

## J&A Capital Markets Report

# USA Health Care Technology in 2022

March 2023

In 2022, \$110 billion was invested into health care technology. The health care sector in the USA experienced growth in capital market activities due to the impact of the COVID-19 pandemic, and approximately 45% of the transactions were in M&A deals. Health tech innovators played a vital role during the industry's response to the pandemic and in the post pandemic recovery.

Investors have been consistently deploying capital into companies thinking ahead and planning for the future of the health care sector, positioning health care tech companies well for success.

### AUTHORS

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#### RIM CHAABAN

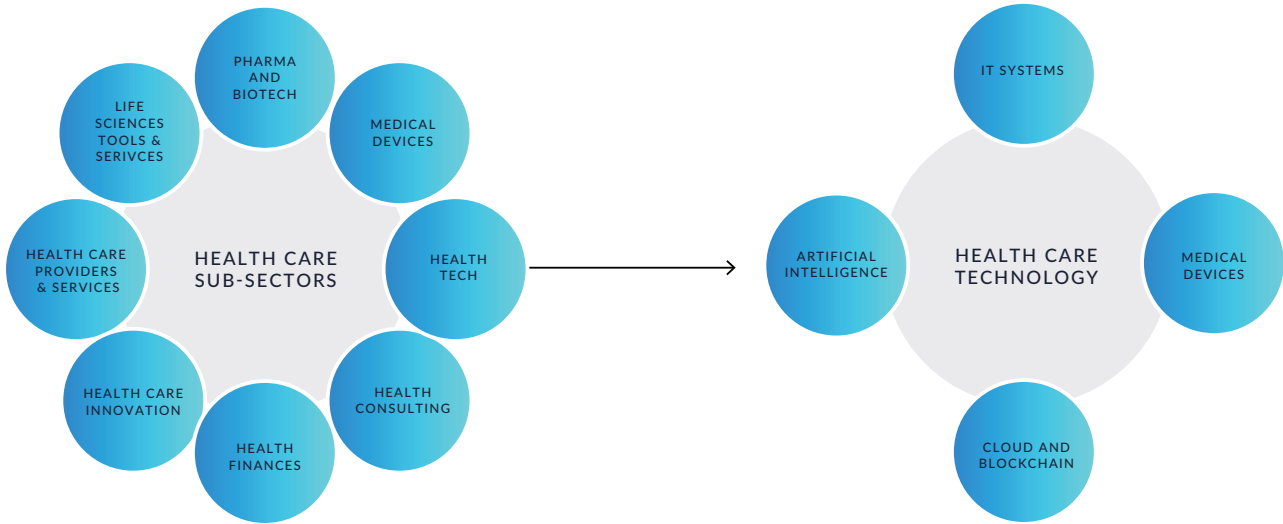
My name is Rim Chaaban and I am Lebanese. I have a bachelor's degree in business administration with a concentration in accounting and finance. I am a client service associate at J&A and I am also part of the corporate development team. I support with the premarket phase prep which includes memorandum creation and valuations and I assess potential acquisition targets.



#### GARETH WALDECK

Gareth Waldeck is a member of the investment banking and global trade team at J&A. He is based in Abu Dhabi. He is originally from South Africa and studied in Economics at Fordham University. He has served as panelist for multiple forums such as the Diversity Dividend: Why Equality Benefits Us All and regularly publishes in the space of cross border capital markets.

# USA Health Care Technology – Market Breakdown

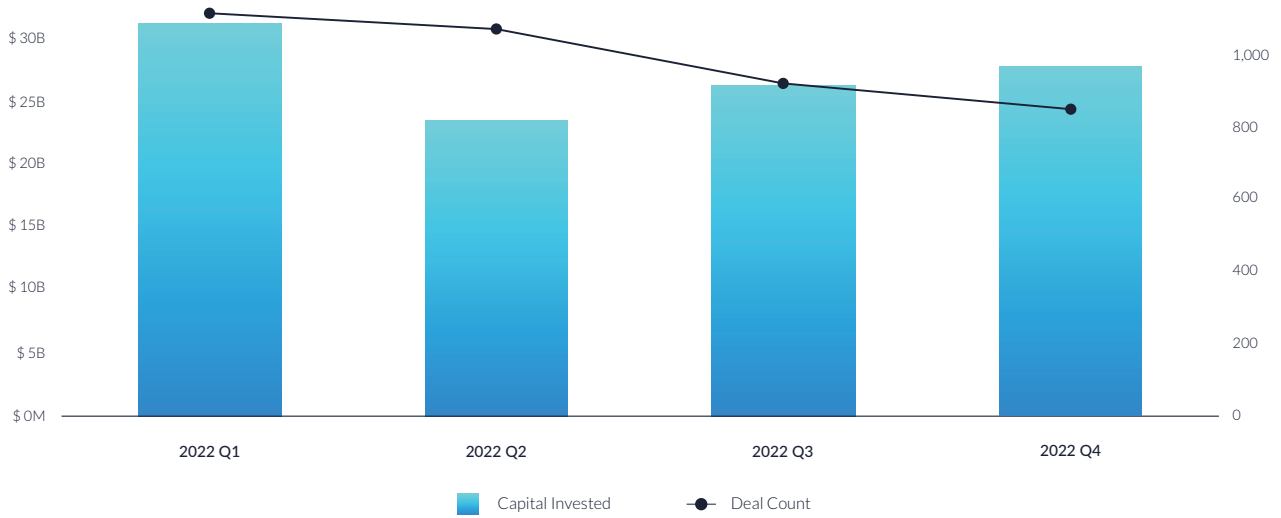


- Health care technology means any technology, including medical devices, IT systems, algorithms, artificial intelligence (AI), cloud, and blockchain, that is designed to support health care organizations and improve medical outcomes.
- The benefits of technology in health care include increasing speed, accuracy, and accessibility in improving patient experience and care and real-time information exchange.
- Health care technology is used in various forms, including, but not limited to, disease diagnosis and treatment, medical imaging, health care operations, and clinical research.



# USA Health Care Technology in 2022 – Capital Market Analysis

## Global Health Care Technology Capital Market by USA-Based Companies Activity in 2022

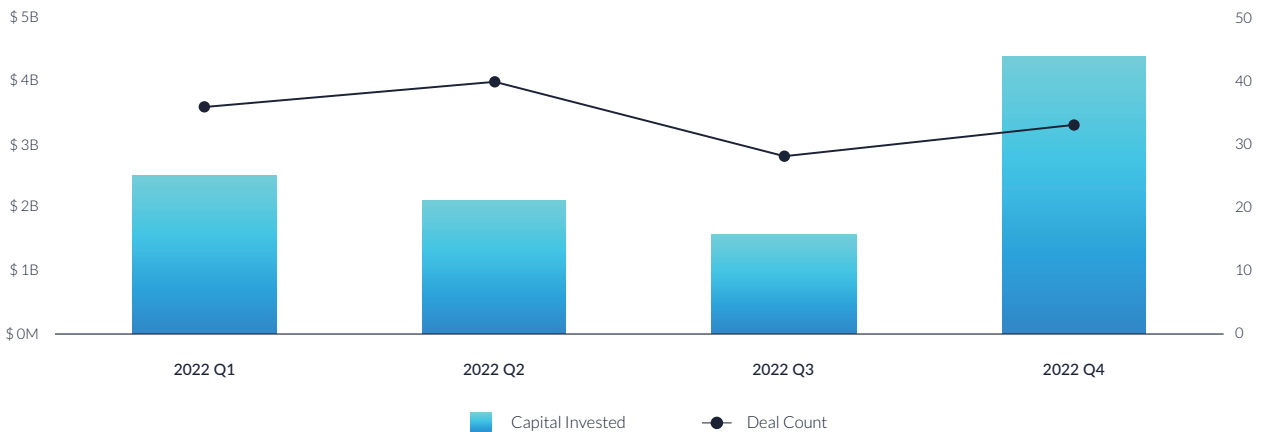


- In 2022 Q1, around \$31 billion was invested into health care technology companies in the USA, accounting for 28% of total investments.
- This figure dropped by 23% to \$24 billion in Q2. This may be attributed to the invasion of

Ukraine and the global geopolitical tension.

- The highest capital investment per deal was seen in Q4, when the market started to pick up again, with an average of \$33 million per deal.

## Health Care Technology Investments made by Asian and Middle Eastern Investors in USA-Based Companies

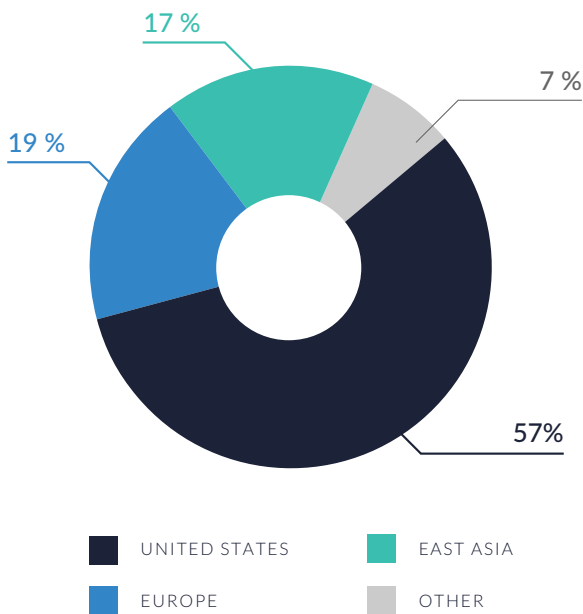


- The total amount invested in USA-based health care technology companies by Asian and Middle Eastern investors in 2022 was \$10 billion over 137 transactions.
- In 2022 Q4, \$4 billion was invested, accounting for 40% of total investments in 33 transactions, averaging \$121 million

in each transaction. This is linked to the relaxation of COVID-19 regulations, which helped boost optimism.

- The increase in capital investments by Asian investors was led by China as they began to relax COVID-19 restrictions.

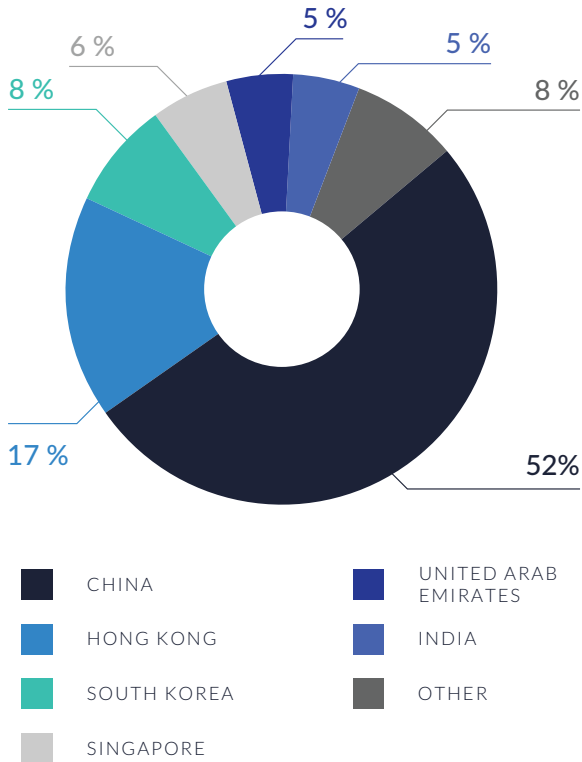
## USA Health Care Technology in 2022 – Regional Market Analysis



- The USA contributed the highest share (57%) of capital raised by region.
- Europe was significantly impacted by the Russia-Ukraine war, which caused high inflation rates throughout the year. However, in Q4 the Eurozone recovered and outperformed other regions. Europe accounted for 19% market share.
- East Asia only accounted for 17% of the total capital raised in 2022 due to ongoing COVID-19 restrictions.



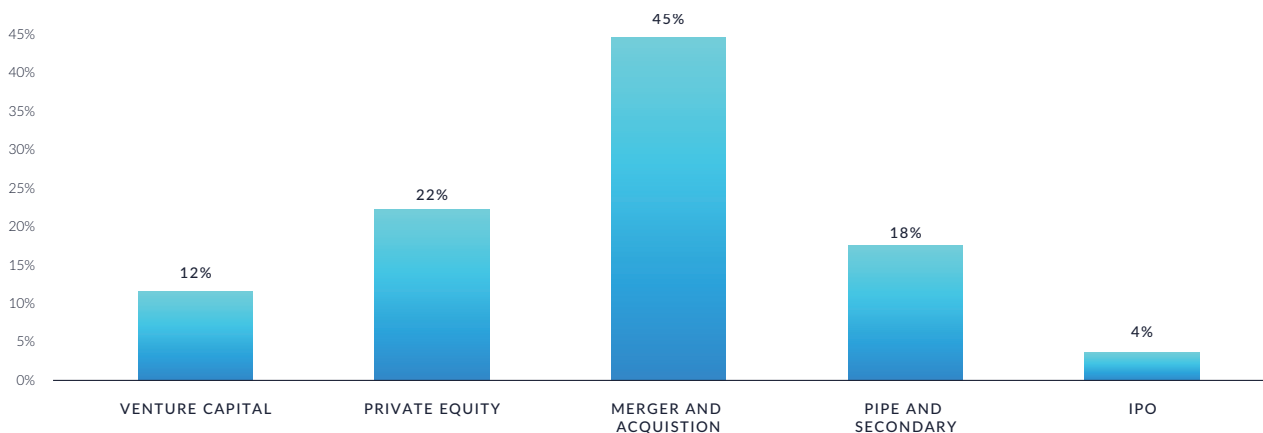
## Asian and Middle Eastern Health Care Technology Investments into USA-Based Companies in 2022 by Region



- China accounted for 52% of investments made by Asian and Middle Eastern investors into USA-based health care technology companies in 2022, due to the COVID-19 pandemic’s impact on the public’s overall mental and physical wellbeing.
- China is followed by Hong Kong, which accounted for 17% of total investments in 2022 after achieving strong growth in Q4.
- South Korea, Singapore, UAE, and India accounted for a combined 24%.

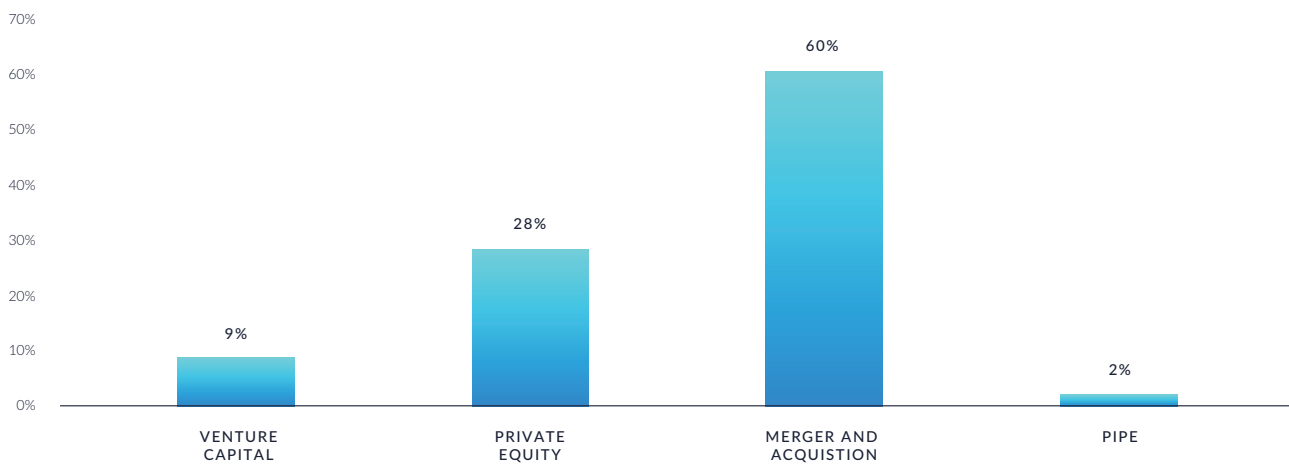
## USA Health Care Technology in 2022 – Deal Type Analysis

### Global Health Care Technology Capital Deployed into USA-Based Companies by Deal Type in 2022



- In 2022, 45% of the transactions in health care technology were mergers and acquisitions. This could be due to markets and valuation uncertainty, making buy-side mandates more attractive.
- There were notable investments made by venture capital (VC) and private equity (PE) firms despite market conditions, with around \$13 billion invested by VCs and \$24 billion by PEs.
- Noticeably, only 4% of the capital deployed was in IPOs, confirming the low valuations with a decreased appetite for companies to go public.

## Asian and Middle Eastern Health Care Technology Investments into USA-Based Companies in 2022 by deal Type



- In 2022, 60% of the transactions in health care technology made by Asian and Middle Eastern investors were mergers and acquisitions, which was lower than in previous years due to high inflation rates in the USA.
- There were notable investments made by VCs and PEs despite market conditions that accounted for 9% and 28%, respectively.
- Noticeably, only 2% of the capital deployed was in PIPE deals.

In 2022, health care technology companies witnessed growth opportunities, evidenced by the amount of capital deployed. Economic uncertainty and global geopolitical factors impacted deal types and investments. Middle Eastern and Asian investors played a vital role in the transactions, especially after the pandemic created an economic, social, and health impact, all of which highlight the importance of further developing the health tech sector.