

2018 QNBV REPORT



WISCONSIN ECONOMIC
DEVELOPMENT CORPORATION

ANOTHER RECORD YEAR FOR STARTUP INVESTMENTS IN WISCONSIN[®]

The 2018 summary of activity in Wisconsin's Qualified New Business Venture (QNBV) Program shows that companies across numerous industries are continuing to find the investment they need to drive innovation, launch products and grow their teams with some of the best and brightest minds from Wisconsin and across the globe.

Investment in QNBV-certified companies hit another record high in 2018. The total amount of funding received by certified companies reached \$334.6 million, up 40% from \$238.8 million in 2017. In 2018, the number of deals of \$5 million or larger reached 15, up from the previous record of nine deals of this size—beating the previous mark for deals this large by 67%.

In 2018, the QNBV Program helped 71 startups throughout the state draw \$64.8 million in qualified investment with the support of \$16.2 million in tax credits. A total of 238 companies are currently certified, contributing to a thriving startup ecosystem in Wisconsin by providing tax incentives to those who invest in Wisconsin based high-tech investment opportunities.

From an educated workforce to an excellent quality of life that draws top-notch talent, from low costs of doing business to public-private partnerships designed to bolster business success, Wisconsin has a lot to offer—as an increasing number of startups are recognizing with their decisions to start and grow in Wisconsin.

238
CERTIFIED
COMPANIES

\$334.6
MILLION

2018 RESULTS

QUALIFIED NEW BUSINESS VENTURE PROGRAM

The Qualified New Business Venture (QNBV) Program is established under Wis. Stat. §238.15 to help tech-based companies attract the capital necessary to fuel their growth. QNBV certification is available to early-stage businesses developing innovative products, processes or services. The QNBV Program provides mutually beneficial outcomes for investors, startups and Wisconsin's economy. By supporting investment in cutting-edge companies, the QNBV Program sets the stage for Wisconsin's future success in a globally competitive environment.

As the numbers in this report show, this was a record year for investments in QNBV companies. Venture capital investors are significantly more active in Wisconsin than ever before, and are a key factor in providing capital as companies grow and scale.

The QNBV Program has shown positive results, driving Wisconsin's economic future through innovation and new opportunities. Along with partners across the state, the Wisconsin Economic Development Corporation (WEDC) is committed to providing assistance and resources to help bridge gaps and support startups at every stage of their growth.

See these related links on WEDC's website for more information:

Support and resources for startups:
wedc.org/entrepreneurs

Innovation Investment Portfolio:
wedc.org/entrepreneurs/innovation-investment-portfolio

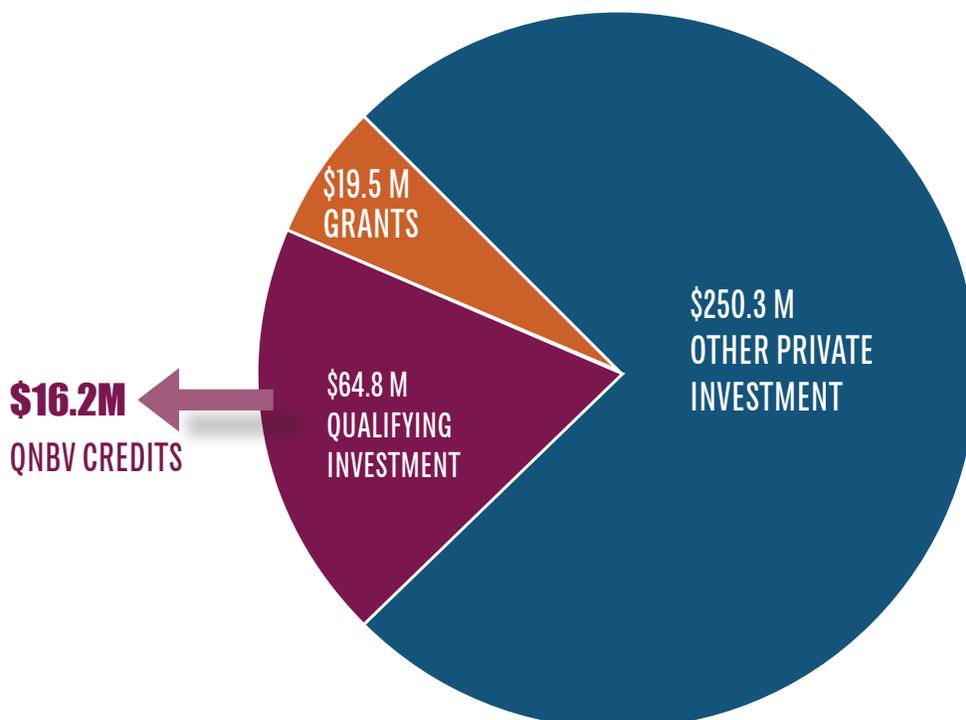
Total funding received by certified companies including qualifying investments, other private investments and grant funding

TOTAL INVESTMENTS
\$334.6M

TOTAL CREDITS ISSUED

\$16.2M

Total tax credits provided in 2018 for investments in certified businesses



ANNUAL RESULTS BY INVESTMENT TYPE

Qualified angel investments and qualified venture capital investments have both grown over the duration of the program. Other financing, including investments that do not qualify for credits (such as out-of-state equity, debt and founders' investments) have fluctuated with the needs of individual companies, but overall, have also grown since the program's inception. Grants were not tracked separately until 2008. In the past few years, federal and other outside grants have represented approximately 11% of the total funding received by qualified companies.

**\$2.2
BILLION**

Total funding received by certified companies including qualifying investments, other private investments and grant funding since program's inception in 2005

CUMULATIVE TOTAL OF
QUALIFIED INVESTMENTS SINCE
INCEPTION 2005

\$573M

ANNUAL RESULTS

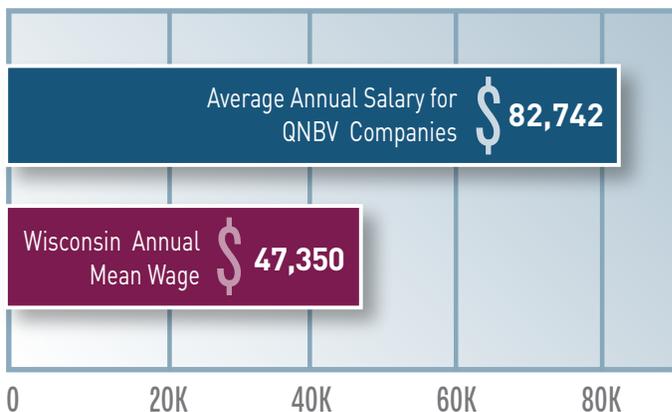
Source: Reporting from QNBV-certified companies

| YEAR | ANGEL | EARLY-STAGE INVESTMENTS | TOTAL CREDITS | OTHER FINANCING | GRANTS | TOTAL |
|------|--------------|-------------------------|---------------|-----------------|--------------|----------------------|
| 2018 | \$35,786,436 | \$29,080,814 | \$16,235,561 | \$250,251,132 | \$19,536,352 | \$334,654,734 |
| 2017 | \$32,071,250 | \$10,162,072 | \$10,558,331 | \$186,513,179 | \$10,052,829 | \$238,799,330 |
| 2016 | \$36,088,212 | \$35,604,273 | \$17,923,147 | \$182,295,113 | \$27,762,015 | \$281,749,613 |
| 2015 | \$49,437,940 | \$23,690,405 | \$18,282,087 | \$94,382,685 | \$9,064,800 | \$176,575,830 |
| 2014 | \$27,902,165 | \$22,642,644 | \$12,433,852 | \$87,211,420 | \$53,042,706 | \$190,798,935 |
| 2013 | \$24,099,020 | \$11,211,212 | \$8,827,558 | \$60,891,701 | \$24,315,133 | \$120,517,066 |
| 2012 | \$32,834,480 | \$15,229,992 | \$12,016,118 | \$116,254,652 | \$37,177,266 | \$201,436,390 |
| 2011 | \$26,802,916 | \$18,486,944 | \$11,322,465 | \$72,498,556 | \$33,155,828 | \$150,944,244 |
| 2010 | \$20,160,566 | \$10,267,268 | \$7,606,959 | \$144,561,009 | \$29,400,466 | \$204,389,309 |
| 2009 | \$22,116,868 | \$12,902,148 | \$8,754,754 | \$61,487,213 | \$8,141,039 | \$104,647,268 |
| 2008 | \$12,423,716 | \$17,137,844 | \$7,390,390 | \$68,116,873 | \$5,358,571 | \$103,037,004 |
| 2007 | \$8,201,848 | \$10,400,808 | \$4,650,664 | \$51,573,820 | N/A | \$70,176,476 |

2018 AVERAGE FULL-TIME SALARY BASE OF CERTIFIED COMPANIES

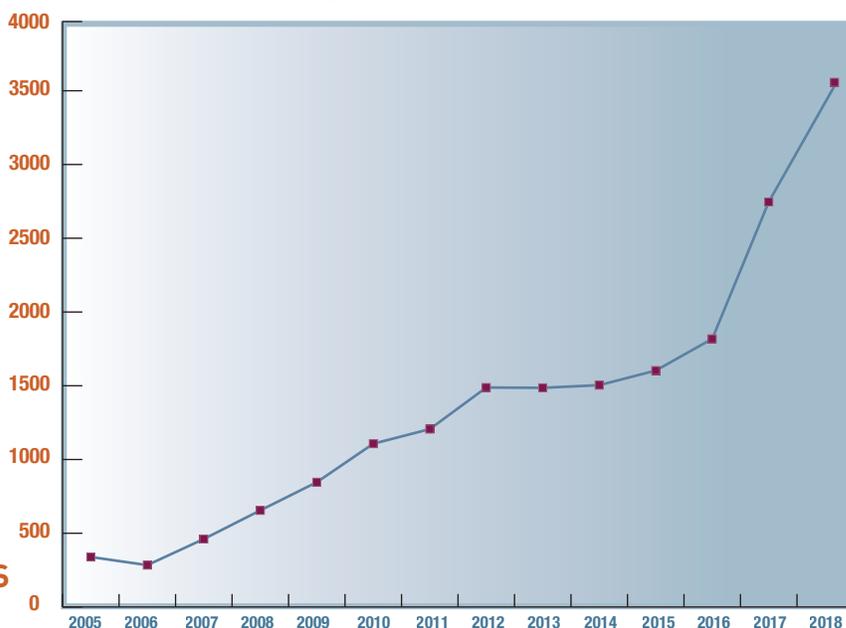
The average salary paid by QNBV-certified companies is well above the average salary for the state as a whole. The companies that are part of the QNBV Program help the state attract and retain highly educated, trained and talented individuals.

Source: May 2018 State Occupational Employment and Wage Estimates Wisconsin(All Occupations);BLS



TOTAL JOBS AT QNBV-CERTIFIED COMPANIES

As more companies become QNBV-certified, the total number of jobs has grown. These companies are responsible for creating high-paying, high-skilled jobs throughout Wisconsin, demonstrating the program's expanding impact on the state's economy.



ANNUAL EMPLOYMENT AND WAGES

Source: Reporting from QNBV-certified companies

| YEAR | CERTIFIED COMPANIES | NET NEW WI JOBS | WI FULL-TIME JOBS | WI PART-TIME JOBS | TOTAL JOBS (INCLUDING OUTSIDE WI) | FULL-TIME AVERAGE SALARY |
|------|---------------------|-----------------|-------------------|-------------------|-----------------------------------|--------------------------|
| 2018 | 238 | 541 | 1,923 | 933 | 3,752 | \$82,742 |
| 2017 | 202 | 576 | 1,579 | 596 | 2,746 | \$70,668 |
| 2016 | 211 | 238 | 1,268 | 348 | 1,818 | \$72,475 |
| 2015 | 180 | 182 | 1,107 | 312 | 1,603 | \$73,373 |
| 2014 | 178 | 208 | 1,111 | 228 | 1,504 | \$72,610 |
| 2013 | 180 | 106 | 1,074 | 247 | 1,486 | \$71,149 |
| 2012 | 160 | 210 | 1,102 | 220 | 1,488 | \$76,581 |
| 2011 | 138 | 207 | 934 | 181 | 1,206 | \$76,564 |
| 2010 | 125 | N/A | N/A | N/A | 1,107 | \$83,346 |
| 2009 | 106 | N/A | N/A | N/A | 846 | \$76,627 |

QUALIFIED INVESTMENTS BY INDUSTRY

Qualified investments represent the amount of investments that are eligible for tax credits.

\$63.4M

238

TOTAL CERTIFIED COMPANIES

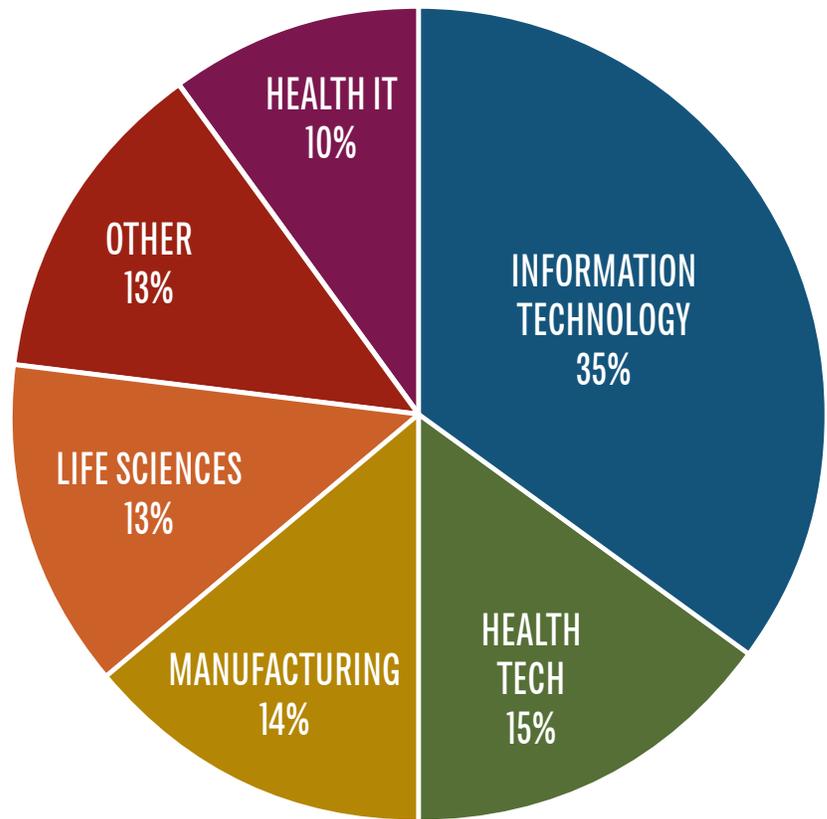
56

NEW CERTIFICATIONS IN 2018

476

COMPANIES ASSISTED SINCE INCEPTION

NUMBER OF CERTIFIED COMPANIES



Source: Reporting from QNBV-certified companies

HEALTH INFORMATION TECHNOLOGY: A GROWING SPECIALTY FIELD

Health information technology (IT) has exhibited significant growth over the past decade, and now has sufficient activity to break out as its own category, separate from health technology and other, non-health-related IT startups. Prior to 2012, the total number of health IT companies to ever have received QNBV certification was just seven. From 2012 on, more than 30 companies have been certified in this category. In all, health IT companies make up 10% of all QNBV-certified companies. In 2018, 12% of all investment in QNBV-certified companies was made in health IT companies, and companies in this industry employ 11% of all employees at QNBV-certified companies. QNBV-certified health IT companies pay an average annual salary of \$92,000, which is 11% higher than the overall average salary for QNBV-certified companies.

Wisconsin's assets in health IT, which both reflect a strong infrastructure for this industry and indicate readiness to support continued growth, include:

- UW-Madison
- Wisconsin Alumni Research Foundation
- Medical College of Wisconsin
- Epic Systems
- GE Healthcare
- Exact Sciences
- Marshfield Clinic (central and northern Wisconsin)
- Advocate Aurora Health (eastern Wisconsin)
- Mayo Clinic (western Wisconsin)

2018 QUALIFIED INVESTMENTS AND CREDITS

| CERTIFIED COMPANY | FUND INVESTMENT | ANGEL INVESTMENT | TAX CREDIT |
|----------------------------------|-----------------|------------------|------------|
| ResiCad LLC | | \$175,000 | \$43,750 |
| Pyxsee, Inc | | \$150,000 | \$37,500 |
| basic-code LLC | | \$217,000 | \$54,250 |
| Cata LLC | | \$180,000 | \$45,000 |
| American Provenance II, Inc. | \$260,550 | | \$65,138 |
| Au Naturale Cosmetics, LLC | | \$192,036 | \$48,009 |
| Idea Fund Investment Company | \$312,660 | | \$78,165 |
| Rebate Bus, Inc. | \$347,400 | | \$86,850 |
| SciArt Software, Inc | \$368,244 | | \$92,061 |
| Exit 7C, Inc | \$50,000 | | \$12,500 |
| Socialeads, Inc. | \$491,880 | | \$122,970 |
| Cellular Logistics, Inc | | \$150,000 | \$37,500 |
| FactoryFix, Inc. | \$1,070,000 | \$25,000 | \$273,750 |
| Impact Sports, LLC | | \$20,000 | \$5,000 |
| Inventalator Incorporated | \$90,000 | | \$22,500 |
| Logistibid Corporation | | \$330,000 | \$82,500 |
| SteamChain.io, Inc. | \$640,000 | \$200,000 | \$210,000 |
| VIP Crowd, Inc. | | \$205,000 | \$51,250 |
| Tailored Care Enterprises, Inc. | \$20,000 | | \$5,000 |
| Forward Move, LLC | | \$330,000 | \$82,500 |
| P4 Infrastructure, Inc. | | \$1,000,000 | \$250,000 |
| Agrograph, Inc. | \$347,400 | | \$86,850 |
| Alinea Group, Inc. | \$150,000 | \$533,067 | \$170,767 |
| Lanehub, Inc. | | \$335,000 | \$83,750 |
| Stem Pharm, Inc. | | \$75,000 | \$18,750 |
| Goods Unite Us, Inc. | | \$290,000 | \$72,500 |
| Spaulding Medical, LLC | | \$1,047,000 | \$261,750 |
| Varigen Biosciences Corporation | | \$150,000 | \$37,500 |
| Brandbumps Marketing Group, Inc. | | \$44,000 | \$11,000 |
| Cellara, LLC | | \$960,000 | \$240,000 |
| Genopalate, Inc | \$120,000 | \$577,493 | \$174,373 |

continued

2018 QUALIFIED INVESTMENTS AND CREDITS

| CERTIFIED COMPANY | FUND INVESTMENT | ANGEL INVESTMENT | TAX CREDIT |
|---------------------------------------|-----------------|------------------|-------------|
| Gentueri Inc. | \$347,400 | | \$86,850 |
| Gregor Diagnostics Inc. | \$512,750 | | \$128,187 |
| Jangobio, LLC | | \$912,250 | \$228,063 |
| Medical Engineering Innovations, Inc. | \$500,000 | \$340,000 | \$210,000 |
| Motivo, Inc | | \$600,000 | \$150,000 |
| Pinpoint Software, Inc. | | \$100,000 | \$25,000 |
| Slipstream, LLC | | \$30,000 | \$7,500 |
| Isomark LLC | | \$185,399 | \$46,350 |
| Avid Ratings, Inc. | \$6,000,000 | | \$1,500,000 |
| ConsortiEX, Inc. | | \$228,914 | \$57,228 |
| AkitaBox, Inc. | | \$250,005 | \$62,501 |
| energybank inc. | | \$105,999 | \$26,500 |
| Gravy Live, Inc. | \$879,280 | \$325,226 | \$301,126 |
| HuTerra, LLC | \$25,000 | \$1,155,194 | \$313,799 |
| ImageMoverMD, Inc. | \$990,000 | \$71,095 | \$265,274 |
| Kiio, Inc | \$55,000 | \$1,644,837 | \$424,959 |
| Murfie, Inc. | \$525,000 | \$60,000 | \$146,250 |
| Odyne Systems, LLC | | \$1,087,306 | \$271,827 |
| Rowheels, Inc. | | \$259,000 | \$64,750 |
| Sift Medical Data, Inc. | \$118,116 | \$475,000 | \$148,279 |
| Understory, Inc. | \$500,000 | | \$125,000 |
| WoundZoom, Inc. | | \$550,000 | \$137,500 |
| Access Healthnet Holdings, Inc | | \$205,075 | \$51,269 |
| Bioionix, Inc. | | \$135,000 | \$33,750 |
| bluDiagnostics, Inc. | | \$1,300,000 | \$325,000 |
| EmOpti, Inc. | \$1,500,000 | \$1,169,113 | \$667,278 |
| Engineered Propulsion Systems, Inc. | | \$425,000 | \$106,250 |
| HealthMyne, Inc. | \$3,297,406 | \$702,597 | \$999,999 |
| Imbed Biosciences, Inc. | | \$95,000 | \$23,750 |
| Invenra Inc | \$3,032,622 | \$967,377 | \$1,000,000 |

continued

2018 QUALIFIED INVESTMENTS AND CREDITS

| CERTIFIED COMPANY | FUND INVESTMENT | ANGEL INVESTMENT | TAX CREDIT |
|---------------------------------|-----------------|------------------|-------------|
| Madison Vaccines Incorporated | \$809,766 | \$804,403 | \$403,542 |
| Pegex, Inc | \$3,750,000 | \$350,000 | \$1,025,000 |
| PerBlue Entertainment, Inc | \$391,879 | \$1,396,506 | \$447,096 |
| Phoenix Nuclear Holding Company | | \$3,999,978 | \$999,994 |
| SimpleMachines, Inc. | | \$910,000 | \$227,500 |
| SmartUQ LLC | | \$818,522 | \$204,631 |
| Somna Therapeutics, LLC | \$250,000 | \$2,490,000 | \$685,000 |
| Stonehouse Water | | \$1,500,000 | \$375,000 |
| TAI Diagnostics | \$1,250,000 | \$2,063,310 | \$828,328 |
| Zurex Pharma, Inc. | \$78,461 | \$888,733 | \$241,799 |

HOW IT WORKS

Early-stage businesses developing innovative products, processes or services may be designated as QNBVs. Investments in QNBVs made by angel investors, angel investment networks and qualified venture capital funds are eligible through the Early-Stage Business Investment Program to receive a tax credit equal to 25 percent of the amount of the equity investment.

Businesses can receive up to a total of \$8 million in tax-eligible cash equity investment, for up to \$2 million in tax credits for the investors. There is no limit on the amount of credits a single investor can claim.

TO LEARN MORE

Information on applying for QNBV certification, along with a list of QNBV-certified companies, can be found at wedc.org/qnbv.

For more information about available investment opportunities or about achieving QNBV certification, contact a WEDC technology investment manager:

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