

The attractiveness of private investments in U.S. MedTech

Amidst ongoing volatility in public markets, we frequently receive questions about the attractiveness of investments in private MedTech companies. Our mid-2025 update reaffirms our core views: the convergence of sustained healthcare demand, the unique attributes of the acquisitive MedTech sector, and the demonstrated valuation premium at investment exit continue to make early-commercialization stage Medtech investments an attractive proposition in the Healthcare sector.

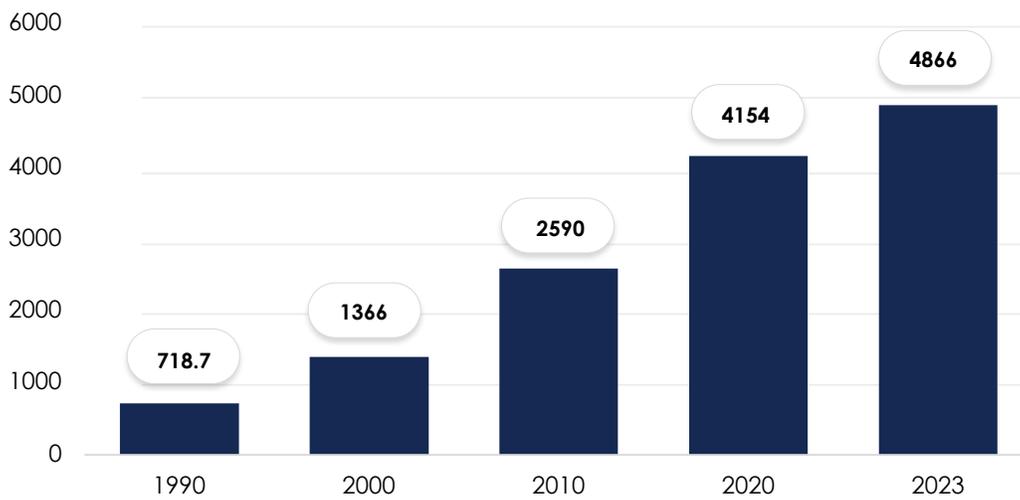


→ US Healthcare continues to be a large and always growing market

It is established that healthcare is a growing market in the United States. Expenditures in the US continue to increase, driven by persistent demand factors such as aging demographics, the prevalence of chronic diseases, and ongoing advancements in care delivery.

It is also known that the public healthcare sector is less volatile than the overall market. Demand is relatively recession-resistant, and the industry is heavily US-based with a US-focused supply chain.

These factors position the U.S. healthcare sector as an attractive long-term investment opportunity. **But is Medtech an appealing vertical within healthcare?**



■ National Health Expenditures (US\$ Billions) [1]



Within healthcare, MedTech stands out due to 4 favorable attributes

Within healthcare, MedTech (the intersection of medicine and technology, delivering devices, diagnostics, and digital solutions that directly impact patient care and healthcare system efficiency) stands out due to several favorable attributes:

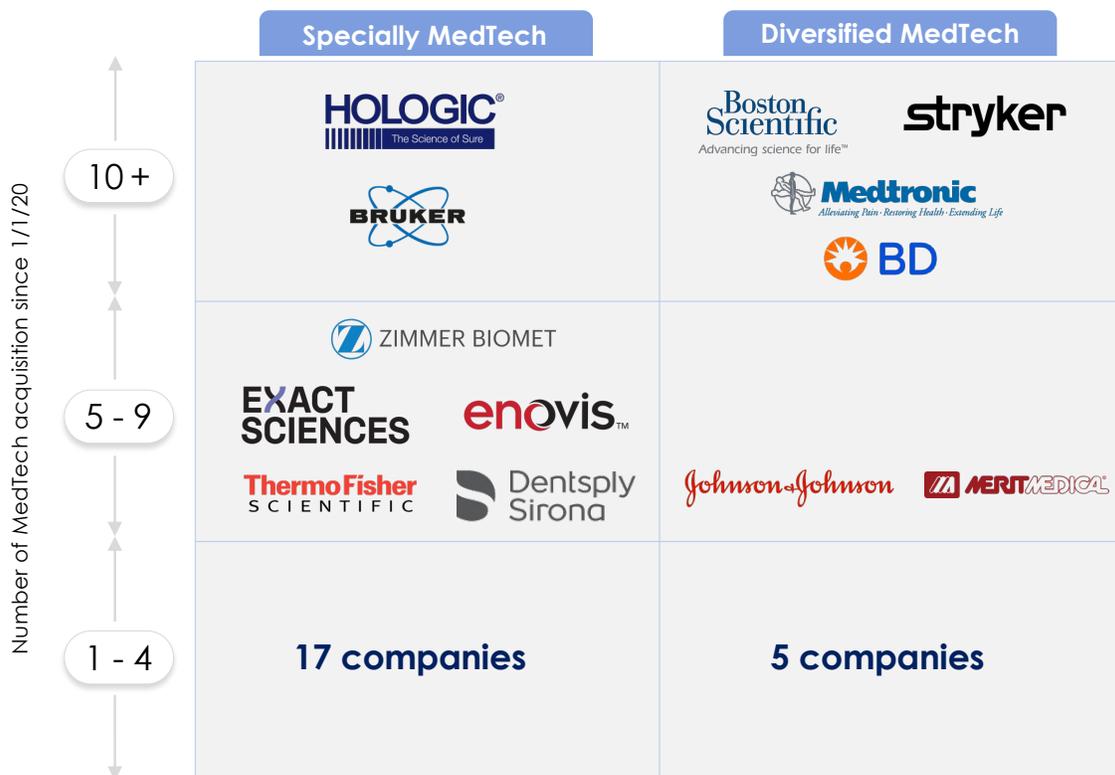
01 Greater influence over outcomes

Compared to biopharma, MedTech companies generally face lower technical/clinical risks, resulting in fewer "binary outcomes."

02 Large investable universe

In the U.S. alone, the MedTech ecosystem comprises over 10,000 companies, offering a diversified and deep investment opportunity pool.

Public Medtech acquirers



Note : all public MedTech companies with market cap > \$1bn [2]

03 Robust acquirer landscape

The sector benefits from a strong base of strategic acquirers, including 35 public companies with market capitalization exceeding \$1 billion, with a median of four MedTech acquisitions each in the past five years. 6 of these strategics are serial acquirers, having completed more than ten acquisitions each in that period.

04 Lower political/pricing pressures than other verticals

Because consumers do not pay directly for most MedTech products or are consumer-facing, they have largely avoided the level of negative press and political scrutiny faced by drug manufacturers, insurance companies, or Pharmacy Benefit Managers (PBMs).



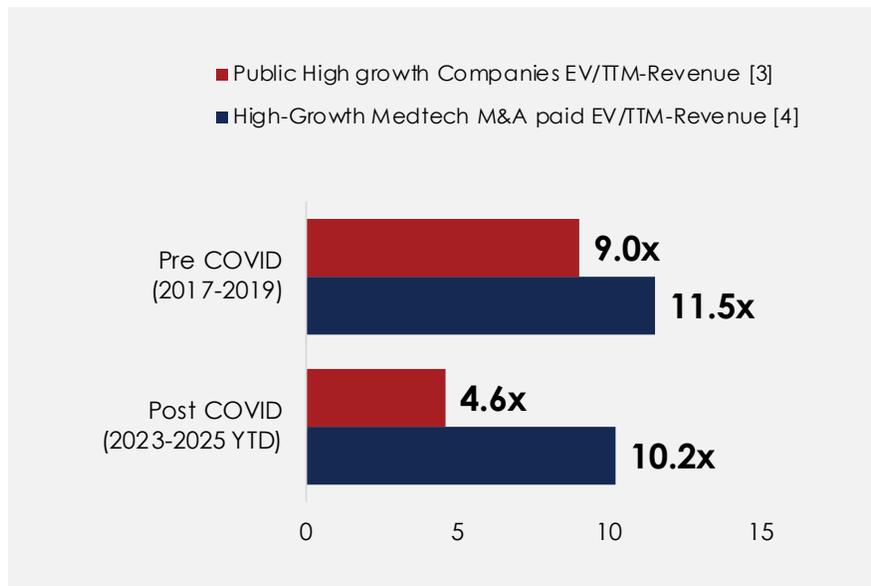
Best moment to invest in MedTech is at early commercialization stage

Most MedTech startups spend 5 to 10 years moving from early scientific discovery (often at universities or research centers) to receiving FDA approval to sell their products. This extended timeline makes earlier investments riskier and harder to predict.

We believe the optimal time to invest in MedTech companies is during their early stages of commercial growth. They have de-risked clinical and regulatory uncertainties and are beginning to see early adoption by physicians/hospitals — a key moment when company value starts to grow rapidly.

Large medical device companies often seek to acquire businesses that have passed the scientific discovery and regulatory phases and are demonstrating strong revenue momentum. These strategic acquirers pay a premium for companies with high top-line growth, as these assets can quickly accelerate their own slower revenue growth and enhance their market position.

There is historic evidence of this corporate behaviour in the last decade. As the exhibit below shows, large MedTech companies have paid, on average, a higher EV/Revenue multiple for private revenue-stage MedTech companies than similar publicly traded ones.



In summary

The U.S. MedTech sector offers a combination of ever-growing demand, innovation breadth, and M&A pathways to value creation. As technological innovation continues to transform patient care, companies reaching the commercial growth phase present an extraordinary opportunity for investors to capture significant upside.

Evidity is committed to partnering with these emerging leaders at precisely the moment where technology meets commercial acceleration — unlocking value not only for investors, but ultimately for patients and the healthcare system.

Sources and Notes:

(1) Source: National Health Expenditures: Centers for Medicare & Medicaid Services

(2) Medtech Acquirors Source: Pitchbook, 6/17/25; JNJ added 6/19/25.

Other Diversified: Baxter, Conmed; The Cooper Companies - arguably specialty because Cooper Surgical is women's health and Cooper Vision is contact lenses; GE Healthcare — arguably specialty because mainly imaging, but have products across multiple verticals as well as non-imaging products such as ECGs; Teleflex

Other Specialty: Artivion; Atec Spine; Bausch + Lomb; Bio-Rad Laboratories; DexCom; Edwards Life Sciences; Envista Holdings; Guardant Health; Globus Medical; ICU Medical; Masimo; QuidelOrtho; ResMed; Revvity; Tandem Diabetes Care; Veracyte

(3) High-Growth Public Companies multiples: Basked of public 26 companies that have grown revenue >20% in the last 2-3 years. Source: Pitchbook historic data, mined in June 2025.

(4) M&A Multiples: revenue-stage medical device M&A transactions, with >\$200M in transaction value and >15% forward revenue growth. Source: Evidity M&A Database.