

Research Report – Update

Investors should consider this report as only a single factor in making their investment decision.

Boxlight Corporation

Speculative Buy

John Nobile

June 1, 2020

BOXL \$0.85 — (NASDAQ)

	<u>2018A</u>	<u>2019A</u>	<u>2020E</u>	<u>2021E</u>
Revenues (millions)	\$37.8	\$33.0	\$31.4	\$39.5
Earnings (loss) per share	\$(0.72)	\$(0.88)	\$(0.32)	\$(0.17)

52-Week range	\$3.28 – \$0.33	Fiscal year ends:	December
Common shares out as of 5/8/20	14.5 million	Revenue per share (TTM)	\$3.00
Approximate float	7.7 million	Price/Sales (TTM)	0.3X
Market capitalization	\$12 million	Price/Sales (FY2021)E	0.3X
Tangible book value/share	\$(0.77)	Price/Earnings (TTM)	NMF
Price/tangible book value	NMF	Price/Earnings (FY2021)E	NMF

Boxlight Corporation, headquartered in Lawrenceville, Georgia, is a designer, producer, and distributor of interactive classroom technologies for the global education market.

Key investment considerations:

Maintaining Speculative Buy rating and setting a twelve-month price target of \$2.00 per share based on our projected 2021 sales.

While Boxlight has yet to see a dramatic slow-down in its operations from COVID-19, management cautioned that it could occur over the next several months. Accordingly, we project decreased sales for 2020 but expect a return to revenue growth in 2021 as the adverse effects from COVID-19 ease.

In an effort to offset the expected decline in sales, the company has reduced its annual operating budget by approximately \$5 million starting in 2Q20. We project the annual cost savings should enable BOXL to generate cash earnings of \$131,000 in 2021 compared to a cash loss of \$3 million in 2020.

On May 20, 2020, Boxlight announced it entered into a supply agreement and strategic partnership with CEC Finance and Logistics to provide up to \$10 million of Boxlight's hardware solutions in multiple US warehouses.

On April 21, 2020, BOXL announced it closed the acquisition of Robo 3D, a leading brand of 3D printers, and MyStemKits, the largest online collection of K-12 STEM curriculum for 3D printing.

Boxlight reported (on 5/15/20) 1Q20 revenue increased 14.6% to \$5.7 million and a net loss of \$(0.16) per share versus a loss \$(0.45) per share in 1Q19.

For 2020, we project revenue to decline by 4.9% to \$31.4 million and a net loss of \$(0.32) per share.

For 2021, we project revenue to increase by 25.7% to \$39.5 million and the net loss narrowing to \$(0.17) per share. Supporting our forecast is the easing of COVID-19 conditions, a growing market and 2019 and 2020 acquisitions.

****Please view our disclosures on pages 13 - 15.***

Recommendation and Valuation

We are maintaining our Speculative Buy rating on Boxlight Corporation and setting a twelve-month price target of \$2.00 per share based on our projected 2021 sales.

While Boxlight has yet to see a dramatic slow-down in its operations from COVID-19, management cautioned that it could occur over the next several months. Accordingly, we project decreased sales for 2020 but expect a return to growth in 2021 as the adverse effects from COVID-19 ease.

In an effort to offset the expected decline in sales, the company has reduced its annual operating budget by approximately \$5 million on an annual basis starting in 2Q20. We project the annual cost savings should enable BOXL to generate cash earnings of \$131,000 in 2021 compared to a cash loss of \$3 million in 2020.

Shares of BOXL currently trade at a trailing 12-month price/sales multiple of 0.3X. The industry trades at a trailing twelve-month price to sales multiple of approximately 1X. With the resumption of 2021 sales growth, we anticipate investors are likely to accord BOXL a multiple that approaches the industry. We applied a multiple of 0.8X to our 2021 sales per share projection of \$2.72, discounted for execution risk, to derive a year-ahead price target of approximately \$2.00 per share.

Recent Developments

Boxlight Signs \$10M Supply Agreement - On May 20, 2020, Boxlight announced it entered into a supply agreement and strategic partnership with CEC Finance and Logistics to provide up to \$10 million of Boxlight's hardware solutions in multiple US warehouses.

The agreement will provide Boxlight's solutions, including interactive flat panel displays, in warehouses located in Los Angeles and New Jersey, tightening delivery times and increasing just-in-time delivery to customers throughout the US. The partnership will also increase efficiencies for shipping and logistics and decrease overall freight costs to customers.

Boxlight Acquires Robo 3D and MyStemKits - On April 21, 2020, Boxlight Corporation announced it closed the acquisition of Robo 3D, a leading brand of 3D printers, and MyStemKits, the largest online collection of K-12 STEM curriculum for 3D printing. The purchase price was approximately \$600,000 in cash, assumed liabilities, and a note payable.

Boxlight is now positioned to offer a comprehensive suite of STEM solutions, complete with its Labdisc portable STEM lab, Mimio Mybot robotics and coding solution. BOXL can also provide STEM specific training and professional development, and both the Robo 3D and MyStemKits branded 3D printing hardware and curriculum.

The acquisition also brings additional management talent to Boxlight including Ryan Legudi as Senior Vice President of STEM Solutions and Braydon Moreno as Director of STEM Solutions.

Boxlight Shares Distant Learning Training and Resources - On April 7, 2020, Boxlight announced it was offering complimentary training, professional development, and support resources for educators transitioning to distance learning.

Boxlight Together is a collection of multimedia resources to upskill K-12 teachers on using Google's G-Suite for Education and Microsoft's Office 365 for Education platforms to deliver distance learning during the COVID-19 pandemic. Educators can select from a series of live webinars and self-paced online professional development courses, as well as access Boxlight's team of Digital Learning Specialists for personalized support.

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Michael Pope Appointed as Chairman and CEO - On March 20, 2020, Boxlight Corporation announced that Michael Pope has been named as its Chairman and Chief Executive Officer. The company's previous CEO and Chairman, Harold Bevis, accepted a position with another organization and has stepped down as an officer and director.

Prior to accepting the role of CEO and Chairman, Mr. Pope served as the company's President since July 2015 and has been a director of the company since September 2014. Mr. Pope served as Managing Director at Vert Capital, a private equity and business advisory firm, and its affiliates from October 2011 to October 2016, managing portfolio holdings in education, consumer products, technology and digital media. From May 2008 to October 2011, Mr. Pope was Chief Financial Officer and Chief Operating Officer for the Taylor Family in Salt Lake City, managing family investment holdings in the consumer products, professional services, real estate and education sectors. Mr. Pope holds an active CPA license and earned his undergraduate and graduate degrees in accounting from Brigham Young University.

Boxlight Awarded District-Wide Contract to Equip Texas Schools - On February 27, 2020, Boxlight announced that the Nederland, Texas Independent School District selected Boxlight to outfit hundreds of classrooms. The initial order for 70 ProColor interactive flat panel displays with MimioStudio educational software has been installed in four Elementary Schools and two Middle Schools. When Nederland completes its installation, the district will have close to 230 new 75" ProColor panels with MimioStudio software.

Boxlight Selected by Shelby County Schools - On January 9, 2020, Boxlight announced that Shelby County Schools in Tennessee have chosen Boxlight's ProColor flat panel displays for use in its classrooms. The district has also selected technology solutions provider Central Technologies as its approved provider of Boxlight's interactive flat panel displays. This contract is expected to generate \$1 million in revenue for Boxlight.

Organizational History

In September 2014, Boxlight Corporation was incorporated in Nevada for the purpose of becoming a technology company that sells interactive educational products. The company was formed through several acquisitions that started in April 2016. A brief description can be seen in the table below:

April 2016	Boxlight acquired Mimio LLC, a designer, producer and distributor of a broad range of interactive classroom technology products primarily targeted at the global K-12 education market.
May 2016	Boxlight acquired Genesis Collaboration LLC, a provider of solutions that enhance interactive learning in the business, government, and education markets.
July 2016	Boxlight acquired the Boxlight Group, a seller and distributor of interactive projectors that suit the varying needs of instructors, teachers and presenters.
May 2018	Boxlight acquired Cohuborate, Ltd., a UK-based producer and distributor of interactive display panels designed to provide new learning and working experiences through in-room and room-to-room multi-device, multi-user collaboration.
June 2018	Boxlight acquired Qwizdom Inc., a developer of software and hardware solutions that are quick to implement and designed to increase participation, provide immediate data feedback, and, accelerate and improve comprehension and learning.
August 2018	Boxlight acquired EOSEDU, LLC, a provider of technology consulting, training, and professional development services that integrate technology with curriculum in K-12 schools and districts.
March 2019	Boxlight acquired Modern Robotics Inc., a company engaged in the business of developing, selling and distributing STEM, robotics and programming solutions to the education market globally.

The company completed an initial public offering of its common stock in November 2017 and began trading under the symbol BOXL.

Business

Boxlight Corporation, headquartered in Lawrenceville, Georgia, is a designer, producer, and distributor of interactive classroom technologies for the global education market.

Products that the company sells include flat panels (interactive flat panel pictured at right), projectors, whiteboards and peripherals. Boxlight also distributes science, technology, engineering and math (STEM) products, including its portable science lab. Besides providing hardware, engineering and manufacturing, software and content development to clients and customers, Boxlight offers services that include installation, training, consulting and maintenance.



The company has historically generated substantially all of its revenue from the sale of its software and interactive displays to the educational market.

Boxlight does not manufacture any of the products it sells. Many of the company’s products and components are manufactured by original design manufacturers (ODMs) and original equipment manufacturers (OEMs) located in the US, Taiwan, China, and Germany.

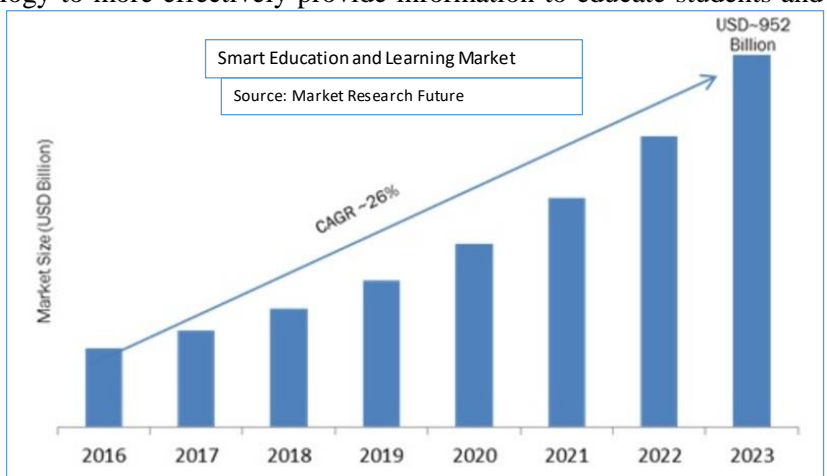
Boxlight’s sales force and marketing teams are primarily focused on driving sales to school districts, throughout North, Central and South America, Europe, the Middle East and Asia. The company also markets its products through distributors and resellers providing them with training to become knowledgeable about its products. Boxlight currently has approximately 800 resellers.

Industry

The following industry projections suggest robust growth for the global smart education market. However, due to the COVID-19 pandemic, there is a risk of reduced demand for certain smart education products due to extended distance and digital learning.

The global education industry is undergoing a significant transition, as primary and secondary school districts, colleges and universities, as well as governments, corporations and individuals around the world are increasingly recognizing the importance of using technology to more effectively provide information to educate students and other users. Smart education denotes a range of technologies employed to enhance the delivery and administration of education across various segments such as K-12, higher education, enterprise, government and healthcare.

The global smart education market is projected to reach \$952 billion by 2023 for a compound annual growth rate (CAGR) of 26% from 2017 to 2023 according to an April 2020 report by industry report publisher Market Research Future (see chart at right). The increase in



educational institutes that are adopting advanced methods of teaching and tools, such as projectors, white boards, and smart notebooks are anticipated to be key drivers in the smart education and learning market.

Grand View Research predicts that rising demand for innovative and interactive techniques such as educational apps were expected to propel the smart education market. Compared to traditional classrooms based on one-way learning, the learning experience in current times has transformed immensely with students being exposed to digital devices at an early age. New learning modes such as adaptive learning, simulation-based learning, blended learning, and collaborative learning have subsequently evolved and offer an enhanced learning experience.

The educational robot market that the company entered in March 2019 with its acquisition of Modern Robotics promises robust growth for this segment over the next five years. In August 2019, Market Research Future projected the global educational robot market to grow at a CAGR of approximately 16.2% from 2017 to 2023 reaching a market size of over \$1.5 billion. The role of educational robots is not to replace teachers but to make the whole learning process much easier and convenient for the students. Educational robots can be described as an assortment of activities, instructional curriculums, physical podiums, enlightening resources, and educational philosophy.

Competition

Boxlight operates in the highly competitive interactive education industry and faces substantial competition from developers, manufacturers and distributors of interactive learning products and solutions. The industry is characterized by frequent product introductions and rapid technological advances. Interactive whiteboards have evolved from a high-cost technology that involves multiple components, requiring professional installers, to a one-piece technology that is available at increasingly reduced price points and affords simple installations. Boxlight's ability to integrate its existing technologies and remain innovative in developing new technologies that are desired by customers will determine its ability to grow.

Strategy

Boxlight's growth strategy includes acquiring assets and technologies of companies that have products, technologies, industry specializations or geographic coverage that extend or complement its existing product portfolio for the smart education market.

Boxlight has implemented a comprehensive plan to reach profitability, which includes integrating products from acquired companies and cross training sales professionals to increase their offerings.

The company anticipates achieving significant costs savings by merging the operations of the companies it acquires and reducing costs through staff reductions (consolidating resources such as accounting, marketing and human resources), economies of scale (improved purchasing power with a greater ability to negotiate prices with suppliers), and improved market reach and industry visibility (increase in customer base and entry into new markets).

Economic Outlook

In April 2020, the International Monetary Fund (IMF) changed its global economic growth estimates to a decline of 3% for 2020 and growth of 5.8% for 2021, down from its January 2020 estimates calling for growth of 3.3% for 2020. The IMF previously forecasted 2021 GDP growth of 3.4%. The revisions primarily reflects the severe impact of the COVID-19 pandemic and the assumption that the pandemic will fade in 2H20 and containment efforts can be gradually unwound helping to normalize economic activity.

The IMF changed its economic growth estimate for the US to a decline of 5.9% for 2020 and growth of 4.7% for 2021. In January 2020, the IMF projected US growth of 2% for 2020 and 1.7% for 2021.

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The second estimate of US GDP growth (released on May 28, 2020) showed the US economy decreased at an annual rate of 5% in 1Q20, down from the 2.1% growth reported in 4Q19. The 1Q20 US GDP estimate primarily reflects decreases in consumer spending, business investment, exports, and inventory investment, partially offset by increases in housing investment and government spending.

Projections

While Boxlight has yet to see a dramatic slow-down in its operations from COVID-19, management cautioned that it could occur over the next several months. Accordingly, we project decreased sales for 2020 but expect a return to growth in 2021 as the adverse effects from COVID-19 eases.

In an effort to offset the expected decline in sales, the company has reduced its annual operating budget by approximately \$5 million starting in 2Q20. We project the cost reduction should enable the company to generate cash earnings in 2021 compared to a cash loss in 2020.

2020 – We project revenue to decline by 4.9% to \$31.4 million and a net loss of \$4.5 million or \$(0.32) per share. We project a 4% increase in gross profit to \$9.3 million from \$8.9 million as gross margins improve to 29.6% from 27.1% in 2019.

We anticipate general and administrative expenses decreasing to \$12 million from \$15.8 million with the reduction in the company's operating budget. R&D expenses are projected to remain relatively flat at \$1.2 million.

Interest expense should be flat at \$1.8 million and we project the company paying no taxes due to its large amount of net operating loss carryforwards (\$19.6 million as of December 31, 2019).

We project a cash loss of \$3 million and a decrease in working capital of \$2.7 million resulting in cash used in operations of \$332,000. We project \$834,000 cash from financing due primarily to debt proceeds. We project a \$298,000 increase in cash to \$1.5 million at December 31, 2020.

2021 – We project revenue to increase by 25.7% to \$31.4 million and the net loss narrowing to \$2.5 million or \$(0.17) per share. Supporting our forecast is the easing of COVID-19 conditions, a growing market and 2019 and 2020 acquisitions. We project a 27.4% increase in gross profit to \$11.8 million from \$9.3 million with gross margins of 30%, up from 29.6% projected for 2020.

We anticipate general and administrative expenses decreasing to \$11.6 million from \$12 million due to a full year of reduced operating budget measures. R&D expenses are projected to remain relatively flat at \$1.2 million.

Interest expense should decrease to \$1.6 million from \$1.8 million in 2020 on reduced debt and we project the company paying no taxes.

We project cash earnings of \$131,000 and an increase in working capital of \$203,000 resulting in cash used in operations of \$72,000. We project \$675,000 cash used in financing due primarily to the pay down of debt. We project a \$747,000 decrease in cash to \$724,000 at December 31, 2021.

1Q20 and FY 2019 Financial Results

1Q20 - Revenue increased 14.6% to \$5.7 million from \$5 million. The company reported a net loss of \$2 million or \$(0.16) per share versus a loss of \$4.6 million or \$(0.45) per share in 1Q19. Included in the net loss for 1Q20 was a \$29,000 or \$0.00 per share gain related to the change in fair value of derivative liabilities and a \$1.1 million or \$0.09 per share gain from the settlement of liabilities. Included in the net loss for 1Q19 was a \$2.2 million or \$(0.21) per share loss related to the change in fair value of derivative liabilities and a \$146,000 or \$0.01 per share gain from the settlement of liabilities. Excluding these items, Boxlight would have reported a 1Q20 net loss of \$3.1 million or \$(0.25) per share and a loss of \$2.6 million or \$(0.25) per share in 1Q19.

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The company's revenue growth reflects increases in sales of hardware, software, and services. Gross profit decreased 4.8% to \$1.6 million as gross margins decreased 27.8% from 33.5%. The decrease in gross margins was primarily due to changes in the product mix (increased hardware sales).

General and administrative expenses increased 4.6% to \$3.9 million while research and development expenses increased to \$317,000 from \$236,000. Interest expense increased to \$459,000 from \$281,000 as a result of increased debt.

FY 2019 - Revenue decreased 12.7% to \$33 million from \$37.8 million. The company reported a net loss of \$9.4 million or \$(0.88) per share versus a loss of \$7.2 million or \$(0.72) per share in 2018. Included in the net loss for 2019 was a \$245,000 or \$0.02 per share gain related to the change in fair value of derivative liabilities and a \$118,000 or \$0.01 per share gain related to the settlement of liabilities. Included in the net loss for 2018 was a \$427,000 or \$0.04 per share gain related to the change in fair value of derivative liabilities and a \$165,000 or \$0.02 per share gain related to the settlement of liabilities. Excluding these items, Boxlight would have reported a 2019 net loss of \$9.8 million or \$(0.91) per share compared to a loss of \$7.8 million or \$(0.78) per share in 2018.

Gross profit increased 3.3% to \$8.9 million aided by gross margin expansion to 27.1% from 22.9%. General and administrative expenses increased 5.3% to \$15.8 million and research and development expenses increased 83.3% to \$1.2 million from \$672,000. Interest expense more than doubled to \$1.8 million from \$841,000.

Liquidity – At March 31, 2020, Boxlight had \$613,000 cash and \$7.4 million of debt (\$5.7 million short-term) consisting of \$1.9 million of accounts receivable financing at prime plus 4% and \$5.5 million of notes payable at rates ranging from 5% to 10%.

In 1Q20, cash used in operations was \$890,000 consisting of a \$2.4 million cash loss and a \$1.5 million decrease in working capital. The decrease in working capital was primarily due to an increase in payables and a decrease in prepaid expenses. Cash provided by financing of \$434,000 consisted of a net increase in debt. Cash decreased by \$560,000 to \$613,000 at March 31, 2020.

Risks

In our view, these are the principal risks underlying the stock.

Pandemic concerns – As a result of the ongoing COVID-19 pandemic, there is a risk that modification of the traditional classroom setting may result in reduced demand for the company's classroom solutions, including reduced demand for interactive displays due to extended or indefinite distance and digital learning. The pandemic may also cause customers to suspend their decisions on using the company's products and services and make it impossible to attend or sponsor trade shows or other conferences in which BOXL's products and services are presented to customers and potential customers. These events could have a material adverse impact on the company's operations.

Going concern - As of March 31, 2020, Boxlight had an accumulated deficit of approximately \$33.3 million and a 1Q20 net loss of \$1.9 million. These factors raise substantial doubt regarding the company's ability to continue as a going concern.

Competition – Boxlight operates in the highly competitive interactive education industry. The company faces substantial competition from developers, manufacturers and distributors of interactive learning products and solutions. Many of these competitors have significantly greater financial and other resources than Boxlight does and have spent significant amounts of resources to try to enter or expand their presence in the market. Increased competition or other competitive pressures may continue to result in price reductions, reduced margins or loss of market share.

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Technological obsolescence - The market for interactive learning and collaboration solutions is still emerging and evolving and is characterized by rapid technological change and frequent new product introductions. There can be no assurance that Boxlight's products will not suffer from technological obsolescence in the future.

Reliance on third party suppliers – The company does not manufacture any of the products it sells and distributes but relies on third party suppliers. Boxlight's suppliers may not be able to always supply components or products on a timely basis and on favorable terms, and as a result, the company's dependency on third party suppliers could adversely affect its revenue.

Reliance on resellers - Substantially all of Boxlight's sales are made through resellers and distributors. Such resellers and distributors may no longer sell the company's products, or may reduce efforts to sell its products.

Reliance on government funding for schools - Decreases in the spending policies or budget priorities for government funding of schools, colleges, universities, other education providers or government agencies may have a material adverse effect on the company's revenue.

Ineffective disclosure controls and procedures – As of March 31, 2020, the company's disclosure controls and procedures were deemed not effective due to insufficient written policies and procedures over accounting transaction processing, capital transactions and period end financial disclosure

Delisting potential – On May 15, 2020, Boxlight received notice from The Nasdaq Stock Market that the company is not in compliance with a Nasdaq listing rule as the company's stockholders' equity had fallen below the required \$2.5 million equity standard required for continued listing. Boxlight has 45 days from the date it receives notice to file a plan of compliance with Nasdaq. In the event Nasdaq accepts the company's plan of compliance, BOXL will be given an extension of up to 180 days from the date of the Notice to regain compliance. The company intends to submit a plan of compliance within the allowed time period.

On April 20, 2020, Boxlight announced it received a notice from The Nasdaq Stock Market that the company is not in compliance with a Nasdaq listing rule as the minimum bid price of the company's common stock has been below \$1.00 per share for 30 consecutive business days. The notification of noncompliance has no immediate effect on the listing or trading of the company's common stock.

Due to the market disruption caused by the ongoing COVID-19 pandemic, Nasdaq has delayed the requirement for meeting the minimum bid price until June 30, 2020. As such, the company has 180 days from July 1, 2020, or until December 28, 2020, to achieve compliance with the minimum bid price requirement. To regain compliance, the minimum bid price of Boxlight's common stock must meet or exceed \$1.00 per share for a minimum of ten consecutive business days during this 180-day grace period.

Liquidity risk - Shares of Boxlight Corporation have risks common to those of the microcap segment of the market. Often these risks cause microcap stocks to trade at discounts to their peers. The most common of these risks is liquidity risk, which is typically caused by small trading floats and very low trading volume and can lead to large spreads and high volatility in stock price. There are 7.7 million shares in the float and the average daily volume is approximately 981,000 shares.

Miscellaneous risk - The company's financial results and equity values are subject to other risks and uncertainties including competition, operations, financial markets, regulatory risk, and/or other events. These risks may cause actual results to differ from expected results.

Boxlight Corporation

Consolidated Balance Sheets
(in thousands \$)

	2017A	2018A	2019A	3/20A	2020E	2021E
Cash and cash equivalents	2,010	901	1,173	613	1,471	724
Receivables	3,090	3,635	3,665	4,260	2,793	3,511
Inventories	4,626	4,214	3,319	2,885	2,603	3,072
Prepaid expenses	388	1,214	1,766	1,179	1,179	1,179
Total current assets	10,114	9,964	9,923	8,937	8,046	8,487
Net property and equipment	30	227	207	203	129	108
Intangible assets	6,127	6,352	5,559	5,344	5,344	5,344
Goodwill	4,182	4,724	4,724	4,724	4,724	4,724
Other assets	-	-	56	60	60	60
Total assets	20,453	21,267	20,469	19,268	18,303	18,723
Accounts payable and accrued expenses	6,895	7,893	9,753	8,096	9,218	10,370
Warranty reserve	492	580	13	31	31	31
Short-term debt	807	2,684	4,905	5,669	4,930	4,430
Earn-out payable	-	137	387	352	352	352
Convertible notes payable	50	-	-	-	-	-
Deferred revenue	1,127	938	1,972	1,734	1,734	1,734
Derivative liabilities	1,857	326	147	118	118	118
Other short-term liabilities	-	5	31	55	55	55
Total current liabilities	11,228	12,563	17,208	16,055	16,438	17,090
Long-term debt	-	328	1,309	1,113	1,113	1,113
Earn-out payable	-	273	-	-	-	-
Other long-term liabilities	-	-	17	12	12	12
Deferred revenue	175	135	2,583	2,760	2,760	2,760
Total liabilities	11,403	13,299	21,117	19,940	20,323	20,975
Total stockholders' equity	9,050	7,968	(648)	(672)	(2,020)	(2,252)
Total liabilities & stockholders' equity	20,453	21,267	20,469	19,268	18,303	18,723

*2020 includes \$1.7 million additional paid-in capital related to conversion of payables

Source: Company filings and Taglich Brothers' estimates

Boxlight Corporation

Income Statements for the Fiscal Years Ended (in thousands \$)

	2017A	2018A	2019A	2020E	2021E
Revenue	25,744	37,841	33,030	31,423	39,500
Cost of revenue	19,330	29,188	24,089	22,122	27,652
Gross profit	6,414	8,653	8,941	9,301	11,848
General and administrative	13,190	14,977	15,771	12,037	11,600
Research and development	466	672	1,229	1,217	1,200
Operating income (loss)	(7,242)	(6,996)	(8,059)	(3,953)	(952)
Interest expense	(635)	(841)	(1,794)	(1,758)	(1,630)
Gain on settlement of liabilities	276	165	118	1,086	-
Change in fair value of derivative liabilities	861	426	245	28	-
Other income (expense)	201	69	88	133	100
Income before taxes	(6,539)	(7,177)	(9,402)	(4,464)	(2,482)
Income tax	-	-	-	-	-
Net Income / (loss)	(6,539)	(7,177)	(9,402)	(4,464)	(2,482)
EPS	(1.20)	(0.72)	(0.88)	(0.32)	(0.17)
Shares Outstanding	5,455	9,922	10,689	13,999	14,500
 <u>Margin Analysis</u>					
Gross margin	24.9%	22.9%	27.1%	29.6%	30.0%
General and administrative	51.2%	39.6%	47.7%	38.3%	29.4%
Research and development	1.8%	1.8%	3.7%	3.9%	3.0%
Operating margin	(28.1)%	(18.5)%	(24.4)%	(12.6)%	(2.4)%
 <u>Year / Year Growth</u>					
Total Revenues	26.4%	47.0%	(12.7)%	(4.9)%	25.7%

Source: Company filings and Taglich Brothers' estimates

Boxlight Corporation

Quarterly Income Statements 2019A - 2021E
(in thousands \$)

	<u>3/19A</u>	<u>6/19A</u>	<u>9/19A</u>	<u>12/19A</u>	<u>2019A</u>	<u>3/20A</u>	<u>6/20E</u>	<u>9/20E</u>	<u>12/20E</u>	<u>2020E</u>	<u>3/21E</u>	<u>6/21E</u>	<u>9/21E</u>	<u>12/21E</u>	<u>2021E</u>
Revenue	4,993	11,096	11,603	5,338	33,030	5,723	8,800	11,500	5,400	31,423	5,900	11,900	13,800	7,900	39,500
Cost of revenue	<u>3,321</u>	<u>7,848</u>	<u>8,164</u>	<u>4,756</u>	<u>24,089</u>	<u>4,132</u>	<u>6,160</u>	<u>8,050</u>	<u>3,780</u>	<u>22,122</u>	<u>4,132</u>	<u>8,330</u>	<u>9,660</u>	<u>5,530</u>	<u>27,652</u>
Gross profit	1,672	3,248	3,439	582	8,941	1,591	2,640	3,450	1,620	9,301	1,768	3,570	4,140	2,370	11,848
General and administrative	3,766	3,894	4,258	3,853	15,771	3,937	2,700	2,700	2,700	12,037	2,900	2,900	2,900	2,900	11,600
Research and development	<u>236</u>	<u>325</u>	<u>351</u>	<u>317</u>	<u>1,229</u>	<u>317</u>	<u>300</u>	<u>300</u>	<u>300</u>	<u>1,217</u>	<u>300</u>	<u>300</u>	<u>300</u>	<u>300</u>	<u>1,200</u>
Operating income (loss)	(2,330)	(971)	(1,170)	(3,588)	(8,059)	(2,663)	(360)	450	(1,380)	(3,953)	(1,432)	370	940	(830)	(952)
Interest expense	(281)	(479)	(517)	(517)	(1,794)	(459)	(446)	(433)	(420)	(1,758)	(415)	(410)	(405)	(400)	(1,630)
Gain on settlement of liabilities	146	-	-	(28)	118	1,086	-	-	-	1,086	-	-	-	-	-
Change in fair value of derivative liabilities	(2,162)	263	1,372	772	245	28	-	-	-	28	-	-	-	-	-
Other income (expense)	<u>21</u>	<u>24</u>	<u>21</u>	<u>22</u>	<u>88</u>	<u>58</u>	<u>25</u>	<u>25</u>	<u>25</u>	<u>133</u>	<u>25</u>	<u>25</u>	<u>25</u>	<u>25</u>	<u>100</u>
Income before taxes	(4,606)	(1,163)	(294)	(3,339)	(9,402)	(1,950)	(781)	42	(1,775)	(4,464)	(1,822)	(15)	560	(1,205)	(2,482)
Income tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Income / (loss)	<u>(4,606)</u>	<u>(1,163)</u>	<u>(294)</u>	<u>(3,339)</u>	<u>(9,402)</u>	<u>(1,950)</u>	<u>(781)</u>	<u>42</u>	<u>(1,775)</u>	<u>(4,464)</u>	<u>(1,822)</u>	<u>(15)</u>	<u>560</u>	<u>(1,205)</u>	<u>(2,482)</u>
EPS	<u>(0.45)</u>	<u>(0.11)</u>	<u>(0.03)</u>	<u>(0.30)</u>	<u>(0.88)</u>	<u>(0.16)</u>	<u>(0.05)</u>	<u>0.00</u>	<u>(0.12)</u>	<u>(0.32)</u>	<u>(0.13)</u>	<u>(0.00)</u>	<u>0.04</u>	<u>(0.08)</u>	<u>(0.17)</u>
Shares Outstanding	10,256	10,590	10,746	11,165	10,689	12,494	14,500	14,500	14,500	13,999	14,500	14,500	14,500	14,500	14,500
<u>Margin Analysis</u>															
Gross margin	33.5%	29.3%	29.6%	10.9%	27.1%	27.8%	30.0%	30.0%	30.0%	29.6%	30.0%	30.0%	30.0%	30.0%	30.0%
General and administrative	75.4%	35.1%	36.7%	72.2%	47.7%	68.8%	30.7%	23.5%	50.0%	38.3%	49.2%	24.4%	21.0%	36.7%	29.4%
Research and development	4.7%	2.9%	3.0%	5.9%	3.7%	5.5%	3.4%	2.6%	5.6%	3.9%	5.1%	2.5%	2.2%	3.8%	3.0%
Operating margin	(46.7)%	(8.8)%	(10.1)%	(67.2)%	(24.4)%	(46.5)%	(4.1)%	3.9%	(25.6)%	(12.6)%	(24.3)%	3.1%	6.8%	(10.5)%	(2.4)%
<u>Year / Year Growth</u>															
Total Revenues	(16.7)%	14.8%	13.8%	(55.5)%	(12.7)%	14.6%	(20.7)%	(0.9)%	1.2%	(4.9)%	3.1%	35.2%	20.0%	46.3%	25.7%

Source: Company filings and Taglich Brothers' estimates

Boxlight Corporation

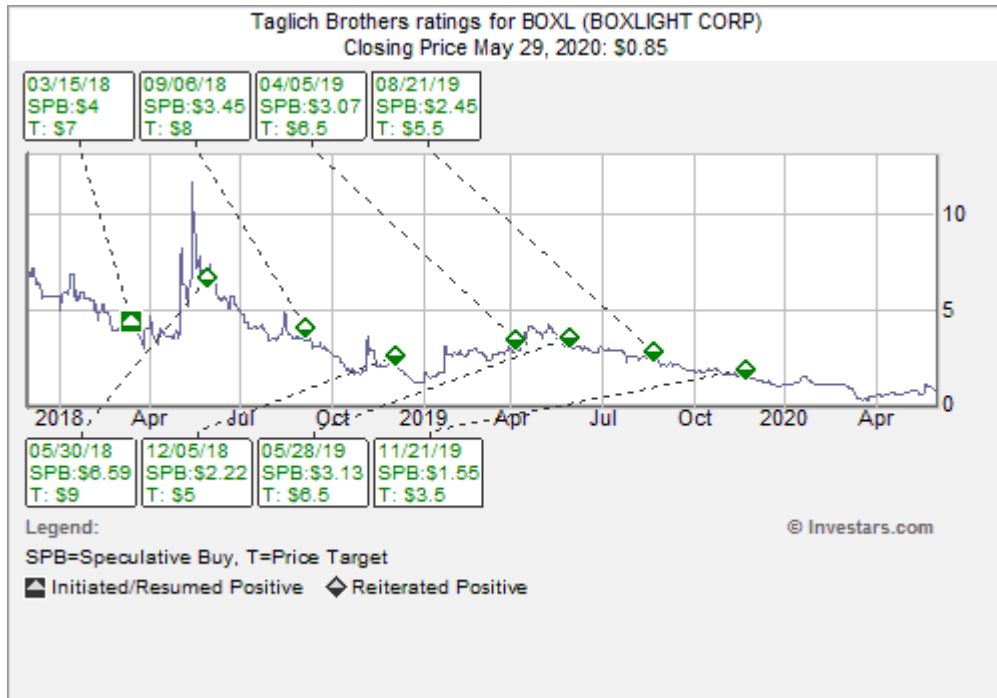
Statement of Cash Flows for the Periods Ended
(in thousands \$)

	<u>2017A</u>	<u>2018A</u>	<u>2019A</u>	<u>3M20A</u>	<u>2020E</u>	<u>2021E</u>
Net income (loss)	(6,539)	(7,178)	(9,402)	(1,950)	(4,464)	(2,482)
Bad debt expense	(89)	76	82	(9)	(9)	-
Change in allowance for sales returns	408	191	(248)	2	2	-
Change in inventory reserve	134	34	(13)	(44)	(44)	-
Change in fair value of derivative liability	-	(427)	(245)	(28)	(28)	-
Change in fair value of earn-out payable	-	-	-	(35)	(35)	-
Shares issued for interest payable on notes payable	-	-	-	42	42	-
Stock compensation expense	4,344	1,985	1,138	271	1,200	1,200
Other share-based payments	-	36	126	8	50	50
Depreciation & amortization	747	886	909	219	767	763
Loss on disposal of other assets	7	-	-	-	-	-
Amortization of debt discount	-	66	496	171	600	600
Debt extension fees	-	-	-	-	-	-
Gain on settlement of liabilities	(276)	-	(118)	(1,086)	(1,086)	-
Gain on settlement of accounts payable	-	(62)	-	-	-	-
Gain on settlement of derivative liabilities	(861)	(104)	-	-	-	-
Cash earnings (loss)	(2,125)	(4,497)	(7,275)	(2,439)	(3,005)	131
<i>Changes in assets and liabilities</i>						
Receivables	(465)	(73)	142	(588)	872	(718)
Inventories	(596)	836	1,295	478	282	(470)
Prepaid expenses and other	79	(805)	(462)	586	587	-
Other assets	-	-	-	(3)	(3)	-
Warranty reserve	-	-	(61)	19	18	-
Accounts payable and accrued expenses	1,152	989	1,878	1,100	962	985
Deferred revenues	614	(225)	177	(62)	(61)	-
Other short-term liabilities	(2)	-	43	23	24	-
Other liabilities	-	-	-	(4)	(4)	-
Accrued interest on long-term debt	-	-	-	-	(4)	-
(Increase) decrease in working capital	782	722	3,012	1,549	2,673	(203)
Net cash provided by (used in) operations	(1,343)	(3,775)	(4,263)	(890)	(332)	(72)
Cash acquired through acquisitions	-	1,310	10	-	-	-
Cash paid for acquisitions	-	(410)	-	-	(100)	-
Cash paid for furniture and fixtures	-	-	(3)	-	-	-
Payment made for purchase of intangible assets	(10)	-	-	-	-	-
Proceeds from sales of property, equipment and other	-	-	-	-	-	-
Net cash provided by (used in) investing	(10)	900	7	-	(100)	-
Proceeds from short-term debt	10,215	23,861	22,775	2,817	12,768	12,000
Proceeds from convertible note payable	-	-	5,250	750	750	-
Debt issuance costs	-	-	(214)	(41)	(41)	-
Principal payments on short-term debt	(12,966)	(22,499)	(23,328)	(3,092)	(12,568)	(12,500)
Payments on purchase note	-	-	-	-	(175)	(175)
Other	-	-	(23)	-	-	-
Proceeds from the issuance of common stock	5,679	420	-	-	100	-
Net cash provided by (used in) financing	2,928	1,782	4,460	434	834	(675)
Effect of currency exchange rates	(21)	(16)	68	(104)	(104)	-
Net change in cash	1,554	(1,109)	272	(560)	298	(747)
Cash - beginning of period	456	2,010	901	1,173	1,173	1,471
Cash - end of period	2,010	901	1,173	613	1,471	724

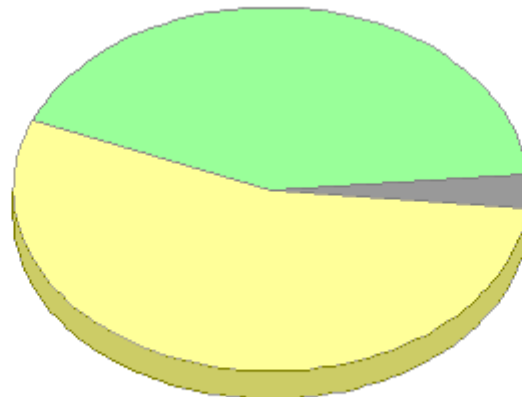
Source: Company filings and Taglich Brothers' estimates

Boxlight Corporation

Price Chart



Taglich Brothers' Current Ratings Distribution



■ 42.42 % Buy ■ 54.55 % Hold ■ 3.03 % Not Rated

Investment Banking Services for Companies Covered in the Past 12 Months		
Rating	#	%
Buy	1	5
Hold		
Sell		
Not Rated	1	50

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I, John Nobile, the research analyst of this report, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities and issuers; and that no part of my compensation was, is, or will be, directly, or indirectly, related to the specific recommendations or views contained in this report.

Public companies mentioned in this report:

Apple Computer (NASDAQ: AAPL)
Moovly Media Inc. (OTC: MVVYF)
Unisys (NYSE: UIS)

Meaning of Ratings

Buy – The growth prospects, degree of investment risk, and valuation make the stock attractive relative to the general market or comparable stocks.

Speculative Buy – Long term prospects of the company are promising but investment risk is significantly higher than it is in our BUY-rated stocks. Risk-reward considerations justify purchase mainly by high risk-tolerant accounts. In the short run, the stock may be subject to high volatility and could continue to trade at a discount to its market.

Neutral – Based on our outlook the stock is adequately valued. If investment risks are within acceptable parameters, this equity could remain a holding if already owned.

Sell – Based on our outlook the stock is significantly overvalued. A weak company or sector outlook and a high degree of investment risk make it likely that the stock will underperform relative to the general market.

Dropping Coverage – Research coverage discontinued due to the acquisition of the company, termination of research services, non-payment for such services, diminished investor interest, or departure of the analyst.

Some notable Risks within the Microcap Market

Stocks in the Microcap segment of the market have many risks that are not as prevalent in Large-cap, Blue Chips or even Small-cap stocks. Often it is these risks that cause Microcap stocks to trade at discounts to their peers. The most common of these risks is liquidity risk, which is typically caused by small trading floats and very low trading volume which can lead to large spreads and high volatility in stock price. In addition, Microcaps tend to have significant company specific risks that contribute to lower valuations. Investors need to be aware of the higher probability of financial default and higher degree of financial distress inherent in the microcap segment of the market.

From time to time our analysts may choose to withhold or suspend a rating on a company. We continue to publish informational reports on such companies; however, they have no ratings or price targets. In general, we will not rate any company that has too much business or financial uncertainty for our analysts to form an investment conclusion, or that is currently in the process of being acquired.