



SCIENTIFIC
HEALTH
DEVELOPMENT

FUND II

**2023
FIRST QUARTER**

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March 31, 2023

Dear Scientific Health Development II, Ltd. Limited Partners,

Thank you for your continued support of Scientific Health Development II, Ltd. ("SHD II"). We are excited for the continued success of the fund and are pleased to announce our first quarter 2023 report. Some key points to note include:

- **Overview.** SHD II is an extremely successful investment fund with additional upside. In the first quarter Centese and Channel Medsystems continued to progress their sales ramp, and EMKinetics and Azevan continued discussions with strategic partners. Potrero held the first close of their Series D preferred financing to support continued operations and efforts to increase its customer base. Overall, our portfolio companies have continued to move forward and exhibit the possibility for additional distributions.
- **Capital Calls/Remaining Capital.** SHD II has called all available capital from its \$15.65 million of commitments, and all funding obligations by Class A limited partners have been fulfilled.
- **\$13.1 Million Invested.** SHD II has invested a cumulative total of \$13,139,357 across nine portfolio companies.
- **\$52.3 Million Distributed.** Cumulative distributions to SHD II Class A limited partners total \$52,262,997, which represents 3.34x total capital commitments. Please refer to Appendix B for additional details on the distributions.
- **Milestone Payments.** SHD II's portion of exit event milestone payments has been fulfilled. Refer to Appendix B for more detail on milestone payments. Our investment in Channel MedSystems has resulted in significant realized distributions to limited partners; however, SHD II has retained an ownership stake in the company and additional value remains. Therefore, Channel MedSystems is highlighted in both Appendices A and B.
- **Reporting.** Electronic versions of our quarterly reports are available via a secure limited partner login on our revamped website: www.shdpartners.com. Click the 'LOGIN' button at the top right of the screen and select 'SHD II LOGIN'. The login id is 'SHD_II' and the password is 'maple2010'. After logging in, you have access to every quarterly report available to date.
- **Note on Valuation.** In calculating valuation, we use the basis for the investment unless (a) the investment has earned contractual-based interest in which case we include earned interest, (b) a subsequent financing event has occurred in which case we mark to that valuation, (c) there is a publicly available stock price, (d) the company has ceased

operations in which case we write-off, or (e) the company has suffered what we determine to be a permanent impairment in value. These valuations are conservative as they are not reflective of the ultimate value that we expect to receive from the investments upon a successful exit event. The current carrying value of the active portfolio of SHD II, based on the valuation methodology described above, is estimated at approximately \$8.6 million as of the end of the quarter. For further details, please refer to Appendix A.

- **Unrealized Potential Value.** SHD II has been an extraordinarily successful fund to date and there is still additional value remaining in our active portfolio companies. Given the current status of those companies, associated cap table structures, and potential exit scenarios, we estimate residual value of the portfolio at approximately \$4-7 million. Realized returns may be smaller due to write-offs, unanticipated dilution, and non-maximized exits; nevertheless, we remain enthusiastic for the remaining value of SHD II and the prospect of additional future distributions.

As we progress, we will continue to keep you informed of any major changes to our portfolio. If at any time you would like more detail on activities or expectations from these investments, please do not hesitate to contact us at 214.303.1540.

Sincerely,
Philip Romano
General Partner

Stuart Fitts
General Partner

Andrew Offer
General Partner & CEO

PORTFOLIO COMPANY OVERVIEWS

Azevan Pharmaceuticals, Inc.

Therapeutics for stress-related central nervous system disorders

Headquarters: Bethlehem, PA

Business:

Azevan Pharmaceuticals, Inc. is a clinical stage, small molecule drug development company developing novel therapeutics to treat disorders of stress, mood, and behavior. The Company's first clinical compounds selectively block the effects of arginine vasopressin, a peptide neurohormone involved in the pathophysiology of major depression, intermittent explosive disorder (IED), impulse control/anger disorders, and post-traumatic stress disorder (PTSD). Vasopressin receptor antagonists represent a novel mechanism of action for addressing these indications.



SHD Board Member

Andrew Offer

Board Members

Neal Simon (Co-founder, CEO)

Geoff Smith (Ascent BioVentures)

Michael Pavia (Pharmaceutical industry veteran)

Paul Maddon (Founder of Progenics Pharma, Inc.)

Other Notable Investors

Ascent BioVentures

SHD II Investment History

Date Purchased	Security Owned	Total Amount				Investment at Market Value	Return on Invested Capital
		Investment at Cost	Raised in Round	Pre-Money Valuation	Ownership Position		
Mar-12	Pfd.B	\$100,000	\$4,725,000	\$16,602,221	0.276%	\$138,586	1.386x
Apr-12	Pfd.B	\$650,000	\$4,725,000	\$16,602,221	1.793%	\$900,813	1.386x
Oct-13	Pfd.C	\$1,000,000	\$5,630,429	\$25,612,118	2.757%	\$1,385,488	1.482x
Oct-13	Warrants (Pfd.C)	\$0	NA	NA	0.689%	\$96,372	NA
Jan-14	Options (Common)	\$0	NA	NA	0.257%	\$35,967	NA
Jul-15	Pfd.C-1	\$35,001	\$1,722,738	\$47,290,779	0.070%	\$35,001	1.000x
Apr-16	Options (Common)	\$0	NA	NA	0.128%	\$17,850	NA
Feb-20	Pfd.C-1	\$150,000	\$1,722,738	\$47,290,779	0.702%	\$352,847	2.352x
Mar-21	Options (Common)	\$0.000	NA	NA	0.105%	\$14,055	NA
TOTAL		\$1,935,001	\$18,012,660		6.776%	\$2,976,979	1.538x

Note: SHD II was issued warrants to purchase Pfd.C stock for its participation in the Series C round.

Basis for Valuation: Pfd.C-1 round of financing (July 2015)

Post Money Valuation: \$ 50,251,066

Current Status:

Azevan continued discussions with strategics interested in exploring potential acquisition and/or financing options in the first quarter. The company continues to operate capital efficiently and is seeking \$500,000 in the form of a convertible note to bridge the company. Concurrently, the company is in process of applying for various grants to further support clinical development of their drug candidates.

Channel MedSystems, Inc.

Cryoablation technology

Headquarters: Berkeley, CA

Business:

Channel MedSystems, Inc. ("Channel") is a medical device company that has developed an FDA approved cryoablation device, Cerene®, focused on the endometrial ablation market.



SHD Board Member

NA

Other Board Members

Ric Cote (CEO, former SVP of Conceptus)
Tim Berkowitz (President & CEO, Innova Health Partners)
Jigar Choksey (Principal, Third Point)
Richard Emmitt (Senior Partner, Innova Health Partners)
Lisa Garrett (Former CFO of Cardiva Medical)
Heather Knight (President at Baxter Healthcare)

Other Notable Investors

Third Point
Innova Health Partners

SHD II Investment History

Date Purchased	Security Owned	Investment at Cost	Total Amount			Realized Proceeds	Investment at Market Value	Total Return on Invested Capital
			Raised in Round	Pre-Money Valuation	Ownership Position			
Feb-11	Pfd.A-1	\$25,000	\$1,000,000	\$1,900,000	0.046%	\$324,633	\$30,566	14.208x
Mar-11	Pfd.A-1	\$25,000	\$1,000,000	\$1,900,000	0.046%	\$320,970	\$30,222	14.048x
Apr-11	Pfd.A-1	\$50,000	\$1,000,000	\$1,900,000	0.091%	\$638,344	\$60,104	13.969x
Jun-11	Pfd.A-1	\$100,000	\$1,000,000	\$1,900,000	0.181%	\$1,266,300	\$119,231	13.855x
Jun-11	Pfd.A-1	\$300,000	\$1,000,000	\$1,900,000	0.540%	\$3,778,130	\$355,737	13.780x
Dec-11	Pfd.A-1	\$500,000	\$1,000,000	\$1,900,000	0.900%	\$6,296,886	\$592,895	13.780x
Apr-12	Pfd.A-2	\$250,000	\$9,700,000	\$13,248,688	0.234%	\$1,633,679	\$153,822	7.150x
Sep-12	Pfd.A-2	\$150,000	\$9,700,000	\$13,248,688	0.136%	\$952,901	\$89,722	6.951x
Jan-13	Common	\$0	NA	NA	0.012%	\$83,749	\$1,995	NA
Feb-14	Common	\$0	NA	NA	0.004%	\$28,714	\$684	NA
Sep-14	Pfd.A-3	\$600,000	\$27,407,999	\$26,657,925	0.359%	\$2,507,983	\$236,144	4.574x
TOTAL		\$2,000,000	\$93,464,184		2.549%	\$17,832,288	\$1,671,121	9.752x

Basis for Valuation: Pfd.B round of financing (June 2021)

Post Money Valuation: \$ 65,862,230

Current Status:

Channel continued to ramp sales of the Cerene® device in the first quarter. The company generated approximately \$330,000 in revenue for the quarter, continuing strong momentum from the second half of 2022. The company is currently raising additional capital. The round is expected to total at least \$10 million led by insiders at the same price as the Series B preferred. Proceeds of this financing will be used to continue to build out the team and to accelerate sales ramp.

Complexa, Inc.

Therapeutics for treatment of inflammation and fibrosis

Headquarters: Pittsburgh/Philadelphia, PA



Business:

Complexa, Inc. was a clinical stage drug development company developing nitro fatty acids as powerful anti-inflammatory modulators. The company was developing the compound to potentially treat many conditions that are affected by inflammation and/or fibrosis. The business has ceased operations.

SHD II Investment History

<i>Date Purchased</i>	<i>Security Owned</i>	<i>Investment at Cost</i>	<i>Total Amount Raised in Round</i>	<i>Pre-Money Valuation</i>	<i>Ownership Position</i>	<i>Investment at Market Value</i>	<i>Return on Invested Capital</i>
Apr-12	Pfd.A	\$250,000	\$3,334,476	\$4,500,000	0.249%	\$0	0.000x
May-12	Pfd.A	\$599,999	\$3,334,476	\$4,500,000	0.591%	\$0	0.000x
Dec-12	Pfd.A	\$850,000	\$3,334,476	\$4,500,000	0.837%	\$0	0.000x
Apr-13	Pfd.B	\$300,000	\$14,505,010	\$15,000,000	0.321%	\$0	0.000x
Jun-15	Pfd.C	\$150,000	\$38,900,000	\$21,779,068	0.257%	\$0	0.000x
TOTAL		\$2,149,999	\$67,784,487		2.255%	\$0	0.000x

Basis for Valuation: Written Off

Post Money Valuation: \$ -

Current Status:

SHD II has written-off this investment.

EMKinetics, Inc.

Non-invasive treatment of overactive bladder

Headquarters: San Francisco, CA

EMKinetics

Business:

EMKinetics, Inc. ("EMK") has developed a device for the treatment of overactive bladder syndrome and urinary incontinence. The device uses electrical stimulation to non-invasively deliver a well established therapy currently administered via an implantable device or needles. The company is currently in the developmental stage and working towards FDA approval and CE Mark for its device.

SHD Board Member

Andrew Offer

Other Board Members

Dan Burnett (Co-founder and Interim CEO)

Alan Chesler (Investment Banker, Investor)

Other Notable Investors

Allergan, Inc.

SHD II Investment History

Date Purchased	Security Owned	Total Amount			Ownership Position	Return on	
		Investment at Cost	Raised in Round	Pre-Money Valuation		Investment at Market Value	Invested Capital
Apr-19	Common	\$2,273,138	NA	NA	9.189%	\$1,136,569	.500x
TOTAL		\$2,273,138	\$13,881,882		9.189%	\$1,136,569	.500x

Note: SHD II invested in multiple rounds of equity financing and convertible notes ranging from November 2009 through August 2014. In April 2019 the company went through a reorganization and all outstanding stock and notes were exchanged for common shares. There has not been a valuation of any sort (either internal or external) since the reorganization, so for the time being, the market value of this investment is estimated at SHD's basis split between EMK and its spin-off company HandL Medical.

Basis for Valuation: N/A

Post Money Valuation: N/A

Current Status:

EMK continued exploring strategic options in the first quarter. The company continues to operate on minimal cash, and without additional funding the ongoing studies are paused. Nonetheless, the company filed additional patent protection around tremor, which was allowed in the first quarter. A regulatory approval in China is expected in the second quarter that would unlock a \$250,000 payment to the company from the China-based accelerator MedTecX.

HandL Medical, Inc.

Non-invasive treatment of migraine

Headquarters: San Francisco, CA

Business:

HandL was spun off from SHD II portfolio company EMKinetics, Inc. ("EMK"), and has developed a device for the treatment of migraine and potentially other neurological disorders. The device uses electrical stimulation to non-invasively deliver therapy. The company is currently in the developmental stage and working towards FDA approval and CE Mark for its device.



SHD Board Member

Andrew Offer

Other Board Members

Dan Burnett (Co-founder and Interim CEO)

Alan Chesler (Investment Banker, Investor)

Mike Jaasma (former Acting Branch Chief at FDA)

SHD II Investment History

Date Purchased	Security Owned	Investment at Cost	Total Amount		Ownership Position	Investment at Market Value	Return on Invested Capital
			Raised in Round	Pre-Money Valuation			
Apr-19	Common	\$0	NA	NA	9.189%	\$1,136,569	NA
TOTAL		\$0	\$200,000		9.189%	\$1,136,569	NA

Note: HandL was spun out of EMKinetics in April 2019, with the same capitalization structure as EMKinetics as of the time of the spinoff. There has not been a valuation of any sort (either internal or external), so for the time being, the market value of this investment is estimated at SHD's basis split between EMKinetics and HandL.

Basis for Valuation: N/A

Post Money Valuation: N/A

Current Status:

HandL continues its attempts to raise capital via grants, convertible debt, or traditional equity financing. Minimal development is expected until funding is secured.

Loma Vista Medical, Inc.

Non-compliant medical inflatable technology



Headquarters: Burlingame, CA

Business:

Loma Vista Medical, Inc. ("LVM") was a medical device company that developed non-compliant, high pressure medical inflatable technology. The puncture resistant composite materials used in creating LVM's balloons could withstand pressures far beyond other available technology, with a nominal amount of shape change. The company was focused on balloons utilized in the transcatheter aortic valve implantation (TAVI) market; however, the technology was applicable in other markets including kyphoplasty. The company was acquired by CR Bard in 2013.

SHD II Investment History

Date Purchased	Security Owned	Total Amount				Realized	
		Investment at Cost	Raised in Round	Pre-Money Valuation	Ownership Position	Realized Proceeds	Return on Invested Capital
Apr-10	Pfd.B	\$500,000	\$1,556,115	\$5,300,000	3.919%	\$1,592,603	3.185x
Jun-10	Pfd.B	\$200,000	\$1,556,115	\$5,300,000	1.568%	\$637,041	3.185x
Jul-10	Pfd.B	\$300,000	\$1,556,115	\$5,300,000	2.351%	\$955,562	3.185x
Jan-11	Pfd.C	\$150,000	\$4,851,588	\$8,931,522	1.307%	\$531,034	3.540x
Mar-11	Pfd.C	\$216,032	\$4,851,588	\$8,931,522	1.852%	\$752,486	3.483x
Jun-11	Pfd.C	\$150,000	\$4,851,588	\$8,931,522	0.949%	\$385,488	2.570x
Sep-11	Pfd.C	\$183,967	\$4,851,588	\$8,931,522	1.150%	\$467,530	2.541x
Jan-13	Pfd.D	\$300,000	\$2,696,007	\$19,000,000	1.436%	\$583,494	1.945x
TOTAL		\$1,999,999	\$11,098,870		14.530%	\$5,905,237	2.953x

Basis for Valuation: Actual proceeds received from sale of company

Current Status:

Each of the available milestones from the acquisition were achieved, paid, and distributed to our limited partners. Please refer to Appendix B for details on the milestone payments.

Potrero Medical, Inc.

Critical care monitoring and Foley catheter technologies



Headquarters: Hayward, CA

Business:

Potrero Medical, Inc. ("Potrero") is a medical device company that has developed technology to improve Foley catheter drainage and monitor vital health measurements in a critical care setting. The devices prevent air locks which are common problems with Foley catheters. In addition, they accurately measure urine output, temperature, intra-abdominal pressure and other vital signs which are important, especially in a critical care setting, and can be used to provide early detection of acute kidney injury and other conditions.

SHD Board Member

Andrew Offer

Other Board Members

Dan Burnett (Founder, Serial Entrepreneur)

Chris Dewey (Investor)

Colby Wood (Investor)

Joe Urban (Chief Executive Officer)

Other Notable Investors

Baxter International, Inc.

Medline Industries, Inc.

GT Healthcare Capital Partners

SHD II Investment History

Date Purchased	Security Owned	Investment at Cost	Total Amount Raised in Round	Pre-Money Valuation	Ownership Position	Investment at Market Value	Return on Invested Capital
Jul-13	Pfd.A	\$100,000	\$4,943,914	\$5,999,593	0.108%	\$79,425	.794x
Sep-13	Pfd.A	\$200,000	\$4,943,914	\$5,999,593	0.213%	\$156,313	.782x
Mar-14	Pfd.A	\$200,000	\$4,943,914	\$5,999,593	0.206%	\$151,302	.757x
Jun-14	Pfd.A	\$200,000	\$4,943,914	\$5,999,593	0.202%	\$148,327	.742x
Aug-14	Pfd.A	\$100,000	\$4,943,914	\$5,999,593	0.100%	\$73,161	.732x
Sep-14	Pfd.A	\$100,000	\$4,943,914	\$5,999,593	0.099%	\$72,676	.727x
Oct-14	Pfd.A	\$100,000	\$4,943,914	\$5,999,593	0.099%	\$72,253	.723x
Jun-15	Common	\$24,758	NA	NA	0.033%	\$43,326	1.750x
Dec-15	Pfd.B	\$100,000	\$8,197,697	\$30,919,935	0.038%	\$27,767	.278x
Mar-23	Effect of Antidultion	NA	NA	NA	1.061%	\$777,829	NA
TOTAL		\$1,124,758	\$106,094,030		2.160%	\$1,602,379	1.425x

Basis for Valuation: Pfd.C3 round of financing (August 2020)

Post Money Valuation: \$ 73,284,092

Current Status:

Potrero continued its attempts to ramp commercial sales in the first quarter. The company brought in \$638,000 in revenue, which is approximately a 29% decrease from the previous quarter. However, it is important to keep in mind the company instituted a new subscription model that defers revenue over a longer period of time. Potrero held a first close on their Series D financing during the quarter, bringing in over \$3.8 million to support the company. An additional close occurred subsequent quarter end and will be detailed in our second quarter report. The Series D price per share represents a significant down round from the prior Series C3 financing but affords the company the opportunity to prove its new business model.

Centese, Inc.

Post-surgical drainage tube technology

Headquarters: Omaha, NE

Business:

Centese is developing a medical device for post-surgical drainage in cardiothoracic surgery patients. Approximately 750,000 major cardiothoracic surgeries are performed yearly with existing chest drainage systems known to be ineffective at draining fluid, sometimes leading to major post-surgical complications, life-threatening conditions, longer hospital stays and increased health care costs. Centese's device is designed to minimize any potential injury to surrounding organs and will facilitate proper fluid drainage thereby promoting full healing and recovery in less time.

CENTESE

SHD Board Observer

Andrew Offer

Other Board Members

Dan Burnett (Co-founder, Serial entrepreneur)

Evan Luxon (Co-founder, CEO)

Javad Seyedzadeh (Industry veteran, Investor)

Alan Chesler (Investment Banker, Investor)

Other Notable Investors

MedTech Venture Partners

SHD II Investment History

<i>Date Purchased</i>	<i>Security Owned</i>	<i>Investment at Cost</i>	<i>Total Amount Raised in Round</i>	<i>Pre-Money Valuation</i>	<i>Ownership Position</i>	<i>Investment at Market Value</i>	<i>Return on Invested Capital</i>
May-15	Common	\$0	NA	NA	3.846%	\$40,338	NA
TOTAL		\$0	\$11,194,928		3.846%	\$40,338	NA

Basis for Valuation: Pfd. A round of financing (June 2017)

Post Money Valuation: \$ 8,099,869

Current Status:

Centese brought in \$137,000 in revenue in the first quarter. Revenue from disposable chest kits has been consistent; however, control module sales has been highly variable quarter-over-quarter. The company plans on publishing early data from NYU where use of the company's technology enables surgeons to remove chest drainage tubes in the operating room instead of the step-down unit. The company added a new account in the first quarter and hopes to use that momentum to find a lead for their Series B financing.

Sight Sciences, Inc.

Devices for the treatment of ophthalmic conditions

Headquarters: Menlo Park, CA

Business:

Sight Sciences, Inc. ("SGHT") is a medical device company that is developing safe and easy treatments for patients with various ophthalmic conditions including glaucoma and dry eye. Additionally, Sight Sciences has developed an easy and inexpensive treatment for dry eye which could also have future uses in the home healthcare market.



SHD Board Member

None

Other Board Members

Paul Badawi (Co-founder, CEO)
David Badawi (Co-founder, CTO, Ophthalmologist)
Tamara Fountain (President of ABoO)
Staffan Encrantz (Investor, Allegro Investments)
Valeska Schroeder (Investor, KCK Group)
Erica Rogers (CEO of Silk Road Medical)
Donald Zurbay (former CFO of St. Jude Medical)
Brenda Becker (Government affairs, Boston Scientific)

Other Notable Investors

Hicks Holdings, LLC
Allegro Investments
KCK Group
D1 Capital
Janus Capital Management

SHD II Investment History

<i>Date Purchased</i>	<i>Security Owned</i>	<i>Investment at Cost</i>	<i>Total Amount Raised in Round</i>	<i>Pre-Money Valuation</i>	<i>Ownership Position</i>	<i>Realized Proceeds</i>	<i>Realized Return on Invested Capital</i>
Aug-11	Common	\$149,999	\$5,249,995	\$6,900,000	0.433%	\$3,052,156	20.348x
Dec-20	Common	\$6,466	NA	NA	0.257%	\$1,815,512	280.800x
Sep-11	Common	\$599,999	\$5,249,995	\$6,900,000	1.731%	\$12,208,679	20.348x
Dec-13	Common	\$750,000	\$5,249,995	\$6,900,000	2.164%	\$15,260,848	20.348x
Oct-15	Common	\$150,000	\$6,999,956	\$53,999,856	0.103%	\$727,851	4.852x
TOTAL		\$1,656,464	\$395,045,126		4.688%	\$33,065,046	19.961x

Note: In conjunction with the IPO in July 2021, all preferred shares of Sight Sciences were converted into common shares

Basis for Valuation: Distribution of stock (Nasdaq: SGHT) utilizing the closing stock price on the distribution date of March 29, 2022.

Current Status:

SHD II has distributed all owned shares of SGHT to its limited partners, thereby completing the fund's investment holding period. Please visit the Sight Sciences website for any publicly available information.

SCHEDULE OF INVESTMENTS (APPENDIX A)

Scientific Health Development II, Ltd.
Schedule of Active Investments
March 31, 2023

(unaudited)

Portfolio Company	Purchase Date	Percent Owned	Security Type	Number of Shares	Effective Cost per Share	Total Cost Basis	Estimated MV per Share	Estimated Market Value
Azevan Pharmaceuticals, Inc. ⁽¹⁾	Mar-12	0.276%	Pfd.B	75,606	\$ 1.323	\$ 100,000	\$ 1.833	\$ 138,586
	Apr-12	1.793%	Pfd.B	491,442	\$ 1.323	\$ 650,000	\$ 1.833	\$ 900,813
	Oct-13	2.757%	Pfd.C	755,858	\$ 1.323	\$ 1,000,000	\$ 1.833	\$ 1,385,488
	Oct-13	0.689%	Warrants (Pfd.C)	188,965	\$ -	\$ -	\$ 0.510	\$ 96,372
	Jan-14	0.257%	Options (Common)	70,523	\$ -	\$ -	\$ 0.510	\$ 35,967
	Jul-15	0.070%	Pfd.C-1	19,095	\$ 1.833	\$ 35,001	\$ 1.833	\$ 35,001
	Apr-16	0.128%	Options (Common)	35,000	\$ -	\$ -	\$ 0.510	\$ 17,850
	Feb-20	0.702%	Pfd.C-1	192,497	\$ 0.779	\$ 150,000	\$ 1.833	\$ 352,847
	Mar-21	0.105%	Options (Common)	27,559	\$ -	\$ -	\$ 0.510	\$ 14,055
		6.776%		1,856,545		\$ 1,935,001		\$ 2,976,979
Channel MedSystems, Inc. ⁽²⁾	Feb-11	0.046%	Pfd.A-1	135,670	\$ 0.184	\$ 25,000	\$ 0.225	\$ 30,566
	Mar-11	0.046%	Pfd.A-1	134,139	\$ 0.186	\$ 25,000	\$ 0.225	\$ 30,222
	Apr-11	0.091%	Pfd.A-1	266,775	\$ 0.187	\$ 50,000	\$ 0.225	\$ 60,104
	Jun-11	0.181%	Pfd.A-1	529,209	\$ 0.189	\$ 100,000	\$ 0.225	\$ 119,231
	Jun-11	0.540%	Pfd.A-1	1,578,947	\$ 0.190	\$ 300,000	\$ 0.225	\$ 355,737
	Dec-11	0.900%	Pfd.A-1	2,631,579	\$ 0.190	\$ 500,000	\$ 0.225	\$ 592,895
	Apr-12	0.234%	Pfd.A-2	682,743	\$ 0.366	\$ 250,000	\$ 0.225	\$ 153,822
	Sep-12	0.136%	Pfd.A-2	398,234	\$ 0.377	\$ 150,000	\$ 0.225	\$ 89,722
	Jan-13	0.012%	Common	35,000	\$ -	\$ -	\$ 0.057	\$ 1,995
	Feb-14	0.004%	Common	12,000	\$ -	\$ -	\$ 0.057	\$ 684
	Sep-14	0.359%	Pfd.A-3	1,048,130	\$ 0.572	\$ 600,000	\$ 0.225	\$ 236,144
		2.549%		7,452,426		\$ 2,000,000		\$ 1,671,121
EMKinetics, Inc. ⁽³⁾	Apr-19	9.189%	Common	1,083,542	\$ 2.098	\$ 2,273,138	NA	\$ 1,136,569
		9.189%		1,083,542		\$ 2,273,138		\$ 1,136,569
HandL Medical, Inc. ⁽³⁾	Apr-19	9.189%	Common	1,083,542	NA	\$ -	NA	\$ 1,136,569
		9.189%		1,083,542		\$ -		\$ 1,136,569
Potrero Medical, Inc. ⁽⁴⁾	Jul-13	0.108%	Pfd.A	412,167	\$ 0.243	\$ 100,000	\$ 0.193	\$ 79,425
	Sep-13	0.213%	Pfd.A	811,171	\$ 0.247	\$ 200,000	\$ 0.193	\$ 156,313
	Mar-14	0.206%	Pfd.A	785,169	\$ 0.255	\$ 200,000	\$ 0.193	\$ 151,302
	Jun-14	0.202%	Pfd.A	769,730	\$ 0.260	\$ 200,000	\$ 0.193	\$ 148,327
	Aug-14	0.100%	Pfd.A	379,665	\$ 0.263	\$ 100,000	\$ 0.193	\$ 73,161
	Sep-14	0.099%	Pfd.A	377,146	\$ 0.265	\$ 100,000	\$ 0.193	\$ 72,676
	Oct-14	0.099%	Pfd.A	374,952	\$ 0.267	\$ 100,000	\$ 0.193	\$ 72,253
	Jun-15	0.033%	Common	123,788	\$ 0.200	\$ 24,758	\$ 0.350	\$ 43,326
	Dec-15	0.038%	Pfd.B	144,093	\$ 0.694	\$ 100,000	\$ 0.193	\$ 27,767
	Mar-23	1.061%	Effect of Antidilution Protection	4,036,478	\$ -	NA	\$ 0.193	\$ 777,829
		2.160%		8,214,359		\$ 1,124,758		\$ 1,602,379
Centese, Inc. ⁽⁵⁾	May-15	3.846%	Common	4,033,788	\$ -	\$ -	\$ 0.010	\$ 40,338
		3.846%		4,033,788		\$ -		\$ 40,338
Grand Total						\$ 7,332,896		\$ 8,563,954

Notes: See following page

Scientific Health Development II, Ltd.
Schedule of Active Investments
March 31, 2023
(unaudited)

Notes:

⁽¹⁾ SHD II was issued warrants to purchase Pfd.C shares as a condition to participating in the Pfd.C round and was issued options to purchase common stock for providing other services to the company. The warrants are valued at the difference between the price of the most recent financing (Pfd.C-1) less the exercise price of the warrant. The common stock options are valued at the current common price per share as determined by the board less the exercise price of the options. The February 2020 investment was made as a bridge note, of which the entire principal and interest amount converted into Pfd. C-1 shares in January 2022, resulting in an effective price per share of \$0.779.

⁽²⁾ The February, March, April and initial June 2011 investments were made as bridge notes that converted into Pfd.A shares. These investments earned 8% interest annually, of which the entire principal and interest amount converted into Pfd.A shares upon closing of the round resulting in effective prices per share of \$0.184, \$0.186, \$0.187, and \$0.189, respectively. The April and September 2012 investments were made as bridge notes that converted into Pfd.B shares. These investments earned 8% interest annually, of which the entire principal and interest amount converted into Pfd.B shares at a discounted rate upon closing of the round resulting in effective prices per share of \$0.366 and \$0.377, respectively. In January 2013 and February 2014, SHD II was granted common shares for its role in providing financial consulting services. These shares have been valued at the current common share price based on an independent 409A valuation dated August 31, 2021. The September 2014 investment was made as a bridge note that converted into Pfd.C shares. This investment earned 8% interest annually, of which the entire principal and interest amount converted into Pfd.C shares upon closing of the round resulting in an effective price per share of \$0.572.

⁽³⁾ SHD II invested in EMKinetics over multiple rounds of equity financing and convertible notes ranging from November 2009 through August 2014. In April 2019 the company went through a reorganization and all outstanding stock and notes were exchanged for common shares. Immediately thereafter, the company spun off migraine and other neurological indications into a separate company named HandL, Inc., which upon its creation held the same capitalization structure as the reorganized EMKinetics. There has been no external valuation of either EMK or HandL since the restructuring/spin-off, so current market value is estimated at original basis divided among the entities.

⁽⁴⁾ The July 2013 through October 2014 investments were made as bridge notes that were to convert into Pfd.A shares. These investments earned 8% interest annually, of which the entire principal and interest amount converted into Pfd.A shares at effective prices per share ranging from \$0.243 to \$0.267. The May 2015 investment was a purchase of common shares from an existing shareholder; the purchase price was \$0.20 and largely based on the independent 409A valuation of \$0.17 dated January 31, 2015. The current market value of these common shares are based on an independent 409A valuation dated December 31, 2021. The December 2015 investment was made as a bridge note, of which the entire principal and earned interest amount converted into Pfd.B shares upon closing of the round at a maximum pre-money valuation of \$20 million, resulting in an effective price per share of \$0.694. The Pfd.D financing closed with a lower price per share than our prior investments. Those prior investments own an anti-dilution protection right; therefore, additional interest in the company has been granted under this right. As additional capital is raised under the Pfd.D financing the anti-dilution formula will be adjusted. Our ultimate anti-dilution protection will be calculated upon final closing of the Pfd.D financing. The figure above serves as an estimate as of the end of the quarter.

⁽⁵⁾ The Centese common shares were distributed to shareholders of Potrero Medical, Inc. based on their pro rata ownership of Potrero. The current market value of these common shares are based on an independent 409A valuation dated September 30, 2021, a price per share of \$0.010.

Scientific Health Development II, Ltd.
Schedule of Sold, Licensed or Inactive Investments
March 31, 2023
(unaudited)

Portfolio Company	Purchase Date	Security Type	Total Cost		Realized	Realized	Gain/(Loss)	Remaining	Total			
			Basis		Proceeds to	Multiple on	Realized to	Potential	Potential			
					Date	Investment	Date	Proceeds	Multiple on Investment			
Loma Vista Medical, Inc. ⁽¹⁾	Apr-10	Pfd.B	\$	500,000	\$	1,592,603	3.19x	\$	1,092,603	\$	-	3.19x
	Jun-10	Pfd.B	\$	200,000	\$	637,041	3.19x	\$	437,041	\$	-	3.19x
	Jul-10	Pfd.B	\$	300,000	\$	955,562	3.19x	\$	655,562	\$	-	3.19x
	Jan-11	Pfd.C	\$	150,000	\$	531,034	3.54x	\$	381,034	\$	-	3.54x
	Mar-11	Pfd.C	\$	216,032	\$	752,486	3.48x	\$	536,455	\$	-	3.48x
	Jun-11	Pfd.C	\$	150,000	\$	385,488	2.57x	\$	235,488	\$	-	2.57x
	Sep-11	Pfd.C	\$	183,967	\$	467,530	2.54x	\$	283,563	\$	-	2.54x
	Jan-13	Pfd.D	\$	300,000	\$	583,494	1.94x	\$	283,494	\$	-	1.94x
		LVM Subtotal	\$	1,999,999	\$	5,905,237	2.95x	\$	3,905,238	\$	-	2.95x
Channel Medsystems, Inc. ⁽²⁾	Feb-11	Pfd.A-1	\$	25,000	\$	324,633	12.99x	\$	299,633	\$	30,566	14.21x
	Mar-11	Pfd.A-1	\$	25,000	\$	320,970	12.84x	\$	295,970	\$	30,222	14.05x
	Apr-11	Pfd.A-1	\$	50,000	\$	638,344	12.77x	\$	588,344	\$	60,104	13.97x
	Jun-11	Pfd.A-1	\$	100,000	\$	1,266,300	12.66x	\$	1,166,300	\$	119,231	13.86x
	Jun-11	Pfd.A-1	\$	300,000	\$	3,778,130	12.59x	\$	3,478,130	\$	355,737	13.78x
	Dec-11	Pfd.A-1	\$	500,000	\$	6,296,886	12.59x	\$	5,796,886	\$	592,895	13.78x
	Apr-12	Pfd.A-2	\$	250,000	\$	1,633,679	6.53x	\$	1,383,679	\$	153,822	7.15x
	Sep-12	Pfd.A-2	\$	150,000	\$	952,901	6.35x	\$	802,901	\$	89,722	6.95x
	Jan-13	Common	\$	-	\$	83,749	NA	\$	83,749	\$	1,995	NA
	Feb-14	Common	\$	-	\$	28,714	NA	\$	28,714	\$	684	NA
	Sep-14	Pfd.A-3	\$	600,000	\$	2,507,983	4.18x	\$	1,907,983	\$	236,144	4.57x
		Channel Subtotal	\$	2,000,000	\$	17,832,288	8.92x	\$	15,832,288	\$	1,671,121	9.75x
Complexa, Inc. ⁽³⁾	Apr-12	Pfd.A	\$	250,000	\$	-	0.00x	\$	(250,000)	\$	-	0.00x
	May-12	Pfd.A	\$	599,999	\$	-	0.00x	\$	(599,999)	\$	-	0.00x
	Dec-12	Pfd.A	\$	850,000	\$	-	0.00x	\$	(850,000)	\$	-	0.00x
	Apr-13	Pfd.B	\$	300,000	\$	-	0.00x	\$	(300,000)	\$	-	0.00x
	Jun-15	Pfd.C	\$	150,000	\$	-	0.00x	\$	(150,000)	\$	-	0.00x
		Complexa Subtotal	\$	2,149,999	\$	-	0.00x	\$	(2,149,999)	\$	-	0.00x
Sight Sciences, Inc. ⁽⁴⁾	Aug-11	Common	\$	149,999	\$	3,052,156	20.35x	\$	2,902,157	\$	-	20.35x
	Dec-20	Common	\$	6,466	\$	1,815,512	280.80x	\$	1,809,047	\$	-	280.80x
	Sep-11	Common	\$	599,999	\$	12,208,679	20.35x	\$	11,608,679	\$	-	20.35x
	Dec-13	Common	\$	750,000	\$	15,260,848	20.35x	\$	14,510,848	\$	-	20.35x
	Oct-15	Common	\$	150,000	\$	727,851	4.85x	\$	577,851	\$	-	4.85x
		Sight Subtotal	\$	1,656,464	\$	33,065,046	19.96x	\$	31,408,582	\$	-	19.96x
Grand Total			\$	7,806,461	\$	56,802,571	7.28x	\$	48,996,109	\$	1,671,121	7.49x

Notes:

⁽¹⁾ Loma Vista Medical was acquired by CR Bard in July 2013. All available proceeds have been collected as of May 2015.

⁽²⁾ Channel MedSystems, on behalf of its equity holders, settled its lawsuit with Boston Scientific in February of 2020. The settlement also required Boston to relinquish its equity in the company. The remaining potential value detailed in the chart above includes the most recent equity round (priced in June 2021) price per share.

⁽³⁾ Complexa was written off as of August 14, 2020.

⁽⁴⁾ Sight Sciences common stock (NASDAQ: SGHT) was distributed to LPs on March 29, 2022 at a market close price of \$14.04 per share.

EXIT EVENT MILESTONE ANALYSIS (APPENDIX B)

Scientific Health Development II, Ltd.

Exit Event Milestone Analysis

March 31, 2023

Portfolio Company	Date	Description	Realized		Potential		Overall	
			Transaction Consideration	Distribution to Class A Limited Partners	Transaction Consideration	Estimated SHD II Proceeds	Transaction Consideration	Proceeds to Class A Limited Partners
Loma Vista Medical, Inc.								
	7/30/2013	Closing	\$ 27,626,080	\$ 4,000,000			\$ 27,626,080	\$ 4,000,000
	11/8/2013	1st Escrow Release (Closing reconciliation)	\$ 411,416	\$ 91,000			\$ 411,416	\$ 91,000
	8/5/2014	2nd Escrow Release (12 months post closing)	\$ 1,568,000	\$ 228,000			\$ 1,568,000	\$ 228,000
	2/11/2015	3rd Escrow Release (18 months post closing)	\$ 2,912,000	\$ 423,000			\$ 2,912,000	\$ 423,000
	5/4/2015	Milestone 1: FDA and CE Mark approval on Flow-through	\$ 4,000,000	\$ 581,000			\$ 4,000,000	\$ 581,000
	1/23/2015	Milestone 2: Manufacturing Transfer	\$ 4,000,000	\$ 581,000			\$ 4,000,000	\$ 581,000
Loma Vista Medical, Inc. Total			\$ 40,517,496	\$ 5,904,000	\$ -	\$ -	\$ 40,517,496	\$ 5,904,000
Return on Investment				2.95x		0.00x		2.95x
Channel MedSystems, Inc.								
	2/11/2020	Legal Settlement with Boston Scientific	CONFIDENTIAL	\$ 16,696,001			CONFIDENTIAL	\$ 16,696,001
Channel MedSystems, Inc. Total			\$ -	\$ 16,696,001	\$ -	\$ -	\$ -	\$ 16,696,001
Return on Investment				8.35x		0.00x		8.35x
Sight Sciences, Inc.*								
	3/29/2022	Distribution of Sight Sciences Shares	NA	\$ 29,662,996			NA	\$ 29,662,996
Sight Sciences, Inc. Total			\$ -	\$ 29,662,996	\$ -	\$ -	\$ -	\$ 29,662,996
				17.91x				17.91x
SHD II Totals				\$ 52,262,997	\$ -	\$ -		\$ 52,262,997
Return on SHD II				3.34x		0.00x		3.34x

* The Sight Sciences distribution to Class A Limited Partners was in the form of stock (2,112,749 shares of Nasdaq: SGHT). The stock price as of market close the day of distribution (\$14.04) is used for reporting.

**SCIENTIFIC HEALTH DEVELOPMENT II, LTD.
FINANCIAL STATEMENTS
(APPENDIX C)**

Scientific Health Development II, Ltd.

Quarterly Balance Sheet

2023

(unaudited)

	Q1
Assets	
Cash/Checking	\$ 2,042
Accounts Receivable	\$ 46
Total Current Assets	\$ 2,089
Due from SHD GP II, LLC	\$ -
Due from SHD II Class B, LLC	\$ 100
Due from SHD Management, LLC	\$ 41,843
Total Due from Affiliates	\$ 41,943
Investment in EMKinetics, Inc.	\$ 2,293,384
Investment in Channel MedSystems, Inc.	\$ -
Investment in Azevan Pharmaceuticals, Inc.	\$ 1,935,001
Investment in Potrero Medical, Inc.	\$ 1,124,758
Investment in Centese, Inc.	\$ -
Investment in HandL, Inc.	\$ -
Total Investments in Portfolio Companies	\$ 5,353,142
TOTAL ASSETS	\$ 5,397,174
Liabilities	
Accounts Payable	\$ -
Total Current Liabilities	\$ -
Due to SHD GP II, LLC	\$ 3,661
Due to Class A Limited Partners	\$ -
Due to Class B Limited Partners	\$ -
Due to SHD Management, LLC	\$ -
Total Due To Affiliates	\$ 3,661
Equity	
Partner Capital - SHD GP II, LLC	\$ 1,565
Partner Capital - Class A Limited Partners	\$ 15,650,000
Partner Capital - SHD II Class B, LLC	\$ 100
Prior Years' Retained Earnings	\$ 46,098,872
Current Year's Net Income	\$ (20,703)
Accumulated Distributions - SHD GP II, LLC	\$ (5,226)
Accumulated Distributions - Class A Limited Partners	\$ (52,262,997)
Accumulated Distributions - SHD II Class B, LLC	\$ (4,068,098)
Total Equity	\$ 5,393,513
TOTAL LIABILITIES & EQUITY	\$ 5,397,174

Scientific Health Development II, Ltd.

Quarterly Income Statement

2023

(unaudited)

	Q1
Revenues	
Proceeds from Sale of Investments	\$ -
Less: Original Investment (Basis)	\$ -
Plus: Gain/(Loss) on Public Stock Holdings	\$ -
<i>Total Gain/(Loss) on Sale of Investments</i>	<i>\$ -</i>
Operating Expenses	
Bank Service Charges	\$ -
Consulting Fees	\$ 735
Conferences & Memberships	\$ 105
Insurance	\$ 1,248
Meals & Entertainment	\$ 39
Miscellaneous Expense	\$ -
Office Expense	\$ 390
Payroll Expense	\$ 17,275
Postage & Delivery	\$ -
Legal & Accounting Fees	\$ 1,348
Rent	\$ (770)
Repairs & Maintenance	\$ 37
Taxes	\$ 47
Telephone	\$ 111
Travel	\$ 68
Website & Computer Expense	\$ 71
<i>Total Operating Expenses</i>	<i>\$ 20,703</i>
<i>Net Operating Profit</i>	<i>\$ (20,703)</i>
Consulting Income	\$ -
Depreciation/Amortization	\$ -
Interest Income/(Expense)	\$ -
Net Income	\$ (20,703)