

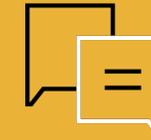


# Q1/2023 Venture Report

# Medical Alley Venture Report

The Medical Alley Venture Report is a quarterly analysis of investment, M&A and other factors driving growth in Medical Alley<sup>®</sup>, the epicenter of health innovation and care<sup>®</sup>.

*If you're leading a startup, managing acquisitions, or looking to invest in one of the world's leading health innovation ecosystems – contact [Filip Kostal](#) or [Kylle Jordan](#).*



**Medical Alley Starts  
& Global highlights**



**Private and public  
markets activity**



**SBIR/STTR funding**



**Job growth in  
Medical Alley**

# Medical Alley Starts

Venture platform to lower the cost of starting, scaling and pivoting new ventures



# Medical Alley Global

Bringing Medical Alley to the world and the world to Medical Alley



## **Global Investor Network:**

Connecting startups to investors from pre-seed to growth.



## **Global Corporate Partner Network:**

Facilitating partnership, M&A, JVs and other engagements with global leaders in healthcare



## **Ready Reserve Entrepreneur Volunteers:**

A network of experienced entrepreneurs ready to lend their expertise to your venture



# Medical Alley Starts & Global – Q1/2023

- Served 367 companies and delivered;
  - 39 investor introductions
  - 121 supplier connections
  - 56 corporate development connections
  - 65 peer connections
- 157 stories shared through Medical Alley channels



# Q1/2023 – Key Takeaways

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- Medical Alley startups raised more than \$400 million - \$277 million in private capital, \$120 million through secondary offerings, and almost \$7 million in SBIR/STTR. While the overall numbers are somewhat distorted by a single large private raise, the Medical Alley ecosystem showed resilience in an uncertain market. The increase in SBIR/STTR funding continues to be encouraging.
- Digital health and medical device companies were the main drivers in private funding. Biopharma companies recorded a decrease after a record-breaking 2022.
- Medical Alley tracked less than half the number of M&A transactions than in any of last year's quarters, in line with expectations given the broader market slow down.



## Startup Funding – Q1/2023

# Medical Alley Startups Resilient in Face of Slowdown, Raise more than \$400 Million

- In a quarter that will be remembered mostly for the collapse of Silicon Valley Bank and Signature Bank, Medical Alley startups raised more than \$400 million, 70% of which was private capital. Gravie's growth round accounted for almost two thirds of all private capital raised in Q1/2023.
- Medical Alley startups have raised more than \$400 million in each of the last three quarters.

Q1/2023 Startup Funding	
Private Capital	\$277,799,903.00
Public Capital	\$120,279,500.00
SBIR/STTR	\$6,817,544.00
<b>Total</b>	<b>\$404,896,947.00</b>



## Private Funding – Q1/2023

# Continued Digital Health Growth

The \$277 million in private capital is the most raised since Q1 of last year, and a 35% increase over Q4/2022. 20 individual companies reported that they raised private capital, same as last quarter.

Digital health recorded the largest amount raised since the beginning of 2021, driven mostly by Gravie's \$177 million growth round.

Average deal size declined by 11% to \$13.9 million.



**\$186,877,909**

Digital health

**\$78,912,494**

Medical device

**\$7,000,000**

Provider

**\$5,009,500**

Biopharma

## Public Markets – Q1/2023

# \$120 Million in Public Markets

- Medical Alley companies also raised more than \$120 million in the public markets, exceeding the \$100 million threshold for the third straight quarter.
- There were no IPOs; all capital was brought in through secondary offerings.

Company	Amount
Lifecore Biomedical	\$38,750,000.00
Tactile Medical	\$32,500,000.00
Anteris	\$23,607,500.00
Panbela Therapeutics	\$15,000,000.00
Miromatrix	\$10,000,000.00
JanOne	\$422,000.00
<b>Q1/2023 Total</b>	<b>\$120,279,500.00</b>



# NIH & SBIR/STTR Funding – Q1/2023

## NIH Funding Increases after a Weaker Quarter

- In Q1/2023, Medical Alley companies received almost 4.5x more than last quarter (\$184 million), with the University of Minnesota accounting for more than three quarters of that (\$143 million).
- The amount received in NIH grants is on par with Q1/2022 (\$178 million).

Organization Name	Projects	Value
University of Minnesota	151	\$143,488,118
Mayo Clinic Rochester	76	\$38,133,897
Hennepin Healthcare Research Institute	2	\$929,382
Healthpartners Institute	2	\$924,292
Children's Hospitals and Clinics	1	\$358,478
The Beautywell Project	1	\$249,578
Minnesota State Dept. of Health	1	\$175,000
Minneapolis VA Medical Center	8	N/A
<b>Total</b>		<b>\$184,258,745</b>



# NIH & SBIR/STTR Funding – Q1/2023

## 4X Year-over-Year Increase in SBIR/STTR Funding

- Companies continued to lean on SBIR/STTR funding, getting \$6.8 million, 4X more than in Q1 of last year.
- 10 companies were successful with SBIR/STTR applications, and Quench Medical was successful with 2 projects.
- The \$6.8 million is more than any Q1 on record.

Organization Name	Value
Quench Medical, Inc.	\$1,427,376
Emmyon, Inc.	\$990,411
Minnesota Healthsolutions Corporation	\$935,869
Habitaware, Inc.	\$878,966
Fistula Solution Corporation	\$773,063
Adapt Design Works, LLC	\$496,520
Advanced Medical Electronics Corporation	\$442,217
Koronis Biomedical Technologies Corporation	\$418,143
Trekka Therapeutics, LLC	\$399,979
MARPAM Pharma	\$55,000
<b>Total</b>	<b>\$6,817,544</b>



## M&A – Q1/2023

# M&A Momentum Remains Sluggish

- Perhaps unsurprisingly, M&A activity was slow in Q1/2023, with only 5 recorded transactions.
- The only transaction with a reported value was Abbott's acquisition of Cardiovascular Systems for \$890 million.
- Last year's lowest number of tracked M&A transaction was 12 transactions in Q2, and Q1/2022's number was 12. This reflects the global dip in the M&A world.

### Transaction

[Cardiovascular Systems acquired by Abbott](#)

[Breathe99 acquired by Armbrust American](#)

[Calyxt acquired by Cibus](#)

[Isolere Bio acquired by Donaldson Company](#)

[Curi acquired by Constellation](#)



## Healthcare Employment – Q3/2022\*

# Healthcare Jobs Record a Slight Growth

- All healthcare sectors (minus retail) recorded slight growth in job numbers both Q-o-Q and Y-o-Y in Q3/2022.
- Health insurance was the fastest growing sector Q-o-Q (+5.4%), with pharma and biotech following in second (+3.2%). Both sectors recorded near-double digit growth Y-o-Y.
- Providers continue to be the largest healthcare employers in the state, employing 387 thousand people.

Industry	Quarterly Average Employment	Q-o-Q Change	Y-o-Y Change
Health Insurance	20,263	5.4%	8.5%
Medical Device	34,274	1.4%	4.5%
Other	496	1.8%	10.6%
Pharm/Bio	7,020	3.2%	9.1%
Provider	387,102	1.6%	0.2%
Retail	15,453	1.2%	-46.1%



\* Federal jobs data has a 6-month delay so the most current data in Q1/2023 is for Q3/2022.

# Contacts

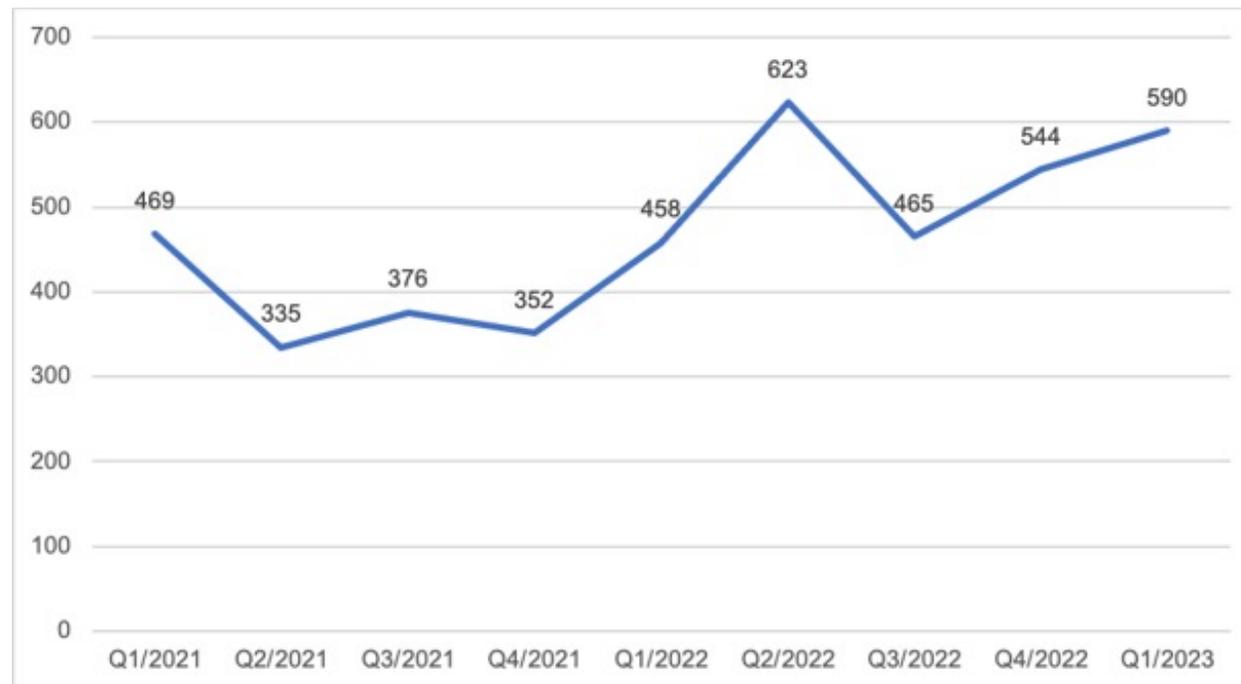
- Frank Jaskulke, VP of Innovation – [fjaskulke@medicalalley.org](mailto:fjaskulke@medicalalley.org)
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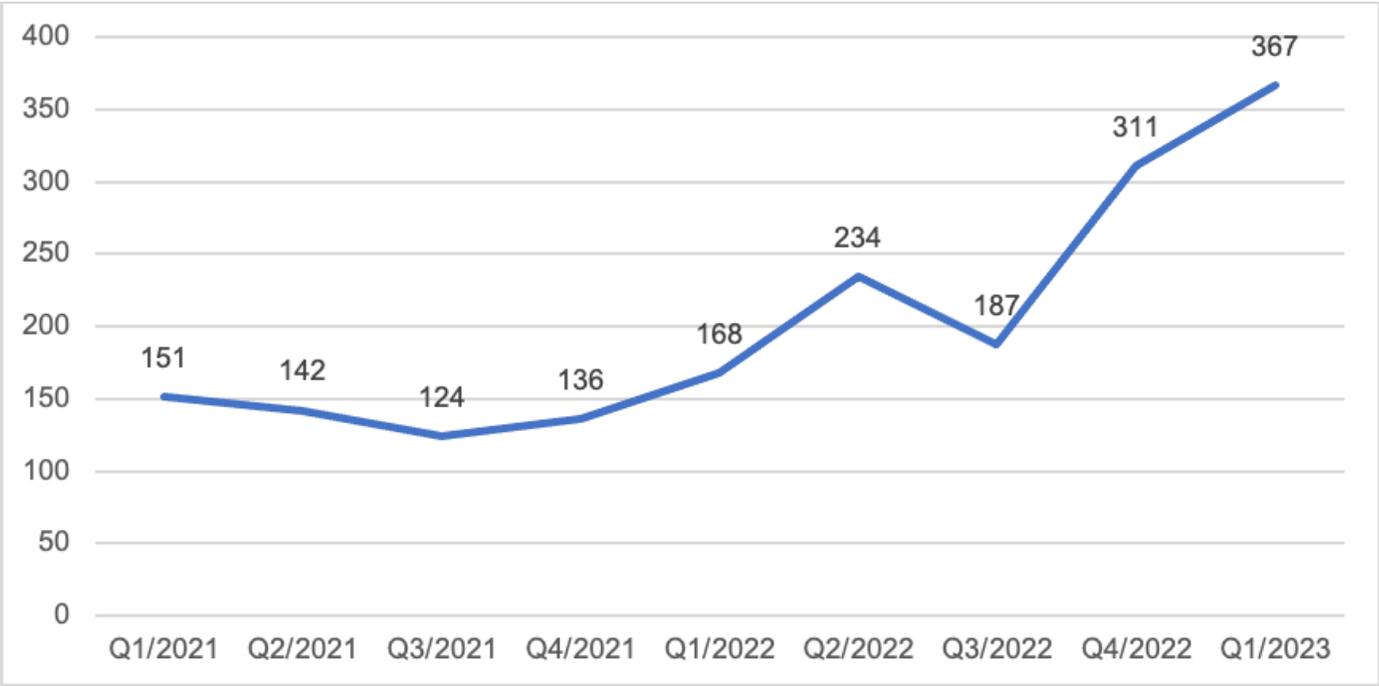


# Appendix

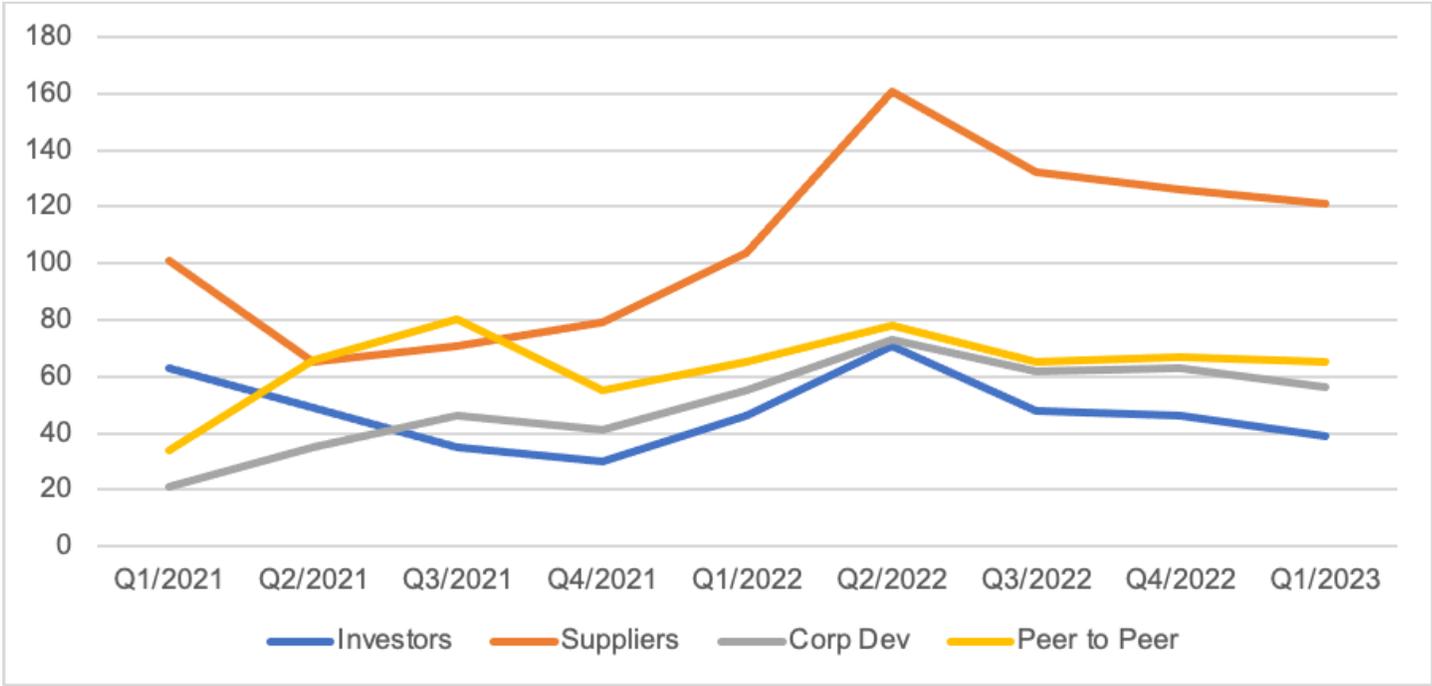
# Medical Alley Starts & Global – Services by Quarter



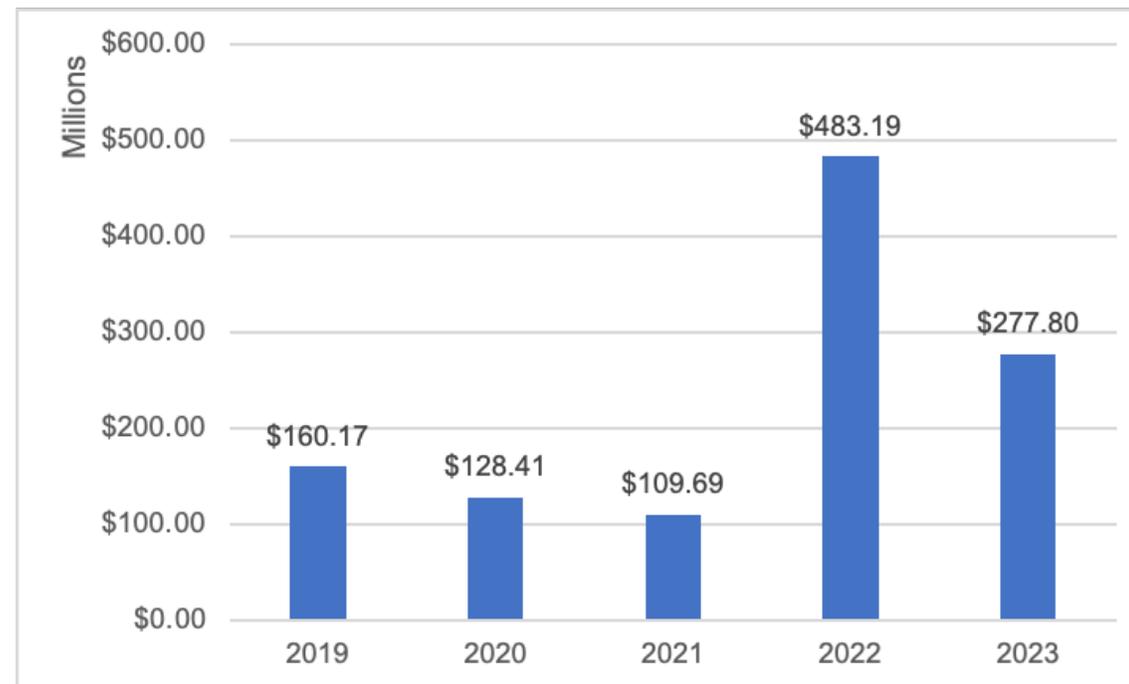
# Medical Alley Starts & Global – Companies Supported by Quarter



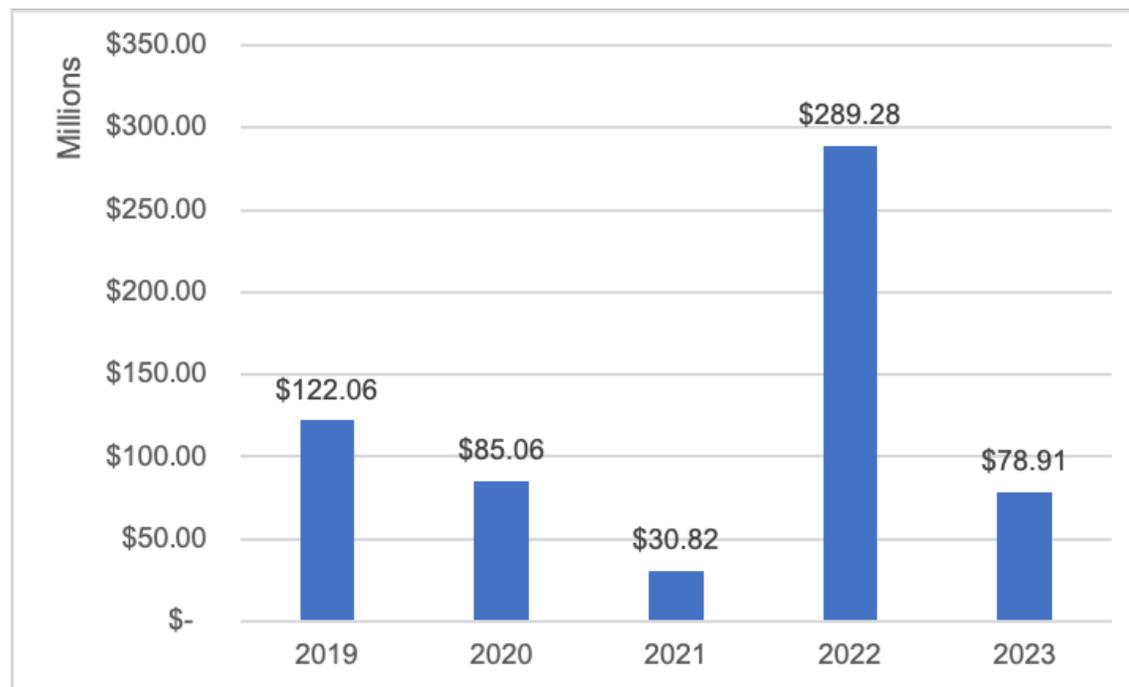
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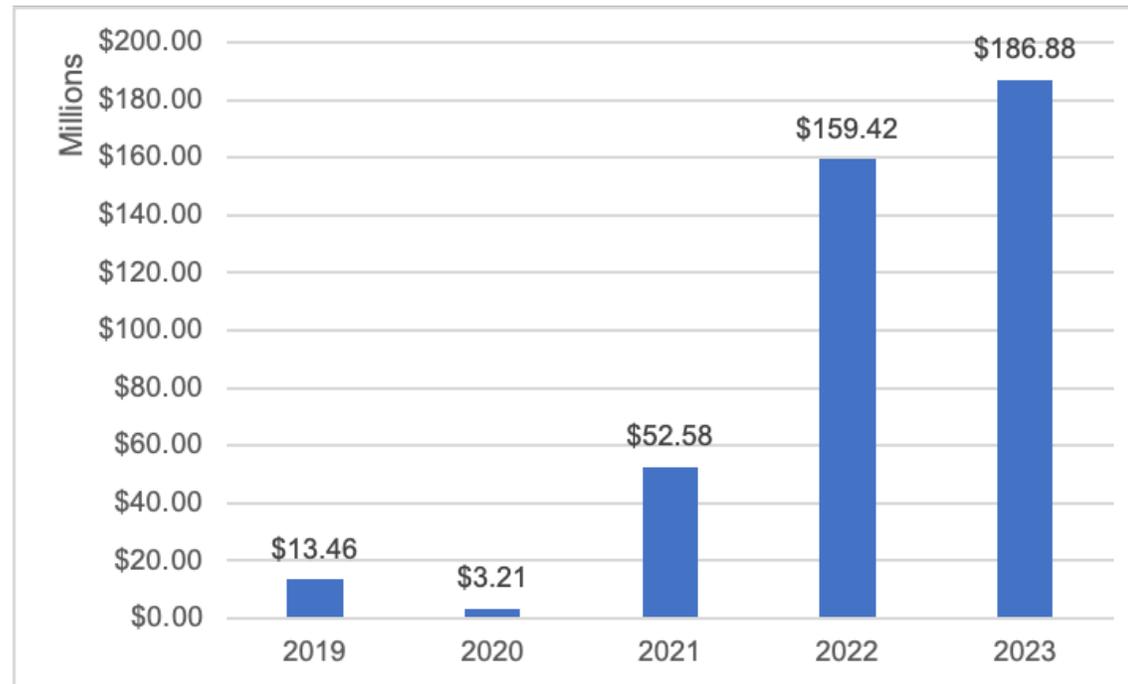
# Healthcare Private Raises by Quarter – Q1



# Medical Device Private Raises by Quarter – Q1



# Digital Health Private Raises by Quarter – Q1



# Biopharma Private Raises by Quarter – Q1

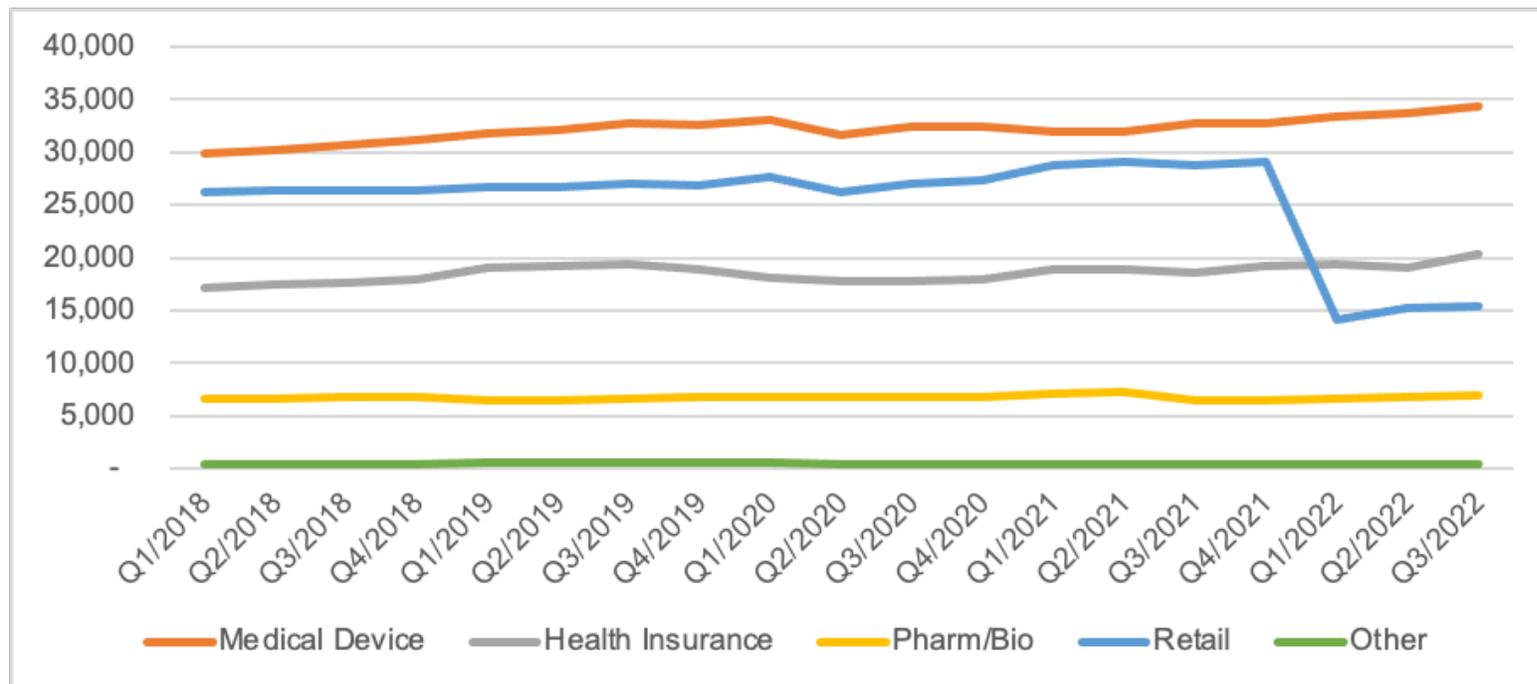


# Quarterly Average Employment in Healthcare – Q3/2022

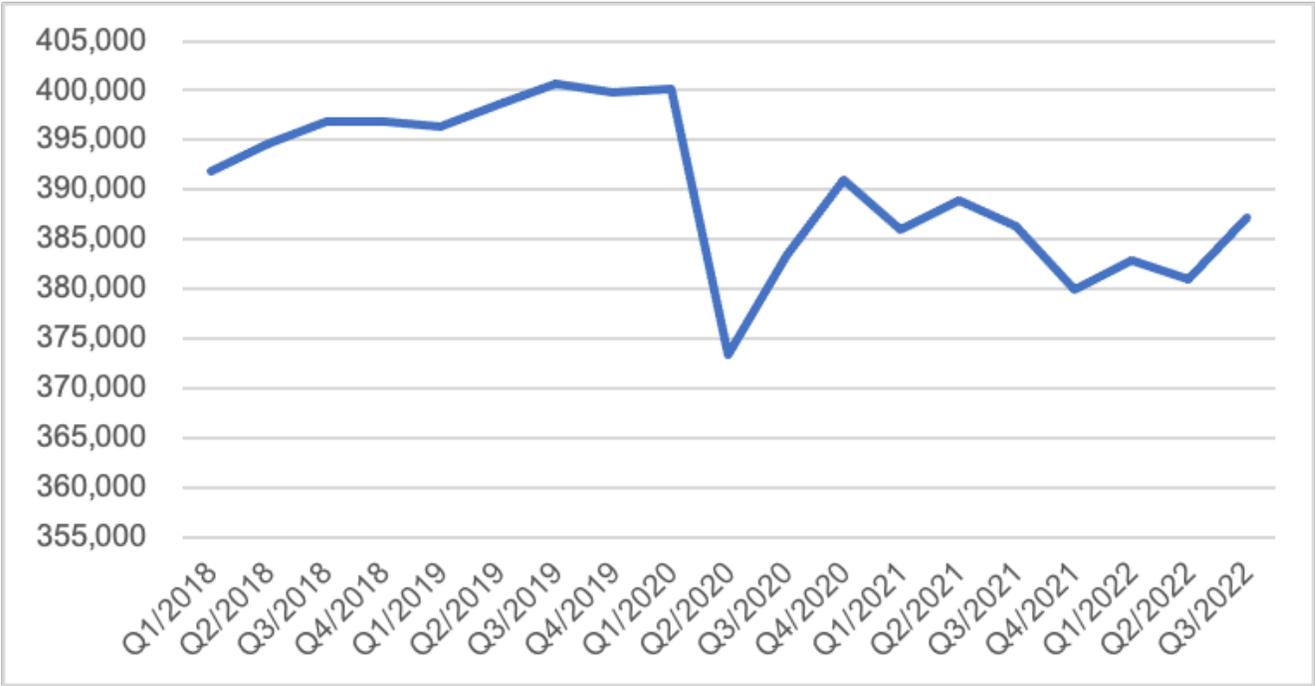
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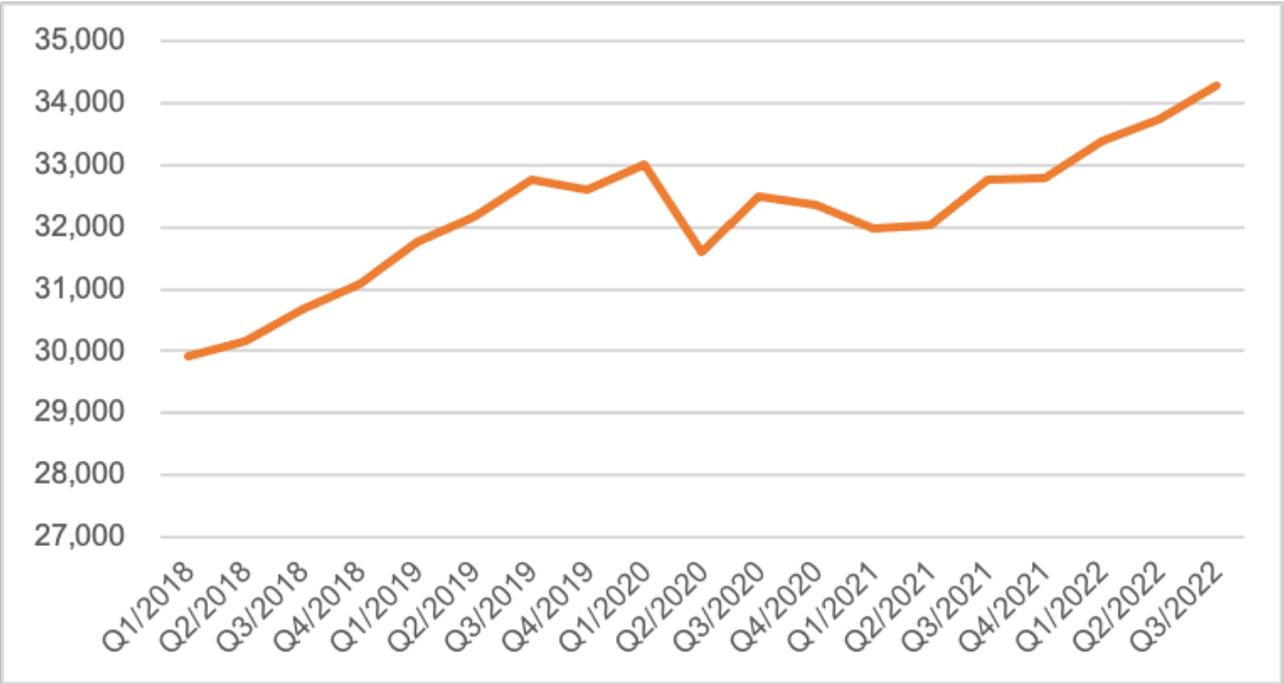
# All Healthcare (without Providers) – Quarterly Employment in Minnesota



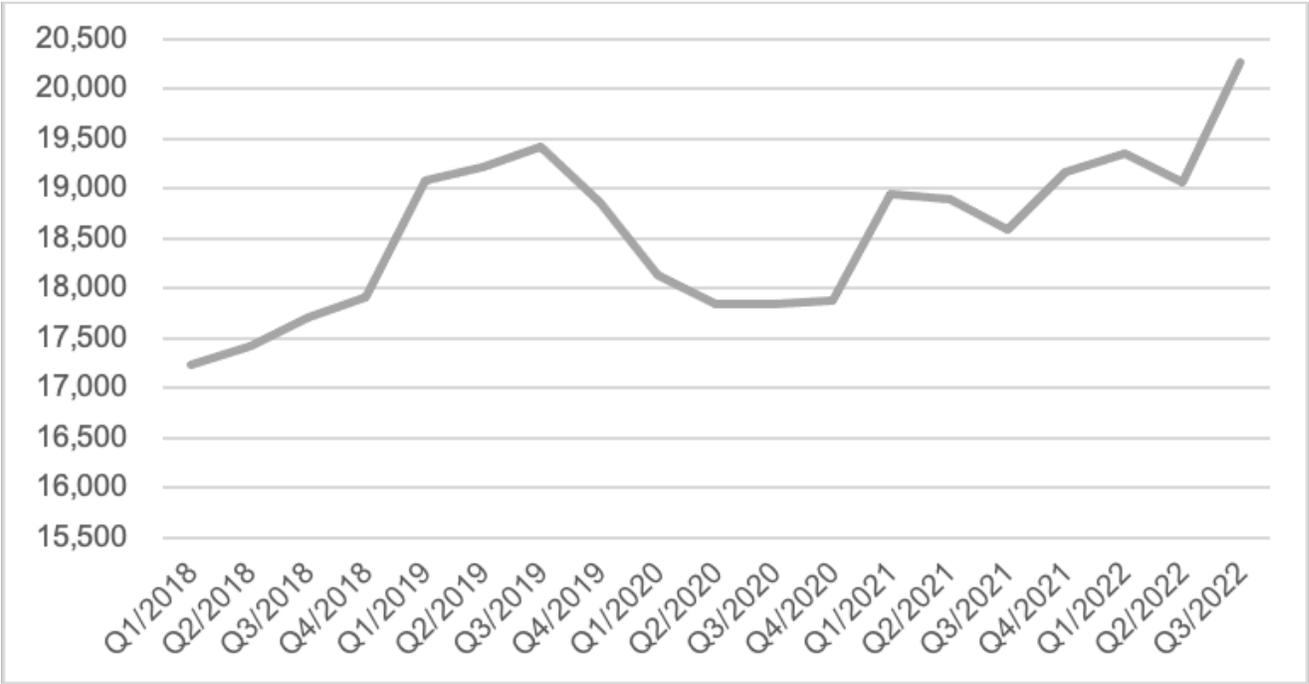
# Providers – Quarterly Employment in Minnesota



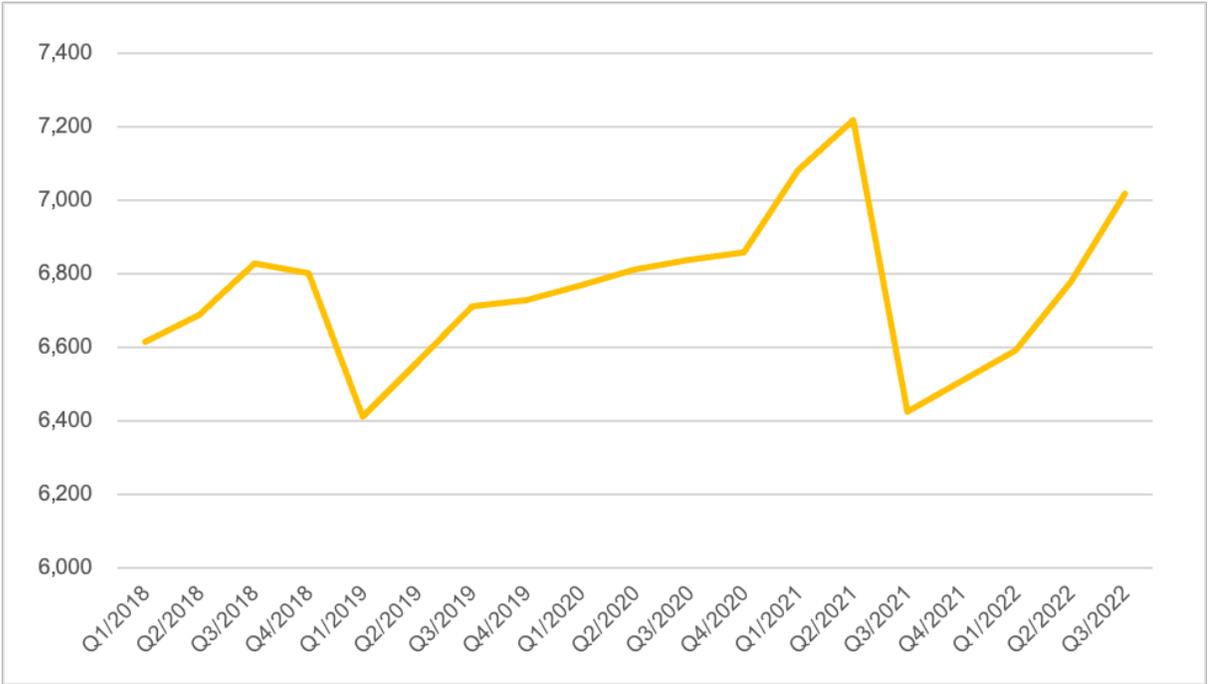
# Medical Device – Quarterly Employment in Minnesota



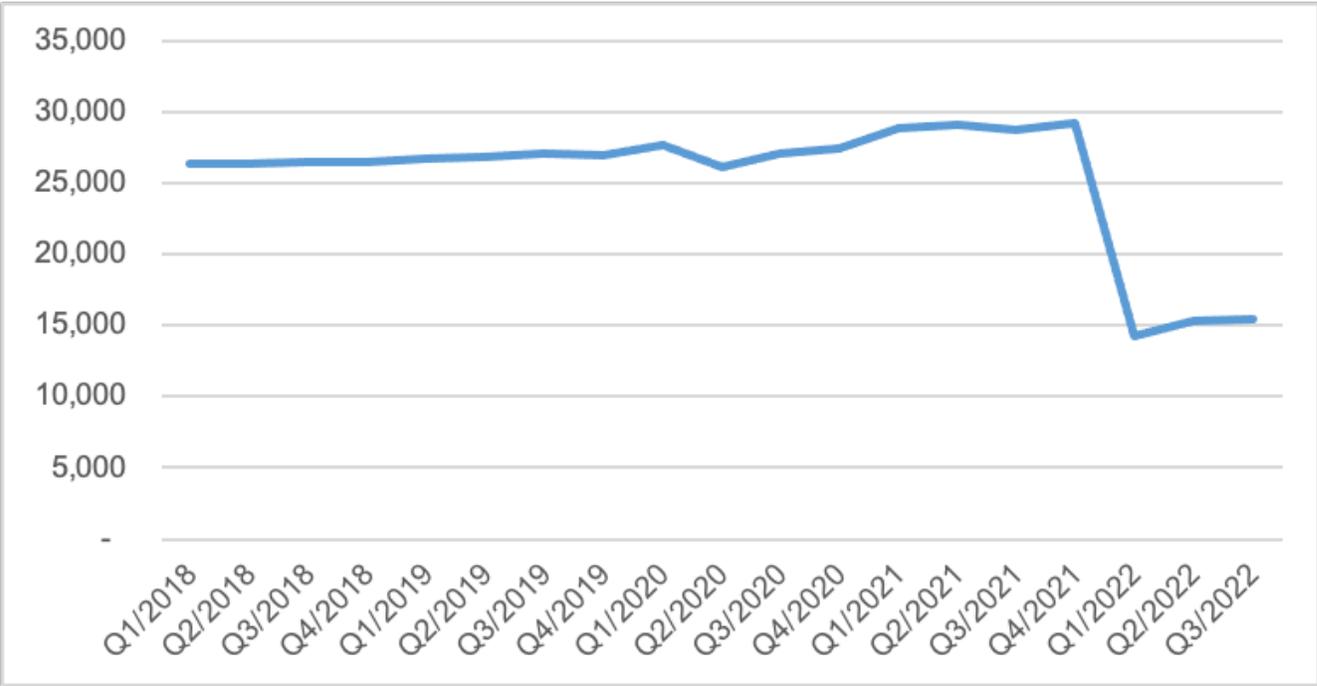
# Health Insurance – Quarterly Employment in Minnesota



# Biotech & Pharma – Quarterly Employment in Minnesota



# Retail – Quarterly Employment in Minnesota



# Other Healthcare – Quarterly Employment in Minnesota

