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## Smith Micro Software, Inc. (NASDAQ: SMSI)

May 4, 2021

### Buy: Initiate Coverage with Buy and \$11.10 Price Target

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We initiate coverage of Smith Micro Software with a Buy recommendation and an \$11.10 price target. With the acquisitions of its two major competitors, Smith is an undisputed market-share leader in family safety services for the wireless market. The recently completed purchase of the Family Safety Mobile business from Avast reduces customer concentration, adds important intellectual property, provides a base for expansion into international markets, and sets up the potential for product line expansion, particularly into home and IoT services.

Smith Micro is a provider of location-based and other services to the wireless carrier market. The company's platforms provide parental monitoring, device control, real-time location monitoring, alerts when family members enter or exit user-defined safety areas, location alerts, control over apps and usage, and enable locking or wiping clean devices that are lost or stolen. T-Mobile is the company's largest customer, via T-Mobile's acquisition of Sprint. The addition of Verizon as a major customer, via Smith's acquisition of the Family Safety Mobile Business from Avast, will reduce Smith's customer concentration considerably.

Revenue grew 65% in 2019, primarily from the expansion of Sprint's Safe & Found family location and parental controls app, based on Smith's SafePath platform. Despite the negative impact of the pandemic and the acquisition of Sprint by T-Mobile, revenue for Smith Micro grew 18% in 2020, although the year-over-year growth rate diminished in each quarter. We have modeled 18% top-line growth in 2021, with the year-over-year growth rate troughing in Q1 and rising in each subsequent quarter.

For decades, Smith has excelled at developing and selling software to wireless carriers. Carriers serve a market of tremendous scale, and a successful product typically results in substantial revenue and EBITDA growth for suppliers such as Smith. Software also carries high margins, and the barriers to entry to the carrier market are high. We expect Smith to leverage its success in the family safety market to expand, most likely by acquisition, into other products for wireless carriers.

Smith is scheduled to report Q1 results on Wednesday, May 5, after the close. We are looking for revenue of \$11.0 million and EBITDA of \$0.7 million.

**Valuation:** Our price target of \$11.10 is based on an EV/Sales multiple of 7.1x our 2022 revenue estimate of \$79.7 million. Shares of a comp group of other software and software-as-a-service vendors trade between 2x and 9.3x FTM sales (based on FactSet estimates). We have chosen a target multiple towards the higher end of the range because of Smith's dominance in its sector and a robust outlook.

**Risks:** Risks to achieving our price target include declines in the CommSuite product line, disruptions from the T-Mobile acquisition of Sprint, integration of the Family Safety business, continuing impacts of the COVID pandemic and customer concentration.

Current Price	\$5.41		
Price Target	\$11.10		
Estimates	F2020A	F2021E	F2022E
Revenues (\$000s)	\$ 51,300	\$ 60,370	\$ 79,719
1Q March	\$ 13,322	\$ 11,016	\$ 18,506
2Q June	\$ 12,933	\$ 15,019	\$ 19,573
3Q September	\$ 12,629	\$ 16,517	\$ 20,402
4Q December	\$ 12,416	\$ 17,817	\$ 21,239
	F2020A	F2021E	F2022E
EBITDA (\$000s)	\$ 11,093	\$ 5,673	\$ 17,143
1Q March	\$ 4,153	\$ 681	\$ 3,090
2Q June	\$ 3,204	\$ 261	\$ 3,986
3Q September	\$ 2,030	\$ 1,819	\$ 4,682
4Q December	\$ 1,706	\$ 2,912	\$ 5,386
EPS-GAAP	\$ 0.10	\$ (0.16)	\$ 0.02
EPS-PF	\$ 0.26	\$ 0.10	\$ 0.31
Stock Data			
52-Week Range	\$3.50	-	\$8.05
Shares Outstanding (mil.)	53.2		
Market Capitalization (mil.)	\$288		
Enterprise Value (mil.)	\$263		
Debt to Capital	8%		
Book Value/Share	\$1.42		
Price/Book	3.8x		
Average Three Months Trading Volume (K)	282		
Insider Ownership	14.5%		
Institutional Ownership	21.3%		
Short interest (mil.)	2.6%		
Dividend / Yield	\$0.00/0.0%		



## Product Line Summary

Smith Micro offers four software platforms to the wireless carrier market: 1) Safe Path and 2) the Family Safety business acquired from Avast, both targeted to the family location and parental control market. T-Mobile/Sprint is the major customer of SafePath. Verizon is the dominant customer for the Family Safety business. 3) ViewSpot is a smart retail platform that manages and provides analytics of on-screen demos displayed on devices at the carrier's retail outlets. 4) CommSuite is a visual voicemail service for Android devices on the Sprint and Boost networks.

In 2020, SafePath generated \$28 million in revenue, or 55% of total revenue, and CommSuite generated \$18.2 million, or 35% of total revenue. In 2021, we expect the SafePath and Family Safety businesses to generate \$39.1 million in revenue, or 65% of total revenue, and CommSuite \$16.4 million, or 27% of total revenue. SafePath was acquired in mid 2016 and has been responsible for most of the company's growth over the past few years, offsetting declines in other revenue and CommSuite, whose revenue has ranged between \$14 and \$18 million annually for the past few years. ViewSpot was acquired in January 2019 and contributed \$4.2 million in revenue for 2020.

### SafePath

Smith entered the family location and device control market in July 2016 with the purchase of iMobile Magic, a Portuguese company with multiple operator customers in Europe, such as T-Mobile, O2, and MEO (Portugal Telecom). Two additional carriers in Asia were also in deployment at the time of the purchase. Additional carriers have been signed, but the most significant new customer was Sprint, which signed with Smith Micro in the first half of 2017 and launched its Safe & Found service in October of 2017. Sprint's prepaid service, Boost, began offering Safe & Found in June of 2019.

All three major US wireless carriers offer a family location and control plan at similar price points:

- Secure Family from AT&T: \$7.99 per month
- Smart Family from Verizon: \$4.99 to \$9.99 per month
- FamilyMode from T-Mobile: \$10 per month

*Source: AT&T, Verizon and T-Mobile web sites*

In addition, Safe & Found is still available to Sprint customers at \$9.99 per month. With the acquisition of the Family Safety business from Avast, Smith is the sole provider of family location and control software to the three largest U.S. wireless carriers. Smith provides SafePath to other domestic carriers, including Dish Network, which purchased Sprint's pre-paid customer operation, Boost, as part of the merger agreement between T-Mobile and Sprint. Also, SafePath has several international customers.

T-Mobile's primary location and parental controls platform was developed by Circle Media Labs, and T-Mobile was a strategic investor in Circle. In February of 2020, Smith Micro acquired the operator business of Circle Media Labs for \$13.5 million in cash. Circle's operator business generated about \$4 million in revenue in 2019 from T-Mobile and Sky and its strong parental control technology was integrated into SafePath 7.0, which was released in November of 2020.

In April of this year, Smith completed the acquisition of the Family Safety business of Avast for \$56 million in cash and 1.5 million shares of Smith stock. Six years ago, all of the major U.S. carriers, Sprint, T-Mobile, AT&T and Verizon were customers of Location Labs, the predecessor to Avast's Family Safety business. Location Labs was acquired by AVG Technologies in 2014 for about \$140 million. AVG was acquired by Avast plc in 2016. In 2013, Location Labs generated \$27 million in revenue, and in 2014, almost \$37 million (source: AVG public filings). Data from 2015 to 2019 is not available, but Avast has stated revenue from its carrier business began declining in 2018 and has remained in decline since the loss of Sprint as a customer, to Smith, in 2017, with overall softening from its other carrier customers. The Family Safety business generated \$44 million in revenue in 2019 and \$37 million in 2020 (source: Smith Micro public filings).

Smith pegs recurring revenue from the Family Safety business at \$18 to \$19 million for 2021, and this only from Verizon and two European customers: Vodafone in the Czech Republic and Wind Tre in Italy. A renewal of AT&T's contract is in doubt, and a \$14 million earn-out is solely based on that renewal. We have only included revenue from Verizon and the two European customers in our estimates.

### CommSuite

CommSuite is a messaging platform sold to wireless carriers and allows wireless subscribers to manage their voice messages like texts and emails with reply, forwarding and sharing options. Visual Voicemail (VVM) can provide a voice to text transcription of messages and email and/or text the transcribed message to the user.

CommSuite's platform is installed on 15 to 20 million Android devices, across 200 models on the Sprint and Boost networks. The service is a freemium model, with all eligible phones loaded with CommSuite and VVM, but additional services are unlocked with ads or for a monthly fee. Assuming a revenue share between Sprint and Smith of 50/50 and 90% to 95% of the revenue from premium services, we estimate VVM subscribers between 1.0 million and 1.2 million, or about 6% of the total Android devices with Smith's VVM platform installed.

About 25% of total CommSuite revenue is generated on the Boost network, with the remainder on the Sprint, now T-Mobile, network. It is uncertain if T-Mobile will incorporate CommSuite into its service offering, and we are assuming the Sprint CommSuite revenue will decline as customers migrate to the T-Mobile network. If that transition is rapid, Smith will have a challenge in replacing that revenue. We have assumed CommSuite revenue will decline 10% this year, from \$18.2 million to \$16.4 million and decline 19% in 2022 to \$13.4 million.

### **ViewSpot**

ViewSpot is a smart retail platform that manages and provides analytics of on-screen demos displayed on devices at the carrier's retail outlets. With ViewSpot, a carrier can pre-load on display phones information about the device, price comparisons, and special offers for the device or services. The platform tracks the interaction with the consumer so the carrier can analyze the buyer's behavior and optimize its offerings. The ViewSpot platform tracks the average amount of time a consumer spends interacting with the device, which content is attracting the most consumer attention, and device health. Analytics for average session time and engagement by device can be compared to activation per device and market and used to evaluate the effectiveness of campaigns and offers.

ViewSpot is the result of an asset purchase of ISM Connect's Smart Retail product suite. The suite generated \$3.8 million in revenues in 2018 from long-term contracts with two Tier 1 US carriers and one Tier 1 European carrier. Operating income was \$1.9 million, a 50%+ margin.

In 2019, ViewSpot generated \$4.1 million in revenue, and Q4 was the lowest mark for the year due to a decrease in promotional activity at an existing customer, the loss of a Tier 1 customer in North America and the delayed launch at AT&T Mexico. Weakness in the first half of 2020 was offset by strength in the second half, and ViewSpot revenue for the full year was \$4.2 million.

### **Outlook**

We have modeled SafePath at T-Mobile to decline in the first half of this year and resume growth in the second half. This is partly driven by the waning impacts of the pandemic but mostly from the introduction of SafePath 7.0 to the combined Sprint/T-Mobile customer base. CommSuite is modeled to decline this year and next, but to date, Smith has done an excellent job staving off the expected decline.

Revenue. \$ in M	2020A	2021E	2022E
SafePath	\$ 28.0	\$ 25.1	\$ 37.5
Family Safety		\$ 14.0	\$ 23.5
CommSuite	\$ 18.2	\$ 16.4	\$ 13.4
ViewSpot	\$ 4.2	\$ 4.8	\$ 5.2
Other	\$ 0.9	\$ 0.1	\$ 0.1
Total	\$ 51.3	\$ 60.4	\$ 79.7

*Source: Smith Micro Software, Inc. and Dawson James Securities estimates.*

We assume continued growth in 2022. This is partly due to the assumed elimination of the pandemic on the economy as well as the Fed's loose monetary policy driving robust economic growth. In Q1 2020, SafePath generated almost \$8 million in revenue and our \$37.5 million estimate for 2022 is 17% above that run-rate level. In addition, there are three new customers for SafePath launching this year that should provide a meaningful revenue contribution in 2022. The Family Safety business is assumed to contribute \$23.5 million in revenue, up about 25% from the full-year recurring revenue of \$18.5 million.

The integration of the Family Safety business presents some managerial and modeling challenges. The Avast Family Safety Mobile business in 2020 generated \$36.6 million in revenue from five mobile operators. Smith estimates recurring revenue this year of \$18 to \$19 million. Recurring revenue excludes any contribution from Sprint, which has been migrating to SafePath, and AT&T. EBITDA for the Family Safety business was about \$6 million in 2020. This excludes a \$1.2 million restructuring expense and was down sharply from \$13 million in 2019. The decline reflects a drop in revenues from \$44 million in 2019 to \$37 million in 2020, while expenses, excluding the restructuring charge, were mostly fixed.

Much of the decline in the Family Safety business was due to the loss of the Sprint contract to Smith Micro. Combining the Family Safety revenue with the SafePath revenue, the pro forma combined revenue (excluding ViewSpot and CommSuite) in 2019 was \$62 million and in 2020 \$65 million. This is 5% growth in a year impacted by the pandemic.

One of the major challenges for Smith Micro will be expense control as the legacy contracts expire. In our model, we have included only recurring revenue beginning in Q2 and have assumed some reduction in the expense run rate due to the restructuring actions taken prior to the acquisition as well as assumed expense reduction as revenue from legacy customers wanes. However, expenses are typically stickier than revenue, so it is possible we have been too optimistic on our expenses. We believe if this is the case, it will be offset by our omission of legacy revenue this year, which will be greater than what we have included in our estimates. That is, greater than zero.

For this year, we assume \$14 million in revenue from the Family Safety acquisition for the almost three quarters of the year it is owned by Smith. For now, we are assuming a minimal incremental EBITDA contribution. As pointed out above, we have assumed some expense reduction of the Family Safety business from the 2020 levels and zero contribution from legacy contracts. A non-zero revenue contribution from legacy should provide some revenue and EBITDA upside to our estimates.

We expect 2022 to be a growth year as the pandemic is put behind us and the Fed's loose monetary policy drives robust growth. We are looking for a \$23.5 million revenue contribution from the Family Safety business, up about 25% from expected recurring revenue for the full year 2020. We also expect a \$5 to \$10 million incremental EBITDA contribution, with some growth in opex from the 2020 levels.

### Valuation

Our price target of \$11.10 is based on an EV/Sales multiple of 7.1x our 2022 revenue estimate of \$79.7 million. Shares of a comp group of other software and software-as-a-service vendors trade between 2x and 9.3x FTM sales (based on FactSet estimates). We have chosen a target multiple towards the higher end of the range because of Smith's dominance in its sector and a robust outlook.

	Company Name	Price	EV (\$M)	Rev. Est.-FTM (\$M)	EV/FTM Sales	EBITDA Est. FTM (\$M)	EV/FTM EBITDA
PTC	PTC Inc.	\$ 127.90	\$ 16,598.9	\$ 1,780.9	9.3	\$ 564.8	29.4
PHUN	Phunware, Inc.	\$ 1.44	\$ 113.4	\$ 13.00	8.7	\$ (8.19)	(13.8)
CRM	salesforce.com, inc.	\$ 218.18	\$ 200,526.0	\$ 25,777.7	7.8	\$ 7,607.0	26.4
VERI	Veritone, Inc.	\$ 20.58	\$ 605.5	\$ 78.5	7.7	\$ (25.6)	(23.7)
UPLD	Upland Software, Inc.	\$ 47.51	\$ 1,758.7	\$ 303.2	5.8	\$ 96.3	18.3
VMW	VMware, Inc. Class A	\$ 160.25	\$ 68,561.9	\$ 12,740.8	5.4	\$ 4,423.1	15.5
ECOM	Channeladvisor Corporation	\$ 20.45	\$ 559.9	\$ 155.6	3.6	\$ 33.3	16.8
EGAN	eGain Corporation	\$ 9.55	\$ 245.1	\$ 79.8	3.1	\$ 2.8	86.7
SEAC	SeaChange International, Inc.	\$ 1.07	\$ 56.4	\$ 25.2	2.2	\$ (12.9)	(4.4)
QUMU	Qumu Corporation	\$ 5.57	\$ 71.8	\$ 36.8	2.0	\$ (10.3)	(7.0)
SMSI	Smith Micro Software, Inc.	\$ 5.41	\$ 263.3	\$ 66.9	3.9	\$ 9.6	27.5

Source: FactSet and Dawson James Securities estimates.

### Risk Analysis

Risks to achieving our price target include declines in the CommSuite product line, disruptions from the T-Mobile acquisition of Sprint, integration of the Family Safety business, continuing impacts of the COVID pandemic and customer concentration.



**Exhibit 1. Income Statement**

\$ in 000's	FY2018	FY2019	FY2020	Q1 21E	Q2 21E	Q3 21E	Q4 21 E	FY2021E	FY2022E
Revenue	\$ 26,285	\$ 43,346	\$ 51,300	\$ 11,016	\$ 15,019	\$ 16,517	\$ 17,817	\$ 60,370	\$ 79,719
COGS	4,332	3,926	5,190	1,212	2,403	2,643	2,851	9,108	12,755
Gross Profit	21,953	39,420	46,110	9,804	12,616	13,874	14,967	51,261	66,964
SG&A	5,784	7,517	10,704	2,781	5,281	4,981	4,981	18,026	20,915
R&D	8,602	11,682	19,076	5,000	8,250	8,250	8,250	29,750	33,000
G&A	8,607	9,922	12,795	3,060	3,310	3,310	3,060	12,740	12,852
Restructuring	173	194	15	6	0	0	0	6	0
Opex	23,166	29,315	42,590	10,847	16,841	16,541	16,291	60,522	66,767
Operating Income	\$ (1,213)	\$ 10,105	\$ 3,520	\$ (1,043)	\$ (4,225)	\$ (2,667)	\$ (1,325)	\$ (9,260)	\$ 197
Interest Income	0	229	97	129	437	165	177	908	709
Interest Expense	(471)	0	0	0	0	0	0	0	0
Change in Warrant Liability	(812)	0	0	0	0	0	0	0	0
Other Income (Expense)	(232)	468	709	0	0	0	0	0	0
Pretax Income	(2,728)	10,802	4,326	(915)	(3,788)	(2,502)	(1,148)	(8,353)	906
Taxes	12	80	161	25	25	25	25	100	100
Net Income	(2,740)	10,722	4,165	(940)	(3,813)	(2,527)	(1,173)	(8,453)	806
Preferred Dividends	(404)	(120)	0	0	0	0	0	0	0
Net to Common	\$ (3,144)	\$ 10,602	\$ 4,165	\$ (940)	\$ (3,813)	\$ (2,527)	\$ (1,173)	\$ (8,453)	\$ 806
Basic Shares	22,322	34,490	40,806	46,516	52,468	53,248	53,348	51,395	53,699
Diluted Shares	22,322	36,968	42,901	46,516	52,468	53,248	53,348	51,395	53,699
Basic EPS	\$ (0.12)	\$ 0.31	\$ 0.10	\$ (0.02)	\$ (0.07)	\$ (0.05)	\$ (0.02)	\$ (0.16)	\$ 0.02
Diluted EPS	\$ (0.12)	\$ 0.29	\$ 0.10	\$ (0.02)	\$ (0.07)	\$ (0.05)	\$ (0.02)	\$ (0.16)	\$ 0.02
Stock Comp	935	1,494	3,063	812	1,218	1,218	1,218	4,466	4,872
Amortization	249	932	2,920	715	2,940	2,940	2,690	9,285	10,760
Other	1,893	(212)	918	0	0	0	0	0	0
Non-GAAP Net Income	(67)	12,816	11,066	587	345	1,631	2,735	5,298	16,438
Non-GAAP EPS	\$ (0.00)	\$ 0.35	\$ 0.26	\$ 0.01	\$ 0.01	\$ 0.03	\$ 0.05	\$ 0.10	\$ 0.31
Operating Income	(1,213)	10,105	3,520	(1,043)	(4,225)	(2,667)	(1,325)	(9,260)	197
Depreciation & Amort.	779	1,341	3,582	906	3,269	3,269	3,019	10,462	12,074
Stock Comp	935	1,494	3,064	812	1,218	1,218	1,218	4,466	4,872
Other	173	194	927	6	0	0	0	6	0
EBITDA	\$ 674	\$ 13,134	\$ 11,093	\$ 681	\$ 261	\$ 1,819	\$ 2,912	\$ 5,673	\$ 17,143
Margin	2.6%	30.3%	21.6%	6.2%	1.7%	11.0%	16.3%	9.4%	21.5%
	FY2018	FY2019	FY2020	Q1 21E	Q2 21E	Q3 21E	Q4 21 E	FY2021E	FY2022E
Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
COGS	16.5%	9.1%	10.1%	11.0%	16.0%	16.0%	16.0%	15.1%	16.0%
Gross Profit	83.5%	90.9%	89.9%	89.0%	84.0%	84.0%	84.0%	84.9%	84.0%
SG&A	22.0%	17.3%	20.9%	25.2%	35.2%	30.2%	28.0%	29.9%	26.2%
R&D	32.7%	27.0%	37.2%	45.4%	54.9%	49.9%	46.3%	49.3%	41.4%
G&A	32.7%	22.9%	24.9%	27.8%	22.0%	20.0%	17.2%	21.1%	16.1%
Opex	88.1%	67.6%	83.0%	98.5%	112.1%	100.1%	91.4%	100.3%	83.8%
Operating Income	-4.6%	23.3%	6.9%	-9.5%	-28.1%	-16.1%	-7.4%	-15.3%	0.2%
Interest Income	0.0%	0.5%	0.2%	1.2%	2.9%	1.0%	1.0%	1.5%	0.9%
Interest Expense	-1.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Pretax Income	-10.4%	24.9%	8.4%	-8.3%	-25.2%	-15.1%	-6.4%	-13.8%	1.1%
Tax Rate	-0.4%	0.7%	3.7%	-2.7%	-0.7%	-1.0%	-2.2%	-1.2%	11.0%
Net Income	-10.4%	24.7%	8.1%	-8.5%	-25.4%	-15.3%	-6.6%	-14.0%	1.0%
Y/Y									
Revenue	14.4%	64.9%	18.4%	-17.3%	16.1%	30.8%	43.5%	17.7%	32.1%
Opex	-1.7%	26.5%	45.3%	6.5%	63.7%	48.9%	48.0%	42.1%	10.3%
Operating Income	78.6%	933.1%	-65.2%	-153.3%	-406.8%	-1460.8%	10939.8%	-363.1%	-102.1%
Net Income	58.9%	491.3%	-61.2%	-145.9%	-376.5%	-1669.7%	-302.2%	-302.9%	109.5%

Source: Smith Micro Software, Inc. and Dawson James Securities estimates

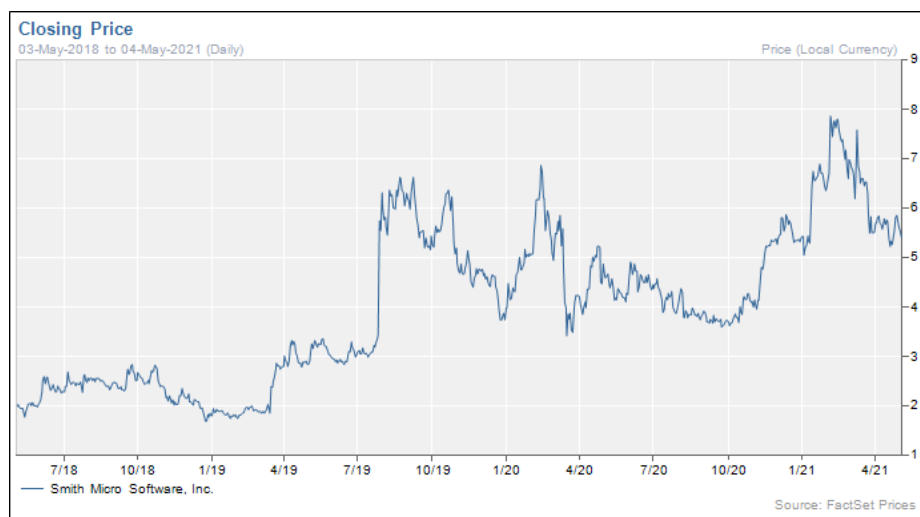
**Exhibit 2. Balance Sheet and Cash Flow Statement**

(\$ in 000's)	FY2018	FY2019	FY2020	FY2021E	FY2022E
Cash	12,159	28,268	25,754	39,195	56,355
A/R	7,130	10,894	12,347	16,597	19,784
Prepaid Expenses & Other	795	802	1,189	1,706	2,034
Current Assets	\$ 20,084	\$ 39,964	\$ 39,290	\$ 57,498	\$ 78,173
Equipment & Improvements	865	2,109	2,170	2,167	948
Right-of-use asset	0	6,464	5,785	5,785	5,785
Deferred Tax Assets	191	94	0	0	0
Other	140	234	694	694	694
Intangible Assets	238	4,535	12,698	36,993	26,313
Goodwill	3,685	7,797	12,266	45,359	45,359
Total Assets	\$ 25,203	\$ 61,197	\$ 72,903	\$ 148,496	\$ 157,272
A/P	1,160	2,050	2,282	2,498	2,978
Accrued Payroll & Benefits	1,745	2,107	2,867	6,213	7,407
Operating Lease	0	1,221	1,433	1,433	1,433
Other Accrued Liab.	450	244	216	3,558	4,242
Deferred Revenue	28	98	1,572	1,889	2,252
Current Liabilities	\$ 3,383	\$ 5,720	\$ 8,370	\$ 15,592	\$ 18,311
Lease Liabilities	0	5,774	4,805	4,805	4,805
Deferred Rent	723	885	887	1,273	1,517
Other LT Liabilities	534	134	125	179	214
Equity	\$ 20,563	\$ 48,684	\$ 58,716	\$ 126,646	\$ 132,424
Total Liabilities & Equity	\$ 25,203	\$ 61,197	\$ 72,903	\$ 148,496	\$ 157,272
	FY2018	FY2019	FY2020	FY2021E	FY2022E
Net Income	(2,740)	10,722	4,165	(8,453)	806
Depreciation & Amortization	779	1,341	3,582	10,462	12,074
Stock Comp	935	1,494	3,064	4,466	4,872
Working Capital & Other	(1,848)	(3,569)	(2,887)	2,066	(517)
Operating CF	\$ (2,874)	\$ 9,988	\$ 7,924	\$ 8,541	\$ 17,235
Capx	(173)	(1,659)	(1,323)	(175)	(175)
Acquisitions	0	(3,974)	(13,500)	(56,000)	0
Other	0	370	142	0	0
Investing Activities	\$ (173)	\$ (5,263)	\$ (14,681)	\$ (56,175)	\$ (175)
Equity	17,605	11,503	4,214	61,075	100
Debt	(4,200)	0	0	0	0
Other	(404)	(119)	29	0	0
Financing	\$ 13,001	\$ 11,384	\$ 4,243	\$ 61,075	\$ 100
Change in Cash	\$ 9,954	\$ 16,109	\$ (2,514)	\$ 13,441	\$ 17,160

Source: Smith Micro Software, Inc. and Dawson James Securities estimates

**Important Disclosures:**

**Price Chart:**



**Price target and ratings changes over the past three years:**

Initiated – Buy – May 4, 2021 – Price Target \$11.10

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- 1) **Buy:** The analyst believes the price of the stock will appreciate and produce a total return of at least 20% over the next 12-18 months.
- 2) **Neutral:** The analyst believes the price of the stock is fairly valued for the next 12-18 months.
- 3) **Sell:** The analyst believes the price of the stock will decline by at least 20% over the next 12-18 months and should be sold.

The following chart reflects the range of current research report ratings for all companies, followed by the analysts of the Firm. The chart also reflects the research report ratings relating to those companies for which the Firm has performed investment banking services.

As of: 27-Apr-21

	<b>Company Coverage</b>		<b>Investment Banking</b>	
<b>Ratings Distribution</b>	<b># of Companies</b>	<b>% of Total</b>	<b># of Companies</b>	<b>% of Totals</b>
Market Outperform (Buy)	21	68%	5	24%
Market Perform (Neutral)	10	32%	0	0%
Market Underperform (Sell)	0	0%	0	0%
Total	31	100%	5	16%

### **Analyst Certification:**

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