



TCA
VENTURE GROUP

Annual Report 2023

2023 Highlights

- **Invested** \$10.9 million in 32 companies during 2023, including 18 new companies. Overall, TCA has invested \$304 million in 544 companies since inception in 1997
- Celebrated **396 Members** at year end 2023
- Deployed our **annual network funds** which invested \$5.7 million of capital into deals in 2023 (in addition to \$5.2 million from individual member investments) and brought **diversification** to our members
- Realized three **exits** including one unicorn exit (DTx Pharma) for **\$1 billion** that yielded a **18x return** for the earliest TCA investors. TCA invested over \$2.5 million – an amount exceeded by only 12 of TCA's 544 portfolio companies in TCA's history. Some TCA members also served in active roles in management and as advisors
- Achieved **5.8x multiple** cumulative return on all outcomes (all exits and shutdowns) since 1997 with **IRR of 23.7%**
- Implemented a **new strategy** to expand geographically through licensing, build alliances with selected groups, and add an Accelerator for high potential deal flow
- Continued to **mentor and guide** the 263 companies (48%) that are still **active** in the portfolio

In 2023 TCA VG had five networks:

- **Tech Coast Angels Los Angeles** is our largest network, with 136 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 94 members. TCA Orange County invests in a wide range of businesses in the US and Canada with an emphasis on medical devices, technology, fintech, edtech, healthtech, software, cyber, SaaS, AI, IoT, and some CPG. [For leadership & member profiles, click here.](#)
- **Pasadena Angels** is our second largest network, with 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, with 11 members. 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** brings strong expertise in Life Sciences, with 55 members most of whom are doctors, PhDs and healthcare executives. 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.](#)

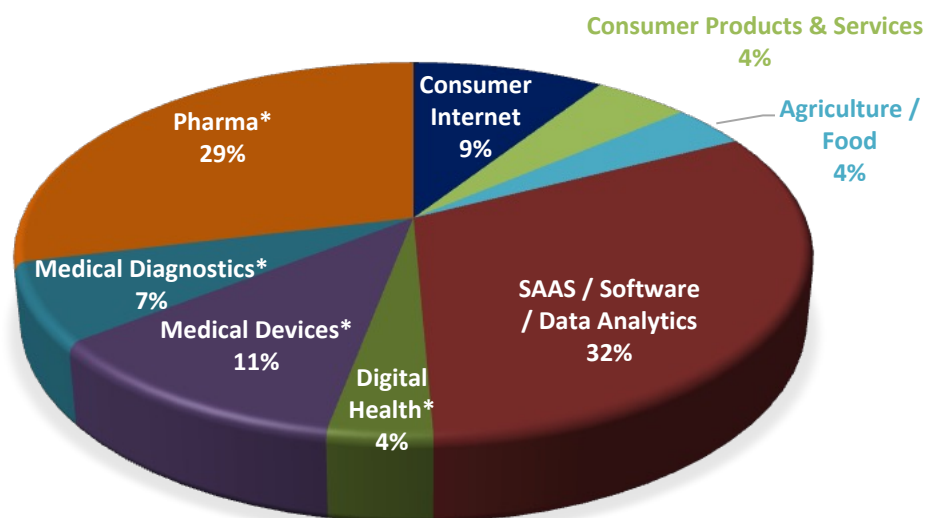
2023 was a challenging year of initiatives and change at TCA VG (formerly known as Tech Coast Angels)

- **Rebranded** from Tech Coast Angels to TCA Venture Group to reflect our evolution
 - No longer just “tech” but a diverse set of industries
 - No longer just “coast” (which originally referred to the California coast), but now over 59% of the dollars are invested outside of Southern California
 - No longer just “angels” with half of the investment through funds and with the addition of our licensing program and an accelerator
- Total **funding** of **\$10.9 million** was down from \$15.4 million in 2022, reflecting the overall downturn in the market (and one \$3.2 million deal in 2022 which inflated total in that year)
- Took actions to implement strategy changes to position TCA VG for growth:
 - Active efforts to expand into new geographies through licensing, including a new TCA-Southeast network that was publicly announced in early 2024
 - Created a new Accelerator that was publicly announced in early 2024
 - Strengthened Angel Syndication Network pipeline with an additional meeting each month on pre-due diligence deals
 - Provided additional support to our portfolio companies with stronger relationships with VCs

TCA invested \$10.9 million in a total of 32 companies in 2023

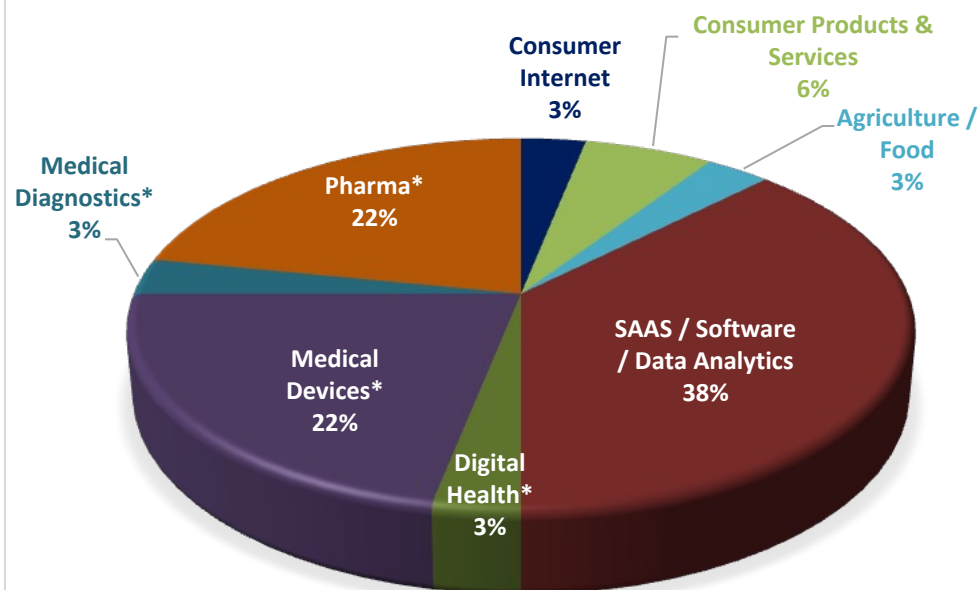
- Investment was across a diverse mix of industries – showing that TCA continues to invest in both tech and non-tech companies
- Life Sciences was the largest sector (51% of amount) and exceeded half for the first time. Within Life Sciences, Pharma was largest with 29%. SAAS/Software/Data Analytics was largest single vertical with 32% of the amount invested
- 18 of these companies were new additions to the portfolio and 61% of the dollar investment went to these new companies (up from 48% in 2022)

2023 TCA INVESTMENTS BY INDUSTRY
\$10.9 MILLION



*Life Sciences 51%

2023 TCA INVESTMENTS BY INDUSTRY
32 COMPANIES

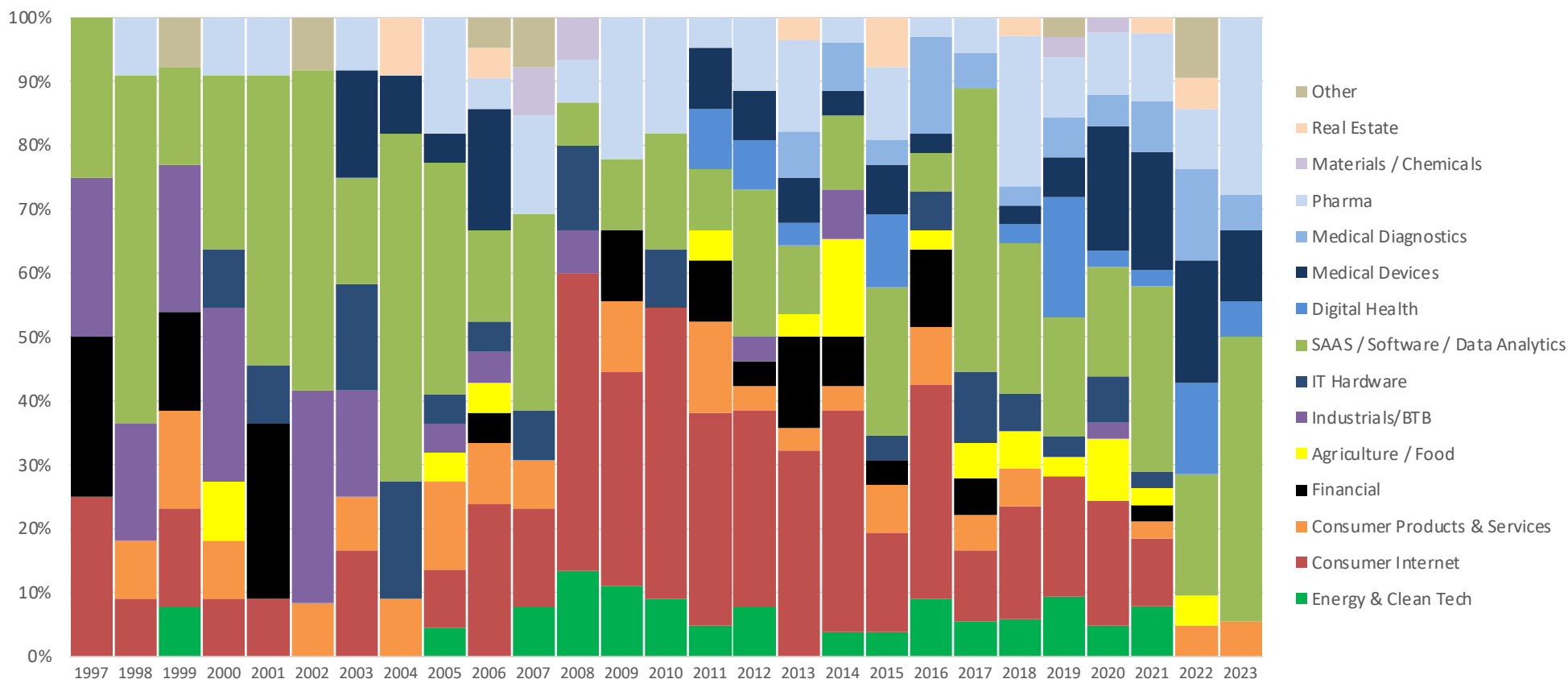


*Life Sciences 50%

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 2023, Life Sciences and SAAS/Software/Data Analytics continue to lead with 50% and 44% of the companies
- Within Life Sciences, the largest categories among new companies are Pharma (28%), followed by Medical Devices (11%), Medical Diagnostics (6%), and Digital Health (6%)
- Life Sciences has grown to 64% of dollars invested and SAAS/Software/Data Analytics

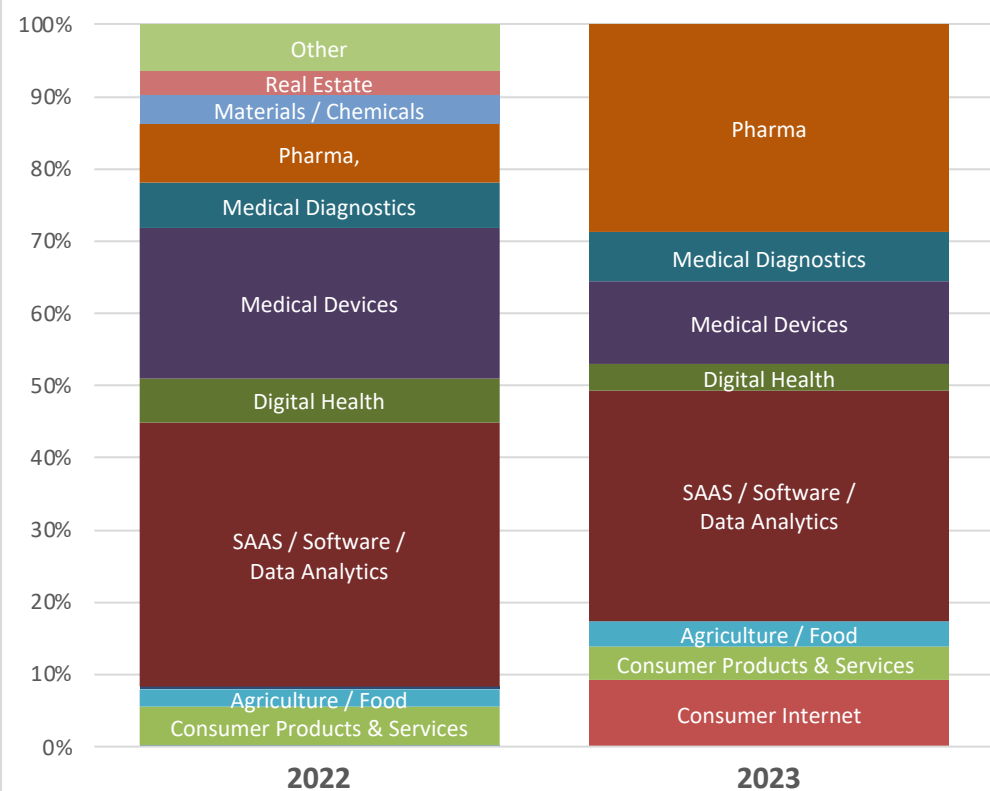
NUMBER OF TCA INITIAL INVESTMENTS BY INDUSTRY BY YEAR



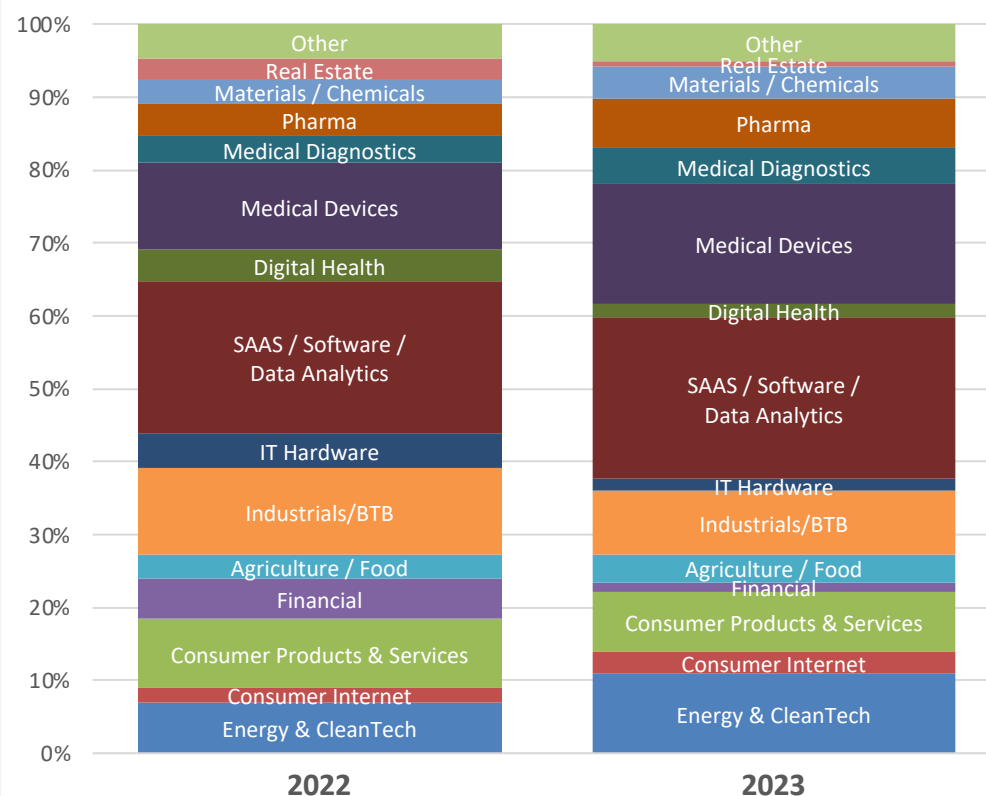
Our members, with their extensive and broad industry experience, helped TCA invest with confidence in this diverse range of industries

- Combining new and follow-on investment, Life Sciences and SAAS/Software/Data Analytics continue to lead with 51% and 32% of the dollars invested
- Relative to ACA benchmarks, TCA VG invested more in Pharma, SAAS/Software/Data Analytics and Consumer internet, and less in Industrials/BTB, Consumer Products & Services, Financial, IT Hardware and Energy & CleanTech

TCA INDUSTRY MIX - \$ FUNDED



BENCHMARK ACA INDUSTRY MIX - \$ FUNDED

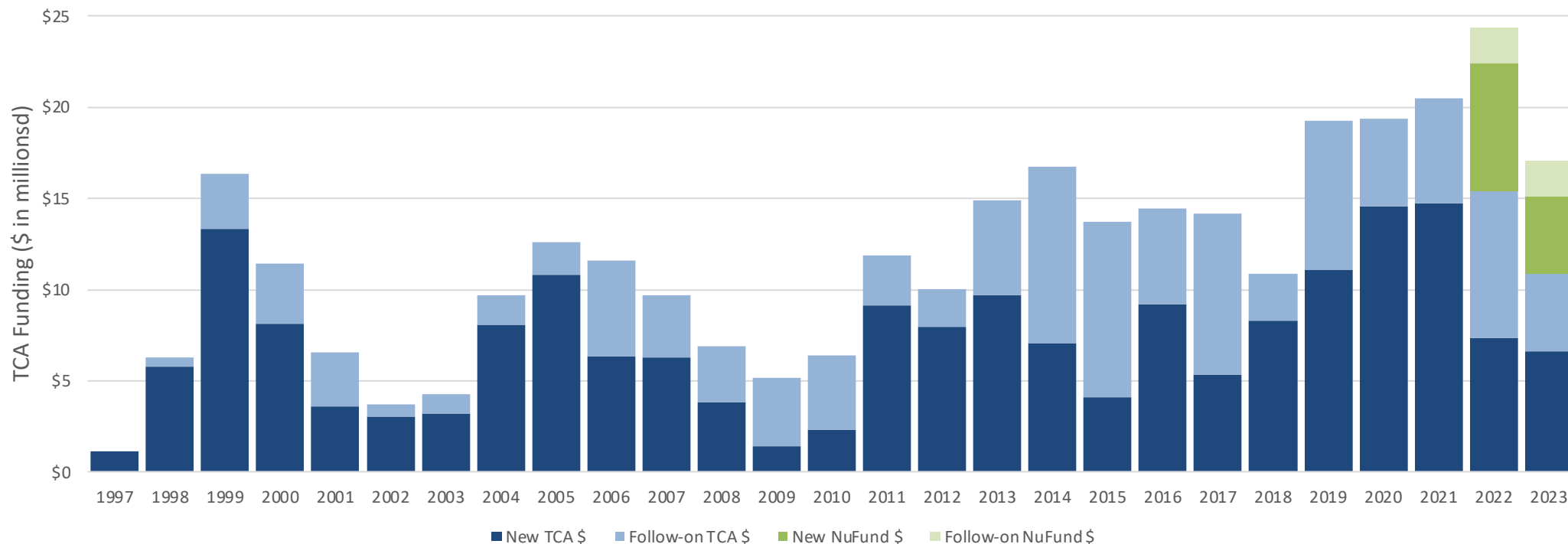


Source: TCA Venture Group; Angel Capital Association Angel Funders Report – [click here for full report](#)

\$10.9 million in TCA Investment in 2023 shows we continue to fund exciting companies, albeit at a lower pace

- Total investment for the year continues the longest sustained level of high investment activity since TCA was founded in 1997 – 13 years at \$10 million or more
- From 2011-2023, total TCA investment each year was between \$10 - \$21 million
- Five chapter funds and the target of a decision from the funds within 30 days of screening helped drive a strong pipeline. TCA is working diligently to be the Best Place for the Best Companies to get funded
- 61% of investment was into new companies in 2023 (vs 48% in 2022)

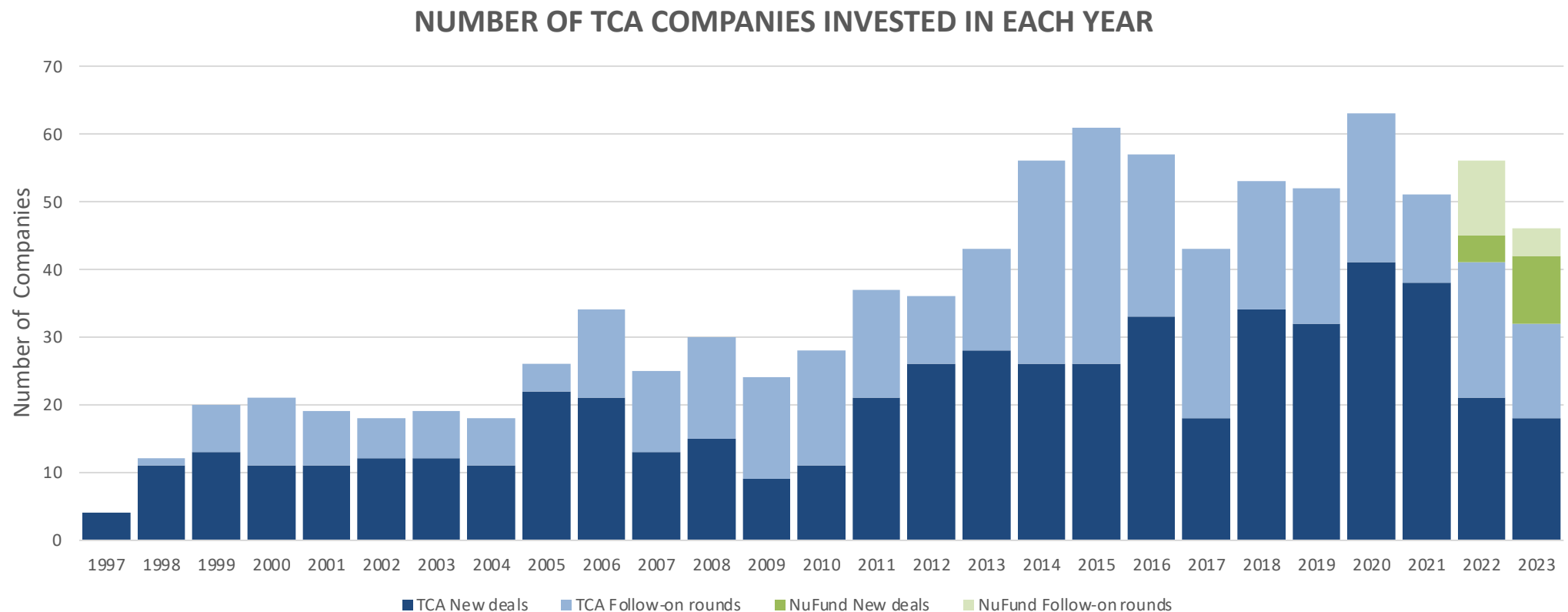
TCA NEW & FOLLOW-ON INVESTMENT BY YEAR



* Note NuFund Venture Group was TCA-San Diego prior to 2022

TCA invested in 32 companies in 2023, including 18 new companies

- This total of 32 includes 12 companies in SAAS/Software/Data Analytics, 7 in Pharma, 7 in Medical Devices, 2 in Consumer Products/Services and 1 each in Digital Health, Medical Diagnostics, and Agriculture/Food.
- The 18 new companies included 8 in SAAS/Software/Data Analytics, 5 in Pharma, 2 in Medical Devices, and 1 each in Digital Health, Medical Diagnostics and Consumer Products/Services

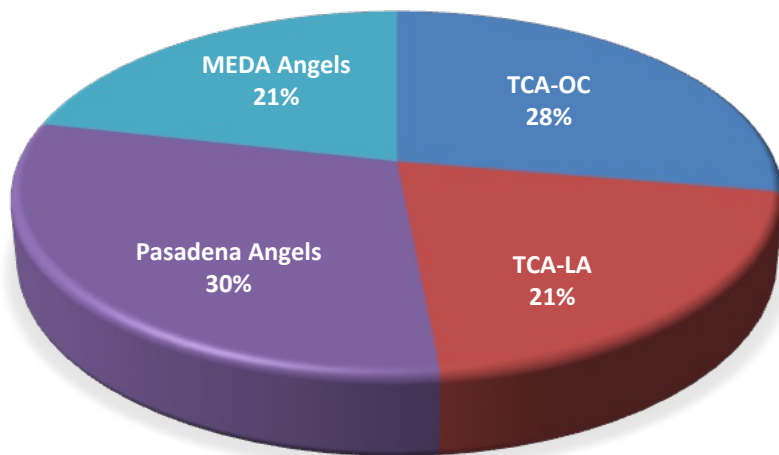


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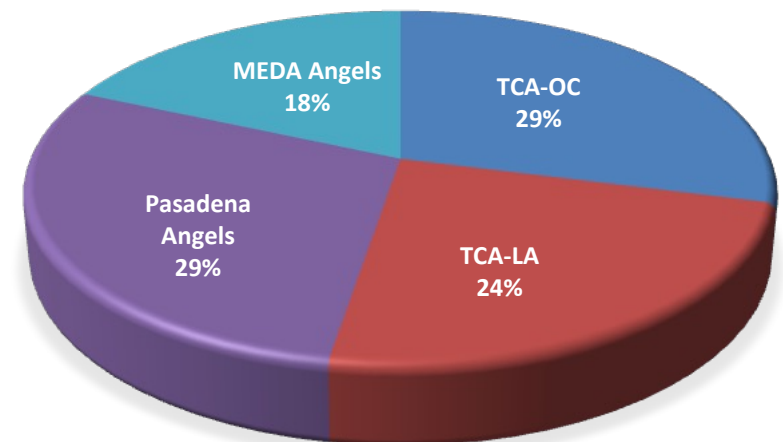
The TCA Venture Group's five networks combined to fund \$10.9 million into 32 companies

- TCA-OC and Pasadena Angels each led 29% of the deals, followed by TCA-LA (24%) and MEDA Angels (18%)
- In terms of funding, Pasadena led deals accounted for 30% of the funding, followed by TCA-OC (28%), TCA-LA (21%) and MEDA Angels (21%)
- Regardless of the network leading due diligence, all deals were available to all members for investment, and seven companies received funding from more than one network fund

2023 TCA INVESTMENTS
BY NETWORK LEAD
\$10.9 MILLION



2023 TCA INVESTMENTS
BY NETWORK LEAD
32 COMPANIES



TCA had 1 “Home Run” and 2 small exits (and 8 shutdowns) in 2023 dropping the cumulative return to 5.8x on all outcomes since 1997

- **DTx Pharma** (2018 TCA investment) reached unicorn status and was [acquired by Novartis](#) for \$1 billion (\$500 million upfront). Earliest TCA investors received an 18x return (if milestones are achieved) and 63% IRR; TCA ACE Fund-19 San Diego and TCA Ace Fund 3 investors received 14x. TCA invested over \$2.5 million in funding in DTx Pharma, an amount exceeded by only 12 of TCA’s 544 portfolio companies in the angel network’s history. The combination of large direct investment by members and investment by two of TCA’s annual funds resulted in a large number of TCA members participating in the outcome. Several TCA members were active in management roles and as advisors, and made additional direct investment. See [TCA VG press release here](#)
- **Trials.ai** (2019 TCA investment) was [acquired by ZS Associates](#) for a 1x return
- **Atlazo** (2019 TCA investment) was [acquired by Nordic Semiconductor \(OSL: NOD\)](#) for <1x return

*This brings the total outcomes since TCA’s inception in 1997 to 125 exits, and 156 shutdowns. Of the 544 investments TCA has made since its founding, 263 (48%) are still active. At the highest price achieved after IPOs, **TCA’s return** (assuming equal weighting) has been **5.8x** and the **IRR** has been **23.7%**. 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.*

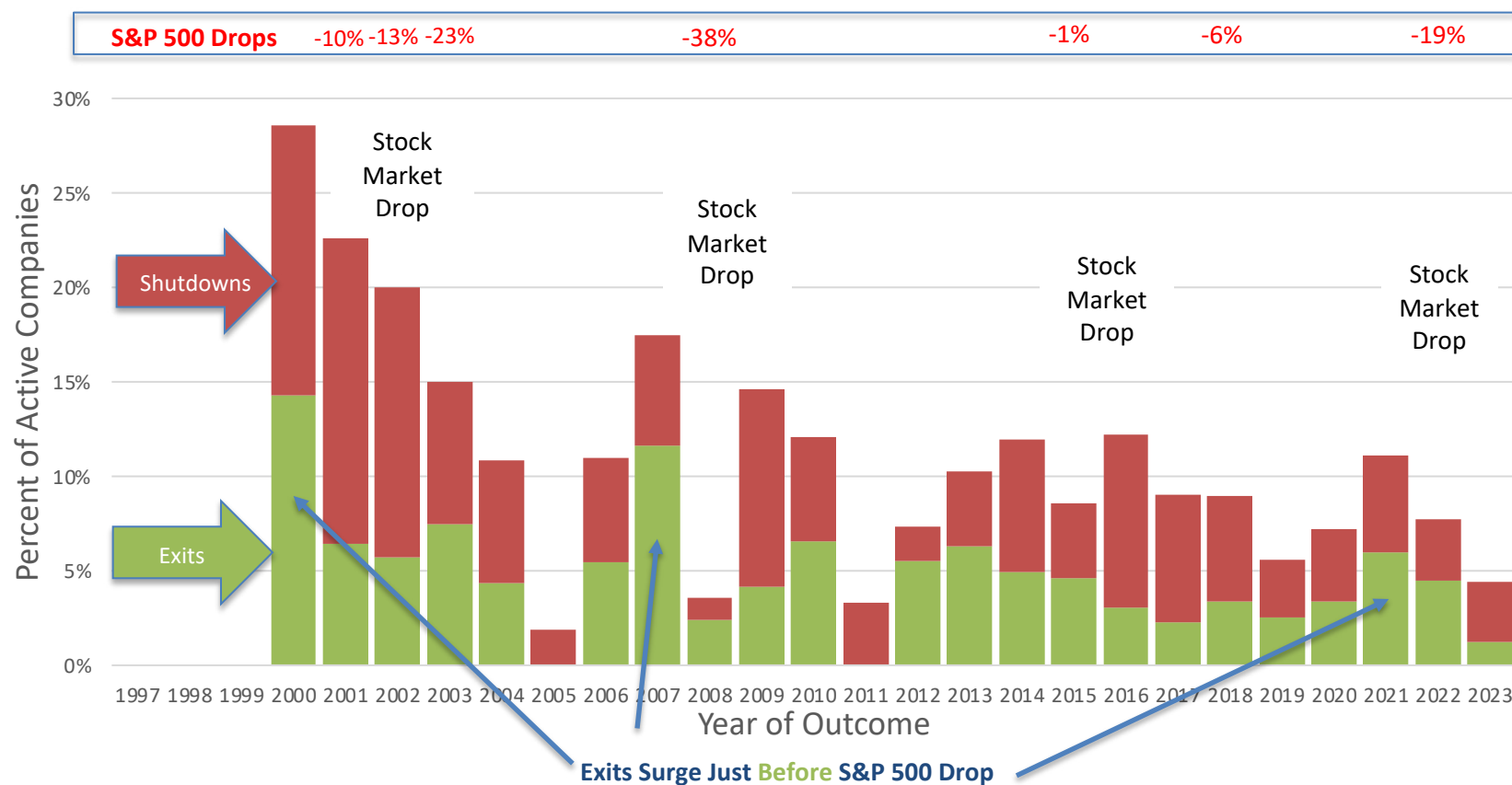
TCA's results make it clear that patience is required – with largest exits happening after 5 years or more, and most failures occurring in the “Valley of Death” 2 years to 5 years after investment



The number of exits dropped and shutdowns increased in 2023 due to the current market downturn

- Exits dropped to 3 (the third lowest year since 1999) from 2022's 11 exits. Shutdowns were flat at 8
- 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 rebound, exits should recover

NUMBER OF TCA EXITS AND SHUTDOWNS % OF ACTIVE



See pages 38 and 39 for Tips for Entrepreneurs and Angels navigating these challenging times

TCA invested in 18 new companies in 2023:

Alleviate – products that help people treat their own chronic injuries

Arwall – XR/AI virtual production tools for creators, filmmakers, and brands

Essenvia – regulatory management system for medical device companies

Giftpack.AI – smart gifting platform for enterprises

Honest Game – system that empowers schools to unlock college athletic opportunities

Light Line Medical – photo disinfection using visible light to treat catheter infections

LIMBER Prosthetics & Orthotics – digital fabrication of prosthetics

Material – kitchen essentials for the modern home cook

Mimivax – clinical Immunotherapy development for neuro-oncology

Nested Knowledge – software automating systematic review and meta-analysis for pharma

Nuvox* – oxygen therapeutic platform in oncology, CNS, respiratory, and other indications

Octagon Therapeutics – pre-clinical biotech company focused on autoimmune disease

ORNA – end-to-end cyberattack detection and response automation platform for SMBs

Pitchit – sales software that leverages AI to enable multichannel conversational commerce

RealSeq Biosciences – tech for biomarker discovery, liquid biopsy and single cell analysis

Reglagene – reglagene creates therapies for safe and effective treatment of brain diseases

SimGraphics Engineering – directable AI that delivers 1:1 animated character interactions

Trio Pharmaceuticals – enhancing the body's ability to fight against cancer effectively

* TCA investment more than \$1 Million in 2023

TCA made new investments in these 14 portfolio companies:

[Amsel Medical](#) – needle-delivered vessel clamping for venous leg ulcers

[Berri Organics](#) – plant-based electrolyte hydration solution

[Everyset \(former Castifi\)](#) – onboard background actors, track times, and submit payroll

[Forest Devices](#) – EEG-based system using embedded algorithms to identify strokes

[Havenlock](#) – security hardware technology company focusing on access control

[iPourIt](#) – self-pour tap systems for beer and wine

[Karma Biotechnologies](#) – LNP platform, enabling in vivo engineering for oncology

[Lumoptik](#) – light guided medical devices

[Lynx Biosciences](#) – capture dynamic interactions of tumor cells within immune environment

[Magic Links](#)* – E-commerce in social video

[Open Sesame Media](#) – platform for productive workforces through online learning

[Single Pass](#) – development and marketing of an innovative biopsy closure device

[Trusty.care](#) – health SaaS for insurance brokers that matches prospective customers to plans

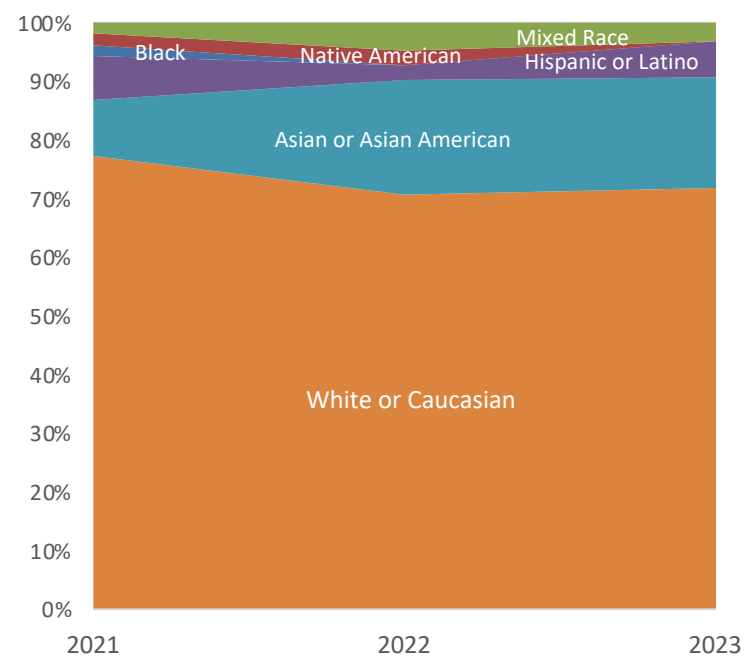
[Tympanogen](#) – non surgical eardrum repair that replaces tympanoplasty

* TCA investment more than \$1 Million in 2023

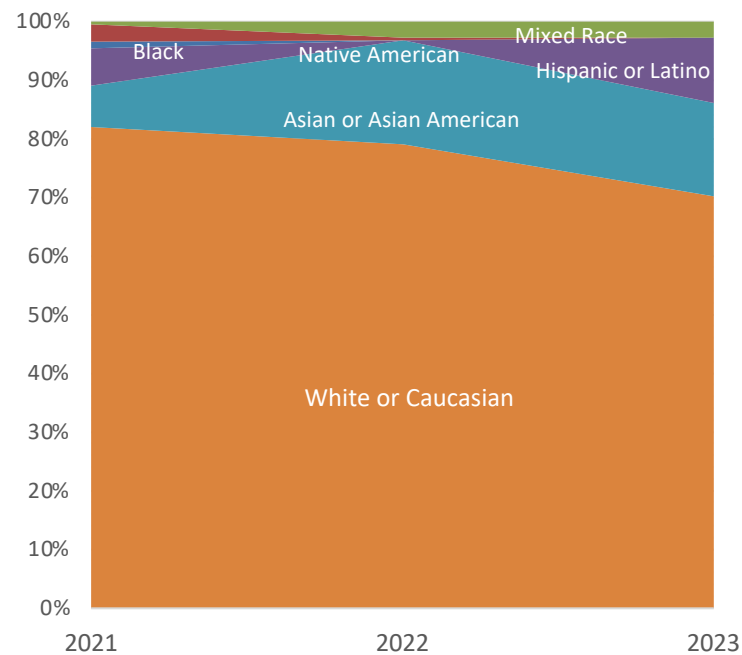
We are striving for greater diversity in our members and the background of our portfolio company CEOs

- In terms of funding, the percentage going to non-white CEOs has increased steadily from 18% in 2021 to 21% in 2022 to 30% in 2023
- This minority representation is significantly higher than ACA Benchmarks of 14% in 2022 and 12% in 2023
- Two of our five network Presidents are non-white

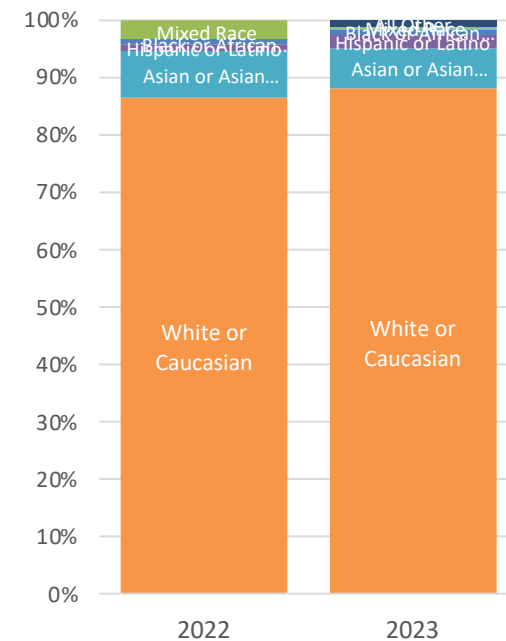
2021-2023 TCA INVESTMENTS
BY CEO ETHNICITY
MIX OF COMPANIES



2021-2023 TCA INVESTMENTS
BY CEO ETHNICITY
MIX OF DOLLARS



ACA BENCHMARKS
BY CEO ETHNICITY
MIX OF DOLLARS

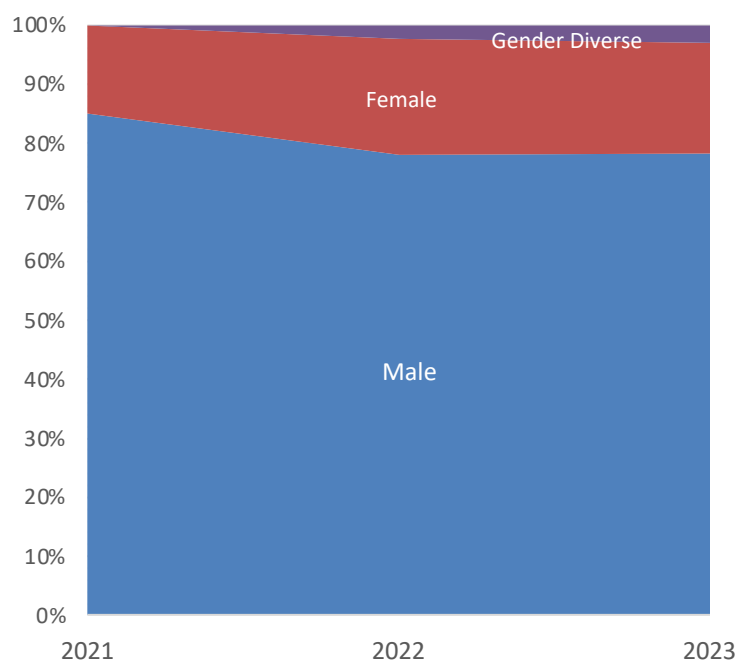


Source: TCA Venture Group; Angel Capital Association Angel Funders Report – [click here for full report](#)

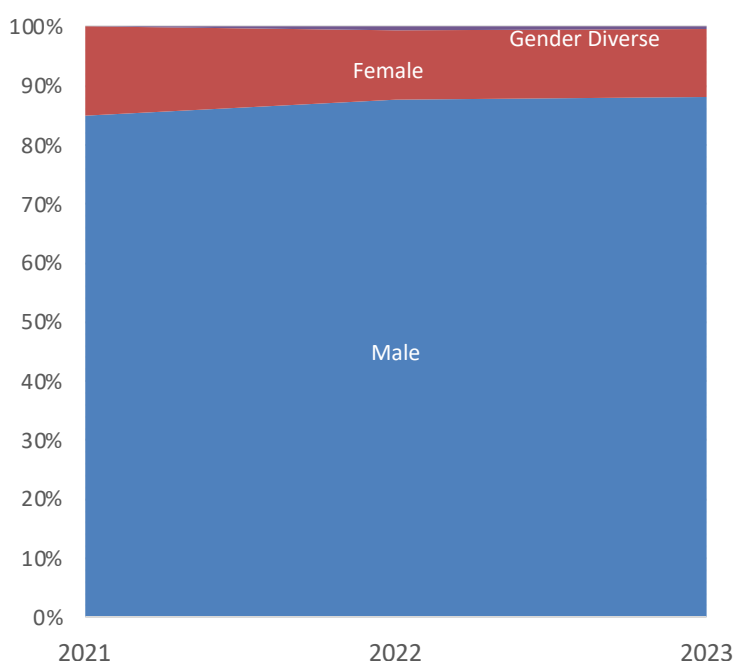
Funding of female CEOs was stable in terms of number of companies, but declined in terms of funding

- In terms of funding of non-male CEOs, the amount was flat at 22%, but up from 15% in 2022. In terms of number of companies, the percentage led by non-male CEOs was down slightly to 11% in 2023, compared to 12% in 2022 and 15% in 2021
- Compared to ACA Benchmarks, funding percentage was slightly below ACA benchmarks of 16% in 2023 and 20% in 2022
- Entering 2024, three of TCA's five network Presidents are female

2021-2023 TCA INVESTMENTS
BY CEO GENDER
MIX OF COMPANIES



2021-2023 TCA INVESTMENTS
BY CEO GENDER
MIX OF DOLLARS



ACA BENCHMARKS
BY CEO GENDER
MIX OF DOLLARS

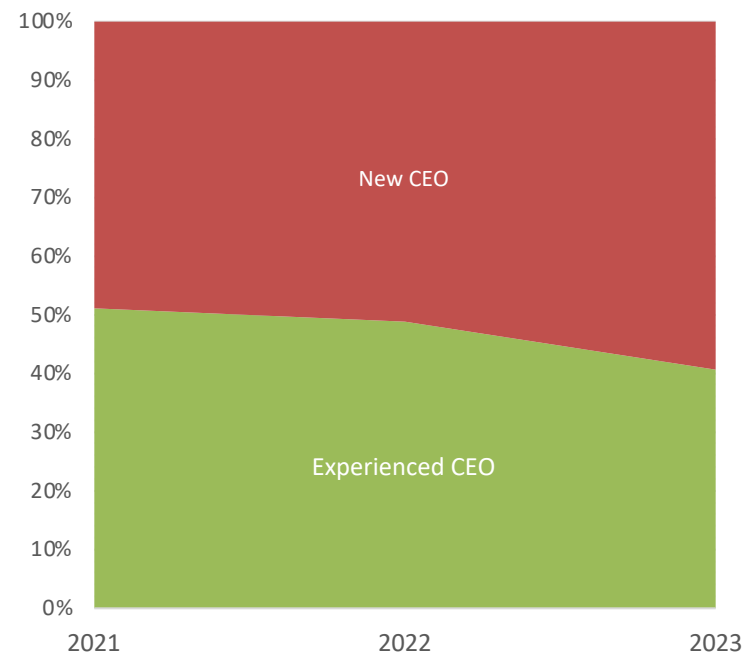


Source: TCA Venture Group; Angel Capital Association Angel Funders Report – [click here for full report](#)

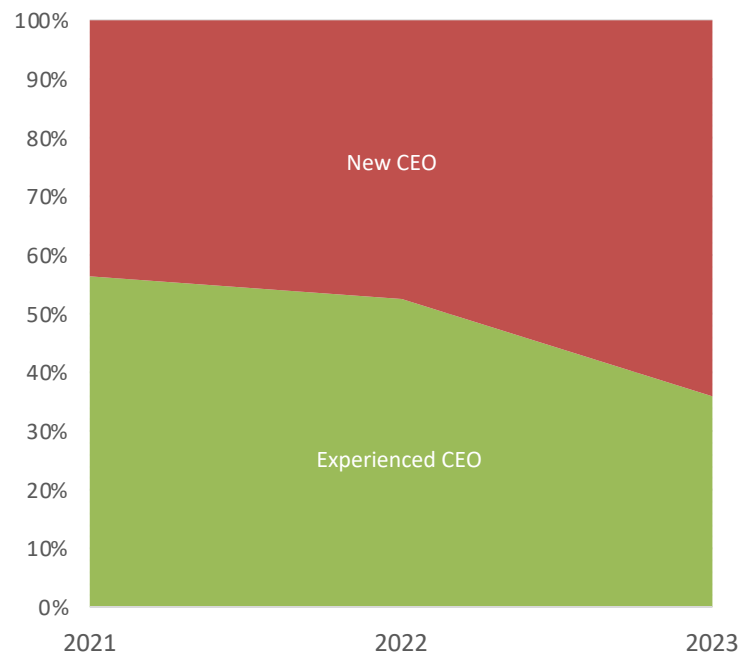
Mix of CEOs with prior experience as CEO decreased in 2023

- 36% of funding in 2023 was for companies led by CEOs with previous experience as CEO, down from 53% in 2022
- This compares to the ACA Benchmark of 32%
- This is concerning, since recent studies by other angel groups have shown higher returns for CEOs with previous experience – [click here](#)
- We will be studying this for TCA's portfolio in the coming year

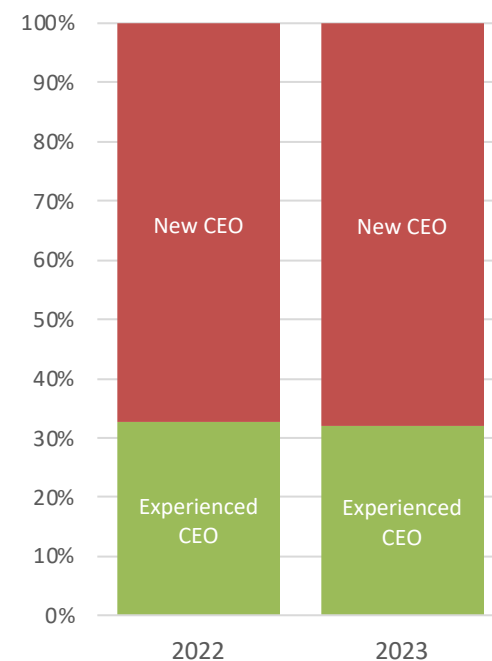
2021-2023 TCA INVESTMENTS
BY CEO EXPERIENCE
MIX OF COMPANIES



2021-2023 TCA INVESTMENTS
BY CEO EXPERIENCE
MIX OF DOLLARS



ACA BENCHMARKS
BY CEO EXPERIENCE
MIX OF DOLLARS



Source: TCA Venture Group; Angel Capital Association Angel Funders Report – [click here for full report](#)

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 two monthly "virtual" web presentations – one where the deals have been funded by another group AND one which shares high potential deals that passed screening or at the beginning of the DD phase. 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, 30-50% of those presenting have received additional funding from these investors (totalling \$23 million)
- Collectively, the angel groups participating in ASN represent over 1,500 angels, and more than \$1 billion in direct investment

Nominating ASN Members:



Angel Syndication Network



Regular ASN Members:



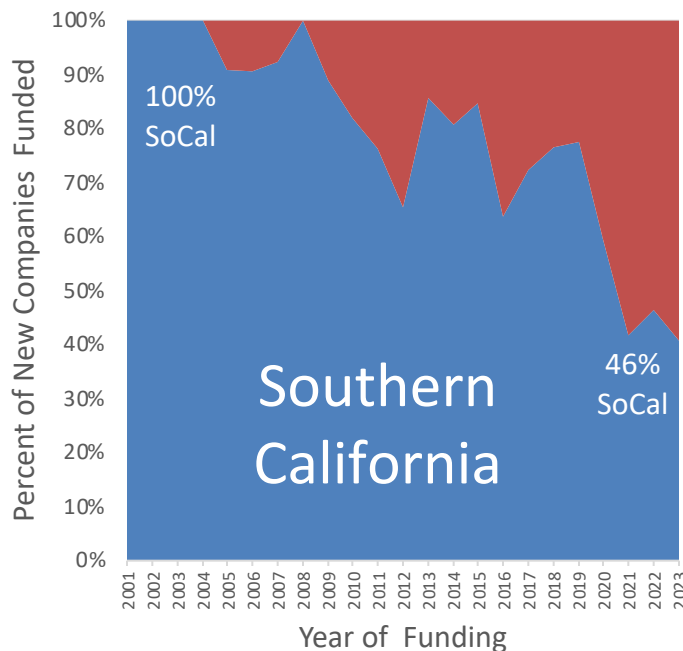
Angel Syndication Network (ASN) funded \$5.1 million in 10 companies in 2023 – which was 25% of those screened:

- [CryptoStop \(Frontier Angels\)](#) - a ransomware detection and response software
- [Flow Aluminum \(New Mexico Angels\)](#) - Aluminum-CO2 battery for EVs, drones and storage that also does Direct Air Capture
- [Healionics \(Keiretsu\)](#) - safer, more reliable means of bloodstream access for dialysis in patients with kidney failure
- [Hilltop Bio \(Frontier Angels\)](#) - cell-signaling technology for veterinary market to help turbo charge the immune system to normalize and heal damaged tissue
- [LIMBER Prosthetics & Orthotics \(TCA VG\)](#) - next generation of functional and accessible prosthetic devices
- [MessageDesk \(Reno Seed Fund\)](#) - a shared inbox for text messaging that gives companies the ability to text as a team
- [PredxBio \(Keiretsu\)](#) - explainable AI-powered spatial analytics software platforms to decipher complex cancer biology
- [Princeton Identity \(Golden Seeds\)](#) - biometric identity management providing solutions for Access Control, Point of Sales, Time and Attendance
- [Smart Response Technologies \(Angel Round Table\)](#) - AI public safety SaaS platform designed to maximize efficiency and speed for first responders

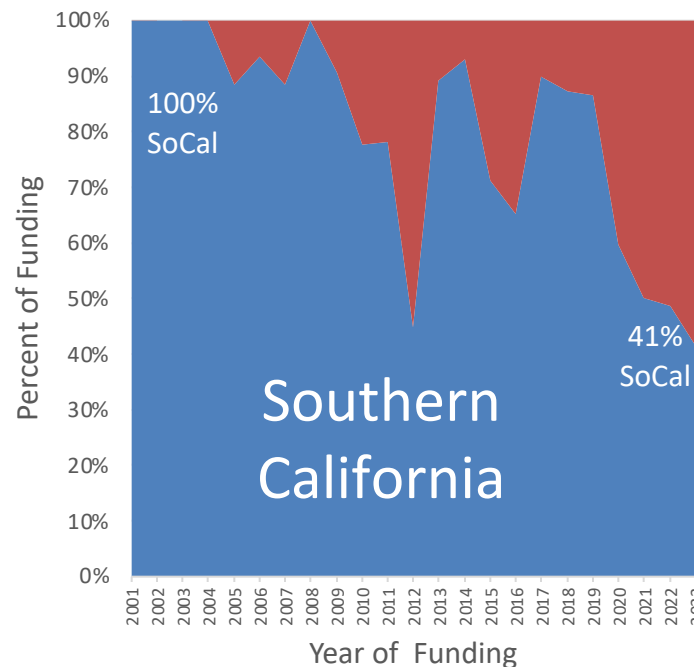
This greater syndication activity through ASN coupled with virtual screening and remote due diligence has shifted the geographic mix to more companies based outside of Southern California since 2020

- Traditionally, the mix has been 85% - 90% in Southern California where TCA's members can be actively involved in mentoring and governing
- Due to Covid-19, the formation of ASN, the shift to virtual screening and due diligence, and the addition of virtual members across the USA, more than 50% of TCA deals are now outside SoCal providing increased geographical diversification
- 54% of **all** deals and 59% of **all** investment were outside SoCal in 2023
- In contrast, ACA Benchmarks show a much greater concentration on local funding

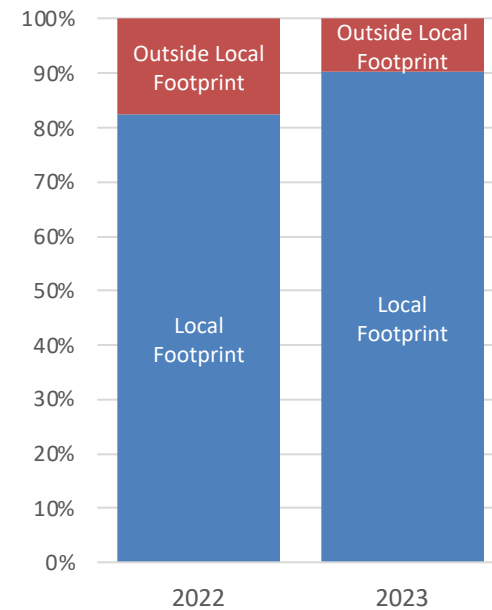
**TCA GEOGRAPHICAL MIX
MIX OF NUMBER OF NEW
COMPANIES**



**TCA GEOGRAPHICAL MIX
MIX OF DOLLARS IN NEW
COMPANIES**



**ACA BENCHMARKS
BY GEOGRAPHY
MIX OF DOLLARS**

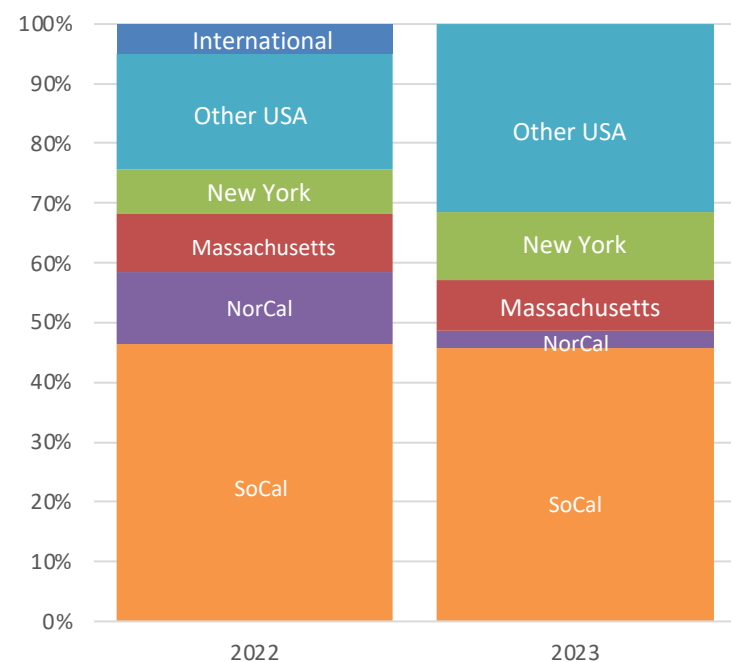


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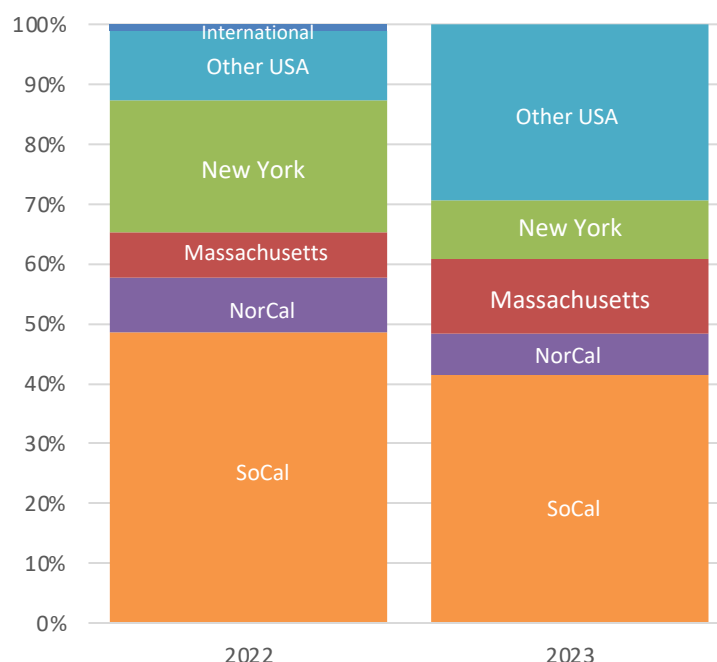
Investments in Massachusetts and New York were the largest concentrations outside Southern California

- Southern California represented 41% of the investment and 46% of the companies
- Massachusetts was 13% of the investment and 9% of the companies
- New York was 10% of the investment and 11% of the companies
- Northern California was 7% of the investment and 3% of the companies
- Other states were 29% of the investment and 31% of the companies
- There were no International deals in 2023

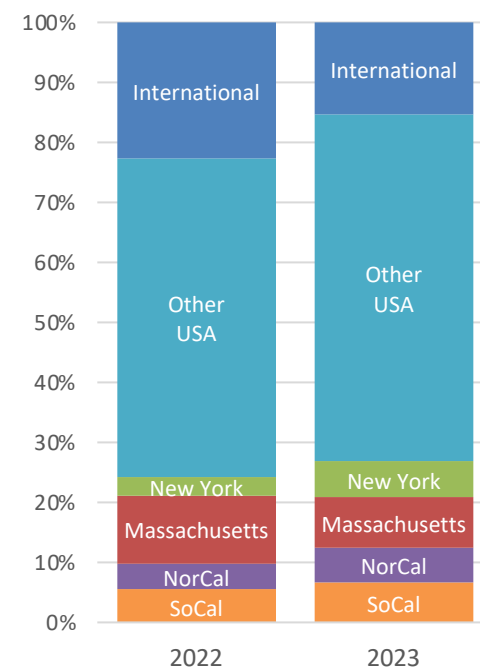
**2022-2023 TCA INVESTMENTS
BY GEOGRAPHY
MIX OF COMPANIES**



**2022-2023 TCA INVESTMENTS
BY GEOGRAPHY
MIX OF DOLLARS**



**ACA BENCHMARKS
BY GEOGRAPHY
MIX OF DOLLARS**

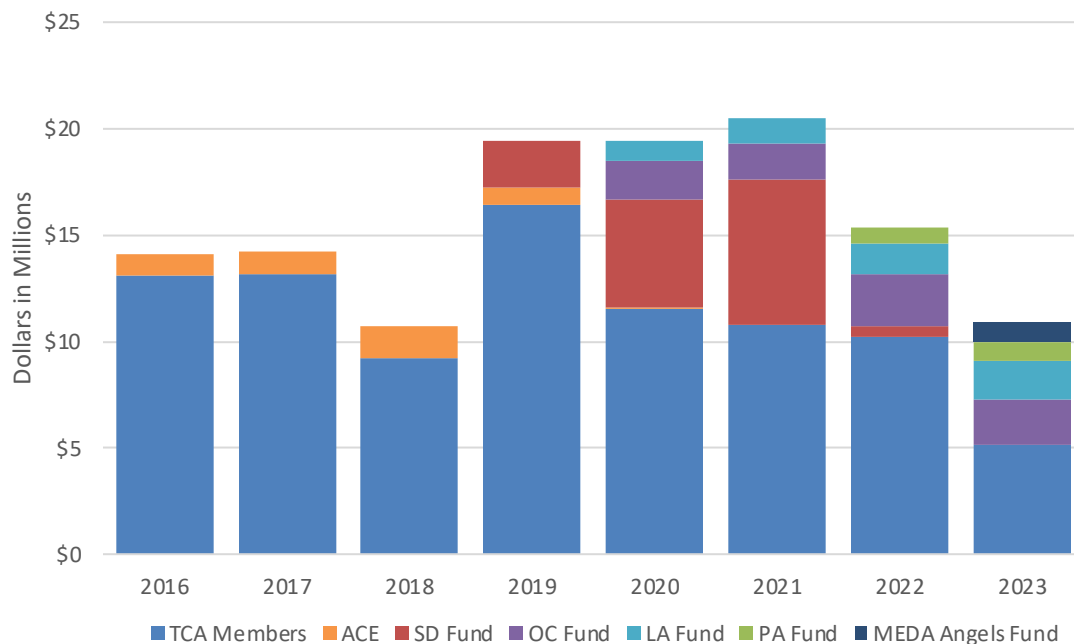


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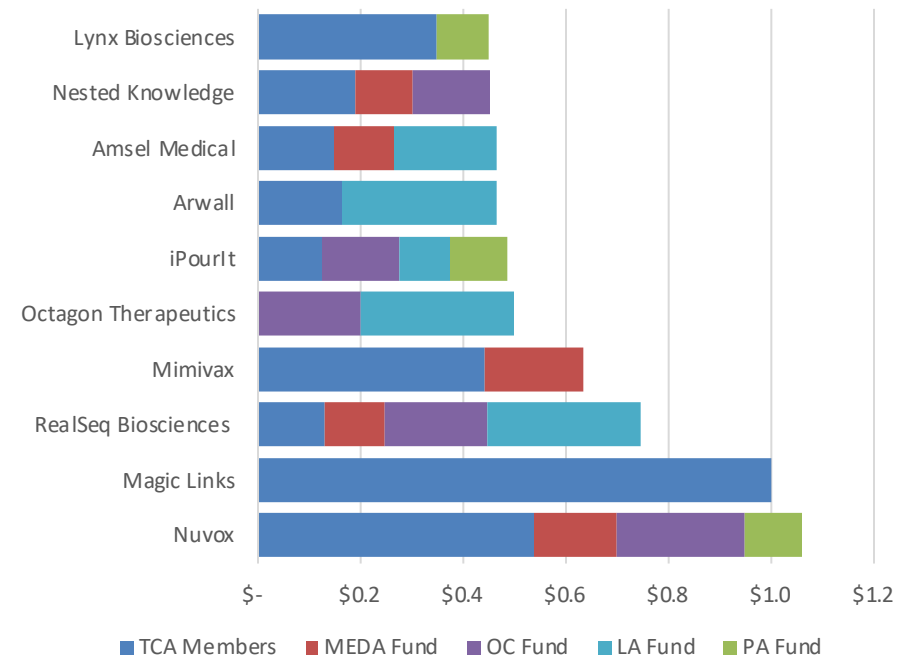
Annual chapter funds brought significant incremental capital to entrepreneurs and diversification for members

- \$5.7 million from TCA's four network funds supplemented \$5.2 million in direct investment from members
- 26 of TCA's 32 deals in 2023 received investment from at least one network fund
- Direct member investment in 2023 declined significantly, reflecting the environment
- TCA now targets completing due diligence and making a fund decision within 30 days, after which individual members invest alongside the funds
- The addition of the network funds has been a significant factor in bringing more capital to each company and more diversification to our members

TCA INVESTMENT BY SOURCE



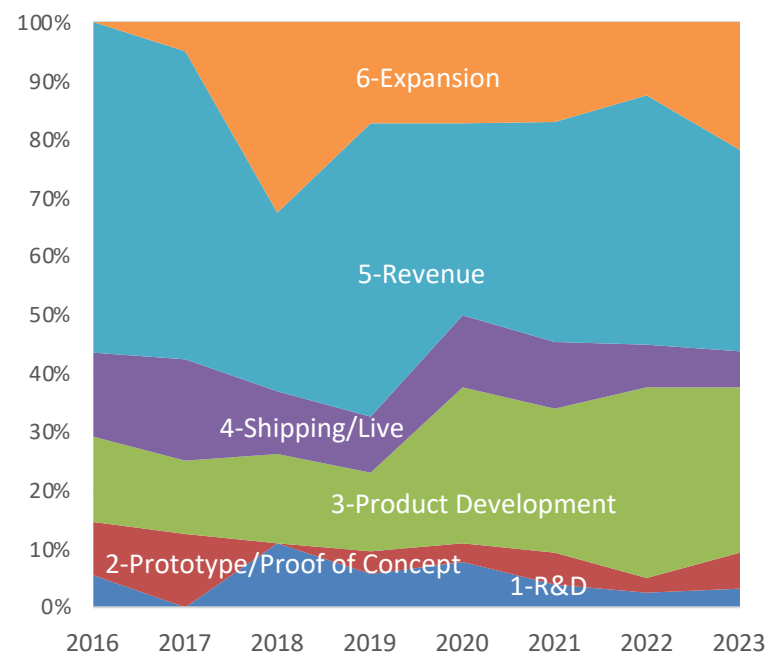
TOP 10 TCA DEALS IN 2023



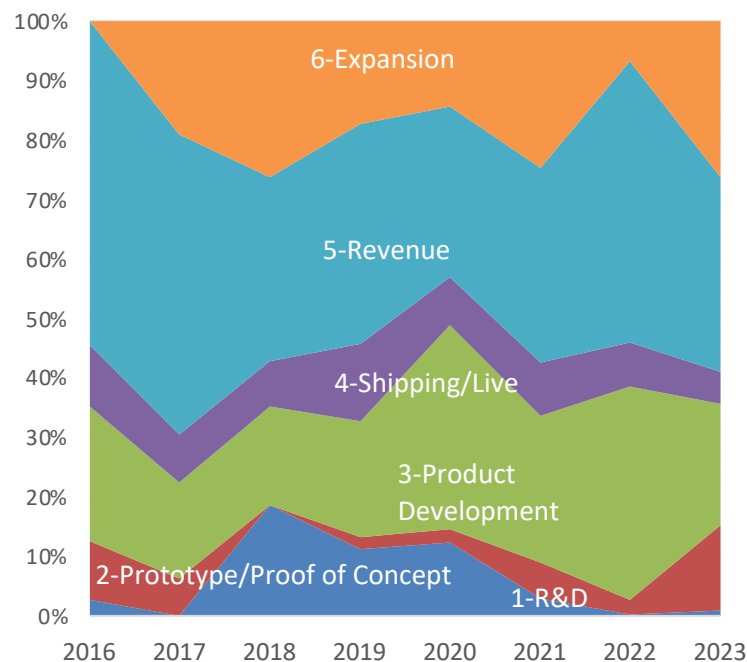
TCA funding continues to be more likely when initial products/services are already developed and there is evidence of customer traction

- 59% of investments in 2023 were in companies with revenue and those seeking expansion capital, compared to 51% for ACA Benchmarks. This is driven by:
 - Companies are launching products/services earlier with MVPs (Minimum Viable Products) before seeking investment
 - Investors at this downturn stage of the investment cycle expect companies to be closer to breakeven in order to survive the anticipated downturn

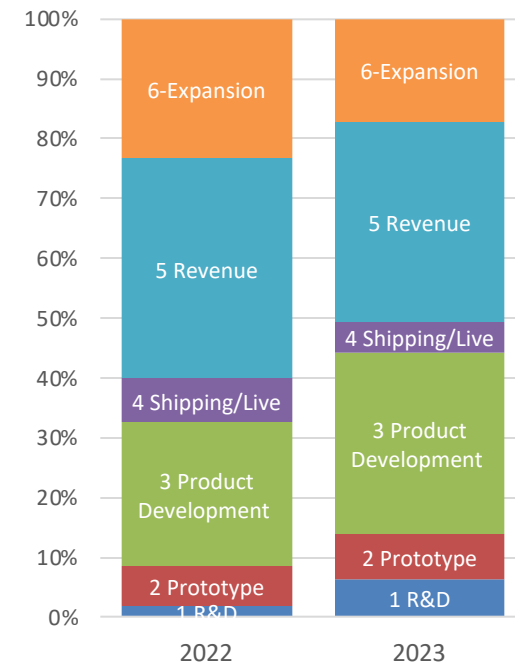
2016-2023 TCA INVESTMENTS
BY DEVELOPMENT STAGE
MIX OF COMPANIES



2016-2023 TCA INVESTMENTS
BY DEVELOPMENT STAGE
MIX OF DOLLARS



ACA BENCHMARKS
BY DEVELOPMENT STAGE
MIX OF DOLLARS

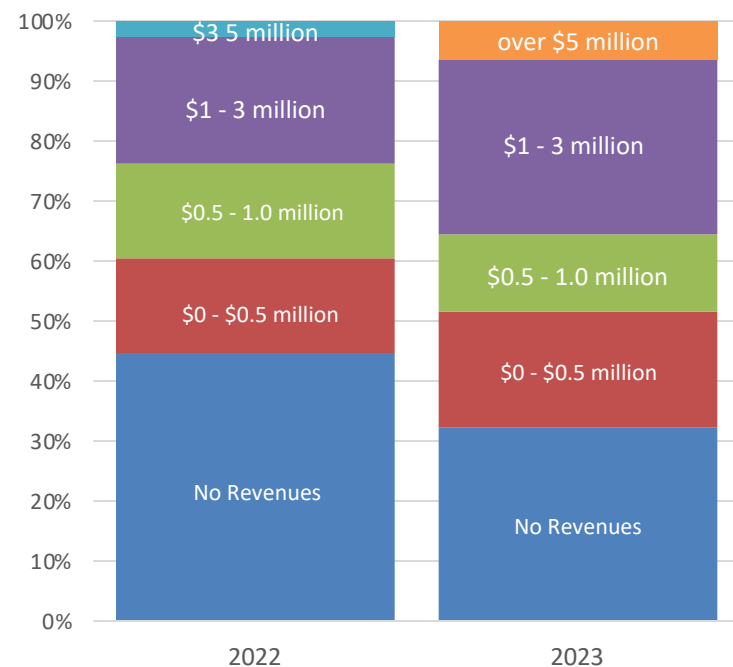


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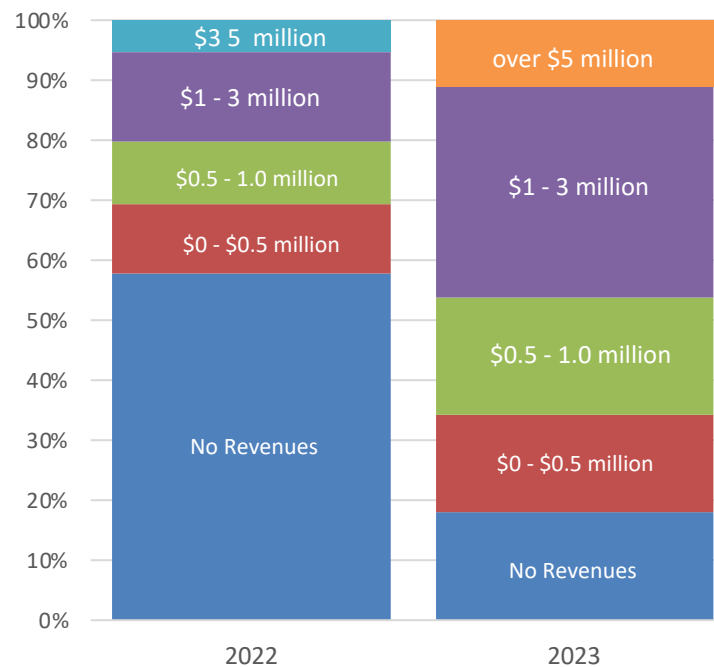
For companies where specific revenue numbers were available, 84% had less than \$3 million in revenue in 2023

- Investors are seeking safety in developed products and proof there are customers – there was a dramatic shift from 58% with no revenue in 2022 to 18% in 2023
- ACA Benchmarks have also shifted dramatically away from no revenues from 51% with no revenue in 2022 to 30% in 2023
- There also was notable growth in companies with revenue over \$5 million – representing 11% of TCA's funding and 12% of ACA Benchmark funding

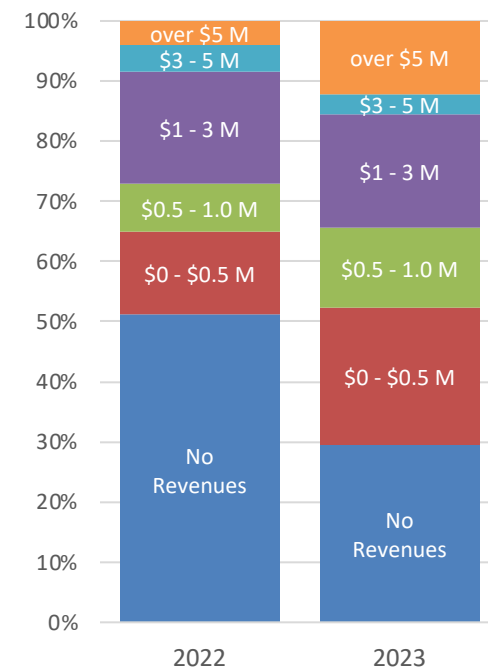
**2022-2023 TCA INVESTMENTS
BY REVENUE
MIX OF COMPANIES**



**2022-2023 TCA INVESTMENTS
BY REVENUE
MIX OF DOLLARS**



**ACA BENCHMARKS
BY REVENUES
MIX OF DOLLARS**

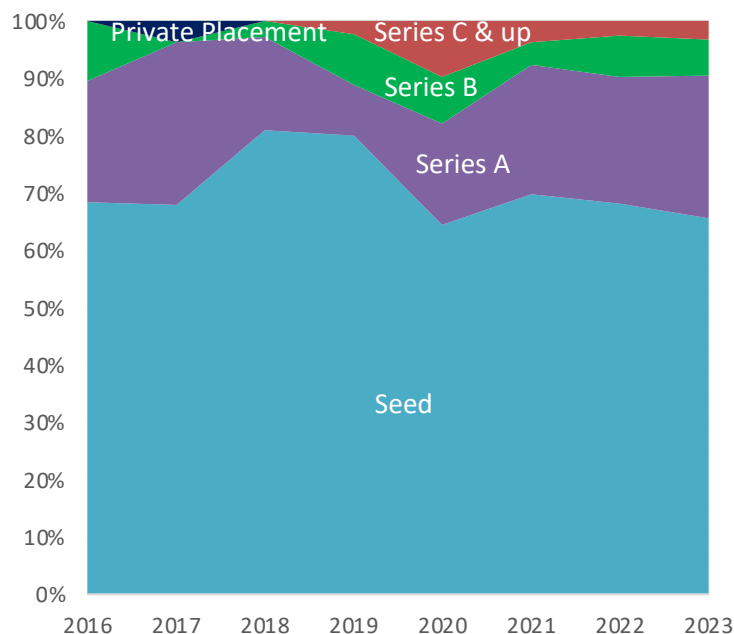


Source: TCA Venture Group; Angel Capital Association Angel Funders Report – [click here for full report](#)

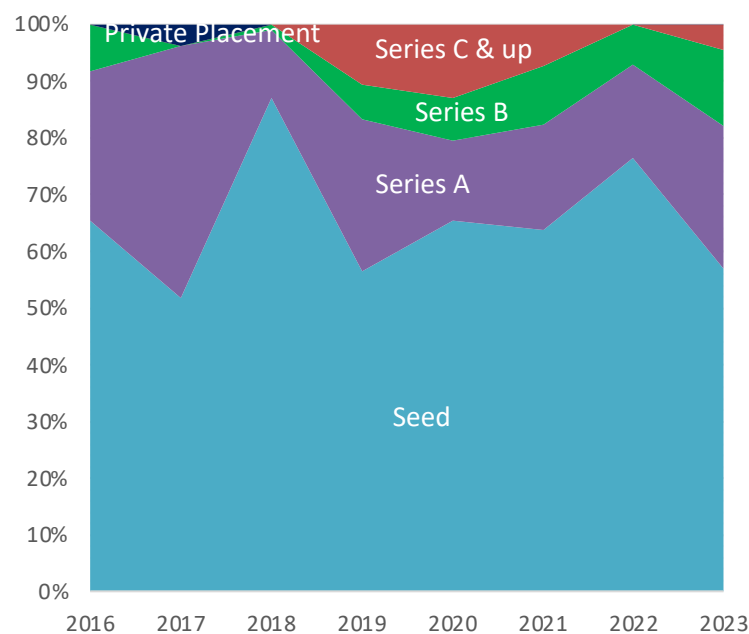
TCA's investment focus continues to be on "seed" deals

- 66% of deals and 57% of investments in 2023 were **Seed** – compared to 68% of deals and 76% of investments in 2022
- Some of this bias towards earliest 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 25% of deals and 25% of investments in 2023
- Series B & up represented 9% of deals and 17% of investments in 2023, a change from 9% of deals and 7% of investments in 2022

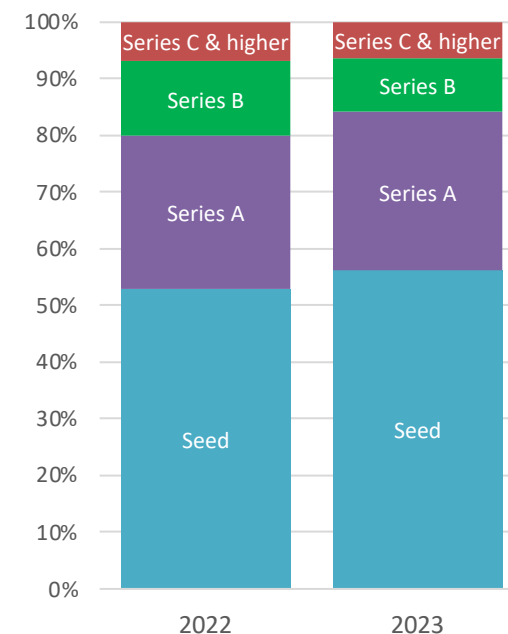
2016-2023 TCA INVESTMENTS
BY STAGE OF ROUND
MIX OF COMPANIES



2016-2023 TCA INVESTMENT
BY STAGE OF ROUND
MIX OF DOLLARS



ACA BENCHMARKS
BY STAGE OF ROUND
MIX OF DOLLARS



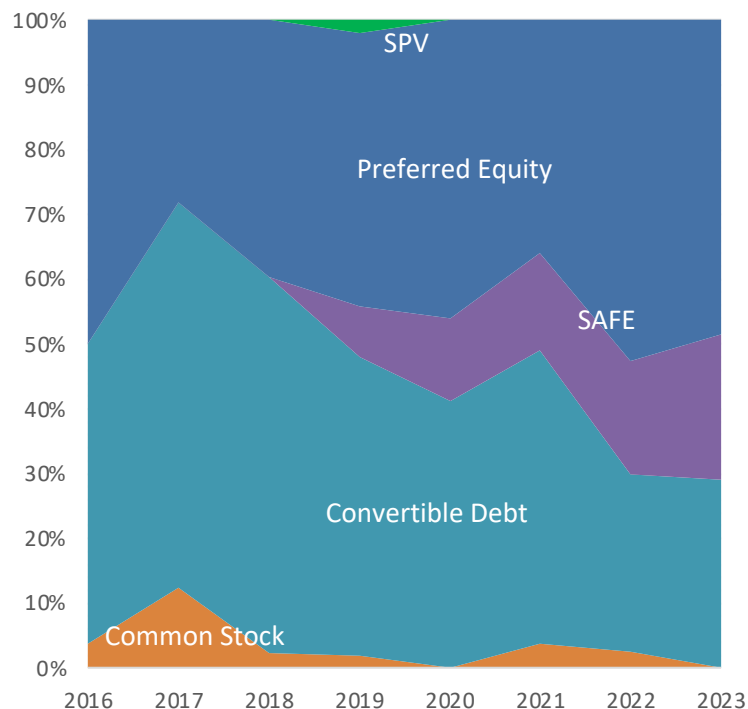
Source: TCA Venture Group; Angel Capital Association Angel Funders Report – [click here for full report](#)

* Seed includes bridge to A

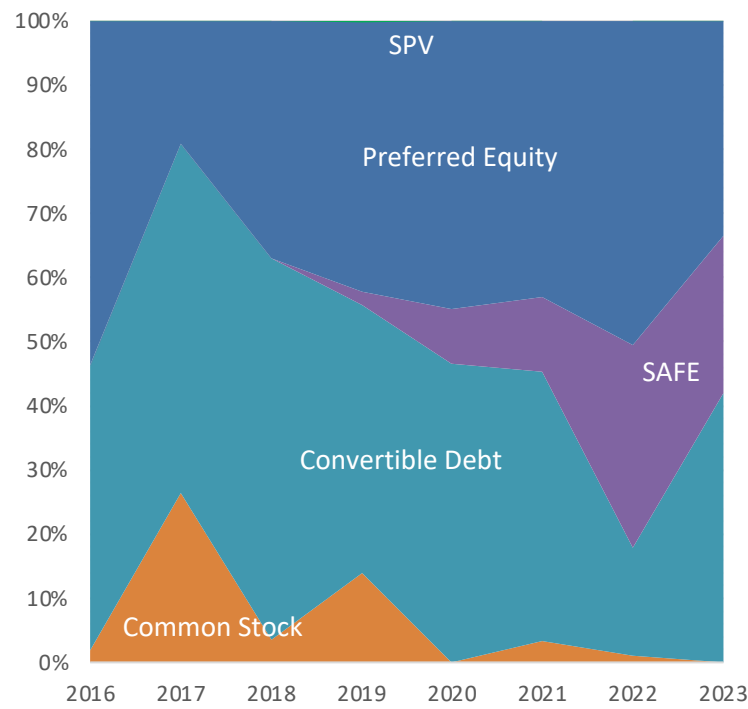
Most investments in 2023 continue to be either Preferred Equity or Convertible Debt that converts into Preferred Equity

- The 30% invested in Preferred Equity is a significant decline from 50% in 2022
- SAFEs increased to 22% of deals and investments
- However, the prevalence of convertible notes (a combined 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 QSBS Section 1202/Section 1244 favorable tax treatment

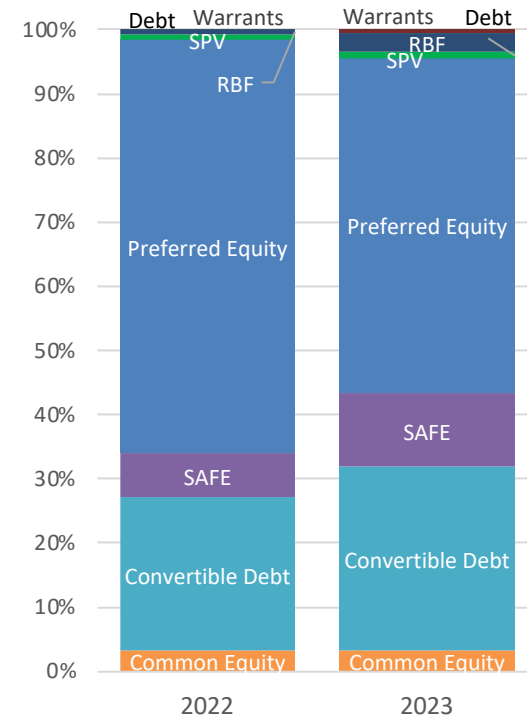
2016-2023 TCA INVESTMENTS
BY SECURITY USED
MIX OF COMPANIES



2016-2023 TCA INVESTMENTS
BY SECURITY USED
MIX OF DOLLARS



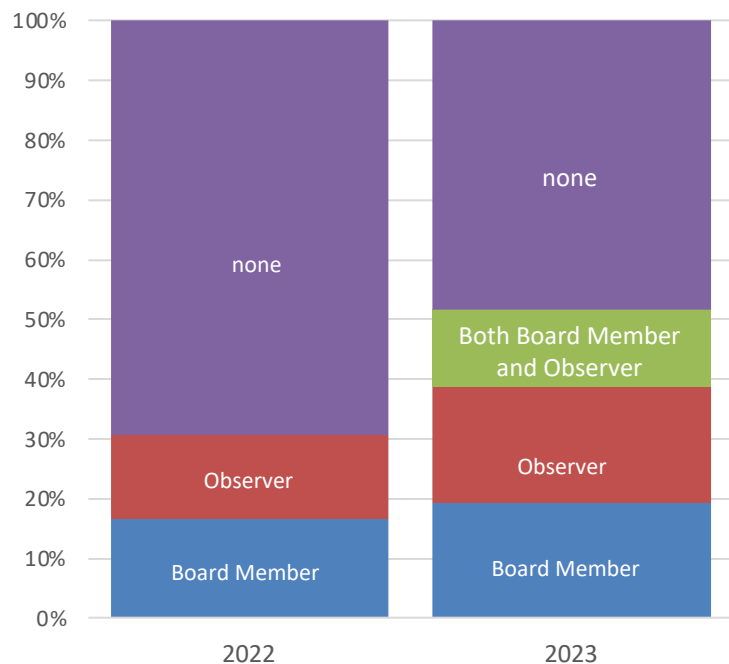
ACA BENCHMARKS
BY SECURITY USED
MIX OF DOLLARS



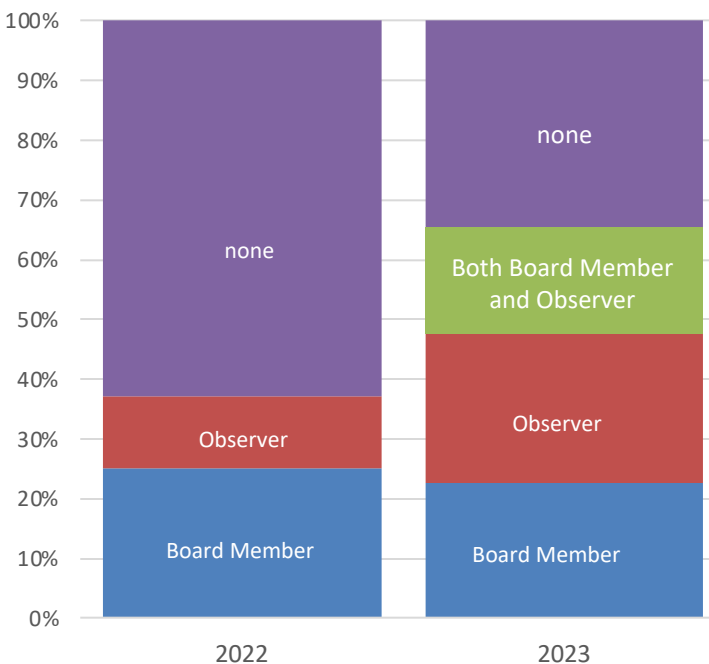
TCA members take an active role in governance in 66% of the investments in 2023 – a dramatic increase from 37% in 2022

- For 66% of TCA's 2023 companies, there is a TCA member serving as either a board member or observer; in 2022 this was only 37%
- This is much higher than ACA's comparable benchmark of 47%
- Recent studies from other angel groups show returns tend to be higher with board involvement by members ([click here](#))

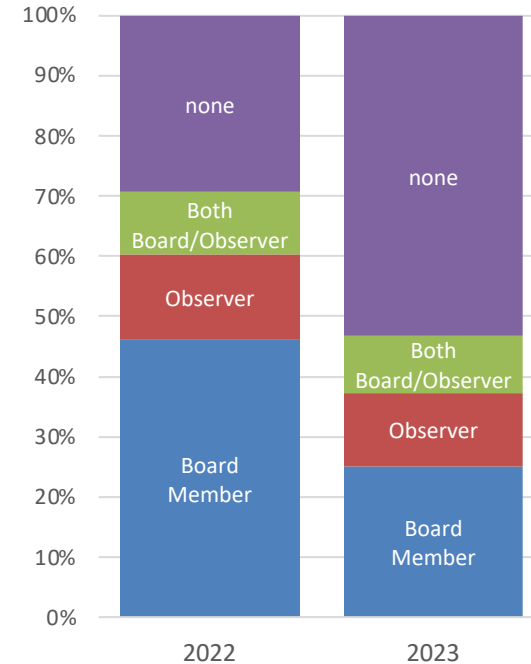
2022-2023 TCA INVESTMENTS
BY BOARD REPRESENTATION
MIX OF COMPANIES



2022-2023 TCA INVESTMENTS
BY BOARD REPRESENTATION
MIX OF DOLLARS



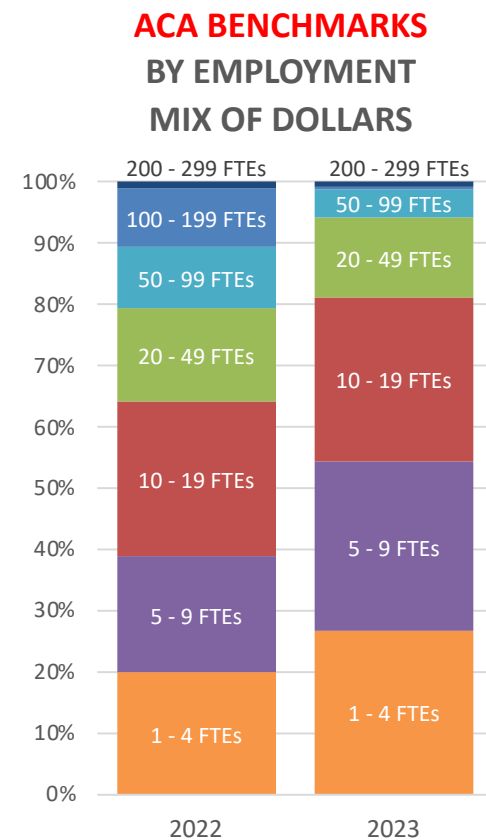
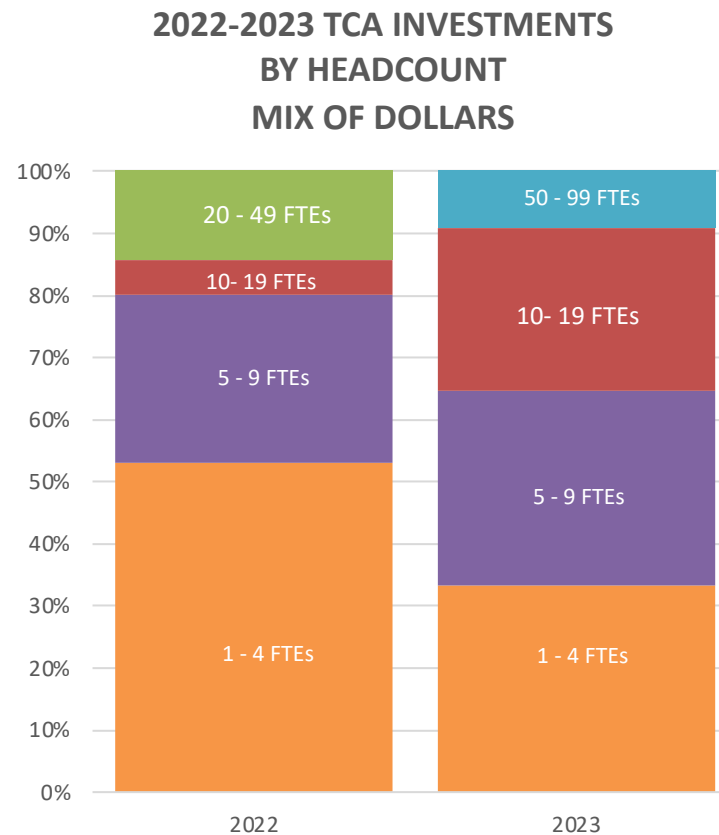
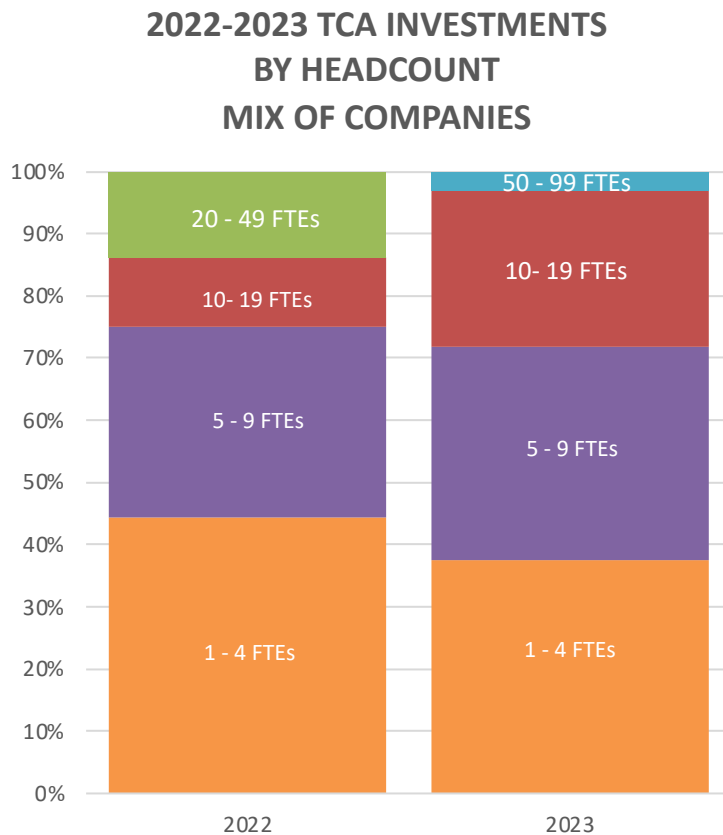
ACA BENCHMARKS
BY BOARD REP
MIX OF DOLLARS



Source: TCA Venture Group; Angel Capital Association Angel Funders Report – [click here for full report](#)

Headcount of funded companies shifted to larger teams

- The percentage of funding going to companies with 1 - 4 FTEs dropped from 53% to 33% in 2023, reflecting a higher bar and greater maturity before funding. This parallels the shift to fewer companies without revenue
- Funding in companies with 50 - 99 FTEs increased from 0% to 9%

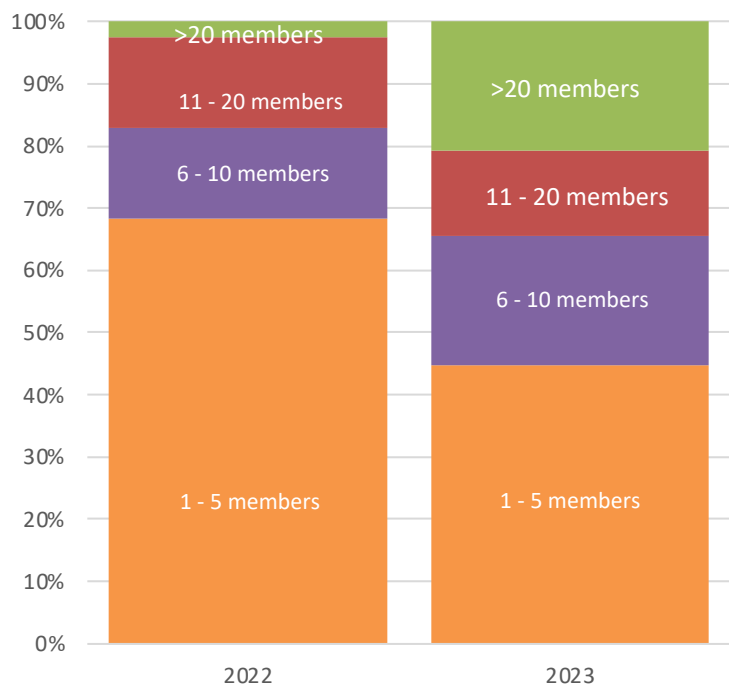


Source: TCA Venture Group; Angel Capital Association Angel Funders Report – [click here for full report](#)

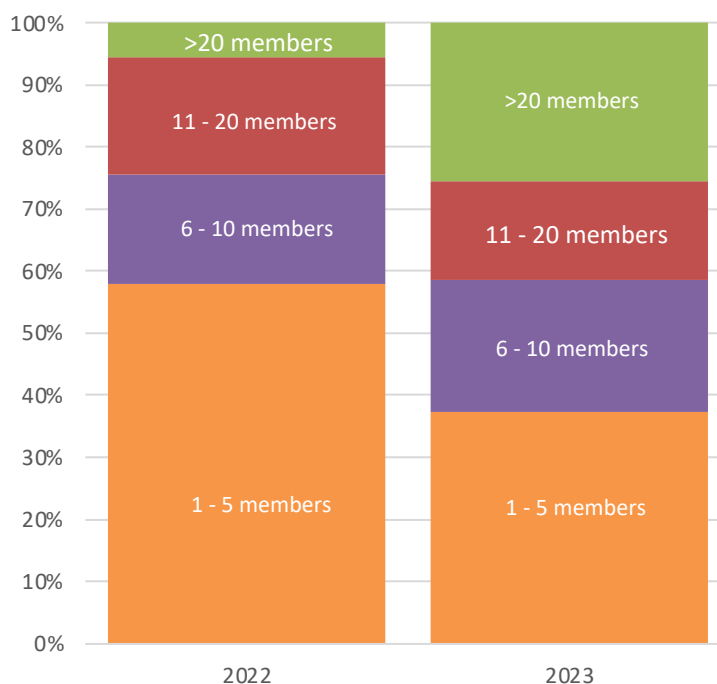
Traction among members deciding to invest directly in the most popular deals increased significantly at TCA VG

- Funding of deals with more than 20 TCA VG members participating increased from 6% in 2022 to 26% in 2023
- Funding of deals with 1 - 4 TCA VG members participating declined from 58% in 2022 to 37% in 2023

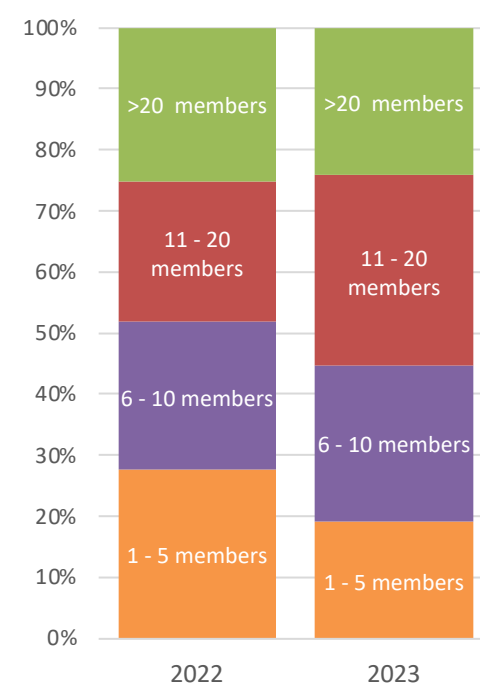
2022-2023 TCA INVESTMENTS
BY NUMBER OF INVESTORS
MIX OF COMPANIES



2022-2023 TCA INVESTMENTS
BY NUMBER OF INVESTORS
MIX OF DOLLARS



ACA BENCHMARKS
BY # OF INVESTORS
MIX OF DOLLARS

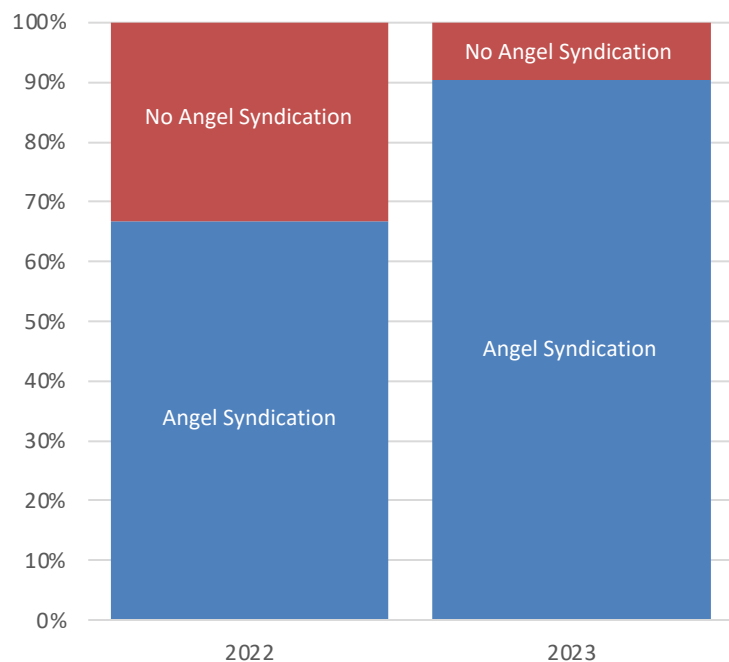


Source: TCA Venture Group; Angel Capital Association Angel Funders Report – [click here for full report](#)

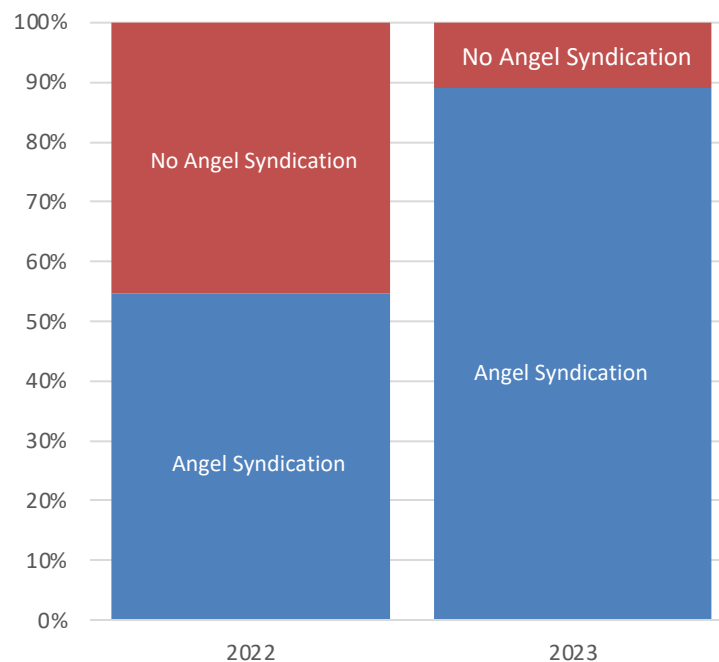
Syndication has become the norm, with 89% of deals involving other funding sources from angel groups

- Angel syndication grew from 55% in 2022 to 89% in 2023
- This trend is apparent in the ACA Benchmarks, which grew from 48% in 2022 to 59% in 2023
- But ACA Benchmarks in 2023 still show 31% involving no syndication compared to only 11% at TCA

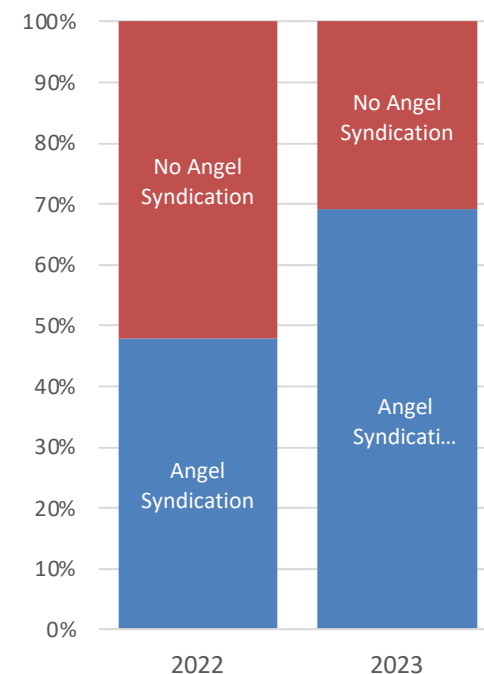
2022-2023 TCA INVESTMENTS
BY ANGEL SYNDICATION
MIX OF COMPANIES



2022-2023 TCA INVESTMENTS
BY ANGEL SYNDICATION
MIX OF DOLLARS



ACA BENCHMARKS
BY SYNDICATION
MIX OF DOLLARS

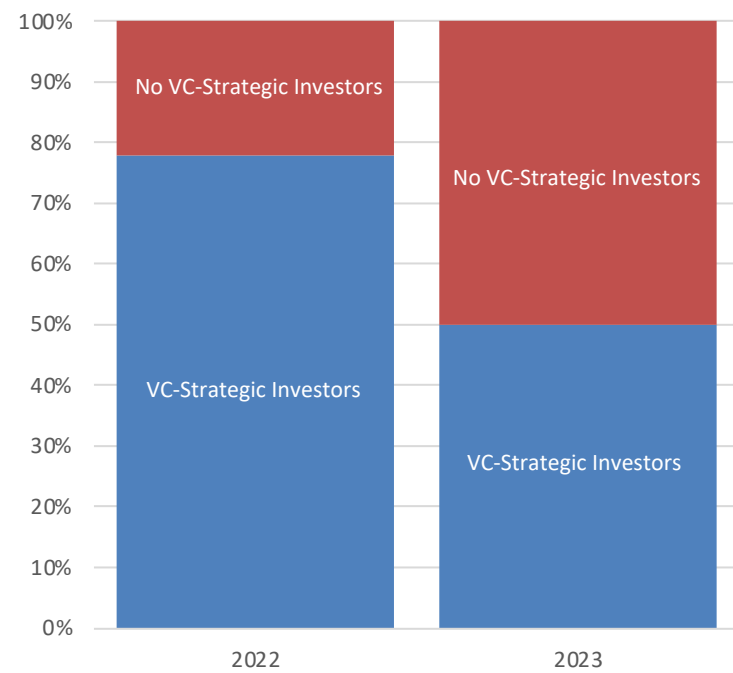


Source: TCA Venture Group; Angel Capital Association Angel Funders Report – [click here for full report](#)

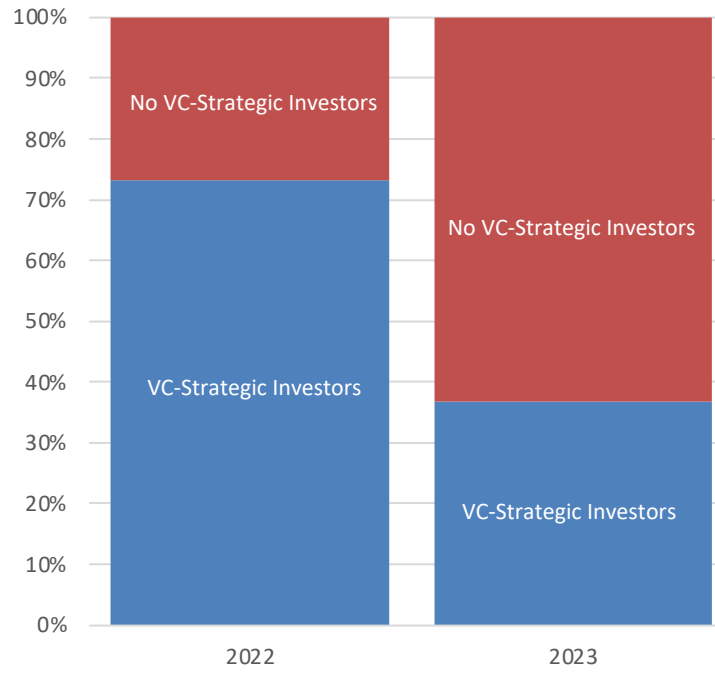
While Angel Syndication is increasing, involvement of VC's and Strategics is decreasing

- VC's and Strategics fell from 73% of the amount invested in 2022 to 37% in 2023
- This reflects VC's scaling back new investments in Series A during the current downturn, as they have done in previous downturns
- TCA VG is helping fill in the gap due to the retrenchment of VCs

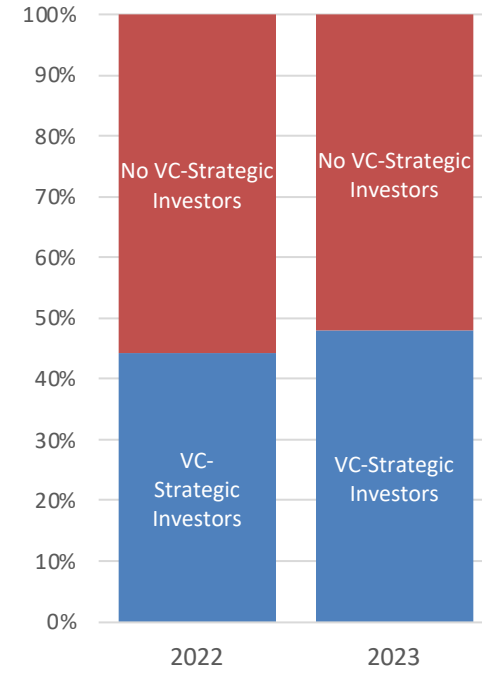
2022-2023 TCA INVESTMENTS
BY VC & STRATEGIC PARTICIPATION
MIX OF COMPANIES



2022-2023 TCA INVESTMENTS
BY VC & STRATEGIC PARTICIPATION
MIX OF DOLLARS



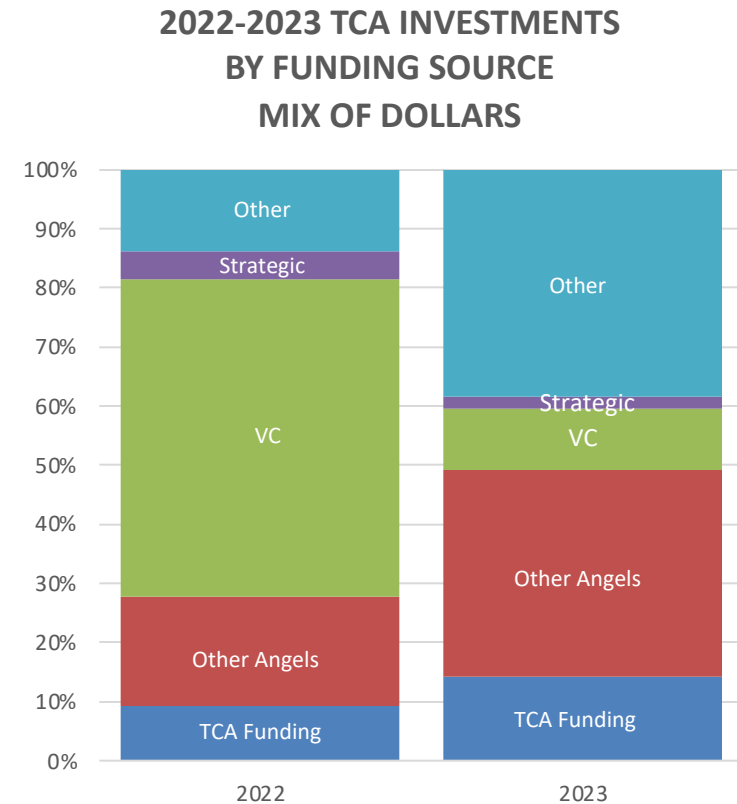
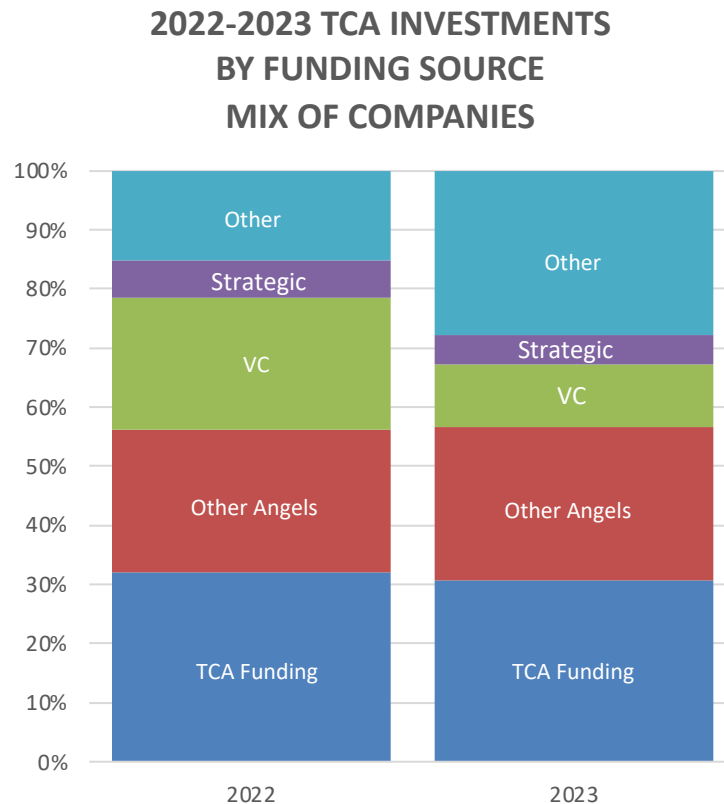
ACA BENCHMARKS
BY VC INVOLVEMENT
MIX OF DOLLARS



Source: TCA Venture Group; Angel Capital Association Angel Funders Report – [click here for full report](#)

TCA VG funding was a larger portion of each round, and VC funding was lower

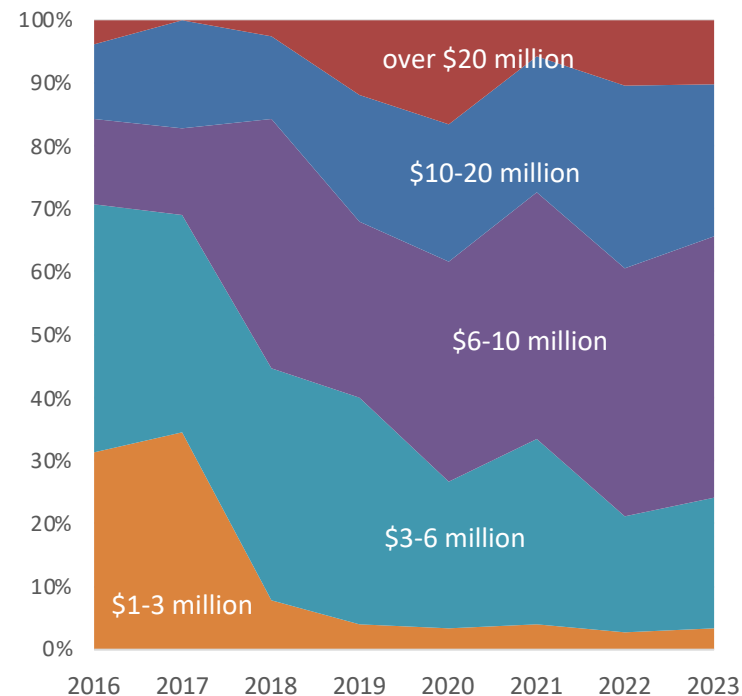
- In terms of dollar funding, TCA VG and other angel groups contributed a larger percentage of funding in 2023 – increasing from 27% in 2022 to 49% in 2023
- VC share of investment dropped from 54% to only 10%
- This shift is not unusual since VCs tend to cut back more aggressively on funding new companies during a downcycle, focusing instead on sustaining existing portfolio
- Funding by Strategics also dropped from 5% to 2%, reflecting the broader phenomenon of less M&A activity during the downcycle



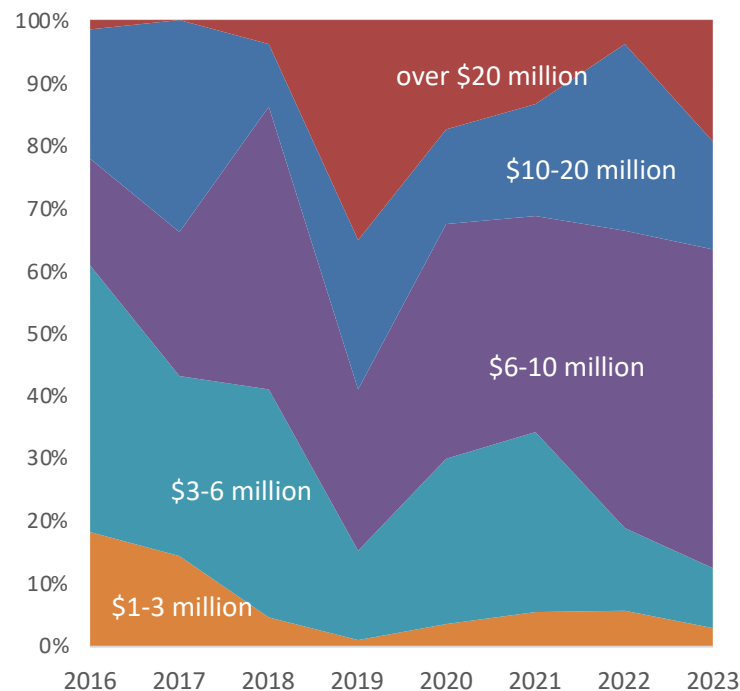
Valuations at time of TCA investment continue to increase above historical levels – this hopefully will reverse in 2024

- 13% of TCA's investments in 2023 were in companies with valuations below \$6 million, continuing a steady decline since 61% in 2016
- 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
- The 2023 valuation mix for TCA VG has less investment above \$20 million compared to ACA Benchmarks

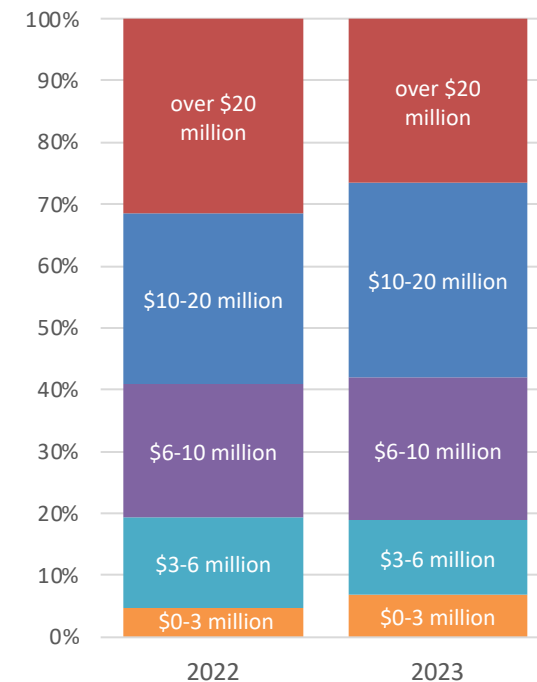
2016-2023 TCA INVESTMENTS
BY VALUATION
MIX OF COMPANIES



2016-2023 TCA INVESTMENTS
BY VALUATION
MIX OF DOLLARS



ACA BENCHMARKS
BY VALUATION
MIX OF DOLLARS

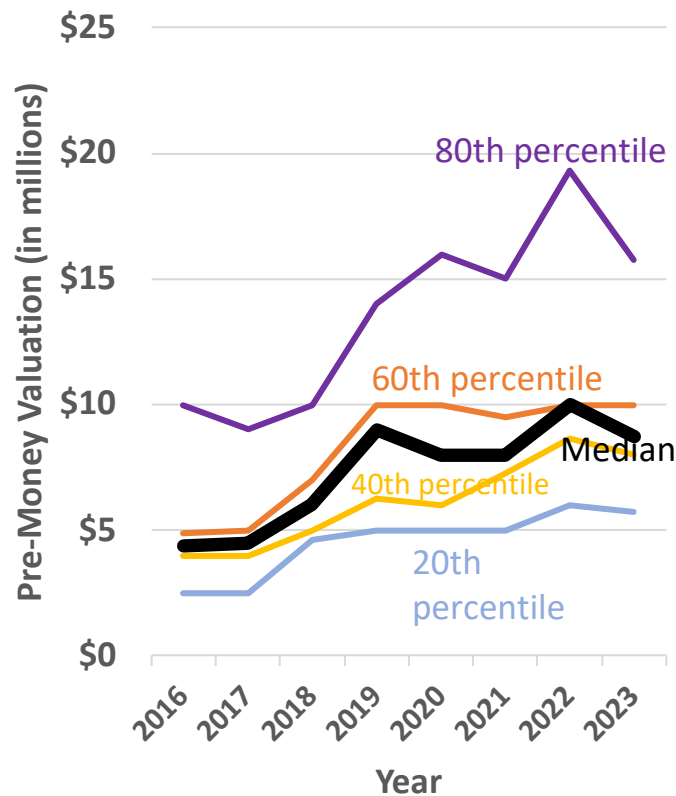


Source: TCA Venture Group; Angel Capital Association Angel Funders Report – [click here for full report](#)

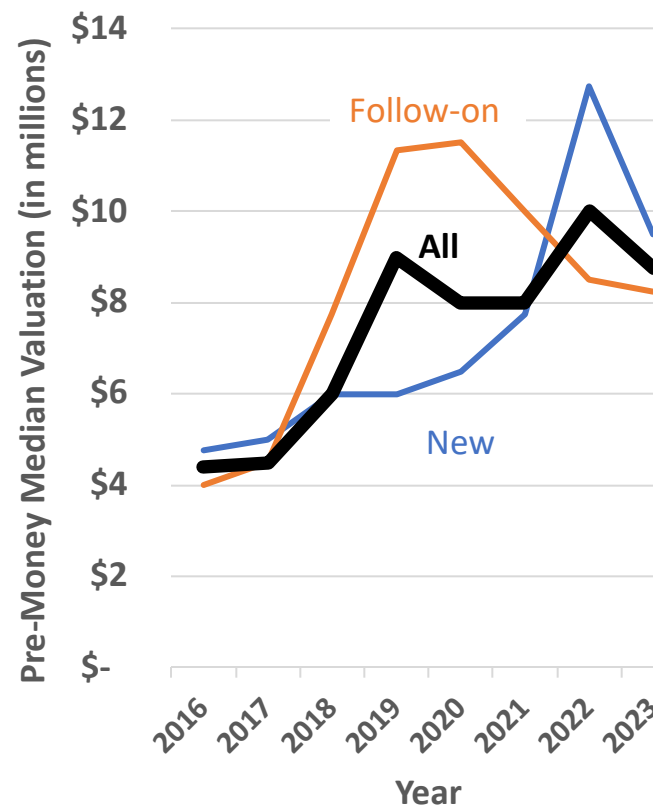
More on Valuation Trends ...

- The median valuation eased a bit to \$8.8 million from \$10 million in 2022 but has still not dropped as much as later stage valuations and exits
- The spread in valuations remains – the 80th percentile is 1.8 times the median
- New deals moved higher than follow-ons, driven partly by flat or down rounds, and partly because new deals had higher valuation due to more significant revenues
- Series B valuations dropped dramatically, reflecting market forces for later stages

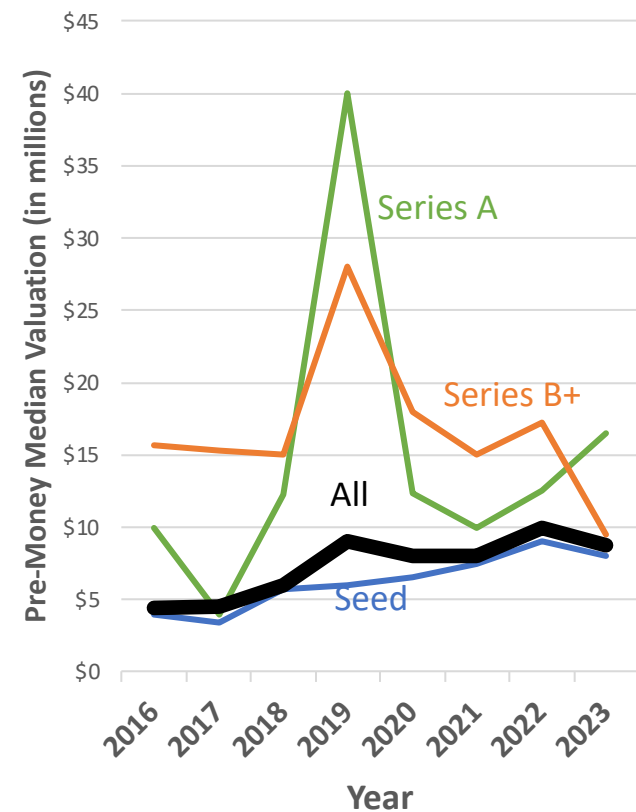
PRE-MONEY VALUATION TRENDS
FOR ALL TCA INVESTMENTS



PRE-MONEY VALUATION TRENDS
BY NEW/FOLLOW-ON



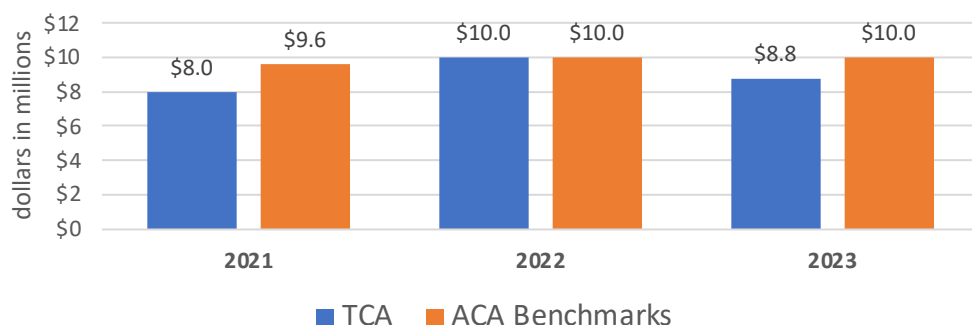
PRE-MONEY VALUATION TRENDS
BY STAGE



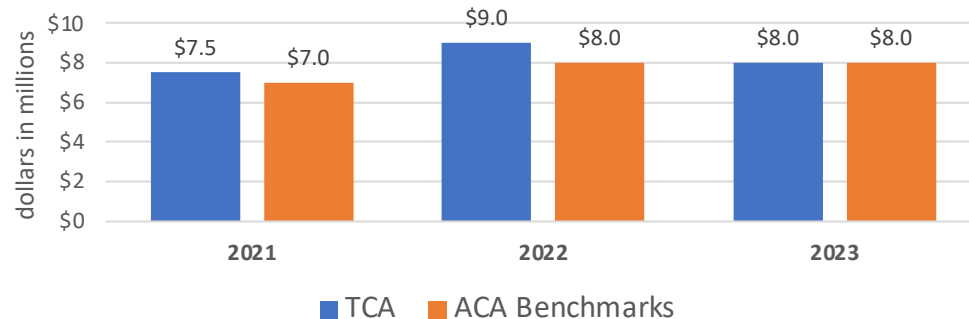
More on Valuation Trends ...

- The overall medians for TCA VG in the past three years are mostly consistent with ACA Benchmarks
- Seed valuations generally track ACA Benchmarks
- However, Series B and later valuations for TCA are significantly less than ACA Benchmarks – perhaps because the ACA deals have been more Series C and later

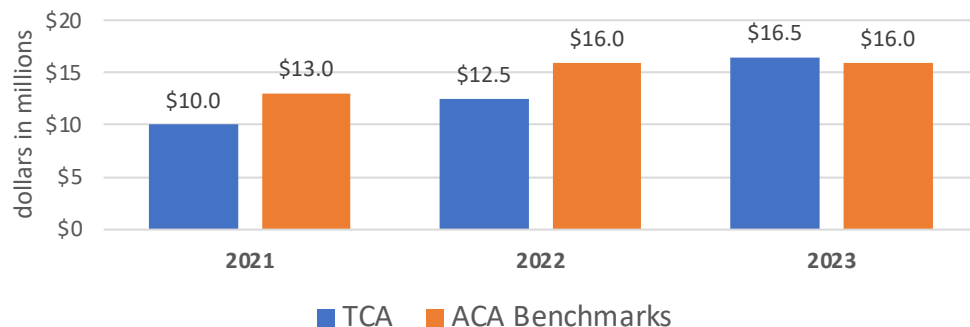
ALL DEALS
MEDIAN PRE-MONEY VALUATION



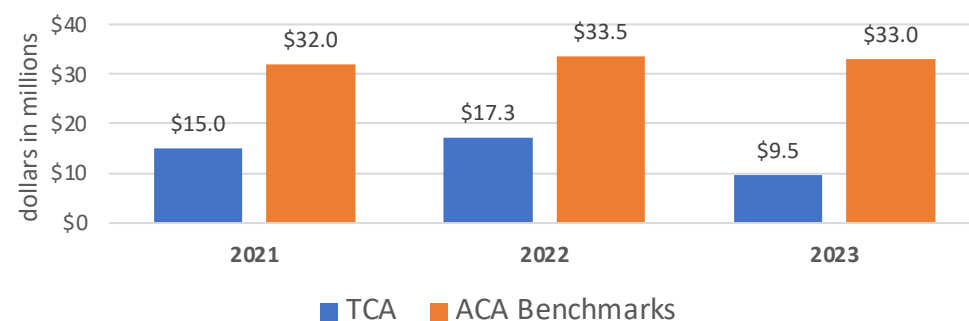
SEED & PRE-SEED
MEDIAN PRE-MONEY VALUATION



SERIES A
MEDIAN PRE-MONEY VALUATION



SERIES B AND LATER
MEDIAN PRE-MONEY VALUATION

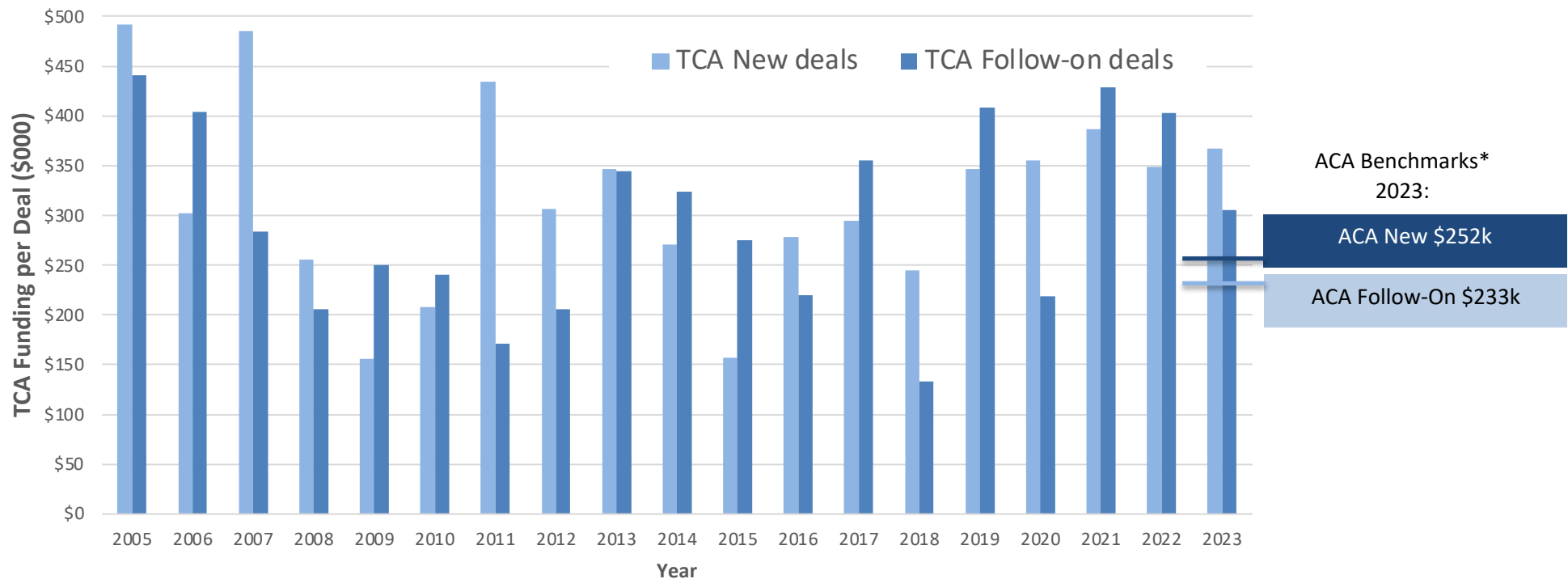


Source: TCA Venture Group; Angel Capital Association Angel Funders Report – [click here for full report](#)

TCA'S 2023 Investment of \$10.9 million was part of a total of \$61 million into those 32 Companies

- TCA funding for new companies in 2023 averaged \$367k per company and 24% of the total round – higher than the ACA benchmark of \$252k
- TCA funding for follow-on companies in 2023 averaged \$305k per company and 16% of the total round – higher than the ACA benchmark of \$233k
- Syndication was critical, and TCA helps with that through ASN and our relationships
- The median total round size in 2023 for new was \$1.5 million (down from \$1.8 million in 2022) and for follow-on was \$1.3 million (down from \$2.6 million in 2022)

AVERAGE TCA FUNDING PER COMPANY



*Note: Angel Capital Association Angel Funders Report – [click here for full report](#)

Tips for Entrepreneurs Going Forward

Dramatic drops in later stage exit activity and valuations, a weak IPO market, and VCs collapsing back to support their existing portfolio companies all translate into a challenging funding environment. But early stage investors like TCA VG continue to invest in great companies.

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 historical averages. Any investment will be hard, and overpricing can be fatal if it leaves you underfunded or unable to secure follow-on funding a year or two in the future without a downround
- Maintain a healthy runway. In the next year or two, 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 direct investment in areas/markets in which you or your group have expertise
- 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**. TCA VG members are all members of ACA, and have access to those **benefits**.
- 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

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