

September 17, 2024

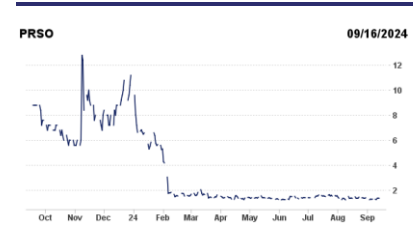
## Peraso, Inc. (PRSO)

### Military Purchase Order Further Validates Tech and Expanding Use Cases; Maintain Buy and \$4 PT

#### Change in Earnings Forecast

- ▶ We maintain our Buy rating and \$4 PT for PRSO following the latest announcement that it has received a significant purchase order for its Perspectus mmWave modules for military use in battlefield applications. The company has previously discussed the benefits of the unique propagation characteristics of its beamforming technology for stealth communications and RF saturated environments. Although the announcement did not provide details on the potential revenue opportunity, we view this as a meaningful validation of the firm’s proprietary solutions and ability to quickly penetrate one of the most challenging corners of the market. We are pleased to see accelerating momentum across a number of customers and end applications as adoption nears an inflection point. PRSO looks to be turning a corner with strengthening interest in mmWave beginning to develop with a healthy pipeline of opportunities that we anticipate will move to design wins, near-term.
- ▶ **PRSO will supply battlefield ready modules** to facilitate immediate deployment. The modules will also include customized software with advanced application specific features and power saving modes to enable continuous operation for up to one week per charge.
- ▶ **Leveraging proprietary technology to expand use cases.** Although initial design wins have been primarily driven by fixed wireless access applications, the technology is gaining traction across a number of areas where the narrow beamforming technology is well suited to overcome interference in complex environments while simultaneously enabling precise signal control to eliminate potential eavesdropping of sensitive communications. We believe the initial design win may be a tipping point for further military adoption with management expressing confidence in the potential to expand this solution to worldwide defense organizations.
- ▶ **Our \$4.00 price target equates to a 0.6X sales multiple on our FY25E revenue estimate of \$16.2M**, assuming 2.4M shares outstanding. While we view PRSO's balance sheet and current macro conditions as key short-term risks, we believe our valuation is appropriately adjusted given the sizeable market opportunity the FWA market represents and the accelerating pace of WISP deployment and customer adoption. We think the carrier migration from mid-band to mmWave spectrum will prove to be a significant catalyst for PRSO revenue growth longer term, which is not yet reflected in our model. The memory EOL, improving demand, and recent capital raise should provide sufficient liquidity to support operations into 2025 as the mmWave business ramps.

Rating:	Speculative Buy
Current Price	\$1.43
Price Target	\$4.00
52-Wk Range	\$1.15 - \$15.66
Shares Outstanding (mm)	2.8
Market Cap (mm)	\$4.1
Enterprise Value (mm)	\$2.2
Average Volume (000s)	51
Sector Weight	Market Weight



FY Dec		Q1	Q2	Q3	Q4	Total
EPS	2023A	\$(2.77)A	\$(4.16)A	\$(1.56)A	\$(8.58)A	\$(18.97)A
	2024E	\$(0.83)A	\$(0.88)A	\$(0.30)E	\$(0.25)E	\$(2.21)E
	2025E	\$(0.63)E	\$(0.88)E	\$(0.65)E	\$(0.22)E	\$(2.37)E
Revenue (m)	2023A	\$5.03A	\$2.40A	\$4.48A	\$1.83A	\$13.75A
	2024E	\$2.82A	\$4.24A	\$4.02E	\$4.50E	\$15.58E
	2025E	\$3.90E	\$2.76E	\$3.83E	\$5.74E	\$16.23E

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### Firm-Wide Stock Ratings Distribution

As of June 30, 2024

	All Covered Companies		Investment Banking Clients	
<b>Buy</b>	289	74.1%	51	12.8%
<b>Hold</b>	69	17.7%	3	0.1%
<b>Speculative Buy</b>	27	6.9%	15	3.8%
<b>Sell</b>	5	1.3%	0	0.0%

### Company Ratings

**Buy:** Stock is expected to outperform the analyst’s defined Sector/Industry Index\* over the following 6 to 12 months.

**Speculative Buy:** The stock has a market value below \$100M and/or a higher financial risk profile. It is expected to outperform the analyst’s defined sector/industry index over the following 6 to 12 months.

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**Sell:** Stock is expected to underperform the analyst’s defined Sector/Industry Index\* over the following 6 to 12 months.

### Industry Ratings

**Overweight:** Analyst’s defined Sector/Industry Index\* is expected to outperform the S&P 500 over the following 6 to 12 months.

**Market Weight:** Analyst’s defined Sector/Industry Index\* is expected to perform in-line with the S&P 500 over the following 6 to 12 months.

**Underweight:** Analyst’s defined Sector/Industry Index\* is expected to underperform the S&P 500 over the following 6 to 12 months.

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### Benchmark Disclosures as of September 17, 2024

Company	Disclosure
Peraso, Inc.	3

### Investment Risk

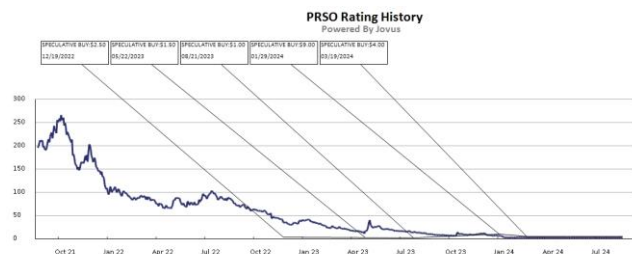
The company's mmWave and memory business customer mix is concentrated, thus PRSO is highly dependent on individual customer order trends and success; 2) WeLink is a major customer and has a history of missed and/or late payments, which negatively impacts working capital and cash flow 3) Peraso will likely require additional financial capital in the next 9-12 months; We expect losses to persist through much of 2023 with minimal cash balances unlikely sufficient to bridge to profitability; Current market conditions and PRSO's financial position may impact ability to raise capital with favorable terms; 4) The FWA market is developing quickly with many existing competitors. The market is largely dominated by incumbent wireless carriers with substantially greater resources and brand awareness than new, smaller Wireless Internet Service Providers deploying 60 GHz solutions; 5) Revenue from the memory business remains a considerable portion of total revenue, but is expected to decline over time as existing design wins run-off and no further investment to develop new products; The customer mix is highly concentrated and would be significantly impacted if displaced or designed out of upcoming platforms; 6) Gross margin on core mmWave products remains well below target levels and recent actions to improve the margin profile may be insufficient or provide only incremental improvement, unfavorably effecting our estimates 7) If the company fails to secure orders for its mmWave modules and IC products as expected, or if adoption fails to materialize, the company will require additional capital to continue operations, potentially having a substantial negative impact to our estimates, outlook, and rating.

### Valuation Methodology

Our \$4.00 price target equates to a 0.6X sales multiple on our new FY25E revenue estimate of \$16.2M, assuming 2.4M shares outstanding. While we view PRSO's balance sheet and current macro conditions as key short-term risks, we believe our valuation is appropriately adjusted given the sizeable market opportunity the FWA market represents and the accelerating pace of WISP deployment and customer adoption. We think the carrier migration from mid-band to mmWave spectrum will prove to be a significant catalyst for PRSO revenue growth longer term, which is not yet reflected in our model. The memory EOL, improving demand, and recent capital raise should provide sufficient liquidity to support operations into 2025 as the mmWave business ramps.

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