

# Quebec's Life Sciences Venture Capital Landscape

Challenges and Recommendations

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# Introduction

To ensure that startups in Quebec's life sciences and health technologies (LSHT) sector have access to funding throughout their growth journey, Montréal InVivo took the initiative of conducting an analysis that assess the sector's financing ecosystem. The objective of this initiative is to provide strategic recommendations to government entities and financial stakeholders to strengthen Quebec's venture capital (VC) financing chain and address any identified gaps.

To achieve this, Montréal InVivo partnered with the Centre of Expertise of Réseau Capital, prominent organization with extensive knowledge of venture capital data across Quebec and Canada. The Centre's direct connections with the venture capital community enable it to conduct in-depth studies on VC and private equity trends in Quebec.

The study's two-phase approach:

**Data Analysis:** In the first phase, a comprehensive analysis of Quebec's LSHT financing chain was conducted, focusing on:

- Investment flows: Including the number of funded companies, deal count, total funding, active investors, and exits.
- Temporal trends: The study period (2013–2023) was divided into two sub-periods (2013–2018 and 2019–2023) to determine growth rates over time.
- Comparative insights: Data for Quebec were benchmarked against Ontario and British Columbia to identify strengths and weaknesses in levels and trends, segmented by subsectors and funding stages.
- Economic context: To ensure fair comparisons, provincial data were adjusted for relative economic weight, measured by GDP over the study period.

## Discussion and Interviews:

**Advisory committee discussions:** Findings from the data analysis will be shared with the advisory committee formed by Montréal InVivo to refine interpretations.

**Structured interviews:** Entrepreneurs and venture capital professionals based in Quebec investing both locally and externally will be interviewed. These conversations aim to:

- Validate statistical findings.
- Qualify the identified strengths and weaknesses.
- Explore contributing factors behind observed trends.
- Develop actionable recommendations to enhance Quebec's VC financing chain.

This two-pronged approach ensures a robust understanding of Quebec's LSHT financing ecosystem, enabling targeted strategies to address challenges and capitalize on opportunities.

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# Executive summary

## Statistical Analysis The LSHT sector in Quebec

Between 2013 and 2023, Quebec's life sciences and health technologies (LSHT) sector attracted venture capital investments totaling CAD 3.14 billion, distributed among 157 companies.

Here are the definitions that formed the basis for the categorization of the subsectors :

**1. Biopharmaceutical** : Uses biotechnology to develop and manufacture medical therapies and in vivo diagnostic processes.

**2. Medtech** : Devices designed for healthcare systems to support diagnosis, treatment, and health improvement.

**3. Healthtech** : Applications and technologies to optimize patient-centered healthcare and reduce costs.

The biopharmaceutical industry dominates as the leading subsector in terms of total dollar invested. However, its relative share has significantly decreased in the second period (2019-2023), dropping from 82% during the first period (2013-2018) to 57% during the second period (2019-2023). Additionally, the number of companies securing venture capital slightly decreased between the two period.

The share of medtech remained relatively constant between the two periods at around 10%, while the number of companies securing venture capital remained stable.

The share of healthtech surged in the second period (2019-2023) from 7% to 32%, while the number of companies securing venture capital increased 2.5-fold.

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## Growth of LSHT in Quebec: A comparative analysis with Ontario and British Columbia

The venture capital (VC) financing activity within Quebec's life sciences and health technologies (LSHT) sector demonstrated robust growth between the two periods. This growth is reflected by a 20% increase in the number of funded companies, a 66% growth in the number of financing rounds, a 37% growth in the average round size, a 129% growth in total funding, and a 40% increase in the number of active venture capital fund managers operating in the province.

Despite these gains, the growth trajectory in Ontario and British Columbia outpaced that of Quebec, leading to a relative decline in Quebec's competitive position compared to these provinces (Table 1). The gap is particularly pronounced with British Columbia.

During the first period (2013–2018), total VC funding in Quebec accounted for 75% of Ontario's total, surpassing Quebec's relative economic weight. However, in the second period (2019–2023), Quebec's share of Ontario's funding dropped to 53%, aligning more closely with its economic weight.

On a similar note, Quebec's GDP represents 144% of British Columbia's GDP. In the first period (2013–2018), Quebec's total funding equaled 149% of British Columbia's, consistent with its relative economic weight. By the second period, however, Quebec's funding had declined to just 83% of British Columbia's total, falling significantly below its economic weight.

TABLE 1

## Growth in financing activity by province between 2013–2018 and 2019–2023 - All Subsectors combined

	QUEBEC	ONTARIO	BRITISH COLUMBIA
Number of funded companies	20%	56%	35%
Annual average of deal count	66%	87%	86%
Average round size	38%	72%	122%
Annual average total funding	129%	224%	312%
Number of active venture capital fund managers	40%	83%	143%

Sources : PitchBook, Réseau Capital

These sector-wide results contain distinct realities and dynamics across the three subsectors: biopharmaceutical, medtech, and healthtech.

## Biopharmaceutical subsector

The number of biopharmaceutical companies in Quebec receiving venture capital funding declined by 10% between the two periods. The growth in financing activity was modest in terms of the number of rounds (+7%) and moderate for the total funding (+60%), driven primarily by a 53% growth in average round size. Additionally, the number of active fund managers in the province grew by 18%.

The growth in financing activity was much stronger in Ontario, both in terms of the number of funded companies (+63%) and the number of rounds (+84%), as well as the size of rounds (+130%) and total funding (+320%). In British Columbia, this growth exploded: number of funded companies (+55%), number of rounds (+82%), average round size (+253%), total funding (+526%) (Table 2). The number of active fund managers increased by 119% in Ontario and by 207% in British Columbia.

TABLE 2

## Growth in financing activity by Province between 2013–2018 and 2019–2023 - Biopharmaceutical

	QUEBEC	ONTARIO	BRITISH COLUMBIA
Number of funded companies	-10%	63%	55%
Annual average of deal count	7%	84%	82%
Average round size	50%	128%	250%
Annual average total funding	60%	320%	526%
Number of active venture capital fund managers	18%	119%	207%

Sources : PitchBook, Réseau Capital

During the first period (2013-2018), Quebec’s annual average total funding (CAD 148M\$) was more than double that of Ontario (CAD 62M\$) and over three times that of British Columbia (CAD 46M\$), primarily due to the significantly larger round sizes in Quebec. However, in the second period (2019-2023), Quebec’s total funding fell below that of both provinces.

In relative terms, Quebec’s total funding now represents 91% of Ontario’s, a proportion that exceeds the GDP ratio between the provinces (51%). Meanwhile, it accounts for only 81% of British Columbia’s total funding, despite Quebec’s GDP being 144% of British Columbia’s.

The reversal in standing relative to British Columbia is particularly striking, as British Columbia surpassed Ontario in absolute total funding during the second period.

Two key observations emerge from this analysis:

- Average round size: In the first period, Quebec’s average round size was over three times larger than in Ontario and British Columbia. Although this disparity has decreased, it still remains nearly twice as large in the second period.
- Relative weakness in seed funding: Quebec has exhibited a persistent weakness in seed-stage funding since the first period. Moreover, while Quebec has traditionally excelled in early and later-stage funding, these stages have shown signs of decline.

## Medtech subsector

In the first period (2013-2018), Quebec’s medtech market was relatively underdeveloped compared to Ontario and British Columbia. Quebec trail behind in key metrics, with a lower annual average number of rounds (6.2 vs. 17.8 in Ontario and 7.8 in British Columbia), smaller average round sizes (CAD 2.6M vs. CAD 4.5M and CAD 3.8M), and lower annual average total funding (CAD 16.3M vs. CAD 81.0M and CAD 30.0M). Furthermore, the province had fewer active Canadian and foreign venture capital fund managers and lower participation in transactions.

Between the two periods, the number of funded companies in Quebec remained stable, while Ontario saw a 44% increase and British Columbia a modest 3% rise.

Unlike the biopharmaceutical subsector, Quebec’s growth in the number of rounds (78%) was comparable to Ontario (58%) and British Columbia (97%). However, in total funding, British Columbia outpaced both provinces with a 367% growth rate, compared to 158% in Quebec and 98% in Ontario. This disparity is in part attributable to the significant increase in round sizes in British Columbia (139%), compared to 46% in Quebec and 27% in Ontario.

Similarly, the number of active venture capital fund managers grew substantially more in British Columbia (161%) than in Quebec (49%) or Ontario (39%).

TABLE 3

### Growth in financing activity by province between 2013–2018 and 2019–2023 - Medtech

	QUEBEC	ONTARIO	BRITISH COLUMBIA
Number of funded companies	0%	44%	3%
Annual average of deal count	78%	58%	97%
Average round size	45%	25%	138%
Annual average total funding	158%	98%	367%
Number of active venture capital fund managers	49%	39%	161%

Sources : PitchBook, Réseau Capital



Quebec’s relative position compared to Ontario has remained largely unchanged. Total funding in Quebec increased from 20% to 26% of Ontario’s total, a proportion that remains well below Quebec’s economic weight, as its GDP represents 51% of Ontario’s. However, the gap with British Columbia has widened considerably. Quebec’s total funding declined from 54% to just 30% of British Columbia’s, despite Quebec’s GDP being 144% of British Columbia’s.

Two key observations stand out:

- Smaller average round sizes: In the second period (2019-2023), the Average round size in Quebec was 67% of those in Ontario and only 42% of those in British Columbia, highlighting a significant disparity.
- Strength in seed funding: Unlike the biopharmaceutical AlayaCare, Quebec demonstrates relatively strong performance in seed-stage funding.

## Healthtech subsector

Quebec started from an initial situation in the first period (2013-2018) where the annual average number of rounds (3.3) was significantly lower than that of the other provinces (20.8 in Ontario and 8.0 in British Columbia). However, Quebec benefited from a higher average round size (CAD 3.9M vs. CAD 3.3M in Ontario and CAD 1.8M in British Columbia), which helped reduce the gap in total dollar invested. Nonetheless, Quebec’s annual average total funding (CAD 13.0M) remained substantially lower than Ontario’s (CAD 69.7M) and slightly below British Columbia’s (CAD 14.2M).

In the second period (2019-2023), Quebec’s healthtech subsector demonstrated outstanding growth. The number of funded companies increased by 146%, the number of rounds by 221%, and the average round size by 215%. These growth rates significantly outpaced those of Ontario (73%, 121%, and 106%, respectively) and British Columbia (47%, 78%, and 33%, respectively). As a result, Quebec’s total dollar invested surged by an impressive 905%, far exceeding Ontario’s growth (351%) and British Columbia’s (142%). In absolute terms, Quebec now surpasses British Columbia in total funding.

The growth rates for the number of active fund managers were more aligned across the provinces, with increases of 88% in Quebec, 106% in Ontario, and 83% in British Columbia.

TABLE 4

### Growth in financing activity by province between 2013–2018 and 2019–2023 - Healthtech

	QUEBEC	ONTARIO	BRITISH COLUMBIA
Number of funded companies	146%	73%	47%
Annual average of deal count	218%	121%	78%
Average round size	216%	104%	37%
Annual average total funding	905%	214%	143%
Number of active venture capital fund managers	88%	106%	83%

Sources : PitchBook, Réseau Capital

In conclusion, Quebec has made remarkable strides from a historically weak starting position, significantly improving its relative standing compared to Ontario and, even more so, to British Columbia. This progress is noticeable in the growth of funded companies, the number of rounds, and, most notably, total funding, driven by a substantial increase in average round size.

During the second period, Quebec’s total funding aligns closely with its relative economic weight compared to Ontario and significantly surpasses that of British Columbia. Additionally, Quebec’s average round size in the second period is nearly double that of Ontario and five times that of British Columbia.

# Diversification of active investors

A comparison of the top 27 biopharmaceutical investors in Quebec and British Columbia between 2019 and 2023 reveals a more diversified investor base in British Columbia. This diversity is reflected in a higher representation of American investors, angel groups, and entrepreneur-focused funds.

## Exits

Quebec matches Ontario and surpasses British Columbia in the total number of exits during the 2013–2023 period. In terms of exit value, British Columbia leads, followed by Quebec, with Ontario trailing behind.

A significant majority of these exits (71% by number and 90% by value) originated from the biopharmaceutical subsector. Quebec's exit value relative to Ontario is impressive, with a ratio of 146% despite Quebec's GDP being only 51% of Ontario's. In comparison to British Columbia, Quebec's exit value represents 75% of British Columbia's, despite Quebec's GDP being 144% of British Columbia's. In relative terms, British Columbia leads in exit value, followed by Quebec and Ontario.

The type of exits also varies by province. In Ontario and Quebec, most exits occur through acquisitions, whereas in British Columbia, IPOs dominate. Companies such as AbCellera, Zymeworks, and Xenon Pharmaceuticals stand out in British Columbia, each achieving a market capitalization exceeding \$1 billion. These firms continue to operate independently, positioning themselves as potential anchor companies for the region.

Across all provinces, the average time from company formation to exit is approximately 13 years. As a result, the impact of Quebec's relative decline in investment activity compared to Ontario and British Columbia is likely to be reflected in exit metrics only in the next 5 to 10 years.



# Executive Summary

## Interview Results and Contextualization of Statistical Findings

### Introduction

The statistical analysis was shared with approximately twenty key stakeholders in the ecosystem. Thereafter, we conducted semi-structured interviews of about one hour each, structured around three main lines of inquiry:

- General observations regarding the statistical diagnosis.
- Potential explanations for the results, particularly the disparities in levels and trends among Quebec, Ontario, and British Columbia.
- Recommendations to leverage Quebec's ecosystem strengths and address its weaknesses.

### General observations on the statistical analysis

Although the findings were to some extent severe, respondents broadly concurred with the overall conclusions, especially concerning the performance gap among Quebec, Ontario, and British Columbia.

Numerous interviewees mentioned that the deal flow appears to have weakened in recent years in Quebec, most notably in the biopharmaceutical subsector, while opportunities seem more robust in Ontario and British Columbia.

All respondents expressed a willingness to cooperate on potential solutions resulting from the study.

### Underlying causes of the situation

#### 1. Financing

**Underfunding of the LSHT Sector in Canada:** Venture capital funds dedicated to life sciences and health technologies (LSHT) in Canada are generally too few and too small. This deficiency is accentuated in Quebec by the limited presence of angel investors in the early stages and the near absence of institutional investors (notably pension funds) in the later stages.

**Weakness in Angel Financing:** British Columbia has a larger and more interconnected network of angel investors. These investors are well-linked within their province, across other sectors, and with angel networks in the United States. This connectivity allows them to support larger funding rounds, ranging from \$8 to \$10 million, and to play a critical role in nurturing startups by connecting entrepreneurs with local and international (mainly American) expertise and capital. In comparison, Quebec's base of angel investors specialized in LSHT is significantly narrower. Organizations like Anges Québec and Anges Québec Capital have little to no LSHT-specific expertise, further exacerbating the funding gap for emerging companies in the province.

Two primary factors contribute to the observed disparities:

- **Small Business Venture Capital Tax Credit in British Columbia:** Originally introduced in 1985 and regularly updated, this tax credit significantly bolsters investment in the region.
- **Vibrant Angel Network Ecosystem:** British Columbia's dynamic internal networking among angel investors, both within and outside the LSHT sector, as well as with universities and fund managers, is further strengthened by external linkages with U.S. investors. This interconnectedness is fostered by a blend of organic, decentralized initiatives and strategic support from organizations like Life Sciences British Columbia, which plays a key leadership role within the ecosystem.

**Less dynamic entrepreneurial funding landscape in Quebec:** While Quebec benefits from a relatively strong supply of institutional and government support, offering clear advantages in terms of capital access and startup assistance, this structure also presents several challenges:

- **Restrictive Conditions:** Stringent funding requirements may deter external investors.
- **Limited Entrepreneurial Initiative:** Entrepreneurs may be less driven to bootstrap or actively pursue opportunities outside the province.
- **Fragmented Ecosystem:** Local competition over government funding allocations among support organizations contrasts with the perceived cohesive leadership provided by Life Sciences British Columbia in that province.

## 2. Deal Flow

**Sources of Deal Flow:** Quebec's scientific research output is of high quality, comparable to other leading life sciences hubs in North America. However, interview feedback highlighted a more pervasive entrepreneurial culture within British Columbian universities. Academic innovators in British Columbia benefit from stronger networks with angel investors and the broader investment ecosystem. Additionally, universities in British Columbia and Ontario appear more proactive in promoting laboratory discoveries, a practice that is less pronounced in Quebec.

**Entrepreneurs and Talent:** Quebec's pool of qualified entrepreneurs appears smaller and less effective compared to British Columbia and Ontario, potentially due to several interrelated factors: less developed entrepreneurial culture; lower mobility and openness to external networks; limited expertise among support organizations (particularly with respect to fostering an entrepreneurial mindset), ambition, and international connectivity.

Insufficient early-stage financing further hampers the recruitment of top talent, while relatively weak management teams reduce investor appeal. A lack, or insufficient level, of ambition perpetuates this vicious cycle.

## 3. The Ecosystem

**Critical Mass of Companies:** Over the past decade, Quebec has fallen behind British Columbia in expanding the number of businesses with several hundred employees. This smaller critical mass limits the ecosystem's visibility and diminishes its appeal to both investors and skilled talent.

**Local Connectivity:** British Columbia's internal ecosystem demonstrates excellent cohesion. Angels, entrepreneurs, universities, investors, and support organizations collaborate extensively, not only within the life sciences sector but also across other industries and with U.S. networks. This strong connectivity arises organically and is further supported by initiatives such as the Creative Destruction Lab (CDL) and, more prominently, Life Sciences British Columbia, which provides cohesive leadership.

In contrast, Montreal's ecosystem appears fragmented. Stakeholders describe it as having "too many doors to knock on, and too many turf wars." The absence of a unifying organization comparable to Life Sciences British Columbia weakens its overall effectiveness.

**Global Connectivity:** International connections are critical for ecosystem success, yet Quebec faces distinct challenges in this area. Historical and contemporary factors, including the implementation of Law 96, have sent signals of reduced openness to global engagement. These developments come at a time when businesses and talent are increasingly mobile, making Quebec less competitive in attracting international opportunities.



## 4. Subsector-Specific Observations

**Medtech** : To strengthen its position in the medtech sector, Quebec must prioritize the creation of specialized, independent financing teams with extensive experience in medtech

**Healthtech** : Given that the primary market for healthtech lies in the United States, where unique regulatory frameworks prevail, success in this field depends on establishing early-stage connections with U.S. stakeholders. AlayaCare was mentioned as an example.

# Preliminary Recommendations

Note: These proposed avenues, originating from stakeholder interviews, are intended to serve as preliminary insights rather than final conclusions. Additional analysis will be required to refine their prioritization and develop actionable implementation plans.

## Funding

### Angels and Seed Investments

1. Consider implementing a tax credit for angel investors.
2. Promote the integration of seasoned LSHT angels into the ecosystem.
3. Support the creation of angel/entrepreneur-led funds.

### Venture capital (Canadian level)

4. Promote the emergence of larger Canadian venture capital funds. Parties involved: Investissement Québec, Business Development Bank of Canada, Teralys Capital, Venture Capital Catalyst Initiative, pension funds.

### Institutional financing at growth stages

5. Engage Canadian institutional funds (pension funds) in:
  - Investing in Canadian venture capital funds,
  - Participating in growth-stage financing of Canadian companies to support the emergence of anchor firms capable of driving sustained ecosystem growth.

## Deal Flow

### Universities

6. Stimulate an entrepreneurial culture within universities.
7. Implement leading Canadian and North American practices to effectively promote technologies developed within universities.
8. Support Axelys' efforts to enhance the value of university research.

### Entrepreneurs and talent

9. Coach emerging entrepreneurs.
10. Monitor the reintegration and redistribution of talent after acquisitions and exits (talent recycling).
11. Promote talent attraction and retention, as well as connecting Quebec entrepreneurs with external talent pools, including Boston.

## **Ecosystem**

### ***Local and Global Connectivity***

- 12.** Identify and capitalize on existing positive initiatives in Quebec.
- 13.** Draw inspiration from leading practices, particularly those in British Columbia. Organize a study tour to Life Sciences British Columbia and the broader Vancouver ecosystem, ideally timed with a major event, to allow key Quebec stakeholders to observe successful strategies, establish networks, and adapt exemplary approaches.
- 14.** Strengthen Ties with CENE (Canadian Entrepreneurs in New England).
- 15.** Establish a dedicated working group to optimize and align ecosystem support functions for greater efficiency and impact.

### ***Attractiveness of the ecosystem***

- 16.** Counteract the adverse perceptions associated with Law 96. Collaborate with key stakeholders to develop and execute targeted communication and outreach initiatives aimed at dispelling misconceptions and reinforcing Quebec's commitment to welcoming external investors and talent.



Part one

# Statistical Analysis

# The Analyzed Data

The analysis relied primarily on data from the PitchBook database, complemented by information from CrunchBase, and focused on three main areas<sup>1</sup>:

- a. **Venture Capital Investment Statistics:** Metrics include the number of funded companies, deal count, average deal size, and total funding. Data is segmented by investment stages and sectors.
- b. **Active Investor Statistics:** Metrics cover the number of active investors categorized by type and origin, as well as their involvement in funding rounds.
- c. **Exit Statistics:** Data includes information on mergers and acquisitions (M&A) and initial public offerings (IPOs).

The analysis spans the 2013–2023 period, which follows the global financial crisis. To capture trends, this timeframe was divided into two sub-periods: 2013-2018 and 2019-2023.

The study centers on the life sciences and health technologies (LSHT) sector, encompassing its three main subsectors<sup>2</sup>:

- 1. Biopharmaceutical:** Companies leveraging biotechnology (biotech) to develop and produce medical therapies and in vivo diagnostic procedures.
- 2. Medtech:** Devices intended for healthcare systems for diagnosis, patient care, treatment, and health improvement.
- 3. Healthtech:** Companies offering applications and technologies aimed at improving healthcare delivery while reducing costs. This includes tools like cloud computing, internet-based services, and mobile applications designed to enhance patient-centered care.

The stage analysis follows the PitchBook classifications: Angel and Seed stages (grouped together), Early stage, and Later stage.

To assess Quebec's relative strengths and weaknesses, results were systematically compared with those from Ontario and British Columbia. These comparisons were adjusted for the provinces' relative economic weight, calculated based on GDP ratios during the 2013–2023 period:

- Quebec's GDP represents 51% of Ontario's GDP.
- Quebec's GDP represents 144% of British Columbia's GDP.

This comprehensive approach ensures a nuanced understanding of Quebec's LSHT sector within the broader Canadian context.



<sup>1</sup> The data extracted from the databases were subsequently processed and cleaned by the Réseau Capital team before being analyzed.

<sup>2</sup> The other subsectors within the life sciences and medical technologies represent less than 3% of the total. For an exact definition of the sector and the selected subsectors, refer to the methodological note in Appendix 1.



# Relative Weight of Subsectors

Between 2013 and 2023, Quebec's life sciences and health technologies (LSHT) sector attracted venture capital investments for 157 companies, amounting to a total of CAD 3.14 billion.

The biopharmaceutical industry remains the dominant subsector in terms of total dollar invested. However, its relative share of investment experienced a significant decline. Specifically, its proportion of total investments fell from 82% during the first period (2013-2018) to 57% in the second period (2019-2023). In contrast, medtech maintained a stable share of approximately 10%, while Healthtech experienced substantial growth, increasing its share from 7% to 32%. In particular, the number of funded Healthtech companies grew by 2.5 times, whereas the number of funded Biopharmaceutical companies showed a slight decline, and the number of Medtech companies funded remained unchanged (refer to Table 1).

Quebec demonstrates a distinctive profile compared to Ontario and British Columbia, particularly in the relative prominence of its Biopharmaceutical subsector. During the first period (2013-2018), Biopharmaceuticals accounted for 82% of Quebec's total investment amounts, compared to 38% in British Columbia and 26% in Ontario. In the second period (2019-2023), Biopharmaceuticals represented 57% of Quebec's total investments, aligning closely with British Columbia (58%) but remaining significantly higher than Ontario (33%) (see Table 1 in Appendix 1).

**TABLE 1**

## Count and Share of LSHT Companies Funded by Venture Capital in Quebec by Periods and Subsectors (2013-2023)

	Number of Funded Companies				Total CAD Invested			
	2013-2018		2019-2023		2013-2018		2019-2023	
	Count	%	Count	%	M\$	%	M\$	%
Total	85	100%	102	100%	1 080	100%	2 059	100%
Biopharma	39	46%	35	34%	887	82%	1 182	57%
Medtech	29	34%	29	28%	98	9%	211	10%
Healthtech	13	15%	32	31%	78	7%	653	32%
Others	4	5%	6	6%	17	2%	13	1%

Sources : PitchBook, Réseau Capital



# LSHT Results - (All Subsectors Combined)

## A. VC funding levels in Quebec's LSHT sector over time (from 2013 to 2023)

In 2013, the level of funding in Quebec's life sciences and health technologies (LSHT) sector was particularly low, reflecting the aftermath of the global financial crisis. It rebounded significantly between 2013 and 2015, continued to grow, peaked in 2021, and then declined in subsequent years.

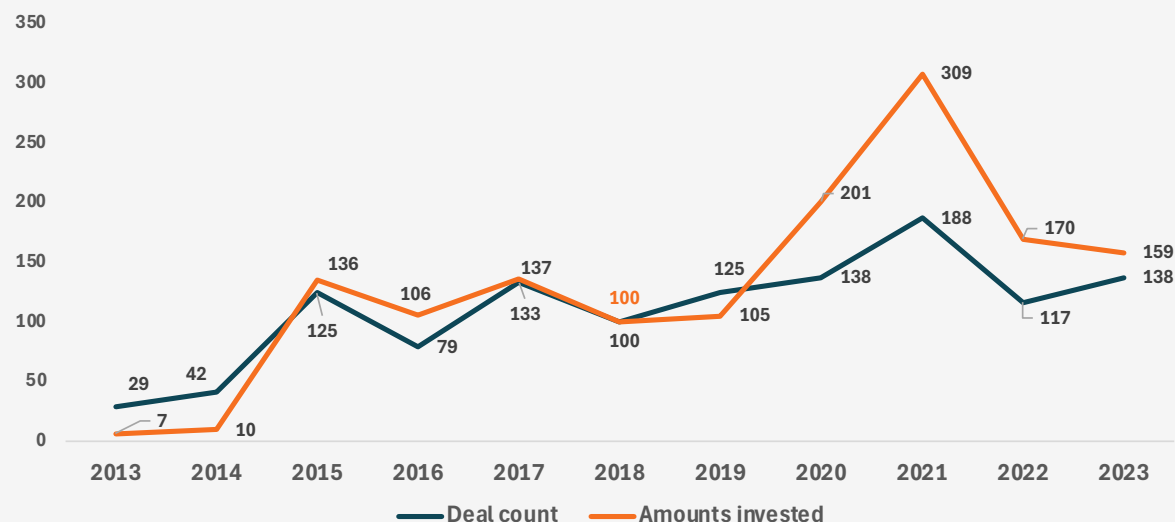
Using 2018 as the baseline (index 100):

- The number of funding rounds increased from 29 in 2013 to a peak of 187 in 2021, before dropping to 138 in 2023.
- Total funds raised increased from 7 in 2013 to 309 in 2021, followed by a decline to 159 in 2023 (refer to Graph 3A1).

GRAPH 3A1

### Deal Count and Funding Growth in Quebec (2018=100)

#### All Subsectors Combined - (2013-2023)



Sources : PitchBook, Réseau Capital

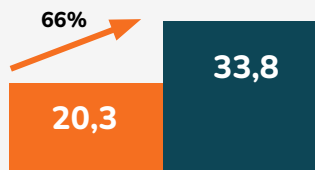
Dividing the analysis into two sub-periods, 2013-2018 and 2019-2023, reveals significant growth:

- The annual average number of deals rose by 66% between the two periods.
- The annual average total investment increased by 129%.

This substantial growth in total investment is largely due to a 38% rise in the average deal size during the same time frame (refer to Graphs 3A2 and 3A3).

GRAPH 3A2

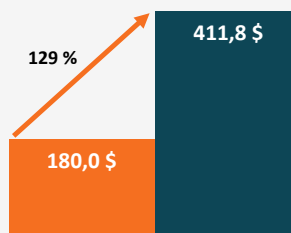
### Annual Average of Deal Count in Quebec All Subsectors Combined – (2013-2023)



■ 2013-2018 ■ 2019-2023

GRAPH 3A3

### Annual Average of Dollar Invested in Quebec All Subsectors combined – (2013-2023)



■ 2013-2018 ■ 2019-2023

Sources : PitchBook, Réseau Capital

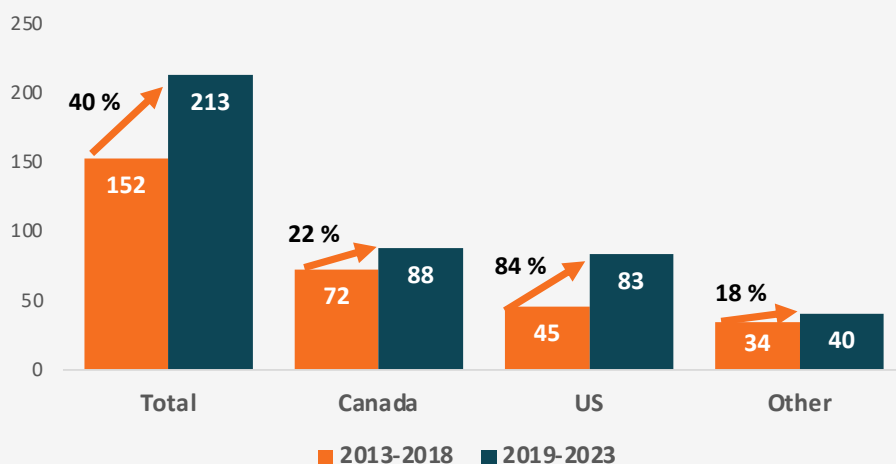
The upturn in investment activity has been accompanied by a significant increase in the number of active venture capital fund managers in Quebec, reflecting a broader diversity of origins:

- Canadian fund managers increased by 22%.
- American managers saw a remarkable growth of 84%.
- Overall, the total number of active fund managers grew by 40%.

(refer to Graph 3A4).

GRAPH 3A4

### Number of Active Venture Capital Fund Managers in Quebec by Geographical Location All Subsectors Combined - (2013-2023)



This diversification highlights the growing attractiveness of Quebec's market for both domestic and international investors

Sources : PitchBook, Réseau Capital

Quebec's life sciences and health technologies (LSHT) sector has seen strong growth over the past decade. This progress has been fueled by a combination of factors, including overall economic expansion, the growth of financial markets, the development of the venture capital industry, and the unique dynamics within the LSHT sector itself. To better understand this growth and evaluate Quebec's specific strengths and weaknesses, it is essential to compare its performance to other jurisdictions operating in similar economic and financial environments. The analysis systematically contrasts Quebec's achievements with those of Ontario and British Columbia, focusing on levels and trends over the two distinct periods: 2013–2018 and 2019–2023.

## B. Comparing the province of Quebec with Ontario and British Columbia

Graphs 3B1 and 3B2 illustrate that while Quebec experienced notable growth in life sciences and health technologies (LSHT) financing between the two periods (66% increase in deal count and 129% growth in total funding), the growth rates were even more pronounced in Ontario and British Columbia.

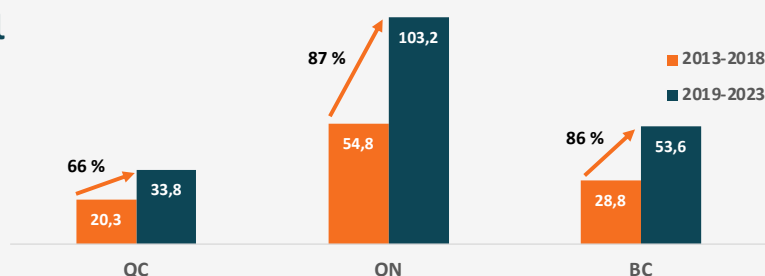
- In Ontario, the deal count rose by 87%, and total dollar invested increased by 224%.
- British Columbia saw an 86% increase in deal count and an impressive 312% growth in total dollar invested.

This difference is primarily attributed to larger increases in the average deal size in the other two provinces: 72% in Ontario and 122% in British Columbia, compared to a 38% increase in Quebec (Graph 3B3).

During the first period, the average deal size in Quebec was significantly higher compared to Ontario and British Columbia. However, this disparity diminished in the second period as the gap in average deal sizes between the provinces narrowed (Graph 3B3).

GRAPH 3B1

### Annual Average of Deal Count by Province and Period All Subsectors Combined - (2013-2023)

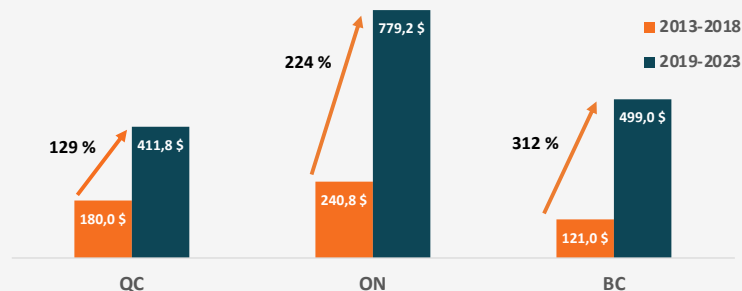


Most important progress:  
+ 87 %  
for Ontario

Sources : PitchBook, Réseau Capital

GRAPH 3B2

### Annual Average of Dollar Invested by Province and Period (in millions CAD) All Subsectors Combined - (2013-2023)

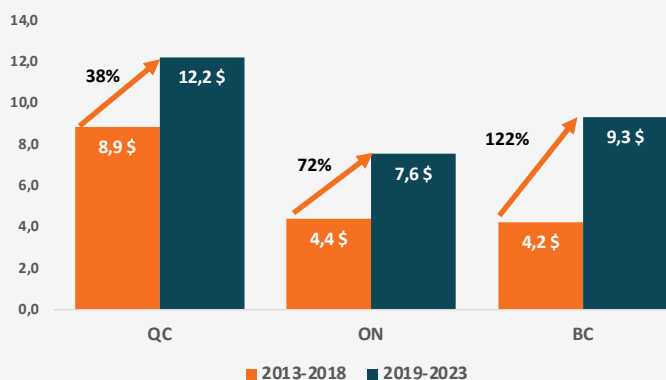


Most important progress:  
+ 312 %  
for BRITISH COLUMBIA

Sources : PitchBook, Réseau Capital

GRAPH 3B3

### Average Deal Size by Province and Period (in millions CAD) All Subsectors Combined - (2013-2023)



Most important progress:  
+ 122 %  
for BRITISH COLUMBIA

Sources : PitchBook, Réseau Capital



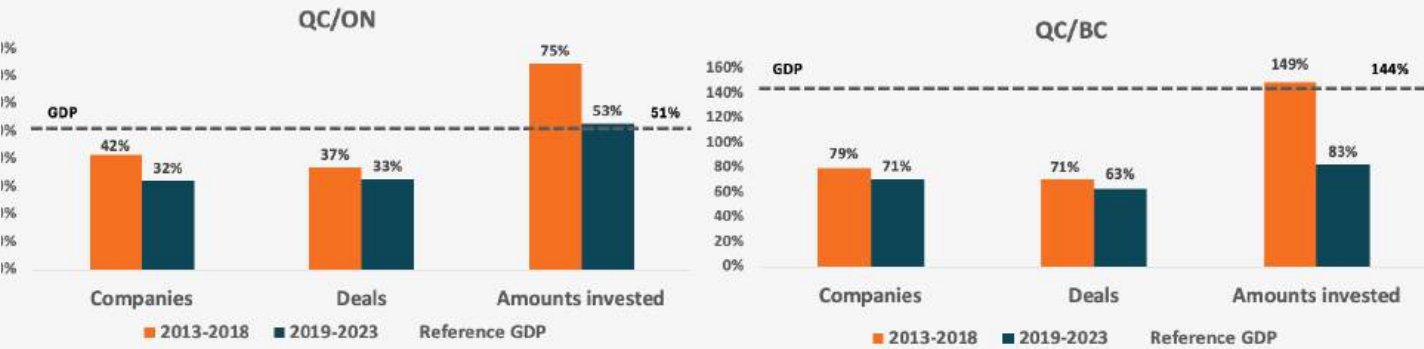
In addition to analyzing growth rates, comparing investment levels across provinces and their evolution over time offers a clearer perspective. To ensure fair comparisons, it is crucial to consider the economic weight of each province. Between 2013 and 2023, Quebec's GDP accounted for 51% of Ontario's and 144% of British Columbia's, serving as benchmarks for evaluating investment activity and trends.

When compared to Ontario, Quebec performed below its economic weight in deal count during the first period but exceeded it in total funding, largely due to a higher average deal size. However, this advantage diminished in the second period as Ontario's growth outpaced Quebec's. Nonetheless, Quebec's total funding remained aligned with its economic weight, and its average deal size continued to surpass Ontario's (Graphs 3B4 and 3B5).

A similar pattern emerges when comparing Quebec to British Columbia, although starting from a less favorable initial position. In the second period, Quebec fell significantly below its economic weight for the number of funded companies, deal count, and total funding (Graphs 3B4 and 3B5).

GRAPH 3B4

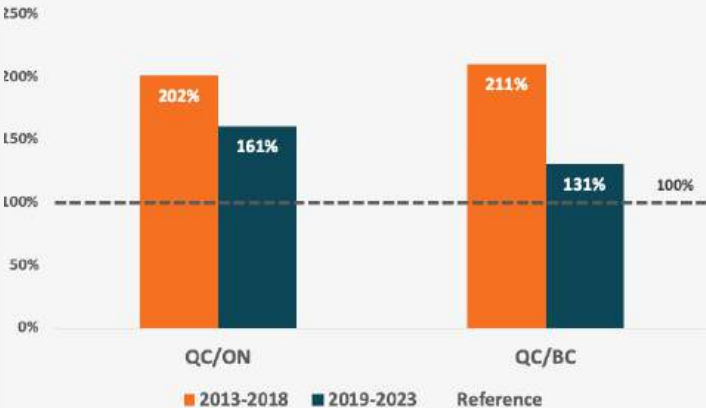
Number of Funded Companies, Rounds, and Dollar Invested Ratio by Periods All Subsectors Combined - (2013-2023)



Sources : PitchBook, Réseau Capital

GRAPH 3B5

Average Deal Size Ratio by Periods All Subsectors Combined - (2013-2023)



Sources : PitchBook, Réseau Capital



A stage-by-stage analysis highlights shifts in Quebec's performance across the funding lifecycle:

- Seed Stage: Quebec's relative position was weak during the first period but improved markedly in the second.
- Early and Later Stages: Quebec began from a relatively strong position in the first period, both in deal count and total funding. However, this position declined significantly in the second period. For deal count, Quebec fell well below its relative economic weight compared to Ontario and British Columbia.

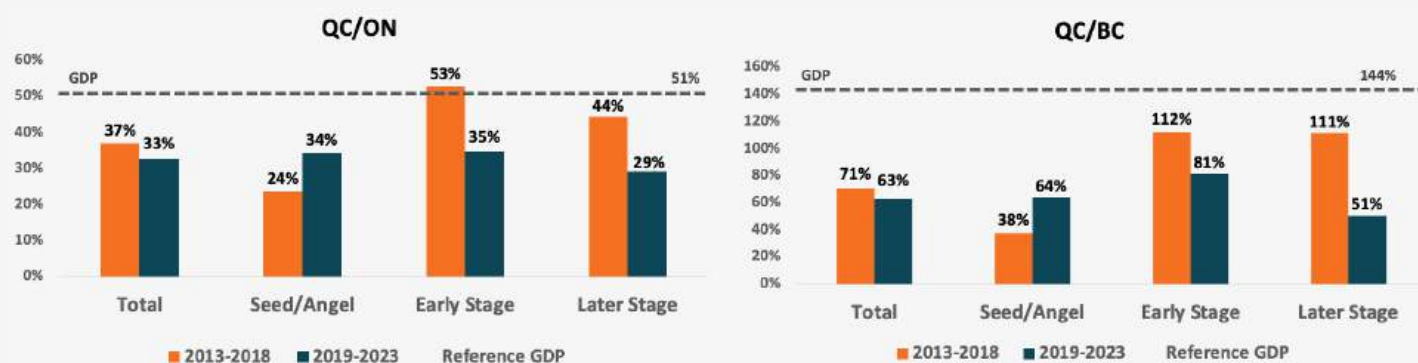
In terms of total funding:

- Quebec's relative position also deteriorated but still surpassed Ontario for early-stage funding.
- This advantage did not extend to comparisons with British Columbia, where Quebec lagged behind (Graphs 3B6 and 3B7).

GRAPH 3B6

## Deal Count Ratio by Stage and Period

### All Subsectors Combined - (2013-2023)

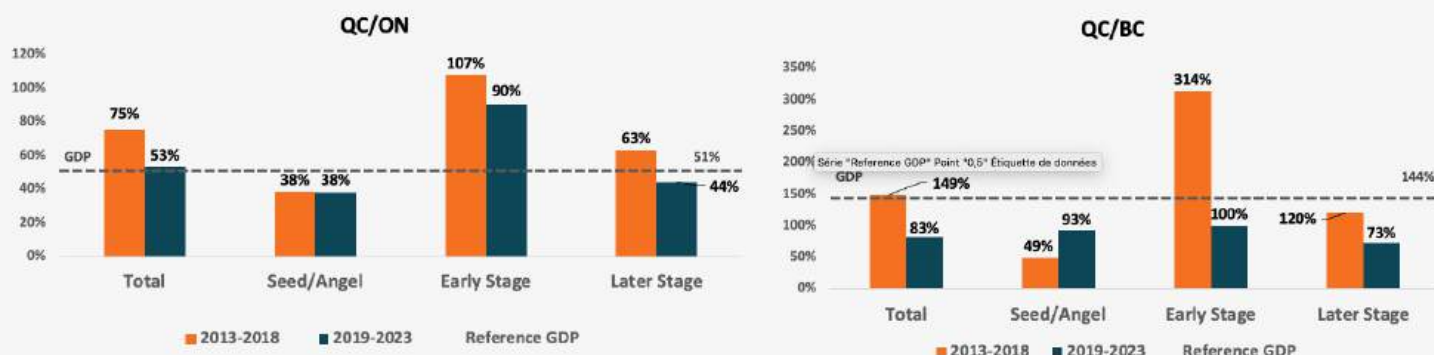


Sources : PitchBook, Réseau Capital

GRAPH 3B7

## Total Dollar Invested Ratio by Stages and Periods

### All Subsectors Combined - (2013-2023)

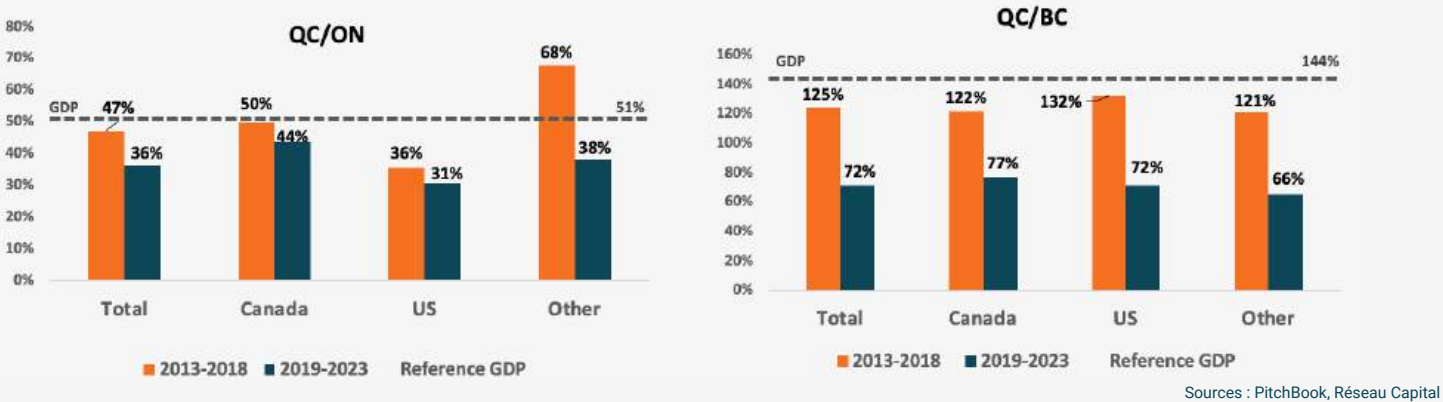


Sources : PitchBook, Réseau Capital

Quebec's relative position in terms of active venture capital fund managers started slightly below its economic weight during the first period. However, this position declined substantially in the second period, primarily due to faster growth in the number of active fund managers in other provinces. An important observation is the relatively greater presence of American fund managers in Ontario compared to Quebec, a clear trend from the first period (Graph 3B8).

GRAPH 3B8

Number of Active Venture Capital Fund Managers Ratio by Location and Periods All Subsectors Combined - (2013-2023)

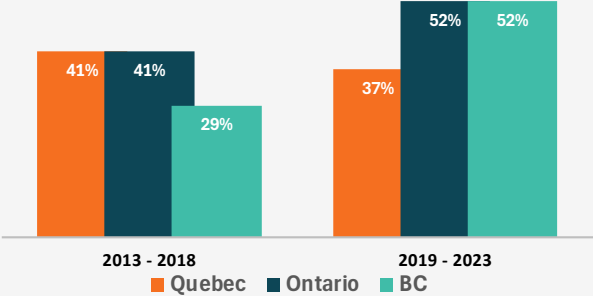


A closer look at the participation of American fund managers in deals reveals a notable shift. During the first period, Quebec matched Ontario and surpassed British Columbia in terms of American fund manager involvement. However, by the second period, Quebec dropped to third place. While participation from American fund managers rose in Ontario and even more significantly in British Columbia, it declined in Quebec (Graph 3B9).

For international fund managers other than Americans, Quebec has consistently trailed behind Ontario and British Columbia since the first period (Graph 3B10).

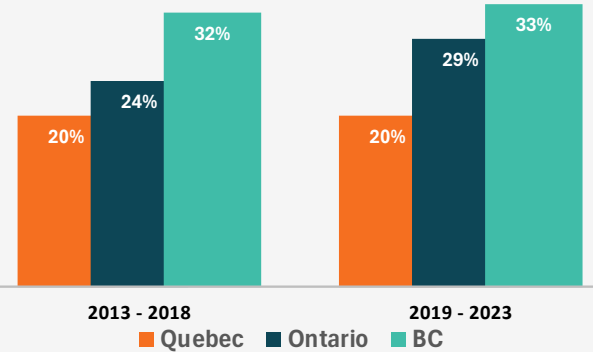
GRAPH 3B9

Percentage of Participation of American Fund Managers In Deals by Periods All Subsectors Combined – (2013-2023)



GRAPH 3B10

Percentage of Participation of International Fund Managers in Deals by Periods All Subsectors Combined – (2013-2023)



Sources : PitchBook, Réseau Capital





## For Canadian funds:

The shifting attractiveness of provinces to Canadian venture capital investors highlights broader trends:

- Quebec's appeal to Canadian investors declined, while British Columbia gained traction.
- Ontario and Quebec fund managers increased their share of Canadian investments in British Columbia from 4% to 9% and 2% to 4%, respectively.
- In contrast, Ontario fund managers maintained a steady 9% share of investments in Quebec, while British Columbia managers reduced their share from 8% to 3%.
- The share of Canadian investments directed to Ontario rose for British Columbia funds (19% to 22%) but fell for Quebec funds (23% to 18%) (Graph 3B11).

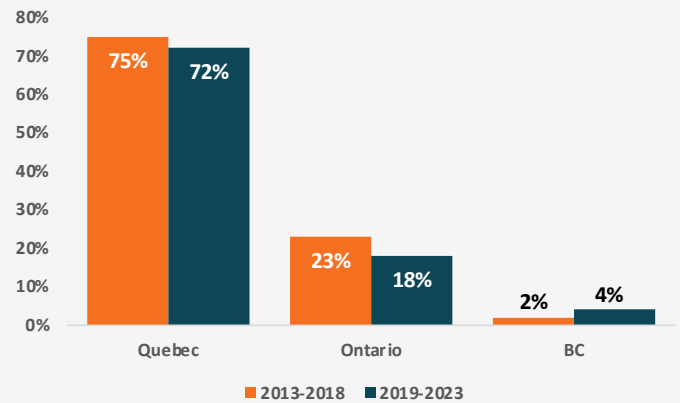
British Columbia's appeal as a destination for venture capital investments continues to rise, contrasting with stable or declining levels of attractiveness for Ontario and Quebec. This upward trajectory is clear across participation rates from American and international managers as well as shifting preferences among Canadian investors, further strengthening British Columbia's position in the ecosystem.



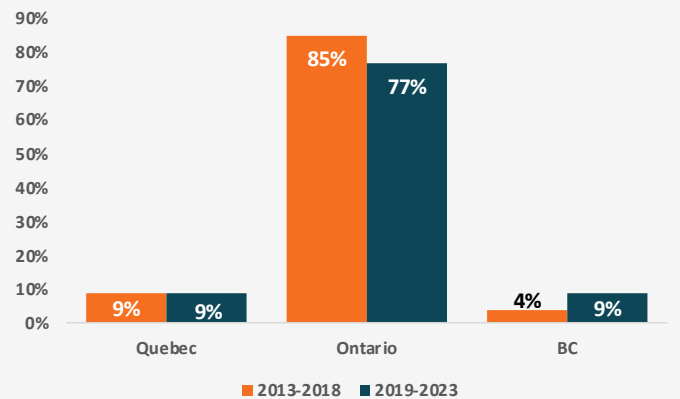
GRAPH 3B11

### Share of Investments Made in Canada by Province

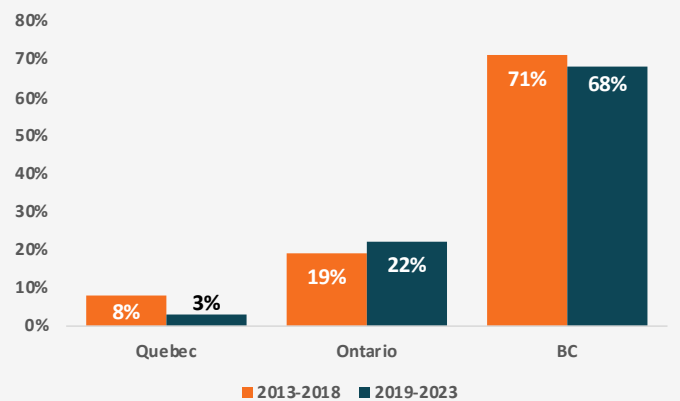
#### Quebec GPs



#### Ontario GPs



#### BC GPs



Sources : PitchBook, Réseau Capital





## In conclusion: All Subsectors combined

In conclusion, from 2013 to 2023, Quebec exhibited consistent growth across all venture capital financing indicators, including deal count, average deal size, total funding, and the number of active funds. However, this growth was outpaced by Ontario and British Columbia.

During the first period (2013-2018), Quebec's performance indicators positioned it at, slightly above, or slightly below its relative economic weight compared to Ontario and British Columbia. In the second period (2019-2023), Quebec fell notably below its relative weight across all key indicators, with one exception: total early-stage dollar invested, where Quebec maintained an advantage over Ontario.

These trends and relative performance levels for the overall life sciences and health technologies (LSHT) sector contain significant disparities among its subsectors: biopharmaceutical, medtech, and healthtech. Each subsector reflects unique dynamics and challenges within Quebec's venture capital ecosystem.

# Biopharmaceutical Subsector Results

## A. 2013 to 2023 VC activity growth

Following a low point in 2013 due to the financial crisis, the deal count in Quebec's biopharmaceutical subsector rebounded between 2013 and 2015. However, this recovery plateaued, resulting in a modest 7% increase in deal counts from the first period (2013-2018) to the second period (2019-2023). In contrast, the total annual investment in the subsector grew significantly, with a 60% increase between the two periods. This growth was primarily driven by a 49% rise in the average deal size, indicating a higher level of funding per transaction (Graphs 4A1, 4A2, and 4A3).

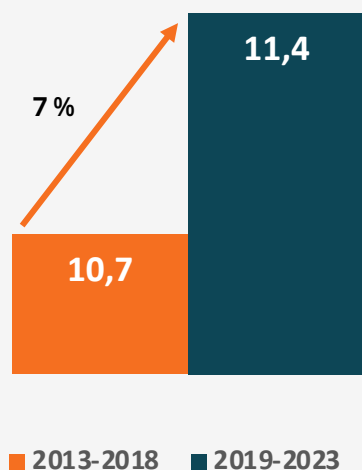
GRAPH 4A1

### Deal Count and Funding Growth in Quebec (2018=100) Biopharmaceutical – (2013-2023)



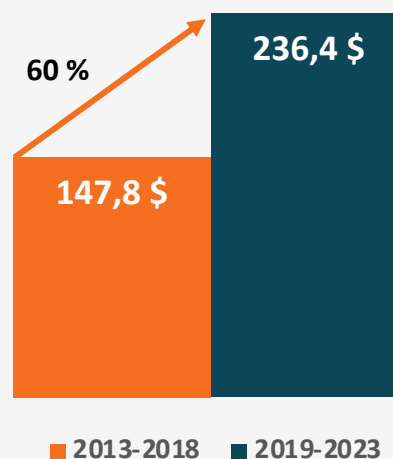
GRAPH 4A2

### Annual Average of Deal Count in Quebec Biopharmaceutical – (2013-2023)



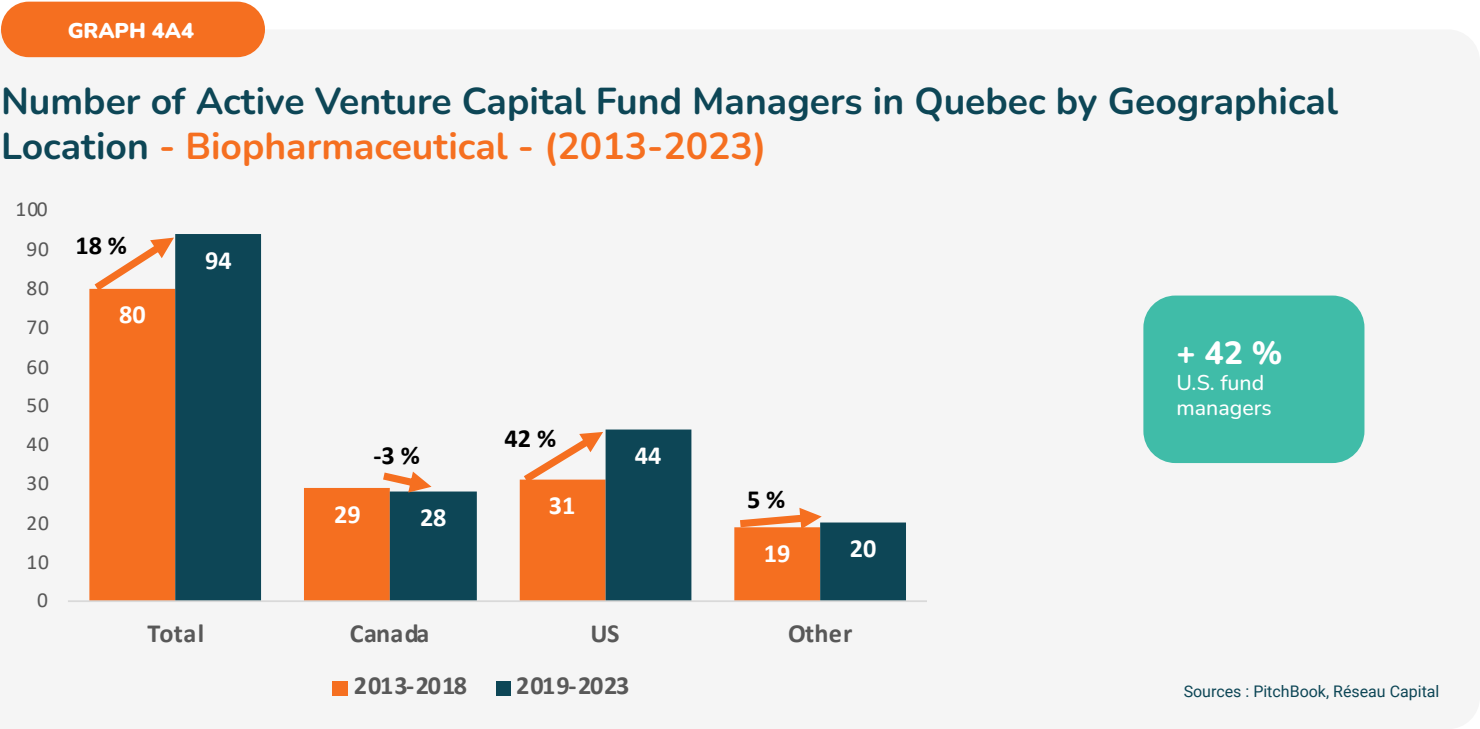
GRAPH 4A3

### Annual Average of Dollar Invested in Quebec Biopharmaceutical – (2013-2023)



Sources : PitchBook, Réseau Capital

Between the two periods, the number of active venture capital fund managers in Quebec’s biopharmaceutical subsector grew by 18%. This increase was mainly due to a 42% rise in American fund managers. In contrast, the number of international fund managers (excluding Americans) grew modestly by 5%, while Canadian funds experienced a slight decline of 3% (Graph 4A4).



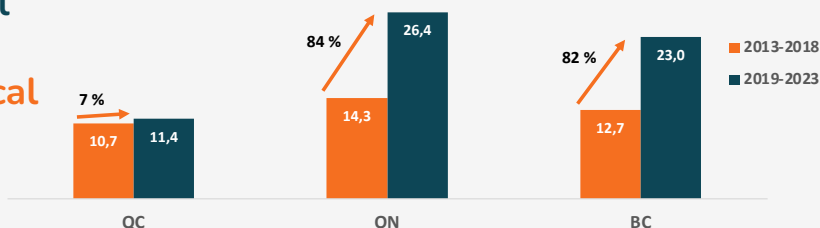
## B. Comparing the province of Quebec with Ontario and British Columbia

While the growth of venture capital financing activity in Biopharmaceuticals in Quebec between the two periods was modest for deal count (+7%) and more substantial for total funding (+60%), this was primarily driven by a 50% increase in the average deal size. In contrast, Ontario saw much stronger growth, with increases in deal count (+84%), average deal size (+128%), and total funding (+320%). British Columbia experienced an even more considerable surge, with deal count growing by 82%, average deal size by 250%, and total funding skyrocketing by 526% (Graphs 4B1, 4B2, and 4B3).

In the first period, total funding in Quebec was two to three times greater than in Ontario and British Columbia, primarily due to significantly larger deal sizes in Quebec. However, in the second period, total funding in Quebec fell behind the two provinces. While the average deal size in Quebec remained higher, the gap between Quebec and the other provinces has narrowed (Graphs 4B1, 4B2, and 4B3).

GRAPH 4B1

### Annual Average of Deal Count by Province and Period Biopharmaceutical - (2013-2023)

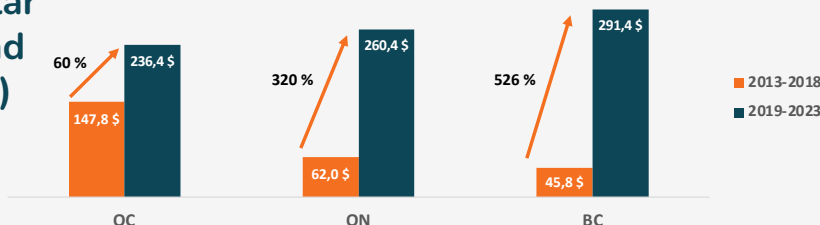


Most important progress  
+ 84 %  
for Ontario

Sources : PitchBook, Réseau Capital

GRAPH 4B2

### Annual Average of Dollar Invested by Province and Period (in millions CAD) Biopharmaceutical - (2013-2023)

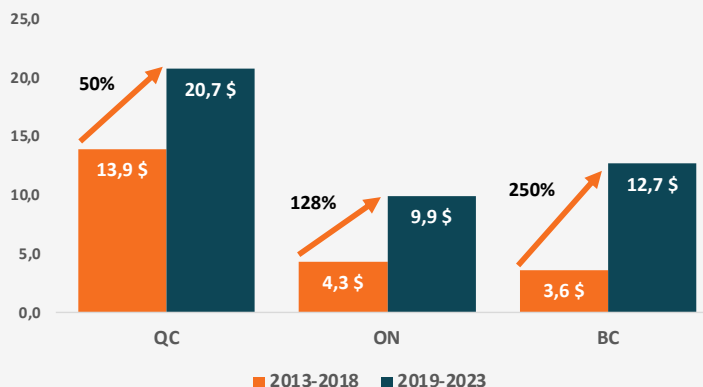


Most important progress  
+ 526 %  
for British Columbia

Sources : PitchBook, Réseau Capital

GRAPH 4B3

### Average Deal Size by Province and Period (in millions CAD) Biopharmaceutical - (2013-2023)



Most important progress  
+ 250 %  
for British Columbia

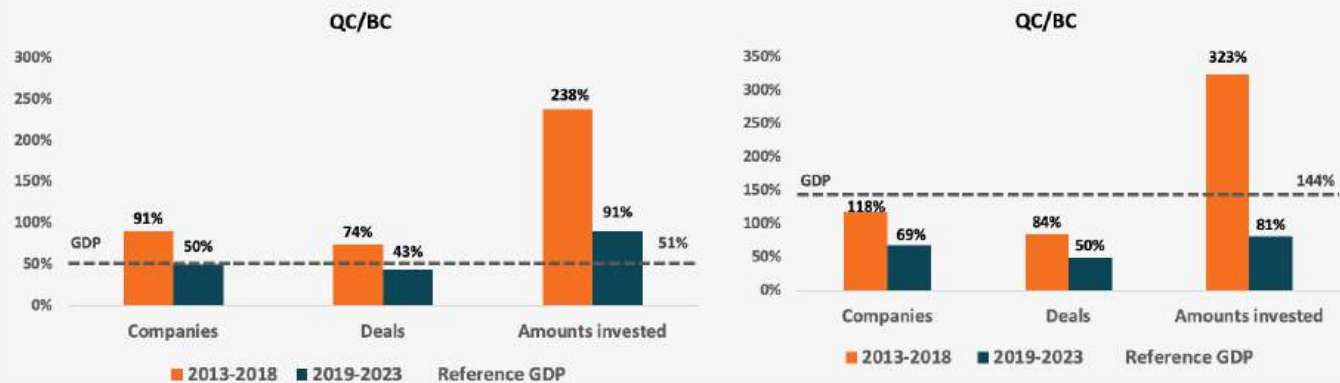
Sources : PitchBook, Réseau Capital

This evolution is reflected in the analysis of the ratios of the number of funded companies, deal count, and total funding compared to the relative economic weight of the provinces:

- Compared to Ontario: In the first period, Quebec significantly outperformed its relative economic weight across all metrics: the number of funded companies, deal count, average deal size, and total funding. By the second period, Quebec approaches parity with Ontario for the number of funded companies and deal count. It remains ahead in terms of average deal size and total funding (Graphs 4B4 and 4B5).
- Compared to British Columbia: In the first period, Quebec was behind in the number of funded companies and deal count but was well ahead in average deal size and total funding. In the second period, Quebec falls considerably behind in the number of funded companies, deal count, and total funding. Quebec's average deal size remains higher but with a much-reduced margin (Graphs 4B4 and 4B5).

GRAPH 4B4

Number of Funded Companies, Rounds, and Dollar Invested Ratio by Periods - Biopharmaceutical - (2013-2023)



GRAPH 4B5

Average Deal Size Ratio by Periods Biopharmaceutical - (2013-2023)





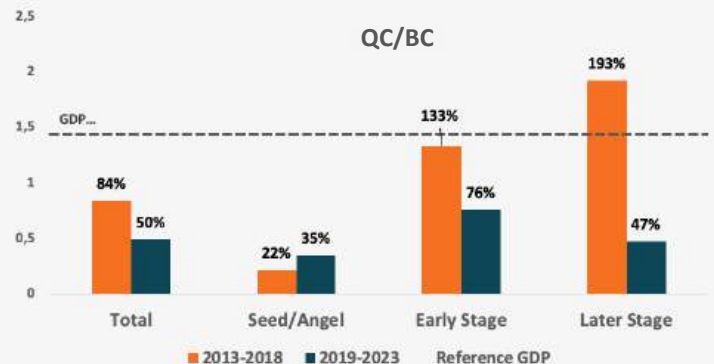
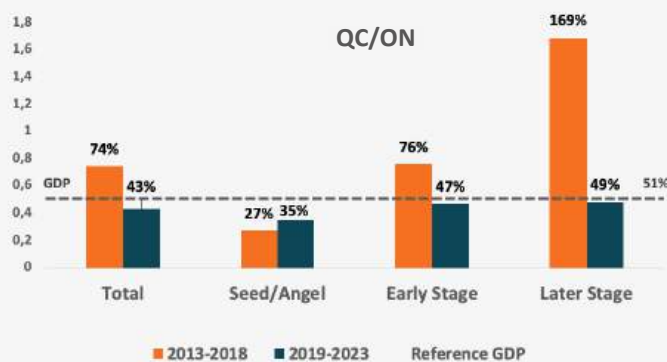
A stage-by-stage analysis highlights differing dynamics:

- Seed Stage: Quebec shows relative weakness in the seed stage during the first period. However, its performance improves in the second period, particularly in terms of deal count.
- Early and Later Stages: In the first period, Quebec demonstrates significant strength in the early and later stages, particularly in total funding. However, this relative advantage declines in the second period across all metrics (Graphs 4B6 and 4B7).

During the second period, Quebec is below its economic weight in the seed stage, both in terms of deal count and total funding compared to the other two provinces. In the early and later stages, Quebec achieves near parity with Ontario in deal count and surpasses it in total funding. In contrast, British Columbia significantly outpaces Quebec across all metrics in these stages (Graphs 4B6 and 4B7).

GRAPH 4B6

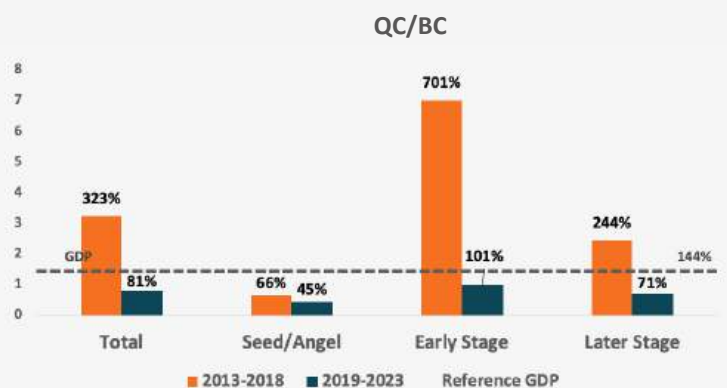
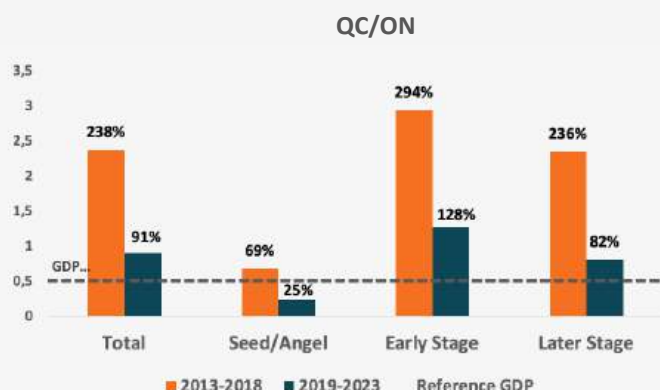
## Deal Count Ratio by Stages and Periods Biopharmaceutical - (2013-2023)



Sources : PitchBook, Réseau Capital

GRAPH 4B7

## Total Dollar Invested Ratio by Stages and Periods Biopharmaceutical - (2013-2023)

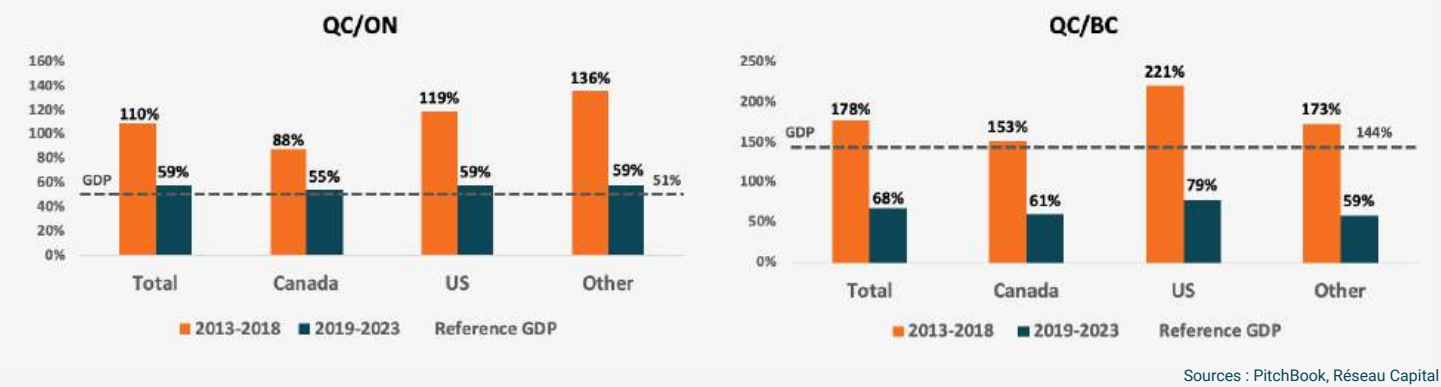


Sources : PitchBook, Réseau Capital

In the first period, Quebec held a stronger position than Ontario and British Columbia in terms of the number of active venture capital fund managers, regardless of fund origin. However, in the second period, Quebec's position weakened. While it reached relative parity with Ontario, it was significantly outpaced by British Columbia, highlighting a notable shift in regional dynamics (see Graph 4B8).

GRAPH 4B8

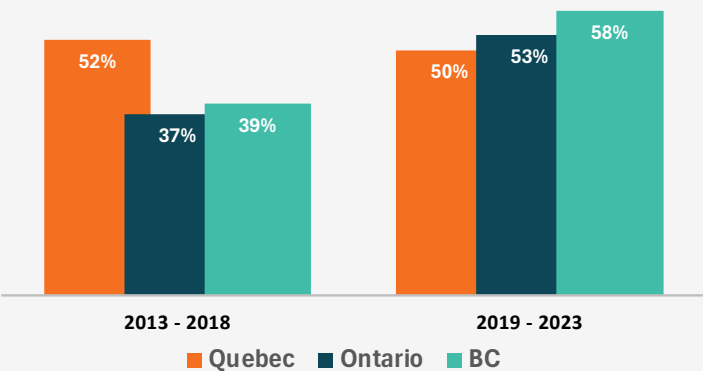
Number of Active Venture Capital Fund Managers Ratio by Location and Periods - Biopharmaceutical - (2013-2023)



In the first period, Quebec significantly outpaced Ontario and British Columbia in terms of American manager participation in deals. However, in the second period, Quebec dropped to third position (Graph 4B9). A similar trend is observed with the participation of international managers, excluding Americans. Quebec, initially in second place behind British Columbia during the first period, also dropped to third position in the second period (see Graph 4B10).

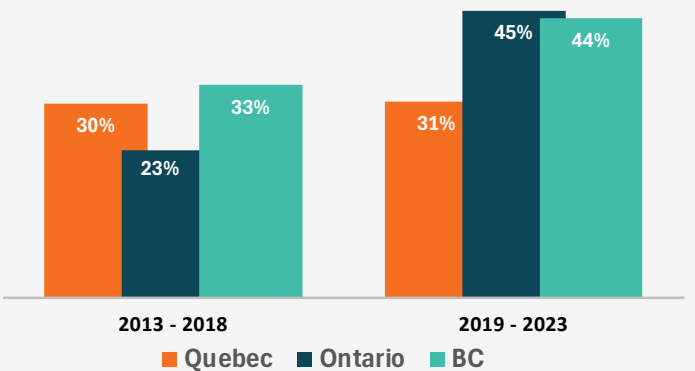
GRAPH 4B9

Percentage of Participation of American Fund Managers in Deals by Periods  
Biopharmaceutical – (2013-2023)



GRAPH 4B10

Percentage of Participation of International Fund Managers in Deals by Periods  
Biopharmaceutical – (2013-2023)



Sources : PitchBook, Réseau Capital

## For Canadian funds:

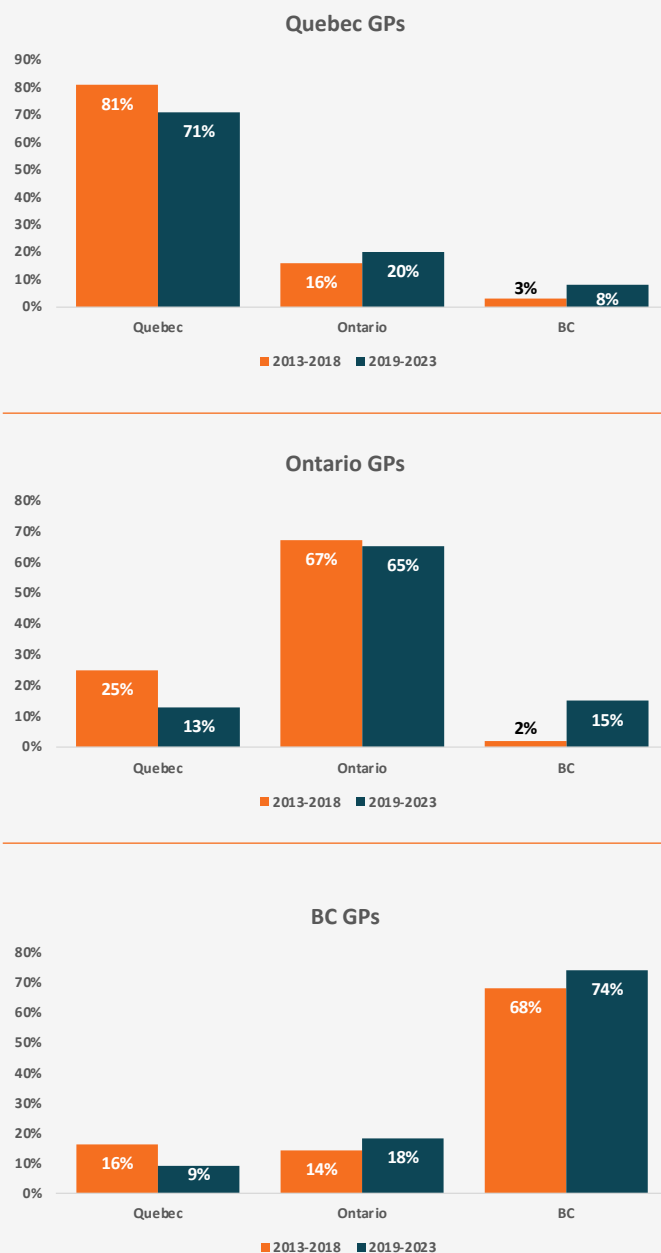
- The share of Canadian investments made in British Columbia by Ontario and Quebec managers increased, rising from 2% to 15% for Ontario managers and from 3% to 8% for Quebec managers.
- In contrast, the share of Canadian investments made in Quebec decreased, dropping from 25% to 13% for Ontario managers and from 16% to 9% for British Columbia managers.
- The share of Canadian investments made in Ontario grew, increasing from 14% to 18% for British Columbia funds and from 16% to 20% for Quebec managers (see Graph 4B11).

In summary, the attractiveness of British Columbia and Ontario for fund managers from other provinces is growing, whereas Quebec's appeal has declined.



GRAPH 4B11

### Share of Investments Made in Canada by Province



Sources : PitchBook, Réseau Capital

# C. Comparing the most active biopharmaceutical investors in Quebec (QC) and British Columbia (BC) during the period 2019-2023

A comparison of the primary Biopharmaceutical investors in Quebec and British Columbia from 2019 to 2023 reveals a more diversified base of active investors in British Columbia. This province features a larger presence of American investors alongside angel groups and entrepreneur-led funds.

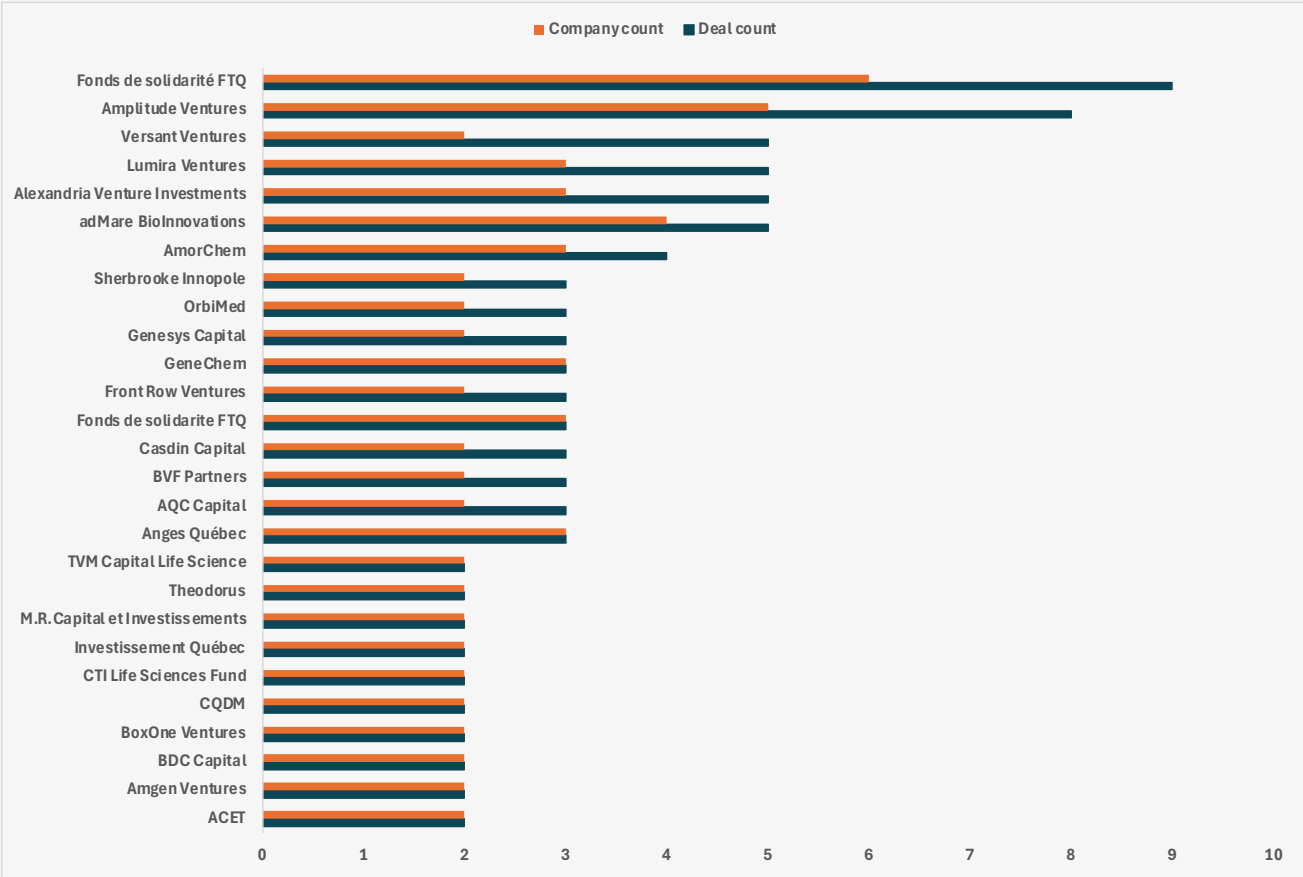
In Quebec, six American investors are identified: four from California (Alexandria Ventures, Versant Ventures, BVF Partners, and Amgen Ventures) and two from New York (Casdin Capital and Orbimed). Additionally, two European funds with partial teams based in Montreal, Theodorus and TVM Capital, are listed. Quebec's investor base also includes the angel group Anges Québec and its associated fund, Anges Québec Capital.

In British Columbia, there are 15 foreign investors: 8 from California (Keiretsu Forum, Samsara Biocapital, Allogene Therapeutics, BVF Partners, Longitude Capital, Page One Ventures, Plug and Play Tech Center, Versant Ventures), 4 from other US states (Iter Investments, Kilauea Investments, Relentless Venture Fund, Viking Global Investors), 2 from China (Panlin Capital, Linden Asset), and one from Israel (OurCrowd).

British Columbia also possesses four local angel groups (WUTIF, Cascadia Venture Forum, eFund, and Red Thread Ventures) and two entrepreneur-founded fund managers, Novateur Ventures (Ali Ardakani) and Pallasite Ventures (Christopher Bissonnette). In Quebec, BoxOne Ventures offers a somewhat comparable profile to these entrepreneur-led funds.

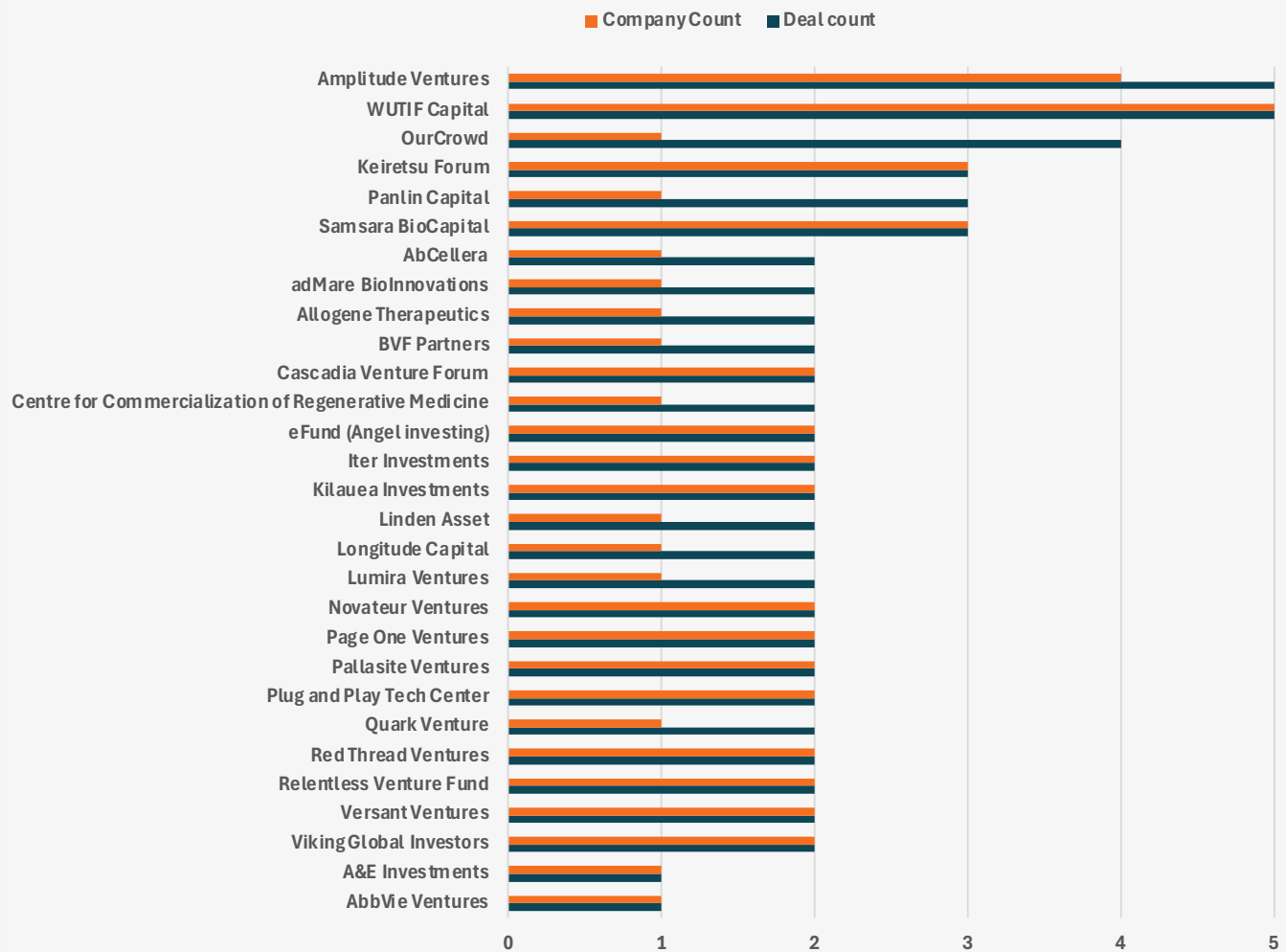
GRAPH 7A

## List of The Most Active Investors by Deal Count and Number of Funded Companies in Biopharmaceuticals in Quebec



Sources : PitchBook, Réseau Capital

## List of the Most Active Investors by Deal Count And Number of Funded Companies in Biopharmaceuticals in British Columbia



Sources : PitchBook, Réseau Capital





## In conclusion : Biopharmaceutical subsector

In conclusion, Quebec led the Biopharmaceutical subsector during the first period compared to Ontario and British Columbia, excelling in both investment activity and investor appeal. However, its growth between the two periods was moderate, while Ontario, and particularly British Columbia, achieved considerable growth. By the second period, Quebec's position aligned with its relative economic weight compared to Ontario but lagged significantly behind British Columbia in terms of investment activity and investor attraction.

### Two key observations stand out:

The average deal size in Quebec was more than three times larger than in Ontario and British Columbia during the first period. While the gap has narrowed, it remains nearly double in the second period.

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Quebec's relative weakness in the seed stage persisted from the first period. At the same time, its early stage and later stage strengths have noticeably declined over time.

# Medtech Subsector Results

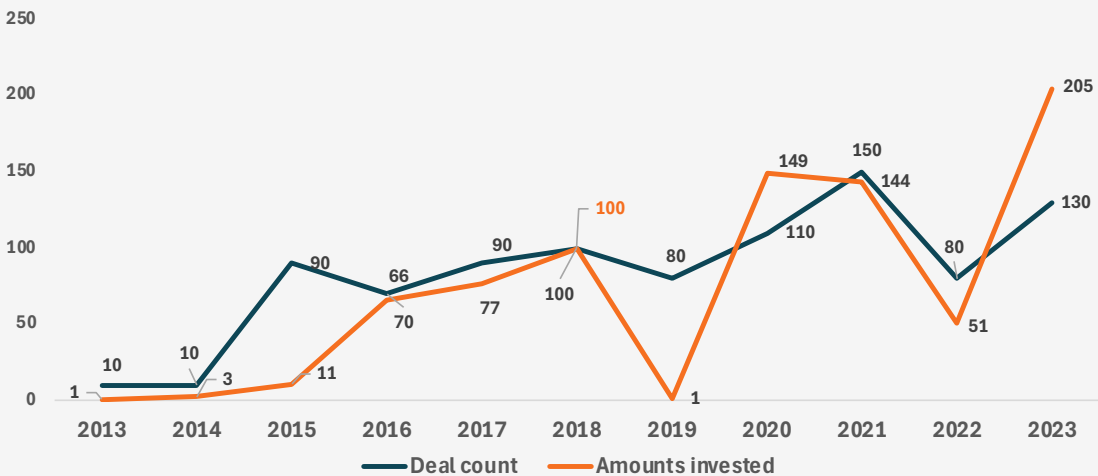
## A. 2013 to 2023 VC activity growth

The deal count in the medtech subsector has shown consistent growth throughout the decade, accompanied by a growth in total funding. Between the two periods, the average annual deal count grew by 78%, total dollar invested increased by 158%, and the average deal size expanded by 46% (see Graphs 5A1, 5A2, and 5A3).

These growth rates for deal count and total dollar invested surpass those observed in the biopharmaceutical subsector, highlighting medtech’s accelerated expansion.

GRAPH 5A1

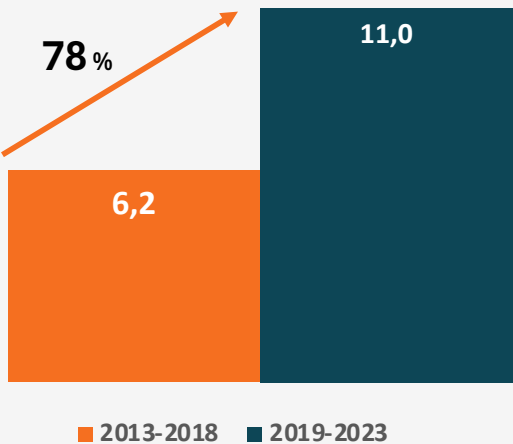
Deal Count and Funding Growth in Quebec(2018=100)  
Medtech - (2013-2023)



Sources : PitchBook, Réseau Capital

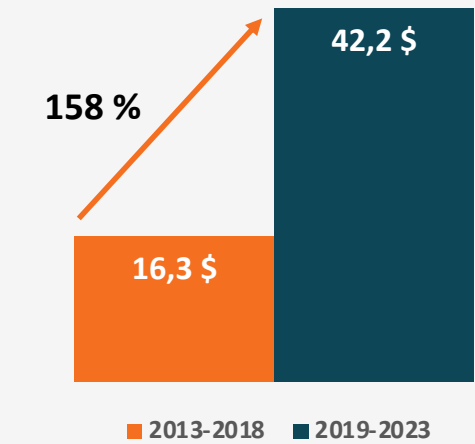
GRAPH 5A2

Annual Average of Deal Count in Quebec Medtech – (2013-2023)



GRAPH 5A3

Annual Average of Dollar Invested in Quebec Medtech – (2013-2023)

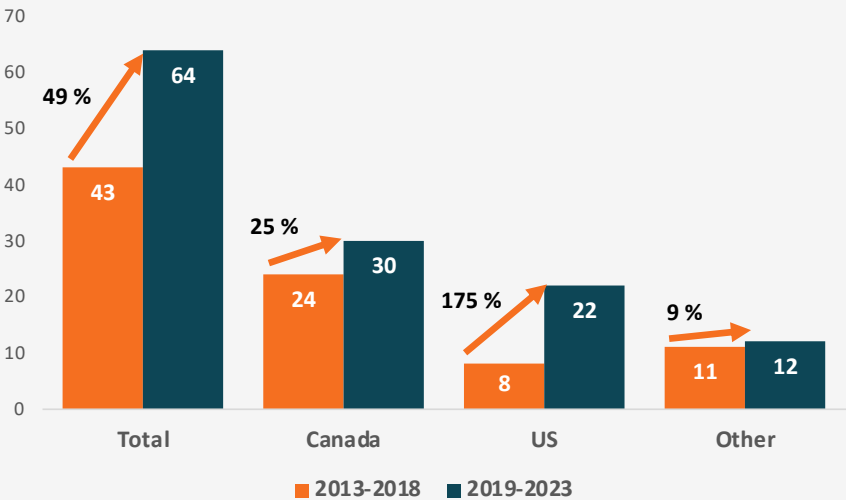


Sources : PitchBook, Réseau Capital

The number of active venture capital fund managers in Quebec's medtech subsector grew by 49% between the two periods. This growth is driven primarily by a 175% rise in the number of American managers. In comparison, Canadian funds experienced a 25% growth, while the number of international managers, excluding Americans, rose by 9% (see Graph 5A4).

GRAPH 5A4

Number of Active Venture Capital Fund Managers in Quebec by Geographical Location - Medtech - (2013-2023)



+ 175 %  
of U.S. fund  
managers

Sources : PitchBook, Réseau Capital



## B. Comparing the province of Quebec with Ontario and British Columbia

Unlike the biopharmaceutical subsector, the deal count in Quebec's medtech subsector grew by 78% between the two periods, a rate comparable to Ontario's 58% growth and British Columbia's 97% increase (see Graph 5B1).

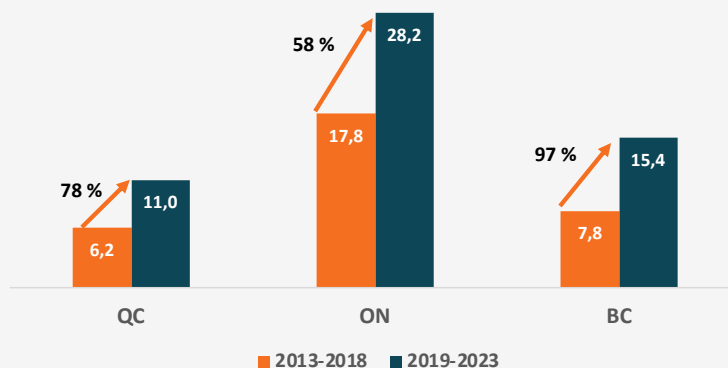
The trajectory of total dollar invested reveals a stark contrast, with British Columbia showing a considerable growth rate of 367%, significantly outpacing Quebec's 158% and Ontario's 98%. This gap is primarily attributable to the substantial expansion in the average deal size in British Columbia, which surged by 138%, compared to a more modest increase of 45% in Quebec and 25% in Ontario (Graphs 5B2 and 5B3).

In terms of position, Quebec starts from a situation where it ranks third in deal count, average deal size, and total funding. This order remains unchanged in the second period, but the gap with British Columbia has widened (see Graphs 5B1, 5B2, and 5B3).

Quebec initially holds the third position in terms of deal count, average deal size, and total funding among the provinces. While this ranking remains unchanged in the second period, the gap between Quebec and British Columbia has significantly increased (Graphs 5B1, 5B2, and 5B3).

GRAPH 5B1

### Annual Average of Deal Count by Province and Period Medtech - (2013-2023)

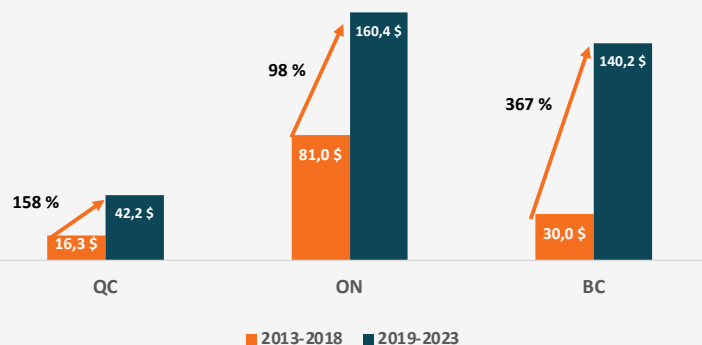


Most important progress:  
**+ 97 %**  
for BRITISH COLUMBIA

Sources : PitchBook, Réseau Capital

GRAPH 5B2

### Annual Average of Dollar Invested by Province and Period (in millions CAD) - Medtech - (2013-2023)

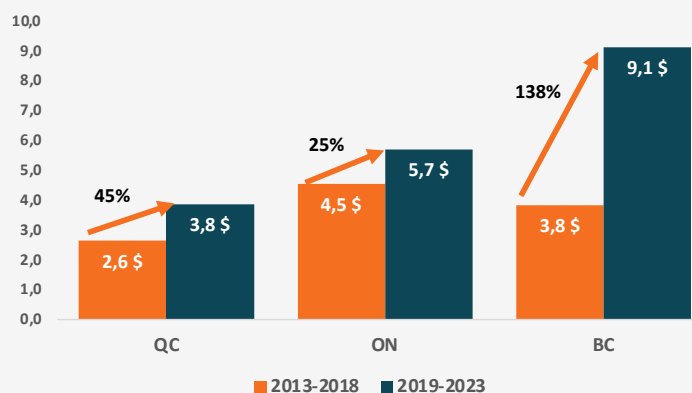


Most important progress:  
**+ 367 %**  
for BRITISH COLUMBIA

Sources : PitchBook, Réseau Capital

GRAPH 5B3

### Average Deal Size by Province and Period (in millions CAD) - Medtech - (2013-2023)



Most important progress:  
**+ 138 %**  
for BRITISH COLUMBIA

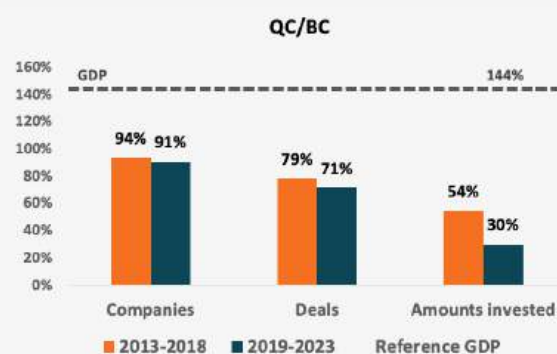
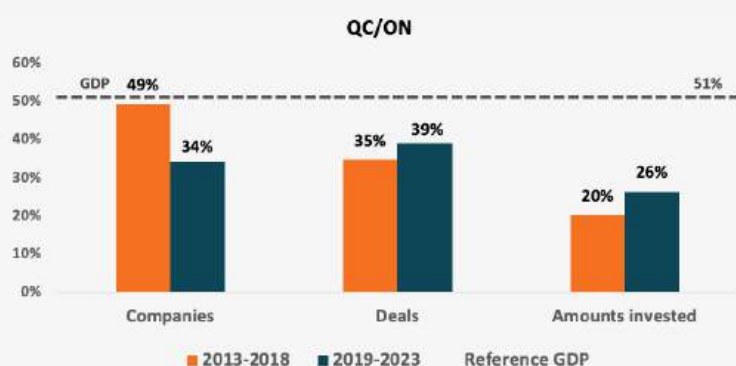
Sources : PitchBook, Réseau Capital

The disparity of progressions becomes apparent when analyzing the ratios of the number of funded companies, deal count, and total funding relative to the provinces' economic weight:

- In comparison to Ontario: Quebec begins the first period below its relative economic weight. However, its position improves slightly in the second period for both deal count and total funding (Graphs 5B4 and 5B5).
- In comparison to British Columbia: Similarly, Quebec starts the first period below its relative economic weight. In the second period, this gap widens, particularly for total funding, as the disparity in average deal size grows. Notably, during the second period, Quebec's total funding amounts to just 30% of British Columbia's total funding, despite Quebec's GDP being 144% of British Columbia's (Graphs 5B4 and 5B5).

GRAPH 5B4

## Number of Funded Companies, Rounds, and Dollar Invested Ratio by Periods - Medtech - (2013-2023)



Sources : PitchBook, Réseau Capital

GRAPH 5B5

## Average Deal Size Ratio by Periods Medtech - (2013-2023)



Sources : PitchBook, Réseau Capital

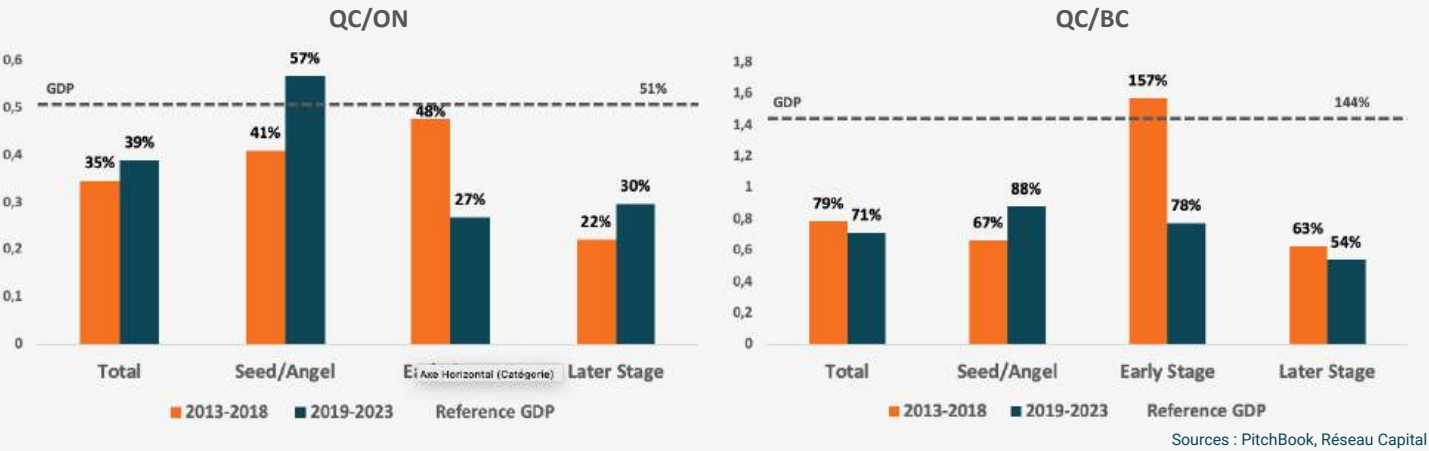




The stage-by-stage analysis reveals that, in contrast to the biopharmaceutical subsector, Quebec demonstrates a relatively stronger position in the seed stage compared to its standing in the early and later stages (Graphs 5B6 and 5B7).

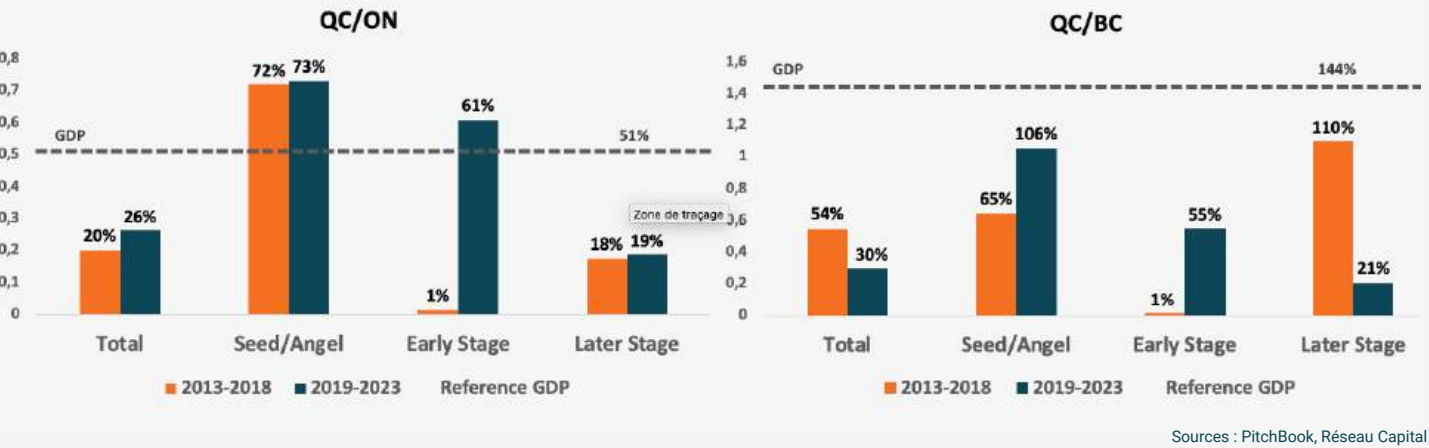
GRAPH 5B6

Deal Count Ratio by Stages and Periods  
Medtech - (2013-2023)



GRAPH 5B7

Total Dollar Invested Ratio by Stages and Periods  
Medtech\* - (2013-2023)

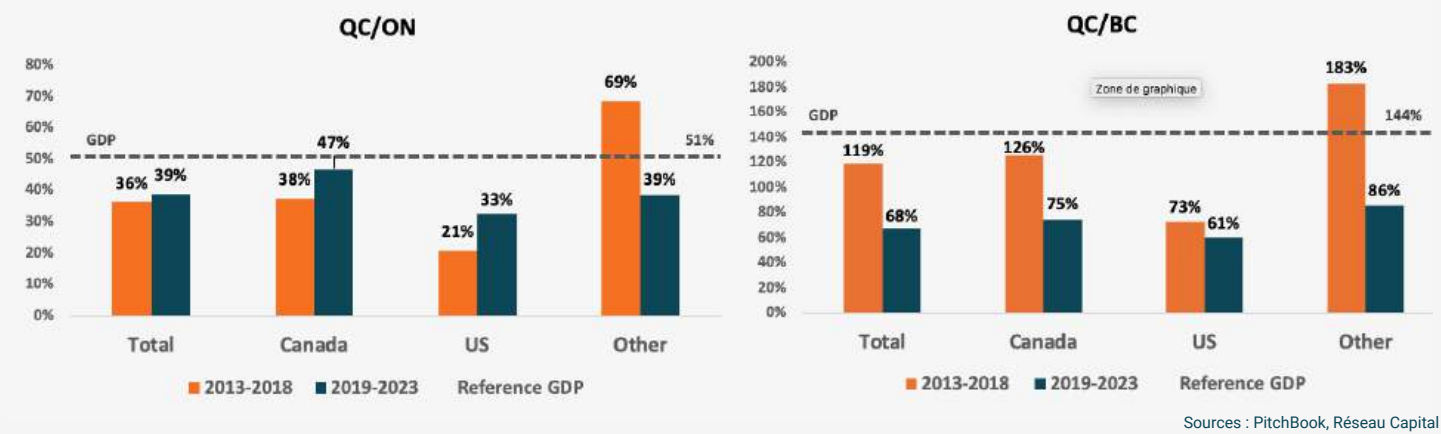


\* The data only includes transactions with disclosed investment amounts.

In terms of the number of active venture capital fund managers operating in the province, Quebec's position during the first period falls below its relative economic weight when compared to the other two provinces. This position improves in the second period relative to Ontario for both Canadian and American funds but declines considerably in comparison to British Columbia (Graph 5B8).

GRAPH 5B8

Number of Active Venture Capital Fund Managers Ratio by Location and Periods - Medtech - (2013-2023)

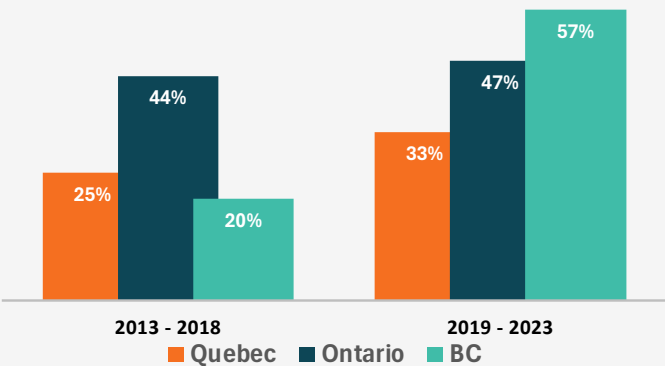


In terms of the involvement of American managers in deals, Quebec surpasses British Columbia but remains significantly behind Ontario during the first period. In the second period, while the participation rate of American managers increases in both Quebec and Ontario, it rises even more sharply in British Columbia, resulting in Quebec falling to a distant third position (Graph 5B9).

Regarding the participation of non-American funds in deals, Quebec starts from a position well behind the other provinces during the first period. Despite some progress in the second period, it remains firmly in third place (Graph 5B10).

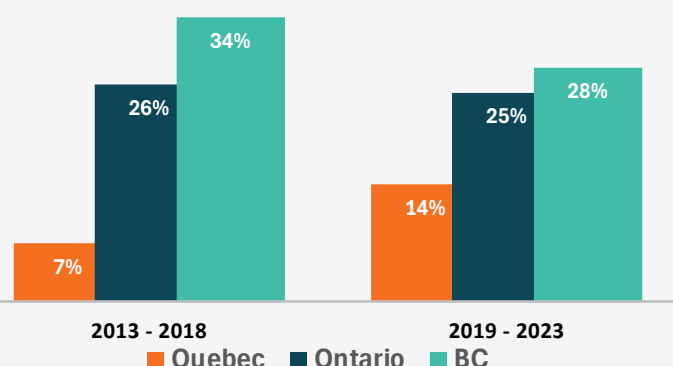
GRAPH 5B9

Percentage of Participation of American Fund Managers in Deals by Periods  
Medtech – (2013-2023)



GRAPH 5B10

Percentage of Participation of International Fund Managers in Deals by Periods  
Medtech – (2013-2023)



Sources : PitchBook, Réseau Capital

# For Canadian funds:

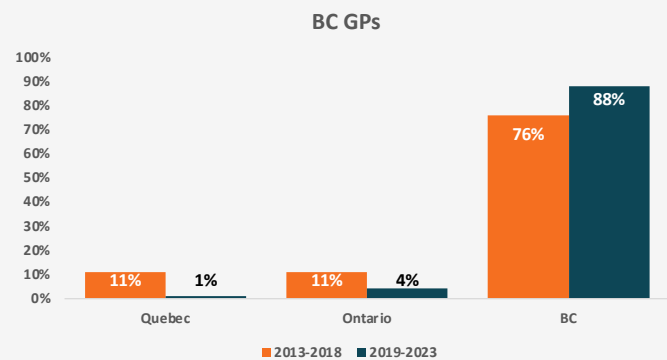
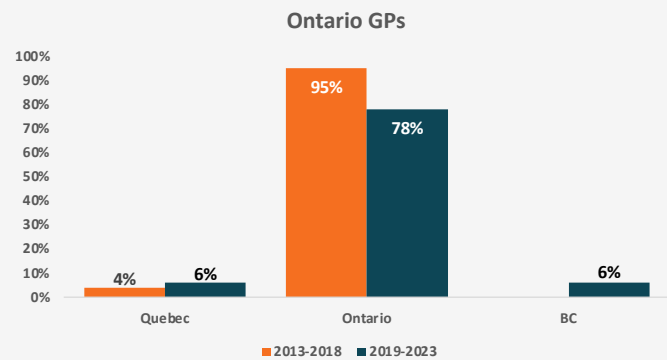
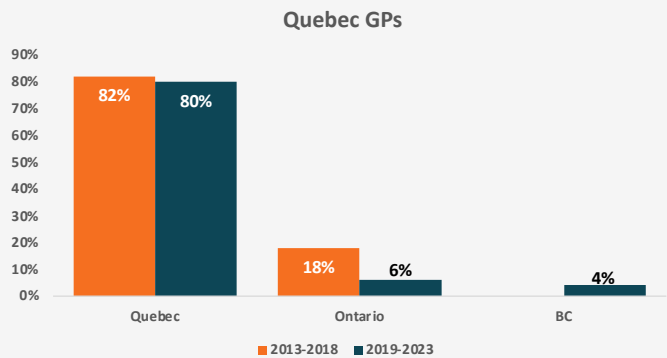
- The share of their Canadian investments directed toward British Columbia by Ontario and Quebec managers increases, rising from 0% to 6% for Ontario managers and from 0% to 4% for Quebec managers.
- At the same time, the share of Canadian investments directed toward Quebec grows from 4% to 6% for Ontario managers but experienced a steep decline from 11% to 1% for British Columbia managers.
- Finally, the share of their Canadian investments directed toward Ontario decreases, dropping from 11% to 4% for British Columbia funds and from 18% to 6% for Quebec managers (Graph 5B11).

The appeal of British Columbia continues to rise, while Ontario sees a decline in its attractiveness. For Quebec, the province becomes more appealing to Ontario-based managers but experiences a significant drop in interest from British Columbia managers.



GRAPH 5B11

## Share of Investments Made in Canada by Province



Sources : PitchBook, Réseau Capital



## In conclusion: Medtech subsector

In summary, Quebec begins the first period with a medtech investment landscape that is comparatively underdeveloped relative to Ontario and British Columbia. Key indicators such as deal count and average deal size are notably lower. Additionally, Quebec falls behind in the number of active Canadian and foreign venture capital fund managers and their participation in deals.

All three provinces demonstrate strong growth between the two periods. Quebec's relative standing vis-à-vis Ontario remains largely unchanged: investment levels in Quebec rise from 20% to 26% of those in Ontario, while Quebec's GDP accounts for 51% of Ontario's. However, the gap with British Columbia widens significantly. Investments in Quebec drop from 54% to 30% of British Columbia's, despite Quebec's GDP being 144% of British Columbia's.

### Two key points emerge:

The average deal size in Quebec remains substantially smaller than in Ontario, reaching just 67% of Ontario's average in the second period, and even smaller compared to British Columbia, at only 42%.

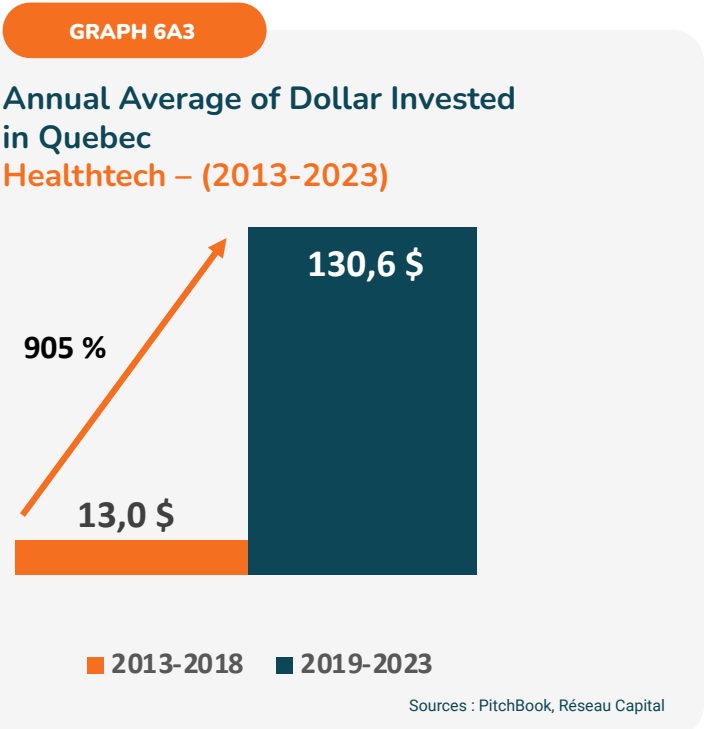
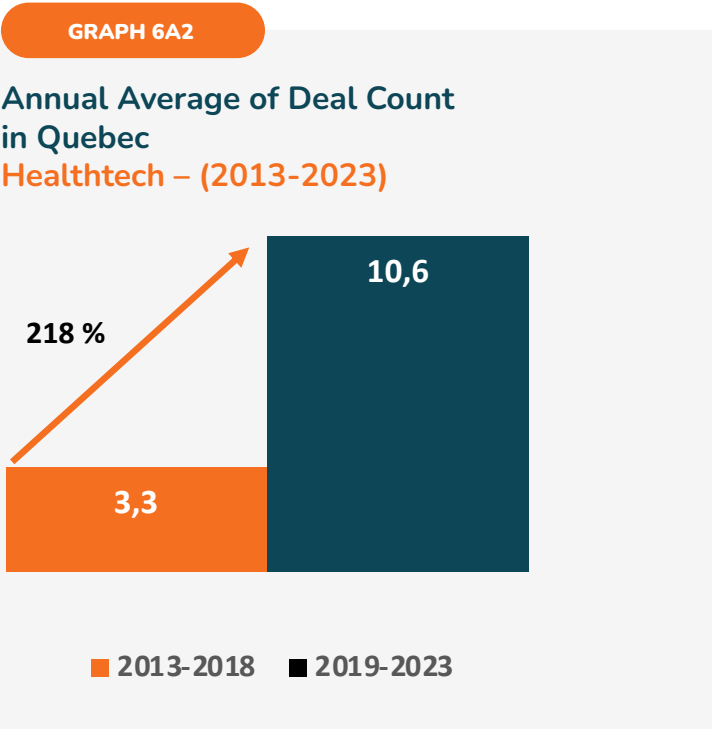
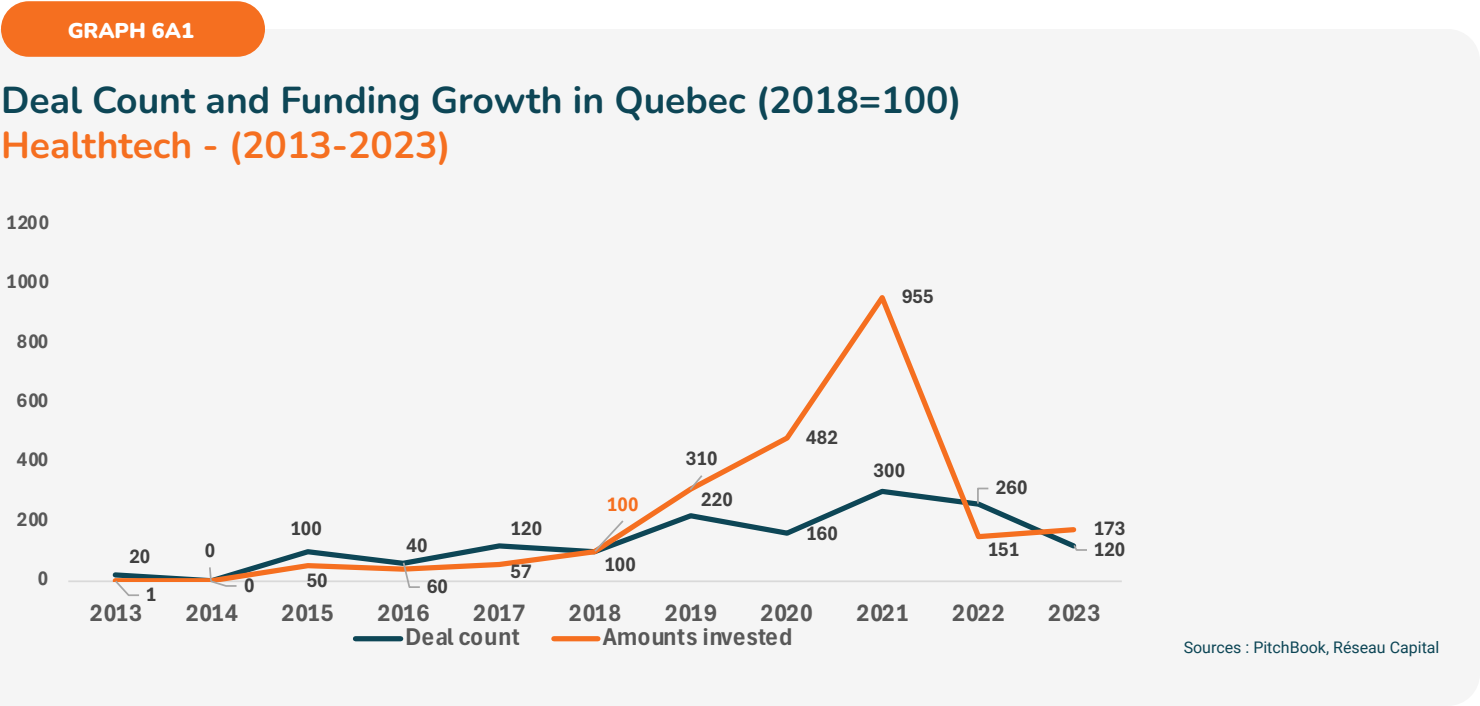
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Unlike the biopharmaceutical subsector, Quebec demonstrates relatively strong performance in the seed stage.

# Healthtech Subsector Results

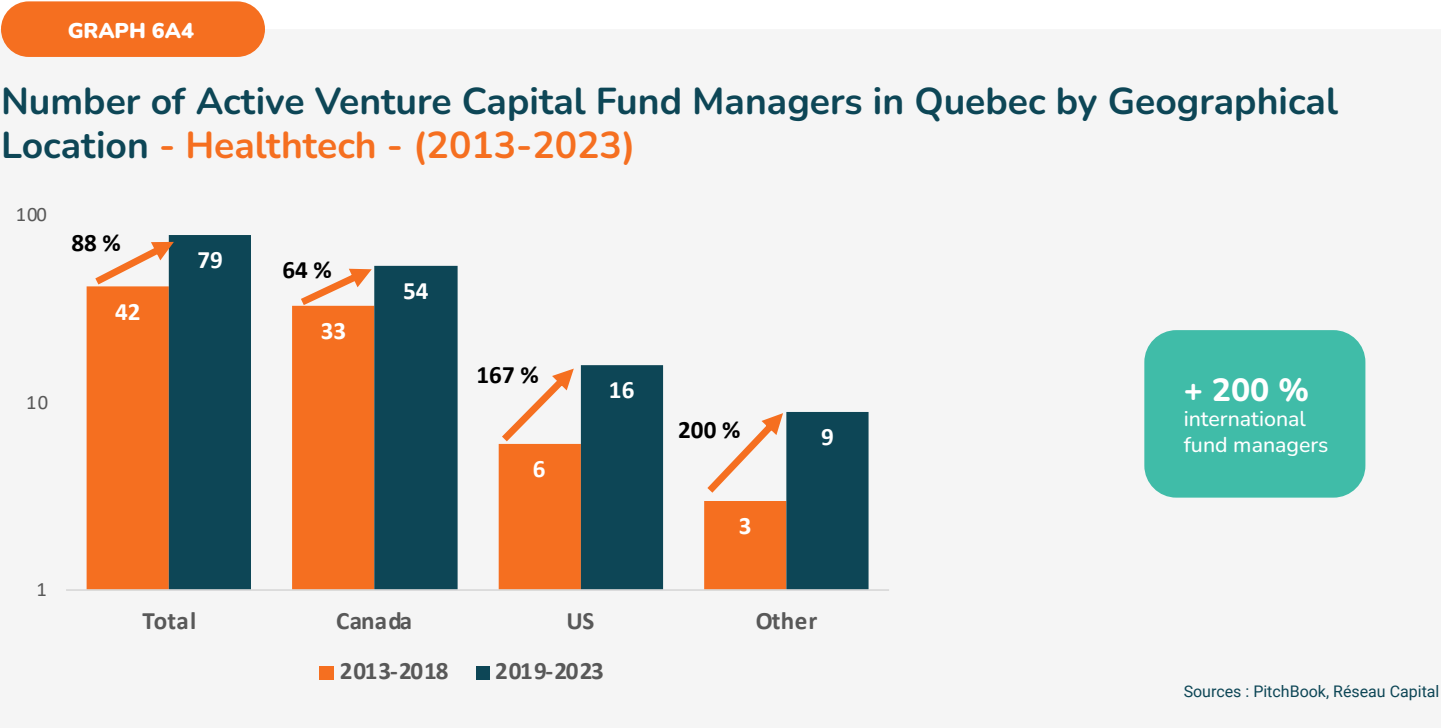
## A. 2013 to 2023 VC activity growth

The healthtech subsector in Quebec was severely underdeveloped in the aftermath of the financial crisis. However, starting in 2018, the subsector witnessed impressive growth, characterized by a steep increase in both deal count and investment levels. The deal count grew by 218% between the two periods, while the amounts invested soared by 905%, driven primarily by a 215% rise in the annual average deal size (Graphs 6A1, 6A2, and 6A3).





The number of venture capital fund managers active in healthtech expanded by 88% between the two periods. This growth was particularly pronounced among American managers (+167%) and international managers from outside the United States (+200%). However, in absolute terms, Canadian funds contributed the most substantial increase (Graph 6A4).



## B. Comparing the province of Quebec with Ontario and British Columbia

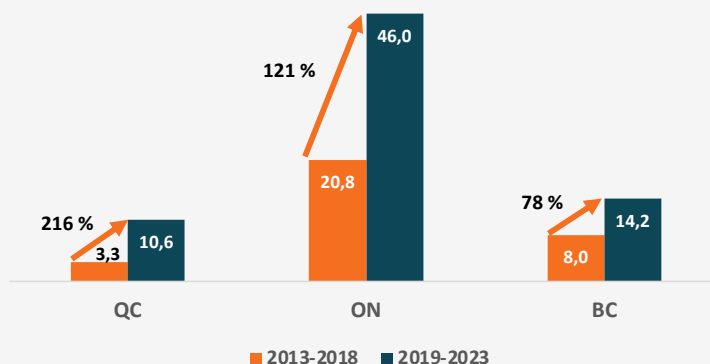
During the first period, Quebec's annual average deal count (3.3) was substantially lower than that of Ontario (20.8) and British Columbia (8.0) (Graph 6B1). However, the average deal size in Quebec was higher (\$3.9M compared to \$3.3M in Ontario and \$1.8M in British Columbia), which helped to narrow the gap in total funding. Despite this advantage, the annual average amounts invested in Quebec (\$13.0M) remained lower than in Ontario (\$69.7M) and British Columbia (\$14.2M) (Graph 6B2).

Between the two periods, Quebec achieved significantly higher growth rates in deal count (+218%) and average deal size (+216%) compared to Ontario (+121% and +104%) and British Columbia (+78% and +37%). As a result, total funding in Quebec soared by +905%, far exceeding the growth rates in Ontario (+314%) and British Columbia (+143%). In absolute terms, Quebec now outpaces British Columbia in total funding (Graphs 6B2 and 6B3).

GRAPH 6B1

### Annual Average of Deal Count by Province and Period

Healthtech -  
(2013-2023)



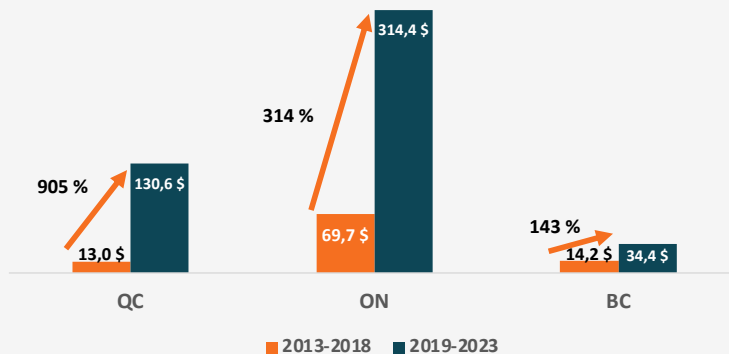
Most important progress:  
**+ 218 %**  
for Quebec

Sources : PitchBook, Réseau Capital

GRAPH 6B2

### Annual Average of Dollar Invested by Province And Period (in millions CAD)

Healthtech -  
(2013-2023)



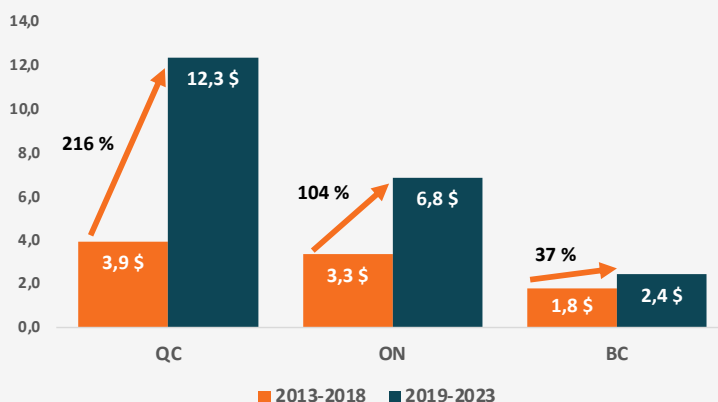
Most important progress:  
**+ 905 %**  
for Quebec

Sources : PitchBook, Réseau Capital

GRAPH 6B3

### Average Deal Size by Province and Period (in millions CAD)

Healthtech -  
(2013-2023)



Most important progress:  
**+ 216 %**  
for Quebec

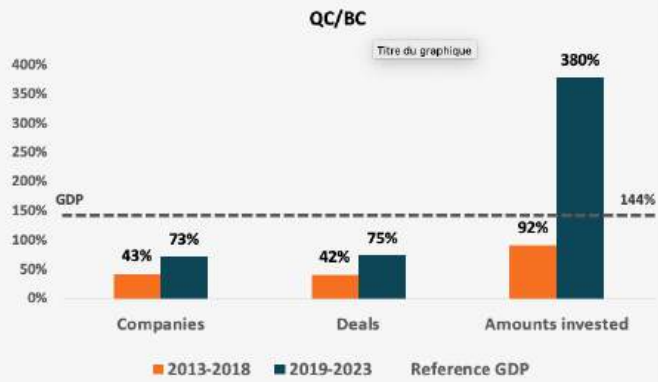
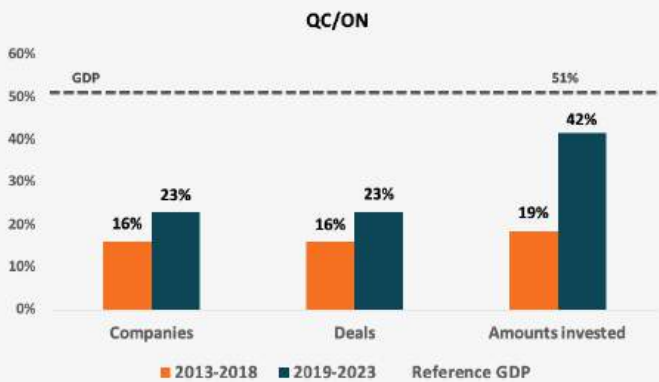
Sources : PitchBook, Réseau Capital

This progression becomes apparent in the analysis of the ratios of funded companies, deal count, and investment amounts relative to the provinces' economic weight:

- In comparison to Ontario: During the first period, Quebec's relative position reflected a notable shortfall in the number of funded companies, deal count, and investment amounts. By the second period, this disparity narrowed moderately for the number of companies and deals, and significantly for investment amounts, driven by a substantial increase in average deal size. With a ratio of 42%, Quebec approached its relative economic weight (51%) for investment amounts (Graphs 6B4 and 6B5).
- In comparison to British Columbia: The narrowing of the gap was more pronounced for the number of companies and deals during the second period. Furthermore, with the expanding difference in average deal size, Quebec surpassed its relative economic weight for investment amounts, achieving 380% compared to British Columbia's 144% (Graphs 6B4 and 6B5).

GRAPH 6B4

Number of Funded Companies, Rounds, and Dollar Invested Ratio by Periods - Healthtech - (2013-2023)



Sources : PitchBook, Réseau Capital

GRAPH 6B5

Average Deal Size Ratio by Period Healthtech - (2013-2023)



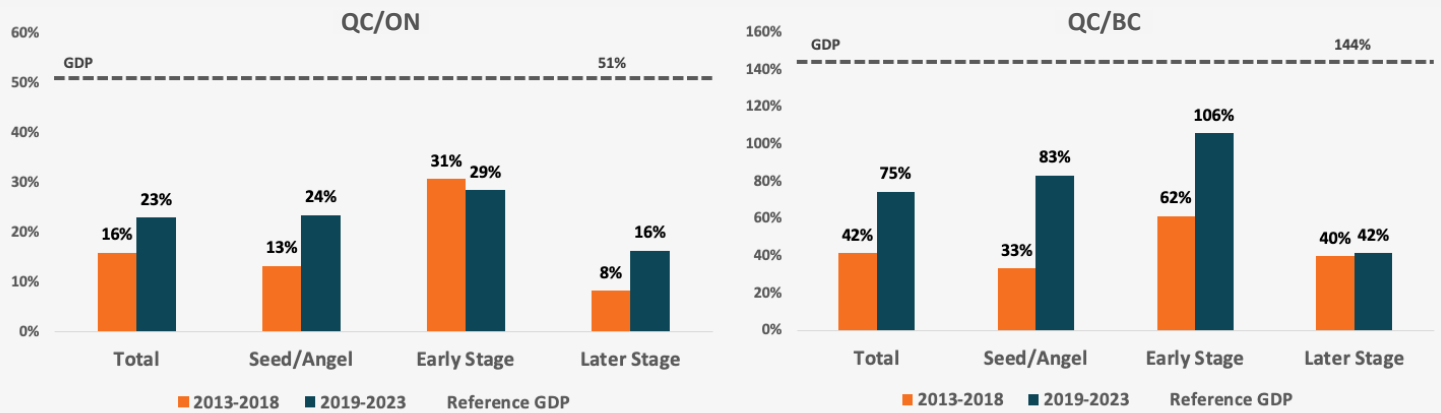
Sources : PitchBook, Réseau Capital



Stage analysis reveals that Quebec’s initial position was notably underdeveloped in the seed and later stages, both in terms of deal count and invested amounts. The progress is particularly significant regarding investment amounts in the later stage (Graphs 6B6 and 6B7).

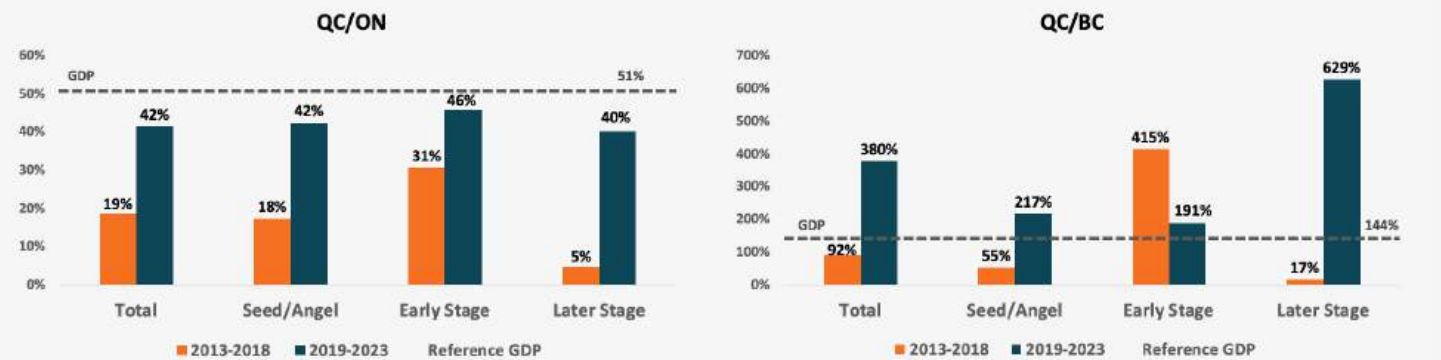
GRAPH 6B6

Deal Count Ratios by Stages and Periods  
Healthtech - (2013-2023)



GRAPH 6B7

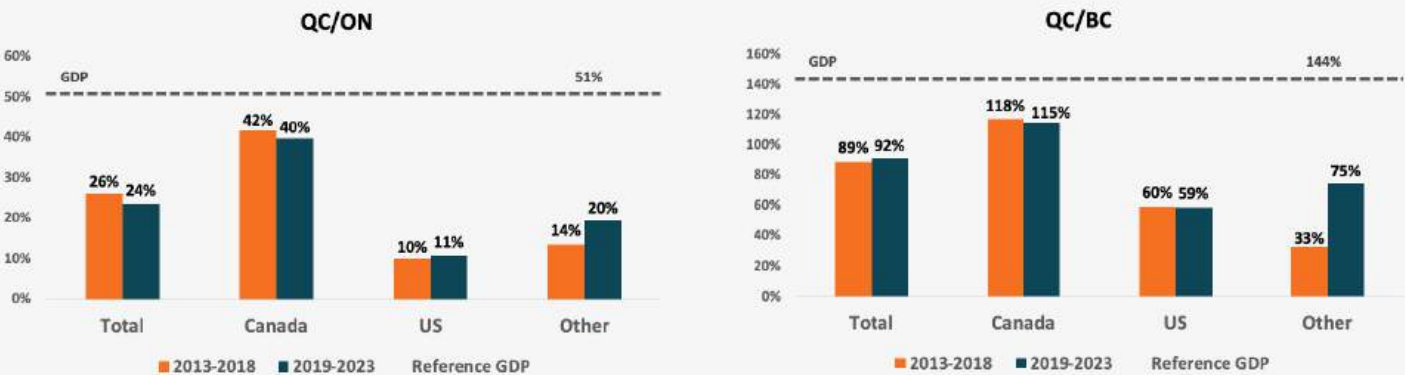
Total Dollar Invested Ratio by Stages and Periods  
Healthtech - (2013-2023)



In the first period, Quebec's representation of active managers in the province was below its relative economic weight compared to the other two provinces. This disparity was particularly notable for American managers, with minimal improvement observed between the two periods (Graph 6B8).

GRAPH 6B8

Number of Active Venture Capital Fund Managers Ratio by Location and Periods - Healthtech - (2013-2023)



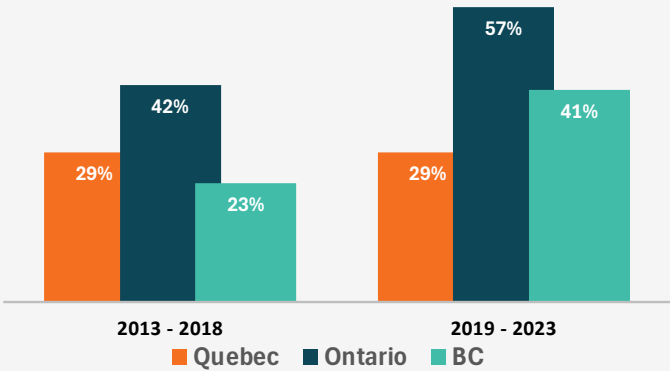
Sources : PitchBook, Réseau Capital

In the first period, Quebec ranked second in the participation percentages of American managers in deals, trailing Ontario but ahead of British Columbia. While Quebec's percentage remained stable in the second period, it rose significantly for the other two provinces, relegating Quebec to third position (Graph 6B9).

For the participation percentages of non-American international managers, Quebec held third position in the first period, a ranking that remained into the second period without change (Graph 6B10).

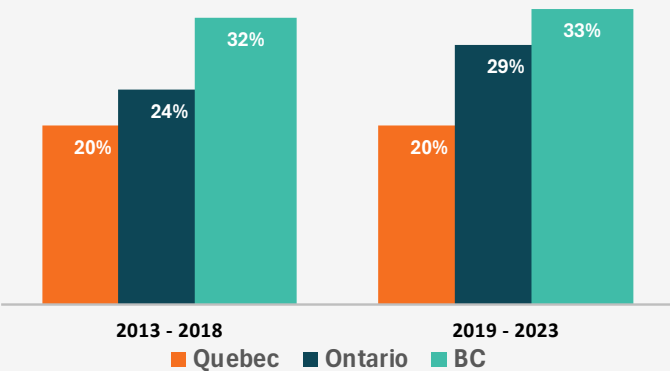
GRAPH 6B9

Percentage of Participation of American Fund Managers in Deals by Periods  
Healthtech – (2013-2023)



GRAPH 6B10

Percentage of Participation of International Fund Managers in Deals by Periods  
Healthtech – (2013-2023)



Sources : PitchBook, Réseau Capital



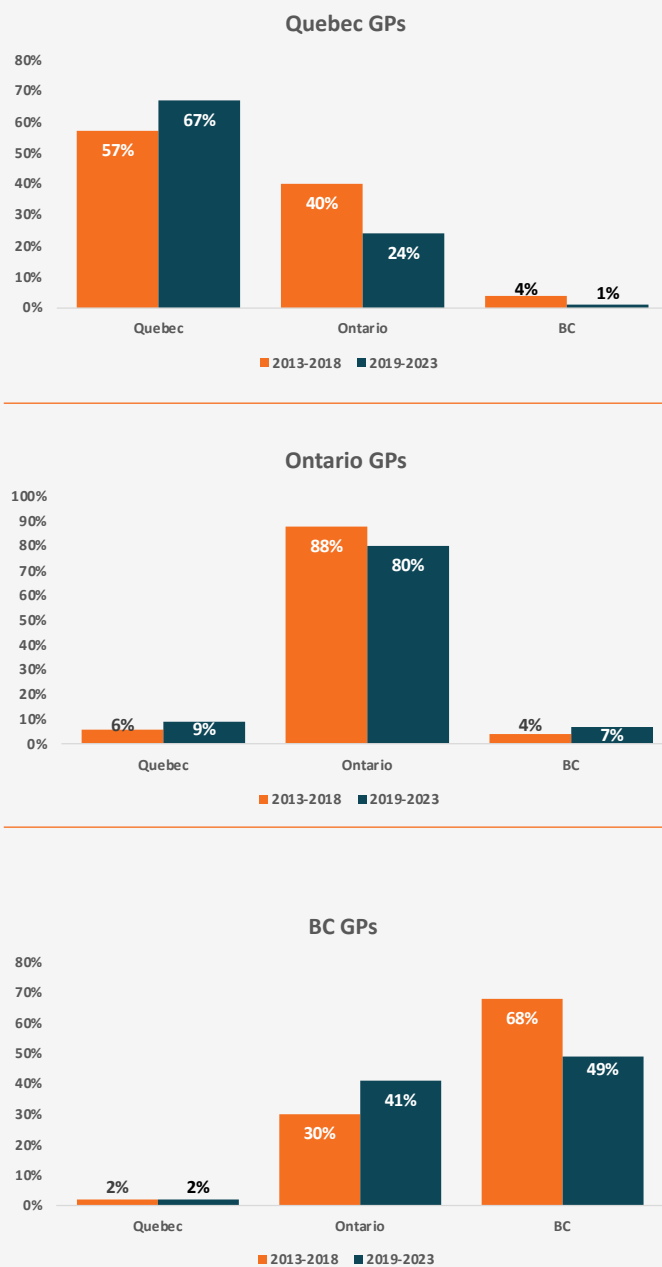
## For Canadian funds:

- The proportion of Canadian investments directed to British Columbia by Ontario managers increased from 4% to 7%, while it declined from 4% to 1% for Quebec managers.
- The share of Canadian investments allocated to Quebec grew from 4% to 9% for Ontario managers and remained unchanged at 2% for British Columbia managers.
- The proportion of Canadian investments made in Ontario rose from 30% to 41% for British Columbia managers but dropped from 40% to 24% for Quebec managers (Graph 6B11).

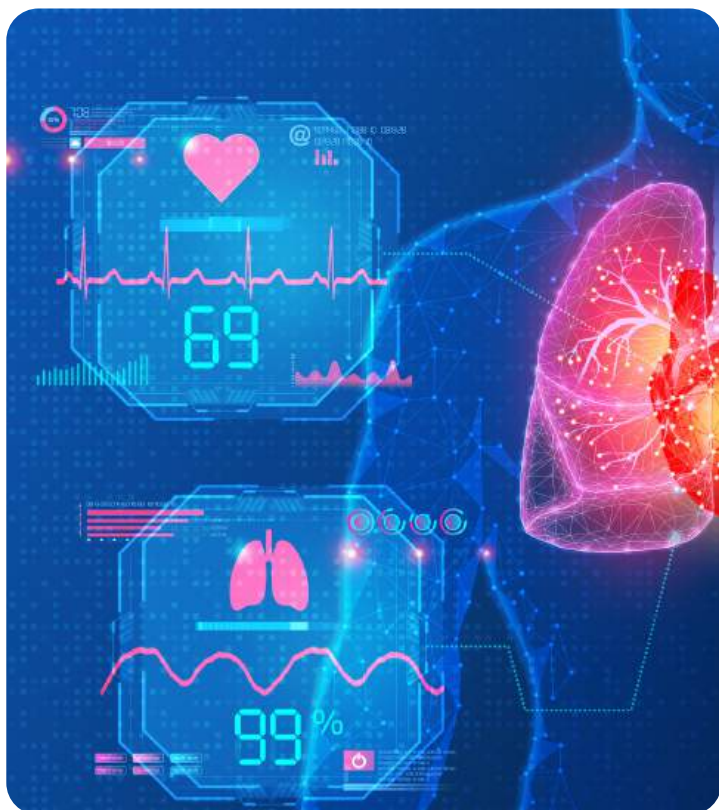
Unlike the biopharmaceutical subsector, Quebec's attractiveness increases for Ontario managers and remains constant for British Columbia managers.

GRAPH 6B11

### Share of Investments Made in Canada by Province



Sources : PitchBook, Réseau Capital





## In conclusion: Healthtech subsector

In conclusion, starting from a very weak initial position, Quebec significantly improves its relative position compared to Ontario and, even more so, to British Columbia in terms of the number of funded companies, deal count, and especially the amounts invested, thanks to a strong increase in deal size. In the second period, the amounts invested are close to its relative weight compared to Ontario and much higher compared to British Columbia.

Somewhat surprisingly, and unlike the other two subsectors where investment activity and the number of active managers evolve in the same direction, this relative increase in investment activity in Quebec does not translate into an increased attraction of venture capital fund managers and their participation in deals.

**Notably**, in the second period, the average deal size in Quebec is nearly twice that of Ontario and five times that of British Columbia.

# Exits

The table below presents the number and value of acquisitions over \$50M (CAD), as well as initial public offerings (IPOs) with a post-money valuation exceeding \$50M. For the detailed list of these exits, see the table in Appendix 7.

TABLE 4

## Acquisitions and IPOs over \$50M CAD (2013-2023)

	M&A		IPO		Total	
	Number	Value (M\$)	Number	Value (M\$)	Number	Value (M\$)
QUEBEC	10	7 983 \$	3	1 647 \$	13	9 630 \$
ON	12	6 474 \$	1	114 \$	13	6 588 \$
BC	6	4 919 \$	6	7 836 \$	12	12 755 \$
TOTAL	28	19 376 \$	10	9 597 \$	38	28 973 \$

Sources : PitchBook, Réseau Capital, CrunchBase

Quebec is tied with Ontario and ahead of British Columbia in terms of the total number of exits. In value, British Columbia ranks first, followed by Quebec, and then Ontario.

For the value of exits, the Quebec/Ontario ratio is 146% (while the GDP ratio is 51%) and the Quebec/British Columbia ratio is 75% (while the GDP ratio is 144%). In relative weight, British Columbia ranks first, followed by Quebec, and far behind, Ontario. The majority of these exits (71% in number, 90% in value) come from the biopharmaceutical subsector.

TABLE 5

## Share of the biopharmaceutical subsector in the number and value of exits

	M&A		IPO		Total	
	Number	Value	Number	Value	Number	Value
QUEBEC	70%	85%	67%	94%	69%	87%
ON	67%	80%	100%	100%	69%	81%
BC	67%	96%	83%	98%	75%	97%
TOTAL	68%	86%	80%	97%	71%	90%

Sources : PitchBook, Réseau Capital, CrunchBase

Exits in Ontario and Quebec predominantly occur through acquisitions, whereas in British Columbia, apart from Chinook Therapeutics, they are largely facilitated via initial public offerings (IPOs). Companies such as AbCellera, Zymeworks, and Xenon Pharmaceuticals, with current market capitalizations exceeding \$1 billion, continue to expand as independent entities and are poised to evolve into anchor companies. Conversely, the three IPOs originating from Quebec—Repare Therapeutics, Milestone Pharmaceuticals, and Greenbrook—have not achieved comparable post-IPO success (Table in Appendix 7).

Quebec's significant exits have primarily taken the form of acquisitions, including Inversago (\$1.5 billion), Bellus Health (\$2.7 billion), and Clementia Pharmaceuticals (\$1.8 billion).

On average, the period from a company's founding to its exit is 13 years. The broader implications of Quebec's relative decline in investment activity compared to Ontario and British Columbia will likely become evident only in the next 5 to 10 years.



Part two

# Interview Results and Contextualization of Statistical Findings



# Introduction

To validate, interpret, and ultimately formulate recommendations based on the previously presented statistical analysis, the results were shared with approximately twenty key stakeholders in the ecosystem. Thereafter, we conducted semi-structured interviews of about one hour each with these individuals.

The selection of interviewees was reviewed and approved by the study's advisory committee. Among those interviewed:

- 12 were investors, most of whom invest both within Quebec and beyond (Ontario, British Columbia, and the United States);
- 3 were successful LSHT-sector entrepreneurs;
- 5 were representatives from governmental bodies or ecosystem support organizations (see Appendix 10).

These interviews focused on three main areas (Appendix 10):

- General observations on the statistical findings.
- Potential explanations for the results, particularly the disparities in levels and trends among Quebec, Ontario, and British Columbia.
- Recommendations to leverage Quebec's ecosystem strengths and address its weaknesses.

It is important to note that the views gathered reflect the informed perspectives of industry experts and are meant to provide insights and guide potential recommendations. Overall, there was a strong consensus among participants, which is captured in the following sections. However, further work beyond the scope of this study will be necessary to prioritize these recommendations and turn them into concrete strategies.





# General Observations on the Statistical Analysis

Although the findings were to some extent severe, respondents broadly concurred with **the overall conclusions, especially concerning the performance gap among Quebec, Ontario, and British Columbia, noting that the results align with what they observe or hear in their professional activities.**

Some participants expressed surprise at the size of the gap between Quebec and British Columbia. However, many reinforced the findings, highlighting that the flow of investable opportunities in Quebec seems to have slowed in recent years, especially in the biopharmaceutical sector, while stronger opportunities appear to exist in Ontario and British Columbia.

Another point of broad consensus was that the three subsectors (biopharmaceutical, medtech, and healthtech) have distinct dynamics. While some features apply to the entire LHST landscape, these subsectors require separate, more focused analyses.

The feedback from the interviews showed **a strong level of alignment among respondents.** Many participants, without being asked, expressed a willingness to collaborate on implementing the solutions that emerge from this study.

## How Can We Explain the Results?

These observations can be grouped around three main themes:

- Financing
- Deal Flow
- Ecosystem

### 1. Financing

#### *A severely underfunded sector in Canada*

All participants highlighted the significant insufficiency of funding sources for the life sciences and health technologies (LSHT) sector in Canada. The number and size of Canadian venture capital (VC) funds remain both too few in number and too small in size. While the number of companies requiring financing and their capital needs have risen dramatically over the past decade, the quantity and scale of Canadian funds have remained largely stagnant.

Major institutional investors, such as pension funds, are largely absent from the sector, whether as limited partners in funds or direct investors in large growth rounds. This absence is particularly paradoxical, and unfortunate given that data suggests LSHT **often generates the largest VC exits and tends to outperform IT in long-term returns (see Charts 8A and 8B in Appendix 8).**

In later stages, Canadian-origin funding deficit are largely addressed by U.S. and international VC funds, which dominate large exits. However, this reliance on foreign capital creates several challenges. The following impacts emerge:

- (i) a majority of the created value benefits foreign funds.
- (ii) a higher likelihood that the company will relocate south of the border.
- (iii) a diminished probability that the company will remain independent and evolve into an anchor firm.

- While angel investors and entrepreneur-led funds help mitigate the lack of seed and early-stage funding, this issue is a pan-Canadian challenge. Quebec, however, is relatively better served by local VC funds compared to other provinces.

However:

- In British Columbia, angel investors play a pivotal role in providing seed and early-stage funding. In contrast, Quebec's angel investment ecosystem is much less developed and does not counterbalance the broader weaknesses in the local venture capital landscape.
- At the growth stage, the absence of CDPQ's participation in the LSHT sector, despite its involvement as an anchor investor in notable technology funds (e.g., Inovia) and companies (e.g., Lightspeed), represents a significant missed opportunity for Quebec's LSHT ecosystem.

## Angel Investment

Respondents investing or operating across Canada consistently highlighted a key distinction between Quebec and British Columbia: **the vibrancy of angel investment in British Columbia**, which significantly enhances the ecosystem's overall dynamism.

In British Columbia, angel investors are more numerous and better connected, among themselves, with angels from other sectors, and with U.S. angel networks. They are capable of organizing sizeable financing rounds, sometimes ranging from \$8 million to \$10 million. These angel investors play a pivotal role in helping start-ups launch, offering entrepreneurs access to robust local and international (primarily American) networks of expertise and funding.

Notable successes, such as Zymeworks and enGene, originated in British Columbia through, supported by substantial angel-backed funding rounds. In addition, there is a strong presence of angel/entrepreneur-led funds (e.g., Northview, Pallasite, Novateur) and venture capital fund managers backed by angels and family offices (e.g., Pender Ventures).

While the typical frictions around capitalization structures and valuations between angels and venture capital exist, a collaborative culture appears to have taken root in British Columbia to a greater extent than in Quebec.

In comparison, Quebec has a much smaller base of angel investors specializing in life sciences and health technologies (LSHT). Organizations like Angés Québec and Angés Québec Capital lack significant expertise in this sector, leading to minimal investment activity. Unlike in British Columbia, where angel rounds can sustain companies until they secure local or international venture capital funding, Quebec's angel rounds are rarely substantial enough to serve this purpose. Moreover, experienced LSHT angels in Quebec are scarce, with limited ties to Angés Québec or Angés Québec Capital. However, some respondents observed signs of gradual improvement in this area.

A major factor behind the difference in angel investment activity is British Columbia's **Small Business Venture Capital Tax Credit**, introduced in 1985 and updated regularly since. Evaluations conducted in 2010 already demonstrated the program's positive impact on the amounts raised by participating companies.<sup>1</sup>

While the tax credit's positive impact is widely recognized, interviewees unanimously stressed that it alone does not fully explain British Columbia's strong momentum. The province benefits from a dynamic network of angel investors that facilitates robust internal connectivity, linking sector-specific angels, those from other industries, universities, and venture capitalists, as well as external connections with U.S.-based angel networks and investors.

This dynamism is driven both organically, through various decentralized initiatives, and through structured support from organizations like Life Sciences British Columbia. As a result, deal flow, especially from academic institutions, is more effectively directed toward angel investors. This coordination allows for larger angel rounds and stronger alignment with the broader funding ecosystem.

The following sections explore these ecosystem effects in greater detail.

<sup>1</sup> "In aggregate, we estimate that tax credits of \$256M were leveraged into at least \$2.3B of equity investments. On average, companies raised a total of \$2.14M of equity within the program. Retail-backed companies raised considerably larger amounts (\$4.61M) than nonretail backed companies (\$810K). We find that for every \$1 of equity raised within the program, companies raised on average an additional \$3.76 of equity and \$1.15 of debt outside the program, demonstrating the program's capital leverage". Thomas Hellmann and Paul Schure, An Evaluation of the Venture Capital Program in British Columbia, p.4. [https://www.mikevolker.com/Hellmann\\_Venture\\_Capital\\_Report\\_2010.pdf](https://www.mikevolker.com/Hellmann_Venture_Capital_Report_2010.pdf)

### *A less entrepreneurial financing structure in Quebec*

While British Columbia's ecosystem thrives on angel and angel/entrepreneur funds, it has relatively few locally based venture capital firms. In contrast, Quebec stands out with:

- A higher concentration of private institutional venture capital.
- Numerous tax-advantaged and government-backed funds.
- Extensive government support programs and a robust network of support organizations, including incubators, accelerators, and technology transfer entities.

This strong foundation enhances early-stage financing opportunities, but respondents highlighted some challenges:

- Conditions tied to public funding can discourage external investors.
- Entrepreneurs may prioritize public financing over “bootstrapping” or attracting private capital, both within and outside Quebec (as further discussed in the section on entrepreneurship).
- The abundance of support organizations can fragment the ecosystem, hindering collaboration and sometimes fostering local competition for government resources, reducing overall cohesion and effectiveness.

By comparison, British Columbia benefits from a more unified approach, often attributed to the coordinating role of Life Sciences British Columbia. This cohesive leadership is frequently identified as a critical factor in the province's success.



## 2. Le Deal Flow

### Sources of deal flow

Respondents unanimously agreed that scientific research in Quebec is of exceptional quality, comparable to that in other leading life sciences hubs across North America. They also noted that technology transfer from universities tends to be challenging and complex throughout Canada, meaning Quebec is not uniquely disadvantaged in this respect.

**However, many pointed out that entrepreneurial culture appears stronger in British Columbian universities.** A greater number of professors in British Columbia have successfully launched companies, and their postdoctoral fellows frequently establish their own ventures, often with substantial university support. While similar efforts are beginning to emerge in Quebec, most notably at McGill, networking between academics and the broader ecosystem (e.g., angel investors, venture capitalists) is seen as more advanced in British Columbia.<sup>2</sup>

Institutions like UBC, SFU, SickKids, and initiatives such as the OBIO Financing Forum are perceived as hosting more events aimed at showcasing and commercializing laboratory discoveries, these type of activities are less commonly observed in Quebec. There were high expectations for Axelys to drive improvements in the valorization of university research, but its impact has been limited thus far.

Additionally, the technologies underpinning new companies are not confined to Quebec, as demonstrated by examples like Inversago. To fully leverage these external opportunities, entrepreneurs and ecosystem stakeholders need stronger connections beyond Quebec's borders, a theme explored further in the section on global connectivity.

### Entrepreneurs and talent

Several respondents, particularly those involved in early-stage company creation, observed that Quebec's deal flow has become less dynamic and of lower quality in recent years compared to Ontario and British Columbia. They attribute this primarily to a more limited and less effective pool of qualified entrepreneurs compared to those provinces.<sup>3</sup>

Key factors contributing to this include:

- **Experienced Talent Recycling:** British Columbia benefits from multiple successful exits, leading to a steady flow of experienced professionals and founders reinvesting their expertise into new ventures.
- **Ambition and Innovation:** Universities and entrepreneurial communities in Ontario and British Columbia demonstrate higher levels of ambition, driving more innovation and start-up creation.
- **Global Engagement:** Entrepreneurs in British Columbia actively engage with ecosystems in Seattle, San Francisco, China, and Asia, while many in Quebec remain locally focused.
- **Limited U.S. Outreach:** Emerging entrepreneurs in Quebec are less likely to explore U.S. markets like Boston for funding or talent acquisition, though some fund managers are working to bridge this gap.
- **Support Organization Gaps:** Some Quebec support organizations reportedly do not meet investor expectations regarding entrepreneurial culture, ambition, and international connectivity.

Respondents also highlighted that many Quebec management teams lack the strength needed to secure significant venture capital, creating a vicious cycle: limited seed funding hampers the recruitment of top talent, which in turn reduces the appeal of larger investments. In contrast, British Columbia's larger angel rounds, coupled with a robust entrepreneurial mindset and expansive networks, help break this cycle. By settling for modest seed rounds and less ambitious goals, Quebec companies often rely on "B teams" that struggle to achieve strong outcomes.

As one respondent succinctly put it: **"You have to be ambitious, go wherever the talent is, and pay for it—nothing less."**

<sup>2</sup> Cette dimension entrepreneuriale des universités en BRITISH COLUMBIA est bien illustrée par l'article de Sean Silcoff dans le Globe and Mail : "B.C. biotech boom: Vancouver looks to join the global big leagues of modern medicine"

<sup>3</sup> All of the above, plus QLT, Angiotech and other past startups including AnorMED Inc. and Cardiome Pharma Corp., have something in common: the University of British Columbia. All were founded by professors and students at Western Canada's largest university. No other Canadian institution comes close to playing such a central role in a regional innovation ecosystem nor has such a prolific set of academics-turned-entrepreneurs. UBC's leaders are keen to expand upon that legacy".

<sup>3</sup> Plusieurs d'entre eux participaient à l'événement Next CEO organisé avec le concours de Versant Ventures pour coacher la prochaine génération de CEOs et il est apparu que les candidats du QUEBEC n'étaient pas parmi les meilleurs.

### 3. The ecosystem

Numerous comments were made about the overall vitality of Quebec's ecosystem. These insights can be grouped into three main themes:

- Critical mass of companies
- Local connectivity
- Global connectivity

#### *Critical mass of companies*

Over the past decade, success stories such as Xenon, Zymeworks, Chinook, AbCellera, and Abdera have contributed to establish a growing cluster of mid-sized companies in British Columbia, each employing several hundred people. This growth is further supported by Amgen's R&D center (180 employees) and a large firm like Stemcell (2,500 employees). Graph 1 in the appendix highlights British Columbia's increasing number of sizable companies ([Appendix 9](#)).

**These larger firms play a key role in talent circulation and in enhancing the ecosystem's appeal to external talent.** A broader range of job opportunities encourages candidates to relocate, strengthening the region's overall attractiveness.

In contrast, Quebec experienced the departure of major pharmaceutical research teams in Montreal during the 2000s. While some professionals stayed in the province, many moved away. Additionally, significant exits in Quebec over the past 15 years have rarely resulted in the creation of substantial local teams.

This absence of critical mass limits Quebec's ecosystem visibility and reduces its ability to attract both funding and talent.

#### *Local connectivity*

Several interviewees raised concerns about local connectivity, a recurring theme from earlier sections. Respondents consistently observed that British Columbia's connectivity among angels, entrepreneurs, universities, investors, and support organizations, both within and beyond the LSHT sector and with U.S. networks (e.g., Seattle, the West Coast), is significantly stronger than Quebec's.

British Columbia's universities also demonstrate a deeper entrepreneurial culture, more tightly linked to the broader ecosystem. In contrast, Quebec's universities are often seen as more insular. <sup>4</sup> Graph 2 in the appendix highlights the connections between universities and start-up formation in British Columbia ([Appendix 9](#)).

Stakeholders attributed this robust connectivity to cultural factors, decentralized structures, and the contributions of key organizations:

- Life Sciences British Columbia (LSBC): Many complimented LSBC for its events and ecosystem support, particularly for angel networks, noting that "there is nothing comparable in Quebec."
- Creative Destruction Lab (CDL): While CDL has introduced a "Health Stream" in Vancouver and an "Advanced Therapies and Neuro Stream" in Toronto, there is currently no equivalent program for life sciences in Montreal.

In contrast, Montreal's ecosystem was frequently described as fragmented, with stakeholders citing "too many doors to knock on and too many turf wars." No single entity appears to fulfill the kind of ecosystem leadership role that Life Sciences British Columbia assumes in its region.

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<sup>4</sup> À nouveau, l'intensité de cette dimension de connectivité locale et globale en lien avec la culture entrepreneuriale des universités, le recyclage et l'attraction de talent et les financements est bien illustrée par l'article pré cité de Sean Silcoff.



## Global connectivity

Global connectivity is critical to an ecosystem's success as it facilitates funding, attracting both companies and talent, and enhancing the visibility and appeal of emerging technologies. For historical reasons, achieving this international reach has proven more challenging in Quebec, partly due to language barriers and network limitations. Several respondents noted the ecosystem's tendency to remain overly insular, with insufficient ties to international opportunities, particularly among newer entrepreneurs.

Many also noted that this issue has degraded over time rather than improved. BioContact, which once placed Quebec on the map, has not been replaced by any comparable event or initiative. **Additionally, in recent years, with the passage of Law 96, its implementation, and the surrounding debates, Quebec has signaled a reduced openness to the outside world, just as companies and skilled professionals are becoming more mobile.** Multiple interviews revealed concrete examples of how this shift has negatively impacted the location and growth of companies in Quebec.

## 4. Sector-specific observations

Discussions mainly revolved around the biopharmaceutical sector, historically Quebec's strongest subsector within LSHT, on comparisons with British Columbia, which appears to have surpassed Quebec in this area. Stakeholders unanimously agreed that the three LSHT subsectors, biopharmaceutical, medtech, and healthtech, require individual analysis due to their unique characteristics and specialized expertise. Interviewees also provided insights on medtech and healthtech.

### Medtech

Feedback on the medtech subsector varied depending on respondents' primary focus:

- **Biopharma-Focused Observers:** These participants viewed medtech as particularly challenging. Exits are often controlled by a small group of dominant companies (an oligopsony), returns are generally lower than in biopharma, and Quebec does not have a distinct competitive edge as the core market and key customers are based in the United States, a vastly different environment from Quebec.
- **Medtech Specialists:** From this perspective, Quebec's medtech sector shows significant potential, with a strong pipeline of innovative technologies. For those with the right expertise and connections to industry leaders and the U.S. market, the sector can be highly promising.

However, Quebec has a limited number of experienced medtech entrepreneurs, fewer than in biopharma, and an acute insufficiency of funding. In contrast, British Columbia and Ontario benefit from more active angel investment communities and stronger ties to the U.S. market. One investor highlighted this during the interviews, noting the advantages these provinces gain from greater U.S. connectivity:

*"The chances that a company has already made that jump and is effectively operating in the United States by the time they get to two to four million in revenue are just higher if the company is in Ontario or BC, because those ecosystems are more connected to the US, more culturally similar, there's a better likelihood that they got investment from US investors that would bring them into those networks."*

To enhance **Quebec's position, it is essential to create specialized medtech financing teams composed of seasoned professionals.**

### Healthtech

Respondents highlighted two major factors driving the rapid growth of the healthtech sector over the past decade: the shift to remote work catalyzed by the COVID-19 pandemic and recent advancements in artificial intelligence.

They also emphasized that the primary market for healthtech solutions lies in the United States, where regulations differ significantly from those in Quebec and provide little opportunity for solutions designed for the local market. **As a result, establishing strong, early connections to the U.S. is critical. AlayaCare's success serves as a notable example of this approach.**

# Preliminary Recommendations

Much like the feedback gathered, the principal recommendations can be categorized under the following themes:

- Financing
- Deal Flow
- Ecosystem

Caveat: The preliminary recommendations derived from the interviews are intended to encourage further reflection. They have not yet been subjected to thorough evaluation. Additional efforts will be needed to prioritize these recommendations and develop them into actionable proposals.

## 1. Financing

### *Angels and Seed Investments*

- Consider implementing a tax credit for angel investors.
- **Promote the integration** of seasoned LSHT angels into the ecosystem.
- Support the emergence of angel/entrepreneur-led funds.

### *Venture capital (Canadian level)*

- Promote the emergence of larger Canadian venture capital funds. Parties involved: IQ, BDC, Teralys, VCCI, pension funds.

### *Institutional financing at growth stages*

- **Engage Canadian institutional funds (pension funds) in:**
  - Investing in Canadian venture capital funds.
  - Participating in growth-stage financing of Canadian companies to support the emergence of anchor firms capable of driving sustained ecosystem growth.



## 2. Deal Flow

### Universities

- Stimulate Entrepreneurial Culture and Connectivity: promote an entrepreneurial mindset among interested university faculty and researchers. Increase connections between entrepreneurial faculty and the broader ecosystem, including angel investors and venture capitalists.
- Adopt Best Practices: showcase university-developed technologies through targeted events and accessible public platforms, drawing inspiration from initiatives like NIH RePORTER<sup>5</sup> in the United States.
- Leverage Success Stories: build upon existing programs and success stories that demonstrate effective outcomes.
- Enhance Commercialization Efforts: continue collaborating with Axelys to support the commercialization and valorization of university-based technologies.

### Entrepreneurs and talent

- Coaching for Emerging Entrepreneurs: strengthen and expand current support programs—such as Next CEO and AdMare’s Fellowship Program—that have demonstrated tangible benefits.
- Track and Recycle Talent: monitor the trajectories of skilled individuals after successful exits: Are there organic or organized initiatives that connect them to new opportunities within the ecosystem?
- Attracting and Retaining Talent :
  - Elevate the ecosystem’s global appeal.
  - Facilitate External Connections for Quebec Entrepreneurs: enhance links with global talent pools, including Boston, to attract and retain top-tier expertise.

## 3. The Ecosystem

### Local and global connectivity

- Identify and Capitalize on Existing Positive Initiatives: build on successful programs such as Next CEO, Sweet Pharma Day, and AdMare’s Fellowship Program to strengthen ecosystem connections.
- Draw Inspiration from Leading Practices, particularly in British Columbia: learn from British Columbia’s life sciences ecosystem by organizing a study tour to Life Sciences British Columbia and Vancouver during a major event, involving key Quebec stakeholders.
- Enhance Cross-Border Links: strengthen relationships with organizations like Canadian Entrepreneurs in New England (CENE) to expand international networks and opportunities.
- Form a dedicated working group: establish a collaborative group to align and optimize ecosystem support functions, aiming for greater efficiency, impact, and collective leadership within Quebec’s LSHT sector.

### Ecosystem attractiveness

- Counteract the adverse perceptions associated with Law 96. Collaborate with key stakeholders to develop and execute targeted communication and outreach initiatives aimed at dispelling misconceptions and reinforcing Quebec’s commitment to welcoming external investors and talent.

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<sup>5</sup> <https://reporter.nih.gov/>



# Appendices

# Appendix 1 :

## Table on the Number of Funded Companies

TABLE 1

### Number of Funded Companies and Total Funding by Province and Subsector

Quebec	Number of Funded Companies				Total CAD Invested			
	2013-2018		2019-2023		2013-2018		2019-2023	
	Number	%	Number	%	M\$	%	M\$	%
<b>Total</b>	85	100%	102	100%	1080	100%	2059	100%
<b>Biopharmaceutical</b>	39	46%	35	34%	887	82%	1182	57%
<b>Medtech</b>	29	34%	29	28%	98	9%	211	10%
<b>Healthtech</b>	13	15%	32	31%	78	7%	653	32%
<b>Others</b>	4	5%	6	6%	17	2%	13	1%

Ontario	Number of Funded Companies				Total CAD Invested			
	2013-2018		2019-2023		2013-2018		2019-2023	
	Number	%	Number	%	M\$	%	M\$	%
<b>Total</b>	204	100%	319	100%	1445	100%	3896	100%
<b>Biopharmaceutical</b>	43	21%	70	22%	372	26%	1302	33%
<b>Medtech</b>	59	29%	85	27%	486	34%	802	21%
<b>Healthtech</b>	81	40%	140	44%	418	29%	1572	40%
<b>Others</b>	21	10%	24	8%	169	12%	220	6%

BC	Number of Funded Companies				Total CAD Invested			
	2013-2018		2019-2023		2013-2018		2019-2023	
	Number	%	Number	%	M\$	%	M\$	%
<b>Total</b>	107	100%	144	100%	726	100%	2495	100%
<b>Biopharmaceutical</b>	33	31%	51	35%	275	38%	1457	58%
<b>Medtech</b>	31	29%	32	22%	180	25%	701	28%
<b>Healthtech</b>	30	28%	44	31%	85	12%	172	7%
<b>Others</b>	13	12%	17	12%	186	26%	165	7%

Sources: PitchBook, Réseau Capital



## Appendix 2 : Table on the Deal Count

TABLE 2

### Number of Venture Capital Deals by Sector (Annual Averages)

Total	ON	BC	QC	QC/ON	QC/BC
2013-2023	76,8	40,1	26,5	34%	66%
2013-2018	54,8	28,8	20,3	37%	71%
2019-2023	103,2	53,6	33,8	33%	63%
19-23/13-18	188%	186%	166%		
			<b>GDP</b>	<b>51%</b>	<b>144%</b>

Biopharmaceut	ON	BC	QC	QC/ON	QC/BC
2013-2023	19,8	17,4	11,0	56%	63%
2013-2018	14,3	12,7	10,7	74%	84%
2019-2023	26,4	23,0	11,4	43%	50%
19-23/13-18	184%	182%	107%		
			<b>GDP</b>	<b>51%</b>	<b>144%</b>

Medtech	ON	BC	QC	QC/ON	QC/BC
2013-2023	22,5	11,3	8,4	37%	74%
2013-2018	17,8	7,8	6,2	35%	79%
2019-2023	28,2	15,4	11,0	39%	71%
19-23/13-18	158%	197%	178%		
			<b>GDP</b>	<b>51%</b>	<b>144%</b>

Healthtech	ON	BC	QC	QC/ON	QC/BC
2013-2023	32,3	10,8	6,6	21%	61%
2013-2018	20,8	8,0	3,3	16%	42%
2019-2023	46,0	14,2	10,6	23%	75%
19-23/13-18	221%	178%	318%		
			<b>GDP</b>	<b>51%</b>	<b>144%</b>

Sources: PitchBook, Réseau Capital

## Appendix 2 : Table on the Deal Count

TABLE 3

### Number of Venture Capital Deals by Sector (Annual Averages) All Subsectors Combined

Total	ON	BC	QC	QC/ON	QC/BC
2013-2023	76,8	40,1	26,5	34%	66%
2013-2018	54,8	28,8	20,3	37%	71%
2019-2023	103,2	53,6	33,8	33%	63%
19-23/13-18	188%	186%	166%		
			<b>GDP</b>	<b>51%</b>	<b>144%</b>

Seed & Angel	ON	BC	QC	QC/ON	QC/BC
2013-2023	32,8	18,9	9,8	30%	52%
2013-2018	25,3	16,0	6,0	24%	38%
2019-2023	41,8	22,4	14,4	34%	64%
19-23/13-18	165%	140%	240%		
			<b>GDP</b>	<b>51%</b>	<b>144%</b>

Early Stage	ON	BC	QC	QC/ON	QC/BC
2013-2023	20,7	9,2	8,6	42%	94%
2013-2018	14,8	7,0	7,8	53%	112%
2019-2023	27,8	11,8	9,6	35%	81%
19-23/13-18	187%	169%	123%		
			<b>GDP</b>	<b>51%</b>	<b>144%</b>

Later Stage	ON	BC	QC	QC/ON	QC/BC
2013-2023	23,3	12,0	8,0	34%	67%
2013-2018	14,7	5,8	6,5	44%	111%
2019-2023	33,6	19,4	9,8	29%	51%
19-23/13-18	229%	333%	151%		
			<b>GDP</b>	<b>51%</b>	<b>144%</b>

Sources: PitchBook, Réseau Capital

## Appendix 2 : Table on the Deal Count

TABLE 4

### Number of Venture Capital Deals by Sector (Annual Averages)

#### Biopharmaceutical

Total	ON	BC	QC	QC/ON	QC/BC
2013-2023	19,8	17,4	11,0	56%	63%
2013-2018	14,3	12,7	10,7	74%	84%
2019-2023	26,4	23,0	11,4	43%	50%
19-23/13-18	184%	182%	107%		
			<b>GDP</b>	<b>51%</b>	<b>144%</b>

Seed & Angel	ON	BC	QC	QC/ON	QC/BC
2013-2023	7,4	8,1	2,4	32%	29%
2013-2018	5,5	6,8	1,5	27%	22%
2019-2023	9,6	9,6	3,4	35%	35%
19-23/13-18	175%	140%	227%		
			<b>GDP</b>	<b>51%</b>	<b>144%</b>

Early Stage	ON	BC	QC	QC/ON	QC/BC
2013-2023	7,6	4,5	4,5	60%	100%
2013-2018	6,2	3,5	4,7	76%	133%
2019-2023	9,4	5,8	4,4	47%	76%
19-23/13-18	152%	166%	94%		
			<b>GDP</b>	<b>51%</b>	<b>144%</b>

Later Stage	ON	BC	QC	QC/ON	QC/BC
2013-2023	4,8	4,7	4,1	85%	87%
2013-2018	2,7	2,3	4,5	169%	193%
2019-2023	7,4	7,6	3,6	49%	47%
19-23/13-18	278%	326%	80%		
			<b>GDP</b>	<b>51%</b>	<b>144%</b>

Sources: PitchBook, Réseau Capital

## Appendix 2 : Table on the Deal Count

TABLE 5

### Number of Venture Capital Deals by Sector (Annual Averages)

#### Medtech

Total	ON	BC	QC	QC/ON	QC/BC
2013-2023	22,5	11,3	8,4	37%	74%
2013-2018	17,8	7,8	6,2	35%	79%
2019-2023	28,2	15,4	11,0	39%	71%
19-23/13-18	158%	197%	178%		
			<b>GDP</b>	<b>51%</b>	<b>144%</b>

Seed & Angel	ON	BC	QC	QC/ON	QC/BC
2013-2023	8,2	5,2	4,1	50%	79%
2013-2018	6,5	4,0	2,7	41%	67%
2019-2023	10,2	6,6	5,8	57%	88%
19-23/13-18	157%	165%	218%		
			<b>GDP</b>	<b>51%</b>	<b>144%</b>

Early Stage	ON	BC	QC	QC/ON	QC/BC
2013-2023	4,5	1,5	1,6	37%	113%
2013-2018	3,8	1,2	1,8	48%	157%
2019-2023	5,2	1,8	1,4	27%	78%
19-23/13-18	136%	154%	76%		
			<b>GDP</b>	<b>51%</b>	<b>144%</b>

Later Stage	ON	BC	QC	QC/ON	QC/BC
2013-2023	9,9	4,6	2,6	27%	57%
2013-2018	7,5	2,7	1,7	22%	63%
2019-2023	12,8	7,0	3,8	30%	54%
19-23/13-18	171%	263%	228%		
			<b>GDP</b>	<b>51%</b>	<b>144%</b>

Sources: PitchBook, Réseau Capital

## Appendix 2 : Table on the Deal Count

TABLE 6

### Number of Venture Capital Deals by Sector (Annual Averages)

#### Healthtech

Total	ON	BC	QC	QC/ON	QC/BC
2013-2023	32,3	10,8	6,6	21%	61%
2013-2018	20,8	8,0	3,3	16%	42%
2019-2023	46,0	14,2	10,6	23%	75%
19-23/13-18	221%	178%	318%		
			<b>GDP</b>	<b>51%</b>	<b>144%</b>

Seed & Angel	ON	BC	QC	QC/ON	QC/BC
2013-2023	16,5	5,5	3,2	19%	58%
2013-2018	12,5	5,0	1,7	13%	33%
2019-2023	21,2	6,0	5,0	24%	83%
19-23/13-18	170%	120%	300%		
			<b>GDP</b>	<b>51%</b>	<b>144%</b>

Early Stage	ON	BC	QC	QC/ON	QC/BC
2013-2023	8,1	2,7	2,4	29%	87%
2013-2018	4,3	2,2	1,3	31%	62%
2019-2023	12,6	3,4	3,6	29%	106%
19-23/13-18	291%	157%	270%		
			<b>GDP</b>	<b>51%</b>	<b>144%</b>

Later Stage	ON	BC	QC	QC/ON	QC/BC
2013-2023	7,7	2,6	1,1	14%	41%
2013-2018	4,0	0,8	0,3	8%	40%
2019-2023	12,2	4,8	2,0	16%	42%
19-23/13-18	305%	576%	600%		
			<b>GDP</b>	<b>51%</b>	<b>144%</b>

Sources: PitchBook, Réseau Capital



# Appendix 3 : Table on the average Deal Size

TABLE 7

## Average Deal Size by Subsector and Period (M\$)

Total	ON	BC	QC	QC/ON	QC/BC
2013-2023	6,32 \$	7,30 \$	10,79 \$	171%	148%
2013-2018	4,39 \$	4,20 \$	8,85 \$	202%	211%
2019-2023	7,55 \$	9,31 \$	12,18 \$	161%	131%
19-23/13-18	172%	222%	138%		
			<b>GDP</b>	<b>51%</b>	<b>144%</b>

Biopharmaceutical	ON	BC	QC	QC/ON	QC/BC
2013-2023	7,7 \$	9,1 \$	17,1 \$	2,226774	1,885648
2013-2018	4,3 \$	3,6 \$	13,9 \$	3,204049	3,830227
2019-2023	9,9 \$	12,7 \$	20,7 \$	2,102353	1,636745
19-23/13-18	228%	350%	150%		
			<b>GDP</b>	<b>51%</b>	<b>144%</b>

Medtech	ON	BC	QC	QC/ON	QC/BC
2013-2023	5,2 \$	7,1 \$	3,4 \$	65%	47%
2013-2018	4,5 \$	3,8 \$	2,6 \$	58%	69%
2019-2023	5,7 \$	9,1 \$	3,8 \$	67%	42%
19-23/13-18	125%	238%	145%		
			<b>GDP</b>	<b>51%</b>	<b>144%</b>

Healthtech	ON	BC	QC	QC/ON	QC/BC
2013-2023	5,6 \$	2,2 \$	10,0 \$	179%	464%
2013-2018	3,3 \$	1,8 \$	3,9 \$	117%	220%
2019-2023	6,8 \$	2,4 \$	12,3 \$	180%	509%
19-23/13-18	204%	137%	316%		
			<b>GDP</b>	<b>51%</b>	<b>144%</b>

Sources: PitchBook, Réseau Capital

## Appendix 4 : Table on Total Dollar Invested (M\$ CAD)

TABLE 8

### Total Funding by Sector – Annual Averages (M\$)

Total	ON	BC	QC	QC/ON	QC/BC
2013-2023	486 \$	293 \$	285 \$	59%	97%
2013-2018	241 \$	121 \$	180 \$	75%	149%
2019-2023	779 \$	499 \$	412 \$	53%	83%
19-23/13-18	324%	412%	229%		
			<b>GDP</b>	<b>51%</b>	<b>144%</b>

Biopharmaceutics	ON	BC	QC	QC/ON	QC/BC
2013-2023	152 \$	157 \$	188 \$	124%	119%
2013-2018	62 \$	46 \$	148 \$	238%	323%
2019-2023	260 \$	291 \$	236 \$	91%	81%
19-23/13-18	420%	636%	160%		
			<b>GDP</b>	<b>51%</b>	<b>144%</b>

Medtech	ON	BC	QC	QC/ON	QC/BC
2013-2023	117 \$	80 \$	28 \$	24%	35%
2013-2018	81 \$	30 \$	16 \$	20%	54%
2019-2023	160 \$	140 \$	42 \$	26%	30%
19-23/13-18	198%	467%	258%		
			<b>GDP</b>	<b>51%</b>	<b>144%</b>

Healthtech	ON	BC	QC	QC/ON	QC/BC
2013-2023	\$ 181	\$ 23	\$ 66	37%	284%
2013-2018	\$ 70	\$ 14	\$ 13	19%	92%
2019-2023	\$ 314	\$ 34	\$ 131	42%	380%
19-23/13-18	451%	243%	1005%		
			<b>GDP</b>	<b>51%</b>	<b>144%</b>

Sources: PitchBook, Réseau Capital

Quebec's Life Sciences Venture Capital Landscape: Challenges and Recommendations

# Appendix 4 : Table on Total Dollar Invested (M\$ CAD)

TABLE 9

## Total Funding by Stage – Annual Averages (M\$)

### All Subsectors Combined

Total	ON	BC	QC	QC/ON	QC/BC
2013-2023	486 \$	293 \$	285 \$	59%	97%
2013-2018	241 \$	121 \$	180 \$	75%	149%
2019-2023	779 \$	499 \$	412 \$	53%	83%
19-23/13-18	324%	412%	229%		
			<b>GDP</b>	<b>51%</b>	<b>144%</b>

Seed & Angel	ON	BC	QC	QC/ON	QC/BC
2013-2023	66 \$	34 \$	25 \$	38%	73%
2013-2018	36 \$	29 \$	14 \$	38%	49%
2019-2023	101 \$	41 \$	38 \$	38%	93%
19-23/13-18	281%	144%	275%		
			<b>GDP</b>	<b>51%</b>	<b>144%</b>

Early Stage	ON	BC	QC	QC/ON	QC/BC
2013-2023	118 \$	81 \$	114 \$	97%	141%
2013-2018	83 \$	28 \$	89 \$	107%	314%
2019-2023	161 \$	144 \$	145 \$	90%	100%
19-23/13-18	195%	510%	163%		
			<b>GDP</b>	<b>51%</b>	<b>144%</b>

Later Stage	ON	BC	QC	QC/ON	QC/BC
2013-2023	302 \$	178 \$	146 \$	48%	82%
2013-2018	122 \$	64 \$	77 \$	63%	120%
2019-2023	517 \$	314 \$	229 \$	44%	73%
19-23/13-18	424%	489%	297%		
			<b>GDP</b>	<b>51%</b>	<b>144%</b>

Sources: PitchBook, Réseau Capital

# Appendix 4 : Table on Total Dollar Invested (M\$ CAD)

TABLE 10

## Total Funding by Stage - Annual Averages (M\$) Biopharmaceutical

Total	ON	BC	QC	QC/ON	QC/BC
2013-2023	152 \$	157 \$	188 \$	124%	119%
2013-2018	62 \$	46 \$	148 \$	238%	323%
2019-2023	260 \$	291 \$	236 \$	91%	81%
19-23/13-18	420%	636%	160%		
			<b>GDP</b>	<b>51%</b>	<b>144%</b>

Seed & Angel	ON	BC	QC	QC/ON	QC/BC
2013-2023	20 \$	13 \$	7 \$	35%	53%
2013-2018	9 \$	9 \$	6 \$	69%	66%
2019-2023	34 \$	19 \$	8 \$	25%	45%
19-23/13-18	402%	211%	144%		
			<b>GDP</b>	<b>51%</b>	<b>144%</b>

Early Stage	ON	BC	QC	QC/ON	QC/BC
2013-2023	57 \$	60 \$	97 \$	171%	163%
2013-2018	27 \$	11 \$	80 \$	294%	701%
2019-2023	93 \$	117 \$	118 \$	128%	101%
19-23/13-18	343%	1036%	149%		
			<b>GDP</b>	<b>51%</b>	<b>144%</b>

Later Stage	ON	BC	QC	QC/ON	QC/BC
2013-2023	75 \$	85 \$	84 \$	112%	99%
2013-2018	27 \$	26 \$	63 \$	236%	244%
2019-2023	134 \$	155 \$	110 \$	82%	71%
19-23/13-18	504%	605%	176%		
			<b>GDP</b>	<b>51%</b>	<b>144%</b>

Sources: PitchBook, Réseau Capital

# Appendix 5 : Table on the number of active investors

TABLE 11

## Number of Active Investors by Investor Type

All Subsectors combined

Canada	Total	Angels	Angel Groups	Accelerators	VC Funds
<b>Total</b>	1947	435	69	84	1367
<b>2013-2018</b>	850	198	31	46	577
<b>2019-2023</b>	1372	254	57	49	1020
<b>(19-23)/(13/18)</b>	161%	128%	184%	107%	177%
Quebec	Total	Angels	Angel Groups	Accelerators	VC Funds
<b>Total</b>	405	72	12	14	309
<b>2013-2018</b>	188	26	4	6	152
<b>2019-2023</b>	277	47	10	9	213
<b>(19-23)/(13/18)</b>	147%	181%	250%	150%	140%
Ontario	Total	Angels	Angel Groups	Accelerators	VC Funds
<b>Total</b>	1134	244	37	59	799
<b>2013-2018</b>	501	134	17	29	321
<b>2019-2023</b>	769	119	30	37	588
<b>(19-23)/(13/18)</b>	153%	89%	176%	128%	183%
BC	Total	Angels	Angel Groups	Accelerators	VC Funds
<b>Total</b>	511	100	22	17	373
<b>2013-2018</b>	169	31	5	11	122
<b>2019-2023</b>	397	73	20	8	297
<b>(19-23)/(13/18)</b>	235%	235%	400%	73%	243%
QC/ON	Total	Angels	Angel Groups	Accelerators	VC Funds
<b>Total</b>	36%	30%	32%	24%	39%
<b>2013-2018</b>	38%	19%	24%	21%	47%
<b>2019-2023</b>	36%	39%	33%	24%	36%
QC/BC	Total	Angels	Angel Groups	Accelerators	VC Funds
<b>Total</b>	79%	72%	55%	82%	83%
<b>2013-2018</b>	111%	84%	80%	55%	125%
<b>2019-2023</b>	70%	64%	50%	113%	72%

Sources: PitchBook, Réseau Capital



# Appendix 5 : Table on the Number of Active Investors

TABLE 12

## Number of Active Investors by Investor Type Biopharmaceutical

Canada	Total	Angels	Angel Groups	Accelerators	VC Funds
<b>Total</b>	560	39	20	22	482
<b>2013-2018</b>	217	11	4	10	194
<b>2019-2023</b>	417	29	20	15	355
<b>(19-23)/(13/18)</b>	192%	264%	500%	150%	183%

Quebec	Total	Angels	Angel Groups	Accelerators	VC Funds
<b>Total</b>	172	9	7	6	150
<b>2013-2018</b>	88	3	2	3	80
<b>2019-2023</b>	111	6	7	4	94
<b>(19-23)/(13/18)</b>	126%	200%	350%	133%	118%

Ontario	Total	Angels	Angel Groups	Accelerators	VC Funds
<b>Total</b>	238	13	6	13	208
<b>2013-2018</b>	84	4	1	6	73
<b>2019-2023</b>	182	9	6	8	160
<b>(19-23)/(13/18)</b>	217%	225%	600%	133%	219%

BC	Total	Angels	Angel Groups	Accelerators	VC Funds
<b>Total</b>	202	19	11	4	169
<b>2013-2018</b>	52	4	1	2	45
<b>2019-2023</b>	165	15	11	2	138
<b>(19-23)/(13/18)</b>	317%	375%	1100%	100%	307%

QC/ON	Total	Angels	Angel Groups	Accelerators	VC Funds
<b>Total</b>	72%	69%	117%	46%	72%
<b>2013-2018</b>	105%	75%	200%	50%	110%
<b>2019-2023</b>	61%	67%	117%	50%	59%

QC/BC	Total	Angels	Angel Groups	Accelerators	VC Funds
<b>Total</b>	85%	47%	64%	150%	89%
<b>2013-2018</b>	169%	75%	200%	150%	178%
<b>2019-2023</b>	67%	40%	64%	200%	68%

Sources: PitchBook, Réseau Capital

# Appendix 5 : Table on the Number of Active Investors

TABLE 13

## Number of Active Investors by Investor Type

### Medtech

Canada	Total	Angels	Angel Groups	Accelerators	VC Funds
<b>Total</b>	684	124	46	40	480
<b>2013-2018</b>	281	33	22	20	206
<b>2019-2023</b>	492	92	37	24	343
<b>(19-23)/(13/18)</b>	175%	279%	168%	120%	167%

Quebec	Total	Angels	Angel Groups	Accelerators	VC Funds
<b>Total</b>	130	27	6	6	92
<b>2013-2018</b>	60	11	3	3	43
<b>2019-2023</b>	86	16	4	3	64
<b>(19-23)/(13/18)</b>	143%	145%	133%	100%	149%

Ontario	Total	Angels	Angel Groups	Accelerators	VC Funds
<b>Total</b>	362	62	23	28	252
<b>2013-2018</b>	159	19	10	12	118
<b>2019-2023</b>	244	44	20	17	164
<b>(19-23)/(13/18)</b>	153%	232%	200%	142%	139%

BC	Total	Angels	Angel Groups	Accelerators	VC Funds
<b>Total</b>	167	29	15	6	118
<b>2013-2018</b>	45	4	3	2	36
<b>2019-2023</b>	137	25	14	5	94
<b>(19-23)/(13/18)</b>	304%	625%	467%	250%	261%

QC/ON	Total	Angels	Angel Groups	Accelerators	VC Funds
<b>Total</b>	36%	44%	26%	21%	37%
<b>2013-2018</b>	38%	58%	30%	25%	36%
<b>2019-2023</b>	35%	36%	20%	18%	39%

QC/BC	Total	Angels	Angel Groups	Accelerators	VC Funds
<b>Total</b>	78%	93%	40%	100%	78%
<b>2013-2018</b>	133%	275%	100%	150%	119%
<b>2019-2023</b>	63%	64%	29%	60%	68%

Sources: PitchBook, Réseau Capital

# Appendix 5 : Table on the Number of Active Investors

TABLE 14

## Number of Active Investors by Investor Type Healthtech

Canada	Total	Angels	Angel Groups	Accelerators	VC Funds
<b>Total</b>	998	283	34	44	642
<b>2013-2018</b>	433	150	17	23	243
<b>2019-2023</b>	684	145	24	26	494
<b>(19-23)/(13/18)</b>	158%	97%	141%	113%	203%

Quebec	Total	Angels	Angel Groups	Accelerators	VC Funds
<b>Total</b>	144	31	3	7	103
<b>2013-2018</b>	51	5	2	2	42
<b>2019-2023</b>	112	26	2	5	79
<b>(19-23)/(13/18)</b>	220%	520%	100%	250%	188%

Ontario	Total	Angels	Angel Groups	Accelerators	VC Funds
<b>Total</b>	667	181	25	31	434
<b>2013-2018</b>	297	112	10	14	161
<b>2019-2023</b>	439	74	17	21	331
<b>(19-23)/(13/18)</b>	148%	66%	170%	150%	206%

BC	Total	Angels	Angel Groups	Accelerators	VC Funds
<b>Total</b>	188	56	7	10	115
<b>2013-2018</b>	82	24	3	8	47
<b>2019-2023</b>	129	34	6	3	86
<b>(19-23)/(13/18)</b>	157%	142%	200%	38%	183%

QC/ON	Total	Angels	Angel Groups	Accelerators	VC Funds
<b>Total</b>	22%	17%	12%	23%	24%
<b>2013-2018</b>	17%	4%	20%	14%	26%
<b>2019-2023</b>	26%	35%	12%	24%	24%

QC/BC	Total	Angels	Angel Groups	Accelerators	VC Funds
<b>Total</b>	77%	55%	43%	70%	90%
<b>2013-2018</b>	62%	21%	67%	25%	89%
<b>2019-2023</b>	87%	76%	33%	167%	92%

Sources: PitchBook, Réseau Capital

# Appendix 6 : Number of Active Funds by Geographical Location

TABLE 15

## Number of Active Funds by Geographical Location

### All Subsectors Combined

Total	Total	Canada	US	Others
<b>Total</b>	1367	487	578	283
<b>2013-2018</b>	577	260	204	111
<b>2019-2023</b>	1020	357	445	201
<b>(19-23)/(13/18)</b>	177%	137%	218%	181%

Quebec	Total	Canada	US	Others
<b>Total</b>	309	126	114	66
<b>2013-2018</b>	152	72	45	34
<b>2019-2023</b>	213	88	83	40
<b>(19-23)/(13/18)</b>	140%	122%	184%	118%

Ontario	Total	Canada	US	Others
<b>Total</b>	799	284	359	144
<b>2013-2018</b>	321	144	126	50
<b>2019-2023</b>	588	201	271	105
<b>(19-23)/(13/18)</b>	183%	140%	215%	210%

BC	Total	Canada	US	Others
<b>Total</b>	373	143	141	82
<b>2013-2018</b>	122	59	34	28
<b>2019-2023</b>	297	114	116	61
<b>(19-23)/(13/18)</b>	243%	193%	341%	218%

QC/ON	Total	Canada	US	Others
<b>Total</b>	39%	44%	32%	46%
<b>2013-2018</b>	47%	50%	36%	68%
<b>2019-2023</b>	36%	44%	31%	38%

QC/BC	Total	Canada	US	Others
<b>Total</b>	83%	88%	81%	80%
<b>2013-2018</b>	125%	122%	132%	121%
<b>2019-2023</b>	72%	77%	72%	66%

Sources: PitchBook, Réseau Capital

# Appendix 6 : Number of Active Funds by Geographical Location

TABLE 16

## Number of Active Funds by Geographical Location Biopharmaceutical

Total	Total	Canada	US	Others
<b>Total</b>	482	159	200	117
<b>2013-2018</b>	194	82	67	43
<b>2019-2023</b>	355	115	154	82
<b>(19-23)/(13/18)</b>	183%	140%	230%	191%

Quebec	Total	Canada	US	Others
<b>Total</b>	150	46	66	35
<b>2013-2018</b>	80	29	31	19
<b>2019-2023</b>	94	28	44	20
<b>(19-23)/(13/18)</b>	118%	97%	142%	105%

Ontario	Total	Canada	US	Others
<b>2013-2018</b>	73	33	26	14
<b>2019-2023</b>	160	51	75	34
<b>(19-23)/(13/18)</b>	219%	155%	288%	243%

BC	Total	Canada	US	Others
<b>2013-2018</b>	45	19	14	11
<b>2019-2023</b>	138	46	56	34
<b>(19-23)/(13/18)</b>	307%	242%	400%	309%

QC/ON	Total	Canada	US	Others
<b>Total</b>	72%	64%	73%	78%
<b>2013-2018</b>	110%	88%	119%	136%
<b>2019-2023</b>	59%	55%	59%	59%

QC/BC	Total	Canada	US	Others
<b>Total</b>	89%	84%	99%	80%
<b>2013-2018</b>	178%	153%	221%	173%
<b>2019-2023</b>	68%	61%	79%	59%

Sources: PitchBook, Réseau Capital



# Appendix 6 : Number of Active Funds by Geographical Location

TABLE 17

## Number of Active Funds by Geographical Location

### Medtech

Total	Total	Canada	US	Others
Total	480	219	173	81
2013-2018	206	115	58	33
2019-2023	343	146	133	57
(19-23)/(13/18)	167%	127%	229%	173%

Total	Total	Canada	US	Others
Total	92	47	25	20
2013-2018	43	24	8	11
2019-2023	64	30	22	12
(19-23)/(13/18)	149%	125%	275%	109%

Total	Total	Canada	US	Others
Total	252	110	97	43
2013-2018	118	64	38	16
2019-2023	164	64	67	31
(19-23)/(13/18)	139%	100%	176%	194%

Total	Total	Canada	US	Others
Total	118	52	44	18
2013-2018	36	19	11	6
2019-2023	94	40	36	14
(19-23)/(13/18)	261%	211%	327%	233%

QC/ON	Total	Canada	US	Others
Total	37%	43%	26%	47%
2013-2018	36%	38%	21%	69%
2019-2023	39%	47%	33%	39%

QC/BC	Total	Canada	US	Others
Total	78%	90%	57%	111%
2013-2018	119%	126%	73%	183%
2019-2023	68%	75%	61%	86%

Sources: PitchBook, Réseau Capital

# Appendix 6 : Number of Active Funds by Geographical Location

TABLE 18

## Number of Active Funds by Geographical Location

### Healthtech

Total	Total	Canada	US	Others
Total	642	288	248	100
2013-2018	243	126	80	37
2019-2023	494	225	191	72
(19-23)/(13/18)	203%	179%	239%	195%

Total	Total	Canada	US	Others
Total	103	70	22	11
2013-2018	42	33	6	3
2019-2023	79	54	16	9
(19-23)/(13/18)	188%	164%	267%	300%

Total	Total	Canada	US	Others
Total	434	177	187	64
2013-2018	161	79	60	22
2019-2023	331	135	144	46
(19-23)/(13/18)	206%	171%	240%	209%

Total	Total	Canada	US	Others
Total	115	65	33	17
2013-2018	47	28	10	9
2019-2023	86	47	27	12
(19-23)/(13/18)	183%	168%	270%	133%

QC/ON	Total	Canada	US	Others
Total	24%	40%	12%	17%
2013-2018	26%	42%	10%	14%
2019-2023	24%	40%	11%	20%

QC/BC	Total	Canada	US	Others
Total	90%	108%	67%	65%
2013-2018	89%	118%	60%	33%
2019-2023	92%	115%	59%	75%

Sources: PitchBook, Réseau Capital

# Appendix 7 : Exits Over \$50m (2013-2023)

COMPANIE	PROVINCE	COUNTRY	TYPE DE SORTIE	VALUE AT EXIT (M CAD)	MARKET CAPITALIZATION AUGUST 2024 (M CAD)
Opsens	Quebec	Canada	Acquisition	348 \$	
Inversago Pharma	Quebec	Canada	Acquisition	1,456 \$	
Bellus Health	Quebec	Canada	Acquisition	2,666 \$	
Prevtec Microbia	Quebec	Canada	Acquisition	85 \$	
GenePOC	Quebec	Canada	Acquisition	162 \$	
Aurka Pharma	Quebec	Canada	Acquisition	105 \$	
Locemia Solutions	Quebec	Canada	Acquisition	197 \$	
Medicago	Quebec	Canada	Acquisition	547 \$	
Dialogue (TSE: CARE)	Quebec	Canada	Acquisition	779 \$	
Clementia Pharmaceuticals	Quebec	Canada	Acquisition	580 \$	
Repare Therapeutics (NAS: RPTX)	Quebec	Canada	IPO	1,004 \$	175 \$
Milestone Pharmaceuticals (NAS: MIST)	Quebec	Canada	IPO	548 \$	99 \$
Greenbrook TMS NeuroHealth Centers (TSE: GTMS)	Quebec	Canada	IPO	95 \$	1 \$
Cyclica	Ontario	Canada	Acquisition	84 \$	
Fully Managed	Ontario	Canada	Acquisition	131 \$	
7D Surgical	Ontario	Canada	Acquisition	148 \$	
Encycle Therapeutics	Ontario	Canada	Acquisition	106 \$	
BlueRock Therapeutics	Ontario	Canada	Acquisition	1,303 \$	
NOVADAQ Technologies	Ontario	Canada	Acquisition	902 \$	
Cynapsus	Ontario	Canada	Acquisition	837 \$	
Transition Therapeutics	Ontario	Canada	Acquisition	76 \$	
Tribute Pharmaceuticals	Ontario	Canada	Acquisition	207 \$	
Cytochroma	Ontario	Canada	Acquisition	197 \$	
MindBeacon	Ontario	Canada	Acquisition	189 \$	
Fusion Pharmaceuticals (NAS: FUSN)	Ontario	Canada	Acquisition	962 \$	
Cardiol Therapeutics (TSE: CRDL)	Ontario	Canada	IPO	114 \$	196 \$
Cybin (NEOE: CYBN)	Ontario	Canada	Prise de contrôle inversée	59 \$	
Chinook Therapeutics	British Columbia	Canada	Acquisition	4,377 \$	
Correvio Pharma	British Columbia	Canada	Acquisition	107 \$	
Anandia	British Columbia	Canada	Acquisition	115 \$	
PeaceHealth Laboratories	British Columbia	Canada	Acquisition	136 \$	
GenoLogics	British Columbia	Canada	Acquisition	52 \$	
Aquinox Pharmaceuticals (Canada)	British Columbia	Canada	Acquisition	132 \$	
Lucy Scientific Discovery (NAS: LSDI)	British Columbia	Canada	IPO	87 \$	0 \$
Ondine Biomedical (LON: OBI)	British Columbia	Canada	IPO	176 \$	35 \$
Eupraxia Pharmaceuticals (TSE: EPRX)	British Columbia	Canada	IPO	103 \$	128 \$
AbCellera (NAS: ABCL)	British Columbia	Canada	IPO	6,897 \$	1,060 \$
Zymeworks (NAS: ZYME)	British Columbia	Canada	IPO	435 \$	1,020 \$
Xenon Pharmaceuticals (NAS: XENE)	British Columbia	Canada	IPO	138 \$	3,970 \$

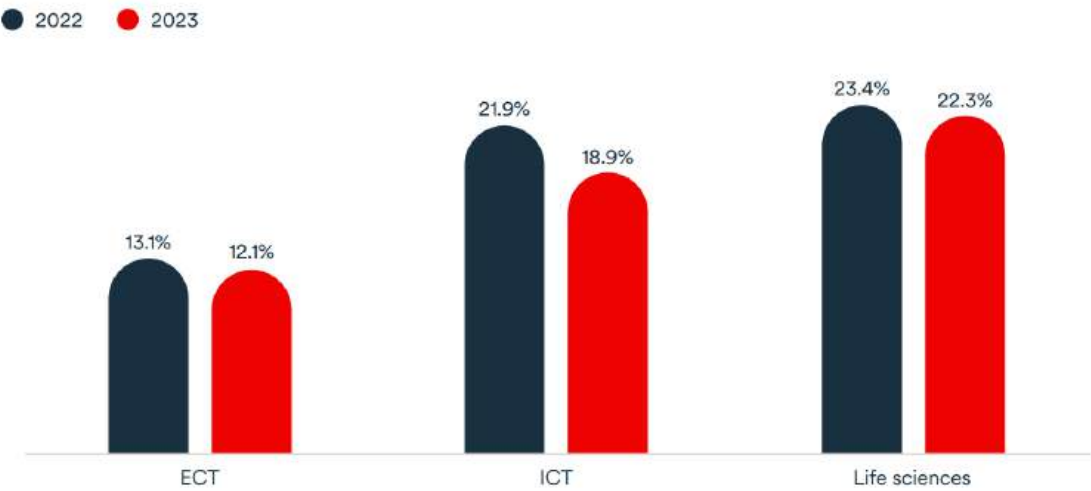
Source: PitchBook

# Appendix 8 : Performance of the LSHT Sector

GRAPH 8A

10-Year Gross Internal Rate of Return  
by Sector in Canada

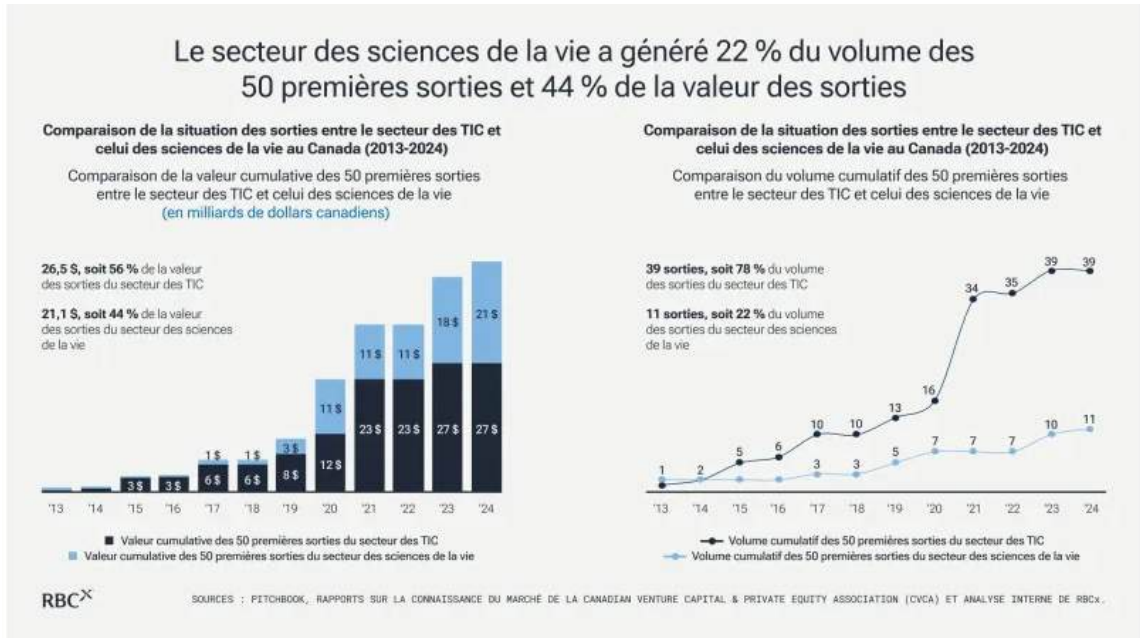
Figure 18: 10-year gross IRR by sector in Canada



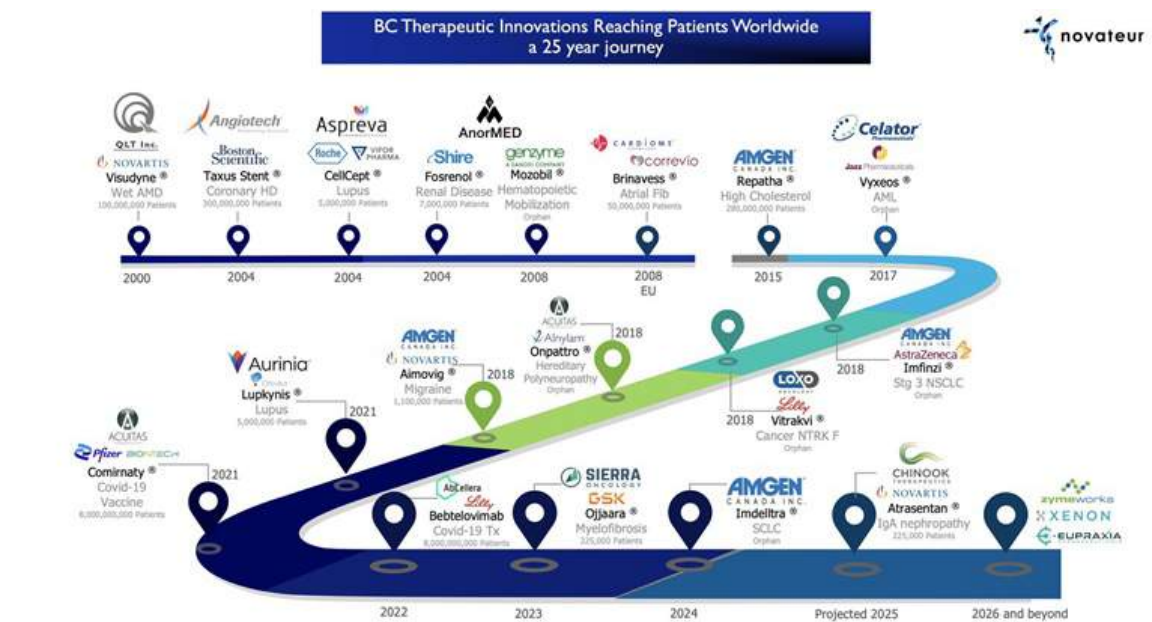
Source: BDC data, as of December 31, 2022, and December 31, 2023. BDC direct and underlying companies are used as a proxy for sector performance.

GRAPH 8B

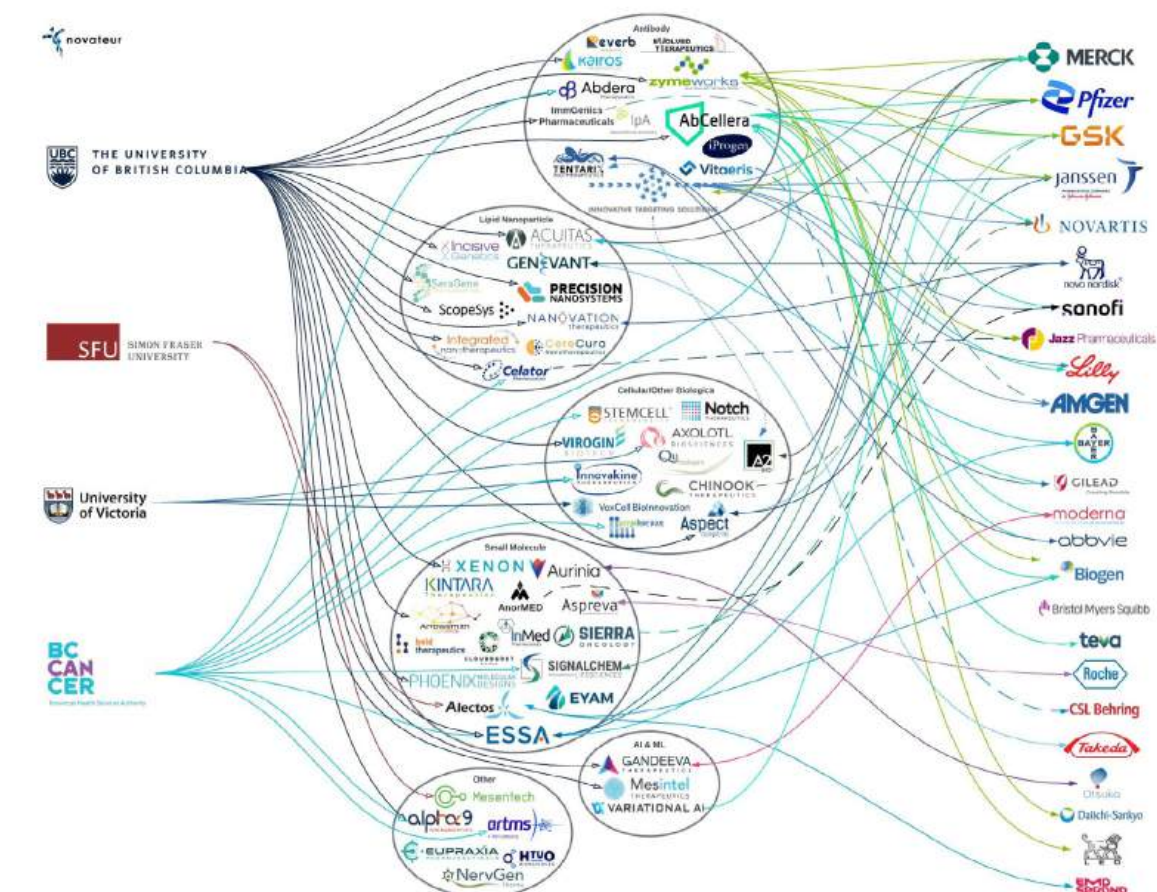
Comparison of the Cumulative Value and Volume  
of the Top 50 Exits Between The ICT And LSHT Sectors in Canada



# Appendix 9 : Infographics of the British Columbia Ecosystem



Source: Novateur Ventures



Source: Novateur Ventures



## Appendix 10 : List of interview participants

Name	Title	Organisation
Isaac Soweine	Partner	Pender Ventures
Cédric Bisson	Partner	Teralys Capital
Inès Holzbaur	Managing Partner	AmorChem
Gaëlle Bridon	Founder & Managing Partner	Ministère de l'Économie, de l'Innovation et de l'Énergie
Vanessa Marsan	Interim Director - Life Sciences and Environmental Technologies	Ministère de l'Économie, de l'Innovation et de l'Énergie
Michael Mee	Managing Director	Pre-Amp
François Ravenelle	President	Tarock Capital
Kalthoum Bouacida	General Partner	AQC Capital
Youssef Bennani	Managing Partner	CTI Life Sciences Fund
Benoît Larose	Chief Executive Officer	BIOQuébec
François Bergeron	Vice-president - Partnerships	MEDTEQ+
Charles Grubsztajn	Chief Operating Officer	Congruence Therapeutics
Laurence Rulleau	Managing Partner	CTI Life Sciences Fund
Louis-Étienne Fortier	Senior Director, Investment, Life Sciences	Investissement Québec
Lloyd Segal	Chief Executive Officer	Repare Therapeutics
Isabelle Gaudet	General Manager, Commercialization and Innovation Investment	Ministère de l'Économie, de l'Innovation et de l'Énergie
Maxime Pesant	Vice President Private Equity and Impact Investing - Life Sciences	Fonds de Solidarité FTQ (FSTQ)
Louis Delorme	Principal	Amplify Capital
Didier Leconte	Independant Member of the BOD	Morphocell Technologies
Jean-François Pariseau	Co-Founder and Partner	Amplitude Ventures

The interviews were structured around the following three levels of questions:

- General comments on the statistical analysis
- How to explain the results, particularly the differences in levels and trends between Quebec, Ontario, and British Columbia?
- Recommendations for building on the strengths of Quebec's ecosystem and addressing its weaknesses

# About



Montréal InVivo represents the life sciences and health technologies (LSHT) cluster of Greater Montreal. It serves as a network for exchanges, mobilization, and collaborations within the LSHT ecosystem.

This cluster includes nearly 750 organizations, over 150 research centers and groups, and approximately 39,000 well-paid jobs in the sector. A hub of groundbreaking ideas, it features four universities and ranks first in Canada for the number of research centers. Montréal InVivo accounts for about 74% of Quebec's LSHT activity, with the sector representing approximately 1.1% of Quebec's GDP.



Capital is the only investment capital association that brings together all players in the investment chain operating in Quebec. Its mission is to contribute to the development and dynamism of the investment capital industry, which plays a crucial role in the growth and financing of businesses in Quebec.

The Expertise Center is a think tank aimed at strengthening Quebec's financing chain to better leverage innovation, support growing businesses, and contribute to economic development and wealth creation in the province. The Expertise Center is supported by the Ministry of Economy, Innovation and Energy, as well as Espace CDPQ.

# Author biographies



## Gilles Duruflé

### Scientific Director at Réseau Capital

Gilles Duruflé is an independent consultant for venture capital and private equity funds, institutional investors, and governments. He also serves as a Special Advisor to the Institutional Investors Roundtable and was, until 2019, the Executive Vice President of QCC and President of the Tech Innovation Platform (TIP, formerly the Public Policy Forum on Venture Capital and Innovation). Until 2004, he was a Senior Partner at CDP Capital Technologies, the venture capital subsidiary of the Caisse de dépôt et placement du Québec, where he was responsible for the venture capital fund-of-funds portfolio in North America and Europe.

Previously, Gilles was in charge of Strategic Studies at the Caisse de dépôt et placement du Québec. From 1979 to 1991, he worked as a senior consultant in strategic consulting firms within the CDC Group (Caisse des dépôts et consignations, Paris) in Europe and North America. Mr. Duruflé holds a master's degree in philosophy, a doctorate in mathematics from Paris VI University, and a diploma from the Centre d'Études des Programmes Économiques (Ministry of Finance, Paris). He is a CFA charterholder and has published numerous books and articles on various economic and financial topics.



## Simon Pelletier

### Director, Business Intelligence at Réseau Capital

Simon Pelletier is the Director of Business Intelligence at Réseau Capital since 2022. In this role, he is responsible for implementing the private capital Expertise Center, which aims to collectively enhance intelligence on investment capital in Quebec to support decision-making by all involved stakeholders. Simon has a total of 13 years of professional experience in database management, social impact analysis, and stakeholder relations.

Before joining Réseau Capital, Simon was an Account Director at H+K Strategies and a Senior Advisor for the Canadian National Railway Company (CN). At CN, he led the implementation of a stakeholder management CRM encompassing over 15,000 stakeholders across a network spanning 22 jurisdictions (8 Canadian provinces and 14 U.S. states) while also overseeing the implementation of a data collection system.

Previously, he was the Deputy Site Manager of the social performance team at the Nghi Son Refinery in Vietnam, where he led the team responsible for analyzing the social impacts of the project on affected populations and piloted the implementation of the stakeholder management CRM and data collection methodology. Before relocating abroad, Simon worked as a consultant at ÉEM and independently, assisting clients with various strategic issues and contributing to several social impact studies in Quebec, Ontario, and Africa. He also collaborated with several First Nations communities.

In addition to his law degree, Simon Pelletier holds a university degree in politics and a master's degree in environmental studies.