

## Welcome to The Innovator



Welcome to the Q4 2021 issue of **The Innovator**, a quarterly newsletter for **iiM, LLC**. What is **iiM**? We are a funding platform for early-stage companies in the animal health, agriculture, and human health verticals. In this newsletter, we intend to share educational information, ideas, and a perspective on the investments we are making. If you do not want to receive this publication, please let us know and we will remove you from the list of recipients. Please enjoy this issue of **The Innovator**.

*Lydia Kinkade, iiM Managing Director*

## 2021 Mid-Year AgTech Venture Capital Investment Round Up

*By Kyle Welborn / June 29, 2021*



Halfway through the year, 2021 is shaping up to be another record year for AgTech venture capital investments. So far, just over \$4.3B has been invested in the sector across 263 deals. In all of [2020](#), \$5.15B was invested in this sector. If this pace holds, the 2021 investment total will be 70% higher than last year. In addition to increasing investment dollars, the number of deals completed is also on pace to increase 25% over last year.

Of these deals, 60% were in early-stage startups (companies that have raised less than \$10M in capital), 24% were in emerging stage startups (companies that have raised between \$10M – \$50M in capital), and 16% were in later stage startups (companies which have raised more than \$50M in capital). The high percentage of early-stage deals represents a bounce back

from last year's slowdown driven by Covid-19 when many venture capitalists focused on follow-on investments in their existing portfolio companies.

Read more at <https://www.croplife.com/precision/2021-mid-year-agtech-venture-capital-investment-round-up/>.

## Venture Investing Terminology

There are many terms in the venture capital world that can be confusing. As we look at various companies and meet with their founders, you may hear us use some of this terminology. Here are a few such terms and what they mean.

**Preferred Stock** — Preferred stock or preferred shares: typically offered for the investors of a company. Common stock or common shares: typically issued to founders, management, and employees. Preferred stock is usually convertible into common stock in certain cases such as an IPO or the sale of the company. In a liquidation event, preferred shares generally take priority over common shares. Later rounds of preferred stock in a private company are called Series B, Series C and so on.

**Recapitalization** – The reorganization of a company’s capital structure. After several funding rounds the company cap table i.e. ownership structure might have grown to be too complex by having several very distinct share classes with strong liquidation preferences etc. In this kind of situation, a recap might be needed to convince new investors to join the party or existing investors to invest additional funds. A recap might mean that all different share classes are converted to one or two more simple share classes.

**Reverse Vesting** – Reverse vesting occurs when a company’s co-founder receives (or has received) his or her shares and ownership interest upfront. This exchange is subject to vesting similar to employee stock options. If the co-founder leaves, the company may repurchase a set amount of those shares.

The founder already owns all the shares with reverse vesting and may be forced to sell a specific percentage of them for no profit if the complete vesting period hasn’t been finished. Reverse vesting is a term used to define a specific situation where an independent contractor or an employee gets stock that’s subject for the company to repurchase at-cost. The right to repurchase lapses the vesting period.

This is the opposite of a normal situation, where a provider for a service gets the right to buy stock or an option, but he or she can’t use that right until the provider vests. Many investors and employees must earn shares by staying with the company for a while through a vesting provision or from buying the equity. Founders have an advantage over them, as they get equity with the company from their first day of employment.

**Secondary Sale** – A secondary sale is when a shareholder (typically one of the founders or an early employee or an early investor) of a private company sells his or her shares to another buyer, often prior to an IPO.

Secondary sales often happen in conjunction with pre-IPO funding rounds. The gaming company Zynga, for example, did a nearly half a billion-dollar financing round before their IPO which included a certain amount set aside for the founder’s shares and early employees who wanted to cash out on their shares.

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## Envara Health Named Winner of 2021 PACT Enterprise Awards

July 9, 2021

*Note: Envara Health is an iiM Portfolio Company*

MALVERN, Pa., July 9, 2021 /PRNewswire/ -- [Envara Health](#), a venture-backed company focused on advanced nutrition, was named Life Sciences & Healthcare Startup of the Year by the Philadelphia Alliance for Capital and Technologies (PACT) during the organization's 28<sup>th</sup> annual Enterprise Awards, held on June 30<sup>th</sup>.

Envara Health was recognized for the technology innovation, significant unmet market need, and early commercial traction of its breakthrough product, [Encala](#)<sup>®</sup>. Encala is a powder, made of plant-based components, that is clinically proven to address fat malabsorption. Over 1.5 billion people worldwide struggle with inadequate fat absorption due to digestive diseases, which includes exocrine pancreatic insufficiency (EPI) and other diseases of the pancreas, liver and gastrointestinal tract. Encala provides a source of highly absorbable, needed long chain fats, and improves the absorption of other fats and micronutrients in a meal.



Read more about **Envara** at <https://www.prnewswire.com/news-releases/envara-health-named-winner-of-2021-pact-enterprise-awards-301328719.html>.

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# Resilient Biotics Wins First-Ever Beef Alliance Startup Challenge

March 25, 2021

*Note: Resilient Biotics is an iIM Portfolio Company*



MANHATTAN, KS – Resilient Biotics, a North-Carolina-based startup company, has been named the winner of the 2021 Beef Alliance Startup Challenge. Resilient Biotics is using data analytics to design microbiome-based therapeutics and advanced methods for prevention and precision treatment of disease in animals.

The Startup Challenge is a unique opportunity to connect early-stage companies that are developing solutions for the cattle feeding industry directly with prospective customers. In its first year, the Startup Challenge attracted more than 30 startup companies from around the globe. Beef Alliance members narrowed the initial pool of applicants down to 10 finalists that were invited to pitch their solution directly to the leaders of Beef Alliance member companies during a virtual pitch event on March 9. Scott Whitefoot, Beef Alliance chairman, said the Beef Alliance initiated the Startup Challenge to establish the cattle feeding segment as an attractive space for innovators and investors.

Read more about **Resilient Biotics** at [https://beefalliance.com/wp-content/uploads/2021/03/News-Release\\_Startup-Challenge-winner-announced.pdf](https://beefalliance.com/wp-content/uploads/2021/03/News-Release_Startup-Challenge-winner-announced.pdf).

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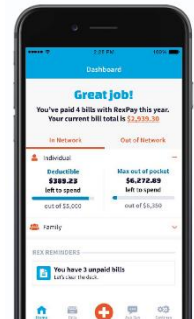
## A Look at a Portfolio Company

We are pleased to currently have 15 companies in the **iIM** portfolio with due diligence underway for additional investments. One of our more recent portfolio companies is **Rivia Health, Inc.**, with operations in Phoenix, AZ.



**Rivia** is a mobile application that digitally sends medical bills and reminders to patients' smartphones on behalf of providers. It was founded by CEO Rachel Mertensmeyer in

2018 after she recovered from a serious medical injury that left her with 38 bills across 11 different providers totaling over \$10,000 in out-of-pocket costs. While recovering from her accident, Rachel felt the pain of trying to track how and when each bill was due and used credit cards to finance her debt because she was unaware of payment plan options.



Medical billing in the U.S. is a confusing and fragmented process for patients where visibility to existing safe financing options is obscured. This patient problem causes healthcare providers to lose billions of dollars a year (\$38BN in 2016, ACA Report) in delayed and defaulted patient payments, as well as operating overhead costs driven up by patient confusion. The **Rivia Health** app explains bills and insurance coverage, organizes bills & payments, allows patients to pay all doctors in one place, and helps find available financing options for patients. Patients can track past payments, bills due, and current deductible and out-of-pocket cash maximum. **Rivia's** API provides two-way data transfer with a health system EMR and full automation of patient pay engagement.

**iIM** made an initial investment in **Rivia Health** with a convertible note in July 2021.

<https://www.riviahealth.com/>

## About iiM

**iiM (Innovation in Motion)** is a funding platform for early-stage companies in the Animal Health, Human Health and Agriculture verticals. The company invests \$100,000 - \$500,000 in selected companies. **iiM** is building a diversified portfolio of companies – currently there are 15 with commitments to fund at least two more – with a target of at least 30 to 40 portfolio companies. A professional staff guides 33 investors making investments across the United States and Canada.

The **iiM Syndicate** entitles its members to participate in all the **iiM** meetings and pipeline calls; review prospective investments; view due diligence materials and invest only in those companies that each member chooses. And an investment can be as little as \$5,000.

Why a syndicate? Syndicate members invest alongside **iiM Investor Members** to produce a cumulative capital investment that is meaningful to new portfolio companies. Further, if the capital commitment is large enough, **iiM** may be in a position to lead the investment round and secure even better terms and conditions for all investors. In one investment, Investor and Syndicate members pooled capital totaling \$530,000 to invest in a Series A Preferred Stock round. Syndicate members must be Accredited Investors and pay \$2,500 per year to participate.

If you are interested in attending an **iiM** meeting or want more information about the **iiM Syndicate**, please contact **Lydia Kinkade**, Managing Director, at [lkinkade@iimkc.com](mailto:lkinkade@iimkc.com) or (913) 671-3325. The **iiM** website is [www.iimkc.com](http://www.iimkc.com).