

US Equity Research

8 January 2015

BUY

unchanged

PRICE TARGET US\$12.00

unchanged

Price (8-Jan) US\$4.99

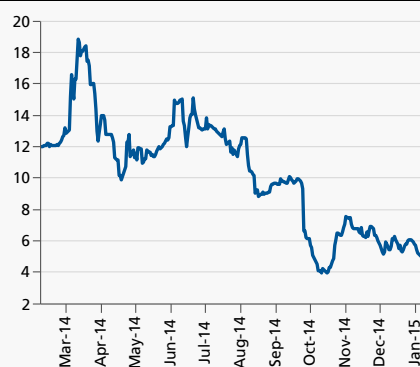
Ticker EGLT-NASDAQ

52-Week Range (US\$): 3.81 - 19.85
 Avg Daily Vol (M) : 54.6
 Shares Out. (M) : 17.3
 Market Cap (US\$M): 86.2

FYE Dec	2013A	2014E	2015E
Sales (US\$M)	0.0	1.1	10.3↑
previous	-	-	0.0
EPS Adj&Dil (US\$)	(1.45)	(3.18)	(1.34)↑
previous	-	-	(2.03)

Quarterly Sales	Q1	Q2	Q3	Q4
2013A	0.0	0.0	0.0	0.0
2014E	0.3A	0.5A	0.3A	0.0
2015E	0.0	0.0	2.9	7.3

Quarterly EPS Adj&Dil	Q1	Q2	Q3	Q4
2013A	(2.12)	(2.28)	(4.34)	(0.67)
2014E	(1.34)A	(0.73)A	(0.63)A	(0.69)
2015E	(0.50)	(0.51)	(0.25)	(0.08)



Source: FactSet

Egalet is a specialty pharma company focused on developing abuse-deterrent formulated drugs, including opioids.

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Change in Earnings Forecast

EGLT acquires two new pain products for incremental gain, diversification of pipeline positive

In-licensing adds commercial pain products to diversify EGLT's pipeline

EGLT acquired abuse deterrent Oxaydo (immediate release oxycodone) and intranasal Sprix (Ketorolac) to build a robust and diversified pain pipeline, which we believe complements well with its current abuse deterrent ER morphine (EGLT-001) and ER oxycodone (EGLT-002) in pivotal trials. The company plans on a Q3/15 launch for Oxaydo with a 50-60 person sales force, and Sprix by Q1/15, which we believe can add incremental sales revenue to the company. We remind investors that although the prior launch of Oxaydo by Acura/Pfizer may have been more modest than expected, the sales effort may have been moderate given the product was acquired via the King acquisition. We expect Egalet to devote a focused effort to the product's re-launch.

Oxaydo potential to penetrate ~\$800M oxycodone IR market

We believe Oxaydo can capture significant share of the ~\$800M oxycodone immediate release market, based on deep dive analysis from IMS prescription data and current Oxaydo price. We estimate ~\$153M peak sales by 2022, assuming a conservative 3-7% share of the oxycodone landscape based on drug strength. Our \$800M estimate is based on branded pricing for Oxaydo, which we estimate at \$292.

Sprix can peak at ~\$43M in Ketorolac market despite generic dominance

We believe Sprix can achieve peak sales of ~\$43M in the Ketorolac market, based on taking shares of the generic landscape (see body for detailed revenue build). We believe that physicians, including hospitals, may find the intranasal formulation favorable compared to the IV/IM injections currently used.

Maintain \$12 PT, BUY rating

We maintain our \$12 PT and BUY rating for EGLT, as we look forward to the initiation of phase 3 EGLT-001 trial by Q1/15, category 3 abuse deterrent results for EGLT-002 head to head vs Purdue by mid 2015, which we view as significant catalysts for the stock.

Figure 1: Oxaydo Revenue Build

Oxaydo revenue build (\$000's)	Mar-15E	Jun-15E	Sep-15E	Dec-15E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Generic market															
Total Generic Retail Prescriptions 5 mg	5,750,826	5,808,334	5,866,417	5,925,081	5,837,664	5,896,041	5,955,002	6,014,552	6,074,697	6,135,444	6,196,798	6,258,766	6,321,354	6,384,568	6,448,413
% Growth QoQ	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Total Generic Retail Prescriptions 10 mg	761,393	744,668	727,944	711,219	2,961,948	2,991,568	3,021,484	3,051,698	3,082,215	3,113,037	3,144,168	3,175,610	3,207,366	3,239,439	3,271,834
% Growth QoQ	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Total Generic Retail Prescriptions 15 mg	936,245	945,607	955,063	964,614	3,651,740	3,688,257	3,725,140	3,762,391	3,800,015	3,838,015	3,876,395	3,915,159	3,954,311	3,993,854	4,033,793
% Growth QoQ	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Total Generic Retail Prescriptions 20 mg	187,332	181,999	176,666	171,333	722,662	729,888	737,187	744,559	752,005	759,525	767,120	774,791	782,539	790,364	798,268
% Growth QoQ	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Total Generic Retail Prescriptions 30 mg	1,033,799	1,033,728	1,033,657	1,033,586	4,134,841	4,176,190	4,217,952	4,260,131	4,302,733	4,345,760	4,389,217	4,433,110	4,477,441	4,522,215	4,567,437
% Growth QoQ	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Total Market Generic - TRx	2,918,768	2,906,002	2,893,330	2,880,752	11,471,191	11,585,903	11,701,762	11,818,780	11,936,968	12,056,337	12,176,901	12,298,670	12,421,656	12,545,873	12,671,332
Branded market															
Total Branded Retail Prescriptions 5 mg	49	49	50	50	50	50	51	51	52	52	53	53	54	54	55
% Growth QoQ	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Total Branded Retail Prescriptions 15 mg	1,316	1,329	1,342	1,356	5,432	5,486	5,541	5,596	5,652	5,709	5,766	5,823	5,882	5,941	6,000
% Growth QoQ	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Total Branded Retail Prescriptions 30 mg	2,821	2,849	2,877	2,906	11,940	12,059	12,180	12,302	12,425	12,549	12,674	12,801	12,929	13,058	13,189
% Growth QoQ	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Total Market Brand - TRx	4,185	4,227	4,270	4,312	17,421	17,595	17,771	17,949	18,129	18,310	18,493	18,678	18,865	19,053	19,244
% Oxaydo share Generics															
5 mg %			0.01%	0.03%	0.02%	0.23%	1.23%	1.93%	2.43%	2.63%	3.13%	3.33%	3.53%	3.00%	0.60%
10 mg %			0.01%	0.04%	0.03%	0.24%	1.94%	3.04%	3.74%	4.44%	5.14%	5.84%	6.54%	5.00%	1.00%
15 mg %			0.00%	0.00%	0.00%	1.00%	2.00%	2.20%	2.40%	2.90%	3.30%	3.50%	3.70%	3.00%	0.60%
20 mg %			0.00%	0.00%	0.00%	0.40%	1.40%	2.10%	7.10%	7.30%	7.50%	7.70%	7.90%	7.00%	1.40%
30 mg %			0.00%	0.00%	0.00%	0.20%	1.00%	1.20%	1.90%	2.60%	3.30%	4.00%	4.70%	4.00%	0.80%
Total Oxaydo prescriptions from generic TRx			659	2,062	2,721	68,895	258,866	358,382	489,235	579,319	685,869	767,886	851,475	709,539	143,327
% Oxaydo share Branded															
5 mg %			10%	12%	11%	11%	14%	14%	19%	19%	24%	24%	24%	24%	24%
15 mg %			10%	12%	11%	11%	14%	14%	17%	17%	20%	20%	20%	20%	20%
30 mg %			5%	7%	6%	6%	8%	8%	8%	8%	8%	8%	8%	8%	8%
Total Oxaydo prescriptions from branded TRx			283	372	655	1,333	1,757	1,775	1,965	1,984	2,180	2,202	2,224	2,246	2,268
Total Oxaydo branded and generic prescriptions			943	2,434	3,377	70,228	260,623	360,157	491,199	581,303	688,049	770,088	853,699	711,785	145,595
Cost Per Oxaydo Prescription (100 tablets)			\$ 292	\$ 292	\$ 292	\$ 301	\$ 310	\$ 319	\$ 329	\$ 339	\$ 349	\$ 359	\$ 370	\$ 381	\$ 393
Adherence			65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%
Total Oxaydo Demand			\$ 179	\$ 462	\$ 641	\$ 13,738	\$ 52,515	\$ 74,748	\$ 105,003	\$ 127,992	\$ 156,040	\$ 179,885	\$ 205,398	\$ 176,391	\$ 37,163
Discounts and rebates			(27)	(69)	(96)	(2,061)	(7,877)	(11,212)	(15,750)	(19,199)	(23,406)	(26,983)	(30,810)	(26,459)	(5,574)
Inventory build / draw down															
Oxaydo total Revenue			\$ 152	\$ 393	\$ 545	\$ 11,678	\$ 44,638	\$ 63,535	\$ 89,252	\$ 108,793	\$ 132,634	\$ 152,902	\$ 174,588	\$ 149,933	\$ 31,589

Source: Canaccord Genuity Estimates

Figure 2: Sprix Revenue Build

Sprx revenue build (\$000's)	Mar-15E	Jun-15E	Sep-15E	Dec-15E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Generic market															
Total Generic Retail Prescriptions 10 mg	1,383,279	1,397,112	1,411,083	1,425,194	1,404,167	1,418,209	1,432,391	1,446,715	1,461,182	1,475,794	1,490,552	1,505,457	1,520,512	1,535,717	1,551,074
% Growth QoQ	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Total Generic Retail Prescriptions 15 mg	337	335	332	330	1,336	1,349	1,362	1,376	1,390	1,404	1,418	1,432	1,446	1,461	1,475
% Growth QoQ	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Total Generic Retail Prescriptions 30 mg	10,558	10,664	10,770	10,878	40,871	41,280	41,693	42,110	42,531	42,956	43,386	43,819	44,258	44,700	45,147
% Growth QoQ	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Total Generic Retail Prescriptions 60 mg	11,926	11,787	11,648	11,509	47,010	47,480	47,955	48,434	48,919	49,408	49,902	50,401	50,905	51,414	51,928
% Growth QoQ	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Total Market - TRx	22,821	22,785	1,433,834	22,717	89,217	90,109	91,010	91,920	92,839	93,768	94,705	95,652	96,609	97,575	98,551
Branded market															
Total Branded Retail Prescriptions 10 mg	28	28	28	28	28	28	29	29	29	29	30	30	30	31	31
% Growth QoQ	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Total Branded Retail Prescriptions 15 mg	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
% Growth QoQ	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Total Branded Retail Prescriptions 30 mg	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
% Growth QoQ	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Total Branded Retail Prescriptions 60 mg	2	4	6	8	17	17	18	18	18	18	18	18	19	19	19
% Growth QoQ	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
% Sprx share Generics															
10 mg %			2.00%	5.00%	5.00%	10.00%	20.00%	25.00%	26.00%	5.20%	4.94%	4.69%	4.46%	4.24%	4.02%
15 mg %			3.00%	5.00%	5.00%	8.00%	15.00%	20.00%	21.00%	4.20%	3.99%	3.79%	3.60%	3.42%	3.25%
30 mg %			5.00%	10.00%	10.00%	20.00%	30.00%	35.00%	36.00%	7.20%	6.84%	6.50%	6.17%	5.86%	5.57%
60 mg %			5.00%	10.00%	10.00%	20.00%	30.00%	25.00%	26.00%	5.20%	4.94%	4.69%	4.46%	4.24%	4.02%
Total Sprx prescriptions from generic TRx			29,353	73,515	79,063	159,681	313,577	388,801	408,229	82,462	79,123	75,918	72,843	69,893	67,063
% sprx share Branded															
5 mg %			10%	12%	11%	11%	14%	20%	25%	5%	5%	5%	4%	4%	4%
15 mg %			10%	12%	11%	11%	14%	14%	17%	3%	3%	3%	3%	3%	3%
30 mg %			5%	7%	6%	6%	8%	15%	15%	3%	3%	3%	3%	2%	2%
60 mg %			0%	0%	0%	0%	3%	5%	15%	3%	3%	3%	3%	2%	2%
Total Sprx Branded prescriptions			2,81	3	3	3	4	6	7	1	1	1	1	1	1
Total Sprx branded and generic prescriptions			29,355	73,518	79,066	159,684	313,581	388,807	408,236	82,464	79,124	75,919	72,845	69,895	67,064
Cost Per Sprx Prescription (1 pack)			\$ 185	\$ 185	\$ 185	\$ 191	\$ 196	\$ 202	\$ 208	\$ 214	\$ 221	\$ 228	\$ 234	\$ 241	\$ 249
Adherence			60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
Total sprx Demand			\$ 3,258	\$ 8,161	\$ 11,419	\$ 18,257	\$ 36,927	\$ 47,159	\$ 51,002	\$ 10,611	\$ 10,487	\$ 10,364	\$ 10,243	\$ 10,123	\$ 10,004
Discounts and rebates			(489)	(1,224)	(1,713)	(2,738)	(5,539)	(7,074)	(7,650)	(1,592)	(1,573)	(1,555)	(1,536)	(1,518)	(1,501)
Inventory build / draw down															
Sprx total Revenue			\$ 2,770	\$ 6,936	\$ 9,706	\$ 15,518	\$ 31,388	\$ 40,085	\$ 43,351	\$ 9,020	\$ 8,914	\$ 8,810	\$ 8,706	\$ 8,604	\$ 8,504

Source: Canaccord Genuity Estimates

Figure 3: EGLT income statement

Income Statement (\$000's)	2013A	Mar-14A	Jun-14A	Sep-14A	Dec-14E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E
Total revenues	0	256	490	346	-	1,092	10,251	27,196	141,520	255,136	454,150	588,229	774,159
Cost of goods sold								4,079	19,813	33,168	59,040	70,587	92,899
Gross profit	0	256	490	346	-	1,092	8,714	23,117	121,707	221,968	395,111	517,642	681,260
Operating expenses													
Research & development													
Egalet-001	1,187	1,800	2,100	1,696	2,000	7,596	9,282	9,746	9,259	7,407	7,407	7,407	7,407
Egalet-002	371	48	3,400	3,400	3,600	10,448	12,000	1,800	900	900	900	900	900
Other Clinical and Preclinical Milestones	1,288	567	1,489	1,250	1,250	4,556	5,000	5,500	7,076	31,892	56,769	73,529	96,770
Personnel Related	1,431	365	372		7	1,503	1,578	1,735	2,083	2,499	2,999	3,599	4,318
R&D	6,280	2,780	7,361	6,346	6,857	24,103	27,860	18,782	19,317	42,698	68,075	85,434	109,395
						23,344			15,567	30,616	68,123	94,117	123,865
Egalet-001							5,625	16,500	17,160	17,846	18,560	19,303	20,075
Egalet-002									37,500	43,125	49,594	57,033	65,588
Sales							16,500	17,325	18,191	20,465	28,651	32,233	36,262
General & administrative	4,873	3,269	4,728	4,194	4,507	8,000	8,900	9,790	11,748	14,685	18,356	22,945	27,534
SG&A	4,873	3,269	4,728	4,194	4,507	8,000	31,025	43,615	84,599	96,122	115,161	131,513	149,459
						16,698			28,304	89,298	158,953	205,880	123,865
Total expenses	11,153	6,049	12,089	10,540	11,364	32,103	58,885	62,397	103,917	138,820	183,236	216,948	258,854
Depreciation & amortization		242	336	430	524	1,532		5,309	6,874	7,674	7,420	8,571	9,000
EBITDA	(11,153)	(5,551)	(11,263)	(9,764)	(10,840)	(37,418)	(25,546)	(33,971)	24,665	90,823	219,294	309,265	431,406
Operating income	(11,153)	(5,793)	(11,599)	(10,194)	(11,364)	(38,950)	(25,546)	(39,280)	17,790	83,149	211,875	300,694	422,406
Interest income			4	5									
Interest expense	8,842	(7,092)	-	-	-	(7,092)	(735)	(588)	(294)	(74)	-	-	-
Other expense / (income), net	190			46	50	96	200	200	200	200	200	200	200
Interest & other	9,032	(7,092)	4	51	50	(6,996)	(535)	(388)	(94)	127	200	200	200
Gain on foreign currency exchange		4	(40)										
Pre-tax income		(12,881)	(11,635)	(10,143)	(11,314)	(45,973)	(26,081)	(39,668)	17,696	83,275	212,075	300,894	422,606
Taxes	22	35	16	35			-	-	6,617	30,718	78,320	111,183	156,216
Tax rate							37%	37%	37%	37%	37%	37%	37%
Net income - GAAP	(20,207)	(12,916)	(11,651)	(10,178)	(11,314)	(46,059)	(26,081)	(39,668)	11,079	52,557	133,755	189,711	266,390
GAAP EPS	(\$1.45)	(\$1.34)	(\$0.73)	(\$0.63)	(\$0.69)	(\$3.18)	(\$1.34)	(\$1.81)	\$0.45	\$1.95	\$4.78	\$6.52	\$8.81
Adjusted EPS excl. options expense	(\$1.45)	(\$1.34)	(\$0.73)	(\$0.63)	(\$0.69)	(\$3.18)	(\$1.34)	(\$1.81)	\$0.45	\$1.95	\$4.78	\$6.52	\$8.81
Diluted shares outstanding	13,902	9,638	15,888	16,207	16,288	14,505	19,515	21,972	24,411	26,888	27,963	29,082	30,245
Pro Forma Shares													

Source: Canaccord Genuity Estimates

Figure 4: EGLT cash flow statement

Cash Flows Statement	2013A	Mar-14A	Jun-14A	Sep-14A	Dec-14A	2014E	Mar-15E	Jun-15E	Sep-15E	Dec-15E	2015E	2016E	2017E	2018E	2019E	2020E
Net Income (loss)	(20,207)	(12,916)	(11,651)	(10,178)	(11,314)	(46,059)	(9,657)	(9,954)	(4,888)	(1,581)	(26,081)	(39,668)	11,079	52,557	133,755	189,711
D&A	462	242	336	430	524	1,532	617	711	805	899	3,032	5,309	6,874	7,674	7,420	8,571
Loss on Asset Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-off of related party receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortization of beneficial conversion feature and deferred financing fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Noncash Interest	4,263	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Related Party Receivable	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid Expenses	(1,147)	700	(32)	(1,380)	(444)	(1,155)	(844)	(944)	(1,044)	(1,144)	(3,974)	(4,218)	(5,272)	(6,590)	(8,237)	(10,297)
Other Receivables	(59)	-	1	(1)	(12)	(12)	(12)	(13)	(13)	(14)	(52)	(29)	(32)	(36)	(39)	(43)
Other Current Assets	(75)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other assets	(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts Payable	97	332	1,129	(1,461)	-	-	200	200	200	200	800	369	443	532	638	766
Accrued Expenses	41	(1,075)	871	204	-	-	-	100	100	100	300	411	493	592	710	852
Other Current Liabilities	90	25	(6)	(74)	107	52	-	-	-	-	-	-	-	-	-	-
Deferred Revenue	-	(9,598)	-	(496)	(55)	(10,149)	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Flow From Operating Activities	(16,535)	(22,290)	(9,352)	(12,956)	(11,193)	(55,790)	(9,695)	(9,900)	(4,840)	(1,540)	(25,975)	(37,826)	13,586	54,729	134,246	189,561
Purchase of PP&E	-	(1,500)	(1,500)	(1,500)	(1,500)	(6,000)	(1,500)	(1,500)	(1,500)	(1,500)	(6,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)
Proceeds from the sale of property and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Flow From Investing Activities	(1,322)	(1,500)	(1,500)	(1,500)	(1,500)	(6,000)	(1,500)	(1,500)	(1,500)	(1,500)	(6,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)
Proceeds from Issuance of Common Stock	-	56,000	-	-	-	56,000	49,500	-	-	-	49,500	31,000	40,000	-	-	-
Proceeds from Issuance of debt	-	-	-	15,000	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from Issuance of convertible debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of debt	-	-	-	-	-	-	-	-	-	-	-	(6,000)	(6,000)	(3,000)	-	-
Repayment of lease financing Obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment of deferred financing fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment of Lender Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from Sale of Series B Preferred	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Flow From Financing Activities	14,902	56,000	-	15,000	-	56,000	49,500	-	-	-	49,500	25,000	34,000	(3,000)	-	-
Effect of Foreign Currency Translation	360	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase in Cash and Cash Equivalents	(2,595)	32,210	(10,852)	544	(12,693)	(5,790)	38,305	(11,400)	(6,340)	(3,040)	17,525	(24,826)	35,586	39,729	122,246	177,561
Cash and CE at beg of period	3,404	809	33,019	22,167	22,712	809	(4,981)	33,323	21,924	15,583	(4,981)	12,543	(12,283)	23,303	63,032	185,278
Cash and CE at end of period	809	33,019	22,167	22,712	10,019	(4,981)	33,323	21,924	15,583	12,543	12,543	(12,283)	23,303	63,032	185,278	362,839

Source: Canaccord Genuity Estimates

Figure 5: EGLT balance sheet

Balance Sheet																
	2013E	Mar-14E	Jun-14E	Sep-14E	Dec-14E	2014E	Mar-15E	Jun-15E	Sep-15E	Dec-15E	2015E	2016E	2017E	2018E	2019E	2020E
Assets																
Cash and Cash Equivalents	15,700	77,450	69,259	15,700	10,019	(4,981)	33,323	21,924	15,583	12,543	12,543	(12,283)	23,303	63,032	185,278	362,839
Related Party Receivable	-	141	345		32	32	32	32	32	32	32					
Accounts Receivable																
Prepaid Expenses	1,812	659	526	1,774	1,774	1,774	2,174	2,574	2,974	3,374	3,374	4,218	5,272	6,590	8,237	10,297
Other Receivables	231	231	230	231	243	243	255	267	281	295	295	324	357	392	432	475
Other Current Assets																
Total Current Assets	17,743	78,481	70,360	17,705	12,067	(2,933)	35,784	24,797	18,870	16,244	16,244	(7,741)	28,931	70,014	193,947	373,610
Property and Equipment, net	2,378	2,292	2,476	2,378	3,354	3,354	4,237	5,026	5,721	6,322	6,322	13,014	18,139	22,465	27,045	30,474
Intangible Assets	209	209	208	209	209	209	272	272	272	272	272	400	400	400	400	400
Deposits and Other Assets	33	182	2,087	71	27	27	27	27	27	27	27	27	27	27	27	27
Total Long-term Assets	2,620	2,683	4,771	2,658	3,590	3,590	4,536	5,325	6,020	6,621	6,621	13,441	18,566	22,892	27,472	30,901
Total Assets	20,363	81,164	75,131	20,363	15,657	657	40,320	30,122	24,890	22,865	22,865	5,699	47,497	92,906	221,419	404,511
Liabilities																
Related Party Senior Convertible debt, net	17,209	-		17,209		-					-					
Related Party Subordinated Convertible debt, net	-	-				-					-					
Accounts Payable	1,046	1,378	2,507	1,046	1,046	1,046	1,246	1,446	1,646	1,846	1,846	2,215	2,658	3,190	3,828	4,593
Accrued Expenses	1,755	680	1,551	1,755	1,755	1,755	1,755	1,855	1,955	2,055	2,055	2,466	2,959	3,551	4,261	5,113
Other Current Liabilities	55	80	74		107	107	107	107	107	107	107	107	107	107	107	107
Deferred Revenue	10,149	551	551	55		-					-					
Total Current Liabilities	30,214	2,689	4,683	20,065	2,908	2,908	3,108	3,408	3,708	4,008	4,008	4,788	5,724	6,848	8,196	9,814
Deferred revenue - non-current portion		9,334	9,188	10,149												
Deferred Income Tax Liabilities	22	21	22	22												
Total Long-term Liabilities	22	9,355	9,210	10,171	-	-	-	-	-	-	-	-	-	-	-	-
Convertible Preferred Shares																
Convertible Series A-1 Preferred		-	-	1,443	-		-	-	-	-						
Convertible Series A-2 Preferred		-	-	770	-		-	-	-	-						
Convertible Series B Preferred		-	-	12,628	-		-	-	-	-						
Convertible Series B-1 Preferred		-	-	116	-		-	-	-	-						
Total Convertible Preferred Shares	-	-	-	14,957	-	-	-	-	-	-	-	-	-	-	-	-
Per Value of Stock		170	17	13												
Additional Paid-In Capital		114,036	118,017	7,431	-		49,500	-	-	-		31,000	40,000	-	-	-
Accumulated other comprehensive income		1,229	1,176	1,125												
Deficit Accumulated	(33,399)	(46,315)	-	-	12,749	(2,251)	(12,288)	26,714	21,182	18,857	18,857	(30,089)	1,773	86,058	213,223	394,697
Shareholders Equity	(24,830)	68,120	61,238	(24,830)	-	-	49,500	-	-	-	-	31,000	40,000	-	-	-
Total Long-term Liabilities and Shareholders Equity	20,363	81,164	75,131	20,363	2,908	2,908	52,608	3,408	3,708	4,008	4,008	35,788	45,724	6,848	8,196	9,814

Source: Canaccord Genuity Estimates

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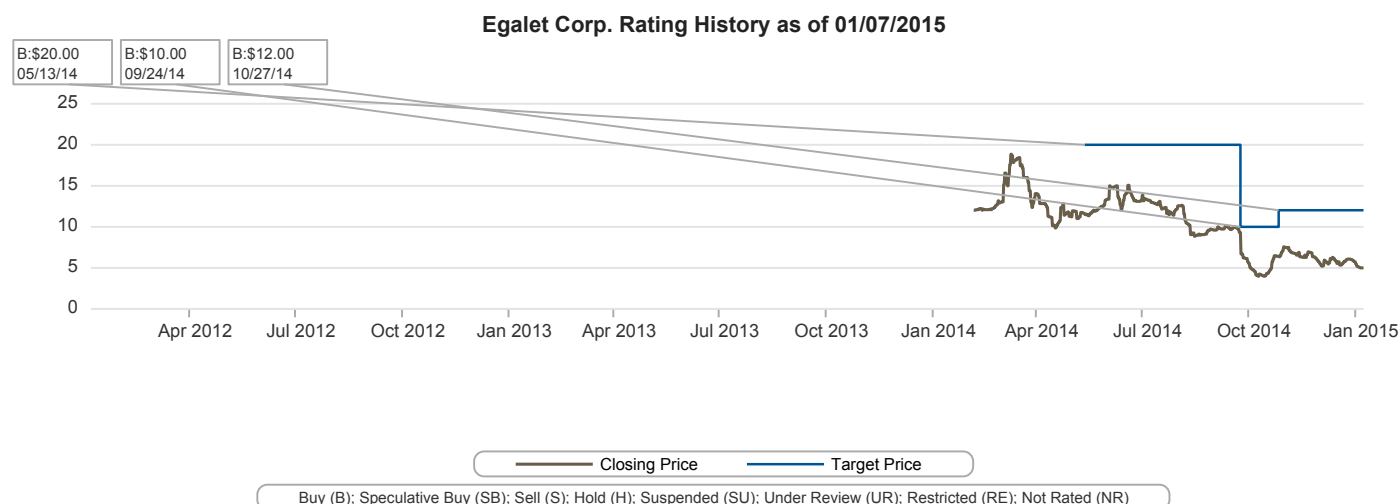
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