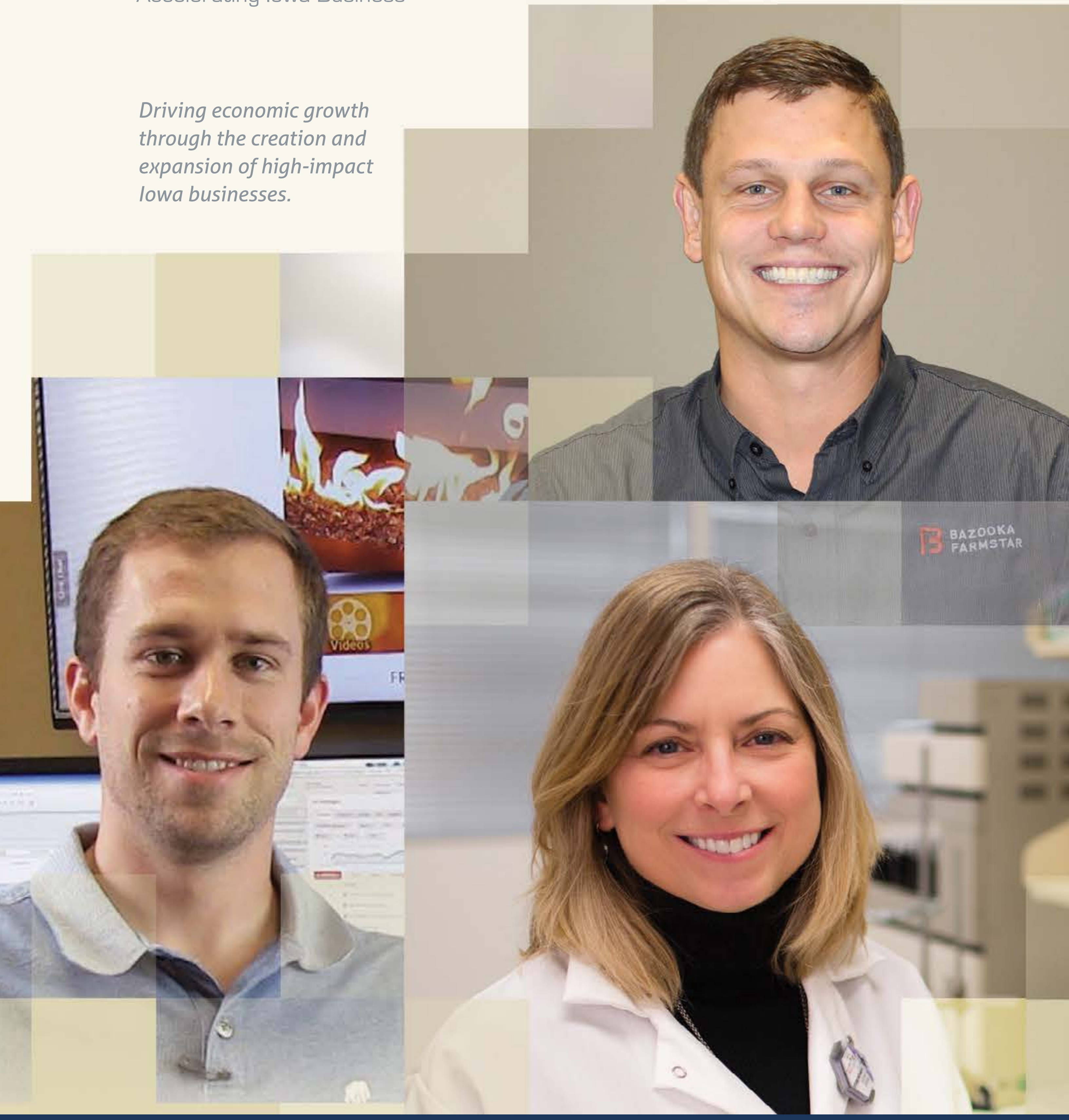
edc

Accelerating Iowa Business

2021 Mid-Year Stakeholder Report

Driving economic growth through the creation and expansion of high-impact Iowa businesses.



EDC Mid-Year Stakeholder Report 2021

Dear EDC Stakeholder,

This mid-year report finds ourselves, and our client businesses, adapting to an evolving new normal. To date, 2021 has been exciting, with many strong performing companies experiencing significant growth despite (and in some cases because of), the marketplace impact of the pandemic. It has been inspirational to witness the tenacity of the entrepreneurs we serve as they are all successfully navigating an unparalleled market phenomenon.

We are not completely out of the pandemic's "woods," as many of our clients continue to struggle with supply chain issues, unpredictable demand and limited workforce availability. They continue to need EDC's support and guidance to navigate these unusual dynamics. This challenging time has reminded us that entrepreneurs can be very agile during times of great uncertainty, and we can support them through these challenges using the experience and processes we have honed over the last 19 years.

As you continue to evaluate the changing landscape of your own target markets, supply chain and employee pool, feel free to reach out to our team at EDC for support in all areas of your business: strategic planning, marketing, operations, funding, team building and more. We are here as a resource to your business.

This mid-year report includes three mini case studies that highlight the success stories of Oasis Street Foods, Steel Therapeutics and CryptoStopper—one an established company that underwent a brand refresh and expansion, one a startup pharmaceutical company and the last, a growth-stage ransomware (cybersecurity) mitigation company. We hope that you enjoy reading about these growing, innovative Iowa companies. Thank you for your continued support of EDC—without your support, the EDC team could not do this important work with Iowa's high-impact businesses.

Sincerely,

Julie Zielinski
VP, Marketing & Strategy
EDC, Inc.

"As a mature business, we have appreciated EDC's insights on how to further refine our processes and improve our strategic focus. We are working diligently to diversify our target customer mix, leveraging DAD's manufacturing expertise and expanding our reach, while at the same time, improving our operations and rounding out our team."

Dave Dohrmann, President
D.A.D. Manufacturing

EDC thanks our stakeholders for their generous support of Iowa's entrepreneurs.

LEADER LEVEL

Alliant Energy

IOWA economic development

Cedar Rapids Bank & Trust

City of Iowa City — UNESCO City of Literature

Coralville

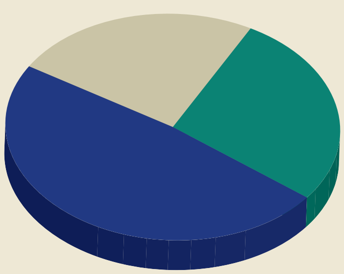
Cedar Rapids — City of Five Seasons

July 2021 – In the first six months of 2021:

Active Clients

So far in 2021, EDC has attracted two new clients with the total number of clients under current support numbering 29.

- 8 are long-term area businesses seeking growth or restructuring assistance.
- 14 are early-stage businesses seeking growth and capital assistance.
- 7 are pre-revenue businesses seeking assistance with their business models, teams and startup capital.



Client Case Study

Client: *Naftaly Stramer and Ofer Sivan, Co-Founders*
Location: *Iowa City*
Product: *Full-service Middle Eastern restaurant in Iowa City that also produces an all-natural hummus*
Year Founded: *2004*
Business Stage when came to EDC: *Mature*
Current Business Stage: *Mature*
Website: *oasisstreetfood.com*

What started as a casual conversation about the lack of authentic hummus in Iowa City led to the opening of Oasis the Falafel Joint restaurant in Iowa City's Northside in 2004, and now a burgeoning wholesale hummus business for Oasis Street Food co-founders Naftaly Stramer and Ofer Sivan. In launching their restaurant, the co-founders created raving fans of their all-natural, fresh hummus.

EDC met the founders in 2015 and initially provided strategic guidance to Naftaly and Ofer on expanding their hummus business into area grocers and restaurants.

In 2019, due to continued growth of the wholesale side of the business as well as Federal food manufacturing regulations, EDC met with Oasis to advise on moving manufacturing to an area co-packer and outline the strategy for wholesale growth. The EDC team provided marketing support in preparation for the market expansion of the hummus beyond the local market.

This work included several customer focus groups to understand brand perception and product use as well as requirements for new packaging design.

In addition, EDC provided marketing support as Oasis identified and on-boarded a new brand agency partner (Meld Marketing of Coralville) to refresh the company's brand identity, build a new website and design new packaging. EDC continued to work with the founders throughout 2020 as they established production with the co-packing partner, worked through new packaging and expanded their retail footprint amid the pandemic.

"EDC has helped us think strategically about how to grow the grocery store side of our business," Stramer said. "The good advice and counsel has been so important and it's good to know EDC is there in our corner. The team has a high level of knowledge in any subject we needed--from marketing, branding to distribution of product and more. Oasis Falafel is where it is thanks to the help from EDC," Stramer concluded.

The newly launched Oasis Street Food hummus is now available to more consumers in Hy-Vees spanning seven Midwestern states. It is also available for the first time at the Coralville, Iowa Costco, and it remains available at other Iowa-based locations such as New Pioneer Co-op, John's Grocery, Fareway, Natural Grocers, the University of Iowa Hospitals and Clinics, and dozens of other locations.

Client Case Study

Company: *Steel Therapeutics*

Steel Therapeutics is an Iowa-based pharmaceutical company focused on increasing access to life-changing therapies that have a track record of efficacy from compounding pharmacies.

Founders: *Matthew Stahl, PharmD*
Robbie Schwenker, PharmD
Allen Phillips, MBA, CMA

Location: *Iowa City*

Business Stage when came to EDC: *Startup*

Current Business Stage: *Startup*

Website: *www.steeltherapeutics.com*

Matthew Stahl, Robbie Schwenker, Allen Phillips

When Steel Therapeutics co-founders Matthew Stahl and Robbie Schwenker met in Pharmacy school at The University of Iowa, they observed that in many pharmacies across the country, local pharmacists were creating formulations and products to help their customers with difficult-to-treat ailments. In many cases, these custom formulations are quite successful at treating the condition at hand but were not being marketed outside the pharmacy. The young pharmacists determined that there is exponential opportunity to bring these pharmacy-compounded solutions to the market as FDA approved finished products under their brand name and thus, Steel Therapeutics was launched in 2020. Allen Phillips, CFO rounds out the founder team.

Steel's initial product will be focused on the treatment of anal fissures, a $2.6B/year issue that affects nearly 1,000,000 patients annually. Steel will bind a long-accepted pharmacy compound with a novel delivery (wipe) technology for an end product that should provide equal or better efficacy, at a lower cost, with less side effects than what is currently available. Current FDA-approved products for this condition generate poor clinical outcomes, are not patient friendly, allow inaccurate dosing (resulting in product waste), generate unwanted side effects, and ultimately provide poor efficacy (only 58%).

Steel's co-founders initially met with EDC in the summer of 2020 to build a pitch deck to help them tell their story and raise capital as well as iron out their IP strategy. They then went on to participate in the Iowa Startup Accelerator's most recent co-hort and have now closed their seed round of funding, which will be specifically used to fund development efforts, which will be followed by a Series A capital raise that will fund regulatory requirements. In preparation for the regulatory efforts, the company is in the process of adding Ben Clark, former President & COO of IDx, who has significant regulatory experience to their team in a permanent leadership role.

"We have been really grateful to tap into our area's entrepreneurial ecosystem to advance our pharmaceutical product," said Matthew Stahl, Co-Founder and CEO of Steel Therapeutics. "The insights and hands-on efforts we have received from EDC have helped not only shape our capital raise, but also have helped us to formulate a solid IP strategy. I don't think we would have been successful raising the development capital without them. We are excited for this next phase as we see our product take shape and we plan to remain engaged with the team at EDC throughout our journey."

CryptoStopper™

Greg Edwards

Client Case Study

Company: *CryptoStopper*

CryptoStopper™ provides ransomware protection by automatically detecting and stopping actively running ransomware attacks.

Founder: *Greg Edwards*

Location: *Cedar Rapids*

Business Stage when came to EDC: *Startup*

Current Business Stage: *Early Stage*

Website: *www.getcryptostopper.com*

Ransomware is a malware variant that encrypts and locks up a company's files until a ransom is paid. Every day, more than 4,000 ransomware attacks occur, with 43% of these targeting small businesses. The average cost for a small business to recover from a cyber-attack is staggering: $879,582. For a business to be fully protected from ransomware, it must have a diverse cybersecurity toolkit. Many solutions for ransomware are specifically geared towards large, enterprise companies with substantial budgets. In 2016, after watching ransomware attacks increase in number, Cedar Rapids entrepreneur Greg Edwards developed CryptoStopper™, a solution that even small businesses can afford.

"At CryptoStopper, our goal is to make cybersecurity straightforward and successful – that means faster time-to-detection and fewer false positives. CryptoStopper gives businesses an advantage over their attackers. Our system of traps and decoys lowers the time-to-discovery and safeguards one of the most critical elements of a business, its data," Greg Edwards, Founder & CEO, CryptoStopper.

Edwards is no stranger to identifying a need and launching a business to solve it. CryptoStopper is his third entrepreneurial venture—having successfully exited one to publicly-traded J2 Global and maintaining absentee ownership of the other. EDC has provided guidance and assistance to Edwards for all three businesses.

"In 2017, EDC helped to launch my third startup in 17 years. The team at EDC continues to provide expert advice, especially in marketing, business direction, and capital raising. The thing I value most about the EDC is the honest feedback. They are great at exposing potential weaknesses in my business strategy and helping to align solutions to those weaknesses. As an entrepreneur, it is easy to get caught up in the day to day running of a business and lose sight of the bigger picture. Using the EDC helps to keep us on the right track," said Edwards.

In addition to shifting the company's business model in 2020 to sell through Managed Service Providers (MSPs), the COVID-19 pandemic created additional opportunity for scale. "There was a seven-fold increase in the number of ransomware attacks from 2019 to 2020. It was bad before, and it got worse because users quickly shifted to working from home and IT and MSPs were not prepared to implement cybersecurity tools remotely," said Edwards.


Steven Long

"As scientists, my co-founders and I have created a product to help orthopaedic residents develop surgical skills to improve success rates of surgeries such as treating children's elbow fractures. We have developed a sound product but needed a business partner to help us maximize the reach and potential of our technology. EDC has been great to work with, helping us with our overall business model and most recently, helping us secure state funding to prove out our pricing model and go-to-market strategy."

Steven Long, PhD, Co-Founder & President,
Iowa Simulation Solutions


Michael Schaeffer

"Working with the EDC team has helped my company grow substantially. From legal questions, documents, accounting and marketing, EDC continues to give my business a foundation on which to build. The connections with others that have been made through EDC have been outstanding and I don't know where else I could have gone to create these business relationships."

Michael Schaeffer, Founder, FarmPost


Jeri Frank

"We have worked with EDC since we were in the customer discovery stage. This past year, as we moved into more strategy and sales, the EDC continues to be our mainstay of support. We rely heavily on the team at EDC for sales advice, marketing advice, fundraising and strategy. We are grateful to have such a great resource in our backyard!"

Jeri Frank, Co-Founder and CEO, STRATAFOLIO

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