



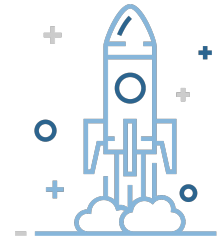
MEDICAL ALLEY Q1/2022 VENTURE REPORT

MEDICAL ALLEY VENTURE REPORT

The Medical Alley Venture Report is a quarterly analysis of investment, M&A, and developments driving growth in The Global Epicenter of Health Innovation and Care.

Produced by the [Medical Alley Starts](#) team to provide vital insights for entrepreneurs, investors, and deal makers on the state of the market. Now entering its 15th year, the report is expanding sources of data and analysis.

The Medical Alley Starts team celebrated one year since launching in February of 2021 and has started Q1 strong:



Supported 120 startups



Added two sponsors, J.P. Morgan and CliftonLarsonAllen, alongside Diversified Plastics and A COUPLE of GURUS



Added Kulle Jordan, an experienced international business professional, expanding our global reach

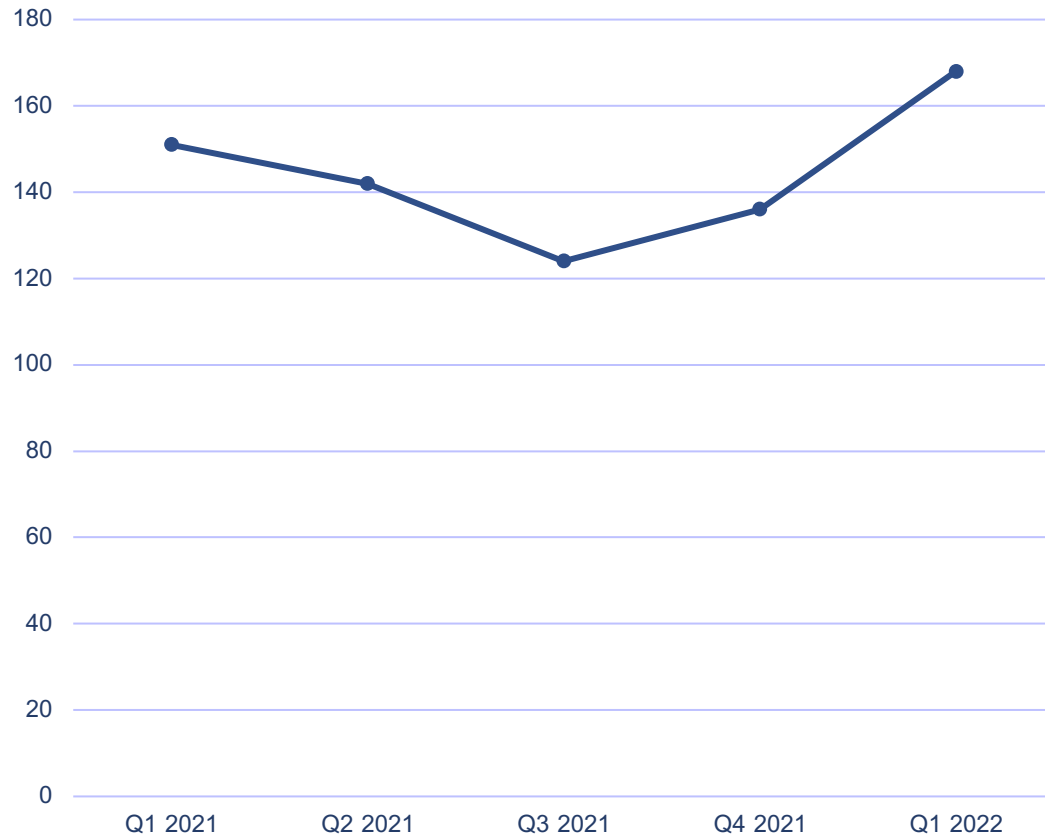
MEDICAL ALLEY STARTS

Medical Alley Starts is a venture platform to lower the cost of starting, scaling and pivoting new ventures in Medical Alley.

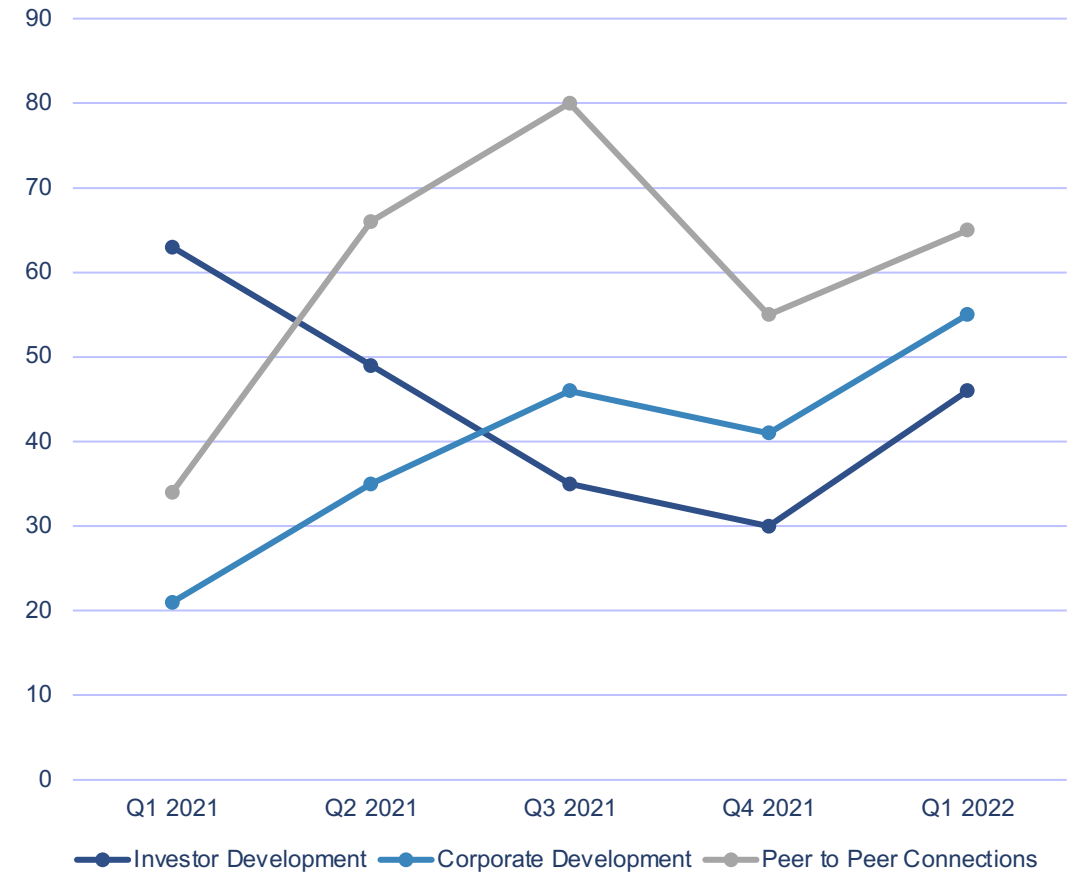
- **A Global Investor Network:** Connecting Startups to investors from pre-seed to growth.
- **Global Corporate Partner Network:** Facilitating partnership, M&A, JVs and other engagements with healthcare's global leaders.
- **Ready Reserve Entrepreneur Volunteers:** A network of experienced entrepreneurs ready to lend their expertise to your venture.
- **The Global Epicenter Campaign:** Connection to MAA's national branding campaign to position Medical Alley as The Global Epicenter of Health Innovation and Care®

MEDICAL ALLEY STARTS SERVICES

Medical Alley Starts Companies Supported by Quarter

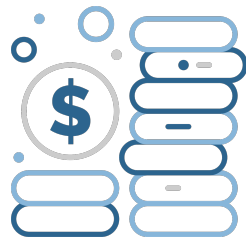


Medical Alley Starts Services by Quarter



SUMMARY: GROWTH

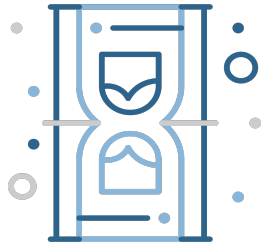
Medical Alley startups raised more money in Q1/2022 than all of 2021



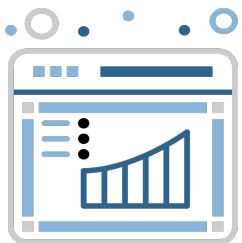
Late stage and growth deals made up most of the \$475 million private capital raised, particularly PMA device firms - \$125 million for Saluda Medical, \$50 million for Nuvaira, and \$35.4 million for 4C Medical Technologies. Home health was a second major theme, with Nice Healthcare raising \$30 million, and UnitedHealth Group acquiring LHC Group for \$5.4 billion. Insurance and benefits innovation continued with Gravie having the second largest raise at \$75 million.

Continued >>

SUMMARY: GROWTH



After 2021's \$1.5 billion public market record, Medical Alley startups were less active to start 2022, with one secondary offering, Anteris Technologies, and one Special Purpose Acquisition Company (SPAC), bringing FOXO Technologies public. An additional four companies succeeded with their SBIR applications Q1/2022, and 21 healthcare companies took advantage of Launch Minnesota's innovation grant in 2021.



Jobs data has a 6-month lag so in Q1 of 2022 we received the Q3 2021 jobs numbers. The largest year-over-year changes in healthcare employment numbers were a 4% increase in the health insurance category and 6% increase in the retail category. Providers remain the largest category, employing 10 times as many people as the next largest healthcare category with 386 thousand employees.

RECORD-BREAKING START

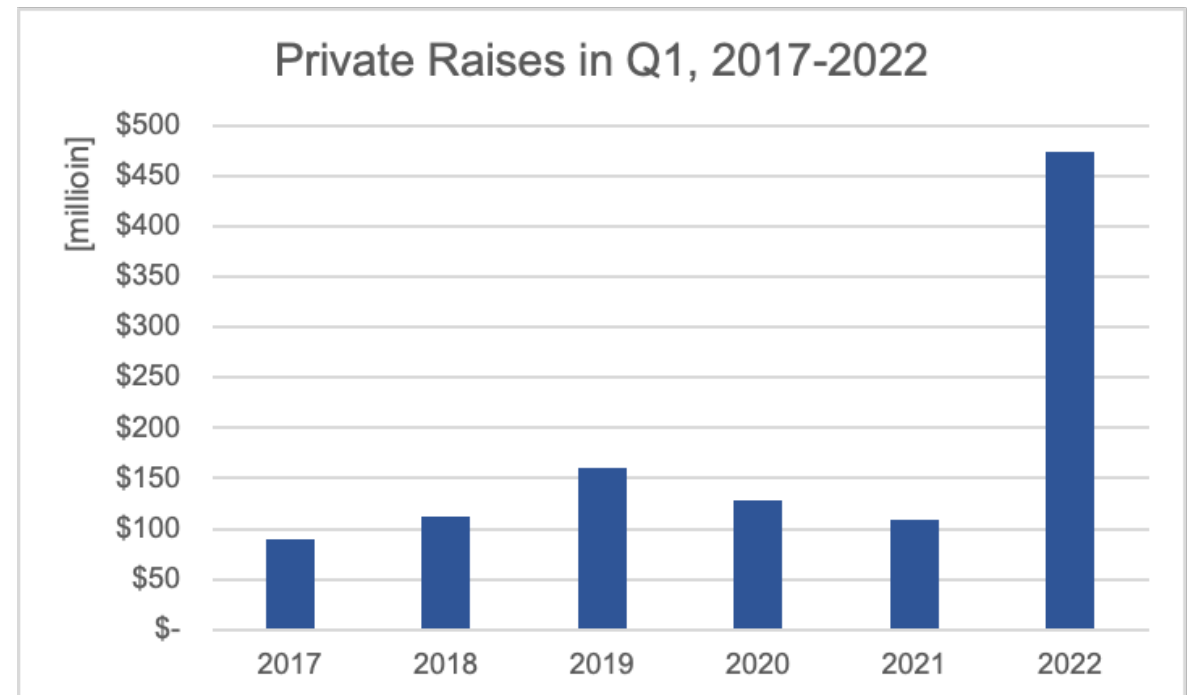
Medical Alley startups raised \$475 million in Q1/2022, more than FY/2021.

Medical device companies led with \$289 million, followed by digital health companies with \$153 million.

Companies raised more in private capital this quarter than the last three Q1s combined.

The \$475 million is the largest amount raised in a quarter since Q3/2020, when Bright Health alone raised \$500 million.

In total, 29 companies reported raises.



Q1/2022 LEADER BOARD

Three medical device and two digital health companies made up the top five.

The quarter's largest raise was Saluda Medical's \$125 million to support commercialization, research and clinical development of their proprietary neuromodulation portfolio.

Gravie raised \$75 million to accelerate growth, Nuvaira raised \$50 million to get to FDA approval, 4C Medical's \$35 million Series C will further develop their technology, and Nice Healthcare will use \$30 million funding to expand in-home care.

Largest Raises in Q1/2022

Saluda Medical	\$125 million
Gravie	\$75 million
Nuvaira	\$50 million
4C Medical Technologies	\$35.4 million
Nice Healthcare	\$30 million



NOT SO QUIET ON THE M&A FRONT

\$6.83 B

We tracked 12 M&A transactions with a total reported value of \$6.83 billion.*

\$5.4 B

The largest reported was UnitedHealth Group's acquisition of LHC Group for \$5.4 billion to strengthen its home health business.



UHG's Optum also acquired Refresh Mental Health for an undisclosed price.

\$925 M

Medtronic acquired Affera, a cardiac mapping and navigation systems company, for \$925 million.

* Only 4 of the 12 transactions reported deal value

PUBLIC MARKET ACTIVITY SLOWS

\$20 M

Anteris Technologies was the only public company to raise capital in Q1/2022, having raised \$20 million through a private placement.

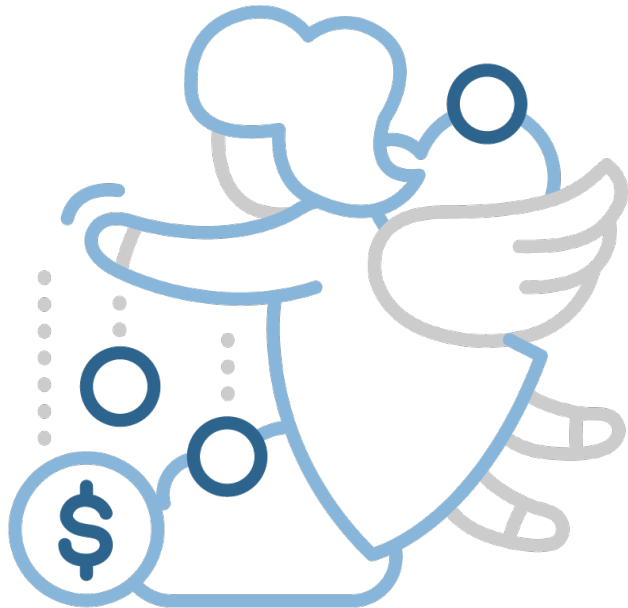
\$224 M

FOXO Technologies took a different route to the public markets. It went public (NYSE: FOXO) through a merger with a special purpose acquisition company (SPAC) and in doing so raised \$224 million.



Compared to 2021 when Medical Alley companies raised just under \$1.5 billion in the public markets, 2022 has started slower.

ANGEL TAX CREDIT



- For 2022, \$5 million in credits is available, \$2.5 million of which is reserved for minority- and women-owned businesses, as well as businesses located in Greater Minnesota.
- In Q1/2022, one healthcare company (Luminary Therapeutics) took advantage of the Angel Tax Credit program.
- At the time of this report's publication, legislation was pending to renew the program for future years with increased funding

NIH FUNDING IN MINNESOTA – NON-PROFIT



Of the \$178 million awarded to Minnesota-based organizations in fiscal year 2022 by the National Institute of Health (NIH) thus far, 2% was awarded to for-profit organizations, the rest was divided by non-profit or public organizations.

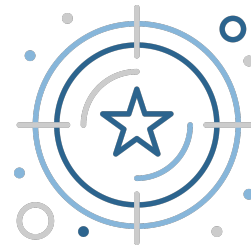


The leading recipients were the University of Minnesota (\$100 million for 214 projects) and Mayo Clinic (\$71 million for 128 projects).

GRANT FUNDING = EARLY STAGE



For-profit organizations that received NIH funding were MinnHealth, Koronis Biomedical Technologies, LEAH Labs, and Habitaware. MinnHealth succeeded with more than one project.



Minnesota SBIR/STTR Accelerator™ continued to provide invaluable support to companies applying for SBIR/STTR funding.



Out of Launch Minnesota's \$1.5 million of grant funding, more than \$694 thousand was allocated to 21 healthcare companies, which represents almost half of the grant funding.

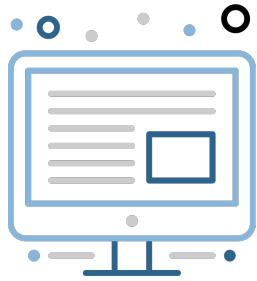
MEDICAL ALLEY WORKFORCE



- Minnesota's healthcare jobs showed **steady growth** from 2017-2019, until COVID-19 caused decrease in 2020.
- In 2020, we were **2nd behind only Massachusetts** in healthcare employment per 100,000.
- The number of total jobs across healthcare sectors remained steady through the first three quarters of 2021, *the most currently available data*.
- **Providers** employed by far the most people in healthcare in Minnesota with over **386 thousand people**, followed by **medical device** companies with more than **32 thousand people**.
- Year-over-year employment in health insurance increased by 4.23% and in retail by 6.33%. Biotech/pharma decreased by 6.08% during the same timeframe.*

*Federal jobs data has a 6-month delay so the most current data in Q1/2022 is for Q3 of 2021.

MEDICAL ALLEY JOB BOARD



Medical Alley Association's job board is a free for members job site and is among the highest trafficked pages on Medical Alley's website.



In Q1/2022, there were 225 postings, a 24% increase over Q4/2021, and the third highest number of posts ever.



The 69 unique companies posting on the job board is the third most in any quarter to date.



CONTACTS

Frank Jaskulke, VP of Intelligence –
fjaskulke@medicalalley.org

Kylle Jordan, Startup Principal –
kjordan@medicalalley.org

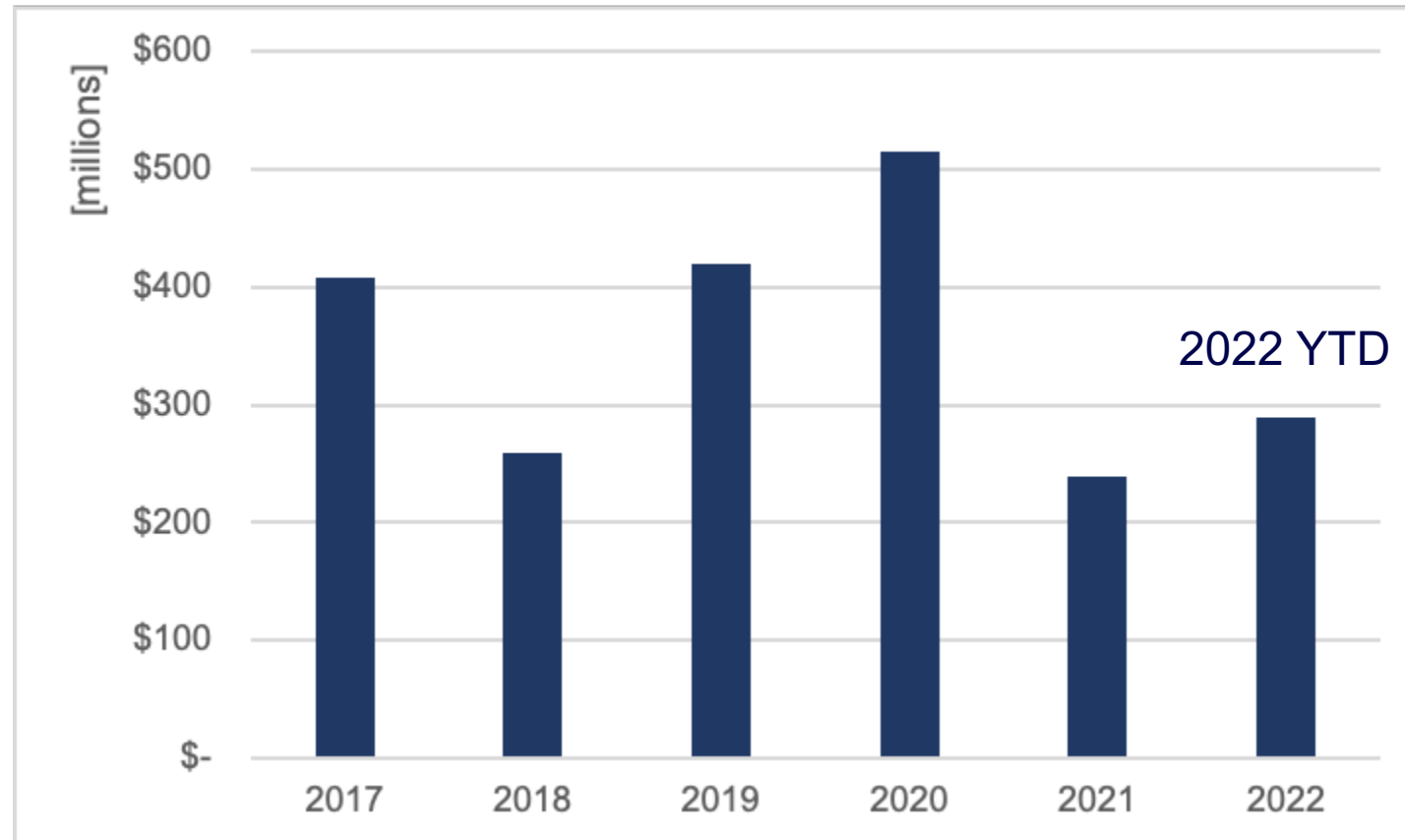
Filip Kostal, Startup Principal –
fkostal@medicalalley.org

Reece DeVries, Data Analyst & Engineer –
rdevries@medicalalley.org

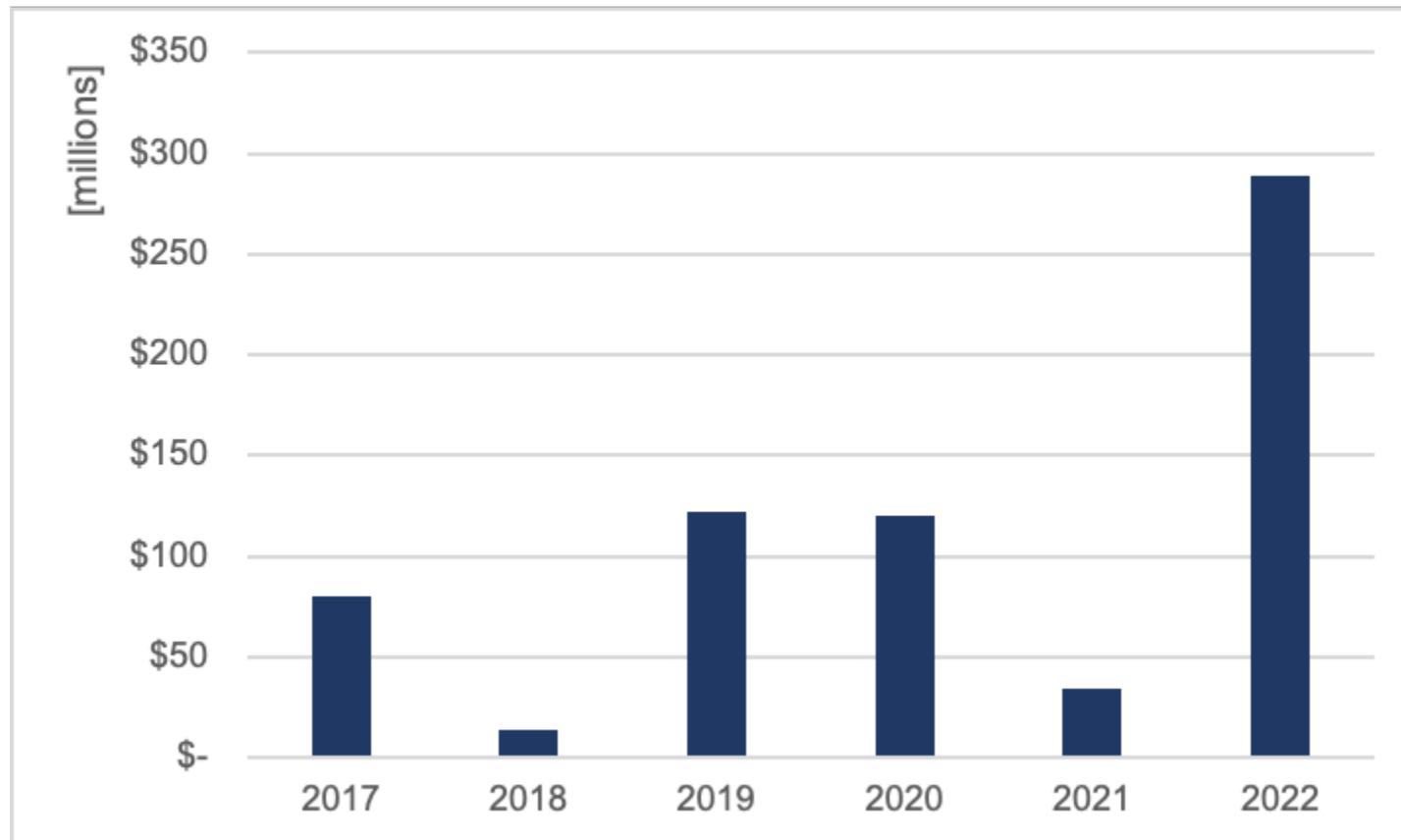


APPENDIX

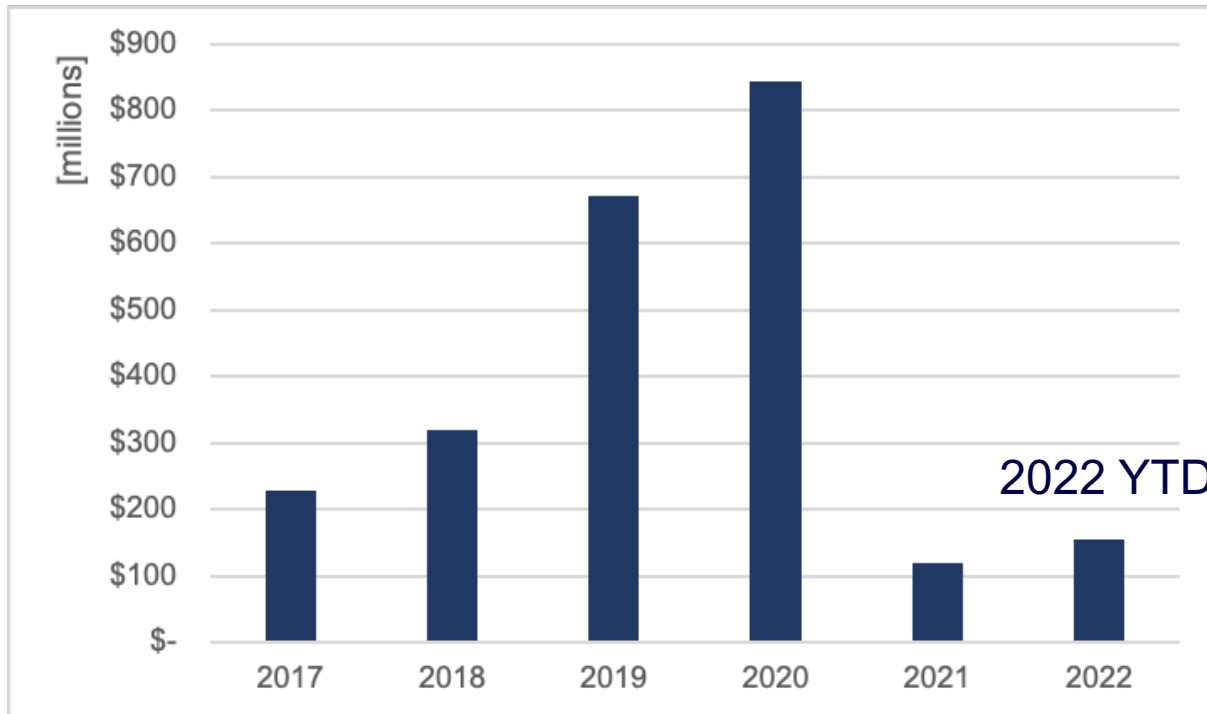
MEDICAL DEVICE RAISES BY YEAR



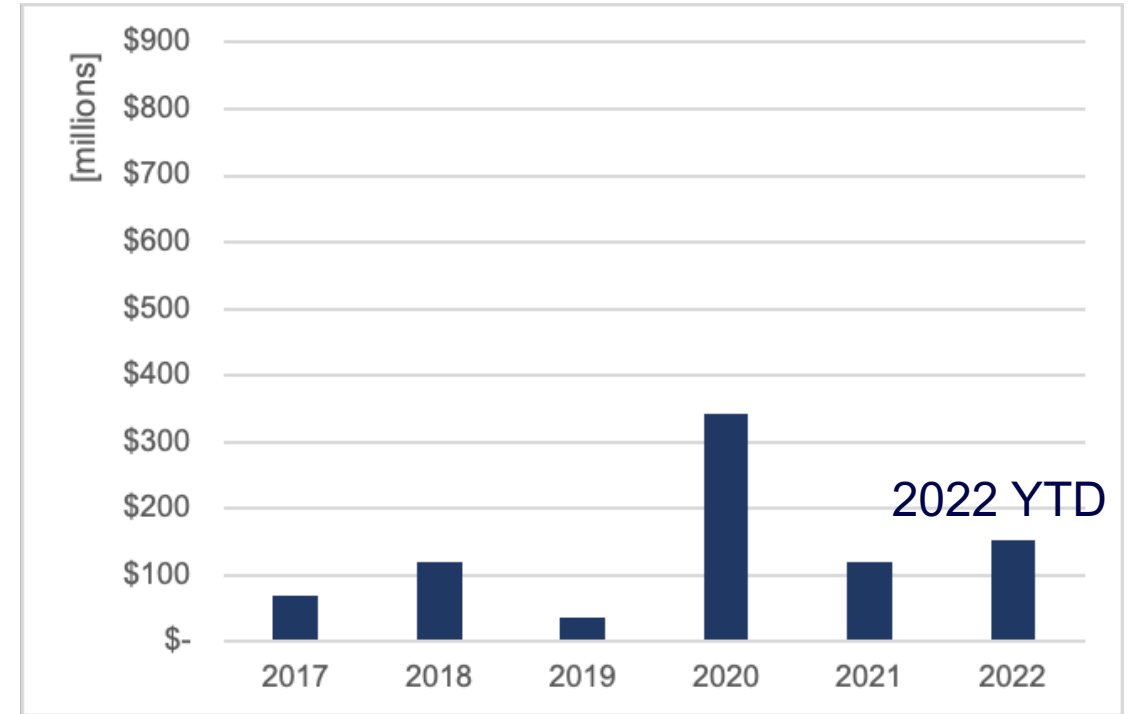
Q1 MEDICAL DEVICE RAISES BY YEAR



DIGITAL HEALTH RAISES BY YEAR

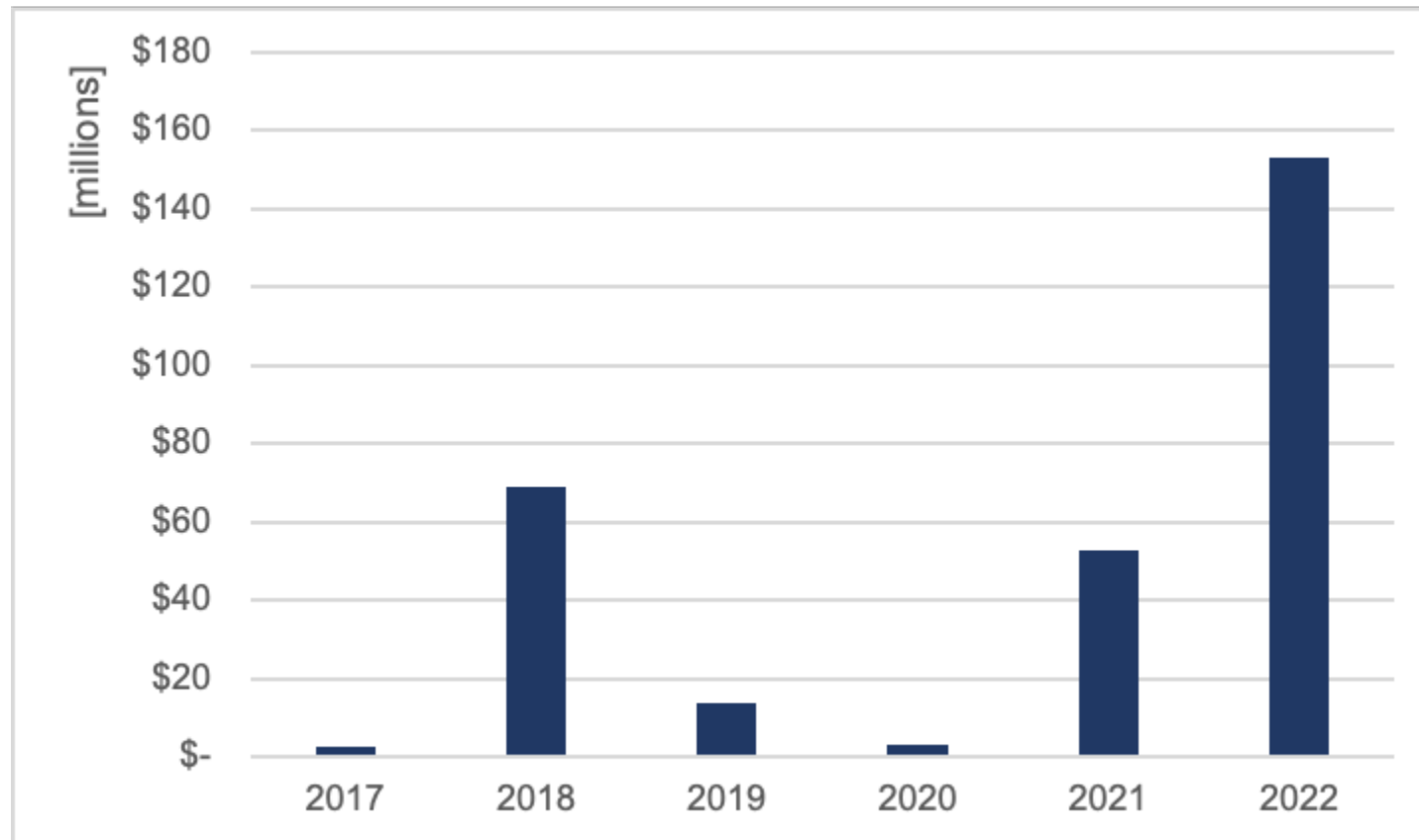


Including Bright Health Group

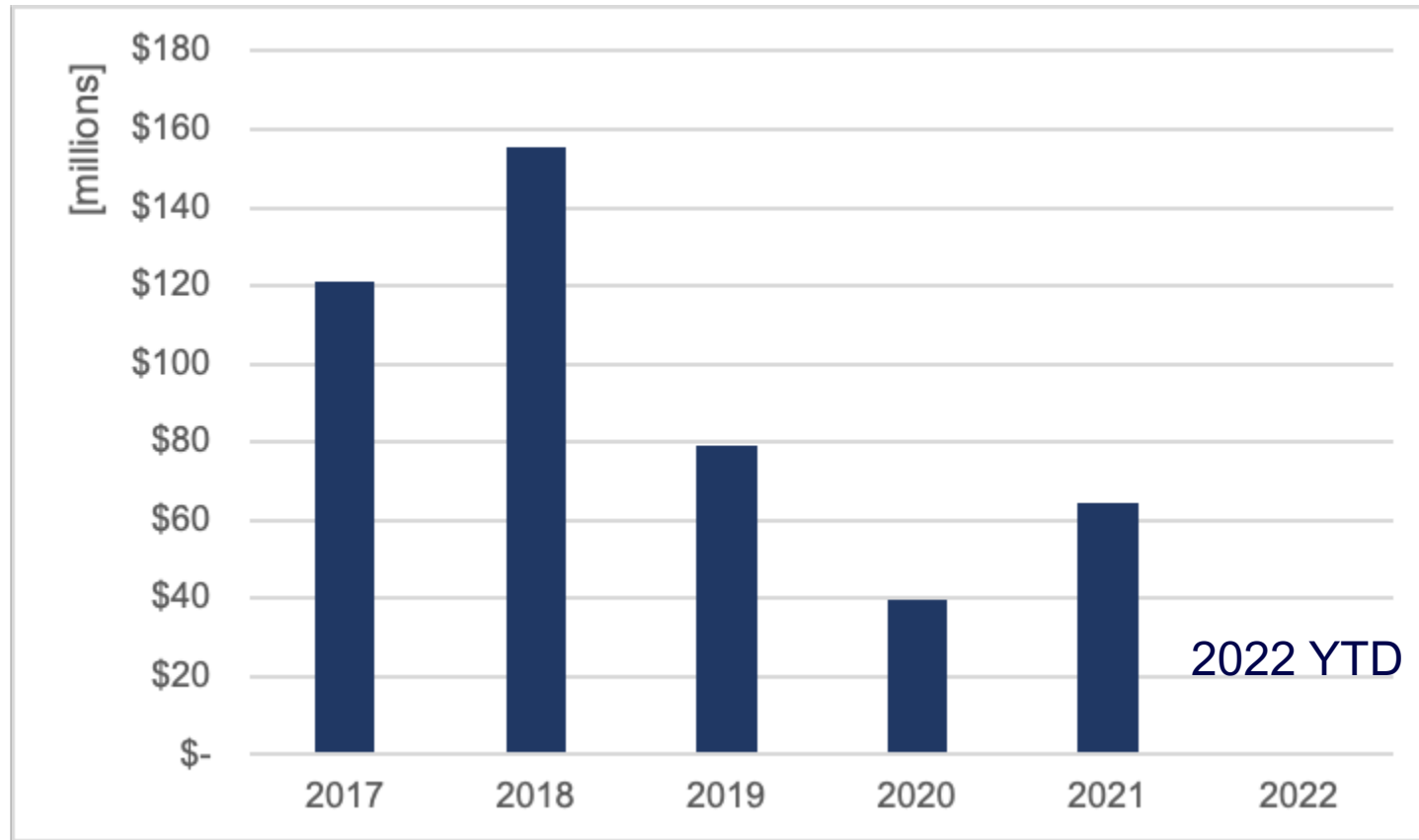


Not Including Bright Health Group

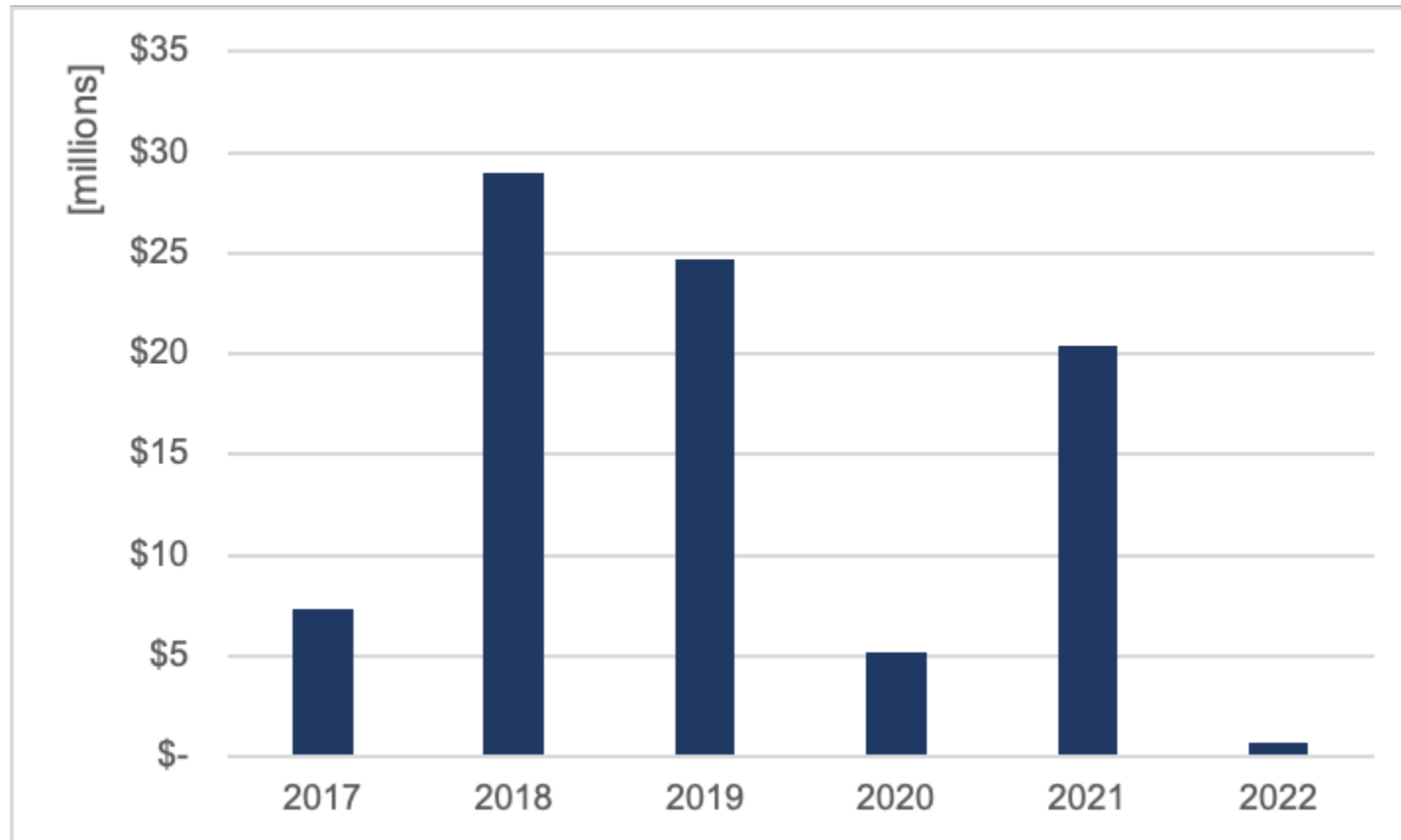
Q1 DIGITAL HEALTH RAISES BY YEAR



BIOTECH & PHARMA RAISES BY YEAR



Q1 BIOTECH & PHARMA RAISES BY YEAR



M&A TRANSACTIONS

TRANSACTION	VALUE (IF REPORTED)
<u>Biomerics acquired by MMT</u>	
<u>Goodness Growth (Vireo) acquired</u>	\$413,000,000
<u>Wellbeats acquired by Lifespeak</u>	\$92,500,000
<u>Aldevron Acquires Nature Technology Corporation</u>	
<u>Cirdan Health Systems and Consulting acquired by Health Management Associates</u>	
<u>Novavita Thera acquired by Castle Creek Biosciences</u>	
<u>Fairmont Family Dentistry acquired by Cherry Tree Dental</u>	
<u>Downtown Dental Associates acquired by Cherry Tree Dental</u>	
<u>LHC Group acquired by UnitedHealth Group</u>	\$5,400,000,000
<u>Refresh Mental Health acquired by Optum</u>	
<u>Intellivisit acquired by UCP Merchant Medicine</u>	
<u>Affera, Inc. acquired by Medtronic</u>	\$925,000,000

NIH FUNDING IN MINNESOTA

ORGANIZATION	PROJECTS	TOTAL FUNDING
Non-Profit		
Mayo Clinic	128	\$71,300,132
Hennepin Healthcare Research Institute	4	\$1,618,973
HealthPartners Institute	1	\$601,049
Children's Hospitals and Clinics	1	\$323,777
Minneapolis VA Medical Center	16	N/A
Public		
University of Minnesota	214	\$100,674,216
St. Catherine University	1	\$296,711
Minnesota State Dept. of Agriculture	1	\$145,016
For-Profit		
MinnHealth	3	\$1,617,953
Koronis Biomedical Technologies	1	\$667,212
LEAH Labs	1	\$337,433
Habitaware, Inc.	1	\$879,144
Total	372	\$178,461,616.00

HEALTHCARE JOBS IN MINNESOTA

Healthcare Jobs in Minnesota since 2017

Location Name	Minnesota
Year	Sum of Employment Count
2017	467,875
2018	476,688
2019	484,317
2020	471,639

Top 5 All Health Care Employment per 100,000 in 2020

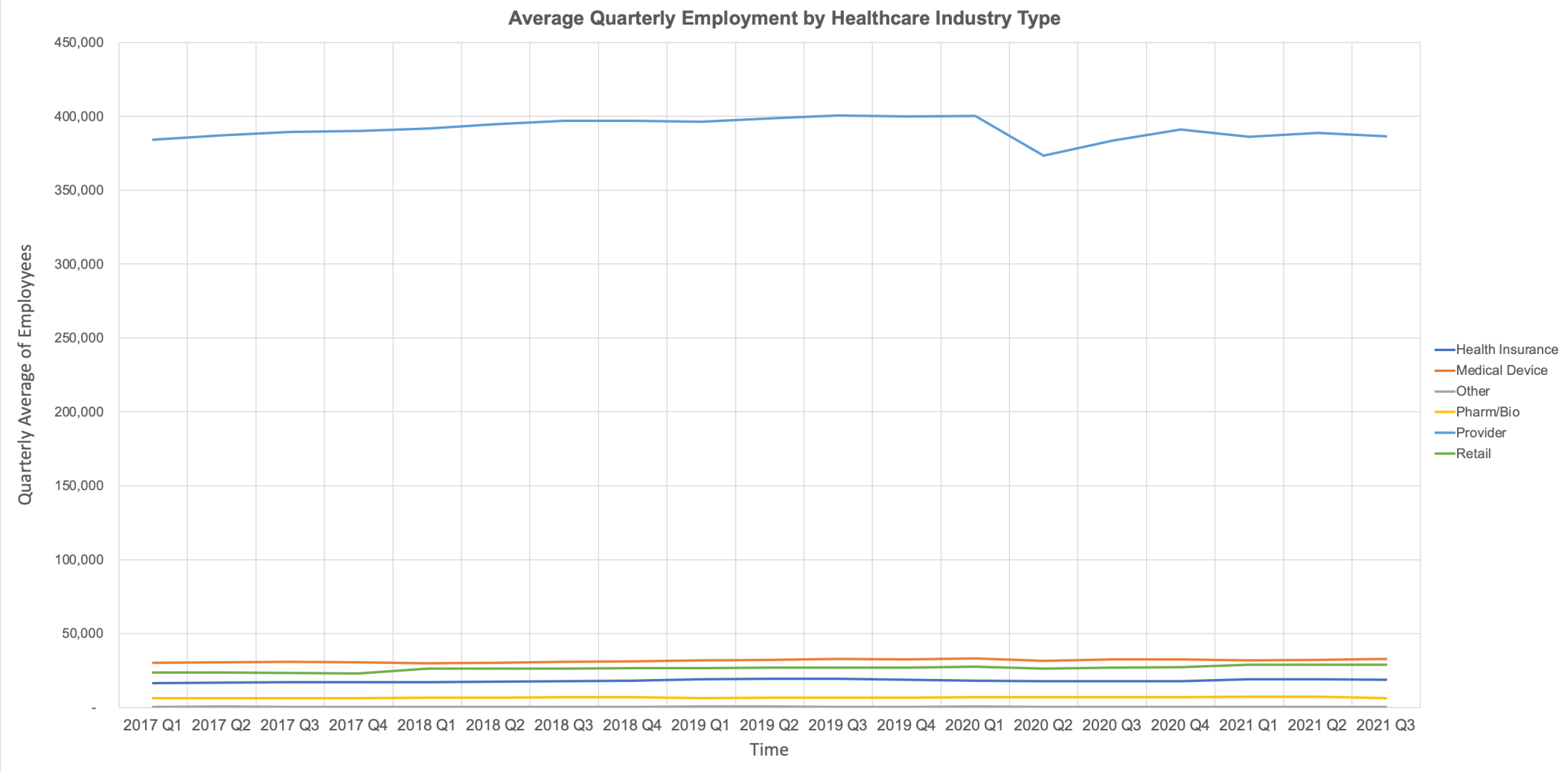
Location Name	Per 100,000 Residents
Massachusetts	8875.47
Minnesota	8362.94
District of Columbia	8229.70
North Dakota	7717.09
New York	7632.33

Growth by Industry from 2017-2020

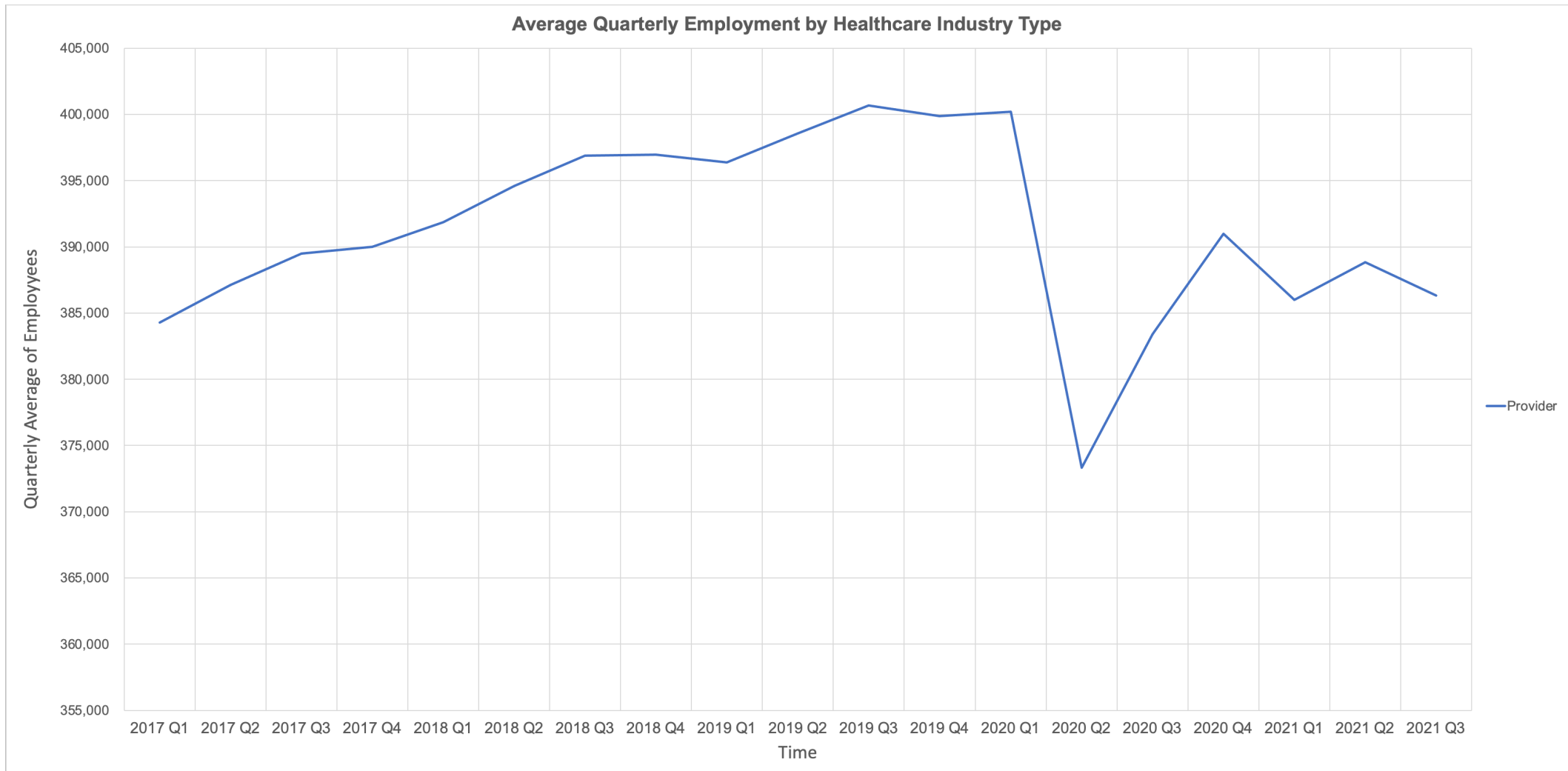
Location Name	Minnesota		
Sum of Employment Count	Year		
NAICS Category	2017	2020	Change by Category
Health Insurance	16,834	17,927	6.49%
Medical Device	30,499	32,375	6.15%
Other	511	492	-3.72%
Pharm/Bio	6,324	6,818	7.81%
Provider	390,362	386,989	-0.86%
Retail	23,345	27,038	15.82%

Note: Data is undercounted as digital health/health IT workforce cannot be measured fully.

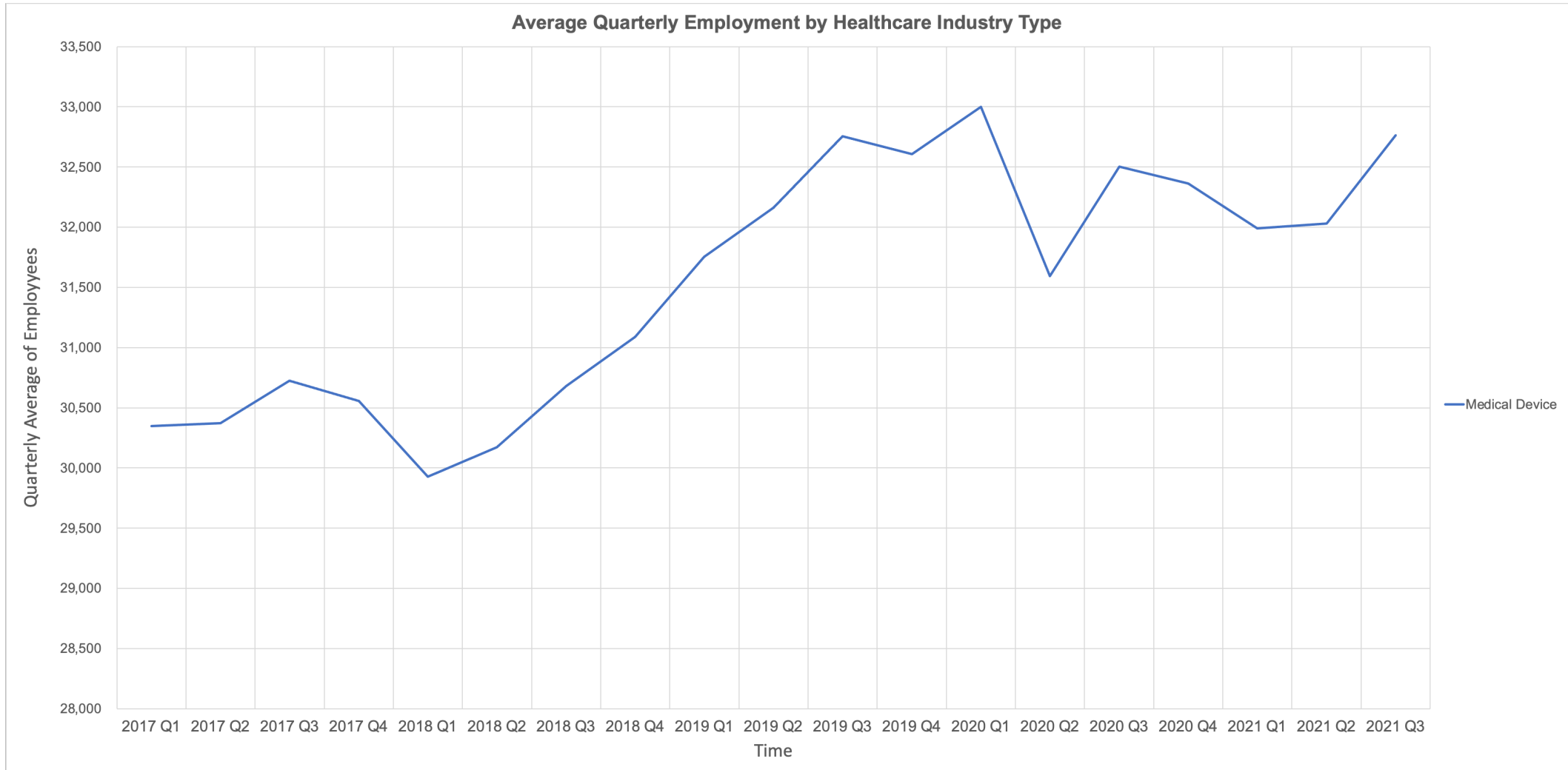
ALL HEALTHCARE - QUARTERLY EMPLOYMENT



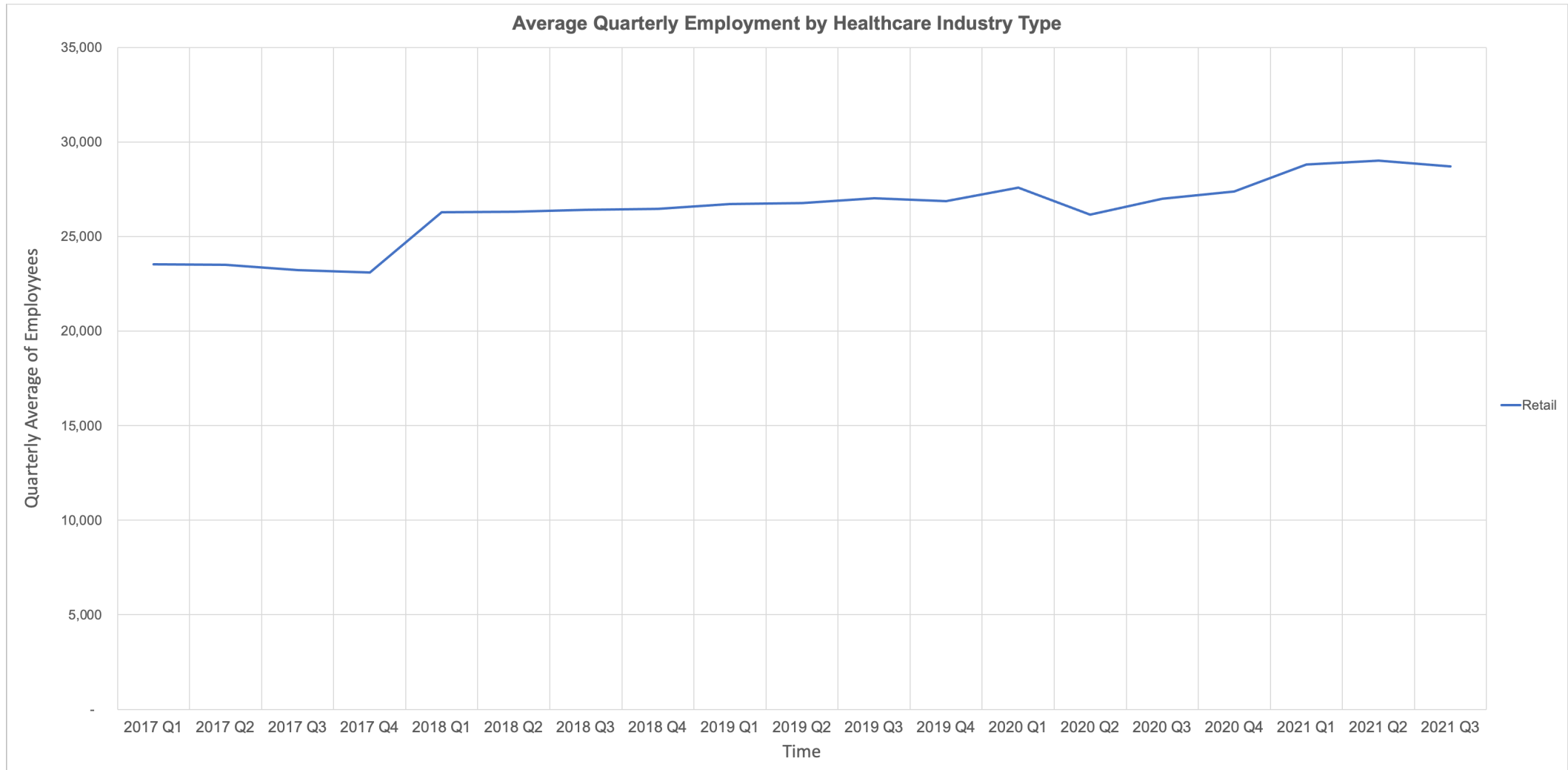
PROVIDER – QUARTERLY EMPLOYMENT



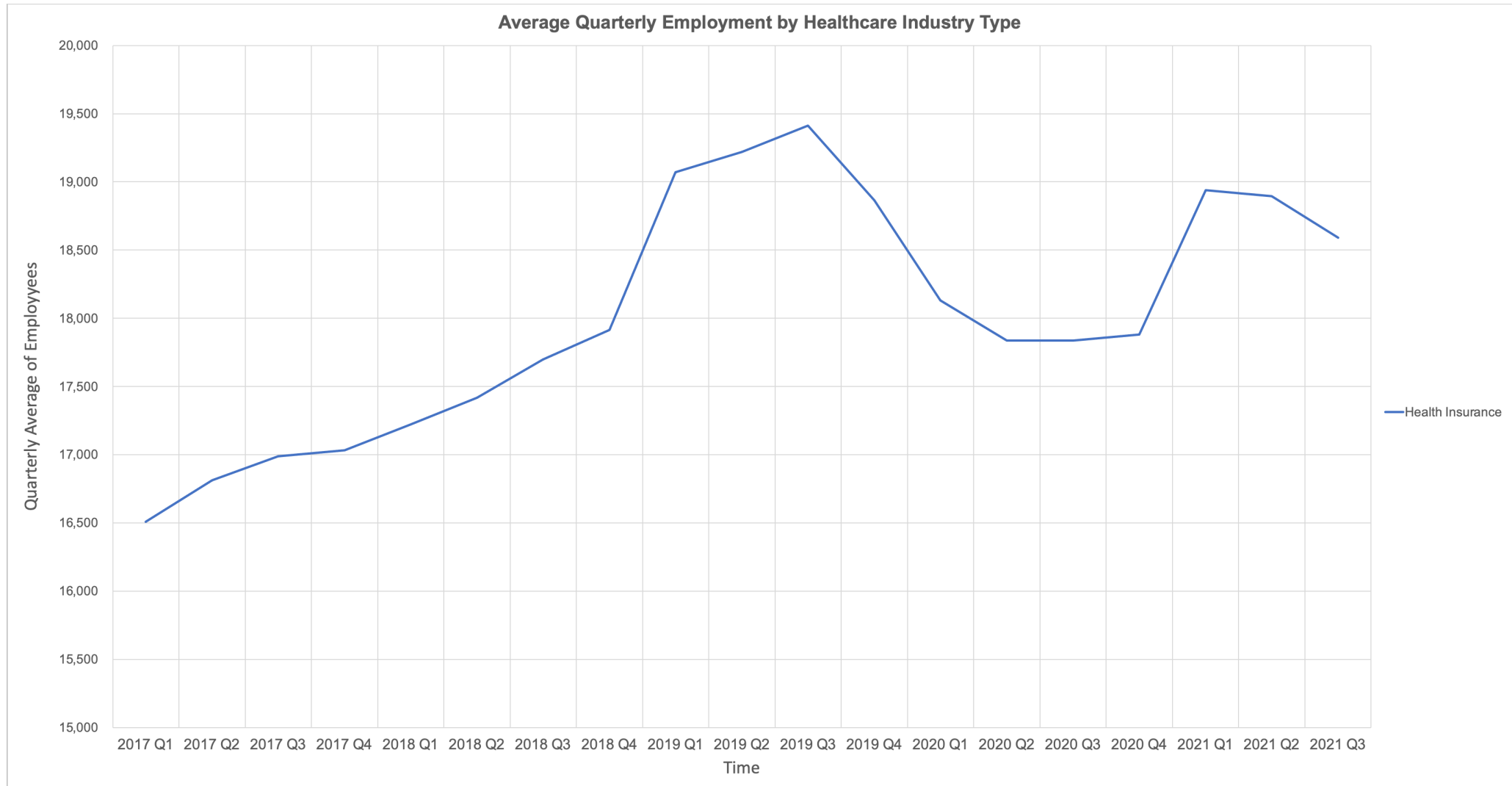
MEDICAL DEVICE – QUARTERLY EMPLOYMENT



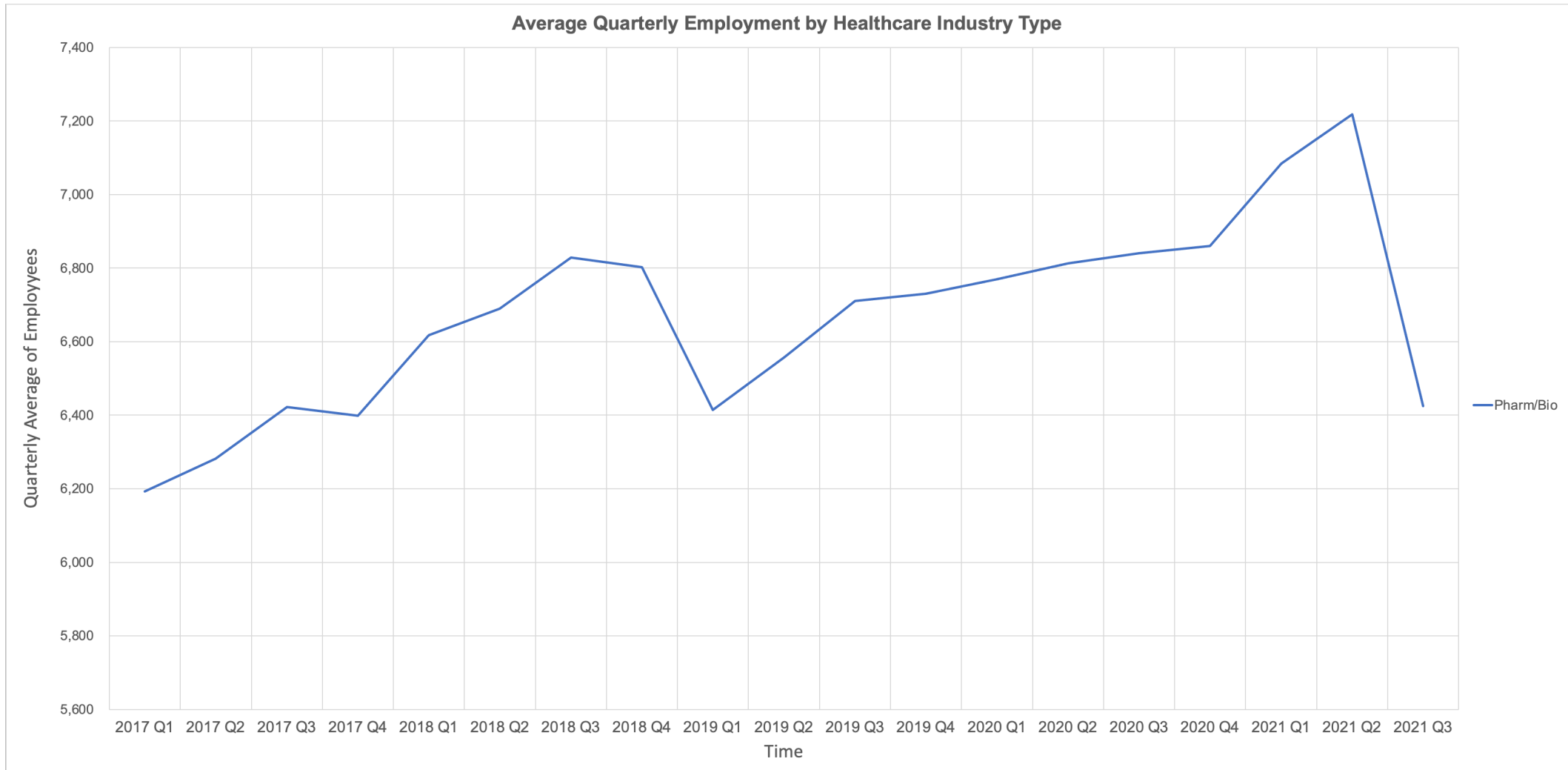
RETAIL – QUARTERLY EMPLOYMENT



HEALTH INSURANCE QUARTERLY EMPLOYMENT



BIOPHARMA— QUARTERLY EMPLOYMENT



OTHER HEALTHCARE – QUARTERLY EMPLOYMENT

