Maine Angels

Individual Investors in Early Stage Ventures

Sandra Stone
Chair Emeritus, Maine Angels
E2Tech Expo - Nov 17, 2017
Maine Angels
an investment network

Maine Angels members are accredited* private equity investors who invest in and mentor early stage companies.

We collaboratively identify & vet promising start-up companies with prospects of high growth in Maine & New England. We make individual investment decisions in a specific opportunity.

Objective = profitable exit for both investors & entrepreneur.
- NOT interested as Long-term silent partner!
- We analyze fit for a high return in 5-7 years
- Due to our value add and the “opportunity cost” (possible alternative returns) of funds being invested elsewhere, expect a higher premium for the high risk & illiquidity of the venture.

* Defined by the SEC: > $200,000 income OR > $1,000,000 net assets
Maine Angels Portfolio
Since 2004, >$22.3 M in 77 companies *(10/1/17)*

<table>
<thead>
<tr>
<th>Portfolio of 37 Maine Investments Includes:</th>
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</thead>
<tbody>
<tr>
<td>Chimani* &lt;br&gt;ENHANCING THE OUTDOORS</td>
</tr>
<tr>
<td>Ab*Gen &lt;br&gt;ACADEMIC Merit</td>
</tr>
<tr>
<td>cerahelix</td>
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<tr>
<td>abiertoc &lt;br&gt;NETWORKS</td>
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<tr>
<td>Double Blue &lt;br&gt;Sports Analytics</td>
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<tr>
<td>MAINE CRAFT &lt;br&gt;DISTILLING</td>
</tr>
<tr>
<td>ORPC &lt;br&gt;OCEAN RENEWABLE POWER COMPANY</td>
</tr>
<tr>
<td>CHEATING • GOURMET. CRAFTED SEAFOOD</td>
</tr>
<tr>
<td>NORTHSTAR BRANDS</td>
</tr>
<tr>
<td>GELATO FIASCO</td>
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<tr>
<td>HYPERLITE MOUNTAIN GEAR</td>
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<tr>
<td>Acadia Harvest Inc.™</td>
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<tr>
<td>CourseStorm</td>
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<tr>
<td>Pika</td>
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<tr>
<td>Maine Wealth Partners&lt;br&gt;Residential Real Estate Investments</td>
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<tr>
<td>Introspective Systems&lt;br&gt;Complexity made Simple™</td>
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<tr>
<td>MINGLE ANALYTICS</td>
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<td>Redd</td>
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<td>SaviLinx</td>
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Value Add of Angel investor

- Mentoring
- advisory committee
- board member
- specific industry expertise
- important rolodex of contacts
- awareness of or access to resources

* offer good advice, focused expertise, industry knowledge and connections
Unlike most other Angel groups, Maine Angels Investment Portfolio covers multiple sectors:

- Biotechnology: 13%
- Media/mobile: 13%
- Medical devices: 10%
- Food & beverage: 8%
- Internet/IT: 8%
- Electronics: 8%
- Consumer products: 8%
- Retail: 8%
- Clean technology: 6%
- Education: 6%
- Software: 6%
- Financial services: 6%
3 portfolio companies in the Energy sector

<table>
<thead>
<tr>
<th>Company</th>
<th>Year</th>
<th>Funding</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cerahelix</td>
<td>2012</td>
<td>$1,275,000</td>
<td>Industrial water filtration</td>
</tr>
<tr>
<td>ORPC OCEAN RENEWABLE POWER COMPANY</td>
<td>2007+</td>
<td>$100,000</td>
<td>Hydrokinetic power system technology</td>
</tr>
<tr>
<td>Pika ENERGY</td>
<td>2012+</td>
<td>$1,923,000</td>
<td>Flexible, future-ready home energy storage</td>
</tr>
</tbody>
</table>

Multi rounds (follow-on investments) in each company
Total >$1M in addition to funding from MTI, MVF, CVI, other angel groups, & SBIR grants
ACA New England (Angel Capital Assoc.)
(24) Angel Groups
Possible syndication partners

- Angel Investor Forum - East Hartford, CT
- Beacon Angels - Boston, MA
- Boston Harbor Angels - Boston, MA
- Boynton Angels - Worcester, MA
- Cherrystone Angel Group - Providence, RI
- **Clean Energy Venture Group - Boston, MA**
- eCoast Angels - Portsmouth, NH
- ECS Angels - Bar Harbor, ME
- Edible Ventures Group - Boston, MA
- Golden Seeds LLC - Boston, NYC, & San Fran
- HubAngels - Cambridge, MA
- Landmark Angels - Greenwich, CT
- Launchpad Venture Group - Wellesley, MA
- **Maine Angels - Portland, ME**
- Mass Medical Angels - Brookline, MA
- North Country Angels - Burlington, VT
- Northeast Angels - Milford, NH
- Ocean State Angels - Providence, RI
- Pipeline Angels - Boston, MA
- River Valley Investors - Springfield, MA
- SideCar Angels - Wellesley, MA
- TiE Angels - Boston - Boston, MA
- UMass Lowell New Venture Fund - Lowell, MA
- Walnut Venture Associates - Wellesley Hills, MA

**ACA Affiliate Organizations Partner:** Maine Venture Fund (MVF) - Newport, ME
What companies are not a good fit for angel investment?

Biggest Obstacle: **not being ready** for outside investment.
* Not really knowing your business
* Not knowing how to articulate your business model
* Not wanting the close examination of due diligence
* Not willing to least provide regular progress reports or board observation rights.
* Not willing to share decision-making with an outside board member or have your decisions perhaps challenged
* No interest to exit or exit is over 10 years in the future

**Type of business** not really scalable or growth oriented:
* life style businesses
* Family business as legacy to your kids
* most one location retail
* most small business endeavors
* most service providers
Maine Angels may be just the start

If you apply online to Maine Angels:
- And…. You are NOT selected to present to Maine Angels
- Or … You present but get a pass
- Or … Due Diligence does not result in investment
- Or … We can’t come to mutually agreeable terms /valuation

*** Insufficient member interest DOES NOT mean your business idea can’t or won’t succeed!
WE may just not be the right fit!
Maine Angels is NOT an early mentoring organization.

We will refer “not ready” or “non-fit” out to

Maine’s ecosystem of support
Ecosystem strategic partners can often be a great entrée to approach angel groups. Accelerators/mentor programs/ legal & accounting professionals can often help connect you to your champion. Maine Angel members do not want to be sent unsolicited biz plans but appropriate Warm Referrals are usually welcome! Connect early, Engage through the ecosystem, Attend sector networking/learning events like E2Tech Expo and general ecosystem events such as MSCW (June 18-22, 2018) You want to start making financial connections 12-18 months before you need them just to get on their radar screen!

THANK YOU!

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Extra slides
• when a company would seek investment
• what investment opportunities Angel investors look for.
• What needs to be part of a solid request for funding?
• Sustainable asset investment opportunities
When should a company seek investor funding?

- **Product** = more than idea stage
- **proprietary** features distinguish it from potential competitors
- some "**proof of concept**" revenue
- clear, plausible **exit strategy** for 5-10x returns within 5-7 years
- Typical valuation at 1st funding below $5 million
- Typically seeking 1st round of $100,000-$2,000,000
- financial projections based on sound assumptions = profit & growth

* Maine Angels usually seeks ventures within New England/driving distance for site visit/ board accessibility, ability to have networks and value add.*
What investment opportunities do Angel investors look for?

- **Management team** capable of executing the plan
- **Emerging market** for the product
- **Scalable business model** with plans to meet growing markets
- **Differentiated** product or service
- **Low capital expenditures**
- **Understand the user or customer**
- **Clear, actionable plan** to reach milestones with the funds raised
- **Achievable exit strategy** at multiple times investment
- **Attractive deal terms**
What needs to be part of a solid application for funding?

• Successful applications will include:
  • market assessments: consumer/client interests (demand), competition (supply)
  • Sound fiscal projections
  • Identify the team and what bring to the table
  • How will use of funds and milestones to be achieved with $

• Entrepreneurs should submit:
  • Executive Summary
  • Business Plan
  • Financial Plan
Like traditional real assets, Sustainable Real Assets will become efficient over time. Evolving opportunities exist today for nimble investors.

**INEFFICIENT**
- higher perceived risks / high rates of return

**EFFICIENT**
- lower perceived risks / low rates of return

### ENERGY
- Storage

### AGRICULTURE
- Indoor Agriculture
- Water Infrastructure
- Timber

### TRANSPORT
- Autonomous
- Charging Infrastructure
- Toll Roads

### REAL ESTATE
- Smart Buildings
- Land Banks
- Commercial Real Estate

*(Nov 2017 - Cambridge Associates observations)*