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COMPANY NOTE | EQUITY RESEARCH | May 27, 2019

Technology: Applied Technologies

VirTra, Inc | VTSI - $3.28 - NASDAQ | *Buy*

Initiation of Coverage

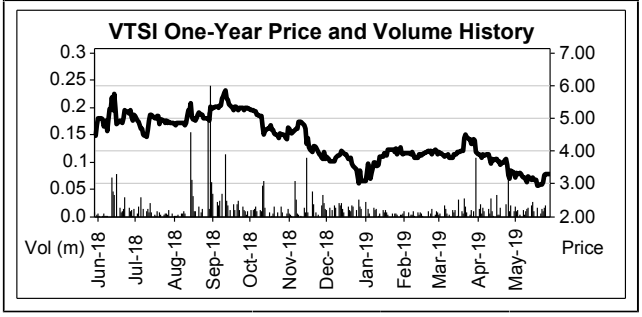
Stock Data	
52-Week Low - High	$2.82 - $5.94
Shares Out. (mil)	7.73
Mkt. Cap.(mil)	$25.37
3-Mo. Avg. Vol.	14,731
12-Mo.Price Target	$5.80
Cash (mil)	$4.6
Tot. Debt (mil)	$0.0

EPS $

Yr Dec	—2018—	—2019E—	—2020E—
		Curr	Curr
1Q	(0.01)A	(0.04)A	-
2Q	0.26A	(0.05)E	-
3Q	(0.01)A	0.07E	-
4Q	(0.13)A	(0.07)E	-
YEAR	0.10A	(0.08)E	0.14E
P/E	32.8x	NM	23.4x

Revenue ($ millions)

Yr Dec	—2018—	—2019E—	—2020E—
		Curr	Curr
1Q	3.2A	3.1A	-
2Q	8.7A	3.7E	-
3Q	3.5A	5.8E	-
4Q	2.5A	3.8E	-
YEAR	18.1A	16.4E	21.5E



VTSI: Virtual Simulation Firearms Training

VirTra develops and sells firearms training simulators that can save lives, preparing officers to react appropriately in life and death situations. These simulators save money as well, enabling agencies to expand critical training needs that fit their budgets. We are initiating coverage with a Buy rating and 12-month price target (based on a multiple of 2.5x forward four-quarter revenue) of $5.80 per share.

VirTra launched Virtual Interactive Coursework Training Academy (V-VICTA) in 3Q18, the industry's first nationally accredited training curriculum, which we believe will prove to be an important extension in capabilities that should strengthen the case for agencies to buy.

A subscription service was launched in March 2019, a development that lowers the barriers to entry for law enforcement agencies on a restricted budget. In our opinion, VirTra's STEP program could meaningfully increase the number of agency customers and recurring revenue. It enables government agencies to pay by the month for a 12-month commitment, avoiding the upfront simulator purchase.

Agencies configure their own STEP solution. Pricing is based on the configuration including additional weapons and other hardware. The number of users is not a factor. Prices for a single screen set up could be as low as $1,000 per month up to several thousand dollars per month for large systems.

The software library included with every system consists of over 300 independent characters capable of performing over 2,300 actions and over 5,000 changing scenarios that can be added simultaneously by the instructors. Customers can create, edit and train with realistic, easy-to-use content specific to their objectives and capable of virtually limitless exercises, including engagement skills for military versions. The software and technology took years to create, a barrier to entry that would be expensive and time consuming to duplicate.

Backlog at 1Q19 was approximately $9 million at 1Q19, up from $6.8 million at year-end, even though there were no big contract-win announcements, which implies the strategy to broaden the customer base is working. While we believe the company could achieve higher sales and earnings in 2019, we chose not to model it that way due to the possibility the STEP program could cannibalize some capital sales. We estimate VirTra loses $636,000 or ($0.08) per share in 2019 on a 6% y/y decline in revenue to $16.4 million. In 2020, we estimate the company earns just over $1 million or $0.14 per share on revenue of $21.5 million.

Important Disclosures & Regulation AC Certification(s) are located on page 10 to 11 of this report.

VIRTRA SIMULATION TRAINING SAVES LIVES AND MONEY

VirTra develops and sells firearms training simulators that combine software, hardware and content to create realistic and detailed filmed training that does not require live ammunition or less-lethal munitions. Customers include law enforcement, military, police academies and through a licensing agreement, public venues as well. VirTra's virtual simulation training provides capabilities unavailable with live shooting exercises, creating situational and scenario awareness, helping officers read body language and threat cues, helping develop critical thinking, communications skills and decision-making under stressful conditions. It can save lives as officers learn from mistakes made in the simulator, not on the outside.

Participating agencies can practice marksmanship and realistic scenario-based training on a daily basis with weapons identical to what they're issued, but unable to fire real bullets because the guns are fitted with CO2 kits, realistic recoil and accurate ballistics. The precise sense of realistic firearms is one of the most critical and difficult components to effective simulation training.

This capability saves money as well as lives. There is no need for a shooting range, ammunition, protective equipment, role players, safety officers or a scenario-based training site. Users receive immediate feedback from an instructor in a safe environment without possible injuries to either. Increasingly powerful and affordable computer and graphic technology helps drive the growth as system capabilities improve, enabling agencies to expand critical training needs that fits their budgets while preparing officers to react appropriately in life and death situations.

Training simulator pricing ranges from $30,000 to over $200,000, as well as recurring warranty fees, which average about 12% of the cost annually. In addition, agencies pay for weapons modified for simulation only use as well as other devices for simulated recoil and return fire. All simulators include access to hundreds of training scenarios, all the skill drills, certified coursework and interactive software.

We expect the core business to continue to grow as simulator technology advances and more services and capabilities are developed. For example, VirTra launched driving simulators in March 2019 for law enforcement driver training, securing a $1.9 million inaugural contract with a long-standing customer, the Department of State for Mexico. This paragraph seems to contradict our estimate of a decline in 2019 revenue and earnings below 2018, but the company is too small yet model in the timing of potentially large law enforcement or military orders.

A subscription service was officially launched in March 2019, a development that lowers the barriers to entry for law enforcement agencies on a restricted budget. It also increases VirTra's upfront capital investment for a new customer. In our opinion, this STEP (Subscription Training Equipment & Partnership) program could meaningfully increase the number of customers and recurring revenue. It enables government agencies to pay by the month for a 12-month commitment, avoiding the upfront simulator purchase, albeit at the risk of cannibalizing some core business revenue.

Agencies configure their own STEP solution. Pricing is based on the configuration including additional weapons and other hardware. The number of users is not a factor. Prices for a single screen set up could be as low as $1,000 per month up to several thousand dollars per month for large systems. This pricing makes it possible that existing customers up for warranty renewal could opt for STEP instead.

VirTra signed an agreement with Modern Round Entertainment Corporation (MREC) in January 2015. Now known as That's Eatertainment Corp. (TEC), MREC was granted an exclusive, non-transferable royalty-bearing right (7% of gross revenue) to operate virtual shooting lounges. TEC operates just one Modern Round restaurant/lounge in a Phoenix, AZ suburb (Peoria) that opened in June 2016. It has plans to open three more restaurant/lounges in 2019 and has plans to roll out nationwide.

ENHANCING AND EXPANDING THE SUITE OF PRODUCTS

Simulators start with a scalable single-screen shooting range simulator (V-ST PRO), scalable into multiple screens, a larger single-screen V-100 model that supports up to four firing lanes at a time as well as an optional enemy return fire capability (short electric impulse or vibration) and an upgrade path beyond that to the V-180 and V-300 simulators. A single console controls each simulator version.

A military version of the V-100 is also sold around the world. It acquired the assets of Tiberius Technology LLC on February 5, 2019, securing patented technology that enhances its recoil kits to better match point of need procurement with the U.S. military, which appears to be shifting to more in field training. Augmented reality helmets could also play into this shift. We believe meaningful military orders could provide upside to our 2019 earnings estimates.



Source: VirTra, Inc. Company Presentation, April 2019

The V-180 is a three-screen 180° immersive simulator supporting nine individual firing lanes while the top of the line V-300 five-screen 300° simulator supports 15 individual firing lanes. There is also a wide range of realistic simulated recoil kits as well a patented return fire device (Threat-Fire) that duplicates stressful situations for trainees. All the simulators provide highly realistic virtual real-world scenarios, and can be customized with localized geography.

A key feature of the V-300 shows how quickly a decision has to be made and if not made, how it can lead to a possible loss of lives. The characters and screens interact not only with the trainee, but also seamlessly with each other. The value proposition is when training to neutralize life-threatening situations, you can't put a dollar value on being prepared enough for real-world surprise encounters.



Source: VirTra, Inc. Company Presentation, April 2019.

The software library consists of over 300 independent characters capable of performing over 2,300 actions and over 5,000 branching (changes) scenarios that can be added simultaneously by the instructors. The V-Author software allows customers to create, edit and train with realistic, easy-to-use content specific to their objectives and capable of virtually limitless custom scenarios, skill drills, firearms courseware and targeting exercises, including engagement skills for military versions. The underlying technology took years to create, a barrier to entry that would be expensive and time consuming to duplicate.

VirTra launched Virtual Interactive Coursework Training Academy (V-VICTA) in 3Q18, the industry's first nationally accredited training curriculum, which we believe will prove to be an important extension in capabilities that should strengthen the case for agencies to buy.

The company also formed strategic partnerships with several nationally-recognized organizations, including the Force Science Institute, National Law Enforcement Center, National Sherriff's Association, Office of Utah Attorney General, Vistelar (law enforcement training), Haley Strategic Partners, Trijicon (optical sighting devices for firearms) and the Southwest Autism Research & Resource Center for specialized scenarios.

VirTra had 79 full-time employees at year-end 2018 and a presence in 29 countries, up from 23 countries a year earlier. It secured large contracts last year with U.S. Department of State and three large law enforcement agencies, including the Dallas Police Department, the San Francisco Police Department and the Southern Desert Regional Police Academy (Las Vegas).

VirTra's operational plan for 2019 is to focus more resources on enhancing and diversifying its technological suite of products while expanding its sales presence and footprint for the military. The company also moved its machine shop into a 5,000 square foot suite next to its Tempe, AZ headquarters in 2019. To date, higher tariffs on products imported from China have not had an impact on VirTra's cost, but such products are only a small portion of the company's cost of revenue and, in our opinion, should have minimal negative impact.

We expect the new initiative such as STEP, High-Risk Vehicle Stop (HVRS), accredited training curriculum, driver simulation and others yet to be announced for competitive reasons to drive growth in the second half of 2019 and beyond, opening up new markets and broadening the customer base.

Steve Handel was appointed VP, Program Management in March 2019 to focus on accelerating the company's capabilities and presence in the escalating simulation training market. He previously managed weapons development at Axon Enterprises, including leading development work for the Taser 7. Mr. Handel has over 20 years experience, including 15 years in the aerospace industry with Collins Aerospace, Rolls-Royce, Honeywell and Department of Defense.

HIGHLY COMPETITIVE INDUSTRY

According to PunditFact, a presidential task force determined there were 17,985 police agencies in the U.S. in 2016 including sheriffs, college security, tribal units and federal agencies. About 6,500 had 12 officers or more, a size large enough to justify a STEP program. VirTra has over 150 of these agencies as current customers. Assuming $100,000 per agency, the company thinks the addressable market in $650 million for U.S. law enforcement alone with international institutions and military on top of that.

The industry is highly competitive, including Cubic Corporation (CUB-NC), Arotech (ATRX-NC) and Meggitt PLC (LSE: MGGT-NC). Other privately held competitors with closely related products include Laser Shot and Ti Training.

Cubic's Global Defense subsidiary revenue declined from $374.7 million in FY16 ended September to $360.2 million in FY17 and $325.2 million in FY18 after it lost a live fire contract with the U.S. Army. Six-month revenue in FY19 was $151.8 million. Besides simulators, Global Defense also designs live-fire ranges, air combat training and multiple integrated laser engagement systems (MILES). Operating income was $8.1 million in the first half of FY19 and $16.6 million in FY18, down fro $28.1 million in FY17. Trailing 12-month (ttm) revenue for the parent company is $1.32 billion.

Besides its MILO Range training simulators, Arotech's mobile power systems made up over 41% of 2018 revenue of $96.6 million. Driving simulators accounted for 22% of total revenue. Net income was $1.8 million in 2018 and ttm revenue was $90.1 million with a ttm net loss of $132,000.

Meggitt Training Systems is a subsidiary of Meggitt, a worldwide conglomerate with 2018 revenue over $2.5 billion in annual revenue with sectors in aerospace, defense (including live fire ranges) and electronics (airline brakes). Ti Training also specializes in live fire ranges using video targeting, as does Ti Training, with video projecting targets down for live firing.

VIRTUAL REALITY SINCE 1993

After attending the Air Force Academy and graduating from the University of Arizona with a degree in systems engineering and an interest in virtual reality, Robert Ferris founded Ferris Productions in 1993. Peak sales were about $4 million selling virtual reality entertainment centers utilizing headsets to theme parks (Six Flags, Busch Gardens, Paramount Parks) as well as Carnival Cruise lines.

The company was already exploring the law enforcement market when it signed a letter of intent in April 2001 to sell itself to a Bulletin Board-traded company (GameCom) developing Internet gaming kiosks. The acquisition closed in September 2001 just after 9/11.

A lawyer operating GameCom, L. Kelly Jones, remained Chairman and CEO and Mr. Ferris was president. Entertainment-oriented assets were sold over time and the name was changed to VirTra Systems. Retired Major General Perry Dalby replaced Mr. Jones in 2006 when revenue was nearly $1.6 million and served as CEO for two years. Robert Ferris (47) returned as Chairman and CEO in 2008.

Matthew Burlend (44) joined Ferris Productions in 1999. He has been a director and Chief Operating Officer (COO) since 2001, credited with significant contributions to managing the design, production and support of the company's simulators. He was previously a mechanical engineer focused on the design of automated production equipment for Panduit, a global manufacturer of physical infrastructure equipment to support power, communications, computing, control and security systems.

Judy Henry has been the Chief Financial Officer (CFO) since August 2017. She joined VirTra in October 2016 as controller. Ms. Henry has over 25 years of experience holding positions as CFO, Director of Finance and Controller for public, private and municipal corporations in the technology, accounting, venture capital and real estate sectors. From 2009 to 2015, Ms. Henry was CFO and Deputy Executive Director for Housing Kitsap, a municipal corporation based in the Pacific Northwest focused on developing and managing affordable housing. Previously, she worked as Director of Finance for Secure Asset Reporting, Inc., a provider of remote asset management solutions, which in 2007 merged with MyCom Group, Inc., an OTC-listed company.

Jason Mulcahy is General Manager. A former military officer with 13 years in the U.S. Army, Mr. Mulcahy has over 16 years of management experience in senior sales, marketing and general manager positions of Sales at startup and Fortune 500 companies, most recently before VirTra as VP of Sales at Danaher Corporation.

NEARING AN EARNINGS ACCELERATION POINT

There were 7.73 million shares outstanding as of 1Q19 filing May 13, 2019. Including over 472,000 shares owned by the CEO, management and directors own nearly 656,000 or over 8% of the outstanding shares. The company repurchased 98,063 shares in 4Q18 for $382,937 or $3.91 per share. The share repurchase program, which had about $506,000 remaining at year end was increased to $2 million at start of 2019, and 82,689 shares were repurchased year-to-date through April 30, including 68,239 shares in 1Q19 for $260,482 or $3.82 per share.

Stock option grants were suspended in October 2017. All employees split 15% of the net annual profits in the same proportion as their base salaries. The net profit calculation excludes income tax benefits or one-time impairment charges. It is accrued monthly but payments are typically made in April and October of the following year after audited financial statements are issued. Houston-based Malone Baily LLP is the auditor.

VirTra ended 1Q19 with cash of nearly $4.6 million and only $11,000 in debt. Operations used $900,598 of cash in the quarter and adjusted EBITDA was a negative $278,000. Operations generated cash of $1.8 million in 2018 and over $2.6 million in 2017.

VirTra earned $880,000 or $0.10 per share in 2018 on an 8% y/y increase in revenue to nearly $18.1 million. In 2017, it earned $3.3 million or $0.39 per share on revenue of $16.5 million, but that was after realizing a $2.5 million tax benefit. Simulators and accessories accounted for $14.6 million of revenue in 2018 or 81% of the total in 2018 and $13.5 million of revenue in 2017 or 82% of the total.

TEC license fees were $549,568 in 2018 and $289,947 in 2017. Results also include a $251,933 impairment charge for TEC in 2018 when that company sold new stock at lower prices. There was also a $613,241 impairment charge for TEC in 2017 for the same reason. The contract was amended last year so that royalties are only due on open restaurants. Extended service-type warranties were just over 10% of revenue in both years.

The company lost $313,000 or ($0.04) per share in 1Q19 on a 6% y/y decline in revenue to just over $3.05 million. One federal agency comprised 12% of net sales. Gross profits increased 88% sequentially with a 59% gross profit margin (gpm) versus 37.8% in 4Q19. The gpm was down y/y from 68.4% in 1Q18 with product mix accounting for the differences.

Backlog at 1Q19 was approximately $9 million at 1Q19, up from $6.8 million at year-end, even though there were no big contract-win announcements, which implies the strategy to broaden the customer base is working. It also includes initial STEP orders. Backlog includes bookings for signed contracts yet to be delivered and for revenue that has not been earned or recognized. It includes all products and services including extended warranties.

VirTra's goal is to increase both revenue and earnings in 2019 from 2018 but that is a target, not guidance. The business is still small enough with a complex sales cycle that quarterly results could be lumpy and goals could be missed if large orders aren't booked and shipped. It hopes to achieve gross profit margins around 60% in 2019. Our 2019 gpm estimate is 60.8%.

While we think the company could achieve higher sales and earnings in 2018, we chose not to model it that way due to the possibility the STEP program could cannibalize some capital sales. We estimate VirTra loses $636,000 or ($0.08) per share in 2019 on a 6% y/y decline in revenue to $16.4 million. In our opinion, the company is positioned to benefit from accelerating revenue growth in 2020 and beyond. In 2020, we estimate the company earns just over $1 million or $0.14 per share on revenue of $21.5 million.

We are initiating coverage with a Buy rating and 12-month price target of $5.80 per share.

VALUATION

The industry is highly competitive, including subsidiaries of three public companies, Cubic Corporation (CUB-NC), Arotech (ATRX-NC) and Meggitt PLC (LSE: MGGT-NC) as well as two private companies. The ttm market capitalization to sales for the public competitors ranges from 0.6x to 1.9x and averages 1.3x. Since we believe there is the potential for meaningful upside to our 2018 estimate and that the pure play virtual simulation firearms business should grow much faster in 2020 and beyond, the proper multiple, in our opinion, is nearly twice the conglomerate average or 2.5x our forward four-quarter revenue estimate, which translates into a price target of $5.80 per share.

Possible impediments to our estimates and price target include all the risk factors listed below, particularly the risk of recession and a possible shortfall in funding for law enforcement and military.

RISKS

- Budgets at law enforcement agencies could become particularly constrained if the economy were to contract, and resources were reallocated at state and local governments, causing bookings and sales to slow. A recession in foreign markets could have a negative impact as well.
- U.S. regulations regarding technology exports to foreign customers could change in ways that would have an adverse impact on sales and earnings. A failure to comply with export control rules could also have a material negative impact on sales and earnings.
- VirTra operates in a highly competitive market. Competitors could introduce more advanced products or lower prices, potentially squeezing margins or causing customers to choose the lowest pricing even if the features don't match VirTra. New competitors already serving the military and law enforcement market could develop and begin selling virtual training simulators.
- Several VirTra products are dependent on proprietary technology. Infringement by others could cause a negative impact on earnings, both in lost sales and the costs to protect intellectual property.
- The company is dependent on key personnel, particularly its CEO Robert Ferris. If Mr. Ferris were to die or leave the company, we believe operating results could possibly suffer.
- The company introduced a new program enabling customers to pay by the month to broaden the market. If this program were to cannibalize core capital customers, reported revenue and earnings could suffer.
- VirTra is an "emerging growth company" under the JOBS (Jumpstart Our Business Startups) Act of 2012, so it is exempt from requiring its auditor attest to the effectiveness of its internal controls over financial reporting.

COMPANY DESCRIPTION

VirTra, Inc. develops, sells, and supports use of force training and marksmanship firearms training systems and accessories for law enforcement, military, educational, and civilian use worldwide. Its products comprise V-300 simulator, a 300 degree wrap-around screen for simulation training; V-180 simulator, a 180 degree screen for smaller spaces and budgets; V-100, a single-screen based simulator system; V-100 MIL, a single-screen small arms training simulator; V-ST, a realistic single screen simulated shooting range simulator; and Top Subject Mater Expert Content, a content supplied with its simulators. The company also offers V-Author, a software that allows users to create, edit, and train with content specific to agency's objectives; Simulated Recoil, a range of realistic and reliable simulated recoil kits/weapons; and Threat-Fire, a return fire device that applies real-world stress on the trainees during simulation training. It sells its simulators and related products through a direct sales force and distribution partners. The company was formerly known as VirTra Systems, Inc. and changed its name to VirTra, Inc. in October 2016. VirTra, Inc. was founded in 1993 and is headquartered in Tempe, Arizona. Source: Capital IQ

VirTra, Inc. - Income (000)

Yr - Dec	2017A	1Q-18A	2Q-18A	3Q-18A	4Q-18A	2018A	1Q-19A	2Q-19E	3Q-19E	4Q-19E	2019E	2020E
Net sales	16,234	3,198	8,275	3,504	2,495	17,523	3,012	3,650	5,800	3,700	16,162	21,200
Royalties, license fee	290	46	430	43	39	557	40	40	40	90	210	270
Revenue	16,524	3,244	8,704	3,547	2,534	18,080	3,051	3,690	5,840	3,790	16,372	21,470
CGS	6,291	1,026	2,965	1,462	1,577	7,030	1,251	1,420	2,240	1,500	6,411	7,400
Gross profit	10,233	2,218	5,740	2,085	957	11,050	1,800	2,270	3,600	2,290	9,961	14,070
G&A	7,642	2,009	2,478	1,681	2,474	8,692	1,902	2,380	2,460	2,570	9,312	11,000
R&D	1,285	368	306	324	361	1,358	356	400	410	410	1,576	1,700
Operating income	1,307	(158)	2,957	80	(1,878)	1,000	(457)	(510)	730	(690)	(927)	1,370
Interest, net	68	43	22	21	46	133	37	20	10	10	77	30
Other	(614)	(1)	(1)	(4)		(5)					0	
Pre-tax	757	(115)	2,978	97	(1,882)	1,128	(420)	(490)	740	(680)	(850)	1,400
Taxes	(2,505)	(29)	865	36	(772)	310	(107)	(123)	185	(170)	(215)	350
Net income	3,262	(86)	2,113	61	(1,060)	818	(313)	(368)	555	(510)	(636)	1,050
EPS	$0.39	($0.01)	$0.26	$0.01	($0.13)	$0.10	($0.04)	($0.05)	$0.07	($0.07)	($0.08)	$0.14
Shares	8,397	790	8,255	8,248	7,892	8,254	7,766	7,740	7,740	7,740	7,750	7,750
Margins:												
CGS	38.1%	31.6%	34.1%	41.2%	62.2%	38.9%	41.0%	38.5%	38.4%	39.6%	39.2%	34.5%
Gross profit	61.9%	68.4%	65.9%	58.8%	37.8%	61.1%	59.0%	61.5%	61.6%	60.4%	60.8%	65.5%
G&A	46.2%	61.9%	28.5%	47.4%	97.6%	48.1%	62.3%	64.5%	42.1%	67.8%	56.9%	51.2%
R&D	7.8%	11.3%	3.5%	9.1%	14.2%	7.5%	11.7%	10.8%	7.0%	10.8%	9.6%	7.9%
Operating income	7.9%	-4.9%	34.0%	2.3%	-74.1%	5.5%	-15.0%	-13.8%	12.5%	-18.2%	-5.7%	6.4%
Pre-tax	4.6%	-3.5%	34.2%	2.7%	-74.3%	6.2%	-13.8%	-13.3%	12.7%	-17.9%	-5.2%	6.5%
Taxes	-330.9%	25.2%	29.0%	37.1%	41.0%	27.5%	25.5%	25.0%	25.0%	25.0%	25.2%	25.0%
Net income	19.7%	-2.7%	24.3%	1.7%	-41.8%	4.5%	-10.3%	-10.0%	9.5%	-13.5%	-3.9%	4.9%
Revenue change	6%	-23%	66%	-24%	7%	9%	-6%	-58%	65%	50%	-9%	31%
EPS change	63%		30%	-89%		-74%						

Source: SEC filings and ROTH Capital Partners LLC estimates

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VirTra, Inc. - Balance Sheet (000)

Yr - Dec	2014A	2015A	2016A	2017A	1Q-18A	2Q-18A	3Q-18A	4Q-18A	1Q-19A
Cash	1,913	3,317	3,704	5,080	4,518	4,899	7,894	5,990	4,577
A/R, net	1,610	2,346	3,245	1,478	1,272	4,223	1,872	1,302	1,339
Note receivable,net					209	496	507	388	
Interest receivable								21	22
TEC related N/R, net								2,592	302
Trade note receivable, net								96	31
Inventory, net	703	903	1,320	1,720	2,082	1,801	1,868	1,612	1,709
Unbilled revenue			108	1,222	478	299	4,471	689	1,130
Prepaid & other	58	52	250	586	730	728	736	378	812
Current Assets	4,284	6,617	8,652	10,088	9,289	12,446	13,328	10,381	9,922
PP&E, net	368	516	814	677	776	822	752	678	700
Right-of-use asset									1,605
Security deposits								340	340
N/R					192	172	172	7	62
Deferred tax				2,710	2,740	1,886	1,850	2,400	2,507
Investment in MREC		137	472	1,375	1,375	1,241	1,241	1,120	1,120
Assets	4,652	7,270	9,912	14,850	14,372	16,567	17,343	15,218	16,763
A/P	339	508	468	536	786	531	450	430	616
Accrued compensation	394	468	618	593	787	1,147	1,047	614	728
Accrued payables & othe	148	238	195	244	261	482	653	633	666
N/P			11	11	11	11	11	11	11
Operating lease obligation									263
Deferred revenue	952	1,524	2,066	2,392	2,152	1,938	1,900	1,924	3,091
Current Liabilities	1,835	2,738	3,357	3,776	3,997	4,109	4,061	3,612	4,375
Deferred revenue			122	601			788	962	963
Operating lease liability									1,401
Accrud/deferred rent	95	160	23	75	63	49	34	46	
N/P				11	11	11			
Liabilities	1,930	2,898	3,502	4,464	4,071	4,170	4,884	4,621	6,739
Common & paid-in	14,031	14,144	14,130	14,955	14,955	14,939	14,940	14,274	13,975
Treasury stock	(2,981)	(2,981)		(112)	(112)	(112)	(112)	(37)	0
Retained earnings	(11,306)	(9,769)	(7,719)	(4,457)	(4,543)	(2,430)	(2,369)	(3,639)	(3,952)
Equity	2,722	4,372	6,410	10,386	10,300	12,397	12,459	10,597	10,024
Liabilities & Equity	4,652	7,270	9,912	14,850	14,372	16,567	17,343	15,218	16,763

Source: SEC filings

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Each box on the Rating and Price Target History chart above represents a date on which an analyst made a change to a rating or price target, except for the first box, which may only represent the first note written during the past three years. **Distribution Ratings/IB Services** shows the number of companies in each rating category from which Roth or an affiliate received compensation for investment banking services in the past 12 month.

Distribution of IB Services Firmwide

			IB Serv./Past 12 Mos. as of 05/27/19	
Rating	**Count**	**Percent**	**Count**	**Percent**
Buy [B]	**246**	**74.10**	**128**	**52.03**
Neutral [N]	**47**	**14.16**	**27**	**57.45**
Sell [S]	**3**	**0.90**	**1**	**33.33**
Under Review [UR]	**36**	**10.84**	**16**	**44.44**

Our rating system attempts to incorporate industry, company and/or overall market risk and volatility. Consequently, at any given point in time, our investment rating on a stock and its implied price movement may not correspond to the stated 12-month price target.

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Sell: A rating, which at the time it is instituted and or reiterated, that indicates an expectation that the price will depreciate by more than 10% over the next 12 months.

Under Review [UR]: A rating, which at the time it is instituted and or reiterated, indicates the temporary removal of the prior rating, price target and estimates for the security. Prior rating, price target and estimates should no longer be relied upon for UR-rated securities.

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