

Conexus' Venture Capital Fund closes \$30 million in inaugural fund

Since their initial launch in July, Conexus Venture Capital Fund ("the Fund") has raised an additional \$7.5 million for their inaugural fund, reaching their target fund size of \$30 million CAD. The Limited Partner base, all entirely from Saskatchewan, represent a strong mix of credit unions, individual business leaders, and a Saskatchewan-based retail venture fund with approximately 28,000 Saskatchewan-based shareholders. Our Limited Partners collectively believe that the momentum in the Saskatchewan startup ecosystem will produce outsized returns for our investors and communities.

Founded Conexus Credit Union, the Fund aims to bring together a variety of partners and investors eager to build Saskatchewan's entrepreneurial ecosystem, focused on investing in high growth Saskatchewan-based technology startups. The fund was built to address the lack of venture capital dollars deployed in Saskatchewan, despite a growing list of Saskatchewan founded companies rising to prominence like SkipTheDishes, Solido, IQ Metrix, GasBuddy, and Vendasta.

"Our leadership team identified an opportunity born out of the combination of exceptional entrepreneurs, a government that was quickly creating an environment where early stage companies could get off the ground, and a cliff that our startups would quickly approach when they needed venture capital to scale their companies," said Sean O'Connor, Conexus Venture Capital Fund Manager. "2019 is already shaping up to be the year of Saskatchewan's startup ecosystem taking off when you look at venture capital being deployed (\$80 million in the first half of 2019 compared to \$30 million for all of 2017 & 2018 combined), the number of companies that are starting to gain traction at our province's incubators (Cultivator & Co.Labs), or the impact our 45 per cent tax credit is having on early stage investing when other provinces are retreating from their support of startups. We are thrilled to be a small part of this ecosystem momentum."

The Fund will invest in a stage-agnostic portfolio of Saskatchewan-based high-growth startups, focused on Seed to Series B companies and look to invest \$300,000 to \$3 million for its initial investment into a startup. To date, Conexus has invested in 5 startups, with the two publicly announced companies being 7shifts & SalonScale. The business incubators in Saskatchewan, Cultivator, powered by Conexus and Co.Labs, have been instrumental to bridging the gaps from an idea to venture fundable companies for the Saskatchewan entrepreneurial ecosystem.

AT A GLANCE:

- The Conexus Venture Capital Fund has raised an additional \$7.5 million for their inaugural fund, reaching the target fund size of \$30 million CAD.
- Investors are entirely from Saskatchewan and represent a strong mix of credit unions, individual business leaders and a Saskatchewan-based retail venture fund.
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“This is not the first time a group of Saskatchewan leaders have got together to find a way to support our economy as well as looking to make strong returns by betting on our entrepreneurs,” said investor Craig Lothian, President and CEO of Lex Capital Corp. “We chose to invest in this fund as we believe that our top startups are going to drive high returns while creating hundreds of high skilled jobs in our province.”

While the team at Conexus is not surprised at how supportive and valuable the investors in the Fund have been, which includes leaders in real estate, agriculture, oil and gas, cannabis and a variety of other industries, they have been happy with how quickly their Canadian venture capital peers have reached out to collaborate. “It’s become clear that our venture capital peers in Toronto, Vancouver, Montreal, etc. recognize the value our prairie entrepreneurs represent, but have been looking for a local partner they can trust to work through deals together,” said O’Connor.

In addition to having great individual investors, and a pool of credit unions that represent roughly a quarter of the provinces population through their membership base, the Fund has brought on SaskWorks Venture Fund, a Saskatchewan-based retail venture fund, as one of their largest investors. This becomes a unique advantage for Conexus as we have been able to bring on a partner that can provide additional capital and insight as the companies within the portfolio scale beyond the threshold of the Fund, as demonstrated through SaskWorks’ recent participation in Vendasta’s \$40 million raise.

“We’re excited about working with Conexus and the Conexus Venture Capital Fund,” said Eric Clark, Chief Operating Officer of SaskWorks Venture Fund. “This Fund will give us exposure to early stage startups through a fund manager and investment team we have confidence in, which allows us to spend more time focusing on more mature, later stage companies coming out of the Conexus Ventures Fund, that we anticipate being able to Fund with much larger investments.”

The Fund is actively working with their first five investments to help them with a strong close to the year, while continuing to work closely with dozens of the province’s promising founders that could one day become key investments for the Fund. For more information on the Conexus Venture Capital Fund, visit <https://www.conexus.ca/Business/Resources/VentureCapital/>

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