



AutoWeb Inc.

Reports Q2. Company to be acquired for \$0.39/share. Lowering Rating to HOLD from BUY and P/T to \$0.39.

COMPANY UPDATE

Rating: HOLD
(from BUY)

Ticker: AUTO

Price: \$0.39
(intraday)

Target: \$0.39
(from \$1.25)

Q2 mixed: AutoWeb recently (on August 11) reported its fiscal Q2 2022 (ending June) results. Due to its pending acquisition, the company did not hold an earnings conference call to discuss its results. Revenue was \$17 million (-8% y-o-y), compared to our and consensus estimates of \$16 million. EPS was \$(0.33), compared to our and consensus estimates of \$(0.11). There was no Q2 guidance.

Car inventory shortages continues to weigh: When many car dealers shut down due to the pandemic early on, AutoWeb's lead generation declined late in Q1 2020 and early in Q2. However, since April 2020's low there has been modest improvements each month since as dealers began to open back up and customers demand for cars improving back to normal demand levels. However, car dealer inventory are still much lower than normal due to reduced auto production earlier in 2020 due to the pandemic, and now chips and component shortages, along with high used car wholesale prices. These issues have gotten progressively worse through 2021 and into 2022 and the outlook is for continued inventory shortages well into 2023. Lower car inventory has reduced demand for AutoWeb's lead generation products and for its car advertising to consumers.

Strategic alternatives review: As a result of the company's weak cash and liquidity position and weak results, the company has just decided in May to explore strategic alternatives for the company, which may include new capital, a sale of the company, or bankruptcy reorganization among many different options.

To be acquired for \$0.39/share: In July, the company announced that it will be acquired for \$0.39/share by One Planet Group, LLC., whose CEO Payam Zamani was one of the founders of AutoWeb. The merger is expected to close by September 16, 2022.

Company expects to run out of cash in September: Management once again declined to provide any specific forward guidance, but did state that it expects that it will "exhaust" its cash in September.

Adjusting estimates: We are lowering our 2022 estimates for revenue to \$65 million, from \$69 million, and for EPS to \$(0.85) from \$(0.58).

Outlook hazy: The large near term pressures (from low car inventory, coronavirus, SEM, its investments, volatile industry trends, and competition) has significantly negatively impacted the company's recent results and makes its valuation difficult.

Acquisition likely best option: We believe due to weak results and poor liquidity, the best option for the company is to be acquired by One Planet Group for \$0.39/share. As there are no other options and that the company is running out of cash soon and the current trading price is at the acquisition price, we are lowering our rating to HOLD from BUY for AutoWeb.

Lowering rating to HOLD and P/T to \$0.39: We are lowering our rating to HOLD from BUY, and our 12-month price target to \$0.39 from \$1.25, which reflects the acquisition offer price.

Company Description

Based in Tampa, FL, AutoWeb is an Internet-based automotive marketing services company generating online lead generation and advertising.

United States
Internet Software and Services

August 22, 2022

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Stock Data

Exchange:	NasdaqCM
52-week Range:	\$0.29 – 4.35
Shares Outstanding (million):	13
Market cap (\$million):	\$5
EV (\$million):	\$7
Debt (\$million):	\$5
Cash (\$million):	\$3
Avg. Daily Trading Vol. (\$million):	\$0.1
Float (million shares):	10
Short Interest (million shares):	0.1
Dividend, annual (yield):	\$0 (NA%)

Revenues (US\$ million)

	<u>2022E</u> (Cur.)	<u>2022E</u> (Old)	<u>2023E</u> (Cur.)	<u>2023E</u> (Old)
Q1 Mar	19A		14E	17E
Q2 Jun	17A	16E	15E	17E
Q3 Sep	14E	16E	16E	20E
Q4 Dec	15E	18E	18E	23E
Total	65E	69E	62E	78E
EV/Revs	0.1x		0.1x	

Earnings per Share (pro forma)

	<u>2022E</u> (Cur.)	<u>2022E</u> (Old)	<u>2023E</u> (Cur.)	<u>2023E</u> (Old)
Q1 Mar	(0.32)A		(0.08)E	(0.06)E
Q2 Jun	(0.33)A	(0.11)E	(0.09)E	(0.05)E
Q3 Sep	(0.08)E	(0.06)E	(0.09)E	(0.06)E
Q4 Dec	(0.12)E	(0.08)E	(0.10)E	(0.06)E
Total	(0.85)E	(0.58)E	(0.37)E	(0.23)E
P/E	N/A		N/A	

Important Disclosures

Ascendant Capital Markets LLC seeks to do business with companies covered by its research team. Consequently, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making an investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report, beginning on page 7.

OVERVIEW

- AutoWeb recently (on August 11) reported its fiscal Q2 2022 (ending June) results. Due to its pending acquisition, the company did not hold an earnings conference call to discuss its results.
- Revenue was \$17 million (-8% y-o-y), compared to our and consensus estimates of \$16 million.
- EPS was \$(0.33), compared to our and consensus estimates of \$(0.11).
- There was no Q2 guidance.
- Management once again declined to provide any specific forward guidance, but did state that it expects that it will “exhaust” its cash in September.
- We are lowering our 2022 estimates for revenue to \$65 million, from \$69 million, and for EPS to \$(0.85) from \$(0.58).
- We are lowering our 2023 estimates for revenue to \$62 million, from \$78 million, and for EPS to \$(0.37) from \$(0.23).

ADDITIONAL DETAILS

- Gross profit for the quarter was \$4 million, compared with our estimate of \$4 million.
- Gross margin for the quarter was 21%, versus our expectation of 28% and 35% last year.
- Operating expenses were \$8 million, versus our expectation of \$6 million.
- Operating loss was \$4.2 million, versus our expectation of a loss of \$1.9 million.
- Net loss was \$4.4 million, versus our expectation of a loss of \$1.5 million.

- In August 2021, AutoWeb acquired the assets of vehicle acquisition company CarZeus for \$400K in cash. CarZeus is a San Antonio, Texas-based used vehicle acquisition platform that purchases vehicles directly from consumers and resells them through wholesale channels. AutoWeb bought CarZeus to expand its matchmaking capabilities. CarZeus founder Phil Kandra will continue to run CarZeus. Due to its weak results and low cash levels and pursuit of strategic alternatives, the company has just in May suspended its CarZeus operations.
- As a result of the company’s weak cash and liquidity position and weak results, the company has just in May decided to explore strategic alternatives for the company, which may include new capital, a sale of the company, or bankruptcy reorganization among many different options.
- On July 25, the company announced that it will be acquired for \$0.39/share by One Planet Group, LLC., whose CEO Payam Zamani was one of the founders of AutoWeb. The merger is expected to close by September 16, 2022.

The company’s balance sheet had \$3 million in cash and \$5 million in debt, compared with \$8 million in cash and \$9 million in debt at the end of March.

Exhibit 1: AutoWeb's Stock Price (Five Years)



Source: <https://bigcharts.marketwatch.com/>

Exhibit 2: Consensus Expectations (as of August 11, 2022)

	Revenue (mils)			EPS	
	2022E	2023E		2022E	2023E
Q1 Mar	\$19A		Q1 Mar	\$(0.32)A	
Q2 Jun	\$16E		Q2 Jun	\$(0.11)E	
Q3 Sep	\$16E		Q3 Sep	\$(0.06)E	
Q4 Dec			Q4 Dec		
Total	\$68E	\$73E	Total	\$(0.58)E	\$(0.23)E

*Quarterly estimates may not add to annual estimates due to variations in contributing estimates and rounding.

Source: Company report, Refinitiv, and Ascendant Capital Markets estimates

FINANCIAL MODEL

AutoWeb Inc.

Income Statement (\$ mils)	Mar-20	Jun-20	Sep-20	Dec-20	2020	Mar-21	Jun-21	Sep-21	Dec-21	2021	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Total Revenue	24.5	17.0	17.8	17.3	76.6	17.9	18.7	17.2	17.8	71.6	19.1	17.2	13.7	15.2	65.1	13.8	14.9	15.6	17.7	62.0
Cost of Revenues	19.1	11.0	11.4	11.4	52.9	12.1	12.2	12.7	14.3	51.3	15.2	13.5	9.6	10.6	48.9	9.7	10.4	10.9	12.4	43.4
Gross Profit	5.4	6.0	6.4	5.9	23.7	5.8	6.6	4.4	3.5	20.3	3.9	3.7	4.1	4.5	16.3	4.2	4.5	4.7	5.3	18.6
Sales and marketing	2.1	2.0	1.9	2.1	8.2	2.2	2.1	2.5	2.4	9.2	2.7	2.3	1.6	2.3	8.9	1.8	1.9	2.0	2.3	8.1
Research and development	1.9	1.8	1.5	1.5	6.6	1.4	1.3	1.4	1.6	5.6	1.5	1.7	1.0	1.1	5.3	0.8	0.9	0.9	1.1	3.7
General and administrative	3.9	2.9	3.1	2.8	12.7	3.1	3.1	3.3	1.8	11.3	3.6	3.8	2.7	3.0	13.1	2.8	3.0	3.1	3.5	12.4
Depreciation and amortization	0.7	0.6	0.2	0.2	1.7	0.2	0.2	0.2	0.1	0.7	0.1	0.1	0.3	0.3	0.7	0.3	0.3	0.3	0.3	1.2
Restructuring, litigation, and other					0.0					0.0					0.0					0.0
Total operating expenses	8.7	7.3	6.7	6.6	29.2	6.9	6.7	7.3	5.9	26.8	7.8	7.9	5.7	6.7	28.0	5.7	6.1	6.4	7.2	25.4
Operating income (loss)	(3.3)	(1.2)	(0.3)	(0.7)	(5.5)	(1.1)	(0.1)	(2.9)	(2.4)	(6.5)	(3.9)	(4.2)	(1.5)	(2.1)	(11.8)	(1.5)	(1.6)	(1.7)	(1.9)	(6.8)
Interest income (expense)	(0.8)	(0.1)	(0.2)	(0.2)	(1.4)	(0.3)	(0.2)	(0.3)	(0.3)	(1.0)	(0.3)	(0.2)	(0.1)	(0.1)	(0.6)	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)
Other income (expense)	0.1				0.1	1.7	0.0	0.1	0.1	1.8	(0.0)	(0.0)			(0.0)					0.0
Income before income taxes	(4.1)	(1.4)	(0.4)	(0.9)	(6.8)	0.3	(0.3)	(3.1)	(2.6)	(5.7)	(4.2)	(4.4)	(1.6)	(2.2)	(12.4)	(1.6)	(1.7)	(1.8)	(2.0)	(7.0)
Income taxes					0.0					0.0	0.1		(0.4)	(0.5)	(0.8)	(0.4)	(0.4)	(0.4)	(0.5)	(1.8)
Net income (loss)	(4.1)	(1.4)	(0.4)	(0.9)	(6.8)	0.3	(0.3)	(3.1)	(2.6)	(5.7)	(4.3)	(4.4)	(1.2)	(1.6)	(11.6)	(1.2)	(1.3)	(1.3)	(1.5)	(5.3)
Nonrecurring/noncash adjustments	2.4	1.7	1.5	1.4	7.0					0.0					0.0					0.0
Net income (pro forma)	(1.7)	0.4	1.0	0.5	0.2	0.3	(0.3)	(3.1)	(2.6)	(5.7)	(4.3)	(4.4)	(1.2)	(1.6)	(11.6)	(1.2)	(1.3)	(1.3)	(1.5)	(5.3)
EBITDA	(1.6)	0.4	1.0	0.5	0.3	0.2	1.0	(1.7)	(1.3)	(1.8)	(2.8)	(3.0)	(0.4)	(1.0)	(7.2)	(0.4)	(0.5)	(0.6)	(0.8)	(2.4)
Shares, Basic	13.1	13.1	13.1	13.2	13.1	13.2	13.2	13.2	13.2	13.2	13.3	13.3	14.1	14.1	13.7	14.2	14.2	14.3	14.3	14.3
Shares, Diluted	13.1	13.1	13.1	13.2	13.1	13.3	13.3	13.2	13.2	13.2	13.3	13.3	14.1	14.1	13.7	14.2	14.2	14.3	14.3	14.3
EPS Basic (Pro forma)	(\$0.13)	\$0.03	\$0.08	\$0.04	\$0.01	\$0.02	(\$0.02)	(\$0.23)	(\$0.20)	(\$0.43)	(\$0.32)	(\$0.33)	(\$0.08)	(\$0.12)	(\$0.85)	(\$0.08)	(\$0.09)	(\$0.09)	(\$0.10)	(\$0.37)
EPS Diluted (Pro forma)	(\$0.13)	\$0.03	\$0.08	\$0.04	\$0.01	\$0.02	(\$0.02)	(\$0.23)	(\$0.20)	(\$0.43)	(\$0.32)	(\$0.33)	(\$0.08)	(\$0.12)	(\$0.85)	(\$0.08)	(\$0.09)	(\$0.09)	(\$0.10)	(\$0.37)
Margins																				
Gross margin	21.9%	35.5%	36.1%	34.0%	30.9%	32.5%	35.0%	25.8%	19.8%	28.4%	20.5%	21.4%	30.0%	30.0%	24.9%	30.0%	30.0%	30.0%	30.0%	30.0%
Sales and marketing	8.7%	11.9%	10.7%	12.4%	10.7%	12.3%	11.2%	14.4%	13.5%	12.8%	13.9%	13.4%	12.0%	15.0%	13.6%	13.0%	13.0%	13.0%	13.0%	13.0%
Research and development	7.6%	10.5%	8.1%	8.6%	8.6%	7.6%	6.8%	8.1%	9.1%	7.9%	8.0%	9.9%	7.0%	7.0%	8.1%	6.0%	6.0%	6.0%	6.0%	6.0%
General and administrative	16.1%	17.0%	17.5%	16.0%	16.6%	17.5%	16.5%	19.0%	10.3%	15.8%	18.7%	22.1%	20.0%	20.0%	20.2%	20.0%	20.0%	20.0%	20.0%	20.0%
Operating margin	-13.5%	-7.2%	-1.5%	-4.2%	-7.2%	-6.1%	-0.5%	-16.7%	-13.5%	-9.0%	-20.5%	-24.4%	-11.2%	-14.0%	-18.1%	-11.2%	-11.0%	-10.9%	-10.7%	-10.9%
Tax rate, GAAP	0.0%	0.0%	0.0%	-1.1%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	-3.0%	0.0%	25.0%	25.0%	6.6%	25.0%	25.0%	25.0%	25.0%	25.0%
Net margin	-16.6%	-8.1%	-2.5%	-5.4%	-8.9%	1.7%	-1.6%	-17.8%	-14.6%	-7.9%	-22.6%	-25.9%	-8.7%	-10.8%	-17.8%	-8.7%	-8.6%	-8.5%	-8.3%	-8.5%
Y/Y % change																				
Total Revenue	-23%	-37%	-38%	-35%	-33%	-27%	10%	-4%	3%	-7%	7%	-8%	-20%	-15%	-9%	-27%	-13%	13%	17%	-5%
Gross margin	-7%	12%	9%	6%	5%	8%	9%	-31%	-40%	-14%	-33%	-44%	-7%	29%	-20%	6%	22%	13%	17%	15%
Sales and marketing	-26%	-31%	-28%	-9%	-24%	3%	4%	29%	12%	12%	20%	10%	-33%	-5%	-3%	-32%	-16%	23%	1%	-9%
Research and development	-33%	-18%	-20%	-28%	-26%	-26%	-29%	-4%	9%	-14%	12%	34%	-31%	-34%	-7%	-46%	-47%	-3%	0%	-29%
General and administrative	-8%	-28%	47%	-20%	-8%	-21%	6%	5%	-33%	-11%	14%	23%	-16%	65%	16%	-22%	-21%	13%	17%	-6%
Operating income (loss)	-39%	-75%	-86%	-76%	-64%	-67%	-92%	973%	230%	17%	257%	4019%	-46%	-12%	82%	-60%	-61%	11%	-11%	-42%
Net income (loss)	-24%	-72%	-74%	-71%	-55%	-108%	-78%	582%	178%	-17%	-1489%	1363%	-61%	-37%	105%	-72%	-71%	10%	-10%	-55%
EPS Diluted (Pro forma)	-50%	-110%	-190%	-121%	-102%	-118%	-181%	-397%	-648%	-3467%	-1492%	1361%	-63%	-41%	98%	-74%	-73%	9%	-12%	-56%

Source: Company reports and Ascendant Capital Markets estimates.

AutoWeb Inc.

Balance Sheet (\$ mils)	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Assets																
Cash and cash equivalents	7.4	5.2	11.3	10.8	11.2	10.8	9.9	7.3	3.8	2.7	1.1	(0.1)	(0.6)	(1.3)	(2.1)	(3.1)
Short term investments											0.0	0.0	0.0	0.0	0.0	0.0
Restricted cash	0.5	3.3	3.3	4.3	4.3	4.3	4.3	4.3	4.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Accounts receivable, net	20.8	14.7	14.6	14.0	13.9	14.9	12.8	11.4	10.9	10.0	9.1	10.1	9.2	9.9	10.4	11.8
Vehicle inventory							0.2	1.1	0.5		0.0	0.0	0.0	0.0	0.0	0.0
Deferred income taxes											0.0	0.0	0.0	0.0	0.0	0.0
Prepaid expenses and other	1.2	1.9	1.1	0.8	0.7	1.4	1.3	1.0	0.6	1.2	1.0	1.1	1.0	1.0	1.1	1.2
Total current assets	29.8	25.1	30.4	29.9	30.1	31.4	28.5	25.1	20.1	14.1	11.3	11.2	9.7	9.8	9.5	10.0
Property and equipment, net	3.1	3.0	3.0	3.0	3.1	3.5	3.8	3.9	3.9	3.8	4.0	4.2	4.4	4.6	4.8	5.0
Intangibles, net	6.2	5.5	5.1	4.7	4.3	3.9	3.9	3.6	3.3	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Goodwill											0.0	0.0	0.0	0.0	0.0	0.0
Long term investments											0.0	0.0	0.0	0.0	0.0	0.0
Deferred income taxes											0.0	0.0	0.0	0.0	0.0	0.0
Other	4.4	4.0	3.7	3.5	3.2	2.9	2.8	2.5	2.3	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Total assets	43.6	37.7	42.1	41.1	40.8	41.8	38.9	35.1	29.6	22.9	20.3	20.4	19.2	19.4	19.3	20.1
Liabilities and stockholders' equity																
Accounts payable	12.5	5.9	7.5	7.2	8.1	8.5	8.0	7.7	7.2	8.0	6.4	7.1	6.5	7.0	7.3	8.3
Accrued expenses	3.0	3.2	3.0	2.7	2.1	3.0	3.5	1.8	2.2	3.3	2.6	2.9	2.6	2.8	3.0	3.4
Deferred revenue											0.0	0.0	0.0	0.0	0.0	0.0
Deferred income tax											0.0	0.0	0.0	0.0	0.0	0.0
Other	1.1	0.8	1.7	1.0	1.0	1.0	0.9	1.4	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Short term debt	6.7	7.8	10.1	11.6	10.3	10.2	10.1	10.1	9.2	4.8	4.8	4.8	4.8	4.8	4.8	4.8
Total current liabilities	23.3	17.7	22.4	22.5	21.5	22.6	22.4	20.9	19.4	16.8	14.5	15.5	14.6	15.3	15.7	17.1
Deferred income taxes																
Other long term liabilities	2.7	2.5	2.9	2.2	1.9	1.8	1.6	1.4	1.3	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Long term debt		0.8	0.1	0.1	0.0	0.0	0.0									
Total other liabilities	2.7	3.3	3.0	2.3	2.0	1.8	1.6	1.4	1.3	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Common stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Additional paid-in capital	364.5	365.1	365.6	366.1	366.7	367.2	367.6	368.2	368.7	369.2	370.0	370.8	371.6	372.4	373.2	374.0
Retained earnings	(347.0)	(348.4)	(348.8)	(349.8)	(349.5)	(349.8)	(352.8)	(355.4)	(359.7)	(364.2)	(365.4)	(367.0)	(368.2)	(369.5)	(370.8)	(372.3)
Accumulated other comprehensive income																
Other											0.1	0.1	0.1	0.1	0.1	0.1
Total stockholders' equity	17.5	16.7	16.8	16.3	17.3	17.4	14.8	12.8	9.0	5.0	4.7	3.9	3.5	3.0	2.5	1.8
Total stockholders' equity and liability	43.6	37.7	42.1	41.1	40.8	41.8	38.9	35.1	29.6	22.9	20.3	20.4	19.2	19.4	19.3	20.1

Balance Sheet Drivers

	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Prepaid as % of total rev	5%	11%	6%	5%	4%	7%	8%	6%	3%	7%	7%	7%	7%	7%	7%	7%
Accounts payable as % of total rev	51%	35%	42%	42%	45%	45%	46%	43%	38%	47%	47%	47%	47%	47%	47%	47%
Accrued expenses as % of total rev	12%	19%	17%	15%	12%	16%	21%	10%	12%	19%	19%	19%	19%	19%	19%	19%
Activity Ratios																
A/R Days Sales Outstanding	77	78	74	73	70	71	67	58	51	53	60	60	60	60	60	60
A/P Days Payable	59	48	60	57	61	63	56	49	43	53	60	60	60	60	60	60
Book & Cash Value (per share)																
Book Value per Share (diluted)	\$1.34	\$1.27	\$1.28	\$1.24	\$1.30	\$1.31	\$1.12	\$0.96	\$0.67	\$0.37	\$0.33	\$0.27	\$0.24	\$0.21	\$0.17	\$0.13
Cash per Share (diluted)	\$0.60	\$0.65	\$1.11	\$1.15	\$1.17	\$1.14	\$1.07	\$0.88	\$0.61	\$0.21	\$0.08	\$0.00	-\$0.03	-\$0.09	-\$0.14	-\$0.21
Net cash per Share (diluted)	\$0.09	\$0.00	\$0.34	\$0.26	\$0.39	\$0.37	\$0.31	\$0.12	-\$0.08	-\$0.15	-\$0.26	-\$0.34	-\$0.37	-\$0.42	-\$0.47	-\$0.55

Source: Company reports and Ascendant Capital Markets estimates

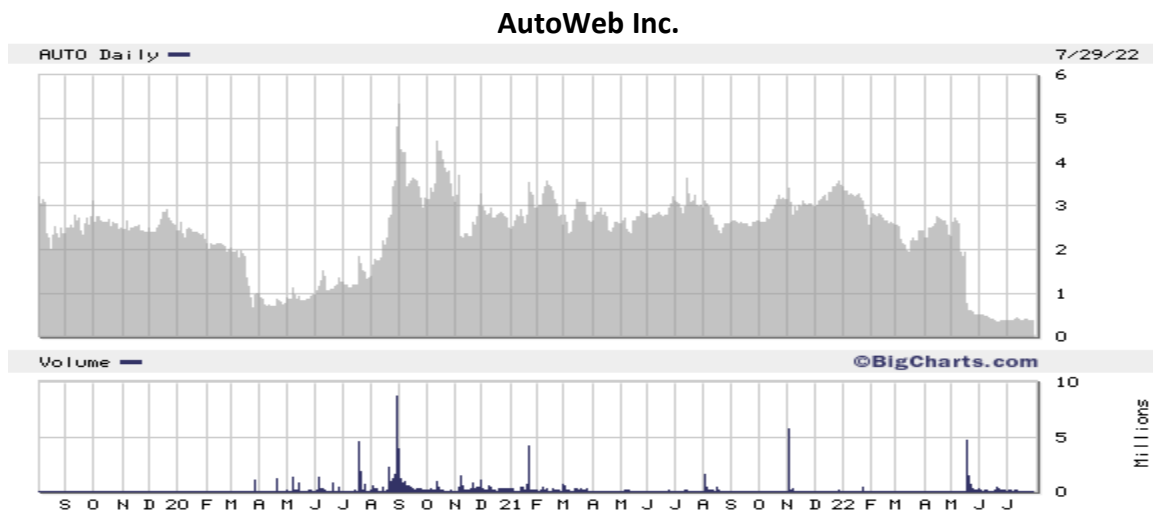
AutoWeb Inc.

Cash Flow Statement (\$ mils)	Mar-20	Jun-20	Sep-20	Dec-20	2020	Mar-21	Jun-21	Sep-21	Dec-21	2021	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Cash flow from operating activities																				
Net income	(4.1)	(1.4)	(0.4)	(0.9)	(6.8)	0.3	(0.3)	(3.1)	(2.6)	(5.7)	(4.3)	(4.4)	(1.2)	(1.6)	(11.6)	(1.2)	(1.3)	(1.3)	(1.5)	(5.3)
Depreciation	1.2	1.1	0.7	0.6	3.6	0.6	0.6	0.7	0.6	2.5	0.6	0.6	0.3	0.3	1.8	0.3	0.3	0.3	0.3	1.2
Amortization					0.0	0.2	0.2	0.2	0.2	0.9	0.2	0.2			0.4					0.0
Provision for bad debts	0.1	0.0	0.3	(0.0)	0.4	(0.0)	0.0	0.1	(0.3)	(0.2)	(0.0)	0.0			(0.0)					0.0
Stock comp	0.5	0.5	0.5	0.5	2.0	0.5	0.4	0.5	0.5	1.9	0.5	0.5	0.8	0.8	2.6	0.8	0.8	0.8	0.8	3.2
Deferred income taxes					0.0					0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Other gains/losses				0.0	0.0					0.0		(0.0)			(0.0)					0.0
Acquisition expense					0.0					0.0					0.0					0.0
Other	(0.0)	(0.0)	0.1	0.1	0.2	(1.4)				(1.4)					0.0					0.0
Changes in operating assets and liabilities:																				
Accounts receivable	3.1	6.1	(0.2)	0.7	9.7	0.1	(1.0)	2.0	1.6	2.7	0.6	0.8	0.9	(1.0)	1.3	0.9	(0.7)	(0.4)	(1.4)	(1.7)
Prepaid expenses & other curre	0.1	(0.8)	0.8	0.3	0.4	0.2	(0.7)	0.1	0.3	(0.2)	0.4	(0.6)	0.2	(0.1)	(0.1)	0.1	(0.1)	(0.0)	(0.2)	(0.2)
Vehicle inventory					0.0			(0.2)	(0.9)	(1.1)	0.6	0.5			1.1					0.0
Other assets	(0.1)	0.0	0.0	0.1	0.0	0.1	0.0	(0.0)	0.0	0.1	0.0	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Accounts payable	(1.6)	(6.6)	1.5	(0.6)	(7.3)	0.6	0.4	(0.5)	(0.1)	0.3	(0.6)	0.8	(1.6)	0.7	(0.8)	(0.6)	0.5	0.3	1.0	1.2
Accrued expenses	(0.3)	0.1	(0.1)	(0.0)	(0.3)	(0.6)	0.9	0.5	(1.1)	(0.3)	(0.2)	1.1	(0.7)	0.3	0.5	(0.3)	0.2	0.1	0.4	0.5
Deferred revenue					0.0					0.0			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities					0.0	(0.2)	(0.3)	(0.2)	(0.3)	(1.0)	(0.3)	(0.2)	0.0	0.0	(0.4)	0.0	0.0	0.0	0.0	0.0
Net cash (used in) provided by	(1.0)	(0.9)	3.2	0.6	1.9	0.4	0.4	(0.0)	(2.1)	(1.4)	(2.3)	(0.8)	(1.2)	(0.6)	(5.0)	0.0	(0.3)	(0.3)	(0.5)	(1.1)
Cash flow from investing activities																				
Purchases of property and equip	(0.1)	(0.3)	(0.0)	(0.2)	(0.6)	(0.1)	(0.7)	(0.5)	(0.5)	(1.7)	(0.2)	(0.1)	(0.5)	(0.5)	(1.3)	(0.5)	(0.5)	(0.5)	(0.5)	(2.0)
Purchases of short-term investments					0.0					0.0					0.0					0.0
Acquisitions					0.0			(0.3)		(0.3)	(0.1)				(0.1)					0.0
Other					0.0					0.0					0.0					0.0
Net cash used in investing activ	(0.1)	(0.3)	(0.0)	(0.2)	(0.6)	(0.1)	(0.7)	(0.8)	(0.5)	(2.0)	(0.3)	(0.1)	(0.5)	(0.5)	(1.4)	(0.5)	(0.5)	(0.5)	(0.5)	(2.0)
Cash flow from financing activities																				
Issuance of debt	36.6	26.6	20.4	17.5	101.0	18.1	17.3	19.1	19.2	73.7	18.6	17.5	0.0	0.0	36.1	0.0	0.0	0.0	0.0	0.0
Repayment of debt	(33.6)	(24.7)	(17.6)	(17.3)	(93.2)	(18.1)	(17.4)	(19.3)	(19.2)	(74.0)	(19.5)	(21.9)			(41.4)					0.0
Issuance of stock					0.0					0.0					0.0					0.0
Repurchase of common stock					0.0					0.0					0.0					0.0
Proceeds from stock option exercises			0.1	0.0	0.1	0.1	0.1		0.1	0.2					0.0					0.0
Other			(0.0)	(0.0)	(0.0)					0.0					0.0					0.0
Dividends and distributions					0.0					0.0					0.0					0.0
Cash provided by (used in) fina	3.0	1.9	2.9	0.1	7.9	0.1	(0.0)	(0.2)	0.0	(0.0)	(0.9)	(4.4)	0.0	0.0	(5.3)	0.0	0.0	0.0	0.0	0.0
Effect of exchange rate on cash					0.0					0.0					0.0					0.0
Net increase (decrease) in cash	1.9	0.7	6.1	0.5	9.2	0.4	(0.4)	(1.0)	(2.6)	(3.5)	(3.5)	(5.3)	(1.7)	(1.1)	(11.7)	(0.5)	(0.8)	(0.8)	(1.0)	(3.1)
Beginning cash and equivalents	5.9	7.9	8.5	14.6	5.9	15.1	15.5	15.2	14.2	15.1	11.6	8.1	2.8	1.1	11.6	(0.1)	(0.6)	(1.3)	(2.1)	(0.1)
Ending cash and equivalents	7.9	8.5	14.6	15.1	15.1	15.5	15.2	14.2	11.6	11.6	8.1	2.8	1.1	(0.1)	(0.1)	(0.6)	(1.3)	(2.1)	(3.1)	(3.1)

Source: Company reports and Ascendant Capital Markets estimates

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Report	Report Date	Rating	Price Target
39	3/14/2018	B	6.00
40	5/11/2018	B	5.00
41	8/3/2018	B	4.50
42	11/9/2018	B	3.00
43	3/8/2019	B	4.50
44	5/17/2019	B	4.75
45	8/9/2019	B	4.00
46	11/11/2019	B	3.50
47	3/29/2020	B	2.50
48	5/16/2020	B	2.00
49	8/6/2020	B	3.00
50	11/12/2020	B	3.50
51	3/13/2021	B	4.00
52	5/13/2021	B	4.25
53	8/7/2021	B	5.00
54	11/28/2021	B	5.25
55	3/27/2022	B	5.00
56	5/18/2022	B	1.25

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BUY: We expect the stock to provide a total return of 15% or more within a 12-month period.

HOLD: We expect the stock to provide a total return of negative 15% to positive 15% within a 12-month period.

SELL: We expect the stock to have a negative total return of more than 15% within a 12-month period.

Total return is defined as price appreciation plus dividend yield.

Ascendant Capital Markets, LLC Rating System

Prior to January 31, 2014, ASCM used the following rating system:

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Buy: We expect the stock to provide a total return of between 10% and 30% within a 12-month period.

Neutral: We expect the stock to provide a total return of between minus 10% and plus 10% within a 12-month period.

Sell: We expect the stock to provide a total return of minus 10% or worse within a 12-month period.

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Total return is defined as price appreciation plus dividend yield.

Ascendant Capital Markets, LLC Distribution of Investment Ratings (as of July 14, 2022)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	41	98%	15	37%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	42	100%	15	36%

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