Zacks Small-Cap Research

May 16, 2017

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

scr.zacks.com

10 S. Riverside Plaza, Chicago, IL 60606

Pareteum Corp (TEUM-AMEX)

TEUM: Brazilian Contract Could Move the Needle for Pareteum

Using an average ratio of 1.5Xs enterprise value to sales and sales forecast of $16 million in revenues. We believe Pareteum stock is worth $1.00

Current Price (05/16/17)	$0.89
Valuation	**$1.00**

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. New management has right sized the business, and made the company closer to adjusted EBITDA neutral. The company has a major cash squeeze and is slowly winning new customers to return to growth.

SUMMARY DATA

52-Week High	**$5.25**
52-Week Low	**$0.62**
One-Year Return (%)	**-81.2**
Beta	**0.2**
Average Daily Volume (sh)	**131,318**
Shares Outstanding (mil)	**13**
Market Capitalization ($mil)	**$12**
Short Interest Ratio (days)	**1**
Institutional Ownership (%)	**39**
Insider Ownership (%)	**4**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**-10.5**
Earnings Per Share (%)	**N/A**
Dividend (%)	**0**
P/E using TTM EPS	**N/M**
P/E using 2017 Estimate	**N/M**
P/E using 2018 Estimate	**N/M**
Zacks Rank	**N/A**

Risk Level	**High**
Type of Stock	**N/A**
Industry	**Internet Software**
Zacks Rank in Industry	**N/A**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2015	5.0 A	19.2 A	3.5 A	3.3 A	31.0 A
2016	3.3 A	3.3 A	3.2 A	3.1 A	12.9 A
2017	2.8 A	3.0 A	3.2 A	4.0 E	13.0 E
2018					16.0 E

Earnings per Share
(GAAP EPS)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2015	-$0.34 A	$1.52 A	-$0.65 A	-$1.09 A	-$0.79 A
2016	-$0.66 A	-$0.43 A	-$1.97 A	-$1.35 A	-$4.67 A
2017	-$0.14 A	-$0.18 A	-$0.19 A	-$0.15 E	-$0.66 E
2018					-$0.47 E

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

© Copyright 2017, Zacks Investment Research. All Rights Reserved.

RECENT NEWS

On May 17, 2017, the company announced a new seven-year contract with a leading financial services and marketing company in Brazil. This SaaS agreement will enable the customer to provide mobile wireless services to a number of communications service providers and enterprises customers. The customer plans to use the platform for both communications and Internet of Things (IoT) applications. This Brazilian customer believes it can reach a minimum of 3 million subscribers and supported connected devices within three years and generate revenue in the 8-figure range. Pareteum expects to start on-boarding subscribers in Q4 2017, meaning we will likely see major revenues from this in 2018, this contract should show investors and lenders evidence of a means of significant growth. Between now and on-boarding the company will earn fees for setting up the service.

The Cash Crunch Continues At Pareteum

Q1 results show a cleaned up balance sheet, declining revenues and declining losses. The continuing issue at the company is the cash crunch, which restricts its ability to invest in marketing and sales and pay its bills. This quarter there was a major restructuring of the balance sheet. Total debt was reduced from $8.5 million to $6.8 million. The company also raised $3.5 million in gross proceeds of equity. During the quarter Pareteum negotiated with all parties having a derivative instrument with conversion feature to eliminate any condition responsible for the need of derivative accounting, such as convertible notes and warrants. This resulted in the calculation of the fair value as per the agreement date of the elimination of such feature, and the subsequent accounting for the allocation of the remaining liability value towards extinguishment of debt and change in fair value of the conversion feature. This eliminated all derivative liabilities, which had been $4.3 million on December 31, 2016.

Reported revenues for Q1 2017 were $2.8 million versus $3.3 million a year ago, a decline of 15%. This decline was the result of the sale of ValidSoft, combined with the seasonal churn of end user customers.

Gross margins however increased to 70% from 66% due to the reduction in staffing and other expenses. Ex the restructuring charges of $129,000 in the 2017 quarter, and $637,000 in the 2016 quarter, operating expenses were $3.8 million versus $5.8 million, a reduction of $2 million or 34%.

Interest expense was $517,000 versus $306,000 a year ago. Total other income was a positive $698,000 in 2017 versus a loss of $38,000. The net loss for Q1 2017 was $1.3 million versus $4.3 million. Given the company is running the business on EBITDA and debt concerns are the biggest issue, investors should focus on EBITDA. For the quarter the adjusted EBITDA, taking out one time restructuring costs was a negative $198,000 versus a negative $2.4 million a year ago. Adding to this cash interest of $316,000 yields cash burn of approximately $500,000 a quarter.

The company plans an equity raise later in the year at potentially higher valuation to add cash.

During the quarter Pareteum added Pronto Telecommunications of Pittsburgh, PA as a new resale customer and entered a technology integration and revenue sharing partnership with AirFox, a Boston based startup, for its service enablement platform. AirFox's technology allows Pareteum's MNOs and MVNO customers create new business models and revenue streams through flexible application plans and mobile advertising.

Also in the quarter the company strengthen the management team by adding Ted O'Donnell as CFO, Chris Hills as VP of Global Connectivity, Nick Barter as VP of EMEA and Luis Jimenez-Tuñon, Former CEO of Vodafone Enabler Spain S.L., as a new independent director.

Since Q1 2017 Ended

In addition to contract in Brazil previously discussed, on April 27, 2017 Pareteum announced a new three-year agreement THYNGS Wireless. THYNGS Wireless is a newly launched multi-SIM based IoT solution. It is launching with KAPTYN, a provider for the taxi market. KAPTYN claims to be revolutionizing the taxi industry with the first universal platform that eliminates the barrier between traditional taxis and on-demand apps. It gives consumers more choices and allows all drivers to compete in the shared economy through solutions that are safe, connected and secured.

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 an $11 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 or earn $9 million to reach positive working capital. It plans a capital raise later in the year that could dilute current equity holders.

- The large majority of Pareteum's revenues is 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% this year off its $12 million Q4 2016 run rate. It has great prospects through Vodafone Enabler to capture customers requiring global roaming as well as a potentially very large contract in Brazil.

- 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 takes 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 $17.8 million (using 20 million all-in shares) or an enterprise value of $22.5 million. This is approximately 2 times its current revenue run rate of $11.2 million.

VALUATION

While there are many MVNEs worldwide, many are private. Those that are public are all small except for Amdocs (DOX) an $8.3 billion company and Ericsson (ERIC) at $20.1 billion. On average they trade at 1.5 times enterprise value to sales. Using the EV/Sales average of 1.5X and using 2018 revenues gets us to an enterprise value of $24 million, a market value of $19.3 million or a target price of $1.00 per share using a fully diluted 20 million share outstanding.

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.

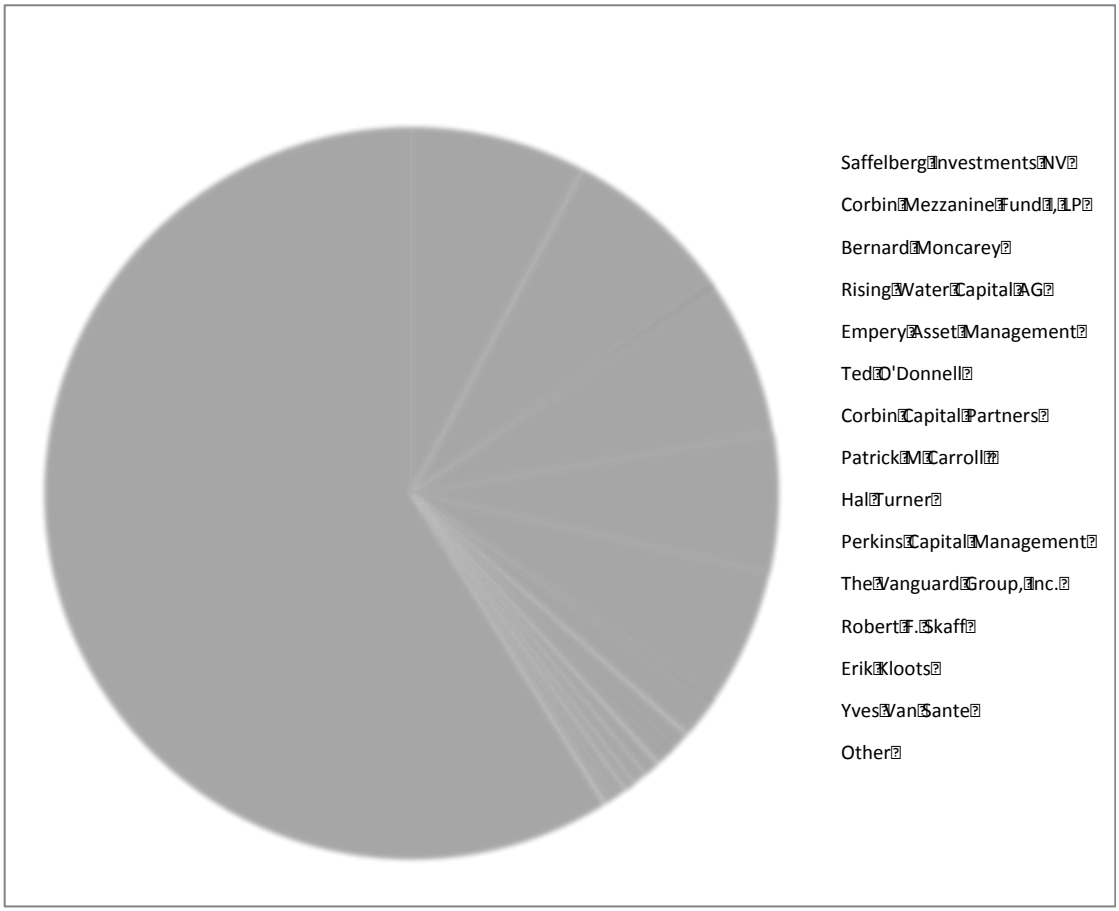
Company	Ticker	Revenue 2017E	Revenue LTM	EBIDTA Margin	EV/TTM EBIDTA	Enterprise Value / Sales 2017E	Enterprise Value / Sales LTM	Included in Average?	Enterprise Value
Amdocs	DOX	$3,908	$3,750	19%	11.4x	2.1x	2.2x	y	8,340
Redknee Solutions	RKN.TO	$136	$153	-3%	-23.5x	0.8x	0.7x	y	103
CSG Systems	CSGS	$783	$767	20%	9.9x	1.8x	1.8x	y	1,370
MER Telemanagement Sol	MTSL	NA	$14	-2%	-9.7x	NA	0.2x	n	3
Ericsson	ERIC	$23,570	$24,750	5%	5.5x	0.9x	0.8x	n	20,160
Average				**12%**	5.7x	**1.5x**	**1.6x**		**$3,271**

RISKS

- A new management team is now running the company and they may not be successful in turning the company around and reaching positive cash flow while satisfying creditors.
- The grand majority of the revenues in 2016 were from one customer Vodafone Spain; 88% of revenues in 2016 were from the top two customers, Vodafone and ZAIN. Revenues from Europe were 93% of 2016'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. The company needs to raise $6-9 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.
- The industry is fragmented and very competitive with many providers much bigger and with greater resources than Pareteum. Customers may be unwilling to do business with Pareteum due to its precarious financial situation.

OWNERSHIP

There are 12.9 million shares outstanding as of May 15, 2017.



PROJECTED INCOME STATEMENT

Pareteum Corporation	Q1 2016 31-Mar	Q2 2016 30-Jun	Q3 2016 30-Sep	Q4 2016 31-Dec	Q1 2017 31-Mar	Q2 2017E 30-Jun	Q3 2017E 30-Sep	Q4 2017E 31-Dec	2015	2016	2017E	2018E
Total GAAP revenue	**3.3**	**3.3**	**3.2**	**3.1**	**2.8**	**3.0**	**3.2**	**4.0**	**31.0**	**12.9**	**13.0**	**16.0**
Yr-to-yr Growth	-35%	-83%	-9%	-4%	-15%	-8%	1%	27%	52.4%	-58.6%	1.1%	23.1%
Cost of services	1.1	1.0	0.9	0.7	0.8	0.9	0.9	1.2	5.9	3.7	3.9	4.3
Gross profit	2.1	2.3	2.3	2.5	1.953	2.100	2.3	2.8	25.1	9.2	9.1	11.7
Gross Margin	65.6%	70.0%	71.9%	78.9%	69.9%	70.0%	70.6%	70.5%	80.9%	71.5%	70.3%	73.0%
Operating expenses:												
Product Development	1.3	0.8	0.7	0.8	0.285	0.295	0.3	0.4	4.5	3.5	1.3	1.6
Sales and Marketing	0.5	0.3	0.2	0.2	0.319	0.340	0.5	0.6	2.6	1.3	1.7	2.4
G&A	2.9	2.0	2.8	4.1	2.365	2.450	2.6	2.8	11.7	11.7	10.2	11.2
Depreciation and Amortization	1.1	1.1	1.1	0.9	0.844	0.844	0.8	0.8	6.6	4.2	3.4	3.4
Restructuring charge	0.6	0.2	3.8	(3.0)	0.129	-	-	-	1.3	1.6	0.1	-
Impairment for assets held and used	-	-	0.9	-	-	-	-	-	2.7	0.9	-	-
Impairment of goodwill	-	-	0.0	3.2	-	-	-	-		3.2	-	-
Loss on sale of assets	-	-	1.7	(0.2)	-	-	-	-		1.5	-	-
Total operating expenses	6.4	4.5	11.1	6.1	3.9	3.9	4.2	4.6	29.4	28.1	16.7	18.6
Operating income:	(4.3)	(2.2)	(8.8)	(3.6)	(2.0)	(1.8)	(2.0)	(1.8)	(4.3)	(18.9)	(7.6)	(6.9)
Operating margin	-130.6%	-66.3%	-278.7%	-115.3%	-71.2%	-61.0%	-61.1%	-45.6%	-13.9%	-147.0%	-58.5%	-43.1%
Other income:												
Interest income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.2	-
Interest expense	(0.3)	(0.3)	(0.3)	(0.4)	(0.5)	(0.5)	(0.5)	(0.5)	(1.5)	(1.2)	-2.0	(0.2)
Int exp. For debt discount & converstion feature	(0.4)	(0.3)	(2.3)	(3.1)	(1.0)	-	-	-	(0.7)	(6.0)	(1.0)	-
Change in fair value of conversion feature	0.5	-	-	(3.8)	1.9	-	-	-	0.3	(3.3)	1.9	-
Change in fair value of warrant liabilities	-	0.1	(0.7)	0.6	-	-	-	-	-	-	-	-
Loss on extinquishment of debt	-	-	(0.4)	(0.1)	0.5	-	-	-	2.5	(0.5)	0.5	-
Other income	0.2	(0.1)	0.1	(0.4)	0.0	-	-	-	(0.9)	(0.2)	0.0	-
Amortization of deferred financing costs	(0.1)	(0.1)	(0.6)	(0.4)	(0.2)	-	-	-	(0.5)	(1.3)	(0.2)	-
Total other income	(0.028)	(0.6)	(4.2)	(7.6)	0.7	(0.5)	(0.5)	(0.5)	(0.7)	(12.5)	(0.7)	(0.2)
Income before income taxes	(4.3)	(2.8)	(13.0)	(11.3)	(1.3)	(2.3)	(2.4)	(2.3)	(5.0)	(31.4)	(8.3)	(7.1)
Provision for income tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Tax rate	0%	0%	0%	0%	0%	0%	0%	0%	0.0%	0.0%	-0.6%	0.0%
Net income	(4.3)	(2.8)	(13.0)	(11.3)	(1.3)	(2.3)	(2.4)	(2.3)	(5.0)	(31.4)	(8.3)	(7.1)
Currency translation	0.3	(0.3)	(0.4)	1.1	(0.0)	-	-	-	(2.7)	0.7	(0.0)	-
Comprehensive loss	(4.0)	(3.2)	(13.5)	(10.1)	(1.3)	(2.3)	(2.4)	(2.3)	(7.7)	(30.7)	(8.3)	(7.1)
Stk based compensation	0.9	1.3	2.1	(0.5)	0.8	0.8	0.8	0.8	3.5	3.9	3.3	2.7
One-time expenses	0.6	0.2	6.4	(3.2)	0.6	-	-	-	3.9	4.0	0.6	-
Non-GAAP Income	(2.7)	(1.5)	(4.6)	(11.8)	(0.0)	(1.5)	(1.6)	(1.5)	(1.6)	(20.6)	(4.0)	(4.4)
Yr-over-Yr					-100%	-3%	-65%	-88%	-92.5%	NM	NM	NM
Net income per share:												
Basic	**(0.66)**	**(0.43)**	**(1.97)**	**(1.35)**	**(0.14)**	**(0.18)**	**(0.19)**	**(0.15)**	**(0.80)**	**(4.41)**	**(0.66)**	**(0.47)**
Diluted	(0.51)	(0.35)	(1.45)	(0.79)	(0.14)	(0.11)	(0.12)	(0.11)	(0.57)	(3.15)	(0.41)	(0.35)
Non-GAAP Primary	(0.42)	(0.23)	(0.69)	(1.41)	(0.00)	(0.11)	(0.12)	(0.10)	(0.25)	(2.75)	(0.20)	(0.22)
Non-GAAP Diluted	(0.32)	(0.19)	(0.51)	(0.83)	(0.00)	(0.07)	(0.08)	(0.07)	(0.18)	(1.85)	(1.52)	(1.34)
	-47%	-116%	36%	133%	-100%	-60%	-84%	-92%				
Shares												
Primary Shares Outstanding	6.5	6.5	6.6	8.4	9.3	12.9	13.0	15.0	6.3	6.7	12.6	15.0
Yr-over-Yr	5.2%	4.6%	3.5%	29.6%	43.1%	97.7%	96.1%	79.1%	-95.7%	6.5%	86.5%	19.4%
All In Shares	8.5	8.2	9.0	14.2	19.8	20.0	20.0	20.9	8.8	10.0	20.2	20.0
Yr-over-Yr	-6.3%	-10.0%	3.9%	65.7%	132.4%	144.8%	122.7%	46.6%	-94.1%	12.7%	102.1%	-0.7%
Adjusted EBITDA	**(2.37)**	**(0.85)**	**(1.35)**	**(2.66)**	**(0.198)**	**(0.17)**	**(0.29)**	**(0.16)**	**1.99**	**(7.23)**	**(0.82)**	**(3.52)**
Cap EX	0.77	0.56	0.05	0.03	0.03	0.03	1.38	0.70	7.71	1.41	2.14	0.11

QUARTERLY CASH FLOW

	31-Mar-15	30-Jun-15	30-Sep-15	31-Dec-15	YR 2015	31-Mar-16	30-Jun-16	30-Sep-16	31-Dec-16	YR 2016	31-Mar-17
CASH FLOWS FROM OPERATING ACTIVITIES:											
Net loss	(2,125,173)	9,521,918	(4,156,337)	(8,246,643)	(5,006,235)	(4,313,790)	(2,823,231)	(13,038,301)	(11,269,382)	(31,444,704)	(1,293,140)
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	6,623,985	1,097,604	1,113,947	1,108,553	926,683	4,246,787	843,783
Provision for doubtful accounts	8,184	17,230	(25,414)	269,608	269,608	-	(279,740)	279,740	(88,528)	(88,528)	4,451
Provision for income taxes	-	-		-		-	-	-	-	-	-
Stock based compensation	831,813	752,510	937,101	960,484	3,481,908	944,024	362,107	796,309	1,794,997	3,897,437	818,286
Change in fair value of warrant liability	(246,702)	(149,203)	-	95,957	(299,948)	(518,986)	(140,950)	735,902	3,240,233	3,316,199	(1,920,881)
Amortization of deferred financing costs	62,502	362,845	41,224	46,986	513,557	136,929	145,366	568,246	416,532	1,267,073	196,113
Interest expense relating to debt discount and conversion feature	63,972	403,679	125,086	89,652	682,389	351,799	261,345	2,319,679	3,108,784	6,041,607	1,049,236
Other income	-	-	-	-	-	(221,640)	109,080	(101,328)	434,815	220,927	(36,818)
Extinguishment of Debt	(2,475,799)	-	4,951,598	(4,951,598)	(2,475,799)	-	-	443,426	98,473	541,899	(463,345)
Impairments for assets held and used	-	937,835	-	1,743,572	2,681,407	-	-	850,985	-	850,985	-
Impairment of goodwill	-	-	-	-		-	-	3,228,930	-	3,228,930	-
Loss on sale of assets	-	-	-	-		-	-	1,746,905	(204,531)	1,542,374	-
Changes in operating assets and liabilities:											
Decrease (increase) in accounts receivable	(5,983,834)	10,289,300	994,422	1,266,611	6,566,499	35,624	632,975	118,007	(165,074)	621,532	4,343
Decrease (increase) in prepaid expenses, deposits and other assets	489,564	610,503	(112,891)	(227,901)	759,275	63,095	613,920	572,248	387,743	1,637,006	(209,030)
Increase (decrease) in accounts payable and customer deposits	626,729	1,401,175	(207,308)	807,149	2,627,745	571,047	77,819	59,386	(627,732)	80,520	370,494
Increase (decrease) in deferred revenue	2,981,659	(11,871,208)	17,896,808	(18,760,484)	(9,753,225)	(136,050)	(151,196)	(422,650)	(459,240)	(1,169,136)	(6,755)
Increase (decrease) in accrued expenses and other payables	296,266	(1,037,134)	(447,693)	2,574,336	1,385,775	78,570	618,319	(352,321)	1,206,693	1,551,261	-
Increase (decrease) in non-cash accrued expenses related to extinguishment of Debt	-	-	-	-	-	-	-	-	(594,793)	(594,793)	(594,793)
Net cash provided by (used in) operating activities	(3,477,188)	13,773,018	25,267,290	(31,682,329)	16,373,601	(1,911,774)	539,761	(1,086,284)	(1,199,534)	(3,657,831)	(1,238,056)
CASH FLOWS FROM INVESTING ACTIVITIES:											
Purchases of property and equipment	**(1,511,179)**	**(2,602,129)**	**(2,612,460)**	**(984,204)**	**(7,709,972)**	**(765,955)**	**(563,656)**	**(52,516)**	(31,033)	**(1,413,160)**	**(30,924)**
Advance purchase payment on 'Assets held for sale"	**-**	**-**	**-**	-		450,000	-	450,000	-	450,000	**-**
Proceeds from sale of assets	**-**	**-**	**-**	-		**-**	-	2,000,000	-	2,000,000	**-**
Net cash used in investing activities	(1,511,179)	(2,602,129)	(2,612,460)	(984,204)	(7,709,972)	(315,955)	(563,656)	2,397,484	(31,033)	1,036,840	(30,924)
CASH FLOWS FROM FINANCING ACTIVITIES:											
Financing related fees	-	(67,445)	(83,223)	150,668	-	-	(445,249)	(982,718)	1,427,967	-	(368,726)
Financing receivable	2,000,000	-	-	(355,000)	1,645,000	355,000	-	-	-	355,000	-
Exercise of warrants and options	5,861	-	-	-	5,861	-	-	-	-	-	-
Equity and debt issuance costs paid	-	-	-	(532,558)	(532,558)	(360,249)	360,249	-	(1,338,821)	(1,338,821)	-
Principal payment on 2014 10% LIBOR 3rd Party Loan		(9,927,333)	4,427,333	-	(5,500,000)	(85,000)	(330,098)	(466,711)	(85,000)	(966,809)	-
Proceed from 9% Unsecured Sub Convertible Note	-	-	-	1,275,000	1,275,000	2,273,000	-	-	-	2,273,000	-
Unsecured promissory note								350,000	-	350,000	
Gross proceed from Preferred A shares issuance								1,490,000	1,000,000	2,490,000	
Advance subordinated short term loan						-	350,000	(350,000)	-	-	-
Gross proceeds from public offering											3,500,000
Principal repayment of Senior Secured Loan											(1,500,000)
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	(3,106,697)	2,182,751	(65,098)	(409,429)	1,004,146	3,162,370	1,631,274
EFFECT OF EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	1,129,253	5,507	(834,462)	1,626	301,924	85,339	(83,422)	(161,861)	180,504	20,560	221,306
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,853,253)	2,524,888	26,164,478	(32,126,797)	(1,534,910)	40,361	(172,415)	739,910	(45,917)	561,939	583,600
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD		994,693	1,232,525	858,911	1,904,160	615,401	655,762	483,347	977,106	369,250	1,495,207
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	994,693	1,232,525	858,911	369,250	369,250	655,762	483,347	977,106	931,189	931,189	2,078,807
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:											
Cash paid during the period for interest	359,521	506,911	269,589	(237,322)	1,136,021	233,864	233,864	218,668	231,499	909,637	319,328
Conversion of notes including accel. Amortization											801,549
Amendments to warrants and conv notes											2,344,948
Conversion of conv notes											774,424
Cash paid during the period for income taxes	14,246	235	290	55	14,771	-	-	-	15,581	15,581	-

BALANCE SHEET

	March 31, 2017	Dec 31, 2016	% Change
CURRENT ASSETS			
Cash and cash equivalents	**$1,409,077**	**$931,189**	51%
Restricted cash	**669,730**	**564,018**	19%
Accounts receivable	616,688	614,670	0%
Prepaid expenses and other current assets	1,162,226	1,084,994	7%
Total current assets	3,857,721	3,194,871	21%
NON-CURRENT ASSETS			
OTHER ASSETS	130,865	129,037	1%
NOTE RECEIVABLE	1,019,240	1,012,603	1%
PROPERTY AND EQUIPMENT, NET	8,093,252	8,708,778	-7%
TOTAL ASSETS	13,101,078	13,045,289	0%
CURRENT LIABILITIES			
Accounts payable and customer deposits	2,679,588	2,316,768	16%
Obligations under capital leases (current portion)	**-**	10,813	-100%
Net billings in excess of revenues	872,616	951,791	-8%
Deferred revenues	180,027	**-**	NM
Accrued expenses and other payables	5,589,262	6,013,620	-7%
2014 10% + libor 3rd Party Loan	**3,250,000**	**4,000,000**	-19%
Total current liabilities	12,571,493	13,292,992	-5%
LONG TERM LIABILITIES			
Derivative Liabilities	0	4,265,829	-100%
Non-current portion of deferred revenue	30,202	121,309	-75%
Other long term liabilities	180,868	192,980	-6%
9% Sub Conv Promissory Note	**61,514**	**821,048**	-93%
Senior secured loan - LT, net	**3,494,287**	**3,715,662**	-6%
Total long term liabilities	3,766,871	9,116,828	-59%
Total liabilities	16,338,364	22,409,820	-27%
Commitments and Contingencies (See Notes)			
STOCKHOLDERS' EQUITY			
Preferred Stock	384,503	2,143,196	-82%
Common Stock	289,865,307	280,653,362	3%
Accumulated other comprehensive income (loss)	(5,113,722)	(5,086,902)	1%
Accumulated deficit	(288,373,374)	(287,080,234)	0%
Pareteum Corp. stockholders' equity	(3,237,286)	(9,370,578)	-65%
NON-CONTROLLING INTEREST	-	6,047	-100%
Total stockholders' equity	-3,237,286	(9,364,531)	-65%
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$13,101,078	$13,045,289	0%
Current and Quick Ratio	0.3	0.2	28%
Working Capital	(8,713,772)	(10,098,121)	-14%
Total Debt	6,805,801	8,536,710	-20%
TD/TA	52%	65%	-21%

HISTORICAL STOCK PRICE



DISCLOSURES

The following disclosures relate to relationships between Zacks Small-Cap Research ("Zacks SCR"), a division of Zacks Investment Research ("ZIR"), and the issuers covered by the Zacks SCR Analysts in the Small-Cap Universe.

ANALYST DISCLOSURES

I, Lisa Thompson, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report. I believe the information used for the creation of this report has been obtained from sources I considered reliable, but I can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice.

INVESTMENT BANKING AND FEES FOR SERVICES

Zacks SCR does not provide investment banking services nor has it received compensation for investment banking services from the issuers of the securities covered in this report or article.
Zacks SCR has received compensation from the issuer directly or from an investor relations consulting firm engaged by the issuer for providing non-investment banking services to this issuer and expects to receive additional compensation for such non-investment banking services provided to this issuer. The non-investment banking services provided to the issuer includes the preparation of this report, investor relations services, investment software, financial database analysis, organization of non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Zacks SCR. The fees for these services vary on a per-client basis and are subject to the number and types of services contracted. Fees typically range between ten thousand and fifty thousand dollars per annum. Details of fees paid by this issuer are available upon request.

POLICY DISCLOSURES

This report provides an objective valuation of the issuer today and expected valuations of the issuer at various future dates based on applying standard investment valuation methodologies to the revenue and EPS forecasts made by the SCR Analyst of the issuer's business.
SCR Analysts are restricted from holding or trading securities in the issuers that they cover. ZIR and Zacks SCR do not make a market in any security followed by SCR nor do they act as dealers in these securities. Each Zacks SCR Analyst has full discretion over the valuation of the issuer included in this report based on his or her own due diligence. SCR Analysts are paid based on the number of companies they cover. SCR Analyst compensation is not, was not, nor will be, directly or indirectly, related to the specific valuations or views expressed in any report or article.

ADDITIONAL INFORMATION

Additional information is available upon request. Zacks SCR reports and articles are based on data obtained from sources that it believes to be reliable, but are not guaranteed to be accurate nor do they purport to be complete. Because of individual financial or investment objectives and/or financial circumstances, this report or article should not be construed as advice designed to meet the particular investment needs of any investor. Investing involves risk. Any opinions expressed by Zacks SCR Analysts are subject to change without notice. Reports or articles or tweets are not to be construed as an offer or solicitation of an offer to buy or sell the securities herein mentioned.