by autoimmune with 10.

Early-stage activity remains hot
Since 2020, early-stage exits (preclinical and Phase I) have accounted for at least 50% of the private M&A in biopharma every year. In 1H 2026, 10 of the 19 exits were preclinical or Phase I. By indication, this included four autoimmune, three oncology, two platform and one cardiovascular company. Eli Lilly acquired four of these early-stage companies. Six of the ten early-stage exits in 1H 2026 had last-round post-money valuation information available, showing a strong median upfront multiple of 6.2x for last round investors.

Since 2020, most active acquirers of private venture-backed preclinical/Phase I companies:

Abbvie	7 deals
Novartis	7 deals
Eli Lilly	6 deals
Gilead	4 deals
Roche	4 deals
Sanofi	4 deals

Note:
1. Biopharma M&A defined as announced private, venture-backed M&A with an upfront payment of at least $75M, calculated on a best-efforts basis.
2. Stage defined as either preclinical or the last completed clinical round prior to M&A announcement.

Source: PitchBook, public news articles and conversations with investors and companies.

Biopharma Private VC-Backed IPO[1] Analysis

IPO activity remains picky, but IPOs secure large dollar amounts, and median performance strong at +38%

IPO Activity 2019–1H 2026

Date	2019	2020	2021	2022	2023	2024	2025	1H 2026
VC-Backed IPOs	50	83	96	19	11	18	7	12

VC-backed IPOs 1H 2026

Quarter	Company	Indication	Stage	Time to IPO[2]	Step-up to IPO[3]	Dollars Raised at IPO ($M)	Post Money At IPO ($M)	Performance to IPO Price (06/30)
Q2	Kardigan	Cardiovascular	Phase II	1.4	Unknown	400	1,430	49%
Q2	Parabilis Medicines	Oncology	Phase II	8.8	1.8x	670	2,430	37%
Q2	Odyssey Therapeutics	Autoimmune	Phase II	4.4	Unknown	279	849	4%
Q2	HEMAB	Hematalogic	Phase II	5.4	1.3x	347	841	104%
Q2	Seaport Therapeutics	Neuro	Phase II	2.1	0.9x	255	955	21%
Q2	Avalyn Pharma	Respiratory	Phase II	9.1	Unknown	300	753	83%
Q2	kailera	Metabolic	Phase III	1.5	0.8x	625	2,070	38%
Q1	Generate:Biomedicines	Respiratory	Phase III	5.4	Unknown	400	2,040	5%
Q1	AGOMAB	GI	Phase II	7.3	1.4x	200	780	19%
Q1	eikon Therapeutics	Oncology	Phase II	4.8	0.3	381	972	28%
Q1	veradermics	Derm	Phase III	4.3	Unknown	256	596	623%
Q1	AKTIS Oncology	Oncology	Phase I	5.0	Unknown	365	945	79%

Note:
1. Biopharma IPOs defined as private, venture-backed deals with an IPO raise of at least $25M.
2. Time to IPO calculated as years between first venture financing of at least $2M or spin-out and date of IPO.
3. Step Up/Down to IPO calculated as follows: divide last private round post-money valuation with IPO pre-money valuation.

Source: PitchBook, public news articles and conversations with investors and companies.

1H 2026 IPO activity on pace for four-year high

The IPO market has always been nuanced, and can close at any time, but in 1H 2026 the biopharma IPO market was selective but lucrative for companies able to make it out. Selective here means later-stage companies in large markets with very strong existing private investor syndicates.

Even with a picky market, IPO activity is on track to surpass the totals of the last four years and is already ahead of full-year 2025 totals. This is good news for private venture-backed companies with mega round financings, as many will likely need an IPO and strong clinical data to demonstrate venture-type multiples.

1H 2026 IPOs leaned later-stage, with a higher share of Phase II and Phase III companies going public than in any other recent year. The strong time to IPO numbers, combined with the company stage helps to explain the much larger median raise, including a record $625M IPO from Kailera, later surpassed by the $670M IPO from Parabilis.

By the Numbers:

	IPO Stage Phase II/III	Median Time to IPO[2]	Median IPO $s Raised
2026	11 of 12	4.9 years	$344M
2025	5 of 7	5.9 years	$191M
2024	10 of 18	4.2 years	$182M

Dazzling performance to date

While not matching IPO's doubling at pricing, last seen in 2019 and 2020, performance for the 1H 2026 class has been strong, with 10 of 12 trading in positive territory and a median performance as of June 30 of +38%.

Dx/Tools Early-Stage: First-Financing Analysis (Seed/Series A)

1H 2026

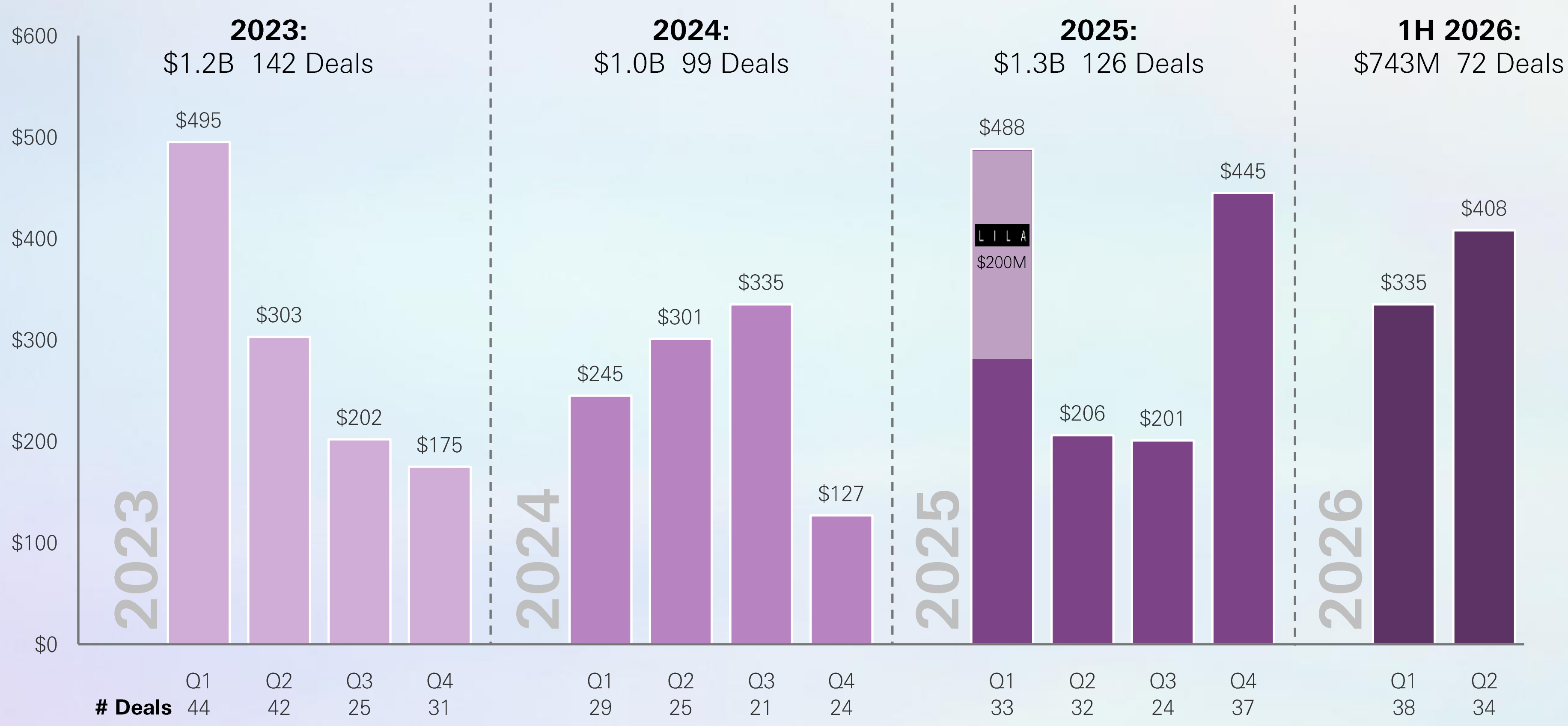
HSBC Innovation Banking

Dx/Tools First-Financing[1] Analysis

AI-enabled technologies dominate larger First-Financings; Dx Analytics investment grows in 1H 2026 as Dx Tests decline

Dx/Tools First-Financing Investment Activity ($/Deals)

Investment ($ Millions)



Logo represents $200M+ private financing of VC-backed deal.

Note: Data from PitchBook as of 6/30/26.
Covers private, venture-backed investment.
First-Financing defined as initial Seed or Series A financing of $2M+.
Source: PitchBook, company websites, internal analysis.

2023–1H 2026 US & Europe

First-financing continues its comeback
After a weak 10 quarter stretch (aside from a $200M Lila financing in Q1 2025), dx/tools first-financing bounced back with three quarters of strong company investment. The last three quarters of investments would project out to a yearly total just shy of $1.6B, matching the record high for dx/tools set in 2022.

AI-enabled interest fuels growth across subsectors
The AI revolution of the last few years has strongly impacted both drug discovery and development through next-gen comp bio tools. AI adoption has also grown in diagnostics and patient treatment, particularly in identifying biomarkers for new diagnostic tests and in applying AI to imaging and patient records to diagnose disease and improve patient outcomes. Nine of the top 25 deals in 1H 2026 had AI/ML as a core part of their technology or business model. These companies attracted early-stage tech investors with healthcare teams, such as AIX, Amplify Partners, Andreessen Horowitz, DCVC, General Catalyst, Lightspeed, and Obvious, alongside healthcare funds that have embraced this convergence, including Atria, Define, Dimension, Magnetic Ventures and Yosemite.

Dx Analytics gains traction as Dx Test lags
Over the past few years, Dx Analytics activity focused on larger, later-stage companies, including Heartflow (which later went public), Anumana and Twin Health, leaving little investor interest in creating or funding first-financing Dx Analytics companies. The market also appeared to still be defining the ever-evolving role of AI and fine tuning the right go-to-market strategy and healthcare SaaS business model. Dx Analytics emerged in 1H 2026 with $236M in first-financing dollars, exceeding the yearly totals of the past two years.

On the other hand, comp bio R&D Tools and Dx test first-financing deals in 1H 2026 were significantly lower than 2023-2025, which appears to be an anomaly.

Comp Bio: R&D Tools and Dx Test First-financing Deals

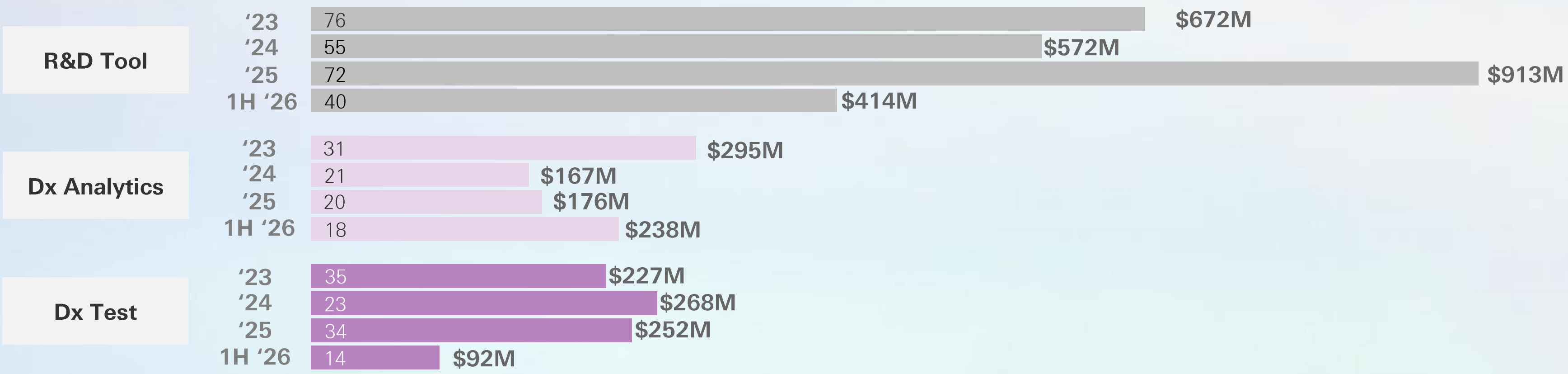
2023	31 deals
2024	34 deals
2025	38 deals
1H 2026:	11 deals

HSBC Innovation Banking

Dx/Tools First-Financing[1] by Subsector[2]

R&D tools fueled by Comp Bio; Dx Analytics investment jumps

Dollar Investment by Top Subsectors



Largest Rounds in 1H 2026

	Company	Indication	Size of Round ($M)	Deal Quarter	Location
1	PROXIMA	R&D Tool Protein Design Comp Bio IPI	$91	Q2	New York, NY
2	SpectronRx	R&D Tool Radiopharm Manuf.	$85	Q2	Indianapolis, IN
3	imu biosciences 3	Dx Analytics Immune analysis	$54	Q2	London, UK
4	Modulus.	Dx Analytics Platform Patient Management	$50	Q1	New York, NY

	Company	Indication	Size of Round ($M)	Deal Quarter	Location
5	Waiv	Dx Analytics Oncology	$33	Q1	Paris, France
6	Boltz	R&D Tool Drug Discovery Comp Bio IPI	$28	Q1	Boston, MA
7	NEION	R&D Tool Protein Bioreactor	$23	Q2	New York, NY
8	PRENOSIS	Dx Analytics Sepsis	$20	Q1	Chicago, IL

Note: Data from PitchBook though 6/30/26. Covers private, venture-backed investment.
1. First-Financing defined as initial Seed or Series A financing of $2M+.
2. Subsector defined as central focus of the company delineated on the company's website.
3. Originally announced in 2024, added additional equity in 2026.

Source: PitchBook, company websites, internal analysis.

2023–1H 2026 US & Europe

Comp bio focus continued in R&D Tools

R&D Tool companies continued to generate early-stage interest in 1H 2026, despite limited M&A and IPO activity in this subsector. The AI revolution has centered around the R&D tool subsector and the rapid development of life science tools that help in the discovery and development of new drugs. This has spurred upsized venture investment and widespread partnerships with big pharma and biotech. In addition to the larger, later-stage deals detailed later in this paper, 11 of the 40 R&D tools first-financings in 1H 2026 were comp bio deals. Most of these deals were protein design or manufacturing technologies. As these technologies scale and prove out through collaborations and services deals, some companies pivot their business plans toward biopharma, either designing their own asset or in-licensing one identified using their underlying technology. It will be interesting to see whether some of the 1H 2026 companies transition to biopharma drug development over time.

Investors return to Dx Analytics

As AI scales into every facet of our lives, early-stage healthcare companies have seen an uptick in AI as a core part of their business, particularly in Dx Analytics, where it provides a way to unlock meaningful insights from digitized data. The top first-financing deals focused on general patient diagnostics and acute care. Overall, eight deals were focused on oncology.

Dx Test investment drops

Dx Test first-financing investment showed a slight drop in 1H 2026, on pace for a down year in first-financings. Notably, companies using AI as a core part of their technology in dx tests dropped from ten deals in 2024 to five deals in 2025 to zero in 1H 2026. Dx Test investments focused on blood disorders and at-home diagnostic platforms (3 each), and oncology and anti-infectives (2 each).

2025 Numbers (10 largest First-Financing deals)
Subsector

Dx Analytics	5 deals
R&D Tools	4 deals
Dx Test	1 deal

Dx/Tools Active Investors in Smaller US First-Financings

Investors that have completed multiple $2-12M First-Financing[1] investments

Active Investors[2] in Smaller First-Financing Pre-Seed/Seed/A Deals
($2-12M First-Financing Deals, list not exhaustive)

- 50Y
- Atria Ventures
- Alumni Ventures
- American Cancer Society BrightEdge
- crv
- DCVC
- kv
- Civilization Ventures
- KdT Ventures
- Gaingels
- Define Ventures
- illumina Ventures
- Keiretsu Forum
- LabCorp Laboratory Corporation of America
- Qiming Venture Partners
- Pear
- Pioneer
- LifeX
- Xcellerant Ventures
- Bakerbridge Capital
- Modi Ventures
- Magnetic
- SeaX
- NYC Entrepreneurial Institute
- Spacecadet

Note: Data from PitchBook though 6/30/26. Covers investors who did at least two smaller venture-backed dx/tools investments in the United States since 2025.
1. First-Financing defined as initial Seed or Series A financing of $2M+.
2. Investors with more than one small early-stage investments since 2025. We have not included firms that predominately create their own newco companies.
Source: PitchBook, company websites, internal analysis and conversations with investors.

Dx/Tools Investment: All Venture Deals

1H 2026

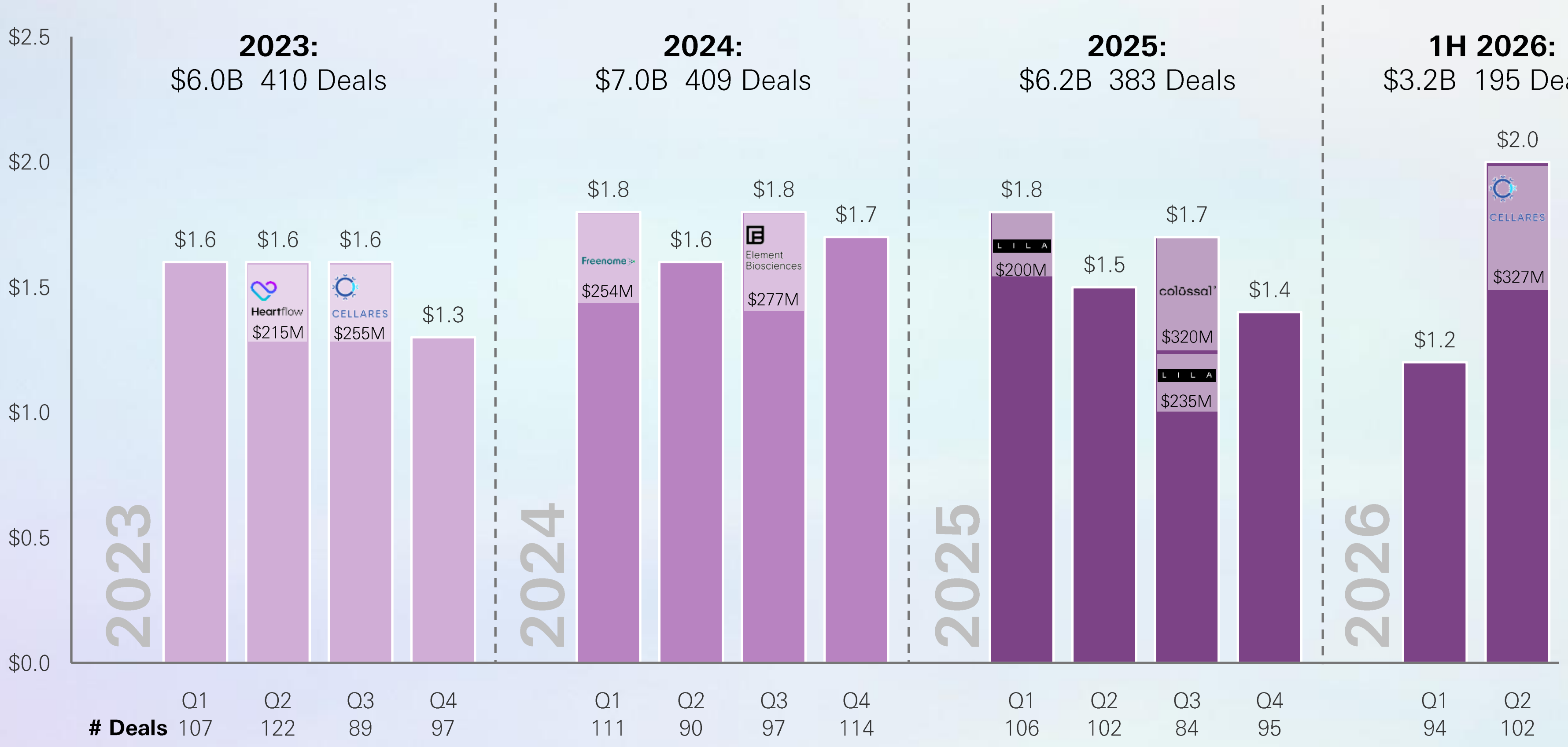
HSBC Innovation Banking

Dx/Tools Analysis (All Deals)

Top R&D Tool deals secured largest fundings as a diverse set of Corporates remain active in the sector

Dx/Tools Investment Activity ($/Deals)

Investment ($ Billions)



Logos represent $200M+ private financings of VC-backed deals.

Investment consistent, with continued step-ups in R&D Tools

Dx/Tools investment dipped to a three-year low in Q1 2026 but rebounded in Q2 to more normal levels even without the Cellares mega round. Deal activity remained strong but was concentrated in larger financings. There were only three $100M+ mega rounds in 1H 2026, but 27 deals between $30M and $90M, a pace similar to 2025.

Looking closer, many of the largest deals in 1H 2026 were actually add-on rounds to previously completed financings over the past few years. These add-ons could signal excitement for a new investor to come in to support a company that is performing well, or, more often in this cycle, a company's inability to secure a new investor-led larger round because the company needed more capital and time to hit a valuation inflection point to unlock its next large financing. When new rounds did close, the step-up trend seen in 2025 (3x more step-ups than step-downs, based on available data) increased to 4x, with 22 step-ups compared to only five down rounds (there were also five flat round financings). Fourteen of the 22 step-ups were R&D tools deals.

Largest deals focused in R&D Tools

The seven largest deals were all R&D Tool companies, though only one (Proxima) had a comp bio focused technology. This was a departure from 2025, when comp bio companies like Lila, Chi Discovery, BigHat, Insilico and Profluent dominated the largest deals. Instead, the focus was on manufacturing and supply, spanning radiopharma, cell therapy and pharma ingredients.

Diverse investors

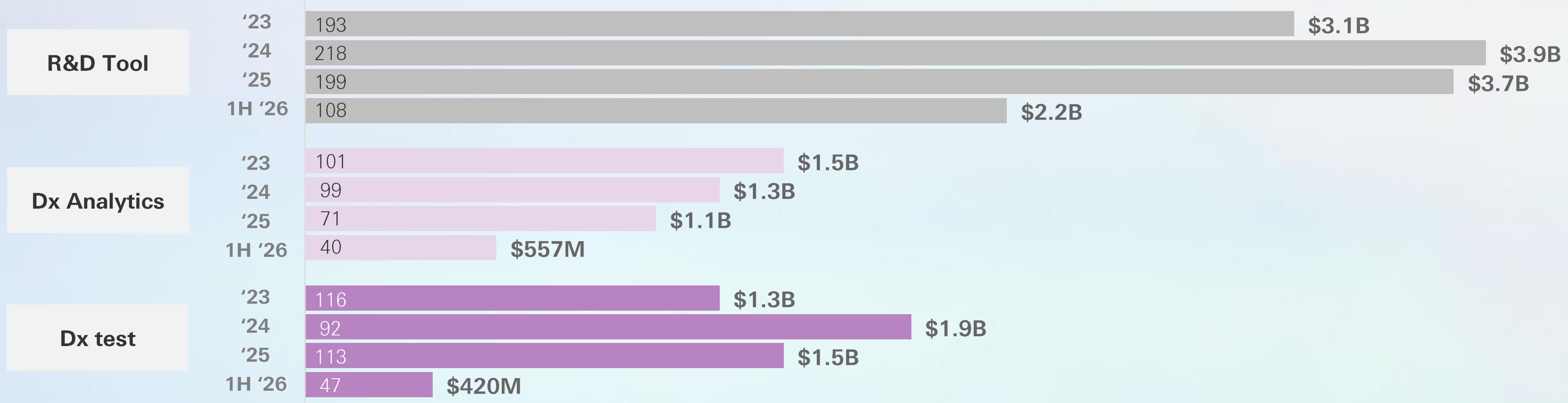
The investors in larger deals were a mix of strong crossover investors positioning companies for potential IPOs, traditional healthcare growth investors, and a set of biopharma and device investors making bets in dx/tools. The corporate side was also diverse, with tech, life science, device and biopharma all represented, reflecting how manufacturing, drug discovery and healthcare SaaS increasingly span multiple healthcare sectors and industries.

Note: Data from PitchBook as of 6/30/26.
Covers private, venture-backed investment. Logos represent $200M+ private financings of VC-backed deals.
Source: PitchBook, company websites, internal analysis.

Dx/Tools VC Investment by Subsector[1]

R&D Tools (outside of Comp Bio) and Dx Analytics led investment

Dollar Investment by Top Subsectors



Largest Rounds in 1H 2026

#	Company	Indication	Size of Round/ ($M) Step-up?[1]	Quarter/ Round	Location
1	CELLARES	R&D Tool Cell Therapy Manuf.	$327	Q2 D	S.F., CA
2	Element Biosciences	R&D Tool Discovery Tools	$175	Q2 E	San Diego, CA
3	NUCLIDIUM[2]	R&D Tool Radiopharma Manuf.	$134	Q2 B	Basel, Switzerland
4	PROXIMA	R&D Tool Protein Design Comp Bio IPI	$91	Q2 Seed	New York, NY
5	nuclera[3]	R&D Tool Discovery Tools	$87	Q1 C	Cambridge, UK
6	SpectronRx	R&D Tool Radiopharm Manuf.	$85	Q2 Growth	Indianapolis, IN
7	Antheia[2]	R&D Tool Pharma ingradiants	$80	Q1 C	Menlo Park, CA
8	covera health	Dx Analytics Insights Platform	$73 (1.04x)	Q2 C-1/C-2	New York, NY

Valuation[1] Step-Up Flat Rd Step-Down

Note: Data from PitchBook though 6/30/26. Covers private, venture-backed investment.
1. Subsector defined as central focus delineated on the company's website. Step-Ups calculated using Pitchbook valuation data as follows: Divide new pre-money valuation by previous round post-money valuation.
2. Original financing announced in 2025, added additional equity in 2026.
3. Original financing announced in 2024, added additional equity in 2026.
Source: PitchBook, company websites, internal analysis.

R&D Tool investment up, Comp Bio focus dipped
Investment in R&D Tools has remained consistently over $3B per year for the last three years. 1H 2026 investment is on pace for a four-year record, potentially surpassing $4B, a level not reached since 2022.

In 2025, AI-enabled comp bio R&D tool companies dominated fundraising, capturing 14 of the largest 20 R&D financings and eight of the top 10. These deals focused on AI-enabled drug design (BigHat, InSilico and Manas) as well as infrastructure and insight platforms (Lila, Chai, Profluent and Excelsior). Comp Bio tools deals were down about 15% in 1H 2026, with just three of the top 10 and seven of the top 20 deals. However, we do anticipate larger comp bio tools deals to be announced in 2H. Outside of comp bio, deal focus was on manufacturing and supply, spanning radiopharma, cell therapy and pharma ingredients.

Dx Analytics stability
This subsector continues to show a stable investment rate, though helped in 1H 2026 by an increase in first-financing activity. Oncology was the dominant indication focus (16 deals) with multiple deals also in neuro, cardiovascular, respiratory and ophthalmology. Analytics investment in 1H 2026 had key participation from health care systems, either directly or through their venture funds. Examples include Vista.ai's round with Cedars Sinai and Intermountain, Prenosis' Series A with UCI Health Ventures and Mayo's investment in Techcyte.

Dx Test dollars and deals reduced
Dx Test investment was down in 1H 2026, though this decline is likely an anomaly. Within Dx Test, liquid biopsy and point-of-care technologies saw the most deal activity.

2026 Numbers (20 largest deals)

Subsector	
R&D Tools	15 deals
Dx Analytics	4 deals
Dx Test	1 deal

Location	
NY, UK	3 deals
NorCal, SoCal	2 deals
MA, Germany	2 deals

Dx/Tools Most Active Investors[1]

Large investor stratification in US and OUS; Diverse corporates, but less active growth players

First-Financing and Later Stage deals – Last 18 Months Activity 2025-1H-2026

Angel/VC		Corporate[3]		Growth/Crossover[2]	
7	General Catalyst, Gaingels	9	LabCorp (Laboratory Corporation of America)	3	Braidwell
6	khosla ventures (venture assistance, strategic advice, venture capital)	4	NVentures	2	Avenir
5	Alumni Ventures, Modi Ventures, Civilization Ventures	3	Lilly	2 (tie)	BroadOak Capital Partners
4	AIX Ventures, Hawktail, Sofinnova partners, kima ventures, cdp	2	Bruker, Cedars Sinai, OpenAI	2 (tie)	Buenavista Equity Partners
3	CARB-X, Catalio Capital Management, edbi, asabys, DCVC, Super Nova Invest, Define Ventures, Founders Fund, Molten, Super Capital, Pioneer, Compound				
3 (tie)	Bayern Kapital (Venture Capital für Bayern), High-Tech Gründerfonds, illumina Ventures, singularventures, Voima Ventures, MBX Capital, SignalFire, Dimension				

Note: Data from PitchBook as of 6/30/26. Covers private, venture-backed investment.

1. Most Active Investors only include investment into a new portfolio company, not follow-on financings.
2. Growth/Crossover Investors defined as investment firms that typically invest in later-stage companies that either are revenue scaling, or the round is anticipated to be the last before an IPO.
3. Note that families of funds are combined for this slide, as are corporate and corporate venture with the same parent.

Source: PitchBook, company websites, internal analysis and conversations with investors.

Dx/Tools Largest Post-Money Values[1]

Smaller Post-Money values; AI-enabled technologies dominate

Largest Post-Money Valuations in 1H 2026

Subsector	Company	Quarter	Deal Size ($M)	Round	Post $ ($M)/ Step-up?[2]	Focus	Notable/Lead New Investor(s)
R&D Tool	Alloy Therapeutics	Q2	$40	E	$1,000 (1.2x)	Antibody Discovery	PE, Growth
Dx Analytics	Waiv	Q1	$33	A	$499	Oncology Analytics	VC
R&D Tool (Comp Bio IPI)	Nabla Bio	Q2	$70	B	$499 (3.1x)	Antibody Discovery	VC, Hedge
Dx Analytics	vista	Q1	$30	B	$476	Cardiovascular	Corporate, University
Dx Analytics	covera health	Q2	$73	C1/2	$386	Insights Platform	Undisclosed
Dx Test (Comp Bio Dx)	ClearNote	Q2	$52	D	$275	Liquid Biopsy Oncology	Angel
Dx Analytics	BrightHeart	Q1	$13	A	$235 (81.0x)	Prenatal Ultrasound Analytics	VC, Angels, Foundation
Dx Test	SiPhox HEALTH	Q1	$40	B	$185 (2.6x)	POC Dx Platform	VC

Valuation[1] Step-Up Flat Rd Step-Down

Note: Data from PitchBook though 6/30/26. Covers private, venture-backed investment.
1. Financing data based on information available from PitchBook, including post-money values and step-up, flat and down round calculations.
2. Step-ups calculated using Pitchbook valuation data for previous and new financing as follows: Divide new pre-money valuation by previous round post-money valuation.
Source: PitchBook, company websites, internal analysis.

1H 2026 US & Europe

Smaller post-money values in 1H 2026
The largest post-money values in Dx/Tools yielded just one $1B+ valuation in 1H 2026. Alloy Therapeutics, a biotech infrastructure company with an extensive number of partnerships and assets development deals, closed its Series E round at a 1.2x step-up to its last post-money valuation from 2022. However, the next highest post-money for 1H 2026 was just $499M, well below the top eight post-money values of 2025, which included four deals over $900M. This is likely a timing issue, as we believe some of the largest post-money valued comp bio drug discovery companies will likely raise in the second half of 2026. Comp Bio tools companies have been a strong force in the market recently, not only through investment rounds at large valuations, but also through strong partnerships and collaborations with big pharma and tech AI players. It is surprising that only one Comp Bio tools deal appears in this chart.

Dx Analytics dominates the list of top post-money valuations, with four of the top eight deals. Including the two comp bio deals, Nabla and Clearnote, six of the top eight are AI-enabled technologies, reflecting the sector's emerging focus on AI for discovery, development and patient care. This is consistent with 2025, when seven of the top eight were AI-enabled (five comp bio and two Dx Analytics deals).

Drop in corporate investors
Over the past three years were noted that corporate investors, either the parent or its corporate venture fund, had declining interest in top valued financings. In 2024, five of the top eight had corporate investors join the last round as new investors. That number was just three of eight in 2025 and just one company had corporate support as a new investor in 1H 2026.

Dx/Tools Investment: Private M&A Analysis

1H 2026

HSBC Innovation Banking

Dx/Tools Private VC-Backed M&A[1] by Indication

Larger M&A upfronts and successful IPOs point to positive momentum; Anthropic acquires R&D Tool company

M&A Median Values

Date	2020	2021	2022	2023	2024	2025	1H 2026
Deals	11	25	5	6	4	4	4
Upfront ($m)	$350	$225	$100	$117	$97	$263	$202
Milestone TBE ($m)	$-	$-	$-	$13	$-	$88	$54
Total Deal ($m)	$350	$270	$100	$129	$98	$425	$261

Notable M&A 1H 2026

METASIGHT	→	GUARDANT
Coefficient	→	ANTHROPIC
NAVERIS	→	CareDx
GLEAMER	→	RadNet

VC-Backed IPOs 1H 2026

Date	Company	Subsector	Focus	Time to IPO[2]	Step-up to IPO[3]	Dollars Raised at IPO ($M)	Post Money At IPO ($M)	Performance to IPO Price (6/30)
Q2	ALAMAR BIOSCIENCES	R&D Tool	Platform	5	2.4x	$229	$1,160	59%

Note:
1. Dx/Tools M&A defined as announced private, venture-backed M&A with an upfront payment of at least $50M.
Source: PitchBook, public news articles and conversations with investors and companies.

2020–1H 2026

2026 M&A deal volume picked up
VC-backed M&A activity in 1H 2026 equaled year-end totals for the last two years, and AI's growing focus in the sector could help draw non-traditional tech, pharma and big biotech acquirers into the space.

Two Dx Tools deals to expand into new markets
Both Dx Test acquisitions were made to expand into new markets, although in opposite directions. Guardant acquired MetaSight to strengthen its underlying technology and expand its precision testing focus outside oncology. CareDx, on the other hand, acquired Naveris to enter specialty oncology.

Dx Analytics merger to scale radiology products
RadNet acquired Dx Analytics company Gleamer to scale its clinical radiology network, adding Gleamer's AI tools to its existing platform. This addition also adds commercial expansion for US-based RadNet into Europe.

AI Tech play into Comp Bio R&D Tools
Anthropic acquired Coefficient Bio to integrate its neolab into Anthropic's own life science practice, adding both drug discovery capability and an expert life sciences AI team to its existing Healthcare and Life Sciences division. Soon after the acquisition, Anthropic announced the launch of its AI drug discovery program. Coefficient Bio may be the most important recent M&A for the Dx/Tools sector, as there are ample cash-rich AI technology firms looking for applications within healthcare and life sciences. We hope to see one or two more acquisitions of AI tools companies in 2H 2026.

Dx/Tools IPO performs well
Alamar Biosciences, a revenue-scaling tools company, went public at a 2.4x step-up, and the stock was up 59% at midyear. This follows BillionToOne and Heartflow's strong 2025 offerings, both still up over 40% from their IPO price. While scaling revenue ($75M+) seems like a prerequisite, interest from tech acquirers and large development deals with pharma may propel two to three Dx/Tools IPOs before year-end.

Deep Dive: Computational Biology Analysis

1H 2026

HSBC Innovation Banking

Comp Biology: Landscape 1H 2026

Four main Comp Bio subcategories

Logos arranged in ascending order based on increasing deal size

AI Drug Discovery (AID)

Later Stage

NewLimit, Parabilis Medicines, diagonal Therapeutics, pinnacle medicines, QUANTX, METAPHORE, Juvena Therapeutics, aureka, Fathom Tx, ukko, ATAVISTIK, Iambic, dinamo biotechnologies, NUMERION LABS, Athos Therapeutics, Antiverse, HYKU Biosciences, CYCLARITY THERAPEUTICS, graph+x, Oxford Drug Design

First-Financing

Earendil Labs, Ternary Tx

First-Financing: $792M Raised, 2 Deals

All deals: $2.3B Raised, 23 Deals

Insight Platforms & Infrastructure (IPI)

Later Stage

Isomorphic Laboratories, Nabla Bio, triveni BIO, kvantify, bit.bio, Converge, algorithmiq, pumpkinseed, Prudentia Sciences, Helical, Biographica, Century Health, Entelo Bio, Bindbridge, OUTSEE

First-Financing

PROXIMA, Boltz, Tamarind Bio, ToposBio, AVENUE BIOSCIENCES, onyx, Pharmacelera, 10xScience, peptaris, Outpost, Alp Bio, STRATUM biosciences

First-Financing: $184M Raised, 12 Deals

All deals: $2.7B Raised, 27 Deals

Diagnostics (Dx)

Later Stage

ClearNote Health, prognomiQ

All deals: $74M Raised, 2 Deals

Clinical Response Prediction (CRP)

Later Stage

turbine, INGENIX

First-Financing

BlankBio

First-Financing: $7M Raised, 1 Deals

All deals: $49M Raised, 3 Deals

In 1H 2026, we identified and analyzed 55 computational biology (comp bio) companies. These companies raised a total of nearly $5.1B across 55 financing rounds.

For this analysis, to qualify as a comp bio company, firms must apply computational tools to acquire novel chemical or biological insights in therapeutics, R&D Tools, and Dx sectors only; have a leadership member with computational expertise; and raise over $2M in a financing round. Dx Analytics and Healthtech companies are not included in this analysis.

Companies were classified into four subcategories, based on their products and use of computation:

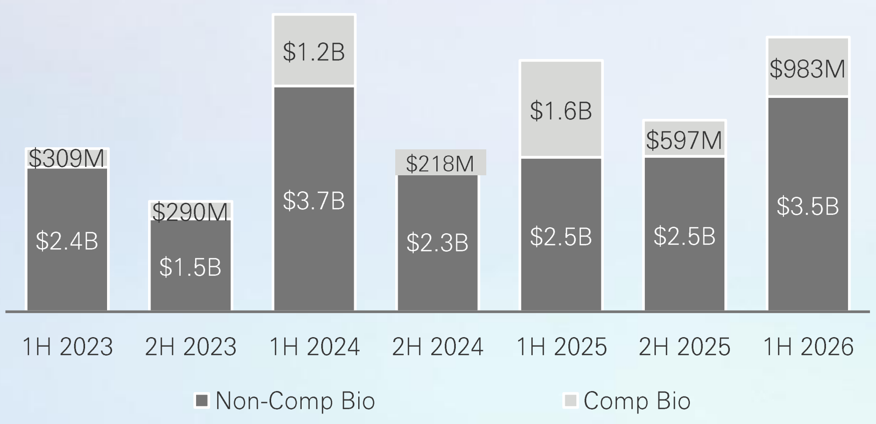
- AID: Optimization and discovery of novel targets, molecules, chemicals, and delivery systems, **advancing the company's own pipeline.**
- IPI: Bio/chem characterization, development of data banks, computational infrastructure, and bio-manufacturing, **used by others for discovery or development.**
- Dx: Diagnostics and long-term monitoring of biological markers.
- CRP: Personalized medicine, clinical decision support software, and drug response prediction.

Note: Data from PitchBook as of 6/30/26, including deals of $2M+. Covers private, venture-backed investment.
Source: PitchBook, company websites, internal analysis.

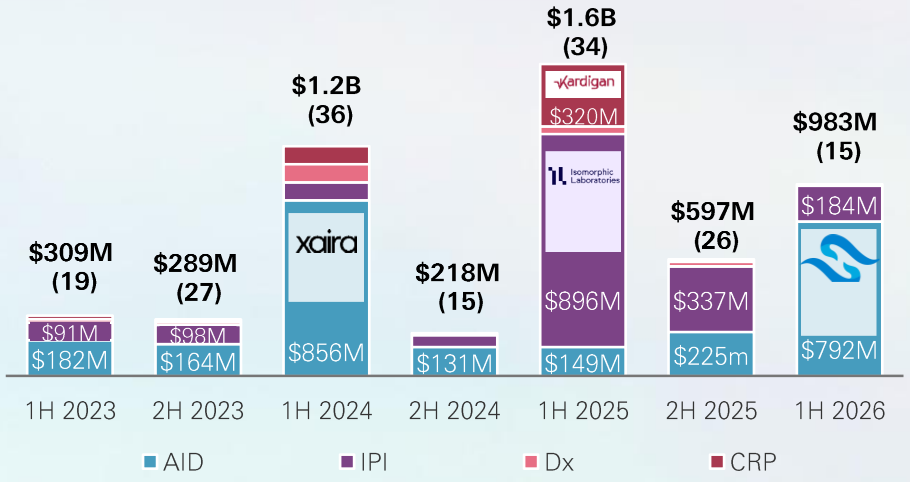
Comp Bio First-Financing Analysis

Excluding Earendil, investment down; IPI dominated largest deals

Dollar Raised Comp vs. Non-Comp Bio



Dollars Raised Comp Bio by Subcategory (Deals)



First-Financing Top Investors 2024-1H 2026

Investor	Deal Count	Investor	Deal Count
DIMENSION	6	General Catalyst, LifeX Ventures, Lightspeed Venture Partners, RA Capital, AIX Ventures, Flagship Pioneering, Alumni Ventures, ARCH Venture Partners, Madrona	3
illumina Ventures	5		
khosla ventures	4		

First-Financing Top Deals

Company	Pre-money Valuation	Size of round	Date / Round	Sector	Platform type
Earendil Labs	-	$787M	Q1 C	Biopharma / Autoimmune-oncology	AI antibody design
PROXIMA	-	$91.5M	Q2	R&D Tools / Drug discovery	Proximity-drug design
Boltz	$102M	$28M	Q1 Seed	R&D Tools / Drug discovery	Structure prediction
Tamarind Bio	$44M	$13.6M	Q1 A	R&D Tools / Drug discovery	Molecular-AI infrastructure
ToposBio	$38M	$10.5M	Q1 Seed	R&D Tools / Drug discovery	Disordered-protein modeling

2023–1H 2026 US & Europe

First-financing activity down, dollars up from 2H 2025

Comp Bio first-financing dollars rose to $983M in 1H 2026, though deal activity fell to 15, the lowest level since 2023 and roughly half the 34-36 deals seen at the 2024 to 1H 2025 peak. The increase in dollars was driven almost entirely by the Earendil Labs mega round ($787M). Excluding that deal, the remaining financings raised only $196M, which would be the lowest total of the last six halves. Later-stage comp bio deals increased, and large comp bio/big pharma collaborations have grown too, most recently with AI giant Anthropic's $400M acquisition of Coefficient Bio and Eli Lilly's March 2026 agreement with Insilico Medicine ($123M Series E, 1H 2025) worth up to $2.75B for novel oral therapeutics. This looks temporary rather than the start of a decline.

IPI remains the dominant First-Financing subcategory

IPI has been the largest first-financing subcategory since 2025. Non-Earendil Labs dollars also concentrate within IPI, especially among drug-discovery platform, while CRP and Dx remain limited within comp bio first-financing activity.

The largest first-financings are concentrated among IPI drug-discovery platforms such as Proxima, Boltz, Tamarind Bio, and Topos Bio, spanning approaches from structure prediction to molecular design infrastructure. These deals also carry the highest pre-money valuations in the cohort, consistent with 2025, when Isomorphic Labs' $1.2B pre-money valuation (1H 2025, $579M Series A), the top figure that year, was likewise for an IPI drug-discovery platform.

Top First-Financing investors:

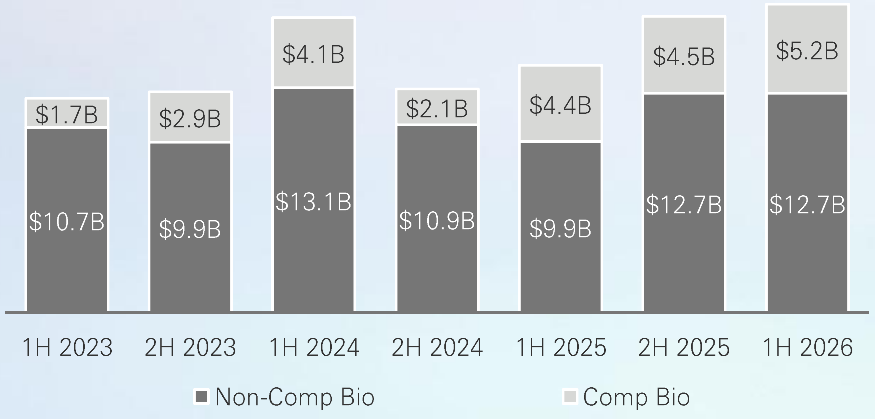
From 2024 to 1H 2026, Dimension leads first-financing investment with six deals, followed by Illumina Ventures (five) and Khosla Ventures (four). Large pharma remains absent from the top first-financing investor list, suggesting pharma corporate venture capital is entering comp bio at later stages.

Note: Data from PitchBook as of 6/30/26, including deals of $2M+.
Source: PitchBook, company websites, internal analysis.

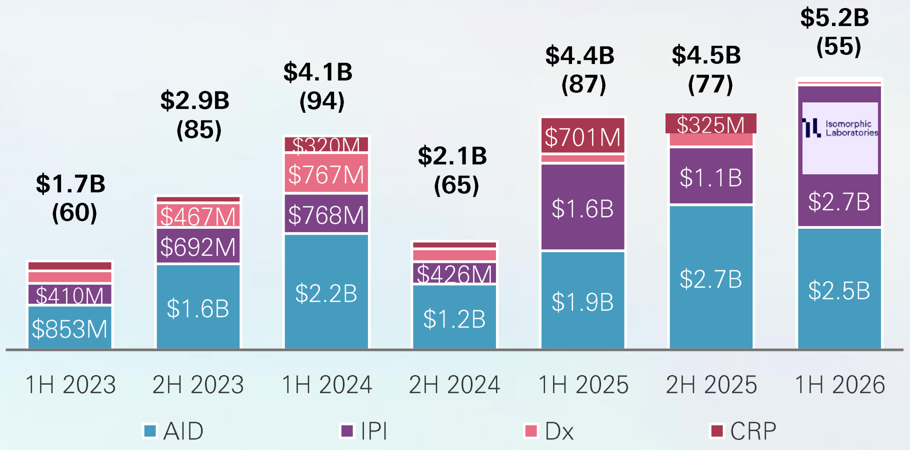
Comp Bio Analysis (All Deals)

Comp Bio Investment hits record pace as assets head into Ph II

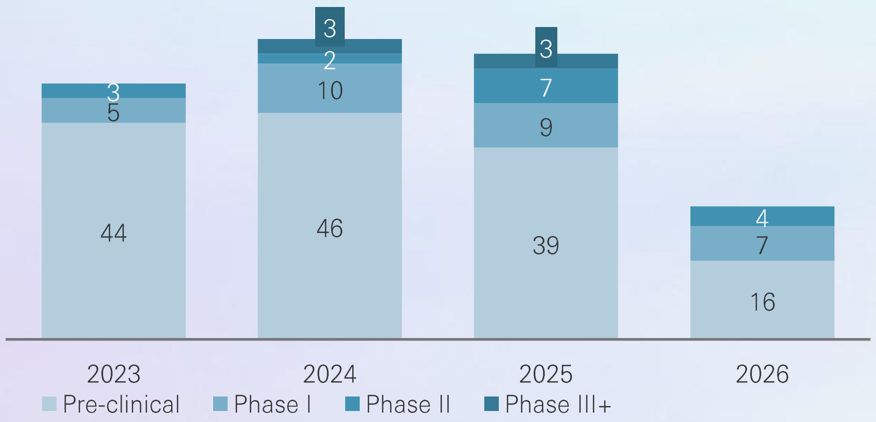
Dollar Raised Comp vs. Non-Comp Bio



Comp Bio Dollars Raised by Half (All Deals)



Comp Bio Lead Asset Stage at latest Financing[3]



Top Pre-Money Valuations (All deals)[1]

Company	Pre-money Valuation	Size of round	Date / Round	Sector	Stage
NewLimit	$2.66B	$435M	Q2 C	Biopharma / Longevity	Pre-clinical
Iambic	$620M	$27.8M	Q2 B	Biopharma / Oncology	Phase I
Parabilis Medicines	$615M	$305M	Q1 F	Biopharma / Oncology	Phase I/II
Nabla Bio	$429M	$70M	Q2 B	R&D Tools / Drug discovery	-
Atavistik	$395M	$40M	Q1 B1	Biopharma / Hematology-oncology	Phase I/II
diagonal Therapeutics	$334M	$125M	Q1 B	Biopharma / Rare disease	Pre-clinical

Note: Data from PitchBook as of 6/30/26, including deals of $2M+.
1. Companies shown include only ones with reported new-round valuation on PitchBook as of 6/30/26.
2. Top Investors only include first investment into a portfolio company, not follow-on financings.
3. Lead asset is most advanced asset for companies that are in (or plan to pursue) drug development.
Source: PitchBook, company websites, internal analysis.

Comp Bio dollars reached a record high in 1H 2026; deal activity fell to its lowest level since 1H 2023. Total comp bio funding rose to $5.2B across 55 deals, driven largely by mega rounds from Isomorphic Labs ($2.1B) and Earendil Labs ($787M). Deal activity decreased as investors gravitated to less bets but larger deal sizes. Comp Bio has become a vital part of the bio venture landscape, accounting for 31% of total biopharma and dx/tools funding in 1H 2026, the largest share yet and more than double the 14% low in 1H 2023.

IPI remained the largest subcategory in 1H 2026, though the increase was mainly driven by Isomorphic Labs' Series B round. The highest pre-money valuations, however, concentrated in AID companies with clinical or near-clinical assets, including NewLimit ($2.66B pre-money valuation), Iambic ($620M), and Parabilis Medicines ($615M). This continues a pattern from 2025, when AID companies also had the top pre-money valuations, alongside two exceptions, CRP (Pathos, 1H 2025 $1.24B) and IPI (Chai Discovery, 2H 2025 $1.2B). Larger AID pre-money values make sense, as those companies have a higher likelihood of faster, asset-focused exits at biopharma deal values.

Comp bio lead assets are advancing toward the clinic From 2023 to 2025, preclinical assets had the dominant share of comp bio assets. However, their share fell from 83% (44 of 53) in 2023 to 57% (15 of 26) in 1H 2026 as established comp bio companies advanced into the clinic. So far in 2026, the number of deals for companies with Phase I or Phase II assets was seven and four, respectively, on pace with the trend from 2023 to 2025, suggesting a broader shift from platform formation toward clinical development. Insilico Medicine's rentosertib, an idiopathic pulmonary fibrosis candidate designed entirely through its Pharma.AI platform entered Phase III in July 2026, illustrating this shift.

Valuation differences for comp and non-comp bio companies also widened in 1H 2026, particularly at later rounds. Comp Bio companies carried higher pre-money valuations than non-comp bio at each stage, with the gap widening from $65M vs. $47M at Series A to $334M vs. $125M at Series B. An important question going forward is whether that valuation can hold based on clinical data and potential exit window.

Comp Bio Top Investors (2023 – 1H 2026)

Top Investors by Subcategory[1]

Investor	AID	IPI	Dx	CRP	Deals
NVentures	10	5	-	-	15
Alexandria Venture Investments	8	3	-	1	12
Gaingels	6	3	1	1	11
Lilly	6	2	1	1	10
RA Capital	9	-	-	-	9
Alumni Ventures	2	2	3	1	8
Dimension	5	3	-	-	8
Flagship Pioneering	4	4	-	-	8
khosla ventures	3	4	1	-	8
Sofinnova partners	2	3	-	3	8
illumina Ventures	2	1	3	1	7
Modi Ventures	3	2	1	1	7
sanofi	7	-	-	-	7
AIX Ventures	1	4	1	-	6
Andreessen Horowitz	3	3	-	-	6
DCVC	3	3	-	-	6

Investor	AID	IPI	Dx	CRP	Deals
General Catalyst	2	3	1	-	6
Fidelity Investments	3	2	-	1	6
Bristol Myers Squibb	5	-	-	1	6
ARCH Venture Partners	4	-	-	1	5
Civilization Ventures	1	3	-	1	5
Founders Fund	2	2	1	-	5
S32	3	2	-	-	5
Merck	2	-	1	1	5
Lightspeed Venture Partners	3	1	-	-	4
WRF Capital	3	1	-	-	4
Novartis	2	-	-	2	4
NEA	2	1	-	1	4
Madrona	2	2	-	-	4
A-C	-	3	-	1	4
LifeX Ventures	-	3	-	1	4
Boom Capital	4	-	-	-	4

2023–1H 2026 US & Europe

Across 2023 to 1H 2026, NVentures recorded the highest number of comp bio investments, with activity skewed toward AID (companies advancing their own pipeline), continuing the trend from 2025. Several other active investors (RA Capital Management, Sanofi, and Boom Capital) also skew AID.

Large pharma investors participate across Comp Bio, but most remain AID-leaning. Across Eli Lilly, Sanofi, Bristol Myers Squibb, Merck, and Novartis, investment activity remains centered toward AID, although four of the five also participated in CRP financings. Relative to other investors, pharma-backed activity appears broader across subcategories but still centered on discovery-focused companies.

Tech group with healthcare teams and compute native investors are concentrated in AID and IPI. Investors such as NVentures, Andereesen Horowitz, Lightspeed Venture Partners, Founders Fund have little or no presence in CRP, with activity instead concentrated in categories closer to discovery model development, software infrastructure, and discovery workflows. This reflects a stronger fit with areas where compute, engineering, and data infrastructure scale can be applied directly to assets or asset creation.

Whether traditional biopharma investor participation broadens as more comp bio companies move into the clinic remains to be seen. Additionally, as more companies advance clinical-stage assets, there may be greater need for bioinfrastructure platforms supporting patient selection, biomarker strategy, diagnostics, and treatment-response prediction, which could drive increased CRP and Dx activity alongside healthtech and dx analytics companies.

Investor counts reflect current comp bio categorization, which can shift as company strategy matures. Enveda moved from IPI in 2024 to AID in 2025 as its pipeline advanced into the clinic, and companies like Entelo Bio could see a similar shift if they build out an internal pipeline. Founding team structure may help explain why some companies launch AID-leaning while others start as IPI. For example, Xaira paired deep computational experience (David Baker) with pharma operating experience (Marc Tessier-Lavigne) and launched AID with explicit intent to develop an internal pipeline. Isomorphic Labs, led by AI researcher Demis Hassabis launched IPI-leaning instead, pursuing drug discovery partnerships with Lilly and Novartis.

Note: Data from PitchBook as of 6/30/26, including deals of $2M+.
1. Top Investors only include first investment into a new portfolio company, not follow-on financings.
2. Note that families of funds are combined for this slide, as are corporate and corporate venture with the same parent. Source: PitchBook, company websites, internal analysis.

Source: PitchBook, company websites, internal analysis.

Deep Dive: BioInfrastructure

1H 2026

HSBC Innovation Banking

What is BioInfrastructure?
The Infrastructure & Model Layer of BioPharma

General Overview

BioInfrastructure is the digital infrastructure underlying modern pharmaceutical development and commercialization. It enables pharma across the full value chain, from discovery and preclinical research through clinical development, regulatory, launch, manufacturing and commercialization. These technologies are sold into pharma and its service ecosystem to improve execution speed, data quality, capital efficiency, and therapeutic effectiveness. This category represents a growing set of venture-backed platforms that help pharma operationalize innovation at scale as the industry shifts from discovery speed to execution efficiency.

Why it matters now?

- AI has dramatically accelerated target identification and compound discovery, driving a surge in assets entering the clinic.
- This has shifted the **bottleneck** downstream, to clinical trial design and execution, patient enrollment, data quality, regulatory workflows, and scalable GMP manufacturing.
- As a result, pharma's marginal ROI will soon depend less on discovering molecules and increasingly on **executing faster, cheaper, and with a higher probability of success through the clinic and into commercialization.**
- BioInfrastructure addresses this execution gap by digitizing and automating the most complex, costly, and failure-prone parts of the drug lifecycle.

Exit Validation and Capital Formation

- Large strategic acquisitions (e.g. Siemens' ~$5.1B acquisition of Dotmatics) validate BioInfrastructure platforms as mission-critical infrastructure with durable exit paths.
- These exits have de-risked the category and catalyzed increased venture funding, a trend expected to continue as pharma modernizes legacy systems and operationalizes AI at scale.

Bottom Line

- BioInfrastructure is emerging as one of the most durable and strategic layers of healthcare infrastructure, with **long sales cycles but high switching costs, recurring revenue, and multiple credible exit paths.**
- New entrants, like Anthropic, are increasingly expanding their capabilities and focus into the life sciences. In Q2, Anthropic acquired Coefficient Bio – a start-up working on clinical predictability models for R&D. As frontier AI labs continue pushing their models into biology, more teams and start-ups are likely to be acquired by these labs.
- As the industry shifts from discovery speed to execution efficiency, BioInfrastructure is becoming a multi-decade investment theme.

Early-Stage R&D	Clinical Enablement	Commercialisation and Market Access	Manufacturing and Supply Chain
			
Early-Stage R&D	Clinical Enablement	Commercialization and Market Access	Manufacturing

BioInfrastructure: Landscape
1H 2026 shows rapid growth for BioInfrastructure Investments

2023–1H 2026 US & Europe

Early R&D Enablement

Key Venture Backed Deals

Edison, Profluent, excelsior sciences, cradle, Benchling, Latent Labs, AUTOMATA, inductivebio

Recent Financings 1H '26

Element Biosciences, nuclera, Nabla Bio, kvantify, Alloy Therapeutics, Phylo, KANVAS

Commercial & Market Access Solutions

Key Venture Backed Deals

alto Pharmacy[1], OpenEvidence, ODAIA, neon, H1, Waltz Health, komodo

Recent Financings 1H '26

COLLATE, BranchLab, Solstice Health, adonis, CourierHealth, Forus.

Clinical R&D Enablement

Key Venture Backed Deals

peer, TRUVETA, Prudentia Sciences, Paradigm Health, SleuTh, Alleviate Health, Medable, Double Blind Bio, Crescendo Health, faro

Recent Financings 1H '26

OpenEvidence, ITERATIVE HEALTH, commure, BAMF Health, NVISION, BIORCE, TRIOMICS

Supply Chain & Manufacturing Infrastructure

Key Venture Backed Deals

ZoomLogi, DASH

Recent Financings 1H '26

CELLARES, BioOrbit, ntx nature's toolbox, NEION, PROXIMA, SpectronRx, Antheia

BioInfrastructure pulls from multiple healthcare sectors

BioInfrastructure investment tripled in 1H 2026 and established itself as its own sector, meeting a compelling need. As AI advances within HealthTech and Dx/Tools, new companies are emerging to provide valuable tools that help big pharma and biotech accelerate, optimize, and/or replace critical parts to their business.

BioInfrastructure overlaps and pulls from "established" sectors in Dx/Tools, such as R&D tools and Dx Analytics, and within HealthTech subsectors including provider ops, clinical trial enablement, and medication management.

Companies are classified into four subcategories, based on their products and primary pharma function:

- **Early R&D Enablement:** Tools and platforms that accelerate pre-clinical R&D processes within pharma (e.g., target discovery, protocol design, literature review, etc.). Excludes companies developing therapeutics.
- **Clinical R&D Enablement:** Solutions that optimize clinical research design, execution, and evidence generation, including technologies that enable trials.
- **Commercial & Market Access Solutions:** Companies that support the successful launch, pricing, distribution, and promotion of a drug; includes sales enablement software, medical affairs platforms, provider marketing tools, digital hub services.
- **Supply Chain & Manufacturing Infrastructure:** Vendors providing next-gen infrastructure and processes required to produce, quality control, and distribute drugs at scale.

1. Company M&A in 2025

Note: Data from PitchBook though 6/30/26. Covers private, venture-backed investment.

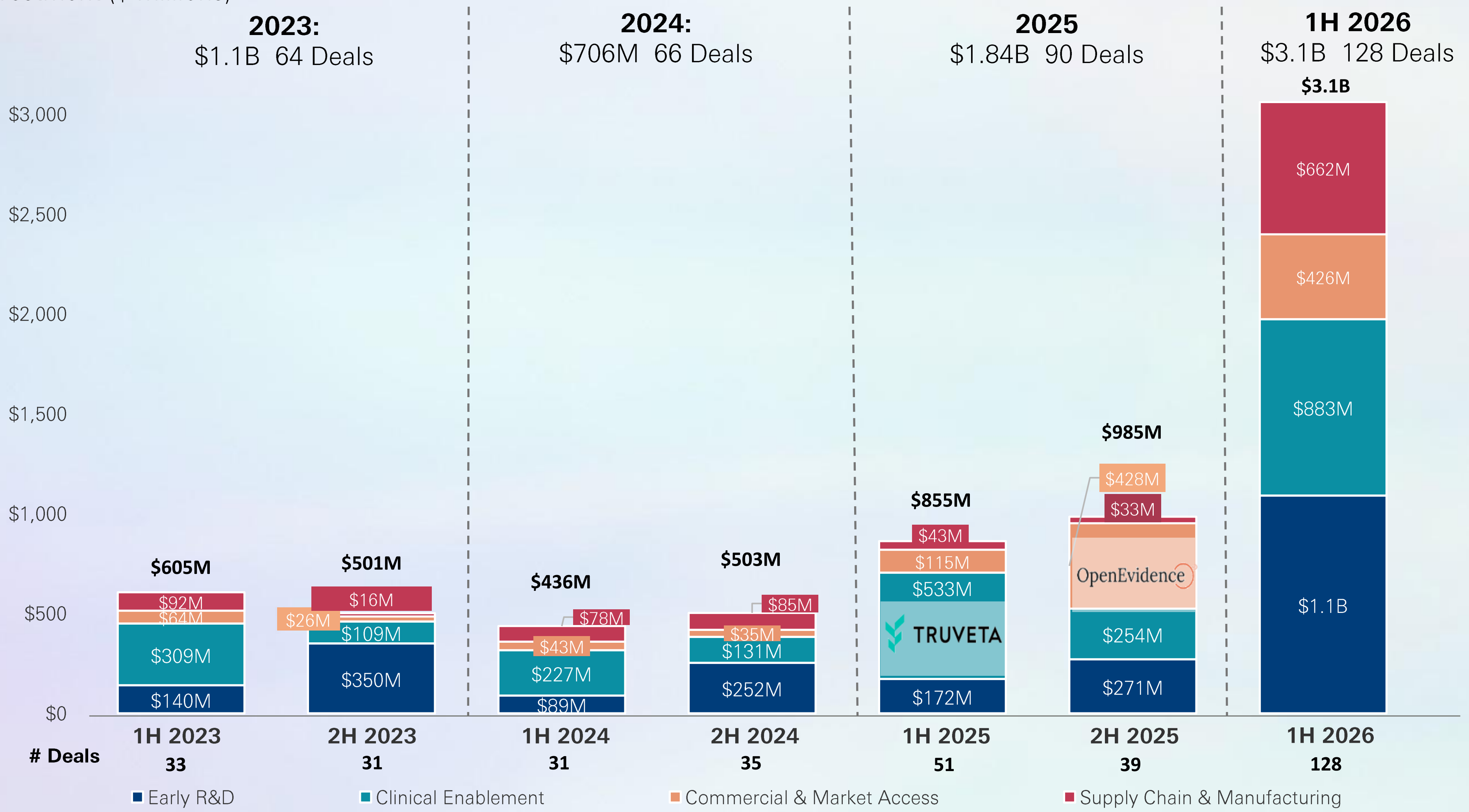
Source: PitchBook, company websites, internal analysis and conversations with investors.

BioInfrastructure: Investment Trends

1H 2026 marks transition from emerging area to important ecosystem sector, as investment increases 3x

Pharma Tech Investment Activity ($/Deals)

Investment ($ millions)



Note: Data from PitchBook as of 6/30/26. Covers private, venture-backed investment
For this analysis, to qualify as a BI company, a firm must directly serve the operational and budgetary needs of biopharmaceutical companies across core functions: R&D, clinical development and clinical trials, commercialization, and manufacturing – often spanning multiple internal stakeholders and budget centers; and have raised over $2M in a disclosed financing round.
Many of these companies serve across multiple pharma functions, but for the sake of this analysis the primary function was used to categorize.
Source: PitchBook, company websites, internal analysis.

2023– 1H 2026 US & Europe

Early R&D and Clinical Enablement scale to dominate BioInfrastructure fundraising
In 1H 2026 investment grew dramatically across three of the four BioInfrastructure subsectors. Early R&D scaled the most, with investment increasing 4x from 2H 2025. The largest investments were for commercial stage R&D tools companies raising revenue expansion Series C-E rounds. These companies were funded largely by late-stage VC and growth investors, and interestingly, had no participation from either tools or pharma/biotech corporates. The three largest Early R&D deals were Element, Nuclera and Nabla.

Clinical Enablement scaled 2.5x 2H 2025's investment, even without any $100M+ mega rounds. The 36 deals in the category ranged from $2M to $77M, with a median deal size of $11.5M. The three largest deals were Iterative Health, Commure and Bamf Health.

Big deals dominate Supply & Manufacturing
Manufacturing/bioreactor companies Cellares (cell therapy) and Proxima (protein bioreactor) dominated investment in the Supply & Manufacturing subsector, raising 72% of all funding in 1H 2026. Both Cellares (BMS, Tscan, ProTgen and Cabaletta) and Proxima (BMS, Janssen and Blueprint Medicines, among others) have multiple partnerships with pharma and biotech companies.

Commercial & Market Access Led Step-Ups
Early round investment increased in Commercial & Market Access Solutions, with three of the five largest deals (Collate, Branchlab, Nexcure) raising Series A. The five largest deals (between $19M-$95M) were all step-ups from their last round of financing with a median pre-money valuation of $217M.

Largest BioInfrastructure Deals in 1H 2026

Company	$s Raised	Subsector
Cellares	$327M (D)	Supply Chain
OpenEvidence	$250M (D)	Clinal Enablement
Element	$175M (E)	Early R&D
Forus	$160M (B)	Commercial
Collate	$95M (A)	Commercial

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BioInfrastructure Most Active Investors[1]

Investors pickup investment level alongside AI thematic growth

Notable Active Investors in the BioInfrastructure Space

Seed & Early-Stage Bio

ATRIA VENTURES_

KdT Ventures

CIVILIZATION VENTURES

Multistage Bio+Health

khosla ventures

Lightspeed

andreessen. horowitz

GENERAL CATALYST

ARCH VENTURE PARTNERS

OBVIOUS VENTURES

DEFINE VENTURES

Corporate

McKesson Ventures

MAYO CLINIC

Ascension Ventures

Multistage Generalist

SEQUOIA

Index Ventures

Redpoint.

KLEINER PERKINS

Accel

We're seeing model and data infrastructure become core to drug development. Many of these startups being funded are AI-native plays, and the teams building them look more like frontier AI labs than traditional drug developers. We expect companies to expand across the drug development pipeline, moving closer to asset development and opening up potential new business models focused on data and foundational model licensing, and some early signs of companies being remunerated on pipeline licensing .

One of the biggest shifts we've seen this year is in the buying patterns across big pharma. Many are realizing that the first versions of their internal AI pilots are either not delivering value or are not focused on core programs. We've seen pharma increasingly look to startups that blend cutting-edge AI talent with a forward-deployed engineering motion to build out the AI-native infrastructure biopharma needs.

Among the areas we expect will grow and see new companies founded in over the coming year are technologies that enable lab-in-the-loop models and automation, physical AI data architecture for manufacturing, and models that improve clinical predictability.

Chris Leiter
General Partner - Atria Ventures

Note: BioInfrastructure defined as companies or product/solutions that enable pharma across the value chain, from discovery and preclinical research, through clinical development, regulatory, launch, and manufacturing.
Data from PitchBook as of 6/30/26. Covers private, venture-backed investment.

1. Most Active Investors only include investment into a new portfolio company, not follow-on financings.
2. Note that families of funds are combined for this slide, as are corporate and corporate venture with the same parent.

Source: PitchBook, company websites, internal analysis and conversations with investors.

BioInfrastructure Acquirer Landscape

Anthropic makes an M&A play into drug discovery

Pharma & Biopharma	Life Sciences and Industrial Strategics	CROs and Pharma Services	Frontier Labs & Hyperscalers
Acquire platforms to improve R&D productivity, clinical execution, and manufacturing efficiency	Extend from instruments and services into high-margin software and data	Differentiate services and improve margins through tech-enabled execution	Drive industry-specific demand for compute, cloud, and AI infrastructure
Targets: discovery platforms, clinical enablement, R&D informatics, regulatory	Targets: Electronic Lab Notebooks/LIMS, scientific data platforms, quality and validation software	Targets: trial operations, enrollment, data management, endpoint measurement	Targets: bio research teams, data assets and models

Category	Acquirer / Partner	Target / Partner	Year	Deal Type	Deal Size	Strategic rationale
Pharma / Biopharma	Eli Lilly	NVIDIA	2024-2025	Strategic Partnership	N/A	Build AI supercomputing infrastructure to accelerate discovery, development, and manufacturing workflows
	BioNTech	InstaDeep	2023	Acquisition	~$560M	Internalize AI capabilities for drug discovery and R&D optimization
Life Sciences & Industrial Strategics	**Siemens**	**Dotmatics**	**2025**	Acquisition	**~$5.1B**	Establish end-to-end digital R&D "thread" across scientific data, modeling, and analytics
	Thermo Fisher	**Clario**	**2025**	Acquisition	**Up to ~$9.4B**	Expand clinical trial data, endpoint, and services platform
CROs & Pharma Services	Thermo Fisher (PPD)	CorEvitas	2021	Acquisition	~$912M	Strengthen real-world evidence and clinical data capabilities
Big Tech / Hyperscalers / Frontier Labs	NVIDIA	Eli Lilly (and others)	2024-2025	Strategic Partnership	N/A	Drive pharma-specific demand for AI compute and software stack
	AWS	AION labs	Ongoing	Strategic Partner / Investor	N/A	Provide cloud + AI infrastructure for pharma-led venture creation
	Anthropic	Coefficent Bio	2026	Acquisition	$400M	Integrates neolab into Anthropic's own life science practice, adding both drug discovery capability and an expert life sciences AI team

Source: PitchBook, company websites, internal analysis.

Med Device Early Stage: First-Financing Analysis (Seed/Series A)

1H 2026

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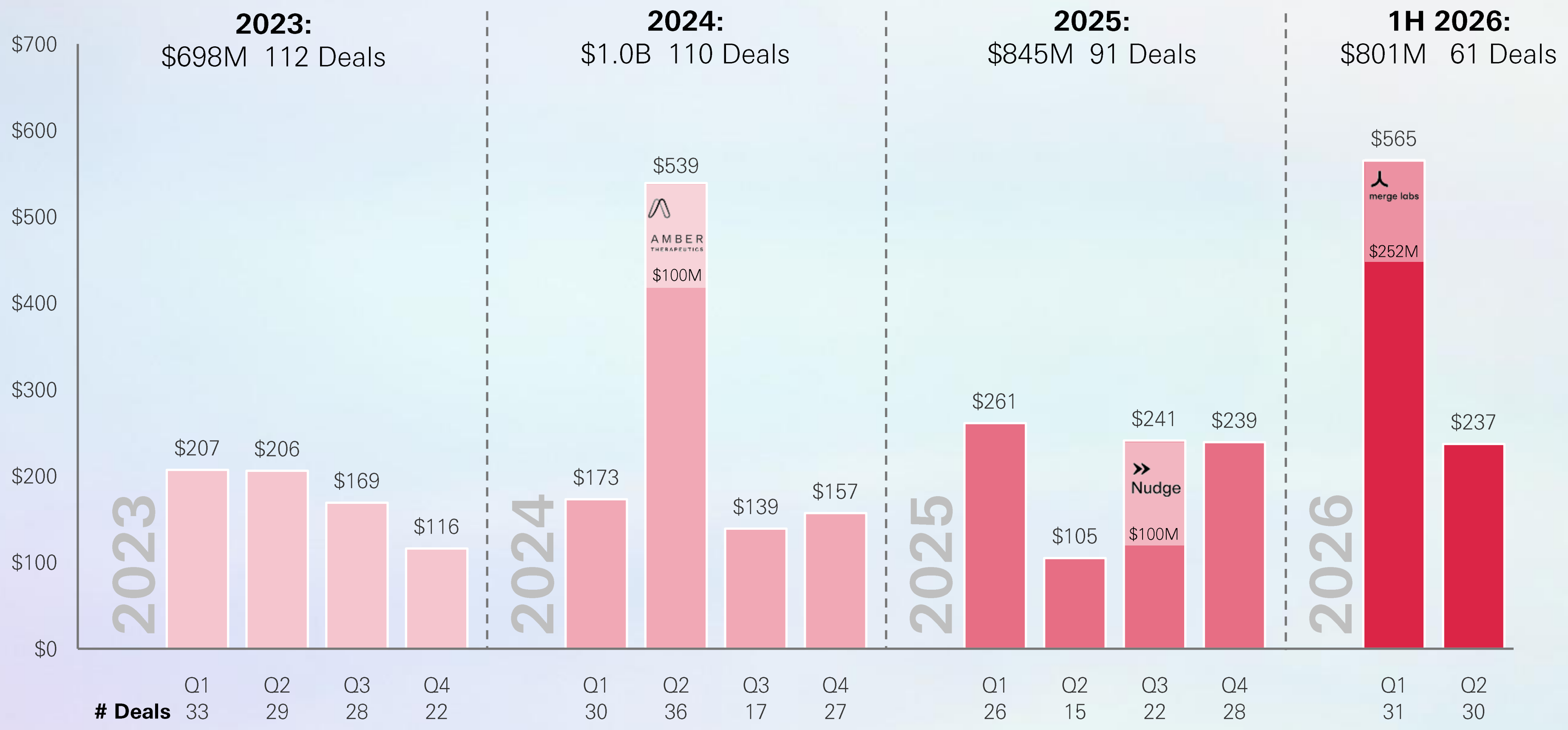
Med Device First-Financing[1] Analysis

Uptick in First-Financing investment contrasts with fundraising troubles

Med Device First-Financing Investment Activity ($/Deals)



Logo represents $100M private financing of VC-backed deal.

Note: Data from PitchBook as of 6/30/26.
Covers private, venture-backed investment.
1. First-Financing defined as initial Seed or Series A financing of $2M+.
Source: PitchBook, company websites, internal analysis.

2023–1H 2026 US & Europe

First-Financing jumps higher in 1H 2026

First quarter financing hit a record, helped by Merge Lab's $252M brain-computer interface (BCI) financing, and a solid Q2 pushed med device to its best half of first-financing investment ever. Even excluding Merge Labs as an outlier deal, the sector is on pace to exceed $1B for the year.

Big rounds provide for better success at Series B

There were nine $20M+ first-financing deals in 1H 2026, more than all of 2023 and equal to 2025's annual numbers. This looks like a critical trend for the sector. One of the biggest barriers for Series A companies over the past few years has been the difficulty in determining a value inflection point that gets a new investor to lead the next round. Companies tend to focus on smaller Series A ($5-10M) rounds to minimize dilution. However, there have been many examples of companies that hit milestones they expected would attract next round investors at a step-up, only to find those investors demanding more progress. The larger rounds seen now give companies more flexibility to reach meaningful milestones, increasing the chances of a successful Series B raise. Many of these larger first-financing deals include multiple syndicate partners, which also means more available capital for an insider round if needed.

As mentioned in previous reports, while total dollars look encouraging, many entrepreneur founders with new companies are dealing with a very difficult financing environment. The first-financing investor landscape is highly stratified, often with traditional VCs moving upstream to later-stage deals. For investors that do participate in first-financing funding, the number of investments per year is limited (often one deal a year or one every other year). First-Financing investments by firm since 2025 is led by SOSV (four deals), Texas Medical Center (three), Jumpspace (three, all neuro), then VCs Shangbay Capital, Sante and Vensana Capital. See slide 46 for more information on active investors in smaller first-financing deals.

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Med Device First-Financing[1] by Indication[2]

Neuro investment showcases AI-enabled tech

Dollar Investment by Top Indications

Largest Rounds in 1H 2026

	Company	Indication	Size of Round ($M)	Deal Quarter	Location
1	merge labs	Neuro Brain/computer	$252	Q1	SF, CA
2	Spiro Medical	Respiratory Asthma	$67	Q1	Belleair Bluffs, FL
3	Ventaris Surgical	Uro/Gyn Kidney Stone Mngmt	$31	Q1	San Carlos, CA
4	Re-EmergeDBS	Neuro Deep Brain Stim	$30	Q2	New York, NY
5	nia	Neuro Brain/Computer	$27	Q2	Allston, MA
6	NVentric	Surgical Device Platform	$23	Q2	Arcadia, CA

Note: Data from PitchBook though 6/30/26. Covers private, venture-backed investment.
1. First-Financing defined as initial Seed or Series A financing of $2M+.
2. Indication defined as the central focus of the company delineated on their website. If NIM or Imaging company, that indication bucket supersedes the underlying focus.

Source: PitchBook, company websites, internal analysis.

2023–1H 2026 US & Europe

Brain technology lifts neuro investment
First-Financing dollars into neuro were dominated by BCI technologies, with Merge Labs ($252M, including funding by AI tech giant OpenAI) and Nia Therapeutics ($27M). However, there were more First-Financing deals in neurostim/neuromodulation technologies (four deals, $60M combined), and neuro mechanical/surgical devices (three deals, $48M combined).

Uptick in Imaging deals
After a slow year in 2025, imaging saw eight first-financings in 1H 2026, capitalizing on the integration of AI, robotics, and precision imaging. These deals all have capital equipment as a part of their underlying thesis, and their challenge post-commercialization will be determining the right sales strategy and revenue model. The top three were Squaremind (AI/robotic skin exams), Elumn8 (imaging plus device for CTOs) and Illuminant Surgical (surgical guidance by image projection).

Investment comeback for NIM
NIM first-financings equaled full year 2025 deal count and nearly matched full year dollars at midyear. All eight deals were in different indications, spanning chronic disease management and at-home health (vitals and fertility).

Cardiovascular retreats
There were just two small (<$15M) cardiovascular investments in 1H 2026 despite this indication logging the most private venture-backed M&A exits since 2019 (19 deals).

2026 Numbers (20 largest First-Financing deals)

Subsector

Neuro	6 deals
NIM	4 deals
Respiratory, Imaging	2 deals

Location

NorCal	5 deals
SoCal	3 deals
NV, NY, France	2 deals

Med Device First-Financing[1] Analysis

Investors in First-Financing deals in the US since 2025

Active Investors[2] in Smaller First-Financing Deals over the past two years

2025		1H 2026	
Historically Known	New/Less Known	Historically Known	New/Less Known
andreessen horowitz; BOLD Capital Partners; Mayo Clinic Business Development; CHV Catalyst Health Ventures; SOSV; Good Growth Capital; Wavemaker Three-Sixty Health; Vensana Capital; Maverick Ventures; orbimed; Shangbay Capital; treoventures; Ben Franklin Technology PArtners; WARF Ventures Invest-Develop-Partner; Johnson & Johnson; Exsight Ventures; general inception; HAX; Launchpad Venture Group	Golden Falcon Capital; freeflow; engage Venture Partners; Camford; red alpine; Nexus Neurotech Ventures; Thornapple River Capital; Highpoint Ventures; Dream Ventures; VIPC Virginia Innovation Partnership Corporation Connecting Innovators with Opportunity; Accomplice; Bold Ventures; Asymmetry Ventures; celularity; 2468 Ventures; TSVC; Monte Carlo Capital	DCVC; Andreessen Horowitz; khosla ventures; Lerer Hippeau; general inception; SOSV; TMC Texas Medical Center; Launchpad Venture Group	Cartan Capital; AGI House; Aegis; Waterline Ventures; Device of Tomorrow Capital; Jumpspace Ventures; AI in Health Fund; I|V Intelligence Ventures; Elderberry Ventures

Note: Data from PitchBook though 6/30/26.
1. First-Financing defined as initial Seed or Series A financing of $2M+.
2. Investors with one or more small, early-stage first-financing investments in the US since 2025. Focus on investors with demonstrated interested or investment activity in med device/AI in med device.

Source: PitchBook, company websites, internal analysis and conversations with investors. Thanks to Mind Machine for slide strategy, creative, and design.

Med Device Investment: All Venture Deals

1H 2026

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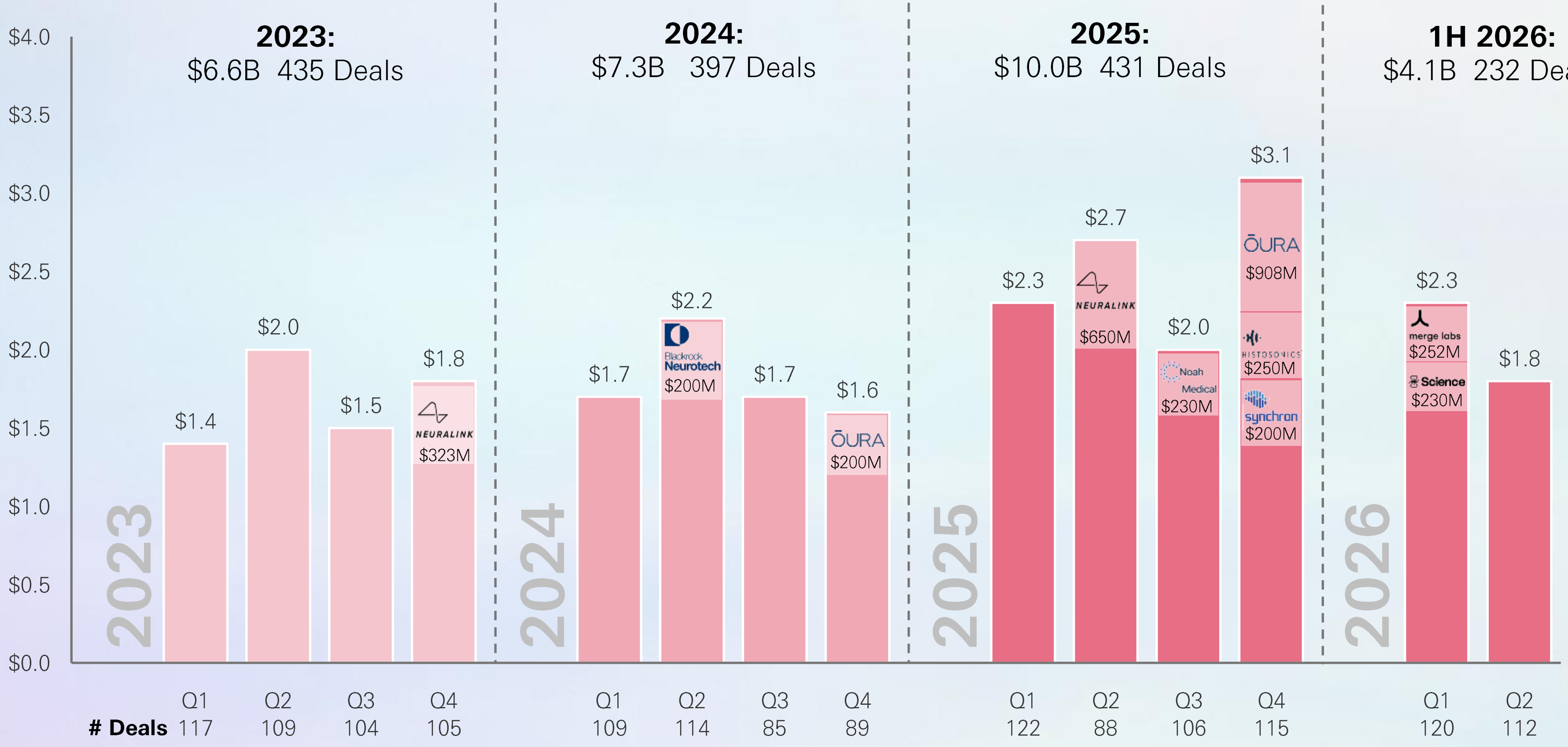
Med Device Analysis (All Deals)

Investment off record high but still strong; 24 $50M+ deals in 1H

Med Device Investment Activity ($/Deals)

Investment ($ Billions)



Logos represent $200M+ private financings of VC-backed deals.

Continued strong investment for Med Device
After 2025's record investment, augmented by $1.6B from just two 2025 deals (Neuralink and Oura), we had predicted a decrease in 2026 investment. 1H 2026 investment totaled $4.1B, with an annual pace of $8.2B, trailing 2025 but well ahead of 2023 and 2024. Notably, BCI continued to close large deals, with two BCI companies, Science and Merge Labs, raising $200M+ rounds in Q1.

Absent the $200M+ financings over the past three years (nine deals, $3.1B in total investment) device investment has remained stable. Without these outliers, device investment was $6.8B in 2024, $7.8B in 2025 and $3.6B ($7.2B annual run rate) so far in 2026.

$50M rounds remained the investment driver
$50M+ financings have increased over the past few years, from 26 $50M+ med device financings in 2023, to 45 in 2024 and then 54 in 2025. The trend continued in 1H 2026, with 24 $50M+ deals, similar to 2025's activity. Thirty-six percent (nine of 24) had traditional device VCs in the new investor syndicate, reaffirming that many VCs continue to seek less technology risk and nearer-term exit opportunities, even at higher pre-money values. Corporate investors across industries also participated in these larger deals, including device strategics Medtronic and Johnson & Johnson, hospital systems Mayo Clinic and Sutter Health, and generalists like Open AI. AI is part of the core technology in many of these larger device deals, present in 14 of the 24 $50M+ deals.

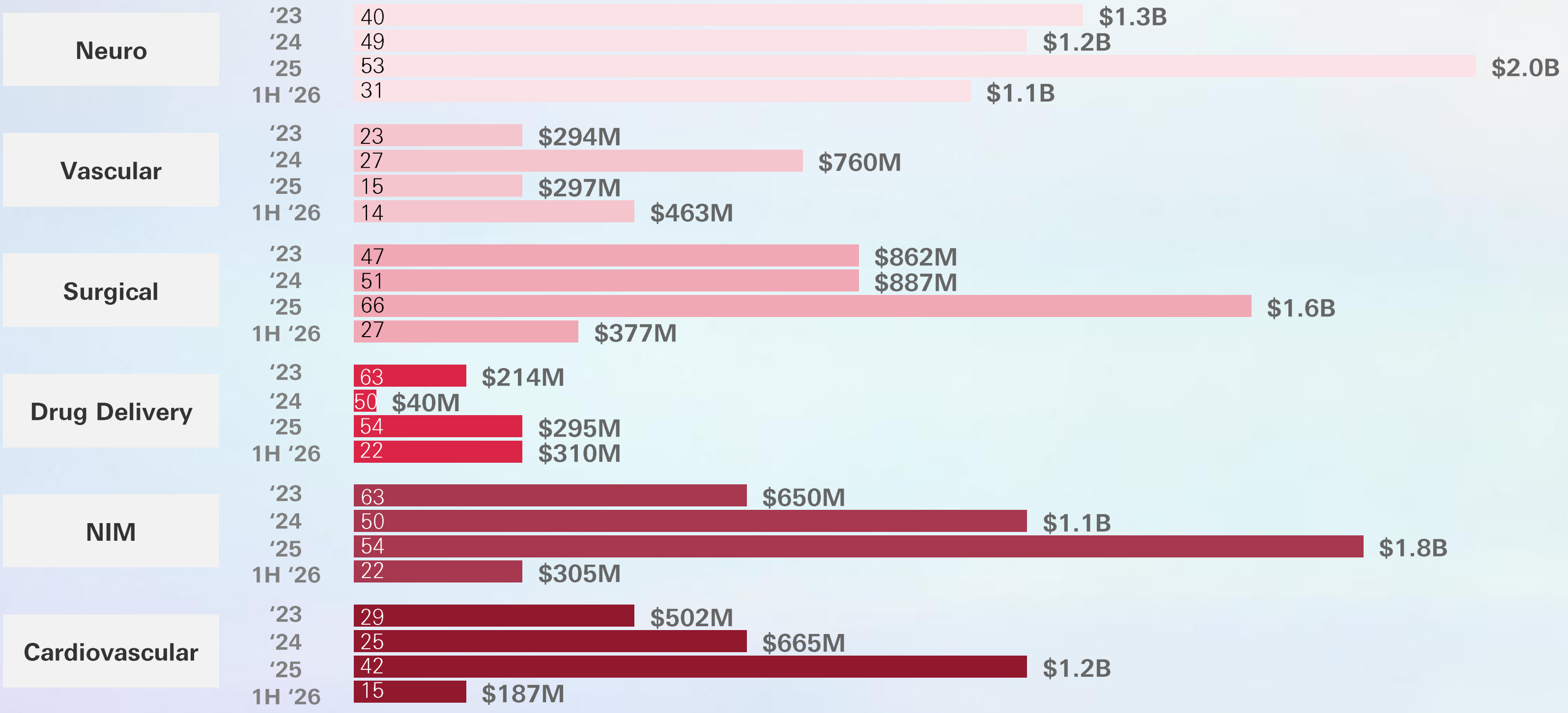
Series B: Less activity but some Step-ups
Even as financings for later-stage pivotal trials and commercial ramp-up continue to draw strong outside syndicates, Series B activity lagged. There were 14 Series B deals completed in 1H 2026, down about 40% from 2025's pace. Four deals disclosed step-up rounds (median pre-money valuation of $43M, deal size of $22M), with one flat and one down round. However, only two of 14 Series B deals had traditional device VCs in the syndicate in 1H 2026.

Note: Data from PitchBook as of 6/30/26.
Covers private, venture-backed investment.
1. According to available PitchBook data as of 12/15/25.
Source: PitchBook, company websites, internal analysis.

Med Device Investment by Top Indications[1]

Neuro, NIM and Surgical dollars up, joined by Cardio and Imaging

Dollar Investment by Top Indications



1H 2026 Mega Rounds ($100M+) by Indication

7 Deals, $1B Raised

Neuro extends its lead in venture funding
Neuro remained the strongest medtech investment category in 1H 2026, with continued investor conviction in both neurotechnology and BCI platforms. While large financings continued to account for most of the category's dollar volume, investment breadth also improved, with deal activity on pace to increase year-over-year. Investors remain willing to fund longer development timelines in this sector, particularly where technologies have the potential to create new standards of care, reinforcing neuro as one of the venture market's leading sectors. While conviction is strong, BCI may also be the highest risk category, with Science ($1.5B post-money value), Merge Labs ($850M post-money value), and Neuralink ($9B post-money in its 2025 deal) all reaching high post-money valuations as pre-commercial companies.

Surgical funding normalizes following an outsized 2025
Surgical investment moderated in H1 2026, with funding declining to $377M across 28 deals. This decline followed an exceptionally strong 2025 that produced $1.6B across 66 financings. While overall capital deployment returned closer to historical levels, investor interest in differentiated procedural technologies remained. HistoSonics latest financing valued the company at $3.75B, as adoption of its non-invasive histotripsy platform continues to expand, while Distalmotion secured strategic investment from J&J to accelerate commercialization of its robotic surgery platform. The divergence between lower aggregate funding and continued support for category leaders suggests investors have grown increasingly selective, concentrating capital behind companies with established clinical validation and clear commercial adoption pathways rather than funding the broader surgical ecosystem.

Cardiovascular investment drops sharply
Cardiovascular investment dropped significantly in 1H 2026, with just three deals over $20M and none over $50M. That decline follows a strong 2025, when nine cardiovascular deals exceeded $50M, including one mega round. While cardiovascular clinical development timelines and the capital required to fund pivotal trials continue to increase, this doesn't appear to reflect deliberate avoidance of cardiovascular opportunities. We predict strong 2H 2026 investment in this indication.

Note: Data from PitchBook though 6/30/26. Covers private, venture-backed investment.
1. Indication defined as the central focus of the company delineated on their website. If NIM or Imaging company, that indication bucket supersedes the underlying focus.
Source: PitchBook, company websites, internal analysis.

Med Device Venture Investments

Largest deals split between commercial and clinical; AI dominates

Largest Rounds in 1H 2026

#	Company	Indication Focus	Size of Round/ ($M) Step-up?[1]	Quarter/ Round	Location
1	merge labs	Neuro Brain/Computer	$252	Q1 Seed	San Francisco, CA
2	Science	Neuro Brain/Computer	$230 (2.3x)	Q1 C	Alameda, CA
3	Endogenex[2]	Metabolic Type 2 Diabetes treatment	$138	Q1 C	Plymouth, MN
4	Cognito Therapeutics	Neuro Neurostim for Alzheimer's	$105	Q1 C	Cambridge, MA
5	CeQur	Drug delivery Insulin delivery	$101	Q2 E	Greenville, SC
6	GT Medical Technologies	Oncology Radiotherapy Implant	$100 (1.3x)	Q2 E	Tempe, AZ
7	Imperative Care	Vascular Stroke Device and Robotics	$100	Q1 E-1	Campbell, CA
8	ViCentra Home of Kaleido.	NIM Metabolic	$98	Q1 D	Utrecht, Netherlands
9	magnusmedical[3]	Neuro Neuromodulation for Depression	$89	Q2 B	Burlingame, CA
10	CereVasc	Neuro Implantable Shunt	$85 (1.5x)	Q2 C	Boston, MA

Valuation[1]: Step-Up | Flat Rd | Step-Down

Note: Data from PitchBook though 6/30/26. Covers private, venture-backed investment.
1. Step-up analysis uses PB supplied valuations if available, Step-ups calculated as follows: Divide new pre-money valuation by previous round post-money valuation.
2. Original financing announced in 2024, additional $50M in equity added in 2026.
3. Original financing announced in 2025, additional equity added in 2026.

Source: PitchBook, company websites, internal analysis.

1H 2026 US & Europe

Split between commercial and clinical financing
In 2025, the 10 largest deals were split six to four between commercial-stage and development or clinical-stage financings. In 1H 2026, the largest 10 financings followed the same trend, with six commercial deals (all six 510(k)) and four in development or clinical trials. Of the four non-commercial deals, Science is in PMA review, Endogenex and Cognito are in pivotal trials, and Merge Labs remains in the development stage.

AI-based technology deals take center-stage
Seven of the top 10 deals had AI-enabled technology as a core component of their businesses in 1H 2026, a repeat of 2025 results. These included two BCI technologies (Merge and Science), two neurostim-plus-AI companies (Cognito and Magnus) two metabolic-focused NIM deals (CeQur and Kaleido) and a precision oncology company (GT Medical).

Fundamental changes to BCI technologies
While traditional BCI companies focus on surgical implantation of electrodes, Science and Merge are pursuing alternative approaches to allow computers and neurons to communicate. Merge Labs uses focused ultrasound paired with a wearable non-invasive device worn on the head, using ultrasound frequencies to activate or deactivate cells. Science uses a retinal implant that leverages light to deliver therapy to cells via specialty glasses.

Numbers at a glance: $50M+ deals (24 financings)

Indication	
Neuro:	8 deals
Vascular:	5 deals
Drug Delivery, NIM, Vascular:	2 deals
Location	
NorCal:	7 deals
MA:	4 deals
Netherlands, France, Florida	2 deals
Modality	
Neuro stim/device/treatment:	6 deals
Brain/Computer:	3 deals

Med Device Most Active Investors[1]

Slight increase in VC and growth investor deal pace

First-Financing and Later Stage deals – Last 18 Months Activity 2025-1H-2026

Angel/VC		Corporate[3]		Growth/Crossover[2]	
7	Vensana Capital	7	Boston Scientific	5	Ally Bridge Group
5	Elevage Medical Technologies; Gilde Healthcare; Santé Ventures; Catalio Capital Management	5	Intuitive Ventures; Medtronic	4	QIA جهاز قطر للاستثمار Qatar Investment Authority
4	Khosla Ventures; S3 Ventures; SOSV	4	Johnson & Johnson	3	MVM Partners; Sprig Equity
3 (tie)	Nexus Neurotech Ventures; Panakès Partners; Shangbay Capital; Medtech Angels; Arboretum Ventures; Blast; bpifrance Serving the Future; Jumpspace Ventures	3	Zeiss	2	accelmed; Sectoral Asset Management; andera Partners; HealthQuest Capital
3 (tie)	Sontag Innovation Fund; InvestNL; TMC Texas Medical Center; Longitude Capital; orbimed; Norwest; MainSheet Ventures; Fred Moll; IAG Capital Partners			2 (tie)	Soleus Capital; Sands Capital; Janus Henderson Investors; Perceptive Advisors

Note: Data from PitchBook as of 6/30/26. Covers private, venture-backed investment.

1. Most Active Investors only include investment into a new portfolio company, not follow-on financings.
2. Growth Investors defined as investment firms that typically invest in later-stage companies that either are revenue scaling, or the round is anticipated to be the last before an IPO.
3. Note that families of funds are combined for this slide, as are corporate and corporate venture with the same parent.

Source: PitchBook, company websites, internal analysis and conversations with investors.

Med Device Largest Post-Money[1] Values

Highest value deals were commercial-stage companies, fueled by later-stage investors

Largest Post-Money Valuations in 1H 2026

Indication	Company	Quarter	Deal Size ($M)	Round	Post $ ($M)/ Step-up?[1,2]	Stage	Notable/Lead New Investor(s)
Surgical	HISTOSONICS	Q2	undisclosed	Post buyout	$3,750	Commercial 510(K)	VC
Neuro	Science	Q1	$230	C	$1,500 (2.3x)	PMA Review	VC, Family Office
Oral	VARDIS SWITZERLAND	Q2	undisclosed	PE	$1,263	Commercial	PE
Drug Delivery	enable injections	Q1	$30	B1	$930	Commercial	Corporate
Neuro	merge labs	Q2	$252	Seed	$850	Development Stage	PE, Corporate, VC, angels
Renal	Calyxo	Q2	$40	F	$684 (1.6x)	Commercial 510(k)	Growth Equity, Asset Management
Drug Delivery	CeQur	Q2	$101	E	$385	Commercial 510(k)	Undisclosed
Oncology	GT Medical TECHNOLOGIES	Q2	$100M	E	$377	Commercial 510(k)	Asset management

Valuation[2] Step-Up | Flat Rd | Step-Down

Note: Data from PitchBook though 6/30/26. Covers private, venture-backed investment.
1. Financing data based on information available from PitchBook, including post-money values and step-up, flat and down round calculations.
2. Step-ups calculated using Pitchbook valuation data for previous and new financing as follows: Divide new pre-money valuation by previous round post-money valuation.
Source: PitchBook, company websites, internal analysis.

Commercial-stage focus, less new VC investment
Later stage, commercial deals dominated 1H 2026's top valued companies, and this list of investors included fewer VCs than in the past few years. In 2024 and 2025, by comparison, five of eight highest-valued deals had new VC investors join the round as syndicate partners. This was a result of many traditional VCs moving "up stream", investing in much later-stage rounds where technical risk is limited but potential exit is closer, at the cost of higher valuations. The lack of VCs on this list for 1H 2026 could signal a VC focus shifting back to earlier-stage deals with more technical risk at more attractive valuations. We think that the market, with stronger 1H 2026 exit activity at compelling M&A values, along with an open IPO window, has enabled investors to take more early-stage risk, and there has already been a return to some series A investment.

Histosonics, one of these highly valued deals, is not like the others
Histosonics has its own unique history, including a $2.5B buyout in August 2025 that provided partial liquidity for previous investors. Histosonics then raised another $250M in 2025 and additional undisclosed capital in 2026, both with VC investment. This deal shows the possibility for multiple $1B+ transactions within a single med device company. MiRus' recently announced $1.5B option agreement provides another example.

Med Device is primed for a great exit window
Between 2023 and 2025, a highly active group of later-stage investors in med device participated in 65 $75M+ private VC-backed financings, totaling $9.2B. Of those deals, we have seen some strong M&A (five exits, median upfront $650M) and IPO activity (four deals), but many companies remain private, either scaling revenue or progressing through pivotal trials. Details are on the next slide (53).

We believe the next 12 months will be a critical exit window. If exits and IPOs scale, building off 1H 2026's 12 M&A and $7B in total deal value, it will provide the validation and returns later investors expect, and the sector should continue to attract late-stage capital. If not, it could lead to later-stage down rounds and investor retreat from the med device sector.

$75M+ Raise Analysis – what happened since the raise?

65 $75M+ Med Device Financings from 1/1/2023 -12/31/2025

With 10 companies raising 2 rounds of $75M+, the financings were for 55 unique companies.

What were proceeds used for? (n=65)

To Fund Clinical (n=31)		To Fund Commercial (n=34)	
Neuro (10) / NIM (2) (n=12)	Other Sectors (n=19)	Commercial Launch* (n=15)	Commercial Expansion (n=19)
Quick Facts - Median Round Size of $129M - Four financings made up > $2Bn in funding Notable Companies	Quick Facts - Median Round Size of $96M | Post Money: $253M - Cardio (n=4), Surgical (n=4), Vascular (n=3) Notable Companies	Quick Facts - Median Round Size of $100M | Post Money: $480M - 6 510(k), 5 De Novo, 4 PMA - At least 10 have a strategic investor Notable Companies	Quick Facts - Median Round Size of $115M | Post Money: $395M - 12 510(k), 3 PMA, 2 De Novo, 2 other - At least 9 have a strategic investor Notable Companies

Where are these companies today? (n=55)

Remain Private (n=46)		Exited (n=9)	
Clinical Stage (n=23)	Commercial Stage (n=23)	IPO (n=4)	Acquired (n=5)
Quick Facts - 10 are neuro companies - 11 have reported a strategic investor Notable Companies	Quick Facts - 12 financings occurred in 2025 - 13 510(k), 5 De Novo, 4 PMA Notable Companies	Quick Facts - 3 commercial, 1 (SpyGlass Pharma) clinical at IPO - Median market cap of $775M as of 1H 2026	Quick Facts - All 5 commercial stage - 3 510(k), 1 PMA, 1 De Novo - Median upfront $650M

*Commercial Launch round defined as a fundraise within 12 months of commercial launch.

Note: Data from PitchBook though 6/30/26. Covers private, venture-backed investment

Med Device M&A defined as announced private, venture-backed M&A with an upfront payment of at least $50M, calculated on a best-efforts basis.

Med Device Investment: Private Exit Analysis

1H 2026

HSBC Innovation Banking

Med Device Private VC-Backed M&A[1] by Indication

Strong 1H activity, Medtronic returns; IPO window still open

M&A Median Values

Date	2020	2021	2022	2023	2024	2025	1H 2026
Deals	16	23	10	9	14	10	12
Upfront ($m)	$132	$250	$138	$400	$288	$529	$345
Milestone TBE ($m)	$100	---	$130	$120	$63	-	$25
Total Deal Median ($m)	$223	$300	$255	$600	$338	$570	$525
Total Deal Value	$4B	$7B	$4B	$6B	$7B	$7B	$7B

Notable M&A 1H 2026

conformal → GORE	SCIENTIA → Medtronic	AVS PULSE INTRAVASCULAR LITHOTRIPSY → stryker	Vivasure → HAEMONETICS
CATHWORKS → Medtronic	NOCTRIX HEALTH → ResMed	SPR SPR Therapeutics → Medtronic	INTEGRITY ORTHOPAEDICS → smith&nephew
ENDOSPAN → ARTIVION	VIEW POINT MEDICAL → MERIT MEDICAL	BioProtect → OLYMPUS	MiRus → Capital Return[3]

IPOs[2] 1H 2026

Quarter	Company	Indication	Stage	Time to IPO[2] (yrs)	Step-up to IPO[3]	Dollars Raised at IPO ($M)	Post Money At IPO ($M)	Performance to IPO Price (06/30)
Q2	MOBIA	Neuro	Commercial	17.2	1.5x	$150	$496	11%
Q1	SPYGLASS PHARMA	Ophthalmology	Phase 3	7.8	1.0x	$150	$511	39%

Note:
1. Med Device M&A defined as announced private, venture-backed M&A (or equity return to shareholders) with an upfront payment of at least $50M, calculated on a best-efforts basis.
2. IPOs defined as private venture-backed IPOs that raise at least $25m in an IPO.
3. Multiple sources from the market note $1.5B was available to be returned to MiRus shareholders.

Source: PitchBook, public news articles and conversations with investors and companies.

2020–1H 2026

Strong 1H activity paves way for a strong year
The past two years each had a weaker first half followed by a stronger second half for M&A. However, 1H 2026 exceeded 2025's full-year M&A count and tied its total deal value, while maintaining a strong median upfront value. An active second half of M&A will likely be needed to sustain later-stage investor's interest and investment activity. Medtronic returned to buy three VC-backed companies, allowing it to add high-growth commercial-stage tuck-ins to existing product lines.

Conformal <> Gore: Provided growth into the structural heart space with a novel product for the same call point, strengthening Gore's adjacent endovascular products. In PMA pivotal trial.

Cathworks <> Medtronic: Replaced wire-based catheters with AI-based noninvasive tech in coronary artery disease. Commercial 510(k).

Scientia <> Medtronic: Added neurovascular products providing all-in-one integrated care for stroke patients. Commercial 510(k).

Noctrix <> ResMed: Expanded Resmed's reach from sleep apnea into restless leg syndrome, a related sleep disorder. Commercial De Novo.

AVS <> Stryker: Added intravascular lithotripsy (IVL) platform that complements existing peripheral offerings, enabling Stryker to enter the IVL sector to compete with Shockwave and others. In 510(k) clinicals.

SPR <> Medtronic: Added minimally invasive, non-permanent peripheral nerve stimulation to Medtronic's pain management offerings. Commercial 510(k).

Vivasure <> Haemonetics: Exercised option to add suture-based device for arterial closure, allowing for Haemonetics' market expansion into large closure opportunities. In PMA pivotal trial.

Integrity <> Smith & Nephew Strengthened sports medicine portfolio with rotator cuff surgical repair technology. Commercial 510(k)

Endospan <> Artivion Secured minimally invasive aortic arch repair technology to protect Artivion's market hold in the space. PMA approved.

View Point <> Merit Medical Expanded from radar technology to next-gen ultrasound imaging, supporting Merit's oncology focus. 510(k) commercial.

BioProtect <> Olympus Expanded into urology/oncology with customized balloon spacer. 510(k) commercial.

Two IPOs in 1H 2026 as window remains open
VC-backed Mobia and Spyglass both went public, following Ceribell (2024) and Beta Bionics, Kestra, Carlsmed, Shoulder Innovations and Saluda Medial (2025). Mobia's revenue run-rate was sub $50M and Spyglass (drug delivery) had no revenue. We hope for three to five more IPOs in 2H 2026.

HealthTech Early-Stage: First-Financing Analysis (Seed/Series A)

1H 2026

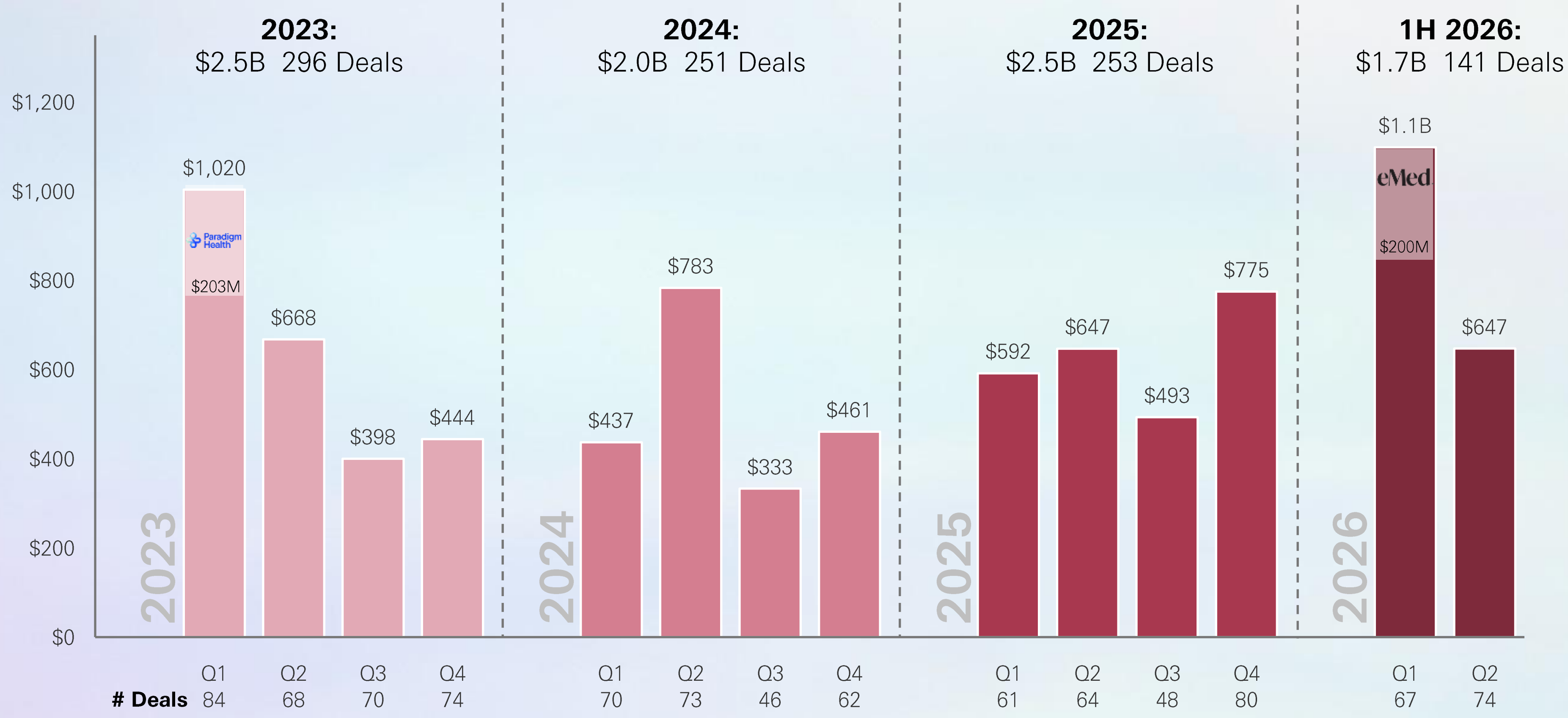
HSBC Innovation Banking

HealthTech First-Financing[1] Analysis

Larger checks reflect rising conviction in AI-enabled workflow

HealthTech First-Financing Investment Activity ($/Deals)

Investment ($ millions)



Logos represent $200M+ private financings of VC-backed deals.

2023–1H 2026 US & Europe

Continued Strength in Early-Stage Investment

Early-stage investment (Seed and Series A) continued its momentum from last year with a substantial $1.1B invested in Q1 2026 alone, exceeding every quarter going back to 2023. That $1.1B was received by only 67 companies, compared to the $1B received by 86 companies in Q1 2023. Both quarters had large $200M Series A rounds with Paradigm Health raising $203M in Q1 2023 and eMed launching with a $200M Series A in Q1 2026. Excluding these mega rounds, Q1 2026 saw the most investment in any quarter over the last 3.5 years, with $900M invested across 66 companies ($13.6M average in Q1 2026 vs. $9.4M average in Q1 2023).

While deal activity slowed slightly in Q2, the investment levels remained on par with activity over the last six quarters. 1H 2026 has shown strong investor appetite in the sector with $1.7B invested across 141 deals, placing the year on pace to exceed investment activity of the last three years by year-end.

In last year's report, we noted that investment momentum was being driven by AI's growing ability to accelerate product development and reduce operational costs. That trend continued, with deal volume on pace to exceed the last two years.

The momentum in 1H 2026 is expected to carry into 2H 2026. Payer and provider pursuit of AI efficiencies and capabilities in workflows and clinical AI have led to increased venture-backed M&A and IPO activity. Barring any significant macroeconomic headwinds, 2026 is shaping up to be a record year for HealthTech.

Note: HealthTech defined as companies or product/solutions that help in delivering care, helping doctors or other forms of medical solution deliver care, or helping the broader ecosystem deliver care. Data from PitchBook as of 6/30/26. Covers private, venture-backed investment and companies may overlap with other healthcare sectors.

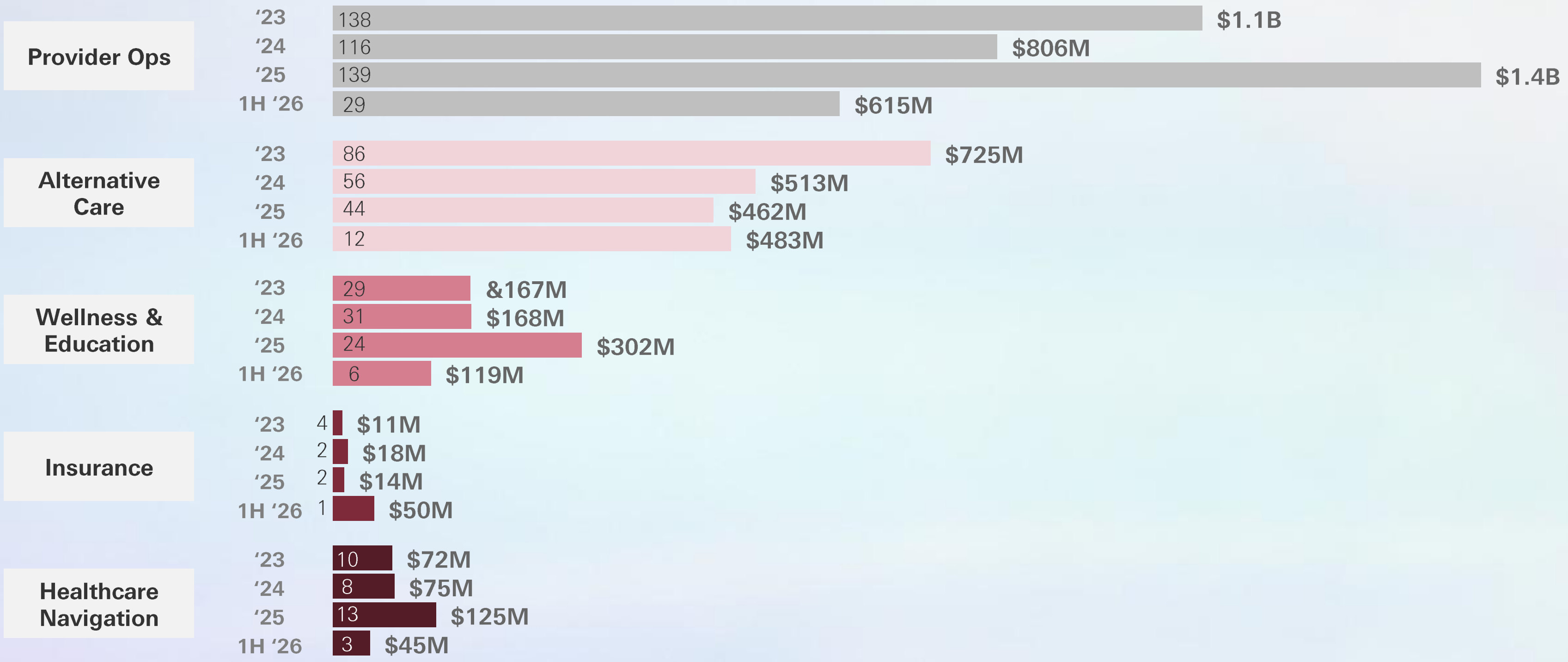
1. First-Financing defined as initial Seed or Series A financing of $2M+.

Source: PitchBook, company websites, internal analysis.

HealthTech First-Financings[1] by Subsector[2]

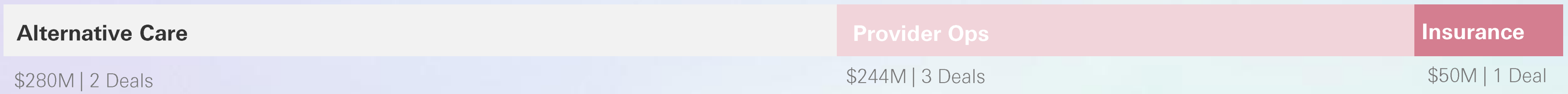
Workflow and Clinical AI lead while Behavioral Health matures

Dollar Investment by Top Subsectors



1H 2026 Large Rounds ($50M+) by Indication

4 Deals, $474M Raised



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1. First-Financing defined as initial Seed or Series A financing of $2M+.
2. Subsector defined as focus delineated in the company's website.

Source: PitchBook, company websites, internal analysis.

2023–1H 2026 US & Europe

Provider Ops/Workflow Automation's Dominance Continues

Provider Ops, the leading subsector over the last four years, has continued its pace of investment in 1H 2026, largely driven by increased AI capabilities and efficiencies. With improved data streams, innovators are leveraging AI to improve diagnostics, imaging and clinical decision support, enable precision and multi-omics/genomics-driven care, automate administration, and increase patient access and care coordination. Of the 141 companies receiving investment in 1H 2026, only 20% fell into the Provider Ops bucket yet they received 35% of the investment dollars this year, signaling strong demand from both investors and health systems for these tools. The largest deals include Honest Health, Lassie and Ease Health.

Condition-specific Wraparound Care Models Gaining Momentum in Alternative Care

With improved navigation, coordination, and virtual support capabilities, condition-specific longitudinal care continues to gain momentum. From cancer care to chronic kidney disease to fertility, these platforms leverage a suite of AI-enabled solutions, to increase access and address physical, emotional, and social needs, all while reducing complications and hospital stays. Making up less than 10% of deal volume, these alternative care companies have secured 28% of the capital invested to-date this year, highlighted by eMed, Salma and Lantern.

Longevity & Wellness Keeping Pace

Focusing on addressing age-related illnesses, autoimmune conditions, and overall health and wellness, the six companies that received investment in 1H 2026 captured 7% of the total capital invested at an average of $20M per deal. Driven by an increasingly aging population, companies focused on extending longevity (Ammortal, Clara) and healthy aging (NEUROFIT, Circulate) are capturing investors' interest at the early stages.

HealthTech Investment: All Venture Deals

1H 2026

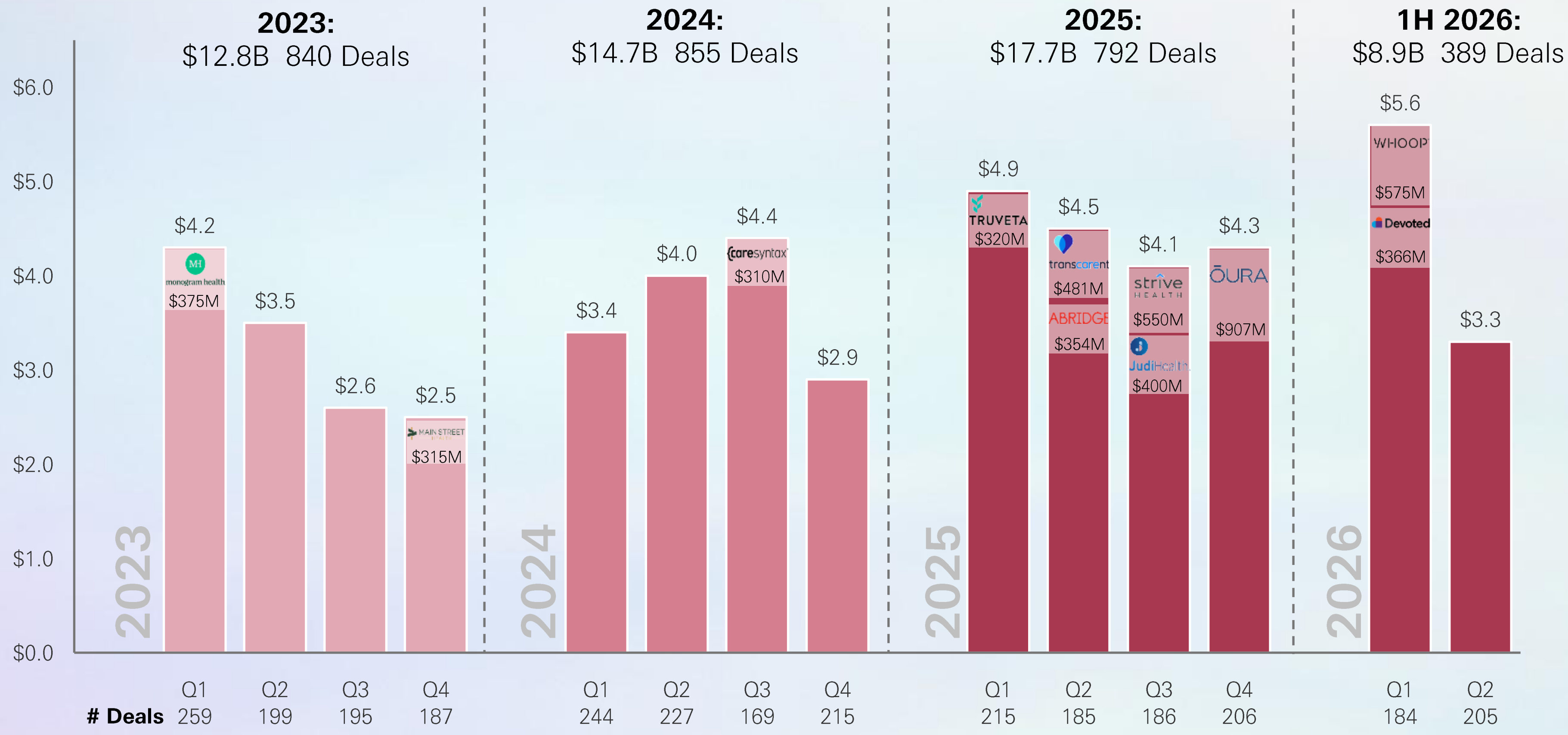
HSBC Innovation Banking

HealthTech VC Investment (All Deals)

Uneven investment in 1H, but Mega Rounds continue unabated

HealthTech Investment Activity ($/Deals)

Investment ($ billions)



Logos represent $300M+ private financings of VC-backed deals.

HealthTech VC investment opened strong in Q1 2026, generating its largest funding quarter since 2022, driven primarily by 13 $100M+ mega rounds. These 13 Q1 mega rounds raised a combined $2.8B and represented 50% of total capital invested in the quarter. There was substantial diversity across these investments, with each defined subsector raising at least one mega round in Q1. Similar to 2025, these larger rounds were raised primarily to support later-stage companies and other unicorns as they looked to expand their offerings (most notably around AI enablement) and/or market presence by acquiring smaller startups. Six of these Q1 mega rounds had post-money valuation information available, and all six were valued at more than $1B, led by WHOOP at $10.1B

Amid several macroeconomic stressors, momentum slowed in Q2, ultimately resetting total 1H 2026 financings back to 1H 2025 levels. Despite the slowdown in total dollars, Q2 remained a strong quarter for mega rounds, with nine companies raising at least $100M, representing 40% of Q2 investment dollars. At the current pace (22 mega rounds, $4B invested capital), mega rounds are on track to far outpace 2025's deal count and slightly exceed its fill-year dollar total (29 deals, $7B).

Overall, total funding activity and deal activity closely mirrored 1H 2025, and average deal size remained stable at $25M. The data, plus broader market context, suggests a continued trend towards capital concentration, with VCs allocating larger amounts to fewer companies amid increased competition and significant levels of dry powder. The broader investment landscape has likewise concentrated capital in fewer, higher-value opportunities, as unicorns have captured significant investor capital during this period.

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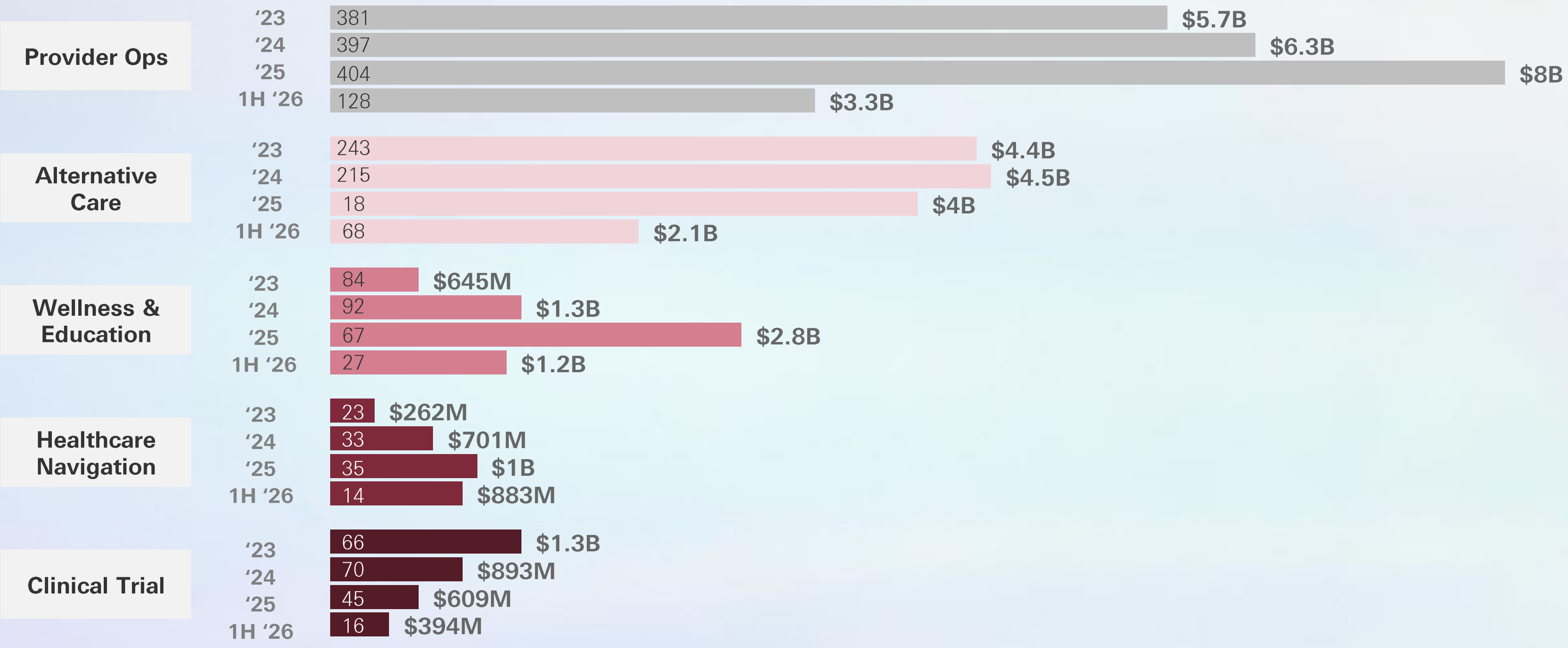
Data from PitchBook as of 6/30/26. Covers private, venture-backed investment and companies may overlap with other healthcare sectors.
Source: PitchBook, company websites, internal analysis.

HealthTech by Subsector[1]

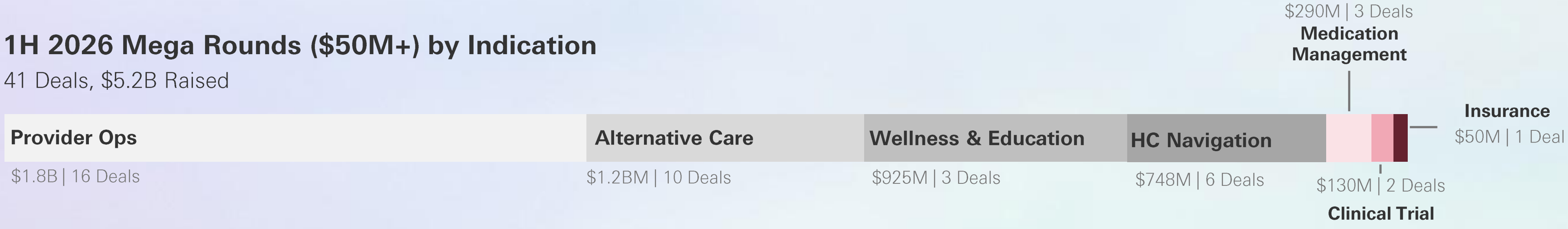
AI drives workflow automation and consumer wellness; healthcare navigation surges on Mega Rounds

Dollar Investment by Top Subsectors



1H 2026 Mega Rounds ($50M+) by Indication

41 Deals, $5.2B Raised



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Data from PitchBook as of 6/30/26. Covers private, venture-backed investment and companies may overlap with other healthcare sectors.
1. Subsector defined as focus delineated on the company's website.
Source: PitchBook, company websites, internal analysis.

2023–1H 2026 US & Europe

Continued investment in AI-driven workflow automation

Investors continue to show confidence in AI-enabled platforms that automate clinical and administrative workflows across healthcare organizations. These solutions span revenue cycle management (RCM), data analytics, and digital scribe tools.

Unlike the fundraising efforts of 2021 and 2022, which focused on creating alternative care delivery models, there now appears to be a renewed focus on the "boring stuff", meaning operational efficiency and improved workflow within these providers. Provider Ops businesses raised $3.3B in 1H 2026, accounting for 35% of total HealthTech capital, a sizable amount of invested dollars but a drop from 2025, when Provider Ops accounted for 45%.

Consumer-centric healthcare platforms come into focus

After a strong 2025 that saw $2.8B flow into the Wellness and Education vertical, the sector had another strong two quarters in 1H 2026, raising $1.2B across 27 deals, including WHOOP's $575M raise in Q1 2026.

The capital inflow aligns with the expansion of AI-enabled, consumer-focused healthcare platforms, many of which partner on the back end with enterprise customers such as providers and pharma. Improved access to health data and advancements in AI are enabling individuals to take a more active role in managing their health, a trend reinforced by rising healthcare premiums and deductibles that increase demand for innovative, cost-effective solutions.

Amid regulatory and reimbursement tailwinds, as well as continued consumer engagement across AI platforms, a number of traditional B2B providers and platforms have begun to reinvigorate D2C channels, something that would have been unlikely two to three years ago. This data is not captured in the dollars or deal counts of this vertical, but it is a trend worth noting based on recent acquisitions and announcements,

Healthcare Navigation surges in 1H 2026

Focused on provider matching, Healthcare Navigation saw five mega rounds in 1H 2026: Findhelp, Solace, Garner (twice) and Chapter Medicare. These financings helped the subsector nearly match 2025's full-year investment dollars, beating both 2023 and 2024 investment totals.

HealthTech Largest Financings

Mega Rounds Concentrated in Provider Ops and Healthcare Navigation

Largest Rounds in 1H 2026

Valuation[1] Step-Up | Flat Rd | Step-Down

#	Company	Subsector	Size of Round/ ($M) Step-up?[1]	Quarter/ Round	Location
1	WHOOP	Wellness & Education Health& Wellness	$575	Q1 G	Boston, MA
2	Devoted	Provider Ops Workflow	$366	Q1 F	Eagan, MN
3	findhelp	Healthcare navigation Provider Matching	$250	Q1	Austin, TX
4	OpenEvidence	Wellness & Education Medical education	$250 (2.0x)	Q1 D	Cambridge, MA
5	Oviva	Alternative Care Diabetes	$220	Q1 D	Zurich, Switzerland
6	Talkiatry	Alternative Care Mental Health	$210 (1.8x)	Q1 D	New York, NY
7	eMed	Alternative Care Specialty Care	$200	Q1 A	Miami, FL
8	Forus.	Medication management Workflow	$160 (6.1x)	Q1 B	New York, NY
9	aidoc	Provider Ops Clinical decision support	$150	Q2 E	New York, NY
10	grow therapy	Alternative Care Mental Health	$150 (2.0x)	Q1 D	New York, NY
11	Vi	Provider Ops Workflow	$145 (2.5x)	Q2	New York, NY
12	Honest Health	Provider Ops Workflow	$140	Q1	Nashville, TN
13	Solace	Healthcare navigation Provider Matching	$130 (2.9x)	Q1 C	Redwood City, CA
14	Qualified Health	Provider Ops Workflow	$125	Q1 A	San Carlos, CA
15	Assort Health	Provider Ops Workflow	$120 (1.5x)	Q2 C	San Francisco, CA
16	garner	Healthcare navigation Provider Matching	$118 (2.5x)	Q1 D	New York, NY
17	zarminali PEDIATRICS	Provider Ops Workflow	$110	Q2 A	Chicago, IL
18	Cognito Therapeutics	Neuro Neurostim	$105	Q1 C	Cambridge, MA
19	Chapter	Healthcare navigation Provider Matching	$100	Q2 E	New York, NY
20	garner	Healthcare navigation Provider Matching	$100 (2.0x)	Q2 E	New York, NY

1H 2026 US & Europe

In 1H 2026, HealthTech financing trends were defined by large, concentrated investments focused on provider workflow automation, alternative care models, and consumer wellness. Step-up valuations and global participation highlight both the competitive environment and the sector's perceived long-term growth prospects.

1. Investment is Highly Concentrated in Mega Rounds
A small group of companies captured a disproportionate share of total funding, with the top ten rounds reaching or exceeding $150M, reflecting a "winner-takes-most" dynamic.

2. Provider Operations Workflow Leads Financings
Provider Ops platforms dominated the largest rounds, indicating strong investor confidence in workflow automation, data integration, and operational efficiency solutions for healthcare providers, with multiple companies securing large rounds.

3. No Clinical Trial Enablement Deals in the Top 20
AI's ability to harness the power of both clinical and real-world data sets could improve discovery tools, trial efficiency, and the overall timeline to approval for pharma companies. However, investment in this area fell short in 1H 2026. This looks like a focus area for new investment opportunities going forward, given deep pharma pockets and how underexplored the market remains for new innovations.

4. Wellness & Education Remains a Key Focus
Large financings for WHOOP and OpenEvidence highlight continued interest in consumer health analytics, wearables, and digital medical education, suggesting ongoing demand for personalized health and scalable learning platforms.

5. Healthy Step-Up Valuations
The mega rounds with available valuation data all showed step-ups in 1H 2026, with seven companies achieving step-ups of 2x or more. This reflects robust market optimism and confidence in future growth.

6. Geographical Diversity
While typical US-based innovation hubs (NY, MA, SF) dominated most of the headlines, it's notable to see so many strong financings across smaller US markets (OH, MN, FL) as well as some European companies, indicating more global investor interest in HealthTech innovation.

Note: HealthTech defined as companies or product/solutions that help in delivering care, helping doctors or other forms of medical solution deliver care, or helping the broader ecosystem deliver care. Data from PitchBook though 6/30/26. Covers private, venture-backed investment.
1. Step-ups calculated using Pitchbook valuation data for previous and new financing as follows: Divide new pre-money valuation by previous round post-money valuation.
2. Round originally announced in prior years
Source: PitchBook, company websites, internal analysis.

HealthTech Most Active Investors[1]

Brand name firms dominate list of active investors

First-Financing and Later Stage deals – Last 18 Months Activity 2025-1H-2026

VC/Angel		Corporate[3]		Growth/Crossover[2]	
17	andreessen horowitz	16	Optum Ventures	8	HealthQuest Capital
15	Flare Capital Partners	13	CVS Health Ventures	7	Transformation Capital
13	AlleyCorp; Alumni Ventures	5	G/; Memorial Hermann; labcorp	6	GoHub Ventures
12	Define Ventures; General Catalyst	4	Intermountain Ventures; UPMC; Samsung Next	5	OAK HC FT; Five Elms Capital
11	.406 Ventures			4	Goldman Sachs Asset Management; Avenir Growth Capital
9	town hall ventures; Sequoia				
8	Valtruis				

Note: HealthTech defined as companies or product/solutions that help in delivering care, helping doctors or other forms of medical solution deliver care, or helping the broader ecosystem deliver care.
Data from PitchBook as of 6/30/26. Covers private, venture-backed investments..
1. Most Active Investors only include investment into a new portfolio company, not follow-on financings.
2. Growth Investors defined as investment firms that typically invest in later-stage companies that either are revenue scaling, or the round is anticipated to be the last before an IPO.
3. Note that families of funds are combined for this slide, as are corporate and corporate venture with the same parent.
Source: PitchBook, company websites, internal analysis and conversations with investors.

Healthcare Outlook: Perspectives for 2H 2026

HSBC Innovation Banking

Healthcare Outlook
A Look Ahead to 2H 2026

General Overview and analysis of our initial 2026 predictions

In 2H 2026, we expect the healthcare venture industry to achieve similar investment levels to 1H 2026, as investor willingness to fund both traditional early-stage and mega round financings continues. The first half showed strong M&A activity and a selective but open IPO window, and we expect that pace to hold and the IPO window to remain open. Ultra mega rounds of $400M+, especially for AI-enabled technologies, could swing final investment totals, but we maintain our prediction that overall investment will grow to $65-70B in 2026.

Biopharma

- **First-Financing Mega Rounds grow:** Mega rounds persisted rather than slowing down, with the largest mega rounds growing even bigger. Investment in 1H 2026 was higher than anticipated, and we've revised our $1.4B full-year prediction to $1.8-2.2B.
- **Investments will remain robust:** We reiterate our prediction that total investment will reach $26–$28B, at $6-7B per quarter, supported by a return of mezzanine rounds with crossover participation alongside a more open IPO market. We anticipate more $25-50M Series A deals with smaller investor syndicates in 2H 2026.
- **M&A activity:** We had expected M&A activity to be flat, but that prediction missed by a wide margin, with M&A pace and deal values both hitting records. We reiterate that the M&A mix will contain large $1B+ deals, smaller early-stage preclinical or Phase I deals, and a few comp bio platform exits. The yearly M&A total could reach 30 deals.
- **IPO activity in 2026:** We anticipated 15-20 IPOs for the year, and at 1H 2026 we were at 12. Most skewed toward Phase II and later. We now anticipate 20-25 IPOs for full year 2026.

Dx/Tools

- **Stable First-Financing focused on Comp Bio:** We anticipated growth in first-financing, with a yearly total of $1.6-2B, supported by continued growth in both Dx Test and Dx Analytics. While Dx Analytics did increase in 1H 2026, Dx Test investment declined. We reiterate $1.6-2B for 2026.
- **Overall investment:** We predicted a slight increase in yearly investment to $5.6-7B. At $3.2B in 1H 2026, we reiterate that full-year forecast.
- **Sector focus:** We predicted strong mezzanine financings for commercial stage deals across sectors for 2026. Some of those deals occurred in 1H 2026, but there were more add-on rounds than anticipated, which could signal a lack of mezzanine interest. We had expected Dx Test investment activity to increase but it declined instead. We forecast Dx Test activity to pick up in 2H 2026.
- **IPO and M&A outlook:** We anticipated four IPOs in 2026, but so far just one occurred. We reiterate the prediction of four, based on a strong crop of IPO ready companies and good post-IPO performance from the last three IPOs. We predict an additional four M&A deals in 2H 2026 and another substantial tech AI acquisition in the dx/tools space.

Med Device

- **First-Financing rebound in dollars:** First-financings supported by larger syndicates played out as predicted in 1H 2026, although our prediction of $800M for the year was far too low, since 1H 2026 investment alone already totaled $800M. We now anticipate total investment of $1.4B for the full year. Our prediction that AI-enabled technologies in neuro, imaging and NIM would see increased capital has held true so far in 2026.
- **Overall investment steady:** Our assessment of continued $50M+ later-stage rounds has proven correct. Our prediction of $2-2.4B in investment per quarter ($8-9.6B for the year) was on target in 1H 2026 and we reiterate $8-9.6B for the year.
- **Sector focus:** Our sector analysis was correct, with AI-driven advances in neuro, imaging, NIM and surgical robotics are commanding larger rounds.
- **IPO and M&A outlook:** We predicted stronger M&A volume and more activity from acquirers like Medtronic, which did happen in 1H 2026. We've raised our prediction of M&A from the mid-teens to 20 deals. We anticipated three to five additional IPOs in 2026. With two IPOs so far in 2026, we reiterate that forecast.

HealthTech

- **Steady First-Financing deal volume:** We expect the strong investment into early-stage companies seen in 1H 2026 to continue in the second half of the year as investors build a solid pipeline of new opportunities over the summer.
- **Continued capital concentration:** VCs continued the 2025 trend of placing larger bets on fewer companies as evidenced by the 22 mega rounds in the first half of the year. This should continue in the second half of the year as investors increase investment in their most promising portfolio companies.
- **AI investment evolves:** AI-focused companies have been a major driver of investment activity over the past several years. This trend will continue, with an increasing focus on clinical AI applications and ROI-driven use cases.
- **M&A remains the main exit pathway:** With the IPO market still quiet, M&A activity will continue to grow in 2026 as larger well-funded companies from mega rounds look to buy new capabilities and take advantage of a difficult fundraising market for companies that have been unable to scale. Additionally, we anticipate more PE-style roll-ups.

Source: PitchBook, company websites, internal analysis.

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