Zacks Small-Cap Research

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Lisa Thompson
312-265-9154
lthompson@zacks.com

scr.zacks.com

10 S. Riverside Plaza, Chicago, IL 60606

Pareteum Corp (TEUM-AMEX)

TEUM: Kitchen Sink Quarter Restructures the Company for Growth

TEUM stock is trading at 3xs its projected Q4 2016 run rate and an EV of $34.5 million. Using a combination of EV to sales and multiple of EBITDA the stock could be worth $0.27 a year from now.

OUTLOOK

Pareteum Corp., a provider of virtualized mobile platforms (ET Software DNA 2.0) for MNOs and MVNO operators worldwide is recovering from the loss of its 2nd largest customer. Its new Chairman, a telecom turnaround specialist, is has just completed the major aspects of restructuring of the business by completing a sale of ValidSoft, writing off intangibles and rightsizing the business, which now makes the company cash flow neutral. The company is in the process of raising funds.

Current Price (11/21/16)	$0.13
Valuation	**$0.27**

SUMMARY DATA

52-Week High	**$0.35**
52-Week Low	**$0.12**
One-Year Return (%)	**-60.8**
Beta	**0.15**
Average Daily Volume (sh)	**190,445**
Shares Outstanding (mil)	**180**
Market Capitalization ($mil)	**$23**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**3**
Insider Ownership (%)	**38**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**-8.1**
Earnings Per Share (%)	**N/A**
Dividend (%)	**0**
P/E using TTM EPS	**N/A**
P/E using 2016 Estimate	**N/M**
P/E using 2017 Estimate	**9.1**
Zacks Rank	**N/A**

Risk Level	**High**
Type of Stock	**Small-Growth**
Industry	**Comm Network So**
Zacks Rank in Industry	**N/A**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2014	5.4 A	5.1 A	4.4 A	5.4 A	20.4 A
2015	5.0 A	19.2 A	3.5 A	3.3A	31.0 A
2016	3.3 A	3.3 A	3.2 A	3.0 E	12.7 E
2017					16.0 E

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

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2014	-$0.04 A	-$0.04 A	-$0.04 A	-$0.01 A	-$0.15 A
2015	-$0.04 A	$0.07 A	-$0.02 A	-$0.02 A	-$0.01 A
2016	-$0.02 A	-$0.01 A	-$0.03 A	$0.00 E	-$0.05 E
2017					$0.01 E

Zacks Projected EPS Growth Rate - Next 5 Years % **20**

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KEY POINTS

- The new renamed Pareteum has just emerged as a completely restructured, EBITDA positive entity. It should be viewed as a technology start up with a $12 million revenue run rate, considerable invested software development expense, and a seasoned, but new management team.

- The company's main problem is lack of cash and an inability to borrow any further. It needs to raise $6 to $8 million near term for working capital combined with a renegotiation of its short term debt to a long term solution. This capital raise will dilute current equity holders.

- The large majority of Pareteum's revenues are supported by its long relationship with Vodafone Spain and should keep the company above water. It has plans in place to grow its current business 25% next year off its $12 million Q4 2016 run rate and additionally has two new customers that should start to contribute to revenues in the second half of next year.

- Its cloud-based platform provides a leading edge solution for MVNOs and MVNEs who wish to create innovative products to sell to enterprises as well as consumers. It allows providers to seamless move traffic from carrier to carrier via software and take advantage of multiple carriers in a geography without the user even knowing. This software defined network (SDN) solution is enjoying increasing adoption worldwide as it provides greater flexibility and lower costs than traditional legacy networks.

- The company trades at a market value of $28.6 (using 220 million fully diluted shares) or an enterprise value of $34.5 million. This is approximately 3 times its current revenue run rate.

RECENT NEWS

Kitchen Sink Quarter Restructures the Company

Following the sale of ValidSoft, management of the newly renamed Pareteum, took a kitchen sink approach to restructuring the balance sheet this quarter. The company took $6.4 million in charges selling assets, cutting staff, writing off all the goodwill and intangible assets, and levered up even higher to pay the bills. This house cleaning set the stage for the newly appointed CEO who started on November 1, 2016. The new CEO, Vic Bozzo, came to Pareteum from Telarix, where he was SVP, Worldwide Sales and Marketing. Telarix is a market leader in interconnect solutions for service providers. His position before that was President and General Manager of Pac-West's Emerging Technologies division after selling Pac-West his startup, Factor Communications, an innovative portfolio of cloud-based communications services

The company finally sold the ValidSoft division on October 4, 2016, after the quarter ended, in a management led buyout for a total of $3 million. This $3 million consists of $2 million in cash, and a $1 million two year note yielding 5%. The company used the $2 million to pay down its bank loan and will still need to raise cash for general working capital. The need for cash has been reduced as the burn has stopped through the sale of ValidSoft, and the company say it should be cash flow neutral going forward. Despite the sale, Pareteum retains the right to sell product using ValidSoft's technology. Sadly this $3 million price was way below the original deal struck in February with Cross River for $12.5 million, and below the original purchase price of $15 million in 2010. It did however remove a financial albatross and should make it easier for the company to raise capital. This sale is expected to remove as much as $2.4 million in annual cash burn. We think that the worst is over for Pareteum operationally and that the company hit rock bottom on August 5, when it put out a filing revealing it was so cash strapped it could not meet payroll.

The company has two new customers in the works. One is a revival of a MVNE deal struck years ago with a church system in **Brazil**. While the original agreement involved working with Cleartech, the arrangement may now be directly with the church itself. This entity plans to use this branded telecom system for its own employees, and role out availability to parishioners. Revenues are expected in the later half of 2017.

The second opportunity is as a result of its a new strategic partnership with Expeto. Expeto, a small startup in Victoria, Canada, is helping Pareteum in the enterprise and IoT markets. Expeto enables enterprises to fully control cellular data in a trusted way, inclusive of LTE data by controlling and managing the LTE core network. The partnership brings together this capability with Pareteum's proven track record for its complete mobile platform, including unique billing, rating and policy management. The new relationship has already yielded a significant client. They have signed an **enterprise** Mobile Virtual Network Operator (MVNO) customer, which is launching a new "brand focused" MVNO with unique services. This will be a global consumer-branded mobile network with handsets and exclusive content. Pareteum will deliver the network services through its existing global roaming access partners.

Since the sale of Valid Soft, the company claims to be EBITDA positive, and hope to increase EBITDA significantly next year. Management has stated that it expects to grow at least 25% with existing customers off the $12 million Q4 revenue run rate, and additional new customers should provide growth on top of that. The company is currently raising money and has authorized a reverse split, although there is no timing on that event. According to the rules, the company has until August 2017 to make a decision on the split.

Q3 Results

Revenues in Q3 came in at $3.2 million versus $3.5 million last year right after the loss of Iusacell, down 9% year over year. This was down 3% sequentially. Revenues included a full quarter of ValidSoft was it was not sold until after the quarter closed. Q4's income statement should look considerably different from Q3 because of the sale, and it is difficult to forecast the company's model until we see at least one quarter without ValidSoft.

Gross margins increased considerably at the company right-sized its business. This year gross margin of 71.9% is a huge improvement from last year's 60.9% and even up sequentially from Q2's 70.0%. Sequentially improvement was all operational, as high margin ValidSoft revenues were in for the full quarter. Year over year gross margin increased due to a reduction in headcount as well as a decrease in the cost of mobile bundled services.

Product development costs were $668,000 versus $1 million in Q3 2015. While compensation costs were reduced by $936,000, this was offset by the decision not to capitalize software, which increased expenses by $1.1 million.

Sales and marketing expense increased $434,000. Included in the $3.3 million expense was $548,000 one time severance charge. Without this charge, S&M expense would have been $2.8 million versus $2.5 million a year ago.

Taking out the one-time charges, operating expenses were $4.7 million versus $5.9 million.

Operating income ex-one-time charges was a loss of $2.5 million versus a loss of $3.8 million.

GAAP EPS was a loss of $0.08 versus a loss of $0.03 in 2015, but on a non-GAAP basis, excluding charges and stock-based compensation it was an EPS loss of $0.03 versus a loss of $0.02.

The share count was up 3.5% to 165 million shares. Including options and warrants that number rises to 225 million.

VALUATION

While there are many MVNEs worldwide, many are private. Those that are public are all small except for Amdocs (DOX) a $7.6 billion company. On average they trade at 1.7 times enterprise value to sales. They also trade at an average of 11.3x enterprise value to EBITDA. The company believes in future quarters it can get back to its past EBITDA of $2.3 million per quarter. If it can, then the company could get to an enterprise value of $104 million. Working back to market value then the stock would be worth $0.46 a share. Using the EV/Sales average of 1.7X and using 2017 revenues yields only $0.08 per share. Taking an average of the two, we get a price of $0.27 by 2017.

However more importantly, as the company moves completely to a cloud-based SaaS provider, its should present much higher margins and thus will be compared to an entirely different list of SaaS vendors which trade at an average multiple more than twice this group.

MVNEs

Company	Ticker	Revenue 2016E	Revenue LTM	EBIDTA Margin	EV/TTM EBIDTA	Diluted Enterprise Value / Sales 2016E	Diluted Enterprise Value / Sales LTM	Included in Average?
Amdocs	DOX	$3,753	$3,720	19%	11.1x	2.0x	2.0x	y
Redknee Solutions	RKN.TO	$164	$190	0%	719.5x	1.3x	1.1x	y
CSG Systems	CSGS	$759	$763	22%	8.5x	1.9x	1.9x	y
MER Telemanagement Sol	MTSL	NA	$15	5%	9.9x	NA	0.4x	n
Ericsson	ERIC	$25,050	$25,710	0%	4.5x	0.6x	0.6x	n
Average				**14%**	11.3x	**1.7x**	**1.7x**	

Revenue 2017E	Revenue 2016E	EBITDA Margin	Enterprise Value / Sales 2017E	Enterprise Value / Sales 2016E	Valuation Range Low	Valuation Range High
$16	**$13**	**-8%**	**1.7x**	**1.7x**	**$21**	**$28**

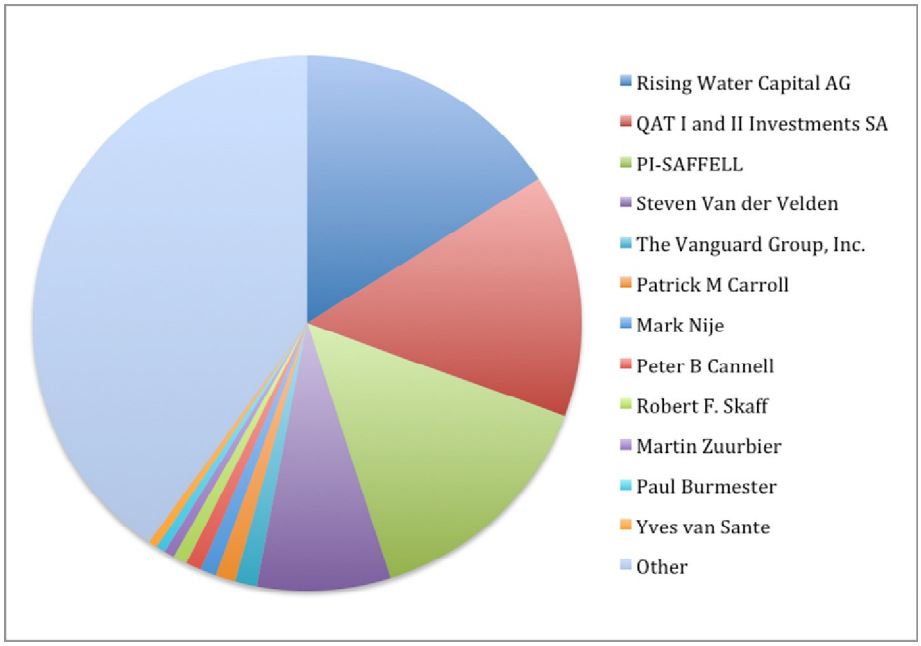
Conclusion of Enterprise Value	**$24,645,022**	**$104,174,667**	
Market Value**	**$17,573,322**	**$97,102,967**	
Fully diluted	224,478,106	224,478,106	
Price per Share	**$0.08**	**$0.46**	**$0.27**

RISKS

- Steven Van der Velden, who was Chairman, CEO, and President, and is the majority shareholder of the company, resigned as of November 16, 2015. A turnaround team then took over and restructured the company completely. On November 1, 2016, Vic Bozzo formerly SVP of Sales and Marketing at Telarix, was hired as permanent CEO. There is no assurance he will be successful in his new role.
- The majority of the revenues are from one customer Vodafone Spain; 88.9% of revenues in Q3 were from the top two customers. Revenues from Europe were 92.5% of Q3's total revenues.
- There is currency risk as most of the company's operations are in Euros.
- The company was given a going concern opinion by its auditors because of it negative cash flow since it lost its contract with Iusacell. The company needs to raise $6-8 million more cash to maintain operations and pay off current debt. It is currently in a liquidity squeeze and has been using common stock as currency.

INSIDER TRADING AND OWNERSHIP

There are 180 million shares outstanding as of October 31, 2016. We believe Steven van der Velden, former Chairman and CEO, owns approximately 31.5% of QAT, which owns 51.3% of the outstanding capital stock of Rising Water Capital. These three combined own 35% of the total outstanding.



PROJECTED INCOME STATEMENT

Pareteum Corporation	Q1 2015 31-Mar	Q2 2015 30-Jun	Q3 2015 30-Sep	Q4 2015 31-Dec	Q1 2016 31-Mar	Q2 2016 30-Jun	Q3 2016 30-Sep	Q4 2016E 31-Dec	2015	2016E	2017E
Total GAAP revenue	**5.0**	**19.2**	**3.5**	**3.3**	**3.3**	**3.3**	**3.2**	**3.0**	**31.0**	**12.7**	**16.0**
Yr-to-yr Growth	-7%	279%	-22%	-40%	-35%	-83%	-9%	-8%	52.4%	-59.0%	25.9%
Cost of services	1.9	1.4	1.4	1.3	1.1	1.0	0.9	0.8	5.9	3.7	4.3
Gross profit	3.1	17.8	2.1	2.0	2.1	2.3	2.3	2.3	25.1	9.0	11.7
Gross Margin	62.7%	92.5%	60.9%	61.6%	65.6%	70.0%	71.9%	75.0%	80.9%	70.5%	73.0%
Operating expenses:											
Product Development	1.0	1.5	1.0	1.0	1.3	0.81	0.7	0.4	4.5	3.2	1.6
Sales and Marketing	0.7	0.3	0.6	1.0	0.5	0.3	0.2	0.2	2.6	1.3	0.8
G&A	3.0	2.7	2.5	2.3	2.9	2.0	2.8	1.7	11.7	9.2	6.6
Depreciation and Amortization	1.7	1.7	1.8	1.4	1.1	1.1	1.1	0.5	6.6	3.8	2.0
Restructuring charge	0.0	0.0	0.0	1.3	0.6	0.2	3.8	0.1	1.3	4.7	0.0
Impairment for assets held and used	0.0	0.9	0.0	1.7	0.0	0.0	0.9	0.0	2.7	0.9	0.0
Loss on sale of assets	0.0	0.0	0.0	0.0	0.0	0.0	1.7	0.0		1.7	0.0
Total operating expenses	6.4	7.2	5.9	8.6	6.4	4.5	11.1	2.9	29.4	24.8	11.0
Operating income:	(3.3)	10.6	(3.8)	(6.6)	(4.3)	(2.2)	(8.8)	(0.6)	(4.3)	(15.9)	0.7
Operating margin	-65.1%	55.2%	-109.4%	-201.6%	-130.6%	-66.3%	-278.7%	-20.0%	-13.9%	-124.9%	4.3%
Other income:											
Interest income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.1	0.1	-
Interest expense	(0.4)	(0.6)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(1.5)	(1.1)	(0.2)
Int exp. For debt discount & converstion feature	(0.1)	(0.4)	(0.1)	(0.1)	(0.4)	(0.3)	(2.3)	(2.3)	(0.7)	(5.3)	-
Change in fair value of conversion feature	-	-	-	0.3	0.5		-	-	0.3	0.5	-
Change in fair value of warrant liabilities	0.2	0.1	-	(0.4)	-	0.1	(0.7)	-	-	(0.6)	-
Loss on extinquishment of debt	2.5	-	-	-	-	-	(0.4)	-	2.5	(0.4)	-
Other income	(1.2)	0.2	0.1	0.0	0.2	(0.1)	0.1	-	(0.9)	0.2	-
Amortization of deferred financing costs	(0.1)	(0.4)	(0.0)	(0.0)	(0.1)	(0.1)	(0.6)	(0.6)	(0.5)	(1.4)	-
Total other income	1.1	(1.0)	(0.3)	(0.5)	(0.0)	(0.6)	(4.2)	(0.3)	(0.7)	(8.0)	(0.2)
Income before income taxes	(2.2)	9.6	(4.1)	(7.1)	(4.3)	(2.8)	(13.0)	(0.9)	(5.0)	(23.9)	0.5
Provision for income tax	(0.1)	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Tax rate	3%	1%	0%	0%	0%	0%	0%	-1%	0.0%	0.0%	0.0%
Net income	(2.1)	9.5	(4.2)	(7.0)	(4.3)	(2.8)	(13.0)	(0.9)	(5.0)	(23.9)	0.5
Preferred dividend @ 9% interest	-	-	-	-	-	-	0.0	0.0		0.0	
Net income to common shareholders	(2.1)	9.5	(4.2)	(7.0)	(4.3)	(2.8)	(13.0)	(0.9)	-	(21.1)	
Currency translation	(1.7)	0.5	-	(1.5)	0.3	(0.3)	(0.4)	-	(2.7)	(0.4)	-
Comprehensive loss	(3.8)	10.0	(4.2)	(8.5)	(4.0)	(3.2)	(12.6)	(0.9)	(7.7)	(24.4)	0.5
Stk based compensation	0.8	0.8	0.9	1.0	0.9	1.3	2.1	1.5	3.5	2.7	2.7
One-time expenses	(2.5)	(15.3)	(0.2)	3.0	0.6	0.2	6.4	0.1	3.9	-	-
Non-GAAP Income	(5.5)	10.3	(3.2)	(3.1)	(2.7)	(1.5)	(4.6)	0.6	(1.6)	(8.2)	3.2
Yr-over-Yr				-701%					-92.5%	NM	NM
Net income per share:											
Basic	**(0.01)**	**0.06**	**(0.03)**	**(0.04)**	**(0.03)**	**(0.02)**	**(0.08)**	**(0.00)**	**(0.03)**	**(0.13)**	**0.00**
Diluted	(0.01)	0.04	(0.02)	(0.03)	(0.02)	(0.01)	(0.06)	(0.00)	(0.02)	(0.11)	0.00
Non-GAAP Primary	**(0.04)**	**0.07**	**(0.02)**	**(0.02)**	**(0.02)**	**(0.01)**	**(0.03)**	**0.00**	**(0.01)**	**(0.05)**	**0.01**
				90%	-47%	-116%	37%	-120%			
Shares											
Primary Shares Outstanding	154.9	156.4	160.2	161.6	162.9	163.6	165.7	180.0	158.2	168.1	180.0
Yr-over-Yr	9.2%	6.8%	7.2%	6.6%	5.2%	4.6%	3.5%	11.4%	7.1%	6.2%	7.1%
All In Shares	226.8	226.9	216.1	214.7	212.5	204.3	224.5	224.5	221.1	216.4	224.5
Yr-over-Yr				-4.4%	-6.3%	-10.0%	3.9%	4.6%	48.2%	-2.1%	3.7%
Adjusted EBITDA	2.30	2.19	(1.21)	(1.29)	(2.37)	(0.85)	(1.35)	-	1.99	(4.57)	2.68
Cap EX	1.51	2.60	2.61	0.98	0.77	0.56	1.38	0.70	7.71	3.41	2.65

QUARTERLY CASH FLOW

	31-Mar-15	30-Jun-15	30-Sep-15	31-Dec-15	31-Mar-16	30-Jun-16	30-Sep-16
CASH FLOWS FROM OPERATING ACTIVITIES:							
Net loss	(2,125,173)	9,521,918	(4,156,337)	(8,246,643)	(4,313,790)	(2,823,231)	(13,038,301)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:							
Depreciation and amortization	1,746,147	1,745,034	1,781,478	1,351,326	1,097,604	1,113,947	1,108,553
Provision for doubtful accounts	8,184	17,230	(25,414)	269,608	-	(279,740)	279,740
Stock based compensation	831,813	752,510	937,101	960,484	944,024	362,107	796,309
Change in fair value of warrant liability	(246,702)	(149,203)	-	95,957	(518,986)	(140,950)	735,902
Amortization of deferred financing costs	62,502	362,845	41,224	46,986	136,929	145,366	568,246
Interest expense relating to debt discount and conversion feature	63,972	403,679	125,086	89,652	351,799	261,345	2,319,679
Other income	-	-	-	-	(221,640)	109,080	(101,328)
Extinguishment of Debt	(2,475,799)	-	4,951,598	(4,951,598)	-	-	443,426
Impairments for assets held and used	-	937,835	-	1,743,572	-	-	850,985
Impairment of goodwill	-	-	-	-	-	-	3,228,930
Loss on sale of assets	-	-	-	-	-	-	1,746,905
Changes in operating assets and liabilities:							
Decrease (increase) in accounts receivable	(5,983,834)	10,289,300	994,422	1,266,611	35,624	632,975	118,007
Decrease (increase) in prepaid expenses, deposits and other assets	489,564	610,503	(112,891)	(227,901)	59,993	617,022	572,248
Increase (decrease) in accounts payable and customer deposits	626,729	1,401,175	(207,308)	807,149	571,047	77,819	59,386
Increase (decrease) in deferred revenue	2,981,659	(11,871,208)	17,896,808	(18,760,484)	(136,050)	(151,196)	(422,650)
Increase (decrease) in accrued expenses and other payables	296,266	(1,037,134)	(447,693)	2,574,336	78,570	618,319	(352,321)
Net cash provided by (used in) operating activities	(3,477,188)	13,773,018	25,267,290	(31,682,329)	(1,914,876)	542,863	(1,086,284)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Purchases of property and equipment	**(1,511,179)**	**(2,602,129)**	**(2,612,460)**	**(984,204)**	**(765,955)**	**(563,656)**	**(52,516)**
Advance purchase payment on 'Assets held for sale"	-	-	-	-	-	-	450,000
Proceeds from sale of assets	-	-	-	-	-	-	2,000,000
Net cash used in investing activities	(1,511,179)	(2,602,129)	(2,612,460)	(984,204)	(765,955)	(563,656)	2,397,484
CASH FLOWS FROM FINANCING ACTIVITIES:							
Financing related fees	-	(67,445)	(83,223)	150,668	-	(445,249)	(982,718)
Financing receivable	2,000,000	-	0	(355,000)	355,000	-	-
Exercise of warrants and options	5,861	-	0	-	-	-	-
Equity and debt issuance costs paid			0	(532,558)	(360,249)	360,249	-
Principal payment on 2014 10% LIBOR 3rd Party Loan		(9,927,333)	4,427,333	-	(85,000)	(330,098)	(466,711)
Proceed from 9% Unsecured Sub Convertible Note	-	-	-	1,275,000	2,273,000	-	-
Unsecured promissory note							350,000
Gross proceed from Preferred A shares issuance							1,490,000
Advance subordinated short term loan					-	350,000	(350,000)
Advanced payment on "Assets held for sale"					450,000	-	(450,000)
Net cash provided by financing activities	2,005,861	(9,994,778)	4,344,110	538,110	2,632,751	(65,098)	(409,429)
		-					
EFFECT OF EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	1,129,253	5,507	(834,462)	1,626	85,339	(83,422)	(161,861)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,853,253)	2,524,888	26,164,478	(32,126,797)	37,259	(169,313)	739,910
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	1,176,650	994,693	1,232,525	858,911	369,250	406,509	237,196
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	994,693	1,232,525	858,911	369,250	406,509	237,196	977,106
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:							
Cash paid during the period for interest	359,521	506,911	269,589	(237,322)	233,864	233,864	218,668
Cash paid during the period for income taxes	14,246	235	290	55	-	-	-

BALANCE SHEET

	Sept 30, 2016	June 30, 2016	% Change
CURRENT ASSETS			
Cash and cash equivalents	**$977,106**	**$237,196**	312%
Restricted cash	**751,125**	**247,361**	204%
Accounts receivable	633,322	739,496	-14%
Prepaid expenses and other current assets	1,102,532	1,100,319	0%
Total current assets	3,464,085	2,324,372	49%
NON-CURRENT ASSETS			
OTHER ASSETS	1,174,990	399,664	194%
PROPERTY AND EQUIPMENT, NET	10,625,429	11,959,974	-11%
INTANGIBLE ASSETS, NET	0	162,741	-100%
ASSETS HELD FOR SALE	0	4,577,908	-100%
GOODWILL	0	3,079,090	-100%
TOTAL ASSETS	15,264,504	22,503,749	-32%
CURRENT LIABILITIES			
Accounts payable and customer deposits	3,374,877	3,185,671	6%
Obligations under capital leases (current portion)	37,232	95,616	-61%
Deferred Revenue	589,480	1,007,313	-41%
Change in deferred revenues	**(417,833)**	**(300,037)**	39%
Accrued expenses and other payables	5,943,734	5,232,295	14%
Advanced payment on "Assets held for Sale"	0	700,000	-100%
9% Unsecured Sub Convert Promissory Note	**327,800**		
2014 10% + libor 3rd Party Loan	**5,854,020**	**5,453,632**	7%
Total current liabilities	16,127,143	15,674,527	3%
LONG TERM LIABILITIES			
Derivative Liabilities	3,337,077	1,831,312	82%
Non-current portion of deferred revenue	1,081,139	1,072,105	1%
Other long term liabilities	221,339	234,642	-6%
9% Sub Conv Promissory Note	**903,054**	**1,155,264**	-22%
Total long term liabilities	5,542,609	4,293,323	29%
Total liabilities	21,669,752	19,967,850	9%
Commitments and Contingencies (See Notes)			
STOCKHOLDERS' EQUITY			
Preferred Stock	1,360,571	0	NM
Common Stock	273,407,563	271,096,128	1%
Accumulated other comprehensive income (loss)	(5,368,884)	(5,794,239)	-7%
Accumulated deficit	(275,810,853)	(262,772,552)	5%
Pareteum Corp. stockholders' equity	(6,411,603)	2,529,337	-353%
NON-CONTROLLING INTEREST	6,355	6,562	-3%
Total stockholders' equity	(6,405,248)	2,535,899	-353%
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$15,264,504	$22,503,749	-32%
Current and Quick Ratio	0.2	0.1	45%
Working Capital	(12,663,058)	(13,350,155)	-5%
Total Debt	7,084,874	7,308,896	-3%
TD/TA	46%	32%	43%

HISTORICAL STOCK PRICE



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