

Chatting with LRAD leadership

Editor Faris Sleem talks growth, outlook and new products

LRAD Corporation (LRAD) shares are up about 20% since our recommendation just under a year and a half ago, and the stock is trading at a new two-year high. It has announced significant improvements in its bookings, its top and bottom lines and its pipeline. Since the company is hitting major milestones, I reached out to interview CEO Richard Danforth and Director of Investor Relations Brian Harvey. Below is our conversation:

Sleem: What is the biggest change or milestone reached in the past year that has resulted in LRAD's market value increase?

Danforth: Our results throughout the first three quarters showed a significant increase of almost 50% in bookings. In fact, mass notification bookings were up over 200%. In the final weeks of September, we announced about \$9 million more in bookings, which included a significant order from the U.S. Army. The steep uptick in stock price is relative to the U.S. Army and U.S. government spending coming back, coupled with the significant bookings and revenue for our mass notification product line.

Harvey: I'd just like to add that the important thing that Wall Street has recognized is that the U.S. has really made a comeback. It used to represent about 80% of our business 6 or 7 years ago, and it has fallen to less than 10% of our business. With the recent announcements, investors are realizing the increase in U.S. spending.

S: In the conference call for the second quarter of fiscal 2017, you mentioned tremendous growth in Europe. Are sales there still growing at a similar rate?

D: As Brian mentioned, the U.S. Department of Defense has historically dominated LRAD's sales. Despite the decrease in U.S. sales over the past 6 or 7 years, the top line has remained stable due to our bookings in all geographical regions. We haven't seen growth in just Europe but also in Asia-Pacific and the Middle East.

S: What are the major contributing factors to this growth?

D: The uptick in mass notification systems demand, hiring of resellers outside of the U.S. and our new

product introductions have all helped.

H: In Europe, there has been a move towards security and border protection, which is where LRAD is in a great position to capture market share.

S: I saw that LRAD added a few new members to its team. Are there any noteworthy additions or moves towards expansion?

D: We've added 4 or 5 salesmen within the fiscal year, one of which was in the U.S.

H: We've also revamped our reseller network in and out of the U.S. and cut loose some of the under performers while adding a few new names to the list.

S: That's great to hear as many companies don't see the need to trim the fat while expanding. These smaller decisions made by management not only improve the top line, but also improve the bottom line, making LRAD both a value and growth stock.

H: I'd also like to add that our new products, both acoustic and mass notification, have helped us penetrate international and domestic markets. When we entered the mass notification market with just a speaker, we were providing a product that was only 5% of an entire mass notification system.

In the 15 months that Richard has been here, we have rolled out products that allow us to go for a bigger piece of the pie. Aside from speakers, we are able to now capture the full functionality of a mass notification system with our software and hardware improvements. We believe we're going to start seeing the fruits of that within the coming year.

S: With these new products and the existing high-quality mass notification products, will you be focused on improving current products or rolling out even more?

D: In FY17 we really focused on completing our objectives for our mass notification products. In FY18, we will continue to have a similar focus on new product development.

S: Moving forward, what are some long-term goals that you have for LRAD?

D: In the upcoming earnings call, you'll hear us talk

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about the mass notification market and frankly, the slope of the market demand curve is impressive. We're seeing high competition in that marketplace, but we are distinguishing ourselves domestically and internationally.

H: I'd like to add that there are some upcoming additional opportunities for FY18. There's an expected request for proposal (RFP) for up to 3,500 units coming from the government that we will definitely be bidding on, and we could be working with Homeland Security if the border wall ever gets built.

S: Are you seeing an increase in competition for these bids?

D: We aren't seeing any increased competition or new entrants in the acoustic handling marketplace, where LRAD is the leading provider. As for mass notification, there are the same competitors as always within that marketplace.

S: Is there a specific product that you are excited about moving forward?

D: We're obviously focusing on mass notification products moving forward just because of the demand. Our goal isn't to just roll out new products, but to keep our great engineering team working on meeting the strong demand in the marketplace. The half-dozen products we have rolled out in the past year are new in every sense of the word and were made to meet demand expectations, not necessarily just to expand

Network-1 settles patent litigation

Network-1 Technologies (NTIP) agreed to settle its patent litigation against Juniper Networks, Inc. pending in the United States District Court for the Eastern District of Texas, Tyler Division, for infringement of Network-1's Remote Power Patent (U.S. Patent No. 6,218,930).

Juniper was one of sixteen original defendants named in the litigation. Under the terms of the settlement, Juniper will pay \$13,250,000 and receive a fully-paid license to the Remote Power Patent for its full term which expires in March 2020. This will apply to Juniper's sales of Power over Ethernet products.

Market Overview

BWSR AVG ↑ 0.7%	DJIA ↑ 4.3%	NASDAQ ↑ 3.0%	S&P 500 ↑ 2.1%	RUS 2000 ↓ 0.8%
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All major indices except for the Russell 2000 Index hit all-time highs in October. Small cap stocks eased after the huge run up in September, with the Russell 2000 Index dropping 0.8% for the month. **LightPath Tech. (LPTH)** led Bowser stocks, with a 43% gain on the month in anticipation of strong earnings results. Overall, it was a successful month for Bowser picks as they managed to outperform small cap stocks as a whole.

our pipeline.

S: Do you have any closing remarks for our subscribers?

D: If you keep an eye on LRAD, I'm sure you'll see our backlog, revenues and bookings increase over time. Our pipeline has improved, and we are continuing to invest internally, in both people and systems, and they're paying off as we speak.

Conclusion

Richard and Brian provided some great color on LRAD's impressive quarters of late. Although not a huge gainer yet, the stock has steadily appreciated in price over the past year and is starting to heat up following its product rollouts.

Planet Payment to be acquired

Planet Payment (PLPM) announced an acquisition deal with Fintrax, through which PLPM shareholders will receive \$4.50 in cash for each share of Planet Payment common stock held. Following the announcement, shares jumped 17% on the stock's highest daily volume ever of 23,845,113 shares. This deal fueled PLPM's 6% gain over the past month.

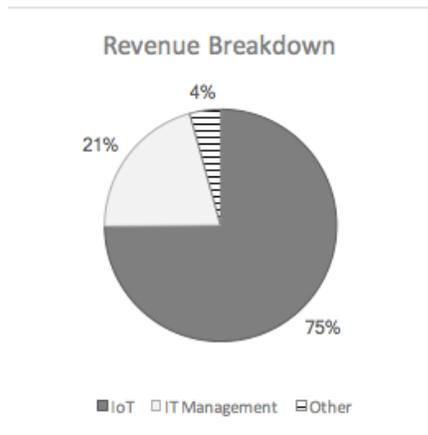
Five different law firms have already announced the investigation of PLPM as the buyout premium is relatively low. PLPM is now trading at \$4.47 per share and is unlikely to get any volatility moving forward.

The Bowser Game Plan

1. **DO NOT PAY** more than \$3/share for a stock.
2. **CREATE A PORTFOLIO** of 12 to 18 stocks. **Diversification is important.**
3. **DO NOT SELL** when a stock goes above \$3/share and is moved to Page 5.
4. **DO NOT SELL** when a stock moves to a lower category.
5. **SELLING PLAN:** Sell half of your holdings when the stock doubles from your purchase price. Sell the remainder after the stock drops 25% from its most recent high. If the stock drops 50% without doubling, sell all shares.
6. **RECORD** proceeds from sales.
7. **PORTFOLIO EVALUATION** = current value of portfolio + proceeds from sales

COMPANY OF THE MONTH

Lantronix (LTRX) is a global provider of secure data access and management solutions for Internet of Things (IoT) and information technology (IT) assets. The company's three product lines include IoT, IT Management, and Other. The IoT products consist of IoT Gateways and IoT Building Blocks. The Gateways are designed to provide secure connectivity and the ability to add integrated device management and advanced data access features. IoT Building Blocks provide basic secure machine connectivity and unmanaged data access. The IT Management product line includes console management, power management and keyboard video mouse products that provide remote access to IT and networking infrastructure deployed in test labs, data centers and server rooms. The Other product line mainly consists of mobile printing units. Below is a revenue breakdown for the three product lines:

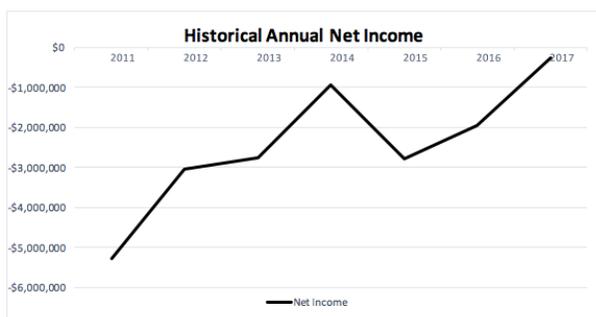


Historically, IoT has dominated the company's revenue, but IT Management revenue is starting to improve. The latter is up 76% over the past year, while IoT sales are up about 9%.

Turnaround

Lantronix does not have a positive net income over the past twelve months. We made an exception to recommend LTRX because the company has reported a net loss of just \$277,000 for FY17 with a growing top line.

LTRX has a rough history of lacking profits, but has recently turned things around with new products.



New Products

Allowing any device or appliance to connect to the Internet opens up plenty of doors for innovation. This has sparked the interest of investors worldwide, and LTRX has gained a lot of attention due to its proprietary IoT Building Blocks and IoT Gateways. The newly released Lantronix SLC 8000 and MACH10 IoT Platform have serious potential.

The SLC 8000 is the industry's first console manager that supports USB. There are likely going to be similar product releases in the future from competitors, but LTRX already gained a competitive advantage by being first to market.

One of the unfortunate aspects of this industry is a typical sales cycle of one year. As a result, a boost in sales won't show up on an income statement until a year later. The unseen benefit to this is that it acts as an entry barrier for competitors. Customers are also unlikely to switch suppliers as it is quite the task to get familiarized with a new user interface. Therefore, LTRX gained a huge competitive advantage by being the first to market with the SLC 8000 as it's likely to retain those sales.

The other new product that LTRX has introduced is the MACH10 IoT Platform, a multi-dimensional IoT application development and deployment platform that simplifies the process for Original Equipment Manufacturers (OEM) to deliver web-scale applications. This was a big step for the company as it now provides software solutions, further driving its competitive advantage. The launch of the MACH10 was on October 4, 2017, so it will take a while to see its impact on the company's finances. Both the SLC 8000 and the MACH10 are big steps for LTRX that will result in long-term benefits.

Fundamentals

LTRX has an improving income statement and balance sheet. Revenue has just recently started growing but is inconsistent due to the odd product cycle within the IoT industry. The improvement in the bottom line coupled with an EBITDA of \$657,000 is great for long-term investors.

The balance sheet is constantly improving. Net working capital is up 15% year-over-year to \$10,391,000. LTRX has an assets-to-liabilities ratio of 3.19:1, which is improving due to the decrease in long-term debt. A small long-term debt is typically seen in value stocks, but LTRX is both a value and growth investment.

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	2016	2017	2018
REVENUES	\$40,592,000	\$44,730,000	\$10,606,000
INCOME (LOSS)	(\$1,962,000)	(\$277,000)	(\$641,000)
WORKING CAPITAL	\$9,061,000	\$10,391,000	\$10,165,000
BOOK VALUE	\$1.29	\$1.18	\$1.14
TOTAL SHARES	15,260,000	17,451,000	17,920,000
FLOAT	N/A	N/A	9,170,000
(A) FIRST THREE MONTHS ENDED 09/30/17			

MINIPRICED STOCKS IN BUYING RANGE

SYMBOLS: (A) NYSE MKT; (CM) NASDAQ CAPITAL MARKET, WAS THE SMALL CAP MARKET; (GM) NASDAQ GLOBAL MARKET, WAS NATIONAL MARKET; (N) NEW YORK STOCK EXCHANGE; (NR) NOT RATED; (QB) OTC QB MARKET; (QX) OTC QX MARKET; # PREVIOUSLY APPEARED ON LIST, BUT WAS REMOVED BECAUSE IT HAD RISEN ABOVE \$3.00/SHARE; FIGURES IN PARENTHESIS ARE LOSSES.

Date of Recommend & Market	Issue/Trading Symbol	Principal Business	Price 11/03/17	Long-term Debt (Millions)	Sales Updated Quarterly (Millions)	Income/Loss Updated Quarterly (Millions)	Shares Outstanding (Millions)	Bowser Rating
CATEGORY ONE: BEST COMPANIES (RATED 10+)								
03/16(CM)	BROADWAY FINANCIAL (BYFC)	BANK HOLDING COMPANY	2.51	\$0.000	\$13.6	\$4.469	18.7	10
# 05/16(CM)	CEMTREX, INC. (CETX)	ELECTRONIC MANUFACTURING	2.78	\$9.669	\$124.5	\$5.044	10.3	11
03/17(CM)	CENTRAL FEDERAL (CFBK)	BANK HOLDING COMPANY	2.38	\$0.000	\$11.8	\$3.810	16.3	11
11/16(N)	CHINA NEW BORUN (BORN)	CORN PRODUCTS IN CHINA	1.29	\$294.000	\$330.9	\$86.000	25.7	10
12/16(QB)	FRANKLIN WIRELESS (FKWL)	WIRELESS SOLUTIONS	2.13	\$0.000	\$60.6	\$1.856	10.5	12
10/17(QB)	INNOVATIVE FOOD (IVFH)	FOOD PRODUCTS AND SERVICES	0.99	\$0.973	\$38.9	\$2.934	31.5	10
06/17(QB)	MIKROS SYSTEMS (MKRS)	ADVANCED MAINTENANCE PRODUCTS	0.46	\$0.000	\$5.8	\$0.171	35.5	10
08/17(CM)	NATIONAL HOLDINGS (NHLD)	INVESTMENT BANKING	2.42	\$0.000	\$188.8	\$3.457	12.4	10
11/15(QX)	OURPET'S COMPANY (OPCO)	PET SUPPLIES	1.35	\$0.673	\$27.4	\$2.262	15.2	10
09/17(QX)	VIRTRA (VTSI)	NOW ABOVE \$3/SHARE; SEE PAGE 5						
CATEGORY TWO: GOOD COMPANIES (RATED 8-9)								
12/14(QB)	INT'L BALER CORP. (IBAL)	BALING EQUIPMENT	2.01	\$0.000	\$18.5	\$0.901	5.2	9
11/17(CM)	LANTRONIX (LTRX)	DATA ACCESS AND MANAGEMENT	1.82	\$0.044	\$44.4	(\$0.814)	17.9	8
07/13(CM)	LIGHTPATH TECH (LPTH)	NOW ABOVE \$3/SHARE; SEE PAGE 5						
04/17(QB)	MAMAMANCINI'S (MMMB)	FOOD PRODUCTS	1.38	\$0.443	\$19.5	\$0.366	28.9	9
01/15(N)	NEVADA GOLD & CASINOS (UWN)	GAMING OPERATIONS	2.18	\$16.231	\$72.7	\$0.744	17.8	8
11/14(QB)	NOBLE ROMAN'S (NROM)	PIZZA FRANCHISES AND LICENSES	0.60	\$2.497	\$8.3	\$0.632	20.8	8
01/17(CM)	ONE GROUP HOSPITALITY (STKS)	GLOBAL RESTAURANT OPERATIONS	1.52	\$12.031	\$70.6	\$1.103	25.1	8
04/15(QB)	SCOTT'S LIQUID GOLD (SLGD)	HOUSEHOLD AND BEAUTY PRODUCTS	2.26	\$0.944	\$37.8	\$2.179	11.9	9
04/13(CM)	SPAR GROUP (SGRP)	MERCHANDISING AND MARKETING	1.01	\$0.004	\$152.1	\$0.818	20.7	8
# 10/12(QB)	WHERE FD CMS FROM (WFCF)	FOOD VERIFICATION SERVICES	2.90	\$0.046	\$13.6	\$0.488	24.7	9
CATEGORY THREE: SPECULATIVE COMPANIES (RATED 7 AND BELOW AND/OR NON-PROFITABLE)								
# 03/13(GM)	ADDVANTAGE TECH (AEY)	CABLE TV EQUIPMENT	1.45	\$10.360	\$46.2	(\$0.031)	10.2	9
# 05/14(CM)	CPS TECHNOLOGIES (CPSH)	ADVANCED MATERIAL SOLUTIONS	1.20	\$0.000	\$13.7	(\$1.177)	13.2	8
06/14(A)	DYNASIL CORP. (DYSL)	OPTICAL COMPONENTS	1.34	\$1.507	\$40.2	\$3.366	17.0	NR
# 06/08(A)	FLEXIBLE SOLUTIONS (FSI)	SPECIALTY CHEMICALS	1.83	\$0.250	\$16.6	\$4.010	11.5	7
08/16(CM)	FULL HOUSE RESORTS (FLL)	CASINO OPERATIONS	2.79	\$98.654	\$159.2	(\$4.490)	22.9	8
05/17(QB)	GALAXY GAMING (GLXZ)	GAMING INDUSTRY PRODUCTS	1.08	\$9.692	\$12.9	\$1.499	39.4	NR
# 12/15(A)	INFUSYSTEM HOLDINGS (INFU)	MEDICAL INFUSION PUMPS	2.00	\$28.957	\$68.7	(\$3.000)	22.7	NR
10/16(CM)	KOSS CORPORATION (KOSS)	STEREO ACCESSORIES	1.58	\$0.000	\$24.1	(\$0.964)	7.4	8
07/16(CM)	LRAD CORP (LRAD)	ACOUSTIC SYSTEMS	2.08	\$0.000	\$18.5	(\$0.752)	31.8	10
02/15(GM)	NOVA LIFESTYLE INC. (NVFY)	FURNITURE MANUFACTURING/SALES	1.61	\$0.000	\$88.0	(\$1.180)	27.1	10
07/10(QB)	REPRO MED SYSTEMS (REPR)	DESIGN/PRODUCE MED PRODUCTS	0.62	\$0.000	\$12.6	(\$0.076)	37.8	7
08/14(QB)	SONO-TEK CORP. (SOTK)	ULTRASONIC NOZZLES	1.46	\$1.002	\$10.0	\$0.056	15.0	7
# 06/16(A)	SUNWORKS, INC. (SUNW)	SOLAR ENERGY SYSTEMS	1.38	\$0.822	\$81.3	(\$11.907)	22.4	9

We recommend only purchasing companies rated 8 or higher. If a company's rating drops, do not sell. For when to sell, refer to the Game Plan on page 2.

Category Changes

This month **Broadway Financial (BYFC)** is moving from Cat. 2 to Cat. 1. BYFC's Bowser Rating rose from 8 to 10.

Iteris adds analytics features

Iteris (ITI) announced the availability of a series of advanced analytics features with the Fall release of Iteris iPeMS®. iPeMS is a leading data visualization performance measurement platform deployed across 13 states and two countries.

Over the last 12 months, Iteris has added significant new analytics features to iPeMS, including: real-time bottleneck detection for linear and branching bottlenecks; animation tools for historical data analysis; Connected Citizens support for Waze incident

analysis; and implementation of a dynamic MAP-21 dashboard to support required federal performance measurements. The software also includes features that measure the financial and economic impact of congestion and delay.

MMMB gains new placements

MamaMancini's (MMMB) announced additional placement of products in major grocery retailers including Sam's Club, Costco, HyVee, Publix, Whole Foods, The Fresh Market, Stop & Shop and QVC.

Product placements include meatloaf, chicken parmigiana, stuffed peppers mix, authentic jumbo meatballs, cheese stuffed meatballs, cocktail meatballs and meatballs and sauce for sandwich shops with major retailers throughout the US.

FOLLOW-THROUGH AND STOCKS TO SELL

WE ENCOURAGE SUBSCRIBERS TO BUY OUR STOCKS WHEN THEY ARE \$3 OR LESS. HOWEVER, WHEN THEY GO ABOVE \$3, WE FOLLOW THEM IN THE FIRST GROUP BELOW. IN BOTH OF THE FOLLOWING LISTS, COLUMN 1 GIVES THE SHARE PRICE AS OF **11/03/17** PLUS THE CURRENT BOWSER RATING. COLUMN 2 IN THE FIRST LIST BELOW INCLUDES THE MONTH/YEAR WE ORIGINALLY RECOMMENDED THE ISSUE, THE PRICE PER SHARE THEN AND THE BOWSER RATING. (NR=not rated)

ISSUE/EXCHANGE SYMBOL	1	2	ISSUE/EXCHANGE SYMBOL	1	2
ATLANTIC AMERICAN (GM:AAME)	\$3.60(9)	02/12 \$2.05(8)	NETWORK-1 TECHNOLOGIES (A:NTIP)	\$4.25(7)	03/15 \$2.29(10)
COMMAND SECURITY (A:MOC)	\$3.17(7)	03/14 \$1.92(11)	PLANET PAYMENT (CM:PLPM)	\$4.47(9)	07/15 \$2.42(10)
DLH HOLDINGS (CM:DLHC)	\$6.32(8)	01/14 \$1.53(9)	RIVERVIEW BANCORP (GS:RVSB)	\$8.80(9)	06/13 \$2.30(9)
ELECTROMED (A:ELMD)	\$7.47(10)	09/15 \$1.64(10)	ROYAL BANCSHARES OF PA (GM:RBPA)	\$4.50(8)	10/14 \$1.65(9)
EMMIS COMMUNICATIONS (GS:EMMS)	\$3.37(8)	07/17 \$2.92(8)	SIMULATIONS PLUS (CM:SLP)	\$16.45(10)	05/10 \$2.46(9)
GOLDFIELD CORP. (A:GV)	\$5.75(NR)	06/12 \$1.58(8)	SMITH-MIDLAND (QX:SMID)	\$7.76(10)	02/16 \$2.38(10)
ITERIS (A:ITI)	\$6.76(7)	12/06 \$2.21(8)	SOCKET MOBILE (CM:SCKT)	\$3.72(8)	09/16 \$2.59(10)
LIGHTPATH TECHNOLOGIES (CM:LPTH)	\$4.01(9)	07/13 \$1.47(10)	VIRCO MANUFACTURING (GM:VIRC)	\$5.65(8)	06/15 \$2.51(11)
MANHATTAN BRIDGE CAPITAL (CM:LOAN)	\$6.06(10)	02/10 \$1.10(9)	VIRTRA (QX:VTSI)	\$3.15(10)	09/17 \$2.15(10)
MEET GROUP (CM:MEET)	\$3.40(8)	10/15 \$1.62(10)			

THE FOLLOWING WE SAID SHOULD BE SOLD

(COLUMN 2 SHOWS THE DATE, PRICE AND BOWSER RATING WHEN WE RECOMMENDED THE STOCK BE SOLD)

FITLIFE BRANDS (QB:FTLF)	\$0.28	09/17 \$0.32(NR)	INFOSONICS (CM:IFON) (1-for-5 rev. split Oct. '17)	\$1.54	12/16 \$1.95(8)
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BRIEFS

Cemtrex (CETX) announced a revised exchange offer, valued substantially higher at \$11 per share, to acquire **Key Tronic Corporation (KTCC)** by offering to exchange each outstanding share of Key Tronic common stock for one series 2 unit consisting of (i) one \$10 4% debenture due 2024 and (ii) one-third (1/3rd) share of CETX common stock. . . . **CPS Technologies (CPST)** announced additions and changes to its organization in sales, marketing and product development. . . . **InfuSystem Holdings (INFU)** announced a feature segment that recently ran on a leading cable TV channel highlighting how InfuSystem infusion technology improves the quality of life of a patient going through the process of receiving chemotherapy. . . . **LRAD Corporation (LRAD)** announced AHD orders for the U.S. Marine Corps and U.S. Army totaling \$870,000. . . . **MamaMancini's (MMMB)** announced new marketing plans for the upcoming 2017 Fall/Winter holiday

season. **MMMB** later announced that it had closed its previously announced acquisition of Joseph Epstein Food Enterprises, Inc., a manufacturer of food products, which has been the sole manufacturer of the company's products since inception. . . . **Manhattan Bridge Capital (LOAN)** authorized a quarterly dividend of \$0.11 per share to be paid on January 15, 2018 to shareholders of record as of December 29, 2017. . . . **The Meet Group (MEET)** completed its acquisition of Lovoo GmbH. The LOVOO app is the most downloaded dating app in Germany, Switzerland, and Austria combined. . . . **Noble Roman's (NROM)** engaged Tierney Restaurant Services to help locate and hire a Vice President of Development to assist the company's franchising efforts for its Craft Pizza & Pub concept. . . . **Network-1 Technologies (NTIP)** announced that the U.S. Patent and Trademark Office issued U.S. Patent No. 9,805,066 ("Methods for Using Extracted Features and Annotations Associated with

INSIDER TRANSACTIONS

COMPANY	SHARES TRADED	# OF TRADES	PRICE RANGE
Central Federal	A-1,259,997	7	\$1.75
Dynasil Corp.	A-26,000	4	\$1.25
	A-5,000x	1	\$1.25
Electromed	S-37,928x	2	\$7.49-\$7.50
Emmis Comm.	S-49,951	4	\$3.40-\$3.47
	A-23,342	6	\$0.00
	D-10,905	6	\$3.45
Network-1 Tech.	S-25,000x	4	\$4.20-\$4.41
OurPet's	D-26,314	1	\$1.90
Royal Bancshares	S-29,998	5	\$4.44-\$4.47
	D-29,998	5	\$1.71-\$1.83
Riverview Bancorp	S-12,000	1	\$8.73
Simulations Plus	S-18,500x	1	\$16.37
	A-2,256	3	\$0.00
Sono-Tek	A-371,000	1	\$0.00
	OE-20,000	1	\$0.61
	D-9,037	1	\$1.35

A-Acquisition (Non Open Market), B-Bought, D-Disposition (Non Open Market), OE-Option Exercise, S-Sold, x-indirect holdings. Information obtained from Nasdaq.com.

an Electronic Media Work to Perform an Action") and U.S. Patent No. 9,807,472 ("Methods for Using Extracted Feature Vectors to Perform an Action Associated with a Product") to NTIP. . . . **Planet Payment (PLPM)** announced that Pay in Your Currency® is now live at CORREAS in Moscow. . . . **Simulations Plus (SLP)** declared its next ongoing quarterly cash dividend of \$0.06 per share to its shareholders. . . . **Smith-Midland (SMID)** President and COO Ashley Smith has been appointed chairman of the National Precast Concrete Association. . . . **Sunworks (SUNW)** will construct a solar system for Clean Focus Renewables, Inc. to deliver a one-of-a-kind community solar program for Roseville Electric Utility.

BUCKAROOS SPEAK

Earnings Releases

*I am having trouble finding out when certain companies report earnings. Do you have any knowledge of the dates for **Innovative Food (IVFH)**, **Mikros Systems (MKRS)**, **MamaMancini's (MMMM)** and **Smith-Midland (SMID)**?*

--Rich Kealey

IVFH, MKRS and SMID are set to report earnings on November 13. MMMB is set to report on December 13. These dates are always vulnerable to change.

As for finding these dates, there are a few good resources. The first is the weekly Bowser newsletter available to online subscribers. It lists important upcoming dates that we are aware of.

A few other resources are the TD Thinkorswim platform, Earningswhispers.com, and Nasdaq.com. These websites tend to be the most accurate. If there is

a date change, the company will issue a press release ahead of time.

Altering Order Size

When the Company of the Month is well below \$3 should subscriber's stick to a predetermined share limit or buy based on a dollar limit? Could you unbalance a portfolio with some stocks having larger positions?

--Mackenzie Stevenson

The best rule of thumb is to set a limit, whether number of shares or dollar amount, and stick to it. This is the best way to prevent your portfolio from becoming unbalanced.

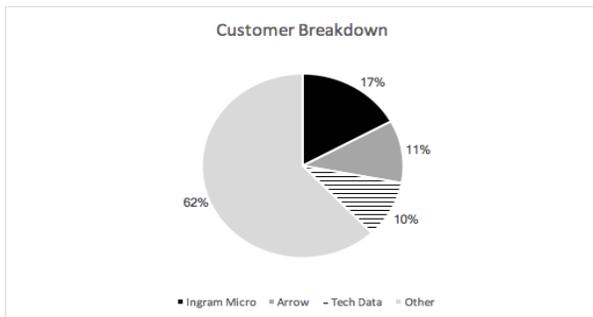
However, in such cases where a stock is trading exceptionally low, it's okay to create an "if/then" rule. For example, Max Bowser used to have a rule that if a stock was trading less than \$1 per share, he would buy 200 shares instead of the usual 100.

COMPANY OF THE MONTH... CONTINUED

LTRX currently has a book value of \$1.18 per share, which is below its market value. The stock is not undervalued, but has the potential to increase its value with the recent bottom line improvement and the large amount of cash on hand. Moving forward, it's vital that the company is efficient with its surplus of assets to create value for long-term investors.

Outlook

Lantronix's outlook is dependent on its ability to rollout new products and capitalize immediately. The reason LTRX is so dependent on these new products is its revenue breakdown by customer:



The top five customers make up almost 50% of LTRX's revenue, which is unusual for a microcap company, but common for the IoT industry. This heavy revenue weighting makes it vital for LTRX to bring on new customers for its new products to diversify its customer base. Current customers will likely stick around, but not be the source of continued growth.

Legacy product outlook is not an issue as the company has shifted towards replacing these products with the recent rollouts. The lacking growth from legacy product revenue and poor research and development investments resulted in the downfall of LTRX over the past decade. In 2012, the company started rolling out the new

products, which ended the losing streak and sparked its turnaround.

Industry outlook is outstanding due to the momentum of the IoT industry. As forecasts vary, the most realistic estimate is 29 billion connected devices by 2022, of which 18 billion will be related to IoT.

The IT management industry is seeing mediocre growth, but there is little competition due to the entry barriers. With LTRX being an established company, it was easy for the SLC 8000 to gain market share. In the recent earnings call, management stated that the company has "a high single-digit to mid-high single-digit percent market share in that space." With an estimate of upwards of \$100 million in the IT management marketplace, there is plenty of market share for LTRX to capture despite the lack of industry growth.

Risks & Conclusion

The main risk associated with LTRX is that the new products will not be accepted by consumers. Since the MACH10 software is brand new, there will likely be a few speed bumps along the way. The rapid revenue growth from the IT management segment has set the bar high for the SLC 8000, so sustainable growth is key.

There is always the risk that the company will not focus its research and development properly. R&D expenses increased 17% year-over-year, so there should be either product improvement or new development. If not, the company is not efficiently investing.

In conclusion, LTRX is a turnaround stock that has just now started to reach major milestones. The new products have clearly resulted in an improved bottom line, and the company has become less reliant on its IoT segment. Couple this with strong fundamentals and LTRX presents a unique investment opportunity.

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Beginner's Portfolio Up 258%

BOUGHT: None this month

SOLD: None this month

BOUGHT			SOLD			Current Holdings			Proceeds From Sales
Cost	11/03/17		Cost	11/03/17		Cost	11/03/17		
AAME	280/Mar '12	360	RBPA*	188/Nov '14	225	SUNW†	482/Jul '16	276	10,419
ITI*	162/Aug '12	338	UWN	180/Jul '15	218	FLL†	384/Sep '16	558	
SGRP	178/Apr '13	101	OPCO†	196/Dec '15	270	MMMB†	200/Jun '17	276	
AEY	248/May '13	145	PLPM†	590/Jan '16	894	MKRS†	114/Jul '17	92	
MOC	209/May '14	317	SMID†*	540/Mar '16	776	EMMS†	560/Aug '17	674	
DYSL	185/Aug '14	134	BYFC†	398/Apr '16	502	NHLD†	546/Sep '17	484	

Current Holdings Value: 6,640

Proceeds from Sales: 10,419

Total Value of Portfolio: 17,059

Original cost for all stocks: \$4,766

*Half of original holdings

†Bought 200 Shares

Gain: 17,059 minus 4,766 = 12,293

Percentage of gain: 12,293 divided by 4,766 x 100 = 257.9

Compound Annual Growth Rate: 8.21%

Comments: This is a simulated portfolio for those who would like to actively participate in the stock market...**They want an approach that will serve as a learning situation**...An investment of up to \$300 a month is required...**With each new Company of the Month, 100 shares were purchased until we had 18**...We use an internet broker...**We follow the Bowser Game Plan. Portfolio started Sep. '01.**

BEGINNER'S PORTFOLIO EXPLANATION

This month there were no changes made to the holdings in the Beginner's Portfolio. The portfolio's Current Holdings Value dropped slightly as 14 of the 18 companies saw their shares drop, a further indication of the weakness in small stocks following their exceptional run in September.

EARNINGS

	<u>Quarter Ended</u>	<u>Current Sales</u>	<u>Same Period Last Year</u>	<u>Current Earnings</u>	<u>Same Period Last Year</u>	<u>Comments</u>
Emmis Communications (EMMS)	08/31/17	\$42,848,000	\$58,774,000	\$69,957,000	\$335,000	(A)
Broadway Financial (BYFC)	09/30/17	\$4,649,000	\$4,157,000	\$503,000	\$357,000	
CPS Technologies (CPSH)	09/30/17	\$4,211,962	\$3,326,930	\$13,228,000	(\$138,786)	
Manhattan Bridge Capital (LOAN)	09/30/17	\$1,591,463	\$1,169,225	\$960,721	\$724,541	(B)
Riverview Bancorp (RVSB)	09/30/17	\$14,028,000	\$11,111,000	\$3,059,000	\$1,680,000	(C)
Royal Bancshares of PA (RBPA)	09/30/17	\$9,432,000	\$9,649,000	\$2,373,000	\$2,143,000	(D)
Socket Mobile (SCKT)	09/30/17	\$5,475,000	\$5,102,000	\$414,000	\$669,000	(E)
Where Food Comes From (WFCF)	09/30/17	\$4,734,435	\$3,344,246	\$252,143	\$224,953	

(A) EMMS's net income is artificially high due to the one-time \$76.7 million gain on the sale of radio and publishing assets, net of disposition costs, related to the sale of KPWR-FM in Los Angeles.

Commenting on EMMS's current operations, Jeff Smulyan, CEO, remarked, "Streaming versions of NextRadio launched in July, making the app available on every smartphone. Usage has jumped sharply following this product enhancement."

(B) "The bank line of credit increase from \$14 million to \$20 million during the third quarter, provided the necessary funds for this quarter's performance," explained Assaf Ran, LOAN chairman and CEO.

(C) Kevin Lycklama, executive VP and COO of RVSB: "We have continued to see improvements in our profitability and performance ratios as we

realize the expected cost savings and operating efficiencies from the MBank purchase."

(D) "Credit quality remains strong as we reduced non-performing assets by 29% during 2017. While we move forward with our merger planning activities with Bryn Mawr Bank Corporation, we continue to be equally focused on the daily operations of the bank and serving our customers," noted Kevin Tylus, RBPA's president and CEO.

(E) Kevin Mills, SCKT'S President and CEO: "Currently SCKT does not have any significant share of the sled/sleeve market, but our DuraCase solution is now enabling us to compete in this portion of the market. Our mobile application focus is broadening beyond specialty mobile point of sale to manufacturing, transportation, hospitality and healthcare.

NOTES BY THE EDITOR

This month's front page article is the second follow-up interview this year. We find these discussions very informative and beneficial to subscribers. We reach out to every company that we recommend, and generally we receive a response.



In the past, we have had subscribers reach out to certain companies and inform us that some of them have not had satisfactory investor relations. If you find a company's investor relations

contact hard to pin down, please email me at faris@thebowserreport.com so I can compile a list and investigate further.

While we try to be a one-stop shop for your small stock investment research, there is often a need to dig deeper. If you

find yourself in need of more information, reach out to us and we can either provide you with that information or point you to a resource that will be able to.

Speaking of more information and great resources, the October 2017 *Bowser Database* is now available. Receive the database, which features over 250 stocks complete with financial and contact information as well as a unique Bowser Rating, for just \$25. Visit our website to order.

FIVE BOWSER STOCKS UP AND DOWN

LightPath Technologies	UP	43%	OurPet's Company	DOWN	27%
MamaMancini's	UP	28%	Galaxy Gaming	DOWN	20%
Repro-Med Systems	UP	19%	Mikros Systems	DOWN	16%
Where Food Comes From	UP	16%	Sunworks	DOWN	13%
VirTra	UP	13%	Franklin Wireless	DOWN	11%