

annual report 2020

VIC | **TECHNOLOGY™
VENTURE
DEVELOPMENT**



Non-Confidential | Executive Summary

Introduction

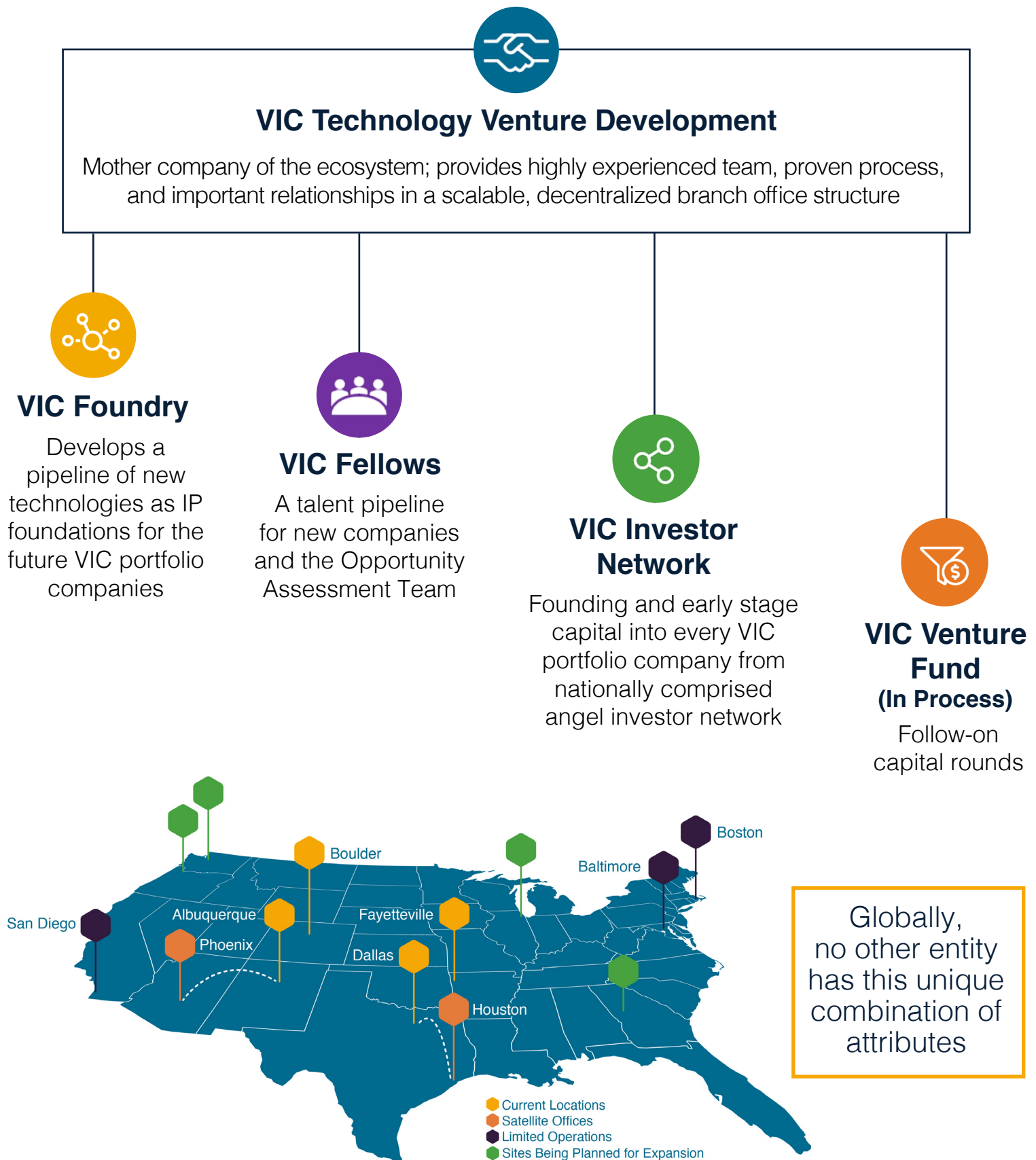
Despite a variety of pandemic-associated delays and obstacles, we saw encouraging progress in 2020 across the VIC portfolio and innovation ecosystem. This includes numerous FDA milestones reached by our companies. Two of our companies received FDA Breakthrough Device designation for their lead products. Three companies made FDA 510(k) submissions with two of those receiving approval and the third expecting approval in 2021 Q1. Many other value-enhancing milestones were achieved throughout the portfolio, including pre-clinical and clinical trials, establishment of go-to-market manufacturing capabilities, important strategic partnering agreements, and other product development milestones. Additionally, we formed two exciting new portfolio companies before the pandemic began.

For many of our portfolio companies, 2020 was a banner year. However, there were a few disappointments mixed-in. The biggest of these involved delayed acquisition discussions and large company strategic partnering agreements. The delays were a result of those potential acquiring or partnering companies having to deal with substantial pandemic-related issues of their own. This caused them to put outside projects on hold for several months. Fortunately, most of those companies eventually re-entered discussions and negotiations by the end of the year. We also made the strategic decision to slow down our continued expansion over concerns that the pandemic might impact availability of capital for our companies, particularly those at the earliest stages. Therefore, we did not add any new companies following the two we formed in February. We also temporarily put on hold the formation of a planned new VIC branch office in Atlanta.

In addition to progress in our portfolio, we significantly strengthened the VIC innovation ecosystem as a whole by fully bringing online two important new elements: the VIC Fellows program and the VIC Foundry. Our first Fellows class featured an outstanding mix of talent. The team made substantial contributions to our opportunity assessment efforts as well as non-dilutive grant funding applications within the VIC Foundry. Several new development projects were initiated within the VIC Foundry, including an at-home molecular test for COVID-19 through a Cooperative Research and Development Agreement with Sandia National Labs. This project is now being funded by the NIH RADx Next program for rapid commercialization of COVID-19 diagnostics.

The support of the VIC innovation ecosystem—including investments from VIC and the VIC Investor Network, combined with efficient company development processes—is certainly one significant factor in the continued rapid value growth and progress we have experienced across the VIC portfolio. We did see outside investment slow during the pandemic, particularly for our younger companies. Looking forward, in 2021 we hope to see a return to something closer to normal with the COVID vaccines coming into wider supply and the pandemic being brought under control, as well as increasing interest in science-driven innovation. We have been cautious in our expansion plans until we get back to some sense of normalcy. Presently, we foresee being back in full expansion mode by the second half of 2021 including the formal addition of the planned Atlanta office. We are well-positioned to achieve our expansion goals with the technology pipeline we have built, including technologies being developed within the VIC Foundry, but will closely monitor the investment environment during the first months of the new year.

VIC's Innovation Ecosystem for Intellectual Property Commercialization



Mission

Form and grow life science and emerging technology companies that shape the future by bringing innovative discoveries from research labs to commercial deployment.

Albuquerque | Atlanta (In Process) | Baltimore | Boulder
Boston | Dallas | Fayetteville | Houston | Phoenix | San Diego

victtech.com | vicnetwork.com | vicfoundry.com

Leadership



Calvin Goforth,
CEO



Michael Artinger,
Executive VP
& Managing Dir.



James Lancaster,
Managing
Director



Yun Li,
Managing
Director



Ralph Henry,
VP Life Science



Robyn Goforth,
VP Tech. Assessment



Mark Wagstaff,
VP Operations



Jim Terrell,
Controller



Sierra Bergsgaard,
Marcom Manager

Board of Directors

Chairman: Calvin Goforth | Jerry Adams | James Hendren | Greg Lee | Jamie Rogers



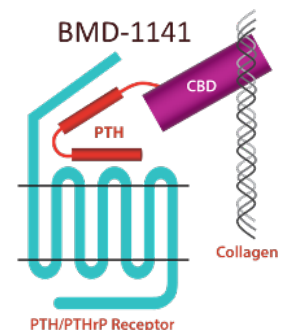
Portfolio Companies Highlights

Numerous value-enhancing milestones were reached including regulatory clearances, major product development milestones, substantial new funding, sales growth, and acquisition negotiations. We highlight some of them below:

Significant new trial of **Akeso Biomedical's** lead product (CI-FER™, a feed additive for livestock) with a strategic partner. Acquisition term sheet negotiation is underway with one large company and there is a second potential acquirer also in early acquisition discussions. Outsourced manufacturing has been established at a good price point. Five tons of CI-FER was shipped to initiate commercial trials in preparation for commercial product release in parallel with the acquisition discussions underway in case acquisition or strategic partnering terms cannot be agreed on.



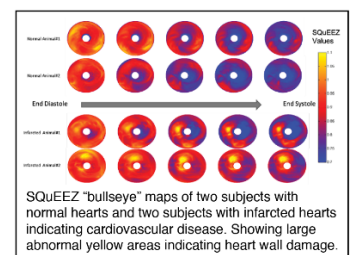
BiologicsMD continues to make significant progress in the development of BMD-1141, its lead compound for the treatment of alopecia areata, completing important preclinical efficacy, toxicology, and immunogenicity studies with additional efficacy work ongoing. The company also continues to develop its oncology program for the treatment or prevention of breast and prostate cancer bone metastasis, both of which show great promise.



Following another year of sales and profitability growth, our water cleantech company **BlueInGreen**—provider of the most efficient method of dissolving oxygen, carbon dioxide and ozone in water—was acquired by Chart Industries (NASDAQ: GTLS). The acquisition strengthens the connection between the industrial gas and water markets and complements the industry-wide trend of replacing chemicals, polymers, and ambient air with oxygen, carbon dioxide, and ozone.

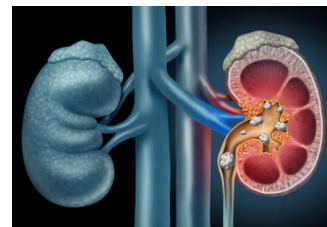


CardioWise had a landmark year. The company received FDA 510(k) approval for its machine learning based software known as SQuEEZ™ for evaluation of cardiac function from Computed Tomography (CT) imaging. The company also received a term sheet from a major OEM manufacturer of cardiac CT scanners for worldwide distribution to their installed customer base and for new sales opportunities. This positions the company for rapid sales growth at much lower cost than other sales and marketing approaches.



Portfolio Companies Highlights

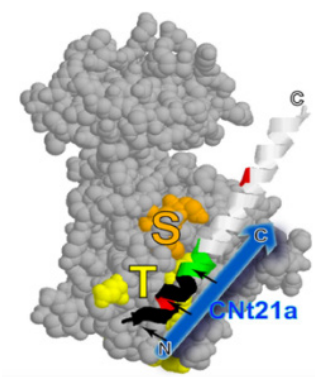
Calyxo (formerly named Kalera Medical) received FDA clearance for its first product: a kidney stone removal device called C-VAC™. The company also hired its complete leadership team and initiated a limited commercial launch, which has been very successful with doctors seeing high value in the product and the safety profile remaining very good. User response has been strongly positive and feedback has helped the company refine technique and training protocols. Calyxo is now planning for a randomized controlled clinical study to demonstrate the full value of the product and support a broader launch and reimbursement strategy



Filtravate was formed in February 2020 to commercialize advanced bio-filtration membranes to address growing unmet needs in the multibillion-dollar biotechnology membrane market. Based on technology exclusively licensed from New Mexico State University, Filtravate is developing next generation membranes to enable continuous bioprocessing in the biomanufacturing and pharmaceutical industries. Considerable development progress was made in the company's first year to demonstrate performance and establish the pilot-scale production processes.



Also formed in early 2020, **Neurexis Therapeutics** is developing a novel approach for the prevention of brain damage following ischemic events. Licensed from the University of Colorado Anschutz Medical Campus, first-in-class post-ischemic, neuroprotective therapeutics tatCN19o and tatCN21 can inhibit neuronal cell death following cerebral ischemia, reduce total healthcare costs, and address a multibillion-dollar market opportunity. The company's first year progress milestones included securing non-dilutive funding in addition to the VIC Investor Network founding investment and hiring of the company's Director of R&D.

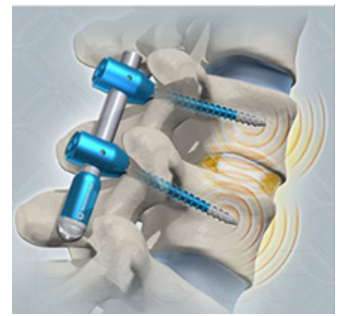


Nob Hill Therapeutics made strong progress on multiple fronts, including commercial prototype design of its DryNeb™ dry powder nebulizer, computer simulation verifying the dry powder aerosol flow, GMP drug formulation for an antifungal therapy using DryNeb, good progress on an initial animal efficacy and toxicity study, and expansion of the development and advisory teams.



Portfolio Companies Highlights

OsteoVantage setup animal trials at Colorado State University for the company's INDOS™ osteogenic implants. These implants use an electric current to promote and control bone growth in the targeted areas for spinal fusion. The three-month spine trial was designed to demonstrate the ability to adjust the electric current level to achieve growth rate equivalence to systemic morphogenic proteins. Unfortunately, the trial has been on hold throughout the pandemic and only recently did the company finally received permission to proceed. These trials are now scheduled for February 2021.



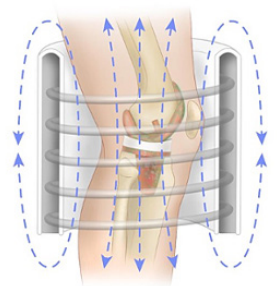
Sevo Nutraceuticals continues to await the results of its FDA health claims submission for its over-the-counter brain health supplement that has shown efficacy in seven human clinical trials including a Phase II trial sponsored by the Alzheimer's Association.



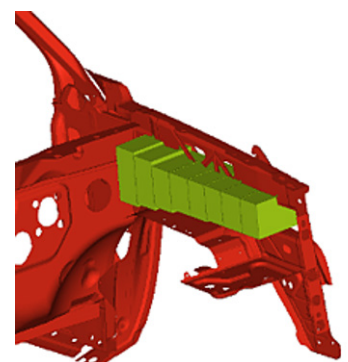
SFC Fluidics made excellent product development progress for its line of drug delivery patch pumps and received FDA Breakthrough Device designation. On-going partnership discussions with a global leader in insulin production, two non-insulin drug companies, and a European algorithm software developer all gained momentum. In addition, several competitors in the diabetes market reached out to evaluate SFC Fluidics, thereby providing additional opportunities for development partnerships, commercial agreements, investment, and perhaps acquisition.



In its second year of operation, **Solenic Medical** successfully demonstrated its full-size equipment platform for treatment of implant infections in animal tests. Two major advances for the company were receiving FDA Breakthrough Device designation in July and closing a \$1.3 million grant from the NIH to fund development of trauma applications of the company's technology.

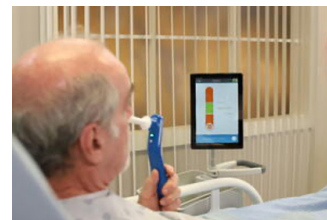


Tesseract Structural Innovations won a significant automotive industry competition at the end of April 2020, at the Global Automotive and Mobility Innovation Competition in Detroit. The event win continues to provide recognition and validation of Tesseract's innovative crash energy absorbance technology, with its technology outperforming all other known approaches and exceeding target specifications set by key strategic partners. In October 2020, a joint marketing collaboration was announced with the sole North American provider of aluminum foam, Cymat. Aluminum foam is used in Tesseract's patented technology and the relationship with Cymat has already led to a new OEM engagement, as well as one with a tier 1 automotive supplier.

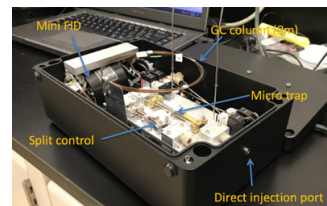


Portfolio Companies Highlights

Vixiar Medical achieved two major milestones for its non-invasive, point-of-care device for monitoring heart failure: the completion of Phase 2 of the Indicor™ Validation Trial (IVT) and submission of the company's 510(k) to the Food and Drug Administration. Other key accomplishments included the refinement of a commercial-ready Indicor device, comprehensive technical and clinical validation, and the construction of an audit-ready quality management system.



Zebra Analytix saw good progress on SBIR grant-funded work to develop a novel approach to manufacturing MEMS-based gas chromatography (GC) instrumentation. There was also substantial advancement in developing a non-MEMS “miniGC” prototype which positions the company for the roll-out of an in-house, fee-for-service, testing program and the soft launch of a small form factor, affordable GC instrument in 2021.



In summary, it was a strong year of progress and value growth across the portfolio, and we expect this momentum to accelerate in 2021 as we enter a post-pandemic world.

VIC Investor Network



Founders Group Member

- Invests into every new VIC portfolio company at founding
- Lowest valuation, highest upside, longer time for first return
- Diversification by number of companies and industry sector
- Limited to 50 membership slots



Standard Member

- Able to invest in any investment round after the founding round
- Good valuations, high upside, opportunity for fast return
- Diversification by number of companies, industry sector, and stage of development
- Unlimited number of membership slots

Formed in 2013, the **VIC Investor Network** (VIN) is an important part of the overall VIC innovation ecosystem. VIN only invests in VIC portfolio companies. It doesn't invest in outside companies. That's how we maintain consistently high-quality deal flow to VIN members. To date, there have been 22 investments placed by the VIN ranging from \$50,000 to \$500,000. Eight investments were placed by VIN in 2020. Presently, every VIN investment since inception of the network is tracking positively and one exit event has been achieved. For the investments where follow-on rounds have established updated share prices, the average time and investment amount weighted average ROR is presently 76%/annum. We believe VIN will continue to provide exceptional returns for members and we will be growing VIN membership globally.

2021 Outlook

We plan to continue a cautious approach to expansion in the first half of 2021. In the second half of the year, provided the COVID-19 situation is improving as expected, we will re-launch our expansion into Atlanta, as well as increase the rate at which we are forming new companies to add to our portfolio. We have a strong pipeline of technologies, including ones being developed within VIC Foundry, that may become the basis for exciting new start-ups.

As has been described herein, we saw substantial value growth and milestones achieved across our portfolio. In 2021, we are working toward additional exit events as a top priority. We anticipate one significant exit event in 2021 and to have additional companies poised for exits in 2022.



R. Calvin Goforth
Chief Executive Officer

