

A Work Project, presented as part of the requirements for the Award of a Master's Degree in Finance from the NOVA – School of Business and Economics.

IT'S TIME TO INVEST IN TECHNOLOGY
ENHANCED LEARNING
The Case of Boxlight Corporation

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Abstract

This report aims to value Boxlight Corporation as of 31/12/2022 and is part of the annexed **Boxlight Corporation Company Report**. To ensure consistency we based our analysis on the company's historical data, but also on the industry trends and competition, financial studies, and own assumptions. As our findings on Boxlight show potential positive performance in the long-term which are not fully priced in the current market, we find the future growth prospects to justify the premium amounting to **\$1.32** on the target price. Therefore, with a target price of **\$2.51**, we end up with an investment recommendation to **BUY** Boxlight Corporation's stocks.

Keywords (up to four): Equity Research; EdTech; Boxlight; E-Learning

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This report is part of the Boxlight Corporation report (annexed), developed by Amina Costanzo and Elisa Recchioni and should be read as an integral part of it.

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Introduction

Aligned with the rising global need for technological innovation, the Education sector has experienced a significant shift to new solutions unlocking the potential for the EdTech industry to penetrate the market.

The report at hand constitutes the second part of the joint Boxlight Corporation Company Report which aims to give an overall valuation of the performance of the Company within the EdTech industry.

The first part of the joint report lays the foundation for the final valuation through an analysis of the business model and historic financial performance of the Company to determine its financial condition in the industry where it operates. Furthermore, it classifies the key trends and developments of the EdTech market which, identifying their prospects and implications, are crucial to Boxlight's future performance analysis.

In the present section a breakdown of the factors shaping the future of the Company's performance is developed. These key drivers can be mainly related to the acquisition strategy that Boxlight put in place throughout the years which allowed the Company to enter new markets, broaden its product portfolio as well as efficiently reduce its costs. External drivers worth mentioning are the government incentives as well as the higher demand in technological innovation which are strongly aligned with the strategic proposition of the Company.

The valuation was largely based on the existing portfolio and the present and potential future acquisitions of Boxlight as they represent value contributors also for its long-term financial health. Our forecast is based on a bottom-up approach which develops an analysis of the single product units– Hardware, Software and Services – that are sold to two different segments of users as well as in three differentiated jurisdictions within the industry under analysis.

To strengthen our conclusion, in this part of the Company's report a relative valuation and a sensitivity assessment are performed formerly to a scenario analysis, which highlights the unpredictability of this industry, and which is extremely related to the risks and opportunities arising from it.

Long-Term Value drivers

In the future, the key drivers to Boxlight's value growth will be based on its strategic acquisitions and on allowing the Company to enter new markets, implement its product portfolio and achieve cost reductions.

These driving factors can be perfectly associated with the industry trends and with the current strategic provision of the Company as discussed in the previous sections.

Firstly, one of the primary objectives of Boxlight's growth strategy, through strategic acquisitions, is to **enter new markets** and **strengthen its position** where it is already operative. The expansion strategy appears to be aligned with **government incentives** as they make potential new markets more attractive to Boxlight. Such government incentives will be reflected in **less regulatory complexity**, which will allow for easier expansion into new sectors.

Exhibit 28: Boxlight market expansion (2021-2041)



As already stated in the *Company Overview*, Boxlight operates not only in the United States but also in the United Kingdom and has exhibitions in EMEA, Mexico, and Australia. From the historical analysis, it emerged that the company obtained substantial revenues from the United States. However, starting from 2021, it is possible to observe a considerable increase in sales from the Other Jurisdictions and the UK which reached respectively **39%** and **25%** share in total revenues in the same year (*Exhibit 28*). With the acquisition of **FrontRow** in 2021, which presents offices around the world, such as in Canada, Denmark, China, Australia and the UK, a further strengthening of the two markets previously mentioned is expected. Therefore, through its international expansion, Boxlight will be able to ensure a **stronger long-term growth** with forecasts predicting an increase in sales in new Other Jurisdictions, which are foreseen to reach **49%** of revenues share in 2041.

The second goal of Boxlight's growth strategy, through strategic acquisitions, is represented by the Company's willingness to **expand its business** and **product portfolio**. Boxlight's desire to **diversify** its production perfectly aligns with the technological landscape and distance learning circumstances discussed above. Indeed, the growing presence of innovative technological landscape for education and the high propensity for distance learning have significantly increased the demand for this industry. The aspiration to broaden its product portfolio driven by the higher demand in solutions, led Boxlight to search for new acquisition opportunities.

For instance, Boxlight's latest acquisition, **FrontRow Calypso LLC**, enabled the Company to expand its operations and to potentially create long-term value for its business. FrontRow Calypso LLC was acquired for **\$34.7 million**, which includes a premium of 15.67% (**\$4.7 million**) on its market value amounting to **\$30 million**. Therefore, for the FY 2022, it is possible to expect FrontRow's business unit to contribute approximately to **\$30 million** in total sales, **\$15 million in Gross Profit** and **\$7 million** in EBITDA due to the introduction of new solutions. As the Company expects to increase FrontRow's business value by 20% through various operational improvements, a growth in value for Boxlight originated from the Target Company's purchase is estimated to amount to **\$36 million**, resulting in shareholders' value creation of **\$1.3 million** (*Exhibit 29*). Therefore, for a growing company like Boxlight new acquisitions effectively enable the introduction of new products and technologies, and new market trends allow for a wider choice of profitable investments for Boxlight.

Exhibit 29: Value Creation from FrontRow's Acquisition



Source: *Boxlight Annual Reports and Own Analysis*

Finally, the **cost reduction** integrated in Boxlight's acquisition strategy is expected to drive the performance of both **Cost of Revenues** and **Operating Cost items**.

To begin with, **freight costs**, especially operating through air solutions, constitute part of the Cost of Revenues. Seeking to diminish these sources of expense, the Company recently acquired two key distributors: **Sahara Presentation System PLC** and **Interactive Concept BV**. Indeed, we believe the purchase of new companies will lead to decrease the growth of this cost item, thanks to the increasing presence of Boxlight in different markets. Then, the **costs to purchase components and finished goods**, which make up the total Cost of Revenues alongside the item analysed above, highly depends on the bargaining power of external suppliers. As of 2021, the Company is reported to receive most of its components from external providers. The future acquisitions of key producers will potentially lead the company to gain an increasing power towards suppliers with a direct effect on the price per unit purchased due to the growing efficiency given by the higher centralization in the value chain. The last cost item contributing to the total Cost of Revenues value is represented by the **cost of professionals for the provision of trainings**. This cost line is highly dependent on Boxlight's final goal to penetrate also in the government and corporate market which potentially will lead to an increasing demand in training solutions.

Finally, as for the **Operating Costs** item, an optimization of resources is expected thanks to the introduction of new infrastructures and the reorganization of human resources due to acquisition strategies. The employment of senior management and key personnel that can efficiently operate in the business represents one of the drivers of success of Boxlight. As the Company's business continues to grow with new acquisitions on the pipeline, the need for highly trained employees is increasingly high as it potentially drives the ability of Boxlight to increase not only its revenues from existing products and services but also from the launch of new product offerings.

Valuation Assumption

Revenues Breakdown

The prospects for Boxlight reflect previous considerations which concern: 1) The trends in the global technology education market and respective growths in investments, and 2) the targeted acquisition strategies of the Company. Even though historically the Company showed a different inclination from the one marked by the EdTech industry, our thesis can still be considered as consistent.

Considering that the Company was only founded in 2014 and listed only three years later, we believe that basing our assumptions uniquely on historical performances of the Company would be erroneous for the final purpose of the overall research. Therefore, we considered more consistent to focus on the future growth potential of Boxlight with regards to the future market and competitors' trends explained in the sections above.

Methodology

To determine a reliable revenues' forecast for Boxlight based on the understanding of what drives the Company's performance, a **Bottom-Up approach** is developed (*Exhibit 30*). Furthermore, past and potential future macroeconomic market cycles are considered. The different components contributing to the evolution of Boxlight's revenues are: The average **price for a unit sold**, the **number of units sold** and the **geographic** and **sectorial segmentation** of the company.

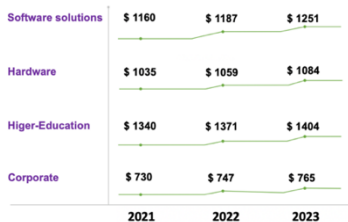
Exhibit 30: Boxlight's Revenues Bottom-Up Approach



Source: Own Assumptions

Average Price per Unit Sold

Exhibit 31: Average Price per Product

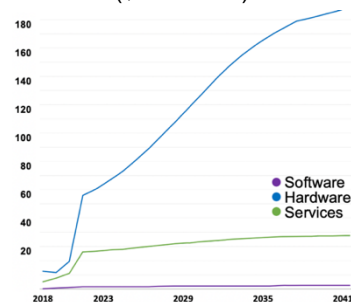


Source: Own Assumptions

To determine the prices of Boxlight's products, the price list published in 2021 was employed and an average price for the different product categories was obtained and assumed to remain constant for the historical data. As previously mentioned, the competitors within the market under analysis will not affect Boxlight pricing offering. Therefore, it is consistent to consider the Company to likely maintain a rising trend in unit prices alongside the market, amounting to **2.36%**¹ and corresponding to the US CPI inflation rate until 2029, when the trend is estimated to flatten (*Exhibit 31*).

Units Sold

Exhibit 32: Units Sold per Type of Product From 2018 To 2041 (\$ thousand)

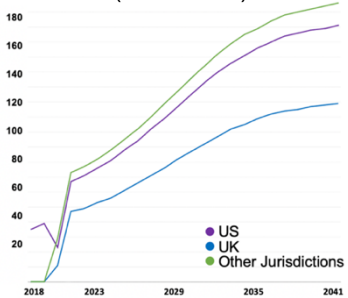


Source: Own Assumptions

A revenues' analysis is performed first through the identification of the main segments among the wide range of products offered. Boxlight's solutions offering reflects the segments examined in the *Market Analysis* section and the analyses for the Company will be aligned with the ones mentioned for the industry. Therefore, **Hardware**, further divided into IFDP and IWB, **Software** and **Services** represent the different components of units sold that are considered to drive the growth of Boxlight's revenues.

As previously mentioned, the total number of units sold for Boxlight is highly driven by the **global development in investments** and **demand for digital solutions**. With a growing number of acquisitions and, hence, a wider Company's product portfolio, an increasing number of units sold within the markets served is expected. Therefore, aligned with global market expectations the number of Boxlight's **software solutions** is forecasted to grow on average with a **4.5%** rate for the period 2022-2029 followed by a decreasing trend of growth amounting to approximately **2%** for the period ending in 2041 (*Exhibit 32*). As such, the units sold for this segment are expected increase from approximately **3 thousand** in 2021 to **5 thousand** in 2041. Similarly, the growth rate in the quantity of **hardware** sold follows an increasing trend ranging between **7%** and **9%** for the period 2022-2029 and a further declining trend amounting on average to **4%** in the period ending in 2041, when it is estimated to reach **400 thousand** units sold. Finally, with regards to the last unit type, it is consistent to believe the number of service solutions sold to be growing at a rate aligned with the market forecasts and amounting to approximately **3%** for the period 2022-2029, thus reaching **65 thousand** units traded in 2029.

Exhibit 33: Units Sold per Region From 2018 To 2041 (\$ thousand)

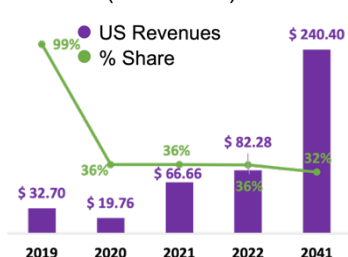


Source: Own Assumptions

We believe the growth in units sold highly reflects the expectation that investors sentiment will turn to the education market due to its growing potentiality of positive returns on investments.

To gain a deeper understanding of what drives the company's performance, an analysis is performed over each of the key geographic business segments: **US, UK and Other Jurisdictions** (*Exhibit 33*).

Exhibit 34: US Revenues (\$ million) vs % Share (2019-2041)



Source: Boxlight's Annual Report & Own Assumptions

United States

Boxlight's primary market, the **United States**, accounts for approximately **36%** of its total revenues in the FY 2021. In accordance with Boxlight's expansion strategy, for the forecasted period it is expected to notice a decreasing value in the Company's share of total revenues to nearly **32%** by the end of 2041. The reduction in revenues' share for this geographic segment is the result of an increasing share gained by the other jurisdictions where Boxlight is (or will potentially be) operating (*Exhibit 34*). Furthermore, aligned with Boxlight's portfolio

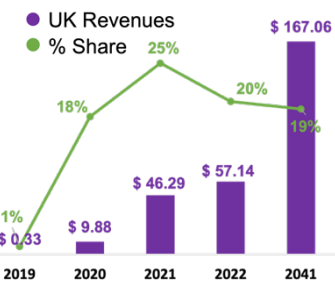
¹ "US Inflation Forecast: 2022, 2023 and Long Term to 2030 | Data", Knoema, Mar 2022

implementation strategy, the Company is expected to make substantial investments to fill product gaps and to strengthen its presence in the corporate sector. This will result in a declining percentage of the revenues originating in the US from the education sector counterbalanced by a proportional increase in revenues from the corporate segment, which will reach approximately **25%** by the end of the forecasted period.

In conclusion, despite the Company's expansion ambition, we estimate that Boxlight will be able to continue generating substantial revenues in this market, investing in it, and strengthening its strategic positioning.

United Kingdom

Exhibit 35: UK Revenues (\$ million) vs % Share (2019-2041)

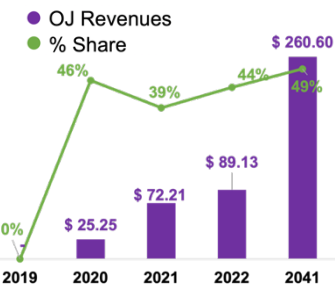


The **United Kingdom** market is of particular interest for the Company as this segment alone accounted for **25%** of total revenues in 2021, mainly due to the acquisition of Sahara Presentation Systems PLC, headquartered in the UK.

This acquisition represented an essential investment for the Company and is expected to drive around **25%** of revenues for the period between 2022-2029. However, we do not expect this market segment to grow further due to Boxlight's inclination towards the investment of capitals on a wider spectrum of jurisdictions (*Exhibit 35*). Therefore, a decreasing rate in this revenues' market share is foreseen and will lead to approximately **20%** in share by the end of 2041. Furthermore, similarly to the United States market, in the United Kingdom most of the revenues will depend on products sold in the education sector, with a constant decrease in favour of the sales of products in the corporate market.

Other Jurisdictions

Exhibit 36: OJ Revenues (\$ million) vs % Share (2019-2041)



The **Other Jurisdictions** (OJ) sector currently refers to the Mexican, Australian and EMEA markets where Boxlight has vast exposures. In line with the strategies discussed so far, we expect that over the forecasted period, the revenue share of this sector will be higher than the other two areas, with approximately **40%** share in 2021, and growing steadily up to **49%** by the end of 2041 (*Exhibit 36*). The historical boost in this segment, from **0%** of revenues' share in 2019 to **40%** in 2021, was due to the purchase of both Sahara Presentation Systems and MyStemKits and STEM Education Holdings, which increased the sales in Europe, Middle East, and Africa as well as in the Australian market.

Furthermore **75%** of product sales are related to the education sector and the rest originates from the corporate sector which is expected to increase gradually overtime.

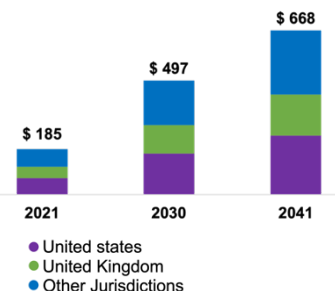
In conclusion, Boxlight is expected to reach approximately **\$497 million** in revenues by 2030 with an annual growth rate of around **12%** and a trend towards a steady state in the forecast period ending in 2041 hitting **\$668 million** in revenue (*Exhibit 37*). Considering the current growth opportunities in the market and how these align with Boxlight's goals, we believe this prediction to be reliable.

Costs breakdown

Cost of Revenues

The **Cost of Revenues** (or COGS) item, as mentioned in the *Long-Term Value Drivers* section, mainly comprehends **freights costs**, **cost to purchase finished goods** and **costs of professionals for training services**. These costs are partially dependent on revenues and, to

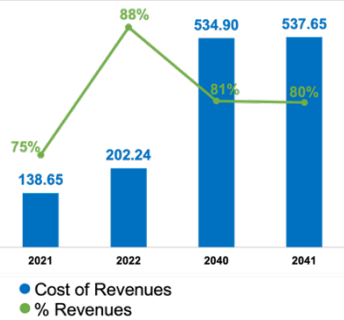
Exhibit 37: Boxlight Revenues Growth From 2021 To 2041 (\$ million)



Source: Boxlight's Annual Report & Own Assumptions

some extent, are assumed to progress alongside with them as well as with the future development of volume of sales. Despite Boxlight's efforts to rigorously manage costs, the average COGS as a percentage of sales was high in the past and amounted to approximately **75%** of total revenues. The reasons behind this notable value can be related to the further dependence of these costs on the **global transportation costs**, and in particular air freight costs, as well as the Company's reliance on **external suppliers** and the amount of **service solutions** provided.

Exhibit 38: Cost of Revenues From 2021 To 2041 (\$ million)

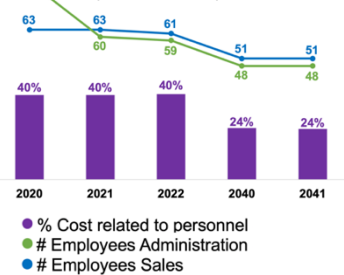


Source: Own Assumptions

Due to the pandemic and the ongoing war, which is leading to a growing value in the cost of oil and gas, it is estimated that the US **air freight costs** are increasing by **77%**² in 2022, followed by a **12%** increase in 2023, a decreasing trend of growth for the following years³ and a flat growth rate from 2032 onwards. Similarly, in the UK and in the Other Jurisdictions where Boxlight operates, air freight costs are expected to increase with an analogous trend.

The purchase of new companies directly producing final goods for the Company is expected to drive the reduction in the degree of dependence on **third parties' good production** due to the potential growth in Boxlight's bargaining power. A first consolidation of Boxlight's supplier market is expected over the period ending in 2030 with a constant share in the Cost of Revenues of **37%**. Consequently, a decrease in the amount of finished goods and components purchased by external suppliers is forecasted and will expectedly lead the costs related to this item to diminish at a constant rate amounting to approximately **-2%**.

Exhibit 39: SG&A Personnel (2020-2041)



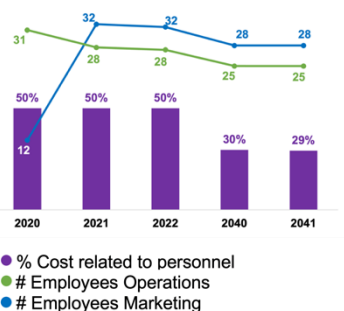
Source: Own Assumptions

Finally, with regards to the **costs of professionals for training services**, it is considered consistent to estimate its development through the share evolution of the service solutions offered by the Company. Differently from the cost lines previously examined, this cost is estimated to increase by an average of **2%** due to the higher amount of services forecasted for the Company's business.

As a consequence, COGS percentage in relation to sales is expected to increase from **75%** in 2021 to **81%** in 2023, due to the significant increase in freight costs for the first 2 forecasted years. However, due to the implementation of its business strategy, the Company is expected to decrease the share of COGS to **80%** of total revenues by the end of the forecast period (*Exhibit 38*).

Operating costs

Exhibit 40: R&D Personnel



Source: Own Assumptions

According to the Company's annual report, in 2021 around **123** personnel of the company was employed in **Sales and Administration (SG&A)** operations (*Exhibit 39*) while **60** employees were engaged in the **Research and Development (R&D)** segment (*Exhibit 40*). In the FY 2021, for what concerns the SG&A costs it is estimated that around **40%** of the total amount is related to the salaries paid to the employees while for the R&D costs **50%** is destined to the personnel wages. Indeed, the share of costs for the Research and Development personnel is influenced by the amount of prototype and sample costs, design and product certification costs which potentially make up **60%** of these expenses. On the other hand, General and Administrative expenses further derive from other costs of professional services, such as legal and facilities expenses, which make up for the remaining **50%**. As mentioned in the former *Value Driver* section, the forecast for these items of cost is based on the intention of the Company to **implement the employment process** and focus on **retaining more highly trained employees**. Therefore, an

² "Exceptionally high air freight prices 'likely to climb further'", Will Waters, Loyd's Loading List, Nov 2021

³ "Freight Costs Expected to Remain High in 2022", Connor D. Wolf, Transport Topics, Jan 2022

increasing cost per personnel alongside a decreasing share in personnel related costs is estimated to compensate the higher quality and efficiency required. Indeed, an increase by approximately **2%** in yearly costs related to Research and Development as well as in SG&A expenses is expected due to the introduction of new infrastructures which will require an implementation in efficiency of human resources.

Operating Performance

Operating Margins Development

Regarding the company's operating margins, we expect a straightforward recovery in future values compared to the historical ones. In general, Boxlight revealed negative **EBITDA**, **EBIT**, and **profit-margins** over the last 4 years under examination amounting on average to respectively **-13%**, **-17%** and **-16%** (*Exhibit 41*). Furthermore, the current macroeconomic circumstances of the market and the company's maturation based on its expansion strategy discussed so far, are expected to lead to a slight decrease in EBITDA and EBIT margins to respectively **-4%** and **-9%** followed by an increase in the next 10 years during which it is foreseen to hit positive values by the FY 2027. By the end of 2041, the company is expected to reach EBITDA and EBIT margins of around respectively **12%** and **7%**. We believe these estimates to be reliable, as they reflect Boxlight's capability to begin capitalizing on its previous investments as well as conducting significant cost savings by streamlining operations.

Overall, when comparing the operating margins of Boxlight with that of its Comparables, it is possible to deduce that **Boxlight performs** according to its Peers on average (*Exhibit 42*).

Working capital

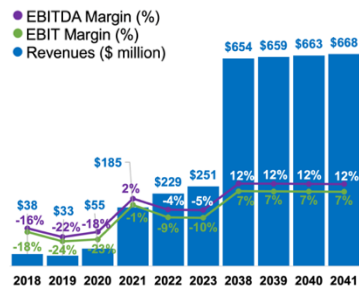
Optimizing working capital management is critical in determining Boxlight's ability to create value. The interpretations of this component vary according to the management of inventories, trade receivables and trade payables.

Between 2018 and 2019, the **Days of Inventory Outstanding** (DIO), remained close to an average value of **50 days**, while in 2020 the inventory holding time was significantly longer and amounting to **170 days**. This result is estimated to profoundly relate to the Covid-19 crisis which put the available liquidity of the Company under pressure. Indeed, in the FY 2021 the DIO showed a slight decrease in value, due to the various efforts put in place by Boxlight to variate the holding period of inventories to counterbalance the lack of general liquidity originated from the adverse macroeconomic circumstances. Therefore, it is expected that the Company will strive to manage the business with less inventories in stock (*Exhibit 43*).

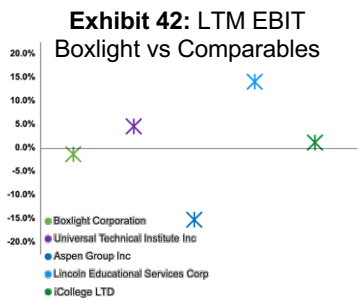
With regards to the trade receivables, it is possible to notice that the Company on average remained consistent over the years. Indeed, the **Days of Sale Outstanding** (DSO) showed an average of **40 days** in raising funds from its customers, with one exception in 2020 where the value amounted to **139 days**. As on average Boxlight increased its efficiency in collecting cash, it is reasonable to assume that it will maintain its general operating conditions in commercial terms (*Exhibit 44*).

Furthermore, the Company's Average Payment Period, namely **Accounts Payable Turnover Days** (or APTD), varied considerably throughout the years. With a peak of **154 days** in 2019 and a trough of **89 days** in 2021, Boxlight on average takes **122 days** to satisfy suppliers' accounting

Exhibit 41: Operating Margins From 2018 To 2041 (\$ million)

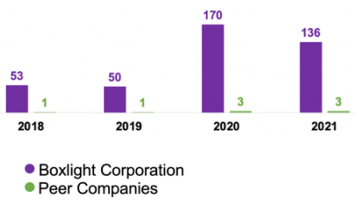


Source: Boxlight's Annual Report & Own Assumptions



Source: Refinitiv

Exhibit 43: Days of Inventory Outstanding Boxlight vs Comparables (2018-2021)



Source: Bloomberg & Own Analysis

Exhibit 44: Days of Sales Outstanding Boxlight vs Comparables (2018-2021)



Source: Bloomberg & Own Analysis

Exhibit 45: Accounts Payable Turnover Days Boxlight vs Comparables (2018-2021)



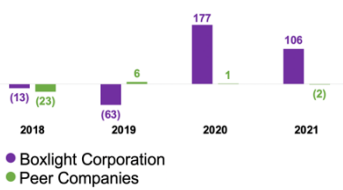
Source: Bloomberg & Own Analysis

requirements and, aligned with its competitors' trend, the Company is expected to increase its efficiency in the forecasted period (*Exhibit 45*).

Additionally, Boxlight's Cash Conversion Cycle in 2018 and 2019 reported a negative value of respectively **-13** and **-63 days**. These values can be related to the fact that the Company took longer to repay its suppliers than to receive funds from creditors and sell its inventories. On the other hand, in 2020 and 2021, the situation turned positively as Boxlight needed on average of around **five months** to convert its investments in inventories and other short-term resources into cash (*Exhibit 46*).

In conclusion, it is possible to observe that Boxlight formulated a negative value in Net Working Capital (NWC) in 2018 and 2019, as it incurred significant cash outlays and an increase in debt to support its acquisition strategy. However, these investments led to an exponential growth of the Company in the following years (2020 and 2021), with a consequent increase in cash flows and a rebalance of NWC to a highly positive value. This will expectedly allow Boxlight to fund its current operations over the long-term and to invest in assets and future value propositions.

Exhibit 46: Cash Conversion Cycle Boxlight vs Comparables (2018-2021)



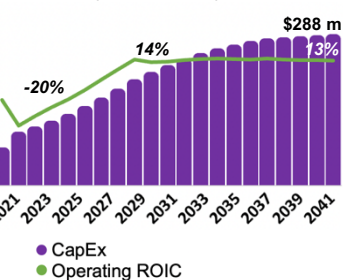
Source: Bloomberg & Own Analysis

Capital Expenditures

Boxlight's acquisition strategy is driven by a significant amount of Capital Expenditures (**CapEx**) which resulted in an incremental value of Property, Plant and Equipment (**PP&E**) as well as of Intangible Assets (*Exhibit 47*). Historically, this item ranged between **0.6%** and **1%** of revenues with a growing trend. Indeed, from 2019 to 2021 PP&E value increased by approximately **\$866 thousand**, resulting in **\$1.07 million** by the end of 2021 due to the acquisition of **Sahara Presentation System PLC** and **Interactive Concepts BV**. These Capital Expenditures are expected to amount to **\$4.73 million** by 2041. On the other hand, another key strategic pillar for Boxlight's growth plan is the implementation of innovative technology into its product portfolio. The amounts related to these types of investments are incorporated in the **Intangible Assets** value. These items showed an increasing growth rate amounting to **19%** for the FY 2021 and are expected to boost even further reaching **\$283 million** by 2041.

To cover the shrinkage of liquidity abovementioned, the Company historically financed its Capital Expenditures mainly using additional equity and debt. Indeed, the **CapEx ratio** registered an historical low value amounting to **17%** for the FY 2018 and 2019 which highlights constraints in the availability of operating resources. However, due to its potential organic growth, the Company is expected to increase the number of resources directly usable for this nature of operations. Indeed, continuous improvements and maintenance of the value chain are foreseen to stimulate its long-term growth in expenditures alongside the evolution in revenues for the period under analysis. Indeed, Capital Expenditures are expected to represent approximately **43%** of total sales for the incoming years reaching **\$288 million** by 2041.

Exhibit 47: CapEx VS Operating ROIC (2021-2041)



Source: Boxlight's Annual Report & Own Analysis

Valuation

To value Boxlight performance throughout the historical and forecasted years, the **Discounted Cash Flow** (DCF) method was chosen, as major capital structure changes are not expected for the future. The forecasted period of 20 years is divided into two timeframes. The **first period** ranges from 2020 to 2030 while the **second** from 2030 to 2041, when terminal growth is estimated to stabilize around **1.1%**. The rationale behind the length of the forecasting interval is related to the high variability in the Company's performance.

Capital structure

When looking at Boxlight's debt and equity values, it is possible to observe that throughout time its amounts of equity and debt financing increased exponentially with the firm relying more on debt than before (*Exhibit 48*). The rationale behind a movement in **D/E ratio** can be attributed to the new acquisitions which led mainly to the raise of debt obligation counterbalanced by an adequate issuance of new shares. For instance, to finance the acquisition of FrontRow Calypso LLC, Boxlight entered into a maximum **\$69.5 million** term loan credit facility, with Whitehawk Finance LLC as lender, which increased the amount of debt outstanding. However, the new acquisitions will expectedly generate higher liquidity for the Company. Therefore, it is possible to consider the D/E ratio for the FY 2021 as the target set by the Company since it is not foreseen to experience significant changes in its future capital structure.

Weighted Average Cost of Capital (WACC)

To correctly derive Boxlight's value, an appropriate cost of capital was derived from the Company's cost of equity and cost of debt.

Cost of Debt

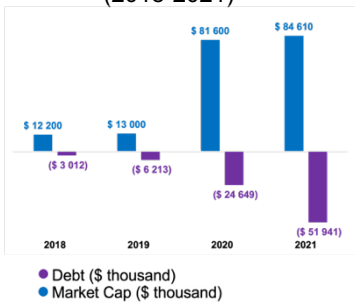
As the amount of debt outstanding is not believed to represent a good proxy to the valuation, the current cost of debt determination was performed with the employment of the US Composite B Yield which amounts to **6.42%**⁴. This latter corresponds to Boxlight's **B credit rating** obtained through Reuther EIKON, where a probability of default amounting to **0.92%** is estimated. Finally, from one of New York Stern's studies⁵ a recovery rate of **37.54%** is considered. As a result, an effective cost of debt of **5.85%** is obtained, which is higher than the ones foreseen for the education and technology sectors amounting on average to **3.40%**⁶ due to the higher risk appointed to Boxlight.

Cost of Equity

For the cost of equity calculation, the Capital Asset Pricing Model, namely ("CAPM"), is considered. Therefore, the unlevered Beta of Boxlight was estimated performing different regressions. Information on a 3-year period was employed for this approach as Beta is time-varying and not constant. Having a longer period of analysis would have allowed for smaller standard error in the regression. However, the results may be exposed to biases from modification of the characteristics of risk of a company. Therefore, the use of a longer timeframe would have undermined changes common for emerging firms like Boxlight. As such, using a relatively **short period** is conventional.

Boxlight's **Beta** was first estimated with a regression which employed its historical weekly closing prices for the previous 3 years against the **S&P 500**. The Company's Beta stands within **0.58** and **3.24**, with a confidence interval of 90% and a standard error of **0.67**. Further regressions for the estimation of the **Comparables' Betas** were performed with the same proxy and timeframe (*Exhibit 49*). The reason behind this is to counteract the effect of Boxlight's coefficient of idiosyncratic risk by employing the median Beta of the market instead of using the Beta specific for the Company. Therefore, the Beta assessment of **1.11** (vs 1.91 Boxlight's Beta), can be

Exhibit 48: Capital Structure (2018-2021)



Source: *Boxlight's Annual Report*

Exhibit 49: Beta of Boxlight vs Peers (May 2022)



Source: *Reuther EIKON*

⁴ "US Corporate B Yield", Nasdaq Data Link, May 2022

⁵ "Is There a Risk Premium in Corporate Bonds?", Edwin J. Elton, Martin J. Gruber, Deepak Agrawal and Christopher Mann, NYU Stern

⁶ "Cost of Equity", NYU Stern, May 2022

classified as a good value to be used as it additionally presents a lower level of standard errors. After the estimation of its unlevered and re-levered value, the Beta for the cost of equity calculation was obtained and amounted to **1.21**, which is relatively close to the original value of Boxlight's Beta but lacks the risks above mentioned.

With regards to the risk-free rate, the **10-year US Government Bond** currently amounting to **2.82%**⁷ was considered. Furthermore, the value for the Market Risk Premium of **5.5%** resulting from KPMG Equity Market Risk Premium Research⁸ was classified as a good proxy for valuation purposes. In conclusion, the cost of equity amounting to **9.48%** estimated through the CAPM is considered to be a fair estimation for the valuation of the cost of capital.

Considering the funding instrument to be on equity and debt, the FY2021 capital structure for the forecasted years was considered, as the previous year is expected to clearly reflect the debt level needed by Boxlight to finance its current and future developments. Estimating a cost of debt of **5.85%**, a cost of equity of **9.48%** and a **D/E** of **61.39%**, the value for the cost of capital amounts to **7.6%**. This value stands between of the cost of debt and cost of equity as the Company presents an approximately balanced ratio between the two sources of financing cost in its capital structure (*Exhibit 50*).

Exhibit 50: Cost of Capital Inputs

| Inputs | |
|---------------------|--------|
| D/E target | 61.39% |
| Risk free rate | 2.81% |
| Market Risk Premium | 5.5% |
| Tax rate | 21% |
| β re-levered | 1.21 |
| Re | 9% |
| Rd | 5.85% |
| WACC | 7.6% |

Source: Own Analysis & Calculations

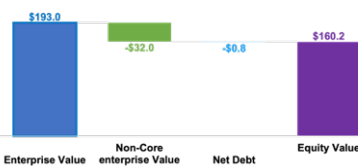
Discounted Cash-Flow Method

After identifying what will drive the company's future performance, the determination of Boxlight's final value was performed through the **DCF** method.

For the forecasted period ending in 2041, the cash flow shows an **upward trend**, mainly reflecting the increase in revenues, the optimization of costs and the investment in Capital Expenditures discussed in the previous paragraphs. Another element that reflects the company's long-term performance is the terminal value. By applying a growth rate of **1.1%**, a terminal value was obtained amounting to approximately **\$169 million**. This latter combined with the discounted operating free cash flow and the non-core invested capital for 2022 results in an enterprise value of roughly **\$160 million** (*Exhibit 51*).

Therefore, considering a constant number of shares outstanding amounting to **63.82 million**, a share price of **\$2.51** was obtained, corresponding to a capital gain of **\$1.32** given the Company's current share price of **\$1.19**. Representing a positively high total return, our model discloses a **BUY** recommendation.

Exhibit 51: Equity Bridge (\$ million)



Source: Own Analysis & Calculations

Relative Valuation

As an alternative to the DCF analysis, and with the intention of better understanding Boxlight's market value and positioning in the EdTech sector, a **Relative Valuation** was conducted. Within the same sector four different companies were selected with comparable opportunities and potentials for expansion and similar risks.

Peers chosen for a comparable analysis were **Lincoln Educational Services Corp**, **Universal Technical Institute Inc**, **iCollege Ltd** and **Aspen Group**. These companies present not only a **strategic positioning** similar to that of Boxlight but also comparable **leverage-to-value ratios**.

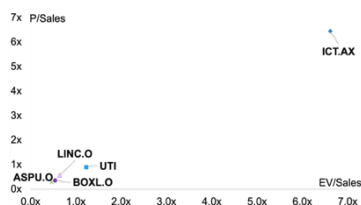
With the EdTech market being relatively new, high volatility in earnings is expected as it is



⁷ United States Rates and Bonds, Bloomberg, May 13th, 2022

⁸ "Equity Market Risk Premium – Research Summary", KPMG, updated March 2022

Exhibit 52: P/Sales & EV/Sales Multiples



Source: Own Analysis & Calculations

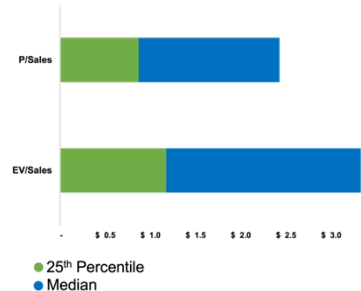
common in growing markets subject to significant investments. Therefore, P/E multiples may not be appropriate for the valuation purposes of this analysis.

As such, **EV multiples** were selected as they are less susceptible to changes in the capital structure. These metrics allow to better observe the growth, profitability, and position of Boxlight's structure relative to its Peers. The most consistent ratios for the analysis are estimated to be those specific to the Companies' lifecycles, hence **EV/Sales** and **P/Sales** (*Exhibit 52*). Indeed, the multiples selected are able to picture Boxlight's financial condition as they are foreseen to reflect the Company's underlined encouraging past and future revenues.

By focusing our analysis on the average quartiles (*Exhibit 53*), the share price is likely to vary from **\$0.8** to **\$18.6** according to the **EV/Sales** multiple and reach values between **\$0.3** and **\$18.1** for the **P/Sales** multiple. Therefore, using the **median** coherently with estimations previously performed, Boxlight would reach a share price of **\$2.2** through **EV/Sales** and **\$1.6** with **P/Sales** multiple.

Despite unclarity of multiples valuation with regards to investors' expectations, as it relates only to the forecasts for Comparable firms, it is possible to reach a consensus on Boxlight's **share undervaluation**, which **strengthen the conclusions** obtained through the DCF analysis.

Exhibit 53: Football Field



Source: Own Analysis & Calculations

Sensitivity Analysis

As some already presented variables have substantial effects on the final value of Boxlight, to understand how these outcomes fluctuate with key inputs, several **sensitivity analyses** were performed.

To begin with, the influence on the cost of capital (WACC) of different **beta values** and costs of debt was tested (*Exhibit 54*). For the range of beta values, the interval of upper and lower bound obtained from the Company's regression analysis was used. On the other hand, the risk-free rate was chosen as lower bound in the range for the cost of debt while the final calculated cost of debt represented the upper bound of the debt range.

Exhibit 54: Beta Levered & Cost of Debt

| | | BETA LEVERED | | | | | | | | | |
|----------------|--|--------------|------|------|-------|------|-------|-------|-------|-------|-------|
| | | 0.58 | 0.87 | 1.17 | 1.47 | 1.76 | 2.06 | 2.35 | 2.65 | 2.94 | 3.24 |
| Cost of Equity | | 6.0% | 7.6% | 9.3% | 10.9% | 13% | 14.1% | 15.8% | 17.4% | 19.0% | 20.6% |
| WACC | | 5.5% | 6.5% | 7.5% | 8.5% | 9.5% | 10.5% | 11.5% | 12.5% | 13.5% | 14.5% |

| | | COST OF DEBT | | | | | | | | | |
|------|--|--------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | | 2.82% | 3.16% | 3.49% | 3.83% | 4.16% | 4.50% | 4.84% | 5.17% | 5.51% | 5.85% |
| WACC | | 6.7% | 6.8% | 6.9% | 7.0% | 7.1% | 7.2% | 7.3% | 7.4% | 7.5% | 7.6% |

Source: Own Analysis & Calculations

Another impactful input in our valuation is represented by the **terminal growth rate**. For a meaningful range of rates to test, we considered different **Reinvestment Rates** and **Returns on New Invested Capital** based on the observed values. With thoughtful considerations on these items, a **sensitivity analysis of Boxlight's stock price** was performed relative to **different WACC** values and **growth rates** obtained in the calculations above.

The examination provided a wide range of values for Boxlight's terminal value as well as of prices for its stock prices. Analysing the stock values more closely, it is possible to notice that the **average value** amounts to **\$2.54**. Therefore, being the average price close to the target price obtained in the valuation performed and higher than the Company's current price, the recommendation provided in the above section is **reinforced**.

Scenario Analysis

In order to bolster the assumptions presented in the various sections, the model's validity was tested under different market circumstances, identifying bear and bull scenarios (*Exhibit 55*) in contrast with the base scenario (SP= **\$2.51**).

Exhibit 55: Scenario Analysis

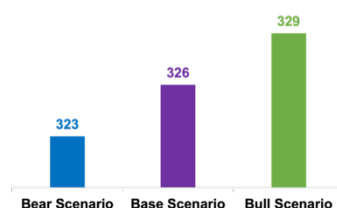
| Base Scenario | |
|----------------|-----------|
| EV | \$ 160892 |
| Share Price | \$ 2.51 |
| Recommendation | BUY |
| Bull Scenario | |
| EV | \$ 237741 |
| Share Price | \$ 3.71 |
| Recommendation | BUY |
| Bear Scenario | |
| EV | \$ 98117 |
| Share Price | \$ 1.52 |
| Recommendation | BUY |

In the **bull scenario** a prompt and more prolonged market growth is presented, alongside the ability of Boxlight to create higher value in terms of increased revenues (equal to **\$230 million** in 2022 vs **\$228 million** in the base scenario) and decreased costs thanks to more beneficial acquisition strategies and a higher demand in solutions than the ones hypothesized in the base scenario. On the contrary, in the **bear scenario** a slower and more fragmented growth of the industry is assumed. This reflects a faster saturation level of the market and a greater difficulty for the Company to identify optimal investments, which translate into fewer revenues amounting to approximately **\$227 million** in 2022 and **0.34%** lower than the baseline scenario.

Source: Own Analysis & Calculations

Furthermore, the existence of driving conditions such as the introduction of new innovative technologies and the increase in distance learning solutions, are foreseen to lead to an increase in funding from investors in the sector under analysis. As such, in a bull scenario Boxlight's units sold are expected to increase to around **329 thousand** units by 2029 in contrast with the **326 thousand** units estimated in the base scenario. On the contrary, in the hypothesis of a lower growth in the educational technology market the units sold are estimated to be reach **323 thousand** by 2029 (*Exhibit 56*).

Exhibit 56: Scenario Analysis Units Sold (2029)



Source: Own Analysis & Calculations

Both hypotheses test the uncertainty of the EdTech market trend which, as previously argued, has a strong growth potential but is still fragmented and presents a relatively high rate of competition. Furthermore, as the performance of education approaches is unpredictable, it is coherent to hypothesize scenarios starting precisely from the variation in value and growth of the global market. In general, the analysis is highly dependent on how well Boxlight is able to manage its market expansion and cost items. Nevertheless, both approaches consider a baseline Capital Expenditures as Boxlight intends to fulfil its acquisition strategy independently of market conditions.

Values subject to variation in our analysis under review further reflect the effect of a change in competitive position. **Harder market** conditions, reflected in the bear scenario, are expected to be driven by an increase in market competition and in the bargaining power of buyers, leading to a decrease in unit price by 0.25%. On the other hand, **easier market** conditions of the bull scenario are expected to lead to an increase in unit price by 0.25% due to the implemented market positioning and the diminished bargaining power of Boxlight's buyers.

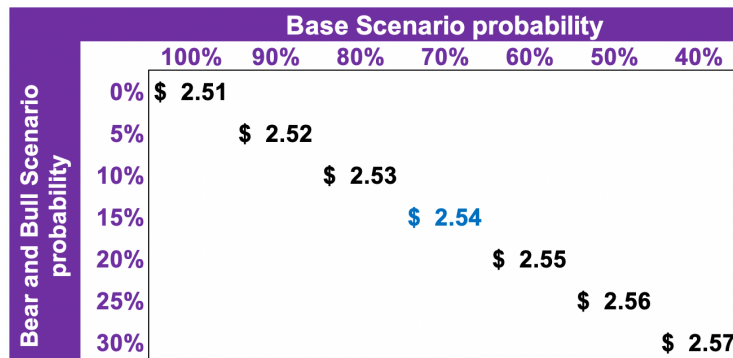
Finally, Boxlight's considerable capacity or inability to obtain profitable investments and acquisitions, alongside respectively favourable or adverse market conditions, are estimated to lead to higher or lower demand for innovative solutions and services. Therefore, an increasing or decreasing trend in variable costs are estimated in the scenarios analysed.

In conclusion, in a bull scenario an **increase in the Company's competitive position** within the industry is expected. This is estimated to drive to an increase in revenues as well as a proportional decrease in costs, with direct positive consequence in operating margins and leading to a share price of **\$3.71**. On the other hand, the assessments of the bear scenario, based on a **decrease in revenues** and **proportional increase in costs**, leads to a lower company valuation with a stock price equal to **\$1.52**, closer to the current price estimated. However, in both conditions the

return would be higher than 10% and would lead to a recommendation to **BUY**.

Taking all into consideration and weighting the likelihood of each scenario to different combination of percentages (*Exhibit 57*), an intrinsic median share price of **\$2.54** is obtained and fully supports the **BUY recommendation** previously identified in the base scenario.

Exhibit 57: Weighted Scenario Analysis Prices



Source: *Own Analysis & Calculations*

Appendix

BOXLIGHT CORPORATION

COMPANY REPORT

EDTECH SECTOR

20 MAY 2022

STUDENT: AMINA COSTANZO; ELISA RECCHIONI

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The Digital Education Revolution

It's time to invest in Technology Enhanced Learning

- **Event:** We report the recommendation of BUY Boxlight Corporation, considering a target share price of **\$2.51** as of 12/31/2022, which is included in the 52-week range. This equates to a positive high total investor return, and a capital gain of **\$1.32** compared to the Company's current price of **\$1.19** per share.
- **Investments Case:** Our investment thesis is based on different long-term factors: 1) The alignment of Boxlight's growth strategy with the main growth drivers of the EdTech market, is expected to lead the Company to an increase in units sold within different markets of approximately **156%** over the forecasted period. 2) The restoration of operating margins driven by the growth of Boxlight through acquisition, which are expected to reach **20%** by the end of the forecasted period. 3) A continuous moderation and reduction in Company's cost items are foreseen to be driven by the broadening of its market jurisdictions as well as by an increase in efficiency of Human Resources.
- **Valuation:** Our target price is obtained by the DCF method, based on a WACC of **7.6%** and terminal growth of **1.1%**. A relative valuation as well as a scenario analysis were conducted to evaluate the risks faced by the Company.

Company description

Boxlight Corporation is a provider of interactive technology solutions for education, business, and government institutions. The Company develops, sells, and distributes its hardware, software, and services to a wide range of market regions. The innovative business model based on the introduction of innovative technological solutions drives Boxlight to a favorable position in the stock market.

Recommendation: BUY

Price Target FY22: \$ 2.51

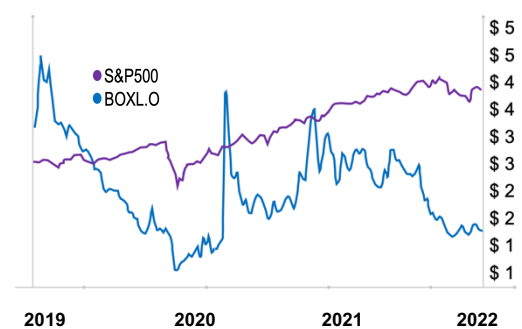
Vs Previous Price Target

Price (as of 4-April-2022) \$ 1.19

Yahoo Finance; Own estimations

| | |
|------------------------|---------------|
| 52-week range (\$) | 2.97-0.93 |
| Market Cap (\$m) | 64.21 |
| Outstanding Shares (m) | 63.821 |
| IPO date | November 2017 |

Source: Nasdaq, Company data



Boxlight Corporation VS S&P500 Stock Performance

Source: Reuter EIKON

| (Values in \$ millions) | 2020 | 2021 | 2022F |
|-------------------------|-------|--------|--------|
| Revenues | 54.89 | 185.18 | 228.54 |
| Gross Profit | 9.87 | 46.52 | 26.30 |
| CapEx | 55.72 | 66.61 | 98.46 |
| Net Working Capital | 24.79 | 48.71 | 59.98 |
| Gearing Ratio | 0.55x | 0.97x | 0.12x |
| Solvency Ratio | 0,44x | 0,38X | 0,51x |

Source: Bloomberg, Own estimations

THIS REPORT WAS PREPARED EXCLUSIVELY FOR ACADEMIC PURPOSES BY AMINA COSTANZO AND ELISA RECCHIONI, A MASTER'S IN FINANCE STUDENT OF THE NOVA SCHOOL OF BUSINESS AND ECONOMICS. THE REPORT WAS SUPERVISED BY A NOVA SBE FACULTY MEMBER, ACTING IN A MERE ACADEMIC CAPACITY, WHO REVIEWED THE VALUATION METHODOLOGY AND THE FINANCIAL MODEL. (PLEASE REFER TO THE DISCLOSURES AND DISCLAIMERS AT END OF THE DOCUMENT)

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Company Overview



The primary purpose of the present Equity Research is to provide investors with detailed financial analysis and recommendations on **Boxlight Corporation**, demonstrating how the current prospects and opportunities favour the growth of the company's value. This section presents the Company's profile, operating segments, strategy, ownership, and stock performance.

Company Profile

Boxlight is an educational technology company formed in Nevada in 2014, and it is regarded as a provider of several solutions in this industry. The Company offers interactive products designed and developed for the global education market, but also sold to the healthcare, government, and corporate sectors. The Company operates primarily in the United States and the United Kingdom, but it has also exposure in the EMEA, Mexican and Australian markets. More specifically, Boxlight's products are currently sold in approximately 60 countries, distributed through more than 500 global resellers and their software is translated into 32 languages, reaching more than 850,000 classrooms.

Exhibit 1: The Organizational Structure of the Company (2021)

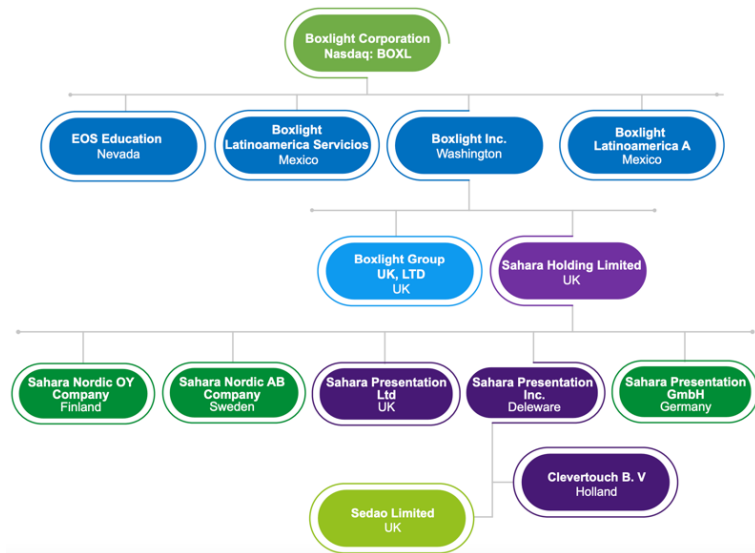


Exhibit 2: Legend of the Organizational Structure of the Company

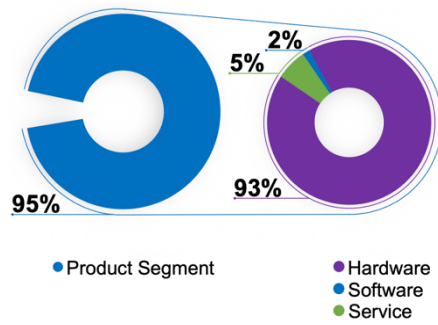
- Ultimate Parent Company
- Parent Subsidiary
- Other Subsidiary
- Holding Company
- Trading Entity
- Sales and Marketing
- Dormant Entity

Source: Company's Report and Own Analysis

Operating Segments

The Company operates across two different business segments: **Product segment** and **service segment**. While the former represents roughly 95% of the

Exhibit 3: Company's Sales per Market Segment 2021

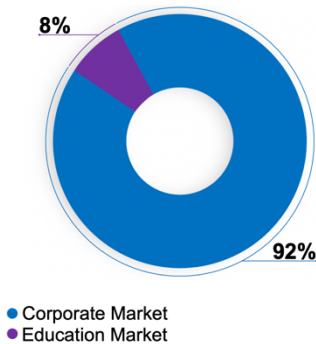


Source: *Boxlight's Annual Report*

Company's revenues, corresponding to approximately **\$176 million** in 2021, the latter amounted to **\$9 million** during the same year and can be considered as complementary to the product segment as these are usually bundled together (*Exhibit 3*).

The **product segment** includes the design and development of **hardware** and **software solutions**. The revenues from **hardware products** derive from the sale of Front-of-Class Display (Mimio and Clevertouch Brands), Classroom Audio, STEM¹ and Professional Development. As of 2021, hardware products' sales amounted to **\$171.8 million**, representing 93% of total sales, in contrast with **\$48 million** registered in 2020. Finally, the revenues from Boxlight's suite of **software** represents approximately 2% of the total sales, reaching **\$4 million**. These derive from combining titles acquisitions of Mimio and Qwizdom, which are both leading brands for IWB² and Formative Assessment Software Categories.

Exhibit 4: Company's Sales per Market Sector 2021

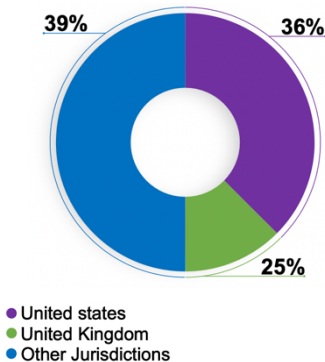


Source: *Boxlight's Annual Report*

On the other hand, the **service segment**, which represents approximately 5% of the total company revenues, includes professional, maintenance, and subscription services. Specifically, this segment of revenues derives mainly from third-party outsourced installation and professional updating services.

For what concerns the user-base served, as of 2021 approximately 92% of the company's total sales, amounting to **\$170.4 million**, were originated from **the education sector** (*Exhibit 4*). However, it is stated in the annual reports that the firm is willing to expand its business significantly in **the government and corporate sectors** aiming to become a leading product innovator. Therefore, we expect this segment to reach approximately 40% of the Company's total revenues by 2041.

Exhibit 5: Company's Sales per Geographic Market 2021



Source: *Boxlight's Annual Report*

Finally, considering the regions where Boxlight operates, all substantial revenues in the **United States**, amounting to 36% of the total revenues, are generated by the production of solutions in the education market. Contrastingly, in the **EMEA** region 25% of revenues are generated in the government, healthcare, and corporate sectors (*Exhibit 5*).

Strategic Acquisitions

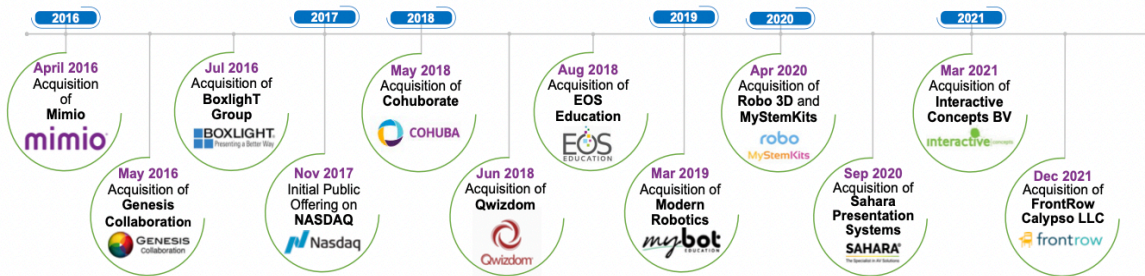
The growth strategy of the Company is based on the **strategic acquisition** of resources and technologies to extend and complement the existing businesses. Boxlight aims to centralize business management for new acquisitions through an ERP³ system that enables subsidiary integration with a multi-currency platform and

¹ STEM is an acronym for the fields of science, technology, engineering, and math,
² IWB is an acronym for interactive whiteboard,
³ ERP is an acronym for Enterprise Resource Planning.

clear performance visibility. This will enable the Company to diversify its operations in terms of both product mix and geographic presence.

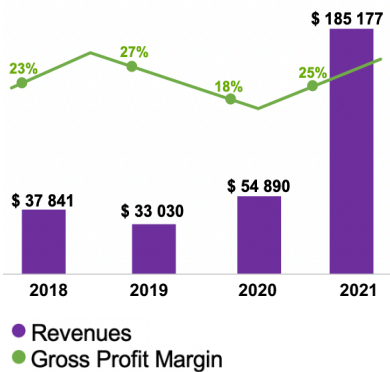
During the years, Boxlight has acquired key businesses to increase its value proposition (*Exhibit 6*). In 2016, the Company purchased **Mimio**, which resulted in a more competitive market presence and in increases in revenues by approximately **\$17 million** as well as in gross margin by **11.7%**. Later, the acquisition of **EOS Education** in 2018 led the professional services division to produce **8%** of its total revenues with a profit margin above **50%**. Subsequently, in 2020 the acquisition of **Sahara Presentation System** broadened the Company's geographical footprint and product offering, translating into immediate consolidated profitability with over **\$100 million** in sales. In March 2021, the Company acquired **Interactive Concepts BV**, a key distributor of AV and IT products which led Boxlight to increase its revenues from the Benelux market by **25%**. Finally, in December 2021 Boxlight purchased **FrontRow Calypso LLC**. The acquisition of this producer of technologies improving communication in learning environments is expected to increase Boxlight's revenues by **15.67%**, as mentioned in the proforma information of the Company⁴.

Exhibit 6: Boxlight's Strategic Acquisitions (2016-2021)



Source: Company's Report

Exhibit 7: Revenues & Gross Profit Margin Performance (2018-2021)



Source: Boxlight's Annual Report

The different strategic operations abovementioned resulted in a significant increase in the Company's revenues market share. As a matter of fact, from 2019 to 2021, its revenues' market share showed an increase of over 400%, from **0.02%** to **0.07%**. Nevertheless, the operating margins in the historical data showed negative values due to the high operating costs and its numerous acquisitions. However, it is possible to believe that this value will be growing alongside with the Company's revenues, which have already risen by over **237%** during the last two years (*Exhibit 7*).

When looking at the Return on Invested Capital (ROIC), amounting to **-6%** in 2021, it is possible to notice that, although presenting an historical negative value due to the massive capital investments during the past financial years, it has been

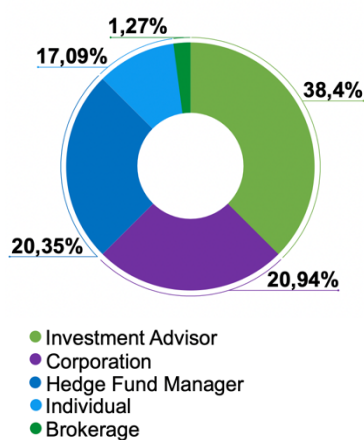
⁴ Annual Report 2021, Boxlight, March 2022

increasing dramatically. Therefore, it is consistent to expect the Company to take into consideration the value creation demolition in place during the historical years and start generating value for the investments in the forecasted years. As a matter of fact, we estimate a positive change in Return on New Invested Capital which will greatly influence the value of the Company.

In conclusion, Boxlight, **grows organically through acquisitions** and will expectedly continue doing so by focusing on creating value for its business model.

Ownership Structure

Exhibit 8: Ownership Structure 2022



Source: Boxlight's Annual Report

Boxlight Corporation's shares have been traded publicly since November 2017 on the NASDAQ stock market, with an initial listing priced at \$7 per share. The composition of Boxlight's shareholders is mainly dominated by investment advisors, companies and hedge fund managers accounting for **79.69%** of the total ownership (*Exhibit 8*). Their diverse nature mitigates any agency problems which could potentially arise internally.

Of the **64,350,070** shares in circulation, **92.73%** are "free float", as they can be listed on the market and are unencumbered, while the remainder is owned by strategic entities. The large proportion of free-float shares provides the Company with low volatility, due to the small bid-ask spread, and a higher amount of liquidity. Being backed by Boxlight's possibility to issue shares to external investors with little constraints, the high amount of liquidity, to some extent, can be used freely to accomplish its acquisition strategy.

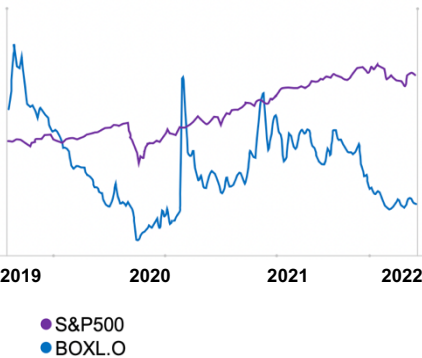
In addition to selling stocks to external investors, the Company, in compliance with the Equity Incentive Plan, allocates a portion of its shares to a pull of stock-based compensation payable to its key employees, directors, consultants, and officers. Contributing beyond the regular payment of these players is extremely useful in aligning Boxlight's strategic interests with those of its shareholders and to incentivize, retain and attract employees. Furthermore, we consider the institutional investors' significant weights in the Company's ownership structure as a positive sign of potential further contribution for its future projects.

Finally, Boxlight is not willing to tackle a dividend pay-out policy due to its desire to optimize its acquisition strategy by investing its available cash in new valuable opportunities.

Stock Performance

With a current market capitalization of **\$64 million**, Boxlight faced an overall irregular cycle performance throughout the years. Various drivers led the company

Exhibit 9: Boxlight vs S&P500 Stock Performance (2019-2022)

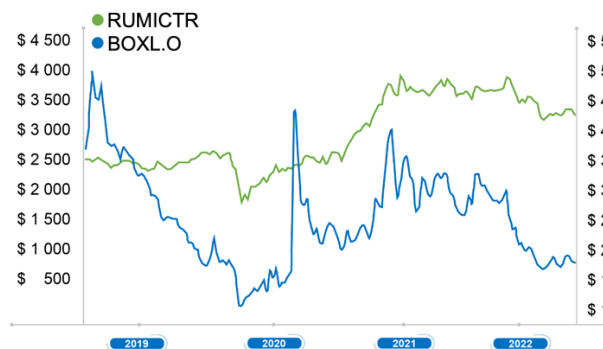


Source: Reuters EIKON

to such stock performance movement. The first drivers were the announcements of the Company acquisitions, which led it to increase its operational results. Other drivers include the Covid-19 pandemic and the Samsung collaboration announcement, which in July 2020 led to an increase in stock price of approximately **\$4**. As it is possible to notice in *Exhibit 9*, the Company's stock outperformed the market between April and September 2019 and in other two circumstances. The first 6-months positive period can be attributed to the favourable acquisition of Mimio which allowed the establishment of Boxlight's competitive presence in the market. After a period of underperformance, in July 2020 Boxlight registered another positive accomplishment with Samsung's announcement of their partnership for a bundled offering which would have included both Samsung's displays and Boxlight's software and service solutions. Such announcement highlighted the desire of Samsung to collaborate with Boxlight with the intention to grow in the EdTech market and communicated to potential investor the prospects of Boxlight to drive a faster and long-term growth through a stronger selling power. The last historical outperformance was recorded when Boxlight's stock registered a value of **\$3**, attributable to the announcement of their investment in the redesign of their website in February 2021. This communication allowed the Company to transmit to the market its willingness and ability to introduce innovative solutions in response to a potential new demand proposition within the industry.

The stock is also part of the Russel Microcap Index (RUMICTR) that measures unbiasedly the performance of microcap segments in the US market making up less than 2% of the total US equity market. Due to its positive performance of 2020, Boxlight had the opportunity to be included in the yearly actualized index and after the incorporation, dated June 2021, the stock of the Company registered a slight increase in its performance by approximately **10%** (*Exhibit 10*). To conclude, the Company's announcement of collaboration and enlightenment of potential growth through external institutes acquisitions are key indicators of its stock performance.

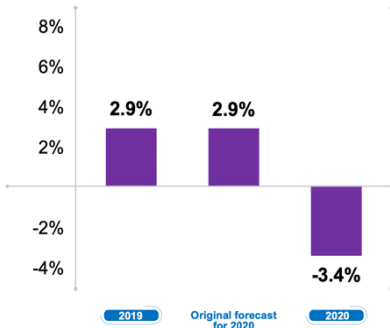
Exhibit 10: Boxlight's vs Russel Microcap Index's Stock Performance (2019-2022)



Source: Reuters EIKON

External Environment

Exhibit 11: Global GDP growth rate (%) due to COVID-19 from 2019 to



Source: Statista

This section focuses on analysing the external environment of Boxlight which can be considered as a fundamental step in preparing the Company’s valuation. The paragraph below presents the collection of a variety of data defining an accurate picture of the circumstances.

Macroeconomic Overview and Market Analysis

In early 2020, the COVID-19 pandemic broke out and the number of reported cases grew significantly. The announcement of lockdown measures in most countries obliged people to stay at home to reduce social contacts and resulted in a huge economic downturn (*Exhibit 11*).

Few are the good things that have emerged from the pandemic. The increased adoption of technology for educational purposes by schools, higher education institutions and individuals could be one of such positive aspects. The coronavirus crisis has put **Education Technology** and its market in the spotlight.

Driven by the technology landscape, proactive government initiatives and the growing accessibility of distance learning, EdTech has entered a promising new chapter of innovation. This might present tremendous opportunities for investors who prioritize financial returns, but also for impact investors who recognize the profound effect that the quality of education can have on **sustainable development goals (SDGs)**.

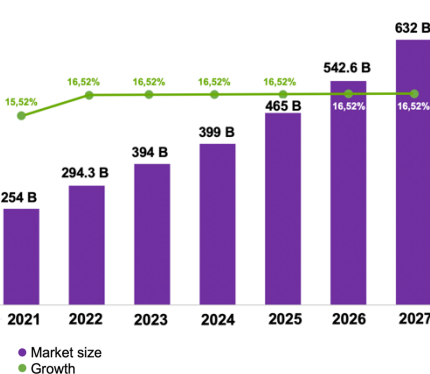
The EdTech industry has grown at over **15%** per year during the past five years and is expected⁵ to continue expanding for the forecasted period, with most of the companies operating in private markets and backed by venture capital funds as well as an increasing number of IPOs operations within the sector. This market is estimated at **\$254.80 billion** in 2021 and is expected to reach **\$605 billion** by 2027. We believe these estimates to be partially reliable as we expect the industry to grow even faster and reach **\$632 billion** by 2027, with a CAGR within the period amounting to **16.52%**, and **1%** higher than the historical estimates due to the promising evolutions of offer and demand for solutions in the industry (*Exhibit 12*).

The increasing digital adoption in education has allowed companies to start contributing positively to society, further concerning the fourth goal for sustainable development, which contemplates similar quality in education worldwide.

Indeed, by improving access to education for all, the EdTech market can help bridge inequalities by guaranteeing access to quality goods and services.

EdTech Market uses technology to support the effective day-to-day management of education institutions.

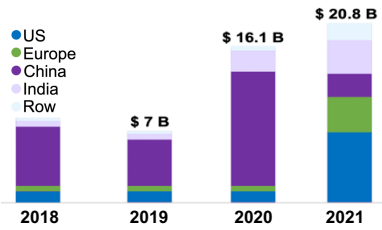
Exhibit 12: Global EdTech Market Growth 2021-2027



Source: HolonIQ & Own Analysis

⁵ “EdTech Market – Global Outlook & Forecast – 2022-2027”, Aritzon, Jan 2022

Exhibit 13: EdTech Venture Capital Investments (2018-2021)



Source: HolonIQ

Furthermore, according to a study⁶, online courses produce on average **85%** less **CO₂** emissions per student and use **90%** less **energy**. As a matter of fact, distance learning is estimated to lead to the reduction in students' travel and energy consumption of student housing and schools. Therefore, we believe this potential will help the EdTech market to attract interest from impact investors, allowing for further investments in the sector in the future.

Following this growth potential, **Venture Capital funding** is expected⁷ to post a stunning spike in the Global EdTech investments, which in 2021 already registered a total of **\$20.8 billion** (*Exhibit 13*). We classify the attractiveness of this sector to come from the relatively small size of its companies which operate with software business models and with low operating margins.

North America is the largest market for the EdTech and Smart Classroom industry. For instance, in the U.S. this industry was estimated at **\$73.9 billion** in 2021, accounting for **29.3%** share in the global market and is expected to grow even further. On the one hand, the high demand is driven by an increasing awareness of the EdTech companies' advantages over offline learning models. On the other hand, the prominent market share for the region under analysis is related to an increased penetration of high tech within the educational market.

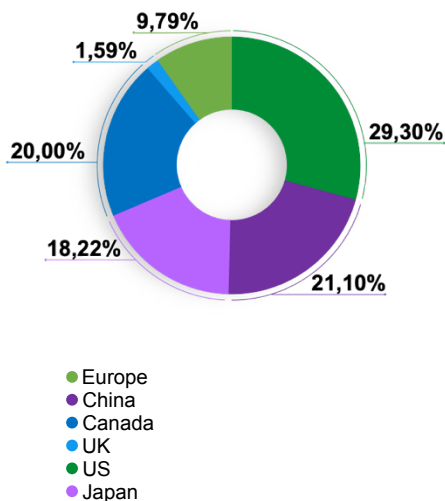
In China, the EdTech sector was estimated at **\$53 billion** in 2021 and is forecasted to grow at a lower CAGR of **11.3%** due to the strong policies introduced in July 2021. In this region, the regulations have been catastrophic for leading EdTech companies since much of their revenues arose from activities that have now been banned, such as tutoring.

Nevertheless, the rest of the Asia Pacific (APAC) region is reporting a rapid urbanization as well as high penetration of EdTech solutions in the Education market aiming at providing relevant aids in the school management.

It is also worth mentioning the market growth forecasted in Japan and Canada accounting respectively for a CAGR of **13.5%** and **15.5%** over the analysed period.

Finally, the UK's market has grown by **70%** in 2020 and in 2021 was estimated at **\$4 billion** (ca), while Europe continues to remain an important player in the market, being valued **\$24.7 billion** in 2021. Both regions are forecasted to grow with the same pace as the market during the forecasted period (*Exhibit 14*).

Exhibit 14: EdTech Market Share per Region (2021)



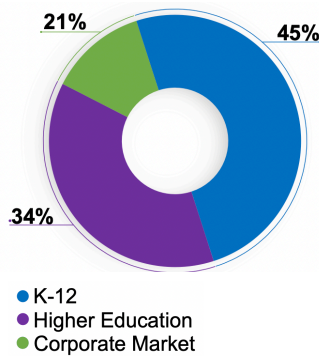
Source: Own analysis & PRNewswire

⁶ "28 Online Education Statistics and Facts to Learn in 2022", Tea Turkalj Ilijasic, Comfy Living, Jan 2022

⁷ "Global EdTech VC Funding - Q1 2022 Update", HolonIQ, Apr 2022

Market Segmentation

Exhibit 15: EdTech Market per User in 2021



Source: PRNewswire

Two are the main end-users worth mentioning when analysing the EdTech market: the **education sector**, further divided into K-12 education and higher education, and the **corporate training sector**.

The **K-12 segment**, in 2021, accounted for a revenue share in the education market of over 45%, approximately corresponding to **\$105.25 billion** and it is expected to retain a leading position between 2021 and 2027, potentially growing alongside the market at a CAGR of **16%** (approx.) during the period under analysis. This ruling share could be attributed to the growing trend of the increasing promotion of game-based learning in the sector as well as the strong support by government policies which benefits are expected to improve user outcomes in the market.

The global **higher education segment** was estimated at **\$85.43 billion** in 2021 and is forecasted to grow at a CAGR of **10.8%** during the period 2021-2027 thanks to the increasing number of enrolments and the development of new education tools and services.

Finally, the **corporate training sector**, which in 2021 accounted for **\$49.12 billion**, is expected to grow at a CAGR of **7.97%** for the period under analysis. We believe this tendency is driven by the fact that organizations are increasingly adopting innovative and cost-effective ways to train their employees. Indeed, the transition towards e-learning would help companies save their employees' working hours with more effective information supply (*Exhibit 15*).

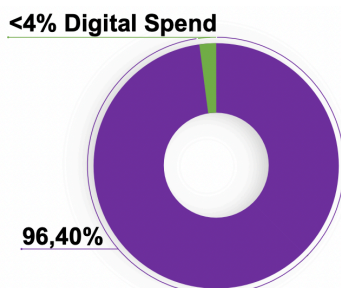
Market Trends

We consider the EdTech industry to be one of the most promising sectors in the market. Several factors drive the development in the EdTech market. These, as further analysed in the following sections, include a growing demand for e-learning solutions, an increasing implementation of government schemes to promote education, a higher need to continue running the education system during the pandemic, and the fulfilment of an educational gap.

Technological Landscape

The education market, unlike other sectors, has been heavily under-digitized for years. Indeed, before the pandemic only **\$227 billion** were invested in digital education, corresponding to less than **4%** of the global spending on the education industry (*Exhibit 16*). However, such circumstances are changing rapidly, hence we are confident that the current situation will be entirely reversed due to the

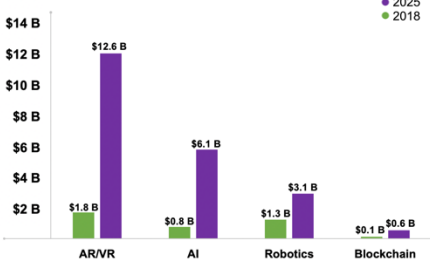
Exhibit 16: Investment in Education Market (2019)



- **\$227B IN EDUCATION TECHNOLOGY SPEND:** Hardware, Software and Technology Enable Services
- **%6,2T NON-DIGITAL SPEND:** Labour, Equipment, Analogue Content, Real Estate & Building Works, Utilities etc.

Source: HolonIQ 2021

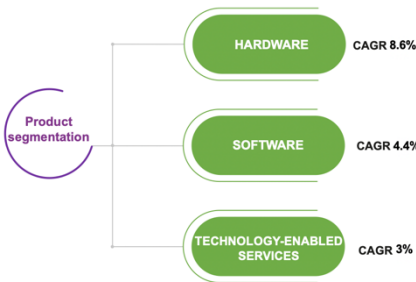
Exhibit 17: Advanced Technology Expenditure in Global Education (2018-2025)



Source: HolonIQ

massive and prompt digital revolution. This transformation is inevitable as it responds to profound changes in educational and training needs caused by the increasingly digitalized contexts in which new generations are born. Hence, digitalization drives a rapidly growing demand for innovative technological solutions in education. With schools and universities increasingly adopting virtual classrooms, and tools such as AR or VR technologies to support students' learning, the EdTech sector is reporting an exponential growth in the instruction market, with higher popularity among investors (*Exhibit 17*). Inside the EdTech industry three are the key segments driving growth for our analysis: Hardware, software, and technology-enabled services (*Exhibit 18*).

Exhibit 18: EdTech Key Segments



Source: PRNewswire

The **hardware segment** can be further divided into Interactive whiteboards (IWBs), interactive flat panels (IFPDs), and other solutions. This division accounted for 42.6% of the global education market in 2021 and was valued at approximately **\$1.25 billion** (*Exhibit 19*) in the United States and **\$1.6 billion** in the EMEA region (*Exhibit 20*). Gaining higher demand in the education market, this division is expected to grow at a CAGR of approximately 8.6% between 2022 and 2030.

Concerning the **software division**, it accounted for nearly 40% of the global EdTech revenues, amounting to approximately **\$10 billion**, and is expected to grow at a CAGR of 4.4% on average between 2022 and 2030.

Finally, the **technology-enabled services**, was valued at **\$4.4 billion** in 2021 and is expected to grow at approximately a CAGR of 3% during the period under analysis due to the increasing demand of technological service in the industry.

As learning technologies and artificial intelligence are improving, it is foreseeable that personalization through service technology, and in this case education technology, will become increasingly common and requested. This growth in demand and potential positive integration will likely lead to an increase in value for those companies that are already present in the EdTech market as well as newcomers.

Exhibit 19: USA Annual Forecast by product and sector (\$ billion)

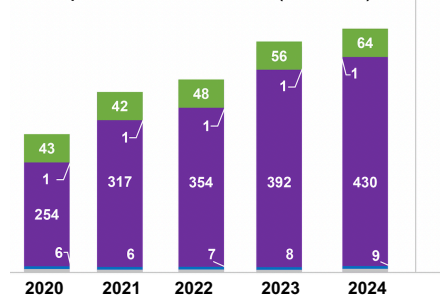
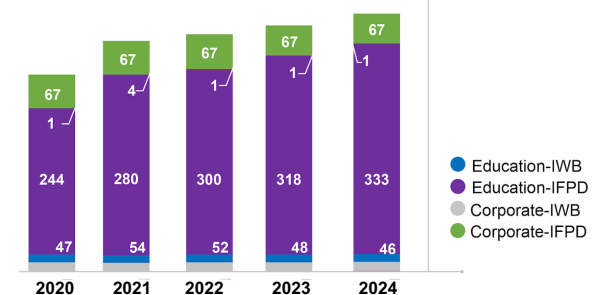


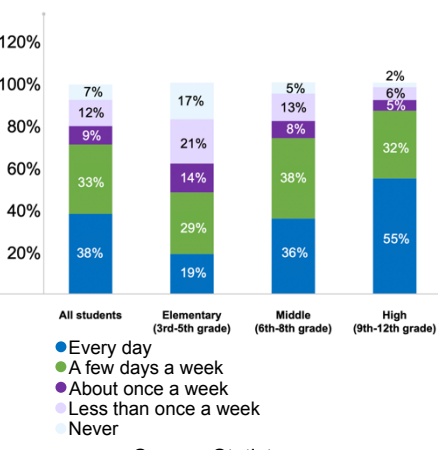
Exhibit 20: EMEA Annual Forecast by product and sector (\$ billion)



Source: FutureSource

Distance Learning

Exhibit 21: US Use of Digital Learning Tools by Students and Frequency (2019)



Source: Statista

With entire countries under lockdown affecting more than **1.4 billion**⁸ students enrolled worldwide, the education industry started to deliver lessons digitally. The pandemic has radically changed the way contents are taught and learned. Due to social distancing norms, students and individuals moved towards digital learning platforms which use proves to be more effective, with people retaining 15%-60% more material and requiring 40%-60% less time to learn⁹.

The coronavirus crisis is promoting a wider adoption of technology to replace, complement and enhance teaching and learning. Being distance learning easily accessible, the enrolment in Massive Open Online Courses (MOOC) grew by **60 million** learners in 2021 and is foreseen to grow further in the incoming years.

Therefore, the use of distance learning will expectedly gain more interest and importance in the future, enabling the EdTech and Smart Classrooms sectors to acquire higher market power in the education industry (*Exhibit 21*).

Proactive Government Initiatives

As mentioned above, due to the Covid-19 crisis, several governments have introduced incentives to stimulate market growth with a stronger consideration to the education market.

Nowadays, governments aim to help developing and incorporating technology to reduce workload, promote efficiency, remove barriers to education, and ultimately lead to improvements in educational outcomes.

For instance, since March 2020 in the US, **\$282.7 billion** has been allocated to the Education sector, representing the most significant bailout package in the US history¹⁰ (*Exhibit 22*). Furthermore, many other governments are actively investing in funding organizations and partnerships to encourage the development and implementation of digital learning services to meet the need for a lifelong learning.

Furthermore, many other governments across Europe are actively investing in funding organizations and partnerships to encourage the development and implementation of digital learning services to meet the need for a lifelong learning.

To achieve governments' ambitions to ensure growth in the education sector and improve sourcing practices, increasingly more investments will be dedicated to institutions as well as companies offering solutions in this potentially promising industry. As governments and their incentives demonstrate the recognition of the

Exhibit 22: US Covid-19 Relief Plan on Education

| | CARES Act | Covid Relief Package | Biden Stimulus Package |
|------------------|-----------|----------------------|------------------------|
| Education Total | \$ 30,7B | \$ 82,0B | \$ 170,0B |
| K12 | \$ 13,2B | \$ 54,0B | \$ 130,0B |
| Higher-Education | \$ 14,0B | \$ 22,0B | \$ 35,0B |
| Corporate | \$ 3,0B | \$ 4,0B | \$ 5,0B |

Source: FUTURED

⁸ "Distance Learning Statistics and Growth of Online Education in 2021", Chang Chen, Otter.ai, Mar 2021

⁹ "The COVID-19 pandemic has changed education forever. This is how", Cathy Li and Farah Lalani, World Economic Forum, Apr 2020

¹⁰ "Investor presentation February 2021", Boxlight, Feb 2021

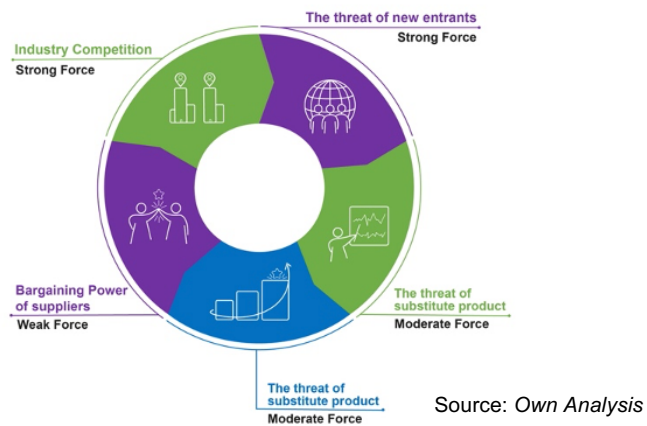
importance of the education market and the implementation of new technologies to enable better and more efficient e-learning, these promoted initiatives can be valued as essential drivers for the future of the EdTech sector.

Competition

Competitive Landscape: A five forces perspective

Based on the model developed by Michael Porter¹¹, which examines the five key competitive forces, an analysis of the competition within Boxlight’s business industry was developed (*Exhibit 23*).

Exhibit 23: Five Forces Analysis



Industry Competition

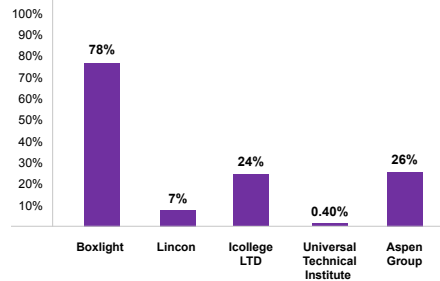
The competition in the Technological Education sector is **considerably high**. Several external factors contribute to this competitive rivalry: 1) The large number of companies in the industry, 2) the high diversity of technologies, and 3) the low switching costs for customers.

Direct competitors span various industries, although those having the most significant impact on Boxlight's business are operating on technology education services as well as related platforms and software.

Boxlight differs from its Peers, such as Lincoln Educational Services Corp, iCollege LTD, Universal Technical Institute Inc and Aspen Group Inc., due to a business model oriented to the investment of significant capital in various strategic

¹¹ “Competitive Strategy: Techniques for Analysing Industries and Competitors”, Porter, M.E, Free Press, New York, 1980

Exhibit 24: Boxlight's vs Peers' Revenues Growth Rate



Source: *Bloomberg*

initiatives, including partnerships, collaborations, mergers and acquisitions, and the development of new products/technologies to expand in the market.

Through the examination of the historical performance of Boxlight against its competitors, an analysis of market positioning was performed. As it is possible to notice in *Exhibit 24*, from 2019 to 2021 the Company **outperformed** its main competitors' revenues and registered an annual growth rate of **78%** in total sales against an average of **14.35%** from its Peers.

However, as revenues are not fully representative of a company's business, a ROIC analysis was performed to better assess the differences in strategies among the companies' examination.

Universal Technical Institute, which registered the lowest revenue growth among Comparable analysis, operated from 2018 to 2021 with an average return on invested capital of **-4.1%**. Comparably, iCollege LTD recorded an average performance in terms of ROIC around **-6%** between 2018 to 2021. Aspen Technology performed with an average ROIC over the period 2018-2021 of **24.8%**. On the other hand, Lincoln Educational Services' ROIC performance, amounting on average to **1.6%** over the analysed period, was the most irregular with a through in 2018 of **-5.6%** and a peak of **7.7%** in 2020. Finally, as previously mentioned, Boxlight's ROIC amounted to **-6%** in 2021 due to the large capital investments during the last financial year.

Furthermore, to examine further the competitive position of the Company within the industry in depth, a broader analysis is performed.

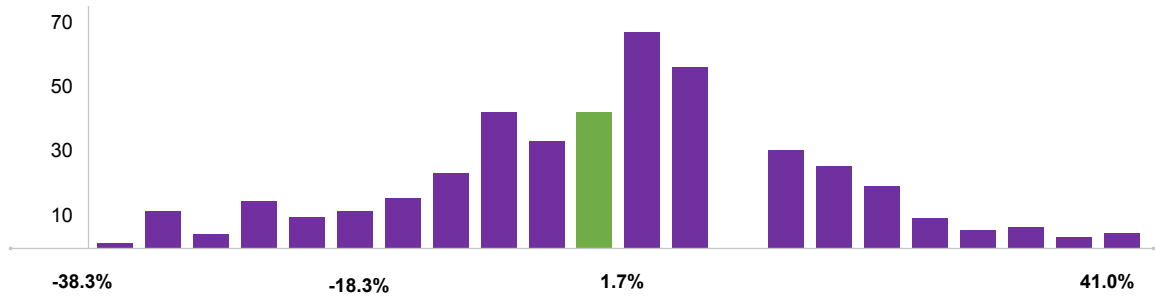
In a research¹² about the Information Technology sector, where more than 1,210 companies operating in the industry in the United States were considered, it was found that the average market capitalization between 2016 and 2021 among companies in that area amounted to **\$655.8 million**, showing a standard deviation of **\$1.3 billion**. Thus, displaying a current market capitalization of **\$64 million**, Boxlight can be positioned on the 60th percentile for the industry.

Additionally, a distribution of Return on Invested Capital for the companies operating in the market was examined in the analysis above mentioned. This latter displayed an average ROIC in the analysed timeframe among the companies of 2.3% with a standard deviation of 14.1%. Therefore, with an average return on investment capital over the period amounting to **0.3%**, the Company can be positioned within the 40th percentile in the industry distribution (*Exhibit 25*).

¹² Boxlight Corporation, Finbox.com, May 2022

Therefore, the competitive strength within the sector is intense due to the growing amount of capital spent in innovation on digital solutions.

Exhibit 25: ROIC Distribution (2016-2021)

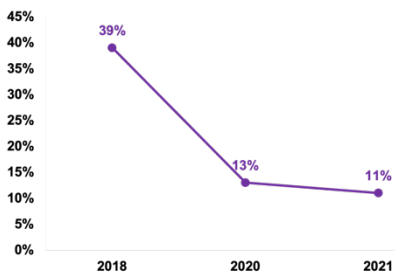


Source: Finbox & Own Analysis

However, Boxlight is **positioning itself increasingly well** within the industry and among its Peers with potentially growing value in ROIC over the forecasted period correlated to its continuous development of new and unique products due to its research of new acquisition opportunities.

Bargaining power of buyers

Exhibit 26: % Revenues from a Significant Customer (2018-2021)



Source: Boxlight Annual Reports

The bargaining power of buyers is classified as a **decreasing force** for Boxlight considering its more extensive customer base. Indeed, the highest concentration of revenues originated from the purchase of products from a single customer in the historical years diminished from **39%** of sales in 2018 to **11%** in 2021. Therefore, the loss of significant customers is expected to have a decreasing material adverse effect on Boxlight’s business due to its broader clients’ diversification (*Exhibit 26*).

Additionally, Boxlight’s substantial capital expenditures, with a forecasted average of **\$1.73 million** over the past five fiscal years, allowed the Company to continue developing new products and technologies. Therefore, increasing its product offering Boxlight will be able to counteract the potential power of its customers.

Finally, Boxlight can be positioned on the median point among a distribution of companies operating in the education market where the average of capital expenditure is **\$9.12 million**¹³. As such, Boxlight can be classified as aligned to the main competitors in the market which will allow the Company to progressively become successful in this area of competition.

The threat of new entrants

The elevated entrance barriers originating from the high costs required for penetrating the market are the first key factor driving the power of new entrants. Indeed, even though the sector originally presents a minimum cost base of **\$10**

¹³ Boxlight Corporation, Capital Expenditures, Finbox.com, May 2022

thousand, this amount can grow exponentially depending on the technology to be developed¹⁴.

On the other hand, the growing demand for new technologies loosens the entry barriers of the EdTech industry. However, the market still presents a high level of competition among the already established companies which lowers new competitors' power. For instance, more than **660 EdTech start-ups**¹⁵ were born in the last twelve months but only **33** became **unicorns** potentially representing a menace for the industry.

In conclusion, the **threat of new market entrants** is classified as **moderate** for the management and strategic growth of the Company.

Bargaining power of suppliers

The **suppliers' bargaining power** can be classified as an **increasingly weak** force in the marketplace where Boxlight buys its product components.

Indeed, the highest concentration of purchases condensed among few vendors is decreasing, from **80%** registered in 2018 to **31%** in 2021 (*Exhibit 27*). Therefore, the decreasing dependence over few key suppliers represents a potential for Boxlight to gain an even higher bargaining power among them. This can be related to the presence of a high availability of supply, a large population of suppliers, and various sizes of individual suppliers.

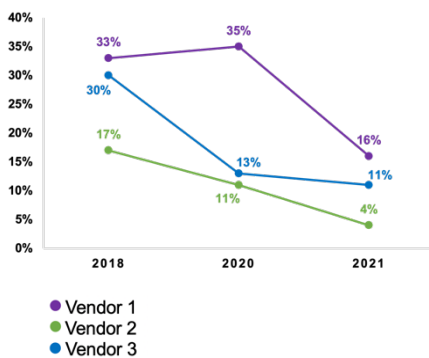
Furthermore, the high availability of the offer, in combination with the large population of suppliers, weakens the bargaining power of these individuals for Boxlight and its competitors. In addition, supplier industries such as manufacturers are also being highly competitive. This means that the cost which Boxlight is subjected to for switching from one supplier to another is relatively low and does not represent a significant obstacle.

The threat of substitute products or services

Boxlight faces a **moderate threat of replacement products or services**.

In a study¹⁶ developed over the use of Education Technology in the US schools and institutions, it has been proved that the majority of teachers and administrators recognize the potential value in using digital learning schools in the long term. Indeed, from the research it appeared that **85%** of teachers and **95%** of administrators strongly agreed to use digital learning tools instead of returning to the use of traditional ones to support student's learning goals. Therefore, the

Exhibit 27: % Revenues from a Significant Vendors (2018-2021)



Source: *Boxlight Annual Reports*

¹⁴ "Initial Capital for the New Technological Enterprise", Edward B. Roberts, MIT Sloan School of Management, Sep 1989

¹⁵ EdTech Database, Dealroom.co, May 2022

¹⁶ "Education Technology Use in Schools – Student and Educator Perspective, Gallup Inc., 2019

market of interactive learning, gaining higher recognition from institutional perspectives, is witnessing a decreasing threat originating from the substitution of traditional teaching tools.

Another crucial element driving the threat of substitute products is represented by the appearance of many low-cost competitors which lead the offer price for products to a lower level. However, considering that the price of hardware solutions for education ranges between **\$1000** and **\$15000** in the market, Boxlight strongly competes among the Companies from this industry with an average price per product amounting to **\$1303**.

In conclusion, based on the analysis presented on Boxlight's business, the competition in the sector and the bargaining power of buyers exert a powerful force on the company, which can affect its profitability. The threat of new entrants and of substitute products have a moderate impact, while the bargaining power of suppliers plays a trivial role for the success of the education technology sector.

Long-Term Value drivers

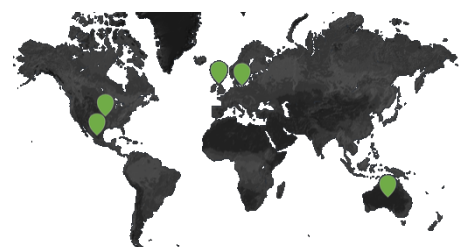
In the future, the key drivers to Boxlight's value growth will be based on its strategic acquisitions and on allowing the Company to enter new markets, implement its product portfolio and achieve cost reductions.

These driving factors can be perfectly associated with the industry trends and with the current strategic provision of the Company as discussed in the previous sections.

Firstly, one of the primary objectives of Boxlight's growth strategy, through strategic acquisitions, is to **enter new markets** and **strengthen its position** where it is already operative. The expansion strategy appears to be aligned with **government incentives** as they make potential new markets more attractive to Boxlight. Such government incentives will be reflected in **less regulatory complexity**, which will allow for easier expansion into new sectors.

As already stated in the *Company Overview*, Boxlight operates not only in the United States but also in the United Kingdom and has exhibitions in EMEA, Mexico, and Australia. From the historical analysis, it emerged that the company obtained substantial revenues from the United States. However, starting from 2021, it is possible to observe a considerable increase in sales from the Other Jurisdictions and the UK which reached respectively **39%** and **25%** share in total revenues in the same year (*Exhibit 28*). With the acquisition of **FrontRow** in 2021, which presents offices around the world, such as in Canada, Denmark, China, Australia and the UK, a further strengthening of the two markets previously mentioned is

Exhibit 28: Boxlight market expansion (2021-2041)



Source: *Boxlight Annual Reports and Own Analysis*

expected. Therefore, through its international expansion, Boxlight will be able to ensure a **stronger long-term growth** with forecasts predicting an increase in sales in new Other Jurisdictions, which are foreseen to reach **49%** of revenues share in 2041.

The second goal of Boxlight's growth strategy, through strategic acquisitions, is represented by the Company's willingness to **expand its business and product portfolio**. Boxlight's desire to **diversify** its production perfectly aligns with the technological landscape and distance learning circumstances discussed above. Indeed, the growing presence of innovative technological landscape for education and the high propensity for distance learning have significantly increased the demand for this industry. The aspiration to broaden its product portfolio driven by the higher demand in solutions, led Boxlight to search for new acquisition opportunities.

For instance, Boxlight's latest acquisition, **FrontRow Calypso LLC**, enabled the Company to expand its operations and to potentially create long-term value for its business. FrontRow Calypso LLC was acquired for **\$34.7 million**, which includes a premium of 15.67% (**\$4.7 million**) on its market value amounting to **\$30 million**. Therefore, for the FY 2022, it is possible to expect FrontRow's business unit to contribute approximately to **\$30 million** in total sales, **\$15 million in Gross Profit** and **\$7 million in EBITDA** due to the introduction of new solutions. As the Company expects to increase FrontRow's business value by 20% through various operational improvements, a growth in value for Boxlight originated from the Target Company's purchase is estimated to amount to **\$36 million**, resulting in shareholders' value creation of **\$1.3 million** (*Exhibit 29*). Therefore, for a growing company like Boxlight new acquisitions effectively enable the introduction of new products and technologies, and new market trends allow for a wider choice of profitable investments for Boxlight.

Exhibit 29: Value Creation from FrontRow's Acquisition



Source: *Boxlight Annual Reports and Own Analysis*

Finally, the **cost reduction** integrated in Boxlight's acquisition strategy is expected to drive the performance of both **Cost of Revenues** and **Operating Cost items**.

To begin with, **freight costs**, especially operating through air solutions, constitute part of the Cost of Revenues. Seeking to diminish these sources of expense, the Company recently acquired two key distributors: **Sahara Presentation System PLC** and **Interactive Concept BV**. Indeed, we believe the purchase of new companies will lead to decrease the growth of this cost item, thanks to the increasing presence of Boxlight in different markets. Then, the **costs to purchase components and finished goods**, which make up the total Cost of Revenues alongside the item analysed above, highly depends on the bargaining power of external suppliers. As of 2021, the Company is reported to receive most of its

components from external providers. The future acquisitions of key producers will potentially lead the company to gain an increasing power towards suppliers with a direct effect on the price per unit purchased due to the growing efficiency given by the higher centralization in the value chain. The last cost item contributing to the total Cost of Revenues value is represented by the **cost of professionals for the provision of trainings**. This cost line is highly dependent on Boxlight’s final goal to penetrate also in the government and corporate market which potentially will lead to an increasing demand in training solutions.

Finally, as for the **Operating Costs** item, an optimization of resources is expected thanks to the introduction of new infrastructures and the reorganization of human resources due to acquisition strategies. The employment of senior management and key personnel that can efficiently operate in the business represents one of the drivers of success of Boxlight. As the Company’s business continues to grow with new acquisitions on the pipeline, the need for highly trained employees is increasingly high as it potentially drives the ability of Boxlight to increase not only its revenues from existing products and services but also from the launch of new product offerings.

Valuation Assumption

Revenues Breakdown

The prospects for Boxlight reflect previous considerations which concern: 1) The trends in the global technology education market and respective growths in investments, and 2) the targeted acquisition strategies of the Company. Even though historically the Company showed a different inclination from the one marked by the EdTech industry, our thesis can still be considered as consistent.

Considering that the Company was only founded in 2014 and listed only three years later, we believe that basing our assumptions uniquely on historical performances of the Company would be erroneous for the final purpose of the overall research. Therefore, we considered more consistent to focus on the future growth potential of Boxlight with regards to the future market and competitors’ trends explained in the sections above.

Methodology

To determine a reliable revenues’ forecast for Boxlight based on the understanding of what drives the Company’s performance, a **Bottom-Up approach** is developed (*Exhibit 30*). Furthermore, past and potential future macroeconomic market cycles are considered. The different components contributing to the evolution of Boxlight’s

Exhibit 30: Boxlight’s Revenues Bottom-Up Approach

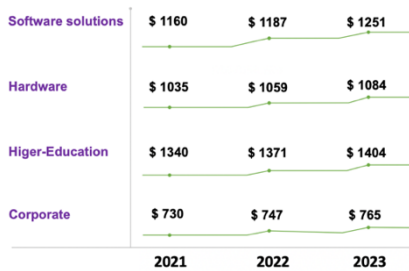


Source: Own Assumptions

revenues are: The average **price for a unit sold**, the **number of units sold** and the **geographic** and **sectorial segmentation** of the company.

Average Price per Unit Sold

Exhibit 31: Average Price per Product



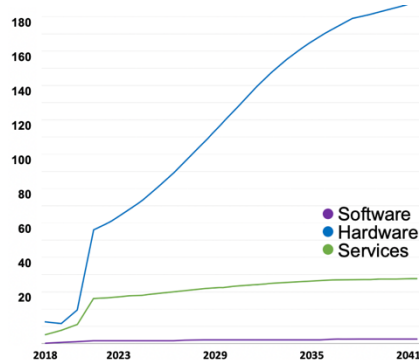
Source: Own Assumptions

To determine the prices of Boxlight’s products, the price list published in 2021 was employed and an average price for the different product categories was obtained and assumed to remain constant for the historical data. As previously mentioned, the competitors within the market under analysis will not affect Boxlight pricing offering. Therefore, it is consistent to consider the Company to likely maintain a rising trend in unit prices alongside the market, amounting to **2.36%**¹⁷ and corresponding to the US CPI inflation rate until 2029, when the trend is estimated to flatten (*Exhibit 31*).

Units Sold

A revenues’ analysis is performed first through the identification of the main segments among the wide range of products offered. Boxlight’s solutions offering reflects the segments examined in the *Market Analysis* section and the analyses for the Company will be aligned with the ones mentioned for the industry. Therefore, **Hardware**, further divided into IFDP and IWB, **Software** and **Services** represent the different components of units sold that are considered to drive the growth of Boxlight’s revenues.

Exhibit 32: Units Sold per Type of Product From 2018 To 2041 (\$ thousand)

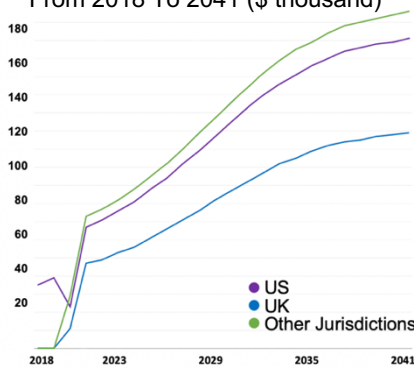


Source: Own Assumptions

As previously mentioned, the total number of units sold for Boxlight is highly driven by the **global development in investments** and **demand for digital solutions**. With a growing number of acquisitions and, hence, a wider Company’s product portfolio, an increasing number of units sold within the markets served is expected. Therefore, aligned with global market expectations the number of Boxlight’s **software solutions** is forecasted to grow on average with a **4.5%** rate for the period 2022-2029 followed by a decreasing trend of growth amounting to approximately **2%** for the period ending in 2041 (*Exhibit 32*). As such, the units sold for this segment are expected increase from approximately **3 thousand** in 2021 to **5 thousand** in 2041. Similarly, the growth rate in the quantity of **hardware** sold follows an increasing trend ranging between **7%** and **9%** for the period 2022-2029 and a further declining trend amounting on average to **4%** in the period ending in 2041, when it is estimated to reach **400 thousand** units sold. Finally, with regards to the last unit type, it is consistent to believe the number of service solutions sold to be growing at a rate aligned with the market forecasts and

¹⁷ “US Inflation Forecast: 2022, 2023 and Long Term to 2030 | Data”, Knoema, Mar 2022

Exhibit 33: Units Sold per Region From 2018 To 2041 (\$ thousand)



Source: Own Assumptions

amounting to approximately **3%** for the period 2022-2029, thus reaching **65 thousand** units traded in 2029.

We believe the growth in units sold highly reflects the expectation that investors sentiment will turn to the education market due to its growing potentiality of positive returns on investments.

To gain a deeper understanding of what drives the company's performance, an analysis is performed over each of the key geographic business segments: **US, UK and Other Jurisdictions** (*Exhibit 33*).

United States

Boxlight's primary market, the **United States**, accounts for approximately **36%** of its total revenues in the FY 2021. In accordance with Boxlight's expansion strategy, for the forecasted period it is expected to notice a decreasing value in the Company's share of total revenues to nearly **32%** by the end of 2041. The reduction in revenues' share for this geographic segment is the result of an increasing share gained by the other jurisdictions where Boxlight is (or will potentially be) operating (*Exhibit 34*). Furthermore, aligned with Boxlight's portfolio implementation strategy, the Company is expected to make substantial investments to fill product gaps and to strengthen its presence in the corporate sector. This will result in a declining percentage of the revenues originating in the US from the education sector counterbalanced by a proportional increase in revenues from the corporate segment, which will reach approximately **25%** by the end of the forecasted period.

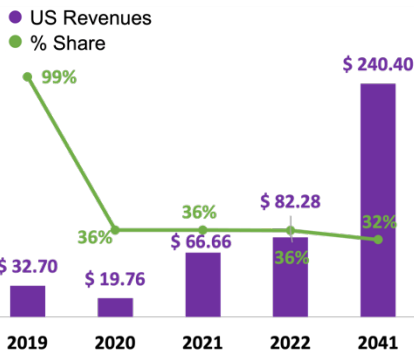
In conclusion, despite the Company's expansion ambition, we estimate that Boxlight will be able to continue generating substantial revenues in this market, investing in it, and strengthening its strategic positioning.

United Kingdom

The **United Kingdom** market is of particular interest for the Company as this segment alone accounted for **25%** of total revenues in 2021, mainly due to the acquisition of Sahara Presentation Systems PLC, headquartered in the UK.

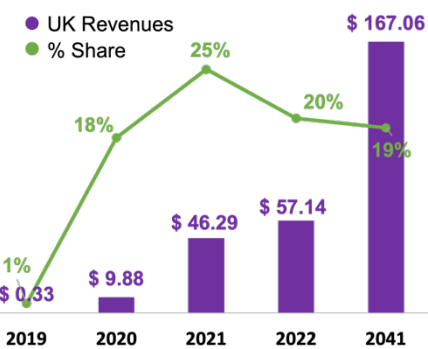
This acquisition represented an essential investment for the Company and is expected to drive around **25%** of revenues for the period between 2022-2029. However, we do not expect this market segment to grow further due to Boxlight's inclination towards the investment of capitals on a wider spectrum of jurisdictions (*Exhibit 35*). Therefore, a decreasing rate in this revenues' market share is foreseen and will lead to approximately **20%** in share by the end of 2041. Furthermore, similarly to the United States market, in the United Kingdom most of

Exhibit 34: US Revenues (\$ million) vs % Share (2019-2041)



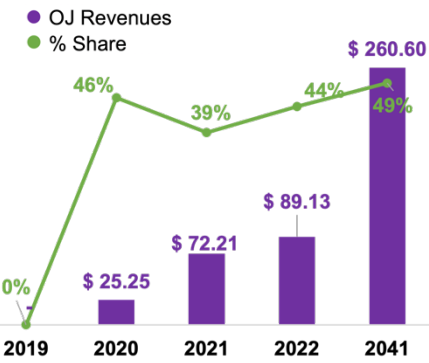
Source: Boxlight's Annual Report & Own Assumptions

Exhibit 35: UK Revenues (\$ million) vs % Share (2019-2041)



Source: Boxlight's Annual Report & Own Assumptions

Exhibit 36: OJ Revenues (\$ million) vs % Share (2019-2041)



Source: Boxlight's Annual Report & Own Assumptions

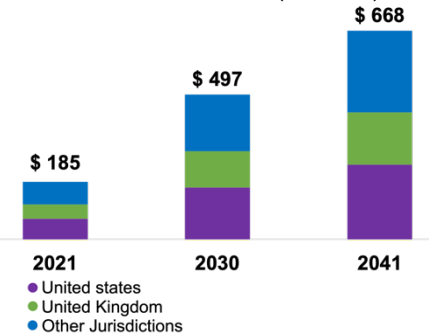
the revenues will depend on products sold in the education sector, with a constant decrease in favour of the sales of products in the corporate market.

Other Jurisdictions

The **Other Jurisdictions** (OJ) sector currently refers to the Mexican, Australian and EMEA markets where Boxlight has vast exposures. In line with the strategies discussed so far, we expect that over the forecasted period, the revenue share of this sector will be higher than the other two areas, with approximately **40%** share in 2021, and growing steadily up to **49%** by the end of 2041 (*Exhibit 36*). The historical boost in this segment, from **0%** of revenues' share in 2019 to **40%** in 2021, was due to the purchase of both Sahara Presentation Systems and MyStemKits and STEM Education Holdings, which increased the sales in Europe, Middle East, and Africa as well as in the Australian market.

Furthermore **75%** of product sales are related to the education sector and the rest originates from the corporate sector which is expected to increase gradually overtime.

Exhibit 37: Boxlight Revenues Growth From 2021 To 2041 (\$ million)



Source: Boxlight's Annual Report & Own Assumptions

In conclusion, Boxlight is expected to reach approximately **\$497 million** in revenues by 2030 with an annual growth rate of around **12%** and a trend towards a steady state in the forecast period ending in 2041 hitting **\$668 million** in revenue (*Exhibit 37*). Considering the current growth opportunities in the market and how these align with Boxlight's goals, we believe this prediction to be reliable.

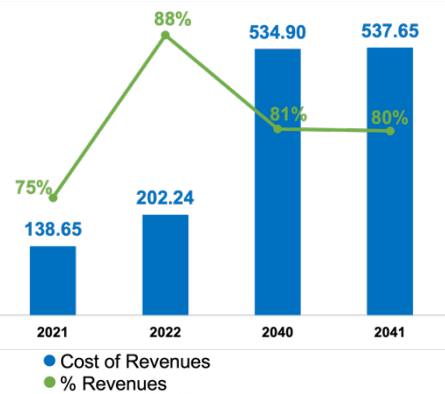
Costs breakdown

Cost of Revenues

The **Cost of Revenues** (or COGS) item, as mentioned in the *Long-Term Value Drivers* section, mainly comprehends **freights costs, cost to purchase finished goods and costs of professionals for training services**. These costs are partially dependent on revenues and, to some extent, are assumed to progress alongside with them as well as with the future development of volume of sales. Despite Boxlight's efforts to rigorously manage costs, the average COGS as a percentage of sales was high in the past and amounted to approximately **75%** of total revenues. The reasons behind this notable value can be related to the further dependence of these costs on the **global transportation costs**, and in particular air freight costs, as well as the Company's reliance on **external suppliers** and the amount of **service solutions** provided.

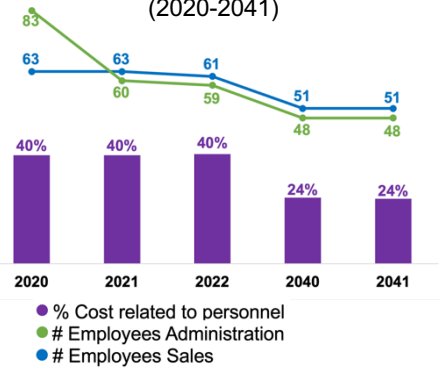
Due to the pandemic and the ongoing war, which is leading to a growing value in the cost of oil and gas, it is estimated that the US **air freight costs** are increasing

Exhibit 38: Cost of Revenues
From 2021 To 2041 (\$ million)



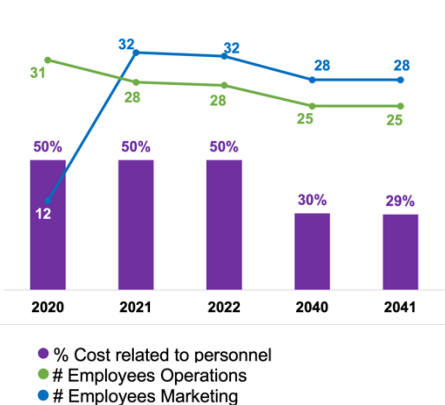
Source: Own Assumptions

Exhibit 39: SG&A Personnel
(2020-2041)



Source: Own Assumptions

Exhibit 40: R&D Personnel



Source: Own Assumptions

by **77%**¹⁸ in 2022, followed by a **12%** increase in 2023, a decreasing trend of growth for the following years¹⁹ and a flat growth rate from 2032 onwards. Similarly, in the UK and in the Other Jurisdictions where Boxlight operates, air freight costs are expected to increase with an analogous trend.

The purchase of new companies directly producing final goods for the Company is expected to drive the reduction in the degree of dependence on **third parties' good production** due to the potential growth in Boxlight's bargaining power. A first consolidation of Boxlight's supplier market is expected over the period ending in 2030 with a constant share in the Cost of Revenues of **37%**. Consequently, a decrease in the amount of finished goods and components purchased by external suppliers is forecasted and will expectedly lead the costs related to this item to diminish at a constant rate amounting to approximately **-2%**.

Finally, with regards to the **costs of professionals for training services**, it is considered consistent to estimate its development through the share evolution of the service solutions offered by the Company. Differently from the cost lines previously examined, this cost is estimated to increase by an average of **2%** due to the higher amount of services forecasted for the Company's business.

As a consequence, COGS percentage in relation to sales is expected to increase from **75%** in 2021 to **81%** in 2023, due to the significant increase in freight costs for the first 2 forecasted years. However, due to the implementation of its business strategy, the Company is expected to decrease the share of COGS to **80%** of total revenues by the end of the forecast period (*Exhibit 38*).

Operating costs

According to the Company's annual report, in 2021 around **123** personnel of the company was employed in **Sales and Administration (SG&A)** operations (*Exhibit 39*) while **60** employees were engaged in the **Research and Development (R&D)** segment (*Exhibit 40*). In the FY 2021, for what concerns the SG&A costs it is estimated that around **40%** of the total amount is related to the salaries paid to the employees while for the R&D costs **50%** is destined to the personnel wages. Indeed, the share of costs for the Research and Development personnel is influenced by the amount of prototype and sample costs, design and product certification costs which potentially make up **60%** of these expenses. On the other hand, General and Administrative expenses further derive from other costs of professional services, such as legal and facilities expenses, which make up for the remaining **50%**. As mentioned in the former *Value Driver* section, the forecast for

¹⁸ "Exceptionally high air freight prices 'likely to climb further'", Will Waters, Loyd's Loading List, Nov 2021

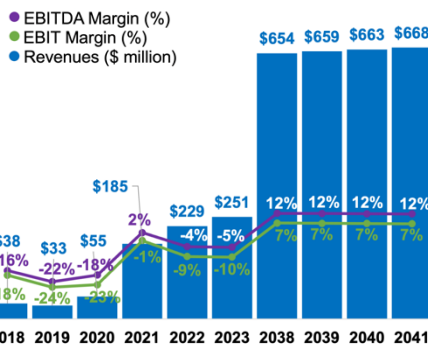
¹⁹ "Freight Costs Expected to Remain High in 2022", Connor D. Wolf, Transport Topics, Jan 2022

these items of cost is based on the intention of the Company to **implement the employment process** and focus on **retaining more highly trained employees**. Therefore, an increasing cost per personnel alongside a decreasing share in personnel related costs is estimated to compensate the higher quality and efficiency required. Indeed, an increase by approximately **2%** in yearly costs related to Research and Development as well as in SG&A expenses is expected due to the introduction of new infrastructures which will require an implementation in efficiency of human resources.

Operating Performance

Operating Margins Development

Exhibit 41: Operating Margins From 2018 To 2041(\$ million)



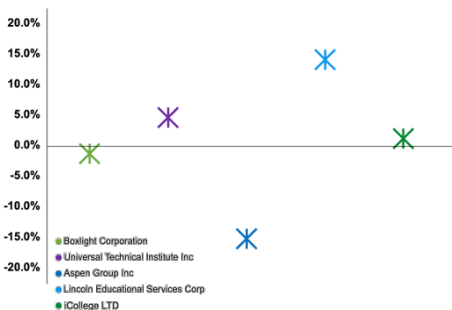
Source: Boxlight's Annual Report & Own Assumptions

Regarding the company's operating margins, we expect a straightforward recovery in future values compared to the historical ones. In general, Boxlight revealed negative **EBITDA**, **EBIT**, and **profit-margins** over the last 4 years under examination amounting on average to respectively **-13%**, **-17%** and **-16%** (*Exhibit 41*). Furthermore, the current macroeconomic circumstances of the market and the company's maturation based on its expansion strategy discussed so far, are expected to lead to a slight decrease in EBITDA and EBIT margins to respectively **-4%** and **-9%** followed by an increase in the next 10 years during which it is foreseen to hit positive values by the FY 2027. By the end of 2041, the company is expected to reach EBITDA and EBIT margins of around respectively **12%** and **7%**. We believe these estimates to be reliable, as they reflect Boxlight's capability to begin capitalizing on its previous investments as well as conducting significant cost savings by streamlining operations.

Overall, when comparing the operating margins of Boxlight with that of its Comparables, it is possible to deduce that **Boxlight performs** according to its Peers on average (*Exhibit 42*).

Working capital

Exhibit 42: LTM EBIT Boxlight vs Comparables

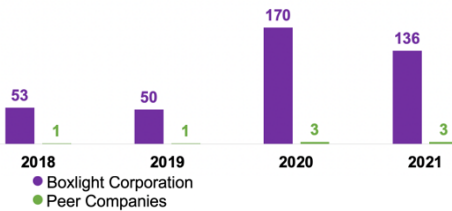


Source: Refinitiv

Optimizing working capital management is critical in determining Boxlight's ability to create value. The interpretations of this component vary according to the management of inventories, trade receivables and trade payables.

Between 2018 and 2019, the **Days of Inventory Outstanding (DIO)**, remained close to an average value of **50 days**, while in 2020 the inventory holding time was significantly longer and amounting to **170 days**. This result is estimated to profoundly relate to the Covid-19 crisis which put the available liquidity of the Company under pressure. Indeed, in the FY 2021 the DIO showed a slight

Exhibit 43: Days of Inventory Outstanding Boxlight vs Comparables (2018-2021)

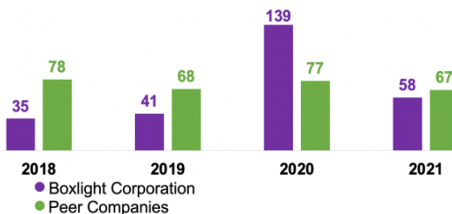


Source: Bloomberg & Own Analysis

decrease in value, due to the various efforts put in place by Boxlight to variate the holding period of inventories to counterbalance the lack of general liquidity originated from the adverse macroeconomic circumstances. Therefore, it is expected that the Company will strive to manage the business with less inventories in stock (*Exhibit 43*).

With regards to the trade receivables, it is possible to notice that the Company on average remained consistent over the years. Indeed, the **Days of Sale Outstanding** (DSO) showed an average of **40 days** in raising funds from its customers, with one exception in 2020 where the value amounted to **139 days**. As on average Boxlight increased its efficiency in collecting cash, it is reasonable to assume that it will maintain its general operating conditions in commercial terms (*Exhibit 44*).

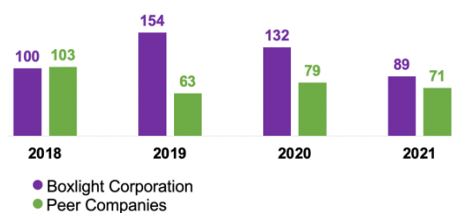
Exhibit 44: Days of Sales Outstanding Boxlight vs Comparables (2018-2021)



Source: Bloomberg & Own Analysis

Furthermore, the Company's Average Payment Period, namely **Accounts Payable Turnover Days** (or APTD), varied considerably throughout the years. With a peak of **154 days** in 2019 and a trough of **89 days** in 2021, Boxlight on average takes **122 days** to satisfy suppliers' accounting requirements and, aligned with its competitors' trend, the Company is expected to increase its efficiency in the forecasted period (*Exhibit 45*).

Exhibit 45: Accounts Payable Turnover Days Boxlight vs Comparables (2018-2021)

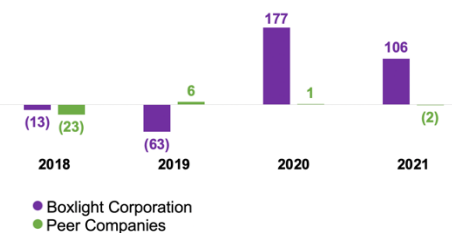


Source: Bloomberg & Own Analysis

Additionally, Boxlight's Cash Conversion Cycle in 2018 and 2019 reported a negative value of respectively **-13** and **-63 days**. These values can be related to the fact that the Company took longer to repay its suppliers than to receive funds from creditors and sell its inventories. On the other hand, in 2020 and 2021, the situation turned positively as Boxlight needed on average of around **five months** to convert its investments in inventories and other short-term resources into cash (*Exhibit 46*).

In conclusion, it is possible to observe that Boxlight formulated a negative value in Net Working Capital (NWC) in 2018 and 2019, as it incurred significant cash outlays and an increase in debt to support its acquisition strategy. However, these investments led to an exponential growth of the Company in the following years (2020 and 2021), with a consequent increase in cash flows and a rebalance of NWC to a highly positive value. This will expectedly allow Boxlight to fund its current operations over the long-term and to invest in assets and future value propositions.

Exhibit 46: Cash Conversion Cycle Boxlight vs Comparables (2018-2021)

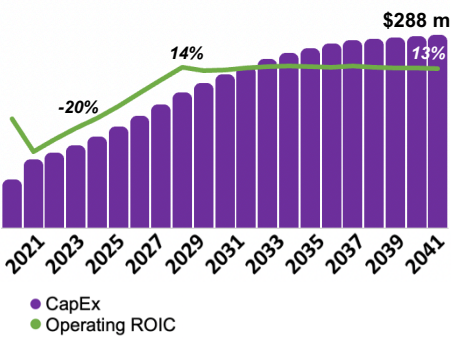


Source: Bloomberg & Own Analysis

Capital Expenditures

Boxlight's acquisition strategy is driven by a significant amount of Capital Expenditures (**CapEx**) which resulted in an incremental value of Property, Plant and Equipment (**PP&E**) as well as of Intangible Assets (*Exhibit 47*). Historically,

Exhibit 47: CapEx VS Operating ROIC (2021-2041)



Source: *Boxlight's Annual Report & Own Analysis*

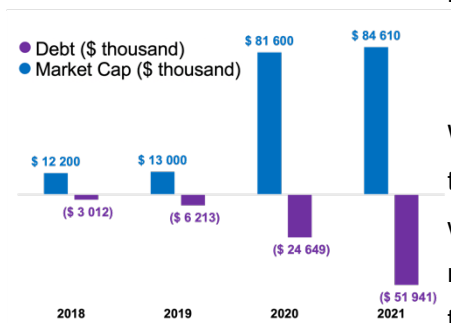
this item ranged between **0.6%** and **1%** of revenues with a growing trend. Indeed, from 2019 to 2021 PP&E value increased by approximately **\$866 thousand**, resulting in **\$1.07 million** by the end of 2021 due to the acquisition of **Sahara Presentation System PLC** and **Interactive Concepts BV**. These Capital Expenditures are expected to amount to **\$4.73 million** by 2041. On the other hand, another key strategic pillar for Boxlight's growth plan is the implementation of innovative technology into its product portfolio. The amounts related to these types of investments are incorporated in the **Intangible Assets** value. These items showed an increasing growth rate amounting to **19%** for the FY 2021 and are expected to boost even further reaching **\$283 million** by 2041.

To cover the shrinkage of liquidity abovementioned, the Company historically financed its Capital Expenditures mainly using additional equity and debt. Indeed, the **CapEx ratio** registered an historical low value amounting to **17%** for the FY 2018 and 2019 which highlights constraints in the availability of operating resources. However, due to its potential organic growth, the Company is expected to increase the number of resources directly usable for this nature of operations. Indeed, continuous improvements and maintenance of the value chain are foreseen to stimulate its long-term growth in expenditures alongside the evolution in revenues for the period under analysis. Indeed, Capital Expenditures are expected to represent approximately **43%** of total sales for the incoming years reaching **\$288 million** by 2041.

Valuation

To value Boxlight performance throughout the historical and forecasted years, the **Discounted Cash Flow (DCF)** method was chosen, as major capital structure changes are not expected for the future. The forecasted period of 20 years is divided into two timeframes. The **first period** ranges from 2020 to 2030 while the **second** from 2030 to 2041, when terminal growth is estimated to stabilize around **1.1%**. The rationale behind the length of the forecasting interval is related to the high variability in the Company's performance.

Exhibit 48: Capital Structure (2018-2021)



Source: *Boxlight's Annual Report*

Capital structure

When looking at Boxlight's debt and equity values, it is possible to observe that throughout time its amounts of equity and debt financing increased exponentially with the firm relying more on debt than before (*Exhibit 48*). The rationale behind a movement in **D/E ratio** can be attributed to the new acquisitions which led mainly to the raise of debt obligation counterbalanced by an adequate issuance of new shares. For instance, to finance the acquisition of FrontRow Calypso LLC, Boxlight

entered into a maximum **\$69.5 million** term loan credit facility, with Whitehawk Finance LLC as lender, which increased the amount of debt outstanding. However, the new acquisitions will expectedly generate higher liquidity for the Company. Therefore, it is possible to consider the D/E ratio for the FY 2021 as the target set by the Company since it is not foreseen to experience significant changes in its future capital structure.

Weighted Average Cost of Capital (WACC)

To correctly derive Boxlight's value, an appropriate cost of capital was derived from the Company's cost of equity and cost of debt.

Cost of Debt

As the amount of debt outstanding is not believed to represent a good proxy to the valuation, the current cost of debt determination was performed with the employment of the US Composite B Yield which amounts to **6.42%**²⁰. This latter corresponds to Boxlight's **B credit rating** obtained through Reuther EIKON, where a probability of default amounting to **0.92%** is estimated. Finally, from one of New York Stern's studies²¹ a recovery rate of **37.54%** is considered. As a result, an effective cost of debt of **5.85%** is obtained, which is higher than the ones foreseen for the education and technology sectors amounting on average to **3.40%**²² due to the higher risk appointed to Boxlight.

Cost of Equity

For the cost of equity calculation, the Capital Asset Pricing Model, namely ("CAPM"), is considered. Therefore, the unlevered Beta of Boxlight was estimated performing different regressions. Information on a 3-year period was employed for this approach as Beta is time-varying and not constant. Having a longer period of analysis would have allowed for smaller standard error in the regression. However, the results may be exposed to biases from modification of the characteristics of risk of a company. Therefore, the use of a longer timeframe would have undermined changes common for emerging firms like Boxlight. As such, using a relatively **short period** is conventional.

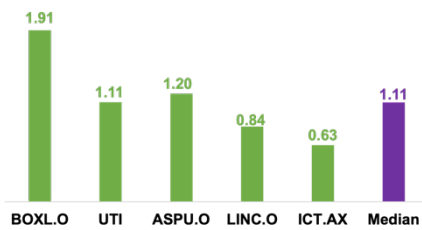
Boxlight's **Beta** was first estimated with a regression which employed its historical weekly closing prices for the previous 3 years against the **S&P 500**. The Company's Beta stands within **0.58** and **3.24**, with a confidence interval of 90% and a standard error of **0.67**. Further regressions for the estimation of the

²⁰ "US Corporate B Yield", Nasdaq Data Link, May 2022

²¹ "Is There a Risk Premium in Corporate Bonds?", Edwin J. Elton, Martin J. Gruber, Deepak Agrawal and Christopher Mann, NYU Stern

²² "Cost of Equity", NYU Stern, May 2022

Exhibit 49: Betas of Boxlight vs Peers (May 2022)



Source: Reuther EIKON

Comparables' Betas were performed with the same proxy and timeframe (*Exhibit 49*). The reason behind this is to counteract the effect of Boxlight's coefficient of idiosyncratic risk by employing the median Beta of the market instead of using the Beta specific for the Company. Therefore, the Beta assessment of **1.11** (vs 1.91 Boxlight's Beta), can be classified as a good value to be used as it additionally presents a lower level of standard errors. After the estimation of its unlevered and re-levered value, the Beta for the cost of equity calculation was obtained and amounted to **1.21**, which is relatively close to the original value of Boxlight's Beta but lacks the risks above mentioned.

With regards to the risk-free rate, the **10-year US Government Bond** currently amounting to **2.82%**²³ was considered. Furthermore, the value for the Market Risk Premium of **5.5%** resulting from KPMG Equity Market Risk Premium Research²⁴ was classified as a good proxy for valuation purposes. In conclusion, the cost of equity amounting to **9.48%** estimated through the CAPM is considered to be a fair estimation for the valuation of the cost of capital.

Exhibit 50: Cost of Capital Inputs

| Inputs | |
|---------------------|--------|
| D/E target | 61.39% |
| Risk free rate | 2.81% |
| Market Risk Premium | 5.5% |
| Tax rate | 21% |
| β re-levered | 1.21 |
| Re | 9% |
| Rd | 5.85% |
| WACC | 7.6% |

Source: Own Analysis & Calculations

Considering the funding instrument to be on equity and debt, the FY2021 capital structure for the forecasted years was considered, as the previous year is expected to clearly reflect the debt level needed by Boxlight to finance its current and future developments. Estimating a cost of debt of **5.85%**, a cost of equity of **9.48%** and a **D/E** of **61.39%**, the value for the cost of capital amounts to **7.6%**. This value stands between of the cost of debt and cost of equity as the Company presents an approximately balanced ratio between the two sources of financing cost in its capital structure (*Exhibit 50*).

Discounted Cash-Flow Method

After identifying what will drive the company's future performance, the determination of Boxlight's final value was performed through the **DCF** method.

For the forecasted period ending in 2041, the cash flow shows an **upward trend**, mainly reflecting the increase in revenues, the optimization of costs and the investment in Capital Expenditures discussed in the previous paragraphs. Another element that reflects the company's long-term performance is the terminal value. By applying a growth rate of **1.1%**, a terminal value was obtained amounting to approximately **\$169 million**. This latter combined with the discounted operating free cash flow and the non-core invested capital for 2022 results in an enterprise value of roughly **\$160 million** (*Exhibit 51*).

Exhibit 51: Equity Bridge (\$ million)



Source: Own Analysis & Calculations

²³ United States Rates and Bonds, Bloomberg, May 13th, 2022

²⁴ "Equity Market Risk Premium – Research Summary", KPMG, updated March 2022

Therefore, considering a constant number of shares outstanding amounting to **63.82 million**, a share price of **\$2.51** was obtained, corresponding to a capital gain of **\$1.32** given the Company's current share price of **\$1.19**. Representing a positively high total return, our model discloses a **BUY** recommendation.

Relative Valuation

As an alternative to the DCF analysis, and with the intention of better understanding Boxlight's market value and positioning in the EdTech sector, a **Relative Valuation** was conducted. Within the same sector four different companies were selected with comparable opportunities and potentials for expansion and similar risks.

Peers chosen for a comparable analysis were **Lincoln Educational Services Corp**, **Universal Technical Institute Inc**, **iCollege Ltd** and **Aspen Group Inc**. These companies present not only a **strategic positioning** similar to that of Boxlight but also comparable **leverage-to-value ratios**.

With the EdTech market being relatively new, high volatility in earnings is expected as it is common in growing markets subject to significant investments. Therefore, P/E multiples may not be appropriate for the valuation purposes of this analysis.

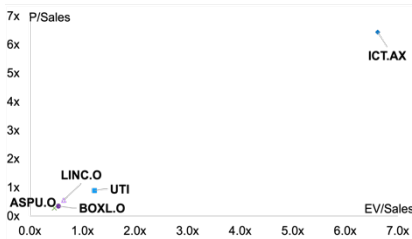
As such, **EV multiples** were selected as they are less susceptible to changes in the capital structure. These metrics allow to better observe the growth, profitability, and position of Boxlight's structure relative to its Peers. The most consistent ratios for the analysis are estimated to be those specific to the Companies' lifecycles, hence **EV/Sales** and **P/Sales** (*Exhibit 52*). Indeed, the multiples selected are able to picture Boxlight's financial condition as they are foreseen to reflect the Company's underlined encouraging past and future revenues.

By focusing our analysis on the average quartiles (*Exhibit 53*), the share price is likely to vary from **\$0.8** to **\$18.6** according to the **EV/Sales** multiple and reach values between **\$0.3** and **\$18.1** for the **P/Sales** multiple. Therefore, using the **median** coherently with estimations previously performed, Boxlight would reach a share price of **\$2.2** through **EV/Sales** and **\$1.6** with **P/Sales** multiple.

Despite unclarity of multiples valuation with regards to investors' expectations, as it relates only to the forecasts for Comparable firms, it is possible to reach a consensus on Boxlight's **share undervaluation**, which **strengthen the conclusions** obtained through the DCF analysis.

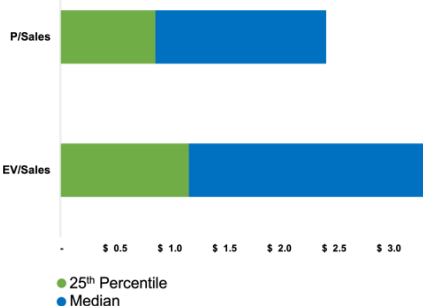


Exhibit 52: P/Sales & EV/Sales Multiples



Source: Own Analysis & Calculations

Exhibit 53: Football Field



Source: Own Analysis & Calculations

Sensitivity Analysis

As some already presented variables have substantial effects on the final value of Boxlight, to understand how these outcomes fluctuate with key inputs, several **sensitivity analyses** were performed.

To begin with, the influence on the cost of capital (WACC) of different **beta values** and costs of debt was tested (*Exhibit 54*). For the range of beta values, the interval of upper and lower bound obtained from the Company’s regression analysis was used. On the other hand, the risk-free rate was chosen as lower bound in the range for the cost of debt while the final calculated cost of debt represented the upper bound of the debt range.

Exhibit 54: Beta Levered & Cost of Debt

| | | BETA LEVERED | | | | | | | | | |
|----------------|--|--------------|------|------|-------|------|-------|-------|-------|-------|-------|
| | | 0.58 | 0.87 | 1.17 | 1.47 | 1.76 | 2.06 | 2.35 | 2.65 | 2.94 | 3.24 |
| Cost of Equity | | 6.0% | 7.6% | 9.3% | 10.9% | 13% | 14.1% | 15.8% | 17.4% | 19.0% | 20.6% |
| WACC | | 5.5% | 6.5% | 7.5% | 8.5% | 9.5% | 10.5% | 11.5% | 12.5% | 13.5% | 14.5% |

| | | COST OF DEBT | | | | | | | | | |
|------|--|--------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | | 2.82% | 3.16% | 3.49% | 3.83% | 4.16% | 4.50% | 4.84% | 5.17% | 5.51% | 5.85% |
| WACC | | 6.7% | 6.8% | 6.9% | 7.0% | 7.1% | 7.2% | 7.3% | 7.4% | 7.5% | 7.6% |

Source: Own Analysis & Calculations

Another impactful input in our valuation is represented by the **terminal growth rate**. For a meaningful range of rates to test, we considered different **Reinvestment Rates** and **Returns on New Invested Capital** based on the observed values. With thoughtful considerations on these items, a **sensitivity analysis of Boxlight’s stock price** was performed relative to **different WACC** values and **growth rates** obtained in the calculations above.

The examination provided a wide range of values for Boxlight’s terminal value as well as of prices for its stock prices. Analysing the stock values more closely, it is possible to notice that the **average value** amounts to **\$2.54**. Therefore, being the average price close to the target price obtained in the valuation performed and higher than the Company’s current price, the recommendation provided in the above section is **reinforced**.

Scenario Analysis

In order to bolster the assumptions presented in the various sections, the model's validity was tested under different market circumstances, identifying bear and bull scenarios (*Exhibit 55*) in contrast with the base scenario (SP= **\$2.51**).

In the **bull scenario** a prompter and more prolonged market growth is presented, alongside the ability of Boxlight to create higher value in terms of increased revenues (equal to **\$230 million** in 2022 vs **\$228 million** in the base scenario) and

Exhibit 55: Scenario Analysis

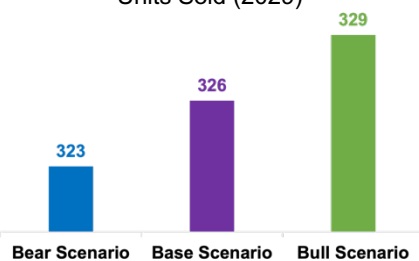
| Base Scenario | |
|----------------|-----------|
| EV | \$ 160892 |
| Share Price | \$ 2.51 |
| Recommendation | BUY |

| Bull Scenario | |
|----------------|-----------|
| EV | \$ 237741 |
| Share Price | \$ 3.71 |
| Recommendation | BUY |

| Bear Scenario | |
|----------------|----------|
| EV | \$ 98117 |
| Share Price | \$ 1.52 |
| Recommendation | BUY |

Source: Own Analysis & Calculations

Exhibit 56: Scenario Analysis
Units Sold (2029)



Source: Own Analysis & Calculations

decreased costs thanks to more beneficial acquisition strategies and a higher demand in solutions than the ones hypothesized in the base scenario. On the contrary, in the **bear scenario** a slower and more fragmented growth of the industry is assumed. This reflects a faster saturation level of the market and a greater difficulty for the Company to identify optimal investments, which translate into fewer revenues amounting to approximately **\$227 million** in 2022 and **0.34%** lower than the baseline scenario.

Furthermore, the existence of driving conditions such as the introduction of new innovative technologies and the increase in distance learning solutions, are foreseen to lead to an increase in funding from investors in the sector under analysis. As such, in a bull scenario Boxlight's units sold are expected to increase to around **329 thousand** units by 2029 in contrast with the **326 thousand** units estimated in the base scenario. On the contrary, in the hypothesis of a lower growth in the educational technology market the units sold are estimated to be reach **323 thousand** by 2029 (*Exhibit 56*).

Both hypotheses test the uncertainty of the EdTech market trend which, as previously argued, has a strong growth potential but is still fragmented and presents a relatively high rate of competition. Furthermore, as the performance of education approaches is unpredictable, it is coherent to hypothesize scenarios starting precisely from the variation in value and growth of the global market. In general, the analysis is highly dependent on how well Boxlight is able to manage its market expansion and cost items. Nevertheless, both approaches consider a baseline Capital Expenditures as Boxlight intends to fulfil its acquisition strategy independently of market conditions.

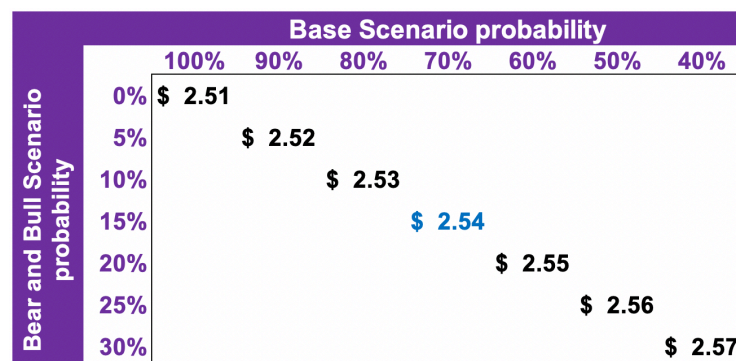
Values subject to variation in our analysis under review further reflect the effect of a change in competitive position. **Harder market** conditions, reflected in the bear scenario, are expected to be driven by an increase in market competition and in the bargaining power of buyers, leading to a decrease in unit price by 0.25%. On the other hand, **easier market** conditions of the bull scenario are expected to lead to an increase in unit price by 0.25% due to the implemented market positioning and the diminished bargaining power of Boxlight's buyers.

Finally, Boxlight's considerable capacity or inability to obtain profitable investments and acquisitions, alongside respectively favourable or adverse market conditions, are estimated to lead to higher or lower demand for innovative solutions and services. Therefore, an increasing or decreasing trend in variable costs are estimated in the scenarios analysed.

In conclusion, in a bull scenario an **increase in the Company’s competitive position** within the industry is expected. This is estimated to drive to an increase in revenues as well as a proportional decrease in costs, with direct positive consequence in operating margins and leading to a share price of **\$3.71**. On the other hand, the assessments of the bear scenario, based on a **decrease in revenues** and **proportional increase in costs**, leads to a lower company valuation with a stock price equal to **\$1.52**, closer to the current price estimated. However, in both conditions the return would be higher than 10% and would lead to a recommendation to **BUY**.

Taking all into consideration and weighting the likelihood of each scenario to different combination of percentages (*Exhibit 57*), an intrinsic median share price of **\$2.54** is obtained and fully supports the **BUY recommendation** previously identified in the base scenario.

Exhibit 57: Weighted Scenario Analysis Prices



Source: Own Analysis & Calculations

Appendix

Financial Statements

| | Historical | | | | Forecast Period 1 | | | | | | | | Smoothing Period | | | | | | | | | | | | |
|--|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | |
| BOXLIGHT CORPORATION FORECASTED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS (\$ in thousands) | | | | | | | | | | | | | | | | | | | | | | | | | |
| OPERATING | | | | | | | | | | | | | | | | | | | | | | | | | |
| Revenues | \$ 37 841 | \$ 33 030 | \$ 54 890 | \$ 185 177 | \$ 228 544 | \$ 251 164 | \$ 277 619 | \$ 308 414 | \$ 342 615 | \$ 380 588 | \$ 421 057 | \$ 463 539 | \$ 497 322 | \$ 528 713 | \$ 557 402 | \$ 582 714 | \$ 604 023 | \$ 620 790 | \$ 638 000 | \$ 649 494 | \$ 654 140 | \$ 659 787 | \$ 663 436 | \$ 668 061 | \$ 672 686 |
| Cost of Revenues | \$ 29 188 | \$ 24 049 | \$ 45 023 | \$ 138 652 | \$ 202 244 | \$ 227 943 | \$ 249 533 | \$ 274 430 | \$ 300 544 | \$ 327 591 | \$ 355 283 | \$ 384 438 | \$ 408 473 | \$ 433 954 | \$ 455 223 | \$ 474 457 | \$ 491 244 | \$ 505 260 | \$ 518 369 | \$ 528 807 | \$ 529 598 | \$ 532 537 | \$ 534 901 | \$ 537 653 | \$ 540 405 |
| GROSS PROFIT | \$ 8 653 | \$ 8 981 | \$ 9 867 | \$ 46 525 | \$ 26 300 | \$ 23 221 | \$ 28 086 | \$ 32 984 | \$ 42 070 | \$ 52 997 | \$ 65 774 | \$ 79 102 | \$ 88 849 | \$ 94 760 | \$ 102 180 | \$ 108 257 | \$ 112 778 | \$ 115 528 | \$ 117 631 | \$ 122 687 | \$ 124 540 | \$ 126 400 | \$ 128 535 | \$ 130 669 | \$ 132 803 |
| Gross margin | 23% | 27% | 18% | 25% | 12% | 9% | 10% | 11% | 12% | 14% | 16% | 17% | 18% | 18% | 19% | 19% | 19% | 19% | 19% | 19% | 19% | 19% | 19% | 19% | 20% |
| SG&A | \$ 14 978 | \$ 15 771 | \$ 21 157 | \$ 47 270 | \$ 45 572 | \$ 45 297 | \$ 45 425 | \$ 45 963 | \$ 46 312 | \$ 46 671 | \$ 47 042 | \$ 47 424 | \$ 47 287 | \$ 49 434 | \$ 49 591 | \$ 49 638 | \$ 49 214 | \$ 49 811 | \$ 49 874 | \$ 51 751 | \$ 51 951 | \$ 52 118 | \$ 52 361 | \$ 52 675 | \$ 53 075 |
| R&D | \$ 672 | \$ 1 225 | \$ 1 419 | \$ 1 528 | \$ 1 819 | \$ 1 846 | \$ 1 874 | \$ 1 902 | \$ 1 931 | \$ 1 960 | \$ 1 991 | \$ 2 022 | \$ 2 172 | \$ 2 820 | \$ 2 890 | \$ 2 963 | \$ 3 034 | \$ 3 116 | \$ 3 197 | \$ 3 281 | \$ 3 368 | \$ 3 458 | \$ 3 551 | \$ 3 636 | \$ 3 724 |
| Depreciation and Amortization | \$ 886 | \$ 909 | \$ 2 608 | \$ 7 175 | \$ 10 998 | \$ 12 096 | \$ 13 359 | \$ 14 841 | \$ 16 487 | \$ 18 314 | \$ 20 261 | \$ 22 324 | \$ 23 931 | \$ 25 442 | \$ 26 822 | \$ 28 040 | \$ 29 096 | \$ 29 872 | \$ 30 604 | \$ 31 254 | \$ 31 477 | \$ 31 701 | \$ 31 924 | \$ 32 147 | \$ 32 347 |
| EBITDA | (\$ 6 111) | (\$ 7 150) | (\$ 10 101) | \$ 4 044 | (\$ 10 939) | (\$ 11 836) | (\$ 6 654) | \$ 959 | \$ 10 314 | \$ 22 679 | \$ 37 003 | \$ 52 371 | \$ 62 800 | \$ 67 547 | \$ 63 521 | \$ 68 968 | \$ 72 952 | \$ 74 404 | \$ 75 164 | \$ 78 709 | \$ 78 532 | \$ 78 282 | \$ 78 163 | \$ 78 465 | \$ 78 845 |
| EBITDA Margin | -16% | -21% | -18% | 2% | -5% | -4% | 3% | 3% | 3% | 6% | 9% | 11% | 11% | 11% | 11% | 12% | 12% | 12% | 12% | 12% | 12% | 12% | 12% | 12% | |
| Depreciation and Amortization | \$ 886 | \$ 909 | \$ 2 608 | \$ 7 175 | \$ 10 998 | \$ 12 096 | \$ 13 359 | \$ 14 841 | \$ 16 487 | \$ 18 314 | \$ 20 261 | \$ 22 324 | \$ 23 931 | \$ 25 442 | \$ 26 822 | \$ 28 040 | \$ 29 096 | \$ 29 872 | \$ 30 604 | \$ 31 254 | \$ 31 477 | \$ 31 701 | \$ 31 924 | \$ 32 147 | |
| EBIT | (\$ 6 997) | (\$ 8 059) | (\$ 12 709) | (\$ 2 871) | (\$ 21 091) | (\$ 23 922) | (\$ 19 413) | (\$ 18 852) | (\$ 6 173) | \$ 4 305 | \$ 16 742 | \$ 30 047 | \$ 38 869 | \$ 42 105 | \$ 36 699 | \$ 40 928 | \$ 43 526 | \$ 44 531 | \$ 44 960 | \$ 47 455 | \$ 47 055 | \$ 46 952 | \$ 46 739 | \$ 46 589 | \$ 46 488 |
| EBIT Margin | -18% | -24% | -23% | -1% | -9% | -10% | -7% | -6% | -2% | 1% | 4% | 6% | 6% | 6% | 7% | 7% | 7% | 7% | 7% | 7% | 7% | 7% | 7% | 7% | |
| Statutory Tax | \$ 1 507 | \$ 1 575 | \$ 3 565 | \$ 2 203 | \$ 4 428 | \$ 5 023 | \$ 4 076 | \$ 2 915 | \$ 1 206 | \$ 916 | \$ 3 515 | \$ 6 330 | \$ 8 062 | \$ 8 741 | \$ 8 706 | \$ 8 504 | \$ 8 159 | \$ 8 253 | \$ 8 350 | \$ 8 456 | \$ 8 564 | \$ 8 680 | \$ 8 793 | \$ 8 907 | \$ 9 021 |
| Adjusted Tax | (\$ 1 004) | (\$ 1 589) | (\$ 4 087) | (\$ 4 689) | (\$ 4 307) | (\$ 4 987) | (\$ 4 047) | (\$ 2 854) | (\$ 1 287) | \$ 910 | \$ 3 400 | \$ 6 294 | \$ 8 018 | \$ 8 693 | \$ 8 650 | \$ 8 532 | \$ 8 073 | \$ 8 263 | \$ 8 369 | \$ 8 482 | \$ 8 598 | \$ 8 712 | \$ 8 826 | \$ 8 939 | \$ 9 058 |
| OPERATING RESULT | (\$ 6 494) | (\$ 7 473) | (\$ 10 501) | (\$ 6 037) | (\$ 21 059) | (\$ 23 885) | (\$ 19 384) | (\$ 13 861) | (\$ 6 163) | \$ 4 338 | \$ 16 716 | \$ 30 001 | \$ 38 825 | \$ 42 057 | \$ 36 643 | \$ 40 886 | \$ 43 461 | \$ 44 464 | \$ 44 493 | \$ 47 384 | \$ 46 984 | \$ 46 821 | \$ 46 189 | \$ 45 829 | \$ 45 629 |
| Profit Margin | -17% | -23% | -19% | -3% | -9% | -10% | -7% | -4% | -2% | 1% | 4% | 6% | 6% | 6% | 7% | 7% | 7% | 7% | 7% | 7% | 7% | 7% | 7% | 7% | |
| NON-OPERATING | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other income, net | \$ 68 | \$ 88 | \$ 129 | (\$ 20) | \$ 68 | \$ 66 | \$ 68 | \$ 66 | \$ 68 | \$ 68 | \$ 68 | \$ 68 | \$ 68 | \$ 68 | \$ 68 | \$ 68 | \$ 68 | \$ 68 | \$ 68 | \$ 68 | \$ 68 | \$ 68 | \$ 68 | \$ 68 | \$ 68 |
| (Loss) Gain on settlement of liabilities | \$ 165 | \$ 118 | (\$ 1 363) | \$ 13 | (\$ 287) | (\$ 287) | (\$ 287) | (\$ 287) | (\$ 287) | (\$ 287) | (\$ 287) | (\$ 287) | (\$ 287) | (\$ 287) | (\$ 287) | (\$ 287) | (\$ 287) | (\$ 287) | (\$ 287) | (\$ 287) | (\$ 287) | (\$ 287) | (\$ 287) | (\$ 287) | (\$ 287) |
| Change in fair value of derivative liabilities | \$ 427 | \$ 225 | (\$ 216) | (\$ 4 532) | (\$ 1 019) | (\$ 1 019) | (\$ 1 019) | (\$ 1 019) | (\$ 1 019) | (\$ 1 019) | (\$ 1 019) | (\$ 1 019) | (\$ 1 019) | (\$ 1 019) | (\$ 1 019) | (\$ 1 019) | (\$ 1 019) | (\$ 1 019) | (\$ 1 019) | (\$ 1 019) | (\$ 1 019) | (\$ 1 019) | (\$ 1 019) | (\$ 1 019) | (\$ 1 019) |
| EBT | \$ 660 | \$ 451 | (\$ 1 440) | (\$ 4 539) | (\$ 1 219) | (\$ 1 219) | (\$ 1 219) | (\$ 1 219) | (\$ 1 219) | (\$ 1 219) | (\$ 1 219) | (\$ 1 219) | (\$ 1 219) | (\$ 1 219) | (\$ 1 219) | (\$ 1 219) | (\$ 1 219) | (\$ 1 219) | (\$ 1 219) | (\$ 1 219) | (\$ 1 219) | (\$ 1 219) | (\$ 1 219) | (\$ 1 219) | (\$ 1 219) |
| Tax | (\$ 503) | (\$ 388) | (\$ 212) | (\$ 777) | (\$ 35) | (\$ 35) | (\$ 35) | (\$ 35) | (\$ 35) | (\$ 35) | (\$ 35) | (\$ 35) | (\$ 35) | (\$ 35) | (\$ 35) | (\$ 35) | (\$ 35) | (\$ 35) | (\$ 35) | (\$ 35) | (\$ 35) | (\$ 35) | (\$ 35) | (\$ 35) | (\$ 35) |
| Non-Cash Tax Adjustments | (\$ 525) | (\$ 123) | (\$ 520) | (\$ 123) | (\$ 13) | (\$ 13) | (\$ 13) | (\$ 13) | (\$ 13) | (\$ 13) | (\$ 13) | (\$ 13) | (\$ 13) | (\$ 13) | (\$ 13) | (\$ 13) | (\$ 13) | (\$ 13) | (\$ 13) | (\$ 13) | (\$ 13) | (\$ 13) | (\$ 13) | (\$ 13) | (\$ 13) |
| Other comprehensive income (loss) | (\$ 58) | \$ 68 | \$ 2 520 | (\$ 1 484) | \$ 613 | \$ 1 488 | \$ 2 876 | \$ 9 194 | \$ 10 214 | \$ 11 346 | \$ 12 552 | \$ 13 833 | \$ 14 826 | \$ 15 762 | \$ 16 617 | \$ 17 372 | \$ 18 007 | \$ 18 507 | \$ 18 960 | \$ 19 362 | \$ 19 501 | \$ 19 639 | \$ 19 778 | \$ 19 916 | \$ 20 054 |
| (% Revenue) | -0.2% | 0% | 10% | -1% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% |
| NON-OPERATING RESULT | \$ 99 | \$ 133 | \$ 3 044 | (\$ 6 039) | \$ 5 445 | \$ 5 220 | \$ 7 008 | \$ 7 926 | \$ 8 946 | \$ 10 078 | \$ 11 284 | \$ 12 542 | \$ 13 558 | \$ 14 494 | \$ 15 349 | \$ 16 104 | \$ 16 739 | \$ 17 239 | \$ 17 692 | \$ 18 094 | \$ 18 233 | \$ 18 372 | \$ 18 510 | \$ 18 648 | \$ 18 786 |
| FINANCING | | | | | | | | | | | | | | | | | | | | | | | | | |
| Interest expense, net | (\$ 842) | (\$ 1 794) | (\$ 2 815) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) |
| (%) Revenue | -2.2% | -5.4% | -5.1% | -1.8% | -1.5% | -1.2% | -1.2% | -1.2% | -1.2% | -1.2% | -1.2% | -1.2% | -1.2% | -1.2% | -1.2% | -1.2% | -1.2% | -1.2% | -1.2% | -1.2% | -1.2% | -1.2% | -1.2% | -1.2% | |
| RESULT BEFORE TAX | (\$ 942) | (\$ 1 794) | (\$ 2 815) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) | (\$ 3 382) |
| Tax | - | - | (\$ 650) | (\$ 788) | (\$ 90) | (\$ 90) | (\$ 90) | (\$ 90) | (\$ 90) | (\$ 90) | (\$ 90) | (\$ 90) | (\$ 90) | (\$ 90) | (\$ 90) | (\$ 90) | (\$ 90) | (\$ 90) | (\$ 90) | (\$ 90) | (\$ 90) | (\$ 90) | (\$ 90) | (\$ 90) | (\$ 90) |
| FINANCING RESULT | (\$ 942) | (\$ 1 794) | (\$ 3 465) | (\$ 4 170) | (\$ 3 478) | (\$ 3 478) | (\$ 3 478) | (\$ 3 478) | (\$ 3 478) | (\$ 3 478) | (\$ 3 478) | (\$ 3 478) | (\$ 3 478) | (\$ 3 478) | (\$ 3 478) | (\$ 3 478) | (\$ 3 478) | (\$ 3 478) | (\$ 3 478) | (\$ 3 478) | (\$ 3 478) | (\$ 3 478) | (\$ 3 478) | (\$ 3 478) | (\$ 3 478) |
| COMPREHENSIVE RESULT | (\$ 7 236) | (\$ 9 267) | (\$ 10 922) | (\$ 15 266) | (\$ 18 992) | (\$ 21 144) | (\$ 15 833) | (\$ 9 412) | (\$ 1 895) | \$ 10 858 | \$ 24 522 | \$ 39 066 | \$ 48 895 | \$ 52 077 | \$ 43 814 | \$ 48 514 | \$ 53 402 | \$ 56 722 | \$ 58 225 | \$ 58 707 | \$ 62 000 | \$ 61 739 | \$ 61 415 | \$ 61 201 | \$ 60 999 |

| BOXLIGHT CORPORATION FORECASTED BALANCE SHEET (\$ in thousands, except per share amounts) | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|-----------------|-----------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------|------------|------------|------------|------------|------------|------------|------------|
| CORE | | | | | | | | | | | | | | | | | | | | | | | | | |
| Working cash | \$ 378 | \$ 330 | \$ 549 | \$ 1 852 | \$ 2 285 | \$ 2 512 | \$ 2 778 | \$ 3 084 | \$ 3 426 | \$ 3 806 | \$ 4 211 | \$ 4 639 | \$ 4 973 | \$ 5 287 | \$ 5 574 | \$ 5 827 | \$ 6 040 | \$ 6 208 | \$ 6 360 | \$ 6 495 | \$ 6 641 | \$ 6 808 | \$ 6 934 | \$ 7 061 | \$ 7 188 |
| Trade Receivables | \$ 3 635 | \$ 3 665 | \$ 20 869 | \$ 29 171 | \$ 40 175 | \$ 43 983 | \$ 48 491 | \$ 53 230 | \$ 58 911 | \$ 64 331 | \$ 70 270 | \$ 76 344 | \$ 82 560 | \$ 88 926 | \$ 95 442 | \$ 102 108 | \$ 108 924 | \$ 115 890 | \$ 122 916 | \$ 129 992 | \$ 137 118 | \$ 144 294 | \$ 151 520 | \$ 158 796 | \$ 166 122 |
| Inventory | \$ 4 214 | \$ 3 319 | \$ 20 913 | \$ 51 591 | \$ 58 565 | \$ 58 757 | \$ 58 833 | \$ 58 710 | \$ 58 470 | \$ 58 029 | \$ 57 223 | \$ 55 848 | \$ 54 575 | \$ 53 476 | \$ 52 478 | \$ 51 500 | \$ 50 520 | \$ 49 520 | \$ 48 500 | \$ 47 450 | \$ 46 380 | \$ 45 290 | \$ 44 180 | \$ 43 050 | \$ 41 900 |
| OPERATING CURRENT ASSETS | \$ 8 227 | \$ 7 314 | \$ 42 311 | \$ 83 616 | \$ 99 025 | \$ 106 252 | \$ 116 120 | \$ 122 024 | \$ 127 407 | \$ 133 806 | \$ 139 426 | \$ 144 922 | \$ 150 199 | \$ 155 275 | \$ 160 152 | \$ 164 832 | \$ 169 316 | \$ 173 7 | | | | | | | |

Disclosures and Disclaimers

Report Recommendations

| | |
|-------------|---|
| Buy | Expected total return (including expected capital gains and expected dividend yield) of more than 10% over a 12-month period. |
| Hold | Expected total return (including expected capital gains and expected dividend yield) between 0% and 10% over a 12-month period. |
| Sell | Expected negative total return (including expected capital gains and expected dividend yield) over a 12-month period. |

This report was prepared by Amina Costanzo and Elisa Recchioni a Master in Finance student of Nova School of Business and Economics (“Nova SBE”), within the context of the Field Lab – Equity Research.

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This report was supervised by a Nova SBE faculty member, acting merely in an academic capacity, who revised the valuation methodology and the financial model.

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