TECH COAST ANGELS

2022 Annual Report

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2022 was a year of change at Tech Coast Angels

On 4/1/22, TCA San Diego chapter spun out as a new independent entity, and re-branded itself **NuFund Venture Group**. While we will miss our former colleagues there, we look forward to continuing collaboration

TCA launched a new **licensing initiative** to allow other angel groups to benefit by being part of TCA and becoming separate chapters within TCA:

- Sharing all deal flow
- Sharing expertise of members
- Collaborating on Due Diligence

Pasadena Angels joined TCA as a new licensee. PA has worked collaboratively with TCA on dozens of deals in the past two decades, and we look forward to an even deeper relationship. Pasadena Angels brings 100 members and extensive experience

MEDA Angels also joined TCA as a new licensee. MEDA Angels and its 46 members (who are mostly doctors, scientists and healthcare experts) brings extensive expertise in Life Sciences

After these changes, the new TCA ended 2022 with:

- **410 members**, compared to 581 at the end of 2021 (which included TCA-SD). NuFund ended 2022 with 322 members. So combined the two groups had 732 members – a significant increase over 2021
- **$15.4 million in funding** in 2022, which when combined with NuFund's $9.0 million since spinning out is $24.4 million – significantly above TCA's reported 2021 funding of $20.4 million

TCA now has five chapters in our network:

- **Tech Coast Angels Los Angeles** is our largest network, with about 150 members. TCA Los Angeles invests in a wide range of businesses in the US primarily with emphasis on technology, adtech, healthtech, media, entertainment, and SaaS. *For leadership & member profiles, click here.*
- **Tech Coast Angels Orange County** is where TCA began in 1997 and is comprised of about 105 members. CA Orange County invests in a wide range of businesses in the US and Canada with an emphasis on technology, fintech, edtech, healthtech, software, cyber, SaaS, AI, iOT, and some CPG. *For leadership & member profiles, click here.*
- **Pasadena Angels** is our third largest network, with about 100 members. Pasadena Angels invests at the seed to seed plus stage primarily in California and rest of the US and Canada with an emphasis on technology, fintech, edtech, entertainment, media, CPG and SaaS. *For leadership & member profiles, click here.*
- **Tech Coast Angels Inland Empire** covers the area east of Los Angeles including Riverside and San Bernardino. Particular emphasis is on very early seed stage investing, with successful companies then exposed to the other networks within TCA. *For leadership & member profiles, click here.*
- **MEDA Angels** is our newest chapter to join the TCA network, with about 50 members, most of whom are doctors, PhDs and healthcare executives with expertise in Life Sciences. MEDA Angels focuses on healthtech and invests broadly across the sector including digital health, SaaS, medical devices, robotics, diagnostics, wellness and therapeutics (limited to repurposed drugs and biosimilars). Emphasis is on mid-seed and A-Round and can be based anywhere in the US and even foreign-based. *For leadership & member profiles, click here.*

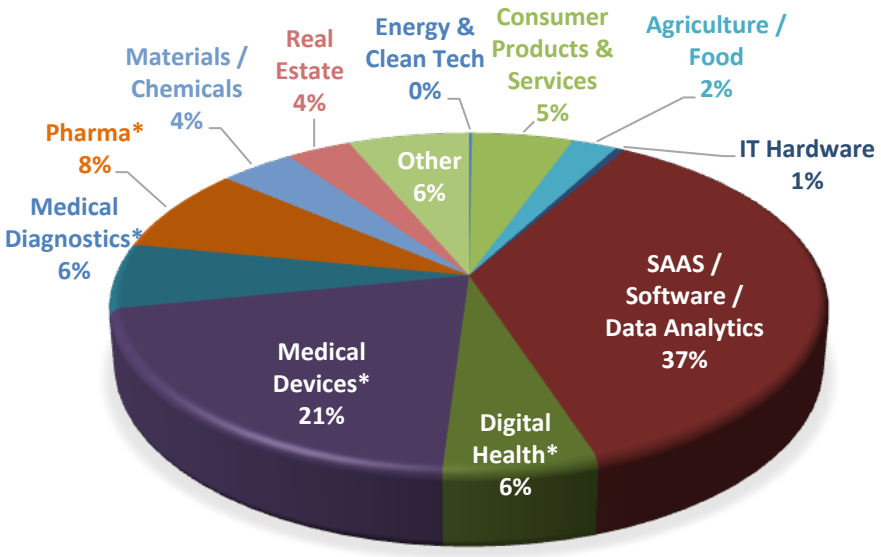
2022 Highlights

- **Invested** $15.4 million in 41 companies during 2022, including 21 new companies. Overall, TCA has invested $270 million in 526 companies since inception in 1997
- Celebrated 410 **Members** at year end 2022
- Deployed our **annual chapter funds** which invested $5.2 million of additional capital in deals in 2022 (in addition to $10.2 million from individual member investments) and brought **diversification** to our members
- Realized a record **thirteen exits** including five with **multiples** between **10x and 34x**
- Achieved **6.4x multiple** on all outcomes (all exits and shutdowns) since 1997 with **IRR of 25.2%**
- On most deals, continued to provide the speed of 30 day due diligence leading to fund decisions
- Continued to **mentor and guide** the 279 companies (53%) that are still **active** in the portfolio

TCA invested $15.4 million in a total of 41 companies in 2022

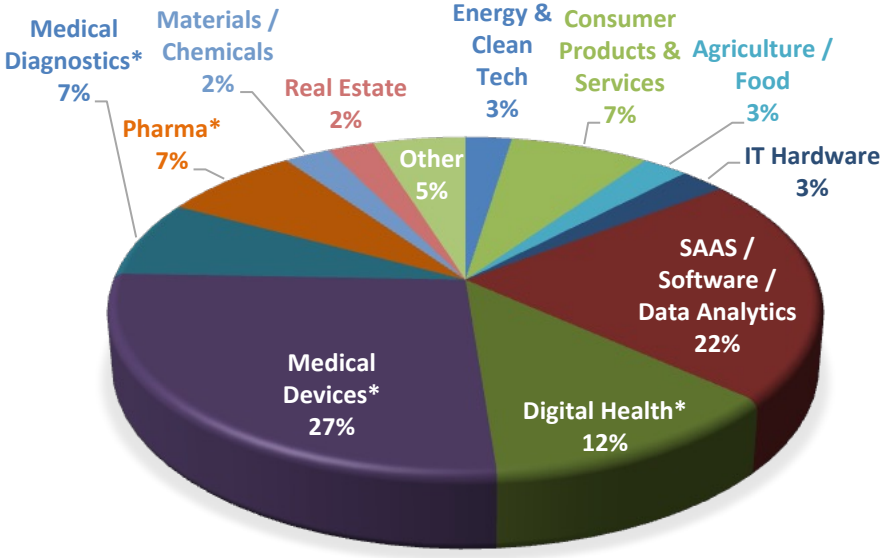
- Investment was across a diverse mix of industries – showing that TCA continues to invest in both tech and non-tech companies
- Life Sciences was the largest sector (41% of amount), and within Life Sciences, Medical Devices was largest with 21%. Next largest was Software at 37% of the amount
- 21 of these companies were new additions to the portfolio and 48% of the dollar investment went to these new companies

2022 TCA INVESTMENTS BY INDUSTRY $15.4 MILLION



*Life Sciences 41%

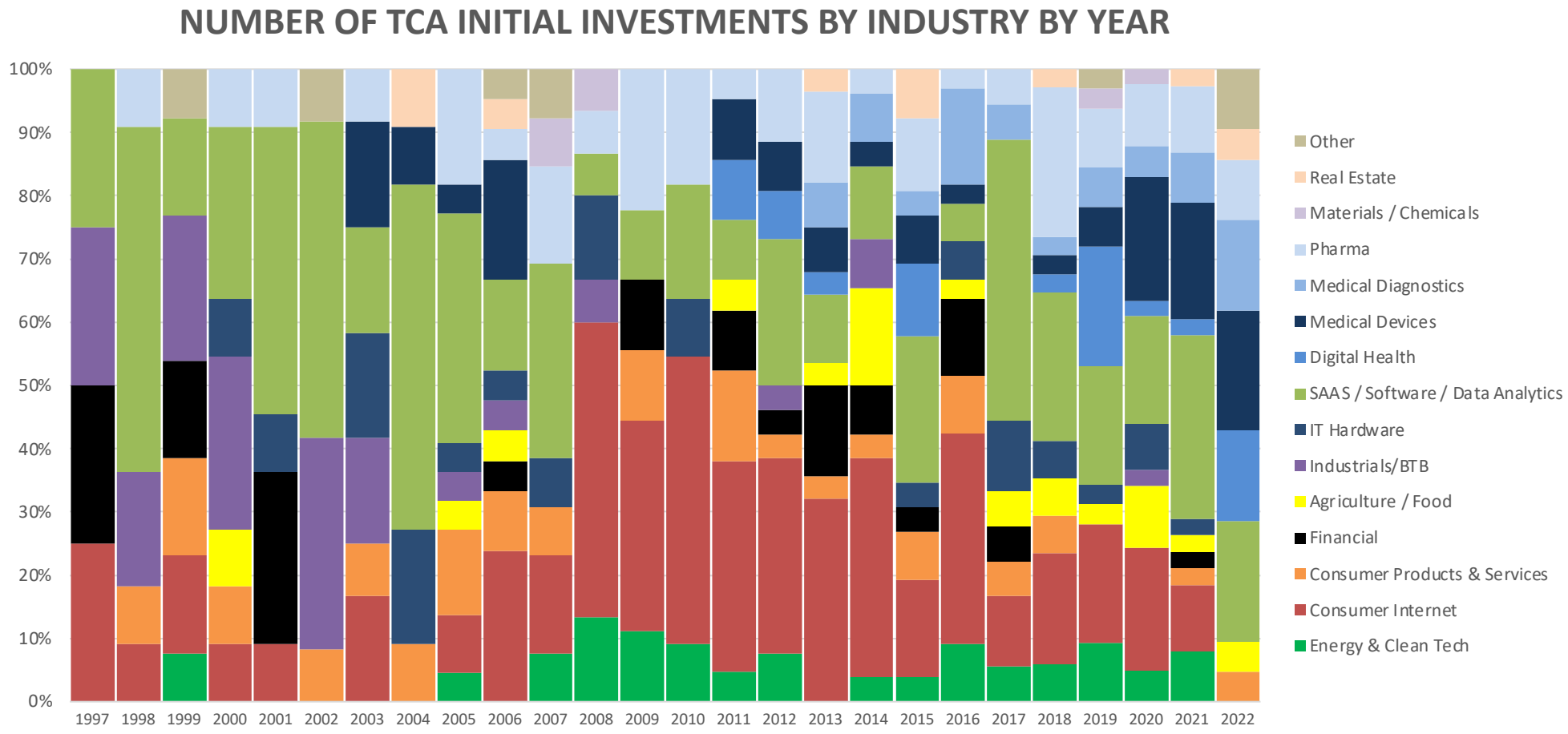
2022 TCA INVESTMENTS BY INDUSTRY 41 COMPANIES



*Life Sciences 54%

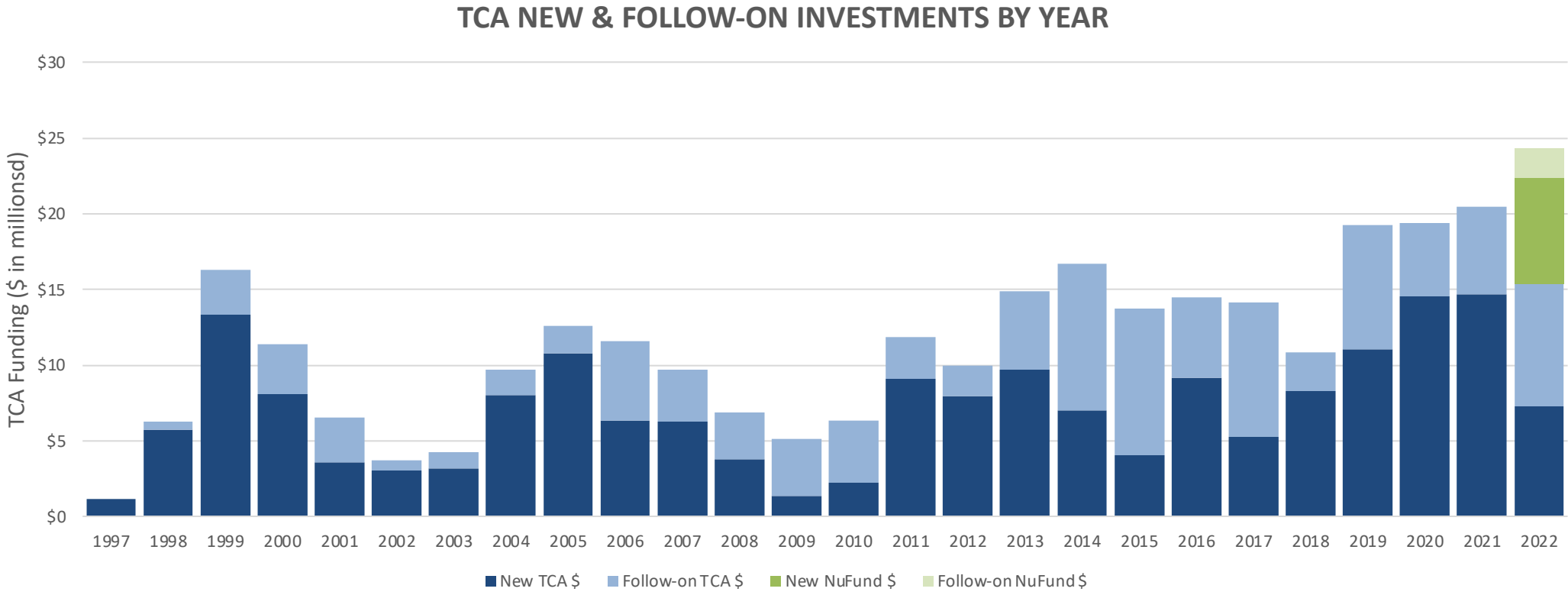
Our members, with their extensive and broad industry experience, helped TCA invest with confidence in this diverse range of industries, which has always been part of TCA's DNA

- Of new companies added to the portfolio in 2022, Life Sciences and Software continue to lead with 41% and 37% of the dollars invested
- Within Life Sciences, the largest categories are Medical Devices (21% of the dollars), followed by Pharma (8%), Medical Diagnostics (6%) and Digital Health (6%)
- Life Sciences has grown to 54% of the companies and software is 22% of the companies



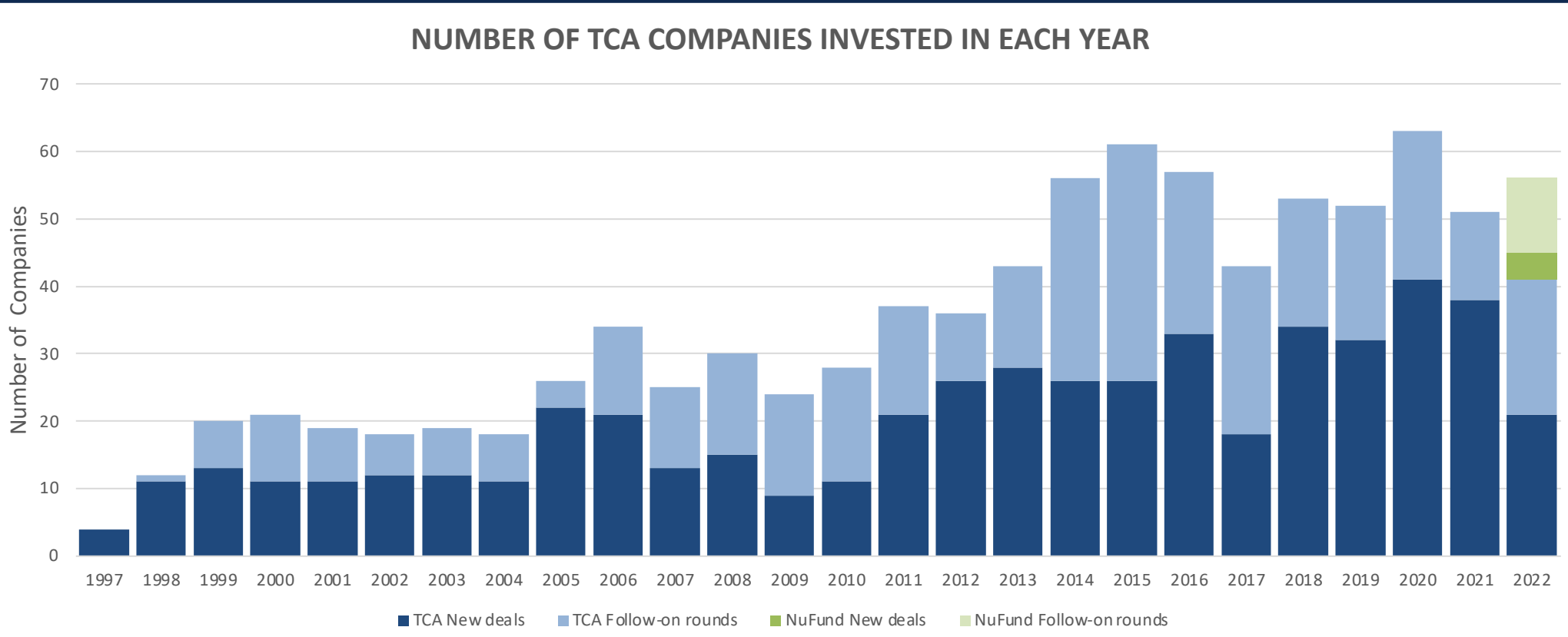
$15.4 million in TCA Investment in 2022 shows we continue to fund exciting companies

- Total investment for the year reflects the longest sustained level of high investment activity since TCA was founded in 1997 – twelve years at $10 million or more
- Combining TCA with Nufund Venture Group (formerly TCA-SD) was record funding
- From 2011-2022, total TCA investment each year was between $10 - $20 million
- Three chapter funds and the target of a decision from the funds within 30 days of screening helped drive the high level of investment. TCA is working diligently to be the Best Place for the Best Companies to get funded
- 48% of investment was into new companies in 2021 (vs 72% in 2022)



TCA invested in 41 companies in 2022, including 21 new companies

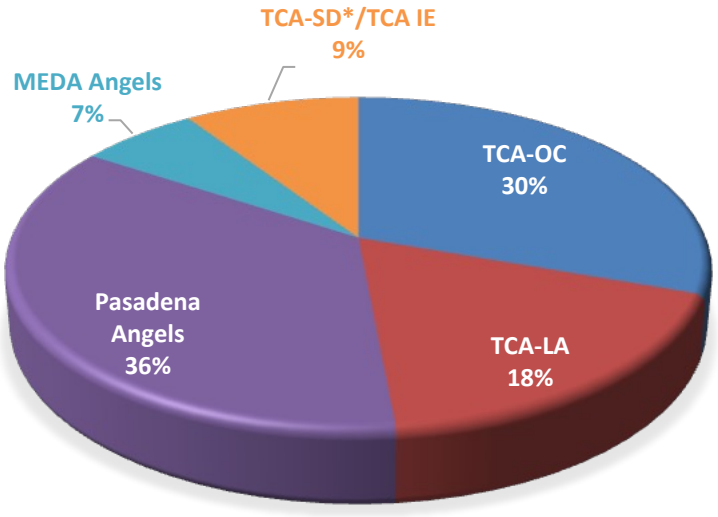
- This total of 41 includes 11 companies in Medical Devices, 9 in Software, 5 in Digital Health, 3 in Medical Diagnostics, 3 in Pharma, 3 in Consumer Products/ Services, 2 in Other and 1 each in Energy & CleanTech, IT Hardware, Agriculture/ Food, Materials/Chemicals and Real Estate
- New companies included 4 companies in Medical Devices, 4 in Software, 3 in Digital Health, 3 in Medical Diagnostics, 2 in Pharma, 1 in Consumer Products/ Services, 2 in Other and 1 each in Consumer Products, Agriculture/Food and Real Estate



The TCA Network's five chapters combined to fund $15.4 million into 41 companies

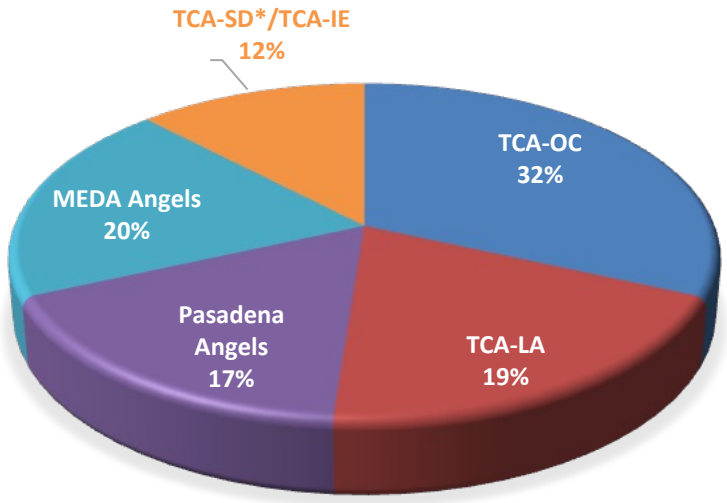
- TCA-OC led 32% of the deals, followed by MEDA Angels (20%), TCA-LA (19%) and Pasadena Angels (17%). TCA-SD led 12% before they spun out at the end of Q1
- In terms of funding, Pasadena led deals accounted for 36% of the funding, followed by TCA-OC (30%), TCA-LA (18%), TCA-SD (9%) and MEDA Angels (7%)
- Regardless of the chapter leading due diligence, all deals were available to all members for investment, and several deals received funding from more than one chapter fund

2022 TCA INVESTMENTS BY CHAPTER LEAD $15.4 MILLION



*TCA-SD was part of TCA in Q1 before spinning out as NuFund

2022 TCA INVESTMENTS BY CHAPTER LEAD 41 COMPANIES



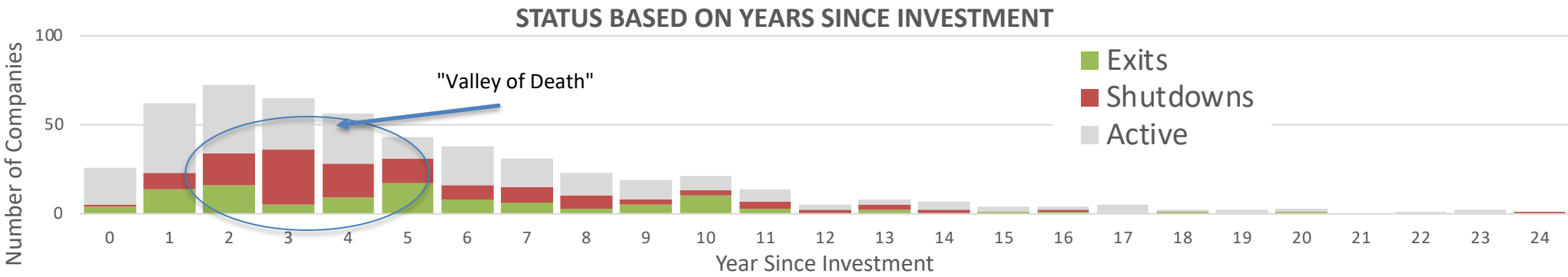
*TCA-SD was part of TCA in Q1 before spinning out as NuFund

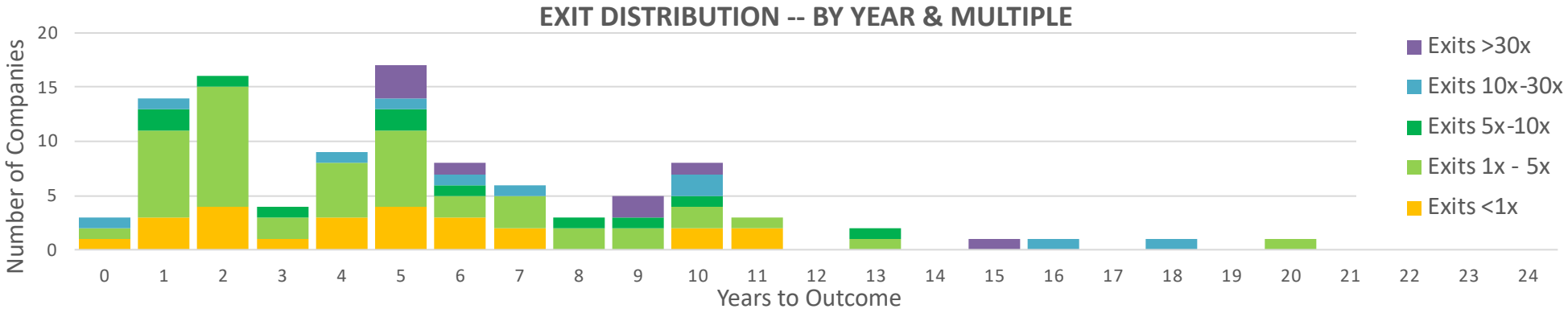
TCA had a record 13 exits (and 10 shutdowns) in 2022 for a cumulative 6.4x return on all outcomes since 1997

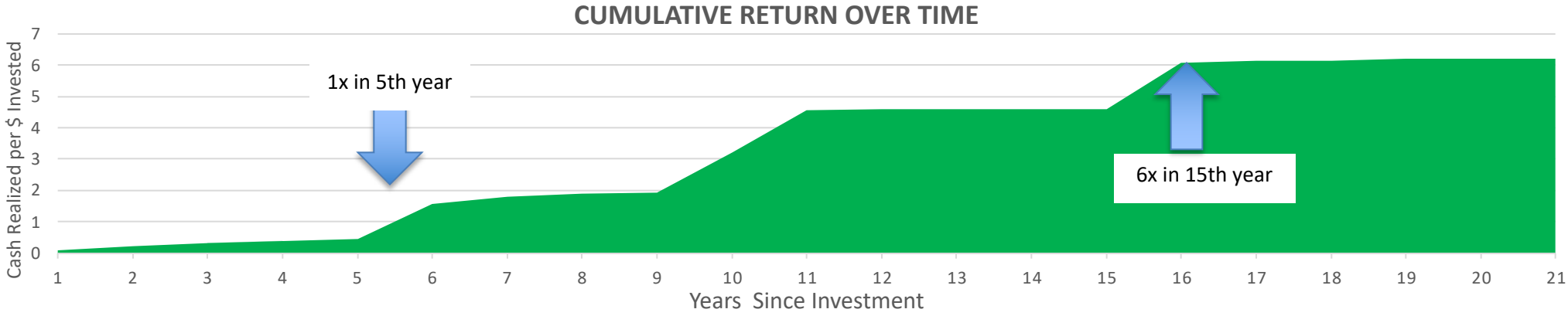
- **Findox** (2016 TCA investment) was acquired by Reorg for a 34.2x return and 89% IRR
- **Annex Cloud (formerly Social Annex, Inc.)** (2012 TCA investment) was acquired by OpenGate Capital for a 18x return and 34% IRR
- **EV Connect** (2012 TCA investment) was acquired by Schneider Electric for a 12.2x return and 28% IRR
- **Basepaws** (2019 PA Investment) was acquired by Zoetis for a 12x return and 129% IRR
- **Vydia** (2014 PA Investment) was acquired by gamma for an 11x return and 35% IRR
- **Covetrus (formerly H3 Financial and ExtendCredit.com)** (2011 TCA Investment) was acquired by VCP for a 4.7x return and 17% IRR
- **iKizmet** (2015 PA Investment) was acquired by ClubReady for a 2.7x return and 15% IRR
- **Powur PBC** (2016 TCA investment) had an optional buyout for a 2.4x return and 15% IRR
- **MOGL (Empyr)** (2013 TCA investment) was acquired by Augeo for a 1.1x return and 1% IRR
- **Capillary Biomedical** (2018 TCA & 2014 PA investment) was acquired by Tandem Diabetes Care for a 0.7x return and -10% IRR
- **BeTheBeast** (2011 TCA & PA investment) was acquired by Livebarn for cash and equity for a 0.3x realized return so far (on the cash portion)
- **Whistle Messaging** (2016 TCA investment) was acquired by Cloudbeds (also a TCA Portfolio company) for cash and equity for a 0.3x realized return so far (on the cash portion)
- **Aclarion (formerly Nocimed)** (2016 TCA investment) IPO'd as ACON for a 0.2x return at the time of IPO and a -25% IRR

This brings the total outcomes since TCA's inception in 1997 to 106 exits, and 141 shutdowns. Of the 526 investments TCA has made since its founding, 279 (53%) are still active. At the highest price achieved after IPOs, TCA's return (assuming equal weighting) has been 6.4x and the IRR has been 25.2%. This compares to 2.5x and 22% benchmarks for angels per Angel Resource Institute. Tax benefits from the write-offs are not included in TCA returns.

TCA's results make it clear that patience is required – with largest exits happening after 5 years or more, and most failures occurring in the "Valley of Death" 2 years to 5 years after investment

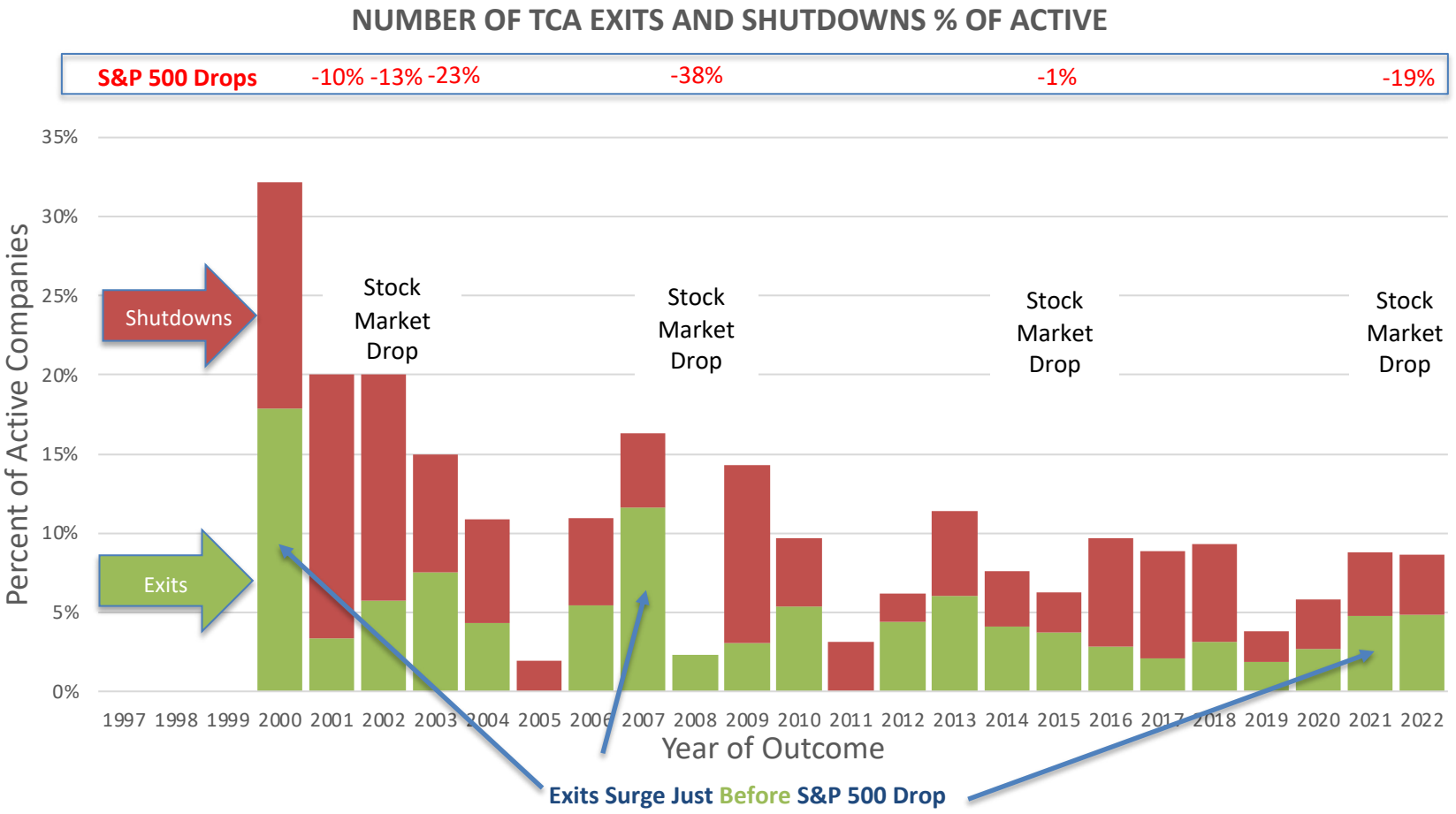






Both the number of exits and shutdowns were high in 2022 and likely to shift towards more shutdowns in near future based on prior cycles

- 2022 had a record 13 exits and a near record 10 shutdowns (record was 13 in 2017)
- Based on previous stock market peaks in 2000 and 2008, exit activity tends to surge just before peaking, followed by a surge in shutdowns just after the peak
- If the stock market continues to be weak, we are likely to see less exits and more shutdowns in the next couple of years



See pages 30 and 31 for Tips for Entrepreneurs and Angels navigating these challenging times

TCA invested in 21 new companies in 2022:

Alleviate – *system for managing plantar fasciitis*
Arima – *3D genomics to sequence, structure, and regulatory landscape of any genome*
BerriPro (Berri Organics) – *plant-based electrolyte solution*
Biotia – *next-gen sequencing to identify infectious agents and provide therapeutic guidance*
CeliTech – *co-branded international cellular data plans for travel-related companies*
Dynamicare Health – *digital therapeutics to help recovery from substance abuse disorders*
Everykey – *universal smart key that replaces your passwords and keys*
Gattaco – *self-collected lab quality plasma anywhere*
Holoclara – *identify molecules derived from worm species into orally-available therapeutics*
Immunis – *novel stem cell-derived treatments for age and disease-related immune decline*
Life Detection Technologies – *capturing critical health data to improve patient outcomes*
Occuspace – *Google Analytics for physical spaces*
Perceptive Medical – *automating blood pressure management in OR and ICU*
Prefix – *Tech-enabled service that eliminates the hassles of homeownership*
Rotender – *fastest and most reliable bartender solution*
Safkan Health, Inc. – *microsuction cleaning device for impacted ear wax*
Smileyscope – *digital therapeutics + AR/VR to alleviate anxiety/pain*
Trusty.care – *Health SaaS for insurance brokers matches customers to the right health plan*
Tympanogen – *non surgical eardrum repair that replaces tympanoplasty*
VerImmune – *redirecting immune memory from pathogens or vaccines to target cancer*
Vinergy – *electrically powered material handling equipment for agriculture and landscaping*

TCA made follow-on investments in these 20 portfolio companies:

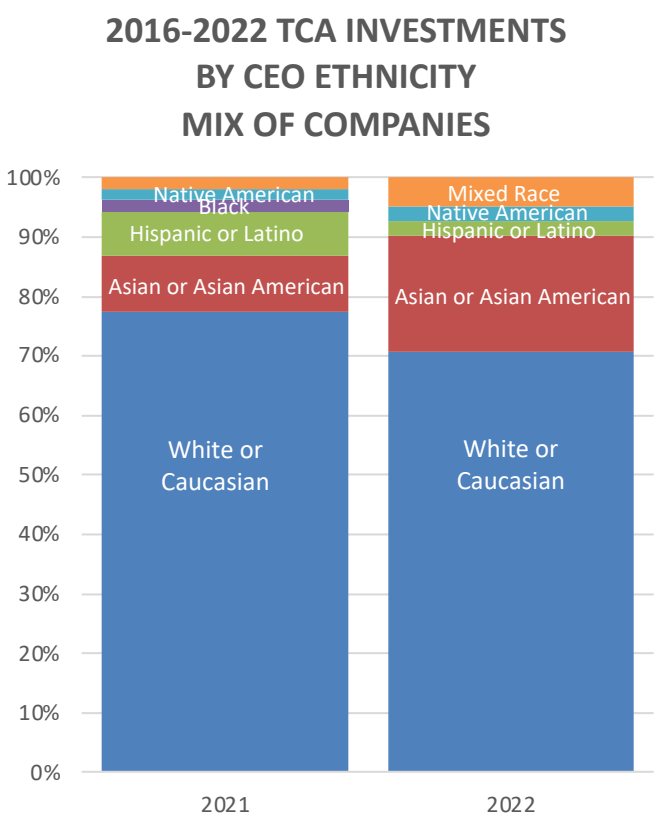
Amsel Medical – *needle-delivered vessel clamping for Venous Leg Ulcers*
Aquacycl – *distributed wastewater treatment to reduce sludge & recover energy*
Authenticate.com – *identity verification service*
Ceresti Health – *support family caregivers for multi-chronic patients*
Dynamicare Health – *digital therapeutics to help recovery from substance abuse disorders*
EdgeX – *SaaS service to track critical assets within indoor facilities*
Epibone – *Stem cell therapy to regenerate bone & cartilage*
FemSelect – *minimally invasive device to treat uterine prolapse*
Genius Juice – *organic smoothies with no dumb stuff*
HAI Solutions – *innovative vascular access technology to address OR contamination*
Lincode – *computer vision intelligence to improve data tracking of factory inspection systems*
LÜK – *talent search engine for the fashion and entertainment industries*
Lumoptik, Inc. – *haptic medical procedures for light based needle guidance*
Meta Media Tech, Inc. – *delivering premium content/ads into "out-of-home venues"*
Nomadica – *wine brand for the next generation*
PercAssist – *battery powered non-blood contact percutaneous balloon catheter*
Single Pass – *disposable electrocautery device to cauterize deep tissue*
SST Wireless – *industrial IoT and analytics to help customers make operational decisions*
Terecircuits – *novel circuit fabrication and assembly technique*
Veriskin – *facilitating and improving the accuracy of skin cancer screening*

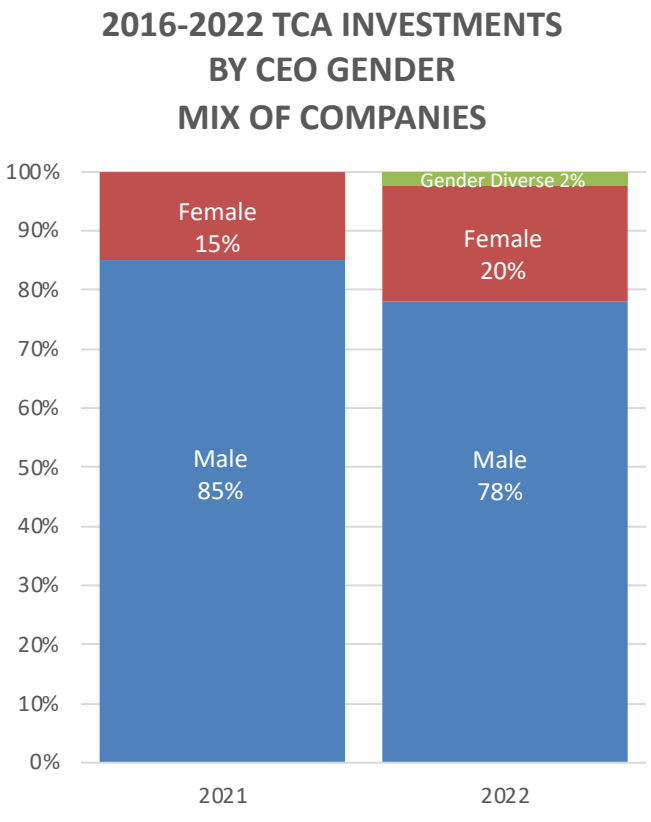
** TCA investment more than $1 Million in 2022*

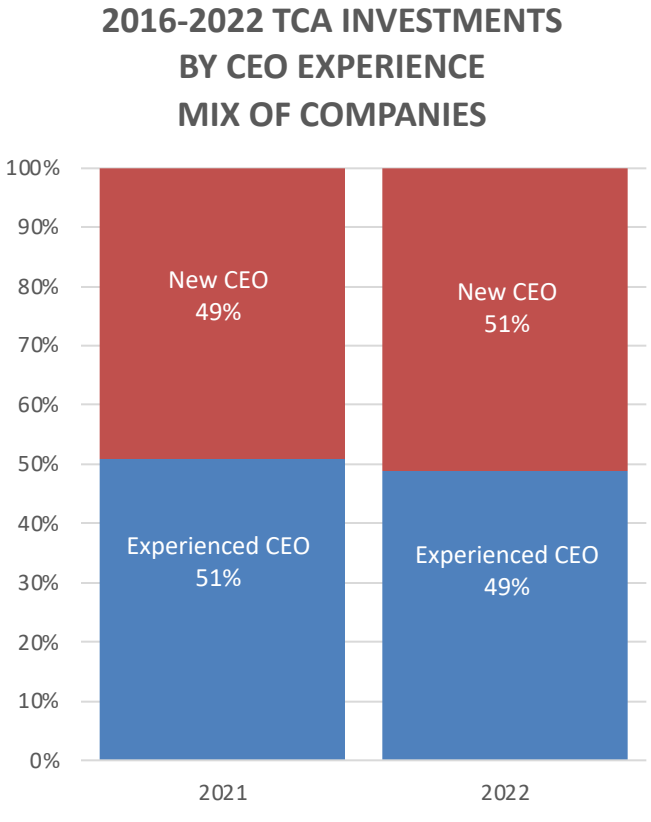
We are striving for greater diversity in our members and the background of our portfolio company CEOs

- 20% of the CEOs who received funding this year are women, up from 15% in 2021
- Two of our five Chapter Presidents are women
- 29% of the CEOs receiving funding in 2022 are non-white ethnicity, up from 23% in 2021

... we have an initiative underway to find and fund more women and minority investors and CEOs







TCA's Angel Syndication Network (ASN) covers 60+ angel groups

- These angel groups nominate their best deals to share with other angel groups for syndication
- ASN hosts a monthly "virtual" web presentation. The purpose of these meetings is to help fill a round, expedite a closing, and save the CEO from extended road shows. The screening sessions are open and viewed by accredited investors from these respective groups. So far, almost half of those presenting have received additional funding from these investors (totalling $18.3 million)
- Collectively, the angel groups participating in ASN represent over 1,500 angels, and more than $1 billion in direct investment



Angel Syndication Network (ASN) funded $4.9 million in 10 companies in 2022 – 37% of those screened:

CrowdSmart (Golden Seeds)

– SaaS tool that harvests knowledge across a corporation's ecosystem

Dermal Photonics (Keiretsu Capital)

– home OTC lasers for skincare for a broad range of applications

DynamiCare Health (MEDA Angels - TCA Network)

– digital therapeutics to help with recovery from substance abuse

Immunis (Tech Coast Angels)

– novel stem cell-derived treatments for age and disease-related immune decline

NuVox (Keiretsu)

– oxygen therapeutic to treat life-threatening hypoxia diseases

Parting Stone (New Mexico Angels)

– a new form of human and animal cremation into smooth stones

Terecircuits (Golden Seeds)

- novel circuit fabrication and assembly technique

Tympanogen (NO/LA)

– ear, nose, and throat (ENT) devices that improve outcomes using gel technology

Veriskin (Pasadena Angels - TCA Network)

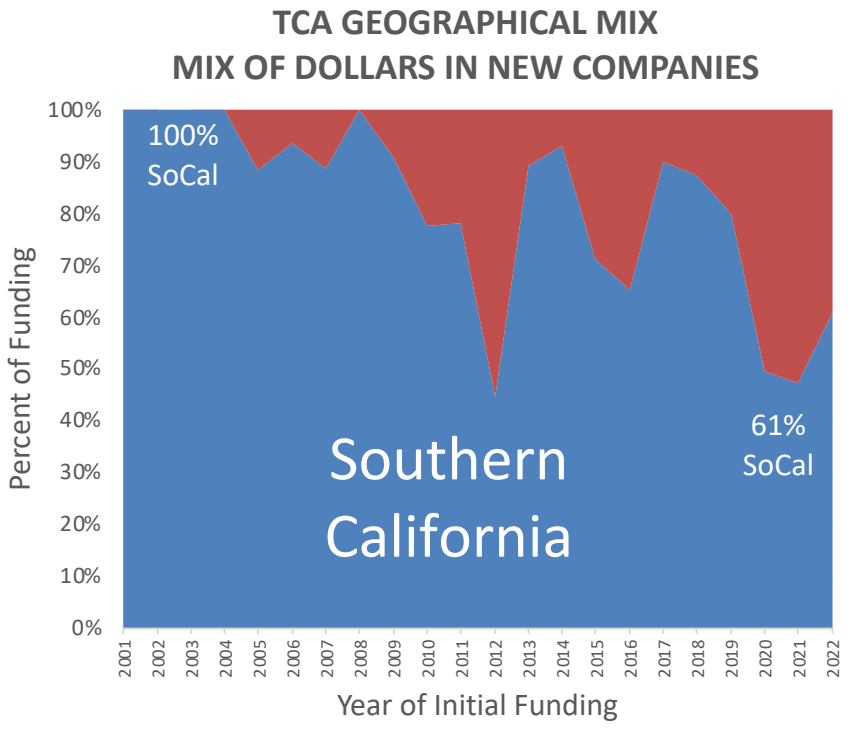
– facilitating and improving the accuracy of skin cancer screening

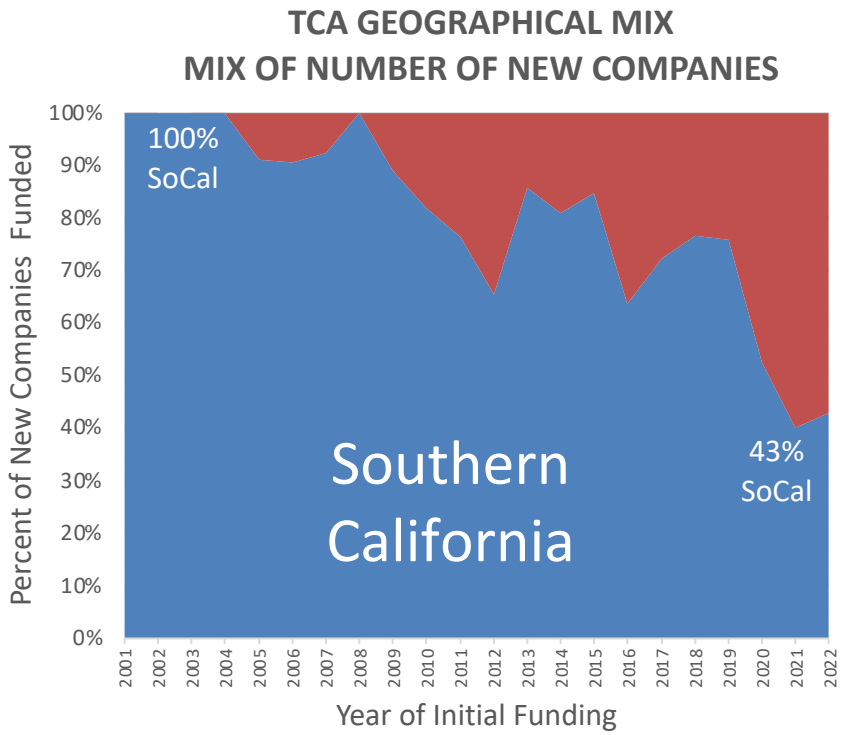
ZapIT Medical (Ohio TechAngel Funds)

– easily manage all aspects of QA, radiation safety and compliance for hospitals

This greater syndication activity through ASN coupled with virtual screening and remote due diligence has shifted the geographic mix to more companies based outside of Southern California since 2020

- Traditionally, the mix has been 85% - 90% in Southern California where TCA's members can be actively involved in mentoring and governing.
- With ASN, TCA is seeing more good deals that have strong support and local involvement by other prominent angel groups.
- Under Covid-19, the shift to virtual screening and due diligence, coupled with the addition of virtual members across the USA, has allowed geographical diversification, with more than 50% of TCA deals now outside SoCal
- 54% of **all** deals and 51% of **all** investment were outside SoCal in 2022

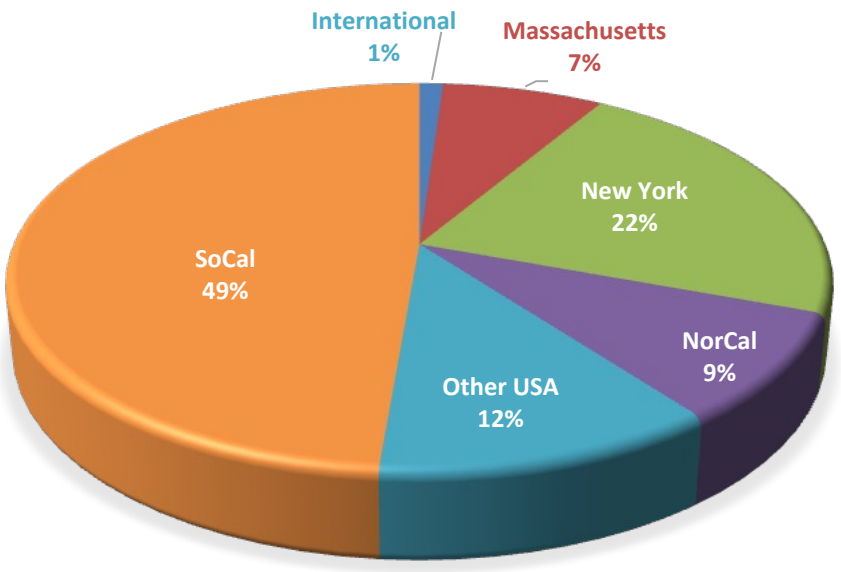




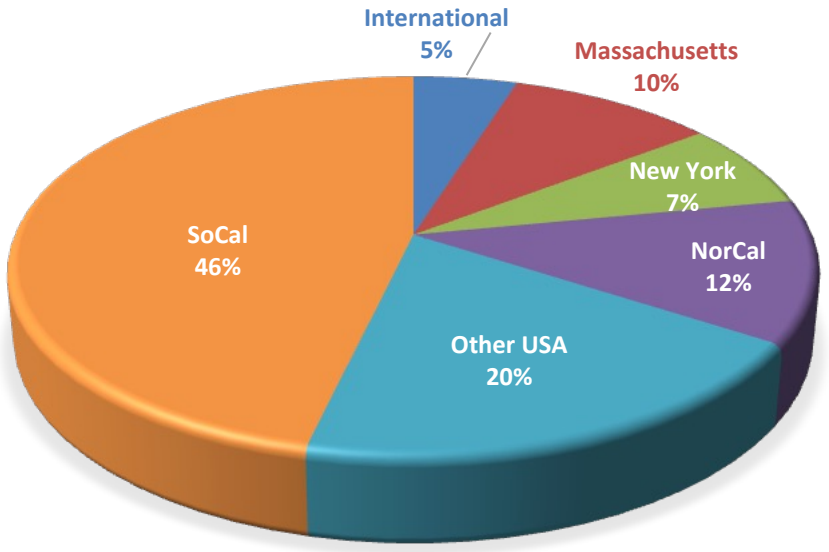
Among geographies outside SoCal, New York was the largest in investment and NorCal in number of companies

- Southern California represented 49% of the investment and 46% of the companies
- New York was 22% of the investment and 7% of the companies
- Northern California was 9% of the investment and 12% of the companies
- Masssachusetts was 7% of the investment and 10% of the companies
- International was 1% of the investment and 5% of the companies
- Other states were 12% of the investment and 20% of the companies

2022 TCA INVESTMENTS BY GEOGRAPHY $15.4 MILLION

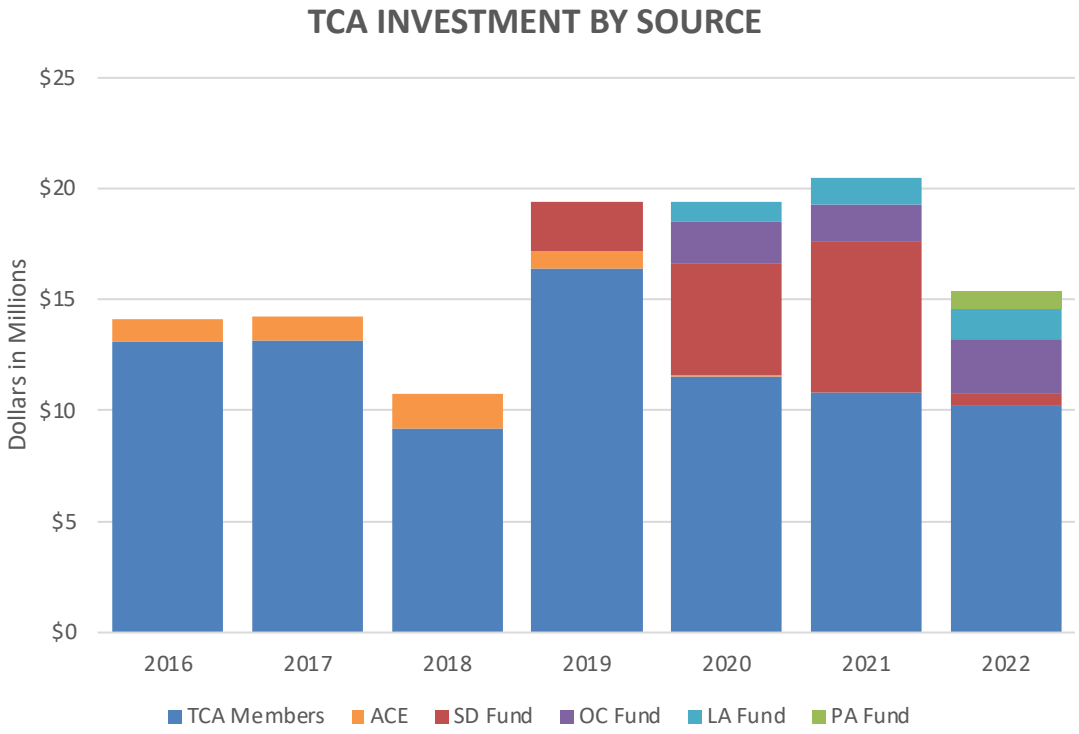


2022 TCA INVESTMENTS BY GEOGRAPHY 41 COMPANIES



Annual chapter funds brought significant incremental capital to entrepreneurs and diversification for members

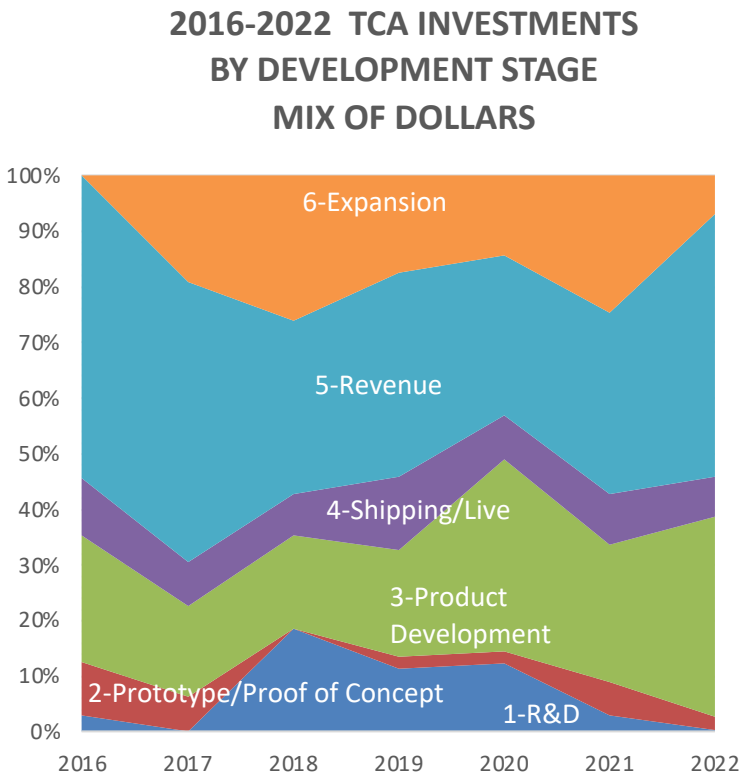
- $5.2 million from TCA's four chapter funds supplemented $10.2 million in direct investment from members
- 26 of TCA's 41 deals in 2022 received investment from at least one chapter fund
- TCA now targets completing due diligence and making a fund decision within 30 days, after which individual members invest alongside the funds
- Direct TCA member investment has remained around $10 million during the fund era
- The addition of the chapter funds has been a significant factor in bringing more capital to each company and more diversification to our members

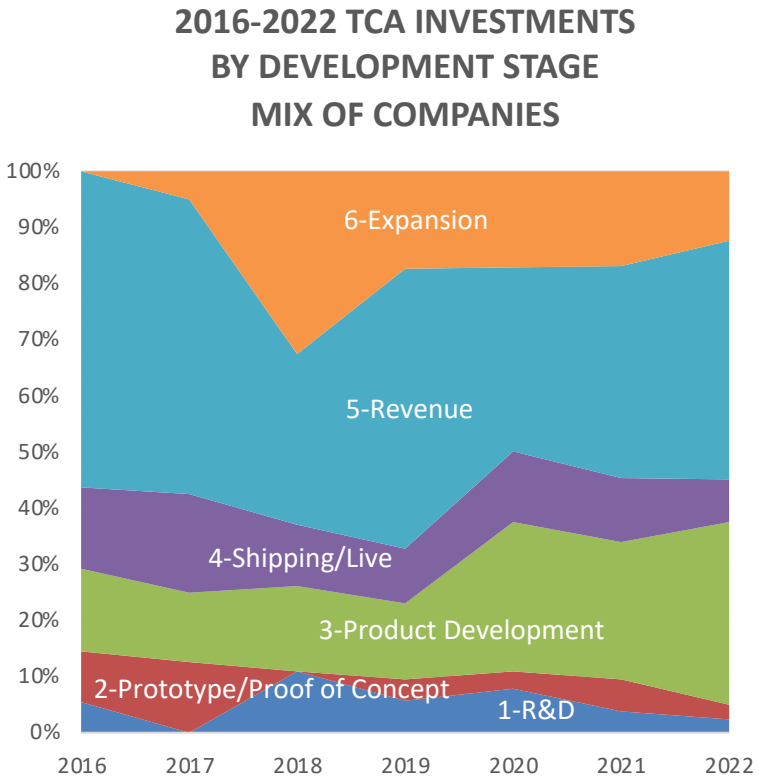




TCA funding continues to be more likely when initial products/services are already developed and there is evidence of customer traction

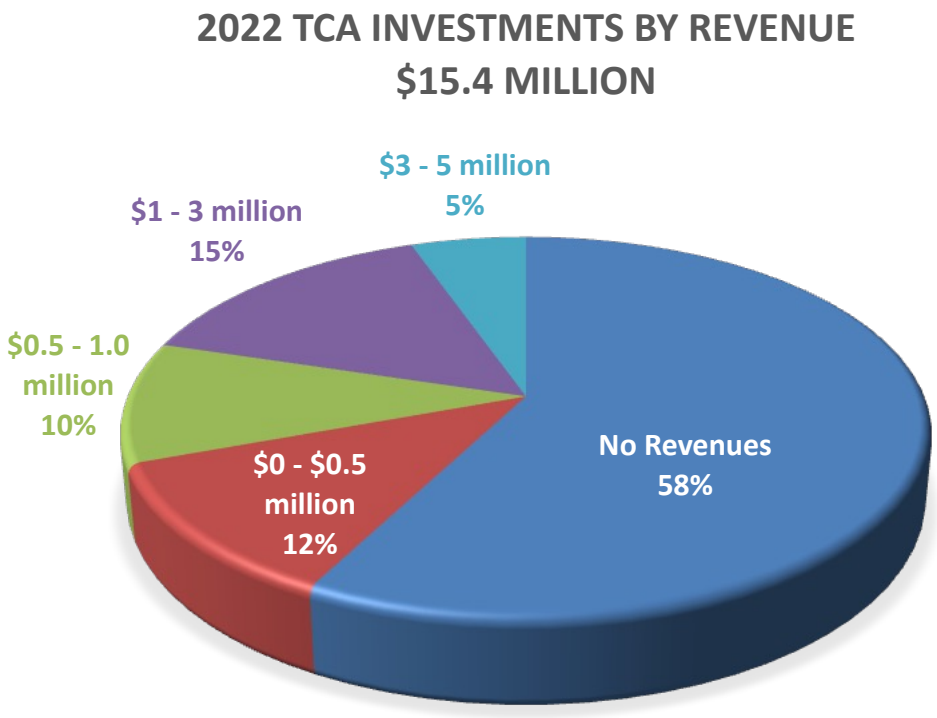
- About half of investments in 2022 were in companies with revenue and those seeking expansion capital. This is driven by:
  - Companies are launching products/services earlier with MVPs (Minimum Viable Products) before seeking investment
  - Investors at this later stage of the investment cycle expect companies to be closer to breakeven in order to survive the anticipated downturn

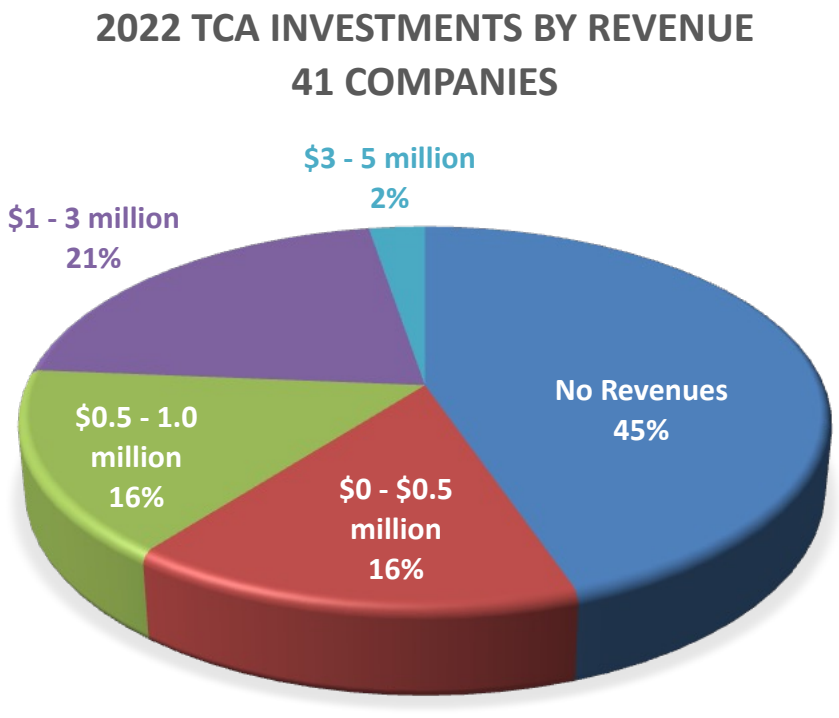




For companies where specific revenue numbers were available, 95% had less than $3 million in revenue

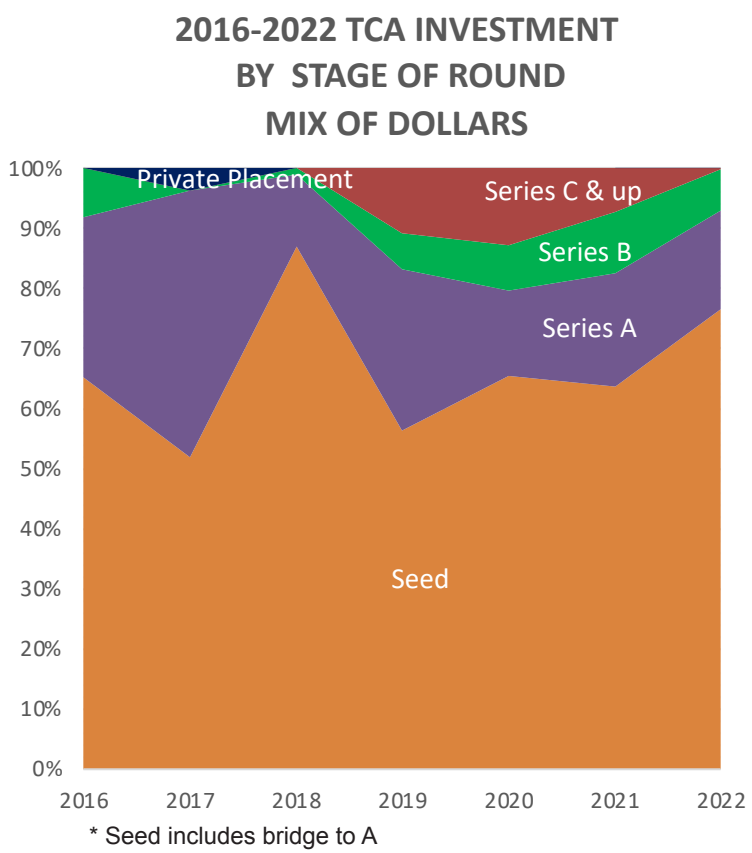
- Those with $0 - $0.5 million in revenue were 12% of the $'s and 16% of the numbers
- Those with $0.5 - $1 million in revenue were 10% of the $'s and 16% of the numbers
- Those with $1 - $3 million in revenue were 15% of the $'s and 21% of the numbers
- Those with $3 - $5 million in revenue were 5% of the $'s and 2% of the numbers
- Those with no revenue were 58% of the $'s and 45% of the numbers

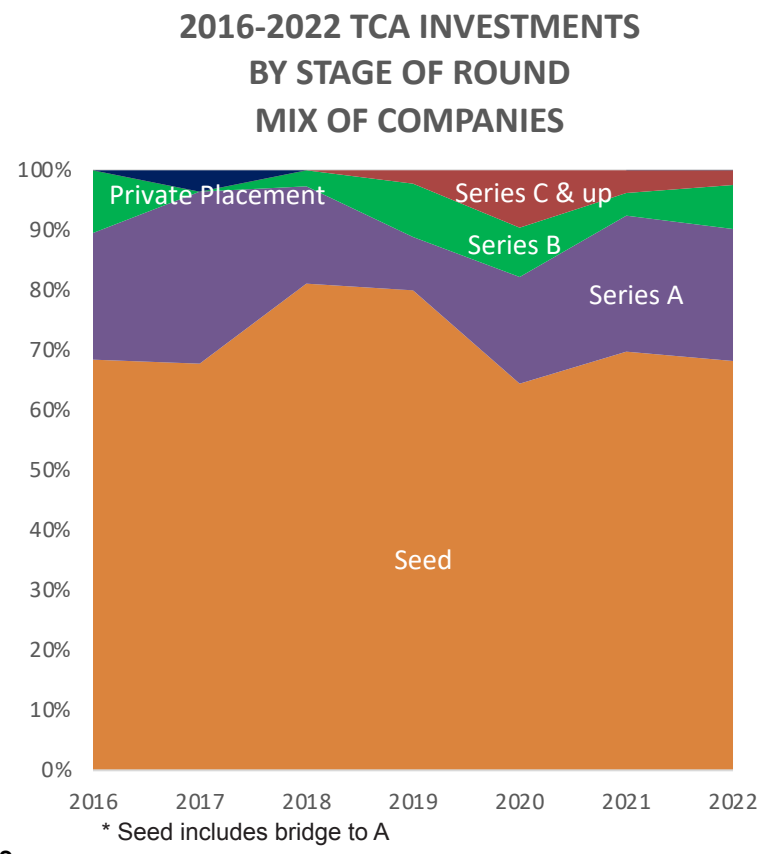




TCA's investment focus continues to be on "seed" deals

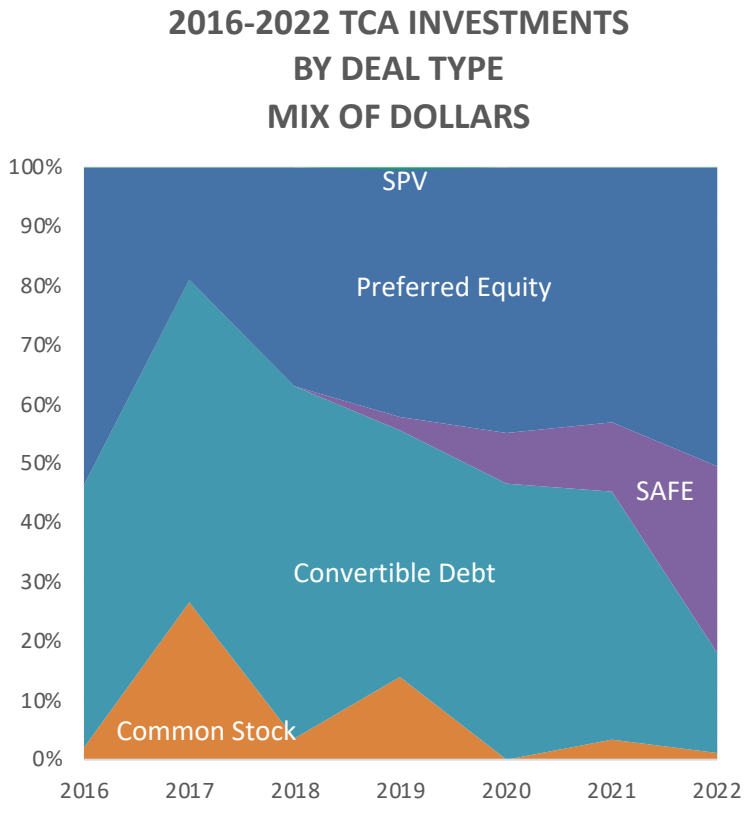
- 68% of deals and 76% of investments in 2022 were Seed – compared to 58% of deals and 67% of investments in 2021
- Some of this bias towards early stage deals has been the pursuit of lower valuations associated with Seed activity, since later rounds have been increasingly at less attractive valuations
- Series A represented 22% of deals and 17% of investments in 2022
- Series B & up represented 9% of deals and 7% of investments in 2022, a change from 6% of deals and 19% of investments in 2021

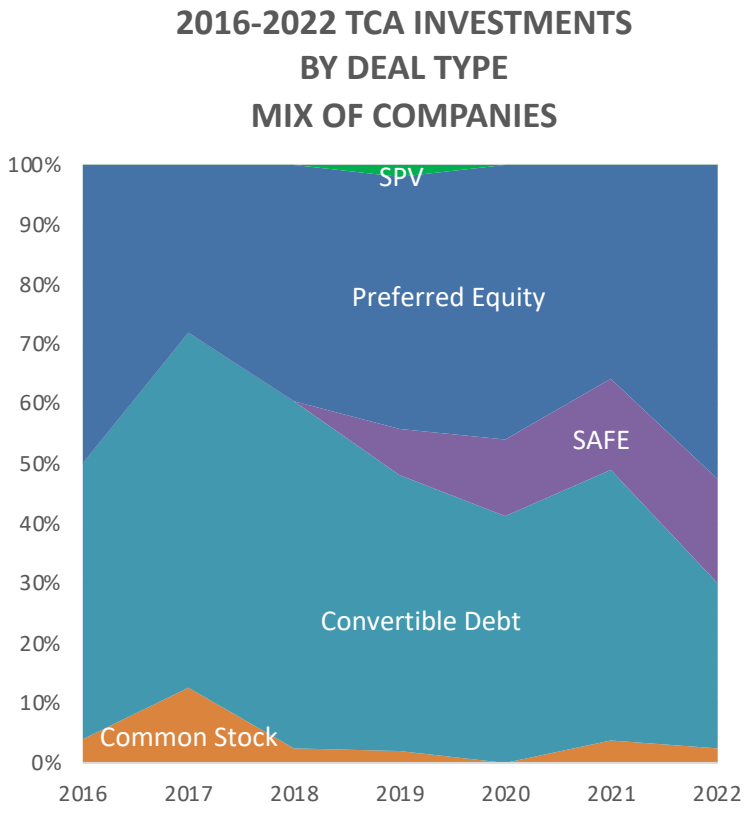




Most investments in 2022 continue to be either Preferred Equity or Convertible Debt that converts into Preferred Equity

- The 50% invested in Preferred Equity was more than the 43% in 2021 but not yet back to the level of 54% in 2016
- SAFEs increased to 18% of deals and 32% of investments (due to one large SAFE deal) in 2022
- However, the prevalence of SAFEs and convertible notes (a combined 45% of the investment total) remains concerning to some because it limits long-term returns due to 1) less initial lift in valuation before Series A and 2) fewer deals will realize QSBS Section 1202/Section 1244 favorable tax treatment

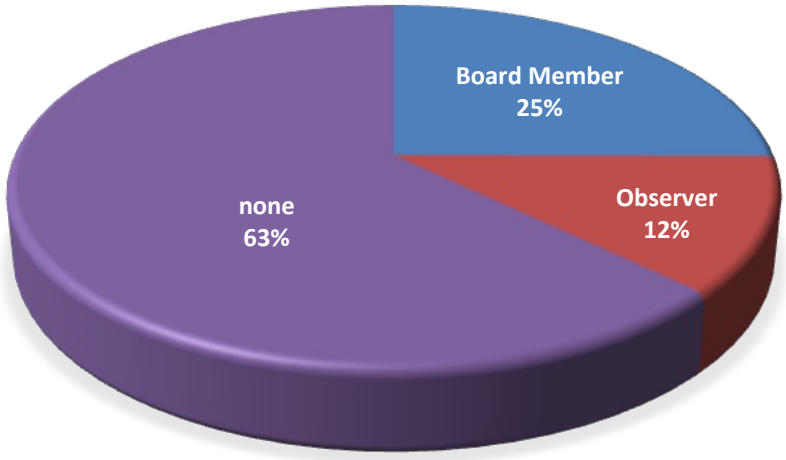




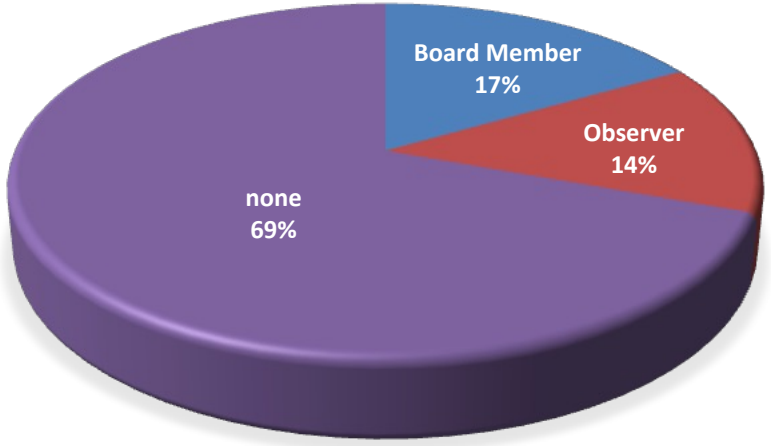
TCA Members take an active role in governance of about a third of the investments in 2022

- For 31% of TCA's 2022 companies, there is a TCA member serving as either a Board Member or Observer
- This is in line with ACA's comparable benchmark of 32%
- This percentage was higher in previous years before TCA increased its investments outside of Southern California and sourced more deals through syndication (which are often led by other local angel groups with one of their members on the Board)

2022 TCA INVESTMENTS
BY BOARD REPRESENTATION
$15.4 MILLION



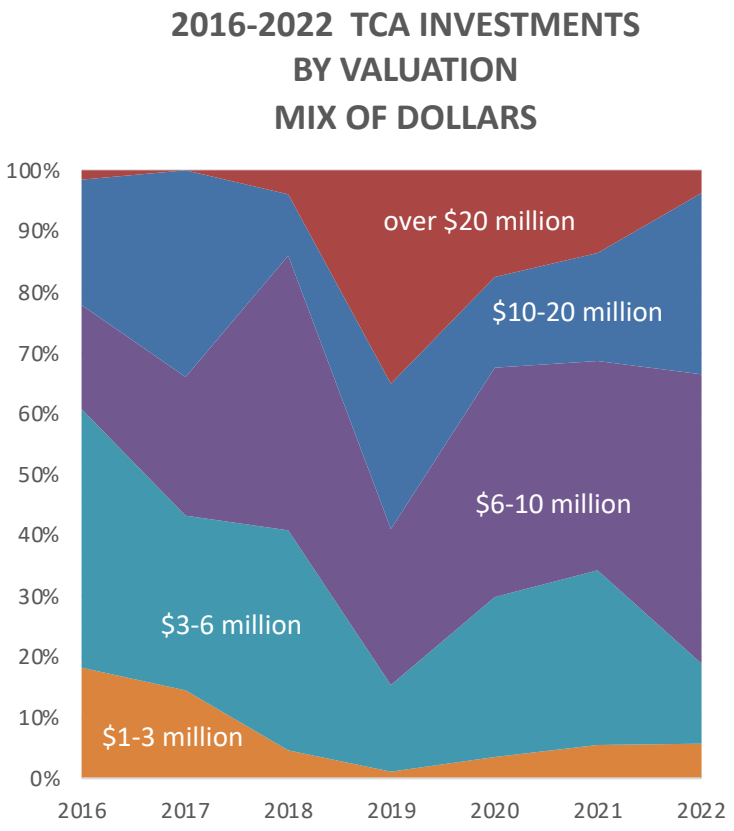
2022 TCA INVESTMENTS
BY BOARD REPRESENTATION
41 COMPANIES

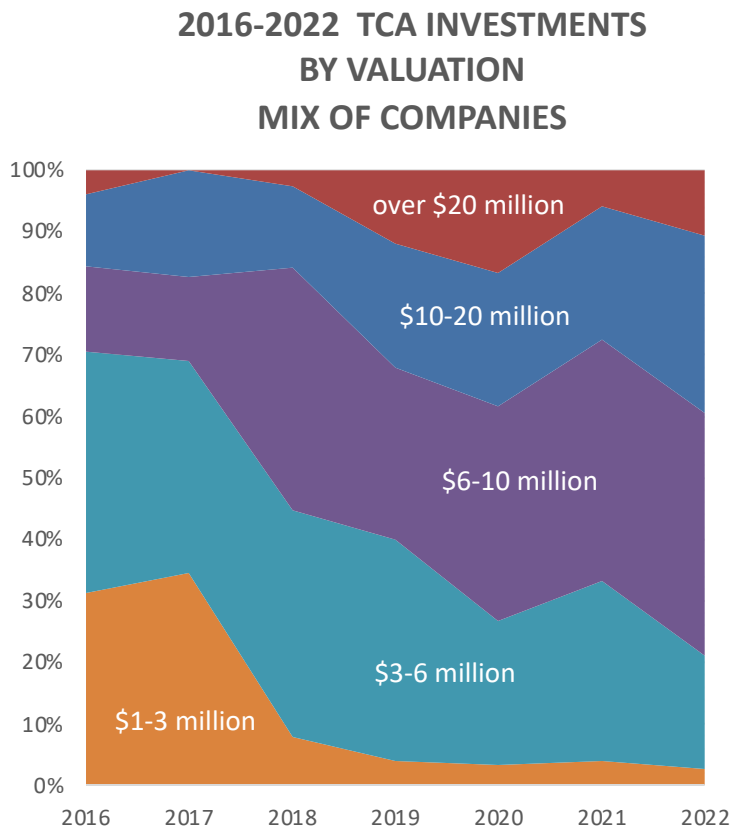


Source: Tech Coast Angels; Angel Capital Association Angel Funders Report – click here for full report

Valuations at time of TCA investment continue to increase above historical levels – this hopefully will reverse in 2023

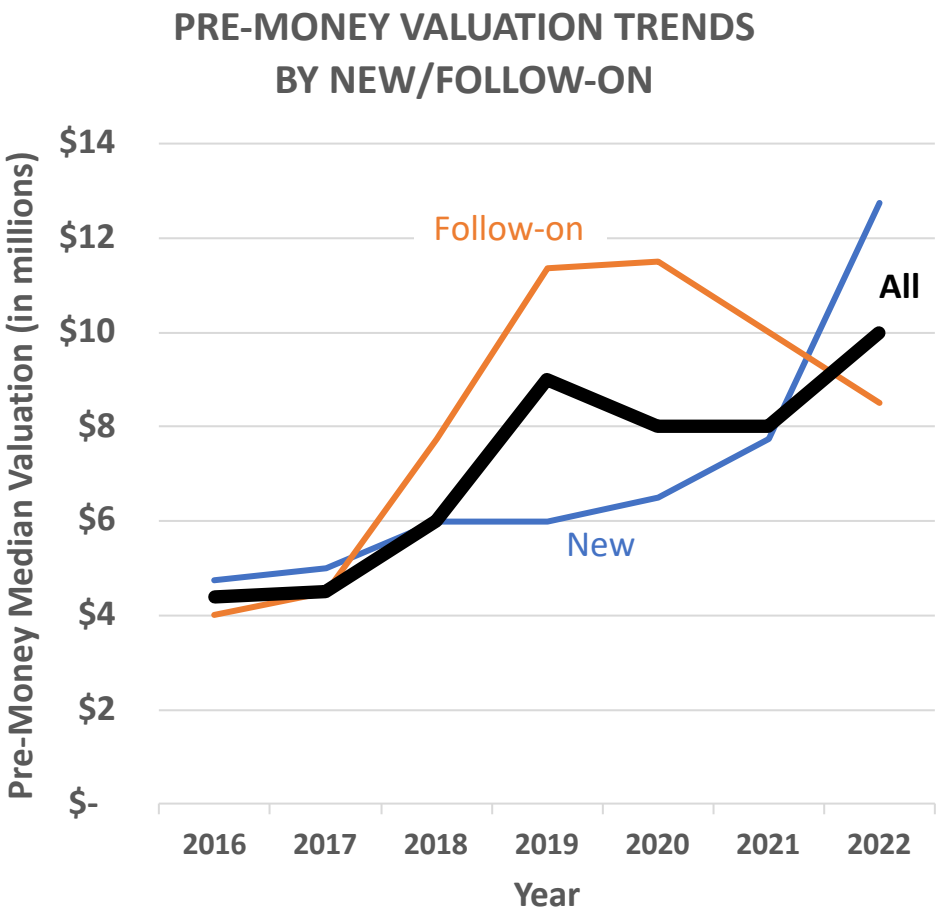
- 19% of TCA's investments in 2022 were in companies with valuations below $6 million, compared to 32% in 2021, 28% in 2020, 15% in 2019, 41% in 2018, 43% in 2017 and 61% in 2016
- The median valuation rose to $10 million from $8.0 million in 2020 and 2021, compared to $9.0 million in 2019, $6.0 million in 2018, and $4.5 million in 2017
- The long-term "sweet spot" for angel investing has been deals valued at $1-3 million – this declined to 6% of investment from 18% in 2016

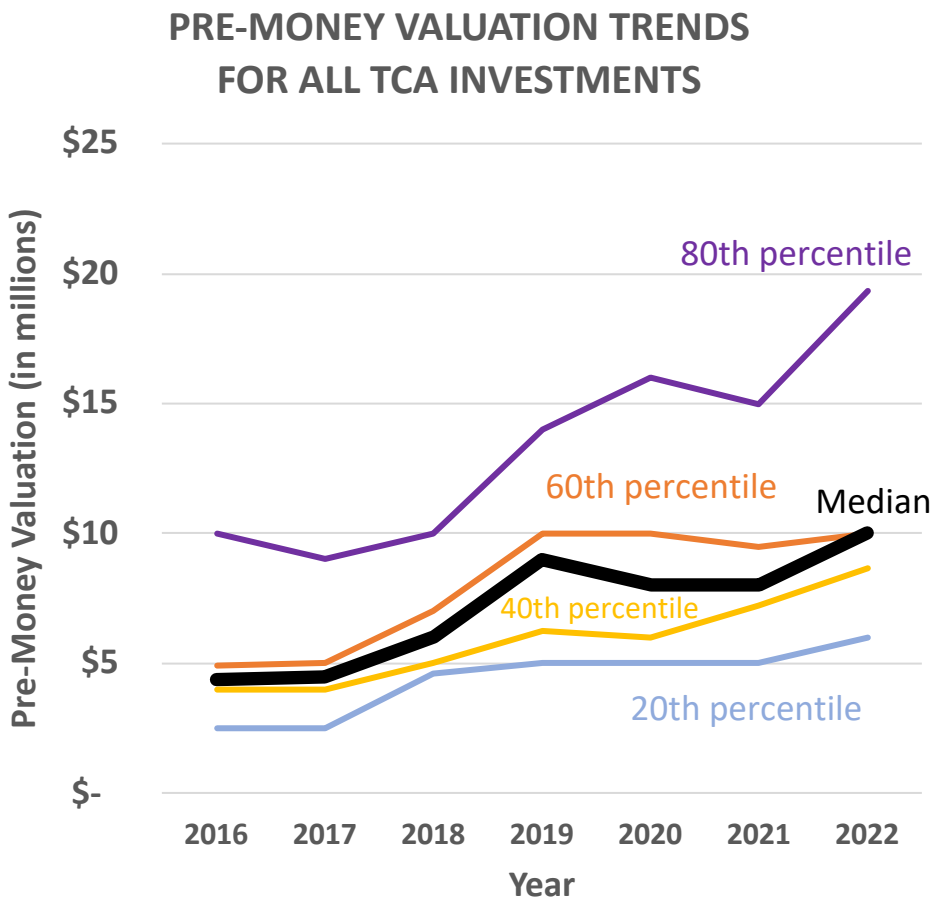




More on Valuation Trends ...

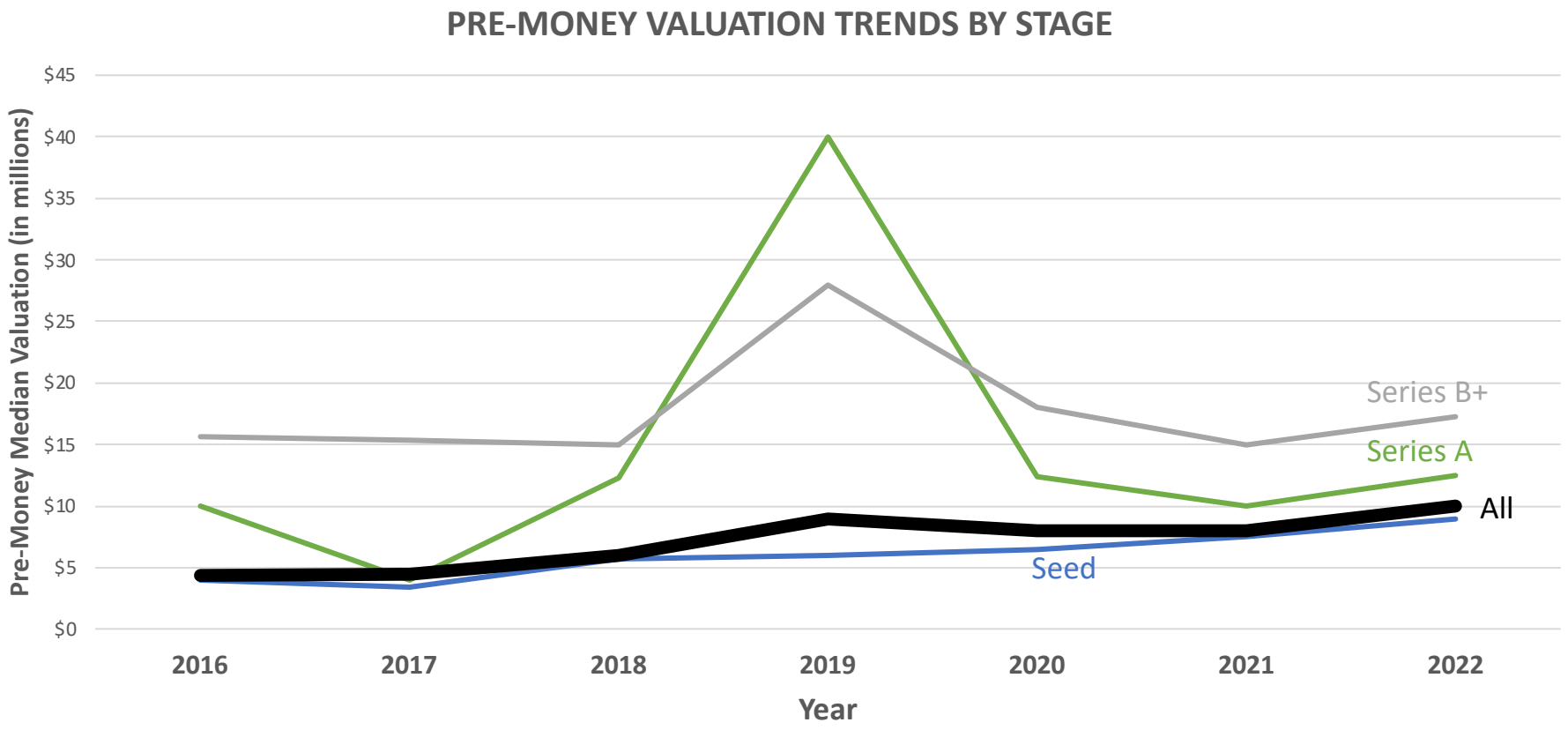
- The spread in valuations is increasing – the rise in median valuation for all deals is also evident in the 80th, 40th and 20th percentile deals
- The median valuation for new deals moved above that for follow-ons, driven partly by flat or down rounds in some follow-ons as the external funding environment tightened, and partly because new deals had higher valuation due to more significant revenue





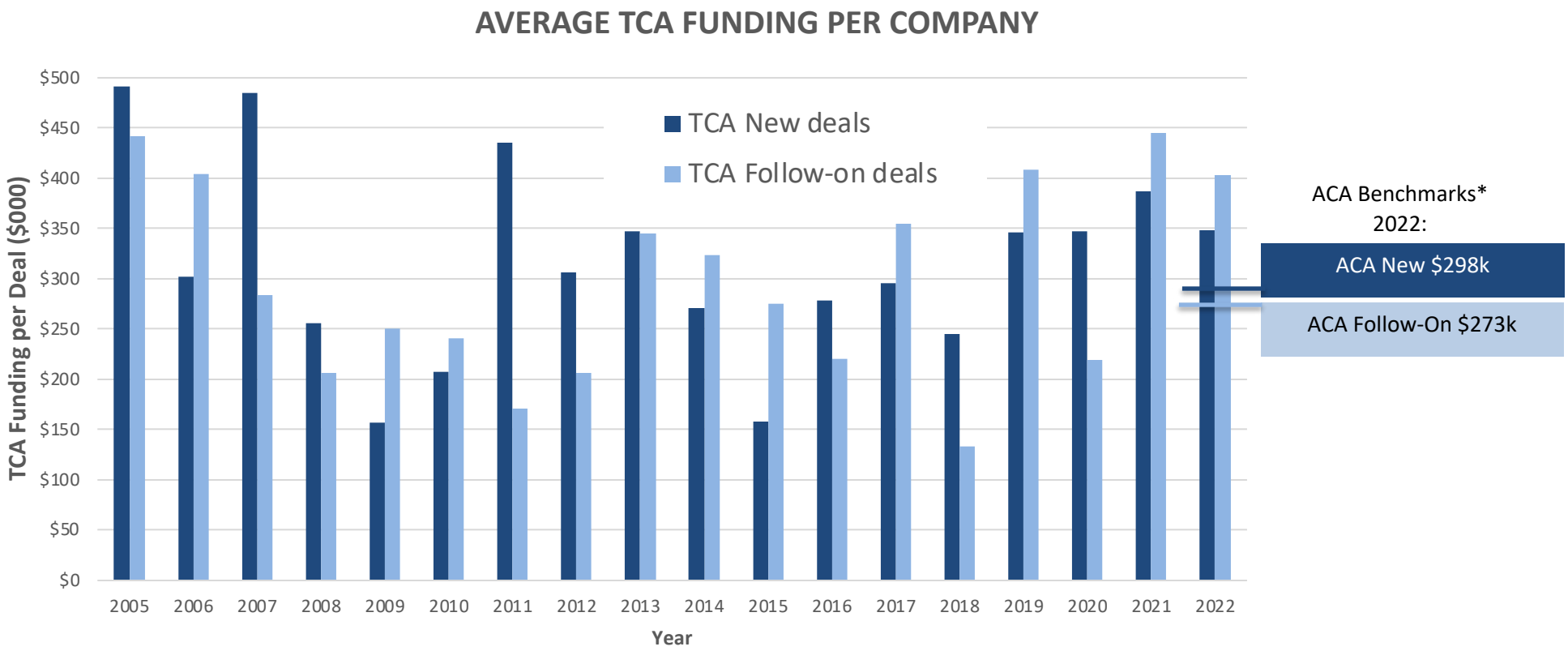
More on Valuation Trends ...

- The increase in valuation was across all stages
- Seed stage median valuation rose to $9 million in 2022 vs $7.5 million in 2021
- Series A stage median valuation rose to $12.5 million in 2022 vs $10 million in 2021
- Series B and up median valuation rose to $17 million in 2022 vs $15 million in 2021
- This trend needs to reverse in 2023 given the dramatic drop in later stage and public market tech stock valuations



TCA'S 2022 Investment of $15.4 million was part of a total of $124 million into those 41 Companies

- TCA funding for new companies in 2022 averaged $348k per company and 11% of the total round – higher than the ACA benchmark of $298k
- TCA funding for follow-on companies in 2022 averaged $403k per company and 9% of the total round – higher than the ACA benchmark of $273k
- Syndication was critical, and TCA helps with that through ASN and our relationships
- The median total round size in 2022 for new was $1.8 million and $2.6 million for follow-on



Note: Angel Capital Association Angel Funders Report – click here for full report

Tips for Entrepreneurs Going Forward

TCA's record high investment in recent years reflects a strong pipeline of opportunities. But dramatic decline in later stage exit values and public tech valuations translate into a difficult environment for funding in 2023

Our advice to smart entrepreneurs at this stage in the cycle is to be well prepared:

- Get realistic about valuation and don't look to last year's averages. It's a new world. Any investment will be hard, and overpricing can be fatal if it leaves you underfunded
- Maintain a healthy runway. In the next two years, more good companies will likely fail for lack of financing than for all other reasons combined
- If you are lucky enough to attract funding, raise as much money as you can in the current round and don't be concerned about dilution. You won't regret it later
- Stay focused. Spend wisely and frugally. If the next dollar you spend doesn't make for a better product or better customer experience, don't spend it
- Seek investors who can provide you with experience, guidance and contacts that can help you navigate the challenges ahead (rather than those that are willing to offer the highest valuation), and listen to your advisers

Tips for Angels Going Forward

Our advice to smart angels at this stage in the cycle is to be well prepared:

- Accelerate funding of companies who embrace more realistic valuations – particularly companies which can achieve breakeven with the funds raised in the current round
- Be cautious about investing in companies that cannot achieve breakeven with funds from the current round if future funding sources do not materialize
- Invest in funds if you have a limited amount of capital to deploy – giving you the benefits of diversification that is so important in this class of investment. Supplement the investment in funds with sidecars in areas/markets in which you have knowledge
- Join a trusted angel group to access quality deal flow and the expertise of others in due diligence and mentorship of the companies moving forward
- Learn from other experienced angels by participating in the Angel Capital Association's Angel University, webinars and annual ACA Summit conference
- Be patient – you'll likely have more failures than successes, and the successes will typically come later. But a few of the successes should more than compensate for the shutdowns and yield an overall attractive portfolio return

Thank You to TCA's Sponsors!















































































