Zacks Small-Cap Research

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Net Element Inc. (NETE-NASDAQ)

NETE: High Growth but Ignore the Revenues; Keep An Eye on Margins

Current Recommendation	**BUY**
Prior Recommendation	BUY
Date of Last Change	10/15/14
Current Price (04/05/16)	$0.22
Target Price	**$0.45**

OUTLOOK

Net Element is a software and services company, in global online payments. It operates a small merchant processor in the US and a mobile payment processor in Russia. In 2015 it acquired PayOnline, a market leader in the Russia and Eastern Europe in online payments. Via acquisition and revenue recognition changes, reported revenues grew 90% in 2015, losses increased 42%, and share count went up 146% due to toxic financing for PayOnline, leaving equity shareholders with a decrease in per share valuation. Expect another capital raise to fund losses and add dilution and probably a reverse stock split.

SUMMARY DATA

52-Week High	**$1.24**
52-Week Low	**$0.06**
One-Year Return (%)	**-80.9**
Beta	**0.59**
Average Daily Volume (sh)	**5,480,387**
Shares Outstanding (mil)	**113**
Market Capitalization ($mil)	**$24.9**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**3**
Insider Ownership (%)	**24**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**197**
Earnings Per Share (%)	**N/A**
Dividend (%)	**0**
P/E using TTM EPS	**N/M**
P/E using 2015 Estimate	**N/M**
P/E using 2016 Estimate	**N/M**
Zacks Rank	**N/A**

Risk Level	**High**
Type of Stock	**Small-Blend**
Industry	**Internet Commerce**
Zacks Rank in Industry	**N/A**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2014	4.8 A	4.9 A	6.0 A	5.4 A	21.2 A
2015	5.5 A	6.9 A	12.7 A	15.1 A	40.2 A
2016	13.9 E	14.4E	15.0 E	16.2 E	59.5 E
2017					67.4 E

Earnings per Share
(Non-GAAP EPS before non recurring items)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2014	-$0.11 A	-$0.07 A	-$0.06 A	-$0.00 A	-$0.19 A
2015	-$0.04 A	-$0.06 A	-$0.04 A	-$0.02 A	-$0.15 A
2016	-$0.01 E	-$0.01 E	-$0.01 E	-$0.01 E	-$0.05 E
2017					-$0.04 E

Zacks Projected EPS Growth Rate - Next 5 Years **25%**

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WHAT'S NEW

Q4 Revenues Grow By 179%, but Losses Increased and the Company Again Needs Cash

Net Element reported Q4 revenues of $15.1 million versus $5.1 million in 2014, up 179%. The greatest increase in revenues came from the change in revenue recognition for the mobile business. That segment reported gross revenues of $5.6 million versus revenues last year on a net basis of $0.25 million. Using gross revenues instead of net makes the business appear more attractive, but makes it harder to value against peers and does not improve profitability one iota. In fact it makes margins look worse.

The largest segment by revenue and gross margin contribution is the North American credit card processing business. It generated $8.1 million in revenues versus $5.2 million in 2014, up 50%; there were no portfolio purchases in the quarter. Mobile Solutions, which now reports gross numbers instead of net reported $5.6 million versus a net number of $300,000 last year. The acquisition of PayOnline mid-2015 added $1.4 million in revenues to the quarter. While reported revenues were much higher, they generated little in gross margin contribution. This quarter gross margin was $1.9 million versus $1.1 million, up only 70% as the new accounting lowered margins and added only $803,000. So an additional $9.7 million in revenue eked out only 8.3% of incremental gross margin. Due to product mix and the new accounting methods, the overall Q4 gross margin percentage was 12.7% in 2015 versus 20.7%

Expenses in Q4 increased 52% over last year from $3.8 million to $5.9 million almost entirely in G&A due to the acquisition of PayOnline. This increase of $2.1 million was despite a reduction in stock-based compensation from $3.0 million to $2.5 million in the quarter. The rest of the expenses were up $2.6 million. Operating losses were $3.9 million versus $2.7 million. The **non-GAAP loss was $2.1 million versus a profit of $35,000 last year.** N**on-GAAP EPS declined to a loss of $0.02 in 2015 from breakeven in 2014**. Adjusted EDITDA was a **negative $895,000** versus a **positive $575,000 last year**.

2015 Results

For the year ending December 31, 2015 the company sold $40.2 million in products and services versus $20.8 million a year ago, up 90%. $3.8 million was from the acquisition of PayOnline; about $7 million may have been from grossing up the mobile business revenues and the rest organically.

Looking at gross margin, 2015 yielded 15.6% versus 21.1% in 2014. North America was 14.2% versus 17.6% as older more profitable portfolios ran off. Mobile solutions reported a margin of 10.2% versus 100% as the accounting went to gross revenues. Going forward we are looking for margins to be normalized at 5% for that business or slightly higher. PayOnline was the highest margin business at 38.1%.

Dollar-wise the gross margin was $6.3 million versus $5.3 million last year. Operating expenses for the year were $16.8 versus $12.6 million. Clearly these is a lot that must change in the business model to make a profit when operating expenses are more than double the gross margin contribution.

Operating losses increased to $14.2 million versus $12.3 million ex-one time charges, driven by an increase in G&A as PayOnline was added in and other corporate expenses increased. Interest expense was $3.6 million versus $3.5 million although most of that was non-cash and was paid out in stock in the toxic financing arrangement. Only $538,000 of interest was paid in cash in 2015. Adjusted non-GAAP losses were **$9.8 million versus $6.9 million** in 2014. Non-GAAP EPS loss was $0.15 versus a loss of $0.19 in 2014 as shares increased.

Share count however is the elephant in the room. Primarily due to the toxic financing in 2015, **the share count rose from 45,881,523 at December 31, 2014 to 112,619,596 on December 31, 2015, up**

145.5%. These are primary shares and do not include the 4,643,688 options currently outstanding with a weighted average exercise price of $0.23.

BALANCE SHEET

Net Element ended the year with $1 million in cash and $4.3 million in debt on which it pays $180,000 a quarter in interest. Working capital is a negative $3.1 million. It burns approximately $1 million a quarter in cash and will still need additional financing. In order to right size its balance sheet it and survive at its current rate of burn for twelve months it needs another $7 million in cash. Debt is probably not an option given its negative cash flow; using equity for this at current prices would dilute shareholders by at least 29 million shares or 26% more shares outstanding.

2016 Forecast

Revenues should continue to grow even faster than we had expected, but given that moving from net to gross revenues reporting masks progress, we are focusing on gross margin improvement. Revenues could exceed $60 million 2016 up from 440 million this year (up 50%). However we expect gross margin to increase only $1.6 million and reduce operating losses only by a small amount. We expect non-GAAP losses to decline to $5.7 million from $9.8 million and see EBITDA break even a number of years away. This of course requires the company to be able to raise money to continue as a going concern. 2016's loss would translate to a loss per share of $0.05 versus a loss of $0.15 in 2015.

Below $1 per share the company is out of compliance with NASDAQ requirements and it has until June 13th to reach the $1 average or reverse split the stock. We expect the stock to be reverse split so that the share count is more in line with a company its size and give more meaning to EPS numbers.

We also expect a capital raise in the next few months perhaps in concert with the reverse split, as the company needs working capital to function and fund losses.

INVESTMENT THESIS

- Net Element is growth company in the payments industry that should benefit from the adoption of mobile and online payments in the US and Russia and ultimately globally.
- Its Aptito product line provides differentiation and value-added services to its generic card processing business. This business should increase margins as well as aid sales efforts by improving price/performance and customer stickiness.
- The company has an increasingly robust platform to create a global payment system complete with merchant from end and should be able to expand geographically.
- We believe the company could grow to $60 million in revenues in 2016 through a combination of internal growth, acquisitions and change in revenue recognition.
- If NETE achieves our forecasts without further common stock dilution than that already predicted and no incremental debt, we believe its common stock could be worth $0.45 per share based on an industry average valuation of approximately 6.9xs enterprise value to gross margin. However the company has three negative near term events to get past:

- One is the increasingly more definite possibility of a reverse split before June 13, 2016 in order to remain listed on NASDAQ,
- The need for financing due to low cash balances and negative cash flows, and negative working capital
- A sequentially down Q1 due to seasonality.

We believe the fear of the split could keep investors away and the financing could dilute shareholders even further. We will revisit the valuation once these events have passed and revise our price if warranted.

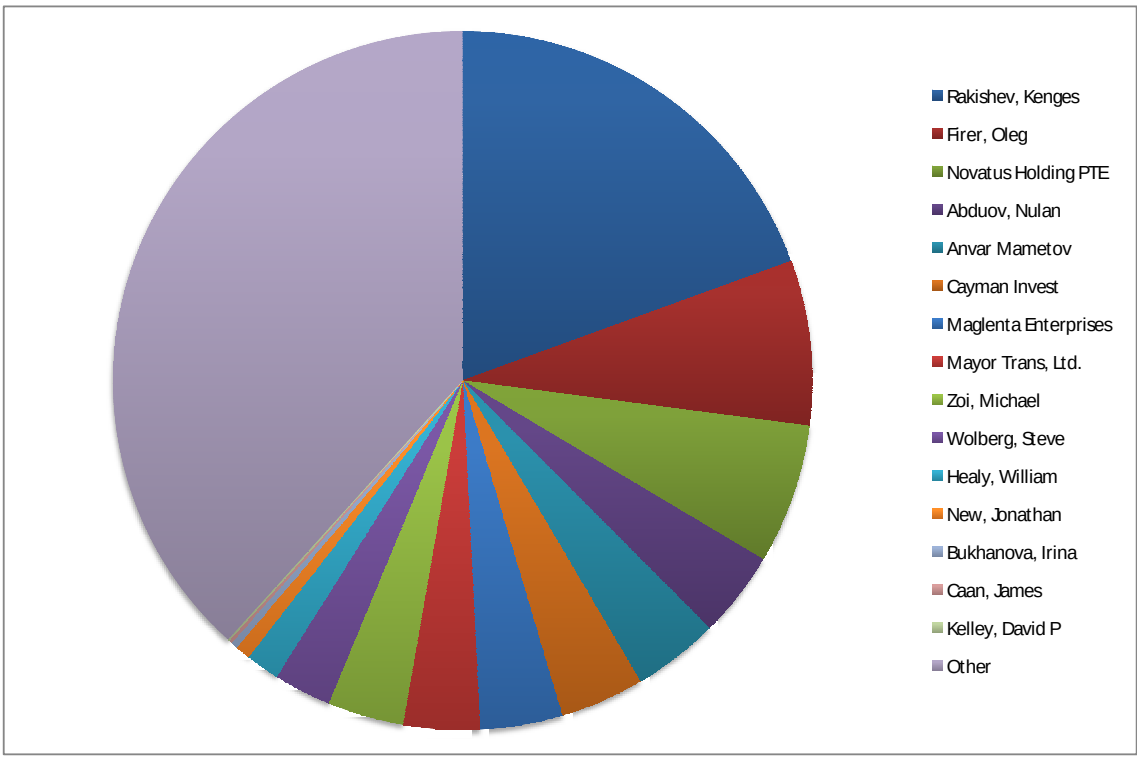
VALUATION

There are a number of public companies in the merchant acquiring/processing business. The largest is Cielo (CIOXY) with a $21 B enterprise value located in Brazil. The smallest is we are using is JetPay (JTPY), a credit card and payroll processor in Pennsylvania with a $43 million enterprise value. All are profitable and we expect that NETE will have to meet that hurdle in order to be awarded a comparable value. Since Net Element no longer reports revenues the same as its peer group it is difficult to use that as a metric. We can't use EBIDTA, as NETE is the only company with a negative EBITDA. We can us gross margin to enterprise value as that should be comparable across all companies. For the average of the group the enterprise value is 6.9 times the gross margin on a trailing basis. If we take this number and apply it to the $7.8 million gross margin we expect Net Element to generate this year we get an enterprise value of $53.8 million, and turn that back to price per share we get a current share value of $0.45. However, if the company continues to increase the share count, that valuation will decline with the increase in shares. By 2017 gross margin count be $9.7 million, but if the company sells 29 million of equity, the share price is stuck at $0.47 even a year later due to dilution.

Merchant Acquring/Processing

Company	Ticker	Gross Margin	%	Revenue 2016E	LTM	EBIDTA Margin	Enterprise Value / Sales 2016E	LTM	EV/GM	Included in Average?	Enterprise Value
Cielo	CIOXY			NA	3,020	47%	NA	7.0		n	21,240
Vantiv	VNTV	1,682	53%	3,346	3,160	24%	3.4	3.6	6.7	y	11,290
Total System Services	TSS	924	33%	2,940	2,780	19%	3.4	3.6	10.7	y	9,920
Global Payments	GPN	1,750	62%	2,145	2,840	22%	4.7	3.5	5.7	y	10,000
EVERTEC	EVTC	205	55%	376	373	45%	4.5	4.5	8.2	y	1,690
Heartland Payment System	HPY	390	47%	900	823	13%	4.4	4.8	10.2	y	3,980
JetPay	JTPY	17	39%	46	43	12%	0.9	1.0	2.5	y	43
Qiwi	QIWI	70	50%	149	140	31%	2.2	2.3	4.7	y	327
First Data	FDC	4,540	59%	7,330	7,760	20%	4.2	3.9	6.7	y	30,550
Average			50%			23%	3.5	3.4	6.9		8,475

OWNERSHIP



RISKS

- The company needs to raise cash. It may not be successful in this effort or even if it is, it may not be able to without diluting current shareholders.
- The company is losing money and may not be able to reach profitability or positive cash flow.
- The company is involved in a number of lawsuits with former management and business partners.
- The Russian mobile and online payment market is still in its infancy and there is no assurance the country will adopt this method to pay for goods and services. In addition due to oil prices and political turmoil, retail sales in Russia have declined and this could affect payment volumes.
- Future acquisitions may not be successfully integrated operationally or technologically. Purchased portfolios may not yield expected profits.
- The merchant acquirer market in the US is competitive and larger companies have an advantage due to economies of scale.
- Operations in Russia and the United Federation face considerable political risk and may be prohibited from certain financial transactions by governments.
- Currency, particularly the ruble, has fluctuated dramatically and could affect reported earnings and operations.

CASH FLOW

	March 31, 2015	June 30, 2015	Sept. 30, 2015	Dec. 31, 2015	2015
Cash flows from operating activities					
Net loss	$ (2,239,208)	$ (1,764,285)	$ (4,513,202)	$ (4,736,917)	$ (13,253,612)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:					
Non controlling interest	$ (8,747)	$ (3,398)	$ (30,705)	$ (31,459)	$ (74,309)
Share based compensation	$ 601,371	$ 601,371	$ 601,371	$ 2,502,191	$ 4,306,304
Gain on change in fair value and settlement of beneficial conversion derivative	$ 0	$ (2,022,036)	$ 1,083,028	$ 27,871,503	$ 26,932,495
Depreciation and amortization	$ 438,769	$ 626,498	$ 851,634	$ 596,261	$ 2,513,162
Non cash interest	$ 0	$ 349,146	$ (349,146)	$ 0	$ 0
Amortization of debt discount	$ 0	$ 983,715	$ 1,626,315	$ 417,324	$ 3,027,354
(Recovery of) provision for loan losses	$ 0	$ (94,770)	$ 94,770	$ 0	$ 0
(Gain) loss on disposal of fixed assets	$ 0	$ (23,854)	$ (44,932)	$ 68,786	$ 0
Gain on disposal of derivative		$ 0	$ 0	$ 0	$ 0
Loss on debt extinguishment	$ 0	$ 0	$ (79,325)	$ (27,664,655)	$ (27,743,980)
Gain on MBF debt restructure			$ 0	$ (40,369)	$ (40,369)
Changes in assets and liabilities, net of acquisitions and the effect of consolidation of equity affiliates					
Account receivable	$ 114,305	$ 152,224	$ (1,469,958)	$ (298,776)	$ (1,502,205)
Advances to aggregators	$ 16,715	$ (108,732)	$ 59,127	$ 42,912	$ 10,022
Deferred revenue	$ (34,858)	$ (275,383)	$ 273,477	$ 308,192	$ 271,428
Prepaid expenses and other assets	$ 278,319	$ (104,721)	$ (263,433)	$ 381,466	$ 291,631
Accounts payable	$ 667,819	$ (160,082)	$ 1,221,140	$ 1,431,700	$ 3,160,577
Accrued expenses	$ 356	$ (461,182)	$ 506,299	$ 365,257	$ 410,730
Net cash (used in) provided by operating activities	$ (165,159)	$ (2,305,489)	$ (1,034,911)	$ 417,324	$ (1,690,772)
Cash flows from investing activities					
Purchase of portfolio and client acquisition costs	$ 0	$ (303,775)	$ (119,475)	$ (454,835)	$ (878,085)
Sale of portfolio	$ 0	$ 0	$ 300,000	$ 0	$ 300,000
Acquisition of PayOnline assets, net of cash received	$ 0	$ (3,195,452)	$ 0	$ 0	$ (3,195,452)
Purchase of fixed and other assets	$ (6,849)	$ (58,202)	$ (419,086)	$ (95,072)	$ (579,209)
Net cash used in investing activities	$ (6,849)	$ (3,557,429)	$ (265,174)	$ 2,561,323	$ (4,352,746)
Cash flows from financing activities					
Repayment to Financial Institutions	$ 0	$ 0	$ 0	$ 0	$ 0
Proceeds from preferred stock	$ 0	$ 5,500,000	$ 0	$ 0	$ 5,500,000
Proceeds from indebtedness	$ 650,000	$ 0	$ 0	$ 0	$ 650,000
Repayment of indebtedness	$ (8,710)	$ 8,710	$ 0	$ 0	$ 0
Note payable (non-current)	$ 0	$ 0	$ 0	$ 0	$ 0
Related party advances (payments)	$ 125,000	$ (40,744)	$ 565,744	$ (318,727)	$ 331,273
Net cash provided by (used in) financing activities	$ 766,290	$ 5,467,966	$ 565,744	$ (318,727)	$ 6,481,273
Effect of exchange rate changes on cash	$ (331,346)	$ 303,903	$ 375,021	$ (262,929)	$ 84,649
Net increase in cash	$ 91,048	$ (91,048)	$ (359,320)	$ 2,396,991	$ 522,404
Cash at beginning of period	$ 675,231	$ 766,279	$ 675,231	$ 315,728	$ 503,343
Cash at end of period	$ 766,279	$ 675,231	$ 315,728	$ 1,025,747	$ 1,025,747
Cash paid during the period for:					
Interest	$ 118,910	$ 2,343	$ 275,933	$ 151,158	$ 548,344
Taxes	$ 30,505	$ 59,706	$ (15,794)	$ 146	$ 74,563

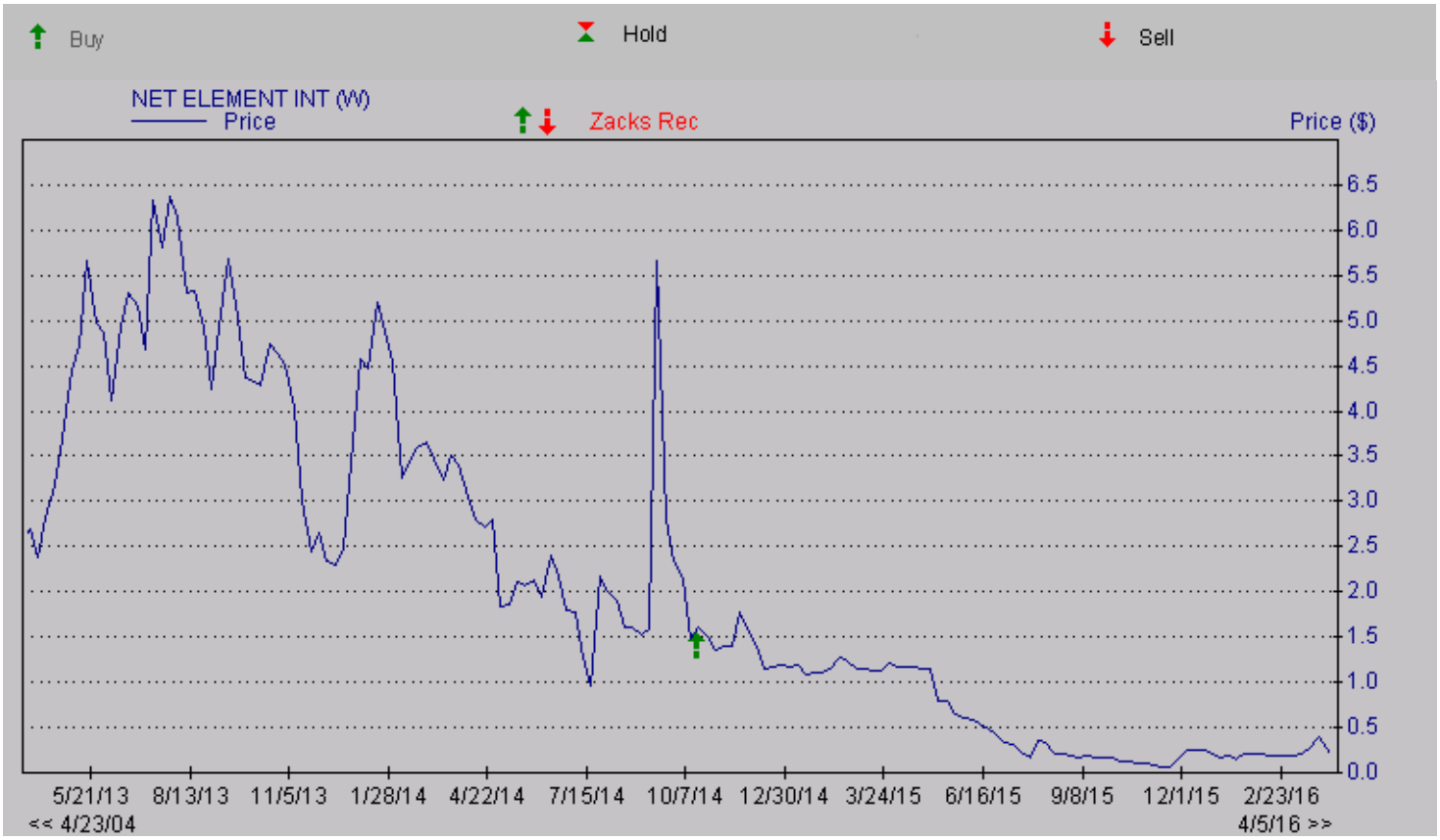
BALANCE SHEET

	Dec. 31, 2015	Sept. 30, 2015	% Change
Current assets:			
Cash	**$1,025,747**	**$315,728**	225%
Funds in Escrow	**$0**	**$5,000,000**	-100%
Accounts receivable, net	5,198,993	4,539,765	15%
Advances to aggregators, net	0	45,114	-100%
Prepaid expenses and other assets	1,106,016	952,283	16%
Total current assets	7,330,756	10,852,890	-32%
Fixed assets, net	162,123	200,932	-19%
Intangible assets, net	5,423,880	8,116,787	-33%
Goodwill	9,643,752	6,671,750	45%
Other long term	353,050	335,268	5%
Total assets	22,913,561	26,177,627	-12%
Current liabilities:			
Accounts payable	$5,858,837	$4,388,770	33%
Deferred revenue	743,910	530,013	40%
Accrued expenses	2,975,066	2,580,818	15%
BCF deriative liabilities	0	428,884	-100%
Warrant derivative liability	0	3,978,495	-100%
Short term notes payable (net of discount)	**0**	**694,445**	-100%
Notes payable (current portion)	**518,437**	**950,894**	-45%
Due to related parties	**329,881**	**467,806**	-29%
Total current liabilities	10,426,131	14,020,125	-26%
Notes payable (non-current portion)	3,446,563	3,014,106	14%
Total liabilities	13,872,694	17,034,231	-19%
Series A Convertible Preferred stock	0	953,903	-100%
STOCKHOLDERS' DEFICIT			
Common stock	11,262	7,775	45%
Paid in capital	154,351,558	149,507,581	3%
Stock subscription	-	(1,111,130)	-100%
Accumulated other comprehensive income (loss)	(1,565,822)	(1,665,625)	-6%
Accumulated deficit	(143,955,048)	(138,779,508)	4%
Noncontrolling interest	198,917	230,400	-14%
Total stockholders' deficit	9,040,867	9,143,396	-1%
Total liabilities and stockholders' deficit	22,913,561	26,177,627	-12%
Net Cash	177,429	3,202,583	-94%
Current and Quick Ratio	0.7	0.8	-9%
Working Capital	(3,095,375)	(3,167,235)	-2%
Total Debt Plus Preferred	4,294,881	5,556,135	-23%
Debt/TA	19%	17%	11%

INCOME STATEMENT

	Q4 2014 31-Dec	Q1 2015 31-Mar	Q2 2015 30-Jun	Q3 2015 30-Sep	Q4 2015 31-Dec	Q1 2016E 31-Mar	Q2 2016E 30-Jun	Q3 2016E 30-Sep	Q4 2016E 31-Dec	2014	2015	2016E	2017E
North America Transaction	$5.1	$5.3	$6.2	$7.8	$8.1	$7.5	$7.3	$7.5	$8.0	$19.3	$27.39	$30.30	$32.72
Yr-over-yr Growth	10.2%	28.6%	35.2%	41.4%	58.3%	42.4%	18.1%	-4.2%	-1.4%	30.6%	41.7%	10.6%	8.0%
Credit card cost of service	4.6	4.6	5.5	6.5	7.0	6.5	6.3	6.5	6.9	15.9	23.5	26.1	27.5
Gross margin	0.5	0.7	0.7	1.3	1.2	1.1	1.0	1.1	1.1	3.4	3.9	4.2	5.2
Gross margin %	10.5%	12.6%	11.8%	17.1%	14.3%	14.0%	14.0%	14.0%	14.0%	17.6%	14.2%	14.0%	16.0%
Mobile Solutions	0.3	0.3	0.4	2.8	5.6	5.0	5.3	5.5	6.0	1.9	9.0	21.8	26.2
Yr-over-yr Growth	-71.7%	-63.3%	24.0%	470.2%	NM	1720.0%	1163.9%	96.7%	8.0%	-52.8%	385.5%	141.1%	20.0%
Mobil Payments Cost of Service	(0.3)	0.0	0.0	2.8	5.3	4.8	5.0	5.2	5.7	0.0	8.1	20.7	24.8
Gross Margin	0.5	0.3	0.4	0.0	0.2	0.3	0.3	0.3	0.3	1.9	0.9	1.1	1.4
Gross margin %	95.0%	95.0%	96.5%	1.3%	3.9%	5.0%	5.0%	5.0%	5.0%	100%	10.2%	5%	5.2%
PayOnline	-	-	0.3	2.1	1.4	1.4	1.8	2.0	2.2	0%	3.8	7.4	8.5
Yr-over-yr Growth	-	-	NA	NA	NA	NA	NA	-2.6%	52.1%	NA	NA	94.6%	15.0%
Online Solutions Cost of Service	-	-	0.0	1.5	0.9	0.9	1.2	1.3	1.5	0.0	2.4	4.9	5.4
Gross Margin	-	-	0.3	0.6	0.5	0.5	0.6	0.7	0.7	0.0	1.4	2.5	3.1
Gross margin %	-		100.0%	29.0%	37.9%	34.0%	34.0%	34.0%	34.0%	NA	38.1%	34%	36.0%
Total revenues	**5.4**	5.5	6.9	12.7	15.1	13.9	14.4	15.0	16.2	**21.2**	**40.2**	**59.5**	**67.4**
Yr-to-yr Growth	-5.9%	14.4%	40.6%	110.3%	179.3%	150.9%	108.5%	18.3%	7.2%	13.0%	89.8%	47.9%	13.3%
Costs and expenses:													
Cost of revenues	4.3	4.6	5.5	10.7	13.2	12.1	12.5	13.0	14.0	15.9	34.0	51.7	57.7
Gross Margin	1.1	0.9	1.4	2.0	1.9	1.8	1.9	2.0	2.2	5.3	6.3	7.8	9.7
% of Sales	20.7%	16.7%	20.8%	15.5%	12.7%	12.8%	13.2%	13.4%	13.4%	25.1%	15.6%	13.2%	14.3%
G&A	3.2	2.6	3.2	2.8	5.0	3.6	3.6	3.6	3.6	11.4	13.6	14.3	15.7
Provision for loan losses	0.1	0.0	0.1	0.3	0.2	0.1	0.1	0.1	0.1	(1.2)	0.6	0.4	0.4
Depreciation and amortization	0.5	0.4	0.6	0.9	0.6	0.6	0.6	0.6	0.6	2.4	2.5	2.4	2.4
Total operating expenses	3.8	3.1	3.9	3.9	5.9	4.3	4.3	4.3	4.3	12.6	16.8	17.1	18.6
Loss from operations	(2.7)	(2.2)	(2.5)	(1.9)	(3.9)	(2.5)	(2.4)	(2.3)	(2.1)	(7.2)	(10.5)	(9.2)	(8.9)
Loss from operations ex-one time	(2.7)	(2.2)	(2.5)	(1.9)	(3.9)	(2.5)	(2.4)	(2.3)	(2.1)	(8.4)	(10.5)	(9.2)	(8.9)
Interest expense, net	(0.1)	(0.1)	(1.3)	(1.6)	(0.6)	(0.2)	(0.2)	(0.2)	(0.2)	(3.7)	(3.6)	(0.7)	(0.7)
Other expense	(0.1)	0.0	(0.0)	(0.0)	(0.0)	0.0	0.0	0.0	0.0	(0.2)	(0.1)	0.0	0.0
Gain on asset disposal	0.0	0.0	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gain on change in conversion derivative	0.0	0.0	2.0	(1.1)	(27.9)	0.0	0.0	0.0	0.0	0.0	(26.9)	0.0	0.0
One-time charges	(0.1)	0.0	0.0	0.1	27.7	0.0	0.0	0.0	0.0	1.0	27.7	0.0	0.0
Total non-operating expenses	(0.2)	(0.1)	0.7	(2.6)	(0.8)	(0.2)	(0.2)	(0.2)	(0.2)	(2.9)	(2.8)	(0.7)	(0.7)
Pretax operating income (loss)	(3.0)	(2.2)	(1.8)	(4.5)	(4.8)	(2.7)	(2.6)	(2.4)	(2.3)	(10.1)	(13.3)	(10.0)	(9.6)
Income tax provision	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating Loss	(3.0)	(2.2)	(1.8)	(4.5)	(4.8)	(2.7)	(2.6)	(2.4)	(2.3)	(10.3)	(13.3)	(10.0)	(9.6)
Minority interest	(0.0)	0.0	0.0	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0	(0.1)	0.0	0.0
Net loss	(3.0)	(2.2)	(1.8)	(4.5)	(4.9)	(2.7)	(2.5)	(2.4)	(2.3)	(10.2)	(13.4)	(10.0)	(9.6)
Preferred dividend	0.0	0.0	(0.5)	(0.6)	(0.4)	0.0	0.0	0.0	0.0	0.0	(1.6)	0.0	0.0
Net loss to common stock	(3.0)	(2.2)	(2.3)	(5.1)	(5.3)	(2.7)	(2.5)	(2.4)	(2.3)	(10.2)	(15.0)	(10.0)	(9.6)
Foreign currency translation gain (loss)	(2.0)	(0.1)	(0.1)	(0.2)	0.1	0.0	0.0	0.0	0.0	(1.1)	(0.3)	0.0	0.0
Comprehensive loss	(4.9)	(2.3)	(1.9)	(5.3)	(5.0)	(2.7)	(2.5)	(2.4)	(2.3)	(11.3)	(15.3)	(10.0)	(9.6)
Earnings ex-one time charge	(2.9)	(2.3)	(3.8)	(3.5)	(2.9)	(2.6)	(2.4)	(2.3)	(2.2)	(11.2)	(12.6)	(10.0)	(9.6)
Stock-based compensation	3.0	0.6	0.6	0.6	2.5	1.1	1.1	1.1	1.1	4.3	4.3	4.3	4.3
Adjusted Non-GAAP Earnings	0.0	(1.6)	(3.2)	(2.9)	(2.1)	(1.5)	(1.4)	(1.3)	(1.1)	(6.9)	(9.8)	(5.7)	(5.3)
Yr-to-yr Growth	-101%	-54%	174%	32%	-6056%	-9.4%	-57.2%	-57.0%	-46.2%	-64%	42%	-42%	-6%
GAAP EPS	**($0.11)**	**($0.05)**	**($0.04)**	**($0.08)**	**($0.05)**	**($0.02)**	**($0.02)**	**($0.02)**	**($0.02)**	**($0.27)**	**($0.21)**	**($0.09)**	**($0.07)**
Total loss per share	($0.11)	($0.05)	($0.04)	($0.08)	($0.05)	($0.02)	($0.02)	($0.02)	($0.02)	($0.27)	($0.21)	($0.09)	($0.07)
Non-GAAP EPS	**$0.00**	**($0.04)**	**($0.06)**	**($0.04)**	**($0.02)**	**($0.01)**	**($0.01)**	**($0.01)**	**($0.01)**	**($0.19)**	**($0.15)**	**($0.05)**	**($0.04)**
Yr-to-yr Growth										-73%	-17%	-68%	-25%
Share outstanding	44.8	46.1	49.7	68.5	95.0	113.1	114.0	114.9	114.9	37.3	63.9	114.2	143.2
Yr-to-yr Growth	53%	42%	54%	74%	112%	146%	129%	68%	21%	31%	72%	79%	25%
Fully diluted shares	53.7	55.1	67.8	90.0	127.9	127.7	127.7	127.7	127.7	46.3	85.2	127.7	157.8
Yr-to-yr Growth	40%	33%	64%	86%	138%	132%	88%	42%	0%	24%	84%	50%	24%
Adjusted EBITDA	0.575	(1.1)	(1.3)	(0.5)	(0.9)	(0.7)	(0.6)	(0.5)	(0.3)	(1.8)	(3.1)	(2.1)	(1.4)

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