Zacks Small-Cap Research

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Finjan Holdings (FNJN-NASDAQ)

FNJN: Zacks Company Report – Preferred Stock Accretion Wipes Out Q2 Profit

Based on the average EV to Sales of comparable companies in the IP business we believe FNJN Stock could be worth $6.62 per share by next year if it does indeed collect the Blue Coat judgment as expected.

UPDATE

Finjan is positioned to grow not only by pursuing IP licensing, but also by penetrating cybersecurity consulting services, and investing in new IP via R&D and in cybersecurity startups. Its new consulting business is having slow start. Preferred stock issued in May reduced earnings for common shareholders. In 2017 we expect it to collect over $40 million from Blue Coat if the ruling is upheld on appeal, and for the company to retire its new preferred stock.

Current Price (08/12/16)	$1.61
Valuation	**$6.62**

SUMMARY DATA

52-Week High	**$2.32**
52-Week Low	**$0.83**
One-Year Return (%)	**-10.1**
Beta	**-1.15**
Average Daily Volume (sh)	**68,946**
Shares Outstanding (mil)	**23**
Market Capitalization ($mil)	**$37**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**28**
Insider Ownership (%)	**30**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/M**
Earnings Per Share (%)	**N/M**
Dividend (%)	**N/M**
P/E using TTM EPS	**N/M**
P/E using 2016 Estimate	**N/M**
P/E using 2017 Estimate	**N/M**
Zacks Rank	**N/A**

Risk Level	**High**
Type of Stock	**Small-Growth**
Industry	**Internet-Software**

ZACKS ESTIMATES

Revenue
(in millions of $- Restated)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2014	0.0 R	0.0 R	5.0 A	0.0 A	5.0 A
2015	0.0 A	0.7 A	0.0 A	4.0 A	4.7 A
2016	2.3 A	6.5 A	1.1 E	0.1 E	10.0 E
2017					53.9 E

Earnings per Share
(Restated EPS is continuing operating earnings before non-recurring items)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2014	-$0.08 R	-$0.15 R	$0.03 R	-$0.18 A	-$0.38 A
2015	-$0.19 A	-$0.12 A	-$0.21 A	-$0.05 A	-$0.56 A
2016	-$0.05 A	-$0.19 A	-$0.21 E	-$0.20 E	-$0.66 E
2017					$0.88 E

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WHAT'S NEW

The day after Q2 2016 ended, Finjan filed contemporaneous patent infringement lawsuits against ESET LLC, a California company and its parent corporation, ESET SPOL S.R.O., of the Slovak Republic, in both California and in Germany, alleging infringement of six Finjan U.S. patents and one European patent. This action came after a year and a half of licensing negotiations came to an impasse. It filed in its usual U.S. District Court for the Northern District of California, and alleges infringement of six U.S. Finjan patents, the oldest two of which have already been successfully defended in court.

In California, Finjan is seeking a jury trial, damages of not less than $44M, injunctive relief, enhanced damages, and reasonable attorneys' fees and costs.

In Germany, Finjan filed a complaint for infringement of its European Patent No. EP 0965094, in district court in Dusseldorf. ESET's accused products include its small office, business, and home protection products.

Q2: Accretion of Preferred Stock Expense Negates Profit

Despite a better than expected revenue quarter due to an earlier than expected payment from Proofpoint, common shareholders' profit in the quarter was reduced to a considerable loss as a result of the preferred stock issued in May. The company originally expected this transaction would not hit the income statement. We fully expected it to show up as an expense, but were willing to let the auditors guide the company as to how to report it. This quarter the company expensed accretion of Series A preferred stock of $5.48 million. It was calculated by subtracting the payment now owed to the preferred shareholders from the principle borrowed. Next quarter the amount owed ratchets up to $16.83 from $15.3 million, so we expect the accretion expense on the income statement to be $1.15 million in Q3 2016. After that, there should be no other accretion expense until August 5, 2017.

Revenues came in at $6.5 million, $1.65 million higher than we expected as a payment from a confidential licensee was received on June 27th rather than on July 1, which would have hit the September quarter. As previously announced, Proofpoint paid $4.3 million in the quarter. Finjan reached at $10.9 million settlement with Proofpoint on May 20, 2016, before the trial that was scheduled to start June 16, 2016. Two more payments are owed: $3.3 million on or before January 4, 2017, and $3.3 million on or before January 3, 2018. Between already signed license deals and settlements and the equity raised from temporary preferred stock, the company is set for cash for the next two years. $1.65 million was paid by an undisclosed licensee from a December 30, 2015 agreement.

On June 28, 2016, Finjan squeezed another license deal for $565,000 into the quarter. This deal was with an unnamed European-based provider of cloud and on-premise cybersecurity solutions and it has already been paid. CybeRisk booked only $13,000, even less than last quarter and far less than the $100,000 we were hoping for.

Gross margin was $4.3 million or 66% as Proofpoint expenses pulled down the average. The process had proceeded almost to trial and as a result there were much higher litigation expenses than the other license fees booked this quarter.

Operating expenses were $94,000 less than in Q1 2016, and $1.2 million less than in 2015. We expect expenses to go higher as (if) Sophos goes to trial in September.

With such high revenues, Finjan actually turned a profit in the quarter before preferred stock accrual. Profit was $898,000 versus a loss of $1.2 million in Q2 2015. However after deducting the $5.28 million that now has to be paid to the preferred stock holders, the loss to common shareholders was $4.6 million versus a loss of $2.6 million a year ago. This equates to GAAP EPS loss of $0.20 per share versus a loss

of $0.12 per share in 2015. Ex-stock based compensation this is a non-GAAP loss of $0.19 versus a loss of $0.11 last year.

Overview of Temporary Preferred Equity Issued

On May 12, 2016 Finjan inked a preferred stock deal sold to investors led by Halcyon Long Recovery Durations. In return for $10.2 million in cash, it has offered to repay a minimum of $15.2 million and a maximum of $28 million depending on timing. Its repayments occur in accordance with the wishes of the buyer or the seller. The company agreed to pay 20% of any licensing revenue that is booked and 50% of any court awards and settlements to retire this stock as the buyer requests. The schedule for what Finjan owes to redeem its preferred in this arrangement is as follows:

- From May 20, 2016 to August 17, 2016 (the 90 anniversary of the date of Issuance), 1.5 times or $15,300,000.
- From August 17, 2016 to the 360 day anniversary of the Date of Issuance (May 15, 2017), 1.65 times or $16,830,000.
- From May 15, 2017 to the May 10, 2018, 1.75 times or $17,850,000.
- Thereafter, 1.75 times plus 0.1 times for every 90 period following May 10, 2018.
- The maximum paid will be 2.8 times the purchase price or $28,560,000.

If the company needs to borrow the full $10.2 million for the next year, the company will have to pay back $16.83 million yielding annual interest rate of 65% on what is behaving somewhat like a zero coupon bond but is being called temporary equity.

Q3 2016 Estimate

Revenue that is already scheduled to be paid in Q3 2016 is $1 million from an undisclosed licensee. That plus whatever CybeRisk contributes could be all the company generates unless it books another new license fee between today and September 30, 2016. Using revenue of $1.1 million and higher expenses generated from the Sophos trial, we are expecting an EPS loss of $0.21 for the quarter flat with a year ago.

Still Awaiting More Possible Settlements

As the trial date of **September 6, 2016** approaches, we believe there is a chance that Sophos could be settled. Finjan claims infringement of six patents.

Palo Alto Networks (PANW) may have its stay lifted since the Patent Office ruled on Finjan's patents. It may be more amenable to a licensing deal as this hurdle cleared. Of the 13 petitions for IPR, the PTAB has denied seven petitions in Finjan's favor, partially denied (and partially granted) three petitions, and granted three petitions for review.

'926 Patent: IPR2016-00145: denied
'968 Patent: IPR2016-00149: denied
'968 Patent: IPR2016-00150: denied
'154 Patent: IPR2016-00151: part denied/part granted
'494 Patent: IPR2016-00159: granted
'918 Patent: IPR2016-00164: denied
'780 Patent: IPR2016-00165: denied
'633 Patent: IPR2015-01974: part denied/part granted
'154 Patent: IPR2015-01979: part denied/part granted
'822 Patent: IPR2015-01999: denied
'731 Patent: IPR2015-02000: denied

'408 Patent: IPR2015-02001/IPR201600157 (consolidated): granted on certain claims

FireEye (FEYE) is still stayed, but the company expects the stay to be lifted in the next month or two. The USPTO is finalizing its re-examination and review of two patents in that case.

Any or all of these may settle as the Proofpoint agreement, as well as the company's recent financing assuring continued operations, may prove an impetus.

RECAP: The Win Against Blue Coat

The big win for Finjan against Blue Coat on August 5, 2015 awarded the company $40 million plus additional interest per year at the one-year T-bill rate. Finjan was recently denied its request for interest at 10% per year and reimbursement of court costs. Blue Coat was just acquired by Symantec on August 1, 2016 for $4.5 billion. Finjan is also in litigation with Symantec making a settlement exponentially more complicated. In order to put more pressure on Blue Coat to settle before the appeal process slated for next year, Finjan filed a motion for preliminary injunction on July 28, 2016 against Blue Coat. The preliminary injunction would prohibit Blue Coat from making, using, offering to sell or selling within the U.S. or import into the U.S. the Dynamic Real-Time Rating component of their WebPulse product. A court date has been set for November 10, 2016.

In addition to the appeal process for this judgment, there is the new suit against Blue Coat that encompasses seven patents and addresses new products that have been introduced by Blue Coat since the lawsuit just won was filed in 2013. Specifically the company named certain of Blue Coat's ProxySG Appliances and Software, the ProxyAV Appliances and Software, and WebPulse Services (some of which Blue Coat recently launched) as products that are infringing. The patents Finjan believes are being infringed upon in this new suit are: 6,154,844; 6,965,968; 7,418,731; 8,079,086; 8,225,408; 8,566,580 and 8,677,494, the last four of which are being asserted against Blue Coat for the first time.

KEY POINTS

- Finjan holds a number of pioneering patents for cybersecurity hardware and software that is relevant to dozens of companies in this space.
- While it has already won a $40 million + judgment against Blue Coat; its biggest opportunity is its litigation with Symantec, a much larger company that just bought Blue Coat on August 1, 2016.
- The company is continuing to file new patents.
- While its patents have already generated > $135M in its licensing and enforcement track record, the company has the potential to continue to reap large licensing revenues from the $21 billion market for cybersecurity software, services and appliance market.
- The technology licensing market in the U.S., once an afterthought, has grown from $33 billion in 1994 to $68 billion in 2002 and is likely over $100 billion today.
- The company's win against Blue Coat proves its patents are still valued and able to be successfully defended and therefore monetized.
- The company's has a market cap of $37 million and could be worth considerably more if it is successful in its licensing pursuits. Estimating revenues of $54 million in 2017 and an industry multiple of 2.8 times sales, the company could be worth as much as $151 million in enterprise value by 2017 if it succeeds in reaching new licensing arrangements and collecting the Blue Coat win.

THE PRESENT COMPANY ENFORCEMENT

Company	Date and Location	Status	Patent numbers
FireEye **($623 million)**	US District Court for the Northern District of California on July 8, 2013	Stayed pending review by PTAB.	**6,804,780**, 8,079,086, 7,975,305, 8,225,408, **7,058,822**, 7,647,633 and 6,154,844
Blue Coat **(est. >$500m)**	US District Court for the Northern District of California on August 28, 2013 US District Court for the Northern District of California on July 16, 2015	**Won $40m judgment. All patents upheld. Only 7,058,822 did not infringe.** Post-trial motions April 28, 2016 Injunction hearing Nov. 10, 2106. Trial date October 30, 2017	6,154,844, **6,804,780**, 6,965,968, **7,058,822**, 7,418,731, and 7,647,633 6,154,844; 6,965,968; 7,418,731; 8,079,086; 8,225,408; 8,566,580; 8,677,494
Proofpoint **($265 million)**	United States District Court for the Northern District of California on December 16, 2013	Settled May 23, 2016 for $10.9 million.	6,154,844, **7,058,822**, 7,613,918, 7,647,633, 7,975,305, 8,079,086, 8,141,154, and 8,225,408
Sophos **($447 million)**	United States District Court for the Northern District of California on March 14, 2014	Pretrial conference August 8, 2016. Trial set Sept. 6, 2016.	6,154,844, **6,804,780**, 7,613,926, 8,141,154, 8,566,580, and 8,677,494
Symantec **($6.5 billion)**	United States District Court for the Northern District of California on June 1, 2014	Stay lifted August 1, 2016. Proposed schedule submitted. Estimated trial date H1 2018.	6,154,844; 7,613,926; 7,756,996; 7,757,289; 7,930,299; 8,015,182; 8,141,154; and 8,677,494
Palo Alto Networks ($1.1 billion)	United States District Court for the Northern District of California on November 4, 2014	Review completed by PTAB. Waiting for stay to be lifted.	**6,804,780**; 6,965,968; **7,058,822**; 7,418,731; 7,613,918; 7,613,926; 7,647,633; 8,141,154; 8,225,408; and 8,677,494
ESET	United States District Court for the Northern District of California on July 1, 2016 German District Court in Dusseldorf	Suing for minimum of $44 million	**6,154,844; 6,804,780;** 7,975,305; 8,079,086; 9,189,621; and 9,219,755. European Patent No. EP 0965094

Highlighted patent numbers have been successfully defended in court.

OVERVIEW

Finjan Holdings is a patent licensing and enforcement firm based in East Palo Alto, California that owns the patents of its predecessor company Finjan Inc., a cybersecurity company that was founded in Israel in 1997. It invented several technologies that are used in current cybersecurity products today. Its three main patent areas:

- Behavior-based methods to detect and prevent threats from the Internet, including email and Web malware
- "Sandboxing" or stripping applications and running potentially malicious code in a safe environment
- Mobile code replacement where the malicious code is stripped and replaced by safe code

VALUATION

Valuation of an IP company, even with a track record, is very difficult. It is even more so with a company like Finjan that has only two court victories, four recent licensing arrangements, and no recurring revenues. We can however look at other IP companies to see how the market values them to make some comparisons. There seems to be two different types of companies in this space, the older stable revenue generating companies like Rambus (RMBS), and the upstarts that trade on events and potential. We can see from the table below, this ranges from FORM Holdings (FH) with an $11 million enterprise value, to Interdigital (IDCC) with an enterprise value of $1.8 billion and $358 million in sales expected this year. On average, the companies with revenues trade at an average of 2.8X 2016 estimated calendar revenues.

Using a valuation based on enterprise value to sales is easier for unprofitable companies. If Finjan were to generate $54 million in sales in 2017, we could see the market putting a 2.8 times sales multiple on it as shown in the industry average below. Using that and working back to enterprise value per share, we see that given those revenues, Finjan could be worth $6.62 per share by 2017, assuming it achieves our estimated revenue levels in 2016 from licensing and consulting in addition to a settlement received from Blue Coat if the appeal is won.

	Ticker	Revenue		EV/	EBIDTA	Enterprise Value / Sales		Included	Enterprise
Company		2016E	LTM	EBITDA	Margin	2016E	LTM	in Average?	Value
Acacia Research	ACTG	$119	$116	6.5x	39%	1.2x	1.2x	y	$144
Interdigital	IDCC	$358	$396	5.9x	56%	5.0x	4.5x	y	$1,780
Inventergy Global	INVT	NA	$5	-7.1x	-50%	NA	3.5x	n	$17
Marathon	MARA	$41	$17	-7.2x	-46%	1.6x	3.9x	y	$66
Neonode	NEON	$20	$12	-11.9x	-57%	2.4x	3.9x	y	$47
Network-1	NTIP	NA	$16	3.2x	35%	NA	2.4x	n	$39
Parkervision	PRKR	$10	$0	-2.5x	NM	6.9x	1014.1x	n	$71
Pendrell	PCO	NA	$86	-4.0x	56%	NA	0.1x	n	$12
Rambus	RMBS	$315	$300	11.7x	34%	4.5x	4.7x	y	$1,400
RPX	RPXC	$338	$304	1.8x	66%	1.3x	1.4x	y	$436
Tessera	TSRA	$261	$256	6.2x	69%	4.6x	4.7x	y	$1,200
VirnetX	VHC	NA	$2	-6.5x	NM	NA	85.5x	n	$136
FORM Holdings	FH	NA	$25	-1.7x	-16%	NM	0.5x	n	$11
Wi-Lan	WILN	$89	$94	2.9x	65%	1.6x	1.5x	y	$139
Average				**2.0x**	**28%**	**2.8x**	**3.2x**		**$651**

	Revenue		EBITDA	Enterprise Value / Sales		Valuation Range	
	2017E	LTM	Margin	2017E	LTM	Low	High
Finjan	**$54**	**$13**	**-154%**	**2.8x**	**3.2x**	**$41**	**$149**

Conclusion of Enterprise Value	**$148,867,520**
Market Value	**$150,967,520**
Shares Outstanding	22,796,255
Price per Share	**$6.62**

Another way to look at possible revenues from current activity is to compare the relevant revenues of the various companies involved. We are taking a general guess that 20% of Websense's revenues were

affected by Finjan patents which resulted in a licensing fee of $8 million before the Markman Hearing. Proofpoint just yielded $10.9 million right at the pre-trial hearing. Sophos is past Markman and nearing trial so rates should be near Proofpoint rates. Blue Coat went through the full trial and was awarded $40 million. If this is appealed and the company wins on appeal, the sum will be higher as interest and royalties for additional products sold during the litigation process is added on as well as trial expenses. Looking at the rest of the companies we can derive revenues over $290 million adding actuals and for similar licensing at the same stage as Websense. Judgments, of course, may be all over the place.

	2015 Revenues	% Relevant	License	Judgment
Estimated				
FireEye	$623	30%	$18.7	
Proofpoint	265	50%	13.3	
Sophos	447	25%	11.2	
Symantec (2 segments)	4,200	30%	126.0	
Palo Alto Networks	1,100	27%	30.0	
Total potential			199.1	
Actual				
Blue Coat				40.0
Websense	DK	DK	8.0	
Avast Software	DK	DK	3.0	
Undisclosed	DK	DK	3.7	
Proofpoint	265		10.9	
European undisclosed			0.6	
Total actual	DK	DK	26.1	
TOTAL			$252.2	40.0
Plus Blue Coat			**292.2**	

Cybersecurity companies

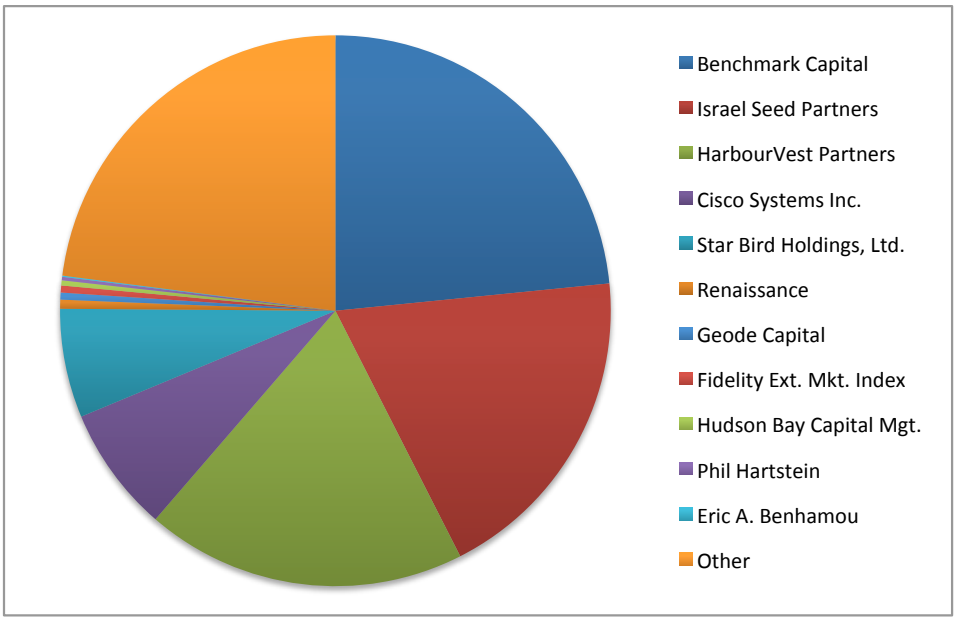
The new consulting venture, once it starts to generate meaningful revenues, will have different peer comparables where valuations are much higher. For example, FireEye bought Madiant for $1 billion or approximately 7 times sales. Another comparable would be root9b, a company with $141 million enterprise value and a run rate of $38 million, or 3.7 times.

RISKS

- The company has a limited track record with which to set expectations.
- There is no way to predict the timing of lawsuit settlements or licensing agreements, or even the length of a lawsuit.
- The stock is high risk and is expected to have wide swings in stock price depending on unpredictable events.
- Government is expected to legislate new laws on patent enforcement that could affect the company's ability to monetize its patents as it currently expects.

OWNERSHIP

As of August 14, 2016



INCOME STATEMENT

	2015				2016E							
In Thousands	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3E**	**Q4E**	**2014**	**2015**	**2016E**	**2017E**
Websense	$0	$0	$0	$0	$2,000	$0	$0	$0	$4,998	$0	$2,000	$1,000
Other licenses	0	700	0	3,975	300	2,178	1,000	0	0	4,675	3,478	6,700
CybeRisk Security Solutions	0	0	0	12	20	50	50	100	0	12	220	2,500
Blue Coat	0	0	0	0	0	0	0	0	0	0	0	40,400
Proofpoint	0	0	0	0	0	4,300	0	0	0	0	4,300	3,300
Total Revenues	**0**	**700**	**0**	**3,987**	**2,320**	**6,528**	**1,050**	**100**	**4,998**	**4,687**	**9,998**	**53,900**
Cost of revenues	0	60	0	754	0	2,237	4	7	800	814	2,248	12,680
Gross profit	0	640	0	3,233	2,320	4,291	1,047	93	4,198	3,873	7,751	41,220
Gross Margin		91%		81%	100%	66%	100%	93%	84%	83%	78%	76%
Operating Expenses:												
SG&A	4,205	4,413	4,490	4,254	3,433	3,339	4,600	4,600	13,813	17,362	15,972	20,000
R&D		146	206	39	51	54	50	50	0	391	205	200
Total operating expenses	4,205	4,559	4,696	4,293	3,484	3,393	4,650	4,650	13,813	17,753	16,177	20,200
Operating Income	(4,205)	(3,919)	(4,696)	(1,060)	(1,164)	898	(3,604)	(4,557)	(9,615)	(13,880)	(8,427)	21,020
Other Income												
Gain on settlements	0	0	0	0	0	0	0	0	1,000	0	0	0
Other income	(1)	1,271	0	1	0	0	0	0	0	1,271	0	0
Interest income	9	7	(4)	0	1	0	0	0	90	12	1	100
Total other income	8	1,278	(4)	1	1	0	0	0	1,090	1,283	1	100
Pretax profit	(4,196)	(2,634)	(4,700)	(1,060)	(1,163)	898	(3,604)	(4,557)	(8,525)	(12,597)	(8,426)	21,120
Income taxes	5	0	0	0	-	-	-	-	5	5	5	5
Tax rate					0%	0%	0%	0%	0%	0%	0%	0%
Net Income	(4,201)	(2,634)	(4,700)	(1,060)	(1,163)	898	(3,604)	(4,557)	(8,520)	(12,602)	(8,431)	21,115
Accretion of Preferred Stock	-	-	-	-	-	(5,480)	(1,150)	-	-	-	(6,630)	(1,002)
Net inc. to common shareholders	(4,201)	(2,634)	(4,700)	(1,060)	(1,163)	(4,582)	(4,754)	(4,557)	(8,520)	(12,602)	(15,061)	22,117
Net Income Per Share:												
EPS	**($0.19)**	**($0.12)**	**($0.21)**	**($0.05)**	**($0.05)**	**($0.20)**	**($0.21)**	**($0.20)**	**($0.38)**	**($0.56)**	**($0.66)**	$0.98
Diluted EPS	($0.19)	($0.12)	($0.19)	($0.05)	($0.05)	($0.20)	($0.19)	($0.18)	($0.38)	($0.52)	($0.60)	**$0.88**
Avg Shares Outstanding	22,409	22,519	22,562	22,641	22,709	22,764	22,862	22,850	22,404	22,549	22,796	22,633
Diluted Shares	24,315	24,435	24,468	24,560	24,628	24,973	25,071	25,059	24,209	24,444	24,933	25,071
Stock-based Comp	355	100	187	124	142	311	311	311	1448	766	1075	1075
Non-GAAP Income	(3,846)	(2,534)	(4,513)	(936)	(1,021)	(4,271)	(4,443)	(4,246)	(7,072)	(11,836)	(13,986)	23,192
Non-GAAP EPS	**($0.17)**	**($0.11)**	**($0.20)**	**($0.04)**	**($0.04)**	**($0.19)**	**($0.19)**	**($0.19)**	**($0.32)**	**($0.52)**	**($0.61)**	**$0.93**

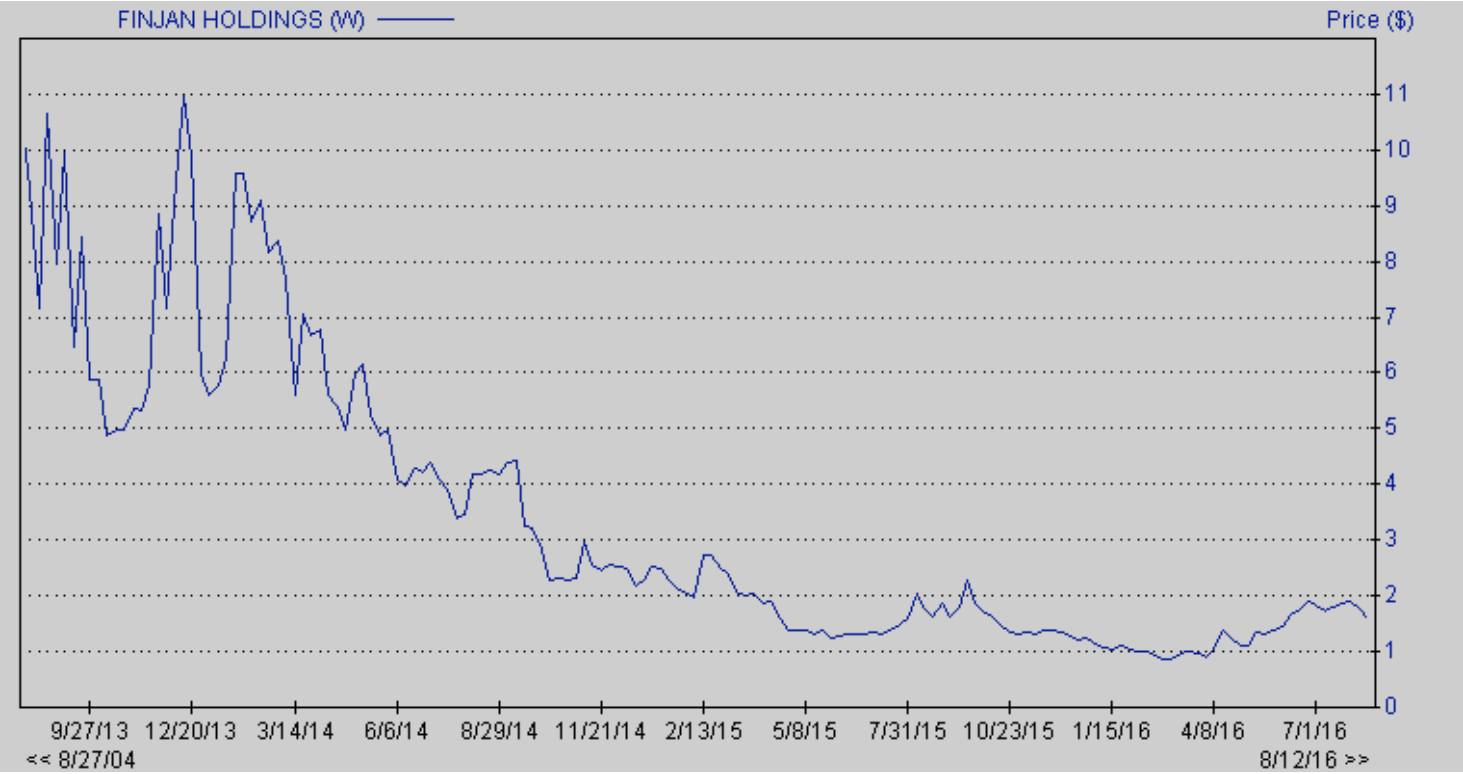
BALANCE SHEET

$ in Thousands	June 30, 2016	March 31, 2016	% Change
Current assets:			
Cash and cash equivalents	$17,229	$5,062	240%
Prepaid expenses and other current assets	189	284	-33%
Total current assets	17,418	5,346	226%
Property and equipment, net	230	243	-5%
Investments	2,445	2,195	11%
Other long term assets	324	325	0%
Total Assets	20,417	8,109	152%
Current Liabilities:			
Accounts payable	1,196	2,181	-45%
Accounts payable - related parties	18	21	-14%
Accrued expenses	2963	446	564%
Accrued income taxes	9	9	0%
Total current liabilities	4,186	2,657	58%
Other non-current liabilities	134	131	2%
Total Liabilities	4,320	2,788	55%
Redeemable Preferred Stock	14,970	0	NM
Stockholders' Equity			
Common stock	2	2	0%
Additional paid-in capital	18,996	24,088	-21%
Retained earnings	(17,870)	(18,769)	-5%
Total Stockholders' Equity	1,127	5,321	-79%
Total Liabilities & Stockholders' Equity	$20,417	$8,109	152%
Cash per share	$0.76	$0.22	240%
Working Capital	$13,232	$2,689	392%
Quick ratio	4.2	2.0	107%
Debt/TA	73%	0%	NM

CASH FLOW

	Jun. 30, 2016	Mar. 31, 2016	Dec. 31, 2015	Sept. 30, 2015	Jun. 30, 2015	March 31, 2015
Cash flows from operating activities:						
Net loss	$ 899	$ (1,163)	$ (1,059)	$ (4,700)	$ (2,641)	$ (4,202)
Adjustments to reconcile net loss to net cash used in operating activities:						
Gain on Investment	0	0	0	0	(1,271)	0
Depreciation and amortization	13	14	15	9	19	7
Loss on disposal of assets	0	0	34	0	0	0
Stock-based compensation	311	142	124	187	100	355
Changes in operating assets and liabilities:						
Accounts receivable	0	0	0	0	55	1,961
Inventories	0	0	0	0	0	0
Prepaid expenses and other current assets	95	38	(81)	(23)	(153)	47
Other long-term assets	1	0	(24)	(70)	0	(231)
Accrued expenses	2,517	(4)	13	(361)	(44)	42
Accounts payable	(985)	(39)	72	669	152	(348)
Accounts payable - related parties	(3)	4	9	0	(10)	(82)
Other assets	0	0	97	65	0	0
Other liabilities	3	(31)	0	0	0	0
Accrued income taxes	0	0	1	0	0	8
Total Adjustments	1,628	(32)	87	280	0	1,397
Net cash used in operating activities	2,851	(1,039)	260	476	(1,152)	(2,443)
Cash flows from investing activities:						
Purchases of property and equipment	0	0	(11)	(54)	(133)	(77)
Proceeds from investment	0	0	0	0	826	0
Purchase of additional investment	(250)	0	(250)	(500)	0	0
Net cash provided by (used in) investing activities	(250)	0	(261)	(554)	693	(77)
Proceeds from exercise of stock options						
Proceeds for sale of Preferred, net	9,490	0				
Proceeds from exercise of stock options	76	0	97	29	0	20
Net cash provided by financing activities	9,566	0	97	29	0	20
Net decrease in cash and cash equivalents	12,167	(1,039)	96	(49)	(3,100)	(2,500)
Cash and cash equivalents - beginning	15,005	6,101	7,156	11,905	15,005	17,505
Cash and cash equivalents - ending	17,229	15,005	6,101	7,156	11,905	15,005
Cash paid for income taxes	0	0	7	0	0	0
Non-cash investing and financing activities						
Additional investment held by investee	0	0	0	0	445	0
Accretion of preferred stock to redemption value	5,480	0				
Purchase of property and equipment in exchange for finance agreement	0	0	0	0	0	0
Operating cash Flow	**1,223**	**(1,007)**	**(886)**	**(4,504)**	**(3,793)**	**(3,840)**
Free cash flow	973	(1,007)	(1,125)	(4,950)	(2,834)	(3,763)

HISTORICAL STOCK PRICE


FINJAN HOLDINGS (W)
Price ($)
11
10
9
8
7
6
5
4
3
2
1
0
9/27/13
12/20/13
3/14/14
6/6/14
8/29/14
11/21/14
2/13/15
5/8/15
7/31/15
10/23/15
1/15/16
4/8/16
7/1/16
<< 8/27/04
8/12/16 >>

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