



2019

St. Louis Arch Angels Annual Report



ENGAGING ACCREDITED
INVESTORS IN ST. LOUIS'
STARTUP **ECOSYSTEM**

From the Chairman



Dear Fellow Arch Angels,

I am pleased to present to you the St. Louis Arch Angels' 2019 Annual Report. Our organization once again experienced another solid year of investment in our St. Louis Startup Ecosystem. During 2019 the St. Louis Arch Angels invested \$6.6 million in 21 companies. Six of these were startups making their first appearance with the Arch Angels which resulted in \$675,000 in investment. Fifteen of these companies were already part of our portfolio. The returning companies all had made great progress with their business plans and our members responded by increasing our investment in them by an additional \$5.9 million.

As is indicated by the level of reinvestment in our portfolio companies, we are beginning to see several that are approaching the critical stages that could result in an exit in the near future. We are excited about realizing a return on our investments and our patience but also for what those exits means for the ecosystem as a whole. The reality of some nice exits will mean more investment dollars available to fund the new startups that come to us each year and of course the excitement of our success will create an encouragement for our broader St. Louis community to come join us in investing in St. Louis' future.

Our program continues to benefit from the investment in people and processes that we have made over the past several years. Our administrative team now led by Anne Schweitzer which includes our Washington University Interns have expanded the amount of time they invest in due diligence all to our benefit. We tend to see deals with improved quality and which are more immediately investable as a result. So a big thank you goes out to our Admin Team.

As I write this letter, I would be remiss not to acknowledge the impact the COVID-19 coronavirus is having on our City, our State, our Country and indeed the entire planet. This is a terrible pandemic and its ultimate impact will not be known for some time to come. The loss of life to date is heartbreaking and the fear of more to come even more tragic. The processes being deployed now to limit its impact on humans is also taking a devastating toll on our economy.

None of us know how far this will go but it is safe to say that our Startup Ecosystem will feel its impact. We must all continue to work together. I urge our membership to support personally the various not for profit organizations that support this ecosystem. We also must continue to reach out and encourage our neighbors to join our organization and to co-invest with us in the future of our City. I am always available to speak to new members so please reach out, I am ready to support you.

Finally in closing, I would like to recognize Chris Walsh who retired as our Chief Administrative Officer effective the end of last year. Chris has been with the Arch Angels from our birth to our 15th birthday. And, in startup ecosystem years that is a long time. We have traveled a long way in those 15 years and have learned a lot. We have seen success and are positioned for so much more. Chris worked tirelessly to help us realize this success. Chris, we couldn't have done it without you, thank you.

Best personal regards and on to more success in 2020.

Brian J. Kinman, Chairman

A handwritten signature in black ink that reads "Brian J. Kinman". The signature is written in a cursive style with a large, sweeping initial "B".

Mission Statement



Our Mission Statement is designed to be reflective of the growing and expanding St. Louis Startup Ecosystem and our role in that Ecosystem.

Our Mission Statement follows:

“We are a select group of accredited investors with diverse expertise and experience seeking high potential startup ventures drawn from the St. Louis Startup Ecosystem to fund and support, resulting in success for our funded companies and outsized returns for our members and corporate partners.”

This Mission Statement reminds our board every day of the complexity of our charge and drives our operating decision making.

We recognize our position in the Ecosystem and strive to ensure we manage up to all of our stakeholders’ expectations.

2019 Overview



2019 Companies Receiving Investments – **21**

New - **6**

Follow On - **15**

2019 Investments - **\$6,559,640.21**

New Investments - **\$675,000**

Follow-on Investments - **\$5,884,640.21**

SLAA Cumulative Investments - **\$93,303,977.50**

Our Operating Processes

Our board is focused on bringing our members the best possible Angel investing experience. We describe our operating process through the lens of the Fly Wheel depicted below. We believe that our role in the St. Louis Startup Ecosystem should drive our cooperation with other elements of the Ecosystem and ensure that we also provide a great experience to the founders who present their deals to our members. We may not invest in all the deals presented, but we work hard to provide meaningful feedback and guidance to all the founders who apply for funding.

The St. Louis Arch Angel Investing Fly Wheel

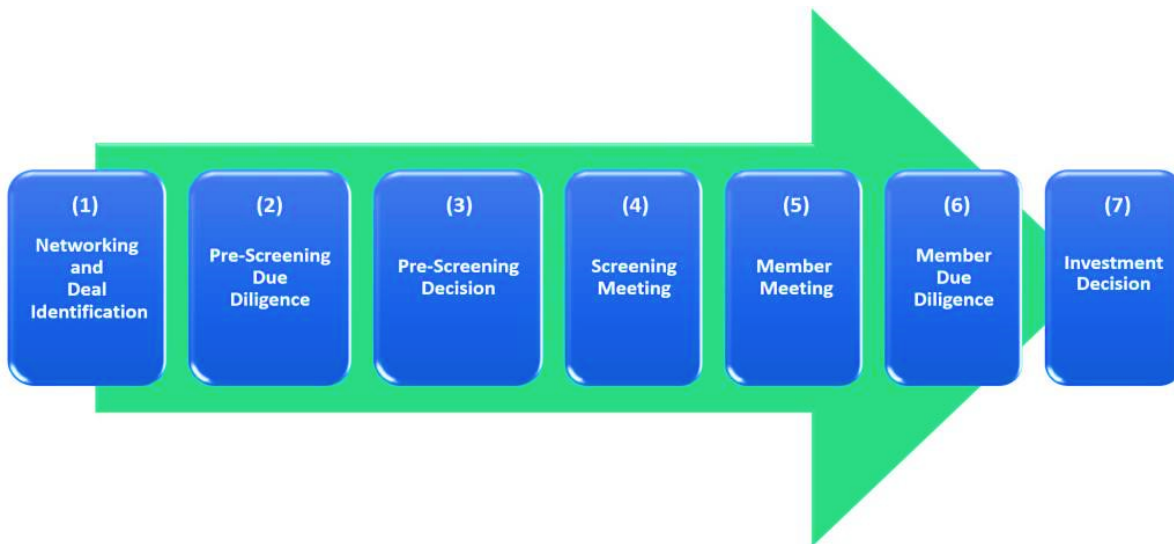
To visually demonstrate this process, the Board created the **St. Louis Arch Angel Investing Fly Wheel**, which shows each step in our strategy to move deals toward increased valuations and a faster exit, focusing on **deal quality, membership involvement with the process and with the company**, and acknowledging the ability of the Angels to bring in additional resources **to support our investments and the St. Louis Startup Ecosystem**.



To go a little deeper, we have developed the following chart to show our process from learning of a company's existence through the company receiving Angel investment.

St. Louis Arch Angel Investment Process

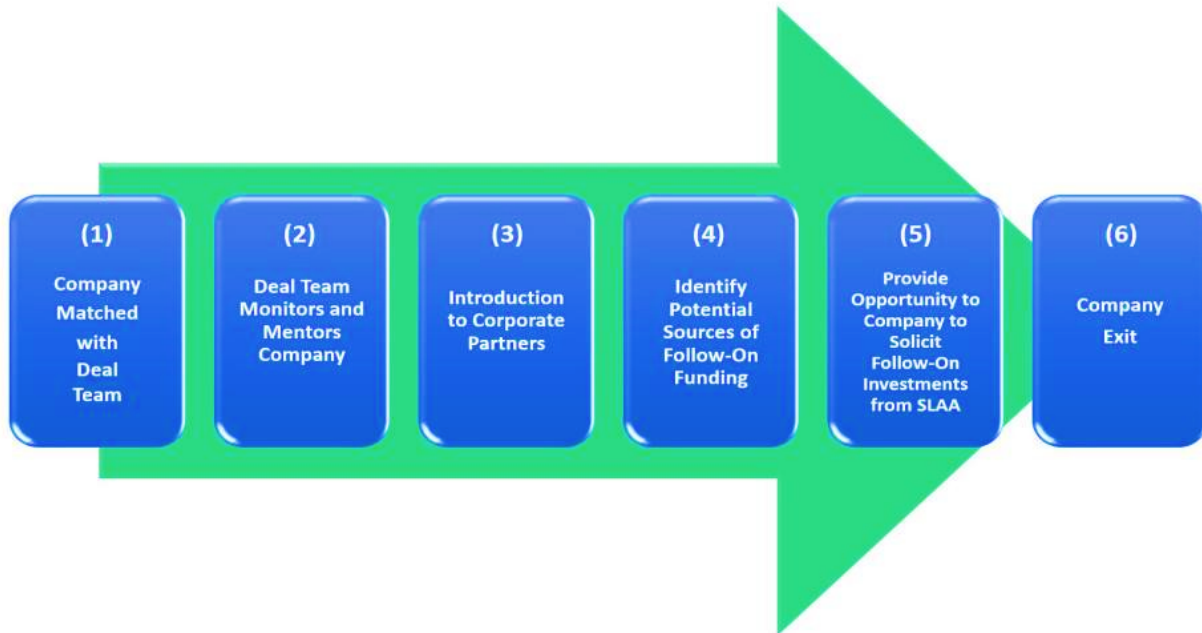
The key elements of each of the seven steps are described below:



- | Step | Description |
|--|---|
| 1) <u>Networking / Deal Identification</u> : | Members of our board routinely network with all the accelerator funds in the Ecosystem as well as with other key influencers to identify potential investible deals. |
| 2) <u>Pre-Screening Due Diligence</u> : | Founders are invited to apply to the Arch Angels through our proprietary link on Gust and our Interns begin to collect information and data on the startups based on predetermined guidelines. |
| 3) <u>Pre-Screening Decision</u> : | Members of our board meet and agree whether or not to move forward with the deal evaluation based on the preliminary data accumulated in step 2. |
| 4) <u>Screening</u> : | The screening committee meets with the founders to hear their pitch and to challenge the founders on their business plans, deal terms and other matters leading to a go/no go decision for presentation to our members at the month end member meeting. |
| 5) <u>Member Meeting</u> : | Members gather on the last Wednesday of each month to hear the selected pitches, ask questions of the founders and to discuss the merits of each potential deal. |
| 6) <u>Member Due Diligence</u> : | Members interested in investing in a particular deal form a deal team, appoint a deal lead and begin due diligence. |
| 7) <u>Investment</u> : | When the deal team decides to invest, the investment tools are used to create unique LLCs to bundle the investments of each individual member. This bundling has many times allowed for a stronger negotiation base including the ability to receive board participation or observation rights. Members are also able to invest as individuals. |

Following investment, the Arch Angels continue to engage with the company as we help move it to a successful exit. The chart below outlines the post investment activities:

St. Louis Arch Angel Post Investment Process (Funded Company Engagement)



The Funded Company engagement phase involves the selection of key interface points between the company and the Arch Angels deal team. This is followed by developing the standards for ongoing monitoring and mentoring of the company by the deal team.

During this phase, we also introduce one or more of our Corporate Partners who may be able to help the company as it moves from startup to a real operating entity. Additionally, the Arch Angels stay involved in helping the company determine when additional funding may be necessary as well as helping to identify potential sources of follow-on funding. The Arch Angels provides our existing investments the opportunity to return to solicit follow-on funding from our entire membership at the appropriate time.

These and other activities demonstrate our commitment to our startup investments as we help them move toward an exit that benefits us all.

About the St. Louis Arch Angels

A Network of Investors

Established in January 2005, the St. Louis Arch Angels is an independent, not-for-profit 501c(6) corporation. The group was established to help individual Angel investors work together to mutual benefit, sharing ideas, insights into the market, and expertise.

Since inception, the Arch Angels have been vital to the success of the St. Louis Startup Ecosystem by providing seed and early investment to startups in the range of \$50,000 to \$1,000,000, an investment need that is often underserved by institutional venture capital firms. Because of this, our network is an important element to the region's capacity to finance innovation emerging from entrepreneurs, universities, and technology incubators.

Our members are all accredited investors from the St. Louis region. They have significant experience in a variety of fields as entrepreneurs, CEOs, venture capitalists, and business leaders who have founded, funded, and/or built companies. We mentor and coach the entrepreneurs we invest in, serving on their boards, providing contacts and assisting them with team building, strategic planning and fund raising. Members do not invest in a pooled fund, but rather as individuals with other members of our network. We recommend our members consider a minimum annual investment of \$50,000. Members always invest under the same terms and conditions. The network's activities are guided by its bylaws and rules of membership.

Leadership



The St. Louis Arch Angels is governed by a Board of Directors composed of the following officers:

Chairman: **Brian Kinman**

Chairman Emeritus: **Gilbert Bickel**

Vice Chairman: **Chris Dalton**

Treasurer: **Jay Baumohl**

Secretary: **Marlie Carlie**

Member at Large: **Mary Brice**

Becoming a Member

Membership in the St. Louis Arch Angels is extended to accredited investors who share our vision and will actively contribute to our process. Our unique network of private investors includes many entrepreneurs who have founded and built their own companies and understand the unique challenges faced by entrepreneurs. Our goal is to grow the membership with individuals who are willing to invest their expertise and time as well as their dollars.

If you are interested in learning more about joining the Arch Angels, please call Anne Schweitzer at 314-420-4406.



2019 New Investments

The companies outlined below represent companies who have presented to the Arch Angels during a membership meeting and who have received investment directly from St. Louis Arch Angels, either as individuals, LLCs, or through partner accelerators.

Through December 2019, members of the group have made initial investments in the following companies:

Ideate Medical

Ideate Medical is a medical device company operated out of St. Louis and Montreal that is changing how endoscopes are cleaned in between uses. Instead of just disinfecting endoscopes like hospitals have done in past, Ideate has invented the Steriscope sterilizer in order to ensure clean, healthy, and safe endoscopes for future use. The team is led by William Wong and Robert Mosher, two longtime experts in the medical device space.

Company Website: <https://ideatemd.com/>

2019 Investment: \$525,000

Initial Investment Year: 2019

Mathbrix

MathBrix is a St. Louis based company that aims to help young children learn math skills. They planned to use this raise to hire more developers, add content for more grade levels, increase features on their platform, and launch a social media marketing campaign. Currently they are in 11 states. A former Ladue School District Assistant Superintendent leads this company. She also led a previous EdTech startup to a successful exit. Mathbrix has many strong partners including the National School Boards Association, the Missouri Technology Corporation, and Capital Innovators.

Company Website: <https://www.mathbrix.com/>

2019 Investment: \$50,000

Initial Investment Year: 2019

2019 New Investments

Passage

Passage has created a platform for event ticketing, merchandise sales, and more for a variety of event verticals. They brand ticketing websites for each vertical. For example, they work with haunted houses and soccer leagues, and have created **HauntPay** and **SoccerStub**, respectively. Passage achieved \$680k in revenue in 2018 and they currently have 322 active clients. They recently upgraded their platform by switching to blockchain to ensure maximum security.

Company Website: <https://gopassage.com/>

2019 Investment: \$10,000

Initial Investment Year: 2019

Scollar:

Scollar is a collar for animals that can replace several technologies used by animals and pet parents. For example, the collar can be programmed to remind pet parents to give medicine, reorder food or other products, or monitor the animal's heart rate and food and water intake. They aim to create a platform, like the smart phone, that can be continuously updated by partners as technologies, needs, and opportunities arise. They are in the process of working with Sprint on a partnership. They are using part of the money from this round to get the "mini" collar to market, finalize the "trek" collar, and move some of the team to Kansas City.

Company Website: <https://www.scollar.com/>

Investment: \$20,000

Initial Investment Year: 2019

2019 New Investments



Smart UQ

SmartUQ is an advanced analytics company specializing in uncertainty quantification, bringing "real world variability" to data systems and work flows. Peter Chien and his team started the company to address issues of one of the Nation's largest defense contractors. This defense contractor says that SmartUQ saved them millions of dollars. SmartUQ has branched out to work with over a dozen other companies and anticipates a market opportunity of \$1.2b. Their software is able to quantify over 1,000 variables at a time, compared its closest competitors who can only quantify around 20 variables at a time. Their client list extends in industries such as security, energy, and aerospace and defense.

Company Website: <https://www.smartuq.com/>

2019 Investment: \$50,000

Initial Investment Year: 2019

StaffedUp

StaffedUp is a SaaS company which connects employers to employees, focused currently on the restaurant and hospitality industries. The founders both have experience in the restaurant industry. They offer a free trial and claim to be 7x faster than traditional hiring practices.

Company Website: <https://staffedup.com/>

2019 Investment: \$20,000

Initial Investment Year: 2019

2019 Follow-on Investments

Adarza Biosystems

Adarza Biosystems is an early stage medical diagnostics company. They are developing a rapid platform for measuring point of care samples. In 2019 they revealed their ZIVA platform which is a fully automated protein multiplex detection system. This new system can measure, analyze, and report on up to 200 biomarkers quickly and efficiently. They are led by Bryan Witherbee who has an impressive track record of working with industry leaders and helping them successfully launch solutions for advanced biotech problems.

Company Website: <https://adarzabio.com/>

2019 Investment: \$50,000

Cumulative Investment: \$3,080,016

Initial Investment Year: 2013

Aptimmune

Aptimmune Biologics is an animal pharmaceuticals company based in St. Louis. They currently own the license rights to a cell line called ZMAC. This can be used to fight the African Swine Fever. In January 2019 Aptimmune hired a new CEO, Dr. Heather Bessoff. Dr. Bessoff has experience with successful biotech start-ups. Dr. Perry Harms was also added to the team as a technical consultant. He has 25 years experience in the industry and is a swine population expert. One of the board members is SLAA Chairman Brian Kinman.

Company Website: <http://aptimmune.com/>

2019 Investment: \$100,000

Cumulative Investment: \$2,983,111

Initial Investment Year: 2016

BacterioScan

The St. Louis Arch Angels first invested in BacterioScan in 2013. In May 2018, BacterioScan received FDA approval for BacterioScan 216DX, which helps doctors quickly diagnose urinary tract infections. In 2019, BacterioScan announced a disruptive approach for rapid identification of pathogens that cause infectious disease. Ideally, Bacterioscan is able to help doctors diagnose infectious diseases quicker, not only allowing for earlier treatment, but also increasing the number of treatment options. They presented at IDWeek, the Infectious Diseases Society of America's annual conference.

Company Website: <https://bacterioscan.com/>

2019 Investment: \$25,000

Cumulative Investment: \$300,000

Initial Investment Year: 2013

2019 Follow-on Investments

Canopy Biosciences

Canopy Biosciences provides research tools for genetic engineering, molecular biology, and personalized medicine. Founded in 2016 by industry veterans in biomedical research and genetic engineering, Canopy has successfully identified cutting-edge technologies from some of the world's most respected academic institutions and rapidly brought them to market as innovative products and services. In 2019, Canopy completed the acquisition of Zellkraftwerk GmbH. Zellkraftwerk was one of the leaders in multiplex cytometry (the measurement of the characteristics of cells). This combination should help Canopy support clients in drug development research. At the same time, Canopy closed a growth investment round with Ampersand Capital Partners which will hopefully lead towards what appears to be a bright future.

Company Website: <https://canopybiosciences.com/>

2019 Investment: \$144,639.74

Cumulative Investment: \$394,640.74

Initial Investment Year: 2018

Cultivation Capital Funds

Cultivation Capital is a St. Louis based venture capital fund that began in 2012. They focus mostly on life sciences and health tech, software and IT, and agriculture and food tech. In 2019 they had two more exits with Galera Therapeutics going public in November and an acquisition of Host Analytics by Vector Capital. That brings their total exit number to seven. They also have a current investment in the start-up, FinLocker which is a financial tech firm that has been named a “min-corn.” With the most recent raise this year, Cultivation Capital’s tech fund has topped \$70 million.

Company Website: <https://cultivationcapital.com/>

2019 Investment: \$1,775,000

Cumulative Investment: \$3,668,650

Initial Investment Year: 2016

2019 Follow-on Investments

Euclises

Euclises Pharmaceuticals is a St. Louis based pharmaceutical company founded in 2011 by renowned drug developer John Talley. Since 2011 Euclises has demonstrated success and reached many milestones. Recently, Euclises developed a therapy to slow and in some cases eradicate tumors. They are achieving success by altering immunosuppressive microenvironments to help patients respond to immune-oncology drugs. They are also working on a drug that will increase the success of epidermal growth factor receptors in fighting cancer.

Company Website: <http://www.euclises.com/>

2019 Investment: \$15,000

Cumulative Investment: \$2,486,250

Initial Investment Year: 2012

Finlocker

Finlocker secured a third patent in July 2018, further innovating its proprietary analytics engine and digital vault functionality. They were named one of Missouri's top 10 companies by Silicon Prairie News in 2018 and followed that up by being named one of the best tech start-ups in St. Louis in 2019. Also in 2019 they brought Brian Vieaux on board to be their new president, they added Equifax consumer credit solutions to their platform, and they partnered with ARIVE in the mortgage lending space.

Company Website: <https://www.finlocker.com/about-finlocker/>

2019 Investment: \$50,000

Cumulative Investment: \$1,995,000

Initial Investment Year: 2016

Lean Media

LeanMedia, which specializes in placing ads in the agriculture space, was originally funded by members of the St. Louis Arch Angels in 2017. They aim to move from a service company to a SAAS model, and are developing an "audience management platform" to do so. They plan to raise \$2mm in March of 2021 when they achieve \$3mm+ in SAAS annual revenue. They are past winners of the St. Louis Arch Grant in 2017.

Company Website: <http://www.lean-media.com/>

2019 Investment: \$250,000

Cumulative Investment: \$400,000

Initial Investment Year: 2017

2019 Follow-on Investments

Balance/Life Equals

In February 2019, Balance (formerly Life Equals) completed a \$2.35 million round that included Dream pact Ventures, whose members participate with the St. Louis Arch Angels, as well as several other Arch Angel members. Life Equals also rebranded to Balance the Superfood shot. This beverage is available on Amazon and at Whole Foods and other retailers.

Company Website: <https://superfoodshot.co/>

2019 Investment: \$700,000

Cumulative Investment: \$1,500,000

Initial Investment Year: 2018

Moleculera

Moleculera helps test whether individual's psychiatric issues are a direct result of autoimmune diseases. The company continues to see success. New research from 2018 showed that biomarkers included on Moleculera Labs' Cunningham Panel™ are helpful in identifying a subset of autistic children likely to benefit from IVIg therapy. Through the IVIg therapy, they have many success stories and many testimonials of people who credit Moleculera for correctly identifying a disease that previously had been a mystery.

Company Website: <https://www.moleculeralabs.com/>

2019 Investment: \$100,000

Cumulative Investment: \$585,000

Initial Investment Year: 2013

2019 Follow-on Investments

Plastomics

Plastomics, which also received Angel funding in early 2018, is in the agricultural technology space. They updated us about their new platform in which traits can be inserted into the chloroplast of a plant, rather than into the nucleus. They have had successful tests of their platform and are focused on the corn market. Their technology helps farmers by improving insect resistance and trait stacking in crops, and fighting against herbicide tolerant weeds. In addition to the St. Louis Arch Angels, they are financially partnered with Biogenerator, The Yield Lab, and the Missouri Technology Company among others.

Company Website: <http://plastomics.com/>

2019 Investment: \$400,000

Cumulative Investment: \$550,000

Initial Investment Year: 2017

Ryvit

Ryvit is in the construction industry space, helping construction companies to work more efficiently through connecting their various platforms. They provide an iPaaS+™ solution that helps applications communicate with each other which in turn helps construction companies preserve time and optimize for more profitability. They have received many ringing endorsements and positive testimonials including one from MER stating “We will be using Ryvit for the next several years. Without question.” Ryvit is led by Tom Stemm who has decades of experience in building companies from the ground up.

Company Website: <https://ryvit.com/>

2019 Investment: \$1,675,000.47

Cumulative Investment: \$2,475,000.47

Initial Investment Year: 2017

2019 Follow-on Investments

Sequoia Sciences

Sequoia Sciences is a pharmaceutical company developing medicines targeting bacterial infection and cancer. In September 2018, Washington University researchers demonstrated Sequoia's lead compound SQ1274's efficacy in animal models of ovarian and uterine cancer. Scientists at Sequoia and AMRI worked together to optimize bifidenone: a plant-derived anticancer compound which was published in Journal of Medicinal Chemistry.

Company Website: <https://sequoiasciences.com/>

2019 Investment: \$25,000

Cumulative Investment: \$7,346,327

Initial Investment Year: 2008

Six Thirty

SixThirty is a St. Louis based investment fund. They raised over \$7 million to invest in innovative financial technology and insurance technology start-ups. That year they announced strategic partnerships with both Commerce Bank and Allianz Life Ventures. Their portfolio of companies consists of over 50 different entities including names such as Assembly, Bankjoy, Finlocker, Hydrogen, PayKey, and Upside. Their companies operate all over the globe and have a presence as far away as Europe and the Asia-Pacific region.

Company Website: <https://sixthirty.co/>

2019 Investment: \$550,000

Cumulative Investment: \$2,250,000

Initial Investment Year: 2013

Yield Lab

The Yield Lab is focused on bridging the critical gap between innovation and fruition of new agricultural technology by supporting early stage companies. The Yield Lab provides new AgTech companies with \$100,000 in funding, mentors, and connections supported by agriculturally solid framework of organization and businesses from the St. Louis area.

2019 Investment: \$25,000

Cumulative Investment: 1,062,500

Initial Investment Year: 2014

Funded Companies to December 2019

ACTIVE (83)

<ul style="list-style-type: none"> • Acera Surgical • Adarza Biosystems • Agribody Technologies • Agvoice • Aisle411 • Apse • Aptimmune • Arvegenix • Bacterioscan • Benson Hill Biosystems • Boditrak Sports • Bonfyre • Canopy Biosciences • Cardiaform • Cardialen • CellAride • CheckTheQ • Cogno • Coolfire Studios • Elemental Enzymes • Elira Therapeutics • Endostim • Epharmix • Euclises Pharmaceuticals • Finlocker • Focalcast • Galera 	<ul style="list-style-type: none"> • Generico • Graematter • Greetabl • Gremlin • Hatchbuck • Immunophotonics • Ideate Medical • Island Radar Company • IV Diagnostics • Kalocyte • Katalyst Surgical • Kingdom Scene Endeavors • Kogent Surgical • Kypha • Lean Media • Life Equals • Lockerdome • MaxOne (Programax) • Mathbrix • Mobius Therapeutics • Moleculera Labs • Nanopore Diagnostics • Nawgan • Neuroolutions • New Leaf Symbiotics (Trophomax) • Nexmatix (Aerovolve) • Passage 	<ul style="list-style-type: none"> • Pixel Press Technology • Plastomics • ProteoSense • Pulse Therapeutics • Radialogica • Rovermed • Rozzy Learning • Ryvit • S4 • Scollar • Sequoia Sciences • SixPlus (BookaLokal) • Smart UQ • Soozie's Doozies • SmashToast • StaffedUp • StatRoute • SteadyMD • Summersalt (Lori Coulter) • SwipeSum • TrackBill • Transactly • Traxsson • Tunespeak • Viosera Therapeutics
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OTHER INVESTMENTS (6)

CEASED OPERATIONS (9)

<ul style="list-style-type: none"> Capital Innovators Cultivation Capital Fin Tech Funds I Cultivation Capital Life Sciences Fund I & II Cultivation Capital Tech Fund SixThirty The Yield Lab 	<ul style="list-style-type: none"> Akermin (2016) Appistry (2017) Cervimark (2009) Edunn Biotechnology (2013) Epigenetx (2018) 	<ul style="list-style-type: none"> Gamerail (2008) Global Velocity (2017) Hirjo (2018) LangLearner (2013)
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EXIT (11)

<ul style="list-style-type: none"> Full (9) Confluence Life Sciences - Acquired by Aclaris Therapeutics Inc. (2017) Divergence - Acquired by Monsanto (2011) Gridlogix - Acquired by Johnson Controls (2009) Newsy - Acquired by E.W. Scripps (2013) Somark - Acquired by Two Oceans Pty (2013) SynerZ - Acquired by undisclosed party (2016) U.S. Spine - Acquired by Amedica Corporation (2010) Veniti - Acquired by Boston Scientific Corporation (2018) Galera - IPO (2020) 	<ul style="list-style-type: none"> Partial (2) Clearent (2015) GainSight (2013)
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