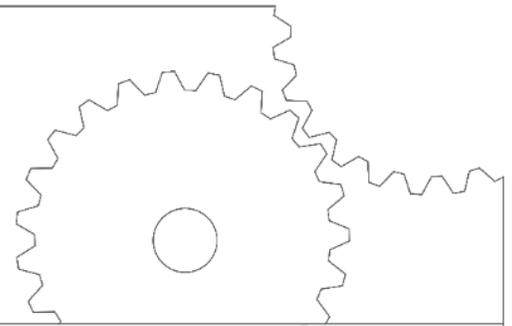


21 FUND REPORT TO THE STATE BUDGET COMMITTEE

Semi-annual and Q2 2016





OVERVIEW

In 1999, the General Assembly established the Indiana Twenty-First Century Research & Technology Fund ("21 Fund") to serve as a catalyst for innovation to transform our State's economy. Since 2005, the IEDC has improved Indiana's national competitiveness by focusing 21 Fund investments on the development of technologies and companies by high-potential, high-growth entrepreneurial activities within the commercial sector.

This report is submitted pursuant to IC 5-28-16-4(g) and IC 5-28-16-2(e) to provide a quarterly and semi-annual report on the activities pertaining to grants and loans being made from the 21 Fund. The semi-annual report is the 2nd quarter activity and should be viewed along with the included quarter 1 report.

SEMI-ANNUAL SUMMARY

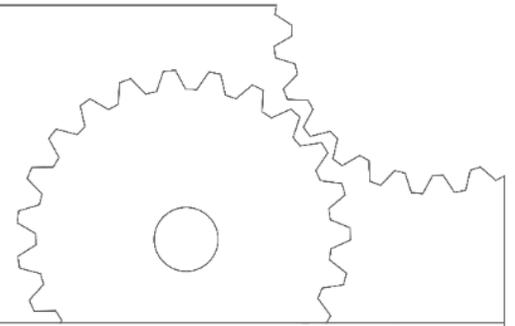
Summarized six month activity in approved Direct 21 Fund investments totaled \$4,412,500 across five companies which will attract an additional \$16,087,500 in matching private investment. The largest of these was an approved investment of \$2,000,000 in Nextremity Solutions, an innovative foot and ankle surgical implant company located in Warsaw, IN.

SBIR/STTR Phase I matches for the six month period consisted of \$650,000 approved awards to thirteen companies. Of those thirteen, six were in West Lafayette, IN, two in Greenville, IN, two in Bloomington, IN, and two in Indianapolis, IN.

Five awards each of \$20,000 were approved under the Elevate Purdue Foundry Fund Program.

QUARTERLY ACTIVITY

Second Quarter activities are detailed below.

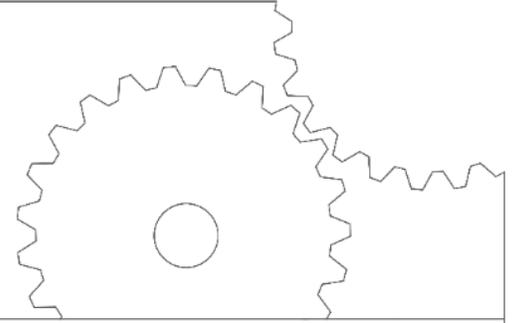


21 FUND INVESTMENTS

The 21 Fund is a dedicated investment fund to support early-stage investment opportunities. These are primarily companies with products or solutions already selling in the marketplace with meaningful customer traction. They have shown some mastery of operational infrastructure, expertise, and planning needed to pursue an initial scale-up from institutional investors or individual investors.

All following 21 Fund Investments have been reviewed and approved in public meetings of the Entrepreneurship Committee of the Board of Directors of the Indiana Economic Development Corporation, in accordance with the 21 Fund Investment Policy which was presented to the State Budget Committee in October 2015.

| Company | City | County | Sector | 21 Fund Investment \$ | Investment \$ from Other Investors | Investment Approval Date |
|---|--------------|-----------|------------------------|-----------------------|------------------------------------|--------------------------|
| Nextremity Solutions | Warsaw | Kosciusko | Life Sciences | \$2,000,000 | \$2,000,000 | 06/02/16 |
| Springbuk | Indianapolis | Marion | Information Technology | \$500,000 | \$2,000,000 | 06/02/16 |
| PharmacoPhotonics, Inc. DBA Fast BioMedical | Carmel | Hamilton | Life Sciences | \$500,000 | \$3,500,000 | 06/02/16 |
| Total | | | | \$3,000,000 | \$7,500,000 | |



Nextremity Solutions

Warsaw, IN (Kosciusko County)

Sector: Life Sciences

Focus: Development and Commercialization of Foot and Ankle Medical Devices/Implants



COMPANY SUMMARY

Nextremity Solutions, Inc., a Delaware corporation, is a pure play foot and ankle surgical implant company. The Company was initially founded in October 2007 as an LLC, but converted to a "C" Corporation on December 21, 2011 and currently has 14 employees, headquartered in The Orthopedic Capital of the World, Warsaw, Indiana.

The Company has assembled a strong management team and Board of Directors (BOD) and believes that the quality and experience of the group is a critical factor to the success of the Company. The Nextremity management team and BOD have over a century of experience in the orthopedic device industry, comprised of business persons, entrepreneurs, and executives with extensive business experience that have worked at major orthopedic companies such as Zimmer, DePuy Orthopaedics, OrthoPediatrics, DVO Extremity Solutions, Smith & Nephew, and Tornier.

The company has entered into partnerships with a number of leading foot and ankle surgeons and surgeon groups to generate innovative and clinically appealing product ideas.

The company has four products that are currently generating roughly \$3 million in annual revenue, and is the process of developing a bigger product portfolio.

FINANCIAL SUMMARY

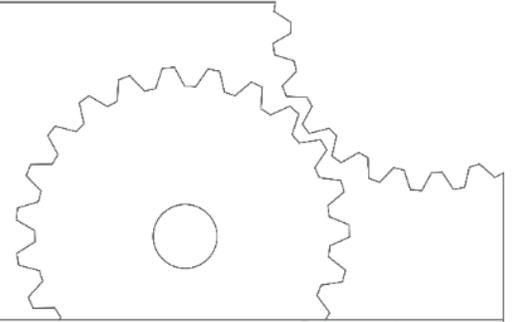
| Year | 2015 | 2016 | 2017 |
|-----------------------|-------|-------|-------|
| Revenue (in Millions) | \$2.5 | \$3.7 | \$7.5 |
| Cumulative Headcount | 14 | 16 | 22 |

INVESTMENT SUMMARY

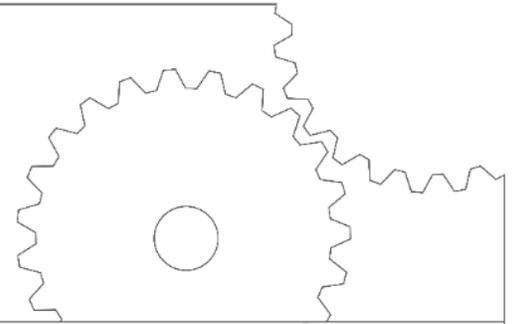
- » Previous Investment - none
- » Total Investment Round Target - \$4,200,000
- » 21 Fund Participation - Up to \$2,000,000 (44.4% of the total investment round)
- » Target Co-investors – existing and new individual and institutional investors

INVESTMENT ANALYSIS

- » Strengths
 - Team-complementary skills and prior startup and growth ventures experience



- Market-sizable and growing market, and initial indication of interest from a strategic distribution partner
 - Product-proven value proposition and growing product portfolio
 - Customer-identified and proven target customers and use cases
- » Risks
- Financing – the company has a fairly complex capitalization structure which might hinder the company’s ability to raise capital down the road should such need arises.
 - Product pricing – the device industry as a whole is experiencing pricing pressure due to healthcare industry movement towards accountable care organizations and outcome-based care. Provider and payer consolidation increase their leverage in price negotiation. Nextremity is also competing with big orthopedic companies with established products at a lower cost and price point.



Springbuk

Indianapolis, IN (Marion County)
Sector: Information Technology
Focus: Employer Health Analytics



COMPANY SUMMARY

Springbuk® is a health analytics software for mid- to large-size employers. The platform unifies disparate data sources—including medical claims, pharmacy, biometric/lab and payroll—into a decision dashboard. The predictive modeling engine allows employers to identify future costs, engage at-risk employees on a 1:1 basis, and measure their HR and wellness spend.

Springbuk is raising \$3.75 million Series A. Lewis & Clark is the lead investor with \$2 million committed now and potentially an additional \$1 million upon achieving certain sales milestones.

Since the last investment, Springbuk has released significant improvements to their platform and demonstrated market acceptance of the product. Clients grew from 5 to 16, representing a growth of employer users from 161 to 215.

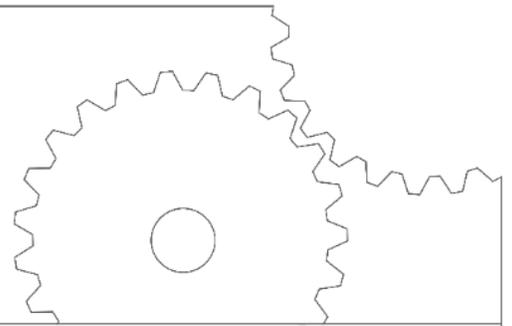
Springbuk's market position is interesting in that it targets the employer while their competitors are designed for the insurer or provider. Springbuk's solution provides employers the data they need to strategically engage with their wellness providers and assess the ROI on these investments. Clients include employers as well as brokers, onsite clinics and wellness vendors who support multiple employers. Springbuk is built on front-line access and expertise from the "Healthiest Employer®" Award Program that attracts 6,000 employers who represent 1/3 of the U.S. working population. This award provides high credibility of the Springbuk team in the marketplace and access to thousands of employers.

FINANCIAL SUMMARY

| Year | 2015 | 2016 | 2017 |
|-----------------------|-------|-------|-------|
| Revenue (in Millions) | \$.5 | \$1.8 | \$6.7 |
| Cumulative Headcount | 12 | 29 | 52 |

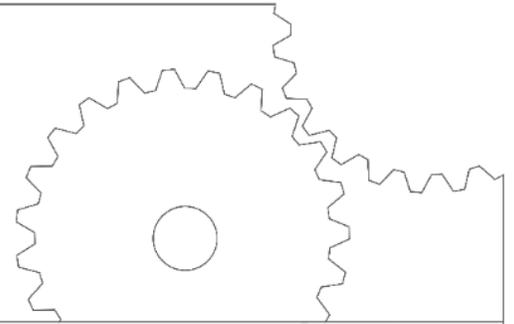
INVESTMENT SUMMARY

- » Previous Investment - State 21 Fund Dollars - \$500,000
- » Total Investment Round Target - \$3,750,000
- » 21 Fund Participation - Up to \$500,000 (13.3% of the total investment round)
- » Target Co-investors - existing and new individual and institutional investors, and regional venture funds



INVESTMENT ANALYSIS

- » Strengths
 - Team—complementary skills and prior startup and growth ventures experience
 - Market—sizable and growing market, initial demonstration of repeatable sales process
 - Product—well-developed value proposition and integration opportunities with other data platform/providers
 - Customer—identified and proven target customers and cost-effective sales lead generation through the Award program
 - Return—capital structure reasonable for institutional investment
- » Risks
 - Market—comparatively low barrier to entry from technology development standpoint; speed to market is key
 - Product – product security is vital to the company’s continued success as Springbuk is a holder of all employee personal health data



PharmacoPhotonics, Inc. DBA Fast BioMedical



Carmel, IN (Hamilton County)

Sector: Life Sciences

Focus: Development and Commercialization of a Catheter-Based Fluorescence Device

COMPANY SUMMARY

In 2006 Indiana University Research & Technology Center (IURTC) filed a provisional patent for the innovative GFR measurement methodology developed through the National Institutes of Health funding received to establish a center for Advanced Renal Microscopic Analysis at the Indiana Center for Biological Microscopy (ICBM). In November 2006, Jim Strickland and Dr. Bruce Molitoris established Pharmaco Photonics. In April 2007, the company entered into an exclusive worldwide license with IURTC for the rights to commercialize the technology.

FAST BioMedical is seeking investment from the 21st Fund to lead a new round of capital raise of up to \$10 million. This raise will enable the company to continue development and commercialization of a method and a device for rapid measurement of Glomerular Filtration Rate (GFR) for evaluation of acute and chronic kidney problems as well as blood volume for other indications.

GFR is a critical measurement that represents the rate at which the kidneys clear impurities from the blood. FAST Diagnostics' method is based on radiometric measurement of fluorescence dyes in the blood stream following simultaneous injection of two different fluorescently labeled dextrans, whose molecular weights differ sufficiently to allow one to be readily renal-filtered and the other to be minimally renal-filtered during the time of measurement.

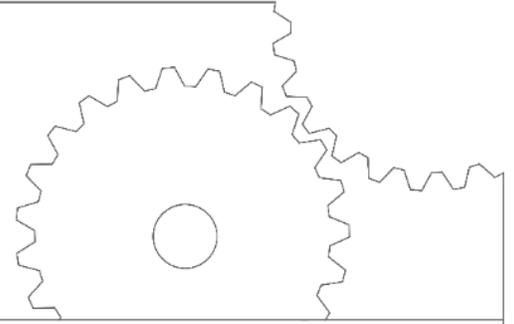
The \$10 million round will enable the company to complete phase its IIb clinical trial and be ready for phase III. To complete phase III clinical trials and obtain the FDA pre-market approval for the commencement of commercial product sales is estimated to require another \$15 million in capital raise. Product marketing and sales is likely to start in 2019-2020 and would require further capital infusion.

FINANCIAL SUMMARY

| Year | 2015 | 2016 | 2017 |
|-----------------------|------|------|------|
| Revenue (in Millions) | \$0 | \$0 | \$0 |
| Cumulative Headcount | 6 | 8 | 12 |

INVESTMENT SUMMARY

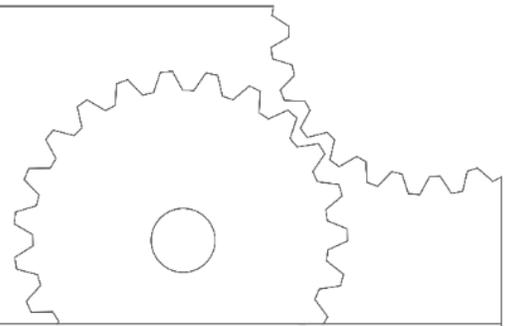
- » Previous grant/Investment - State 21 Fund Dollars - \$3,000,000 | SSBFI Federal Dollars - \$500,000



- » Total Investment Round Target - \$10,000,000
- » 21 Fund Participation - Up to \$500,000 (5% of the total investment round)
- » Target Co-investors – existing and individual and institutional investors, and regional and national family offices

INVESTMENT ANALYSIS

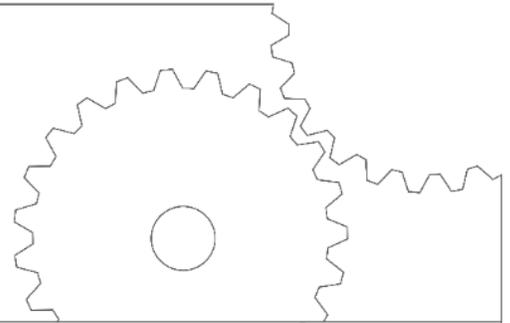
- » Strengths
 - Team–complementary skills and commitment to the venture
 - Market-unmet market need
 - Product–encouraging Phase I safety results and identified additional indication in measuring blood volume
 - Customer–identified target customers and use cases
- » Risks
 - Financing – to raise additional \$20-\$25 million through FDA approval remains the biggest risk. The overall venture capital investment in the renal space has been limited compared to other therapeutic areas. Lack of near-term or significant interest from strategic acquirers is likely to dampen financial investors' desire to participate.
 - Product development – Fast is managing a complex product development process and resulting regulatory pathway. The in-house team has been lean, which puts greater reliance on Fast's partners and vendors to perform key development, clinical, and regulatory functions.
 - Team – the team is somewhat fatigued by years of fundraising from individual investors and by lack of meaningful traction with deep-pocket life sciences venture capital funds. The Board may be required to pro-actively manage a senior leadership transition in order to re-energize the investment opportunity.
 -



SBIR/STTR PHASE I MATCHING PROGRAM

After decades of existence, the Small Business Innovation Research and Small Business Technology Transfer programs (SBIR/STTR) have established themselves as two of the most effective technology commercialization programs in the federal government and important sources of pre-seed and seed-stage non-dilutive capital. SBIR/STTR programs are highly competitive and encourage small businesses to explore their technological potential. Federal agencies participating in the SBIR/STTR programs award funding in three phases. The State of Indiana provides matching grants to Phase I awardees.

| Company | City | County | Grant Type | Federal Grant Amount | State Match Amount | State Match Approval Date | Project Description |
|-----------------------|----------------|------------|------------|----------------------|--------------------|---------------------------|--|
| Magnetic Motion Power | Floyds Knobs | Floyd | SBIR | \$150,000.00 | \$50,000.00 | 5/23/16 | 15a High-Efficiency Turbine Generator for Instream Electric Power Production |
| ReClaimRx | Bloomington | Monroe | SBIR | \$277,314.00 | \$50,000.00 | 5/23/16 | Higher Order Structure Analysis of Protein Therapeutics by Covalent Labeling MS |
| NERx Biosciences | Indianapolis | Marion | SBIR | \$293,005.00 | \$50,000.00 | 6/10/16 | Chemical Enhancement of CRISPR/Cas9 Mediated Site-Specific Genome Engineering Integrated Framework for Simultaneous Generative Language Training and Progress Tracking for Minimally Verbal Children with Autism |
| Speak Modalities | West Lafayette | Tippecanoe | SBIR | \$152,599.00 | \$50,000.00 | 6/10/16 | |
| Techshot | Greenville | Floyd | SBIR | \$124,995.00 | \$50,000.00 | 6/10/16 | Freezer Panel for International Space Station Utilization |
| Techshot | Greenville | Floyd | SBIR | \$124,680.00 | \$50,000.00 | 6/14/16 | Sintered Inductive Metal Printer with Laser Exposure |
| Total | | | | \$1,122,593 | \$300,000 | | |



ELEVATE PURDUE FOUNDRY FUND

Under a partnership among Purdue University, Elevate Ventures and the Indiana Economic Development Corporation, the Elevate Purdue Foundry Fund (the “EPFF”) was established to provide funding and advisory support to seed-stage high-potential companies within the Purdue ecosystem. The EPFF has two stages of capital investments: Black Award and Gold Award. For the Black Award, the EPFF invests up to \$20k in seed-stage companies; for the Gold Award, the EPFF invests up to \$80k in Black Award winners that meet established milestones.

Elevate Purdue Foundry Fund were open to applications in Q1 2016, and as a result of review processes, new awards were made in Q2 2106.

| Company | City | County | Award Type | Award Amount | Award Approval Date | Company Description |
|-----------------------|----------------|------------|------------|---------------------|---------------------|---|
| Amplified Sciences | Lafayette | Tippecanoe | Black | \$20,000.00 | 4/29/16 | a life sciences company that is developing solutions for the assessment of early-stage acute kidney injury with a patented dye-based detection technology to capture and identify levels of biomarkers in patient urine samples. |
| Aerial Agriculture | West Lafayette | Tippecanoe | Black | \$20,000.00 | 4/29/16 | an agriculture company that designs, builds, and pilots Unmanned Aerial Vehicles (UAVs), or “drones,” to collect specialized near-infrared images that depict crop health to reduce excess fertilizer and other input costs while increasing yields. |
| ChopSaver | Indianapolis | Marion | Black | \$20,000.00 | 4/29/16 | a startup producing ChopSaver, an all-natural lip care product that uses Arnica, a natural healing agent derived from a sunflower. Product is sold online, in CVS stores and other stores. |
| Drug Free Therapeutix | Indianapolis | Marion | Black | \$20,000.00 | 4/29/16 | a startup commercializing a platform that could improve neural stimulation therapy for many health issues including Alzheimer’s, epilepsy, migraines, pain management, Parkinson’s and nerve regeneration. |
| Paperclip Fitness | Lafayette | Tippecanoe | Black | \$20,000.00 | 4/29/16 | a company providing a platform with fully integrated mobile and web-based apps that allow gym owners and staff to maximize personal engagement with their patrons. The mobile app that allows instant updates from the gym on class schedule, facility utilization and new opportunities to use a facility. |
| Total | | | | \$100,000.00 | | |

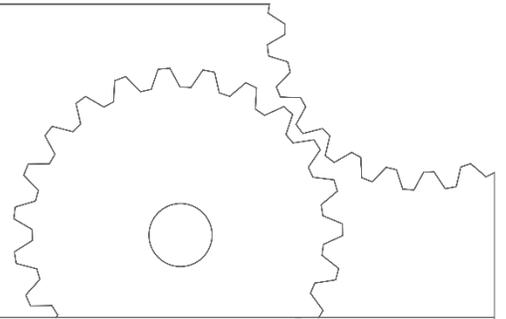
21 FUND QUARTERLY REPORT TO THE STATE BUDGET COMMITTEE

Q1 2016





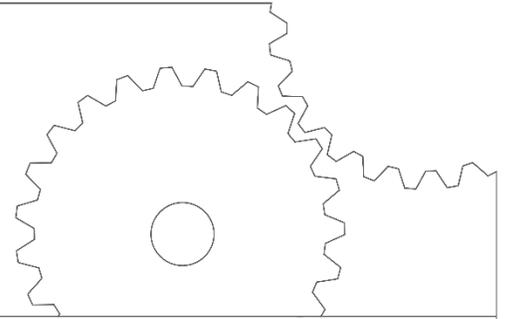
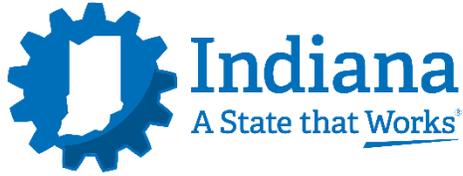
Indiana
A State that Works®



In 1999, the General Assembly established the Indiana Twenty-First Century Research & Technology Fund ("21 Fund") to serve as a catalyst for innovation to transform our State's economy. Since 2005, the IEDC has improved Indiana's national competitiveness by focusing 21 Fund investments on the development of technologies by high-potential, high-growth entrepreneurial activities within the commercial sector.

This report is submitted pursuant to IC 5-28-16-4(g) to provide a quarterly report on the activities pertaining to grants and loans being made from the 21 Fund. The following grants and investment programs are funded by the 21 Fund and are addressed in this report.

- » 21 Fund Investments
- » SBIR/STTR Phase I Matching Program
- » Elevate Purdue Foundry Fund

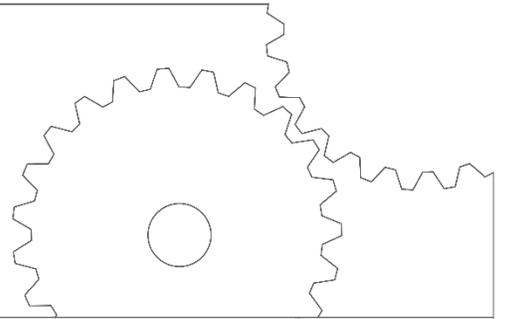
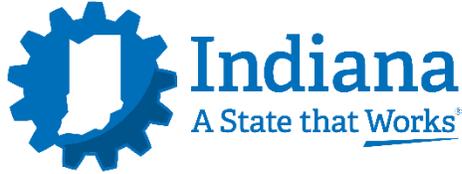


21 FUND INVESTMENTS

The 21 Fund is a dedicated investment fund to support early-stage investment opportunities. These are primarily companies with products or solutions already selling in the marketplace with meaningful customer traction. They have shown some mastery of operational infrastructure, expertise, and planning needed to pursue an initial scale-up from institutional investors or individual investors.

All following 21 Fund Investments have been reviewed and approved in public meetings of the Entrepreneurship Committee of the Board of Directors of the Indiana Economic Development Corporation, in accordance with the 21 Fund Investment Policy which was presented to the State Budget Committee in October 2015.

| Company | City | County | Sector | 21 Fund Investment \$ | Investment \$ from Other Investors | Investment Approval Date |
|-----------------------------------|--------------|----------|------------------------|-----------------------|------------------------------------|--------------------------|
| CloudOne Corporation | Fishers | Hamilton | Information Technology | \$912,500 | \$8,087,500 | 02/26/16 |
| Secured FTP Hosting DBA SmartFile | Indianapolis | Marion | Information Technology | \$500,000 | \$500,000 | 03/29/16 |
| Total | | | | \$1,412,500 | \$8,587,500 | |



CloudOne Corporation

Fishers, IN (Hamilton County)

Sector: Information Technology

Focus: Managed Services & SaaS Platform for IBM and Other Application Vendors



COMPANY SUMMARY

CloudOne is a fast-growing IBM Business Partner. It was created specifically to be the on-ramp for IBM Rational customers to the cloud, software-as-a-service and managed development operations. Rational Machines was founded by Paul Levy and Mike Devlin in 1981 to provide tools to expand the use of modern software engineering practices, particularly explicit modular architecture and iterative development. Rational was sold for US\$2.1 billion to IBM in February, 2003.

CloudOne relocated from Illinois to Indiana as a result of a 21 Fund investment in 2012 and has been growing steadily since then. The company has raised multiple rounds of capital to primarily build out its cloud infrastructure and related platform to onboard more software vendors and implementation service providers, both through continued IBM partnership and through direct customer acquisition efforts. The goal was to further diversify company's customer and partnership base.

In 2015, the company has also identified a new revenue growth area in development and deployment platform services for companies looking to create and maintain Internet of Things (IoT) programs in a secure virtual private cloud environment.

FINANCIAL SUMMARY

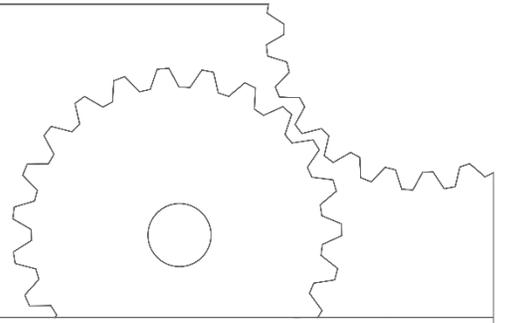
| Year | 2015 | 2016 | 2017 |
|----------------------------------|--------|--------|--------|
| Revenue Projection (in Millions) | \$10.5 | \$18.1 | \$26.8 |
| Cumulative Headcount | 44 | 59 | 75 |

INVESTMENT SUMMARY

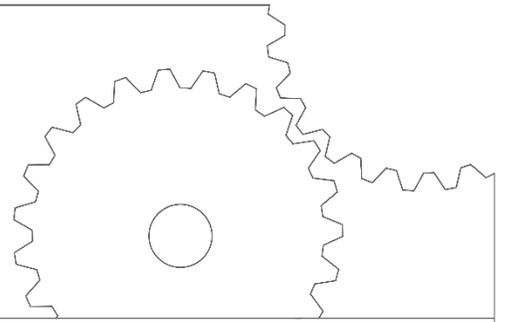
- » Previous Investment - State 21 Fund Dollars - \$2,000,000 | SSBCI Federal Dollars - \$125,000
- » Total Investment Round Target - \$9.0 million
- » 21 Fund Participation - Up to \$912,500 (10% of the total investment round)
- » Target Co-investors - existing individual and institutional investors, and regional venture funds

INVESTMENT ANALYSIS

- » Strengths
 - Team-complementary skills and prior startup and growth ventures experience
 - Market-sizable and growing market, initial demonstration of repeatable sales process



- Product—well-developed value proposition and technical scalability
- Customer—identified and proven target customers and use cases
- Return—capital structure reasonable for institutional investment



Secured FTP Hosting, LLC DBA SmartFile



Indianapolis, IN (Marion County)

Sector: Information Technology

Focus: Secure Hosted and Cloud File Sharing and Transfer Solutions

COMPANY SUMMARY

As data housed within organizations continues to grow and security is becoming more complex, the need to monitor, protect and audit content is increasingly important. This is especially difficult as end users bypass information technology to use products such as Google Drive and DropBox to share information both within and outside their organization.

SmartFile provides a File Management Platform, FileHub™, which allows businesses to connect, manage, and secure content across their entire network (existing file storage, homegrown, and third party Internet applications) to meet these needs.

SmartFile's solution provides flexibility with the ability to install as a physical server/appliance, deploy in a client's virtual environment, or on top of a client's existing operating system. SmartFile can leverage native storage across multiple geographic locations with high availability and integrate into existing software applications.

SmartFile serves a broad market both domestically and abroad (EU data protection and Canadian privacy). Most of these customers operate in rigorously regulated industries; manage content that must meet specific compliance standards; exchange files that require a high degree of security; and/or have a more heavily weighted need for local access speeds to files being exchanged.

FINANCIAL SUMMARY

| Year | 2015 | 2016 | 2017 |
|----------------------------------|-------|-------|-------|
| Revenue Projection (in Millions) | \$1.5 | \$2.4 | \$4.3 |
| Cumulative Headcount | 14 | 37 | 55 |

INVESTMENT SUMMARY

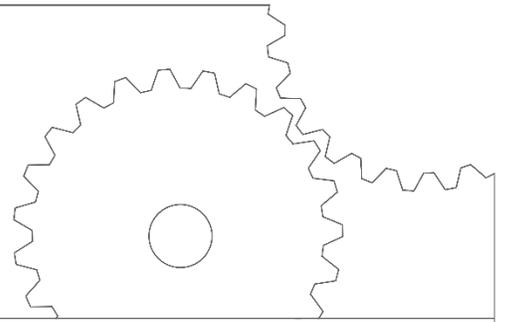
- » Previous Investment - none
- » Total Investment Round Target - Up to \$2.0 million
- » 21 Fund Participation - Up to \$500,000 (25% of total investment round)
- » Target Co-investors – VisionTech Partners and other individual and institutional investors

INVESTMENT ANALYSIS

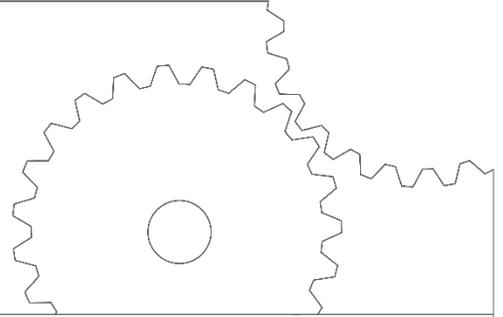
- » Strengths
 - Team – complementary skills, prior startup experiences and coachability



Indiana
A State that Works®



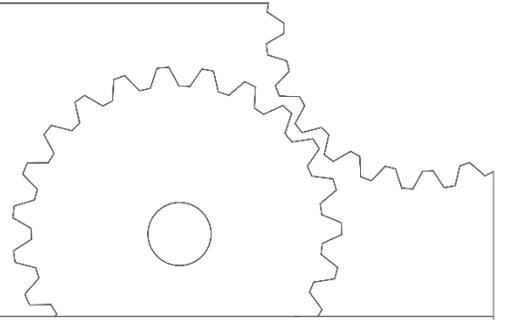
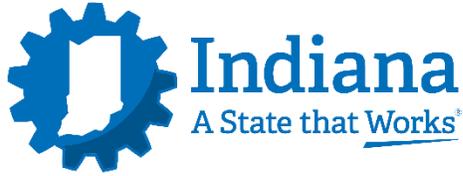
- Market – sizable market, initial demonstration of customer interest in the targeted segments
- Product – well-developed value proposition and technical scalability
- Customer – identified target customers and use cases
- Return – secured the right institutional investors for growth, capital structure reasonable for institutional investment



SBIR/STTR PHASE I MATCHING PROGRAM

After decades of existence, the Small Business Innovation Research and Small Business Technology Transfer programs (SBIR/STTR) have established themselves as two of the most effective technology commercialization programs in the federal government and important sources of pre-seed and seed-stage non-dilutive capital. SBIR/STTR programs are highly competitive and encourage small businesses to explore their technological potential. Federal agencies participating in the SBIR/STTR programs award funding in three phases. The State of Indiana provides matching grants to Phase I awardees.

| Company | City | County | Grant Type | Federal Grant Amount | State Match Amount | State Match Approval Date | Project Description |
|-------------------|----------------|------------|------------|----------------------|--------------------|---------------------------|---|
| Data2Discovery | Bloomington | Monroe | SBIR | \$150,000 | \$50,000 | 1/18/16 | Semantic Link Association Prediction for Phenotypic Drug Discovery |
| En'Urga | West Lafayette | Tippecanoe | SBIR | \$150,000 | \$50,000 | 1/18/16 | A Low Cost Sensor for Mid-Chord Offset Measurements |
| Mobile Enerlytics | West Lafayette | Tippecanoe | SBIR | \$150,000 | \$50,000 | 1/18/16 | Enabling Technologies for Energy-Centric Mobile App Design to Extend Mobile Device Battery Life |
| VinSense | West Lafayette | Tippecanoe | STTR | \$224,949 | \$50,000 | 1/18/16 | Visual Information Environment for Effective Agricultural Management and Sustainability |
| Kinasense | West Lafayette | Tippecanoe | SBIR | \$203,102 | \$50,000 | 3/1/16 | Development of an Assay Platform for Measuring Endogenous Kinase Activity |
| ZeroUI | West Lafayette | Tippecanoe | STTR | \$225,000 | \$50,000 | 3/1/16 | Dynamic Robust Hand Model for Gesture Intent Recognition |
| Anagin | Indianapolis | Marion | SBIR | \$267,381 | \$50,000 | 3/30/16 | nNOS-PSD95 inhibitors as novel treatments for TBI |
| Total | | | | \$1,370,432 | \$350,000 | | |



ELEVATE PURDUE FOUNDRY FUND

Under a partnership among Purdue University, Elevate Ventures and the Indiana Economic Development Corporation, the Elevate Purdue Foundry Fund (the "EPFF") was established to provide funding and advisory support to seed-stage high-potential companies within the Purdue ecosystem. The EPFF has two stages of capital investments: Black Award and Gold Award. For the Black Award, the EPFF invests up to \$20k in seed-stage companies; for the Gold Award, the EPFF invests up to \$80k in Black Award winners that meet established milestones.

The EPFF is very active and engaged however there were no awards granted during this quarter.