Qualified Investment Report

October 1, 2022 - December 31, 2022

FY 2023 Q 2

Economic Development Article, Section 10-415(b)

Maryland Technology Development Corporation

April 24, 2023

TEDCO
LEADING INNOVATION TO MARKET

April 24, 2023

The Honorable Wes Moore
Governor, State of Maryland
100 State House
Annapolis, Maryland 21401

Dr. Margaret Wood and Mr. Ed Coleman, Co-Chairs
Maryland Economic Development Commission
401 E. Pratt Street
Baltimore, Maryland 21202

The Honorable Adrienne A. Jones
Speaker of the House of Delegates
Maryland General Assembly
State House, H-101
Annapolis, Maryland 21401

The Honorable Bill Ferguson
President of the Senate
Maryland General Assembly
State House, H-107
Annapolis, Maryland 21401

The Honorable Jared Solomon
House Chair
Joint Audit and Evaluation Committee
222 House Office Building
Annapolis, Maryland 21401

The Honorable Clarence K. Lam
Senate Chair
Joint Audit and Evaluation Committee
420 James Senate Office Building
Annapolis, Maryland 21401

Ladies and Gentlemen:

Pursuant to Section 10-415(b) of the Economic Development Article, I am pleased to submit, on behalf of the Board of Directors of the Maryland Technology Development Corporation (TEDCO), the quarterly report detailing investments for the 2nd quarter of fiscal 2023 (October 1, 2022 – December 31, 2022).

As requested, the report includes the list of the businesses that received support each quarter from programs administered by TEDCO; including the number of employees in the state; capital investment; and projected job creation. TEDCO made 18 investments across TEDCO programs in the 2nd quarter of fiscal 2023, deploying $5.27 million to Maryland Qualified Businesses throughout the State. These investments support the creation of 129 Maryland jobs in biotechnology, healthcare, software, data analytics, and other advanced technology.

Also, in response to the Maryland Economic Development's Commission's request for additional information on TEDCO funds and supported companies, and investment performance, the following page provides the related descriptions. The Board appreciates the support the Administration and General Assembly have provided TEDCO to carry out its mission, and we trust that we have fulfilled the responsibility that you have entrusted to the Directors and management.

Sincerely,

Troy A. LeMaile-Stovall
Chief Executive Officer

cc: The Honorable Vanessa E. Atterbeary
The Honorable Melony Griffith
The Honorable Guy Guzzone
The Honorable Ben Barnes
Sarah Albert, DLS

2Q2023 TEDCO Quarterly Report - Program & Supported Company Descriptions

Seed Fund:

TEDCO's Seed Fund works alongside our entrepreneurs as partners to drive the next wave of early-stage technology startups. TEDCO leverages our diverse operating and investing experience to uncover opportunities to add value throughout the life cycle of our portfolio companies. The Seed Fund program qualifications include a Maryland principal place of business and least one full-time employee. The following received support from the Seed Fund in 2Q23:

- Astek Diagnostics has developed a platform for rapid antibiotic sensitivity testing. Every year, 1.7 million Americans are evaluated for sepsis - and many die while waiting days for the correct antibiotic. Astek provides a platform that determines antibiotic sensitivity in one hour. Astek's founding team had led the engineering team of the DARPA Bio-MOD project. Team members have a combined 3 PhDs, 50+ publications, and 25+ years of experience in biotechnology. Advisors include Johns Hopkins University, Harvard Health System, and University of Maryland, Medical Center. Astek is backed by Harvard, Y Combinator, and TEDCO.

- Conarium Bioworks has a new, revolutionary, and sustainable biological process to produce melatonin and related compounds that mimic the natural process, without any chemical synthesis. The OTC market for melatonin is growing rapidly (+30%p.a.). Conarium's primary target market is major OTC brands.

- Unmanned Propulsion Development LLC builds miniature generators to power small drones allowing for longer flight times. Based on this technology, Unmanned is building a quadcopter that will be the longest flying helicopter of all time and thus allow for an opening of many more uses for small drones.

Maryland Venture Fund:

TEDCO's Maryland Venture Fund is an early-stage, evergreen venture capital fund dedicated to funding and growing the next generation of outstanding technology-based business in Maryland, with the goal of making meaningful investments into venture trajectory businesses as their first institutional partner. The following received support from TEDCO's MVF in 2Q23:

- Vita Therapeutics is a current portfolio company of TEDCO. Vita Therapeutics spun out of Johns Hopkins University, and it licenses six patents from JHU and developed another six patents of its own. Vita Therapeutics was given grants from NIH, DoD and our own Maryland Stem Cell Research Fund to create products around activating stem cells within a patient's body to replace defective cells and has expanded from just the Neuromuscular focus with MS and muscle wasting to now include Immunotherapy and HypoImmunogenic. The two additional areas around immunity target and reprogram myeloid cells to fight tumors. This is a new area of development since our last investment.

- LePrix, founded in 2015, is a B2B technology operating system for retailers to globally source and sell pre-owned luxury goods at scale. Luxury resale is a $36 billion dollar industry, recession resistant and growing. Authentication, piecemealing stock, lack of inventory control and predictability are issues resellers face. LePrix functions as a backend marketplace connector between auctions, brick and mortar stores, consignment stores, luxury brands and resellers. Retailers can source from pre-verified suppliers from around the world through a buy now model or bid in an auction. This does not exist anywhere else, and LePrix has become a necessary part of its retailers' businesses. LePrix earns a fee based on a percentage of sales which is currently 14.5% and will soon add a monthly recurring fee to users.

- Neighborhood Sun (NS) Benefit Corporation is a B2B SaaS company who licenses its software and services to solar asset owners to connect to solar customers. Community solar customers can range from multi-family properties in residential neighborhoods to multi-unit commercial properties. The focus of community

solar is to enable low- and middle-income residents with access to cheaper solar energy versus standard electricity and avoid having to install solar panels themselves. NS offers an end-to-end solution with its advanced Sun EngineTM software to acquire and manage customers for solar and other energy projects. Residents within regions that NS supplies, (mostly Maryland and New Jersey currently), that are currently being billed by a utility company for electricity can create an account through the NS website and be connected to solar farms, thus saving at least @10% on their bill each month. NS manages more than 12,000 customers currently, achieving consistent growth from $1.5 million ARR in 2021, $2.5 million ARR in 2022 and forecasts to double that for 2023.

- Theradaptive, Inc. is currently a TEDCO company, and it is a platform biotech and material science company that focuses on regenerative medicine in areas such as bone, skin, spine, and other applications. Theradaptive has received approximately $20M in Department of Defense (DoD) grants. The applications were first developed within the Army and MIT until the Company spun out on its own in 2017. Its founder is a former 20-year veteran of the Army and led its regenerative unit. Its product is a modification of an existing FDA approved product making the FDA approval pathway much more certain. It has received three breakthrough designations from the FDA in the last 8 months.

- Warrior Centric Health, Inc. is an accredited, educational technology, SaaS-based platform company focused on educating health care workers about the health inequity crisis among the 25% of the US population that is former or current military. This is a uniquely vulnerable population that works in OSHA-free environments where they are exposed to toxic chemicals and combat situations where they can be physically and mentally injured and suffer from PTSD and Traumatic Brain Injury. Veterans and current military have a 11% greater likelihood of cancer, are 40% more likely to have a heart attack, 15.6% stroke, 7.1% diabetes, 7.7% COPD and 38.2% more likely to suffer from coronary heart disease. The VA hospital states that twenty-two veterans commit suicide a day.

- Linshom Management, LLC, a current TEDCO portfolio company, is a medical device company focused on continuous respiratory monitoring. The market size for respiratory care in the US is $1.9B+ opportunity. The Company is using the razor/razor-blade model with 90% gross margins. They have a 2-part system which can attach to any clear plastic oxygen mask used in surgery, and a cable that can be hooked up to any monitor used in the hospital. They plan to sell the cable at or near cost, which can be used repeatedly for years, while the patented sensor in the mask is a single use, disposable product. Their system is already FDA cleared and they have patents issued worldwide. They have published data from The Cleveland Clinic, Brigham and Women's Hospital and The University of Mississippi Medical Center.

- Pathotrak is a food safety technology company founded by a former NIST scientist. Their patented technology reduces the detection time of food-safety tests from 1-2 days to 5 hours, helping food manufacturers cut costs on warehousing and refrigeration, enabling earlier product releases and faster recalls, and avoiding outbreaks. Each year 48 million people are sick, 128K are hospitalized, and 3K die from foodborne illnesses. It is also an expensive problem for food companies. For example, the Chipotle crisis created an $8 billion loss for the company in 6 months. The biggest pain point in the food safety testing industry is that it is too slow and expensive. Pathotrak has solved that problem. The investment round was oversubscribed but TEDCO was able to take the last $300k.

Builder Fund:

TEDCO's social impact, Pre-Seed Builder fund typically invests in startup companies via convertible notes. Funded companies are also provided Builder Fund resources which may include both hands-on and educational executive support, peer-to-peer mentorship/collaboration, and networking opportunities. The Builder Fund welcomes pre-seed technology start-ups from all industries to apply. However, to be applicable, a company must meet all the following qualifications: (1) principal place of business is in Maryland; (2) at least one full-time employee, and (3) no less than 50% of founders demonstrate economic disadvantage. The following received support from the Builder fund in 2Q23:

- Black Brain Trust is DEI scoring system for corporations. Ability to compare and contrast DEI policies and results among companies and provide guidance on how to improve the DEI score and policies at the corporate level.

- Keep Company is an HR software company. Clients use the company's product to retain talent that traditionally gets diverted from the partner path by becoming caretakers. The company helps employees by providing support services, coaching, and mentorship to employees.

- SeeTrue produces needle tips that are designed to prevent fouling and contamination. The needles help ensure the correct amount of genetic material to the desired location. Needle tips created with various openings to ensure accurate deposition.

- ARMR manufactures a medical safety device. The harness allows for rapid tourniquet application to injured victims within 40 seconds.

- VirgilHR allows customers to comply with local, state, and federal labor laws. This is an add-on to current HR systems, and provides assurance that customers follow their policy in all HR activities.

- Emergency Medical Innovation DBA Nasaclip sells medical devices that can stop most common nose bleeds. The company has a FDA Class I medical device for sale, and will be creating a Class II medicated device in the coming year.

- JuneBrain Inc is developing an eye-scanning device that allows providers to identify and treat eye and brain diseases outside of the clinic.

- Infinite Focus Schools DBA Clymb is a mindfulness and emotional health app for children in kindergarten through high school.

TEDCO Total Value to Paid-In Capital

TEDCO has had an average TVPI of ~ 1.2 for the last 5 years. TVPI stands for Total Value to Paid-In capital and represents the combined realized and unrealized value of a fund relative to paid-in capital. As the name suggests, TVPI shows the overall value of a fund compared to its cost (a higher TVPI would indicate higher value). Anything above 1 means that there is growth in the fund and the mean average according (to Pitchbook) was less than our reported number, making TEDCO fund performance slightly above average for the period.

TEDCO Investments - Quarterly - FY Q2 2023

Company Name	City	County	State	Amount	Investment Date	Employees	MD Employees	Industry	Fund
Astek Diagnostics	Baltimore	Baltimore City	MD	$250,000	12/22/2022	3	3	Healthcare	Seed Funds
Conarium Bioworks	Ellicott City	Howard	MD	$200,000	11/22/2022	1	1	Healthcare	Seed Funds
Unmanned Propulsion Development	Leonardtown	St. Mary's	MD	$170,000	11/10/2022	1	1	Engineering	Seed Funds
Vita Therapeutics	Baltimore	Baltimore City	MD	$500,000	10/11/2022	28	27	Healthcare	Venture Funds
LePrix	Bethesda	Montgomery	MD	$300,000	11/4/2022	33	24	Software	Venture Funds
Neighborhood Sun Benefit Corporation	SilverSpring	Montgomery	MD	$500,000	12/16/2022	42	22	Software SaaS	Venture Funds
Theradaptive, Inc	Fredrick	Fredrick	MD	$500,000	12/16/2022	17	13	Biotechnology	Venture Funds
Warrior Centric Health, Inc.	Ellicott City	Howard	MD	$1,000,000	12/16/2022	7	5	Healthcare	Venture Funds
Linshom Management, LLC	Ellicott City	Howard	MD	$300,000	12/19/2022	3	2	Medical Device	Venture Funds
Pathotrak	College Park	Prince George's	MD	$300,000	12/22/2022	5	5	Manufacturing	Venture Funds
Black Brain Trust	Baltimore	Baltimore City	MD	$100,000	10/28/2022	6	6	Data Analytics	Social Impact Funds
Keep Company	Bethesda	Montgomery	MD	$200,000	12/19/2022	3	3	Software	Social Impact Funds
SeeTrue	Baltimore	Baltimore	MD	$100,000	12/6/2022	3	3	Biotechnology	Social Impact Funds
ARMR	Baltimore	Baltimore City	MD	$100,000	12/27/2022	3	3	Government	Social Impact Funds
VirgilHR	Gaithersburg	Montgomery	MD	$200,000	10/18/2022	4	3	Software	Social Impact Funds
Emergency Medical Innovation DBA Nasaclip	Baltimore	Baltimore City	MD	$250,000	12/20/2022	2	2	Biotechnology	Social Impact Funds
JuneBrain	Baltimore	Baltimore City	MD	$150,000	12/15/2022	4	4	Biotechnology	Social Impact Funds
Infinite Focus Schools DBA Clymb	Gwynn Oak	Baltimore City	MD	$150,000	11/10/2022	2	2	Education	Social Impact Funds
Total	18			$5,270,000		167	129		