Cherry picking.

XDATA

Weekly market activity report

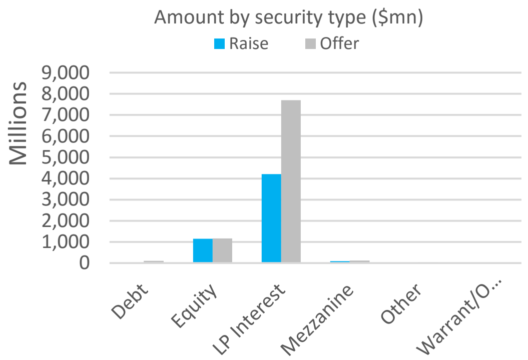
May 30, 2016 – June 5, 2016

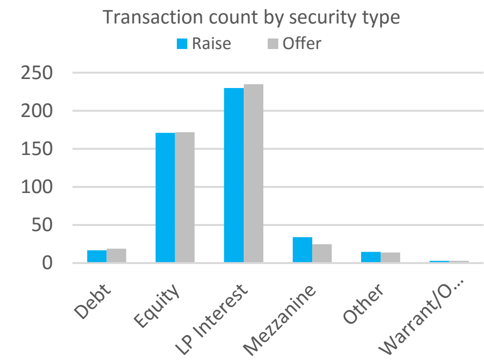
During the past seven days, the Regulation D market contracted at a slightly faster pace in terms of transactions while the pool of money raised shrank at a milder clip. Furthermore, the activity of the VC & SMB market contracted with a growth rate that underperformed the overall Regulation D market.

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: $20 million
- Total offered: $9.15 billion
- Total raised: $5.50 billion





During the week, issuers were far less successful selling securities than before placing 60 cents of each dollar offered. Investors had previously committed 83 cents for each dollar on the market. The average size of placements decreased to $12 million. This was primarily driven by a steep decline in the total amount of money raised and a slight drop in closed and partially closed financing rounds. Overall fundings reached $5.50 billion while investors subscribed to a total of 470 Reg D offerings. Compliance scores on average fell to 67 vs. 77 the prior week.

Managed funds captured the lion's share of the market, they were behind 84% of the securities offered and 76% of the money raised, yet they accounted for 50% of the issuers hitting the market.

Foreign companies were the most important market participant in terms of amount raised during the seven days ending on June 5. They saw their fundraising pool increase 12% to $6.52 billion while closing 72 private placements, more than before (a solid improvement of 20%).

Top 10 foreign countries by amount raised include:

Financing rounds started by issuers located in **the Cayman Islands** rocketed 458% to $5.98 billion via 47 offerings. $205 million was captured by companies in **Canada** through 19 transactions, representing a major increase of 1592% from the prior week. One issuer in **Luxembourg** started one closed and partially closed placement and fetched $116 million constituting a considerable improvement of 1903% vs. seven days ago. Financing round completed by companies located in **Jersey** surged 191% to $98 million via one offerings. **Guernsey** is new to the top 10 list of foreign countries, issuers initiated two private placements for $90 million and gathered $90 million. $25 million was raised by a company in **Bermuda** through one transaction, representing a steep drop of 96% from the prior week. One issuer in **Ireland** issued $14 million worth of securities via one offering, and propelled Ireland in the top 10 list of foreign countries.

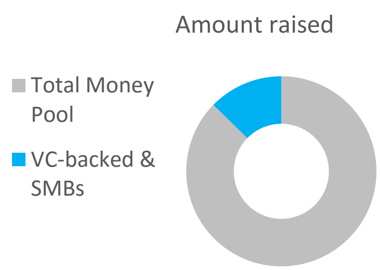
Charting a pronounced negative pattern, securities issued in connection with **M&A** transactions were a dismal market contributor in terms of funds raised with investors subscribing to $162 million via 15 closed and partially closed placements. On average financings captured $11 million. Reliance on Reg D issuances to finance **M&A** transactions went up by 36% to 15 placements vs. seven days ago.

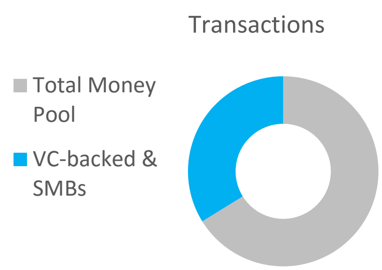
Venture capital and operating companies market:

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: $6 million
- Total offered: $936 million
- Total raised: $698 million

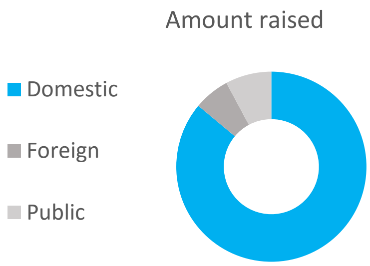


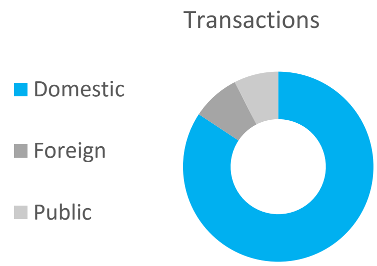


The activity of the VC & SMB market contracted with a growth rate that underperformed the overall Regulation D market.

VC and operating companies captured 13% of the overall funds raised via Regulation D, however they represented 34% of Form D filers during the seven days ending on June 5. Financial backers acquired 75 cents for each dollar offered, representing a decline of 22% for the period. Following a more stable trend, compliance scores on average reached 95.

During the week, the number of closed and partially closed financing rounds decreased by 31% to 159. Reg D issuers were much less bullish than before and offered the market $936 million worth of securities, a decline of 66%. Following a similar pattern, investors subscribed to much less, subscriptions shrank 74% to $698 million.





Domestic companies sold 77% of their planned issuances, an important drop from 97% the prior week. Investors subscribed to much smaller financing rounds. They dropped by $8 million or 63% to $4 million. Amount raised fell 75% to $652 million. Charting a similar path, the number of offerings reached 145, down from 215 seven days ago. Domestic issuers were the primary market contributor capturing 93% of the subscriptions. Companies remained as compliant as before, their compliance score was flat at 95.

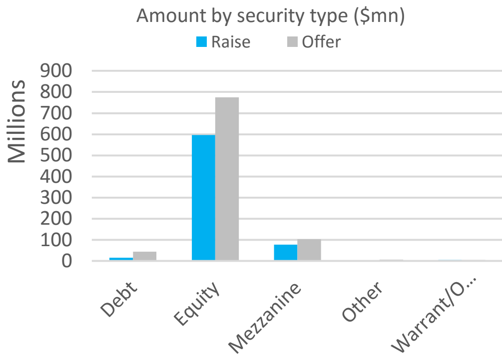
Stock exchange traded Reg D issuers were a minor market participant in terms of funds raised during the week, they accounted for 8.5% of the market. For each dollar they offered, they collected 92 cents, a slow improvement from 83 cents seven days ago. Companies garnered significantly more than before per financing round with an average transaction size surging $3 million or 140% to $5 million. 13 issuances made under Reg D were launched, eventually accumulating $59 million (up from $23 million) via 13 transactions. Stock exchange traded companies improved their compliance score by 3 points to 90.

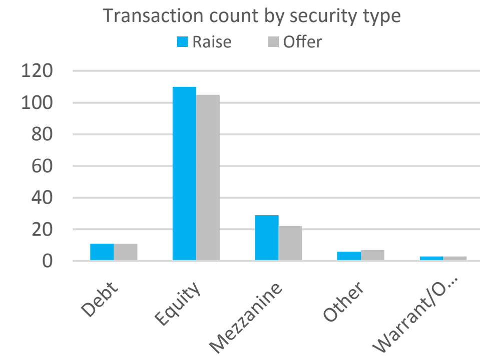
Foreign issuers raised $46 million (up 146%) via 14 closed and partially closed placements. In terms of amount raised, they were a minor market contributor during the seven day period, they accounted for 6.6% of the market size and initiated 8.8% of the financing rounds. The period was characterized by a much bigger average financing round size. It surged by $2 million to $3 million. Foreign companies were much less successful than before placing 53% of their offerings to investors. Reg D issuers increased their compliance score by 3 points to 86.

Top 10 foreign countries by amount raised include:

Closed and partially closed placements initiated by companies located in **Canada** rocketed 517% to $46 million via 14 transactions.

Securities



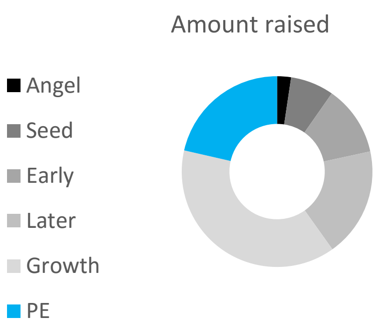


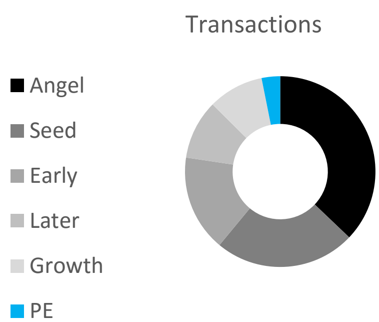
Equity securities were the primary instrument issued in connection with companies' fundraising activity. Specifically, 69% of the subscriptions were equity based while they captured 86% of the funds raised. Investors bought $597 million worth of equity through 110 transactions.

Mezzanine denominated financing rounds shrank, they raised $78 million and accounted for $103 million offered. Issuers relied on mezzanine securities in 29 transactions vs. 36 previously, a decline of 19%. Mezzanine securities were used in 18% of the transactions to raise 11% of the pool of money dedicated to SMBs.

Following the same downward trend at a stronger pace, **debt** investors subscribed to 11 issuances for a total of $16 million. The number of debt denominated issuances dropped 42%, commitments were down 89%. Overall, debt was the security of choice for 6.9% of the placements while attracting 2.3% of investors' funds.

Development stage





Angel stage companies initiated 59 closed and partially closed fundraising transactions down 23% and eventually garnered $16 million. The average financing round size rocketed 18% to $278,924. Compliance scores averaged 94. Overall, they accounted for 2.4% of the money raised and 37% of the activity.
Analysis: the activity of angel stage Reg D issuers contracted despite boasting a fundraising and activity

growth rates that outperformed the overall SMB & VC market.

Over the period, the average subscription of **seed stage** companies amounted to $1 million. Investors subscribed to $51 million via 38 financing rounds. **Seed stage** financings were a substantial contributor in terms of activity. Issuers were more compliant than before with a compliance score increasing to 96.
Analysis: the activity of seed stage companies contracted and both their activity and fundraising indicators were in tune with the overall SMB & VC market trend.

The average transaction collected by **early stage** Reg D issuers remained stable and reached $3 million. Financial backers decreased their commitments to $83 million via 26 successful placements. Early stage offerings accounted for 16% of the issuances and 12% of the money raised. The average compliance score for companies falling into this development stage bracket stood at 97.
Analysis: the activity of early stage companies contracted despite boasting a fundraising and activity growth rates that outperformed the overall SMB & VC market.

Later stage Reg D issuers initiated 16 closed and partially closed placements down 50% and eventually collected $129 million. The average financing round size was unchanged at $8 million. Compliance scores averaged 92. Overall, they accounted for 19% of the money raised and 10% of the activity.
Analysis: the activity of later stage companies contracted and both their activity and fundraising indicators were in tune with the overall SMB & VC market trend.

During the period, the average issuance of **growth stage** companies amounted to $18 million which grew 74%. Investors subscribed to $268 million via 15 financing rounds. **Growth stage** financings were a minor contributor in terms of activity. Reg D issuers were more compliant than before with a compliance score increasing to 91.
Analysis: the activity of growth stage companies contracted despite boasting a fundraising and activity growth rates that outperformed the overall SMB & VC market.

Private equity stage issuers initiated five closed and partially closed placements down 17% and eventually garnered $149 million. The average subscription size dropped 91% to $30 million. Compliance scores averaged 99. Overall, they accounted for 21% of the money raised and 3.1% of the activity.
Analysis: the activity of private equity stage companies contracted despite having an activity growth rate that outpaced the overall SMB & VC market.

Issuers by location

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

California-based companies initiated 34 offerings (down 44%) and sold $292 million worth of securities to investors (down 44%). 42% of the money raised during the past seven days was funneled in California which accounted for 21% of the transactions. Investors subscribed to much smaller financing rounds, they dropped $17 million on average or 67% to $9 million. Issuers were far less successful placing their

securities with investors who acquired 81 cents for each dollar offered, down 21 cents. With a compliance score growing to 95 from 92, issuers were more compliant when filling with the SEC.
Analysis: the activity in California contracted and both its activity and fundraising indicators are in tune with the market trend.

Companies based in **Texas** kept their compliance score stable at 94. Financing goals set by issuers were 71% met. They captured 26 cents less for each dollar offered. 8.5% of the money raised during the seven day period was funneled in Texas which accounted for 5.7% of the transactions. Nine private placements were launched, eventually accumulating $59 million (up from $22 million) via nine fundraising events. Investors subscribed to much bigger financing rounds, they grew $3 million on average or 109% to $7 million.
Analysis: the activity in the State of Texas expanded, both fundraising and the activity grew at a faster pace than the market.

Reg D issuers located in **New York** were significantly more successful placing their securities with investors who acquired 83 cents for each dollar offered, up 15 cents. Investors subscribed to bigger financing rounds, they rocketed $529,934 on average to $4 million. Investors purchased $51 million worth of securities (down 37%) via 13 private placements (down 46%). During the seven days ending on June 5, New York captured 7.4% of investor's subscriptions and companies located there initiated 8.2% of the transactions. Reg D issuers were as compliant as before with a compliance score reaching 95.
Analysis: the activity in the State of New York contracted and both its activity and fundraising indicators are in tune with the market trend.

Companies based in **Colorado** experienced a non-negligible drop in investors' subscription rate since they subscribed on average to 70 cents for each dollar offered, down 28 cents over the period. The average size of financing rounds raised fell by 92% to $4 million. The volume of money raised shrank 92% to $46 million while the number of placements remained stable at 12. 6.5% of the money raised during the seven days ending on June 5 was funneled in Colorado which accounted for 7.5% of the transactions. Reg D issuers saw their compliance score go down to 89 from 100.
Analysis: the activity in the State of Colorado stagnated though with growth rate that outperformed the market's benchmark.

Washington-based companies sold $45 million worth of securities, a major improvement of 83%. Furthermore, the number of private offerings was down 14% to 12. During the past seven days, Washington captured 6.4% of investor's subscriptions and companies located there initiated 7.5% of the transactions. The average size of financing rounds raised increased by 113% to $4 million. Reg D issuers were significantly more successful placing their securities with investors who subscribed to 89 cents for each dollar offered, up 22 cents. The average compliance score remained flat at 100.
Analysis: the activity in the State of Washington contracted despite boasting fundraising and activity growth rates that outperformed the market.

Massachusetts-headquartered companies funneled 6.4% of the funds earmarked for VC-backed and operating companies and accounted for 5% of the activity. On average 74% of issuers' financing rounds were subscribed by investors, a drop of 30%. Reg D issuers on average collected more money per

security issuance than before. The average financing size went up by $481,624 to $6 million. Eight offerings were launched, eventually raising $45 million (down from $71 million) via eight fundraising events. Companies saw their compliance score go up to 99 from 98.
Analysis: the activity in Massachusetts contracted and both its activity and fundraising indicators are in tune with the market trend.

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

Companies located in **Florida** improved their compliance score by 9.1 points to 99. Generally, investors bought 88% of the securities offered by companies located in the state of Florida. During the week, Florida captured 4.9% of investor's subscriptions and companies located there initiated 3.8% of the transactions. Six issuances made under Reg D were launched, eventually accumulating $34 million (up from $16 million) via six fundraising events. The average size of financing rounds raised grew by 179% to $6 million.
Analysis: the activity in Florida contracted despite boasting fundraising and activity growth rates that outperformed the market.

Connecticut-headquartered companies garnered 3.1% of the subscriptions and accounted for 2.5% of the private security issuances. On average 118% of issuers' financing rounds were subscribed by investors, an increase of 24%. Companies raised on average more money per financing round from investors, the former rocketed by 41% to $5 million. Three offerings were launched, eventually capturing $22 million (up from $8 million) via four fundraising events. Reg D issuers improved their compliance score by 1.67 points to 92.
Analysis: the activity in Connecticut expanded, both fundraising and the activity grew at a faster pace than the market.

Companies located in **North Carolina** lowered their compliance score by 3.07 points to 90. On average 47% of issuers' financing rounds were subscribed by investors, a drop of 45%. During the seven days ending on June 5, North Carolina captured 1.2% of investor's subscriptions and companies located there initiated 3.8% of the transactions. Investors purchased $8 million worth of securities (up 92%) via six offerings (up 200%). Investors subscribed to much smaller financing rounds, they shrank $756,363 on average or 36% to $1 million.
Analysis: the activity in the State of North Carolina expanded, both fundraising and the activity grew at a faster pace than the market.

Indiana-based Reg D issuers raised $6 million (up 13%) via two placements. 1.3% of the transactions stemmed from Indiana which captured 0.91% of the pool of money. Investors subscribed to slightly bigger financing rounds, they rose $376,914 on average to $3 million. Issuers experienced a marginal increase in investors' demand since they subscribed on average to 66 cents for each dollar offered, up 11 cents over the period. During the period, issuers grew their compliance score on average by 16 points to 100.
Analysis: the activity in the State of Indiana stagnated though boasted activity and fundraising growth

rates that outperformed the market.

Companies based in **Oregon** saw their compliance score go down to 88 from 100. Companies were able to place 66% of their financing rounds. 2.5% of the transactions stemmed from Oregon which captured 0.66% of the pool of money. Security issuances initiated during the period raised $5 million, a major improvement 140%. Charting a similar pattern, the number of private offerings reached four, up from three seven days ago. Investors subscribed to much bigger financing rounds, they increased $514,422 on average or 80% to $1 million.
Analysis: the activity in Oregon expanded, both fundraising and the activity grew at a faster pace than the market.

Companies based in **Hawaii** experienced a major improvement in investors' subscription rate since they subscribed on average to 133 cents for each dollar offered, up 96 cents over the period. The average transaction size rocketed by 294% to $2 million. The volume of money raised increased 294% to $4 million while the number of placements remained stable at two. Investors committed 0.56% of their funds in Hawaii which was responsible for 1.3% of the market activity during the period. Reg D issuers saw their compliance score go up to 100 from 86.
Analysis: the activity in the State of Hawaii stagnated though boasted activity and fundraising growth rates that outperformed the market.

Minnesota-headquartered companies collected 0.52% of the subscriptions and accounted for 1.3% of the private placement transactions. For each dollar offered, 30 cents were raised during the past seven days, a solid increase from 15 cents. Issuers experienced a major improvement in the average financing round they were able to collect from investors. It grew $1 million or 444% to $2 million. The amount of money fetched surged 263% to $4 million. Mirroring a similar yet downward pattern, the number of private placements reached two, down from three the prior week. Reg D issuers were more compliant when filling the Reg D form with a compliance score going up to 97 from 88.
Analysis: the activity in Minnesota contracted in line with the market trend though fundraising growth outpaced the market.

Companies located in **the State of Ohio** kept their compliance score stable at 100. On average 15% of issuers' financing rounds were subscribed by investors, a drop of 6.4%. Investors committed 0.28% of their funds in Ohio which was responsible for 2.5% of the market activity. The amount of money collected grew 161% to $2 million. Charting a similar pattern, the number of private placements reached four, up from two seven days ago. The average transaction size increased by 31% to $481,250.
Analysis: the activity in the State of Ohio expanded, both fundraising and the activity grew at a faster pace than the market.

Issuers by industry

42 issuers, or 22%, checked **" Other "** as industry when filing with the SEC. XDATA through its curating process narrowed it down to 12 or 1.4%.

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

Software companies launched 43 Reg D offerings (down 49%) and sold $286 million worth of securities (down 49%). Companies were a key market contributor amassing 41% of the subscriptions. The average transaction size shrank by 63% to $7 million. Issuers were much less successful than before placing 87% of their offerings to investors. At 94 on average, compliance scores remained stable during the period.

Device and Medical Device companies captured $152 million (up 48%) via 23 placements. Companies were an important market participant raising 22% of the subscriptions. The average transaction size increased by 48% to $7 million. Reg D issuers reported selling 84% of their financing rounds. During the period, issuers decreased their compliance score on average by 1 points to 91.

Mining companies sold 89% of their planned issuances, a considerable increase from 57%. Much bigger private placements typified the period. On average, they rocketed by $4 million to $5 million. The amount raised grew 167% to $40 million. Following a similar yet downward path the number of offerings reached eight, down from 11 the previous week. **Mining companies** were a small market participant collecting 5.7% of the subscriptions. Issuers were as compliant as before when filling with the SEC, their compliance score remained at 91.

Platform Technology companies initiated 12 offerings (down 20%) and placed $17 million worth of securities (down 20%). Companies captured 2.5% of the money raised during the seven days ending on June 5, and were a negligible market contributor in terms of amount raised. The average transaction size dropped by 68% to $1 million. Reg D issuers experienced a vertiginous drop in investors' subscription rate since they subscribed on average to 53 cents for each dollar offered, down 35 cents over the period. During the period, issuers grew their compliance score on average by 2 points to 98.

Biotech companies sold $12 million worth of securities, a vertiginous decline of 90%. Furthermore, the number of offerings was down 56% to eight. Companies were behind 1.7% of the money raised during the past seven days, and were a dismal market contributor in terms of amount raised. Investors subscribed to much smaller financing rounds which dropped by $5 million on average or 77% to $1 million. Reg D issuers were a bit more successful placing securities to investors who acquired 114 cents for each dollar offered, a slight increase of 13 cents. During the period, issuers grew their compliance score on average by 6 points to 99.

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

Aerospace companies saw their subscriptions rocket 46% to $28 million. The number of offerings reached two, down from three the previous week. Companies were behind 4% of the money raised during the seven days ending on June 5, and were a dismal market driver in terms of amount raised. Much bigger private issuances typified the period. On average, they grew by $8 million to $14 million. Reg D issuers were a bit less successful placing securities to investors who acquired 60 cents for each dollar offered, a slight drop of 6 cents. During the period, issuers increased their compliance score on average by 5 points to 100.

Investment firms accounted for three private placements (down 57%) and collected $10 million (down 57%). Companies were a dismal market driver capturing 1.5% of the subscriptions. Investors subscribed to much bigger financing rounds which rocketed by $3 million on average to $3 million. Issuers experienced a solid increase in investors' demand since they subscribed on average to 100 cents for each dollar offered, up 28 cents over the period. During the period, issuers fell their compliance score on average by 21 points to 72.

Farming and Aquaculture captured 1.4% of the funds available for VC and operating companies. Investors were far less interested than before acquiring 65% of the securities offered. Reg D issuers experienced a marginal drop in the average financing round by $190,474 to $2 million. Three new private placements were launched, eventually $10 million was collected by issuers (up from $3 million) via four fundraising events. Companies' compliance score rose by 26 points to 96.

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