

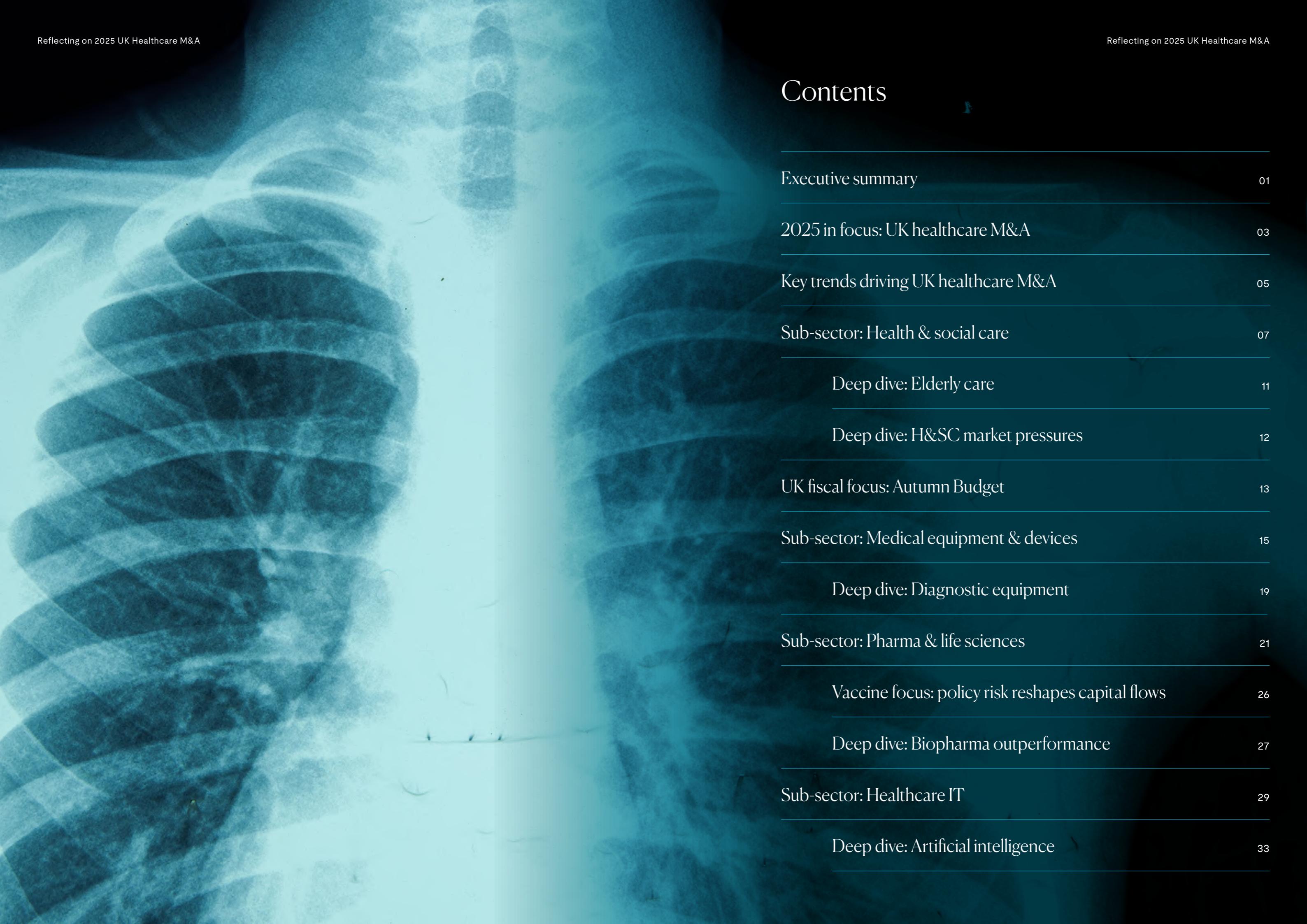
January 2026:

Reflecting on 2025 UK Healthcare M&A

A look back at key
transactions and trends

We see things
differently.

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Executive summary

UK healthcare deal flow in 2025 was concentrated in specific sought after market segments.

Key themes include:

1

A steady M&A environment

UK deal volumes remained broadly flat compared with 2024, signalling a cautious stance from acquirers and investors. Healthcare continued to outperform while most other UK sectors, notably technology, consumer and industrials, recorded a low double digit decline in deal activity.¹

2

High quality assets were winners

Despite the subdued market backdrop, several high-growth areas continued to attract strong demand. The care industry was defined by the creation of Welltower 3.0 and its buyout of several UK care home groups. Other 'hotspot' sectors included diagnostics and cutting-edge digital health firms and several biopharma acquisitions obtained premium valuations.

3

Private equity still holding back

Strong capital availability across healthcare corporates and private equity is a positive sign for 2026, with private equity buyers entering 2026 holding over £1 trillion in dry powder, supporting a capacity and willingness to pursue deals at scale. Investors are increasingly becoming more selective, targeting high-margin, low-overhead healthcare models.

4

Continued US influence

US healthcare policy continues to drive global momentum toward value-based and preventative care, underpinned by a predictable stance favouring competition, transparency and tighter drug pricing scrutiny. Under the UK-US Economic Prosperity Agreement, the UK has secured zero tariffs on pharmaceuticals and preferential medtech terms, avoiding the higher tariffs faced by EU exporters. This provides UK firms with cost certainty and a modest competitive edge, positioning them to capture growing US demand for outcome-driven, cost-efficient solutions, particularly in digital health, medtech and advanced therapeutics.

5

Deep dives

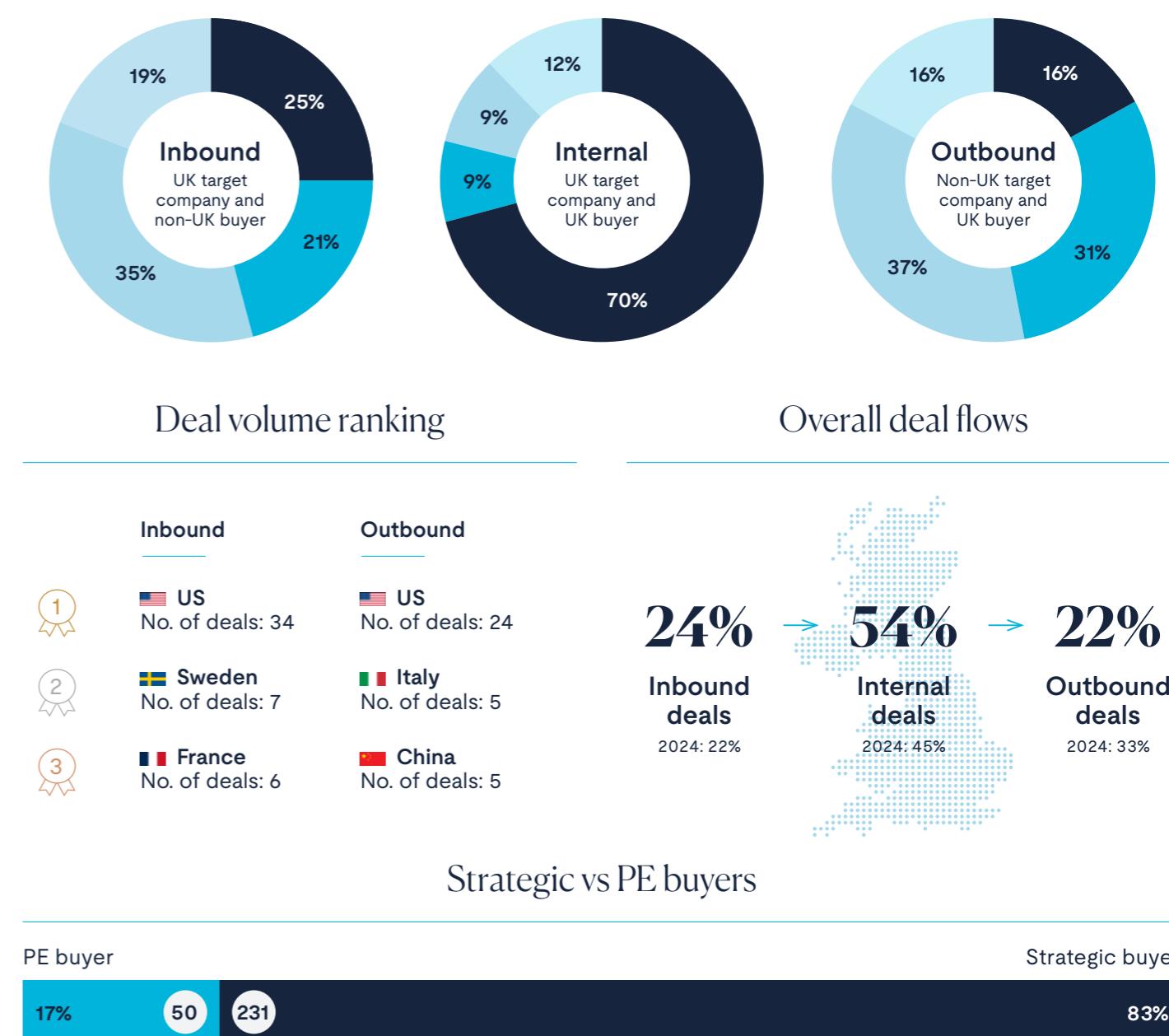
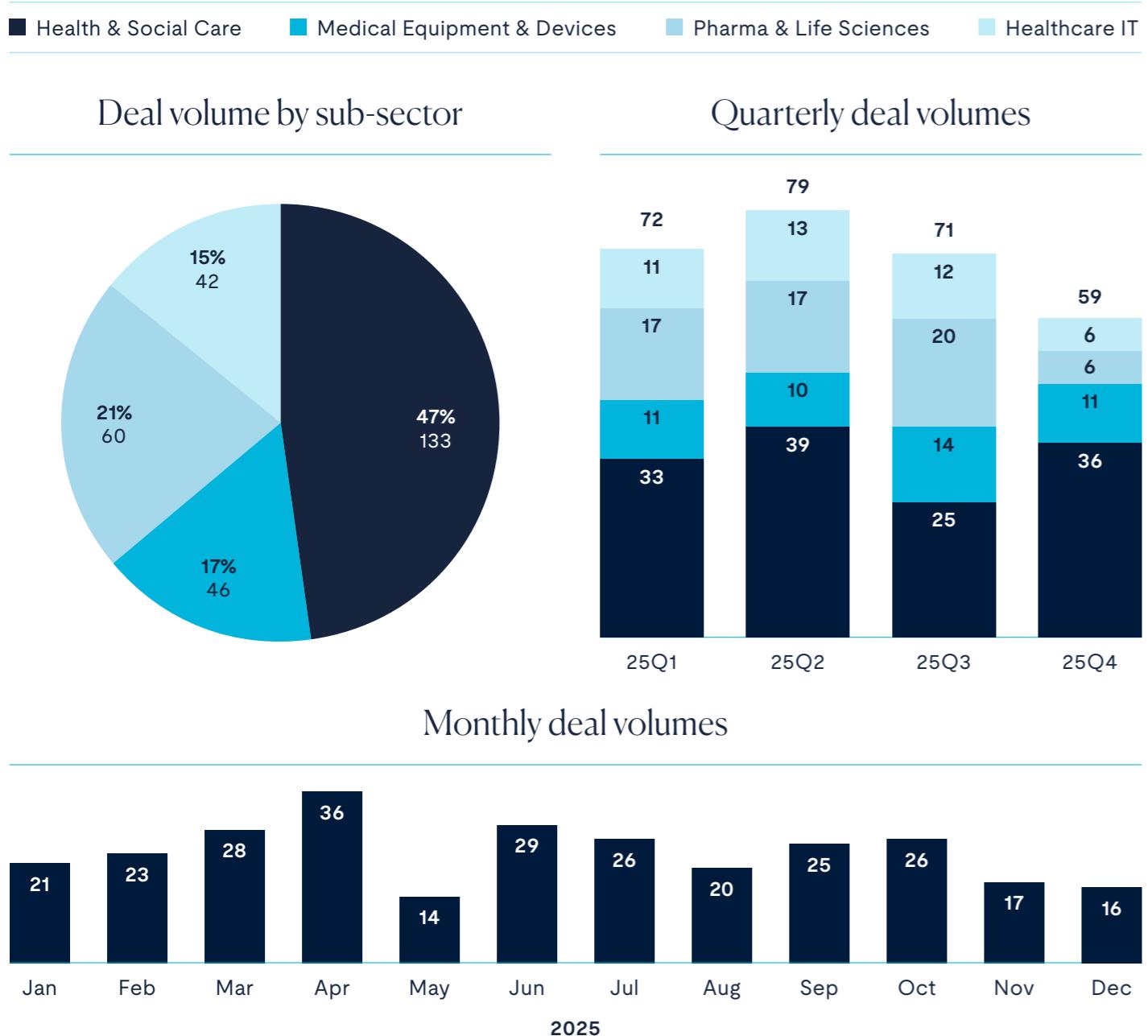
Through focused subsector deep dives, cautionary case studies and a perspective that spans both UK and global macro lenses, we examine the forces reshaping healthcare investment and assess how structural changes in technology, regulation and operating models are influencing capital allocation, valuation dynamics and deal activity.



2025 in focus: UK healthcare M&A

UK assets remain attractive to international and domestic buyers, across all four subsectors.

- There were 281 deals announced or completed in 2025, broadly flat year-on-year. This stability reflects continued investor caution and selectivity, a trend carried over from 2024.
- H&SC remains the core engine of UK M&A, accounting for most internal deals. Activity is underpinned by in-person service models with strong real estate fundamentals, providing asset-backed stability.
- The US emerged as the frontrunner in inbound deal activity, with European buyers ranking second and focusing on high-quality UK assets.
- Trade buyers dominate the landscape, accounting for 83% of deals, while private equity remains active but disciplined.
- Q1 and Q2 recorded the highest deal volumes, with a notable clustering of completions in March and April, likely reflecting efforts to close ahead of the April budget changes.
- The US continued to be the leading outbound destination for UK businesses expanding internationally.



Key trends driving UK healthcare M&A

Beyond residential care, the following top five sub-sectors are expected to remain active themes, broadly reflecting a continuation of 2025 M&A trends into 2026:

- The pharma and life sciences sector which saw 35% of deal volume from biopharma, followed by 15% of deals from generics and speciality branded medicine.
- Multi-centre sites which continued to represent a meaningful share of deal activity, accounting for 17% of dental sites, 19% of clinics, and 15% of occupational health transactions.
- Durable medical equipment accounted for 52% of all medical devices and equipment transactions.
- Children's services, particularly the fragmented nursery market, which accounted for 53% of deal volume, and SEN schools, which represented 42% of M&A activity within this sub-sector.
- Healthcare IT deal activity which was led by software applications (45%), with analytics and AI close behind at 31%.

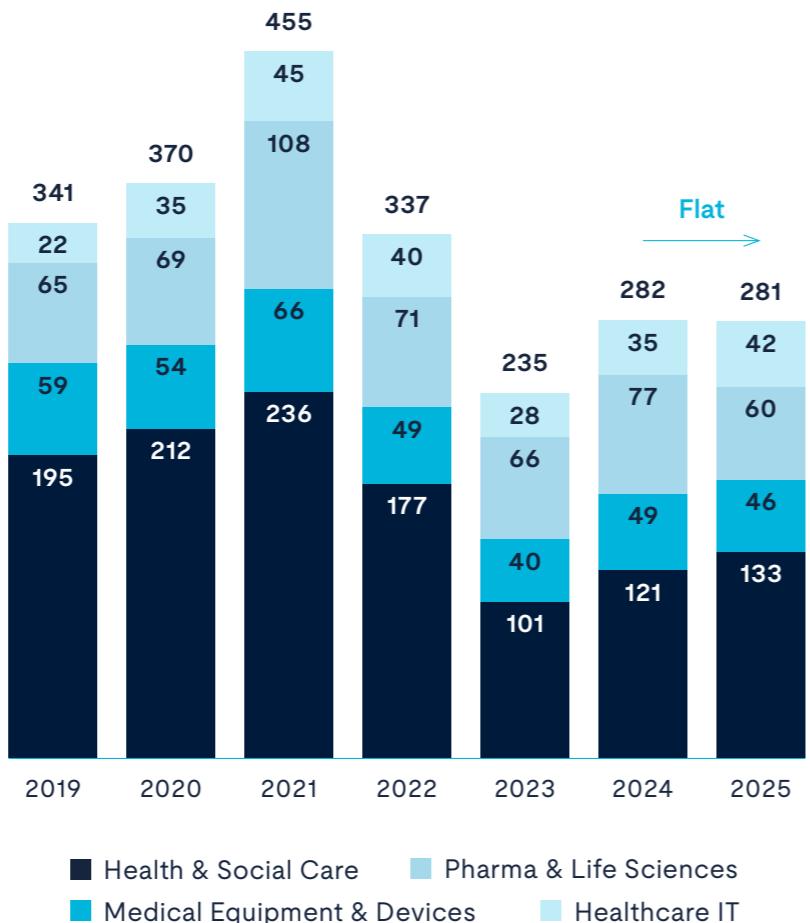
During COVID
Unprecedented M&A volumes, peaking in 2021 amid low interest rates and accelerated consolidation strategies.

Post-COVID
Sharp decline in 2023 as macro uncertainty, inflation and higher rates suppressed activity.

Recovery
Strong rebound with c. 20% uplift in deal volumes in 2024.

Outlook
Healthy activity levels have carried into 2025, with deal flow likely to increase in 2026.

Historic M&A activity



Health & social care

Activity this year

- 1 Health & social care (H&SC) accounted for 47% of the deal volume in 2025, a 1ppt increase in deal volume across the sector.
- 2 48% of total deal volume in H1, related to H&SC deals, largely dominated by transactions in care homes, pharmacies and community care providers.
- 3 £25bn¹ of economic activity in the UK is generated from the care home sector alone and this is expected to further increase in the future, driven by further investment in the sector.

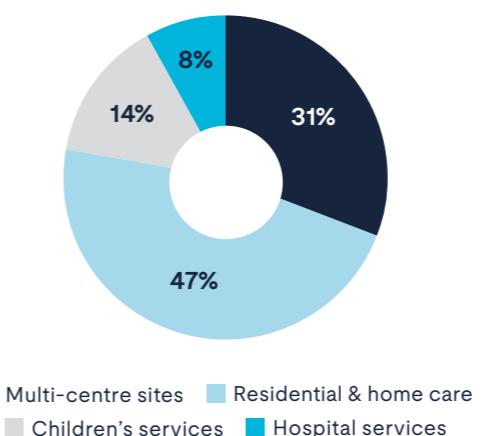


Key information

47%
of total UK deal volume
2024: 48%

86%
of deals by strategic buyers
2024: 75%

12% → 80% → 8%
Inbound deals² 2024: 15% Internal deals 2024: 68% Outbound deals 2024: 18%



Deal volume ranking

Inbound	Outbound
1 US No. of deals: 11	2 Italy No. of deals: 2
2 France No. of deals: 2	Several at 1 deal
3 Ireland No. of deals: 2	-

(1) Source: [Savills, 'Savills Healthcare: UK Market Roundup – H1 2025'](#)
(2) Inbound: UK target company and non-UK buyer; Internal: UK target company and UK buyer; Outbound: non-UK target company and UK buyer.

Looking ahead

Demographic effects

H&SC M&A deal volumes are expected to rise as private equity and strategic buyers consolidate a highly fragmented care home and domiciliary care sector. This trend is fuelled by an ageing population, workforce shortages and the pursuit of efficiencies through tech-enabled platforms to meet growing demand.

Home-based health

Focus will shift toward outpatient, behavioural health, and post-acute care segments, including home-based and community services, as providers adapt to lower-cost models and integrate AI for diagnostics, remote monitoring, and workforce management to address inflationary pressures and regulatory scrutiny.

Selective investments

UK-specific activity will remain robust but selective, emphasising cross-border investments in property-backed assets and innovation, with flexible deal structures like earn-outs and JVs to navigate financing challenges and heightened antitrust reviews.

Elderly care consolidation

Expect larger platforms to acquire standalone homes to manage rising costs and regulatory pressures. Strong demand and high occupancy should keep institutional investors active, supporting portfolio trades and bolt-on deals across the sector.

Key transactions in 2025

Residential & home care

US-based **Welltower** agreed to acquire UK-based **Barchester Healthcare Ltd**, the UK's largest independent care home and specialist providers in a £5.2 billion transaction. The transaction includes over 230 care homes and hospitals, alongside a development pipeline of 21 new projects. This marks the world's largest care home acquisition to date, surpassing all previous records in the sector. Following on from the acquisition of Care UK in 2024, Welltower continues their expansion strategy reinforcing its position as leading global investor in premium senior living.

US-based **Welltower** announced acquisitions of UK-based **HC-One Limited**, for £1.2 billion and **Aria Care Limited** for £615 million. HC-One operates 280 care homes, while Aria Care provides nursing care to more than 50 communities in the UK.



US-based **CareTrust REIT plc** acquired UK-based **Care REIT plc** for £448m at approximately 8x EBITDA. The deal marks CareTrust's entry into the UK market and gives it a portfolio of 137 care homes.

UK-based **A Class Care** acquired UK-based home care business **Caroline Cares for You**, supporting A Class Cares ongoing expansion strategy and strengthens its regional footprint.

Multi-centre sites

India-based and publicly listed **Narayana Hrudayalaya Ltd**'s (NSEI: NH) UK subsidiary, **Narayana Hrudayalaya UK Ltd**, has completed the acquisition of UK-based **Practice Plus Group Holdings Limited** from Bridgepoint Advisers Limited for approximately £183 million. Practice Plus Group operates hospitals, diagnostics, and urgent care services across England, much in partnership with the NHS. The acquisition supports Narayana's strategy to expand within the UK healthcare market.

UK-based **Bupa Healthcare Services Ltd** acquired UK-based **King Edward VII's Hospital**, a 56-bed private hospital in London and **New Victoria Hospital** in Kingston. Both facilities have long-standing reputations for clinical excellence

UK-based **Latus Group**, backed by NorthEdge, acquired UK-based **Peritus Health**. Peritus is a leading provider of occupational health, health surveillance and occupational hygiene services and has delivered consistent growth of 20% year-on-year for the last five years. Occupational hygiene is a new move for Latus Health, as they continue to grow to gain ever more market share in the broader occupational health space.

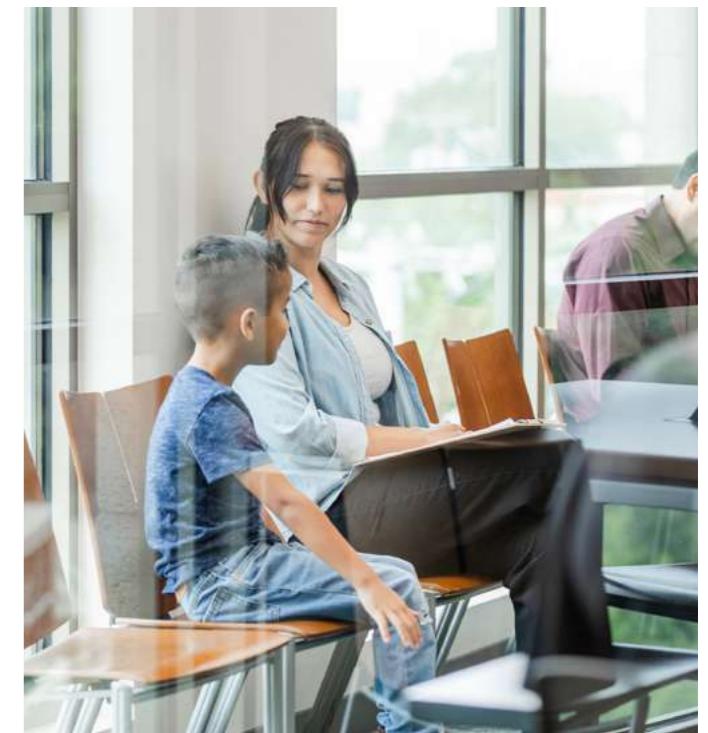
UK-based **The Evewell** was acquired by US-based private equity firm **Bulldog Capital Partners**. The Evewell offers an end-to-end fertility pathway, from testing and preservation through to IVF and related gynaecological services, delivered through specialist clinics.

Children's services

UK-based **Outcomes First Group**, a leading provider of education for children with emotional, social and learning needs, acquired UK-based **Oxford Montessori Schools**, an education provider for children with special needs.

UK-based **Tristone Healthcare**, specialising in care for children and adults with complex needs, acquired **Serenity Care Home**, two residential homes for ages 7-18 in Hampshire. The acquisition was supported by £2.5 million from Duke Capital to fund the deal (comprising £2m credit and £0.5m equity).

UK-based **Nurtured Childcare** acquired UK-based **Elmore Kindergarten Group**, a group of three children's day nurseries, financed with a £2.7m loan from OakNorth. Nurtured Childcare operates 11 nurseries in the North of England catering to 790 children with around 300 staff. The deal is expected to increase Nurtured Childcare's revenue by more than £2.3m.



Deep dive: Elderly care

Elderly residential care dominated the H&SC M&A activity with 48% deals completed in 2025.

This sector is expanding on the back of demographic and structural pressures: the over-85 population is rising at more than 3% per year, pushing demand for long-term care well beyond available capacity as the number of operational beds has grown by less than 1% annually. Occupancy has returned to around 90%, reflecting a market where demand consistently exceeds supply, while regulatory-driven closures of older, non-compliant facilities continue to restrict capacity. These fundamentals are driving record investment activity: H1 2025 saw approximately £1.75 billion in elderly-care transactions, more than double the same period in 2024, supported by domestic consolidators and international REIT buyers seeking scale in a fragmented market.



Notable REIT investments include:

US listed REIT **Omega Healthcare Investors** acquired 46 care homes from UK-based **Four Seasons** in June 2025 for approximately £240 million.

Foundation Partners and **Deer Capital** acquired **Hartford Care** for a sum more than £100m in 2024 and have continued consolidation into 2025. Earlier in 2025, they acquired five care homes in Kent from The Graham Care Group, operating under the Hartford Care brand. In October 2025, both companies supported a management buyout of Select Healthcare Group, a UK care provider. This transaction included 32 homes and expanded their UK healthcare presence to over £500 million in investments with a platform encompassing approximately 3,000 beds.

Other elderly care sector deals:

US-based **Franklin Real Asset Advisors**, under the Franklin Templeton Social Infrastructure Strategy, acquired **32 UK care homes** (approx. 1,500 beds) from UK-based LDC Care Homes. The homes operate under >30-year leases to six different providers and include recent capex and ESG upgrades.

UK-based **CGEN Care Group** acquired UK-based **Stow Healthcare Group**, a portfolio of eight care homes and >400 beds in East Anglia and Essex.

UK-based **Cygenet Group** acquired UK-based **Hyde Nursing Home**, a 100-bed purpose built 1990s nursing home, accommodating residential, nursing, challenging behaviour and mental health care. The home sold off an asking price of £3.8m, for an undisclosed price.

UK-based **RDCP Care** acquired UK-based **Monarch Healthcare**, strengthening RDCP Care's position as a top 10 tier healthcare operator in the Midlands with 1,200 employees.

Deep dive: H&SC market pressures - cautionary tales and key lessons

Mid-2025 saw major disruptions in health and social care. **Totally plc**, a leading provider of outsourced NHS services, including urgent care, 111, elective care, and corporate wellbeing, collapsed after losing a key NHS 111 contract and facing a significant medical negligence liability. With no solvent buyer for the parent company, administrators stepped in. Shortly after, its core divisions were acquired by **PHL Group**, safeguarding over 600 jobs and ensuring uninterrupted service delivery.

Separately, **Nottingham Rehab Limited** entered compulsory liquidation after failing to secure a sustainable future. In a partial rescue, its **Product Sales Division**, supplying mobility aids and assistive equipment, was sold to **Mobilitas Group** in August 2025, preserving jobs and continuity for some customers. Other contracts were redistributed rapidly to providers such as **Medequip**, as local authorities and government scrambled to maintain critical care and discharge services for vulnerable users. Adding to the pressure, **Universal Pharmacy**, Norfolk's largest care-home pharmacy, entered administration in August 2025 after failing to meet liabilities. Dispensing around 18,000 NHS prescriptions monthly, its collapse raised urgent concerns over medication continuity for thousands of care-home residents.

Towards the end of the year, **Kanabo Group plc**, a London Stock Exchange-listed UK medical cannabis operator, was placed into administration after facing prolonged financial difficulties and a suspension of trading earlier in the year. Administrators were appointed to explore strategic options to stabilise the business and potentially restore trading of its shares. Kanabo had been one of the original cannabis companies to float on the LSE in 2021, but four years on it became the last of this initial cohort to enter administration amid ongoing losses.

investor retrenchment and regulatory challenges in the cannabis sector. The company had pivoted from medical devices into digital health services and telemedicine in an effort to find a sustainable business model, but these efforts did not prevent its financial collapse.

Notably, there has been growing speculation that President Trump may move to reschedule cannabis to Schedule III under US federal law, a development that would represent a significant regulatory shift. Such a change would reduce barriers to research and enable broader clinical development of cannabis-based medicines. This is expected to trigger a surge in investment and renewed global interest in medical cannabis companies, positive momentum from which Kanabo would have stood to benefit considerably.

Key lesson: These cases highlight sector fragility driven by thin margins, contract dependency, and rising costs. For investors, asset-backed models with diversified revenue streams remain more resilient than pure service plays.

UK fiscal focus: Autumn Budget 2025

The Autumn Budget sent a clear signal of confidence in healthcare, life sciences and medtech, underpinned by targeted NHS investment, expanded innovation incentives and long-term R&D commitments.

Key measures included £300 million for NHS digital upgrades, alongside plans to establish 250 Neighbourhood Health Centres, with the first 100 delivered by 2030 through public-private partnerships. These initiatives create meaningful opportunities for digital health providers, medtech innovators and outsourced service operators aligned to primary and community care delivery.

Support for manufacturing and innovation has also been reinforced. The government has committed up to £520 million via the Life Sciences Innovative Manufacturing Fund, introduced new Investment Zones to encourage advanced manufacturing and reshoring, and reaffirmed £86 billion of public R&D funding announced at the June 2025 Spending Review. Continued association with Horizon Europe further strengthens the UK's position as a hub for life sciences research, scale-up and commercialisation.

Alongside these tailwinds, the Budget introduces a series of cost and margin pressures, particularly for operators exposed to labour intensity and international supply chains. Proposed customs reforms, including the planned abolition of low-value import duty relief for goods under £135 from 2029, subject to consultation, are likely to increase costs for medical device suppliers and distributors, especially those serving the NHS and residential care markets. While tariff simplification and quarterly duty submissions may reduce administrative burden, the net effect is expected to be inflationary for parts of the medtech supply chain.

Broader tax and labour measures add further pressure. National Insurance thresholds remain frozen until 2031, NIC-exempt pension salary sacrifice will be capped at £2,000 from April 2029, and changes to capital gains and dividend taxation will affect both founders and investors. Most materially, significant increases in the National Minimum and Living Wage from April 2026 will raise payroll costs, with social care particularly exposed. These dynamics are likely to accelerate consolidation as smaller providers struggle to absorb rising costs and compliance burdens.

Despite these challenges, the medium-term outlook remains constructive. Innovation in digital health, advanced therapies and manufacturing is expected to accelerate, supported by public funding and private capital. As inflation continues to ease and interest rates are projected to fall, M&A activity should remain resilient, with buyers increasingly focused on scale, operational efficiency and defensible market positions.

Global uncertainty continues to weigh on sentiment. Recent US regulatory changes and policy realignments have introduced uncertainty, leading many life sciences companies to defer investment decisions until there is greater clarity on future frameworks. In this context, UK domestic healthcare deal flow is expected to play a stabilising role, sustaining transaction activity even as international capital deployment remains selective.

This Budget boosts confidence in UK healthcare with major NHS and R&D investment - but rising labour costs, new import duties and tax shifts will squeeze margins, accelerating the innovation and consolidation that will define value creation heading into 2026.

Ramesh Jassal
Partner, Healthcare



Medical equipment & devices

Activity this year

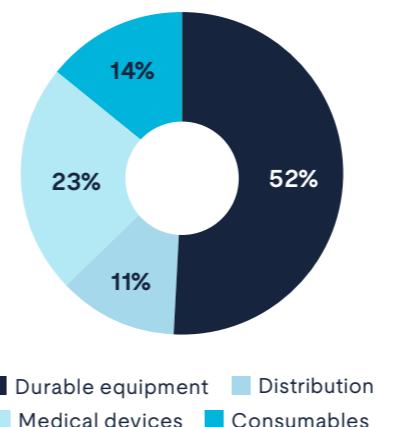
- 1 Medical equipment and devices (MED) accounted for 17% of total deal volume in 2025, broadly flat year-on-year.
- 2 While deal volume remained modest, this understates transaction value, with several sizeable deals completed, particularly in durable equipment and imaging diagnostics.
- 3 Private equity and inbound investor participation was strong (30% of subsector deals), underpinned by rising surgical volumes, chronic disease prevalence, NHS backlogs and a fragmented UK market attractive to international buyers.

Key information

17%
of total UK deal volume
2024: 17%

70%
of deals by strategic buyers
2024: 74%

30%¹ → **28%** → **41%**
Inbound deals² Internal deals Outbound deals
2024: 26% 2024: 28% 2024: 47%



Deal volume ranking

	Inbound	Outbound
1	US No. of deals: 6	US No. of deals: 6
2	Sweden No. of deals: 4	Italy No. of deals: 2
3	Netherlands No. of deals: 2	China No. of deals: 2

(1) The inbound, internal and outbound deals add to 100% when more decimal places are included. (2) Inbound: UK target company and non-UK buyer; Internal: UK target company and UK buyer; Outbound: non-UK target company and UK buyer. (3) Implementation of the UK MDR can be found on the UK government website [here](#). (4) UK Government's Department of Health & Social Care "Design for Life Roadmap: Building a circular economy for medical technology" can be found [here](#). (5) Hospital Healthcare article can be found [here](#).

Looking ahead

Hybrid intelligence platforms
MED players are likely to push further into "hybrid care" offering a blend of home monitoring, virtual support and in-clinic interventions, embedding analytics that guide self-management. Using closed-loop care pathways to ensure devices are fully integrated into a broader virtual-care system.

Pre-market reforms
Statutory Instruments planned for 2025-2026 will introduce stricter technical documentation requirements, international recognition pathways custom device rules, aligning GB closer to EU standards. Reforms elevate barriers to entry, creating valuation moats for digitally native assets with robust compliance.

AI capabilities
2026 is expecting AI and generative AI capabilities acquisitions to soar as incumbents buy rather than build on capabilities. Priority around assets that can clearly demonstrate ROI through operational efficiency, margin protection and better clinical outcomes, rather than "innovation for innovation's sake." Recent transactions highlight this shift, including Philips' acquisition of SpectraWAVE in December 2025 to integrate AI-powered coronary imaging and angio-derived FFR into its Azurion platform, improving cath-lab decision-making, workflow efficiency and procedural outcomes.

Key transactions in 2025

Medical equipment

Sweden-based **Indutrade AB**, a listed industrial technology group, acquired UK-based **IPP Group**, a distributor of manufacturing equipment and consumables for the pharmaceutical, medical device, and electronics sectors, with revenues of ~€17m. Heligan Group advised on the deal, which supports IPP's expansion into new markets under Indutrade's ownership.

UK-based private equity firm **Queen's Park Equity** invested in UK-based **Medimatch Dental Laboratory**, aiming to support its domestic expansion in the dental prosthetics market.

Consumables

Sweden-based **Asker Healthcare** acquired the UK's **Hospital Services** from Foresight VCT. Hospital Services is a specialist distributor and services provider of medical equipment, maintenance services and repairs to hospitals in the UK and Ireland. The transaction strengthens Asker Healthcare's strong European presence and provides scale benefits.

UK-based **Clinisupplies Limited**, a manufacturer and supplier of continence care consumables, acquired the **Renew Inserts** business from US-based Renew Medical Inc., a move the company says aligns with its long-term mission to help people with continence conditions live more freely and comfortably.



Medical devices

UK-based **GBUK Group** acquired Ireland-based **GS Medical Limited**, a full-service medical device company, specialising in single-use, own-brand and third-party medical devices across the endoscopy, infection, wound care and surgery categories. GS Medical is GBUK's third acquisition since AMCE's investment in December 2023. This step continues the company's key strategic objective of strengthening product presence into new therapeutic areas.

France-based **Keensight Capital** acquired a majority stake in UK-based **Bedfont Scientific Ltd**, a med-tech specialist in non-invasive breath and gas analysis instruments. The deal underscores Keensight's strategy of investing in high growth, innovation-led businesses with strong international potential.

Distributors

UK-based **Investindustrial** acquired Ireland-based **DCC Healthcare** for £945 million, with £820 million being paid in cash, and a £130 million unconditional deferred amount. The transaction valued DCC at £1.05 bn, at an EV/EBIT of 12.0x. DCC Healthcare operates through the UK and America in manufacturing, distribution and commercial centres, marketing and selling a range of high-quality own brand and third-party medical products and devices.

UK-based **Xiel**, a UK distributor of nuclear medicine, radiotherapy, and diagnostic radiology equipment, was purchased by UK-based **MIS Healthcare**, backed by H2 Equity Partners, to expand its medical imaging presence and enhance healthcare technology offerings in the UK.

Deep dive: Diagnostic equipment

Several large transactions in diagnostics emerged as a core pillar of 2025 M&A.

Over the course of 2025, England's diagnostic landscape has continued to face significant pressure. Waiting lists for diagnostic tests have expanded, reaching approximately 1.6 million people – double the volume recorded in 2006. By mid-2025, delays had deepened further, with more than 470,000 patients waiting over six weeks for key investigations such as imaging and endoscopy. These sustained pressures have forced a demand for additional diagnostic capacity.

Against this backdrop, the NHS's Community Diagnostic Centre (CDC) Programme entered its fourth year of delivery. With around 170 approved operational sites, the programme has become a central pillar of the national strategy to reduce backlogs, improve turnaround times and drive earlier detection of conditions including cancer and cardiovascular disease. Supported by approximately £2.3 billion of capital investment, CDCs continue to shift diagnostics closer to

patients, integrating modern equipment, digital pathology, AI-enabled imaging and data-driven workflow tools to improve efficiency and reduce cost per test.

These dynamics have created a fertile environment for consolidation. In 2025, both strategic buyers and private equity investors showed strong interest in fragmented markets with resilient demand fundamentals. Integrated platforms have attracted premium valuations, reflecting their ability to increase throughput, improve workforce productivity, and deliver better patient outcomes.

Looking ahead, demographic pressures will continue to amplify demand. England's population is projected to grow by 6.7% by 2045, with the number of people aged 85 and over expected to nearly double. This ageing population, combined with the persistent operational challenges of 2025, suggests that diagnostic capacity will remain a critical strategic priority.

Notable deals include:

Freman Capital, a UK-based financial sponsor, acquired Italian firm **DIESSE Diagnostica Senese**, enhancing its size in the in-vitro diagnostics market.

Medneo UK Ltd acquired UK-based **Fairford Medical**'s entire fleet of MRI and CT scanners, strengthening its capacity to meet rising demand. This deal marks Medneo's first acquisition following its own backing by private equity firm CVC DIF in 2024.

UK-based pharmacy giant **Boots UK Limited** announced the acquisition of UK-based **Concepta Diagnostics Limited** from MyHealthChecked PLC for approximately £2.4 million. Concepta specialises in distributing and commercialising at-home health and wellness tests, supported by its proprietary digital platform.



Pharma & life sciences

Activity this year

- 1 Pharma & life sciences (PLS) accounted for 21% of UK deal volume, with activity stable through the year but down 6ppt vs. 2024.
- 2 Biopharma and biotechnology dominated the subsector, representing 35% of deals, driven by access to drug development pipelines; generics and specialty branded medicines accounted for a further 15%.
- 3 The sector remains highly international, reflecting strong inbound interest in UK science capabilities and regulatory frameworks.

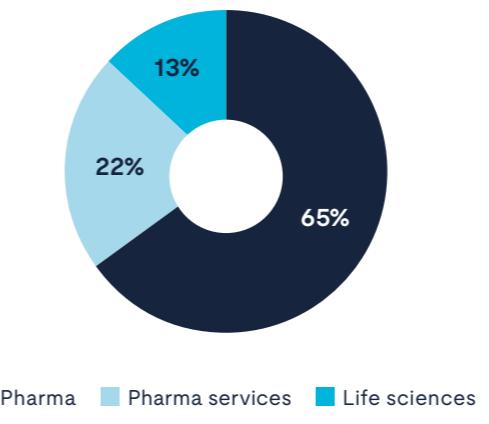


Key information

21%
of total UK deal volume
2024: 27%

80%
of deals by strategic buyers
2024: 80%

40% → 22% → 38%
Inbound deals¹
2024: 29% Internal deals
2024: 26% Outbound deals
2024: 46%



Deal volume ranking

	Inbound	Outbound
1	US No. of deals: 11	US No. of deals: 10
2	Sweden No. of deals: 2	Belgium No. of deals: 4
3	Netherlands No. of deals: 2	Germany No. of deals: 3

(1) Inbound: UK target company and non-UK buyer; Internal: UK target company and UK buyer; Outbound: non-UK target company and UK buyer.

Looking ahead

Demand for complex capabilities

As drug development becomes more complex (biologic, gene therapies, complex formulations), demand for advanced modalities, high spec manufacturing and regulatory services will increase, driving M&A to offer such capabilities. Nicoya Life Sciences' acquisition of Applied Photophysics (see p24) reinforces this.

Rising investor interest in “platform plays”

To ensure investors hedge risk and benefit from recurring service-based revenues, we may expect to see more investments in companies that provide platform services, such as formulation, analytics and manufacturing rather than small bolt ons – for example, Vespa Capital's backing of preclinical CRO FibroFind provides early-stage drug testing via sophisticated platforms.

Regulatory caution

In the US, FDA for-cause inspections increased 250% in 2025, signalling heightened enforcement. The EU is also strengthening controls e.g. Critical Medicines Act and mandatory Shortage Prevention Plans, increasing scrutiny of supply chains and GMP compliance. Rising caution for manufacturing and supply-chain-heavy targets, slowing transactions, in some cases delaying deals heading into 2026.

Key transactions in 2025

Pharma

UK-based pharmaceutical company **GSK** acquired US-based **IDRx**, a clinical-stage biopharmaceutical company dedicated to developing precision therapeutics for the treatment of GIST on for up to approx £1bn.

UK-based **Lupin Healthcare** acquired UK-based **Renascience Pharma** for £12.3 million. The transaction enables Lupin to further enhance their branded medicine portfolio.

UK-based **CapVest Partners LLP** signed a definitive agreement to take a majority (~70%) stake in Germany-based **STADA Arzneimittel AG** from Bain Capital and Cinven Limited. The deal reflects ongoing private equity interest in European pharmaceuticals, with CapVest aiming to leverage STADA's strong portfolio of generics and consumer healthcare products.

Pharma services

UK-based **Alliance Pharma**, a distributor of healthcare products and prescription medicines, completed a £350 million takeover (8.2x EBITDA, 2.3x revenue) by its largest shareholder, also based domestically, **DBAY Advisors** to further fuel its growth. The deal prices each share at a 41% premium to its prior closing price.

US-based **Coiled Therapeutics Inc.** signed Head of Terms to acquire UK-based **Roquefort Therapeutics plc** in a reverse merger transaction for £40.8 million.

UK-based **GSK** acquired **Efimofersin** alfa drug from US-based Boston Pharmaceuticals for ~£1.47bn. GSK will pay ~£880m, with the potential for ~£590m based on performance targets.



Life sciences

Canada-based **Nicoya Lifesciences**, a provider of advanced biologics characterisation tools for discovery and development, acquired UK-based **Applied Photophysics**. The acquisition expands Nicoya's biologics characterisation platform (SPR, CD, nanoDSF, stopped flow), positioning the UK's Leatherhead facility as a new European hub and projecting 25% organic growth.

UK-based **Juvenescence**, clinical-stage biotech company, following its previous £55m funding round, acquired UK-based AI drug discovery firm **Ro5 Inc.** The integration is core to Juvenescence's strategy to enhance AI/ML capabilities in their therapeutics pipeline.



Policy risk reshapes capital flows: Vaccine special

Policy risk has become a defining factor in vaccine and biodefence investing, reshaping capital flows and investor behaviour. Trends that first emerged in 2024, including US government procurement retrenchment, shifting regulatory guidance and heightened political scrutiny, continued to influence valuation and deal dynamics through 2025.

Permira's approach to Bavarian Nordic, alongside Nordic Capital, illustrates this shift. Rather than reflecting deal hesitation alone, the transaction highlights how financial sponsors have repriced exposure to US vaccine policy risk. Earlier reductions in HHS and BARDA funding for pandemic and mRNA-related programmes, combined with evolving CDC guidance and increased manufacturing scrutiny, reduced procurement visibility and intensified long-standing structural challenges such as high fixed costs, regulatory complexity and reputational exposure. Against this backdrop, risk-adjusted returns, particularly in public markets, appeared increasingly fragile, reinforcing the rationale for private ownership and tighter valuation discipline.

Policy uncertainty has been further amplified by the growing influence of the "Make America Healthy Again" agenda. Reviews of vaccine schedules and mandates have not resulted in outright cancellations, but they have delayed procurement decisions and clouded long-term demand visibility. Notably, the CDC recently changed the childhood immunisation schedule, removing universal recommendations for several vaccines such as hepatitis, flu, COVID, and RSV.⁽¹⁾ For investors, the primary concern has been timing risk and policy credibility rather than immediate volume contraction.

In contrast, large pharmaceutical groups have continued to deploy capital in the sector. Sanofi's acquisition of Vicebio reflects ongoing confidence in differentiated vaccine platforms and the belief that scale, global diversification and regulatory depth can offset near-term political volatility. However, market sentiment suggests that some strategic activity may be influenced by commitments formed under a more stable policy environment, raising questions over how much future deal flow will be driven by fresh conviction versus legacy momentum.

Overall, a clear divergence in capital allocation has taken hold. Financial sponsors have become more selective, prioritising optionality and resilience to policy disruption, while strategic buyers have remained willing to absorb volatility in pursuit of long-term positioning. Looking ahead, continued uncertainty around US health policy and potential changes to liability frameworks suggest that scale and regulatory leverage are increasingly prerequisites, rather than advantages, for vaccine investing.

Deep dive: Biopharma outperformance

35% of PLS deals targeted biopharma companies.

This has been largely driven by big pharma's need to secure next-generation therapeutic platforms, with acquisitions focused on cell and gene therapy, advanced biologics and specialised delivery technologies. The key trend to highlight is that platform technologies, not just pipelines, are now the central driver of biotech acquisitions, as they offer repeatable, multi-asset value.

Despite strong global deal activity, the UK biotech landscape is not uniformly assured. AstraZeneca's decision to pause its £200 million Cambridge expansion highlights growing concerns around the UK's competitiveness for large-scale R&D investment. In September, this was reinforced by Merck's decision not to pursue £1 billion research centre in London, and move its life science operations to the US, impacting around 125 British jobs. Merck blames the UK's insufficient funding and expressed competitiveness worries.

In contrast, the US is increasingly viewed as a safer and more attractive destination for capital deployment, driven by active government pressure to onshore pharmaceutical investment, favourable industrial policy and clearer long-term regulatory and funding signals.

This divergence underscores a widening tension in global biotech capital allocation: while scientific innovation and private capital availability continue to fuel M&A, geopolitical influence, government incentives and policy certainty are becoming decisive factors in where global pharma chooses to invest and acquire. As a result, the UK risks being deprioritised relative to the US, despite its strong academic base and early-stage innovation ecosystem.



Notable deals include:

Medicus Pharma acquired **Antev** for £8.3m. Antev is a clinical stage biotechnology company. The transaction is for all of the issued and outstanding Antev shares, on a fully-diluted basis, in exchange for 2.67m common shares of Medicus.

AstraZeneca acquires **EsoBiotech**, biotechnology company pioneering in vivo cell therapies, for a gross transaction value of £774.2m.

Sanofi acquired **Vicebo** for a total enterprise value of £1.2 billion. Sanofi is an R&D driven, AI-powered biopharma company committed to improving people's lives and delivering compelling growth.

For further analysis on the impact of US policy and government influence on global pharmaceutical investment decisions, please refer to our blog [here](#).



Healthcare IT

Activity this year

- 1 Healthcare IT (HIT) accounted for 15% of UK deal volume, up 3% year-on-year, despite underpinning much of wider healthcare activity.
- 2 Digital health investment remains strong, driven by advances in AI, analytics, remote monitoring and cloud-based platforms, improving efficiency across private and public care.
- 3 Deal activity was led by software applications (45%), followed by analytics & AI (31%) and connected devices and virtual care (24%), with strategic buyers dominating acquisitions (88%), up from 82% in 2024.



Key information

15%

of total UK deal volume

2024: 12%

88%

of deals by strategic buyers

2024: 82%

31%

Inbound deals¹

2024: 24%

→ **45%**

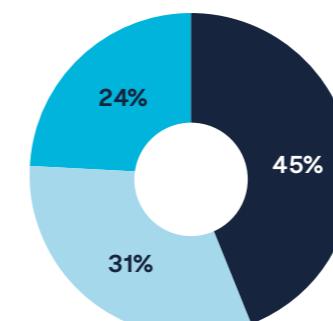
Internal deals

2024: 36%

→ **24%**

Outbound deals

2024: 39%



■ Software applications ■ Analytics & AI
■ Connected devices & virtual care

Deal volume ranking

Inbound



Outbound



Outbound



Outbound

1 US

No. of deals: 6

2 Sweden

No. of deals: 2

3 Several at 1 deal

No. of deals: 1

1 US

No. of deals: 8

2 Sweden

No. of deals: 1

3 Australia

No. of deals: 1

(1) Inbound: UK target company and non-UK buyer; Internal: UK target company and UK buyer; Outbound: non-UK target company and UK buyer.

Looking ahead

Cybersecurity and blockchain integration

Escalating sophistication of cyberattacks will continue to drive demand for robust cybersecurity in 2026. Healthcare players will prioritise investment in secure infrastructure to safeguard sensitive information. In addition, the continued adoption of blockchain for secure data sharing, audit trails and prescription or supply chain tracking will improve operational efficiency and create opportunities for specialised HealthTech vendors.

Automation

Persistent shortages of healthcare staff will continue to drive providers towards automation technologies. AI-enabled scheduling, workflow management and virtual assistants will be adopted widely to reduce manual processes and overstretched teams. This trend will create strong commercial opportunities for companies offering workforce optimisation and productivity platforms.

AI integration

One in six UK organisations have integrated at least one AI technology; reshaping workflows, reducing burdens and enhance diagnostic accuracy. As AI tools become more embedded in clinical practice, healthcare providers will seek validated and compliant platforms to optimise triage, documentation and coding, leading to increased investment. Companies continue to invest in their AI platforms, showing a boost of strategic capital flowing into AI-enabled solutions. London-based virtual cancer clinic Perci Health raised £3 million to expand and integrate AI into its platform.

Key transactions in 2025

Software applications

India-based **Ultrahuman Healthcare** acquired UK-based **viO HealthTech** from Foresight Group. Ultrahuman is the world's most comprehensive self-quantification platform. Ultrahuman's products include the Ultrahuman Ring AIR – the world's lightest sleep-tracking wearable; Ultrahuman M1 – a continuous glucose monitoring platform.

UK-based **Civica Group Limited** completed the acquisition of UK-based **OLM Systems Limited**, leading provider of cloud-native social care management solutions in the UK. The acquisition strengthens Civica's leadership in public sector software, adding OLM's digital case management systems to expand its solutions for local authorities and healthcare providers.

Connected devices & virtual care

UK-based **Huma Therapeutics** acquired US-based **Knox Medical Diagnostics** (also known as Aluna). Huma Therapeutics provides a remote patient monitoring platform, through Hospital at Home, and for Decentralised Clinical Trials, serving >3k hospitals and clinics.

UK-based **Cera**, digital-first home healthcare provider, raised **£110 million** in a combined debt and equity financing round to scale its AI-powered platform. With nearly 10,000 carers delivering over 60,000 daily in-home visits, Cera uses AI and machine learning to support smarter care planning and early detection.

Amparo Prosthetics acquired **Adapttech**, a biomedical company, which develops smart and wearable technologies to improve the quality of life of people with physical limitations.



Analytics & AI

UK-based **GHO Capital Partners LLP** acquired US-based **Scientist.com**, formerly known as Assay Depot. This milestone transaction validates Scientist.com's pioneering role in transforming outsourced research procurement. For over 17 years, the company has helped pharmaceutical and biotech organisations source innovation faster, more efficiently, and with stronger governance.

China-based biotech firm **XtalPi** acquired UK-based **LCC Therapeutics**. The acquisition will enhance the strength of the Group's "AI+Robot" intelligent autonomous experimental platform in the field of chemical space exploration and better serve local and international customers in the fields of new drug research and development, new material discovery and high-value chemicals.

Deep dive: Artificial intelligence

The surge in adoption inevitably raises the question of whether AI in healthcare is entering bubble territory. Public markets remain near record highs, capital has concentrated quickly around a small number of platforms, and “AI-enabled” has become a ubiquitous label rather than a guarantee of differentiation. As with previous technology cycles, not all AI-health businesses funded in this wave will endure.

However, AI is already delivering measurable economic and clinical benefits: reducing clinician administration, improving early detection in remote settings, accelerating trial timelines and lowering research costs. These use cases address structural pressures that healthcare systems and pharma companies are facing today, not hypothetical future needs.

The key question is no longer whether AI works, but where it is applied. Sustainable value will come from businesses that embed AI into regulated, mission-critical workflows, align with clear economic buyers and reimbursement or budget holders, and demonstrate quantifiable improvements in productivity, cost, or outcomes. In contrast, standalone tools with weak data advantages, unclear buyers, or legacy software that fails to add meaningful AI capabilities will struggle. Where AI-native products can deliver equal or better outcomes with lower total cost of ownership and less lock-in than high-ARR legacy solutions, they are likely to displace older software.

We expect AI to act less as a disruptive endpoint and more as an accelerant of consolidation across healthcare services, software, and research infrastructure. Over time, AI will become less visible but more essential, widening the gap between scaled, data-rich operators and sub-scale providers. In that sense, AI is not the destination; it is the infrastructure and orchestration layer through which the next phase of healthcare value creation will be built.



Notable deals in this sector:

Sweden based **Mindler** acquired UK-based **ieso Digital Health** to create the UK's most comprehensive digital mental health platform. The strategic move brings together two of the most clinically advanced platforms in digital mental healthcare, creating an unparalleled offering for patients and buyers – including employers, health insurers, and public health bodies.

US-based **MMS** acquired UK-based **Exploristics**, bringing new depth to study statistical innovation and clinical trial simulation through integrated analytics and modelling.

Corporate Finance healthcare team

Our Heligan Corporate Finance team, seasoned across sectors and mid-market deal sizes, delivers exceptional, insight-driven results through deep expertise and a robust network.



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