

North Carolina Biotechnology Center

Offices in Asheville | Charlotte | Greenville | Research Triangle Park | Wilmington | Winston-Salem

October 22, 2025

TO: The Honorable Phil Berger, President Pro Tempore of the Senate
The Honorable Destin Hall, Speaker of the House of Representatives
The Honorable Bradford Briner, State Treasurer
Ms. Melissa Lovell, Chief Deputy Attorney General
Mr. Brian Matteson, Fiscal Research Division

FROM: James Bullock
Vice President-Finance

SUBJECT: Quarterly Report

In accordance with the *Profit-Sharing Agreement between the State of North Carolina and the North Carolina Biotechnology Center*, enclosed are the required reports for the Biotechnology Center for the quarter ending September 30, 2025. The unaudited financial statements for the quarter ending September 30, 2025, are provided on pages two through four. Venture capital investments, stocks, and equity held by the Biotechnology Center and its subsidiaries are listed in Exhibits A-1 and A-2. The following transactions took place during the quarter relative to investments acquired with State funds:

- Distributions from venture capital investments in the quarter were as follows:
 - Hatteras Venture Affiliates III - \$14,774
 - IMAF – Cape Fear, LLC - \$85.76
 - Idea Fund II - \$397.36
 - IMAF – Coastal Plain - \$83.25
 - Hatteras Venture Partners VI - \$6,658
- Capital contributions to venture capital investments were made as follows:
 - None
- Purchases of stock were made as follows:
 - None
- Profit-sharing event
 - None for quarter

If you have any questions or comments regarding this information, please do not hesitate to call me at (919) 549-8813.

cc: Kristine Leggett, Fiscal Research
Margaret Young, Fiscal Research
Jennifer Ford, Fiscal Research

Enclosures

NORTH CAROLINA BIOTECHNOLOGY CENTER

Statement of Financial Position

Fiscal Year End June 30, 2026

As of September 30, 2025

| | Unaudited 3rd Month Ending 9/30/2025 | Audited Year Ending 6/30/2025 |
|---|--|-------------------------------------|
| ASSETS: | | |
| Cash | \$ 4,538,014 | 9,021,308 |
| Investments: | | |
| Marketable securities | 6,348,928 | 6,324,279 |
| Other Investments | 7,393,782 | 7,415,780 |
| Total Cash and Investments | <u>18,280,724</u> | <u>22,761,367</u> |
| Receivables: | | |
| Accrued interest receivable | 85,720 | 44,131 |
| Miscellaneous receivable | 328,695 | 342,511 |
| Grants and contributions receivable | 119,756 | 36,596 |
| Notes receivable (incl Disc on LR) | 12,219,014 | 11,867,204 |
| Total Receivables | <u>12,753,185</u> | <u>12,290,442</u> |
| Prepaid Expenses | 391,036 | 251,399 |
| Property, plant and equipment, net | <u>6,816,603</u> | <u>6,936,693</u> |
| Total Assets | <u>\$ 38,241,548</u> | <u>42,239,901</u> |
| LIABILITIES: | | |
| Accounts payable & accrued expenses | \$ 501,858 | 491,776 |
| Total Liabilities | <u>501,858</u> | <u>491,776</u> |
| NET ASSETS: | | |
| Net Assets without donor restrictions | 40,978,125 | 42,451,823 |
| Net Assets with donor restrictions | 770,000 | 270,000 |
| New undesignated Net Assets | (4,008,435) | (973,698) |
| Total Net Assets | <u>37,739,690</u> | <u>41,748,125</u> |
| Total Liabilities and Net Assets | <u>\$ 38,241,548</u> | <u>42,239,901</u> |

NORTH CAROLINA BIOTECHNOLOGY CENTER

Statement of Activity and Changes in Net Assets

Fiscal Year End June 30, 2026

As of September 30, 2025

| | Unaudited 3rd Month Ending 9/30/2025 | Audited YTD as of 6/30/2025 |
|---|--|-----------------------------------|
| UNRESTRICTED REVENUES : | | |
| Grants and contracts: | | |
| State of North Carolina | \$ - | 16,100,338 |
| Federal grants | 167,667 | 1,026,562 |
| Investment return, net | 125,235 | 853,604 |
| Interest income on notes receivable | 192,941 | 833,103 |
| Conference Center | 164,294 | 805,813 |
| LSI income | 157,184 | 940,605 |
| Contributions and grants | 194,997 | 219,412 |
| Other, net | 123,972 | 670,038 |
| Total unrestricted revenues | \$ 1,126,290 | 21,449,475 |
| EXPENSES AND LOSSES: | | |
| Economic Development Program: | | |
| Focused Initiative Team | \$ 178,075 | 751,468 |
| Corporate Communications | 238,999 | 1,161,933 |
| Statewide Operations | 347,566 | 2,226,869 |
| Life Science Economic Development | 292,138 | 1,801,834 |
| Total | 1,056,779 | 5,942,103 |
| Sector Development Program: | | |
| Conference Center | 257,539 | 1,008,474 |
| Science and Business Development | 122,571 | 489,246 |
| Life Science Intelligence | 362,685 | 1,624,793 |
| Total | 742,794 | 3,122,512 |
| Commercialization Program: | | |
| Science and Technology Development | 871,582 | 3,771,230 |
| Emerging Company Development | 950,333 | 4,377,238 |
| Total | 1,821,915 | 8,148,468 |
| General & Administration: | | |
| General and Administrative | 1,513,238 | 5,210,089 |
| Total | 1,513,238 | 5,210,089 |
| Total expenses and losses | \$ 5,134,725 | 22,423,173 |
| Change in total net assets | (4,008,435) | (973,698) |
| Beginning net assets as previously reported | 41,748,125 | 42,721,826 |
| Accounting change (note xx) | - | (3) |
| Beginning net assets - adjusted | 41,748,125 | 42,721,823 |
| Net Assets, end of period | \$ 37,739,690 | 41,748,125 |

Internal GAAP Financial Statements without Disclosures

NORTH CAROLINA BIOTECHNOLOGY CENTER

Statement of Cash Flows

Fiscal Year End June 30, 2026

As of September 30, 2025

| | Unaudited 3 Month Ending 9/30/2025 | Audited Year Ending 6/30/2025 |
|---|--|-------------------------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ (4,008,435) | (973,698) |
| Depreciation | 147,214 | 562,229 |
| Net Realized and Unrealized (Gains) Losses on investments | (2,651) | (432,368) |
| Loss on disposal of property, plant, and equipment | - | 1,268 |
| Write-off of notes receivable | - | 2,326,814 |
| Increase (decrease) in cash due to changes in: | | |
| Notes receivable (New LLR method) | (351,810) | (2,723,333) |
| Accrued interest receivable | (41,589) | (6,806) |
| Grants and contributions receivable | (83,160) | 983,596 |
| Miscellaneous receivables | 13,816 | 41,908 |
| Other assets | (139,637) | 87,986 |
| Accounts payable and accrued expenses | 10,082 | (834,642) |
| | (4,456,170) | (967,046) |
| Cash flows from investing activities: | | |
| Purchase of property & equipment | (31,224) | (297,532) |
| Proceeds from sale of Sale investments | 4,100 | - |
| Purchase of Private investments | - | (89,848) |
| | (27,124) | (387,380) |
| Net increase (decrease) in cash | (4,483,294) | (1,354,426) |
| Cash, beginning of period | 9,021,308 | 10,375,734 |
| Cash, end of period | \$ 4,538,014 | 9,021,308 |

Internal GAAP Financial Statements without Disclosures

NORTH CAROLINA BIOTECHNOLOGY CENTER
FY 2025 VENTURE CAPITAL INVESTMENTS
As of September 30, 2025

| <u>INVESTMENT</u> | <u>Start Date</u> | <u>Total Commitment</u> | <u>Paid @ Current</u> | <u>Total Distributions</u> |
|--|-----------------------|-----------------------------|---------------------------|--------------------------------|
| * Bull City Venture Partners III | 01/13 | 15,000 | 13,014 | 7,104.00 |
| * Charlotte Angel Fund | 12/13 | 5,000 | 5,000 | 3,752.68 |
| Hatteras Venture Affiliates III, LP | 09/06 | 25,000 | 25,348 | 22,387.50 |
| Hatteras Venture Partners IV, LLC | 06/11 | 25,000 | 24,114 | 24,114.00 |
| Hatteras Venture Partners V, LLC | 07/13 | 100,000 | 84,837 | 81,798.00 |
| Hatteras Venture Partners VI, LLC | 03/19 | 100,000 | 88,960 | 17,076.00 |
| * IDEA Fund II | 07/13 | 20,000 | 20,099 | 14,902.06 |
| Inception Micro Angel Fund - Triad I | 05/03 | 16,500 | 16,500 | 0.00 |
| * Inception Micro Angel Fund - Cape Fear | 06/11 | 12,500 | 1,000 | 507.92 |
| Inception Micro Angel Fund - Charlotte | 06/07 | 15,000 | 9,000 | 5,955.07 |
| * Inception Micro Angel Fund - Coastal Plain | 09/13 | 7,500 | 1,000 | 635.43 |
| * Inception Micro Angel Fund - East | 04/08 | 15,000 | 9,000 | 1,245.61 |
| Inception Micro Angel Fund - RTP | 09/10 | 12,500 | 12,500 | 12,500.00 |
| * Inception Micro Angel Fund - Sandhill | 12/13 | 3,000 | 1,000 | 282.00 |
| Inception Micro Angel Fund - Triad 2 | 09/10 | 12,500 | 3,575 | 0.00 |
| Inception Micro Angel Fund - West | 03/07 | 16,500 | 16,500 | 127.42 |
| Intersouth Partners V Affiliates Fund, LP | 03/00 | 100,000 | 100,000 | 68,212.00 |
| Intersouth Partners V, LP | 03/00 | 250,000 | 250,000 | 179,672.00 |
| Intersouth Partners VI, LP | 02/03 | 25,000 | 25,011 | 25,011.00 |
| * Intersouth Partners VII, LP | 05/06 | 40,000 | 40,000 | 15,693.00 |
| * Physicians Fund | 02/13 | 12,500 | 12,500 | 12,500.00 |
| * Piedmont Angel Network II, LLC | 10/05 | 25,000 | 21,575 | 6,098.17 |
| * Triangle Angel Partners | 07/11 | 12,500 | 12,500 | 3,961.93 |
| TOTAL VC INVESTMENTS | | <u>866,000</u> | <u>793,033</u> | <u>503,536</u> |
| * Acquired with State Funds | | O/S Commitment | 72,967.00 | |

NORTH CAROLINA BIOTECHNOLOGY CENTER
Investment In Company Stock
September 30, 2025

Exhibit A-2

| | # Shares | Estimated Price/Share 9/30/2025 | Cost @ 9/30/2025 | FMV @ 9/30/2025 | Required Allowance @ 9/30/2025 |
|--|----------|---------------------------------------|---------------------|--------------------|--------------------------------------|
| <u>Company Stock- Non Public</u> | | | | | |
| Columbia Life Systems, Inc. | 2,388 | 12.64 | 40,000.00 | 30,184.32 | (40,000.00) |
| Endacea, Inc. (formerly Link Technology, Inc.) | 35,389 | 0.0500 | 25,000.00 | 1,769.45 | (25,000.00) |
| Entegriion, Inc | 1,949 | 0.01 | 19.49 | 19.49 | (19.49) |
| Emergo | 3,508 | 6.94 | 34,659.04 | 24,345.52 | (34,659.04) |
| <u>Company Stock- Public</u> | | | | | |
| Humacyte | 32,961 | 1.74 | 37,656.00 | 57,352.14 | - |
| Total | | | <u>137,334.53</u> | <u>113,670.92</u> | <u>(99,678.53)</u> |