



2020 Annual Report

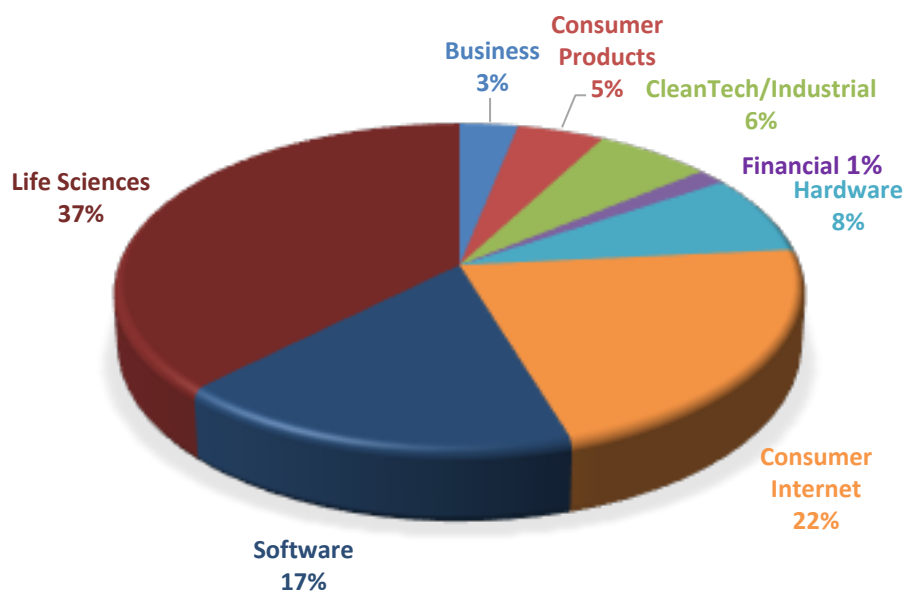
2020 Highlights

- Grew **investment** to \$19.4 million in 64 companies (both records)
- Grew **membership** to a record 469 at year end 2020
- Implemented **three annual chapter funds** which invested \$7.9 million of additional capital in deals in 2020 (beyond individual member investments)
- Brought **diversification** to member portfolios through the chapter funds
- Shortened **due diligence** time – targeting decision by the fund of our largest chapter **within 30 days**
- Realized **four exits** including returns of 58x, 10x and 8x on original investment
- Achieved **5.3X multiple** on all outcomes (all exits and shutdowns) since 1997 with **IRR of 25.6%**
- Continued to **mentor and guide** 256 (55%) of the 462 companies funded since TCA inception in 1997 that are still **active**

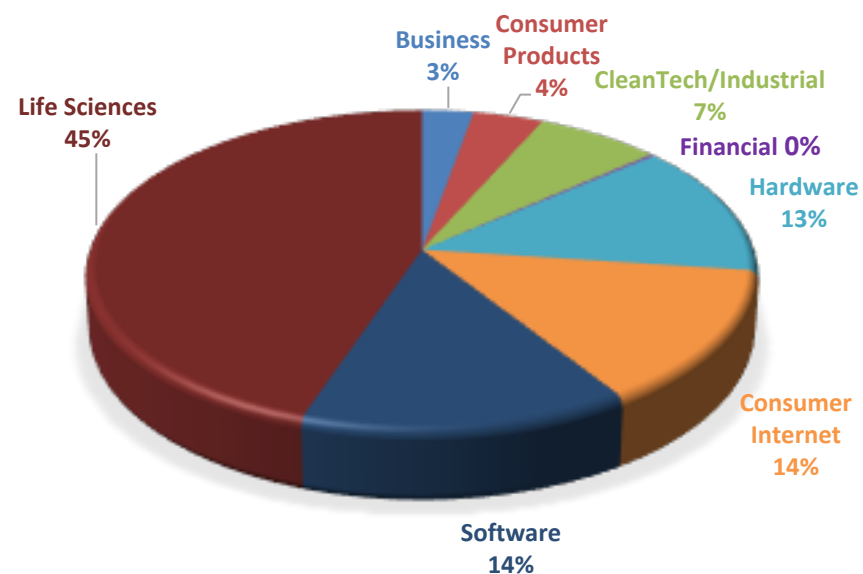
2020 was a record year for Tech Coast Angels (TCA) in funding and member growth

- TCA invested \$19.4 million in a total of 64 companies 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, followed by Software, Consumer Internet and Hardware
- 42 of these companies were new additions to the portfolio – an all-time record and 75% of the dollar investment went to these new companies
- Membership grew slightly from record-high 464 at the end of 2019 to a new record 469 in 2020, sustaining TCA's leadership as one of the largest Angel Groups

2020 TCA INVESTMENTS BY INDUSTRY
64 COMPANIES



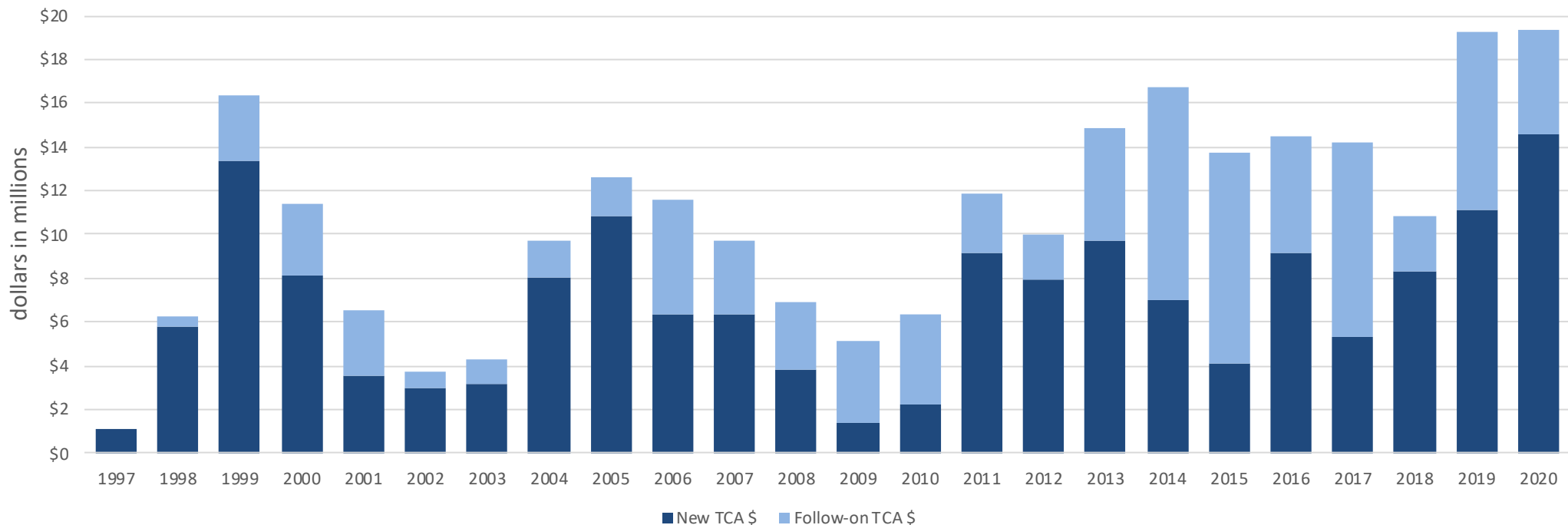
2020 TCA INVESTMENTS BY INDUSTRY
\$19.4 MILLION



\$19.4 Million in TCA Investment in 2020 topped the record pace of 2019

- Total investment for the year reflects the longest sustained level of high investment activity since TCA was founded in 1997 – ten years at \$10 million or more
- From 2011-2020, total investment each year was between \$10.0 - \$19.4 million
- Implementation of 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 hard to be the Best Place for the Best Companies to get funded
- The mix into new companies shifted in 2020 to 75% of investment from 58% in 2019
- With help from SBA's PPP and EIDL grants and loans, and the resourcefulness and resilience of our CEOs, we saw no significant increase in failure rates in 2020

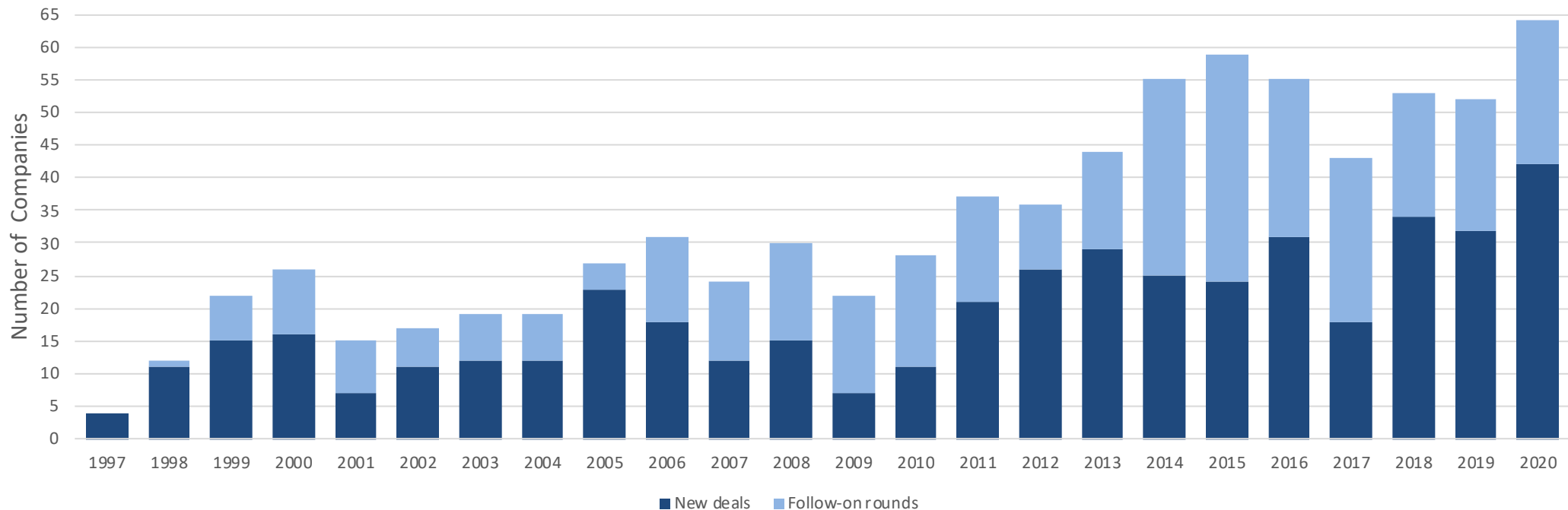
TCA NEW & FOLLOW-ON INVESTMENTS BY YEAR



TCA invested in 64 companies in 2020, including 42 new companies – both measures setting all-time records

- This total of 64 includes 24 companies in Life Sciences (a record), 14 in Consumer Internet, 11 in Software, 5 in Hardware, 4 in Cleantech/Industrials, 3 in Consumer Products, 2 in Business and 1 in Financial
- New companies included 18 companies in Life Sciences, 7 in Software, 8 in Consumer Internet, 4 in Hardware and 2 in Cleantech/Industrials, 2 in Consumer Products, 1 in Business

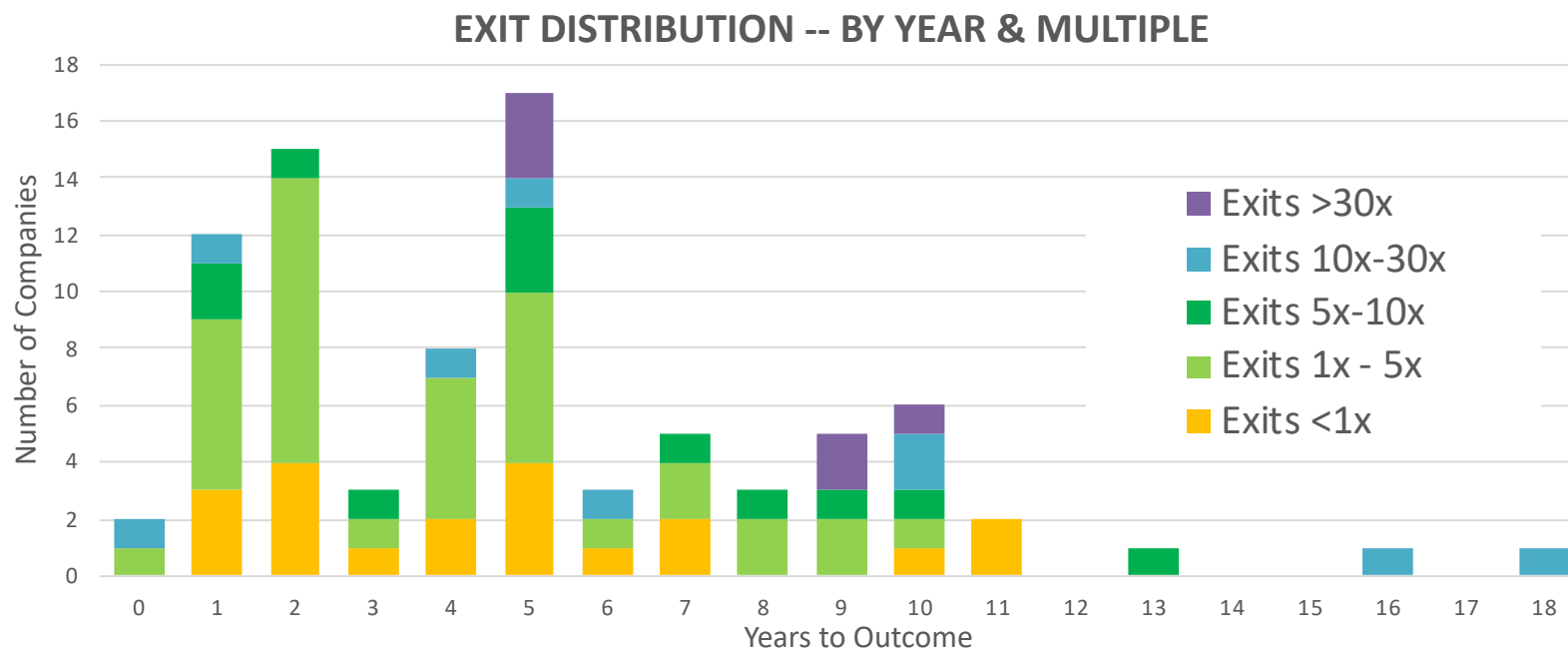
NUMBER OF TCA COMPANIES INVESTED IN EACH YEAR



TCA had four exits in 2020 and a 5.3x return on all outcomes since 1997

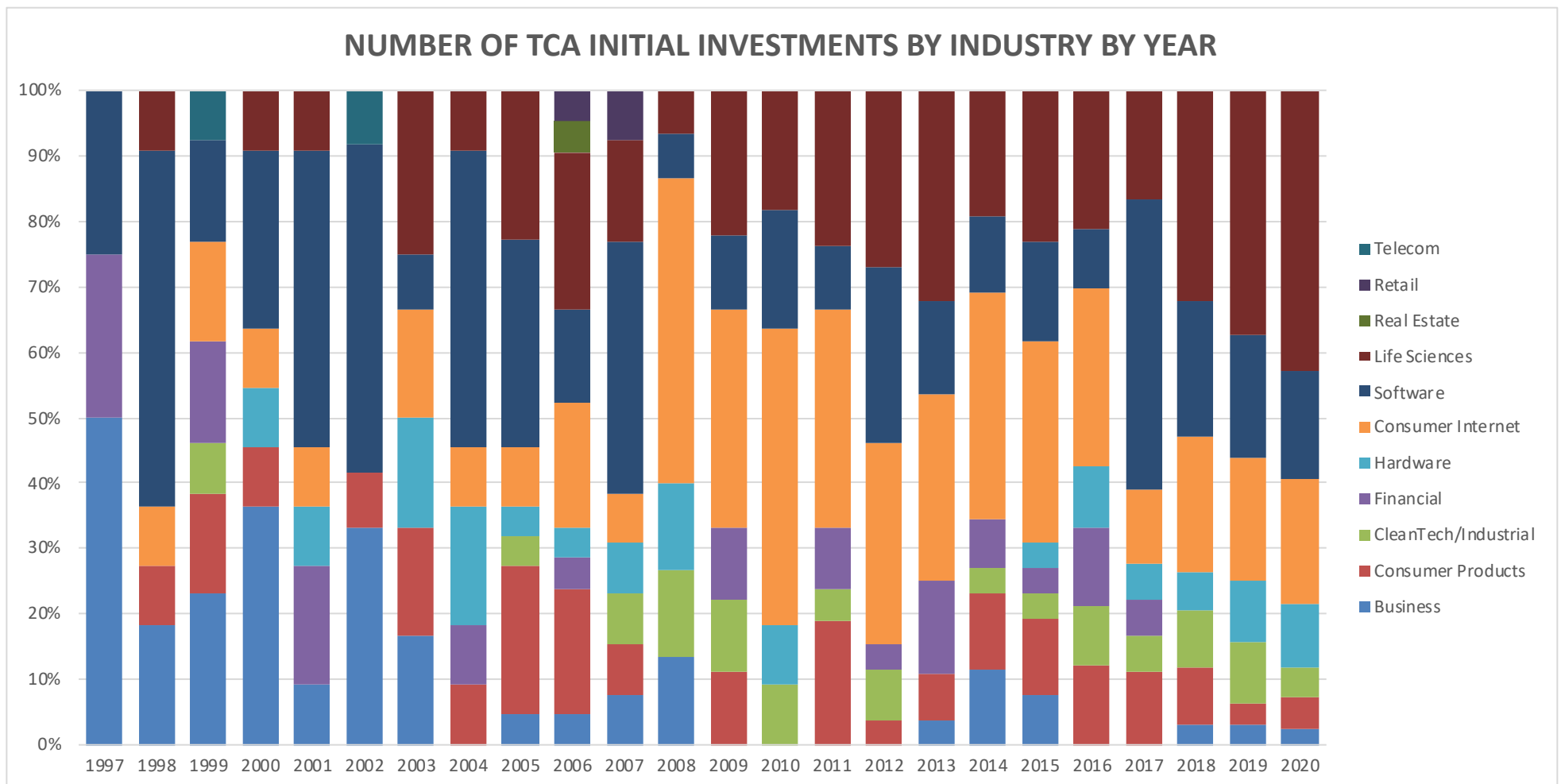
- **Companion Medical** (2015 investment) was acquired by Medtronic for a 58x return – the fifth highest ever for TCA (the highest have been Mindbody (264x), GreenDot (235x), Sandpiper (149x) and Truecar (75x))
- **Beam Global** (2017 investment) reached 10x on the NASDAQ in 2020
- **Zentalis** (a spinout of 2015 investment in Kalyrya Pharmaceuticals) IPO'd at 8.2x in 2020 before reaching 16.5x in April 2021, with additional upside from Kalyrya
- **Paradigm Diagnostics** was bought by Exact Sciences for 1.4x and a 40% IRR (1 year after TCA's investment)

This brings the total exits since TCA's inception in 1997 to 86 exits, and 120 shutdowns. Of the 462 investments TCA has made since its founding, 256 (55%) are still active. At the highest price achieved after IPOs, TCA's return (assuming equal weighting) has been 5.3X and the IRR has been 25.8%. This compares to 2.5x and 22% benchmarks for angels per ARI. Tax benefits from the write-offs are not included in TCA returns.



Our 469 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 2020, Life Sciences, Software and Consumer Internet continue to lead
- Life Sciences has grown to 38% of the companies and 45% of the dollars invested



TCA invested in 42 new companies in 2020 – exceeding the previous record of 37:

Abintus Bio – *in vivo* CART products that directly reprogram immune cells

AgTools Inc – food supply SaaS platform offering real-time intelligence

Aligned Carbon – carbon nanotubes for integrated circuit foundries

Allotrope Medical – electrical stimulation to ID critical structures during surgery

Blackdot – world's first automatic tattoo machine

Blue Social – first bluetooth market network

BlueNalu – pioneering the category of sustainable cell-based seafood

Crafter – workshops and materials kits curated by craft artists

Deep Blue Medical – novel hernia mesh to reduce hernia recurrence

Elevate K-12 – live streaming instruction to K-12 to solve teacher shortage

EuMentis Therapeutics – therapeutics for neurodegenerative diseases

Evmatch – PTP network for sharing and renting private EV charging stations

ExpressCells – knock-in cell lines for drug discovery toxicology and research

Eyedaptic – development of visually assistive Augmented Reality solutions

Fitplan – interactive fitness training app with workouts of top fitness athletes

Fluid Power AI – machine learning and IOT technology to monitor hydraulics

Gali Health – breakthrough to treat severe inflammatory/auto-immune disorders

Genius Juice – whole coconut smoothies

HAI Solutions – addressing contamination within operating room, ER and ICU

Hawthorne Effect – makes follow-up visits more accessible for patients

iDental – leveraging 3D technology for drill-free dental implant

New companies in 2020 (continued):

Insight Medical – computer assisted surgery in orthopedic procedures

Juicebox – virtual coach that shows you how to dirty talk over text

Labviva – AI driven purchasing platform for products in life sciences

Makani Science – wearable respiratory monitoring device

Maxwell Biomedical – defibrillation for restoration of sinus rhythm

MediPrint Ophthalmics – non-invasive automatic dosing for glaucoma therapy

New Age Meats – cultivates tasty meat products using unharmed animals

Noria Water Technologies – membrane monitor for water treatment plants

PercAssist* – battery powered non-blood contact balloon catheter

PetDx – non-invasive “liquid biopsy” tests for cancer in pets

Razberi Technologies – cybersecure video surveillance and IoT on “edge”

Recess – live events online marketplace

Saasuma – cloud search solution

Sizzle (Hashcut) – SportsCenter for gaming using AI to create highlights

Spine Align – real-time 3D surgery measurements of spine’s alignment

Strategikon Pharma – SAAS for “clinical business operations”

Terecircuits – novel circuit fabrication and assembly technique

TrakPoint Solutions (Ekondata) – SaaS service to track assets indoors

Upcycle and Company – fertilizer engineered with upcycled waste materials

Virtanza – white-labeled scalable sales training platform for universities

YBVR – immersive interactive live sports

* TCA investment more than \$1 Million in 2020

TCA made follow-on investments in these 22 portfolio companies:

Advekit – marketplace that matches patients with mental health professionals

Aquacycl (Aquam) – wastewater treatment to reduce sludge & recover energy

Atlazo – continuous health data monitoring, aggregation and analytics

Buy It Installed – button integrated into retailer ecommerce site to include installation

Carterra – protein analysis equipment for drug discovery

GroupSolver – survey software combines machine learning & crowd intelligence

Habitu8 – understand, benchmark, and shape risky employee behaviors

Healionics – improved means of dialysis access in patients with kidney failure

iPourit – interactive, on-premise, self-service beer & wine experience

Iridia – higher-density, less-costly, more-stable data storage solution

Mission Bio – diagnostic tools for the study of cellular heterogeneity in cancer

Mobilize Solutions – create and share branded photos on social media

MovoCash – Peer-2-Peer-2-Purchase payment solution for under-banked millennials

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

NovaSignal (Neural Analytics)* – non-invasively measure intracranial pressure

Ready, Set, Food! – protect babies from developing peanut, egg and milk allergies

Shoonya Digital – game-based learning for language and culture

Somabar – hands-free bartending appliance for the home kitchen

TRIALS.AI – AI to accelerate clinical trials management

Turn Technologies – solutions for the 1099 labor supply side of the gig economy

Whistle – allows hotels to communicate with guests through Mobile Messaging / SMS

YouMail – voice messaging for cell phones

* TCA investment more than \$1 Million in 2020

TCA extended its Angel Syndication Network (ASN) to share best deals for deal syndication among 60+ prominent angel groups across the US

- These angel groups nominate their best deals to share with other angel groups for syndication
- ASN hosts a monthly “virtual” web presentation based on a live meeting occurring 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, roughly half of those presenting have received additional funding from these investors (totalling \$10.3 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 11 companies in 2020 – 44% of those screened:

Allotrope Medical (Rockies Venture Club) – electrical stimulation to ID critical structures during surgery

BioAesthetics (NO/LA Angels) – cellular tissue graft for regeneration of nipple-areolar complex (NAC) for breast cancer/mastectomy patient

Castifi (Pasadena Angels) – on-demand platform for hiring short-term W2 Staff

Healionics (Keiretsu Capital) – understand, benchmark, and shape risky employee behaviors

Joule Case (Keiretsu Capital) – flexible portable power stations replacing gasoline generators

Makani Science (Tech Coast Angels) – wearable respiratory monitoring device

Roomored (Frontier Angels & CTAN) – comprehensive technology platform for home builders

Spine Align (Rockies Venture Club) – real-time 3D measurements of spine's alignment during scoliosis surgery

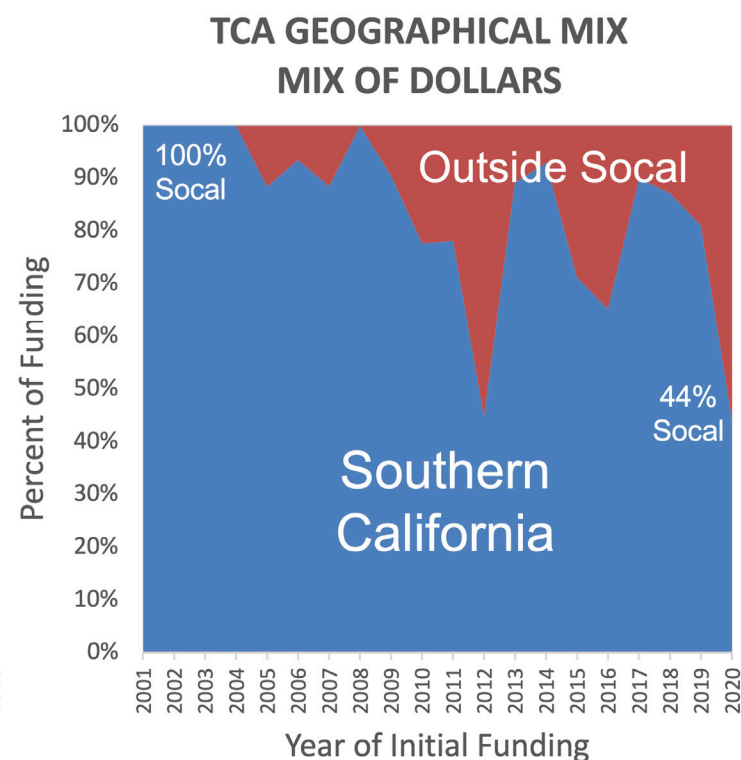
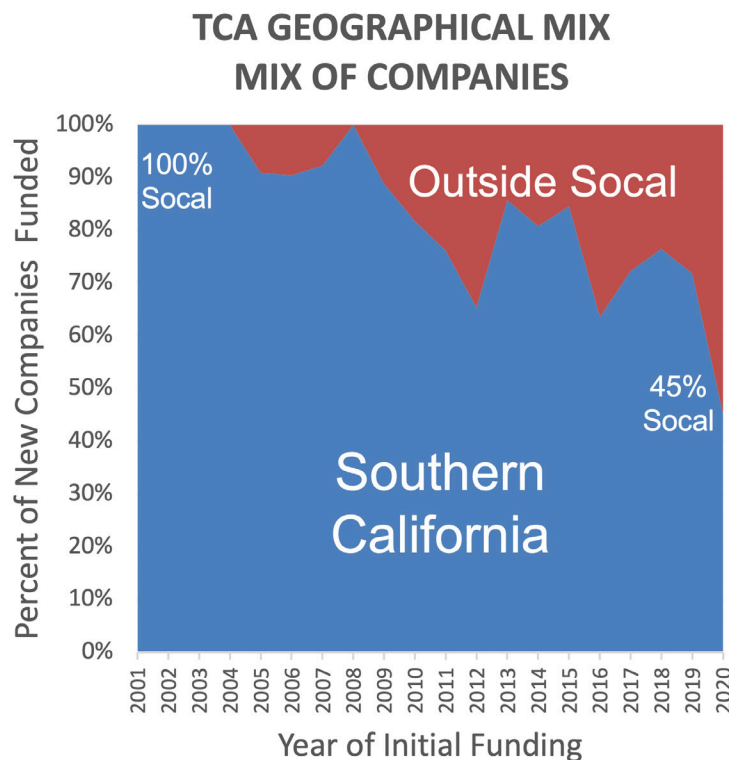
Steelhead Composites (Keiretsu Capital) – composite pressure vessels in zero-emission mobility and aerospace propulsion

Veriskin (Pasadena Angels) – non-invasive, low-cost, hand-held device for skin cancer screening

Virtanza (Pasadena Angels) – white-labeled scalable sales training platform for universities

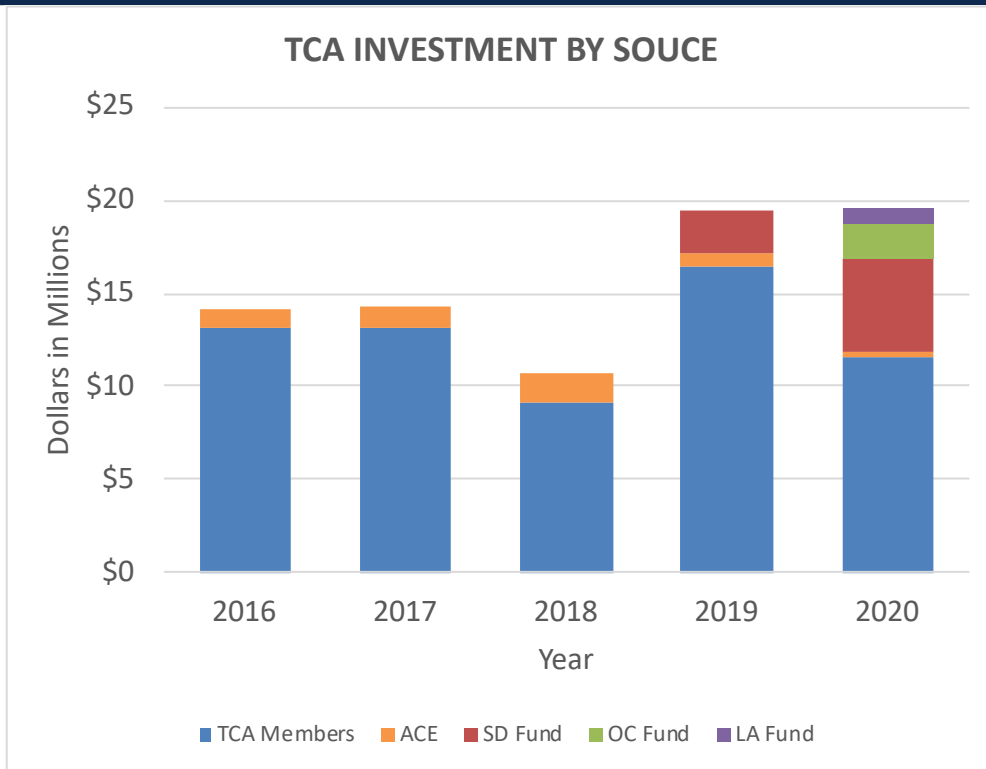
This greater syndication activity through ASN coupled with virtual screening and remote due diligence has shifted the geographic mix to more companies based outside of Southern California for the first time

- 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 36% in 2016, 28% in 2017, 24% in 2018, 25% in 2019 and 55% in 2020
- Under Covid-19, shift to virtual screening and due diligence has allowed geographical diversification, with more than 50% of deals now outside SoCal



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

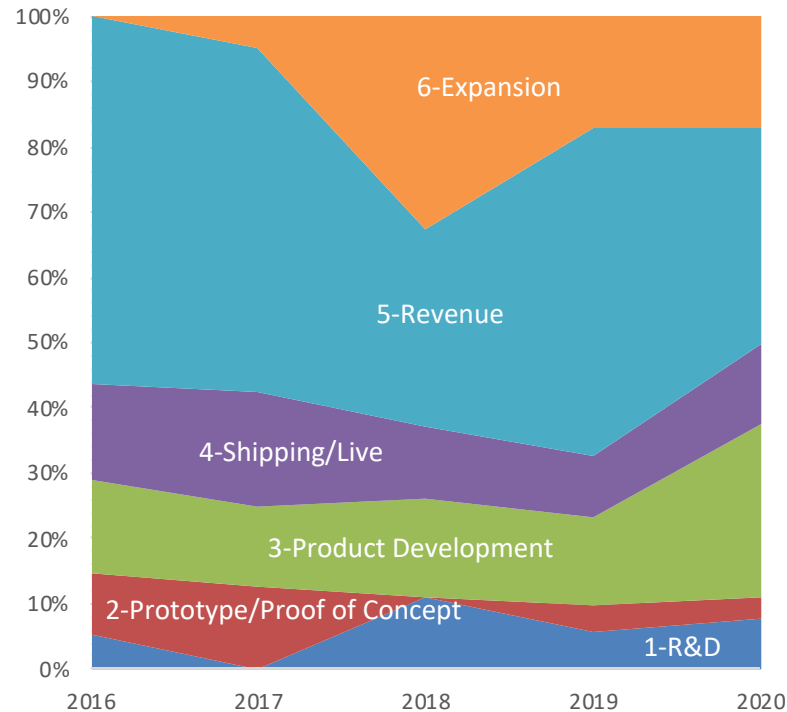
- A record \$7.9 million from TCA's three chapter funds fueled record total investment
- 44 of TCA's 64 deals in 2020 received investment from at least one TCA fund
- TCA now targets completing due diligence and making a fund decision within 30 days, after which individual members invest alongside the funds
- Direct TCA member investment was \$11.5 million - consistent with the average for the three years (2016 - 2018) before the advent of the chapter funds
- The addition of the chapter funds has been a significant factor in bringing more capital to each company and more diversification to our members



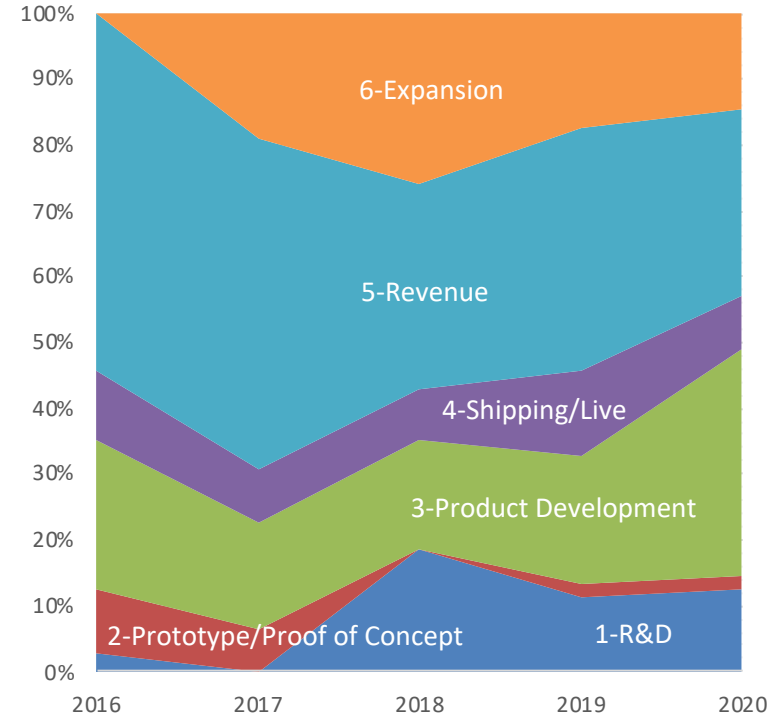
TCA funding is more likely when initial products/services are already developed and there is evidence of customer traction

- 50% of investments in 2020 were in companies with revenue and those seeking expansion capital, down slightly from 67% in 2018. 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

2016-2020 TCA INVESTMENTS
BY DEVELOPMENT STAGE
MIX OF COMPANIES



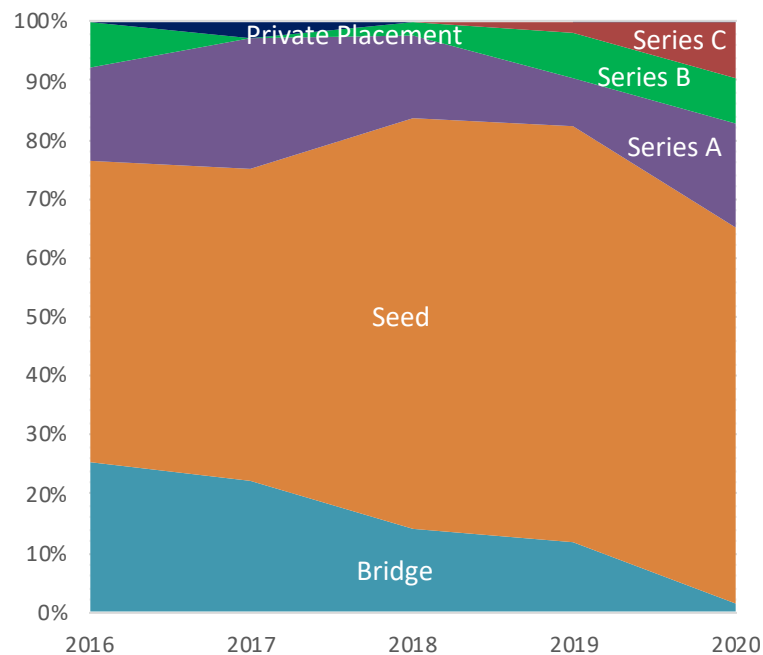
2016-2020 TCA INVESTMENTS
BY DEVELOPMENT STAGE
MIX OF DOLLARS



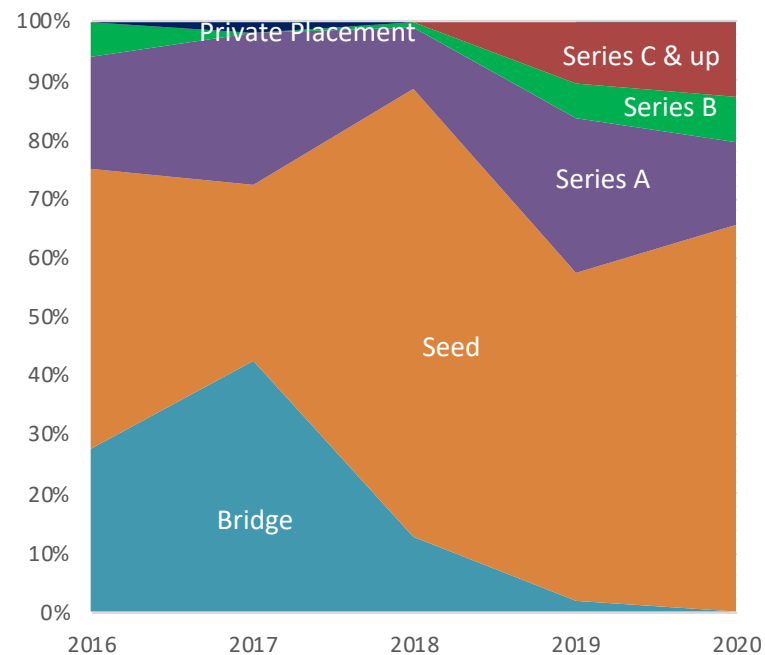
TCA's investment focus continues to be on early stage "seed" deals

- 63% of deals and 65% of investments in 2020 were Seed – compared to 71% of deals and 55% of investments in 2019
- 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 17% of deals and 14% of investments in 2020
- Bridge investment declined significantly from levels in past years

2016-2020 TCA INVESTMENTS
BY STAGE OF ROUND
MIX OF COMPANIES

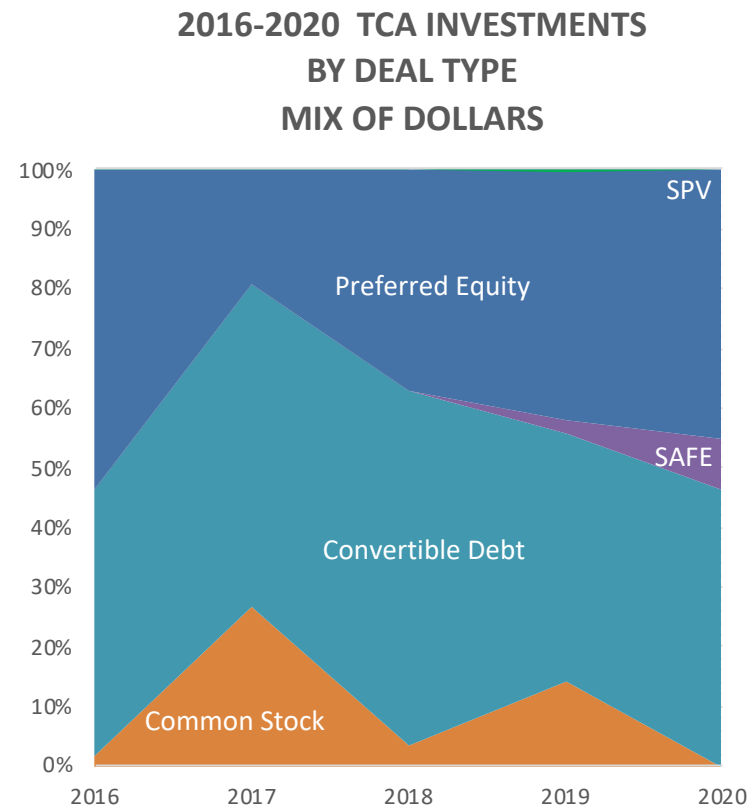
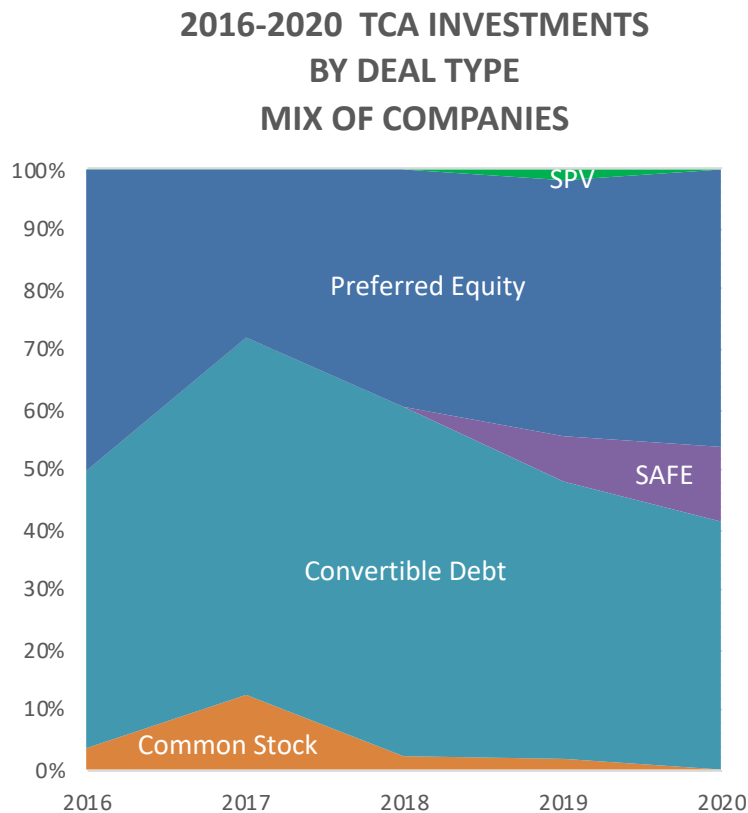


2016-2020 TCA INVESTMENT
BY STAGE OF ROUND
MIX OF DOLLARS



Most investments in 2020 continue to be either Preferred Equity or Convertible Debt that converts into Preferred Equity

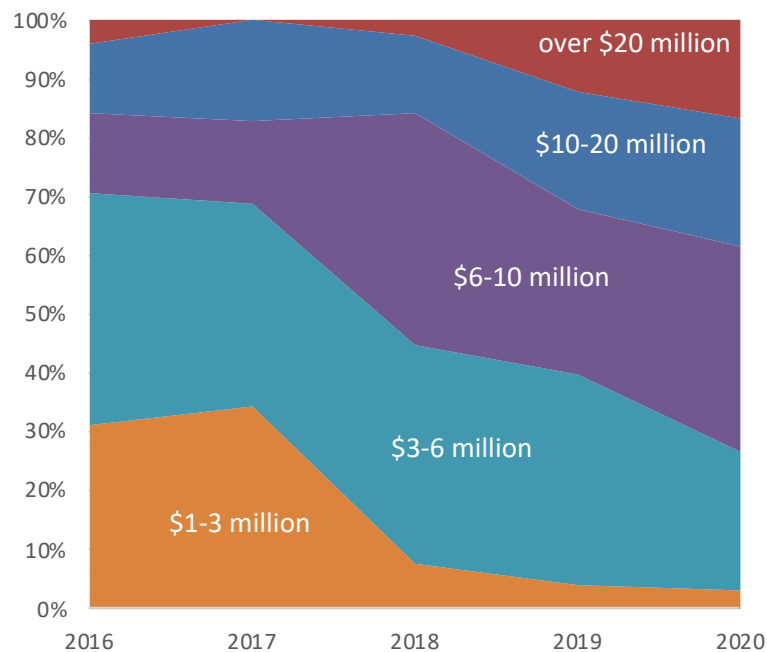
- The 45% invested in Preferred Equity was an increase from 42% in 2019 and seems to be heading back towards the level of 54% in 2016
- However, the prevalence of convertible notes (46% of the investment total) remains concerning to some because it limits long-term returns due to 1) less initial lift in valuation before Series A and 2) fewer deals will realize Section 1202/Section 1244 favorable tax treatment
- No common equity investments in 2020



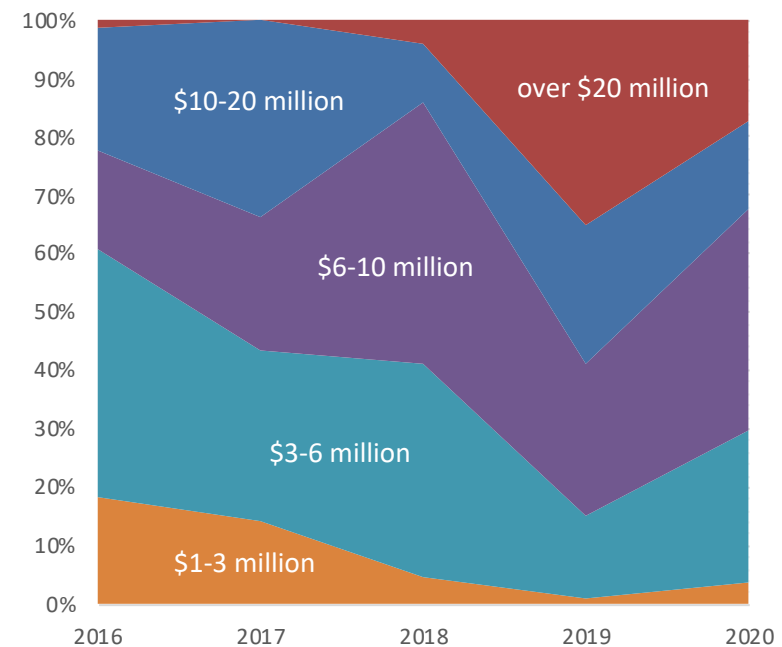
Valuations at time of TCA investment continue their climb to historically uncomfortable levels – this may reverse in 2021

- 28% of TCA's investments in 2020 were in companies with valuations below \$6 million, compared to 15% in 2019, 45% in 2018, 43% in 2017 and 61% in 2016
- The median valuation was \$8.0 million in 2020, compared to \$9.0 million in 2019, \$6.0 million in 2018, and \$4.5 million in 2016 and 2017
- The long-term "sweet spot" for angel investing has been deals valued at \$1-3 million – this declined to 3% of investment from 18% in 2016

2016-2020 TCA INVESTMENTS
BY VALUATION
MIX OF COMPANIES



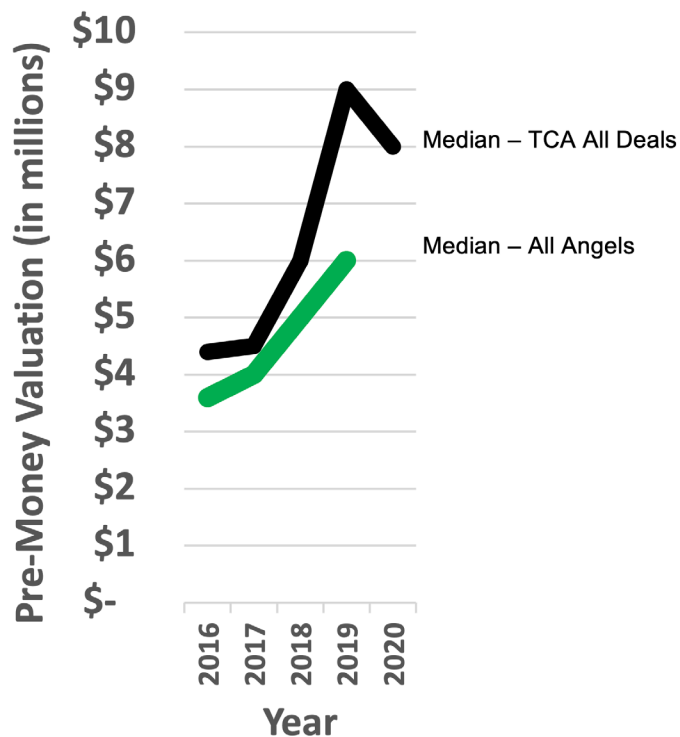
2016-2020 TCA INVESTMENTS
BY VALUATION
MIX OF DOLLARS



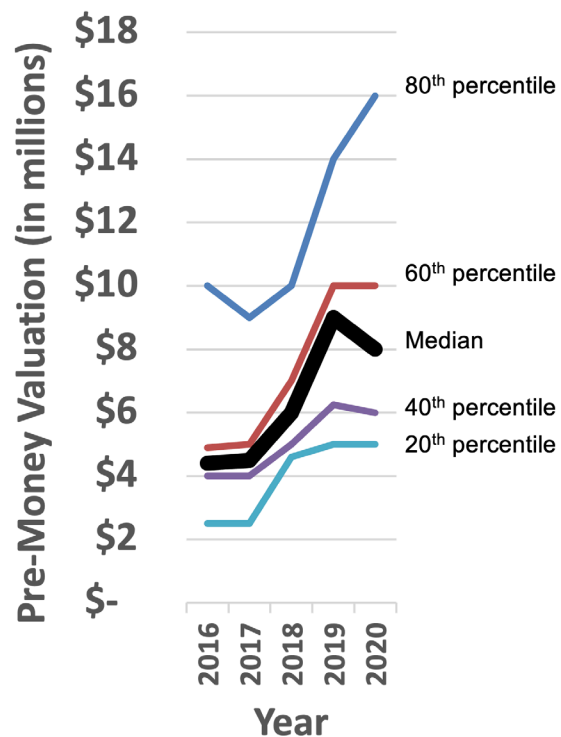
More on Valuation Trends ...

- While median valuations for all deals declined in 2020 to \$8.0 million from \$9.0 million in 2019, they still rose slightly for new companies to \$6.5 million from \$6.0 million in 2019
- Valuations for TCA financings have remained higher than ACA's national average

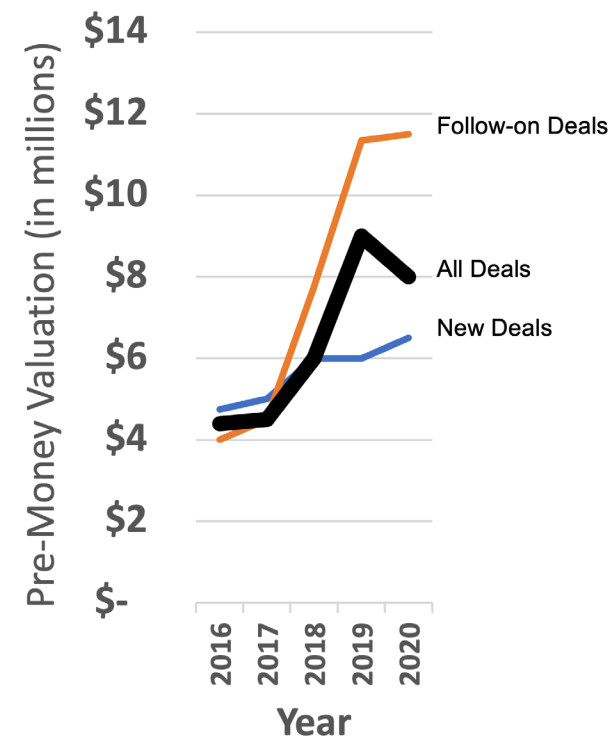
PRE-MONEY VALUATION TRENDS



PRE-MONEY VALUATION TRENDS FOR TCA INVESTMENTS



PRE-MONEY VALUATION TRENDS BY NEW/FOLLOW-ON



Source: Tech Coast Angels, ACA Angel Funders Report, Pitchbook

Tips for Going Forward

TCA's record high investment in 2019 and 2020 reflects a strong pipeline of opportunities. But excessive valuations in public and private markets signal a correction is likely coming during which financing will be a challenge. 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 recent 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
- For Angels, now is the time to accelerate funding of companies at more realistic valuations – particularly companies which can achieve breakeven with the funds raised in the current round

Thank You to TCA's Sponsors!

