

## COMPANY DETAILS



### Headquarters

The Woodlands, TX

### Employees

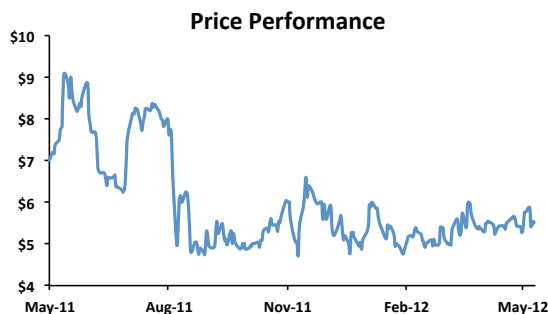
Approximately 20

### Fiscal Year End

December

### Listing

UNXL (NASDAQ)



	YTD	3m	6m	12m
Return	2.23%	3.77%	0.92%	-29.49%

Last Price	\$5.50
Date of Price	5/11/12
52-week Range	\$3.98 - \$9.20
Shares Outstanding (mm)	7.14

## ANALYST INFORMATION

### Ankur Desai

Co-Director of Investment Research  
 MDB Capital Group  
 310-526-5036  
 adesai@mdb.com

**Please read the disclosures beginning on page 7 for important required information, including analyst certification.**

## SUMMARY

Below is our review of the quarterly conference call from Uni-Pixel, Inc. (“UniPixel” or the “Company”). UniPixel is moving into the commercialization phase of its two key products: UniBoss, its touchscreen sensor module; and Diamond Guard, a cover glass module.

### UniBoss Commercialization Progress

The Company is still developing its integrated touch module with Texas Instruments. UniPixel CEO Reed Killion said during the Company’s quarterly conference call that he expects to be able to announce that it has been selected to be integrated into an end customer’s designs arising from that relationship in Q3 2012, with UniBoss appearing in products as soon as three months after that design win. The Company appears to be tracking along the milestone timeline it previously set forth, which is a positive sign.

### Diamond Guard Commercialization Progress

UniPixel is in the final phases of qualifying Diamond Guard on Carestream’s production line. The Company expects that orders for Diamond Guard should be concurrent with full qualification. Carestream is educating its sales force in how to sell Diamond Guard, and the product has been sampled to 50 – 80 of Carestream’s customers. Again, here the Company is tracking along the milestone timeline it previously set forth.

### Q1 2012 Financial Results

UniPixel reported *de minimis* revenue for the quarter, and a net loss of approximately \$2 million. The Company spent approximately \$1.3 million in cash over the quarter and has a cash balance of approximately \$5.9 million. Though the Company did not indicate it would seek to raise additional equity financing, Mr. Killion did allow that an equity raise would be one possibility if the Company needed growth capital.

# Details

## Operations

UniBoss: The Company continues to work through developing a prototype with Texas Instruments of an integrated touch module utilizing UniBoss as the touch sensor and Texas Instruments' market leading touch controller chip sets. UniPixel CEO Reed Killion said he expected to be able to release testing data from that prototype soon, and that the Company should be able to announce design wins resulting from that relationship in Q3 2012. If that design win comes in conjunction with a product that is already being produced, UniBoss could be on product within three months of that design win. UniPixel and Texas Instruments are still working through the details of their joint go-to-market strategy for the integrated controller.

We continue to view the relationship with Texas Instruments as a very positive development for three reasons. First, it amounts to a validation of the UniBoss technology, as Texas Instruments has had the ability to evaluate all of the other solutions in the market and has chosen to dedicate resources to this project. Second, it provides UniPixel with access to Texas Instruments' large customer base, lessening the need for the Company to immediately ramp up a sales capability. Finally, we believe that enterprise-level customers (such as Samsung and Apple) will be more comfortable reconfiguring production lines around a product co-sold by a player as stable as Texas Instruments.

We will continue to monitor the Company's progress on the relationship with Texas Instruments very closely; in particular, we will be very interested to see how the parties negotiate the economics of the joint go-to-market effort.

Diamond Guard: UniPixel has entered into an agreement with Carestream wherein Carestream will source, manufacture and fulfill orders of Diamond Guard. The parties are currently working towards fully qualifying Diamond Guard on Carestream's production line. UniPixel expects that process to be complete very soon. UniPixel also expect that it should be able to announce orders for Diamond Guard in conjunction with the completion of the qualification process.

In addition, Carestream is educating their sales and marketing teams in different regions on Diamond Guard and sampling to a customer base of 50 to 80 customers. Carestream receives 50% of Diamond Guard gross profits if it sources the sale (as opposed to 30% of gross profits if UniPixel sources the sale), which provides Carestream with some incentive to drive sales of Diamond Guard.

## Financials

UniPixel reported revenue of \$3,564 for the quarter, and a net loss of \$ 2,045,385. The Company spent \$1,298,195 million in cash over the quarter, representing a monthly burn rate of approximately \$430,000. The Company has \$5,918,468 million cash on hand, which translates to a cash cushion of slightly more than 13 months at its current burn rate.

We note, however, that the Company's burn rate is likely to go up over time, as the Company continues to add engineering and sales staff to make and sell UniBoss and Diamond Guard at scale. If there are delays to the Company's anticipated timing with respect to commercializing these products, or if the cash conversion cycle for these products is longer than we currently anticipate, the Company may have to raise additional financing.

# Risk Factors

UniPixel has a market capitalization of approximately \$40 million. The Company currently generates small, non-recurring consulting revenues; it is not generating earnings. We strongly recommend that investors evaluate their risk profile before deciding whether or not to invest in UniPixel.

**Strong Competition:** The transparent conductor market is very competitive, with several players—some much larger than UniPixel—working to develop and enhance new technologies. Significant technological advances by a competitive technology platform pose a risk to the future profitability of UniBoss.

The two large players who dominate the cover lens replacement industry (Corning and Asahi Glass) can use significant market power and customer relationships to avoid ceding market share to a small, new entrant. To both of these large players, the cover glass business is a significant company priority, and neither is likely to surrender market share easily.

**Development Risk:** Though the UniBoss technology performs well on testing units, UniPixel has not yet integrated a UniBoss screen on a working mobile device.

**Customer Acquisition:** For most device OEMs, changing suppliers is a risky move, requiring changes to device design, assembly and perhaps marketing. Purchasers at these large companies may be reluctant to award a major contract to a company as small as UniPixel. UniPixel's recent deals with TI and Carestream mitigate this risk somewhat, however, by putting the face of a larger, more established company on UniPixel's technology.

**Indium Supply:** Part of the reason that the touchscreen industry is searching for alternatives to the incumbent indium tin oxide ("ITO") standard is the perception that global supplies of indium will not last long. However, estimates of the global supply of ITO may be materially wrong. In addition, as the value of indium goes up, it is likely that profit-seekers will find new methods of mining it, boosting the supply. These developments might loosen the global market for ITO, which would reduce incentives to seek out alternative technologies.

**Manufacturing Risk:** Though we believe that UniPixel is capable of producing UniBoss masters at commercial scale, it may need to find a manufacturing partner to effectively emboss at scale.

**Financing Risk:** Though the Company has adequate cash reserves to finance its operations for the immediate future, there is a possibility that, if it begins to grow rapidly, it will need to finance inventory build-ups and increased headcount with additional debt or equity financing.

**Management Risk:** The Company's management has demonstrated its strength in the development phase of this technology. Though we are confident this team will successfully transition to an effective sales organization (and have already hired sales and marketing executives from industry leaders to supplement their skill sets), any investor must take into account the risks of this transition.

**Intellectual Property Risk:** Most of the key patents in UniPixel's portfolio have not yet been granted. Though we have no specific reason to doubt that they will be, we view the patent portfolio as being an important enough driver of the Company's long-term value that investors should note this risk.

**Customer Risk:** The target market for UniPixel's products is made up of large device OEMs that have the potential to place orders of significant size. Consequently, the gain or loss of a single customer might have a material impact on the Company's financial results.

Uni-Pixel, Inc: Historical Income Statement

(\$ in thousands, except per share data)	1Q09A	2Q09A	3Q09A	4Q09A	FY09A	1Q10A	2Q10A	3Q10A	4Q10A	FY10A	1Q11A	2Q11A	3Q11A	4Q11A	FY11A	1Q12A
Total Revenue	-	-	-	-	-	63	39	37	104	243	52	138	1	5	195	4
Cost of revenues	-	-	-	-	-	10	-	1	10	21	8	36	0	2	47	1
Gross Profit	-	-	-	-	-	53	39	36	94	222	44	102	0	3	148	2
Selling, general and administrative	813	622	745	186	2,366	1,150	554	580	465	2,749	1,516	932	846	893	4,187	929
Research and development	1,010	748	694	314	2,766	851	640	720	340	2,551	1,624	902	1,030	987	4,543	1,120
Total Operating Expenses	1,823	1,370	1,439	500	5,132	2,001	1,194	1,300	805	5,300	3,140	1,834	1,876	1,880	8,730	2,049
Operating Income (Loss)	(1,823)	(1,370)	(1,439)	(500)	(5,132)	(1,948)	(1,155)	(1,264)	(711)	(5,078)	(3,096)	(1,732)	(1,876)	(1,877)	(8,581)	(2,047)
Operating Income (Loss) (Pro forma)																
Gain on sale of IP	-	-	-	-	-	-	2,089	-	-	2,089	-	-	-	-	-	-
Debt issuance expense	-	(6)	(48)	(111)	(165)	(143)	(179)	(140)	(93)	(555)	-	-	-	-	-	-
Interest income (expense), net	4	(3)	(23)	(54)	(76)	(66)	(78)	(75)	(56)	(275)	4	4	3	2	12	2
Income (Loss) before income taxes (GAAP)	(1,819)	(1,379)	(1,510)	(665)	(5,373)	(2,157)	677	(1,479)	(859)	(3,818)	(3,092)	(1,729)	(1,873)	(1,875)	(8,569)	(2,045)
Provision for (benefit from) income taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Income (Loss)	(1,819)	(1,379)	(1,510)	(665)	(5,373)	(2,157)	677	(1,479)	(859)	(3,818)	(3,092)	(1,729)	(1,873)	(1,875)	(8,569)	(2,045)
Net Income (Loss) (Pro forma)																
Preferred stock dividends and amortization of discount	(1,182)	(1,191)	(1,196)	(1,060)	(4,629)	-	-	-	-	-	-	-	-	-	-	-
Net Profit (Loss) (GAAP) attributable to common shareholders	(3,001)	(2,570)	(2,706)	(1,725)	(10,002)	(2,157)	677	(1,479)	(859)	(3,818)	(3,092)	(1,729)	(1,873)	(1,875)	(8,569)	(2,045)
Net Profit (Loss) (PF) attributable to common shareholders																
EPS diluted	(\$1.50)	(\$1.28)	(\$1.35)	(\$0.86)	(\$4.99)	(\$0.59)	\$0.19	(\$0.41)	(\$0.24)	(\$1.05)	(\$0.43)	(\$0.24)	(\$0.26)	(\$0.26)	(\$1.20)	(\$0.29)
EPS diluted (Pro forma)																
Weighted Average Shares fully diluted	2,006	2,006	2,006	2,006	2,006	3,628	3,628	3,628	3,628	3,628	7,132	7,137	7,142	7,142	7,138	7,142

Uni-Pixel, Inc: Historical Balance Sheet

(\$ in thousands)	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12
<b>Assets</b>													
Cash & Near Cash Items	1,139	680	880	308	438	1,935	973	13,049	11,005	9,588	8,495	7,217	5,918
Accounts & Notes Receivable	-	-	-	-	21	17	53	78	59	0	-	5	-
Other Current Assets	3	162	399	424	451	271	131	-	224	-	-	-	-
Total Current Assets	1,142	842	1,278	732	910	2,223	1,157	13,127	11,288	9,588	8,495	7,221	5,918
Gross Fixed Assets	1,606	1,606	1,606	1,606	1,606	1,606	1,606	1,615	2,334	3,040	3,053	3,127	3,141
- Accumulated Depreciation	1,093	1,172	1,250	1,329	1,402	1,457	1,504	1,544	1,597	1,715	1,849	1,977	2,104
Net Fixed Assets	513	434	356	277	204	149	102	71	737	1,325	1,203	1,150	1,037
Other Long-Term Assets	216	212	207	168	164	-	-	17	17	17	17	17	17
Total Long-Term Assets	729	646	563	446	368	149	102	88	754	1,342	1,221	1,167	1,054
Total Assets	1,871	1,488	1,842	1,177	1,278	2,372	1,259	13,216	12,042	10,930	9,716	8,388	6,973
<b>Liabilities &amp; Shareholders' Equity</b>													
Accounts Payable	835	793	968	928	918	810	784	342	168	65	144	88	102
Short-Term Borrowings	-	-	636	2,283	3,062	3,079	3,092	-	-	-	-	-	-
Other Short-Term Liabilities	516	616	690	95	146	208	270	86	86	-	-	-	-
Total Current Liabilities	1,351	1,409	2,294	3,306	4,125	4,097	4,146	427	254	65	144	88	102
Long-Term Borrowings	-	631	1,242	-	-	-	-	-	-	-	-	-	-
Other Long-Term Liabilities	-	3	4	-	-	-	-	-	-	-	-	-	-
Total Long-Term Liabilities	-	634	1,246	-	-	-	-	-	-	-	-	-	-
Total Liabilities	1,351	2,043	3,540	3,306	4,125	4,097	4,146	427	254	65	144	88	102
Share Capital & APIC	45,815	46,120	46,486	47,780	49,209	49,655	49,971	66,514	68,607	69,413	69,993	70,597	71,205
Retained Earnings & Other Equity	(45,295)	(46,674)	(48,184)	(49,909)	(52,056)	(51,380)	(52,858)	(53,726)	(56,819)	(58,548)	(60,421)	(62,296)	(64,341)
Total Equity	520	(555)	(1,698)	(2,128)	(2,847)	(1,725)	(2,887)	12,788	11,788	10,865	9,572	8,301	6,871
Total Liabilities & Equity	1,871	1,488	1,842	1,177	1,278	2,372	1,259	13,216	12,042	10,930	9,716	8,388	6,973

Uni-Pixel, Inc.: Historical Statement of Cash Flows

(\$ in thousands, except per share data)	1Q09	2Q09	3Q09	4Q09	FY09	1Q10	2Q10	3Q10	4Q10	FY10	1Q11	2Q11	3Q11	4Q11	FY11	1Q12
Cash From Operating Activities																
Net Income	(664)	(1,379)	(1,510)	(664)	(4,217)	(2,147)	676	(1,479)	(868)	(3,818)	(3,092)	(1,729)	(1,873)	(1,875)	(8,569)	(2,045)
Depreciation & Amortization	(1,510)	83	83	83	(1,262)	78	58	47	40	222	53	119	134	128	433	127
Other Non-Cash Adjustments	(1,379)	292	177	314	(596)	1,514	(1,445)	469	383	921	2,092	767	580	604	4,043	616
Changes in Non-Cash Capital	(1,820)	(104)	415	(640)	(2,148)	20	(42)	0	(682)	(704)	(379)	60	79	(61)	(300)	19
Cash From Operations	(897)	(1,108)	(835)	(907)	(3,747)	(536)	(753)	(962)	(1,128)	(3,379)	(1,326)	(784)	(1,080)	(1,204)	(4,394)	(1,284)
Cash From Investing Activities																
Disposal of Fixed Assets	-	-	-	-	-	-	2,250	-	-	2,250	-	-	-	-	-	-
Capital Expenditures	-	-	-	-	-	-	-	-	(9)	(9)	(719)	(706)	(13)	(74)	(1,512)	(14)
Cash From Investing Activities	-	-	-	-	-	-	2,250	-	(9)	2,241	(719)	(706)	(13)	(74)	(1,512)	(14)
Cash from Financing Activities																
Change in Short-Term Borrowings	-	650	(650)	335	335	775	-	-	-	775	-	-	-	-	-	-
Increase in Long-Term Borrowings	-	-	1,925	-	1,925	-	-	-	-	-	-	-	-	-	-	-
Increase in Capital Stocks	-	-	-	-	-	-	-	-	15,275	15,275	-	73	-	-	73	-
Other Financing Activities	-	-	(240)	-	(240)	(109)	-	-	(2,062)	(2,171)	-	-	-	-	-	-
Cash from Financing Activities	-	650	1,035	335	2,020	666	-	-	13,213	13,879	-	73	-	-	73	-
Net Changes in Cash	(897)	(458)	199	(572)	(1,728)	130	1,497	(962)	12,077	12,742	(2,045)	(1,417)	(1,093)	(1,278)	(5,833)	(1,298)

# Disclosures

## Analyst Certification

The analyst whose name appears on page 1 of this report certifies that the views expressed herein accurately reflect the analyst's personal views as to the subject securities and issuers, and further certifies that no part of such analyst's compensation was, is, or will be, directly or indirectly, related to the specific views expressed by the analyst in the report.

The analyst responsible for this report does not hold a financial interest in the equity securities of the company covered in this report. The analyst responsible for this report has received and is eligible to receive compensation, including bonus compensation, based on the overall operating revenues of MDB Capital Group LLC ("MDB"), including revenues generated by MDB's investment banking department.

## Important Disclosures

MDB employs the following foreign research associate(s) in Nicaragua that contributed partially to the preparation of this report: Scarlett Hooker, Ana Jimenez Saavedra. MDB's foreign research associates are not registered as research analysts with FINRA and/or NYSE.

This report does not include valuation methodology, as MDB has not issued a rating or a price target in this report. General risk factors appear on page 3.

MDB does not make markets in the securities of the company covered in this report. MDB seeks to perform investment banking and other services for the company covered in this report. MDB performed the following services in the previous twelve months for this company: patent strategy consulting and development. MDB expects to seek compensation from this company within the next three months for: patent strategy consulting and development.

MDB currently has a warrant to purchase common stock of the company, which represents at least 1% beneficial ownership of the company's common stock. From time to time, MDB, its affiliated entities and their respective directors, officers, employees or members of their immediate families may have a long or short position in the securities mentioned in this report. These securities may be sold to or purchased from customers or others by MDB acting as principal or agent.

---

Additional information on the securities mentioned in this report is available upon request. This report is based on data obtained from sources we believe to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. Because of individual client objectives, the report should not be construed as advice designed to meet the particular investment needs of any investor.

Any opinions expressed herein are subject to change. The report is not to be construed as an offer or the solicitation of an offer to buy or sell the securities herein mentioned.

This publication has been issued and approved by MDB under a compliance routine approved by MDB for distribution to non-private clients.

Copyright 2012 MDB Capital Group LLC All rights reserved.



### **Headquarters**

401 Wilshire Boulevard  
Suite 1020  
Santa Monica, CA 90401  
310.526.5000

### **New York**

1350 Avenue of the Americas  
2nd Floor  
New York, NY 10019  
310.526.5000

### **Managua**

Embajada de Mexico,  
una cuadra arriba,  
a la esquina, casa #100  
Managua, Nicaragua  
310.526.5000



*The IP Investment Bank*

SEEING VALUE OTHERS DO NOT. CREATING VALUE OTHERS CAN NOT.