Zacks Small-Cap Research

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Finjan Holdings (FNJN-NASDAQ)

FNJN: Blue Coat Appeal Dispute Hinges Only 1 of 5 Patents

Based on the average EV to Sales of comparable companies in the IP business of 2.7xs we believe FNJN Stock could be worth $8.00 per share **if it does indeed collect the Blue Coat judgment** as expected.

Current Price (11/10/17)	$1.96
Valuation	**$8.00**

UPDATE

Finjan is positioned to grow not only by pursuing IP licensing, but also by penetrating cybersecurity consulting services, mobile services, and investing in new IP via purchase, R&D, and cybersecurity startups. At the end of 2017 we expect it to collect over $40 million from Blue Coat if the ruling is upheld on appeal. It is awaiting results from the appeals court. The company continues to successfully close licensing deals and litigate other parties, both of which are accelerating.

SUMMARY DATA

52-Week High	**$3.80**
52-Week Low	**$1.13**
One-Year Return (%)	**70.5**
Beta	**-0.2**
Average Daily Volume (sh)	**215,900**
Shares Outstanding (mil)	**27.5**
Market Capitalization ($mil)	**$54**
Short Interest Ratio (days)	**1.0**
Institutional Ownership (%)	**28**
Insider Ownership (%)	**10**
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	**4.8**
P/E using 2017 Estimate	**1.4**
P/E using 2018 Estimate	**N/M**
Zacks Rank	**N/A**

Risk Level	**Above Average**
Type of Stock	**Small-Blend**
Industry	**Internet-Software**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
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 A	8.4 A	18.4 A
2017	24.7 A	2.3 A	0.0 A	51.0 E	78.0 E
2018					21.8 E

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

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2015	-$0.19 A	-$0.12 A	-$0.21 A	-$0.05 A	-$0.56 A
2016	-$0.05 A	-$0.20 A	-$0.20 A	$0.17 A	-$0.28 A
2017	$0.69 A	-$0.29 A	-$0.16 A	$1.14 E	$1.45 E
2018					-$0.04 E

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WHAT'S NEW

Finjan reported Q3 results and updated shareholders on current events. More important that the Q3 results was the discussion of the various outcome possibilities of the two trials that have been completed and have not yet been decided.

The first and most important is the Blue Coat appeal. Since hearing from the court has taken so long, the company has less confidence in getting a simple Rule 36 decision saying the previous decisions stand. In the appeal, Blue Coat is only questioning one of the five patents. It is disputing the "844" patent. The dispute is both the patentability of the patent and the way the dollar amount owed on the patent was calculated. This patent was $24.4 million of the $39.5 million awards. So theoretically, $15.1 million of the award should be paid immediately and Finjan is going to ask for that (plus interest) when it hears from the court. Of the $24.4 million remaining, the court is being asked to either half that amount, or send it back to a lower court to come up with a new calculation. The new calculation could result in any number, even a higher one. So it seems that the results from the appeal could be $15.1 million (plus interest), $27.3 million (plus interest), $39.5 million (plus interest) or anything else between $15.1 million and over $39.5 million.

In the ESET case in Germany the judge has asked for an independent expert to look at ESET's source code to determine if the company infringed and it also asked that expert to define "DSP" and "client computer" as they relate to ESET's products. Finjan has been able to show exactly where in the source code the company infringed.

Another new revenues source being pursued by the company is a true up of a previous license granted Trustwave, which is now owned by Singapore Telecom. Independent auditors have determined that sales from Trustwave products have exceeded the scope of the original license and the company is in the process of trying to collect those additional fees plus the cost of the audit.

Q3 2017 Results

Finjan booked no revenue in Q3 2017. Expenses were $5.8 million including the start of a quarterly license fee now being paid to Avira of $325,000 per quarter. This resulted in a reported loss of $4.2 million after a $1.5 million gain on change in fair value of warrant liability or a loss of $0.16 per share.

Events During Q3 2017

On August 24, 2017, Finjan created a wholly owned subsidiary, Finjan Blue, entered into a Patent Assignment and Support Agreement with IBM. Finjan Blue acquired select IBM patents in the security sector in exchange for $8.5 million cash, with $2.0 million already paid upon execution and $6.5 million to be paid over the next four years. This deal includes 25 patents and 16 pending patents or applications in the cybersecurity field. The company will be filing which specific patents they are shortly. The agreement is for five years and Finjan will reap all the financial benefits of any licensing or litigation while IBM promises to support those efforts with information on those patents as needed. IBM retained the right to use those patents for its own products and services and Finjan may use them for their businesses. While there is some overlap with patents Finjan already owns, it does open up new segments of the security market. None of these patents have been defended in court nor been challenged in the USPTO.



On September 6, 2017, Finjan released VitalSecurity™ Gen 4.0 Secure Mobile Browser (*VitalSecurityVPN*). VitalSecurityVPN is the first mobile browser with an integrated VPN for use on Apple and Android platforms. It has had 145,000 downloads in just two months with 75% of them coming from the Android platform. Finjan is working to get its product preinstalled on phones at carriers in both the US and India.

Also in the quarter, Finjan filed suit against **Juniper Networks** in the U.S. Northern District of California on September 29, 2016. The complaint (Case No. 5:17-cv-05659) alleges that Juniper's products and services infringe eight patents: 6,154,844; 6,804,780; 7,613,926; 7,647,633; 7,975,305; 8,141,154; 8,225,408; and 8,677,494. Finjan is seeking, among other things, a jury trial, past damages not less than a reasonable royalty, injunctive relief, enhanced damages for willful infringement, and reasonable attorneys' fees and costs.

2017 Estimates

In addition to results from the Blue Coat appeal, Finjan expects to book another $6 million in previously negotiated license payments in Q4. It has another remaining $2.5 million to book in 2018. Revenues for Q4 should range from $22 million and $51 million depending on the outcome of Blue Coat I.

For our fourth quarter estimate, we are keeping the original $45 million expected for Blue Coat I plus $6 million for previously negotiated license payments resulting in revenues of $51 million and a fully diluted EPS of $1.14. The year becomes revenues of $78 million and an EPS of $1.45. Results hinge on the Blue Coat outcome and the ability to negotiate new licenses before year-end or collect from Trustwave.

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 coincidently bought Blue Coat on August 1, 2016.
- The company is continuing to file new patents and create new cybersecurity products.
- While its patents have already generated > $156M 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 $54 million and an **enterprise value of $39 million** and could be worth considerably more if it wins the Blue Coat appeal and negotiate further licenses. Estimating revenues of $78 million in 2017 and an industry multiple of 2.7 times sales, the company could be worth as much as $210 million in enterprise value if it succeeds in reaching new licensing arrangements and collecting the Blue Coat win. However the enterprise value is now less than what Blue Coat owes the company if it loses the appeal, and is certainly less that what Symantec, its owner, might owe were it successfully sued, leading some investors to presume that buying Finjan outright is less expensive than paying up.

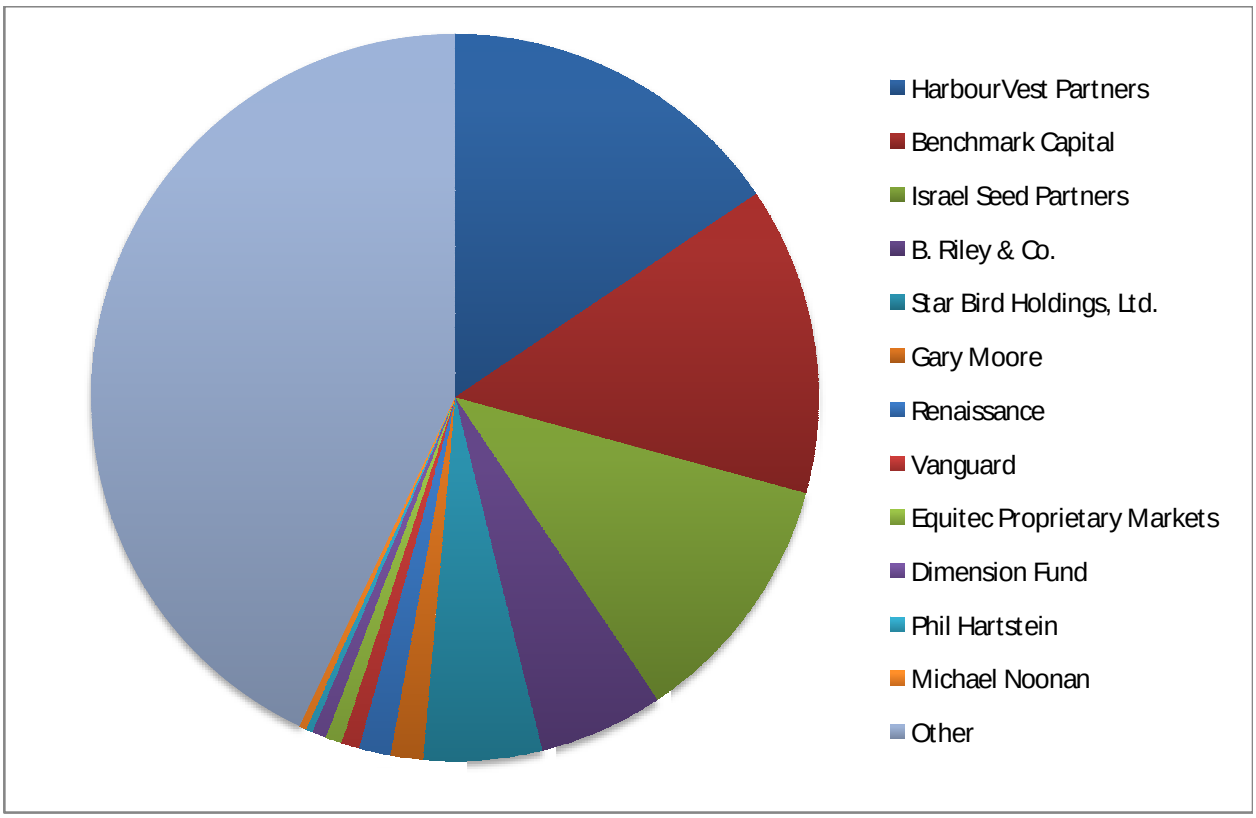
OVERVIEW

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

In addition the company recently bought the rights to a number of cybersecurity patents from IBM. It has not yet begun to monetize these patents.

OWNERSHIP



THE PRESENT COMPANY ENFORCEMENT

Company	Date and Location	Status	Patent numbers
FireEye **($714 million)**	US District Court for the Northern District of California on July 8, 2013	Markman scheduled for January 18, 2018.	**6,804,780**, 8,079,086, 7,975,305, 8,225,408, **7,058,822**, 7,647,633 and 6,154,844
Blue Coat Bought by Symantec August 2016 **($755 million)**	US District Court for the Northern District of California on August 28, 2013 US Court of Appeals	**Won $40m judgment. All patents upheld. Only 7,058,822 did not infringe.** Oral arguments Sept. 8, 2017 Injunction hearing Nov. 10, 2017.	6,154,844, **6,804,780**, 6,965,968, **7,058,822**, 7,418,731, and 7,647,633
Blue Coat II	US District Court for the Northern District of California on July 16, 2015	Trial date October 31, 2017, expected to close Nov 13, 2017.	6,154,844; 6,965,968; 7,418,731; 8,079,086; 8,225,408; 8,566,580; 8,677,494
Blue Coat III	German District Court in Dusseldorf	Trial date November 21, 2017	
Proofpoint **($344 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
Symantec **($3.6 billion)**	United States District Court for the Northern District of California on June 1, 2014	Trial date July 9, 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 **($1.4 billion)**	United States District Court for the Northern District of California on November 4, 2014.	Awaiting review 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. Markman Sept. 24, 2017 German trial October 5, 2017. Awaiting decision.	**6,154,844; 6,804,780;** 7,975,305; 8,079,086; 9,189,621; and 9,219,755. European Patent No. EP 0965094
Cisco **($49 billion)**	United States District Court for the Northern District of California on January 6, 2017	Initiated January 6, 2017. Markman scheduled April 20, 2018. Trial date June 1, 2020	**6,154,844; 6,804,780**; 7,647,633; 8,141,154; and 8,677,494.
SonicWall **($1.4 billion)**	United States District Court for the Northern District of California on August 4, 2017	Initiated August 4, 2017.	**6,154,844; 6,804,780; 6,965,968; 7,058,822; 7,613,926;** 7,647,633; **7,975,305;** 8,141,154**; 8,225,408;** 8,677,494.
Bitdefender	United States District Court for the Northern District of California on August 16, 2017	Initiated August 16, 2017.	**6,804,780; 7,930,299; 8,141,154; and 8,677,494**
Juniper Networks **($5 billion)**	United States District Court for the Northern District of California on September 29, 2017	Initiated September 29, 2017.	**6,154,844; 6,804,780; 7,613,926; 7,647,633; 7,975,305; 8,141,154; 8,225,408; and 8,677,494.**

Highlighted patent numbers have been successfully defended in court.

VALUATION

Current thinking on Finjan's valuation is the price of the entire company versus the amount of the cost of a license from them. At an enterprise value of $59 million, it might be cheaper for Blue Coat (actually its parent company Symantec) to buy the entire company than pay the $45 million it may owe, not including the cost of litigation to go through two more trials and litigation for Symantec products with results unknown. It is not unheard of for companies to have done this in the past when they lost a lawsuit to another company.

On the other hand, valuing 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, five 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 Inventergy Global (INVT) and Pendrill (PCO) with $1 million enterprise values, to Interdigital (IDCC) with an enterprise value of $1.9 billion and $418 million in sales expected this year. On average, the companies with revenues trade at an average of 2.6X 2017 estimated calendar revenues.

Using a valuation based on enterprise value to sales is easier for unprofitable companies. If Finjan were to generate $78 million in sales in 2017, we could see the market putting a 2.7 times sales multiple on it as shown in the industry average below. Using that and working back to market value per share, we see that given those revenues, Finjan should be worth $8.00 per share, assuming a settlement is received from Blue Coat if the appeal is won.

	Ticker	Revenue		EV/	EBIDTA	Enterprise Value / Sales		Included	Enterprise
Company		2017E	LTM	EBITDA	Margin	2017E	LTM	in Average?	Value
Acacia Research	ACTG	$77	$112	6.1x	12%	1.1x	0.8x	y	$84
Interdigital	IDCC	$419	$712	3.5x	75%	4.5x	2.7x	y	$1,900
Inventergy Global	INVT	NA	$2	-0.5x	-258%	NA	0.9x	n	$2
Marathon	MARA	$33	$1	-4.8x	-1560%	1.5x	75.1x	y	$50
Neonode	NEON	$12	$9	-16.3x	-35%	4.4x	5.7x	y	$52
Network-1	NTIP	NA	$51	1.4x	70%	NA	1.0x	n	$49
Parkervision	PRKR	$1	$4	-1.8x	-314%	15.9x	5.5x	n	$22
Pendrell	PCO	NA	$36	0.3x	67%	NA	0.2x	n	$7
Rambus	RMBS	$392	$379	15.2x	7%	4.1x	4.2x	y	$1,590
RPX	RPXC	$329	$333	2.4x	63%	1.5x	1.5x	y	$510
VirnetX	VHC	NA	$2	-12.3x	-1535%	NA	176.4x	n	$273
FORM Holdings	FH	NA	$37	-2.3x	-36%	NA	0.8x	n	$30
Quarterhill	QTRH	$134	$73	5.9x	46%	1.5x	2.7x	y	$199
Average				**1.7x**	**-199%**	**2.7x**	**13.2x**		**$626**

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. F5 inked a deal for $4 million in the early stages of litigation. Avast just licensed its AVG products for $7.745 million soon after a dispute was raised.

The jury in the Sophos case awarded Finjan $15 million, the high end of the expert witnesses range and including pre and post interest. It was settled before appeal for $15 million. Blue Coat went through the full trial and was awarded $40 million. The sum is already up to $46 million as interest and royalties for additional products sold during the litigation process is added on.

	2016 Revenues	% Relevant	License	Judgment
Estimated				
FireEye	$720	30%	$21.6	
Proofpoint	373	50%	18.7	
Symantec (2 segments)	4,200	30%	126.0	
Palo Alto Networks	1,500	20%	30.0	
ESET	NA	NA	30.0	
Cisco	48,300	0%	30.0	
SonicWall	NA	NA	20.0	
Bitdefender	103	100%	10.0	
Juniper Networks	4,990	10%	49.9	
Total potential			336.2	
Actual				
Blue Coat				46.0
Websense	DK	DK	8.0	
Avast Software	DK	DK	10.7	
Undisclosed	DK	DK	3.7	
Proofpoint	373	DK	10.9	
European undisclosed			0.6	
F5	2,024	DK	4.0	
Sophos	**447**	**DK**	**15.0**	
Veracode	230	DK	2.0	
Avira Holding	DK	DK	4.9	
Total actual	DK	DK	**59.7**	46.0
TOTAL			$422.9	
Plus Blue Coat			**468.9**	

RISKS

- All of the revenues booked to date are one-time and not recurring. It will be more difficult to book revenues as more and more companies are no longer targets.
- There is no way to predict the timing of lawsuit settlements or licensing agreements, or even the length or cost of a lawsuit.
- The stock is high risk and is expected to have wide swings in stock price depending on unpredictable events.
- The US government could to legislate new laws on patent enforcement that could affect the company's ability to monetize its patents as it currently expects.

INCOME STATEMENT

	2016				2017E							
In Thousands	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4E**	**2015**	**2016**	**2017E**	**2018E**
Websense	$2,000	$0	$0	$1,000	$0	$0	$0	$0	$0	$3,000	$0	$0
Other licenses	300	2,178	1,000	4,000	9,745	2,300	0	6,000	4,675	7,478	$18,045	20,000
CybeRisk Security Solutions	20	50	141	98	2	9	0	10	12	309	$21	500
Blue Coat	0	0	0	0	0	0	0	45,000	0	0	45,000	0
Proofpoint	0	4,300	0	3,300	0	0	0	0	0	7,600	0	0
Sophos					15,000	0	0	0			15,000	1,250
Total Revenues	**2,320**	**6,528**	**1,141**	**8,398**	**24,747**	**2,309**	**0**	**51,010**	**4,687**	**18,387**	**78,066**	**21,750**
Cost of revenues	0	2,237	0	800	3,783	225	0	9,421	814	3,037	13,065	4,350
Gross profit	2,320	4,291	1,141	7,598	20,964	2,084	0	41,589	3,873	15,350	65,001	17,400
Gross Margin	100%	66%	100%	90%	85%	90%	100%	82%	83%	83%	83%	80%
Operating Expenses:												
SG&A	3,433	3,339	4,184	3,474	4,537	4,635	5,112	7,000	17,367	14,430	21,284	16,000
R&D	51	54	259	206	153	334	330	350	391	570	1,167	1,400
Avira license fee						0	325	325			650	1,300
Total operating expenses	3,484	3,393	4,443	3,680	4,690	4,969	5,767	7,675	17,758	15,000	23,101	18,700
Operating Income	(1,164)	898	(3,302)	3,918	16,274	(2,885)	(5,767)	34,239	(13,885)	350	41,900	(1,300)
Other Income												
Change in fair value of warrant liability						-	1,530					
Gain on settlements	0	0	0	0	0	0	0	0	0	0	0	0
Other income	0	0	0	0	0	0	0	0	1,271	0	0	0
Interest income	1	0	0	0	0	0	0	0	12	1	0	0
Total other income	1	0	0	0	0	0	1,530	0	1,283	1	0	0
Pretax profit	(1,163)	898	(3,302)	3,918	16,274	(2,885)	(4,237)	34,239	(12,602)	351	41,900	(1,300)
Income taxes	-	-	-	-	324	(56)	-	-	0	0	268	0
Tax rate	0%	0%	0%	0%	2%	0%	0%	0%	0%	0%	1%	0%
Net Income	(1,163)	898	(3,302)	3,918	15,950	(2,829)	(4,237)	34,239	(12,602)	351	41,632	(1,300)
Accretion of Preferred Stock	-	(5,480)	(1,309)	0	-	(3,925)	-	-	-	(6,789)	(3,925)	-
Net inc. to common shareholders	(1,163)	(4,582)	(4,611)	3,918	15,950	(6,754)	(4,237)	34,239	(12,602)	(6,438)	37,707	(1,300)
Net Income Per Share:												
EPS	**($0.05)**	**($0.20)**	**($0.20)**	**$0.17**	**$0.69**	**($0.29)**	**($0.16)**	**$1.14**	**($0.56)**	**($0.28)**	$1.45	($0.04)
Diluted EPS	($0.05)	($0.20)	($0.20)	$0.17	$0.69	($0.29)	($0.16)	$1.14	($0.52)	($0.28)	**$1.45**	**($0.04)**
Avg Shares Outstanding	22,709	22,764	22,854	22,901	23,133	23,257	27,328	27,707	22,549	22,837	25,356	27,707
Diluted Shares	22,792	22,847	22,937	22,984	23,217	23,257	27,328	30,000	24,468	22,920	25,950	30,000
Stock-based Comp	142	311	229	190	209	210	222	222	766	872	872	872
Non-GAAP Income	(1,021)	(4,271)	(4,382)	4,108	16,159	(6,544)	(5,545)	34,461	(11,836)	(5,566)	38,579	(428)
Non-GAAP EPS	**($0.04)**	**($0.19)**	**($0.19)**	**$0.18**	**$0.70**	**($0.28)**	**($0.20)**	**$1.24**	**($0.52)**	**($0.24)**	**$1.49**	**($0.01)**

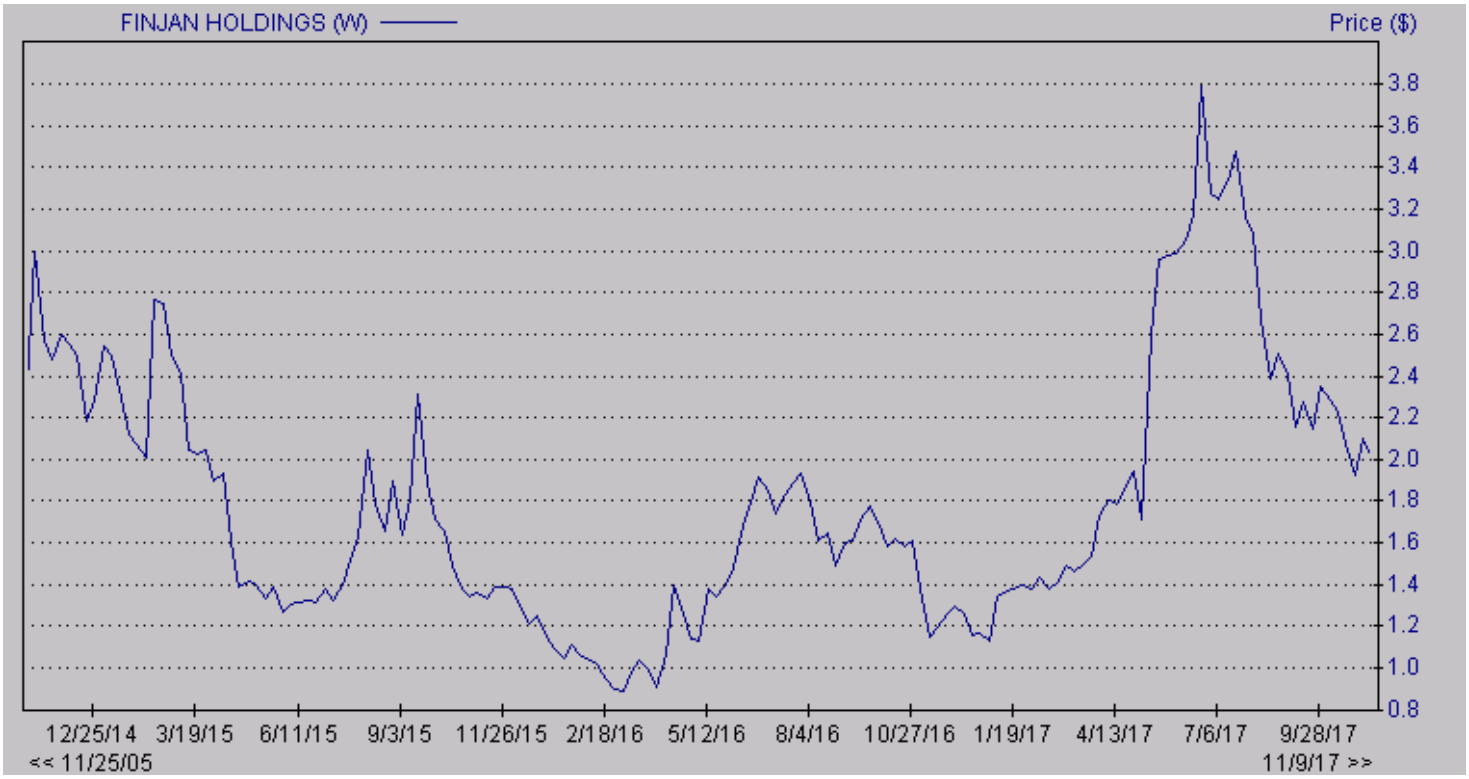
BALANCE SHEET

$ in Thousands	Sept 30, 2017	June 30, 2017	Qtr-Qtr % Change	Dec. 31, 2016	Sept-Dec % Change
Current assets:					
Cash and cash equivalents	$33,395	$39,884	-16%	$13,678	144%
Accounts receivable, net	-	9	-100%	1,066	-100%
Prepaid expenses and other current assets	543	412	32%	292	86%
Total current assets	33,938	40,305	-16%	15,036	126%
Property and equipment, net	167	178	-6%	203	-18%
Investments	2,618	2,618	0%	2,745	-5%
Intangible assets, net	8,279	0	NM	0	0%
Other long term assets	322	322	0%	321	0%
Total Assets	45,324	43,423	4%	18,305	148%
Current Liabilities:					
Accounts payable	2,831	3,558	-20%	1,858	52%
Accounts payable - related parties	13	25	-48%	88	-85%
Accrued expenses	504	367	37%	1,832	-72%
Accrued income taxes	241	241	0%	3	7933%
Warrant liability	1,783	3313	-46%	0	NM
Other current liabilities	1,000	35	2757%	33	2930%
Total current liabilities	6,372	7,539	-15%	3,814	67%
Other non-current liabilities	91	102	-11%	119	-24%
Other liabilities, non-current - patent	5,500	0	NM	0	0%
Total Liabilities	11,963	7,641	57%	3,933	204%
Series A Preferred Stock	0	0	0%	13,486	-100%
Series A-1 Preferred Stock	18,009	18,009	0%	0	NM
Stockholders' Equity					
Common stock	3	2	50%	2	50%
Additional paid-in capital	23,722	18,349	29%	18,140	31%
Retained earnings	(8,373)	(1,306)	541%	(17,256)	-51%
Total Stockholders' Equity	15,352	17,045	-10%	886	1633%
Total Liabilities & Stockholders' Equity	$45,324	$43,423	4%	$18,305	148%
Cash per share	$1.44	$1.71	-16%	$0.60	140%
Working Capital	$27,566	$32,766	-16%	$11,222	146%
Quick ratio	5.3	5.3	0%	3.9	35%
Debt/TA	40%	41%	-4%	74%	-46%

CASH FLOW

	Sept. 30, 2017	June 30, 2017	Mar. 31, 2017	2016 Year	Dec. 31, 2016	Sept. 30, 2016	Jun. 30, 2016	Mar. 31, 2016	2015 Year
Cash flows from operating activities:									
Net income	$ (4,237)	$ (2,830)	$ 15,950	$ 350	$ 3,916	$ (3,302)	$ 899	$ (1,163)	$ (12,602)
Adjustments to reconcile net loss to net cash used in operating activities:									
Gain on Investment	0	0	0	0	0	0	0	0	(1,271)
Depreciation and amortization	232	13	12	63	(40)	15	13	14	50
Change in fair value of warrant liability	(1,530)								
Loss on disposal of assets	0	0	0	0	0	0	0	0	34
Stock-based compensation	222	210	209	872	(764)	229	311	142	766
Changes in operating assets and liabilities:									
Accounts receivable	9	(7)	1,064	(1,066)	0	0	0	0	2,016
Inventories	0	0	0	0	0	0	0	0	0
Prepaid expenses and other current assets	(132)	(128)	8	30	(228)	4	95	38	(210)
Other long-term assets	1	(1)	0	4	(2)	(1)	1	0	(325)
Accrued expenses	137	(682)	(783)	1,382	(5,030)	(665)	2,517	(4)	(350)
Accounts payable	(727)	(1,445)	3,145	(362)	2,009	936	(985)	(39)	545
Accounts payable - related parties	(12)	2	(65)	71	2	(5)	(3)	4	(83)
Other assets	0	0	0	0	0	0	0	0	162
Other liabilities	(46)	(2)	(13)	(10)	25	(10)	3	(31)	0
Accrued income taxes	0	(86)	324	(6)	0	0	0	0	9
Total Adjustments	(770)	(2,349)	3,680	43	(3,224)	259	1,628	(32)	1,764
Net cash used in operating activities	(6,083)	(4,956)	19,851	1,328	(112)	(2,799)	2,851	(1,039)	1,343
Cash flows from investing activities:									
Purchase of intangible assets	(2,000)	0	0	0	0	0	0	0	0
Purchases of property and equipment	0	0	0	(9)	0	(9)	0	0	(275)
Proceeds from investment	0	0	127	0	0	0	0	0	826
Purchase of additional investment	0	0	0	(550)	500	(300)	(250)	0	(750)
Net cash provided by (used in) investing activities	(2,000)	0	127	(559)	500	(309)	(250)	0	(199)
Cash flows from financing activities									
Proceeds from common share offering	1,566	10,385	0	0	0	0	0	0	0
Proceeds for sale of Preferred A-1, net	0	14,375	0	0	0	0	0	0	0
Proceeds for sale of Preferred A, net	0	0	0	9,490	(18,980)	0	9,490	0	0
Redemption Series A Preferred shares	0	(6,555)	(7,222)	(2,793)	0	(2,593)	0	0	0
Proceeds from exercise of stock options	28	201	0	111	(152)	35	76	0	54
Net cash provided by financing activities	1,594	18,406	(7,222)	6,808	(19,132)	(2,558)	9,566	0	54
Net decrease in cash and cash equivalents	(6,489)	13,450	12,756	7,577	(18,744)	(5,666)	12,167	(1,039)	1,198
Cash and cash equivalents - beginning	39,884	17,229	(13,678)	6,101	11,563	17,229	5,062	6,101	4,903
Cash and cash equivalents - ending	33,395	39,884	17,229	13,678	13,678	11,563	17,229	5,062	6,101

HISTORICAL STOCK PRICE



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