

Mid-Year Report

2021

VIC | **TECHNOLOGY™
VENTURE
DEVELOPMENT**



Non-Confidential
Executive Summary

Introduction

In the first half of 2021, we have seen a return to more normal operations across VIC and our portfolio of companies. Clinical research trials are back underway, strategic partners have returned to the table in talks with various VIC portfolio companies, and employees have returned to offices. We recently re-launched our VIC expansion that targets adding more branch offices and increasing the rate of new company formation from our previous one or two per year to about ten per year over the next few years. Early-stage funding is increasing again and life science / biotech is a hot area, likely due in part to the pandemic increasing awareness of the societal importance and impact of this area.

Progress across VIC and our portfolio of companies in 2021 H1 has been strong. In VIC, we have added two life science veterans to our Board of Directors and two more to our Strategic Advisory Board. A talented new class of VIC Fellows was added in April. In VIC Foundry, a National Institutes of Health funded project may soon be spun-out into a new VIC portfolio company which would be the first one spun-out from a VIC Foundry development project. In our existing portfolio companies, important progress milestones continue to be reached as described later in this update.

Mission

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

Albuquerque, NM | Atlanta, GA (In Process) | Boulder, CO
Dallas, TX | Fayetteville, AR (headquarters)

victech.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

VIC Investor Network

The VIC Investor Network (“VIN”) is a nationally comprised group of investors making investments into VIC portfolio companies. Operating as one element of VIC’s complete innovation ecosystem, VIN mitigates the normal risk in investing in these types of high return-on-investment opportunity companies. Every investment opportunity presented to VIN members is based on an innovative technology with large commercial opportunity, that has been thoroughly vetted, and is being brought forward by an experienced, successful team, and is being offered to VIN members at an attractive investment valuation.



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 Group 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 slot

In H1 2021, VIN placed six investments into VIC portfolio companies. These were all Standard Member investments. We anticipate at least two Founder’s Group investments by the end of the year as well as some additional Standard Member investment rounds. The VIC Investor Network, formed in 2013, had its first exit in 2019 and the portfolio of investments made by VIN members continues to track at a high annual rate of return.

VIC Foundry

VIC Foundry works with researchers at universities and federal labs to further develop promising technologies that have high potential impact but which still have too many unknowns to be able to recommend to our investors to fund. Instead of private equity investment, VIC Foundry accesses grant funding such as SBIR and STTR. After a technology advances enough to warrant private equity investment, a new company is formed, an initial executive team is placed by VIC, and the VIC Investor Network places a founding investment up to \$500,000 into the newly formed company.

One of the current projects in VIC Foundry is the development of a molecular diagnostic test suitable for at-home use based on an innovative technology originally developed at Sandia National Laboratories. The need for high accuracy, at-home diagnostic tests has been accentuated by the pandemic. Also, the accelerating adoption of telehealth across the country will drive substantial growth in at-home testing including Covid, flu, strep, and other indications.



Prototype molecular diagnostic test platform for at-home use being developed in VIC Foundry. Disposable test cartridge and plunger (top) and reusable instrument (bottom).

VIC Foundry and Sandia have a Cooperative Research and Development Agreement (CRADA) in place and the project has been funded to date by the National Institutes of Health Rapid Acceleration of Diagnostics (NIH RADx) initiative. Molecular diagnostic tests are the gold standard for test performance but typically require expensive instrumentation and skilled laboratory personnel to conduct the test (e.g., confirmatory Covid tests after positive screening tests are PCR molecular tests done in centralized labs). The at-home molecular test being developed by VIC Foundry and Sandia provides an unmatched combination of low cost, ease-of-use, and high performance. Progress on this project was strong in 2021 H1. In early H2, the commercial prototype is being sent out for external lab validation. If those results are good, substantial additional funding may be accessible from NIH RADx for rapid roll-out under emergency use authorization (EUA). If we are successful in gaining the follow-on funding from NIH, the technology will be spun-out into a new company in H2. That is not assured, however. Due to the compressed timeline targeting an end-of-year EUA, the internal testing is much less extensive than we would normally do before sending out a prototype for external lab validation.

Our [VIC Foundry](#) work has expanded considerably to fill the pipeline of high impact new opportunities that we can pursue as we emerge out of pandemic-related uncertainties into a new normal. Our [VIC Fellows program](#) has brought a complementary infusion of additional talent just as we expanded our VIC Foundry work.

Natalie Gassman, PhD - Senior Fellow

- Assistant Professor at University of South Alabama Mitchell Cancer Institute
- Postdoctoral Fellowship at NIH and UCLA
- PhD in Chemistry and Biophysics from UCLA



Gurshagan Kandhola, PhD

- Postdoctoral Fellow at the University of Arkansas, Fayetteville
- CTO at CelluDot
- PhD in Biological Engineering from University of Arkansas



Michael Gaspar, MD

- Director of Research at Ehlers-Danlos Syndrome Research Foundation
- Orthopaedic Surgery and Machine Learning Consultant Company NameBuoy Health
- MD from Medical College of Virginia



Kelly Mabry, PhD

- Director of Research and Development at Tangible Science
- PhD in Chemical and Biological Engineering University of Colorado



Evan Goldberg, PhD

- Program Director at Global Center for Medical Innovation
- Research Faculty Georgia Institute of Technology
- PhD in Biomedical Engineering from UCLA



Cristhian Ochoa, MD, PhD

- Pulmonary and Critical Care physician at JPS Health
- Clinical Assistant Professor of Medicine at U.T. Southwestern Medical Center
- MD from Universidad Pontificia Bolivariana



Secondra Holmes, MS

- Licensing Intern at Baylor College of Medicine
- PhD Candidate in Pharmacology and Chemical Biology at the Center of Drug Discovery of Baylor College of Medicine



VIC | FELLOWS

Recent Additions: VIC Board of Directors

Chairman: Calvin Goforth | Jerry Adams | Fenel Eloi | Ajay Gupta | James Hendren | Greg Lee | Jamie Rogers



Fenel Eloi,
Boston

- Former COO or CFO in three NASDAQ listed life science companies
- Leadership experience spanning companies from start-ups to multinationals
- Experience scaling operations, strategic partnerships, and public and private financing transactions



Ajay Gupta,
Chicago

- Senior Partner Emeritus at McKinsey & Company where he led the company's Midwest Healthcare Practice and North America Medical Products for many years
- Experience in strategy, M&A, innovation, organization design, and performance improvement
- Active private investor

Recent Additions: VIC Strategic Advisory Board



Dennis Liotta,
Atlanta

- Holds the Samuel Candler Dobbs Professorship at Emory
- Approximately 290 peer-reviewed research publications and holds over 90 issued US patents
- Inventor of emtricitabine, a breakthrough HIV drug, currently marketed under the name Emtriva



Paul Atkins,
Durham

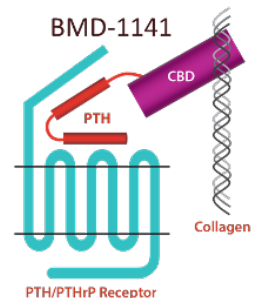
- Currently Executive Chairman Nob Hill Therapeutics
- Previously, CEO of Oriel Therapeutics where he helped the company raise over \$35M in funding; company was acquired by Novartis
- Served as Global Director, Respiratory Therapeutic Development, Delivery Systems at GlaxoSmithKline

Portfolio Companies H1 2021 Progress Highlights

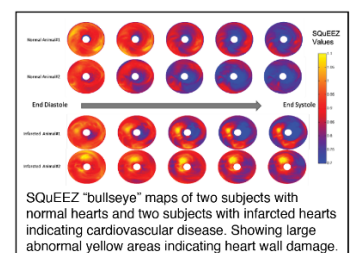
Akeso Biomedical received a positive scientific opinion from the European Food Safety Authority for the use of its lead product, CI-FER™, in weaners (pigs), and it now expects the product will be approved by the EU Commission for use by the end of 2021. In preparation for the launch of CI-FER in the EU, the company has validated a new European supplier for CI-FER, and received initial production material. The European supplier also has operations in North America, and is able to support Akeso's US product introduction.



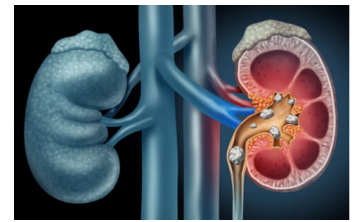
In the first half of 2021, **BiologicsMD** continued to make significant progress on the further de-risking of its lead compound for the treatment of alopecia. The company received the first data from its long-term efficacy study. Initiated in 2019, the final study report for this expanded dose-range finding study is expected early 4Q21 and will position the company for closing the funding needed for Phase Ib clinical trials.



Following FDA approval granted late last year, **CardioWise** has focused on bringing its SQuEEZ™ heart health diagnostic software to market. The company has been working with a Software-as-a-Service company that performs cardiac analyses for healthcare providers. They will be representing CardioWise SQuEEZ to their customers. CardioWise anticipates being able to report first revenues later this summer. Additionally, CardioWise is in the audit phase of forming a partnership with a major OEM manufacturer of cardiac CT scanners for worldwide distribution to their installed customer base of CT scanners as well as for their new CT scanner sales.



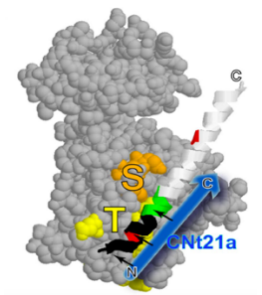
Calyxo's CVAC™ aspiration system is now in a limited market release and offers a compelling clinical benefit to patients. The urologists who have used CVAC see it as an essential part of their kidney stone treatment armamentarium.



In 2021 H1, **Filtravate** made good progress toward commercialization of its ultrafiltration membrane technology. Multiple membranes were designed, fabricated, and tested including a hydrogel membrane for protein concentration. Also, good anti-fouling performance was demonstrated. These results are the basis for a National Science Foundation grant application for viral continuous bioprocessing.



Neurexis Therapeutics is developing a novel approach for the prevention of brain damage following ischemic events. The company's lead therapeutic compound has the potential to dramatically improve the outcomes for millions of patients each year in the US who face lifelong suffering following heart attacks and strokes. In 2021 H1, the company completed in-house analysis confirming the viability of the therapeutic for ischemic stroke patients receiving thrombolytic intervention.



Nob Hill Therapeutics made considerable progress in 2021 H1 including completing a preliminary animal study that was funded by the National Institutes of Health. This study showed positive initial efficacy results for Nob Hill's DryNeb™ handheld dry powder nebulizer device. An additional patent filing incorporating significant design improvements to DryNeb is underway. The company also recruited a seasoned inhalation drug delivery veteran and entrepreneur, Dr. Paul Atkins, to be Executive Chairman. A term sheet was signed with a VC firm that is serving as the lead investor for the company's series A-2 investment round.



After a suspension of clinical activities that was necessitated by the SARS-CoV-2 pandemic, **Osteovantage** was recently able to initiate its large animal dosage study at Colorado State University. Six animals were implanted with single level spinal fusion INDOS™ systems and subjected to current loads approximately three times the previous study. Results should be available by August.



Sevo Nutraceuticals continues to wait for the results of its FDA health claims submission. Its over-the-counter brain health supplement has shown efficacy in seven human clinical trials including a Phase II trial sponsored by the Alzheimer's Association. In parallel, the company has been exploring sublicensing to a firm with substantial digital marketing expertise as a means of establishing a revenue stream without waiting for FDA health claims approval.



SFC Fluidics launched a funding round with a raise target of \$40M. The funds targeted will support the initial commercial launch of the company's PANDA™ insulin delivery pod; design completion and Premarket Approval (PMA) submission to the FDA of the company's ELMO™ single hormone artificial pancreas; and design completion of its GEMINI™ dual hormone artificial pancreas with animal and human clinical studies to serve as the foundation for a PMA submission. The company is also in discussions with two large publicly traded corporations with strategic focus on the diabetes market.



Solenic Medical initiated large animal trials to further validate the company's FDA Breakthrough Device designated equipment for treatment of implant infections. It also received notice of allowance on the first of four pending patent applications.

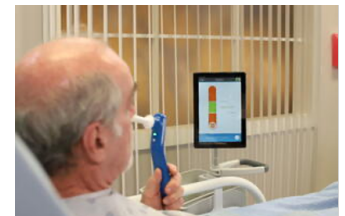


Tesseract Structural Innovations recently received notice that its first part order, based on its lightweight crash-energy absorbance technology, will go on a heavy truck for 2022's trade show circuit as part of that OEM's demonstration of how they are lightening the weight of their vehicles as preparation for EV conversion of the platform.

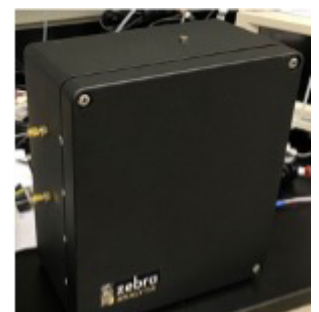


Tesseract also had issuance of the company's third patent, one that provides strong protection for Tesseract's second generation design platform.

Vixiar Medical had an unexpected setback – the FDA denied the company market clearance for its Indicor™ heart monitoring device. The company must now run some additional clinical trials. VIC has stepped-in to help Vixiar bridge the gap and a plan is in place for a new FDA submission addressing the FDA's concern with the method of validation that Vixiar used to support the first submission. The revised FDA 510(k) submission should occur in about one year.



Zebra Analytix saw continued progress on commercialization of its miniaturized analytical instruments and components, based on microelectromechanical systems innovations. In preparation for commercial release of a first product, a miniaturized gas chromatography system, the company announced the hiring of chromatography industry veteran John Michalek to take over from interim CEO Michael Artinger. Michael will remain as Chairman.



As noted above, there were a couple of setbacks. Overall, however, great progress including product development, clinical trials toward FDA certifications, and product commercialization was made across the portfolio in 2021 H1.

2021 H2 Outlook

VIC plans to move forward with our expansion plans in the second half of 2021. That includes the planned addition of at least two new portfolio companies. It also includes plans for the opening of the Atlanta office which was delayed from our previous plans due to the pandemic.



R. Calvin Goforth
Chief Executive Officer

