



2022 Annual Report

To: Governor Brian Kemp
Lieutenant Governor Burt Jones
Speaker of the House of Representatives, Jon Burns
Chairperson of the Senate Finance Committee, Chuck Hufstetler
Chairman of the House Ways and Means Committee, Shaw Blackmon

From: Knox Massey, Executive Director, Invest Georgia;
LCG Associates, Fund Administrator to Invest Georgia

RE: End of Year Report on the Invest Georgia Program, 2022

Date: December 31, 2022

Summary

The Invest Georgia legislation was passed by the General Assembly in 2013, amending Chapter 10 of Title 10 of the OCGA and thus creating the Invest Georgia Fund. The purpose of the Invest Georgia fund is to increase the amount of private investment capital available for Georgia based business enterprises in the seed, early or growth stages of business development. Since inception, Invest Georgia has committed capital to fifteen Georgia-based seed, venture capital and growth equity funds. These funds are: TTV Capital IV, Mosley Ventures, Engage Venture Fund, Tech Square Capital, Knoll Ventures, Noro-Moseley Partners VIII, Technology Operators III, MSouth IV, TTV Capital V, Kinetic Ventures X, Tech Square Venture Fund II, Engage Venture Fund II, Atlanta Seed Fund, TTV VI and Knoll Ventures II, which began its investment period in 2022.

An initial allocation of \$10,000,000 was distributed to Invest Georgia in 2014. In fiscal years 2016, 2017, 2018 and 2019, an additional \$40,000,000 was allocated to the Invest Georgia Fund. These allocations were disbursed to Invest Georgia monthly each fiscal year through the Board of Regents. There have been no Annual Allocations since fiscal 2020.

2022 Investments:

In 2022, Invest Georgia conducted due diligence on a number of funds including those led by diverse managers. Knoll Ventures II was approved by the Board in June and began investing in the third quarter.

Knoll Ventures II

Knoll Ventures formed its first fund in 2018 to invest in pre-Series A and post seed financing for technology enabled companies in the Southeast. The Fund deployed its capital into 20 businesses and launched its second fund in the spring of 2022. Knoll Ventures II will invest at the same stage but has refined the strategy to target founders of B2B software companies at the early stage. The strategy is to invest 75% of the capital raised in Pre-Series A Rounds reserving capital to invest in follow on rounds. The Funds are managed by Andrew Dorman and Richard

Firms who are experienced in preparing founders for the due diligence and reporting standards expected by funds at the next round of investment, typically Series A or B. This may include putting in basic financial controls, planning for Board oversight and helping set up diligence materials and investor communications. Knoll Ventures II began investing in the third quarter, 2022.

Job Creation:

Invest Georgia is pleased to report that the number of companies funded by the Invest Georgia program and the number of full-time employees within those Georgia-based companies grew substantially in 2022. **Since inception, the 15 investing funds have funded 103 unique Georgia-based companies in years 2015-2022; a 21.2% increase in the number of companies. These companies employ 3596 Georgia residents, a 15% increase compared to the number reported last year (3128 employees).** The expansion in the number of new Georgia based companies founded is noteworthy in that there was a net gain of 16 new companies in the program against the backdrop of a changing economic environment.

The public markets were volatile throughout 2022 particularly in tech stocks. The change in market value was followed by a number of high profile layoffs in technology companies, inflation in costs and the possibility of recession, which further pushed management to be conservative. Very often, the first way to contain costs is to decrease spending on research and development as well as slim down the talent pools. Some private companies in the portfolios of the Invest Georgia funds did experience layoffs while others were sold or merged. However, the net gain in new companies suggests that if this cycle is similar to prior ones, innovation and new company formation will continue to occur despite market and economic disruptions.

Since the pandemic, the workplace has changed and is now slowly rearranging around a new normal of working from anywhere. As noted in prior years, the number of jobs for Georgia residents includes Georgians employed by venture fund portfolio companies that are headquartered in other states. These companies located outside Georgia are employing Georgia residents to work with their Georgia-based customers and to establish a presence within the State.

Invest Georgia Fund Portfolio Overview

As of September 30, Invest Georgia had allocated 94% of the state allocated funds to 15 seed, venture capital and growth equity funds. Eight funds have completed the construction of their portfolios and are using their reserves for selective, follow-on investing. Uncalled capital stands at 42% as of the end of the third quarter. This uncalled capital resides largely in the six more recent commitments made in 2020, 2021 and 2022 and will be available for new investment.

Since inception, Invest Georgia has constructed a portfolio of funds that have in the aggregate invested in over 260 unique portfolio companies with over 100 companies based in Georgia. These Georgia based companies address multiple markets such as: Data and analytics; artificial intelligence, machine intelligence; financial technology, “fintech” for payments and other automated financial services including asset management, lending and banking; software to support a variety of business service ranging from sales lead generation to marketing information to the supply chain; transportation and logistics businesses including robotics and drones; healthcare information technology; healthcare services that provide care outside the hospital such as pain management; and security platforms that vary from fraud protection to protecting children’s online activities.

Highlighted Georgia-based companies:

Greenlight Financial Technology

Greenlight was founded in 2014 by Tim Sheehan and Jonathan Cook at the ATDC, the Advanced Technology Development Center, headquartered on the Georgia Institute of Technology campus. Greenlight offers a “smart debit card” and educational “app” for kids and their parents to: provide spending controls; encourage savings, giving and investing and allow for transfers from one account to another. TTV IV, Invest Georgia’s first fund commitment, invested in an early seed round along with others, led the Series A round and later participated, pro rata, in subsequent rounds along with a number of leading Silicon Valley venture capital firms and other later stage investors. During 2022, this Atlanta based company grew its user base to more than 5 million parents and kids and substantially boosted its revenue growth.

Stord

Stord was founded in 2016 by Sean Henry and Jacob Boudreau. This start-up received early funding from the business Accelerator formed by Engage, one of two Invest Georgia funds formed by Atlanta based Fortune 500 companies to provide capital and go-to-market training for selected young companies. Stord has raised multiple rounds of capital led by Engage, leading venture capitalists and corporate/strategic investors. Stord is the developer of a digital warehousing and distribution network designed to offer visibility and control over inventory. The company’s distribution network ensures that every order is picked up, packed and delivered on time from the port to porch. The company is generating revenue and growing its employee base.

Voxie

Voxie, based in Alpharetta, GA was founded in 2018 and raised its seed round from local angels before being selected for the Engage Accelerator program. Since then, the company has raised additional rounds from Tech Square Ventures and Noro Mosley Partners. Voxie is a short messaging service (“SMS”) conversational platform that helps brands and retailers engage with customers to drive new sales, create repeat customers and improve customer service experiences. The company leverages customer response and behavioral data with Artificial Intelligence, “AI”, to automate conversations. Voxie is at the early stage of generating revenue and building its employee base.

Summit Spine and Joint Centers

Summit was founded in 2014 in by Dr. Amit Patel and has received growth equity financing from two Atlanta based firms. MSouth, an Invest Georgia fund, purchased controlling interest in June 2021 from Fulcrum Equity Partners. At the end of September 2022, Summit owned or operated 12 Ambulatory Surgery Centers and 24 clinics in the State of Georgia. The company is located in Lawrenceville, GA and has registered over 14,500 unique patient encounters. Summit is profitable and is deploying capital into building new centers as well as considering possible expansion outside the state.

Toolpath Labs

Toolpath is the second company founded by Andy Powell in 2021 after he passed the torch on an Atlanta based CallRail. Toolpath, based in Peachtree City, GA, uses Artificial Intelligence and Machine Learning to create programming software that offers digital designing of parts that will enable businesses to accelerate product development, encourage innovation and support the creation of products designed to rapidly prototype and efficiently manufacture precision machine parts. Toolpath has raised a seed round that includes Invest Georgia’s fund TechSquare Ventures II.

Looking forward to calendar year 2023, Invest Georgia’s focus is on developments in the funds’ underlying portfolios and the commitment of the small amount of remaining capital. As the ecosystem of venture and growth capital has expanded in Georgia and the Southeast, capital requirements will continue to grow. The Board of Directors, the Executive Director and the Investment Consultant are actively engaged in dialogue to determine the future direction of the program.

Other Activities:

Invest Georgia serves on the Limited Partner Advisory Governance Committees (“LPAC”) of 14 of the 15 Invest Georgia investments and plays an active role in monitoring the underlying investments in the funds. As a member of the LPAC, the Executive Director meets regularly with the Partners of each fund and is informed on the progress of IG Fund portfolio companies, any additional investments to portfolio companies, specific amendments to any partnership rules or regulations and any current or anticipated changes in the partnerships.

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Appendix: Invest Georgia Fund Profiles:

TTV Capital IV

The Invest Georgia Fund subscribed as a Limited Partner in TTV Capital IV, (“TTV”) in 2015 for a total commitment of \$3,000,000. As of December 2022, TTV IV had seven portfolio companies based in Georgia employing in the aggregate 394 Georgia residents. TTV Capital is based in Georgia; the investing partners of TTV Capital are: Gardiner W. Garrard, W. Thomas Smith, Jr; Mark A. Johnson and Sean M. Banks. TTV Capital’s strategy focuses on innovative companies in Financial Services Technology, a rapidly growing and dominant industry sector in the State of Georgia, sometimes referred to as Transaction Alley for the number of payments processed in the State and the large and growing number of financial services companies located in Georgia.

Mosley Ventures

Moseley Ventures is based in Georgia. The Invest Georgia Fund subscribed as a Limited Partner to Mosley Ventures in 2016 for a total capital commitment of \$3,250,000. The Mosley Ventures portfolio consisted of 22 investments of which nine were headquartered in Georgia. This fund began its investment period in 2013 and is in a harvest mode, i.e. investments are being realized through mergers and acquisitions or outright sales. There are three portfolio companies remaining that are based in Georgia employing 84 people. The investing partners are: Sig Mosley, Wei-Chun Tai and John Vecchio. Sig Mosley is often called the “godfather of Angel investing” in Atlanta as he worked with John Imlay, both at Imlay Ventures and at MSA, an early, successful software company based in Atlanta. Mosley Ventures’ strategy is to invest at the seed and early stage in Atlanta and the Southeast. The primary focus is on Security software, “Big Data”, Digital Media and to a lesser extent, ecommerce technology.

Tech Square Capital

Tech Square Capital is headquartered in Atlanta, Georgia. The Invest Georgia Fund subscribed as a Limited Partner to Tech Square Capital (“TSC”) for a total commitment of \$1,000,000 in 2017. The Fund focuses on investing in privately held seed or early stage software and technology companies that are based or founded in Atlanta, Georgia. The General Partner is Allen Nance; Janet Mulroy is the CFO. As a result of pre-fund investments contributed to the fund, TSC has had some realizations through mergers, acquisitions and one initial public offering. From founding as a fund in 2016 to date, the portfolio consists of 26 investments in Georgia based companies employing 1490 Georgia residents.

Engage Venture Fund I

Engage is headquartered in Atlanta, Georgia within the Georgia Institute of Technology campus. The Invest Georgia Fund subscribed to Engage Venture Fund in 2017 for a total commitment of \$1,500,000. Engage is a Venture Capital fund formed by a consortium of Georgia corporations and the Georgia Institute of Technology for the purpose of investing in early and seed stage technology companies. The mission of Engage is to strengthen collaboration and partnership between leading corporations and top entrepreneurs by helping start-up founders get their products to market. To accomplish this mission, Engage operates an accelerator program using office space and resources provided by Georgia Tech in which promising start-ups receive the training and mentoring that they need to take their products to market. Tech Square Ventures is the Manager and Advisor to Engage; the Managing Partner of Tech Square Ventures and Engage is Blake Patton. Bill Nussey has succeeded Daley Ervin as Managing Director of the Program; Dr. Namaratha “Nammy” Vedire is Director, Platform & Operations. The Investment Period closed in the spring of 2020; 44 companies completed the curriculum in Engage I. Across both funds and adjusting for sale or mergers, Engage has 15 companies based in Georgia and 28 companies with full time Georgia employees for a total of 482 full time employees in Georgia, up 48% from 2021.

Technology Operators Fund III

Invest Georgia subscribed to Technology Operators Fund III (“Tech Operators”) in 2018 for a total commitment of \$5,000,000. As of December 2021, the Tech Operators III portfolio includes one portfolio company in Georgia employing 37 people, a year over year increase of 4. Tech Operators is based in Atlanta, Georgia. The investing

partners are Said Mohammadioun, David Gould, Tom Noonan, Glenn McGonnigle and Tom McNeight. Each of the General Partners has experience as an entrepreneur and as a CEO of software and/or cyber security businesses. The strategy focuses on early stage software, cybersecurity and technology companies located in the Southeast.

MSouth Equity Partners IV

Invest Georgia subscribed to MSouth IV in 2018 for a total commitment of \$5,000,000. As of December 2021, MSouth has invested in four Georgia-based companies. These four companies employ 356 Georgia residents while another 235 GA residents are employed by other portfolio companies (total 591). MSouth is headquartered in Georgia. The investing partners for MSouth IV are: Michael Long, Barry Boniface, Dan Campbell, Mark Feidler, Peter Pettit, Charles Stubbs and Buddy Bacon. MSouth was founded in 2007 as the successor firm to Atlanta based Cravey Green & Wahlen. MSouth's strategy focuses on lower middle market companies primarily in the Southeast with strong management teams and established business models that enable growth at rates exceeding their underlying industries. The firm primarily targets business services, healthcare, specialty distribution and manufacturing and media/ telecommunications companies.

Noro-Moseley Partners VIII

Invest Georgia subscribed as a Limited Partner to Noro-Moseley Partners VIII ("NMP") in 2018 for a total commitment of \$5,000,000. As of December 2021, NMP has three portfolio companies based in Georgia, which together have 80 employees and a healthcare service business headquartered elsewhere but with two clinics located in Georgia and employing 30 people for a total of 110. NMP is headquartered in Atlanta, Georgia; the investing partners are Allen Moseley, Alan Taetle, Spence McClelland and John Ale. Noro-Moseley Partners is one of the oldest venture capital firms in Atlanta; it was founded in 1983 by Charlie Moseley, father of Allen Moseley and no relation to Sig Mosley of Mosley Ventures. NMP's strategy is to invest in early growth Information Technology and Healthcare companies that have rapidly scaling revenues, a capital-efficient business model and a clear pathway to profitability. NMP looks for opportunities that are located in the Southeast and Southwest.

Knoll Ventures Fund

Invest Georgia subscribed as a Limited Partner to Knoll Ventures ("Knoll") in 2018 for a total commitment of \$1,000,000. After the sale of a portfolio company and some layoffs, Knoll had five portfolio companies based in Georgia that in the aggregate employ 193 people. Knoll Ventures is based in Georgia. The investing partners are Andrew Dorman and Richard Fraim. Knoll was founded in 2017 and held a first close on the fund in June 2018. Knoll's strategy is to fill the funding gap between seed stage investing and the Series A round by being the lead or co-lead in \$1-3 million post-seed stage companies. Knoll will lead or co-lead these rounds and reserve capital for follow-on needs providing value by adding a syndicate partner and preparing the management team or founders for the type of diligence and reporting standards expected by funds that will come in at later stage rounds of financing.

TTV Capital V

TTV Capital is headquartered in Atlanta. Invest Georgia subscribed as a Limited Partner in TTV V in 2019 for a total commitment of \$5,000,000. TTV V focuses on the sectors of the Fintech investment universe that it believes offer the most compelling opportunities to create disruptive, innovative and ultimately successful companies. Within Fintech, key areas of interest for TTV include Specialized Payments, Data Analytics, Machine Learning, Banking/Lending/Financial Wellness, Cybersecurity and Distributed Ledger/Blockchain. Within these areas, TTV will pursue various themes that range from business to business ("B2B"), the gigabyte economy and the household as an enterprise. General Partners of the Fund are Gardiner Garrard, Mark Johnson and Sean Banks. Tom Smith, co-founder, has become a Senior Advisor to the fund. TTV V has made two investments in Georgia based companies that employ a total of 17.

Tech Square Ventures II

Invest Georgia made a commitment to Tech Square Ventures II of 10% of total capital raised for the fund. TSV II is the successor to a smaller fund founded by Blake Patton in 2015. TSV II has made eleven investments since its first close in March 2020, 10 of which are based in Georgia employing a total of 92. Tech Square Ventures II is located

in Atlanta, Georgia and was formed to make early stage and Series A investments with a focus on enterprise (B2B), marketplace technology and tech enabled services companies. TSV II will make investments in operating companies as a minority investor in the form of equity, debt or convertible securities to fund the go-to-market stages of development. The Investment team and Investment Committee includes Blake Patton, Founder and Managing Partner of the General Partner; Vasant Kamath, Partner; Bill Nussey, Partner; Joelle Fox, CFO and Operating Partner of the General Partner and Scott Lopano, Principal.

Kinetic Ventures Fund X

In 2020, Invest Georgia completed its negotiations with Kinetic Ventures X and closed its \$2,000,000 commitment to the Fund. Kinetic Ventures X formally includes Cam Lanier as Senior Director along with William Heflin, Jake Tarr and Nelson Chu as Managing Directors. Kinetic has offices in West Point, GA, Atlanta, GA and Chevy Chase, Maryland. Kinetic will build a balanced portfolio of venture stage investments in enterprise software, mobility and related emerging concepts. Kinetic has a preference for investing in a company's first institutional round. During 2022, Kinetic made two early stage investments based in Georgia creating jobs for 56 employees plus 2 Georgia based employees from a third company headquartered out of state.

Engage Ventures Fund II

In November 2020, Invest Georgia formalized its commitment of \$3,000,000 to Engage II. Engage Venture Fund II was formed by the founding partners of Engage to further the development of the corporate innovation platform and enterprise go-to-market program that they launched in 2016. In addition to the founding Limited Partners (Chick-fil-A, Cox Enterprises, Delta Airlines, Georgia Pacific, Georgia Power, Intercontinental Exchange, Invesco, Home Depot, UPS, Invest Georgia, Goldman Sachs and Georgia Tech), Coca Cola, Inspire Brands, Wellstar and Honeywell have joined the collaboration. Each contributing partner, including the founding Limited Partners committed \$3 million to the new fund. Engage II is more than twice the size of Engage I enabling the initial investment Engage makes to each cohort to be more competitive with other Incubator and Accelerator programs. As in Engage Venture Fund I, Blake Patton is the Managing Partner and Co-founder of Engage and Managing Partner and Founder of Tech Square Ventures, the Investment Adviser to Engage. Bill Nussey succeeded Daley Ervin as the Managing Director; Dr. Nammy Vedire is Director of Platform and Operations. The Engage program is a 10-week curriculum offered twice a year to company founders who are selected to participate as cohorts spring and fall sessions. As previously mentioned, the two Engage funds have invested in 28 companies that have full time Georgia employees totaling 482.

TTV VI

Invest Georgia committed \$2,000,000 to TTV VI in December 2022. TTV Capital TTV Capital is based in Atlanta, Georgia, a hub for Fintech, particularly with regard to transaction processing and payment systems. TTV has a high profile within this hub and the team is highly regarded for its domain expertise and industry relationships. TTV's reputation and connections have made it a preferred partner for larger Venture sponsors both inside and outside the state. The Firm has been actively investing in Georgia based business since inception in 2000. The investing partners are: Gardiner Garrard, Co-Founder; Mark Johnson; Sean Banks; Neil Kapur; Laney Lewis and Lizzie Guynn. Tom Smith, Co-Founder is the Senior Advisor. To date, TTV VI has invested in one company based in Georgia that has 48 employees.

Knoll Ventures II

Knoll Ventures II is still raising capital but has had an initial close with Invest Georgia committing \$2,000,000. The objective of the fund is to continue investing in early stage B2B software companies in the southeast/southwest. Knoll defines early stage as Pre-Series A rounds with founders that can clearly articulate their near-term growth path. Knoll will look for the opportunity to provide a value-add role in preparing founders for the next round of investors. Andrew Dorman is the Managing Partner and Richard Fraim is a General Partner.