

Research Report – Update

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

Boxlight Corporation

Speculative Buy

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May 30, 2018

BOXL \$6.59 — (NASDAQ)

	<u>2016A</u>	<u>2017A</u>	<u>2018E</u>	<u>2019E</u>
Revenues (millions)	\$20.4	\$25.7	\$33.1	\$41.4
Earnings (loss) per share	\$(0.48)	\$(1.34)	\$(0.40)	\$(0.18)

52-Week range	\$17.40 – \$3.00	Fiscal year ends:	December
Common shares out as of 5/14/18	9.6 million	Revenue per share (TTM)	\$4.11
Approximate float	1.3 million	Price/Sales (TTM)	1.6X
Market capitalization	\$63 million	Price/Sales (FY2019)E	1.6X
Tangible book value/share	\$(0.02)	Price/Earnings (TTM)	NMF
Price/tangible book value	NMF	Price/Earnings (FY2019)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:

Reiterating Speculative Buy rating and increasing twelve-month price target to \$9.00 per share from \$7.00.

The global smart education market that Boxlight operates in (valued at approximately \$57.8 billion in 2016) is projected to grow at a compound annual growth rate (CAGR) of more than 15% to 2021.

Within the global smart education market, Boxlight derives approximately two-thirds of its revenue from sales of interactive flat panel displays and projectors. The global interactive flat panel display market is projected to grow at a CAGR of over 39%, reaching approximately \$27.1 billion by 2021.

In May 2018, Boxlight announced its acquisition of UK-based Cohuborate, a developer of touch display technology for the education, government and business markets. Since the announcement, BOXL's price/sales multiples have expanded. We believe this is due to the potential impact this acquisition is likely to have on Boxlight's future sales in the UK.

Boxlight reported (on 5/15/18) 1Q18 revenue increased 43% to \$6 million from \$4.2 million in 1Q17. The net loss was \$(0.20) per share versus \$(0.34) per share in 1Q17. We projected 1Q18 revenue of \$5.5 million and a loss of \$(0.13) per share.

For 2018, we project revenue growth of 28.6% to \$33.1 million and a loss of \$(0.40) per share. We previously projected revenue of \$35 million and a loss of or \$(0.02) per share. Our revised forecast reflects the company's lack of working capital in 4Q17, which adversely impacted order fulfilment and margins that will persist into 1H18.

For 2019, we project a net loss of \$(0.18) per share on revenue growth of 25.1% to \$41.4 million. Our forecast reflects continued growth in the US and the company's expansion into the UK.

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

Recommendation and Valuation

We are reiterating our Speculative Buy rating on Boxlight Corporation and increasing our twelve-month price target to \$9.00 per share from \$7.00.

Our rating is based on 27% annualized growth in the company's revenue to \$41.4 million in 2019 from \$20.4 million in 2016. Boxlight has exhibited strong growth in the fast growing smart education market where demand for the company's products should continue given their proven effectiveness and ease of use.

The global smart education market (valued at approximately \$57.8 billion in 2016) is projected to grow at a compound annual growth rate (CAGR) of more than 15% to 2021 according to industry report publisher, Technavio. Within this market, Boxlight derives approximately two-thirds of its revenue from sales of interactive flat panel displays and projectors. Technavio projects the global interactive flat panel display market to grow at a CAGR of over 39% reaching approximately \$27.1 billion by 2021.

Shares of BOXL have traded at TTM price/sales multiples ranging from 0.7X – 2.0X before its May 2018 acquisition of UK-based Cohuborate. Cohuborate is a developer of touch display technology for the education, government and business markets. Through the acquisition, Boxlight gains Cohuborate's sales and operations team and network of reseller partners to distribute Boxlight's products to the education market throughout the UK.

Since the acquisition announcement, shares of BOXL have traded at TTM price/sales multiples ranging from 1.6X – 2.9X. We believe the multiple expansion is due to the potential impact the acquisition could have on future sales of Boxlight's products in the UK.

We project sales growth of 25.1% for BOXL in 2019 compared to 8.7% for the industry. With sales growth outpacing the industry, we believe investors are likely to accord BOXL a multiple that continues to approach the industry multiple of 5.1X sales. We applied a multiple of 2.4X to our FY19 sales per share projection of \$4.14, discounted for execution risk, to derive a year-ahead value of approximately \$9.00 per share.

New CFO Appointed

On March 15, 2018, Boxlight appointed Takesha Brown to serve as CFO. Since April 2017, Brown served as Boxlight's Controller. From 2010 through 2017, Brown served as Controller and then as Financial Reporting Manager at General Electric in Atlanta, Georgia. Brown started her career in public accounting, first with PricewaterhouseCoopers, then Ernst & Young until 2010. At the time of her departure from Ernst & Young, Brown was an Audit Senior Manager. Brown is a licensed CPA with a BS in Commerce and Business Administration and a Masters of Accounting from The University of Alabama.

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 occurred in 2016.

In 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. In May 2016, Boxlight acquired Genesis Collaboration LLC, a provider of solutions that enhance interactive learning in the business, government, and education markets. In July 2016, Boxlight acquired the Boxlight Group, a seller and distributor of interactive projectors that suit the varying needs of instructors, teachers and presenters.

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.

The company's focus is to improve, produce and distribute products offered by Mimio, the Boxlight Group and Genesis, including interactive projectors, hi-resolution interactive LED panels, and science, technology, engineering and math (STEM) data logging products. Boxlight is also focused on developing new products utilizing a combination of technologies of the Boxlight Group and Mimio.

Some of the products that the company sells include interactive flat panel displays, interactive projectors, portable interactive whiteboards, touch boards, wireless pen tablets, touch tables, STEM Labdisc data loggers, and document cameras. Boxlight also offers mobile application software and products to aid in the assessment of student comprehension.

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) overseas. Substantially all of the company's sales are made through resellers and distributors.

The following is a brief description of some of the company's products:

Interactive flat panel displays – Boxlight's interactive flat panel displays (pictured at right) offer the brilliance of HD and 4K Ultra HD and have touch features. The company's displays can enable up to 10 users to work at the same time.



Interactive projectors – allow up to 10 students to work together at the same time with the ability to use touch to draw, write, move, scale and rotate content. Images range from 104 – 140 inches.

Portable interactive whiteboards – attach to dry erase boards and allow teachers to use the boards they already have to act like an interactive whiteboard for a fraction of the cost of conventional whiteboards.

Touch boards – interactive whiteboards that allow up to six individuals to work together simultaneously. Boxlight's touch boards provide an erasable surface that can also be used as a conventional white board.

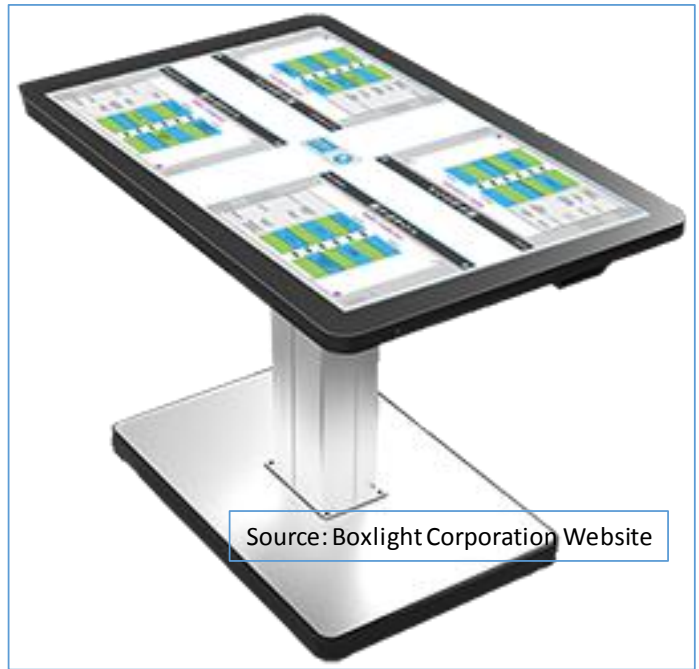
Wireless pan tablets – allow teachers to move freely around the classroom and control an interactive whiteboard from anywhere around the room. Multiple student's work can be viewed simultaneously on the front room display.

Touch tables – (pictured at top right on next page) are height adjustable to accommodate students of various heights or those using wheelchairs and allow multiple students to work together as a team for cooperative learning.

STEM labdisc data loggers – wireless devices that fit in the palms of student's hands. These devices have up to 15 built-in sensors and enable students to engage in experiments in a variety of science fields including biology, chemistry, physics, environmental science, and geography.

Document cameras – offer HD pictures or live HD video to be viewed by the entire class on a front-of-the-room display.

Mobile application software – Boxlight’s mobile application software allows teachers to show any combination of a student’s work on front-of-the-class displays. The software is compatible with Apple and Android phones and tablets, as well as any device with a supported Web browser – including Chromebooks, Windows, and Mac laptops, and Windows surface tablets.

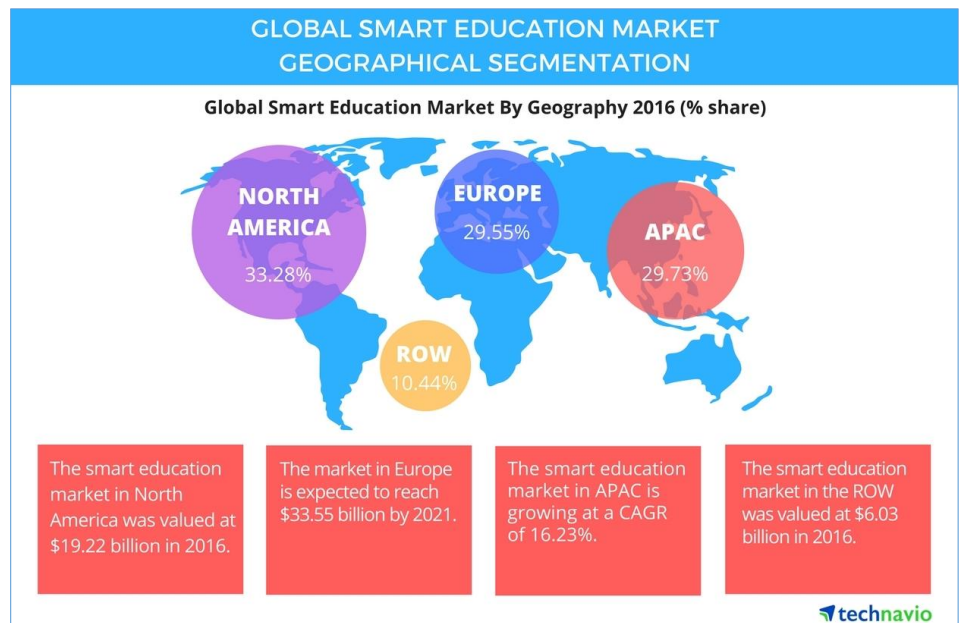


Source: Boxlight Corporation Website

Industry

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 (valued at approximately \$57.8 billion in 2016) is projected to grow at a compound annual growth rate (CAGR) of more than 15% to 2021 according to the industry report publisher, Technavio. Technavio observed that the North American market was the largest market for smart education, followed by Europe and the Asia Pacific (APAC) region. These three regions are areas of focus for Boxlight and account for over 90% of the global smart education market (see chart at right).



Technavio anticipates North American adoption will be driven by better online infrastructure available to educational institutions.

In Europe, the education system is in a rigorous overhaul in order to suit the advanced needs of students and match global education standards. The institutions in Europe are seeking tools and technologies to develop effective and personalized educational content in an effort to strengthen each student’s learning process. As smart education can ensure this goal, Technavio projects the demand for smart education in Europe will observe significant growth.

In the APAC region, Technavio observed that the education industry is evolving rapidly in terms of the adoption of advanced education tools and technologies. The development of the educational infrastructure in many Asian counties is a major factor for the high adoption rates of interactive flat panels.

In the overall smart education market, interactive flat panel displays make up nearly 10% of the market and are considered to be a significant growth driver of smart education. Boxlight derives approximately two-thirds of its revenue from sales of interactive flat panel displays and projectors. Technavio projects the global interactive flat panel display market to grow 39% annually reaching approximately \$27.1 billion by 2021. Technavio observed said that the educational and corporate sectors were replacing projectors and white boards with interactive flat panel displays due to the fact that they are portable, eliminate shadow distractions, and have extended backlight.

The market research firm Futuresource projects a very robust rate of growth for interactive flat panel displays. In February 2018, Futuresource estimated flat panel displays grew 48% annually from 2013 to 2017. Futuresource expects this strong rate of growth to continue. Between 2013 and 2017 over half of sales were for displays over 70 inches and that two-thirds of US classrooms now have interactive displays.

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. Competitors that manufacture and/or distribute new, disruptive or substitute products compete for the pool of available funds that previously could have been spent on interactive displays and associated products. 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. An example of this can be seen in the May 2018 acquisition of UK-based Cohuborate. Through this acquisition, Boxlight gains Cohuborate's sales and operations team and a network of reseller partners to distribute Boxlight's products to the education market throughout the UK.

Boxlight has implemented a comprehensive plan to reach profitability that includes integrating products from acquired companies and cross training sales professionals to increase their offerings. The company is also using the proceeds from its initial public offering to add additional inventory to fulfill existing orders. In 2018, Boxlight hired sales professionals with significant education technology sales experience in their respective territories which has resulted in its pipeline reaching a record high level.

In 2018, the company is seeing increased demand in the US market for educational technology and should have the products and infrastructure in place to handle the expected growth.

Economic Outlook

In April 2018, the IMF kept its global economic growth estimate at 3.9% for both 2018 and 2019, unchanged from January 2018. The growth estimates reflect strong momentum, favorable market sentiment, accommodative financial conditions, and the domestic and international repercussions of expansionary fiscal policy in the US.

The IMF raised its economic growth estimate for the US to 2.9% in 2018 and 2.7% in 2019, up from its earlier (January 2018) growth forecast of 2.7% for 2018 and 2.5% for 2019. The upward revision reflects stronger than expected US economic activity in 2017, firmer external demand, and the expected economic impact from 2018 tax policy changes, in particular the reduction in corporate tax rates and the temporary allowance for full expensing of investments.

The advance estimate of US GDP growth (released on April 27, 2018) showed the US economy grew at an annual rate of 2.3% in 1Q18, down from 2.9% growth in 4Q17. The 1Q18 US GDP growth estimate primarily reflects increases in business investment, consumer spending, exports, and inventory investment.

Because Boxlight's business is conducted globally, the increased economic growth projections both domestically and abroad, should allow for continued growth.

Projections

Boxlight operates in the fast growing smart education market that was valued at approximately \$57.8 billion globally in 2016 is projected to grow annually by more than 15% to over \$116 billion by 2021. Boxlight derives approximately two-thirds of its revenue from sales of interactive flat panel displays and projectors. The global interactive flat panel display market is forecasted to grow over 39% annually to approximately \$27.1 billion by 2021.

In May 2018, the company acquired a UK-based touch display technology company, signed an exclusive partnership with Multi Touch Interactives to develop the next generation of educational touchscreens, and released new touch technology products such as the MimioFrame touch board kit and ProColor 490 Touch Table. Our projections include the sale of 1,280 interactive projectors to the Ministry of Education in Jalisco, Mexico, and a new strategic partnership with ProArch, an elite Microsoft Tier 1 Cloud Service Provider, to work on a number of projects to include expanding educators' access to a variety of Microsoft products and licensing solutions. These developments should support growth throughout our forecast horizon.

2018 – We project revenue growth of 28.6% to \$33.1 million and a net loss of \$4 million or \$(0.40) per share. We previously forecasted revenue of \$35 million and a net loss of \$165,000 or \$(0.02) per share. Our revised forecast reflects the company's lack of working capital in 4Q17 that adversely impacted order fulfillment and margins that will persist into 1H18.

We project a \$2.8 million increase in gross profit to \$9.2 million from \$6.4 million with gross margins increasing to 27.8% from 26.4% in 2017 due to lower shipping costs. The company's freight costs were temporarily inflated in 2017 when high cost air freight was used in an effort to ship orders in a timely fashion due to the company's cash constraints and restrictive credit terms associated with Boxlight's sea freight vendors. The cash infusion from its November 2017 IPO should reduce the company's freight costs in 2H18.

We anticipate general and administrative expenses decreasing to \$12.6 million from \$13.1 million due primarily to reduced stock compensation expense. In 2017, the bulk of stock compensation expense was related to the company's IPO. R&D expenses are projected to remain relatively flat at \$452,000.

Interest expense should decrease to \$276,000 from \$635,000 due to lower average debt levels. We project the company paying no taxes due to its large amount of net operating loss carryforwards (approximately \$7.6 million as of December 31, 2017).

We project a cash loss of \$1.3 million and a \$2.2 million increase in working capital resulting in \$3.5 million cash used in operations. The increase in working capital is due primarily to increases in receivables and inventories. We project \$1.6 million cash from financing due to the issuance of common stock offset in part by the payoff of debt. We project a \$1.9 million decrease in cash to \$156,000 at December 31, 2018.

2019 – We project revenue growth of 25.1% to \$41.4 million and a net loss of \$1.8 million or \$(0.18) per share. Our forecast reflects continued growth in the US and the company's expansion into the UK.

We project a \$2.6 million increase in gross profit to \$11.8 million from \$9.2 million with gross margins increasing to 28.5% from our 2018 forecast of 27.8% due to a full year of reduced shipping costs.

Boxlight Corporation

We anticipate general and administrative expenses increasing to \$13.3 million from \$12.6 million due primarily to increased headcount and compensation costs. R&D expenses are projected to remain relatively flat at \$480,000.

There should be no interest expense as we project all debt will have been repaid in 2018. We project the company paying no taxes due to its large amount of net operating loss carryforwards.

We project cash earnings of \$943,000 and an \$898,000 increase in working capital for \$45,000 cash provided by operations. The increase in working capital should come primarily from increases in receivables and inventories offset in part by an increase in payables and accrued expenses. We project a \$45,000 increase in cash to \$201,000 at December 31, 2019.

1Q18 and 2017 Financial Results

1Q18 – Revenue increased 43% to \$6 million from \$4.2 million in 1Q17. The company reported a net loss of \$1.9 million or \$(0.20) per share versus a net loss of \$1.6 million or \$(0.34) per share. We projected revenue of \$5.5 million and a net loss of \$937,000 or \$(0.13) per share.

Gross profit increased to \$1.5 million from \$1.2 million due to sales growth, offset by gross margin contraction to 24.7% from 28.6% due to a shift in the product mix. General and administrative expenses increased to \$3.2 million from \$2.5 million due to increased stock compensation expense and professional fees. Research and development expenses decreased to \$93,000 from \$190,000 due to the company's decision to reduce R&D expenditures in 2018. Interest expense decreased to \$147,000 from \$169,000.

2017 – Revenue increased 26.4% to \$25.7 million from \$20.4 million in 2016. The company reported a net loss of \$7.3 million or \$(1.34) per share versus a net loss of \$2.1 million or \$(0.48) per share.

The increase in revenue was primarily due to the inclusion of Boxlight Group which was acquired on July 18, 2016.

Gross profit decreased to \$6.4 million from \$7.4 million as gross margins decreased to 24.9% from 36.4% primarily due to some products being sold at lower margins to increase cash flow, as well as increased freight costs.

General and administrative expenses increased to \$13.1 million from \$7.7 million primarily due to the inclusion of operating expenses from Boxlight Group and increased stock compensation expense.

Research and development expenses decreased to \$466,000 from \$1 million.

Interest expense decreased to \$635,000 from \$818,000 due primarily to the conversion and payoff of debt.

Liquidity – As of March 31, 2018, Boxlight had \$448,000 cash, a current ratio of 1, a debt to equity ratio of 0.1, and 53% of assets were financed by equity.

In 1Q18, cash used in operations was \$2.1 million consisting of a \$1.3 million cash loss and a \$753,000 increase in working capital. Working capital increased primarily due to an increase in prepaid expenses and a decrease in deferred revenue offset in part by a decrease in inventories.

There was no cash involving investing activities. Cash provided by financing of \$487,000 consisted of proceeds from the issuance of common stock and a net increase in debt.

At March 31, 2018, the company had \$924,000 of debt (all short-term) consisting of \$695,000 of accounts receivable financing at prime plus 4%, a \$125,000 promissory note at 6.5%, a \$500,000 line of credit at 10% with an outstanding balance of \$54,000, and \$50,000 outstanding on a 10% note payable that was in default as of March 31, 2018 that now bears interest at the default rate of 15%.

Risks

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

Going concern - As of March 31, 2018, Boxlight had an accumulated deficit of approximately \$14.7 million and a 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. In addition, low cost competitors have appeared in China and other countries. Increased competition or other competitive pressures may continue to result in price reductions, reduced margins or loss of market share.

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. Boxlight's reduced R&D spending could result in the technological obsolescence of its products in the future.

Market saturation – Boxlight cites estimates from Futuresource Consulting Ltd. that approximately 47% of classrooms in the US, 85% of classrooms in the UK, and 53% of classrooms in Australia already have an interactive display. As a result of the high levels of penetration in developed markets, the education market for interactive displays in those regions may have reached saturation levels making future sales growth in those markets and other developed markets with similar penetration levels difficult to achieve.

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 has adversely affected its revenue and may continue to do so.

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, 2018, the company's disclosure controls and procedures were deemed not effective due to insufficient personnel resources in accounting and insufficient written policies and procedures over accounting transaction processing and period end financial disclosures.

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 1.3 million shares in the float and the average daily volume is approximately 314,000 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 \$)

	2015A*	2016A	2017A	3/18A	2018E	2019E
Cash and cash equivalents	994	457	2,010	449	156	201
Receivables	1,132	2,944	3,090	3,083	3,973	4,969
Inventories	3,550	4,164	4,626	3,739	5,718	7,084
Prepaid expenses	327	447	388	1,228	1,228	1,228
Total current assets	6,003	8,012	10,114	8,499	11,075	13,483
Net property and equipment	-	60	30	25	15	8
Intangible assets	180	6,833	6,127	5,944	5,944	5,944
Goodwill	45	4,182	4,182	4,182	4,182	4,182
Other assets	10	33	-	-	-	-
Total assets	6,238	19,120	20,453	18,650	21,216	23,617
Accounts payable and accrued expenses	5,171	8,208	7,387	7,155	9,131	11,312
Short-term debt	920	3,668	806	874	-	-
Convertible notes payable	95	50	50	50	-	-
Deferred revenue	-	496	1,127	483	483	483
Other short-term liabilities	11	251	-	-	-	-
Total current liabilities	6,197	12,673	9,370	8,562	9,614	11,795
Long-term debt	-	4,061	-	-	-	-
Deferred revenue	-	272	175	176	176	176
Total liabilities	6,197	17,006	9,545	8,738	9,790	11,971
Total stockholders' equity**	41	2,114	10,908	9,912	11,426	11,645
Total liabilities & stockholders' equity	6,238	19,120	20,453	18,650	21,216	23,617

*Retrospectively adjusted for the acquisitions of Mimio and Genesis

** 2017 includes \$5.6 million additional paid-in-capital for the issuance of stock - related parties

Source: Company filings and Taglich Brothers' estimates

Boxlight Corporation

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

	<u>2015A*</u>	<u>2016A*</u>	<u>2017A</u>	<u>2018E</u>	<u>2019E</u>
Revenue	3,377	20,372	25,744	33,097	41,400
Cost of revenue	<u>2,277</u>	<u>12,960</u>	<u>19,330</u>	<u>23,893</u>	<u>29,601</u>
Gross profit	1,100	7,412	6,414	9,205	11,799
General and administrative	2,942	7,690	13,086	12,620	13,300
Research and development	<u>208</u>	<u>1,008</u>	<u>466</u>	<u>452</u>	<u>480</u>
Operating income (loss)	(2,050)	(1,286)	(7,138)	(3,868)	(1,981)
Interest expense	(98)	(818)	(635)	(276)	-
Other income (expense)	<u>(111)</u>	<u>43</u>	<u>476</u>	<u>162</u>	<u>200</u>
Income before taxes	(2,259)	(2,061)	(7,297)	(3,982)	(1,781)
Income tax	-	-	-	-	-
Net Income / (loss)	<u>(2,259)</u>	<u>(2,061)</u>	<u>(7,297)</u>	<u>(3,982)</u>	<u>(1,781)</u>
EPS	<u>(0.55)</u>	<u>(0.48)</u>	<u>(1.34)</u>	<u>(0.40)</u>	<u>(0.18)</u>
Shares Outstanding	4,084	4,299	5,455	9,904	10,000
<u>Margin Analysis</u>					
Gross margin	32.6%	36.4%	24.9%	27.8%	28.5%
General and administrative	87.1%	37.7%	50.8%	38.1%	32.1%
Research and development	6.2%	4.9%	1.8%	1.4%	1.2%
Operating margin	(60.7)%	(6.3)%	(27.7)%	(11.7)%	(4.8)%
<u>Year / Year Growth</u>					
Total Revenues		503.3%	26.4%	28.6%	25.1%
Net Income		NMF	254.1%	(45.4)%	(55.3)%
EPS		NMF	179.0%	(69.9)%	(55.7)%

*Retrospectively adjusted for the acquisitions of Mimio and Genesis

Source: Company filings and Taglich Brothers' estimates

Boxlight Corporation

Quarterly Income Statements 2017A - 2019E (in thousands \$)

	<u>3/17A</u>	<u>6/17A</u>	<u>9/17A</u>	<u>12/17A</u>	<u>2017A</u>	<u>3/18A</u>	<u>6/18E</u>	<u>9/18E</u>	<u>12/18E</u>	<u>2018E</u>	<u>3/19E</u>	<u>6/19E</u>	<u>9/19E</u>	<u>12/19E</u>	<u>2019E</u>
Revenue	4,194	5,984	10,228	5,338	25,744	5,997	6,450	12,900	7,750	33,097	6,600	8,300	16,550	9,950	41,400
Cost of revenue	<u>2,995</u>	<u>4,273</u>	<u>7,328</u>	<u>4,734</u>	<u>19,330</u>	<u>4,516</u>	<u>4,612</u>	<u>9,224</u>	<u>5,541</u>	<u>23,893</u>	<u>4,719</u>	<u>5,935</u>	<u>11,833</u>	<u>7,114</u>	<u>29,601</u>
Gross profit	1,199	1,711	2,900	604	6,414	1,481	1,838	3,677	2,209	9,205	1,881	2,366	4,717	2,836	11,799
General and administrative	2,451	2,303	2,295	6,037	13,086	3,170	3,100	3,150	3,200	12,620	3,250	3,300	3,350	3,400	13,300
Research and development	<u>190</u>	<u>107</u>	<u>60</u>	<u>109</u>	<u>466</u>	<u>92</u>	<u>120</u>	<u>120</u>	<u>120</u>	<u>452</u>	<u>120</u>	<u>120</u>	<u>120</u>	<u>120</u>	<u>480</u>
Operating income (loss)	(1,442)	(699)	545	(5,542)	(7,138)	(1,781)	(1,382)	406	(1,111)	(3,868)	(1,489)	(1,055)	1,247	(684)	(1,981)
Interest expense	(169)	(107)	(187)	(172)	(635)	(147)	(86)	(43)	-	(276)	-	-	-	-	-
Other income (expense)	<u>50</u>	<u>(8)</u>	<u>112</u>	<u>322</u>	<u>476</u>	<u>12</u>	<u>50</u>	<u>50</u>	<u>50</u>	<u>162</u>	<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>	<u>200</u>
Income before taxes	(1,561)	(814)	470	(5,392)	(7,297)	(1,916)	(1,418)	413	(1,061)	(3,982)	(1,439)	(1,005)	1,297	(634)	(1,781)
Income tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Income / (loss)	<u>(1,561)</u>	<u>(814)</u>	<u>470</u>	<u>(5,392)</u>	<u>(7,297)</u>	<u>(1,916)</u>	<u>(1,418)</u>	<u>413</u>	<u>(1,061)</u>	<u>(3,982)</u>	<u>(1,439)</u>	<u>(1,005)</u>	<u>1,297</u>	<u>(634)</u>	<u>(1,781)</u>
EPS	<u>(0.34)</u>	<u>(0.18)</u>	<u>0.08</u>	<u>(0.80)</u>	<u>(1.34)</u>	<u>(0.20)</u>	<u>(0.14)</u>	<u>0.04</u>	<u>(0.11)</u>	<u>(0.40)</u>	<u>(0.14)</u>	<u>(0.10)</u>	<u>0.13</u>	<u>(0.06)</u>	<u>(0.18)</u>
Shares Outstanding	4,622	4,622	5,811	6,765	5,455	9,617	10,000	10,000	10,000	9,904	10,000	10,000	10,000	10,000	10,000
<u>Margin Analysis</u>															
Gross margin	28.6%	28.6%	28.4%	11.3%	24.9%	24.7%	28.5%	28.5%	28.5%	27.8%	28.5%	28.5%	28.5%	28.5%	28.5%
General and administrative	58.4%	38.5%	22.4%	113.1%	50.8%	52.9%	48.1%	24.4%	41.3%	38.1%	49.2%	39.8%	20.2%	34.2%	32.1%
Research and development	4.5%	1.8%	0.6%	2.0%	1.8%	1.5%	1.9%	0.9%	1.5%	1.4%	1.8%	1.4%	0.7%	1.2%	1.2%
Operating margin	(34.4)%	(11.7)%	5.3%	(103.8)%	(27.7)%	(29.7)%	(21.4)%	3.2%	(14.3)%	(11.7)%	(22.6)%	(12.7)%	7.5%	(6.9)%	(4.8)%
<u>Year / Year Growth</u>															
Total Revenues	36.4%	35.4%	29.8%	6.7%	26.4%	43.0%	7.8%	26.1%	45.2%	28.6%	10.1%	28.7%	28.3%	28.4%	25.1%
Net Income	NMF	NMF	(560.8)%	213.7%	254.1%	22.7%	74.2%	(12.0)%	(80.3)%	(45.4)%	(24.9)%	(29.1)%	213.6%	(40.2)%	(55.3)%
EPS	NMF	NMF	(431.9)%	99.3%	179.0%	(41.0)%	(19.5)%	(48.9)%	(86.7)%	(69.9)%	(27.8)%	(29.1)%	213.6%	(40.2)%	(55.7)%

Source: Company filings and Taglich Brothers' estimates

Boxlight Corporation

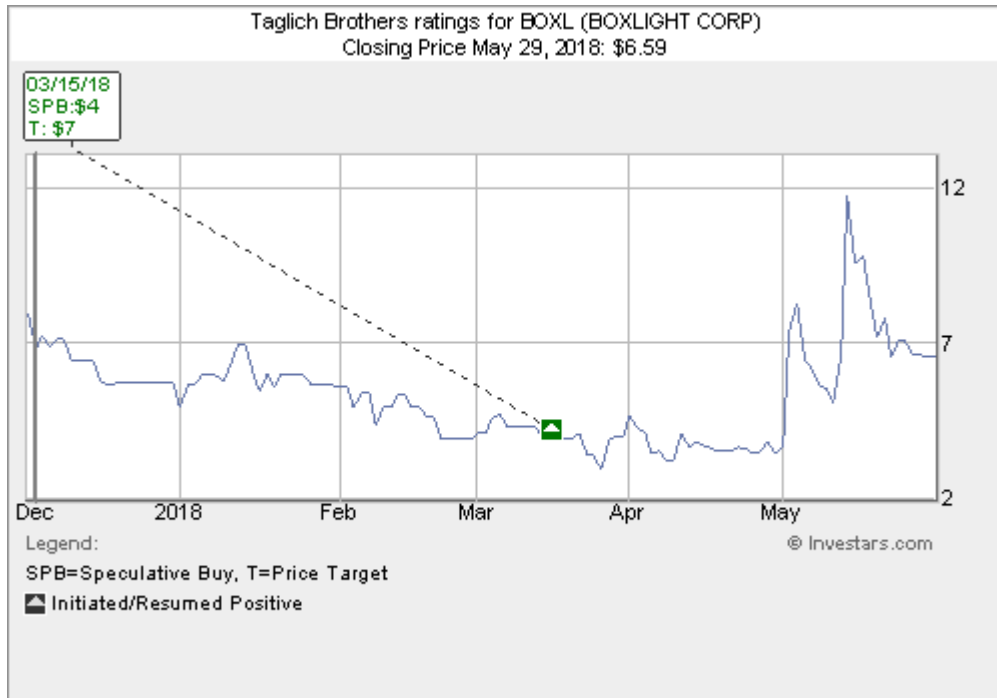
Statement of Cash Flows for the Periods Ended
(in thousands \$)

	2015A*	2016A*	2017A	3m18A	2018E	2019E
Net income (loss)	(2,259)	(2,062)	(7,297)	(1,916)	(3,982)	(1,781)
Bad debt expense	6	425	(89)	49	49	-
Change in allowance for sales returns	-	53	408	(35)	(35)	-
Change in inventory reserve	-	14	134	(54)	(54)	-
Change in allowance for doubtful accounts	-	-	-	-	-	-
Stock compensation expense	-	464	4,241	497	2,000	2,000
Depreciation & amortization	-	353	747	188	732	724
Loss on disposal of other assets	-	-	7	-	-	-
Amortization of debt discount	7	18	-	-	-	-
Debt extension fees	-	350	-	-	-	-
Gain on settlement of debt	-	-	(276)	(26)	(26)	-
Cash earnings (loss)	(2,246)	(385)	(2,125)	(1,297)	(1,316)	943
<i>Changes in assets and liabilities</i>						
Receivables	1,507	(910)	(465)	(8)	(883)	(997)
Inventories	284	2,654	(596)	942	(1,092)	(1,366)
Prepaid expenses and other	172	325	79	(838)	(840)	-
Other assets	-	-	-	-	-	-
Accounts payable and accrued expenses	523	629	1,152	(206)	1,276	1,465
Deferred revenues	-	4	614	(643)	(643)	-
Other short-term liabilities	(24)	(8)	(2)	-	-	-
Accrued interest on log-term debt	-	61	-	-	-	-
(Increase) decrease in working capital	2,462	2,755	782	(753)	(2,181)	(898)
Net cash provided by (used in) operations	216	2,370	(1,343)	(2,050)	(3,497)	45
Cash acquired through acquisitions	8	358	-	-	-	-
Payment made for purchase of intangible assets	-	-	(10)	-	-	-
Proceeds from sales of property, equipment and other	-	9	-	-	-	-
Net cash provided by (used in) investing	8	367	(10)	-	-	-
Proceeds from short-term debt	605	6,941	10,215	4,714	4,714	-
Proceeds from convertible note payable	95	-	-	-	-	-
Proceeds from factoring of accounts receivable	49	-	-	-	-	-
Principal payments on short-term debt	(12)	(10,580)	(12,966)	(4,647)	(5,521)	-
Principal payments on convertible debt	-	(60)	-	-	(50)	-
Proceeds from subscriptions receivable	1	2	-	-	-	-
Distributions to the member	-	(815)	-	-	-	-
Proceeds from the issuance of common stock	-	1,219	5,679	420	2,500	-
Net cash provided by (used in) financing	738	(3,293)	2,928	487	1,643	-
Effect of currency exchange rates	-	19	(21)	1	-	-
Net change in cash	962	(537)	1,554	(1,562)	(1,854)	45
Cash - beginning of period	32	994	456	2,010	2,010	156
Cash - end of period	994	456	2,010	448	156	201

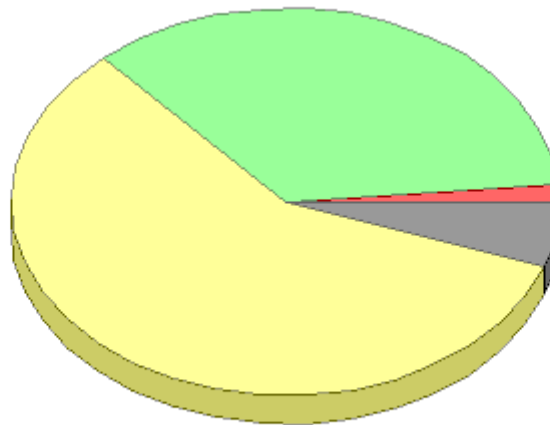
*Retrospectively adjusted for the acquisitions of Mimio and Genesis
Source: Company filings and Taglich Brothers' estimates

Boxlight Corporation

Price Chart



Taglich Brothers' Current Ratings Distribution



35.14 % Buy 58.11 % Hold 5.41 % Not Rated 1.35 % Sell

Investment Banking Services for Companies Covered in the Past 12 Months

Rating	#	%
Buy	3	12
Hold		
Sell		
Not Rated		

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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)
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.