Cherry picking.

XDATA

Weekly market activity report

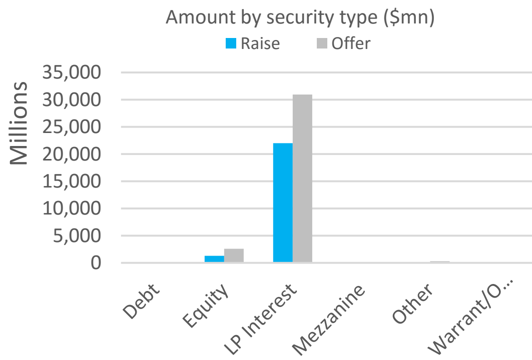
May 16, 2016 - 20 May 2016

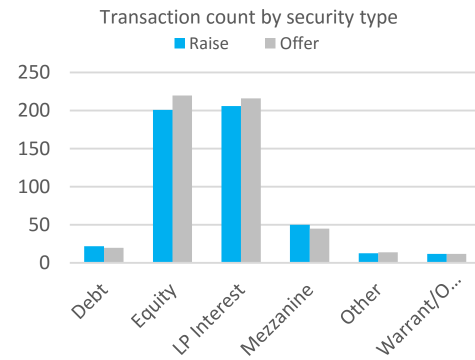
During the seven day period, the Regulation D market contracted at a slightly faster pace in terms of transactions while the pool of money raised shrank at an a milder clip. Furthermore, the activity of the VC & SMB market contracted in line with the overall Regulation D market trend though fundraising growth outpaced the overall Regulation D market.

XDATA is an information provider and consulting firm that focuses on extracting value from disclosures made under Regulation D. Regulation D enables companies to issue securities without registering them with the SEC. The information filed is regulated, industry and size agnostic, making it the best source of information to evaluate the private placement market and the dynamism of small-and-medium sized companies in the US. XDATA captures all Reg D filings, normalizes the data and surfaces issuances initiated by operating companies.

Overall market:

Market Vitals:
- Average offer size: $65 million
- Total offered: $34.12 billion
- Total raised: $23.57 billion





During the week, issuers were far less successful selling securities than before placing 69 cents of each dollar offered. Investors had previously subscribed to 96 cents for each dollar on the market. The average size of closed and partially closed fundraising transactions fell to $47 million. This was primarily driven by a strong decline in the total amount of money captured and a marginal drop in financing rounds. Overall fundings reached $23.57 billion while investors subscribed to a total of 504 security issuances. Compliance scores on average rose to 77 vs. 72 the prior week.

Managed funds were again the main market participant, they were behind 91% of the securities offered and 94% of the money raised, yet they accounted for 41% of the issuers hitting the market.

Foreign companies were a minor market participant in terms of amount raised during the seven day period. They saw their fundraising pool shrink 81% to $1.98 billion while closing 53 private placement transactions.

Top 10 foreign countries by amount raised include:

Financing rounds initiated by companies located in **the Cayman Islands** decreased 31% to $1.08 billion through 25 offerings. Issuers in **Ireland** issued $593 million worth of securities via three Reg D offerings, and propelled Ireland in the top 10 list of foreign countries. **Luxembourg** is new to the top 10 list of foreign countries, companies initiated one private placement for $240 million and garnered $240 million. An issuer in **Jersey** started one closed and partially closed financing round and captured $34 million representing a major improvement of 231% vs. the prior week. Companies in **Mauritius** issued $11 million worth of securities via two Reg D offerings, and propelled Mauritius in the top 10 list of foreign countries. Fundraising transactions completed by companies located in **the United Kingdom** dwindled 57% to $11 million through two offerings. Issuers in **Canada** started 13 financing rounds and collected $8 million representing a steep drop of 98% vs. the previous week. **Hong Kong** is new to the top 10 list of foreign countries, a company initiated one private placement for $5 million and garnered $5 million. An issuer in **Brazil** issued $2 million worth of securities via one offering, and propelled Brazil in the top 10 list of foreign countries. **The British Virgin Islands** is new to the top 10 list of foreign countries, a company started one Reg D offering for $834,600 and garnered $834,600.

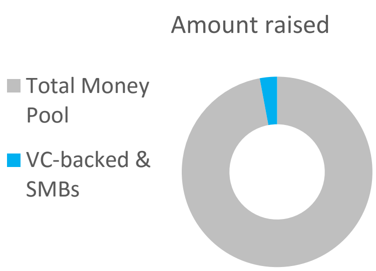
With $465 million fetched (2% of the market) through closed and partially closed financing rounds, the **M&A** financing activity was a dismal market contributor. They fetched on average $27 million per security issuance. Reliance on Reg D issuances to finance **M&A** transactions went up by 31% to 17 placements vs. seven days ago.

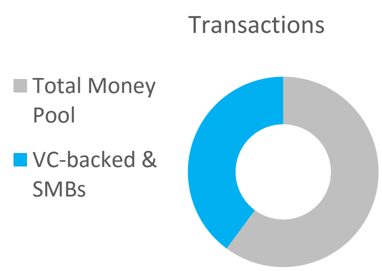
Venture capital and operating companies market:

XDATA is focused on making Regulation D filings relevant by surfacing security issuances made by companies with operating assets. Segregating funds and other special purpose financing vehicles is necessary to provide the best possible picture of the amount and size of investments that actually reach small and medium sized companies in the US. Money raised by Hedge Funds via Regulation D is mostly invested in public companies, it would therefore be a mistake to take them into account when evaluating the investments earmarked for private companies. The same goes for Private Equity and Venture Capital vehicles, since in theory money raised under Regulation D by a fund will lead to multiple Form D filed by the companies they invest in. Failing to take this fundamental mechanism into account would lead to counting the same pool of money multiple times, therefore artificially inflating the pool of money reaching small-and-medium sized companies. XDATA also segregates issuances made in conjunction with M&A transactions, because securities issued as compensation in lieu of cash may not represent a net increase in investments reaching SMBs. XDATA is the only source offering such a level of transparency.

Overall VC & SMB market

Market Vitals:
- Average offer size: $8 million
- Total offered: $1.54 billion
- Total raised: $688 million

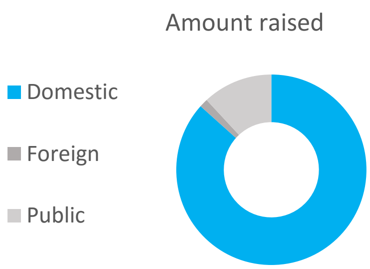


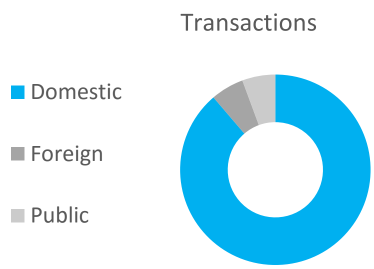


The activity of the VC & SMB market contracted in line with the overall Regulation D market trend though fundraising growth outpaced the overall Regulation D market.

VC and operating companies captured 2.9% of the overall pool of money raised via Regulation D, however they accounted for 40% of Form D filers during the week. Issuers fetched 45 cents for each dollar offered, representing a drop of 6% for the period. Following a more stable trend, compliance scores on average hit 93.

The past seven days saw the number of new offerings flatline at 196. Companies were as bullish as before and offered on the market $1.54 billion worth of securities. Charting a negative yet subdued pattern, investors acquired a bit less, subscriptions subsided 12% to $688 million.





US-based issuers kept their compliance score stable at 93. For each dollar they offered, they raised 44 cents, a slight drop from 49 cents the prior week. Investors committed 98% of their funds to domestic companies which were the primary participant in terms of market activity. Investors bought $676 million worth of securities (down 7.5%) via 189 issuances (down 3.6%). The period was characterized by a slightly smaller average financing round size. It decreased by $151,852 or 4.1% to $4 million.

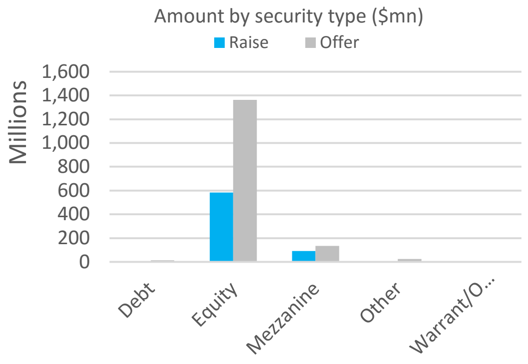
Publicly traded companies were as compliant when filling the Reg D form with a compliance score subsiding to 93 from 100. For each dollar they offered, they collected 88 cents, a substantial improvement from 60 cents the previous week. In terms of funds raised, they were a minor market driver during the seven days ending on May 20, they accounted for 14% of the market size and initiated 6% of the financing rounds. Amount raised increased 9190% to $93 million. Mirroring a similar trend, the number of offerings reached 12, up from one the prior week. The average transaction size grew by 674% to $8 million.

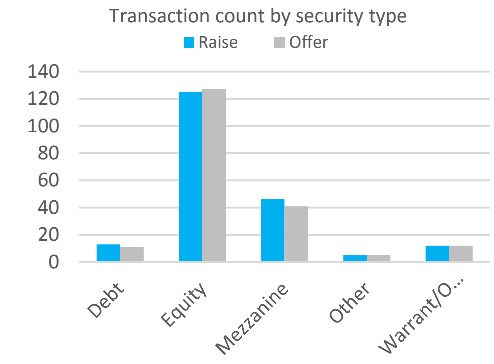
Foreign Reg D issuers accounted for 12 private placements (down 14%) and sold $11 million worth of securities to financial backers (down 14%). Investors committed 1.6% of their funds to foreign companies which were a minor participant in terms of market activity. The average size of financing rounds raised dwindled by 73% to $941,299. Foreign companies placed 75% of their planned issuances, a slight drop from 83% the previous week. Issuers kept their compliance score stable at 96.

Top 10 foreign countries by amount raised include:

One company in **Hong Kong** issued $5 million worth of securities via one private offering. $4 million was gathered by companies in **Canada** through eight transactions, representing a steep decline of 88% from the prior week. **Brazil** is new to the top 10 list of foreign countries, one issuer initiated one private placement for $2 million and collected $2 million. One company in **Mauritius** issued $466,205 worth of securities via one offering. **Slovenia** is new to the top 10 list of foreign countries, one company started one Reg D offering and captured $82,166.

Securities



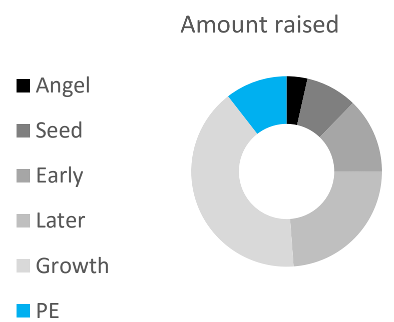


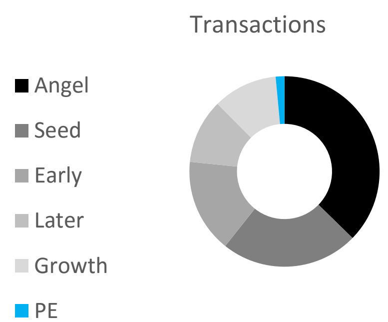
Equity securities were the primary instrument issued in connection with companies' fundraising activity. Specifically, 62% of the subscriptions were equity based while they captured 85% of the funds raised. Investors bought $585 million worth of equity through 125 transactions.

The number of **mezzanine** denominated financing rounds grew, they raised $91 million and accounted for $133 million offered. Issuers relied on mezzanine securities in 46 transactions vs. 34 previously, an improvement of 35%. Mezzanine securities were used in 23% of the transactions to raise 13% of the pool of money dedicated to SMBs.

Mirroring the same upward trend, yet at a more subdued pace, **debt** investors subscribed to 13 issuances for a total of $5 million. The number of debt denominated issuances rose 8.3%, however commitments were down 85%. Overall, debt was the security of choice for 6.5% of the placements while attracting 0.71% of investors' funds.

Development stage





Angel stage companies initiated 75 fundraising transactions up 23% and eventually raised $24 million. The average financing round size grew 21% to $323,312. Compliance scores averaged 96. Overall, they accounted for 3.5% of the money raised and 37% of the activity.
Analysis: the activity of angel stage Reg D issuers expanded, both their fundraising and activity grew at a

faster pace than the overall SMB & VC market.

With 47 closed and partially closed placements (up 6.8%), **seed stage** companies were a substantial market driver. The amount raised, mirroring a similar trend, experienced a slight improvement of 12% to $60 million, capturing 8.7% of the pool of money. Seed stage issuers raised on average $1 million per financing round, up 4.9% vs. the prior week. They were less compliant than before with a compliance score decreasing to 93.
Analysis: the activity of seed stage companies expanded, both their fundraising and activity grew at a faster pace than the overall SMB & VC market.

For each dollar they offered to investors, **early stage** issuers gathered 62 cents. Their compliance score reached 91 on average. During the period, their average financing round reached $3 million. Investors subscribed to $88 million via 32 issuances (down 24%). Early stage funding was an important market participant in terms of activity, it accounted for 16% of the deals and 13% of the money raised.
Analysis: the activity of early stage companies contracted with a fundraising and activity growth rates that underperformed the overall SMB & VC market.

Later stage Reg D issuers garnered on average bigger financing rounds from investors, it actually increased by 29% to $7 million. Financial backers decreased their commitments to $163 million via 22 closed and partially closed placements. Later stage private offerings accounted for 11% of the issuances and 24% of the money raised. The average compliance score for companies falling into this development stage bracket stood at 88.
Analysis: the activity of later stage issuers contracted with a growth rate that underperformed the overall SMB & VC market.

The average transaction collected by **growth stage** companies reached $13 million after rising 8.7%. Investors fell their subscriptions to $280 million via 22 successful placements. Growth stage Reg D offerings accounted for 11% of the issuances and 41% of the money raised. The average compliance score for companies falling into this development stage bracket stood at 89.
Analysis: the activity of growth stage issuers contracted with a growth rate that underperformed the overall SMB & VC market.

With three successful fundraising transactions (down 40%), **private equity stage** companies were a dismal market driver. The pool of money raised, following the same downward path, yet at more subdued pace, experienced a marginal drop of 6.6% to $72 million, capturing 11% of the pool of money. Private equity stage Reg D issuers raised on average $24 million per financing round, up 56% vs. the previous week. They were more compliant than before with a compliance score increasing to 100.
Analysis: the activity of private equity stage companies contracted with a growth rate that underperformed the overall SMB & VC market.

Issuers by location

States that originated 5% or more of the private placements:

California-based companies raised $243 million via 41 placements (down 13%). 35% of the money raised during the seven days ending on May 20 was funneled in California which accounted for 20% of the transactions. The average transaction size rose by 15% to $6 million. Issuers sold 76% of their planned issuances, a major increase from 41%. During the period, issuers decreased their compliance score on average by 5 points to 88.
Analysis: the activity in the State of California contracted in line with the market trend though fundraising growth outpaced the market.

Companies headquartered in **Massachusetts** were significantly more successful placing their securities with investors who purchased 91 cents for each dollar offered, up 38 cents. Investors subscribed to much bigger financing rounds, they surged $966,107 on average to $4 million. 11 private placement transactions were launched, eventually gathering $52 million (up from $28 million) via 13 fundraising events. During the past seven days, Massachusetts captured 7.6% of investor's subscriptions and companies located there initiated 6.5% of the transactions. Reg D issuers saw their compliance score go up to 100 from 96.
Analysis: the activity in the Commonwealth of Massachusetts expanded, both fundraising and the activity grew at a faster pace than the market.

Companies located in **Texas** were far less successful selling their issuances to investors who subscribed to 16 cents for each dollar offered, down 17 cents. The average transaction size fell by 16% to $3 million. The amount of money collected decreased 31% to $48 million. Following the same downward trend, yet at more subdued pace, the number of private issuances reached 14, down from 17 the prior week. During the seven days ending on May 20, Texas captured 6.9% of investor's subscriptions and companies located there initiated 7% of the transactions. Reg D issuers improved their compliance score by 1.94 points to 98.
Analysis: the activity in the State of Texas contracted with a fundraising and activity growth rates that underperformed the market.

Companies based in **Colorado** experienced a marginal decline in investors' demand since they subscribed on average to 54 cents for each dollar offered, down 8 cents over the period. Investors subscribed to much bigger financing rounds, they rocketed $1 million on average or 120% to $3 million. The amount of money gathered increased 86% to $28 million. Following a similar yet downward pattern, the number of private placement transactions reached 11, down from 13 the prior week. Investors committed 4.1% of their funds in Colorado which was responsible for 5.5% of the market activity. Issuers were as compliant when filling the Reg D form with a compliance score going down to 89 from 90.
Analysis: the activity in the State of Colorado contracted with a growth rate that fell below the market while its fundraising growth outperformed the benchmark.

New York-based companies raised $24 million (down 73%) via 13 placements. 3.6% of the money raised during the seven day period was funneled in New York which accounted for 6.5% of the transactions. Investors subscribed to much smaller financing rounds, they dropped $5 million on average or 73% to $2 million. Issuers sold 54% of their planned issuances, a slight improvement from 48%. With a compliance score growing to 95 from 82, issuers were more compliant when filling with the SEC.
Analysis: the activity in the State of New York stagnated though its growth rate outperformed the

market. On the other hand, fundraising growth is below the market.

States that originated between 1% and 5% of the private placements and grew their fundraising pool by 2% or more:

Wisconsin-headquartered companies raised 7.6% of the subscriptions and accounted for 1.5% of the offerings. Generally, investors acquired 98% of the securities offered by companies located in the state of Wisconsin. Issuers experienced a considerable improvement in the average transaction size they were able to garner from investors. It grew $16 million or 1837% to $17 million. Three private placements were launched, eventually amassing $52 million (up from $5 million) via three fundraising events. Reg D issuers saw their compliance score go down to 92 from 98.
Analysis: the activity in Wisconsin contracted with a growth rate that fell below the market while its fundraising growth outperformed the benchmark.

North Carolina-headquartered companies captured 7% of the subscriptions and accounted for 4% of the Reg D offerings. On average 90% of issuers' financing rounds were subscribed by investors, an increase of 45%. Companies on average raised more money per security issuance than before. The average financing size went up by $3 million to $6 million. Investors bought $48 million worth of securities (up 258%) via eight private placement transactions (up 60%). Companies were more compliant when filling the Reg D form with a compliance score going up to 96 from 77.
Analysis: the activity in North Carolina expanded, both fundraising and the activity grew at a faster pace than the market.

Illinois-headquartered issuers funneled 5% of the pool of money earmarked for portfolio companies and SMBs and accounted for 3.5% of the activity. On average 43% of issuers' financing rounds were subscribed by investors, a drop of 20%. Companies experienced a major improvement in the average placement they were able to collect from investors. It grew $3 million or 133% to $5 million. Six offerings were launched, eventually accumulating $35 million (up from $11 million) via seven fundraising events. Reg D issuers lowered their compliance score by 15.17 points to 75.
Analysis: the activity in the State of Illinois expanded, both fundraising and the activity grew at a faster pace than the market.

Virginia-headquartered companies captured 2.3% of the money raised during the past seven days while accounting for 1.5% of the issuances. Generally, investors bought 58% of the securities offered by companies located in the state of Virginia. Issuers on average collected more money per security issuance than before. The average financing size went up by $4 million to $5 million. Investors subscribed to $16 million worth of securities (up 79%) via three private offerings (down 50%). Companies were as compliant when filling the Reg D form with a compliance score going down to 98 from 100.
Analysis: the activity in Virginia contracted with a growth rate that fell below the market while its fundraising growth outperformed the benchmark.

Tennessee funneled 0.86% of the pool of money available to operating and VC-backed companies and accounted for 3.5% of the activity. For each dollar offered, 75 cents were raised during the week, a

considerable increase from 34 cents. Issuers garnered on average much smaller financing rounds from investors, they decreased by 65% to $846,750. The amount of money fetched grew 144% to $6 million. Charting a similar path, the number of Reg D offerings reached seven, up from one the previous week. Issuers remained as compliant as before, their compliance score was flat at 100.
Analysis: the activity in Tennessee expanded, both fundraising and the activity grew at a faster pace than the market.

Issuers by industry

47 issuers, or 15%, checked **" Other "** as industry when filing with the SEC. XDATA through its curating process narrowed it down to 26 or 5%.

Industries that originated more than 5% of the private placements:

Software companies were as compliant when disclosing transactions, their compliance score on average eased to 93 from 95. For each dollar they offered, they raised 84 cents, a marginal increase from 80 cents seven days ago. Companies were a major market contributor garnering 42% of the subscriptions. The amount raised subsided 7.4% to $292 million. Mirroring a more pronounced positive pattern the number of private security issuances reached 57, up from 47 the prior week. Investors subscribed to smaller financing rounds which decreased by $2 million on average to $5 million.

Device and Medical Device companies were behind 18% of the money raised during the past seven days, and were an important market participant in terms of funds raised. Investors were much more interested than before acquiring 81% of the securities offered. Reg D issuers garnered on average much bigger financing rounds from investors, they increased by 60% to $6 million. The amount raised grew 220% to $122 million. Following a similar trend the number of private placements reached 22, up from 11 the prior week. Companies' compliance score dropped by 5 points to 93.

Biotech companies saw their subscriptions rocket 40% to $78 million. The number of issuances made under Reg D reached 22, up from 18 seven days ago. Companies were a minor market driver capturing 11% of the subscriptions. The average size of financing rounds raised increased by 15% to $4 million. Issuers were much more successful than before selling 60% of their offerings to investors. With a compliance score growing to 92 from 82, issuers were less compliant when filling with the SEC.

Platform Technology companies collected 4.8% of the funds available for VC and operating companies. Investors were much more interested than before acquiring 86% of the securities offered. Reg D issuers benefited from a major improvement in the average financing round by $1 million to $3 million. The amount raised surged 401% to $33 million. Charting a similar path the number of private placement transactions reached 13, up from six the prior week. Companies remained as compliant as before, their compliance score was flat at 92.

Industries that originated between 1% and 5% of the private placements and which grew their fundraising pool by 2% or more:

Engineering companies initiated seven Reg D offerings (down 22%) and collected $34 million (down 22%). Companies were a dismal market participant capturing 4.9% of the subscriptions. Much bigger issuances characterized the period. On average, they rocketed by $3 million to $5 million. Issuers experienced a slow improvement in investors' demand since they subscribed on average to 56 cents for each dollar offered, up 7 cents over the period. The average compliance score of issuers rose to 96 from 93.

Beverage companies' compliance score dropped by 6 points to 94. Fundraising goals were 70% met as companies sold 50 cents more for each dollar they offered. Companies captured 2.3% of the money raised during the seven days ending on May 20, and were a dismal market driver in terms of amount raised. The amount raised increased 5103% to $16 million. Mirroring a similar pattern the number of issuances made under Reg D reached five, up from one the prior week. The average transaction size rocketed by 941% to $3 million.

Hardware companies were a negligible market contributor accumulating 1.9% of the subscriptions. For each dollar they offered, they garnered 55 cents, a major increase from 4 cents seven days ago. Issuers raised on average much bigger financing rounds from investors, they grew by 959% to $2 million. Investors purchased $13 million worth of securities (up 3078%) via six private offerings (up 200%). Companies saw their compliance score grow to 100 from 80.

Mining companies were a negligible market driver capturing 1% of the subscriptions. Investors were a touch less interested than before buying 36% of the securities offered. Issuers benefited from a major increase in the average financing round by $572,962 to $788,071. Nine new private placement transactions were launched, eventually $7 million was collected by issuers (up from $1 million) via nine fundraising events. Companies maintained their disclosure level, their compliance score was flat at 96.

Farming and Aquaculture were as careful as before when filling with the SEC, their compliance score stood at 94. Fundraising targets were 93% met as companies placed 88 cents more for each dollar they offered. Companies captured 0.88% of the money raised during the seven days ending on May 20, and were a negligible market participant in terms of amount raised. The amount of money raised rocketed 357% to $6 million while the number of placements remained stable at three. Investors subscribed to much bigger financing rounds which grew by $2 million on average to $2 million.

Consulting firms saw their subscriptions surge 22% to $5 million. The number of private offerings reached six, up from three the prior week. Companies were behind 0.67% of the money raised during the seven days ending on May 20, and were a dismal market contributor in terms of funds raised. Investors subscribed to much smaller financing rounds which dropped by $491,875 on average or 39% to $764,792. Reg D issuers were significantly more successful placing securities to investors who purchased 100 cents for each dollar offered, a major increase of 53 cents. With a compliance score decreasing to 82 from 100, issuers were less compliant when filling with the SEC.

Utility companies collected 0.49% of the pool of money available for VC and operating companies. Investors were a touch more interested than before acquiring 12% of the securities offered. Issuers experienced a major improvement of the average financing round size by $625,000 to $1 million. Three new private placement transactions were launched, eventually $3 million was collected by issuers (up from $500,000) via three fundraising events. Companies were as compliant when filling Form D, their compliance score on average subsided to 80 from 100.

About XDATA

XDATA is a consulting and research firm that focuses on US small and medium-sized (SMB) companies, offering full-fledged company profiles, custom activity reports and timely filing reporting via APIs, news platforms and its website www.XDATA.co. We leverage the latest and best technology to focus on what we do best: collect, normalize, curate, contextualize and provide a second life to a source of information that has been abused by data miners and that has been traditionally poorly leveraged by data providers.

Our research process actually offers a more complete and unbiased view of the private SMB market than venture capital data sets that are based on unregulated information such as press release and therefore, fraught with inaccuracies. At the very least (and most importantly), we provide an alternative, a novel and fresh perspective, in other words, a second opinion to investment professionals and market participants.

We offer a 24h turnaround service for clients who need custom activity reports based on issuers' location, industry, custom timeframe and any other attributes combinations. For further information contact us at info@xdata.co or via our website.

Methodology

1) Amounts and their allocation through time
   Amounts reported, unless otherwise specified, are aggregated amounts that were disclosed as raised by issuers. Amounts are allocated for the weekly reports at the date of disclosure to the SEC. All filings' amendments are analyzed. Changes in amounts raised disclosed via amendments are allocated to the filing date. Hence the aggregated amount raised may be higher as the aggregated offered amount for a period. An increase in amount raised in related subsequent filings are not considered as a new offering. Hence the aggregated number of raises may be higher as the aggregated number of placements.

2) Curation
   Funds, special purpose and financing vehicles such as, but not limited to, financing subsidiaries, oil fields, real estate, Broadway shows and thoroughbred ownership or investment schemas are not taken into account in the "Venture capital and operating companies market" section.

3) Compliance score
   The score is based on a proprietary algorithm that analyses how compliant an issuer has been when filing under Regulation D with the SEC. Filing timeliness, completeness as well as issuer specific data, history and placement agent registration are all taken into account to compute the score. The score ranges from 100 (best) to 0 (worst). Generally, a score below 60 indicates the issuer bears a heighten risk of being scrutinized by the SEC and is at risk for rescission.

4) Securities
   Securities issued are normalized using a proprietary methodology.

5) Issuer development stage
Issuer development stage is defined based on a proprietary methodology that takes into account a number of attributes including, but not limited to, the foundation date and estimated size.

6) Industry classification
XDATA developed a proprietary 4 tiered industry classification to take into account a company general activity, product, market and a number of other product attributes. This was designed to provide highly correlated comparable companies/competitors. The data aggregation in the report is based on our most basic classification level. However we do make some important distinctions based on the universe we cover. For example "Platform Technology" companies include companies that use technology to sell a service rather than sell a software (SaaS are classified under Software), as such a ridesharing company as UBER is classified under "Platform Technology" but a company which develops and sell a ridesharing software would be classified under "Software".

7) Disclosure related to data removal and other edits

For further information on the methodology, please contact us directly at info@xdata.co