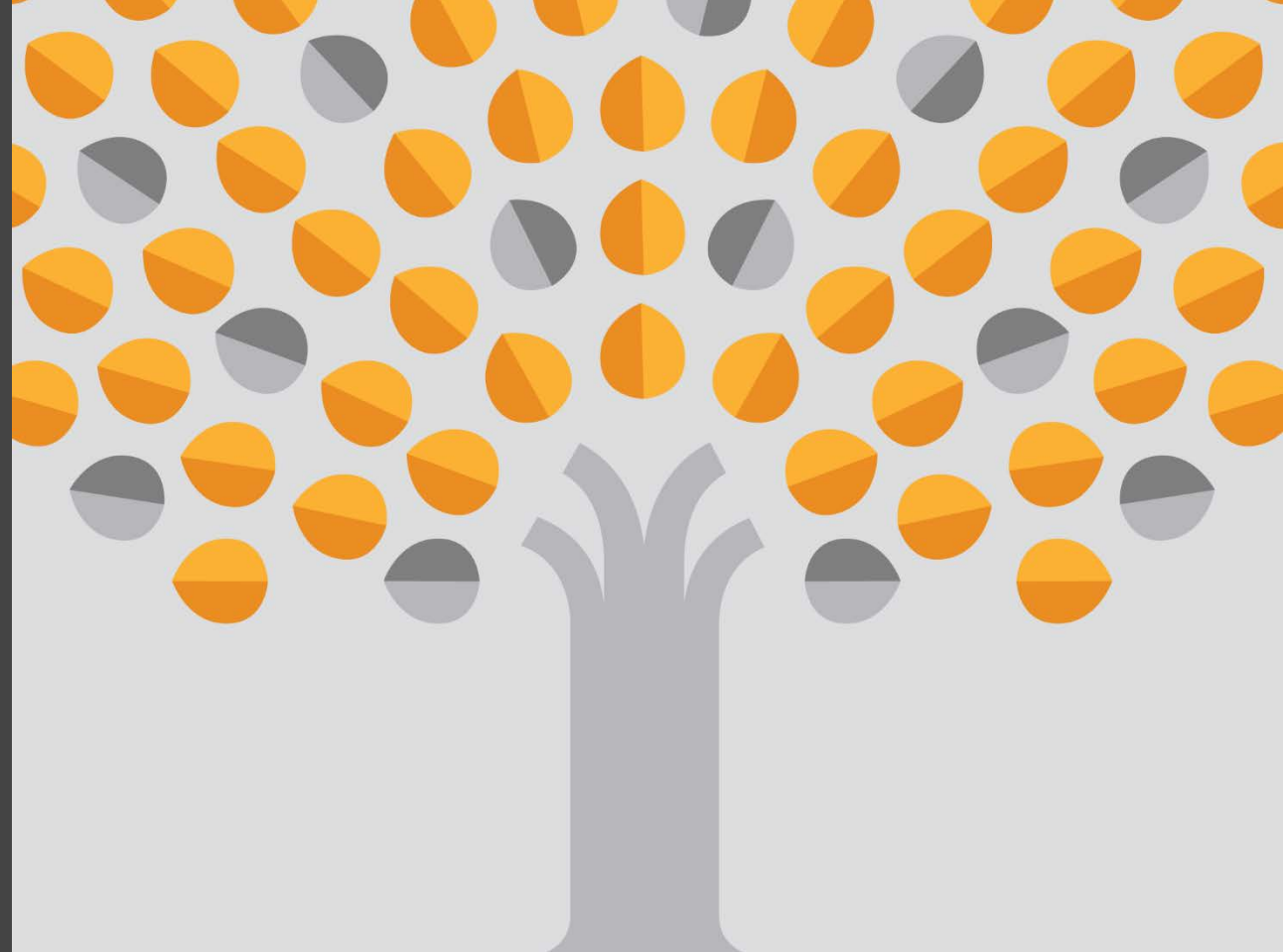


Healthcare MoneyTree™ Report

Q2 2020



Executive Summary

Q2 2020

01



US Healthcare trends

- Funding for VC-backed Healthcare companies in US raised \$6.4B in 197 deals.
- Compared to Q1'20, the number of deals closed in Q2'20 decreased by 2% from 200 to 197.
- A total of \$2.6 was raised this quarter through 14 mega-rounds*, making up 40% of total deal dollars raised in Q2'20.

* deals of \$100M or more in value.

03



US Healthcare places

- The top five Healthcare regions in terms of dollars raised were New England, Silicon Valley, San Diego, New York Metro, and DC/Metroplex.
- In Q2'20, New England raised \$2.2B through 45 deals and is the leading region this quarter in terms of dollars raised. There were 7 mega-rounds in New England.
- Silicon Valley followed in second place, raising \$1.2B across 34 deals.

05



Global healthcare trends

- Globally, dollars invested increased to \$10.7B in Q2'20, while the number of deals increased from 427 in Q1'20 to 507 in Q2'20.
- In Q2'20, 232 deals closed in North America, followed by 159 deals in Asia, and 114 deals in Europe.
- North America raised \$6.5B this quarter, while Europe raised \$1.6B and finally Asia raised \$2.6B.

02



US Healthcare industries

- Of the \$6.4B raised in Q2'20, \$2.7B was invested in the Biotechnology subsector while \$1.4B was invested in the Drug Development industry.
- Compared to the prior quarter, the Biotechnology subsector saw a 7% decrease in funding.
- The Drug Development industry outperformed Medical Devices & Equipment in deal value, raising a total of \$1.4B in 30 deals.

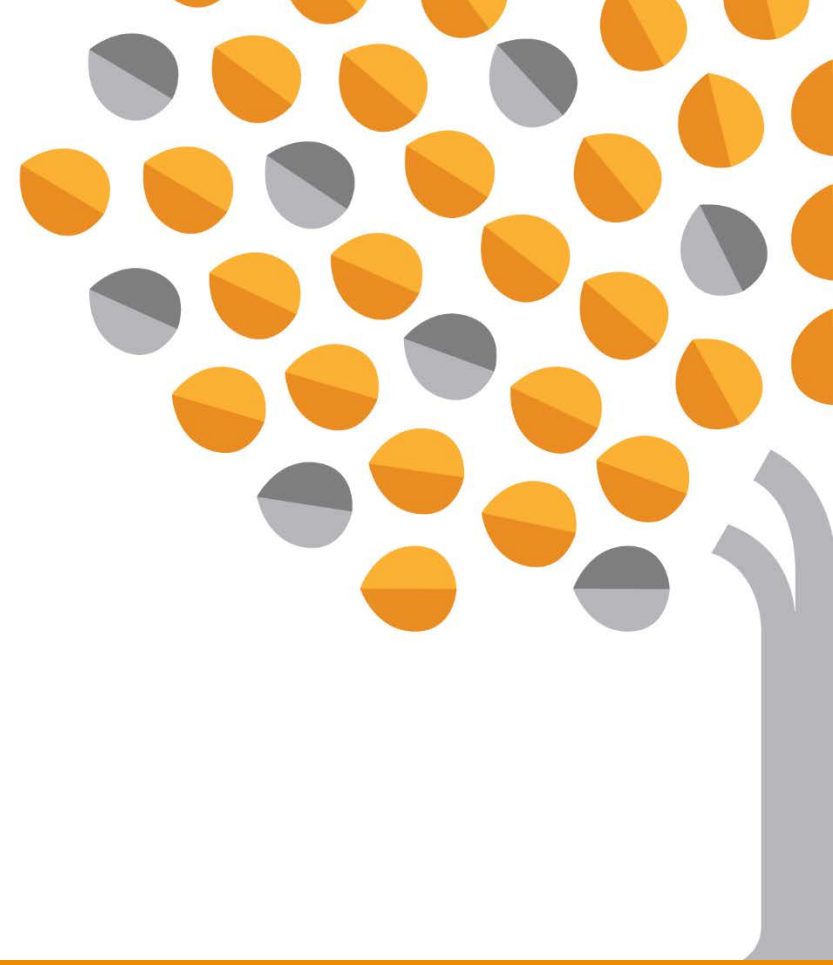
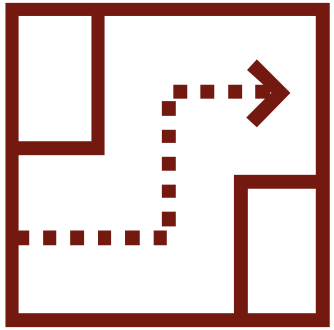
04



US Healthcare movers and shakers

- SOSV was the most active investor this quarter, investing in a total of 14 Healthcare deals.
- There were 14 Healthcare IPOs in Q2'20 raising approximately \$2.4B.

US Healthcare trends – Q2 2020



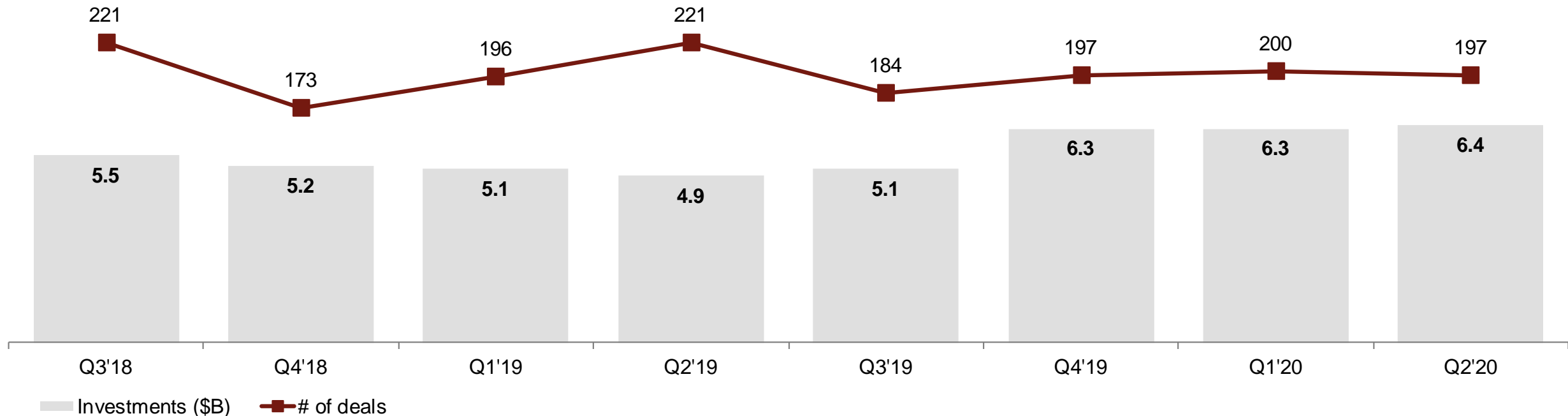
01

8-quarter Healthcare financing trends



Healthcare deal activity remained relatively consistent in Q2'20

- Dollars invested in US Healthcare **increased** slightly quarter to quarter from **\$6.3B** in Q1'20 to **\$6.4B** in Q2'20.
- Deal numbers have **decreased by 2%** from the prior quarter, with **197 deals** closing in Q2'20. The average deal value **increased** from \$31.6M in Q2'20 to **\$32.3M in Q2'20**.
- Compared to the same quarter in FY'19, dollars invested increased **31%** while the the number of deals decreased by **11%** in Q2'20.

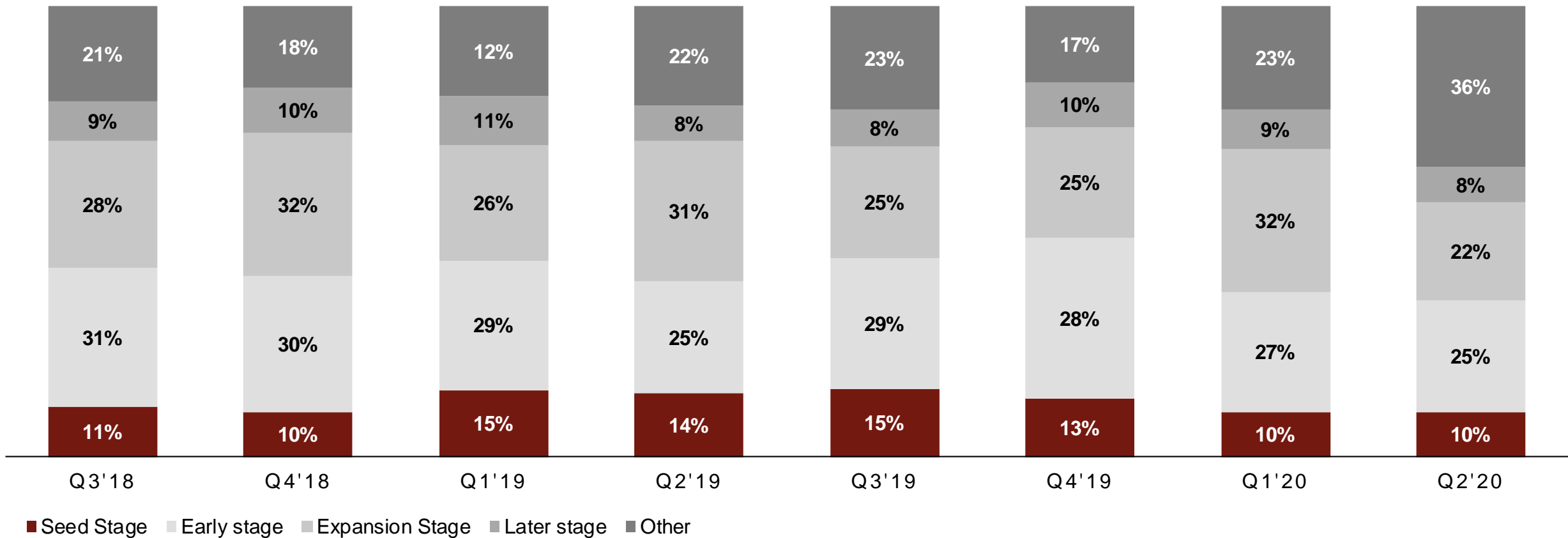




US Healthcare deal share by stage

“Other” stage companies concentrated majority of the deals

- **Other stage** deals had the largest share by stage in Q2'20, making up **36%** of total dollars raised.
- **Later stage** deals continue to have the lowest share by stage in Q2'20, making up **8%** of total dollars raised.

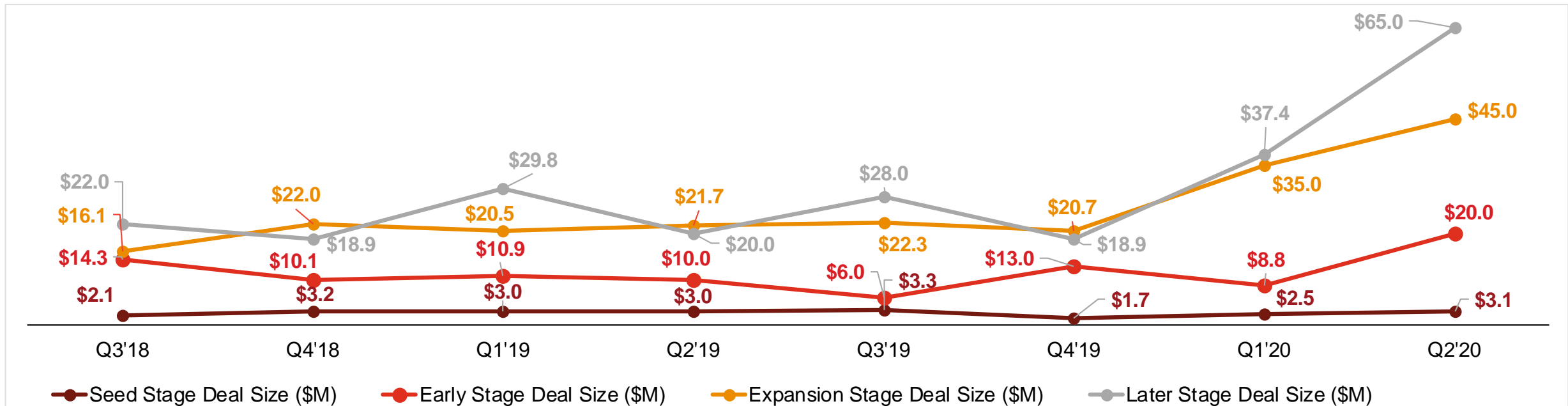




Median US deal size by stage

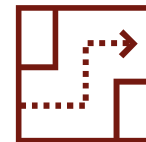
Median deal size increased across all stages in Q2'20

- Median deal size for **later stage** companies saw a **significant increase this quarter to \$65.0M**.
- **Seed stage** companies median deal size saw an **increase this quarter**, going from \$2.5M in Q1'20 to \$3.1M in Q2'20.
- **Early stage** companies median deal size saw an **increase this quarter**, going from \$8.8M in Q1'20 to \$20.0M in Q1'20.
- **Expansion stage** companies median deal size saw an **increase this quarter**, going from \$35.0M in Q1'20 to \$45.0M in Q2'20.



Healthcare sector trends

Biotechnology related industries raised \$5.3 billion



- A total of **\$5.3B** invested into **Biotechnology related industries** in Q2'20, which represents a **7% increase** from Q1'20, and deals remained **flat** quarter over quarter with 132 deals in Q1'20 and 131 deals in Q2'20.
- The **Medical Devices & Equipment related industries** decreased quarter over quarter to **\$847M** in funding, but saw a **15% increase** in number of deals from Q2'20.
- **Other Healthcare related industries** decreased significantly quarter over quarter to **\$185M** in funding and number of deals **decreased by 43%** from Q2'20.

Percentage change in dollars invested Q2'20/Q1'20



7%

Biotechnology
Related Industries



6%

Medical Devices &
Equipment Related
Industries



58%

Other Healthcare



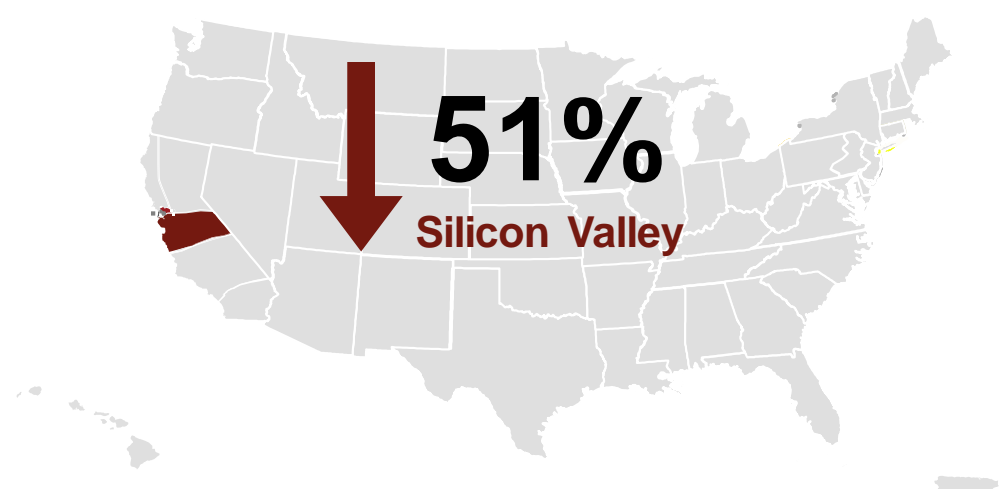
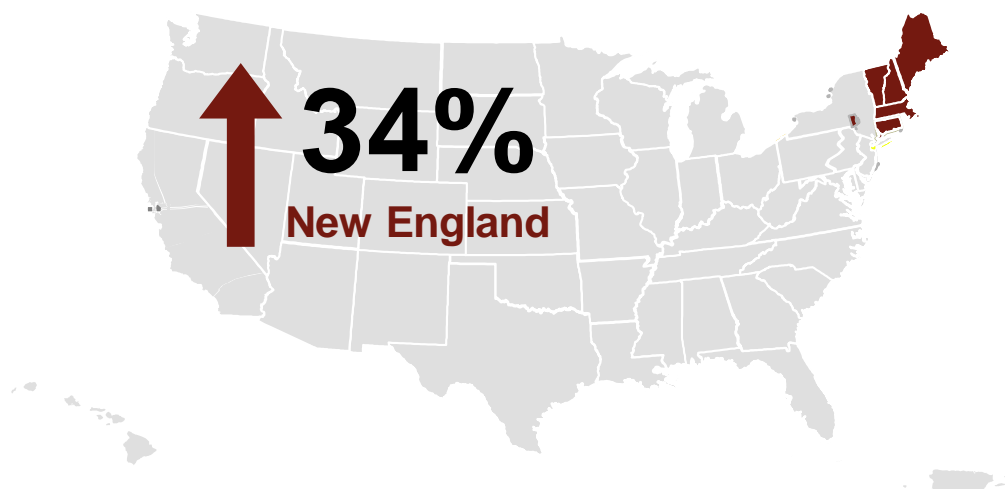
Regional Healthcare trends



New England led in dollars invested and deal activity in Q2'20

- **New England** surpassed Silicon Valley and led in terms of dollars invested in Q2'20, with **\$2.2B** raised this quarter through **45** deals. Of the 45 deals closed in Silicon Valley, **7 were mega-rounds**, raising a total of **\$932M**.
- **Silicon Valley** followed behind and saw a **52%** decrease in funding to **\$1.2B** when compared to the prior quarter. Number of deals closed also decreased, with **34** deals closing in Q2'20 compared to 49 deals in Q1'20.
- **New England** held **34% of the US Healthcare market share** for total deal dollars invested in Q2'20, while **Silicon Valley** accounted for **19%** of total deal dollars. Together, both regions accounted for **53%** total deal dollars in the country this quarter.

Percentage change in dollars invested Q2'20/Q1'20



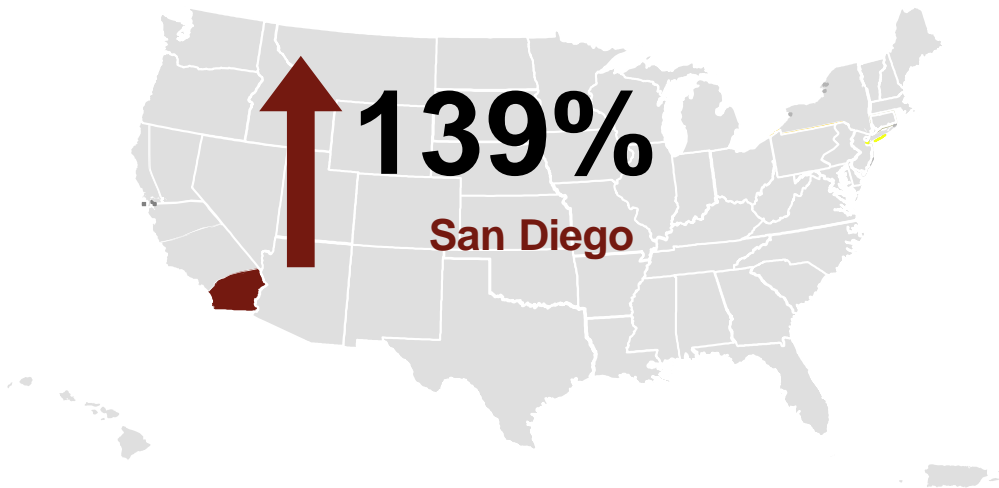
Regional Healthcare trends (continued)



Changes in other US regions:

- San Diego ended in third place in terms of number of deals, raising **\$875M** through **24 deals** in Q2'20, a **139% increase** in dollars raised from the prior quarter.
- Of the 24 deals closed in San Diego, **2 were a mega-rounds**, raising a total of **\$310M**.
- **San Diego** held **14% of the US Healthcare market share** for total deal dollars invested in Q2'20.

Percentage change in dollars invested Q2'20/Q1'20

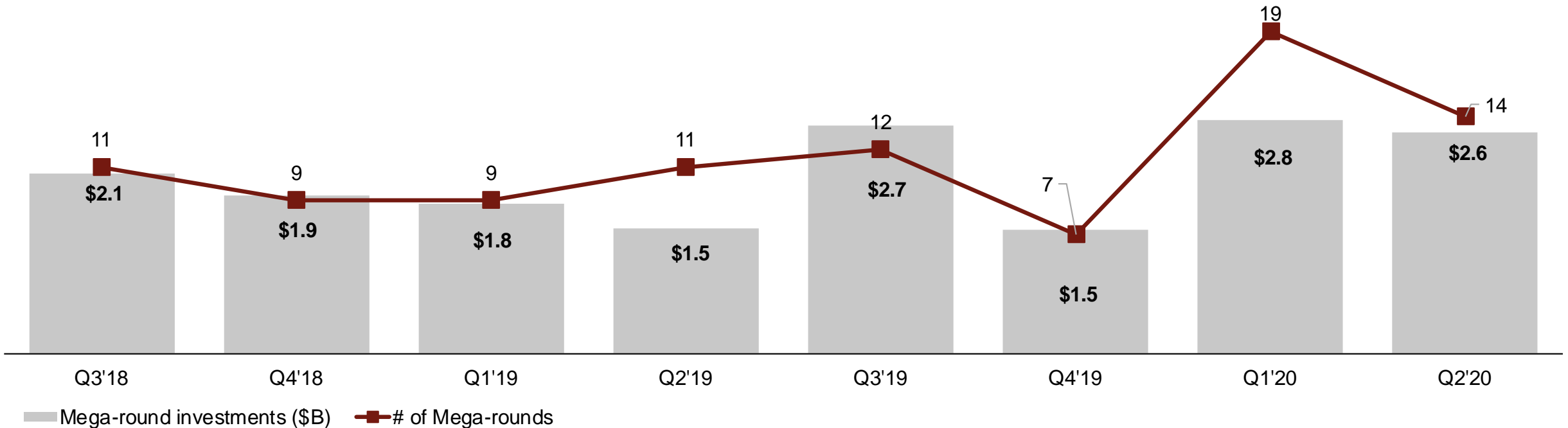


US Healthcare mega-rounds

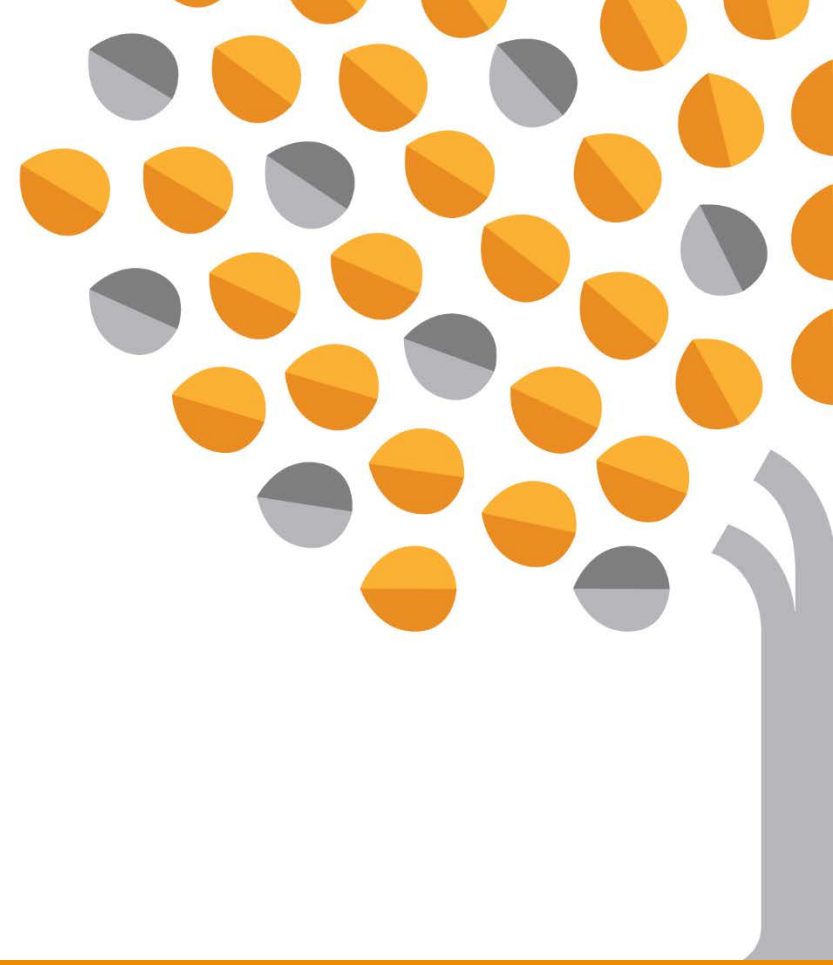
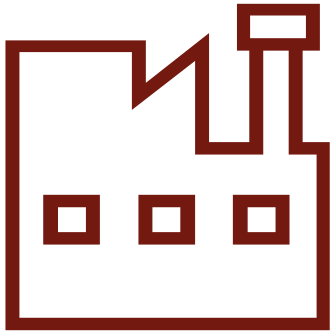


Mega-round financing decreased this quarter, in both dollars invested and number of deals

- US Healthcare mega-round financing raised **\$2.6B** in Q2'20, which was a **7% decrease** from the mega-round funding in the prior quarter. Mega-round activity also decreased, with 14 deals closing in Q2'20 compared to 19 deals closing in Q1'20.
- Dollars raised from mega-round deals made up **40%** of the total dollars raised in Q2'20.
- The average size of a mega-round deal was **\$182M** in Q2'20, which is 26% greater than the **\$145M** average mega-round deal size from the past quarter.



US Healthcare Industries – Q2 2020



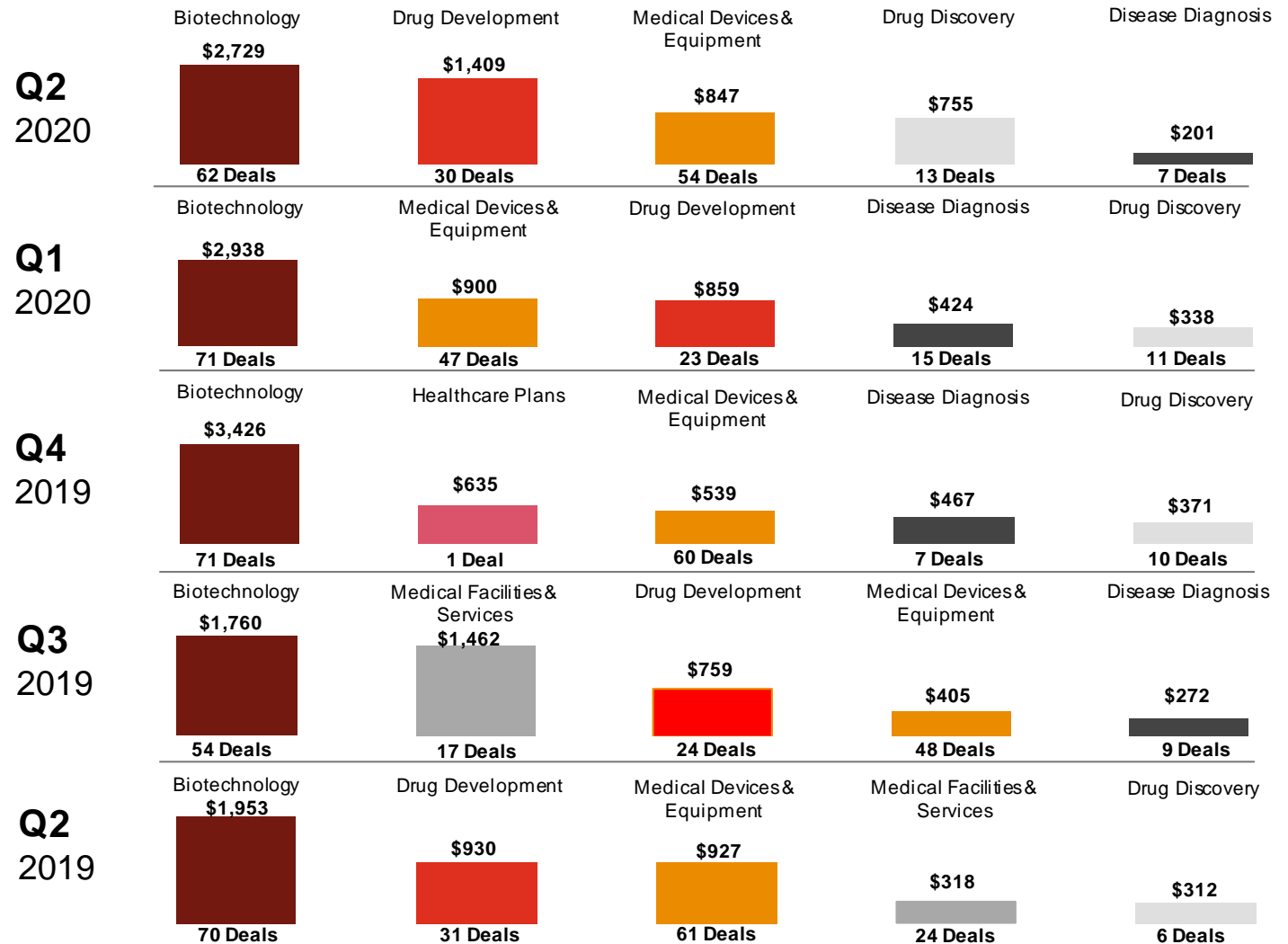
02

Top five US Healthcare industries over the last five quarters



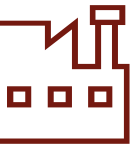
Trends:

- The **Biotechnology** subsector continues to lead the Healthcare industry in Q2'20 in terms of dollars invested, raising \$2.7B, a 7% decrease from the \$2.9B raised in Q1'20. Out of the 62 deals, closed, 6 were a mega-round deals which contributed \$1.2B to the dollars invested in this quarter.
- The **Drug Development** industry outperformed the **Medical Devices & Equipment** industry this quarter in dollars invested, with \$1.4B dollars invested. \$675M of the total \$1.4B invested came from 4 mega-round deals.
- The **Medical Devices & Equipment** industry raised \$847M, a decrease of 1% from Q1'20, in terms of dollars invested. There was 1 mega-round deal in this industry, contributing \$100M of the dollars invested.



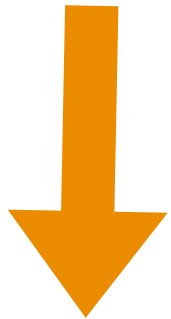
Q2'20 Deep dive

Biotechnology related industries



“The pandemic has not significantly impacted the healthcare financings trend. The number of deals remained stable compared to the past couple of quarters and the dollars invested have not been this high since Q2'2018.”

– Ousmane Caba, Life Science Partner at PwC



7%

Decrease in funding for
Biotechnology
subsector
compared to Q1'20

Largest Biotechnology and related industries deals in Q2'20:

\$481M

Sana Biotechnology

\$275M

Pionyr Immunotherapeutics

\$260M

Everest Medicines

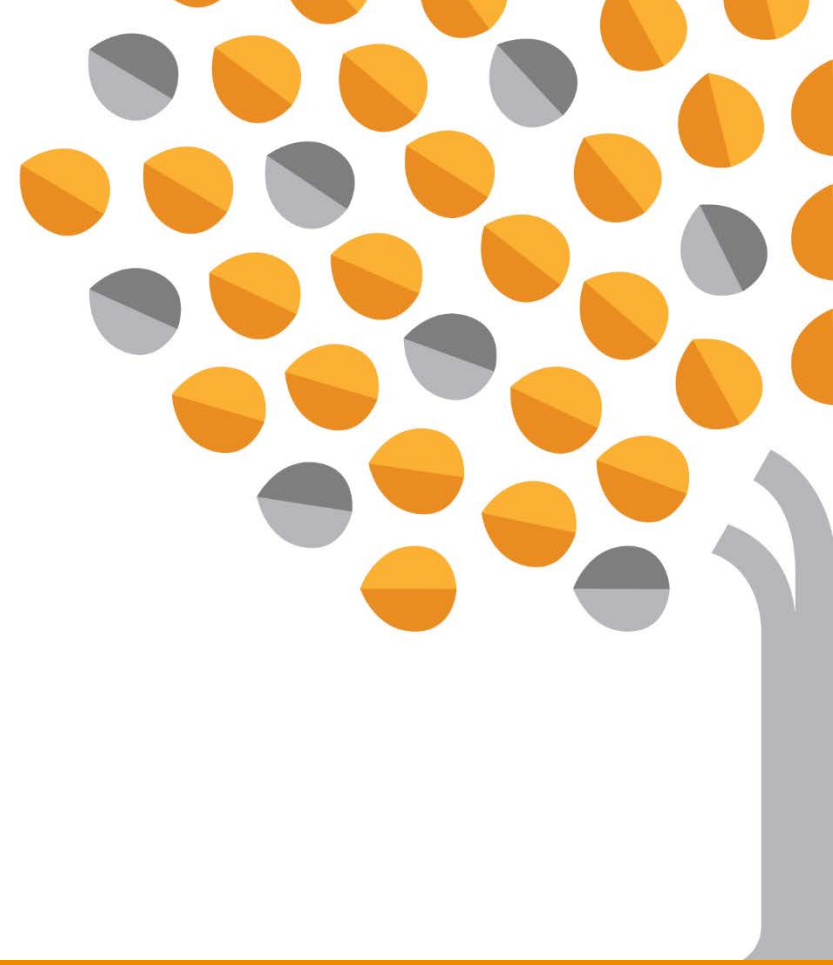
\$215M

Atea Pharmaceuticals

\$200M

Erasca

US Places – Q2 2020



03

US Healthcare – Top five regions by deal value in Q2'20



45 Deals
Avg. Deal
Size: **\$48M**



New England

\$2,166M

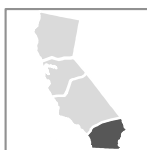
34 Deals
Avg. Deal
Size: **\$36M**



Silicon Valley

\$1,226M

24 Deals
Avg. Deal
Size: **\$36M**



San Diego

\$875M

18 Deals
Avg. Deal
Size: **\$24M**



New York Metro

\$439M

13 Deals
Avg. Deal
Size: **\$24M**

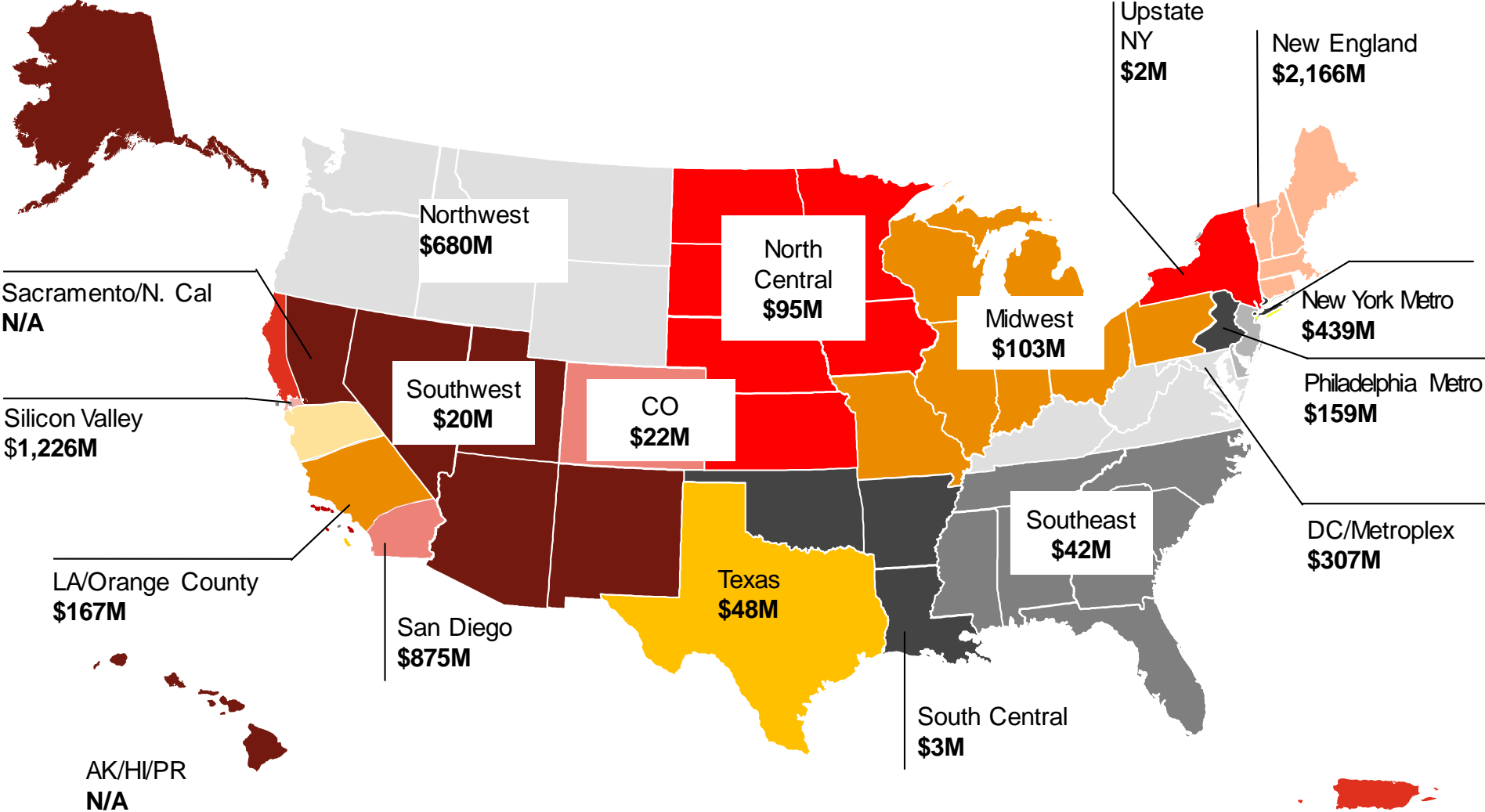


DC/Metroplex

\$307M



US Healthcare – All US regions in Q2'20

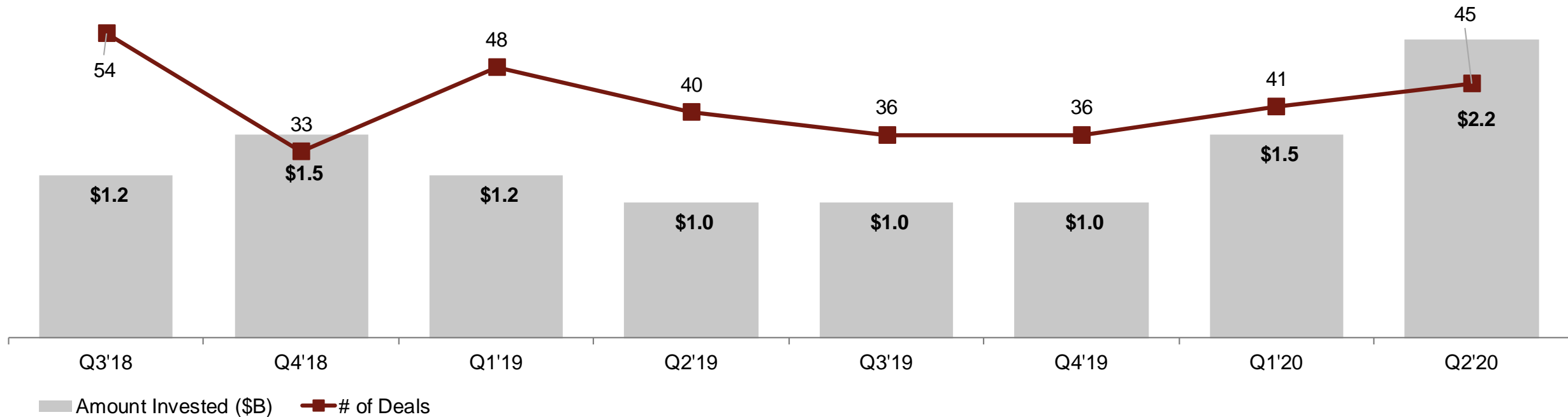


8-quarter financing trend – New England



Dollars raised and number of deals increased Q2'20

- **New England, in Q2'20, raised \$2.2B in 45 deals**, compared to \$1.5B in 41 deals in Q1'20.
- Compared to the same quarter in FY'19, dollars invested increased **130%** and the number of deals **increased 13%** in Q2'20.
- The region raised **\$932M through 7 mega-rounds**. The dollars invested in mega-round deals made up 42% of the total dollars raised in the region this quarter.

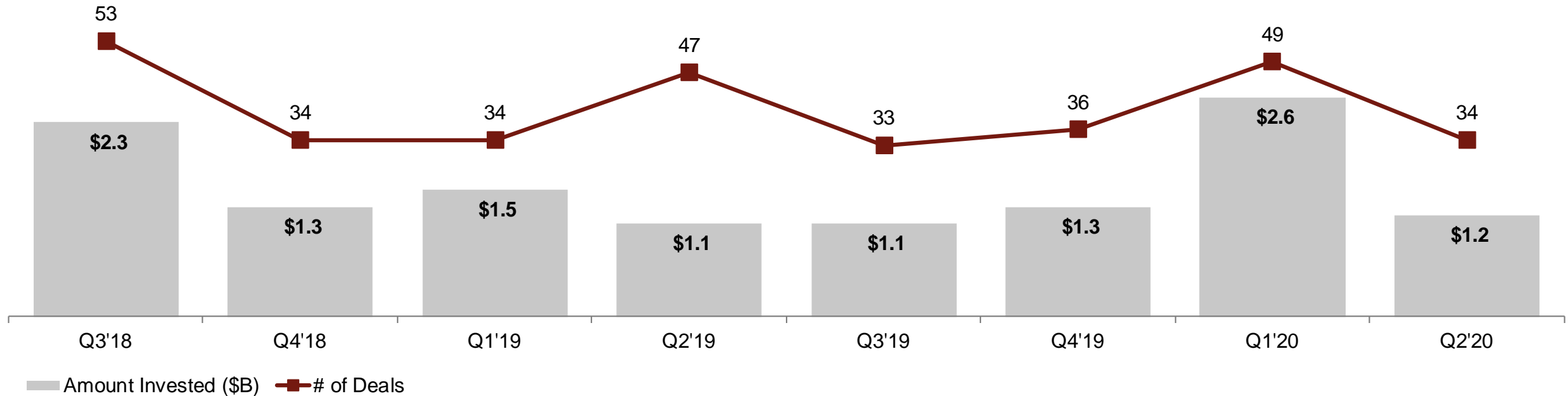


8-quarter financing trend – Silicon Valley

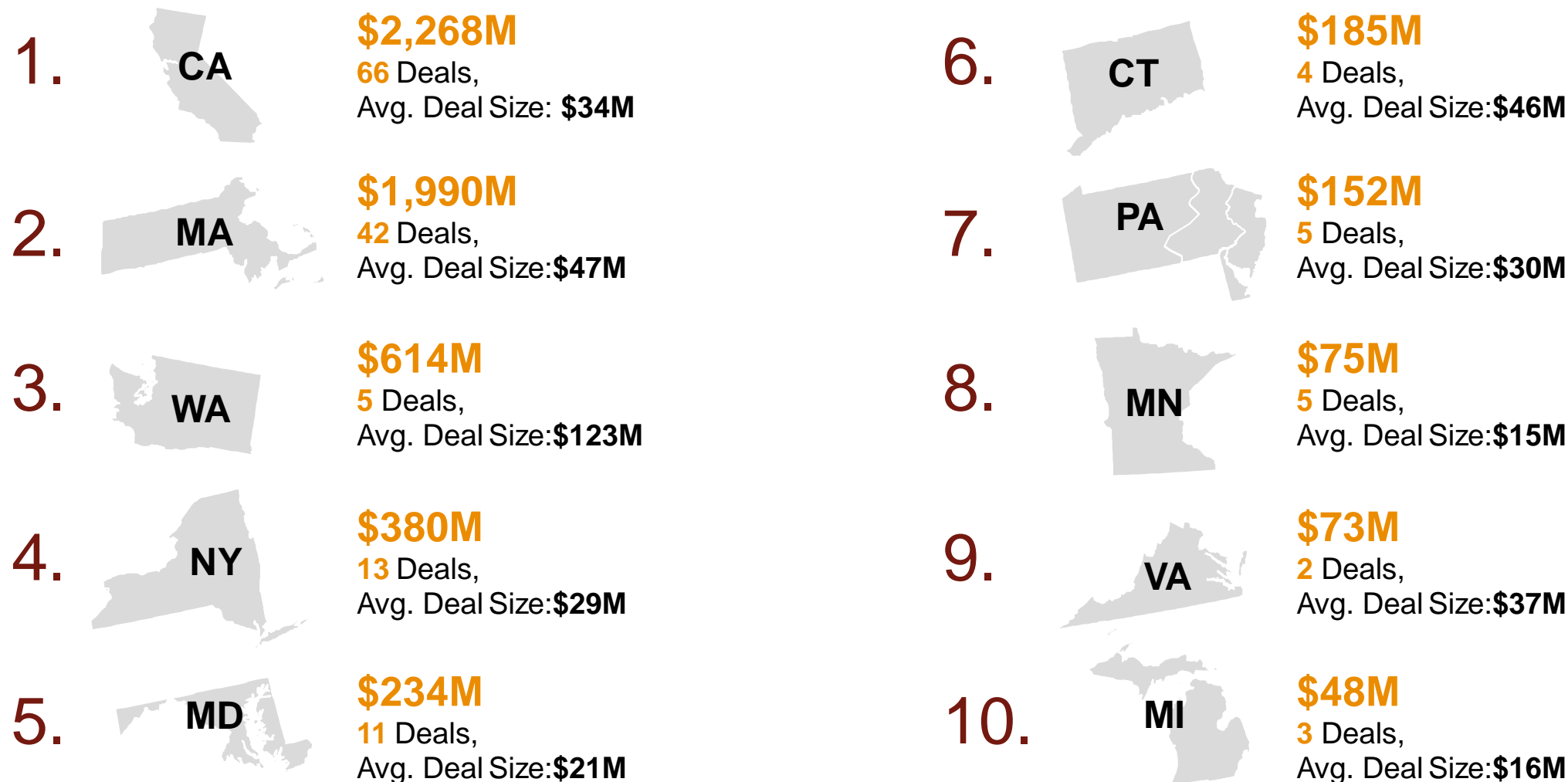


Dollars invested in Silicon Valley decreased this quarter to **\$1.2B**

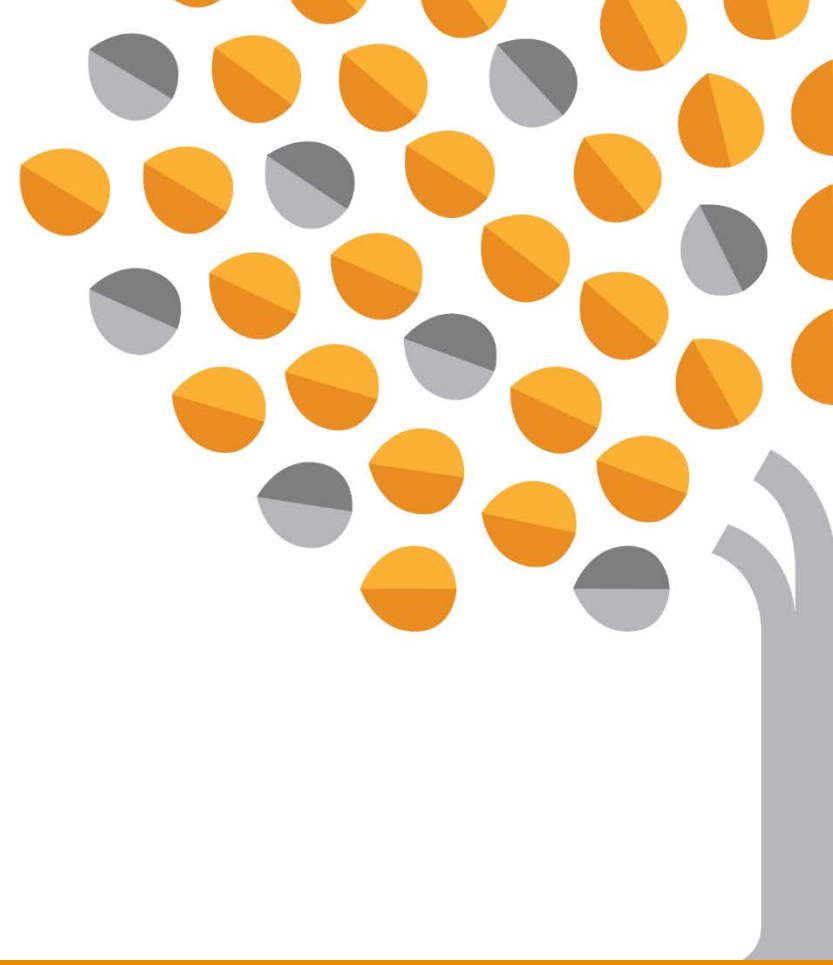
- In Silicon Valley, Healthcare financing raised **\$1.2B** in Q2'20, which was a **52% decrease** from the funding in the prior quarter. Mega-round activity decreased with 3 deals closing in Q2'20, compared to 9 deals in Q1'20.
- The average size of a mega-round deal was **\$189M** in Q2'20, compared to the **\$165M** average mega-round deal size in Q2'20.



US – Top 10 states by deal value in Q2'20



US Healthcare movers and shakers – Q2 2020



04

Largest Healthcare deals in Q2'20



Company	Location	Industry	Stage of funding	\$ Value of deal	Select investors
1 Sana Biotechnology	Seattle, WA	Biotechnology		\$481M	Alaska Permanent Fund; Altitude Life Science Ventures; Amity Ventures; ARCH Venture Partners; Baillie Gifford & Co.; Bezos Expeditions
2 Pionyr Immunotherapeutics	South San Francisco, CA	Drug Discovery		\$275M	Gilead Sciences
3 Everest Medicines	New York, NY	Drug Development		\$260M	CBC Group; China Reform Holdings Corporation; Cormorant Capital; Decheng Capital; HBM Healthcare Investments
4 Atea Pharmaceuticals	Boston, MA	Biotechnology		\$215M	Adage Capital Management; Ally Bridge Group; Bain Capital; Cormorant Asset Management; Morningside Venture Capital
5 Erasca	San Diego, CA	Drug Discovery		\$200M	ARCH Venture Partners; City Hill Ventures; Colt Ventures; Cormorant Asset Management; EDBI; Invus Group; LifeSci Venture Partners; Terra Magnum Capital Partners
6 Orca Bio	Menlo Park, CA	Biotechnology		\$192M	+ND Capital; 8VC; Data Collective; Illinois Municipal Retirement Fund; Kaiser Permanente; Lightspeed Venture Partners; Mubadala Investment Co
7 C4 Therapeutics	Watertown, MA	Drug Development		\$150M	3E Bioventures; Adage Capital Management; Axil Capital; Bain Capital; Cobro Ventures



Seed Stage



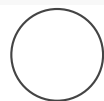
Early Stage



Expansion Stage



Later Stage



Other

Most active venture capital firms in Healthcare in Q2'20



Investor	Deals	Select investments	Location
1 SOSV	14	Opentrons; DtoR; Catalog Technologies; Prellis Biologics; Sun Genomics; Convalesce; Protera; Dalton Bioanalytics	Princeton, NJ
2 Polaris Partners	8	Suneva Medical; SQZ Biotech; Navitor Pharmaceuticals; Pandion Therapeutics; QurAlis; Glympse Bio	Boston, MA
3 Google Ventures	7	SQZ Biotech; Aledade; Cerevance; Accent Therapeutics; Verve Therapeutics	Mountain View, CA
4 ARCH Venture Partners	7	Nutcracker Therapeutics; Erasca; Verve Therapeutics; Aspen Neuroscience; ROME Therapeutics; Autobahn Therapeutics	Chicago, IL
5 Alexandria Venture Investments	6	Yumanity Therapeutics; Tara Biosystems; 3D Bio Holdings; Nitrome Biosciences; MOMA Therapeutics	Pasadena, CA

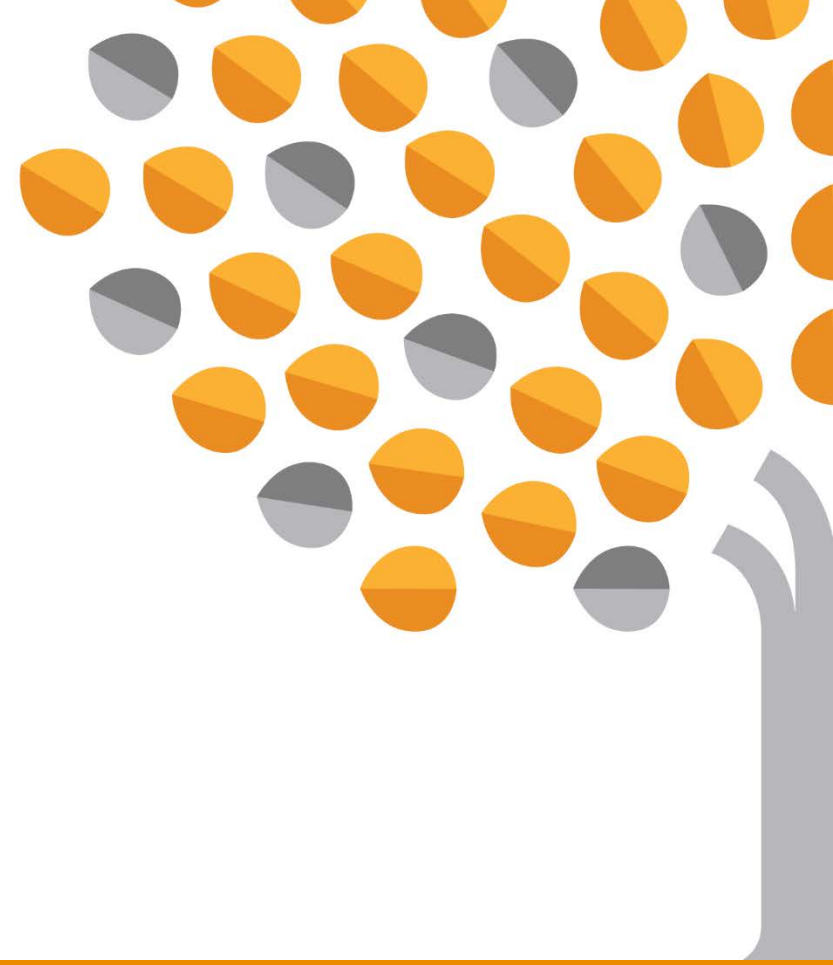
Healthcare IPOs in Q2'20

Top 10 IPOs



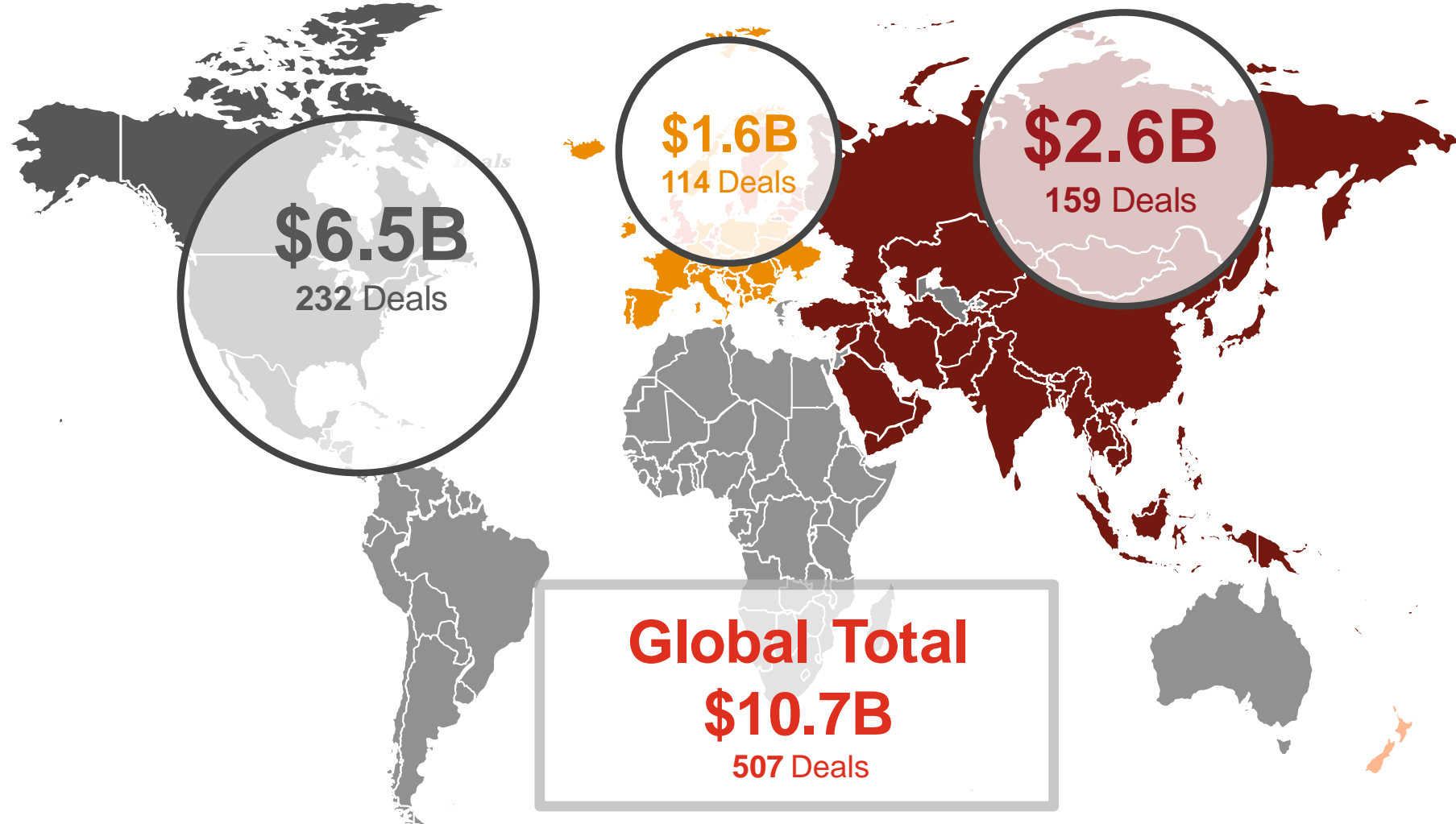
Company	Amount	Location	Industry
1 Legend Biotech	\$424M	Piscataway, NJ	Biotechnology
2 FORMA Therapeutics	\$278M	Watertown, MA	Drug Discovery
3 Avidity Biosciences	\$259M	La Jolla, CA	Biotechnology
4 Vaxcyte	\$224M	Foster City, CA	Biotechnology
5 Akouos	\$213M	Boston, MA	Drug Development
6 Generation Bio	\$200M	Cambridge, MA	Drug Delivery
7 Zentalis Pharmaceuticals	\$165M	New York, NY	Drug Discovery
8 Inari Medical	\$156M	Irvine, CA	Medical Devices & Equipment
9 Pliant Therapeutics	\$144M	South San Francisco, CA	Biotechnology
10 ORIC Pharmaceuticals	\$120M	South San Francisco, CA	Drug Discovery

Global Healthcare trends – Q2 2020



05

Global Healthcare comparisons for Q2'20

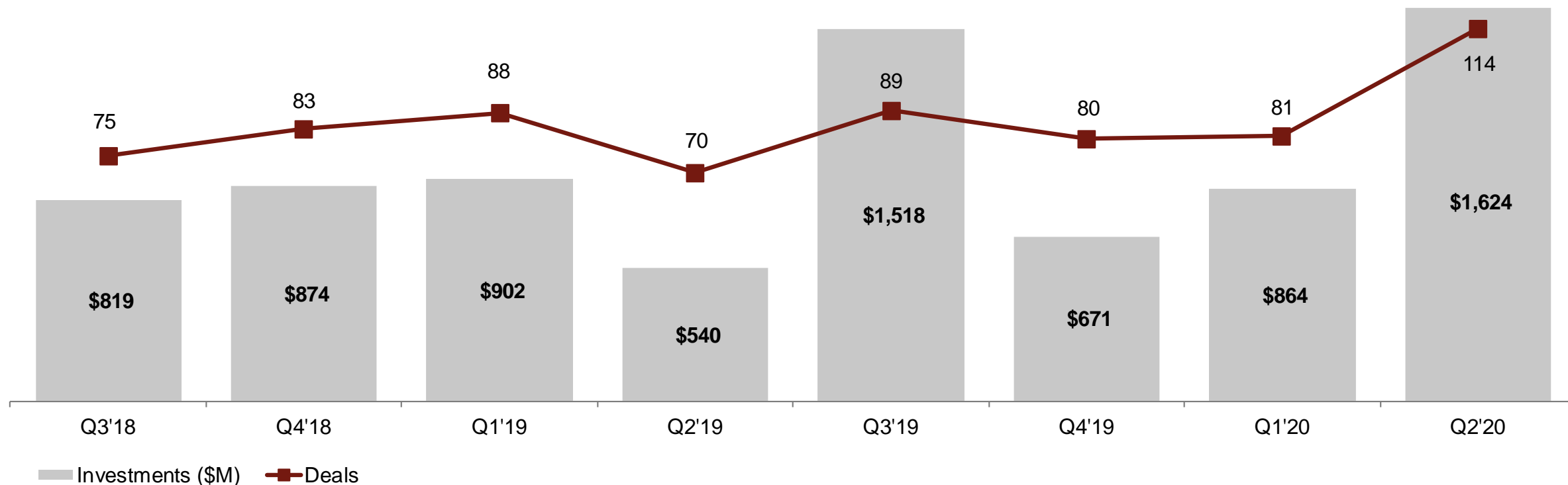


8-quarter financing trend – Europe



Europe received an increase in funding in Q2'20, with \$1.6B in total deal value this quarter.

- Dollars invested in Europe **increased** quarter to quarter from **\$864M** in Q1'20 to **\$1.6B** in Q2'20, an **88% increase**.
- Deal numbers also increased quarter to quarter, with **81 deals** closing in Q1'20 and **114 deals** closing in Q2'20. The average deal value was **\$14.2M** in Q2'20.

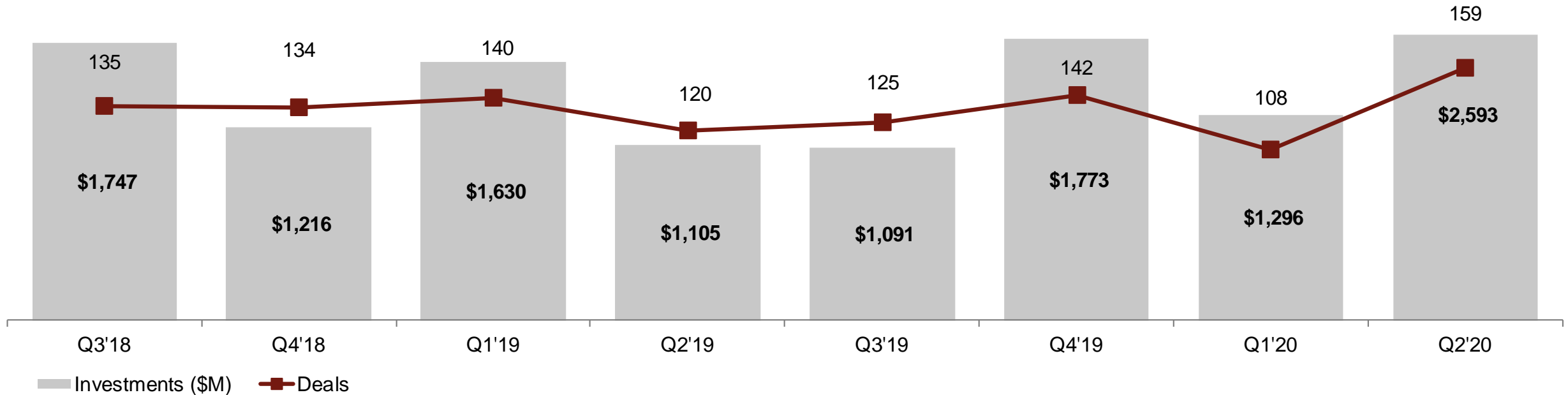


8-quarter financing trend – Asia



Number of deals and dollars invested increased in Asia

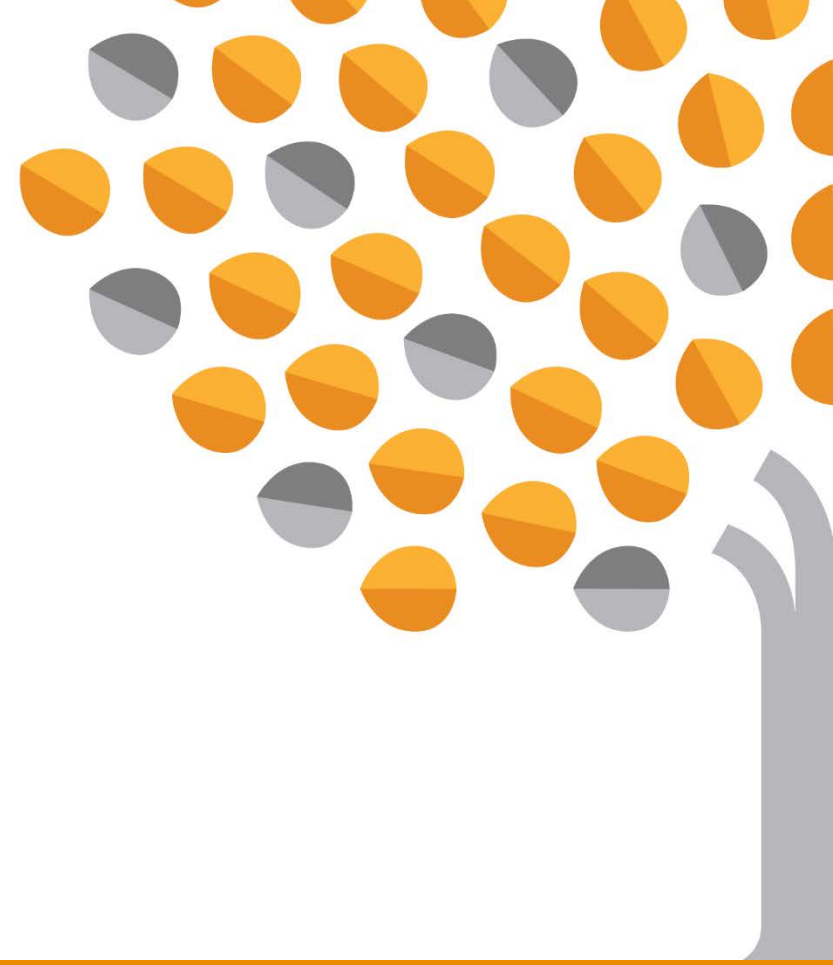
- Asia saw \$2.6B invested across 159 healthcare deals in Q2'20.
- Dollars invested in Asia **doubled** quarter to quarter from **\$1.3B** in Q1'20 to **\$2.6B** in Q2'20.
- Deal numbers have **increased by 47%** from the prior quarter, with **159 deals** closing in Q2'20 compared to 108 deals closing in Q1'20.



Appendix

PwC/CB Insights

MoneyTree™ Report Q2 2020



US States – Full listing of Q2 2020 deals and investments

State	\$M	#Deals	State	\$M	#Deals	State	\$M	#Deals
California	2,268	66	Louisiana	2	1	Pennsylvania	152	5
Colorado	22	2	Maryland	234	11	Texas	48	7
Connecticut	185	4	Massachusetts	1,990	42	Utah	20	1
Delaware	8	1	Michigan	48	3	Virginia	73	2
Florida	2	2	Minnesota	75	5	Washington	614	5
Idaho	23	1	New Hampshire	6	1	Wisconsin	8	1
Illinois	18	2	New Jersey	46	4	Wyoming	38	1
Indiana	0.3	1	New York	380	13			
Iowa	13	1	North Carolina	41	5			
Kansas	1	1	Ohio	34	6			
Kentucky	2	1	Oregon	6	2			

Methodology

PwC ([pwc.com/moneytree](https://www.pwc.com/moneytree)) and CB Insights ([cbinsights.com](https://www.cbinsights.com)) encourage you to review the methodology and definitions employed to better understand the numbers presented in this report. If you have any questions about the definitions or methodological principles used, we encourage you to reach out to CB Insights directly. Additionally, if you feel your firm has been underrepresented, please send an email to info@cbinsights.com and we can work together to ensure your firm's investment data is up-to-date.

Rankings, e.g. top states and top sectors, are done by quarterly deal activity (that is, deal count for the given quarter).

What is included:

- Equity financings into emerging companies. Fundings must be to VC-backed companies, which are defined as companies that have received funding at any point from either: venture capital firms, corporate venture arms, or super angel investors.
- Fundings of private companies only. Funding rounds raised by public companies of any kind on any exchange (including Pink Sheets) are excluded from our numbers, even if they received investment by a venture firm(s).
- Only includes the investment made in the quarter for tranching investments. If a company does a second closing of its Series B round for \$5M and previously had closed \$2M in a prior quarter, only the \$5M is reflected in our results.
- Round numbers reflect what has closed, not what is intended. If a company indicates the closing of \$5M out of a desired raise of \$15M, our numbers reflect only the amount which has closed.
- Only verifiable fundings are included. Fundings are verified via (1) various federal and state regulatory filings; (2) direct confirmation with firm or investor; (3) press release; or (4) credible media sources.
- Equity fundings to joint ventures and spinoffs/spinouts are included, given that they meet the VC-backed criteria.
- Geography note: Israel funding figures are classified in Asia.

What is excluded:

- No contingent funding. If a company receives a commitment for \$20M subject to hitting certain milestones but first gets \$8M, only the \$8M is included in our data.
- No business development/R&D arrangements, whether transferable into equity now, later or never. If a company signs a \$300M R&D partnership with a larger corporation, this is not equity financing nor is it from venture capital firms. As a result, it is not included.
- No buyouts, consolidations or recapitalizations. All three of these transaction types are commonly employed by private equity firms and are tracked by CB Insights. However, they are excluded for the purposes of this report.
- No private placements. These investments, also known as PIPEs (Private Investment in Public Equities), are not included even if made by a venture capital firm(s).
- No debt/loans of any kind (except convertible notes). Venture debt or any kind of debt/loan issued to emerging, startup companies, even if included as an additional part of an equity financing, is not included. If a company receives \$3M with \$2M from venture investors and \$1M in debt, only the \$2M is included in these statistics.
- No non-equity government funding. Grants or loans by the federal government, state agencies, or public-private partnerships to emerging, startup companies are not included.
- No fundings to subsidiaries of a larger parent corporation.

Disclaimer

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