



MEDICAL ALLEY Q2/2022 VENTURE REPORT

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

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

This report will examine market insights relevant to business stakeholders in Medical Alley and around the world in Q2, including:

- Continued startup funding growth
- Biopharma investment success
- Long-term guidance
- Top M&A transactions
- Medical Alley workforce insights

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 – Q2 HIGHLIGHTS

In Q2, the Medical Alley Starts & Global team:



Supported **more startup ventures (234) than in any previous quarter**, nearly doubling the total from Q1 (120).

623
TOTAL SERVICES
TO STARTUPS

Provided **623 total services** to startups (compared to 458 in Q1), including 71 investor connections, 161 supplier referrals, 73 corporate development connections, and 78 peer to peer introductions



Launched the **Corporate Development Platform** project, creating partnership opportunities between large firms and startups.

MEDICAL ALLEY GLOBAL – Q2 HIGHLIGHTS



**In Q2,
the Medical
Alley Starts
& Global
team:**

- Expanded international activities, engaging 78 international startups
- Established or reinforced relationships with organizations from, but not limited to: Germany, Belgium, France, Italy, Japan and Latvia
- Supported the Quebec government with 2022 accelerator kick-off



ALMOST \$300 MILLION IN STARTUP FUNDING

Medical Alley startups raised nearly \$300 million in startup funding, building on record growth in Q1 (\$475 million).

Biopharma investment accounted for nearly half of all startup funding, setting the most successful quarter for Medical Alley's biopharma companies.

Private capital comprised more than 60% of funding with \$183 million, followed by \$100 million raised in public capital (Celcuity's private placement).

SBIR/STTR funding increased 2.5x compared to prior year period.

Total number of companies receiving grants nearly tripled (11 in Q2/2022 vs. 4 in Q1/2021).

Q2 Startup Funding	
Private capital	\$183,285,278
Public capital	\$100,000,000
SBIR/STTR	\$8,560,937
Total	\$291,846,215

KEY TAKEAWAYS

In the second quarter, private markets felt pressure from concerns over inflation and a possible recession. While there were signs of contractions, strong job and wage growth obfuscate whether the economy is slowing.

Despite near-term uncertainty, investment in Q2 remained strong. Compared to prior year period, investment in **device, biopharma, and digital health rose 3.6 times**. Job numbers in healthcare continued to grow, with **health insurance (7.2%) and retail healthcare (6.5%)** companies recording the fastest growth year-over-year. The number of early-stage startup members – a type of Medical Alley Association membership for pre-seed to seed stage companies – built upon growth realized in 2021.

Medical Alley companies were involved in **16 M&A transactions (a 23% increase from Q1) with a reported value of over \$4 billion**. Medical Alley companies also added tens of thousands of square feet of office, lab, and manufacturing space.

KEY TAKEAWAYS

Medical Alley is confident in the **long-term growth opportunities** represented in the startup healthcare economy. Revenue tailwinds in 2020 and 2021 will continue fueling this sector. Companies in Medical Alley have always been built for profitable growth, products that work and management teams that are highly skilled.

Experience has shown that a challenging environment is likely to spark a flight to quality. Firms in Medical Alley are positioned well to deliver across the healthcare continuum. **Medical Alley is committed** to being a trusted partner and resource to our member companies and investors — no matter the challenges they face.

Q2/2022 PRIVATE CAPITAL LEADERS

Biopharma lead all sectors in Q2 with nearly \$90 million in private capital. Cerebral Therapeutics and Vyriad were the two largest publicly announced private biopharma raises, accounting for 75% of the quarter.

Medical device companies came in second at \$82 million. Digital health companies raised \$11 million, with Kyros Health accounting for almost half of the amount.

Read more about some of this quarter's leaders in our company spotlight.

Largest Publicly Announced Private Raises in Q2/2022

Cerebral Therapeutics	\$40M
Vyriad	\$29.5M
Stimdia	\$16.1M
Panbela Therapeutics	\$8.8M
Kyros Health	\$5M



SPOTLIGHT – CEREBRAL THERAPEUTICS



Cerebral Therapeutics is on a mission to help people with refractory epilepsy treat their uncontrolled seizures.

- Founded in 2010, Cerebral Therapeutics is a clinical-stage pharmaceutical company pioneering therapies where other treatment doesn't work.
- The company's drug-device combination technology enables precise targeted delivery to the central nervous system to maximize efficacy while greatly reducing systemic drug exposure and enhancing drug regimen compliance.
- The \$40M Series C will be used to complete an international Phase 2 clinical trial.

SPOTLIGHT – VYRIAD



Another clinical-stage company, Vyriad is turning viruses into anti-cancer drugs.



Currently in Phase 1 and 2 trials, the potentially life-changing technologies are the result of decades of research by researchers and clinicians at Mayo Clinic and the University of Miami.

On top of Vyriad's highly impressive work in cancer treatment, the company is working on developing an oral COVID vaccine.

CELCUITY'S PUBLIC RAISE LEADS STRONG BIOPHARMA QUARTER

\$100 M

Celcuity's \$100 million private placement was the only public market activity this quarter and involved big investor names such as Venrock Healthcare Capital Partners, Commodore Capital, and New Enterprise Associates.



Celcuity (NASDAQ: CELC), which went public in September 2017, is on a mission to extend the lives of cancer patients by leveraging its proprietary CELsignia platform to develop first-in-class therapies and companion diagnostics.

Phase 3

The company is getting ready for its Phase 3 clinical study.

celcuity
EXPANDING TREATMENT OPTIONS

TOP M&A TRANSACTIONS

Medical Alley tracked 16 M&A transactions with a total reported value of \$4.08 billion*.

Medical Alley companies reported 25% more M&A transactions in Q2 than in Q1

Top 3 M&A Transactions

\$1.5+ B | **Optum** - More than \$1.5 billion

\$1.35 B | **Prime Therapeutics** acquisition of Magellan RX Management - \$1.35 billion

\$960 M | **Halozyme Therapeutics** acquisition of Antares Pharma - \$960 million

* Only 5 of the 16 transactions publicly reported deal size

NIH FUNDING



The National Institute of Health (NIH) awarded Minnesota-based organizations more than **\$270 million in Q2**. The majority (\$261 million) of the funding was allocated to non-profit and public organizations.



The leading recipients were the University of Minnesota (\$177 million | 249 projects) and Mayo Clinic (\$65 million | 151 projects). Other recipients with multiple projects included Hennepin Healthcare Research Institute (6) and, HealthPartners Institute (4).*



A total of 11 for-profit companies received NIH grant funding, with Innovative Design Labs and MinnHealth receiving two and three grants, respectively, compared to four, for-profit companies last quarter.



Launch Minnesota will award its innovation grants to companies in Q3. The application window is now open.

* Only includes research projects with reported value.

COMPANY EXPANSIONS

Medical Alley companies are expanding office & manufacturing, adding jobs rapidly. Highlighted expansions include:



Mayo Clinic invested \$49 million to expand its lab in Rochester. Construction for the project has started and will continue through 2025.



Pelican Bio Thermal received funding from the Minnesota Department of Employment and Economic Development (DEED) for expansion of manufacturing capacity.



Minnetronix Medical is adding 30,000 sqft to its St. Paul headquarters.



Aldevron purchased a 345,000 sqft office in Eden Prairie.



MME Group added 90,000 sqft of manufacturing space.



Miromatrix CEO, Jeff Ross, cuts the ribbon at the grand opening of their new HQ

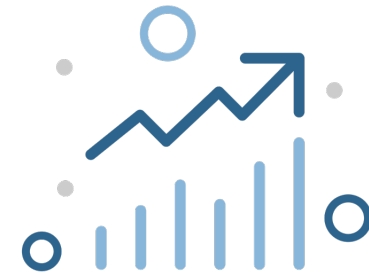
MEDICAL ALLEY WORKFORCE



In Q4/2021*, the most recent data available, Minnesota was **2nd only to Massachusetts** in healthcare employment per capita in the US.



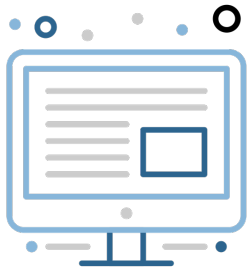
Almost **half a million** of Minnesota residents were employed in healthcare at the end of 2021.



Year-over-year, the **fastest growing sectors** were health insurance companies (+7.2%) and retail healthcare companies (+6.5%).

*Federal jobs data has a 6-month delay.

MEDICAL ALLEY ASSOCIATION 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 Association's website.

196
POSTINGS

In Q2/2022, there were 196 postings, the fourth most posts ever and second most posts in any Q2.

74
COMPANIES










74 individual companies posted on our job board, tying the record.

Job Board
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Medical Alley Association members can post unlimited openings on our job board at no cost! Use the "Post a Job" button to the left. Looking to get even more eyes on your job openings or want to amplify key positions? Add a recruitment amplification package. Not a member but want to post an open position? Postings are available - contact us for pricing details.

All job postings are publicly available. For questions or for nonmember/amplification package pricing information, contact Member Engagement Leader Kristi Pogatchnik at kpogatchnik@medicalalley.org.

Job Title Posting Date Closing Date

 Customer Success Specialist Alimetry	08/17/2022	09/15/2022
 Senior Social Media Specialist SPR Therapeutics	08/14/2022	09/14/2022
 Director of Strategic Growth & Engagement The Medical Alley Association	08/07/2022	01/07/2023
 Metrology Technician Takeda Pharmaceuticals U.S.A., Inc.	08/23/2022	12/29/2022
 Structural Heart / TAVR Sales Training Program Manager Opsens Medical	08/23/2022	09/17/2022
 Clinical Specialist – Minneapolis Opsens Medical	08/23/2022	12/01/2022
 Human Resources Business Partner Opsens Medical	08/23/2022	12/01/2022
 Research and Development Scientist Humanetics Corporation	08/23/2022	09/17/2022
 Senior Director Clinical Affairs Beckman Coulter, Inc.	08/21/2022	12/16/2022

Job Board Search Form:

Job Title:

Company Name:

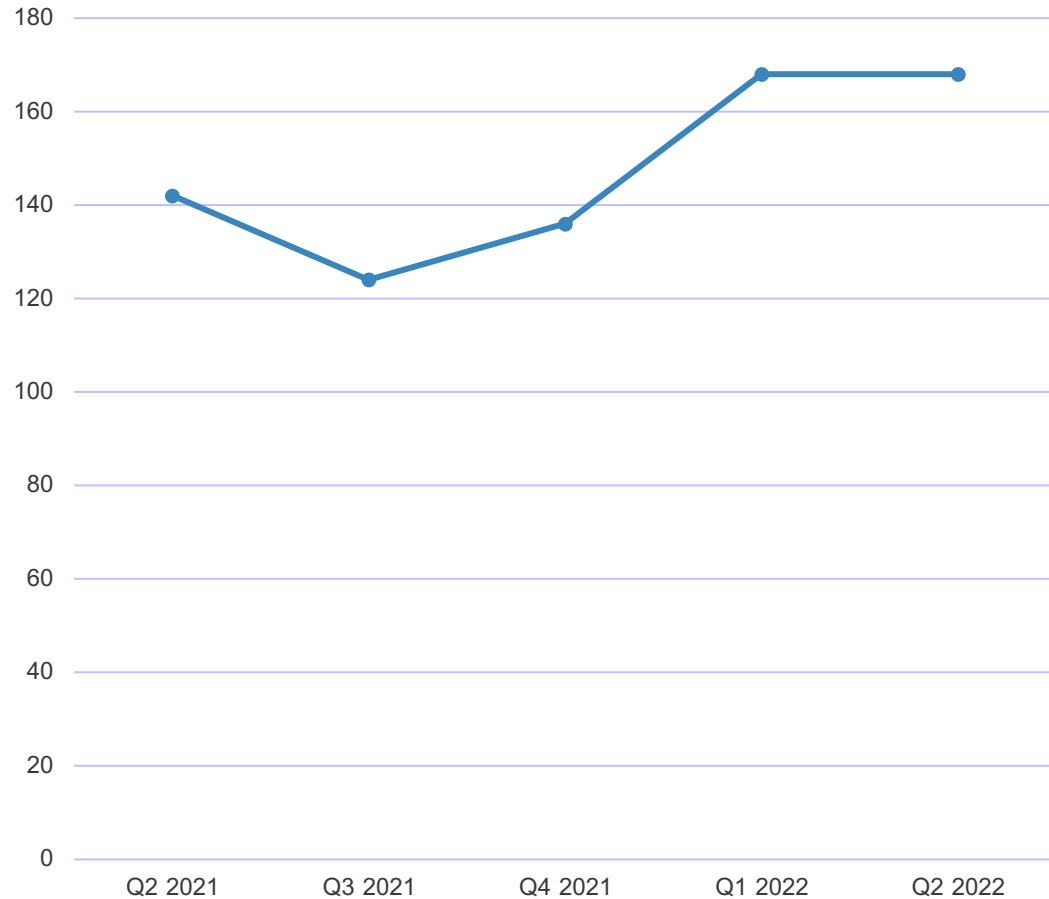
Employment Type:

Location:

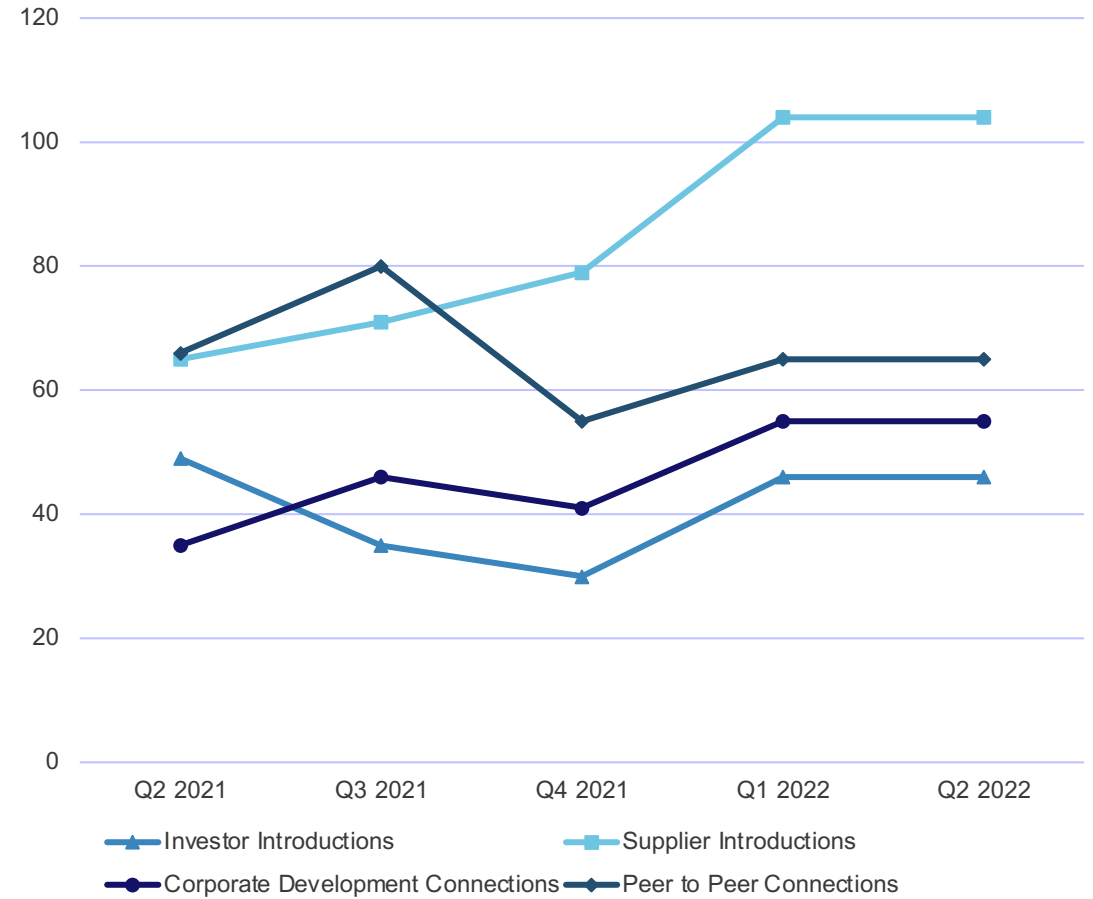
Keywords:

MEDICAL ALLEY STARTS SERVICES

Medical Alley Starts Companies by Quarter



Medical Alley Starts Services by Quarter



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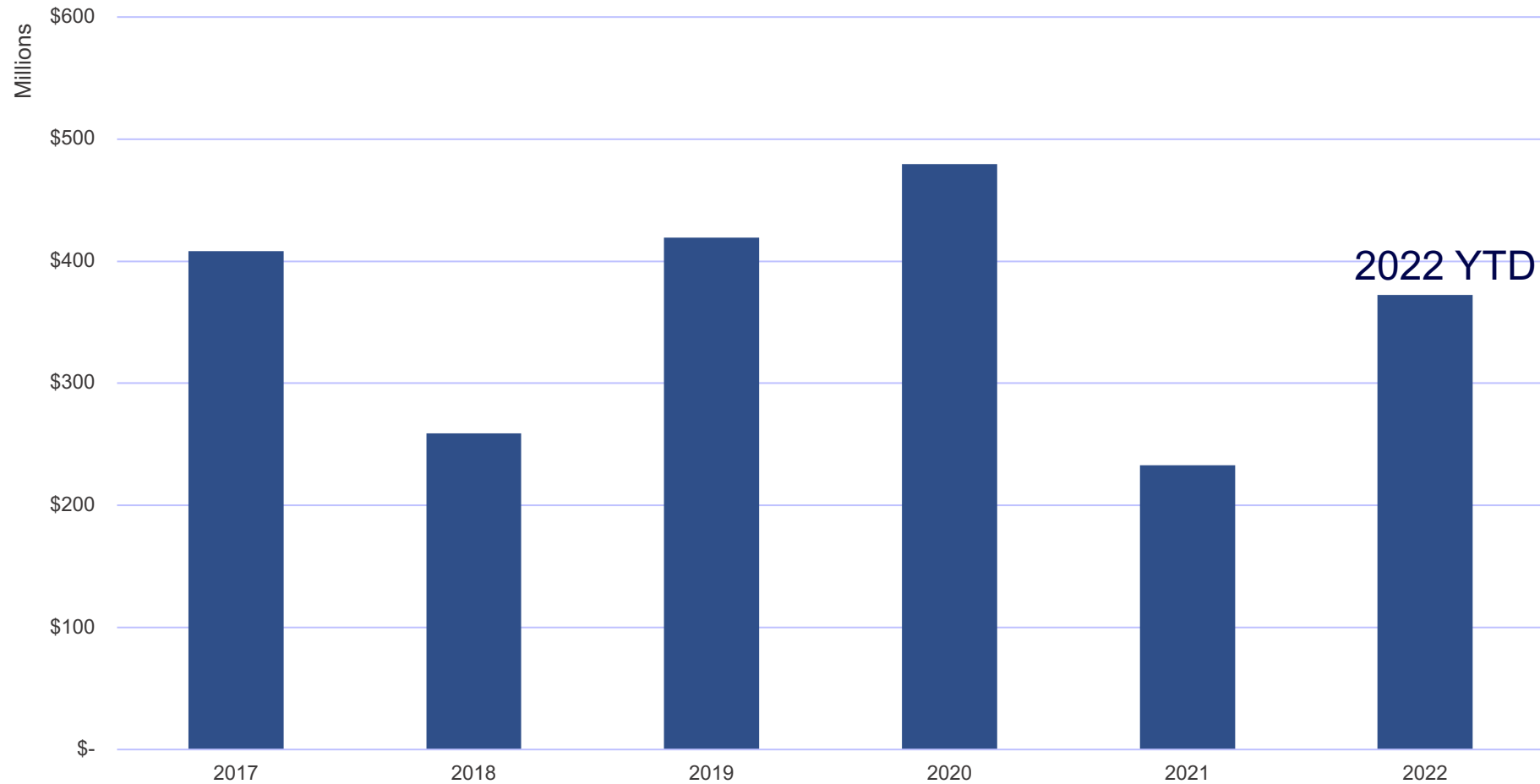
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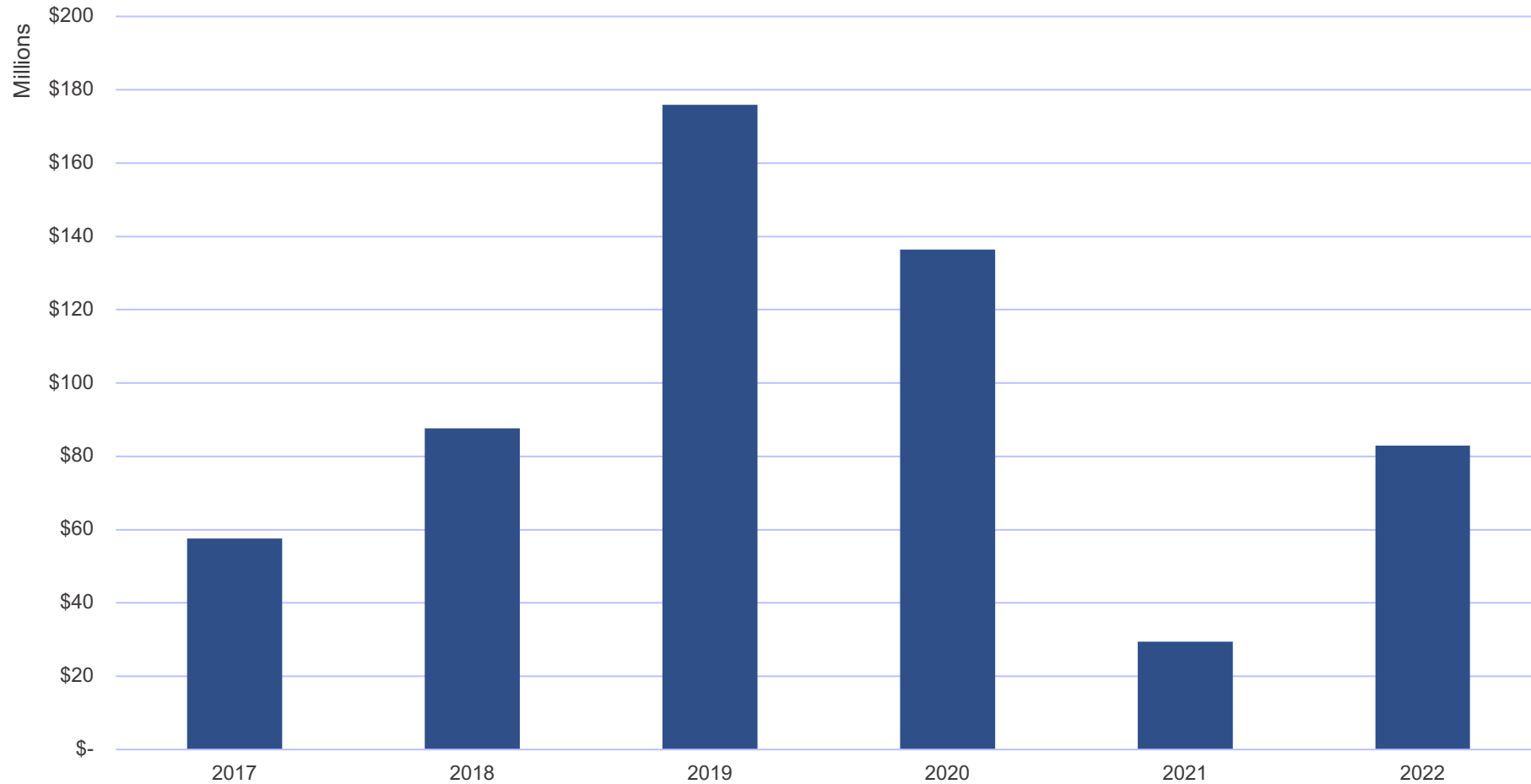


APPENDIX

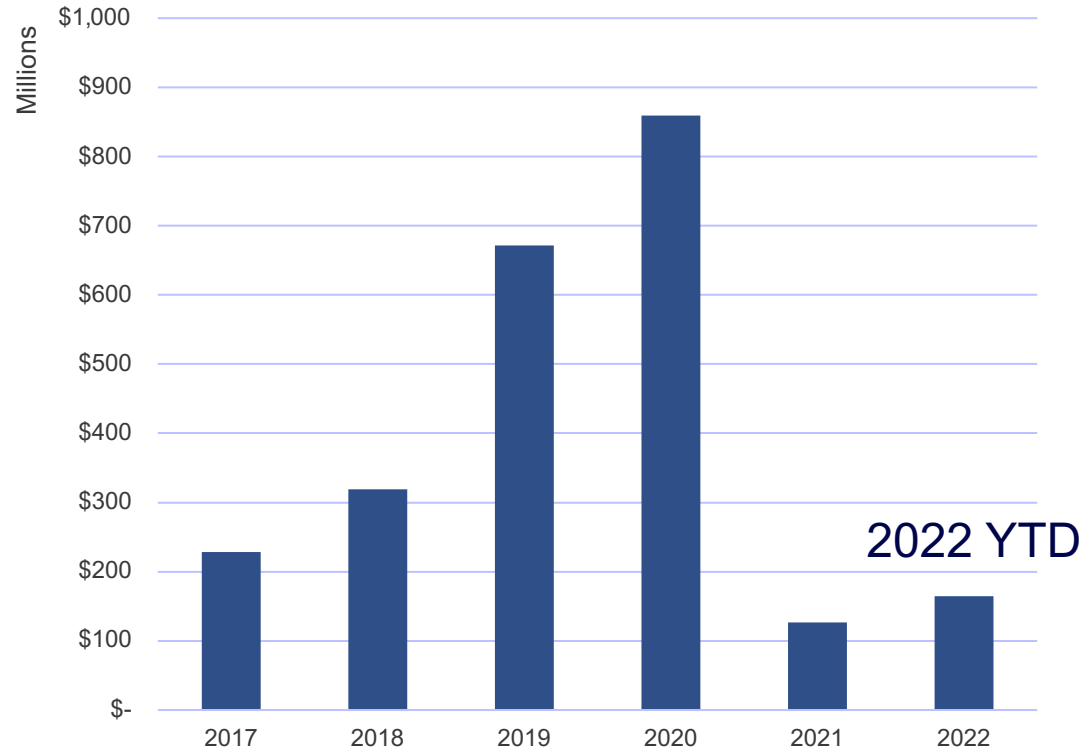
MEDICAL DEVICE RAISES BY YEAR



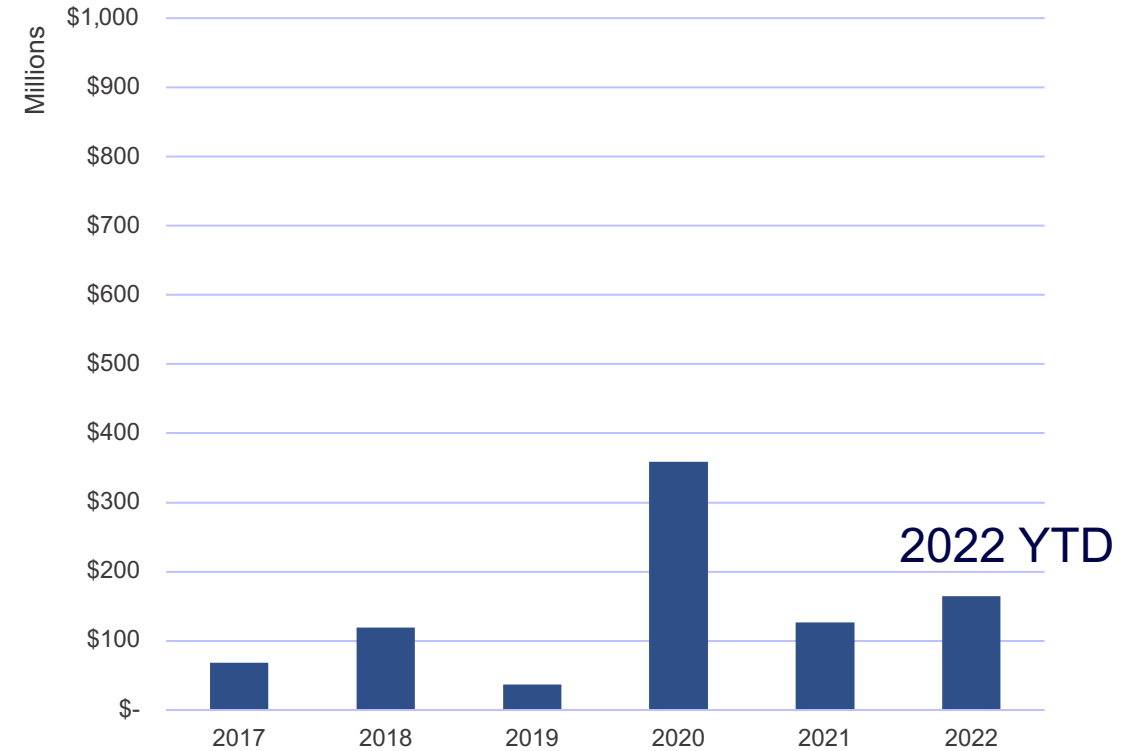
Q2 MEDICAL DEVICE RAISES BY YEAR



DIGITAL HEALTH RAISES BY YEAR

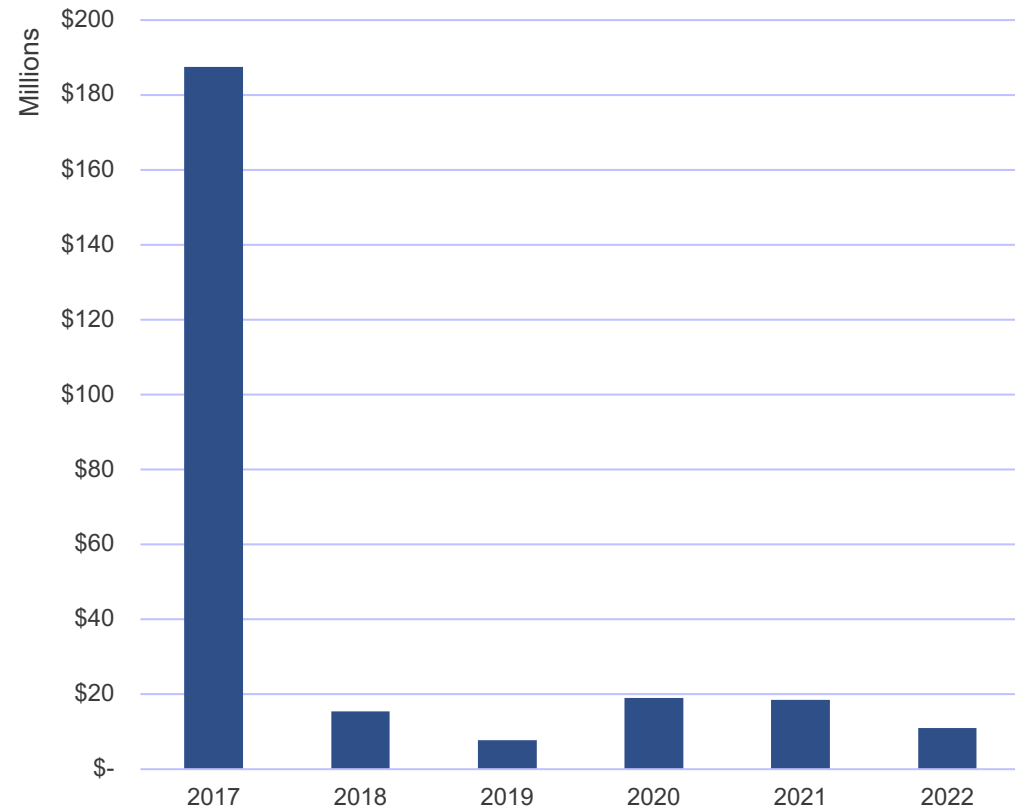


Including Bright Health Group

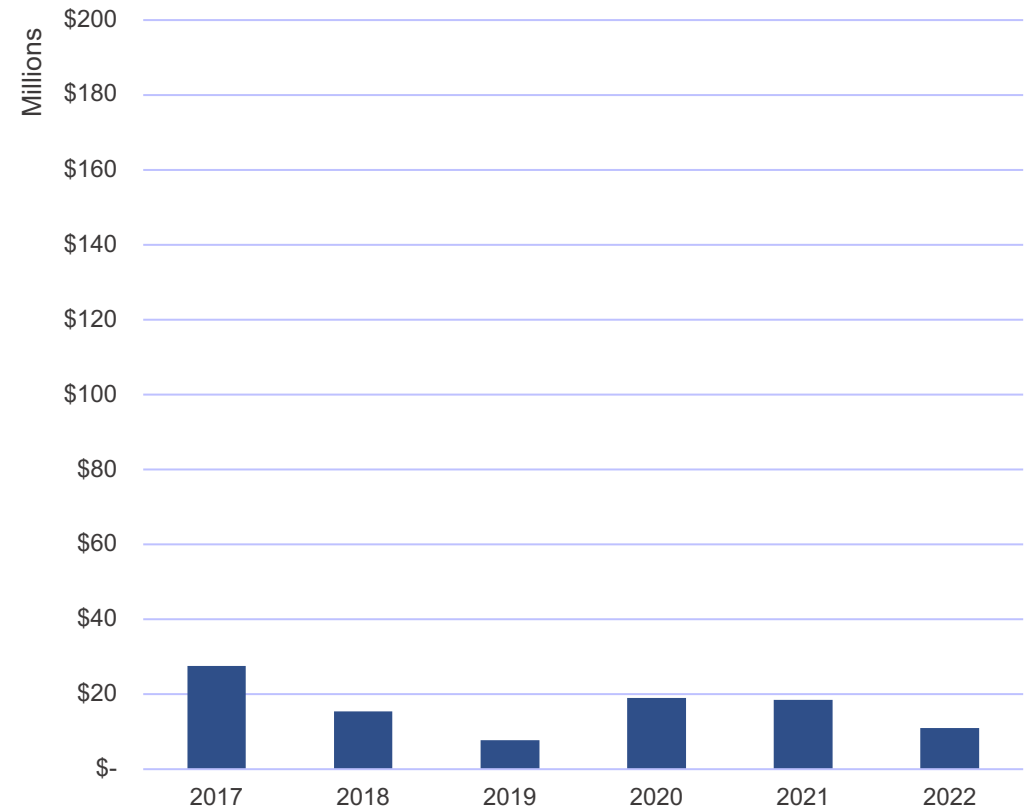


Not Including Bright Health Group

Q2 DIGITAL HEALTH RAISES BY YEAR

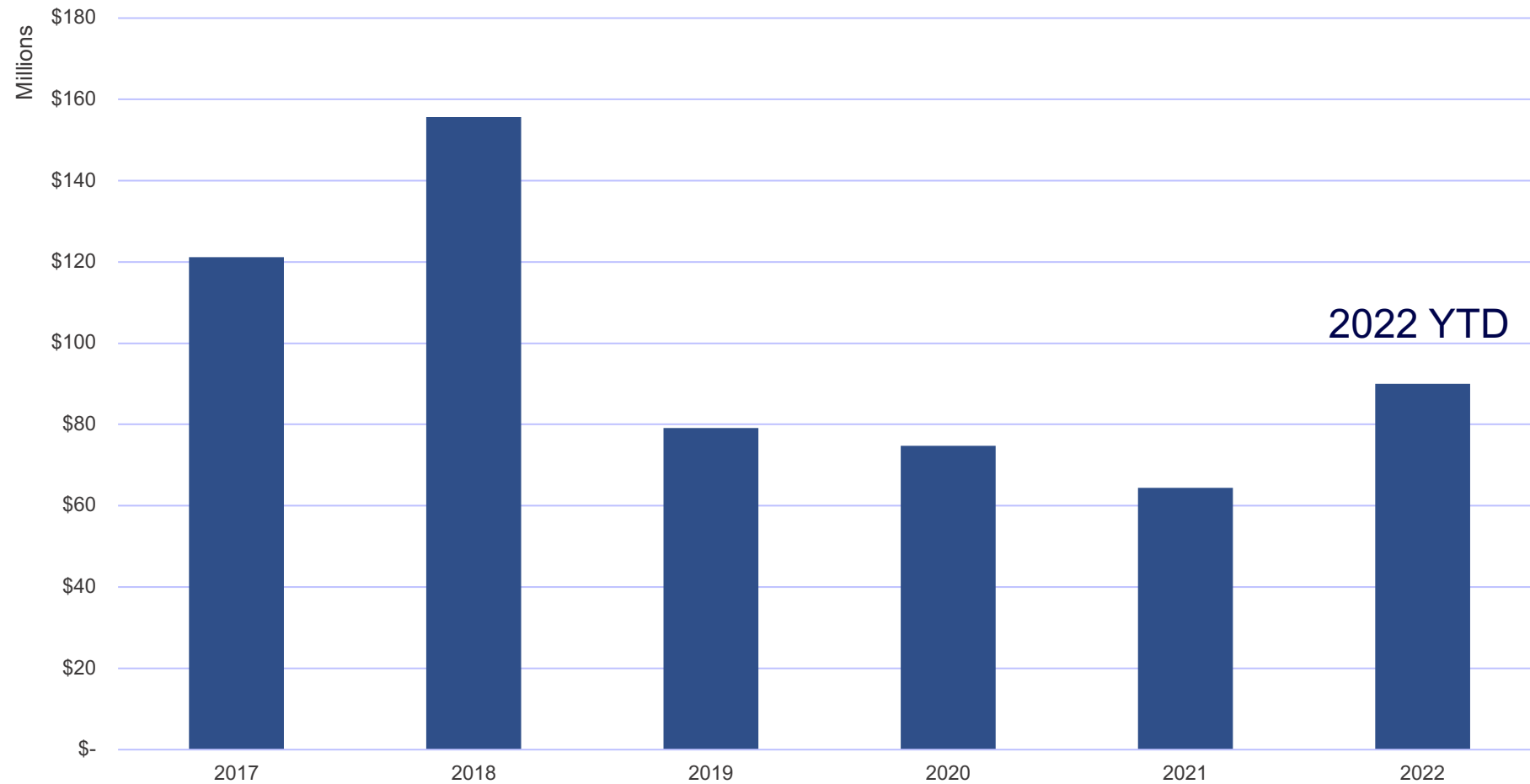


Including Bright Health Group

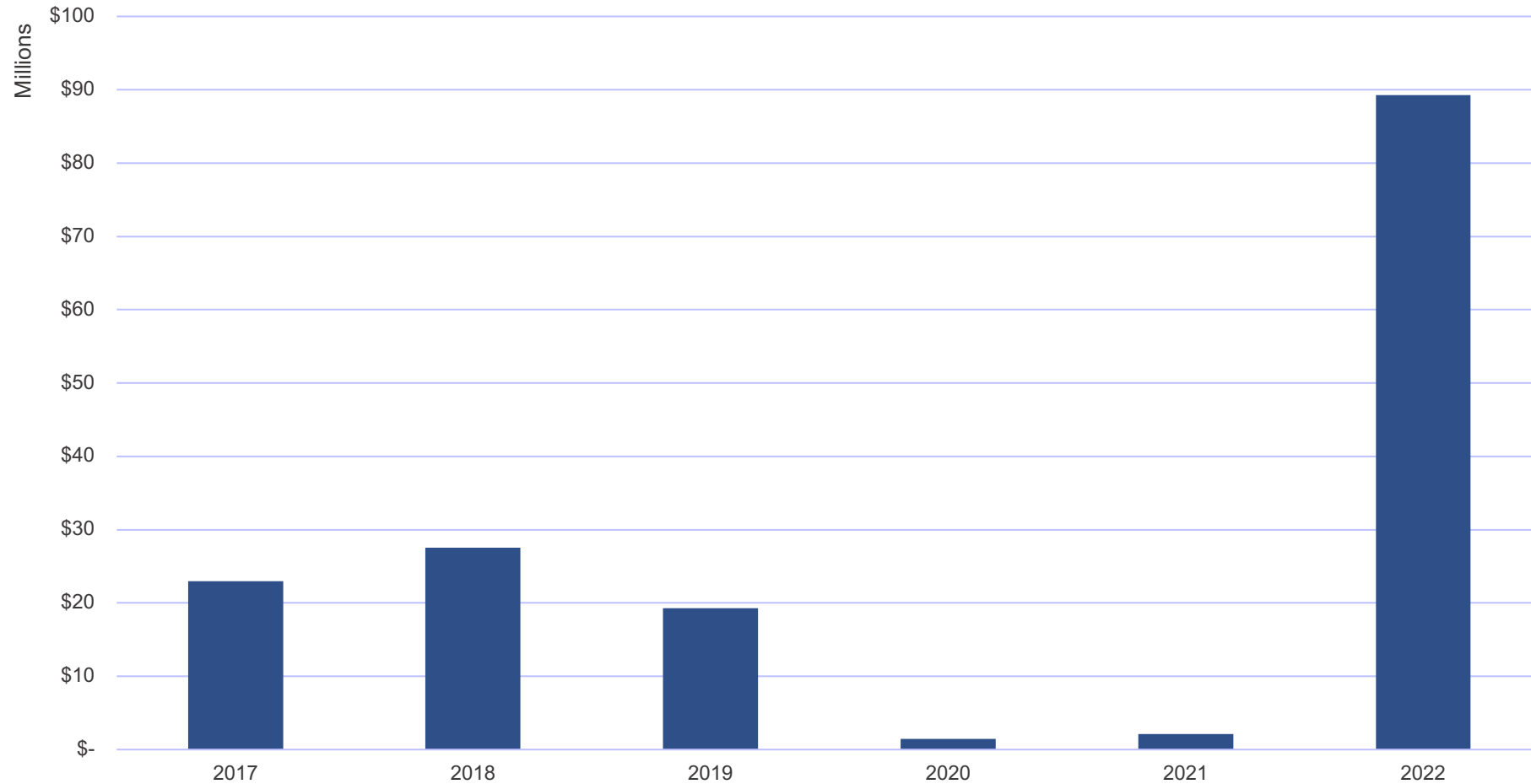


Not Including Bright Health Group

BIOTECH & PHARMA RAISES BY YEAR



Q2 BIOTECH & PHARMA RAISES BY YEAR



M&A TRANSACTIONS

Transaction Name	Announced Date	Sum of Price Currency (in USD)
Antares Pharma acquired by Halozyme Therapeutics	4/13/2022	\$960,000,000.00
Apdyne Medical acquired by Innovia Medical	6/16/2022	
Atrius Health acquired by OptumCare	4/22/2022	\$236,000,000.00
Biotest Laboratories acquired by Switch Health	6/20/2022	
Clinician Nexus acquired by Sullivan cotter	6/8/2022	
Cryologics acquired by Microbiologics	4/25/2022	
Data Knights and OneMedNet Merger	4/25/2022	
EMIS Group acquired by Optum	6/17/2022	\$1,515,279,269.00
Evoqua Water Technologies acquires Smith Engineering	6/22/2022	
iPharma Labs acquired by Kindeva Drug Delivery	5/4/2022	
Kelsey-Seybold Clinic acquired by Optum	4/4/2022	
Magellan Rx Management acquired by Prime Therapeutics	5/5/2022	\$1,350,000,000.00
Namocell acquired by Bio-Techne	6/22/2022	
Players Health acquires Life Benefits Insurance	4/14/2022	
Purilogics acquired by Donaldson Company	6/14/2022	\$20,000,000.00
The Robertson Group acquired by Visante	4/1/2022	
Grand Total		\$4,081,279,269.00

SBIR/STTR FUNDING IN MINNESOTA

SBIR/STTR	Funding	Projects
Advanced Medical Electronics Corporation	\$449,760	1
Applied Universal Dynamics Corporation	\$755,288	1
Astrin Biosciences, Inc.	\$399,678	1
Cerovations, LLC	\$1,515,121	1
CT Resources, Inc.	\$562,772	1
Dyanamica, Inc.	\$399,865	1
Imbio, LLC	\$449,666	1
Innovative Design Labs, Inc.	\$1,658,953	2
Koronis Biomedical Technologies Corporation	\$763,118	1
Minnesota HealthSolutions Corporation	\$1,300,245	3
Photonic Pharma, LLC	\$306,471	1
Total SBIR/STTR	\$8,560,937	14

NON-PROFIT & GOVERNMENT NIH FUNDING IN MINNESOTA

Non-profit & government	Funding	Projects
Advances in Mineral Metabolism	\$23,000	3
HealthPartners Institute	\$2,572,024	4
Hennepin Healthcare Research Institute	\$15,982,003	6
Mayo Clinic Rochester	\$65,343,123	151
Minneapolis VA Medical Center	N/A	11
Minnesota State Dept of Agriculture	\$592,500	1
Minnesota State Dept of Health	\$160,000	1
University of Minnesota	\$177,059,675	249
Total non-profit & government	\$261,732,325	426
Total SBIR/STTR & non-profit & government	270,293,262	440