

TN Deal Report

Q3 2023

Notable funding trends in Tennessee



*Deal volume dropped
by ~30% QoQ*

Haven't seen 36 deals
done since Q3 '21



*Funding increased by 38%
QoQ, down 8.36% YoY*

TN VC funding
stabilizing, but late
stage deals freeze



*Hosted over 150+
investors*

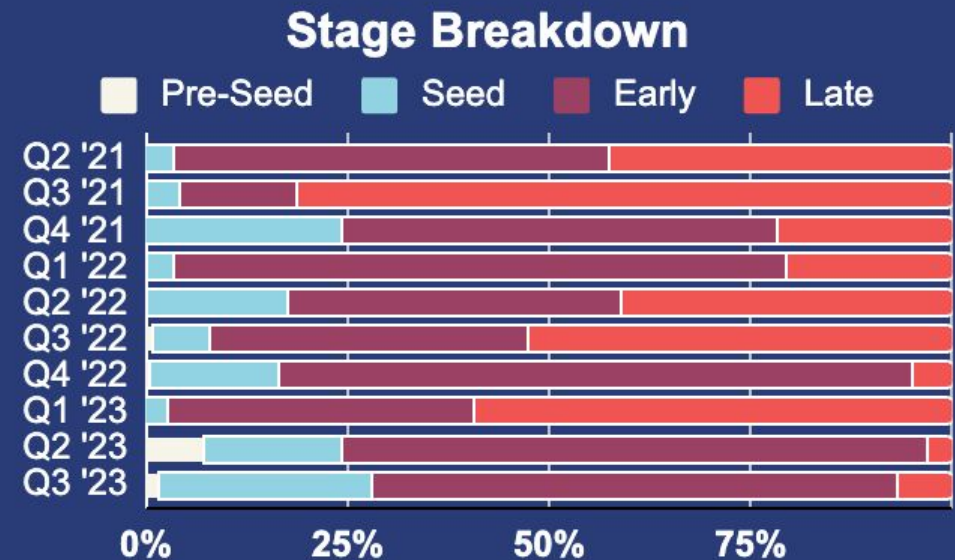
Over 900 investor 1:1
meetings at 3686



A strong pullback in deals done in Tennessee



Tennessee startup funding down 31% in deal count and 23% up in dollars this quarter - signaling investors are reevaluating deals as companies seek extended bridge financing.

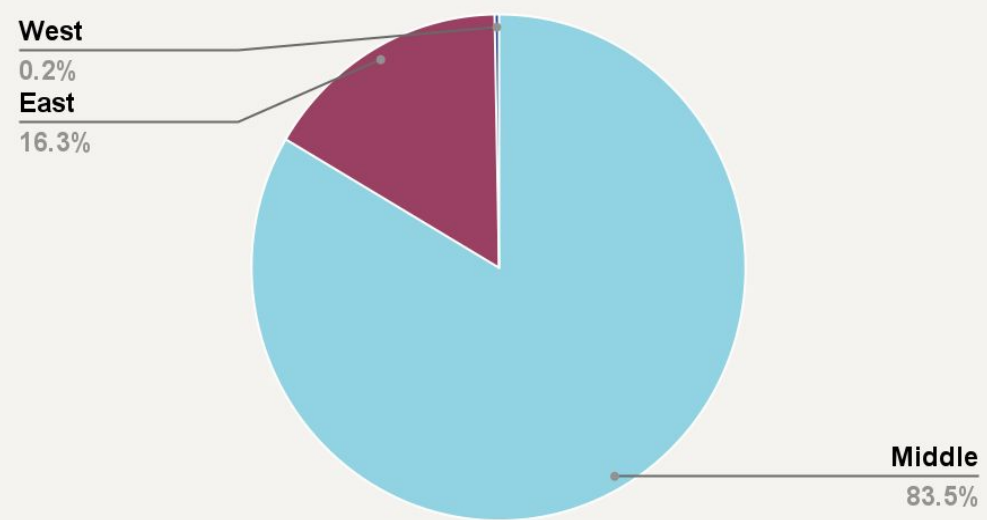


Late stage funding freezes due to lack of confidence from institutional investors and M&A activity. Until this confidence is restored, less late stage funding will occur, delaying exits for early stage investors.



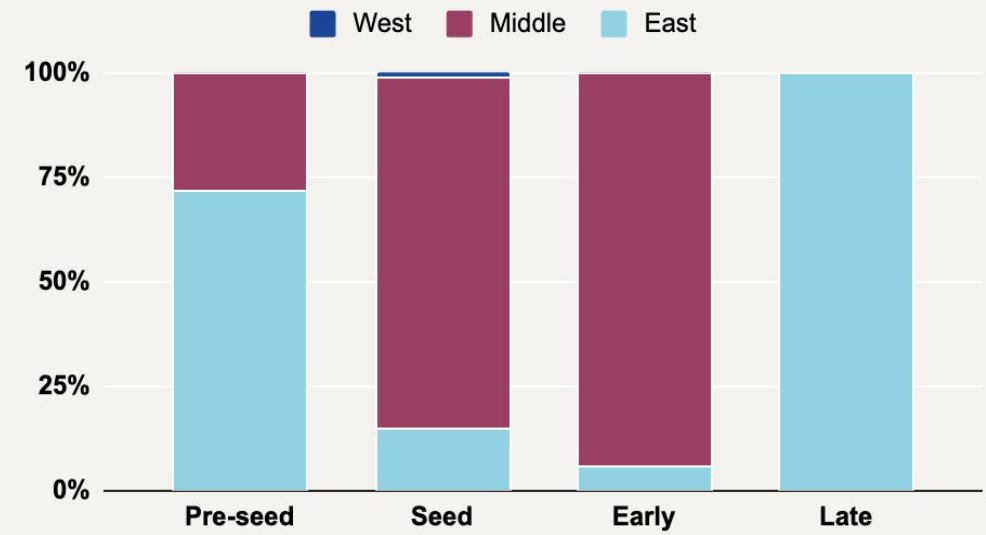
Later-stage deals remain frozen, with most funding going to Seed, Series A and B

Q3 Regional Breakdown



Going beyond Middle Tennessee two notable East Tennessee HealthTech deals were Lirio and Pluto Health.

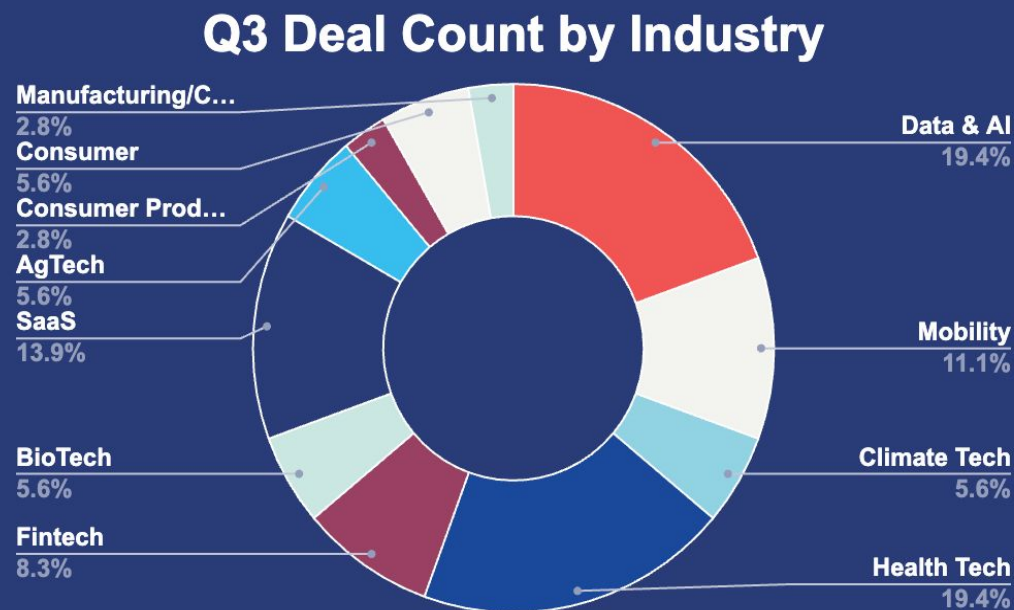
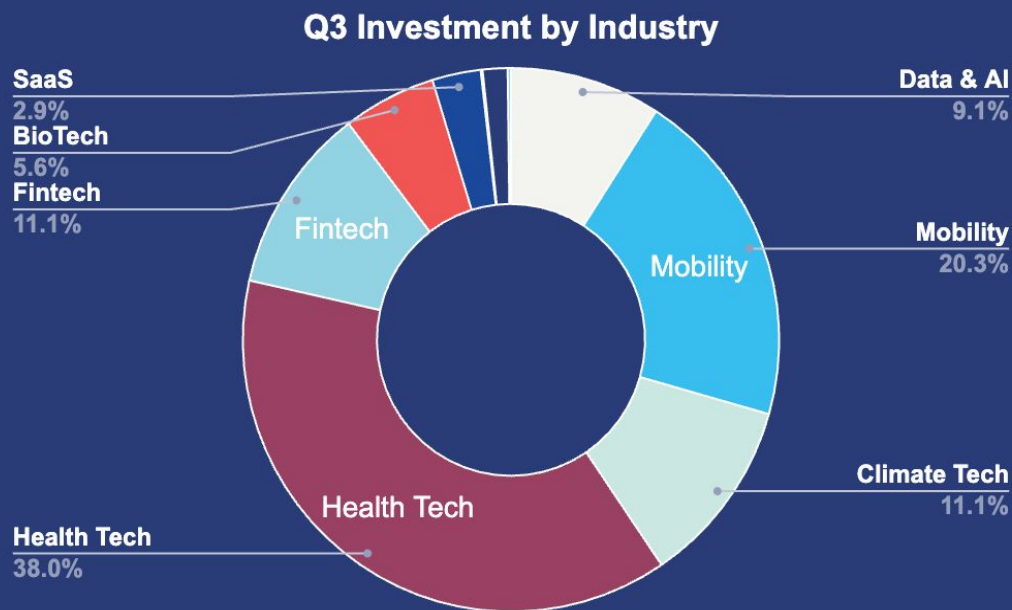
Q3 Regional Breakdown by Stages



Average seed deal size jumped 68% to \$2.2M in Q3, 77% to \$3.1M excluding outliers. Early stage Series A and B deal sizes also grew 57% as companies raised more conservatively to extend runways.



Top industries attracting venture funding in Tennessee



There were 12 combined SaaS, Data, and AI deals in Tennessee, including Genus AI, Writerly AI, and Calm Waters. In addition, Health Tech, Fintech, and Mobility have already exceeded their total 2022 funding this year.

Notable Q3 '23 Tennessee Deals

Early to Growth



\$14.6M



\$35.6M

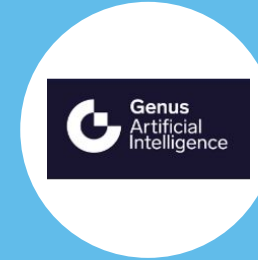


\$23M

Seed



\$1.5M



\$6M



\$2M



\$3M



\$3.3M



\$8M

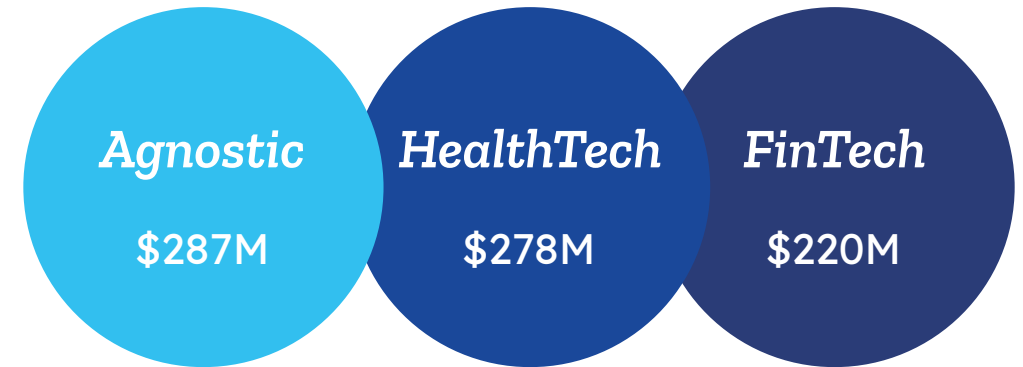


\$24M

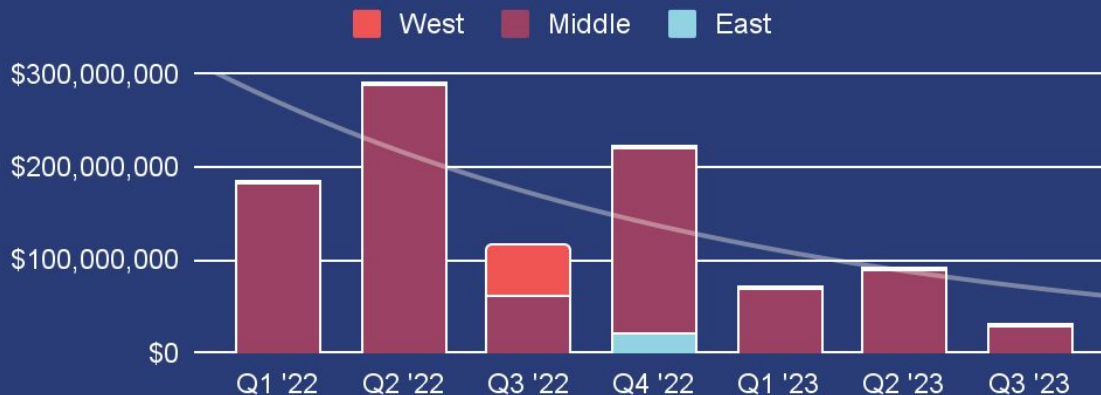


Venture capital slowdown continues as LPs remain cautious amid weak exit Market

Top industry focus areas of funds closed in TN since Jan. 1, 2022



Venture Funds Closed in TN



Funds Closed in Tennessee during Q3 2023



\$29M, Fund I
Caduceus Capital Partners
Brentwood, TN

Special Thanks to LaunchTN's 2023 Visionary Supporter:



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Launch
Tennessee