

Lagniappe Labs' Prime Unicorn Index FAQ Sheet

What are "Unicorns?"

Unicorns are privately held companies that have a determined Valuation of \$1 billion or greater. In addition to Unicorns, Lagniappe Labs includes "Approaching Unicorns" in the Prime Unicorn Index. "Approaching Unicorns" are companies that have a determined Valuation between \$500 million - \$1 billion.

What Private Companies are Eligible for the Index?

Privately held companies that have a Lagniappe Labs determined Valuation of \$500M or greater and have not previously been publicly traded, spun off from a publicly traded company, or purchased by an investment firm who took them private.

Does "Valuation" determine the Value of the Index?

No. Valuation only determines which companies are considered for inclusion into the Index.

Valuation Numbers are Subjective, right?

Not by Lagniappe Labs standards or practices. We mine and extract data from many sources of private company filings. We analyze documents such as Certificates of Incorporation, Employee Plan Exemption Notices (EPENs), Limited Offer Exemption Notices (LOENs), Annual Report Filings, Form Ds, Bankruptcy filings, and many more sources that allow for an *objective* and *verifiable* way of determining a company's Valuation.

Often there are Discrepancies in the Media Around a Company's Valuation. Why is that?

When determining a Valuation, most sources use "shares authorized" multiplied by a price per share to determine Valuation. The concern with "shares authorized" is that the company may never "issue" those shares to investors.

Example #1, if company XYZ authorizes 1B shares but only issues and receives investment on 100M shares, is it fair to include the additional 900M shares in determining a Valuation? (This is not an extreme example. We see instances of it every day.)

Lagniappe Labs uses "shares issued" (to investors) multiplied by price per share to determine a Valuation.

Example #2, The "media" reports that Uber Technologies, Inc. has a Valuation of \$68B. Lagniappe Labs reports a Valuation of \$44B. The difference is the media uses authorized shares while Lagniappe Labs uses issued shares in determining Valuation.

If not Valuation, What Determines the Value of the Index?

Movement in Preferred Price Per Share.

Can One Company Skew the Value of the Index?

The Prime Unicorn Index uses an equal weighting methodology which significantly reduces Index exposure by any one company.

How Often is the Index Price Calculated?

Index levels are calculated daily, and the full week of values are disseminated every Thursday

Who is the Entity of Record for Validating the Value of the Index?

Solactive. <https://www.solactive.com/>.

What Happens if a Company Falls Below \$500M? Or goes Public?

The Index is reconstituted once per quarter. A reconstitution removes companies no longer determined eligible for Index inclusion. Companies that become publicly traded or fall below \$500M in Valuation would be reconstituted out after a defined period of time. Inversely, companies that Lagniappe Labs determines to now have unicorn status are added into the Index.