

STO Market Report

Q2 2019

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Introduction

This report focuses on Q2 of 2019 and how it compares to previous quarters, with the aim to provide an overview of the current STO funding activity. In our report we look at those STOs that have completed a funding round in Q2 and break these down by deal size, industry, geographic, asset class and technology. Further we cover the success rate of STO's year to date and how they fared in Q2.

Key highlights are:

- There were 11 STOs that raised \$40.4M in the quarter
- Majority of deal sizes were < \$10m, representing an average transaction of \$3.6m
- The FinTech industry recorded the highest funding in the quarter of \$20m
- 92% of offerings were incorporated and issued from the United States
- STO success rate reduced to 75% in this period with 4 unsuccessful offerings
- 9 offerings extended their STO for a later date
- 82% of issuers, elected Ethereum as their blockchain of choice

Methodology

Our proprietary database now includes 35 Security Token Offerings (STOs) that have raised funds from 2017 to 2019.

The criteria for our report includes:

- A fundraising event for the sale of security tokens
- The utilization of distributed ledger technology
- Is regulated or plans to be regulated in at least one jurisdiction
- The underlying tokens provide economic rights for investors such as dividends, interest or shares

This report covers 11 STOs that have been identified as completing a funding round in Q2 2019.

The term "Success Rate" means the percentage rate of offerings which have successfully reached their minimum funding target (soft cap) or its maximum funding target (hard cap) in the absence of a soft cap value.

Data is compiled from publicly available information or by information provided to STOblock by issuers and issuer providers. Funded amounts were converted into USD at the prevailing exchange rate at the time the sale closed.

Overview

Total funds raised for the quarter was \$40.4m, a 36% decrease from last quarter and a 64% decrease from the same period last year.

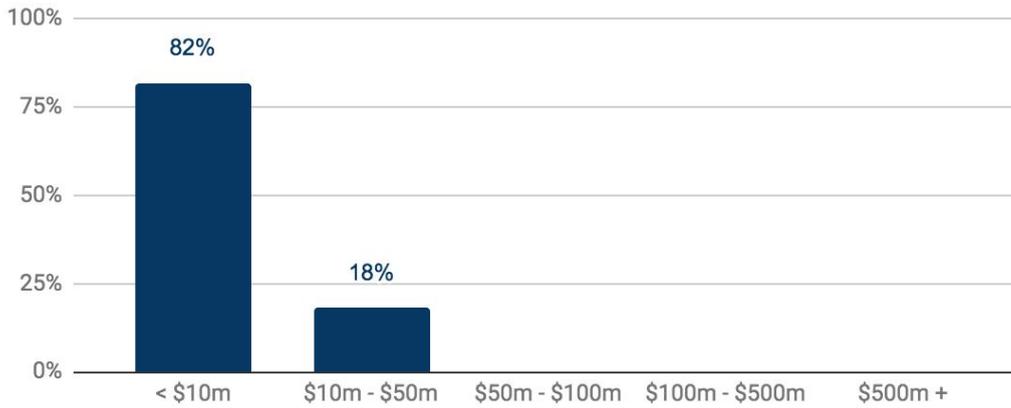
Name	Funded (USD \$m)	Close	Duration (Days)	Industry
Provenance	20.00	Apr19	Unknown	FinTech
Cadence	0.50	Apr19	6	Investment
Cadence	1.00	Apr19	8	Investment
GuruMD	0.07	Apr19	193	Healthcare
Totle	0.14	Apr19	48	Financial Services
PhunCoin	0.17	May19	102	Technology
Cadence	0.60	May19	6	Investment
ReitBZ	3.30	May19	92	Real Estate
Cadence	1.00	Jun19	5	Investment
Kraken	13.50	Jun19	32	Financial Services
Dashing	0.14	Jun19	31	Retail

There were 11 STOs funded in this quarter, a 38% increase from last quarter, a 175% increase from the same period last year.

Number of STOs funded by quarter



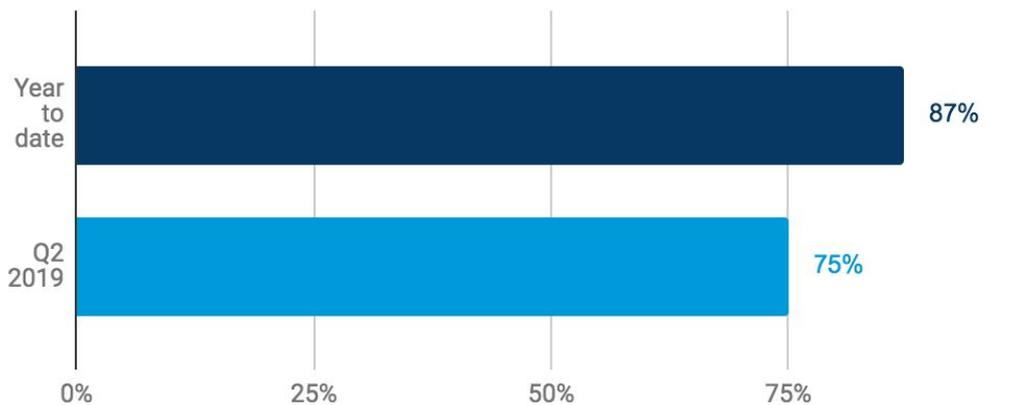
Deal Size



82% of funded deals were < \$10m in size, representing an average transaction of \$3.67m

Success Rate

Q2 recorded a success rate of 75%, a 25% decrease from the previous quarter and below the year to date success rate of 87%.

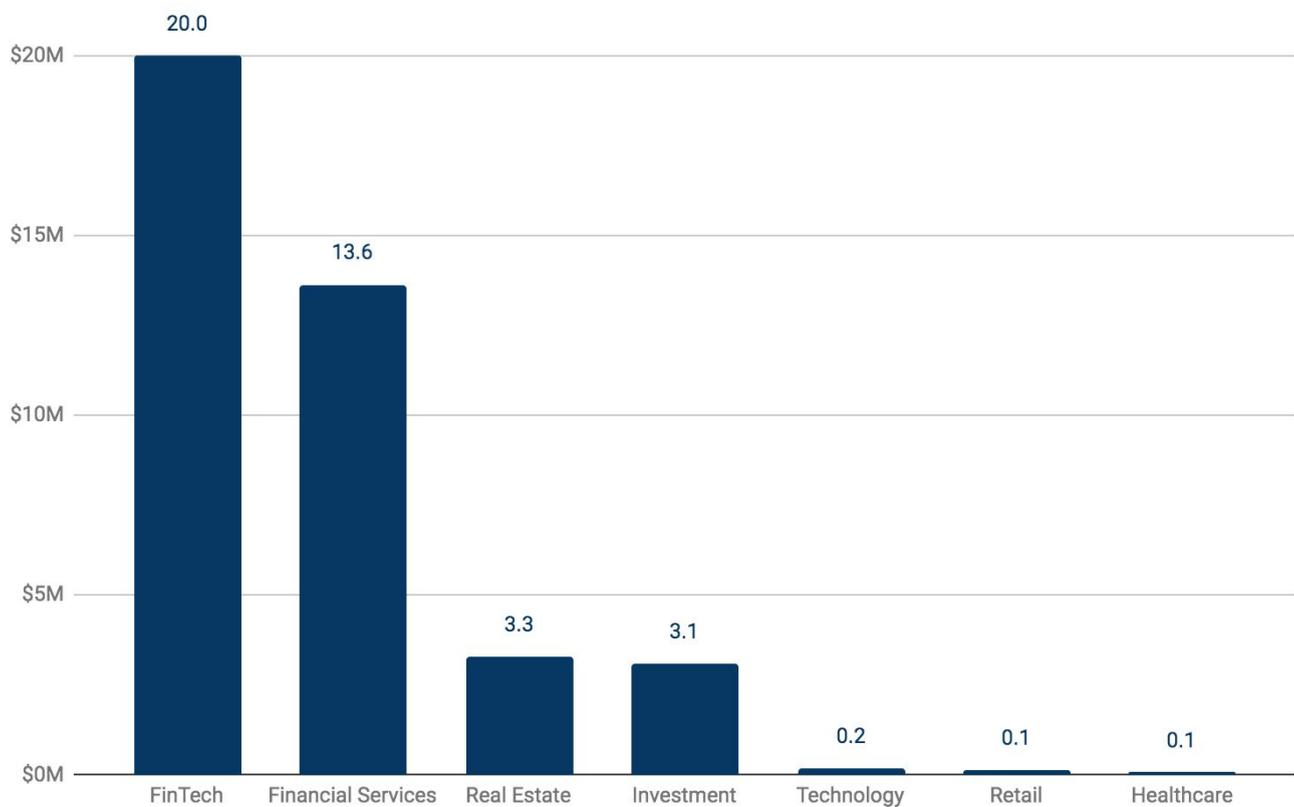


There were 4 unsuccessful offerings in this quarter. Issuers Blockport, Paysera, Healthbank were unable to reach their targets and Kriptomat revoked its STO

Industry

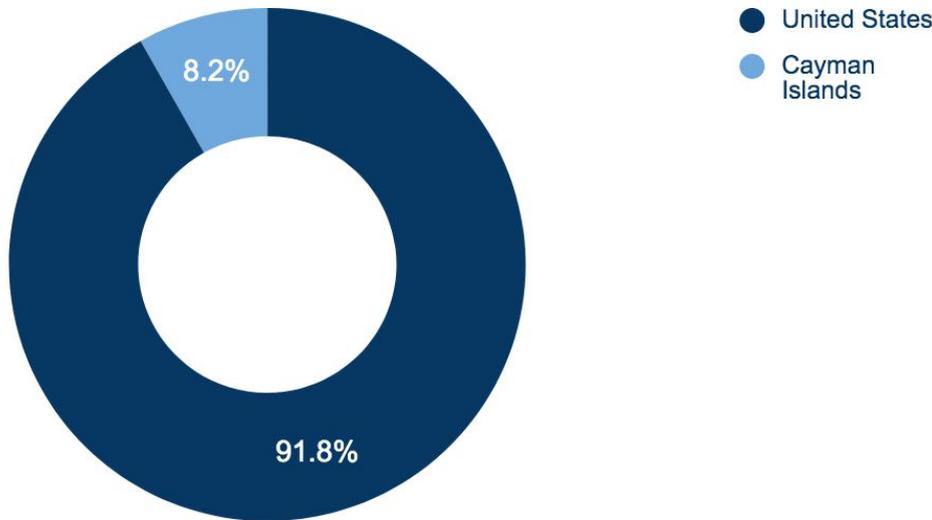
Of the 11 offerings funded in this quarter, FinTech was the highest industry, with Provenance Blockchain funding \$20m. This accounted for 49% of the total funds raised during the quarter.

Financial Services was the second most active industry, notably Kraken completing a tokenized equity offering for \$13.49m.



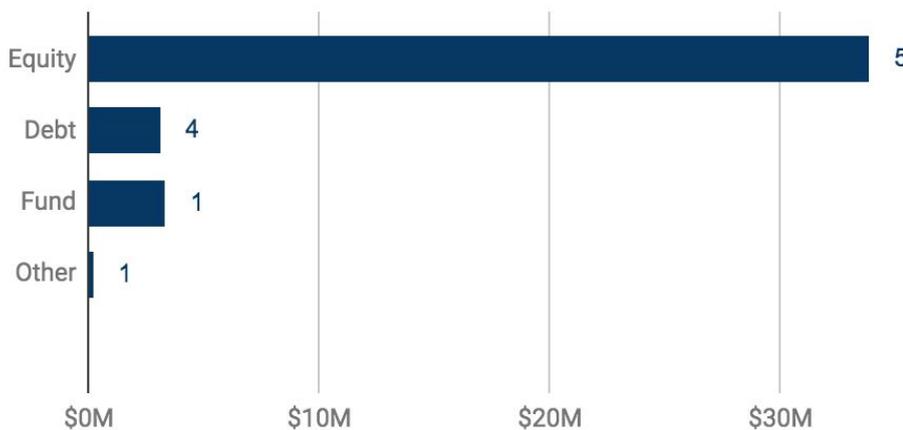
Geographic

The majority of offerings funded were incorporated and issued from the United States. Only one issuer, ReitBZ was from the Cayman Islands accounting for 8.2%.



Asset Class

Equity offerings continue to be highly favoured, representing 45% of total funded offerings.

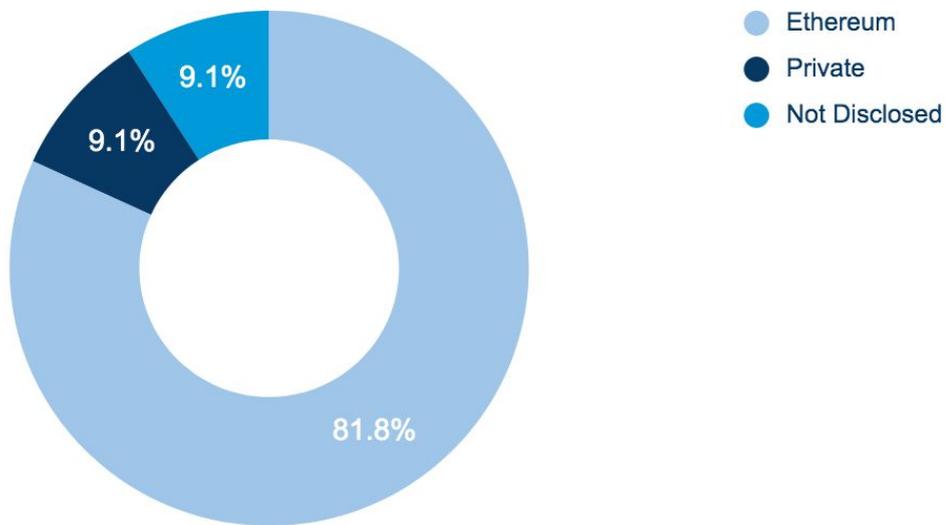


Issuer Cadence completed the 4 debt offerings in the quarter, which included a mixture of structured notes with high yielding returns.

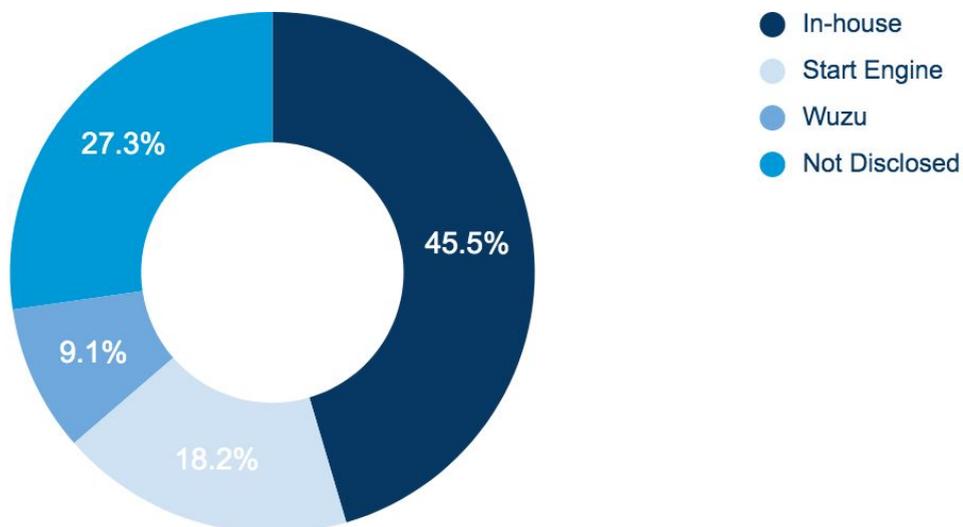
Technology

Ethereum remains as the Blockchain of choice, representing 81.8%. For issuance, 45% of offerings were conducted In-house.

Blockchain



Issuance



Summary

The number of announced offerings have been increasing at a rapid pace, with 25 offerings scheduled to close in Q2, however only 11 completed a funding round, representing a 44% completion rate.

The low completion rate is attributed to 9 offerings or 36% who have extended their STO for a future date, thus delaying outcomes. These extensions are providing issuers more time to acquire investment, negotiate terms and mitigate the apparent risks (i.e lack of secondary market, accessibility). This is evident in Q2, as STOs on average are completing a fundraise over 52 days.

To date, 2019 has been one of high activity and low deal value, whereas in 2018 it was the reverse, low activity but high deal value. STOs are still in its nascent stage and the underlying infrastructure continues to be developed with the aim to provide a fully functional ecosystem.

Contact Us

For further information or discuss how STOblock can assist your organisation, please contact us at hello@stoblock.io

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