

Med Device

VC-Backed Investment Highlights

Q1 2026 Insights

First-financing¹ investment posted the third-best quarter since 2023. There were four deals over \$20M, three with multiple investors joining the round. We have hoped for larger, multi-investor first-financing rounds, which provide enough capital to hit Series B inflection points, with option for insider rounds if needed. We hope this trend will continue.

Brain-computer interface (BCI) companies accounted for two of the six largest first-financing deals in 2025, but none occurred in Q1 2026. The largest first-financing deals by indication were in respiratory (Spiro), urology (Ventaris), and two neuro deals (Aneuvo², Pharaoh). General Inception invested in two deals in Q1.

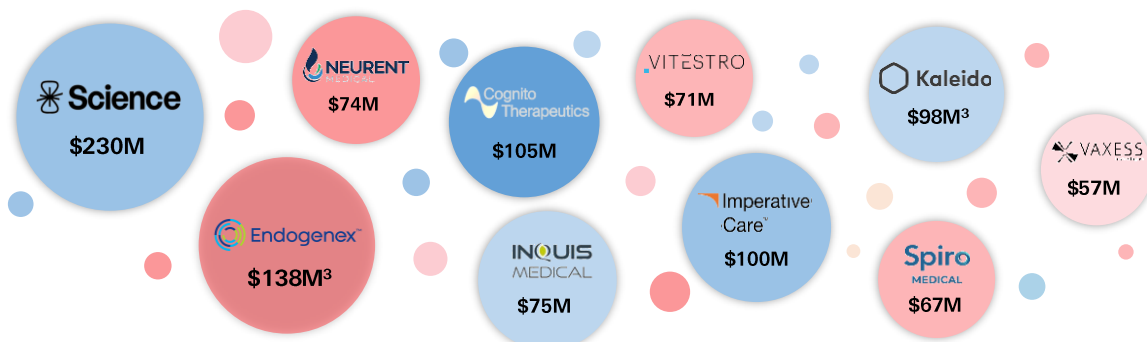
Q1 overall investment was below 2025 highs but ahead of 2023 and 2024.

There was one \$200M+ deal in Q1 2026 (Science, BCI) and 13 \$50M+ financings, on pace with the 54 completed in 2025. The \$50M+ deals in Q1 were led by 3 vascular companies, compared to 2025 when neuro and cardiovascular dominated. Early clinical financings accounted for four of the 13 \$50M+ financings (in neuro BCI, respiratory, drug delivery and cardiovascular), with the other nine focused on pivotal trials and commercialization rounds.

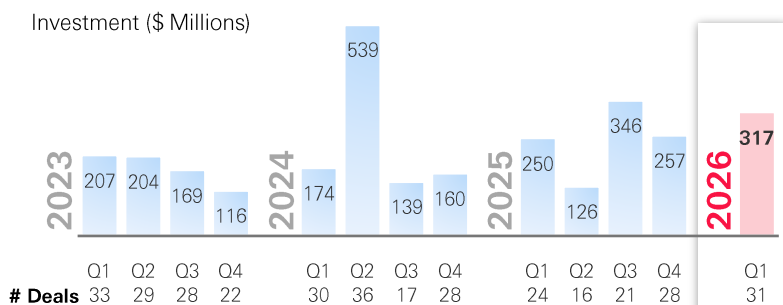
The Q1 \$50M+ deals had a median capital raised to date of \$147M, causing concerns that post-money valuations may be too high to provide strong returns. That risk is partly mitigated by robust participation from growth, PE and venture to set these values in the first place, alongside the trend of higher M&A⁴ upfront payments, with median values above \$500M in 2025. Additionally, while only one IPO in 2026 (Spyglass), we believe IPO optionality remains, building on the four IPOs in 2025.

M&A upfronts remained strong in Q1. In 2025, private M&A⁴ volume declined to 10 deals, however median upfront deal values grew 84% to \$529M. Q1 continued this trend, with a median \$550M upfront payment across the three venturebacked M&A.

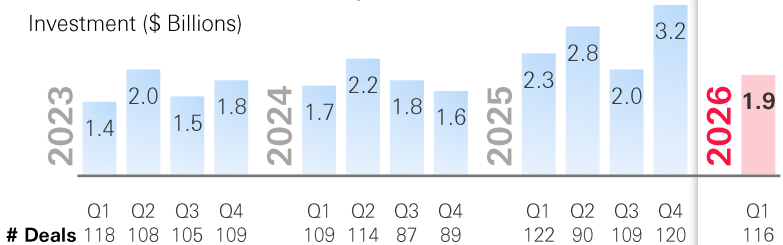
Top Deals



Med device Investment Activity (First Financing Deals)



Med device Investment Activity (All Deals)



¹First-financing defined as initial venture financing of \$2M+.

²Company's Series C in 2026 was the first-financing of at least \$2M, per PB

³Round originally announced in prior years but added additional funding in 2026

⁴Dataset includes private, venture-backed M&A with at least \$50M in upfront payments

Source: PitchBook, Company Websites, Internal Analysis

Authors

Lead Author

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.

Jonathan earned a B.S. in business administration from the University of California, Riverside, and a J.D. from Santa Clara University.



Jonathan Norris

Managing Director

Jonathan.Norris@us.hsbc.com

Mobile: 650.885.6981

San Francisco, CA

Contributing Authors



Naman Thakur

Editor

Analyst

Naman.kumar.thakur@hsbc.co.in

Bangalore, India



Mikaela Kimpton

Contributing Author

Associate

mikaela.kimpton@us.hsbc.com

San Francisco, CA

Disclosure



This material has been prepared and provided to you by members of the Corporate Institutional Banking business of HSBC Bank USA, N.A. (“HBUS” or “we”). HSBC Innovation Banking is a business division with services provided in the United States by HBUS. We will not be liable for any liabilities arising under or in connection with the use of, or any reliance on, this document or the information contained within it. It is not intended as an offer or solicitation for business to anyone in any jurisdiction. Distribution is restricted to the United States

Any information contained in this material is not and should not be regarded as investment research, debt research, or derivatives research for the purposes of the rules of the Financial Conduct Authority, the SEC, FINRA, the CFTC or any other relevant regulatory body. It has not been prepared in accordance with regulatory requirements to promote the independence of investment research.

The Information contained herein is not meant to be comprehensive. Information is derived from sources believed to be reliable but not independently verified. HSBC and third-party contributors do not undertake, and are under no obligation, to provide any additional information, to update this document, to correct any inaccuracies or to remedy any errors or omissions. Under no circumstances will HSBC or the third-party contributor be liable for (i) the accuracy or sufficiency of this document or of any information, statement, assumption or projection contained in this document or any other written or oral information provided in connection with the same, or (ii) any loss or damage (whether direct, indirect, consequential or other) arising out of reliance upon this document and the information contained within it.

This material contains information relating to third parties. The information does not constitute any form of endorsement by these third parties of the products and/or services provided by HSBC or any form of cooperation between HSBC and the respective third parties. All trademarks are the property of their respective owners.

© HSBC Bank USA, N.A. 2026 ALL RIGHTS RESERVED. Member FDIC