Cherry picking.

Weekly market activity report

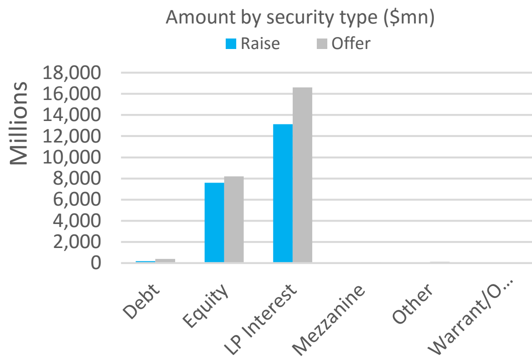
June 20, 2016 – June 26, 2016

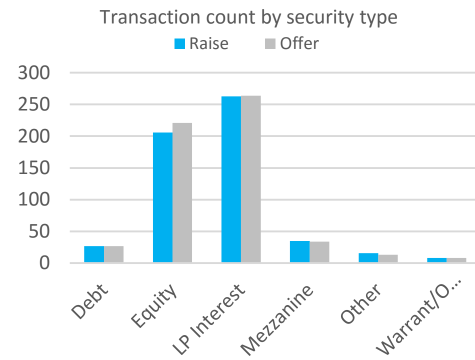
During the seven day period, the Regulation D market contracted at a slightly faster pace both in terms of funds raised by issuers and number of transactions. The amount of money raised was propped by a small number of companies that raised unusually big financing rounds. Additionally, the activity of the VC & SMB market contracted with a fundraising and activity growth rates 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: $45 million
- Total offered: $25.41 billion
- Total raised: $20.97 billion





During the seven days ending on June 26, issuers were significantly more successful selling securities than before placing 83 cents of each dollar offered. Investors had previously subscribed to 47 cents for each dollar on the market. The average size of fundraising transactions increased to $38 million. This was due to a marginal decline in the total amount of money captured and a slight drop in successful placements. Overall fundings reached $20.97 billion while investors subscribed to a total of 555 issuances made under Reg D. Compliance scores on average decreased to 72 vs. 73 the previous week.

Managed funds were again the most important market participant, they were behind 65% of the securities offered and 63% of the money raised, yet they accounted for 47% of the issuers hitting the market.

Foreign companies were a dismal market participant in terms of amount raised during the seven day period. They saw their fundraising pool shrink 79% to $529 million while closing 58 private placement transactions.

Top 10 foreign countries by amount raised include:

Financing rounds initiated by issuers located in **the Cayman Islands** surged 371% to $1.56 billion through 28 offerings. $149 million was collected by companies in **Mauritius** through four deals, representing a non-negligible decline of 20% from the prior week. An issuer in **Singapore** issued $90 million worth of securities via one private placement, and propelled Singapore in the top 10 list of foreign countries. A company in **Bermuda** completed one closed and partially closed financing round and raised $71 million constituting a major improvement of 157% vs. seven days ago. Fundraising transactions initiated by Reg D issuers located in **the UK** fell 91% to $37 million via three offerings. $27 million was collected by companies in **Ireland** through two deals, representing a vertiginous drop of 95% from the prior week. **Israel** is new to the top 10 list of foreign countries, issuers started four private placements for $22 million and raised $21 million. A company in **the British Virgin Islands** issued $18 million worth of securities via one offering, and propelled the British Virgin Islands in the top 10 list of foreign countries. A company in **Hong Kong** completed one closed and partially closed financing round and captured $7 million constituting a vertiginous decline of 95% vs. the prior week. Fundraising transactions initiated by Reg D issuers located in **Australia** decreased 97% to $3 million via three offerings.

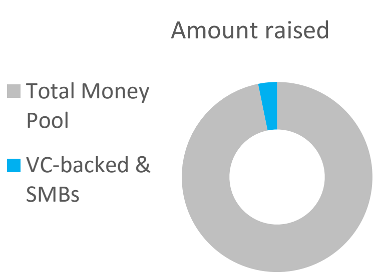
Following a much more pronounced positive pattern, securities issued in connection with **M&A** deals were a substantial market contributor in terms of funds raised with investors subscribing to $6.76 billion via 14 placements. On average financings garnered $483 million. Reliance on Reg D issuances to finance **M&A** transactions went down by 6.7% to 14 closed and partially closed placements vs. the prior week.

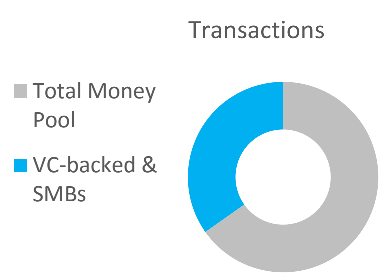
Venture capital and operating companies market:

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: $5 million
- Total offered: $989 million
- Total raised: $669 million

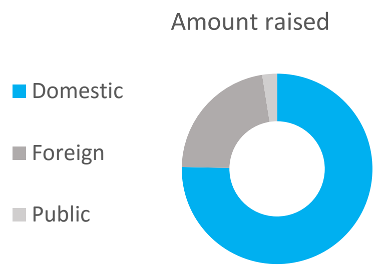


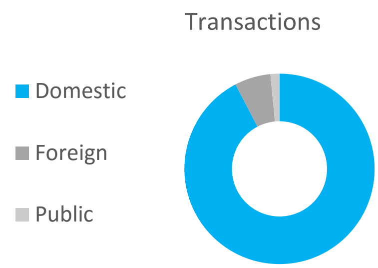


The activity of the VC & SMB market contracted with a fundraising and activity growth rates that underperformed the overall Regulation D market.

VC and operating companies captured 3.2% of the overall pool of money raised via Regulation D, however they accounted for 35% of Form D filers during the past seven days. Issuers collected 68 cents for each dollar offered, representing a decline of 14% for the period. Following a more stable trend, compliance scores on average reached 94.

During the week, the number of fundraising transactions shrank by 16% to 193. Companies were much less bullish than before and offered the market $989 million worth of securities, a drop of 58%. Charting a similar path, investors purchased much less, subscriptions fell 65% to $669 million.





Domestic Reg D issuers placed 62% of their planned issuances, a strong decline from 85% the prior week. Investors subscribed to much smaller financing rounds. They dwindled by $6 million to $3 million. Amount raised fell 73% to $517 million. Following the same downward pattern, yet at more subdued pace, the number of private offerings reached 181, down from 208 seven days ago. US-based companies were the primary market participant capturing 77% of the subscriptions. Reg D issuers remained as compliant as before, their compliance score was flat at 94.

Foreign companies accounted for 12 private placement transactions (down 45%) and sold $152 million worth of securities to financial backers (down 45%). Investors committed 23% of their funds to foreign issuers which were a small contributor in terms of market activity. The period was characterized by a much bigger average financing round size. It increased by $12 million to $13 million. Foreign companies placed 99% of their planned issuances, a considerable improvement from 16% the previous week. Companies grew their compliance score to 88 from 86.

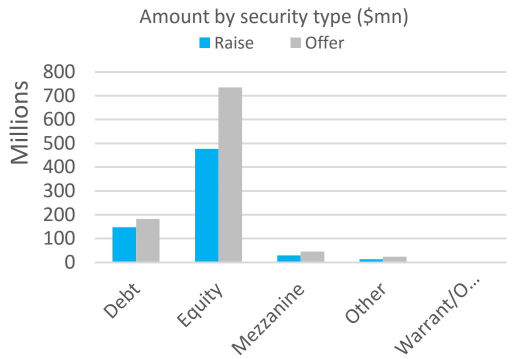
Public Reg D issuers were a negligible market driver raising 2.6% of the subscriptions. For each dollar they offered, they collected 81 cents, a major increase from 22 cents the prior week. Companies garnered on average much bigger financing rounds from investors, they surged by 103% to $6 million. Four private placements were launched, eventually amassing $17 million (down from $28 million) via three transactions. Publicly traded issuers improved their compliance score to 97 from 90.

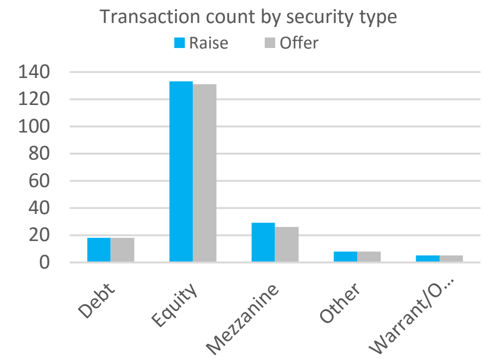
Top 10 foreign countries by amount raised include:

$129 million was collected by companies in **Canada** through seven deals, representing a considerable increase of 794% from the prior week. An issuer in **Israel** issued $20 million worth of securities via one

Reg D offering. **Australia** is new to the top 10 list of foreign countries, companies started three private placements for $3 million and gathered $3 million. An issuer in **Great Britain** issued $346,617 worth of securities via one offering.

Securities



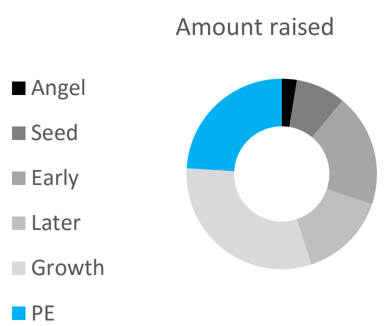


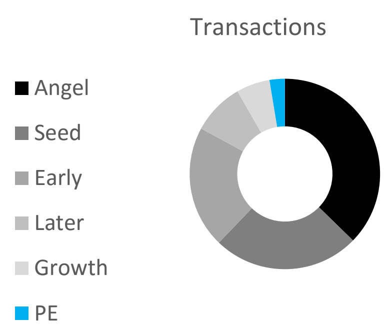
Equity securities were the primary instrument issued in connection with companies' fundraising activity. Particularly, 69% of the subscriptions were equity based while they captured 71% of the funds raised. Investors bought $477 million worth of equity through 133 transactions.

The number of **mezzanine** denominated financing rounds shrank, they raised $29 million and accounted for $45 million offered. Issuers relied on mezzanine securities in 29 transactions vs. 39 previously, a drop of 26%. Mezzanine securities were used in 15% of the transactions to raise 4.3% of the pool of money dedicated to SMBs.

Following a much more positive, yet subdued trend, **debt** investors subscribed to 18 issuances for a total of $148 million. The number of debt denominated issuances increased 13%, however commitments were up 2655%. Overall, debt was the security of choice for 9.3% of the placements while attracting 22% of investors' funds.

Development stage





With 72 closed and partially closed financing rounds (down 11%), **angel stage** companies were a major market driver. The pool of money raised, following the same downward trend at a stronger pace, experienced an important drop of 19% to $17 million, capturing 2.6% of the pool of money. Angel stage

issuers raised on average $238,449 per fundraising transaction, down 9.1% vs. the prior week. They were as compliant as before with a score reaching 96.
Analysis: the activity of angel stage companies contracted despite boasting a fundraising and activity growth rates that outperformed the overall SMB & VC market.

Seed stage issuers initiated 48 financing rounds, roughly as much as before, and eventually raised $57 million. The average subscription size dwindled 16% to $1 million. Compliance scores averaged 91. Overall, they accounted for 8.5% of the money raised and 25% of the activity.
Analysis: the activity of seed stage companies stagnated though they boasted an activity and fundraising growth rates that outperformed the overall SMB & VC market.

For each dollar they offered to investors, **early stage** companies gathered 75 cents. Their compliance score reached 95 on average. During the period, their average financing round reached $3 million. Investors subscribed to $128 million via 40 issuances (up 5.3%). Early stage funding was a substantial market participant in terms of activity, it represented 21% of the deals and 19% of the money raised.
Analysis: the activity of early stage companies expanded, both their fundraising and activity grew at a faster pace than the overall SMB & VC market.

Later stage companies collected on average slightly smaller financing rounds from investors, it actually eased by 3.4% to $6 million. Financial backers decreased their subscriptions to $99 million via 17 successful placements. Later stage issuances accounted for 8.8% of the issuances and 15% of the money raised. The average compliance score for companies falling into this development stage bracket stood at 94.
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.

Growth stage issuers initiated 11 closed and partially closed placements down 54% and eventually garnered $207 million. The average transaction size grew 42% to $19 million. Compliance scores averaged 91. Overall, they accounted for 31% of the money raised and 5.7% of the activity.
Analysis: the activity of growth stage companies contracted with a growth rate that underperformed the overall SMB & VC market.

With five successful placements (down 69%), **private equity stage** issuers were a negligible market driver. The amount raised, charting a similar trend, experienced a vertiginous decline of 87% to $161 million, capturing 24% of the pool of money. Private equity stage companies raised on average $32 million per financing round, down 59% vs. the prior week. They were as compliant as before with a score reaching 89.
Analysis: the activity of private equity stage Reg D issuers 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:

Companies headquartered in **California** kept their compliance score stable at 93. Generally, investors subscribed to 82% of the securities offered by companies located in the state of California. During the week, California captured 33% of investor's subscriptions and companies located there initiated 24% of the transactions. Financing rounds fetched $224 million (down 35%). Following the same downward trend, yet at more subdued pace, the number of Reg D offerings reached 46, down from 55 seven days ago. The average transaction size fell by 22% to $5 million.
Analysis: the activity in California contracted and both its activity and fundraising indicators are in tune with the market trend.

Companies headquartered in **Massachusetts** were as compliant when filling the Reg D form with a compliance score going down to 93 from 97. Companies were able to place 99% of their financing rounds. 10% of the money raised during the week was funneled in Massachusetts which accounted for 5.7% of the transactions. The volume of money raised dwindled 78% to $68 million while the number of placements remained stable at 11. Investors subscribed to much smaller financing rounds, they decreased $22 million on average to $6 million.
Analysis: the activity in the Commonwealth of Massachusetts stagnated though with growth rate that outperformed the market's benchmark.

New York-headquartered issuers funneled 8.2% of the funds earmarked for VC-backed and operating companies and accounted for 6.2% of the activity. Financing goals set by issuers were 82% met. They captured 16 cents less for each dollar offered. Companies experienced a steep drop in the average transaction size they were able to raise from investors. It decreased $11 million or 71% to $5 million. 11 private placements were launched, eventually accumulating $55 million (down from $365 million) via 12 fundraising events. Issuers lowered their compliance score by 5.01 points to 87.
Analysis: the activity in the State of New York contracted with a growth rate that underperformed the market.

Companies based in **Washington** were a touch less successful than before selling 51% of their offerings to investors. Investors subscribed to much bigger financing rounds, they increased $2 million on average or 220% to $3 million. The amount of money captured grew 379% to $39 million. Following a similar path, the number of private issuances reached 15, up from ten the prior week. Investors committed 5.9% of their funds in Washington which was responsible for 7.8% of the market activity. Companies lowered their compliance score by 1.57 points to 97.
Analysis: the activity in the State of Washington expanded, both fundraising and the activity grew at a faster pace than the market.

Reg D issuers headquartered in **Texas** saw their compliance score go up to 95 from 87. Financing goals set by issuers were 44% met. They captured 30 cents less for each dollar offered. Investors committed 1.9% of their funds in Texas which was responsible for 6.7% of the market activity. Investors subscribed to $13 million worth of securities (down 68%) via 13 private placements (up 86%). Investors subscribed to much smaller financing rounds, they shrank $5 million on average or 83% to $975,157.
Analysis: the activity in the State of Texas expanded and outpaced the market benchmark.

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

Nevada-based companies raised $20 million (up 13402%) via two placements. 3% of the money raised during the past seven days was funneled in Nevada which accounted for 1% of the transactions. The size of the average financing round was unchanged at $10 million. Reg D issuers were significantly more successful placing their securities with investors who bought 50 cents for each dollar offered, up 50 cents. The average compliance score of issuers were up to 100 from 0.
Analysis: the activity in the State of Nevada stagnated though boasted activity and fundraising growth rates that outperformed the market.

Arizona-based companies initiated four private placement transactions (up 33%) and sold $17 million worth of securities to financial backers (up 33%). 2.6% of the money raised during the past seven days was funneled in Arizona which accounted for 2.1% of the transactions. Investors subscribed to much bigger financing rounds, they rocketed $4 million on average or 1453% to $4 million. Issuers were significantly more successful placing their securities with investors who bought 97 cents for each dollar offered, up 43 cents. The average compliance score of issuers were up to 100 from 89.
Analysis: the activity in the State of Arizona expanded, both fundraising and the activity grew at a faster pace than the market.

Companies headquartered in **Michigan** were much less successful than before placing 80% of their offerings to investors. The average size of financing rounds raised surged by 2152% to $3 million. The amount of money collected increased 5531% to $13 million. Mirroring a similar path, the number of private security issuances reached five, up from two the previous week. During the seven days ending on June 26, Michigan captured 1.9% of investor's subscriptions and companies located there initiated 2.6% of the transactions. Reg D issuers remained as compliant as before, their compliance score was flat at 100.
Analysis: the activity in the State of Michigan expanded, both fundraising and the activity grew at a faster pace than the market.

Companies located in **Wisconsin** saw their compliance score go down to 98 from 99. Generally, investors bought 163% of the securities offered by companies located in the state of Wisconsin. During the past seven days, Wisconsin captured 0.67% of investor's subscriptions and companies located there initiated 1.6% of the transactions. Three private security issuances were launched, eventually amassing $5 million (up from $4 million) via three fundraising events. Investors subscribed to smaller financing rounds, they shrank $418,537 on average or 22% to $2 million.
Analysis: the activity in Wisconsin expanded, both fundraising and the activity grew at a faster pace than the market.

Indiana-headquartered issuers funneled 0.51% of the funds available to portfolio companies and SMBs and accounted for 2.1% of the activity. Generally, investors acquired 58% of the securities offered by companies located in the state of Indiana. Reg D issuers experienced a marginal drop in the average placement they were able to raise from investors. It subsided $94,423 to $855,577. Four private

offerings were launched, eventually gathering $3 million (up from $2 million) via four fundraising events. Issuers improved their compliance score by 5.5 points to 96.
Analysis: the activity in the State of Indiana expanded, both fundraising and the activity grew at a faster pace than the market.

Virginia-headquartered companies garnered 0.33% of the subscriptions and accounted for 1% of the issuances made under Reg D. Financing targets set by issuers were 90% met. They captured 31 cents more for each dollar offered. Companies on average raised more money per security issuance than before. The average financing size went up by $876,667 to $1 million. Two private placements were launched, eventually collecting $2 million (up from $1 million) via two fundraising events. Companies kept their compliance score stable at 100.
Analysis: the activity in the State of Virginia contracted with a growth rate that fell below the market while its fundraising growth outperformed the benchmark.

Issuers by industry

45 issuers, or 31%, checked **" Other "** as industry when filing with the SEC. XDATA through its curating process narrowed it down to 26 or 6.9%.

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

Software companies sold $234 million worth of securities, a vertiginous decline of 41%. Furthermore, the number of offerings was up 7.7% to 56. Companies were behind 35% of the money raised during the past seven days, and were an important market driver in terms of amount raised. Investors subscribed to much smaller financing rounds which decreased by $3 million on average to $4 million. Issuers sold 91% of their planned issuances, a slow improvement from 85%. The average compliance score of issuers subsided to 93 from 94.

Biotech companies collected 13% of the funds available for VC and operating companies. Investors were far less interested than before subscribing to 54% of the securities offered. Reg D issuers experienced a vertiginous drop of the average financing round size by $6 million or 43% to $7 million. 14 new private placements were launched, eventually $89 million was collected by issuers (down from $313 million) via 12 fundraising events. Companies saw their compliance score increase to 99 from 91.

Device and Medical Device companies initiated 17 offerings (down 15%) and gathered $81 million (down 15%). Companies captured 12% of the money raised during the week, and were a minor market participant in terms of amount raised. Slightly bigger private security issuances characterized the period. On average, they increased by $235,740 to $5 million. Reg D issuers were significantly more successful placing securities to investors who acquired 85 cents for each dollar offered, a solid improvement of 21 cents. During the period, issuers fell their compliance score on average by 6 points to 88.

Engineering companies placed 53% of their planned issuances, a marginal drop from 56%. The average size of financing rounds raised dropped by 60% to $1 million. 15 new private offerings were launched, eventually $19 million was collected by issuers (down from $40 million) via 13 fundraising events.

Engineering companies were a negligible market participant amassing 2.8% of the subscriptions. Reg D issuers saw their compliance score grow to 94 from 83.

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

Mining companies saw their subscriptions rocket 212% to $15 million. The number of Reg D offerings reached three, down from ten the prior week. Companies captured 2.2% of the money raised during the seven days ending on June 26, and were a dismal market participant in terms of amount raised. Investors subscribed to much bigger financing rounds which increased by $5 million on average to $5 million. Reg D issuers were much more successful than before placing 100% of their offerings to investors. During the period, issuers rose their compliance score on average by 10 points to 98.

Aerospace companies sold 95% of their planned issuances, a marginal decline from 100%. Investors subscribed to much bigger financing rounds which increased by $4 million on average to $4 million. The amount raised grew 2569% to $8 million. Following a similar pattern the number of offerings reached two, up from one the previous week. **Aerospace companies** were a dismal market participant accumulating 1.2% of the subscriptions. Reg D issuers were as compliant as before when filling with the SEC, their compliance score stood at 100.

Food companies' compliance score rose by 15 points to 99. Investors were a touch less interested than before subscribing to 86% of the securities offered. Companies captured 0.54% of the money raised during the seven days ending on June 26, and were a negligible market participant in terms of amount raised. Two new issuances were launched, eventually $4 million was collected by issuers (up from $3 million) via two fundraising events. Investors subscribed to much bigger financing rounds which increased by $915,474 on average to $2 million.

Farming and Aquaculture garnered 0.28% of the pool of money available for VC and operating companies. Fundraising targets were 52% met as companies placed 43 cents more for each dollar they offered. Issuers were much more successful than before, indeed the average transaction size grew $265,518 or 73% to $631,400. Three new private placements were launched, eventually $2 million was collected by issuers (up from $365,882) via three fundraising events. Companies' compliance score rose by 2 points to 91.

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