

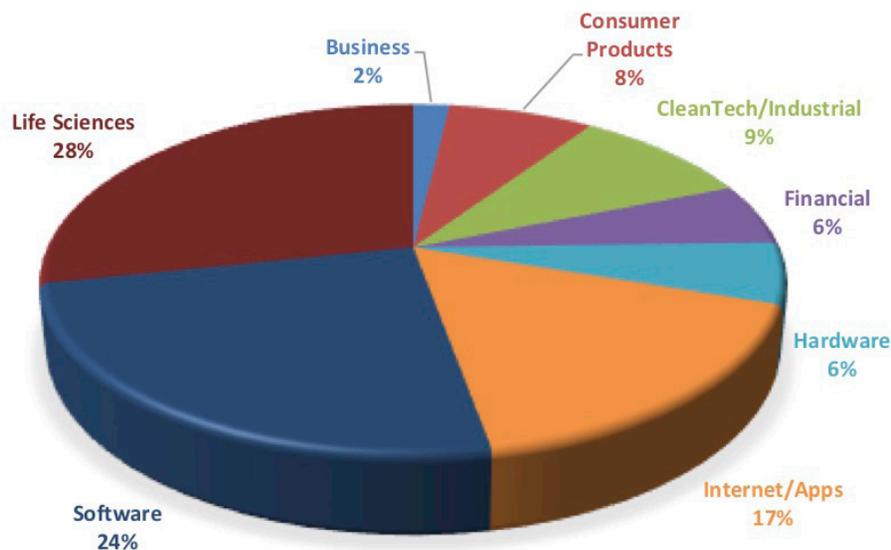


2018 Annual Report

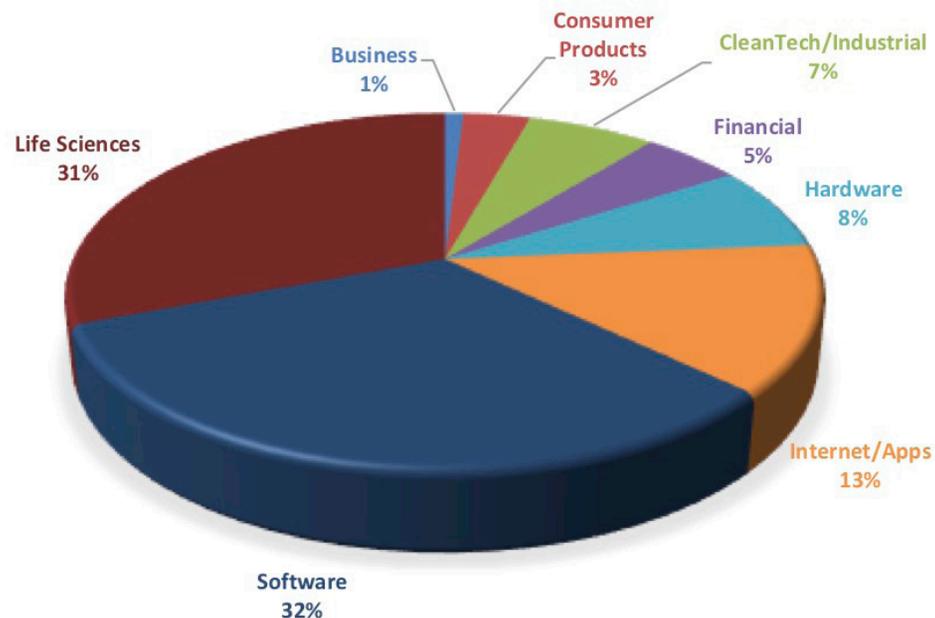
2018 was another strong year for Tech Coast Angels (TCA)

- TCA invested \$10.8 million in a total of 53 companies across a diverse mix of industries – showing that TCA continues to invest in both tech and non-tech companies
- Life Sciences and Software were the largest sectors, followed by Internet/Apps
- 34 of these companies were new additions to the portfolio – a number that second only to the all-time record number of 37 in 2016
- 76% of the dollar investment went to these new companies
- Membership grew from 337 at the end of 2017 to 411 at year end 2018

2018 TCA INVESTMENTS BY INDUSTRY
53 COMPANIES



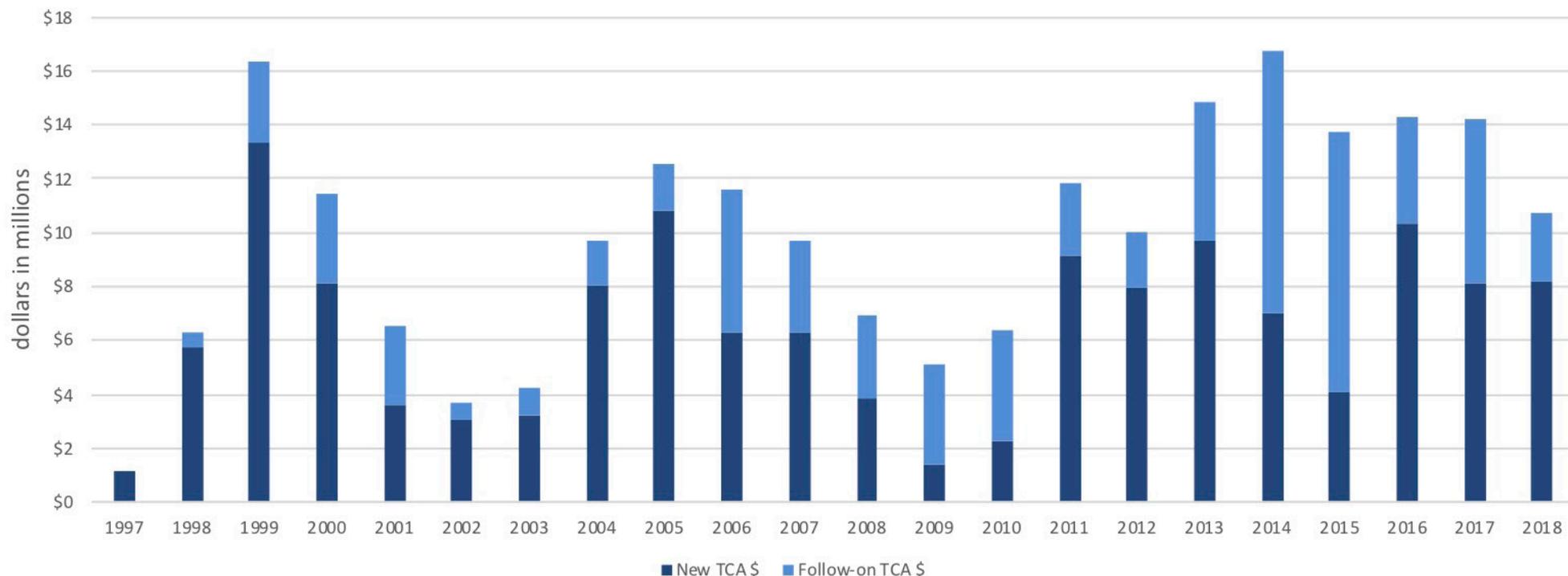
2018 TCA INVESTMENTS BY INDUSTRY
\$11.0 MILLION



Total investment for the year reflects the longest sustained level of activity since TCA was founded in 1997 – eight years at \$10 million or more

- From 2013-2017, total investment each year was between \$13.7 - \$16.7 million
- Investment declined to \$10.8 million in 2018, driven by concern over higher valuations coupled with concerns over financing risk in the coming cyclical downturn
- In previous cycles, TCA investment started to decline in 2000 and 2006, before recovering in 2003 and 2010
- The mix into new companies shifted in 2018 to 76% of investment from 57% in 2017

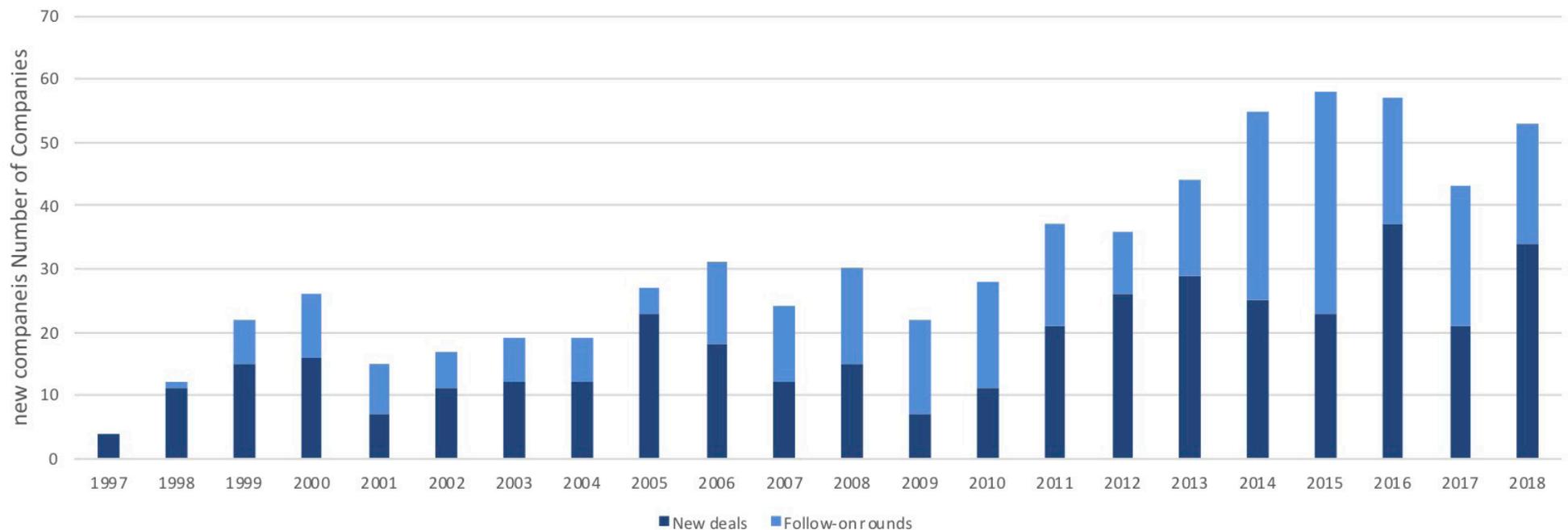
TCA NEW & FOLLOW-ON INVESTMENTS BY YEAR



TCA invested in 53 companies in 2018, including 34 new companies which approached the all-time record of 35 in 2016

- This total of 53 includes 15 companies in Life Sciences, 13 in Software, and 9 in Internet/Apps, 5 in Cleantech/Industrials, 4 in Consumer, 3 in Financial, 3 in Hardware and 1 in Business
- New companies included 11 companies in Life Sciences, 7 in Software, 7 in Internet/Apps, 3 in Cleantech/Industrials, 3 in Consumer, 2 in Hardware and 1 in Business

NUMBER OF TCA COMPANIES INVESTED IN EACH YEAR

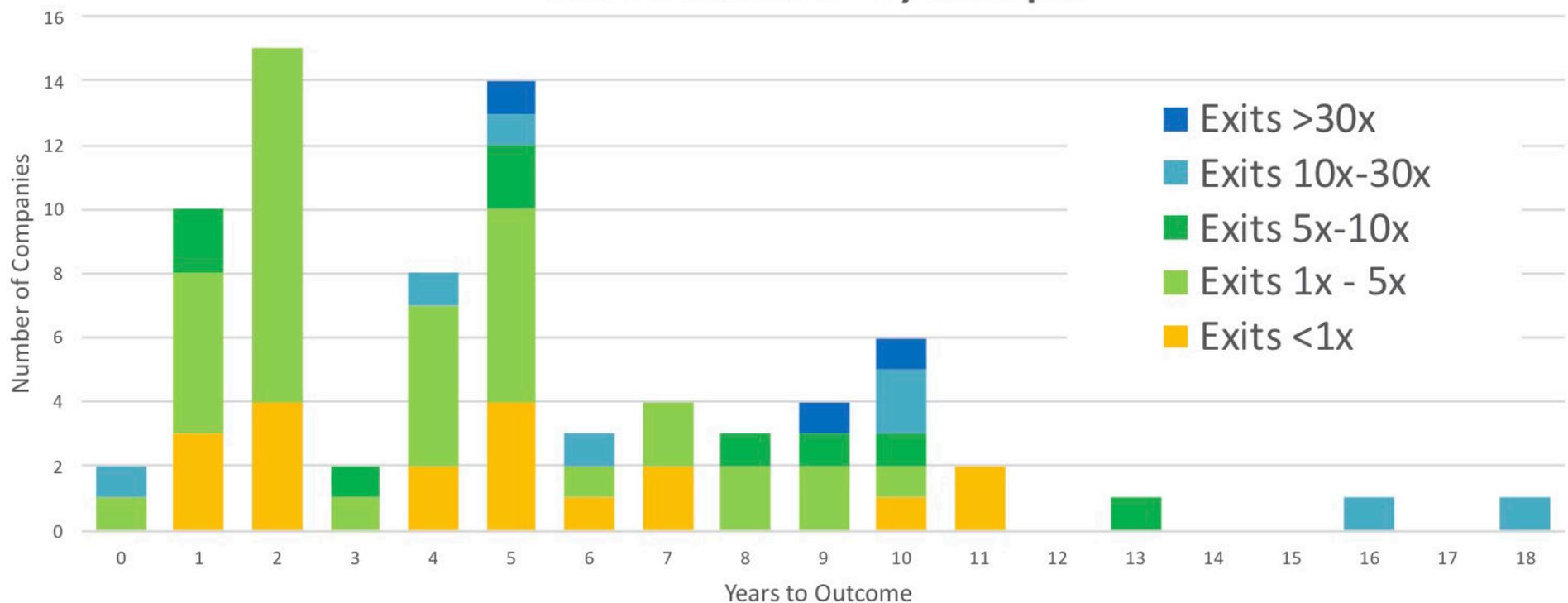


TCA had six exits in 2018 and a 4.9x return on all outcomes since 1997

- IPO: One Stop Systems (NASDAQ OSS) in which TCA invested originally in 2000. This 12x return is a reminder that angel vesting requires patience
- 1 private placement in an early stage public company: Envision Solar (NASDAQ EVSL) (2017 investment)
- 3 acquisitions: CaseStack (another 15x return with a long fuse with TCA investing in 2002), Ondax (2010 investment), and Ring Router (2014 investment)
- Investors in What Pumpkin Games were bought out by another shareholder

This brings the total exits since TCA's inception in 1997 to 79 exits, and 103 shutdowns. Of the 388 investments TCA has made since its founding, 54% are still active. Investing equal amounts across TCA's entire portfolio would have yielded a return of 307% of the initial investment. Counting the highest price achieved after IPOs would increase TCA's return to 492%. This compares to a 250% benchmark for angels per ARI. Tax benefits from the write-offs are not included.

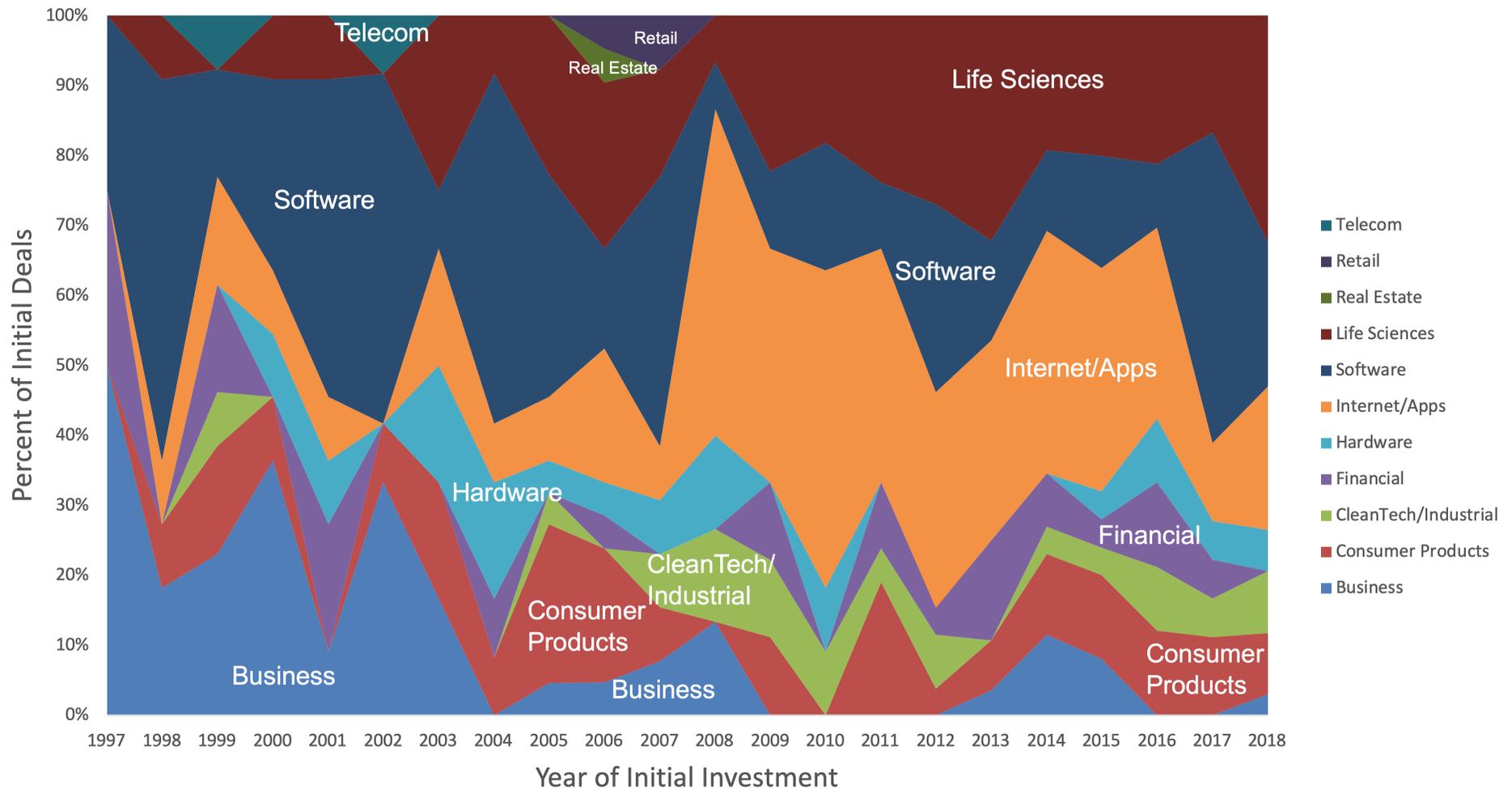
Exit Distribution - By Multiple



Our 411 members, with their extensive and broad industry experience, help us 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 2018, Life Sciences & Software continue to lead

Number of TCA Initial Investments by Industry by Year



TCA invested in 34 new companies in 2018:

18/8 Salons – prestige salons and barbers for men

Actuate Therapeutics – GSK-3 β inhibitor for oncology / fibrotic diseases

Aquacycl – wastewater treatment reducing sludge & recover energy

BetaBlocks – helps evaluate, architect and implement blockchain

Capillary Biomedical – continuous subcutaneous diabetic insulin infusion

CLICS – computer-controlled hair color mixer and dispenser

Crater Group – video surveying for moving companies to archive data

CurvaFix – orthopedic implant for natural bone curvature in pelvic fracture fixation

DTx Pharma – oligonucleotide therapeutic for nucleic acid drugs

Fabric8Labs – world's first non-thermal Metal 3D Printer

Famileague – family-focused digital media company

Fantasy Sports – world's leading daily fantasy sports analytics platform

Field Day – empower multi-unit brands to systemize local field marketing

GameTime Footage (NextPro) – produce & distribute youth sports games

GoShare – connects truck owners with users for last mile help

GroGuru – precision soil and irrigation & crop monitoring system

Haxiot – rapid deployment & monetization of end to end IoT solutions

Healionics – synthetic blood vessel resists occlusion / infection for dialysis

Immunophotonics – drug that turns tumor ablation into immunotherapy

New companies in 2018 (continued):

LabFellows – SaaS workflow automation tool for life sciences operations

Lynx Biosciences – cytomics-based measurement of patients' blood cells

Midas Education – SaaS that integrates data analytics systems in school

OnBoard Dynamics – mobile natural gas generation of electricity

Outsite – co-working / co-living for location independent professionals

Pasturebird – largest pasture-raised poultry producer in the US

ResortPass – online booking for day access to resorts amenities

Salarius – biopharma company with drug for Ewing sarcoma

Snap Bio – treatments for pancreatic cancer using kinase inhibitors

Snapwire – connects photographers with brands needing imagery

Sourcify – connects companies with the right factories

Tega Therapeutics – bioengineered heparin alternative to pig intestines

ThinkIQ – manage supply chain by deducing genealogy in real time

Tourmaline Labs* – manage shared economy fleets with smartphones

Trust & Will – digitally create, edit, store, and share your trust and will

The biggest deal in 2018 was **Tourmaline Labs** with \$1.6 million invested by TCA. Two other companies (**DTx Pharma** and **CLICS**) received over \$600,000 in investment by TCA in 2018. All three were new additions to TCA's portfolio

* TCA investment more than \$1 Million

TCA made additional investments in the following portfolio companies:

Beacon Healthcare – SaaS Medicare Advantage compliance solution

Buy It Installed – button integrated into e-commerce site for installation

Carepoynt – rewards program for healthcare

Cherryvale Farms – fresh ingredient 100% plant-based baking mixes

Cloudbeds – SaaS Hotel Hospitality Management Software

Comfreight – load matching and automated payment to carriers/brokers

Connected Signals – real-time predictive data streams for traffic lights

Enmotus – flash/hard drive combination storage solution

EV Connect – electric car battery testing system for OEMs

FAMA – screen potential employees by analyzing social media posts

Findox – compliance tool for institutional investors

GroupSolver – survey software combining AI & crowd intelligence

Larada Sciences – device for killing head lice with hot air

Mobilize Solutions – create & share branded photos on social media

Movocash – Peer-2-Peer-2-Purchase payment solution for under-banked

MyLabBox – testing for STDs from the comfort of home

Nevados – solar ground installations that are faster to install and less expensive

Nocimed – image pain using existing MR spectroscopy scanners

Respiratory Motion – unique FDA-cleared respiratory monitoring

TCA extended its Angel Syndication Network (ASN) to share the best deals for deal syndication among 40+ prominent angel groups. Each angel group nominates their best deals to share with other angel groups for syndication

- Each month, ASN hosts a “virtual” web presentation. The live meeting occurs within a state-of-the-art facility (UCI Applied Innovation’s The Cove facility) with multiple cameras and microphones recording attendee interaction and deal deliberation. 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, 48% of those presenting have received additional funding (total of \$7 million).
- Collectively, the angel groups participating in ASN represent over 1,500 angels, and over \$1 billion in direct investment.



Angel Syndication Network (ASN) funded the following companies in 2018:

CurvaFix (presented by Keiretsu) – an orthopedic implant to speed recovery, shorten surgery and reduce cost for pelvic fracture fixation

Pasturebird (presented by Pasadena Angels) – replace factory poultry farming with a system that is good for the land, the animal, and the consumer

Breadware (presented by Sierra Angels) – provides a complete IoT product development solution for businesses

Healionics (presented by Keiretsu) – a platform STAR biomaterial which can improve the performance of many implanted devices by preventing both infection & scarring

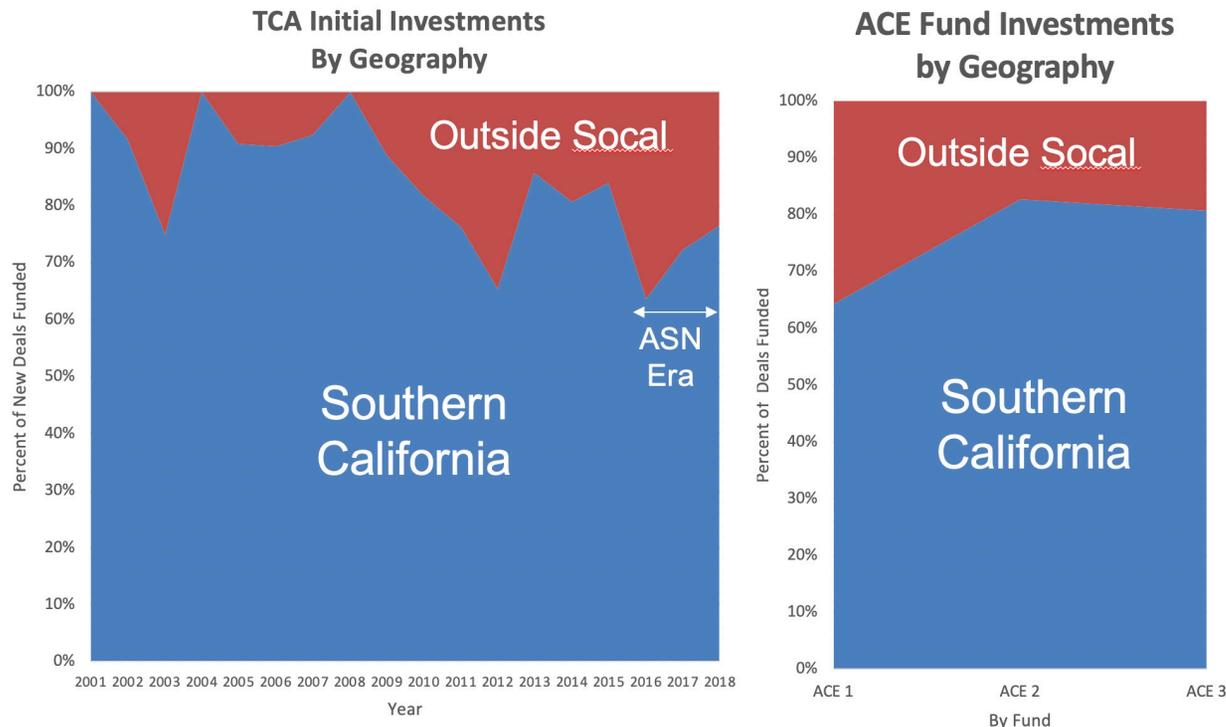
Comsero (presented by Rockies Venture Club) – designs, manufactures, and sells products that inspire creativity and foster collaboration

Onboard Dynamics (presented by Sierra Angels) – leading the transition from traditional energy fuels to the next generation energy fuels to power the needs of transportation, particularly for trucks

New View Surgical (presented by Keiretsu) – has developed a minimally invasive surgical visualization system that simplifies and cost-reduces laparoscopic surgery

This greater syndication activity through ASN has shifted the geographic mix to more based outside of Southern California

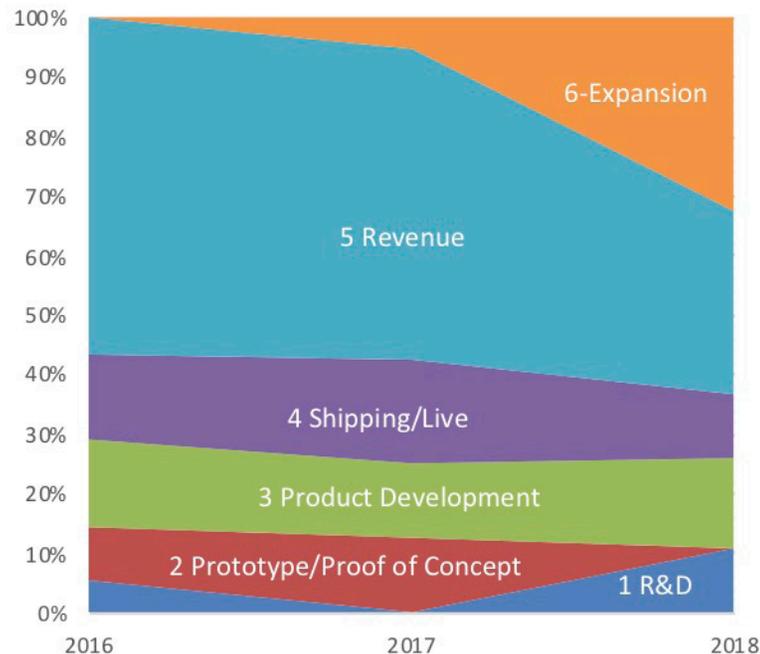
- Traditionally, the mix has been 85% - 90% in Southern California – with the assumption that companies do better when TCA’s members can be actively involved in mentoring and governing
- With ASN, TCA is seeing more good deals that have strong support and local involvement by other prominent angel groups. Thus new investments outside Southern California rose to 37% in 2016, 28% in 2017, and 24% in 2018
- This also has been influenced by the investments of TCA’s ACE Fund which have had a larger percentage of investments outside Southern California



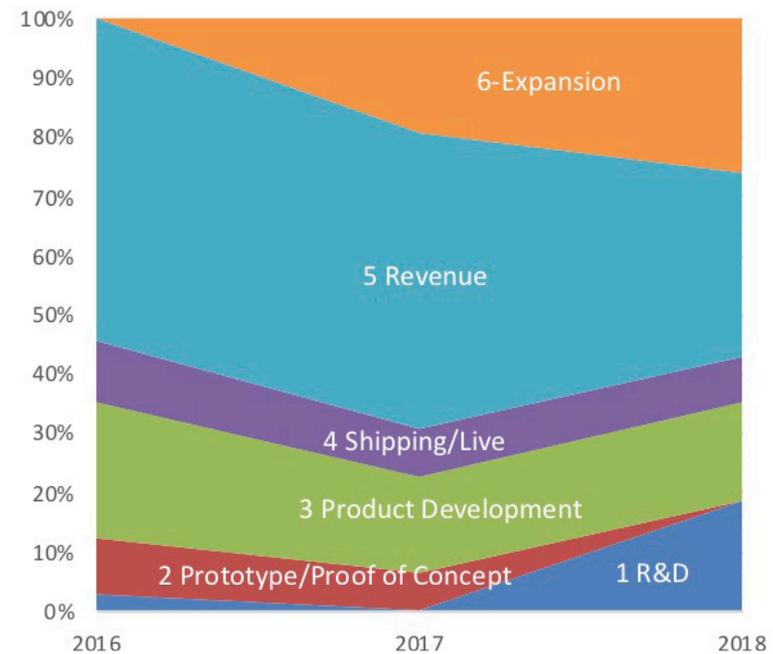
TCA funding is more likely when initial products/services are already developed and there is evidence of customer traction

- 57% of 2018's investments were in companies with revenue and those seeking expansion capital, although this is down from 69% in 2017. 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 expecting companies to be closer to breakeven in order to survive the inevitable downturn coming

2018 TCA INVESTMENTS
BY DEVELOPMENT STAGE
MIX OF COMPANIES



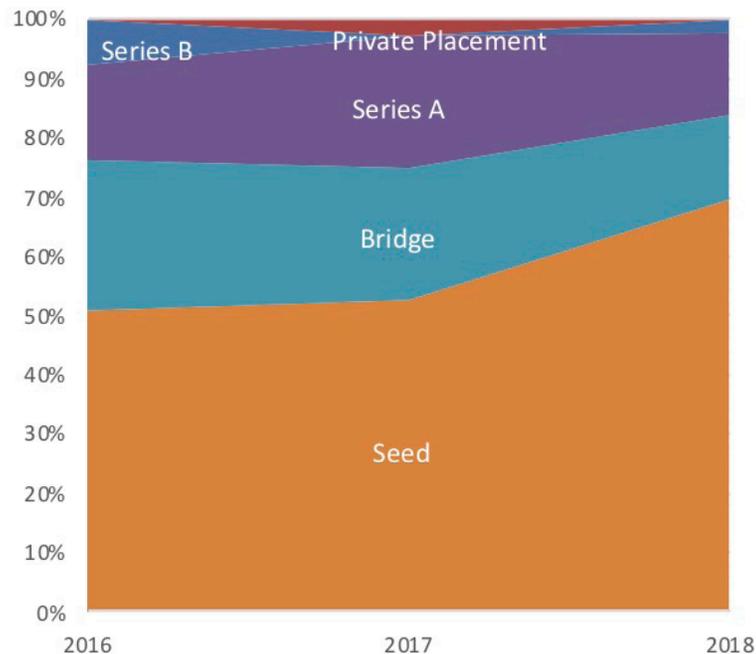
2018 TCA INVESTMENTS
BY DEVELOPMENT STAGE
MIX OF DOLLARS



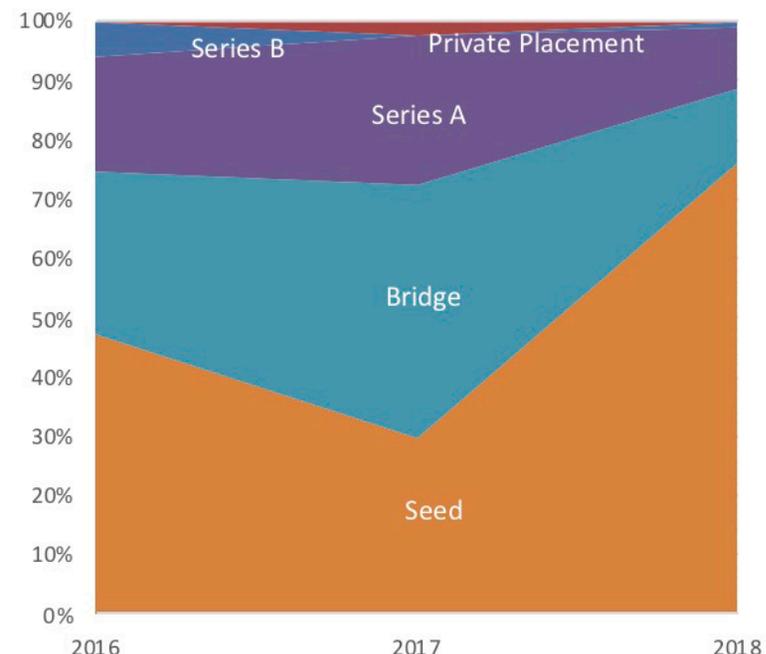
TCA's investment focus continues to be on early stage companies

- 89% of investments in 2018 were Seed/pre-Series A, including bridge funding to either Seed equity or Series A. This is a higher mix than in 2016 or 2017
- Some of this shift has been due to interest in pursuing lower valuations associated with seed activity, since later rounds are increasingly at less attractive valuations
- Seed represented 70% of the companies and 76% of the dollars invested

2018 TCA INVESTMENTS
BY STAGE OF ROUND
MIX OF COMPANIES



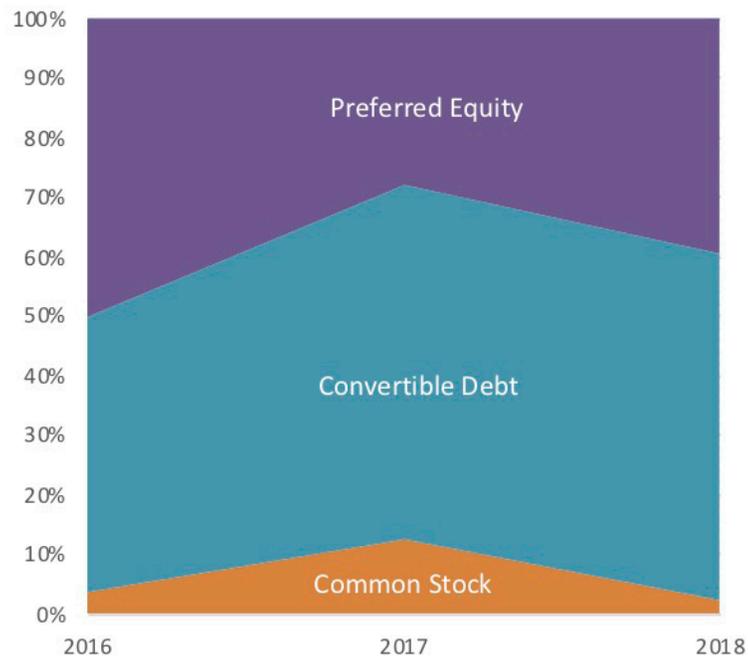
2018 TCA INVESTMENT
BY STAGE OF ROUND
MIX OF DOLLARS



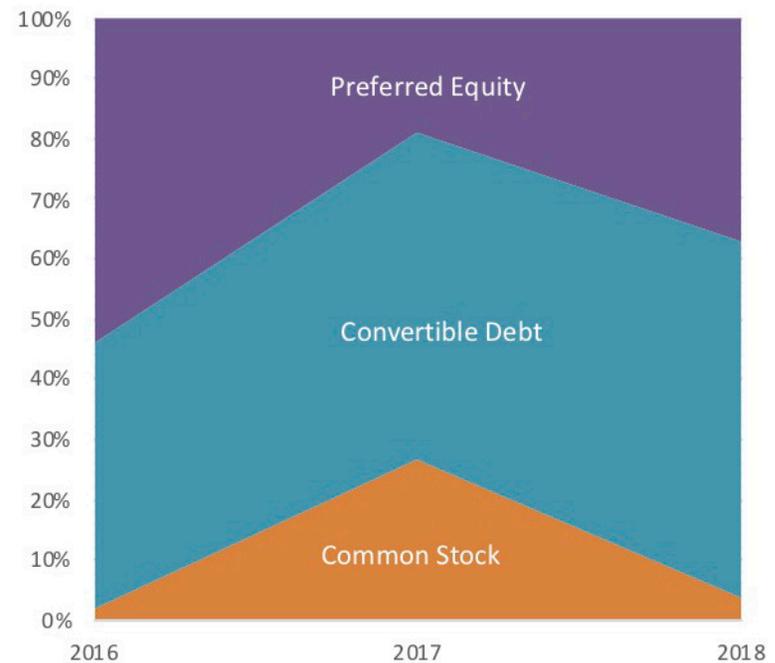
Most investments in 2018 continue to be either Preferred Equity or Convertible Debt/SAFE (that converts into Preferred Equity)

- The 31% invested in Preferred Equity was an increase from 2017 and heading back towards the level of 54% in 2016
- However, the prevalence of convertible notes (60% 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 Section 1202/Section 1244 favorable tax treatment
- Common equity deals decreased to a more traditional level of 5% or less

2018 TCA INVESTMENTS
BY DEAL TYPE
MIX OF COMPANIES



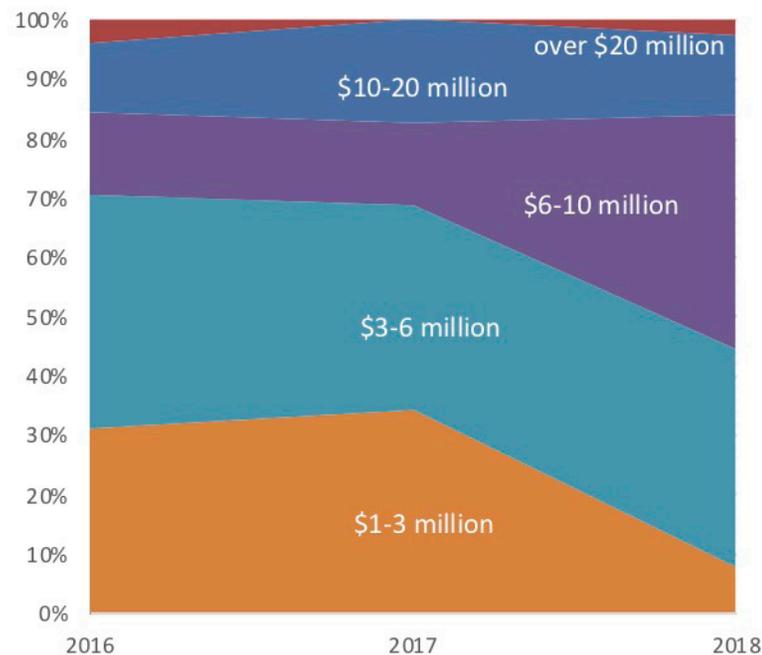
2018 TCA INVESTMENTS
BY DEAL TYPE
MIX OF DOLLARS



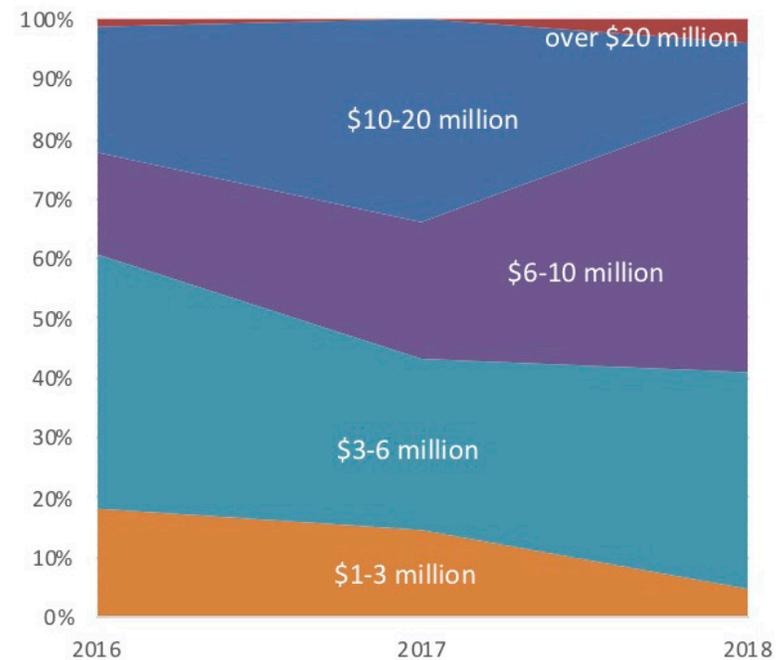
Valuations at time of TCA investment continue their climb to historically uncomfortable levels – perhaps the biggest factor in less \$'s invested

- 38% of TCA's investments in 2018 were in companies with valuations below \$6 million, compared to 69% in 2017 and 70% in 2016
- The median valuation was \$6.0 million in 2018, compared to \$4.5 million in 2016 and 2017
- TCA's "comfort zone" has been in early stage deals valued at \$1-3 million – declining from 18% in 2016 and 14% in 2017 to a cyclical low of 5% in 2018

2018 TCA INVESTMENTS
BY VALUATION
MIX OF COMPANIES



2018 TCA INVESTMENTS
BY VALUATION
MIX OF DOLLARS



TCA investment in a near record 34 new companies in 2018 reflects a strong pipeline of opportunities. But the fact remains that the investment cycle is nearing its end. Our advice to smart entrepreneurs at this stage in the cycle is to be well prepared:

- Don't cling to a higher expectation based on averages of the last several years. Doing so may leave you accepting a down round during the coming down cycle, being underfunded or even unfunded and out of business
- Raise as much money as you can in the current round, and don't be concerned about dilution. You won't regret it later
- Develop a "Plan B" to be self-sustaining without further investment. You'll need to have a way to survive if funding during the coming "dry years" does not materialize. At this coming stage in the cycle, VCs understandably focus on keeping their existing portfolio companies alive rather than placing many new bets
- 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. Consider shifting some compensation from cash to stock options at least on voluntary basis
- 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 accept the highest valuation
- For Angels, sell some public company stocks now to have dry powder and take advantage of great investments during the down-cycle