



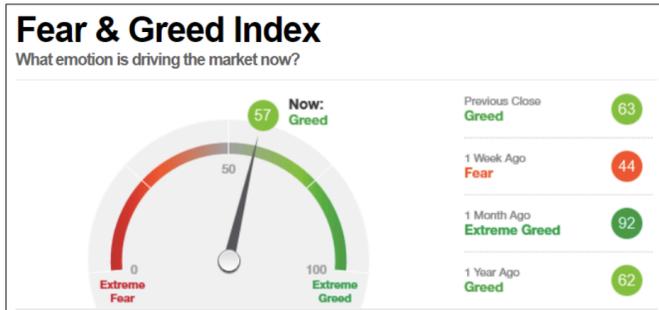
Next Company of the Month Recording:
Friday, March 13, After 4 PM EST
Recording on for entire weekend
Phone: (757) 877-5979

Coronavirus and Bowser stocks *How to mitigate risk when global fears drive the market*

Over the past few weeks, Coronavirus, or 2019-nCoV, has sparked fear in the markets. The respiratory illness was first detected in Wuhan City, China, and has now spread to twenty-five countries. The United States reported multiple cases at the end of January, and the World Health Organization declared the outbreak a public health emergency. The headlines covering the rapid spread of coronavirus caused a 4.5% drop from the Russell 2000 Index and a spike in volatility.

Fear and Volatility

With over 37,000 confirmed cases worldwide—most of which are in China—sentiment in the market is trending more towards fear. The Fear and Greed Index takes into account seven indicators and illustrates market sentiment. Below is the index as of February 7, 2020:



Within just one month, market sentiment shifted from extremely bullish (92) to slightly bearish (44). Sentiment rebounded quickly and greed shortly set in once again. The temporary pullback caused a relatively large selloff from small caps and major indices as a whole. The Volatility Index also spiked to its highest levels since October 2019.

Effect on Bowser stocks

Many Companies of the Month pushed higher despite the selloff from smaller stocks. Below is a table of how recommendations and major

indices have performed over the past month:

	1/27/20-1/31/20 Performance	One Month Performance
Bowser Stocks	+0.3%	+4.3%
Russell 2000 Index	-2.1%	-0.2%
Nasdaq	-1.6%	+5.5%
S&P 500	-2.1%	+2.9%
Dow Jones Industrial Average	-2.6%	+1.6%

Because smaller stocks commonly have a higher number of retail investors compared to institutional investors, they are likely to react to substantial increases in bearish sentiment, as demonstrated by the Russell 2000's action.

The market selloff was not significant enough to cause substantial sell pressure from retail investors. Bowser recommendations, demonstrating their ability to buck market trends, outperformed on positive news releases with nine headlines publishing throughout the week. **CPS Technologies (CPSH)** and **HC2 Holdings (HCHC)** both announced outstanding news and shares gained 43% and 35%, respectively.

Keep It Simple

Understanding market movement is important, but can end up with overthinking and emotional decision-making. The best thing for when fear sets in is to keep it simple. Historically, active portfolio management has significantly underperformed buying and holding. *The Bowser Report's* answer is to stick to the Game Plan no matter the market conditions.



Chart provided by Steve Burns.

Continued on the page 2...

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The chart compares the performance of the S&P 500 during the afterhours, intraday and full day sessions. At a glance, you can see that most of the bullish moves since 1993 have been overnight when investors are less active. Markets often sell-off during intraday sessions, trading on much heavier volume. Therefore, removing emotions from decision-making and simply holding through spikes in volatility can improve long-term returns.

Understanding Sympathy Stocks

Sympathy stocks move as a result of the hype behind an expected catalyst. The coronavirus headlines have received a lot of attention, and many investors have already started buying stocks that stand to benefit from the outbreak. However, out of the 100+ stocks that have made bullish moves on these headlines, only a handful will receive a tangible benefit. There is still no known cure for coronavirus, and the testing for the virus is still in early stages.

The largest increase in demand is for medical-mask companies. Even with most of these companies ramping up production, they have not been able to meet demand. An example of such a company that benefited from an outbreak in the past is former Bowser recommendation Alpha Pro Tech Ltd. (APT). APT is a leading manufacturer of protective medical equipment that gained 596% in just under one year due to the Ebola Virus Disease outbreak.

Market Overview

BWSR AVG ↑ 4.3%	NASDAQ ↑ 5.5%	S&P 500 ↑ 2.9%	DJIA ↑ 1.6%	RUS 2000 ↓ 0.3%
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Stocks had plenty of range this month, with some major indices dropping over 4%. The volatility spike following the coronavirus outbreak seemed to only be temporary as stocks rallied shortly after. **Bowser stocks (up 4.3%) had another huge month and generally outperformed.** Headlines from **HC2 Holdings (HCHC)** and **LightPath Technologies (LPTH)** contributed to the relative strength, as both stocks gained 64%.

Despite the possibility of exceptional gains, it's best not to speculate on hype. Instead, examine a company's underlying business and financials to ensure it's a viable investment. And, again, once you make an investment, follow the Game Plan to limit downside risk.

Conclusion

Fear can be troublesome for smaller stocks, but Bowser stocks barely reacted to this recent sell-off. This is mostly due to the timing of the drop and the fact that it wasn't a full-blown market correction. Since major indices have been consistently hitting highs, it doesn't take much to cause a pullback. While there are companies that benefit from the coronavirus breakout, focus should be on sticking to the Game Plan. Keep it simple and avoid rash decision making.

CPSH receives design win

CPS Technologies (CPS) received a design win and initial order from a new customer for its AISiC hermetic package combining the CPS proprietary AISiC base with a nickel-iron alloy frame. AISiC hermetic packages are expected to be an increasing contributing factor to our future growth.

HCHC sells Global Marine Group

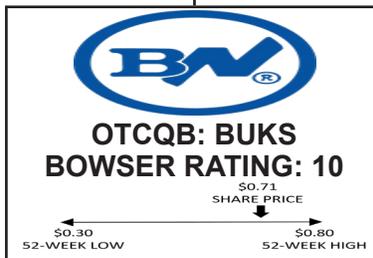
HC2 Holdings (HCHC) announced that a subsidiary of Global Marine Holdings, LLC, in which HCHC holds a 73% interest, entered into an agreement to sell Global Marine Group. Total base consideration for 100% of GMG will be approximately \$250 million in cash.

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

Butler National Corp. (BUKS) designs, engineers, manufactures and sells a broad portfolio of aerostructures, aircraft components and various avionics. The company serves a worldwide spectrum of the aviation industry including owners and operators of single-engine, commercial, regional, business and military aircraft. Its Professional Services segment also makes up a large portion of its revenue and provides management services in the gaming industry.



Balance Sheet Health

Butler National has outstanding cash flow and a healthy balance sheet. Its assets outweigh its liabilities 3.35:1, and cash increased to \$9 million from \$7.3 million year-over-year.

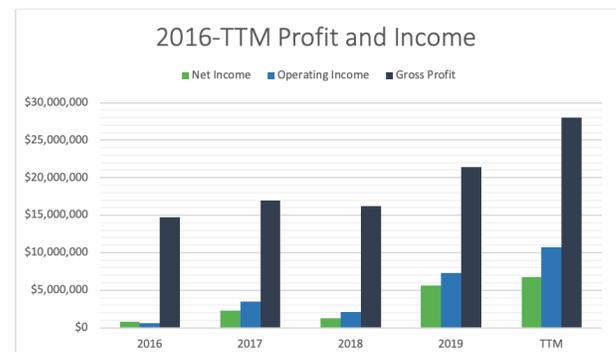
Two factors to consider are long-term debt and total shares outstanding. BUKS has \$2 million in long-term debt and \$4.7 million

in total long-term liabilities. Still, the company's cash flow reduces the risk of these liabilities.

Butler National also has 64.5 million shares outstanding, which makes the stock less volatile. It also puts pressure on the company to consistently improve bottom line results and create value for shareholders.

Bottom Line Growth

2019 financial results show a 349% increase in net income, but one huge increase doesn't provide enough information about its recent success. Below is a chart showing the company's net income and profits since 2016:

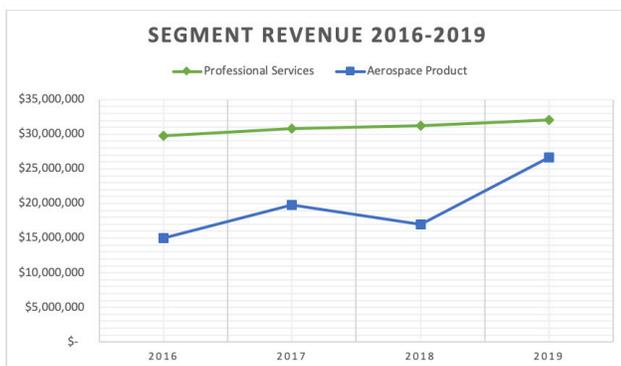


The company's initiative to improve operating margin is working. The increase in revenue from the Aerospace Products segment has been a big contributing factor because of its lower overall expenses. Moving forward, net income should

Continued on page 6...

Segment Breakdown

Butler National derives the majority of its revenue from the Professional Services segment. However, Aerospace Products sales are growing rapidly. Below is a chart of segment revenue since FY16:



Professional Services sales have consistently trended higher, providing a stable base of revenue. This revenue is almost entirely from the Boot Hill Casino in Dodge-City, KS, which has over 600 slot machines and 18 table games, including live poker tables.

Although Aerospace Products revenue has fluctuated over the years, the segment saw 57% year-over-year growth. This segment also has a higher profit margin, pulling in \$3.8 million in operating income compared to just \$1.5 million from Professional Services.

Management is focused on margin expansion, including controlling expenses and efficiencies in implementation of operational processes. This raised operating income margin to 9% in 2019 compared to 4% in 2018.

	2017	2018	2019
REVENUES	\$ 50,619,000	\$ 48,260,000	\$ 58,710,000
INCOME (LOSS)	\$ 2,314,000	\$ 1,256,000	\$ 5,650,000
WORKING CAPITAL	\$ 7,200,000	\$ 8,366,000	\$ 13,435,000
BOOK VALUE	\$ 0.44	\$ 0.45	\$ 0.53
TOTAL SHARES	63,455,883	64,387,694	64,511,608
FLOAT	N/A	N/A	42,540,000

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 02/07/20	Long-term Debt (Millions)	Sales Updated Quarterly (Millions)	Income/Loss Updated Quarterly (Millions)	Shares Outstanding (Millions)	Bowser Rating
CATEGORY ONE: BEST COMPANIES (RATED 10+)								
02/20(QB)	BUTLER NATIONAL (BUKS)	AEROSPACE AND DEFENSE PRODUCTS	0.72	\$0.000	\$66.5	\$5.914	64.5	10
06/19(N)	HC2 HOLDINGS (HCHC)	Now above \$3 per share; See Page 5 (Follow-Through)						
12/17(QB)	LEATT CORP. (LEAT)	PERSONAL PROTECTIVE EQUIPMENT	2.75	\$0.000	\$26.5	\$1.403	5.4	10
# 08/17(CM)	NATIONAL HOLDINGS (NHLD)	INVESTMENT BANKING	2.85	\$0.000	\$212.9	\$1.841	12.8	11
02/15(GM)	NOVA LIFESTYLE INC. (NVFY)	FURNITURE MANUFACTURING/SALES	1.90	\$0.000	\$50.1	\$2.191	28.4	11
01/20(A)	RETRACTABLE TECH. (RVP)	MEDICAL INSTRUMENTS AND SUPPLIES	1.48	\$2.446	\$37.4	\$1.137	32.7	10
# 05/18(CM)	TAITRON COMPONENTS (TAIT)	ELECTRONIC COMPONENTS	2.95	\$0.000	\$7.3	\$1.557	5.6	11
CATEGORY TWO: GOOD COMPANIES (RATED 8-9)								
12/19(GS)	ALASKA COMMUNICATIONS (ALSK)	TELECOMMUNICATIONS AND IT SERVICES	2.19	\$171.541	\$232.1	\$4.004	53.0	8
10/19(QB)	BAB SYSTEMS, INC. (BABB)	FAST CASUAL RESTAURANT FRANCHISES	0.82	\$0.000	\$2.6	\$0.454	7.3	8
12/14(QB)	INT'L BALER CORP. (IBAL)	BALING EQUIPMENT	1.30	\$0.000	\$12.3	\$0.312	5.2	9
05/19(N)	SAFE BULKERS (SB)	MARINE DRY BULK TRANSPORTATION	1.27	\$538.508	\$198.0	\$15.765	101.5	9
# 09/18(CM)	SCHMITT INDUSTRIES (SMIT)	SCIENTIFIC AND TECH INSTRUMENTS Office: 2765 NW Nicolai St., Portland, OR 97210, Tel: (503) 227-7908, www.schmittindustries.com	2.99	\$0.000	\$13.5	\$3.944	4.1	9
# 09/16(CM)	SOCKET MOBILE (SCKT)	DATA CAPTURE PRODUCTS	1.66	\$0.458	\$18.8	\$0.063	6.0	9
08/14(QB)	SONO-TEK CORP. (SOTK)	ULTRASONIC NOZZLES	2.35	\$0.581	\$12.8	\$0.480	15.1	9
# 10/12(QB)	WHERE FD CMS FROM (WFCF)	FOOD VERIFICATION SERVICES	2.34	\$0.025	\$19.7	\$0.970	24.8	9
CATEGORY THREE: SPECULATIVE COMPANIES (RATED 7 AND BELOW AND/OR NON-PROFITABLE)								
10/18(CM)	AEHR TEST SYSTEMS (AEHR)	SEMICONDUCTOR TEST EQUIPMENT	2.01	\$0.000	\$22.8	(\$3.253)	22.8	9
02/18(QB)	ALTIGEN COMMUNICATION (ATGN)	CLOUD-BASED IP SOLUTIONS	1.63	\$0.000	\$10.6	\$1.917	22.9	7
04/19(N)	ARC DOCUMENT SOLUTIONS (ARC)	DOCUMENT SOLUTIONS	1.20	\$88.437	\$388.5	\$3.759	45.0	7
# 07/18(CM)	BETTER ONLINE SOLUTIONS (BOSC)	RFID AND MOBILE SOLUTIONS	2.12	\$2.201	\$33.6	(\$0.201)	3.5	9
03/16(CM)	BROADWAY FINANCIAL (BYFC)	BANK HOLDING COMPANY	1.45	\$79.590	\$12.8	\$0.138	19.1	7
# 05/14(CM)	CPS TECHNOLOGIES (CPSH)	ADVANCED MATERIAL SOLUTIONS	1.30	\$0.000	\$22.1	(\$3.849)	13.2	NR
01/19(CM)	FORWARD INDUSTRIES (FORD)	CARRYING CASES AND ACCESSORIES	1.11	\$0.000	\$37.9	(\$1.617)	9.5	9
12/16(QB)	FRANKLIN WIRELESS (FKWL)	WIRELESS SOLUTIONS	2.50	\$0.000	\$37.5	(\$1.081)	10.5	NR
05/17(QB)	GALAXY GAMING (GLXZ)	GAMING INDUSTRY PRODUCTS	1.89	\$46.681	\$21.0	\$2.582	39.2	7
# 12/18(CM)	GSE SYSTEMS (GVP)	DATA ACCESS AND MANAGEMENT	1.47	\$16.352	\$90.3	(\$4.200)	20.1	NR
10/17(QB)	INNOVATIVE FOOD (IVFH)	FOOD PRODUCTS AND SERVICES	0.52	\$0.436	\$58.2	\$0.796	34.0	7
03/19(CM)	INSIGNIA SYSTEMS (ISIG)	MARKETING SERVICES	0.81	\$0.000	\$23.8	(\$2.156)	11.8	9
10/16(CM)	KOSS CORPORATION (KOSS)	STEREO ACCESSORIES	1.44	\$0.000	\$20.2	(\$0.237)	7.4	8
07/13(CM)	LIGHTPATH TECH (LPTH)	OPTICAL COMPONENTS	1.18	\$4.719	\$33.9	(\$2.720)	25.8	9
04/17(QB)	MAMAMANCINI'S (MMMB)	FOOD PRODUCTS	1.40	\$4.438	\$31.6	\$1.202	31.8	7
01/18(QX)	SINGING MACHINE CO. (SMDM)	KARAOKE AUDIO EQUIPMENT	0.21	\$0.146	\$45.2	\$0.203	38.4	NR
09/19(QB)	TECHPRECISION (TPCS)	METAL COMPONENTS AND SYSTEMS	1.60	\$2.995	\$16.4	\$0.685	28.9	NR
08/19(QB)	TRXADE GROUP (TRXD)	WEB-BASED MARKETPLACE	1.50	\$0.300	\$7.0	\$0.023	39	7
02/19(QB)	TSS, INC. (TSSI)	END-USER AND ENTERPRISE SYSTEMS	1.39	\$1.978	\$18.1	\$1.167	15.2	NR
06/18(GS)	U.S. AUTO PARTS (PRTS)	AFTERMARKET AUTO PARTS	2.65	\$1.078	\$282.3	(\$11.102)	36.0	NR

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 Change

This month there was one category change as **Altigen Communications (ATGN)** dropped from Category 2 to Category 3. The company's Bowser Rating slid from 9 to 7 as quarterly earnings were down on a year-over-year basis.

LightPath Technologies' (LPTH) Bowser Rating rose from 7 to 9, but the company remained in Category 3 as its trailing twelve month earnings are negative.

LTRX completes acquisition

Lantronix (LTRX) completed the previously announced acquisition of Intrinsic Technologies in a cash and share transaction valued at approximately \$27 million. Intrinsic shareholders now own approximately 15.5% of LTRX's shares.

Paul Pickle, president and CEO stated, "This transaction should be accretive after the first full quarter of operations, we are acquiring edge computing and design capabilities crucial to the development of intelligent IoT solutions."

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 02/07/20 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
CENTRAL FEDERAL CORP. (CM:CFBK)	\$14.59(11)	03/17 \$9.00(11)	MANHATTAN BRIDGE CAPITAL (CM:LOAN)	\$6.33(8)	02/10 \$1.10(9)
*Price adjusted for 1-for-5 reverse split Aug. '18			ONE GROUP HOSPITALITY (GS:STKS)	\$4.32(8)	01/17 \$2.12(8)
DLH HOLDINGS (CM:DLHC)	\$4.42(8)	01/14 \$1.53(9)	ORION ENERGY SYSTEMS (CM:OESX)	\$5.10(9)	11/19 \$2.93(9)
ELECTROMED (A:ELMD)	\$10.47(9)	09/15 \$1.64(10)	RADA ELECTRONIC (CM:RADA)	\$5.78(7)	03/18 \$2.16(10)
EMMIS COMMUNICATIONS (GS:EMMS)	\$3.76(NR)	07/17 \$2.92(8)	REPRO MED SYSTEMS (QB:KRMD)	\$5.94(10)	07/10 \$0.16(8)
FULL HOUSE RESORTS (CM:FLL)	\$3.30(9)	08/16 \$1.81(10)	RIVERVIEW BANCORP (GS:RVSB)	\$7.09(9)	06/13 \$2.30(9)
GENASYS INC. (CM:GNSS)	\$3.70(9)	07/16 \$1.85(8)	SCHMITT INDUSTRIES (CM:SMIT)	Now \$2.99; See page 4	
HC2 HOLDINGS (N:HCHC)	\$3.50(10)	06/19 \$2.34(12)	SEACHANGE INT'L (GS:SEAC)	\$4.16(9)	11/18 \$1.66(8)
INFUSYSTEM HOLDINGS (A:INFU)	\$9.75(7)	12/15 \$2.88(8)	SMITH-MIDLAND (QX:SMID)	\$5.78(10)	02/16 \$2.38(10)
ITERIS (A:ITI)	\$5.55(7)	12/06 \$2.21(8)	TABLE TRAC (QB:TBTC)	\$3.95(10)	07/19 \$2.40(10)
LANTRONIX (CM:LTRX)	\$3.85(7)	11/17 \$1.82(8)	VIRCO MANUFACTURING (GM:VIRC)	\$3.95(10)	06/15 \$2.51(11)
LIBERATED SYNDICATION (QB:LSYN)	\$3.18(8)	08/18 \$1.61(8)	VIRTA (CM:VTSI)	\$3.77(9)	09/17 \$2.15(10)

THE FOLLOWING WE SAID SHOULD BE SOLD

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

CCA INDUSTRIES (N:CAWW)	\$2.77	02/19 \$1.34	NOBLE ROMAN'S (CM:NROM)	\$0.51	06/19 \$0.64
CHINA NEW BORUN (N:BORNY)	\$1.22	06/19 \$0.27	SPAR GROUP (CM:SGRP)	\$1.18	06/19 \$0.69
MIKROS SYSTEMS (QB:MKRS)	\$0.13	12/19 \$0.12			

BRIEFS

Better Online Solutions Ltd. (BOSC) received an order from a Brazilian plastic manufacturer for a robotic system of in-mold labeling for injection molding products. . . . **Galaxy Gaming (GLXZ)** received Gaming Resource Supplier licensing approval from the California Gambling Control Commission. . . . **GSE Systems (GVP)** refreshed its brand under the new name GSE Solutions™ to unify the market presence of its recently acquired businesses. . . . **InfuSystem Holdings (INFU)** announced that Gregory Schulte, EVP and CFO, and INFU have agreed to a mutual separation. . . . **Insignia Systems (ISIG)** named Persuasion Arts & Sciences as its official Agency of Record after interviewing multiple Minnesota-based creative agencies. . . . **Iteris (ITI)** announced that Dennis W. Zank, former chief operating officer of Raymond James Financial, Inc., has been elected to

its board of directors. ITI later launched a new mobile application that streams real-time video and data from intersections equipped with Iteris video detection systems. ITI will also provide a transit signal priority system for Pace, the Suburban Bus Division of the Regional Transportation Authority in Chicago. . . . **Lantronix (LTRX)** announced that Roger Holliday has joined the company as vice president of worldwide sales. . . . **MamaMancini's (MMMB)** appointed Steven Burns as executive vice president. . . . **Manhattan Bridge Capital (LOAN)** declared a quarterly dividend of \$0.11 per share to be paid to all shareholders of record as of April 10, 2020. . . . **Nova LifeStyle (NVFY)** regained compliance with the minimum bid price continued listing requirement. . . . **Socket Mobile (SCKT)** released SocketScan S550 for app developer purchase. . . . **Smith-Midland (SMID)** received a contract from FAM Construction to supply concrete lagging panels as part of the I-66 project in Northern Virginia. Also, Summit

INSIDER TRANSACTIONS

COMPANY	SHARES TRADED	# OF TRADES	PRICE RANGE
Aehr Test Systems	S-3,000	1	\$2.00
	OE-3,000	1	\$1.28
DLH Holdings Corp.	OE-325,000	2	\$1.03
	D-66,497	2	\$4.85-\$5.09
Forward Industries	S-3,338x	1	\$1.25
GSE Systems	D-4,799	2	\$1.65
Insignia Systems	B-120,051	9	\$0.77-\$0.79
LightPath Technologies	A-4,000	1	\$0.65
Lantronix	OE-50,000	1	\$0.86
National Holdings Corp.	OE-78,125	1	\$0.00
U.S. Auto Parts Network	A-9,878x	2	\$0.00
SeaChange International	D-5,961	1	\$3.82

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.

Precast joined Easi-Set Worldwide's family of J-J Hooks precast concrete safety barrier licensed producers. . . . **Schmitt Industries (SMIT)** will delist its common stock from the NASDAQ Stock Market and list on the OTC Pink Market to save costs and focus resources on expanding its business units. . . . **Where Food Comes From (WFCF)** launched DairyCARE™, the latest offering in the Where Food Comes From CARE™ suite of sustainability standards.

BUCKAROOS SPEAK

What happened to FSI?

I have **Flexible Solutions International (FSI)** in my portfolio, and I can't find it anywhere in the newsletter? What happened to it?

-Linzie R. (FORUMS)

FSI left the newsletter in 2019 after a few management missteps. The stock has since dropped substantially, and the company missed earnings expectations again. It has a great business model, but needs to improve before we can recommend it to our subscribers again.

New to *The Bowser Report*

As a newcomer, I can see the list of Bowser stocks is a little old since some of them were recommended years ago. Is there a list of stocks I can buy now?

-Veniamin M. (FORUMS)

All recommendations are on page 4 and newcomers should aim to gradually accumulate shares of 8-12 different stocks. The Bowser Rating should be your strongest indicator of which stocks to buy, but it's entirely up to you. Remember to not pay more than \$3 per share and to stick to the Game Plan.

COMPANY OF THE MONTH... CONTINUED

continue to trend higher as Aerospace Products sales expand.

Valuation

With net income increasing to \$5.6 million in 2019, earnings per share jumped to \$0.06 compared to \$0.01 in 2018. Below is a table comparing Butler National's valuation metrics to the aerospace industry:

TTM Value Metrics	BUKS	Industry Average
Price/Book (P/B)	1.5	11.3
Price/Earnings (P/E)	8	24.9
Price/Sales (P/S)	0.7	1.8
Price/Cash Flow (P/CF)	3.4	14.1

In relation to its competition, BUKS is undervalued. BUKS qualifies as both a gaming and aerospace company, so the comparison to solely the aerospace industry may inflate the data. However, the valuation metrics of the casinos and gaming industry are incomparable due competitors' high debt/equity levels.

BUKS is trading above its book value, but is still undervalued relative to competitors. Additionally, the company may be growing at a slower rate, but high revenue growth mitigates the concern of stale financials.

Management has been efficient with the company's assets to create value over the past couple of years. In 2017, the board of directors approved a stock purchase program for \$500,000 of its common stock. The board then increased the maximum to \$750,000 and \$2,225,000 in 2018 and 2019, respectively. The program is authorized through May 1, 2020, and there have been 2.1 million shares purchased at

an average price of \$0.31/share so far, leaving \$1.56 million under the program.

Outlook and Risks

Outlook for the Professional Services segment isn't all that exciting as it's a consistent money maker with average growth. The company could potentially purchase the Boot Hill real estate in the future, which would result in a management contract renewal for the years to come.

We're optimistic about the Aerospace Products segment due to its recent growth and the investment in the development of several Supplemental Type Certificates (STC).

Industry outlook is solid as aerospace companies are growing at a steady rate with minimal risks. While there isn't too much merger and acquisition activity within the industry, there has been a pattern of many of big players buying small to mid-cap companies. This activity makes Butler National a potential acquisition target if it continues to capture market share.

Conclusion

Butler National has strong fundamentals. High liquidity, steady income and management's commitment to repurchasing shares overshadow its few weaknesses. Although the industry is competitive, BUKS has been able to gain market share and is undervalued relative to its peers. Whether it gets acquired or not, the company will keep creating value for shareholders and grow its Aerospace Products segment.

Office: 19920 West 161st St., Olathe, KS, Phone: (913) 780-9595, www.butlernational.com

Beginner's Portfolio Up 282%

BOUGHT: None this month

SOLD: BOSC (100 Shares) @ \$1.67 = \$167

	Cost	02/07/20	Cost	02/07/20	Cost	02/07/20	Proceeds			
AAME	280/Mar '12	215	LEAT†	488/Jan '18	550	AEHR†	368/Dec '18	402	From Sales	
BYFC†	398/Apr '16	290	RADA†*	452/Apr '18	578	SEAC†*	362/Dec '18	416		9,980
MMMB†	200/Jun '17	280	PRTS†	318/Jul '18	530	TSSI†	198/Mar '19	278		167
EMMS†	560/Aug '17	752	BOSC†	510/Aug '18	424	ISIG†	262/Apr '19	139	10,147	
NHLD†	546/Sep '17	570	LSYN†*	334/Sep '18	318	SB†	390/Jul '19	254		
VTST†	560/Dec '17	754	SMIT†	578/Oct '18	598	HCHC†	460/Jul '19	700		
							Current Holdings Value:	8,071		
Original cost for all stocks: \$4,766							Proceeds from Sales:	10,147		
							Total Value of Portfolio:	18,218		

Gain: 18,218 minus 4,766 = 13,452

*Half of original holdings

†Bought 200 Shares

Percentage of gain: 13,452 divided by 4,766 x 100 = 282.2

Compound Annual Growth Rate: 7.59%

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

The Beginner's Portfolio climbed higher as Bowser stocks in general had a solid past four weeks. Last month, we did misprint that we sold 100 shares of **Better Online Solutions (BOSC)**, when in fact we sold 100 shares of **Liberated Syndication (LSYN)**. The price (\$1.67) was correct. Current Holdings Value rose 0.8% compared to last month with **HC2 Holdings (HCHC)** turning in the portfolio's highest gain (+64%).

EARNINGS

	Quarter Ended	Current Sales	Same Period Last Year	Current Earnings	Same Period Last Year	Comments
Aehr Test Systems (AEHR)	11/30/19	\$6,874,000	\$5,533,000	\$251,000	(\$413,000)	
Altigen Communications (ATGN)	12/31/19	\$2,844,000	\$2,779,000	\$502,000	\$612,000	
DLH Holdings (DLHC)	12/31/19	\$52,238,000	\$33,752,000	\$1,551,000	\$1,690,000	
Iteris (ITI)	12/31/19	\$28,733,000	\$23,140,000	(\$2,068,000)	(\$2,464,000)	
Koss Corp. (KOSS)	12/31/19	\$4,162,659	\$5,411,227	(\$215,713)	\$103,149	(A)
LightPath Technologies (LPTH)	12/31/19	\$9,599,912	\$8,548,507	\$769,117	\$16,276	(B)
Riverview Bancorp (RVSB)	12/31/19	\$15,929,000	\$15,118,000	\$4,128,000	\$4,388,000	
Schmitt Industries (SMIT)	11/30/19	\$1,033,102	\$1,157,999	\$4,517,947	(\$255,272)	(C)
Sono-Tek Corp. (SOTK)	11/30/19	\$3,672,286	\$3,155,258	\$279,654	\$20,259	

(A) *"The decline in sales was driven by export markets," commented Michael J. Koss, CEO of KOSS. "Declines in sales to European distributors were due to renewed strength in the US dollar, as well as our distributors reducing their investment in inventory. In addition, an OEM contract for a customer in Asia was completed a year ago. Control of operating costs helped to mitigate the impact of the sales declines."*

(B) *Jim Gaynor, LPTH president and CEO: "Second quarter performance reflects a rebound from the last several quarters during which time we implemented several transitional strategies."*

Second quarter fiscal 2020 revenue reached a record level for any quarter, and the issues that were negatively impacting our gross margin were largely mitigated in the second quarter."

(C) *"The SBS sale unlocked significant value for shareholders," stated Michael R. Zapata, SMIT's CEO. "As we look ahead, we will seek to make focused and prudent investments to better determine our businesses' potential. Although improvements to operations are starting to reflect in the financials, the limited size of the two units and the high administrative burden create a hurdle the company must overcome."*

NOTES BY THE EDITOR

2020 got off to a strong start as multiple recommendations reached milestones. HC2 Holdings (HCHC) created value by selling a major asset (see more on page 2), and LightPath Technologies (LPTH) appreciated after reporting its latest quarterly earnings (see page 7).

Orion Energy Systems (OESX) was recommended in November 2019. Despite being recommended near its 52-week high, the stock has



doubled from its price at recommendation. Remember to lock in some of your gains by selling half of your holdings when it doubles from your purchase price, no matter the time frame. That covers your cost basis, leaving the rest as profit.

Although there were a few laggards this month, it's great to see so many recommendations hitting highs despite volatility in the overall market.

The latest quarterly issue of *The Bowser Database* has been published! Head to www.thebowserreport.com/bowser-database/ for your copy. Single issues are only \$25, and subscriptions are available.

FIVE BOWSER STOCKS UP AND DOWN

LightPath Tech.	UP	64%	Schmitt Industries	DOWN	22%
HC2 Holdings	UP	64%	Safe Bulkers	DOWN	22%
Orion Energy Systems	UP	56%	GSE Systems	DOWN	16%
CPS Technologies	UP	25%	VirTra	DOWN	15%
Where Food Comes From	UP	21%	ARC Document Solutions	DOWN	14%