Common stock valuation for

Meetly

Valuation date June 1, 2017

Prepared by Carta Valuations LLC on May 22, 2018

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MEETLY **May 22, 2018**

870 Market Street San Francisco, CA 94117

This report details the valuation analysis of fair market value of the common equity of Meetly ("Meetly" or "Company") on a per share basis ("Subject Interest") as of June 1, 2017 ("Valuation Date"). It is understood that the valuation of the Subject Interest, as developed in this report, will be used for tax planning and financial reporting purposes in conjunction with Section 409A regulations of the Internal Revenue Code ("IRC") as well as Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718 – Compensation. We have not been engaged to make any purchase or sale recommendations associated with the Company. As such, this report should not be used for any other purpose.

SCOPE OF ENGAGEMENT

Consistent with Revenue Ruling 59-60 and standard practice, the following factors have also been analyzed and accorded due weight, where applicable:

- The nature and history of the entity's business;
- The general economic conditions and specific industry outlook;
- The book value of the entity and its financial condition;
- The earning capacity of the entity;
- The entity's distribution history and capacity;
- The existence of goodwill or other intangible value within the business;
- Prior interest sales and the size of the interest being valued;
- The market price of companies engaged in the same or a similar line of business having their equity securities actively traded in a free and open market.

We considered differences between the Company's preferred and common shares with respect to liquidation preferences, conversion rights, voting rights, and other features. We also considered appropriate adjustments to recognize lack of marketability related to the Subject Interest.

CONCLUSIONS

Based on the information provided and the analysis conducted, and subject to the attached Statement of Limiting Conditions, it is our opinion that the value of Meetly's common stock as of the Valuation Date is as follows:

Common Stock of Meetly: **$1.84**

Carta Valuations LLC's fee for this service is not contingent upon the results of the Valuation expressed herein. This Valuation is subject to the terms and conditions of the master subscription agreement between eShares, Inc. (an affiliate of Carta Valuations LLC) and Meetly executed on June 1, 2017.

VALUATION SUMMARY

Company value

Approach	Value	Weighting
Market approach (guideline public company method)	$63,468,942.52	50.00%
Market approach (guideline transactions method)	$61,411,079.66	50.00%
Concluded value	**$62,440,011.09**	**100.00%**

Common stock value

Inputs	Conclusion
Allocation methodology	Option pricing model
Fully marketable value	$2.30
Discount for lack of marketability	20.00%
Concluded fair market value	**$1.84**

COMPANY OVERVIEW

Meetly is a great company!

MEETLY FINANCIALS

Income statement

Metric	Historical[1]	TTM	NTM	2017	2018	2019
Revenue	$2,987,329.82	$8,125,110.01	$10,000,000.00		$14,000,000.00	$24,000,000.00
EBITDA	($1,344,298.42)	($3,656,299.51)				

Financial Metrics

Metric	Value
EBITDA Margin	-45.00%
Historical growth rate	171.99%
Projected growth rate	23.08%

Balance sheet

Metric	Value
Cash and cash equivalents	$10,873,240.00
Interest bearing liabilities	$0.00

[1] 'Historical' refers to the period from June 2, 2015 to June 1, 2016.

CAPITALIZATION

Share classes

Outstanding shares	Shares outstanding	Warrants	Options	Total
Series C Preferred	2,205,206	0	0	2,205,206
Series B Preferred	3,029,344	0	0	3,029,344
Series A Preferred	3,697,191	0	0	3,697,191
Series Seed Preferred	1,256,038	285,000	0	1,541,038
Common	5,536,856	0	2,391,409	7,928,265

Liquidation preferences

Share class	Liquidation rank	Issue price	Multiplier	Dividend type	Dividend rate	Participation Y/N	Participation cap	Conversion ratio
Series C Preferred	2	$2.75	1.00	Non-Cumulative	N/M	Y	2.00x	1.00
Series B Preferred	3	$1.22	1.50	Non-Cumulative	N/M	Y	2.00x	1.00
Series A Preferred	4	$0.45	1.00	Cumulative	6.00%	N	N/A	1.00
Series Seed Preferred	5	$0.27	1.00	Non-Cumulative	N/M	N	N/A	1.00
Common	6	$0.00	1.00	N/A	N/A	N/A	N/A	1.00

Convertible debt and equity

Type	Valuation cap	Principal	Interest rate	Maturity date
SAFE	$6,000,000.00	$375,000.00	0.00%	-
SAFE	$6,000,000.00	$500,000.00	6.00%	Jul 2, 2018
Convertible note	$8,000,000.00	$875,000.00	6.00%	Nov 5, 2018 - Nov 5, 2019

Lowest number liquidation preference is paid out first.

VALUATION METHODOLOGY SUMMARY

Selected valuation approaches

The first step in valuing the Company's common shares was to determine the value of the Company. In arriving at a conclusion of the Company value, we considered the methodologies below:

Market approach: Subject company transaction method

This methodology consists of examining prior transactions of the subject Company. According to the AICPA guidelines, recent securities transactions should be considered as a relevant input for computing the enterprise valuation.

Given that there were no securities transactions recent to the Valuation Date, the Subject Company Transactions Method was not used.

Market approach: Guideline public company method

This methodology focuses on comparing the subject entity to publicly traded entities. While there may be differences in the selected guideline companies relative to the subject Company in terms of size, profitability, and other key operating metrics, the GPC approach captures market-derived prices from operationally similar companies. To account for potential value implications arising from differences between the Company and guideline companies, multiples at the high, median, or low end of the derived range can be methodically selected. As such, we applied an 50.00% weight to the value derived from the GPC Method. Detailed discussion and information about this approach can be found in the exhibits and appendix.

Market approach: Guideline M&A transaction method

This approach uses valuation multiples based on actual transactions that have occurred in the subject entity's industry. The Guildine M&A Transactions Method was weighted at 50.00% based on our assessment of the relevant group of comparable transactions and the Company's financials.

Invested capital approach

This methodology focuses on capital invested in the Company as of the Valuation Date. Based on a study by Andrew Metrick, an exit multiple is applied to the invested capital and the value is discounted over the selected term, using a VC rate of return. This methodology was not used, as it does not accurately represent the going concern value of the Company.

Asset approach

The asset approach measures the value of an asset by the cost to recreate or replace it with another of like utility. When applied to the valuation of equity interests in businesses, value is based on the net aggregate fair market value of the entity's underlying individual assets. This approach is frequently used in valuing holding companies or capital-intensive businesses. This methodology was not used, as it does not accurately represent the going concern value of the Company.

Income approach: Discounted cash flow

This approach focuses on the income producing capability of a business. Given the stage and size of the Company, reliable financial projections were not available. Accordingly we did not rely on the Income Approach.

GUIDELINE PUBLIC COMPANY DISCUSSION

Public companies selected

We identified potential guideline companies to compare to Meetly. A global list of companies that could be considered similar to Meetly was compiled for comparative purposes from a variety of sources including Capital IQ and discussions with management. We selected publicly traded guideline companies based on consideration of: business descriptions, operations and geographic presence, financial size and performance, stock liquidity, and management recommendations regarding most similar companies.

These guideline public companies were reviewed in detail to assess their operating and financial performance. This analysis considered the need to restate their financial results to adjust for any non-recurring or extraordinary items, if applicable. The financial performance of the guideline public companies was analyzed to assess patterns and trends of the businesses, to look for anomalies, and to gain an understanding of their values relative to recent and projected financial results, where available.

COMPARABLE COMPANY STATISTICS

($USD in thousands)

Company	LTM revenue	Historic growth rate	Projected growth	EBITDA margin	Projected EBITDA margin
Alphabet Inc.	$94,765,000.00	21.51%	18.99%	32.93%	0.41%
Microsoft Corporation	$87,247,000.00	0.42%	4.14%	33.01%	0.38%
Oracle Corporation	$37,429,000.00	0.73%	0.95%	38.83%	0.45%
Salesforce.com, inc.	$8,862,960.00	25.31%	22.62%	5.06%	0.22%
Splunk Inc.	$1,006,451.00	38.11%	26.28%	-29.51%	0.12%
Tableau Software, Inc.	$855,151.00	23.02%	6.09%	-11.44%	0.06%
VMware, Inc.	$7,093,000.00	6.71%	-	26.08%	0.36%
Workday, Inc.	$1,701,591.00	35.15%	30.78%	-14.23%	0.14%
Maximum	$94,765,000.00	38.11%	30.78%	38.83%	0.45%
75th percentile	$49,883,500.00	27.77%	24.45%	32.95%	0.39%
Median	$7,977,980.00	22.27%	18.99%	15.57%	0.29%
25th percentile	$1,527,806.00	5.21%	5.12%	-12.14%	0.13%
Minimum	$855,151.00	0.42%	0.95%	-29.51%	0.06%
Meetly	**$8,125.11**	**171.99%**	**23.08 %**	**-45.00%**	**%**

COMPARABLE COMPANY RANKINGS

(From highest to lowest)

Rank	LTM revenue	Historic growth rate	Projected growth	EBITDA margin	Projected EBITDA margin
1	Alphabet Inc.	**Meetly**	Workday, Inc.	Oracle Corporation	Oracle Corporation
2	Microsoft Corporation	Splunk Inc.	Splunk Inc.	Microsoft Corporation	Alphabet Inc.
3	Oracle Corporation	Workday, Inc.	**Meetly**	Alphabet Inc.	Microsoft Corporation
4	Salesforce.com, inc.	Salesforce.com, inc.	Salesforce.com, inc.	VMware, Inc.	VMware, Inc.
5	VMware, Inc.	Tableau Software, Inc.	Alphabet Inc.	Salesforce.com, inc.	Salesforce.com, inc.
6	Workday, Inc.	Alphabet Inc.	Tableau Software, Inc.	Tableau Software, Inc.	Workday, Inc.
7	Splunk Inc.	VMware, Inc.	Microsoft Corporation	Workday, Inc.	Splunk Inc.
8	Tableau Software, Inc.	Oracle Corporation	Oracle Corporation	Splunk Inc.	Tableau Software, Inc.
9	**Meetly**	Microsoft Corporation		**Meetly**	
Subject Co.	9/9	1/9	3/8	9/9	n/a

Source: Capital IQ

REVENUE MULTIPLES

($USD in Millions)

Name	MVIC	LTM	NTM	2017	2018	2019
Alphabet Inc.	$680,184.93	7.18x	6.09x	6.33x	5.45x	4.73x
Microsoft Corporation	$627,203.08	7.19x	6.18x	6.55x	6.05x	5.60x
Oracle Corporation	$242,378.20	6.48x	6.32x	6.48x	6.28x	6.04x
Salesforce.com, inc.	$66,591.52	7.51x	6.18x	7.95x	6.47x	5.42x
Splunk Inc.	$8,521.73	8.47x	6.76x	9.14x	7.10x	5.66x
Tableau Software, Inc.	$4,868.75	5.69x	5.47x	5.55x	5.12x	4.45x
VMware, Inc.	$41,279.00	5.82x	5.38x	-	5.42x	5.12x
Workday, Inc.	$21,434.34	12.60x	10.03x	13.71x	10.44x	8.35x
Maximum	$680,184.93	12.60x	10.03x	13.71x	10.44x	8.35x
90th percentile	$643,097.64	9.71x	7.74x	10.97x	8.11x	6.73x
75th percentile	$338,584.42	7.75x	6.43x	8.55x	6.63x	5.75x
Median	$53,935.26	7.18x	6.18x	6.55x	6.16x	5.51x
Mean	$211,557.69	7.62x	6.55x	7.96x	6.54x	5.67x
25th percentile	$18,206.19	6.31x	5.94x	6.41x	5.44x	5.03x
10th percentile	$7,425.84	5.78x	5.44x	6.02x	5.33x	4.65x
Minimum	$4,868.75	5.69x	5.38x	5.55x	5.12x	4.45x

Source: Capital IQ

GUIDELINE PUBLIC COMPANY METHOD CONCLUSION

Multiples selection

Given the size and scope of the Company's operations relative to the publicly traded peers, a selected multiple below the median appears appropriate. Several of the public comparable companies have diverse product lines and address larger target markets. However, the Company's historical and projected growth rates indicate a selected multiple at the bottom of the range would not be reasonable. Given these factors, in conjunction with the Company's risk profile and discussions with Management, the selected multiples were determined to be reasonable.

Weighting

As of the Valuation Date, the Company remained early stage, making accurately forecasting projected results difficult. As such, equal consideration was given to the multiple of LTM and NTM revenue in this analysis.

	Metric	Multiple	Weighting	Weighted value
LTM revenue	$8,125,110.01	7.00x	0.25	$14,218,942.52
NTM revenue	$10,000,000.00	6.00x	0.50	$30,000,000.00
2018 revenue	$14,000,000.00	5.50x	0.25	$19,250,000.00

Market value of invested capital	$63,468,942.52
Interest-bearing liabilities	$0.00
Equity value	$63,468,942.52

GUIDELINE TRANSACTIONS DISCUSSION

The Market Approach: Guideline M&A Transaction Method uses valuation multiples based on actual transactions that have occurred in the subject entity's industry. This approach involves screening comparable M&A transactions involving companies similar to the business being valued (i.e., the Company). Where appropriate, revenue or EBITDA multiples of related companies are calculated for these transactions and then applied to the company being valued.

Search criteria

We identified transactions comparable to Meetly from the Capital IQ database. We selected comparable transacted companies based on:

- Target business descriptions;
- Financials;
- Size and historical performance;
- Close date no earlier than three years prior to the valuation date.

M&A TRANSACTION DATA

($USD in Millions)

Target [1]	Acquirer	Acquisition date	BEV	LTM revenue	One week CP [2]	One month CP [3]
NetSuite Inc.	Oracle Corporation	Nov. 4, 2016	$8,708.58	$897.49	33.09%	57.95%
Demandware, Inc.	Salesforce.com, inc.	July 8, 2016	$2,840.45	$254.08	66.41%	61.57%
LinkedIn Corporation	Microsoft Corporation	Dec. 8, 2016	$26,150.28	$3,213.87	44.44%	54.28%
AVG Technologies N.V.	Avast Software B.V.	Sept. 30, 2016	$1,462.98	$430.61	37.94%	36.29%
DataLogix Holdings, Inc.	Oracle Corporation	Jan. 23, 2015	$1,189.00	-	-	-
AppDynamics, Inc.	Cisco Systems, Inc.	March 22, 2017	$3,902.90	$206.23	-	-
Maximum					66.41%	61.57%
75th percentile					49.93%	58.85%
Median					41.19%	56.12%
25th percentile					36.73%	49.78%
Minimum percentile					33.09%	36.29%

Source: Capital IQ

[1] See appendix for target company descriptions.

[2] Control premium calculated by comparing the final price paid to the common stock price one week prior to the transaction announcement date.

[3] Control premium calculated by comparing the final price paid to the common stock price one month prior to the transaction announcement date.

M&A TRANSACTION MULTIPLES

($USD in Millions)

Target	Acquirer	BEV	LTM revenue	NTM revenue	LTM EBITDA
NetSuite Inc.	Oracle Corporation	$8,708.58	9.70x	7.71x	-
Demandware, Inc.	Salesforce.com, inc.	$2,840.45	11.18x	8.87x	-
LinkedIn Corporation	Microsoft Corporation	$26,150.28	8.14x	6.72x	98.26x
AVG Technologies N.V.	Avast Software B.V.	$1,462.98	3.40x	3.27x	11.70x
DataLogix Holdings, Inc.	Oracle Corporation	$1,189.00	11.60x	-	-
AppDynamics, Inc.	Cisco Systems, Inc.	$3,902.90	18.93x	-	-
Maximum			18.93x	8.87x	98.26x
75th percentile			11.49x	8.00x	76.62x
Median			10.44x	7.22x	54.98x
25th percentile			8.53x	5.86x	33.34x
Minimum			3.40x	3.27x	11.70x

Source: Capital IQ

GUIDELINE TRANSACTIONS CONCLUDED VALUE

Multiple selection

None

Discount for lack of control

None

Weighting

None

	Metric	Multiple	Weighting	Weighted value
LTM revenue	$8,125,110.01	8.50x	0.50	$34,531,717.54
NTM revenue	$10,000,000.00	7.50x	0.50	$37,500,000.00

Business enterprise value	$72,031,717.54
Plus: Cash and cash equivalents	$10,873,240.00
Less: Interest-bearing liabilities	$0.00
Equity value (Controlling basis)	$82,904,957.54
Discount for lack of control (Control premium: 35.00%)	25.93%
Equity value (minority basis)	$61,411,079.66

ALLOCATION

After the value of the Company was determined, it was allocated among the various share classes. The three allocation approaches considered are outlined below:

Option pricing model (OPM)

The OPM allocates a company's equity value among the various capital investors. The OPM takes into account the preferred shareholders' liquidation preferences, participation rights, dividend policy, and conversion rights to determine how proceeds from a liquidity event shall be distributed among the various ownership classes at a future date.

Option pricing model inputs

Inputs	Value
Equity value	$62,440,011.09
Risk-free interest rate	1.450%
Selected equity volatility	34.00%
Probability weighted time to exit	3.00 years

To calculate the fair market value of Common Stock, the Black-Scholes Option Pricing Model was used. The Black-Scholes implementation of the Option Pricing Method treats the rights of holders of various classes of securities (preferred stock, common stock, warrants, and options) as call options on any value of the Company above a series of breakpoints. For the Company, these breakpoints were set after examining the Certificate of Incorporation, warrant and option agreements, and management's records of the numbers of securities outstanding as of the Valuation Date. The values of the breakpoints were calculated by reviewing:

- The liquidation preferences of preferred stock (including seniority of any series of preferred stock);
- The participation rights of preferred stock (including any caps on such participation);
- The strike prices of warrants and options

The Black-Scholes Model requires a series of variables, including the: value of company, time to liquidity event, risk-free rate, and volatility. Below are the key assumptions for each of these variables.

Company value

The implied equity value of $62,440,011.09 was used as the underlying value of the company.

Time to liquidity

In the context of the OPM, the time to a liquidity event (otherwise referred to as "time to exit") constitutes the time until the Company issues an initial public offering ("IPO"), is acquired, or liquidates assets through a dissolution sale. In determining the time to liquidity, Carta Valuations LLC incorporated guidance from management in the probability weighted time to exit that accounts for different exit, financing, or dissolution scenarios. As for the selected time to exit used in the DLOM, it reflects an approximation of the time to an IPO or M&A event.

As per Section 6.37 of the AICPA Practice Aid, "*...for early-stage firms, the next round of financing may be highly uncertain. Using a term in the OPM based on the expected time to exit, including the likelihood of dissolution in the short term, while still estimating the discount for lack of marketability based on the expected time to a successful exit may provide a more representative value for common stock in situations in which the company's ability to raise the next round of funding is highly uncertain.*"

Risk-free rate

It is commonly accepted that US Treasury securities are a good proxy for the risk-free rate. We used the yield, as of June 1, 2017 of the 3.00 year US Treasury bond, a maturity which closely approximates the forecasted liquidity horizon of the Company.

Volatility

The estimate for expected volatility, over the estimated time to a liquidity event, was based upon an analysis of the historical volatility of guideline public companies and factors specific to the Company. A volatility of 34.00% was selected for the Company.

Probability weighted expected return method (PWERM)

The Probability Weighted Expected Return Method of allocating value between security holders analyzes the capital structure of a business at the time of several different potential future outcomes. It assumes that the likelihood, timing, and size of financial success or failure can be estimated. This method involves a forward-looking analysis of the possible future outcomes available to the enterprise, the estimation of ranges of future and present value under each outcome, and the application of a probability factor to each outcome as of the valuation date.

Given the subjectivity and difficulty associated with estimating exit values and lack of empirical data to support the values at the Company's current stage of development, the probability-weighted expected return method was not selected.

Current value method

The Current Value Method allocates the company's current value among various equity owners based on liquidation preferences and other rights under the assumption that all capital owners act to maximize their financial return. According to AICPA guidelines, the Current Value Method is applicable in two circumstances: 1) the assumption of an imminent liquidity event in the form of an acquisition or dissolution of a company; and 2) when a company is assumed to be at such an early stage of its development that no material progress has been made on its business plan, no significant value has been created above the liquidation preference of the senior securities, and there is no reasonable basis for estimating the amount and timing of any such common equity above the liquidation preference that might be created in the future.

The Company is not very early in its development and does not face an imminent liquidity/dissolution event as of the Valuation Date. Therefore, the Current Value Method was not selected.

VOLATILITY SELECTION

Comparable company	Symbol	Equity volatility
Alphabet Inc.	GOOGL	22.25%
Microsoft Corporation	MSFT	22.67%
Oracle Corporation	ORCL	19.74%
Salesforce.com, inc.	CRM	30.18%
Splunk Inc.	SPLK	44.04%
Tableau Software, Inc.	DATA	58.62%
VMware, Inc.	VMW	29.35%
Workday, Inc.	WDAY	36.68%
Minimum		19.74%
10th percentile		21.50%
25th percentile		22.57%
Mean		32.94%
Median		29.77%
75th percentile		38.52%
90th percentile		48.41%
Maximum		58.62%
Selected volatility		34.00%

The volatility represents the normalized, standard deviation of the natural log of daily price returns of the comparable public companies. All pricing data is sourced from CapitalIQ or Quandl.

OPTION PRICING MODEL

Percentages

Share classes

$USD

Share classes

DISCOUNT FOR LACK OF MARKETABILITY

Selected approach: The Chaffe Approach

Inputs	Value
Risk-free interest rate	1.450%
Time to exit	3.00 years
Volatility	46.00%
Total equity value, *S*	$1.00
Equity breakpoint, *X*	$1.00
Continuously compounded dividend yield rate, *q*	0.00%
Standard normal cumulative distribution of *d1*, *N(d1)*	63.45%
Standard normal cumulative distribution of *d2*, *N(d2)*	32.53%

Calculated value of Put option	$0.28
Calculated discount for lack of marketability, Chaffe approach	28.22%
Selected discount for lack of marketability	20.00%

DISCOUNT FOR LACK OF MARKETABILITY

Selected approach: The Finnerty Approach

Inputs	Value
Risk-free interest rate	1.450%
Time to exit	3.00 years
Volatility	46.00%
Value of the share of common stock without transfer restrictions, *V*	$1.00
Continuously compounded dividend yield rate, *q*	0.00%
Standard normal cumulative distribution of *d1*, *N(d1)*	58.62%
Standard normal cumulative distribution of *d2*, *N(d2)*	41.38%

Calculated value of Put option	$0.17
Calculated discount for lack of marketability, Finnerty approach	17.24%
Selected discount for lack of marketability	20.00%

APPRAISER BIO AND CREDENTIALS

Chad Willbur
Managing Director, Carta Valuations LLC

Chad Willbur is the Director of Carta Valuations LLC. Since 2004, Chad has specialized in the valuation of privately-held securities for financial reporting purposes and tax compliance. During this time, he has served large public and private companies, middle-market firms and early-stage enterprises. Representative engagements include:

- Common stock valuations for tax and financial reporting to comply with section 409A of the Internal Revenue Code and FASB ASC Topic 718: Compensation-Stock Compensation
- Fund valuations for financial reporting to comply with FASB ASC Topic 820: Fair Value Measurements and Disclosures
- Valuation of carried and capital interests related to private equity, venture capital, and hedge fund interests
- Valuation of stock options and complex option-embedded securities

Chad has extensive experience serving clients in a variety of industries including: Internet software and services, biotechnology, pharmaceuticals, cleantech, application and system software, computer hardware, healthcare, financial services, manufacturing, media, retail and telecommunications.

Chad previously served as a Director in the valuation services group at Andersen Tax, LLC and as the Director of the Venture Capital/Private Equity business unit at Quist Valuation, LLP/Shareholder Insite, Inc. Chad is a candidate member of the American Society of Appraisers and the CFA Institute.

APPRAISER BIO AND CREDENTIALS

Candice Bassell, CPA, ABV, CFF
Director, Carta Valuations LLC

Candice Bassell is a Director with Carta Valuations LLC. Candice has specialized in the valuation of privately-held business interests since 2005. She has performed valuations for tax compliance, financial reporting, and litigation support.

Candice has extensive experience serving clients in a variety of industries, including biotechnology, pharmaceuticals, Internet software and services, manufacturing, retail, healthcare, and construction.

Candice previously served as a Managing Director at Grant Thornton LLP, where she was the practice leader for the Pacific Northwest Forensic and Valuation Services group. Candice is a Certified Public Accountant (CPA) and holds the Accredited in Business Valuation (ABV) and Certified in Financial Forensics (CFF) credentials. She is a member of the American Institute of Certified Public Accountants and a candidate member of the American Society of Appraisers.

Candice has provided valuation-related court testimony and has been a speaker at national valuation conferences. She served on the Technical Advisory Board for the AICPA's *FVS Consulting Digest* publication from 2012 through 2016 and as a member of the AICPA's ABV Credential Committee in 2015 and 2016. Candice was a technical reviewer for *A Consensus View: Q&A Guide to Financial Valuation* by James Hitchner, Shannon Pratt, and Jay Fishman. She was also a contributor to *Valuing Early Stage and Venture-Backed Companies* by Neil Beaton.

Candice received an MBA in Finance and a BA in English from the University of Kansas.

APPRAISER BIO AND CREDENTIALS

Christine Ngo, CVA
Manager, Carta Valuations LLC

Christine Ngo is a Valuation Manager at Carta Valuations LLC. She has significant valuation experience, completing over 500 valuation projects including intangible asset valuations, stock option analyses for financial reporting, fairness opinions and corporate planning.

Prior to joining Carta Valuations LLC, Christine completed valuation and financial reporting work as an Associate at Teknos Associates. Her work experience also includes positions with the business valuation and litigation support firms Valuation Services, Inc., where she completed valuation projects for corporate planning, private equity transactions, and gift and estate tax purposes. Christine's experience also includes an internal audit role with Ernst and Young.

Christine received a B.S. in Finance from the University of Virginia. Additionally, Christine holds the designation of Certified Valuation Analyst (CVA) granted by the National Association of Certified Valuators and Analysts and is a CFA Level II Candidate.

APPRAISER BIO AND CREDENTIALS

Jaron Watumull Wright, CFA
Manager, Carta Valuations LLC

Jaron Watumull Wright is a Manager with Carta Valuations LLC, focusing on valuations of late-stage, venture-backed technology companies. Before joining the Carta Valuations LLC team, Jaron worked at SVBA Analytics where he focused on early and late stage 409A valuations.

Prior to joining SVB Analytics, Jaron was an Account Manager for CapMx where he supported clients through equity compensation management and ASC718 (formerly FAS123r) expensing. Before joining CapMx, Jaron worked for a start-up technology company after working at PricewaterhouseCoopers, where he assisted with financial audits.

Jaron received his bachelor's degree in finance from the University of San Francisco. He passed Level III of the CFA Program in 2014.

APPRAISER BIO AND CREDENTIALS

Patrick Harrington
Manager, Carta Valuations LLC

Patrick Harrington is a Manager with Carta Valuations LLC, responsible for conducting due diligence and financial analysis on valuation engagements for late-stage technology companies.

Prior to joining Carta Valuations LLC, Patrick worked as a Manager with SVB Analytics where he executed a variety of advisory and valuation engagements.

Before SVB Analytics, Patrick worked as a Lead Qualification Specialist at InsideView, Inc. where he was responsible for screening inbound leads and performing predictive analyses to drive business development.

Patrick holds FINRA Series 63 and Series 79 licenses, and is a candidate member for the American Society of Appraisers.

Patrick earned a bachelor's degree in Finance with a minor in Economics from Fordham University, graduating Summa Cum Laude and as a member of Beta Gamma Sigma and Phi Kappa Phi Honors Societies.

APPRAISER BIO AND CREDENTIALS

Tami Tande
Manager, Carta Valuations LLC

Tami Tande joined Carta Valuations LLC as a Valuation Manager in November 2017. Prior to joining Carta Valuations LLC, Tami worked as a Manager in the valuation department at Moss Adams, LLP, a fully integrated professional services firm.

Since 2013, Tami has valued several privately-held companies for a variety of purposes, including: employee stock ownership plans (ESOPs), gift tax, estate planning, potential sale and acquisitions, 409A compensation plans, financial reporting, and corporate planning purposes.

Tami has valued companies in several different industries, including but not limited to, companies operating in the information technology, software development, engineering, distributor/wholesale, restaurant, grocery store, gas station, manufacturing, and construction space.

Tami has also worked on a variety of consulting projects involving assisting management with making informed financial decisions for the company.

Tami received her master's degree in finance with a focus on business valuation from Seattle University. She passed Level I of the CFA Program in 2011.

Contributing analysts
Alvaro Pryor
Valuations Analyst

REPORT CERTIFICATION

This valuation complies with generally accepted standards

This valuation was created in compliance with the Uniform Standards of Professional Appraisal Practice and the American Institute of Certified Public Accountants valuation methodologies.

This valuation is unbiased

Neither Carta Valuations LLC nor its staff who conducted this valuation have a present or intended financial interest in the Company. The fees for this service are not contingent upon the valuation opinion expressed in this report.

This valuation uses the best information available

This valuation was created using the best information available, and assumes that there are no hidden or unapparent conditions that would materially alter the opinion expressed in this report. This valuation assumes that, as of the Effective Date of June 1, 2017, the Company will continue to operate as a going concern.

The information in this report is believed to be correct

For purposes of this valuation report, the management of Meetly provided us with financial data and other records and documents pertaining to the Company's operations and assets, which have not been independently verified. This information has been accepted as a proper representation of the Company's operations and condition.

Purpose and distribution of valuation

The valuation prepared by Carta Valuations LLC is prepared solely for the purpose stated in the Engagement Letter and should not be used for any other purpose. Except as specifically stated by Carta Valuations LLC, this valuation report and its contents may not be quoted or referred to, in whole or in part, in any registration statement, prospectus, public filing, loan agreement, or other agreement or document without the prior written approval of Carta Valuations LLC. This valuation report is prepared for Client use only for the stated purpose as of the valuation date and may not be reproduced or distributed to any third parties without Carta Valuations LLC prior written consent.

Nature of opinion

Nothing in this valuation report is to be construed as a fairness opinion as to the fairness of an actual or proposed transaction, a solvency opinion, or an investment recommendation, but, instead, is the expression of Carta Valuations LLC's determination of the fair market value of assets between a hypothetical willing buyer and a hypothetical willing seller in an assumed transaction on an assumed valuation date. For various reasons, the price at which the assets might be sold in a specific transaction between specific parties on a specific date might be significantly different from the fair market value as expressed in this report.

Reliance on forecasted data

Carta Valuations LLC's use of Client's management projections or forecasts in any analysis does not constitute an examination or compilation of prospective financial statements in accordance with standards established by the American Institute of Certified Public Accountants ("AICPA"). Carta Valuations LLC does not express an opinion or any other form of assurance on the reasonableness of the underlying assumptions or whether any of the prospective financial statements, if used, are presented in conformity with AICPA presentation guidelines. Further, there

will usually be differences between prospective and actual results because events and circumstances frequently do not occur as expected and these differences may be material. Achievement of the forecasted results is dependent on action, plans, and assumptions of management.

Testimony

Carta Valuations LLC and its employees, consultants and agents shall not provide any testimony or appear in any legal proceeding unless Carta Valuations LLC coordinates such testimony.

Circular 230 Disclaimer

This report is limited to issues concerning compliance with IRC §409(a). Additional issues may exist that could affect the Federal tax treatment of the interests that are subject to the report, and the report does not consider or provide a conclusion with respect to any additional issues. Carta Valuations LLC's report is not intended or written to be used, and cannot be used, by the Company or any other person or entity, for the purpose of avoiding any penalties that may be imposed on any taxpayer.

Appendix

VOLATILITY ANALYSIS

Historical volatilities as of the valuation date.

Company name	1 year	2 years	3 years	4 years	5 years
Alphabet Inc.	15.54%	23.36%	22.26%	22.44%	22.14%
Microsoft Corporation	15.99%	22.20%	22.69%	23.36%	22.83%
Oracle Corporation	16.26%	19.67%	19.75%	20.11%	20.63%
Salesforce.com, inc.	23.06%	28.98%	30.20%	31.65%	31.47%
Splunk Inc.	34.02%	42.12%	44.07%	46.15%	45.03%
Tableau Software, Inc.	36.30%	64.38%	58.66%	56.56%	56.51%
VMware, Inc.	21.03%	31.22%	29.37%	30.36%	33.57%
Workday, Inc.	32.50%	37.40%	36.71%	38.16%	37.93%
Maximum	36.30%	64.38%	58.66%	56.56%	56.51%
90th percentile	34.70%	48.80%	48.45%	49.27%	48.47%
75th percentile	32.88%	38.58%	38.55%	40.16%	39.70%
Median	22.05%	30.10%	29.79%	31.01%	32.52%
Mean	24.34%	33.66%	32.96%	33.60%	33.76%
25th percentile	16.19%	23.07%	22.58%	23.13%	22.66%
10th percentile	15.85%	21.44%	21.51%	21.74%	21.69%
Minimum	15.54%	19.67%	19.75%	20.11%	20.63%

Source: Capital IQ

COMPARABLE COMPANY DESCRIPTIONS

Alphabet Inc.

Alphabet Inc., through its subsidiaries, provides online advertising services in the United States, the United Kingdom, and rest of the world. The company offers performance and brand advertising services. It operates through Google and Other Bets segments. The Google segment includes principal Internet products, such as Search, Ads, Commerce, Maps, YouTube, Google Cloud, Android, Chrome, and Google Play, as well as technical infrastructure and newer efforts, including Virtual Reality. This segment also sells digital contents, apps and cloud offerings, and hardware products. The Other Bets segment includes businesses, such as Access, Calico, CapitalG, GV, Nest, Verily, Waymo, X, and Google Fiber. Alphabet Inc. was founded in 1998 and is headquartered in Mountain View, California.

Microsoft Corporation

Microsoft Corporation, a technology company, develops, licenses, and supports software products, services, and devices worldwide. The company's Productivity and Business Processes segment offers Office 365 commercial products and services for businesses, including Office, Exchange, SharePoint, and Skype, as well as related Client Access Licenses (CALs); Office 365 consumer services, such as Skype, Outlook.com, and OneDrive; Dynamics business solutions, such as financial management, customer relationship management, supply chain management, and analytics applications for small and mid-size businesses, large organizations, and divisions of enterprises; and LinkedIn online professional network. Its Intelligent Cloud segment licenses server products and cloud services, such as SQL Server, Windows Server, Visual Studio, System Center, and related CALs, as well as Azure, a cloud platform with computing, networking, storage, database, and management services; and enterprise services, such as Premier Support and Microsoft Consulting that assist in developing, deploying, and managing Microsoft server and desktop solutions, as well as provide training and certification to developers and IT professionals on Microsoft products. The company's More Personal Computing segment comprises Windows OEM, volume, and other non-volume licensing of the Windows operating system, as well as patent licensing, Windows Embedded, MSN display advertising, and Windows Phone licensing system; devices, including Microsoft Surface, phones, and PC accessories; and search advertising, including Bing and Bing Ads. This segment also provides gaming platforms, including Xbox hardware, Xbox Live, video games, and third-party video games. The company markets and distributes its products through original equipment manufacturers (OEM), distributors, and resellers, as well as through online and Microsoft retail stores. Microsoft Corporation was founded in 1975 and is headquartered in Redmond, Washington.

Oracle Corporation

Oracle Corporation develops, manufactures, markets, sells, hosts, and supports database and middleware software, application software, cloud infrastructure, hardware systems, and related services worldwide. It offers services in three primary layers of the cloud: Software as a Service, Platform as a Service, and Infrastructure as a Service. The company licenses its Oracle Database software, which enables storage, retrieval, and manipulation of various forms of data; and Oracle Fusion Middleware software to build, deploy, secure, access, and integrate business applications, as well as automate their business processes. It also provides a range of software for mobile computing to address the development needs of businesses; and Java, a software development language. In addition, the company offers application software, such as human capital and talent management, customer experience and customer relationship management, financial management and governance, risk and compliance, procurement,

project portfolio management, supply chain management, business analytics and enterprise performance management, and industry-specific application software. Further, it offers hardware systems products, such as Oracle Engineered Systems, servers, storage, networking, industry specific hardware, virtualization software, operating systems, management software, and related hardware services. Additionally, the company offers customers with rights to software product upgrades and maintenance releases, patches released, and Internet access to technical content, as well as Internet and telephone access to technical support personnel. The company also provides consulting services, such as IT strategy alignment, enterprise architecture planning and design, initial product implementation and integration, and ongoing product enhancement and upgrade; customer support services; and education services. Oracle Corporation was founded in 1977 and is headquartered in Redwood City, California.

Salesforce.com, inc.

Salesforce.com, inc. develops enterprise cloud computing solutions with a focus on customer relationship management. The company offers Sales Cloud to store data, monitor leads and progress, forecast opportunities, gain insights through relationship intelligence, and collaborate around sales on desktop and mobile devices, as well as solutions for partner relationship management. It also provides Service Cloud, which enables companies to deliver personalized customer service and support, as well as connects their service agents with customers on various devices; and Marketing Cloud to plan, personalize, and optimize one-to-one customer interactions. In addition, the company offers Commerce Cloud to deliver a digital commerce experience; Community Cloud to create and manage branded digital destinations for customers, partners, and employees; Internet of Things Cloud that provides insights to companies enabling them to sell, service, and market to their customers in personalized ways, as well as engage with them in real time; and Analytics Cloud that enables employees across an organization to explore business data, uncover new insights, make decisions, and take action from various devices. Further, it provides Salesforce Quip, a next-generation productivity solution for teams with a mobile-first strategy to collaborate without email; and Salesforce Platform for building enterprise apps. Additionally, the company offers professional cloud services, such as consulting, deployment, training, user-centric design, and integration to facilitate the adoption of its solutions; and architects and innovation program teams, as well as various education services comprising introductory online courses and advanced architecture certifications. Salesforce.com, inc. offers its services through direct sales; and through consulting firms, systems integrators, and other partners. The company was founded in 1999 and is headquartered in San Francisco, California.

Splunk Inc.

Splunk Inc. provides software solutions that enable organizations to gain real-time operational intelligence in the United States and internationally. The company's products enable users to collect, index, search, explore, monitor, and analyze data regardless of format or source. It offers Splunk Enterprise, a machine data platform with collection, indexing, search, reporting, analysis, alerting, monitoring, and data management capabilities; and Splunk Cloud service. The company also provides Splunk Light, which offers log search and analysis for small IT environments; and Splunk Analytics for Hadoop, a software for exploring, analyzing, and visualizing data stored in Hadoop and Amazon S3. In addition, it offers Splunk Enterprise Security, which addresses emerging security threats; Splunk User Behavior Analytics that detects cyber-attacks and insider threats; and Splunk IT Service Intelligence, which monitors health and key performance indicators of critical IT services, as well as Splunk App for AWS to ensure cloud security and compliance; Splunk Stream to capture, analyze, and correlate network wire data; and DB Connect to get enterprise context; Palo Alto Networks App for Splunk to gain visibility to Palo Alto Networks firewalls; and Splunk App for Salesforce. Further, the company operates Splunkbase and Splunk Answers Websites,

which provide an environment to share apps, collaborate on the use of its software, and provide community-based support, as well as offers application programming interfaces and software development kits. Additionally, it offers maintenance and customer support, training, and consulting and implementation services. The company serves cloud and online services, education, financial services, government, healthcare/pharmaceuticals, industrials/manufacturing, media/entertainment, retail/ecommerce, technology, and telecommunications industries. Splunk Inc. was incorporated in 2003 and is headquartered in San Francisco, California.

Tableau Software, Inc.

Tableau Software, Inc. provides business analytics software products. It offers Tableau Desktop, a self-service analytics product that empowers people to access and analyze data independently; and Tableau Server, a business intelligence platform with data management and scalability to foster sharing of analytics, as well as to improve the dissemination of information across an organization and promote improved decision-making. The company also provides Tableau Online, a hosted SaaS version of Tableau Server; and Tableau Public, a cloud-based platform that allows users of various backgrounds, such as bloggers, journalists, researchers, and government workers to visualize public data on their Websites. In addition, it offers Vizable that turns data into graphs, as well as allows it to be shared from an iPad; Live Query Engine, which interprets abstract queries generated by VizQL into syntax understandable by popular database systems; In-Memory data engine that allows to analyze large amounts of data independently of database systems; and maintenance and support, training, and professional services. The company serves organizations in various industries, including business services, energy and telecommunications, financial services, life sciences and healthcare, manufacturing and technology, media and entertainment, public sector, education, retail, consumer, and distribution industries. It sells its products directly, as well as through indirect sales channels, such as technology vendors, resellers, original equipment manufacturers, and independent software vendor partners in the United States, Australia, Canada, China, France, Germany, India, Ireland, Japan, Singapore, the United Kingdom, and internationally. Tableau Software, Inc. was founded in 2003 and is headquartered in Seattle, Washington.

VMware, Inc.

VMware, Inc. provides virtualization and cloud infrastructure solutions in the United States and internationally. Its virtualization infrastructure solutions includes a suite of products and services designed to deliver a software-defined data center(SDDC), run on industry-standard desktop computers, servers, and mobile devices; and supports a range of operating system and application environments, as well as networking and storage infrastructures. The company offers VMware vSphere, a data center platform, which enables users to deploy hypervisor, a layer of software that resides between the operating system and system hardware to enable compute virtualization; storage and availability products that provide data storage and protection options; network and security products; and management and automation products to manage and automate overarching IT processes involved in provisioning IT services and resources to users from initial infrastructure deployment to retirement. It also provides SDDC suites, including VMware vCloud suite, vSphere with Operations Management, and VMware vRealize suite for building and managing a cloud infrastructure for use with the vSphere platform. In addition, the company offers Cloud Foundation, a SDDC delivery independent platform that can be deployed on-premises or run as-a-service. Further, it provides hybrid cloud computing solutions, such as VMware vCloud Air Network and vCloud Air; and end-user computing solutions, which enable its customers to securely deliver access to applications and data for their end users from various devices. The company sells its products through distributors, resellers, system vendors, and systems integrators. VMware, Inc. has a strategic alliance with Amazon Web Services to build and deliver an integrated

hybrid solution. The company was incorporated in 1998 and is headquartered in Palo Alto, California. VMware, Inc. is a subsidiary of Dell Technologies Inc.

Workday, Inc.

Workday, Inc. provides enterprise cloud applications for finance and human resources worldwide. It provides applications for customers to manage critical business functions to optimize their financial and human capital resources. The company offers Workday Financial Management application that provides functions of general ledger, accounting, accounts payable and receivable, cash and asset management, employee expense and revenue management, projects, procurement, inventory, and grants management. It also provides Workday Human Capital Management application, which includes human resources management, such as workforce lifecycle and organization management, compensation, absence, and employee benefits administration; and global talent management comprising goal and performance management, succession planning, and career and development planning. In addition, the company offers Workday Payroll application for enterprise payroll; Workday Time Tracking application, which automates workforce management processes; Workday Recruiting, an end-to-end application to support candidates, hiring managers, the interview team, and recruiters; and Workday Learning platform. Further, it provides Workday Planning application to create, collaborate, and take action on financial and workforce plans; Workday Professional Services Automation application to supports the billable projects lifecycle; and Workday Student, an end-to-end student and faculty lifecycle information system. The company serves technology, financial services, business and professional services, healthcare and life sciences, manufacturing, retail and hospitality, education, and government and non-profit industries. The company was formerly known as North Tahoe Power Tools, Inc. and changed its name to Workday, Inc. in July 2005. Workday, Inc. was founded in 2005 and is headquartered in Pleasanton, California.

M&A TARGET COMPANY DESCRIPTIONS

NetSuite Inc.
None

Demandware, Inc.
None

LinkedIn Corporation
None

AVG Technologies N.V.
None

DataLogix Holdings, Inc.
None

AppDynamics, Inc.
None

ECONOMIC OVERVIEW

2017 - 2ND QUARTER

In valuing a business, it is necessary to consider the condition of and outlook for the economy or economies of the particular geographic region(s) in which the enterprise operates or sells its products or services. This review of economic conditions is required because the performance of a business is affected to varying degrees by overall trends in the economic environment in which the business operates. The value of a business or its assets cannot be determined in isolation from these factors. The following section provides a brief discussion of the economic condition of and outlook for the United States' economy as of the end of the second quarter of 2017.

U.S. ECONOMIC CONDITIONS AND OUTLOOK

The second quarter was good for investors, as asset prices rose and market volatility remained low. For the second quarter in a row, the stock market gains were led by markets outside the United States. One reason for this strong performance is that corporate profit growth has finally rebounded around the world, after an extended period of weakness. Another factor underpinning global stock returns has been the continuation of the steady, synchronized expansion of the global economy. The recovery in global manufacturing and trade over the past year has solidified the business cycle trajectory of many economies. China's turnaround helped catalyze this recovery, although moves it's made to tighten policy in 2017 will likely limit the upside from here. Meanwhile, most advanced economies are in more mature phases of expansion. The U.S. remains a mix of mid- and late-cycle dynamics, while the euro zone is in a mid-cycle upswing. [1]

GDP

Real gross domestic product (GDP) increased at an annual rate of 3.0 percent in the second quarter of 2017, according to the "second" estimate released by the Bureau of Economic Analysis. In the first quarter, real GDP increased 1.2 percent. The increase in real GDP in the second quarter reflected positive contributions from personal consumption expenditures, residential fixed investment, exports, and nonresidential fixed investment, that were partly offset by negative contributions from private inventory investment, state and local government spending, and federal government spending.

Additionally, an increase in imports further offset GDP. The acceleration in real GDP in the second quarter primarily reflected upturns in private inventory investment and federal government spending and an acceleration in PCE that were partly offset by downturns in residential fixed investment and state and local government spending and a deceleration in exports.

Current-dollar GDP increased 4.0 percent, or $189.0 billion, in the second quarter to a level of $19,246.7 billion. In the first quarter, current-dollar GDP increased 3.3 percent, or $152.2 billion. [2]

EMPLOYMENT

Unemployment rates were higher in July in 3 states, lower in 1 state, and stable in 46 states and the District of Columbia, the U.S. Bureau of Labor Statistics reported on Aug. 18th, 2017. Twenty-seven states had jobless rate decreases from a year earlier and 23 states and the District had little or no change. The national unemployment rate, 4.3 percent, was little changed from June but was 0.6 percentage point lower than in July 2016.

Nonfarm payroll employment increased in 11 states and the District of Columbia in July 2017, decreased in 1 state, and was essentially unchanged in 38 states. Over the year, 29 states and the District added nonfarm payroll jobs and 21 states were essentially unchanged. [3]

INFLATION

The Consumer Price Index for All Urban Consumers (CPI-U) rose 0.1 percent in July on a seasonally adjusted basis, the U.S. Bureau of Labor Statistics reported on Aug. 11th, 2017. Over the last 12 months, the all items index rose 1.7 percent.

The indexes for shelter, medical care, and food all rose in July, leading to the seasonally adjusted increase in the all items index. The energy index declined slightly in July, with its major component indexes mixed. The index for natural gas declined, while the electricity index rose and the gasoline index was unchanged.

The food index increased 0.2 percent, with the indexes for food at home and food away from home both rising.

The index for all items less food and energy rose 0.1 percent, the fourth month in a row it increased by that amount. The indexes for shelter, medical care, recreation, apparel, motor vehicle insurance, and airline fares all rose in July. These increases more than offset declines in the indexes for new vehicles, communication, used cars and trucks, and household furnishings and operations.

The all items index rose 1.7 percent for the 12 months ending July, a slightly larger increase than for the 12 months ending June. The index for all items less food and energy also rose 1.7 percent for the 12 month period, the same increase as for the 12 months ending May and June. The energy index rose 3.4 percent over the last year, while the food index increased 1.1 percent. [4]

INTEREST RATES

Information received since the Federal Open Market Committee met in June indicates that the labor market has continued to strengthen and that economic activity has been rising moderately so far this year. Job gains have been solid, on average, since the beginning of the year, and the unemployment rate has declined. Household spending and business fixed investment have continued to expand. On a 12-month basis, overall inflation and the measure excluding food and energy prices have declined and are running below 2 percent. Market-based measures of inflation compensation remain low; survey-based measures of longer-term inflation expectations are little changed, on balance. Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The Committee continues to expect that, with gradual adjustments in the stance of monetary policy, economic activity will expand at a moderate pace, and labor market conditions will strengthen somewhat further. Inflation on a 12-month basis is expected to remain somewhat below 2 percent in the near term but to stabilize around the Committee's 2 percent objective over the medium term. Near-term risks to the economic outlook appear roughly balanced, but the Committee is monitoring inflation developments closely.

In view of realized and expected labor market conditions and inflation, the Committee decided to maintain the target range for the federal funds rate at 1 to 1-1/4 percent. The stance of monetary policy remains accommodative, thereby supporting some further strengthening in labor market conditions and a sustained return to 2 percent inflation. [5]

CONSUMER CONFIDENCE

The Conference Board Consumer Confidence Index, which had increased in July, improved further in August. The Index now stands at 122.9 (1985=100), up from 120.0 in July. The Present Situation Index increased from 145.4 to 151.2, while the Expectations Index rose marginally from 103.0 last month to 104.0.
"Consumer confidence increased in August following a moderate improvement in July," said Lynn Franco, Director of Economic Indicators at The Conference Board. "Consumers' more buoyant assessment of present-day conditions was the primary driver of the boost in confidence, with the Present Situation Index continuing to hover at a 16-year high (July 2001, 151.3). Consumers' short-term expectations were relatively flat, though still optimistic, suggesting that they do not anticipate an acceleration in the pace of economic activity in the months ahead." [6]

INTERNATIONAL TRADE

The U.S. Census Bureau and the U.S. Bureau of Economic Analysis, through the Department of Commerce, announced on Aug. 4th, 2017, that the goods and services deficit was $43.6 billion in June, down $2.7 billion from $46.4 billion in May, revised. June exports were $194.4 billion, $2.4 billion more than May exports. June imports were $238.0 billion, $0.4 billion less than May imports. The June decrease in the goods and services deficit reflected a decrease in the goods deficit of $2.1 billion to $65.2 billion and an increase in the services surplus of $0.6 billion to $21.6 billion. Year-to-date, the goods and services deficit increased $26.7 billion, or 10.7 percent, from the same period in 2016. Exports increased $64.9 billion or 6.0 percent. Imports increased $91.7 billion or 6.9 percent. [7]

STOCK AND BOND MARKETS

The continued synchronized expansion in global activity provided a steady backdrop for asset markets. With inflation decelerating amid weaker oil prices, most asset markets experienced unusually low volatility during Q2, even compared to the relatively calm levels of the past 5 years. This steady economic backdrop, combined with ample global monetary accommodation, supported a relatively tranquil environment for the past 3 months. Bolstered by a weaker dollar, non-U.S. stocks led the global stock market rally for the second quarter in a row, with particular strength among small-caps. In fixed income, most categories posted low single-digit positive returns for the second quarter. Falling commodity prices dampened inflation expectations and boosted longer-duration bonds. The yield curve flattened modestly as shorter-term interest rates rose, while tightening spreads again boosted the returns to corporate and other credit-bond categories. [8]

VENTURE CAPITAL FUNDING MARKETS

Investors deployed $21.78 billion to 1,958 venture-backed companies during the second quarter, marking a significant uptick from the first quarter in capital invested while the number of companies receiving investment was stable, according to the PitchBook-NVCA Venture Monitor. Through the first six months of the year, 3,876 companies received $37.76 billion in financing, setting a pace to near or surpass the $71 billion invested last year, and confirming that the industry has leveled off after peaking in 2015. Looking to the second half of the year, venture investors will continue to deploy capital to high-growth startups, having raised more than $130 billion since 2014, including $11.4 billion raised in the second quarter of 2017 across 58 funds. [9]

Sources

[1] https://www.fidelity.com/viewpoints/market-and-economic-insights/market-update-Q3-2017-key-takeaways [2] http://www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm [3] http://www.bls.gov/news.release/laus.nr0.htm [4] http://www.bls.gov/news.release/cpi.nr0.htm [5] https://www.federalreserve.gov/newsevents/pressreleases/monetary20170726a.html [6] https://www.conference-board.org/data/consumerconfidence.cfm [7] http://www.bea.gov/newsreleases/international/trade/tradnewsrelease.htm [8] https://www.fidelity.com/viewpoints/market-and-economic-insights/quarterly-market-update [9] https://nvca.org/pressreleases/venture-activity-holds-steady-21-78-billion-invested-close-2000-companies-second-quarter/

INDUSTRY SUMMARY

Companies in this industry develop and distribute business analytics, customer relationship management (CRM), business intelligence (BI) and other enterprise-oriented software. Operators may also provide consulting and technical support related to this software. This industry does not include publishers of productivity or database software or manufacturers of computer hardware.

MAJOR PRODUCTS

Business analytics software

The three traditional types of business analytics software, enterprise resource planning (ERP), customer relationship management (CRM) and supply chain management (SCM), account for 33.6%, 19.0% and 12.3% of revenue, respectively. All of these software packages operate in conjunction with an organization's database and IT infrastructure, providing a user-friendly interface for nontechnical personnel to analyze stored data. Each of these packages is designed to streamline or automate specific business tasks that are broadly applicable to any organization. These three types of enterprise software are the most mature product segments in this industry and are expected to experience modest growth over the next five years. CRM software is designed to coordinate the functions of sales, technical and customer support teams in an organization. CRM software uses a contact management system to track and record each stage in the sales process for each prospective client, from initial contact to final sale. For technical support, CRM software shows staff the date of a customer's purchase, the product purchased and any previous postsale contact; by displaying this information, the CRM system lets technical support staff quickly and easily identify customers who may be having persistent problems with their product and offer appropriate solutions to improve the client's satisfaction. Examples of CRM software include Salesforce.com, Microsoft Dynamics CRM, and Oracle's PeopleSoft. ERP software is designed to automate back office functions that do not directly affect customers. These functions include payroll, quality control, accounts receivable, order processing and work flow management. ERP software, which allows for relatively easy implementation of standard processes, is most appropriate for businesses with fairly centralized structures. Virtually all e-commerce businesses heavily use ERP software, but small and large businesses alike use some sort of ERP software to automate and standardize functions like payroll or workflow management. For example, a delivery retailer may use workflow management software to initiate a chain of events when an order is received, alerting the warehouse of the order contents and order number, then sending destination and order number information to the shipping department and lastly contacting the customer with a receipt and tracking information. Examples of ERP systems include Hyperion, Oracle's JD Edwards, IBM Cognos, SAP ERP and Microsoft Dynamics. SCM software is designed to coordinate the back office functions of inventory management and supply purchasing. SCM software is most commonly used in manufacturing, but it can also be used in retail applications. Efficient supply chain management is particularly important for businesses using lean inventory operating techniques like just-in-time (JIT) manufacturing; with these businesses, production can be swiftly halted if there is insufficient supply of just one input, so ensuring adequate but not excessive inventory is essential. Should the stock of a particular input dip below a preset minimum, the SCM software will automatically send a purchase request to the appropriate supplier and billing information to the accounting department. SCM software has the lowest market penetration of the three main forms of enterprise software. SCM software vendors have substantial room to expand by better targeting the needs of small, low-volume businesses.

Other performance-management software

Performance management software that does not fit into the previously discussed categories accounts for 9.9% of industry revenue. This category includes custom-developed software used within businesses and simple applications like time-tracking software. This product segment has declining importance because custom-developed software, which is very difficult to maintain due to its nonstandard nature, is increasingly replaced with more reliable enterprise software.

Statistical analysis software and collaboration software

Statistical analysis software simplifies the mathematics of complex and useful statistical tasks like multiple regressions, analysis of variance (ANOVA), cross tabulation and factor analysis. This software is heavily used by academic institutions and in mathematically intensive functions like engineering. Examples of statistical analysis software include IBM's SPSS, SAS, STATA and STATISTICA. Industry operators are increasingly integrating the functions of statistical analysis software with other forms of business analysis software and artificial intelligence to develop business intelligence software and predictive analytics. Predictive analytics, which currently represents just 4.1% of industry revenue, can automate the forecasting and identification of trends by inference from existing data. Collaboration software, which accounts for 7.6% of industry revenue, includes instant messaging, web conferencing, revision control and project-management software. These tools facilitate the communication and coordination of teams working on a common project. There are many products in this segment that are not sold commercially (e.g. AOL instant messenger) to the general public, but enterprise customers pay for implementations business-specific software. Business-specific instant messaging software, for example, only allows communication between employees, thus excluding outside parties.

MAJOR MARKETS

Healthcare and service industries

Healthcare and other service industries are the third-largest market segment served by this industry. Demand from healthcare and insurance providers is expanding rapidly because of things such as new tax incentives and cost control mandates imposed by the 2010 Patient Protection and Affordable Care Act. Electronic health records systems, a form of ERP software, are now widely deployed by hospitals and insurers nationwide, replacing aging and inefficient paper-based record systems. Small medical practices are still a relatively untapped niche because they have limited funds to invest in more efficient billing and record systems.

Manufacturers

Manufacturers are a market segment with significant growth potential. Most manufacturers today, particularly small operators, are fairly unsophisticated in their use of information technology. SCM software, the most widely used product for this segment, enables production workers and supervisors to focus on assembly and quality control, minimizing time spent managing supply inventories.

Financial institutions

Banks and financial institutions are the largest market segments served by this industry. Banks handle vast sums of sensitive personal information related to their customers and private transactions and are required by regulators to take adequate measures to protect this data. Banks and financial institutions were one of the earliest adopters of information technology in the 1970s and 1980s, which they used to electronically process transactions and fund

transfers. Due to this early adoption, many banks and financial institutions continue to rely on obsolete technology, but the rate of system replacements has started increasing. Governmental needs are similar to that of business, though relative revenue from the government sector has declined as the other segments have increased.

Other

Academic institutions, including research universities, public and private colleges and nonprofit research groups utilize industry services. This market segment uses statistical analysis and collaboration software very heavily. The academic institutions segment is the most mature market segment for this industry, with limited potential for revenue growth. However, academic institutions are the least volatile segment because they tend to be very reliable subscribers or purchasers of software because it is an essential tool for researchers and graduate students. Overall software represents a minor cost, relative to the intuition's budget, providing protection from perennial budget cuts. Online businesses are very heavy users of enterprise software, from ERP to CRM systems. This segment is particularly prepared to adopt enterprise software because they already heavily use information technology as a core part of their business. The online businesses market segment is relatively mature because of its early adoption of enterprise software, but this segment is expected to continue growing as online businesses displace traditional competitors.

OPERATING CONDITIONS

CAPITAL INTENSITY

Capital intensity in the Business Analytics and Enterprise Software Publishing industry is low, with firms spending about $0.05 on capital for every $1.00 spent on labor. Most software companies need only limited capital goods, like server computers and office space. In most ways, software can be considered an intangible product; producing quality software mainly requires talented employees and time. Companies in this industry rarely encode their software on discs themselves, preferring to outsource that activity. This industry regularly spends close to one third of revenue on employee wages. The largest industry companies employee thousands of workers and require vastly more office space than smaller competitors.

REVENUE VOLATILITY

Revenue volatility is low to moderate in this industry. Software is a capital good for businesses, subjecting the industry to volatility caused by investment cycles. IT investment tends to lag growth in corporate profit by nine months, but shrinks with any decline in corporate profitability as businesses delay capital investment, including software purchases. Volatility due to the investment cycle, however, is balanced by long-term trends that favor the wide adoption of information technology, especially enterprise software. Since 2011, industry revenue has grown consistently as corporate profitability has flourished and IT investment grows in importance to business. On average, revenue growth fluctuated by 2.4% per year over the period. Over the next five years, revenue volatility is expected to remain low, as having up to date software becomes increasingly core to business operations.

REGULATION

Industry operators face few formal regulations, but intellectual property law and litigation are prominent features of the Business Analytics and Enterprise Software Publishing industry. In 2007, Oracle Corporation filed a lawsuit against SAP, a major Germany-based software publisher, alleging theft of trade secrets. Oracle alleged that SAP stole "thousands of proprietary, copyrighted software products and other confidential materials that Oracle developed to service its own support customers." Employees of TomorrowNow, a now defunct subsidiary of SAP, conducted the theft. In the fourth quarter of 2010, SAP admitted contributory liability in the case. Settlement or resolution of the case will largely depend on forming a consensus estimate of damages, but there is a significant gap between the two parties: Oracle alleges damages of $2.0 billion, while SAP estimates damages in the tens of millions. Similar patterns are common in copyright infringement cases involving software.

INDUSTRY STRUCTURE

BARRIERS TO ENTRY

Barriers to entry are low in this industry. There are no formal prohibitions preventing the adoption of one enterprise software system over another, but the inertia of widespread usage of a product is itself a barrier. It is very unlikely for an incumbent enterprise software vendor to lose large existing customers due to that customer's existing investment in a particular software system. New entrants to this industry are usually forced to expand by targeting small businesses or developing more powerful or usable software. Limited pool of skilled workers The limited pool of skilled software developers is a major barrier to entry in this industry. Enterprise software vendors compete with all other software industries for the same pool of software engineering talent. Moreover, business analytics software and particularly data mining require extreme statistical rigor beyond that of ordinary software engineers. Software publishers focusing on data mining, predictive analytics and statistical software packages typically employ software engineers who hold PhDs in mathematics, artificial intelligence or similar fields.

COMPETITIVE LANDSCAPE

MARKET SHARE CONCENTRATION

This industry has a moderate level of concentration, with the five largest firms controlling an expected 69.5% of industry revenue in 2016. The competitive characteristics of this industry, and IT in general, tend to favor a higher level of concentration; while software has significant upfront costs (e.g. research and development), there are almost zero marginal costs because, once produced, the software is infinitely reproducible. As a result, the fewer products in development, the higher industry profit is. Furthermore, the confusing array of products and licensing schemes that exist tend to lead consumers toward brands rather than individual products, so industry consolidation is favorable. With the increasing penetration of digital technology into all aspects of business and everyday life, there continues to be new opportunities and new markets to attract market entrants, particularly in the mobile space. Leading start-ups have the capacity to grow into major players, such as in the case of Salesforce, which has excelled in the CRM software segment. Despite many new market entrants seeking to capture new markets, concentration within this industry will nevertheless remain high as the world's largest software vendors continually acquire promising small software companies. For example, Taleo, a publisher of talent management software, was acquired by Oracle in 2011 for $1.9 billion. More recently, Microsoft completed a string of acquisitions, including productivity app LiveLoop, email program Accompli and mobile business intelligence start-up Datazen Software. The four megavendors of industry products (i.e. IBM, Microsoft, SAP and Oracle) will continue to acquire smaller competition in the next five years.

COMPETITION

Usability Usability, or user friendliness, is a main design aspect with any software. Usability is particularly important for software that is intended for a broad audience. Excessively complex design elements (e.g. several unclear, verbose menus) tend to frustrate novice users and limit the appeal of software, even if it contains top-of-the-line features. Business analytics software is used to analyze complex data and present results in an easy-to-understand format. Ubiquity and compatibility Ubiquity and compatibility are tightly related bases of competition for software. When a particular software product has a large market share, that market share tends continuously increase. Consumers and businesses alike prefer to buy widely used software because files are more easily transferred or shared between computers. In the case of operating systems, independent software developers have to make an exceptional effort to design and code software that is compatible across operating system families (e.g. Windows, OSX, Linux and Unix). The larger the market share of a particular operating system, the higher priority it receives from independent software developers. Compatibility remains a significant issue for the enterprise software market, because many software vendors design their software to work best with software and other products from the same company. Oracle Corporation is particularly notable for this tendency because the company uses this tactic to cross-sell its expensive database software. External competition The Business Analytics and Enterprise Software Publishing industry faces increasing external competition from data warehouse appliance vendors (see IBISWorld report 51121b, Database, Storage and Backup Software Publishing). Data warehouse appliance vendors sell prepackaged solutions for a businesses' database and business analytics needs, combining hardware, database software and business analysis software. Large and small companies alike find this prepackaged solution highly attractive because it promises to reduce internal overhead needed for information technology support and installation. The largest independent provider of data warehouse appliances is Teradata. The largest software companies,

including IBM and Oracle, have recently acquired data warehouse appliance vendors to take advantage of this segment.

GLOBALIZATION

The Business Analytics and Enterprise Software Publishing industry is moderately globalized. International trade does not have a tangible impact on this industry because software can be digitally distributed instantly, making borders of little importance. Only one of the industry's major players is based abroad; SAP, the publisher of the popular Business Objects business analytics suite, is headquartered in Germany.

STAGE OF DEVELOPMENT

SELECTED STAGE OF DEVELOPMENT: STAGE FOUR

The American Institute of Certified Public Accountants (AICPA) defines six stages of enterprise development:

STAGE ONE

Enterprise has no product revenue to date and limited expense history, and typically an incomplete management team with an idea, plan, and possibly some initial product development. Typically, seed capital or first-round financing is provided during this stage by friends and family, angels, or venture capital firms focusing on early-stage enterprises, and the securities issued to those investors are occasionally in the form of common stock but are more commonly in the form of preferred stock.

STAGE TWO

Enterprise has no product revenue but substantive expense history, as product development is underway and business challenges are thought to be understood. Typically, a second or third round of financing occurs during this stage. Typical investors are venture capital firms, which may provide additional management or board of directors expertise. The typical securities issued to those investors are in the form of preferred stock.

STAGE THREE

Enterprise has made significant progress in product development; key development milestones have been met (for example, hiring of a management team); and development is near completion (for example, alpha and beta testing), but generally there is no product revenue. Typically, later rounds of financing occur during this stage. Typical investors are venture capital firms and strategic business partners. The typical securities issued to those investors are in the form of preferred stock.

STAGE FOUR

Enterprise has met additional key development milestones (for example, first customer orders, first revenue shipments) and has some product revenue, but is still operating at a loss. Typically, mezzanine rounds of financing occur during this stage. Also, it is frequently in this stage that discussions would start with investment banks for an IPO.

STAGE FIVE

Enterprise has product revenue and has recently achieved breakthrough measures of financial success such as operating profitability or breakeven or positive cash flows. A liquidity event of some sort, such as an IPO or a sale of the enterprise, could occur in this stage. The form of securities issued is typically all common stock, with any outstanding preferred converting to common upon an IPO (and perhaps also upon other liquidity events).

STAGE SIX

Enterprise has an established financial history of profitable operations or generation of positive cash flows. An IPO or sale of the enterprise could also occur during this stage.

VALUATION METHODOLOGIES

In valuing the FMV of Meetly's common stock, Carta Valuations LLC has considered the three generally accepted valuation approaches as recommended by the American Institute of Certified Public Accountants (AICPA).

In its Valuation of Privately-Held-Company Equity Securities Issued as Compensation publication, the AICPA outlines three approaches to determining fair market value: market approach, income approach, and asset approach.

MARKET APPROACH

According to the AICPA, the **market approach** is a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (that is, similar) assets, liabilities, or a group of assets and liabilities, such as a business. The market approach derives value based on the value implied by these other similar enterprises or transactions. Using this approach, Carta Valuations LLC would examine investments by unrelated parties or examine transactions in enterprises with equity securities similar to Meetly. Within the market approach, Carta Valuations LLC considers three valuation methods:

- **Guideline Public Company Method**
- **Guideline Company Transactions Method**
- **Subject Company Transactions Method**

GUIDELINE PUBLIC COMPANY METHOD

Relevant market multiples from the guideline comparable public companies are developed using metrics such as revenue and earnings before interest, taxes, depreciation and amortization (EBITDA).

GUIDELINE TRANSACTIONS METHOD

This methodology utilizes valuation multiples based on actual transactions that have occurred in the subject entity's industry or related industries to arrive at an indication of value. These derived multiples are then adjusted and applied to the appropriate operating data of the subject entity to arrive at an indication of value.

SUBJECT COMPANY TRANSACTIONS METHOD

The method is useful for valuators when there has been a recent transaction in the company's own securities. At a fundamental level, the Subject Company Transactions Method answers the singular question:

> *What would the total value of the enterprise need to be, in order for a third-party investor to invest at the given per-share price, accounting for all liquidation preferences and seniorities for all share classes in the enterprise?*

In other words, given that an investment occurred, the method outputs the implied total value of the enterprise if the valuation accounts for all share class rights and preferences, as of the date of the latest financing.

According to the AICPA, the backsolve is the most reliable indicator of enterprise value for early-stage customers, provided that the relevant transactions in the enterprise's shares have occurred at **arm's length***.

The Subject Company Transactions Method considers the various terms of an enterprise's stockholder agreements that would affect the distributions to each class of equity upon a liquidity event as of the future liquidation date, including:

- the level of seniority among securities,
- dividend policy,
- conversion ratios,
- and cash allocations.

***Arm's length transaction:** A transaction that was entered into by informed but unrelated market participants, simultaneously seeking the best terms possible.

***Note:** In many situations, the transactions are not done at arm's length. It is still possible to perform the valuation in these cases, but additional considerations need to be made.

INCOME APPROACH

According to the FASB ASC glossary, the Income Approach is defined as a:

> *"Valuation technique that converts future amounts (for example, cash flows or income and expenses) to a single current (that is, discounted) amount."*

This approach finds conceptual support in the basic assumption that the value of an enterprise is represented by the aggregate expectations of future income and cash flows.

DISCOUNTED CASH FLOW METHOD

The income approach converts future cash flows to a single, current discounted amount. The fair value measurement is estimated on the basis of the value indicated by current market expectations about those future cash flow amounts. The DCF method converts these future cash flows to their present value using a specific discount rate that factors in the time value of money and any measurable level of risks associated with the business.

WACC CALCULATION

The Weighted Average Cost of Capital ("WACC") is the rate of return specific to the enterprise being valued that reflects the risk of investment in said enterprise. In general, the higher the WACC, the higher an investor's expected return would be for an investment in the enterprise. When performing a Discounted Cash Flow analysis, Carta Valuations LLC computes an enterprise-specific WACC using the Capital Asset Pricing Model ("CAPM").

The CAPM formula is defined as follows:

$$R_E = R_F + B * (R_M) + SP + CP$$

Where:

R_e = Return on equity

R_f = Risk-free rate

β = Beta

R_m = Market risk premium

SP = Small company size premium

CP = Company-specific risk premium

SMALL COMPANY RISK PREMIUM

Given that most of the comparable public companies are much larger than the enterprise being valued, we apply an additional risk premium to the cost of equity calculation to reflect the additional premium that investors would require to invest in small cap public stocks.

COMPANY-SPECIFIC RISK PREMIUM

To capture the added risk involved in investing in smaller, less profitable, and less mature companies, an additional company specific risk premium is applied to the cost of equity calculation. This risk premium reflects the additional risk associated with the enterprise's revenue relative to the market at large.

ASSET APPROACH

Among the three valuation approaches discussed, the AICPA considers the Asset Approach in most circumstances to be the weakest valuation method from a conceptual standpoint. Typically this approach would only be used when valuing enterprises that:

- are in the very early stages of development,
- have not yet raised any arms-length financing,
- or when there is a limited (or no) basis for the application of the Income Approach or the Market Approach.

COST TO RECREATE METHOD

This method defines an enterprise's fair market value as the sum total of the enterprise's assets minus the sum total of the corresponding liabilities. In the case that an enterprise's assets are not sufficiently captured on its balance sheet, the **cost to recreate** method assumes that the enterprise's fair market value is consistent with the replacement cost (i.e. **cost to recreate**) of the enterprise's assets.

EQUITY VALUE ALLOCATION

After calculating the total value of the enterprise, valuators must then allocate the value to the various classes of securities in the capital structure. The generally accepted methods of equity allocation are explained below.

CURRENT VALUE METHOD (CVM)

The Current Value Method allocates enterprise value to the various series of an enterprise's preferred stock based on the respective liquidation preferences or conversion values, in accordance with the terms of the enterprise's Articles/Certificate of Incorporation.

This approach involves allocating the company's current value among the various capital owners based on their respective liquidation preferences and conversion, dividend, and other rights under the assumption that all capital owners act in a manner that maximizes their financial return. Unlike the OPM and the PWERM approaches, this methodology is not forward-looking, and therefore fails to consider the possibility that the value of the company and the individual share classes will increase or decrease between the valuation date and a future date when the common shareholders receive a return on their investment (e.g., through a liquidity event such as an IPO or sale/merger). Per the AICPA guidelines:

> *"Because the CVM focuses on the present and is not forward looking, the task force believes its usefulness is limited primarily to two types of circumstances. The first occurs when a liquidity event in the form of an acquisition or dissolution of the enterprise is imminent, and expectations about the future of the enterprise as a going concern are virtually irrelevant. The second occurs when an enterprise is at such an early stage of its development that (a) no material progress has been made on the enterprise's business plan, (b) no significant common equity value has been created in the business above the liquidation preference on the preferred shares, and (c) no reasonable basis exists for estimating the amount and timing of any such common equity value above the liquidation preference that might be created in the future."*

OPTION PRICING MODEL

This approach allows for the allocation of the determined value of the company among the various equity capital owners (preferred and common shareholders). The OPM uses the preferred shareholders' liquidation preferences, participation rights, dividend policy, and conversion rights to determine how proceeds from a liquidity event shall be distributed among the various ownership classes at a future date. Per the AICPA guidelines:

> *"The OPM treats common stock and preferred stock as call options on the company's value, with exercise prices based on the liquidation preferences of the preferred stock. Under this method, the common stock has value only if the funds available for distribution to shareholders exceed the value of the liquidation preferences at the time of a liquidity event (for example, a merger or sale), assuming the enterprise has funds available to make a liquidation preference meaningful and collectible by the shareholders. The common stock is modeled as a call option that gives its owner the right, but note obligation, to buy the underlying value at a predetermined or exercise price. In the model, the exercise price is based on a comparison with the value rather than, as in the case of a "regular" call option, a comparison with a per-share stock price. Thus, common stock is considered to be a call option with a claim on the equity at an exercise price equal to the remaining value immediately after the preferred stock is liquidated."*

PROBABILITY WEIGHTED EXPECTED RETURN

This approach involves the estimation of future potential outcomes for the company, as well as values and probabilities associated with each respective potential outcome. The common stock per share value determined using this approach is ultimately based upon probability-weighted per share values resulting from the various future scenarios, which can include an IPO, merger or sale, dissolution, or continued operation as a private company. Per the AICPA guidelines:

> *"Under a PWERM, the value of the various equity securities are estimated based upon an analysis of future values for the enterprise, assuming various future outcomes. Share value is based upon the probability-weighted present value of expected future investment returns, considering each of the possible future outcomes available to the enterprise, as well as the rights of each share class."*

OPTION PRICING MODEL

Carta Valuations LLC estimated the fair market value of Meetly common stock using the Option Pricing Model (OPM).

One of the most common AICPA-approved methods to value private companies with complex capital structures is the Option Pricing Model. The Option Pricing Model (OPM) treats each share class as a call option on the value of the entire firm, with exercise prices based on the liquidation preferences of the preferred stock. One notable benefit to using the OPM is that it accounts for the economic rights often seen in venture-capital backed preferred shares, including preferred liquidation preferences and payout seniority. In this method, each share class only has value if the funds available for distribution to shareholders exceed the value of the liquidation preferences at the time of a liquidity event for each of the prior share classes in a company's cap table.

Using the OPM, the common stock is modeled as a call option that gives its owner the right, but not the obligation, to buy the underlying value at a predetermined price. The considered "price" of these common-stock "call options" is based on the value of the entire enterprise at specific values ('breakpoints'). Thus, the common stock is considered to be a call option with a claim on the equity at an exercise price equal to the remaining value immediately after all share classes with lower-numbered liquidation seniority have liquidated. Carta Valuations LLC utilizes the Black-Scholes-Merton Option Pricing Model.

OPTION PRICING MODEL CONSIDERATIONS

The OPM considers the various terms of an enterprise's stockholder agreements that would affect the distributions to each class of equity upon a liquidity event as of the future liquidation date, including:

- the level of seniority among securities,
- dividend policy,
- conversion ratios,
- and cash allocations.

Option pricing model inputs

The Option Pricing Model relies on four inputs:

- the total value of the enterprise,
- the expected time to exit,
- the risk free rate of interest as of the valuation date,
- the volatility derived from similar publicly traded companies.

The formula for the Option Pricing Model is as follows:

$$C = S_0\, e^{-qt} * N(d_1) - X\, e^{-rt} * N(d_2)$$

Where:

- S_0 = Total value
- **X** = Breakpoint value
- **q** = Continuously compounded dividend yield
- **t** = Time to exit (years)
- σ = Volatility
- **r** = Risk free rate

and d_1 and d_2 are defined as:

$$d_1 = \frac{ln(\frac{S_0}{X}) + t\,(r - q + \frac{\sigma^2}{2})}{\sigma\sqrt{t}}$$

$$d_2 = d_1 - \sigma\sqrt{t}$$

VOLATILITY ASSUMPTIONS

Volatilities are estimated using historical daily pricing data, provided by CapIQ, for the selected comparable companies. The historical pricing data is gathered for a look-back period that matches the expected term.

Although more typical in later stage companies, the subject company may use both equity and debt instruments to finance their business activities. Per Section 6.36 of the AICPA Valuation of Privately-Held-Company Equity Securities Issued as Compensation, "[...] consideration should be given to the effect of the company's leverage." In order to account for the different capital structures across the subject company and its peer group, Carta Valuations LLC makes adjustments to the capital structure based on the Merton model and the equity volatility and asset volatility relationships listed below.

Under certain circumstances, applying an asset volatility and allocating enterprise value may have the effect of shifting value from the senior equity securities to the junior equity securities, as the liquidation preference for the senior securities is "sandwiched" between debt and the junior securities. When this sandwich effect occurs, Carta Valuations LLC deems it appropriate to apply an equity volatility instead of an asset volatility. When such circumstance does not exist, the most appropriate volatility to use when allocating value across all investments is the asset volatility.

$$EquityValue = AssetValue * N(d_1) - [Debt * e^{(-rT)} * N(d_2)]$$

$$EquityVolatility = \frac{AssetVolatility*(AssetValue*N(d_1))}{EquityValue}$$

- ***Asset Value*** *= total equity and debt value (S_0)*
- ***Equity Value*** *= total equity value only*
- ***Debt*** *= total value of debt claims outstanding (**X**)*
- ***q*** *= continuously compounded dividend yield*
- ***t*** *= probability weighted time to exit (years)*
- *σ = volatility*
- ***r*** *= risk-free rate*
- ***N(.)*** *= standard normal cumulative distribution function*

VALUATION ADJUSTMENTS

Discount for lack of marketability

When valuing closely-held (private) companies, valuators typically apply a discount for lack of marketability (DLOM) to the share price, to account for the fact that private company shares are not as liquid as their public comparable company counterparts. In other words, one should expect to pay less for a closely-held (private) share of stock than that same investor would pay for a publicly-traded, fully liquid security.

Discount for lack of marketability: "An amount or percentage deducted from the value of an ownership interest to reflect the relative absence of marketability."[1]

Marketability: "The ability to quickly convert property to cash at minimal cost, with a high degree of certainty of realizing the anticipated amount of proceeds."[1,2]

What to consider

This valuation, in accordance with the parameters set forth in **Mandelbaum v. Commissioner**[3], takes into account the following:

- The value of the subject corporation's privately traded securities vis-a-vis its publicly traded securities (or, if the subject corporation does not have stock that is traded both publicly and privately, the cost of a similar corporation's public and private stock);
- an analysis of the subject corporation's financial statements;
- the corporation's dividend-paying capacity, its history of paying dividends, and the amount of its prior dividends;
- the nature of the corporation, its history, its position in the industry, and its economic outlook;
- the corporation's management;
- the degree of control transferred with the block of stock to be valued;
- any restriction on the transferability of the corporation's stock;
- the period of time for which an investor must hold the subject stock to realize a sufficient profit;
- the corporation's redemption policy;
- the cost of effectuating a public offering of the stock to be valued, e.g. legal, accounting, and underwriting fees.

Summary of approaches

In preparing this valuation, we considered number of different approaches to computing the proper Discount for Lack of Marketability, loosely categorizable into the following: **benchmark study approach** and **securities-based approaches.**

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[1]International Glossary of Business Valuation Terms, as adopted in 2001 by American Institute of Certified Public Accountants, American Society of Appraisers, Canadian Institute of Chartered Business Valuators, National Association of Certified Valuation Analysts, and The Institute of Business Appraisers.
[2]Shannon P. Pratt, Alina V. Niculita, Valuing a Business, The Analysis and Appraisal of Closely HeldBusinesses, 5th ed (New York: McGraw Hill, 2008), p.39.
[3]Mandelbaum v. Commissioner, T.C. Memo 1995-255, 36.
[4]Securities Act of 1933 (Section 230.144). Note: Because the holder of restricted common stock is prohibited from selling any of the stock for full year (1997-2008, thereafter holding period is six months) and has additional constraints on the amounts that may be sold for an additional year, the restricted stock is significantly less liquid (and therefore less valuable) than its unrestricted counterpart.

BENCHMARK STUDY APPROACH

This approach estimates the appropriate DLOM based on restricted stock studies, as well as pre-Initial Public Offering (IPO) pricing studies. This valuation considers the pre-IPO pricing studies a generally less-accurate indicator of private company DLOM for smaller, earlier-stage companies.

Restricted stock: unregistered common stock of a corporation identical in every respect to its publicly traded shares, except that it has not been registered, and is therefore, not freely tradable.[4]

We considered the following restricted stock studies because the effect of lack of marketability can be quantified by comparing the sale price of publicly traded shares to the sale price of so-called restricted shares of the same company that are identical in all rights and powers except for their ability to be freely marketed. Restricted stock studies are published, empirical studies, the most often cited of which are indicated below:

Empirical study	Time period covered	Mean DLOM
SEC overall average [a]	Jan 1966 - Jan 1969	25.8%
SEC non-reporting OTC companies [a]	Jan 1966 - Jan 1969	32.6%
Gelman [b]	Jan 1968 - Dec 1970	33.0%
Trout [c]	Jan 1968 - Dec 1972	33.5%
Moroney [d]	Jan 1969 - Dec 1972	35.6%
Maher [e]	Jan 1969 - Dec 1973	35.4%
Standard Research Consultants [f]	Oct 1978 - Jun 1982	45.0% (median)
Willamette Management Associates [g]	1981 - 1984	31.2% (median)
Silber [h]	Jan 1981 - Dec 1988	33.8%
FMV Opinions, Inc. [i]	Jan 1979 - Apr 1992	23.0%
Management Planning, Inc. [j]	Jan 1980 - Dec 1996	27.1%
Bruce Johnson Study [k]	Jan 1991 - Dec 1995	20.0%
Columbia Financial Advisors [l]	Jan 1996 - Apr 1997	21.0%
Columbia Financial Advisors [l]	May 1997 - Dec 1998	13.0%

[a]Discounts Involved in Purchases of Common Stock (1966-1969), Institutional Investor Study Report of the Securities and Exchange Commission, H.R. Do. No. 92-64, Part 5, 92nd Congress, 1st Session, 1971, 2444- 2456.
[b]Gelman, Milton, An Economist Financial Analyst's Approach to Valuing Stock of a Closely Held Company, Journal of Taxation, June 1972, 353-354.
[c]Trout, Robert R., Estimation of the Discount Associated with the Transfer of Restricted Securities, Taxes, June 1997, 381-384.
[d]Moroney, Robert E., Most Courts Overvalue Closely Held Stocks, Taxes, March 1993, 144-154.
[e]Maher, Michael J., Discounts for Lack-of-marketability for Closely Held Business Interests, Taxes, September 1976, 562-71.
[f]Pittock, William F., and Stryker, Charles H., Revenue Ruling 77-287 Revisited, SRC Quarterly Reports, Spring 1983.
[g]Willamette Management Associates study (unpublished)
[h]Silber, William L., Discounts on Restricted Stock: The Impact of Illiquidity on Stock Prices, Financial Analysts Journal, July-August 1991, 60-64.
[i]Hall, Lance S., and Timothy C . Polacek, "Strategies for Obtaining the Largest Valuation Discounts," Estate Planning, January/February 1994. pp. 38-44.
[j]Oliver, Robert P. and Roy H Meyers, "Discounts Seen in Private Placements of Restricted Stock: The Management Planning, Inc., Long-Term Study (1980-1996)" (Chapter 5) in Robert F, Reilly and Robert P. Schweihs, eds, The Handbook of Advanced Business Valuations (New York: McGraw-Hill, 2000).
[k]Johnson, Bruce, "Restricted Stock Discounts, 1991-95", Shannon Pratt's Business Valuation Update, Vol. 5, No. 3, March 1999, pp. 1-3. "Quantitative Support for Discounts for Lack of Marketability." Business Valuation Review, December, 1999, pp. 152- 155
[l]CFAI Study, Aschwald, Kathryn F., "Restricted Stock Discounts Decline as Result of 1-Year Holding Period – Studies After 1990 'No Longer Relevant' for Lack of Marketability Discounts", SHANNON PRATT'S BUSINESS VALUATION UPDATE, Vol. 6, No. 5, May 2000, pp. 1-5.

SECURITIES-BASED APPROACHES

Securities-based approaches to computing Discount for Lack of Marketability rely on firmly-established stock option pricing theory. In compiling this valuation, we considered three distinct stock option pricing models - **The Longstaff Approach**, **The Chaffe Approach**, and **The Finnerty Approach**.

The Longstaff Approach[5]

$$Discount = \left(2 + \frac{\sigma^2 T}{2}\right) N\left(\frac{\sqrt{\sigma^2 T}}{2}\right) + \sqrt{\frac{\sigma^2 T}{2\pi}} \exp\left(-\frac{\sigma^2 T}{8}\right) - 1$$

T = time to exit

σ = volatility

***N(.)** = Standard normal cumulative distribution function*

REPRESENTATIVE DLOMS

Time to exit	Volatility:	25.00%	50.00%	75.00%	100.00%	125.00%
1 year		21.6%	46.6%	75.3%	108.1%	145.2%
2 years		31.5%	70.1%	116.7%	172.0%	236.9%
3 years		39.5%	90.0%	153.0%	229.9%	321.9%
4 years		46.6%	108.1%	186.8%	284.9%	404.0%
5 years		53.0%	125.0%	219.3%	338.4%	484.7%

The Longstaff model outputs DLOMs in excess of 100% at very low volatilities, and as such is generally considered an inaccurate overestimation of a proper DLOM. Thus, the Longstaff model should only be used as a guideline, but in most cases should not be used as the sole method to calculate a given DLOM.

[5] *Longstaff, Francis A., "How Much Can Marketability Affect Security Values?", The Journal of Finance, Vol. L, No. 5 (1995), pp.1767-1774.*

The Chaffe approach[6]

$$P = Xe^{-rt} * \mathcal{N}(-d_2) - S_0 e^{-qt} * \mathcal{N}(-d_1)$$

S_0 = total equity value

X = equity breakpoint value

q = continuously compounded dividend yield

t = time to expiration (% of year)

σ = volatility

r = risk-free rate

$N(.)$ = standard normal cumulative distribution function

REPRESENTATIVE DLOMS

Time to exit	Volatility:	25.00%	50.00%	75.00%	100.00%	125.00%
1 years		9.25%	18.97%	27.48%	37.40%	45.86%
2 years		12.61%	26.01%	37.41%	50.11%	60.25%
3 years		14.97%	30.98%	44.20%	58.28%	68.81%
4 years		16.81%	34.84%	49.30%	64.02%	74.35%
5 years		18.32%	37.97%	53.50%	68.20%	78.00%

[6] *David B.H. Chaffe III, "Option Pricing as a Proxy for Discount for Lack of Marketability in Private Company Valuations," Business Valuation Review (December 1993): 182–6. (Model corrected and updated in 2009; the Carta Valuations LLC uses the corrected, updated model)*

The Finnerty approach[7]

$$D(T) = V_0 e^{-qT}[\mathcal{N}(v\sqrt{T}/2) - \mathcal{N}(-v\sqrt{T}/2)] v\sqrt{T} = \sqrt{\sigma^2 T + \ln[2(e^{\sigma^2 T} - \sigma^2 T - 1)] - 2\ln(e^{\sigma^2 T} - 1)}$$

D(T) *= Discount for Lack of Marketability*

V_0 *= The value of the share of common stock without transfer restrictions*

q *= Continuously compounded dividend yield*

t *= Time to expiration (% of year)*

σ = Volatility

r *= Risk-free rate*

e *= The mathematical constant = 2.71828...*

N(.) *= standard normal cumulative distribution function*

REPRESENTATIVE DLOMS

Time to exit	Volatility:	25.00%	50.00%	75.00%	100.00%	125.00%
1 year		5.72%	11.24%	16.34%	20.85%	24.62%
2 years		8.04%	15.50%	21.84%	26.63%	29.74%
3 years		9.79%	18.52%	25.26%	29.50%	31.49%
4 years		11.24%	20.85%	27.54%	30.95%	32.05%
5 years		12.49%	22.73%	29.10%	31.66%	32.22%

Note: The Finnerty model has a mathematical asymptote at approximately 32%. Thus, for companies at higher volatilities, this model may understate the proper DLOM. [7] *John D. Finnerty, "The Impact of Transfer Restrictions on Stock Prices." Analysis Group/ Economics (October 2002).*

The Differential Put Approach

The Differential Put Approach is an option pricing model method that quantitatively approximates a discount for lack of marketability of common stock in a company where a precedent transaction, typically a preferred stock financing round, is used as an indication of fair value.

When applying the backsolve methodology to determine the value of common stock based on the price paid in the most recent preferred financing round, the resulting value of common stock already incorporates an implied discount for lack of marketability that is reflected in the price of the most recent preferred stock transaction. Therefore, according to the differential put approach, the appropriate discount for lack of marketability for the common stock is the incremental discount between the common stock and most recently transacted preferred share class.

The Chaffe or the Finnerty put models are applied to the share class volatilities to determine the specific discount for each share class.

$$D(T) = V_0 e^{-qT}\left(N(v\sqrt{T}/2) - N(-v\sqrt{T}/2)\right)$$

$$v\sqrt{T} = \sqrt{\sigma^2 T + \ln\left(2\left(e^{\sigma^2 T}\right)\right) - 2\ln\left(e^{\sigma^2 T} - 1\right)}$$

$$\text{DLOM}_{\text{incremental}} = 1 - (1 - \text{DLOM}_{\text{common}})/(1 - \text{DLOM}_{\text{preferred}})$$

$$\sigma_{\text{class}} = \sigma_{\text{equity}} * \text{Equity Value} * N(d_1)/\text{Class Value}$$

$$N(d_1)_{\text{class}} = \sum(N(d_1)_{\text{incremental}} * \text{Incremental Allocation})$$

$$p = Xe^{-rt}N(-d_2) - S_0N(-d_1)$$

***S_0** = total equity value*

***X** = equity breakpoint value*

***t** = Time to expiration (% of year)*

σ = Volatility

***r** = Risk-free rate*

***e** = The mathematical constant = 2.71828...*

***N(.)** = standard normal cumulative distribution function*