



# Blackboxstocks Inc.

Q3 weak as company refocuses. Company's reverse merger with Evttec Group on track. Lowering P/T to \$6.

## COMPANY UPDATE

Rating: BUY

Ticker: BLBX

Price: \$3.70

Target: \$6.00  
(from \$10)

**Q3 weak:** Blackboxstocks recently (on November 14) reported its fiscal Q3 2023 (ending September) results. Revenue was \$0.7 million (-40% y-o-y), compared to our estimates of \$0.9 million. EPS was \$(0.21), compared to our estimates of \$(0.29). There was no Q3 guidance or consensus estimates.

**2023 macro difficulties:** 2023 saw continued difficulties in macro economic conditions which created significant headwinds and volatilities for financial markets returns and performance (despite a very strong rebound from 2022's very weak performance). YTD returns for S&P500 is +19% and NASDAQ is +36%, but this followed a very weak 2022 (with S&P500 -18% and NASDAQ -33%).

**Subscribers decline y-o-y:** The average member count for Q3 2023 was 3,174, down from 3,937 in Q2, and compared to 5,197 in Q3 2022.

**No guidance:** The company did not provide 2023 guidance. The company plans to release two new products in 2023/24, Stock Nanny (portfolio management) and Blackbox Pro (for professional investor).

**Adjusting estimates:** We are adjusting our 2023 estimates for revenue to \$3.1 million, from \$3.6 million, and for EPS to \$(1.42) from \$(1.58). Our estimates do not reflect the pending merger or potential contributions with Evttec Group.

**Merger with Evttec Group:** In April 2023, the company announced its intention to merge with Evttec Group, a leading supplier for luxury brands in the EV and performance automotive market. Evttec Group has projected revenue of \$132 million for FY (March) 2024. Blackbox stockholders are expected to own ~8% of the common shares of the combined company post-merger.

**Merger opportunities:** While exact terms of the merger are still being finalized, we believe that the potential opportunities and growth is a large opportunity for Blackboxstocks.

**Still focused on investment fintech:** Blackboxstocks goal is to provide retail investors with sophisticated trading tools together with an interactive community of traders and investors of all levels at an affordable price.

**Large market potential:** The global COVID-19 pandemic (starting in the U.S. in March 2020) created a unique environment for online companies as most of the world was locking down and sheltering-in-place ("SIP") at home. The financial stimulus provided by governments around the world coupled with a large portion of the population confined to their homes created a newly financed captive audience for investing and day trading. The COVID-19 pandemic allowed the company to greatly increase its audience and grow its user base on a global level.

**Positive high risks versus rewards:** We believe the demand for Blackboxstocks's trading software platform will grow fueled by continued industry growth and consumer demand for investment products. The merger opportunities are large as well. We believe the ~billion dollars market potentials presents high rewards for the risks.

**Valuation attractive:** We are maintaining our BUY rating, but lowering our 12-month price target to \$6 from \$10, based on a NPV analysis, representing significant upside from the current share price. We believe this valuation appropriately balances out the company's risks with the company's high growth prospects and large upside opportunities.

### Company Description

Blackboxstocks, based in Dallas, TX, provides a trading software platform that offers proprietary analytics and news for stock and options traders of all levels.

United States  
Technology

November 22, 2023

Edward Woo, CFA  
(561) 327-9435  
ewoo@ascendant.com

### Stock Data

Exchange:	NasdaqCM
52-week Range:	1.04 – 9.50
Shares Outstanding (million):	3.2
Market cap (\$million):	\$12
EV (\$million):	\$11
Debt (\$million):	\$0
Cash (\$million):	\$1
Avg. Daily Trading Vol. (\$million):	\$0.2
Float (million shares):	2
Short Interest (million shares):	~0
Dividend, annual (yield):	\$0 (NA%)

### Revenues (US\$ million)

	<u>2023E</u> <u>(Cur.)</u>	<u>2023E</u> <u>(Old)</u>	<u>2024E</u> <u>(Cur.)</u>	<u>2024E</u> <u>(Old)</u>
Q1 Mar	0.9A		0.9E	1.1E
Q2 Jun	0.7A		0.8E	1.0E
Q3 Sep	0.7A	0.9E	0.8E	1.1E
Q4 Dec	<u>0.7E</u>	<u>1.2E</u>	<u>0.8E</u>	<u>1.6E</u>
Total	<b>3.1E</b>	<b>3.6E</b>	<b>3.3E</b>	<b>4.8E</b>
EV/Revs	3.5x		3.3x	

### Earnings per Share (pro forma)

	<u>2023E</u> <u>(Cur.)</u>	<u>2023E</u> <u>(Old)</u>	<u>2024E</u> <u>(Cur.)</u>	<u>2024E</u> <u>(Old)</u>
Q1 Mar	(0.58)A		(0.14)E	(0.16)E
Q2 Jun	(0.45)A		(0.13)E	(0.16)E
Q3 Sep	(0.21)A	(0.29)E	(0.13)E	(0.17)E
Q4 Dec	<u>(0.19)E</u>	<u>(0.28)E</u>	<u>(0.03)E</u>	<u>(0.04)E</u>
Total	<b>(1.42)E</b>	<b>(1.58)E</b>	<b>(0.43)E</b>	<b>(0.54)E</b>
P/E	N/A		N/A	

\*Reflects a 1:4 reverse stock split in April 2023

### Important Disclosures

Ascendant Capital Markets LLC seeks to do business with companies covered by its research team. Consequently, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making an investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report, beginning on page 16.

### **OVERVIEW**

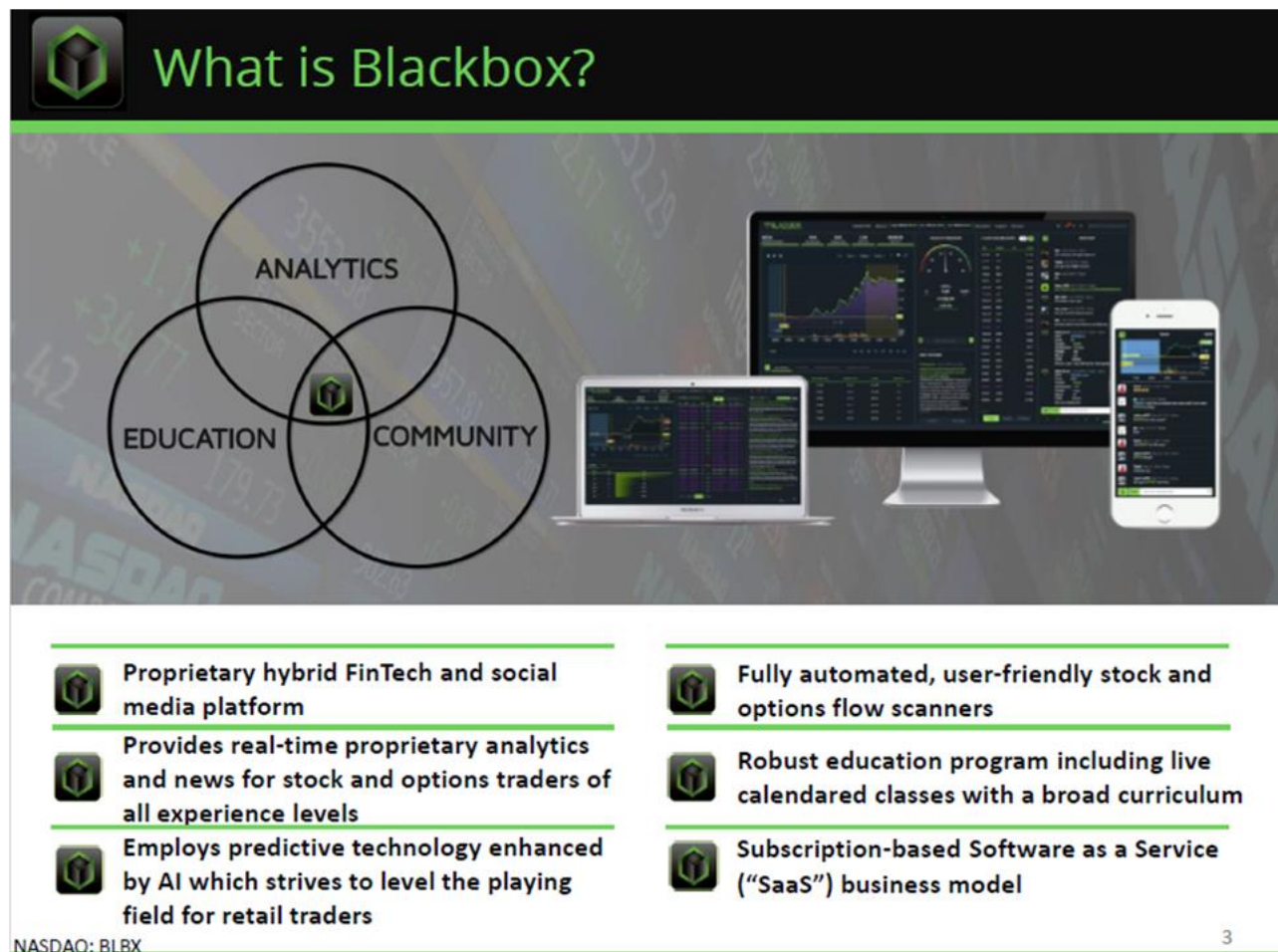
- Blackboxstocks recently (on November 14) reported its fiscal Q3 2023 (ending September) results.
- Revenue was \$0.7 million (-40% y-o-y), compared to our estimates of \$0.9 million.
- EPS was \$(0.21), compared to our estimates of \$(0.29).
- There was no Q3 guidance or consensus estimates.
- The company did not provide 2023 guidance.
- We are adjusting our 2023 estimates for revenue to \$3.1 million, from \$3.6 million, and for EPS to \$(1.42) from \$(1.58).
- We are adjusting our 2024 estimates for revenue to \$3.3 million, from \$4.8 million, and for EPS to \$(0.43) from \$(0.54).

### **ADDITIONAL DETAILS**

- Gross profit for the quarter was \$0.4 million, compared with our estimate of \$0.5 million.
- Gross margin for the quarter was 55%, versus our expectation of 60% and 60% last year.
- Operating expenses were \$1.3 million, versus our expectation of \$1.5 million.
- Operating loss was \$0.9 million, versus our expectation of a loss of \$0.9 million.
- Net loss was \$0.7 million, versus our expectation of a loss of \$1.0 million.
  
- In April 2023, the company effected a 1-for-4 reverse stock split.
- In April 2023, the company announced its intention to merge with Evttec Group, a leading supplier for luxury brands in the EV and performance automotive market. Evttec Group has projected revenue of \$132 million for FY (March) 2024. Blackbox stockholders are expected to own ~8% of the common shares of the combined company post-merger. Exact terms of the merger are still being finalized.

The company's balance sheet had \$1 million in cash and no debt, compared with \$1 million in cash and no debt at the end of June.

Exhibit 1: Blackboxstocks Inc. Corporate Overview



**What is Blackbox?**

ANALYTICS  
EDUCATION  
COMMUNITY

Proprietary hybrid FinTech and social media platform

Provides real-time proprietary analytics and news for stock and options traders of all experience levels

Employs predictive technology enhanced by AI which strives to level the playing field for retail traders

Fully automated, user-friendly stock and options flow scanners

Robust education program including live calendared classes with a broad curriculum

Subscription-based Software as a Service ("SaaS") business model

NASDAQ: BLBX

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**Unique Functionality**

**twitch**

Gamers live stream their online games in real time

Followers can view, listen and chat with broadcaster and other viewers

Followers can learn trading methods and strategies to master various video games

Traders live stream their stock charts and real time analytics

Followers can view, listen and chat with broadcaster and other viewers

Followers can learn trading methods and strategies from the broadcaster

- Fully interactive chat and social media platform that is integrated into our dashboard
- Allows our users to exchange information and ideas quickly and efficiently through a common network
- Live audio/screenshare feature that enables our members to broadcast on their own channels
- Growing community of members that spans over 42 countries

Source: Company reports.

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**Exhibit 2: Blackboxstocks Investment Highlights**

**Highlights:**


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- ✓ Unique FinTech platform with built in social media component
- ✓ Strategic partnerships in place
- ✓ Large addressable market
- ✓ Significant recurring revenue growth from SaaS revenue model
- ✓ New and exciting products in development
- ✓ Experienced management team and BOD

Source: Company reports.

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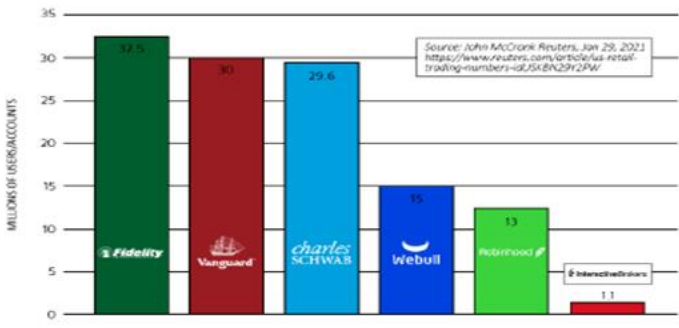
Exhibit 3: Stock Market Investing Market Opportunities



## The Market


- Primary market is day traders and swing traders
- Growing number of self directed and younger investors

**MORE THAN 100 MILLION:** The number of users/accounts combined at six of the top online brokerages, according to the most recent data.




Source: John McCrank, Reuters, Jan 29, 2021  
<https://www.reuters.com/technology/stock-trading-numbers-us-5X8N2912PW/>

**31 YEARS:** The median age of Robinhood users, one of the original commission-free online brokerages. More young adults are joining. Apex Clearing, which helps facilitate trades for brokerages, told Reuters around 1 million of new accounts it opened last year belonged to Gen Z investors, with an average age of 19.  
*John McCrank, Reuters Jan 29, 2021*



## The Market



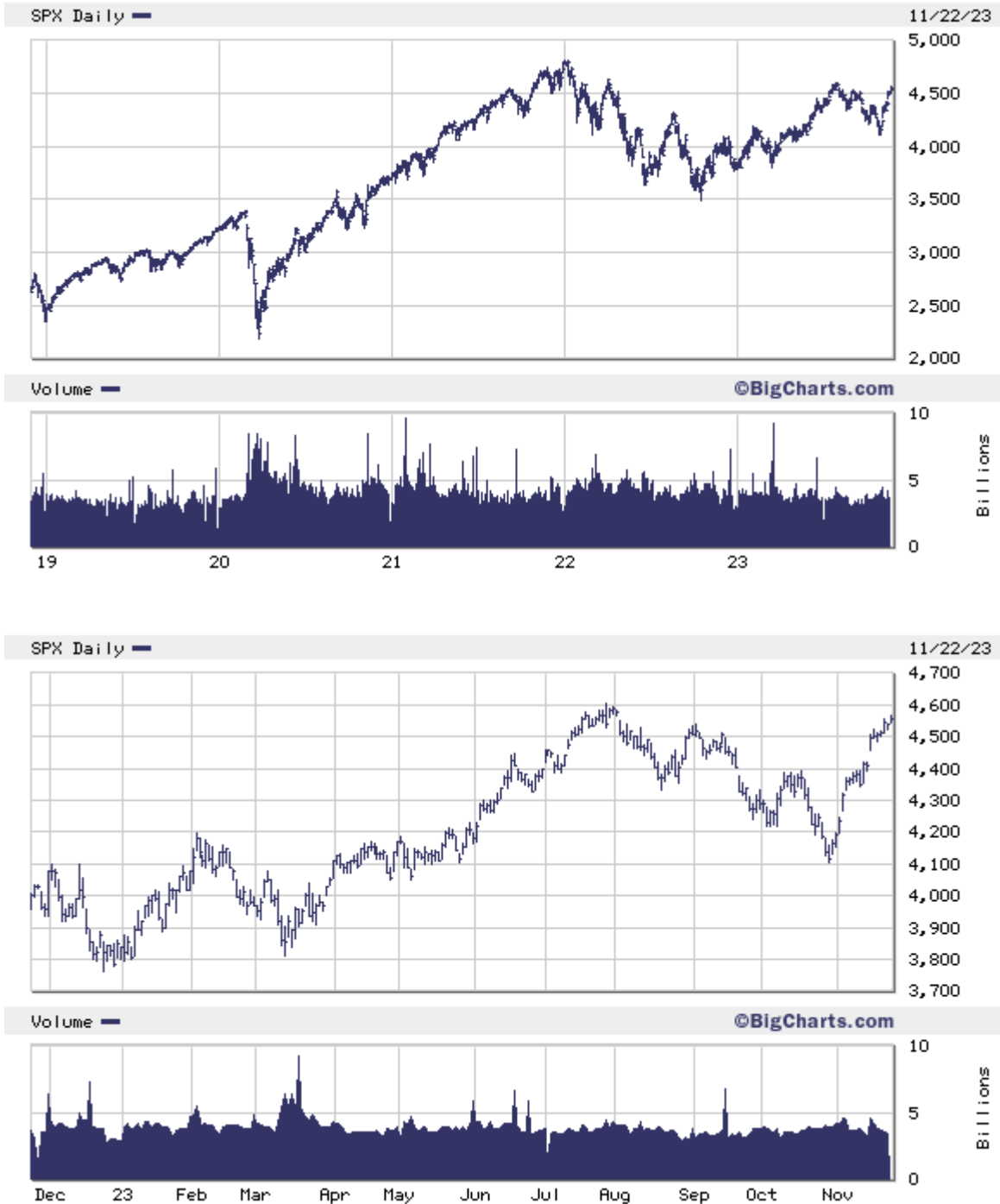
**Blackbox Community**

USA – 54M Self Directed Investors <sup>1</sup>	StockTwits – 1.5M Active Monthly Users 2021 <sup>3</sup>
USA – 23M Active Investors/Traders <sup>1</sup>	<b>Robinhood – 22M Accounts<sup>5</sup></b>
UK – 8.6M Brokerage Accounts 2017 <sup>2</sup>	Forex Worldwide – 9.6M Traders <sup>4</sup>

Source: Company reports.

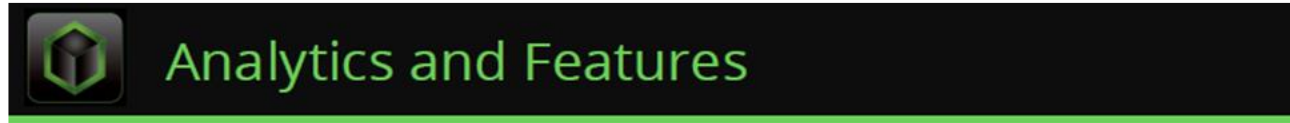


**Exhibit 4: Stock Market Index Price Charts for S&P 500 (5-years and 1-year)**



Source: <https://bigcharts.marketwatch.com/>

Exhibit 5: Blackbox System Trading Software Platform



# Analytics and Features

## Standard Market Features

- Real Time NYSE/NASDAQ Market Data
- Real Time OPRA Options Trade Data
- Streaming News Feed – Fly on the Wall
- Options News and Upgrades/Downgrades
- Institutional Grade Charts
- Earnings and Dividend Dates
- Daily Advancers / Decliners Scanner

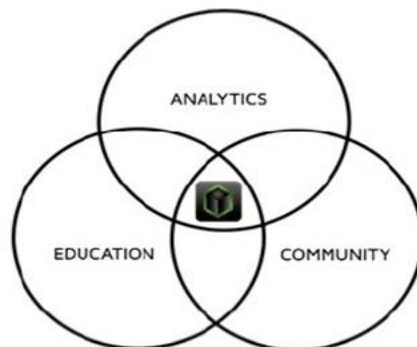
## Proprietary Features

- Volatility Indicator
- Real Time Algorithm-Driven Stock Alerts
- Symbol Specific Alert Criteria
- Broadcast Enabled Social Media
- Options Heatmap
- Pre-Configured Pre/Post Market Scanners
- Stock and Option Volume Ratio Scanner
- Members Only Live Audio




### Development of the Blackbox System

The Blackbox System was made available for use to subscribing customers worldwide in September 2016. We use a web-based platform focused on providing proprietary analytics and broadcast enabled social media for our community of members. Our product offering is comprised of three key elements: trading analytics, social media interaction and educational programs and resources.



Source: Company reports.

Exhibit 6: Revenue Model (pricing as of 12/7/22)



## SaaS Revenue Model/User Acquisition

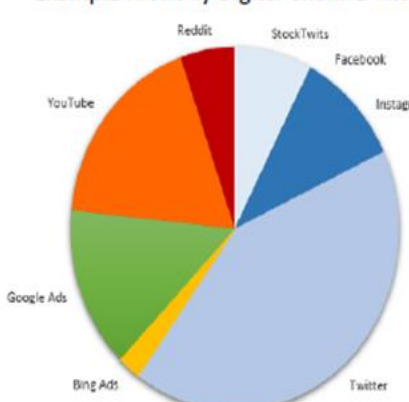
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### SaaS Revenue Model

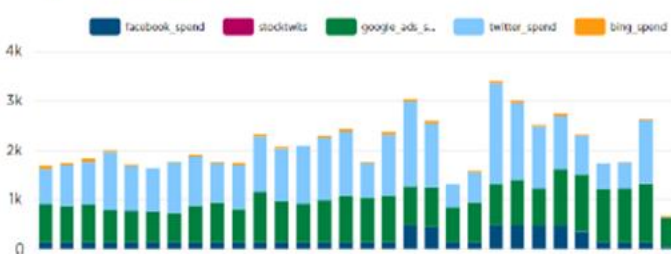
- Monthly or Annual subscriptions for \$99.57 or \$959.00
- No tiered or a la carte pricing
- Growth driven by **digital marketing** and **affiliate advertising**

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#### Example Monthly Digital Channel Attribution



#### Total Daily Ad Spend 2



# GET STARTED

Monthly Billing

**\$99.97** / month

SIGN UP

13 Months - SALE PRICE!

~~\$1300~~


**\$859.00** / Annual (SAVE)

SIGN UP

Source: Company reports.



Exhibit 7: Current and Planned Product Developments (as of Q1 2022)

 **Ongoing Developments**

**Native iOS and Android applications**

- Includes most of the features and functions currently available on our desktop version
- Allows members to use our platform at work
- Provides access to a broader base of subscribers
- Launching in April 2022



**Upgrading current social media and broadcast feature**

- Eliminates cumbersome on-boarding process
- Provides single authentication process for all platform channels
- Reduces risk of reliance on a third party



 **New Products**

**Portfolio Management Product**

- Targets entire retail investor segment
- Utilizes existing proprietary technology
- Much larger market >100 million US
- Launch: Q3 2022



**Blackbox Pro**

- Designed for professionals
- More advanced analytical tools
- Higher price point due to exchange premium
- Streamlines authentication with exchanges



**Crypto Currency Platform**

- Combines a quotation and execution system with the BLBX social media platform
- Targets asset class with explosive growth and a technology focused investor base



Source: Company reports.

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**Exhibit 8: Q3 2023 and Recent Corporate Highlights (as of November 14, 2023)**

**Third Quarter Financial and Operating Highlights:**

- Total revenue for the third quarter of 2023 was \$728,468 as compared to \$1,219,150 for the same period in 2022. Revenue for the nine months ended June 30, 2023 was \$2,324,870 as compared to \$3,890,951 for the prior year period.
- The average member count for the third quarter and nine months ended September 30, 2023 was 3,174 and 3,564, respectively.
- Operating expenses were \$1,269,769 in the third quarter of 2023 as compared to \$1,924,460 for the same period in 2022. For the nine months ended September 30, 2023 operating expenses were \$5,369,668 as compared to \$5,706,792 for the nine months ended September 30, 2022.
- Adjusted EBITDA was \$(513,026) and \$(1,075,361) for the three months ended September 30, 2023 and 2022, respectively. Adjusted EBITDA for the nine months ended June 30, 2023 and 2022 was \$(2,696,171) and \$(3,123,363), respectively.

Gust Kepler, Chief Executive Officer, commented, "It has been a challenging year for Blackbox, like many companies in the fintech and financial markets sector, however we have advanced several important initiatives including:

- We have made significant progress in the pursuit of our merger with Evtec. During the extensive preparation for this merger, we have negotiated additional terms that we believe will directly increase the stockholder value of this transaction.
- We are currently exploring strategic marketing partnerships with companies in the fintech and financial publishing sector to leverage and increase the growth of our core Blackbox product.
- We have completed two comprehensive beta tests for our exciting new product StockNanny. Feedback from the beta testers was extremely positive and provided extensive insight into the depth and breadth of the potential market for this new product, which we plan to launch as soon as possible.

With all of these initiatives progressing, Blackbox is meeting the challenges of the current environment and I am confident that our multiple pivot strategies will be successful and ultimately provide enhanced value for our shareholders."

Source: Company reports.

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**Exhibit 9: Announced Intent to Merge with Evttec Group (on April 17, 2023)**

**Blackboxstocks, Inc. Announces Letter of Intent for Merger with Evttec Group, a Leading Supplier for Luxury Brands in the EV and Performance Automotive Market with Projected Revenue of US\$132 Million for Fiscal Year Ended March 2024**

*Blackbox Stockholders expected to retain 8.34% of the common shares of the combined company's common stock post-merger*

Blackboxstocks Inc. (NASDAQ: BLBX), (“Blackbox” or the “Company”), a financial technology and social media hybrid platform offering real-time proprietary analytics for stock and options traders of all levels, announced today that it has entered into a letter of intent to merge with Evttec Group Limited, Evttec Aluminium Limited and Evttec Automotive Limited (collectively “Evttec”). Evttec is a supplier of proprietary parts for leading Luxury, Performance, and Electric Vehicle “EV” brands including Jaguar Land Rover, Aston Martin, and Ford, among many others.

- Evttec targets and acquires opportunistic mission critical supply chain assets at distressed valuations with strong order books from 2024 to 2032 for mostly single sourced parts.
- Evttec is led by David Roberts, a 40-year veteran of the global automotive market who also serves as a UK Export Ambassador and is backed by a team of seasoned executives with decades of experience.
- Evttec has record order demand in its pipeline with approximately US\$500 million in existing orders scheduled for delivery from 2024 through 2032.

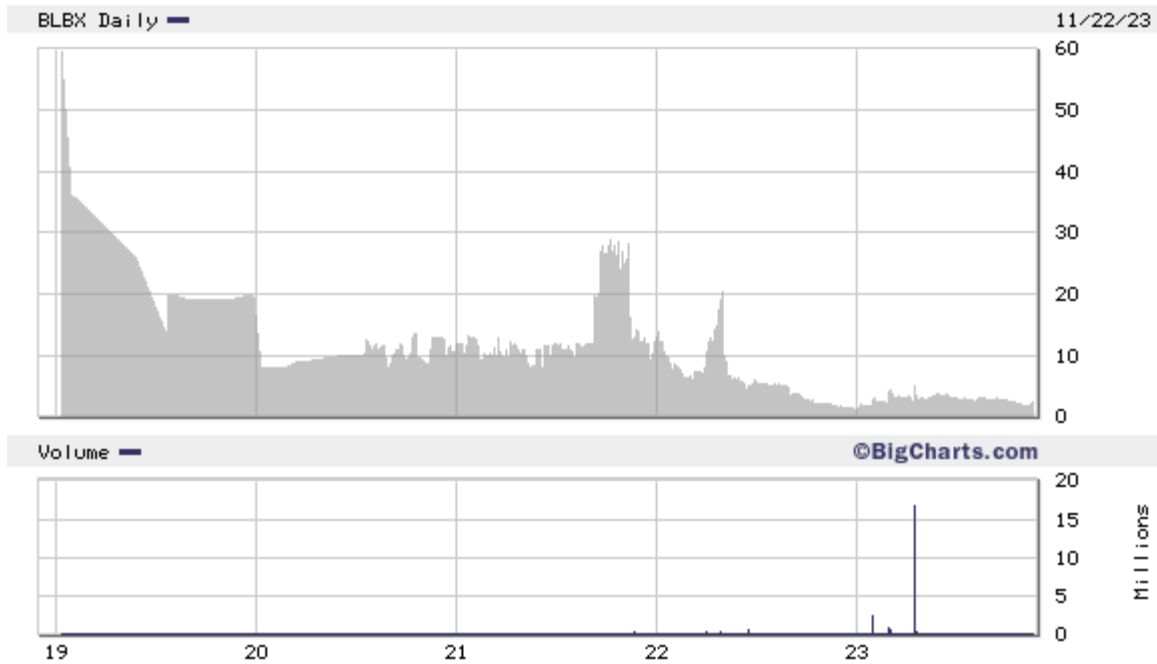
Gust Kepler, Chief Executive Officer of Blackbox, commented “We’re excited about pursuing this unique opportunity with Evttec. We believe that this transaction will provide significant and long-term value for our stockholders in the post-merger company. Blackbox will continue operations in the fintech sector as a subsidiary of the parent company and will continue executing its strategic plan in its ongoing mission to provide its users with the best trading information possible. However, we also believe that changes in the supply chain resulting from the pandemic and growing geo-political tensions are creating a unique opportunity for companies like Evttec. Evttec has the vision and resources to near-shore component manufacturing and provide its customers with long term certainty of critical parts and its shareholders with the prospect for higher returns.”

Source: Company reports.

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**Exhibit 10: Blackboxstocks Inc. Stock Price (5-Years)**



*\*Reflects a 1:4 reverse stock split in April 2023*

Source: <https://bigcharts.marketwatch.com/>

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## FINANCIAL MODEL

### Blackboxstocks Inc.

Income Statement (\$ mils)	Mar-21	Jun-21	Sep-21	Dec-21	2021	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
<b>Total Revenue</b>	1.5	1.5	1.5	1.7	6.1	1.3	1.4	1.2	1.1	5.0	0.9	0.7	0.7	0.7	3.1	0.9	0.8	0.8	0.8	3.3
Cost of Revenues	0.4	0.4	0.5	0.6	1.9	0.6	0.5	0.5	0.5	2.1	0.4	0.4	0.3	0.3	1.5	0.3	0.2	0.2	0.2	1.0
Gross Profit	1.1	1.1	1.0	1.1	4.3	0.7	0.9	0.7	0.6	2.9	0.4	0.3	0.4	0.4	1.6	0.6	0.6	0.6	0.6	2.3
Research & development	0.1	0.2	0.1	0.2	0.6	0.2	0.3	0.3	0.4	1.2	0.4	0.2	0.2	0.1	0.9	0.1	0.1	0.1	0.1	0.4
Selling, general and administrative	0.6	0.6	1.1	2.3	4.6	1.2	1.2	1.2	1.1	4.7	1.8	1.4	1.0	0.8	4.9	0.8	0.8	0.8	0.5	2.8
Advertising and marketing	0.2	0.3	0.3	0.4	1.3	0.3	0.5	0.4	0.2	1.5	0.2	0.2	0.1	0.1	0.6	0.2	0.1	0.1	0.1	0.5
Depreciation and amortization	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Restructuring and other					0.0					0.0					0.0					0.0
Total operating expenses	0.9	1.2	1.5	2.9	6.5	1.7	2.1	1.9	1.7	7.4	2.4	1.7	1.3	1.1	6.4	1.1	1.0	1.0	0.7	3.8
<b>Operating income (loss)</b>	0.1	(0.1)	(0.5)	(1.8)	(2.3)	(1.0)	(1.2)	(1.2)	(1.2)	(4.5)	(1.9)	(1.4)	(0.9)	(0.6)	(4.9)	(0.5)	(0.4)	(0.4)	(0.1)	(1.4)
Interest income (expense)	(0.1)	(0.1)	(0.0)	(0.1)	(0.4)	(0.0)	(0.0)	(0.0)	(0.02)	(0.1)	(0.0)	0.0	(0.0)	(0.0)	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Other income (expense)			0.0	0.0	0.0	(0.2)	(0.1)	(0.1)	0.02	(0.3)	0.0	0.0	0.2	0.0	0.2	0.0	0.0	0.0	0.0	0.0
Income before income taxes	0.0	(0.2)	(0.5)	(1.9)	(2.6)	(1.2)	(1.3)	(1.3)	(1.2)	(5.0)	(1.9)	(1.4)	(0.7)	(0.6)	(4.6)	(0.5)	(0.5)	(0.4)	(0.1)	(1.4)
Income taxes					0.0					0.0					0.0	0.0	0.0	0.0	0.0	0.0
Net income (loss)	0.0	(0.2)	(0.5)	(1.9)	(2.6)	(1.2)	(1.3)	(1.3)	(1.2)	(5.0)	(1.9)	(1.4)	(0.7)	(0.6)	(4.6)	(0.5)	(0.5)	(0.4)	(0.1)	(1.4)
Nonrecurring/noncash adjustments					0.0					0.0					0.0					0.0
<b>Net income (pro forma)</b>	0.0	(0.2)	(0.5)	(1.9)	(2.6)	(1.2)	(1.3)	(1.3)	(1.2)	(5.0)	(1.9)	(1.424)	(0.7)	(0.6)	(4.6)	(0.5)	(0.5)	(0.4)	(0.1)	(1.4)
EBITDA	0.1	(0.1)	(0.1)	(0.9)	(0.9)	(0.9)	(1.0)	(1.1)	(1.0)	(4.0)	(1.2)	(1.0)	(0.5)	(0.4)	(3.0)	(0.2)	(0.2)	(0.2)	0.2	(0.4)
Shares, Basic	2.1	2.1	2.4	2.9	2.4	3.3	3.3	3.3	3.3	3.3	3.3	3.2	3.2	3.3	3.2	3.4	3.4	3.4	3.4	3.4
Shares, Diluted	3.5	2.1	2.4	2.9	2.4	3.3	3.3	3.3	3.3	3.3	3.3	3.2	3.2	3.3	3.2	3.4	3.4	3.4	3.4	3.4
EPS Basic (pro forma)	\$0.01	(\$0.11)	(\$0.21)	(\$0.64)	(\$1.08)	(\$0.38)	(\$0.40)	(\$0.40)	(\$0.35)	(\$1.52)	(\$0.58)	(\$0.45)	(\$0.21)	(\$0.19)	(\$1.42)	(\$0.14)	(\$0.13)	(\$0.13)	(\$0.03)	(\$0.43)
EPS Diluted (pro forma)	\$0.00	(\$0.11)	(\$0.21)	(\$0.64)	(\$1.08)	(\$0.38)	(\$0.40)	(\$0.40)	(\$0.35)	(\$1.52)	(\$0.58)	(\$0.45)	(\$0.21)	(\$0.19)	(\$1.42)	(\$0.14)	(\$0.13)	(\$0.13)	(\$0.03)	(\$0.43)
<b>Margins</b>																				
Gross margin	73%	72%	68%	66%	70%	54%	64%	60%	52%	58%	48%	42%	55%	60%	51%	70%	70%	70%	70%	70%
Research & development	9%	14%	8%	12%	11%	15%	25%	25%	35%	24%	41%	31%	24%	15%	28%	15%	10%	10%	10%	11%
Selling, general and administrative	41%	42%	75%	137%	76%	96%	85%	98%	104%	95%	207%	183%	131%	105%	159%	85%	100%	100%	55%	85%
Advertising and marketing	14%	24%	19%	24%	20%	23%	38%	34%	21%	30%	25%	21%	18%	20%	21%	20%	14%	14%	14%	16%
Operating margin	10%	-8%	-34%	-107%	-37%	-80%	-84%	-98%	-108%	-92%	-227%	-194%	-119%	-81%	-158%	-51%	-55%	-55%	-10%	-43%
Tax rate, GAAP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Net margin	1%	-17%	-34%	-111%	-43%	-98%	-94%	-107%	-108%	-101%	-221%	-193%	-92%	-82%	-150%	-51%	-56%	-56%	-11%	-43%
<b>Y/Y % change</b>																				
Total Revenue	259%	81%	34%	62%	82%	-15%	-4%	-17%	-37%	-19%	-32%	-47%	-40%	-30%	-38%	5%	10%	10%	10%	9%
Gross margin	347%	86%	23%	105%	97%	-37%	-15%	-28%	-50%	-32%	-41%	-66%	-45%	-20%	-45%	53%	83%	40%	28%	49%
Research & development	280%	251%	34%	-341%	582%	42%	70%	170%	88%	87%	92%	-34%	-43%	-70%	-28%	-62%	-64%	-54%	-27%	-56%
Selling, general and administrative	74%	95%	136%	263%	162%	102%	94%	9%	-52%	2%	45%	13%	-20%	-30%	3%	-57%	-40%	-16%	-42%	-42%
Advertising and marketing	135%	143%	65%	36%	77%	44%	52%	46%	-45%	17%	-28%	-71%	-69%	-34%	-56%	-16%	-26%	-12%	-23%	-19%
Operating income (loss)	-163%	-352%	-684%	475%	452%	-804%	894%	140%	-36%	100%	91%	22%	-27%	-47%	7%	-76%	-69%	-49%	-86%	-70%
Net income (loss)	-71%	-226%	596%	262%	637%	-9996%	441%	159%	-39%	92%	53%	8%	-49%	-47%	-8%	-76%	-68%	-34%	-86%	-69%
EPS Diluted (pro forma)	-72%	-297%	481%	158%	517%	-10711%	252%	91%	-46%	40%	53%	13%	-47%	-47%	-7%	-76%	-71%	-38%	-86%	-70%

Source: Company reports and Ascendant Capital Markets estimates.

Reflects a 1:4 reverse stock split in April 2023



**Blackboxstocks Inc.**

Balance Sheet (\$ mils)	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4E	Q1E	Q2E	Q3E	Q4E
<b>Assets</b>																
Cash and cash equivalents	1.1	0.6	0.4	2.4	0.7	0.3	0.6	0.4	0.2	0.3	0.5	0.2	(0.4)	(0.6)	(0.8)	(0.7)
Short term investments				8.0	7.9	6.7	4.7	3.2	2.2	0.7	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable, net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.3	0.1	0.0	0.0	0.0	0.0	0.0
Inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred income taxes												0.0	0.0	0.0	0.0	0.0
Prepaid expenses and other			0.2	0.2	0.1	0.1	0.1	0.2	0.1	0.1	0.3	0.3	0.3	0.3	0.3	0.3
Total current assets	1.1	0.7	0.6	10.7	8.7	7.2	5.5	3.9	2.8	1.4	0.8	0.5	(0.1)	(0.3)	(0.5)	(0.3)
Property and equipment, net	0.3	0.5	0.5	0.4	0.4	0.4	0.5	0.4	0.4	0.4	0.3	0.2	0.1	0.0	(0.1)	(0.1)
Intangibles, net												0.0	0.0	0.0	0.0	0.0
Deferred income tax												0.0	0.0	0.0	0.0	0.0
Other	0.1	0.1								8.4	8.4	8.4	8.4	8.4	8.4	8.4
<b>Total assets</b>	<b>1.5</b>	<b>1.2</b>	<b>1.1</b>	<b>11.2</b>	<b>9.1</b>	<b>7.6</b>	<b>6.0</b>	<b>4.3</b>	<b>3.2</b>	<b>10.2</b>	<b>9.6</b>	<b>9.1</b>	<b>8.5</b>	<b>8.2</b>	<b>7.9</b>	<b>8.0</b>
<b>Liabilities and stockholders' equity</b>																
Accounts payable	0.4	0.4	0.5	0.6	0.7	0.8	0.7	0.7	1.0	0.8	0.8	0.8	0.5	0.5	0.4	0.5
Accrued expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0
Unearned subscriptions	1.1	0.9	0.8	1.3	1.2	0.9	0.6	1.0	0.9	0.7	0.6	0.6	0.6	0.6	0.6	0.6
Deferred income tax												0.0	0.0	0.0	0.0	0.0
Warrant liabilities												0.0	0.0	0.0	0.0	0.0
Other	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Short term debt	0.3	0.2	0.1	1.0	1.0	0.9	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total current liabilities</b>	<b>1.8</b>	<b>1.6</b>	<b>1.5</b>	<b>2.9</b>	<b>2.9</b>	<b>2.7</b>	<b>2.4</b>	<b>1.9</b>	<b>1.9</b>	<b>1.6</b>	<b>1.5</b>	<b>1.5</b>	<b>1.2</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>
Deferred income taxes												0.0	0.0	0.0	0.0	0.0
Warrant liabilities												0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.2	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Deferred revenue												0.0	0.0	0.0	0.0	0.0
Long term debt	0.9	0.9	0.9	0.1	0.1	0.1	0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total other liabilities</b>	<b>1.1</b>	<b>1.3</b>	<b>1.3</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
Preferred stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Common stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.3	0.5	0.6	0.8
Additional paid-in capital	5.7	5.8	6.2	17.6	17.7	17.8	18.0	18.1	17.6	26.5	26.7	26.7	26.7	26.7	26.7	26.7
Retained earnings	(7.2)	(7.4)	(7.9)	(9.8)	(11.0)	(12.4)	(13.7)	(14.8)	(16.7)	(18.1)	(18.8)	(19.4)	(19.9)	(20.3)	(20.8)	(20.9)
Other					(0.9)	(0.9)	(1.1)	(1.1)			(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Accumulated other comprehensive income												0.0	0.0	0.0	0.0	0.0
<b>Total stockholders' equity</b>	<b>(1.4)</b>	<b>(1.6)</b>	<b>(1.7)</b>	<b>7.8</b>	<b>5.8</b>	<b>4.6</b>	<b>3.3</b>	<b>2.2</b>	<b>1.0</b>	<b>8.4</b>	<b>7.9</b>	<b>7.4</b>	<b>7.1</b>	<b>6.8</b>	<b>6.5</b>	<b>6.6</b>
<b>Total stockholders' equity and liabil</b>	<b>1.5</b>	<b>1.2</b>	<b>1.1</b>	<b>11.2</b>	<b>9.1</b>	<b>7.6</b>	<b>6.0</b>	<b>4.3</b>	<b>3.2</b>	<b>10.2</b>	<b>9.6</b>	<b>9.1</b>	<b>8.5</b>	<b>8.2</b>	<b>7.9</b>	<b>8.0</b>

**Balance Sheet Drivers**

	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4E	Q1E	Q2E	Q3E	Q4E
Prepaid as % of total rev	0%	0%	10%	13%	8%	7%	7%	18%	15%	20%	36%	36%	37%	37%	37%	37%
A/P as % of total rev	24%	30%	36%	35%	55%	58%	61%	68%	113%	102%	113%	113%	56%	56%	56%	56%
Accrued exp related as % of total rev	1%	0%	0%	0%	1%	0%	1%	0%	0%	0%	0%	0%	2%	2%	2%	2%
<b>Activity Ratios</b>																
A/R Days Sales Outstanding	1	2	1	1	1	1	4	5	23	35	10	3	3	3	3	3
<b>Book &amp; Cash Value (per share)</b>																
Book Value per Share (diluted)	(\$0.40)	(\$0.77)	(\$0.71)	\$2.67	\$1.77	\$1.38	\$0.99	\$0.66	\$0.29	\$2.65	\$2.46	\$2.24	\$2.09	\$2.00	\$1.92	\$1.94
Cash per Share (diluted)	\$0.32	\$0.29	\$0.17	\$3.57	\$2.60	\$2.14	\$1.62	\$1.10	\$0.74	\$0.30	\$0.15	\$0.06	(\$0.12)	(\$0.19)	(\$0.24)	(\$0.19)
Net cash per Share (diluted)	(\$0.02)	(\$0.22)	(\$0.27)	\$3.21	\$2.29	\$1.84	\$1.33	\$1.10	\$0.72	\$0.28	\$0.13	\$0.04	(\$0.14)	(\$0.20)	(\$0.26)	(\$0.21)

Source: Company reports and Ascendant Capital Markets estimates

**Blackboxstocks Inc.**

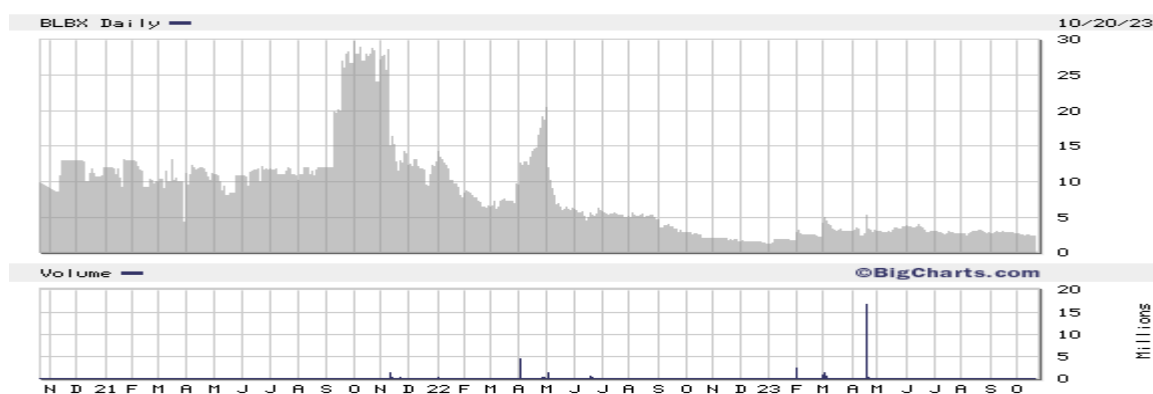
Cash Flow Statement (\$ mils)	Mar-21	Jun-21	Sep-21	Dec-21	2021	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	
<b>Cash flow from operating activities</b>																					
Net income	0.0	(0.2)	(0.5)	(1.9)	(2.6)	(1.2)	(1.3)	(1.3)	(1.2)	(5.0)	(1.9)	(1.4)	(0.7)	(0.6)	(4.6)	(0.5)	(0.5)	(0.4)	(0.1)	(1.4)	
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.4	
Amortization					0.0	0.0	0.0	(0.0)	0.0	0.0					0.0					0.0	
Debt related amortization expen	0.1	0.1	0.0	0.0	0.2			0.0	0.0	0.0					0.0					0.0	
Dividend					0.0					0.0					0.0					0.0	
Stock comp		0.0	0.4	0.9	1.4	0.1	0.1	0.1	0.1	0.5	0.8	0.4	0.2	0.2	1.5	0.2	0.2	0.2	0.2	0.6	
Deferred rent					0.0					0.0					0.0					0.0	
A/R reserves					0.0					0.0					0.0					0.0	
Deferred income taxes					0.0					0.0				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in fair value of warrant liability					0.0					0.0					0.0					0.0	
Writedowns and impairments					0.0					0.0					0.0					0.0	
Other gains/losses			(0.0)	(0.0)	(0.0)	0.2	0.1	0.1	(0.0)	0.3	(0.0)	(0.0)	(0.0)		(0.1)					0.0	
Other	(0.0)	0.0	(0.0)	0.0	(0.0)					0.0					0.0					0.0	
<b>Changes in operating assets and liabilities:</b>																					
Accounts receivable	0.0	(0.0)	0.0	(0.0)	(0.0)	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.2)	(0.1)	0.2	0.1	0.0	(0.0)	0.0	0.0	(0.0)	(0.0)	
Contract assets					0.0					0.0					0.0					0.0	
Inventory	(0.0)	(0.0)	(0.0)	0.0	0.0	(0.0)	(0.0)		(0.0)	(0.0)			0.0		0.0					0.0	
Prepaid expenses & other curre	0.0	(0.0)	(0.1)	(0.1)	(0.1)	0.1	(0.0)	0.0	(0.1)	0.0	(0.0)	(0.0)	(0.1)	(0.0)	(0.2)	(0.1)	0.0	0.0	(0.0)	(0.0)	
Income tax					0.0					0.0					0.0					0.0	
Other assets					0.0					0.0				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Accounts payable	0.0	0.1	0.1	0.1	0.2	0.1	0.1	(0.1)	(0.0)	0.1	0.2	(0.2)	0.1	0.0	0.1	(0.3)	(0.1)	(0.0)	(0.0)	(0.4)	
Accrued expenses	(0.0)	(0.0)		0.0	(0.0)				(0.0)	(0.0)				0.0	0.0	0.0	(0.0)	(0.0)	0.0	0.0	
Contract liabilities					0.0					0.0					0.0					0.0	
Unearned subscriptions	0.1	(0.2)	(0.2)	0.5	0.3	(0.1)	(0.3)	(0.3)	0.4	(0.3)	(0.1)	(0.2)	(0.1)		(0.5)					0.0	
Other liabilities					0.0					0.0				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>Net cash (used in) provided by</b>	<b>0.2</b>	<b>(0.3)</b>	<b>(0.2)</b>	<b>(0.5)</b>	<b>(0.7)</b>	<b>(0.8)</b>	<b>(1.2)</b>	<b>(1.5)</b>	<b>(0.8)</b>	<b>(4.3)</b>	<b>(1.3)</b>	<b>(1.5)</b>	<b>(0.5)</b>	<b>(0.3)</b>	<b>(3.5)</b>	<b>(0.6)</b>	<b>(0.2)</b>	<b>(0.2)</b>	<b>0.2</b>	<b>(0.8)</b>	
<b>Cash flow from investing activities</b>																					
Purchases of property and equip	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)		(0.0)	(0.0)	(0.0)	(0.1)		(0.0)	0.0	0.0	(0.0)	(0.0)	0.0	0.0	(0.0)	(0.0)	
Purchases of short-term investments				(8.0)	(8.0)	(0.1)	1.1	2.0	1.5	4.5	1.1	1.5	0.7		3.3					0.0	
Acquisitions					0.0					0.0					0.0					0.0	
Other					0.0					0.0					0.0					0.0	
<b>Net cash used in investing activ</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(8.0)</b>	<b>(8.1)</b>	<b>(0.1)</b>	<b>1.1</b>	<b>1.9</b>	<b>1.5</b>	<b>4.4</b>	<b>1.1</b>	<b>1.5</b>	<b>0.7</b>	<b>0.0</b>	<b>3.3</b>	<b>(0.0)</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.0)</b>	<b>(0.0)</b>	
<b>Cash flow from financing activities</b>																					
Issuance of debt					0.0					0.0				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Repayment of debt	(0.2)	(0.2)	(0.0)	(0.0)	(0.5)	(0.0)	(0.0)	(0.0)	(0.9)	(1.0)	(0.0)	(0.0)	(0.0)		(0.0)					0.0	
Issuance of stock	0.1	0.0		10.5	10.7					0.0		(0.0)		0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	
Proceeds from stock option exercises					0.0					0.0					0.0					0.0	
Other			0.0	(0.0)	0.0	(0.9)	(0.1)	(0.1)	(0.0)	(1.1)				0.0						0.0	
Dividends and distributions					0.0					0.0					0.0					0.0	
<b>Cash provided by (used in) fina</b>	<b>(0.1)</b>	<b>(0.2)</b>	<b>(0.0)</b>	<b>10.5</b>	<b>10.2</b>	<b>(0.9)</b>	<b>(0.1)</b>	<b>(0.2)</b>	<b>(0.9)</b>	<b>(2.1)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>0.0</b>	<b>(0.0)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	
Effect of exchange rate on cash					0.0					0.0					0.0					0.0	
<b>Net increase (decrease) in cash</b>	<b>0.1</b>	<b>(0.5)</b>	<b>(0.2)</b>	<b>2.0</b>	<b>1.5</b>	<b>(1.8)</b>	<b>(0.3)</b>	<b>0.3</b>	<b>(0.2)</b>	<b>(2.0)</b>	<b>(0.2)</b>	<b>0.0</b>	<b>0.2</b>	<b>(0.3)</b>	<b>(0.2)</b>	<b>(0.6)</b>	<b>(0.2)</b>	<b>(0.2)</b>	<b>0.2</b>	<b>(0.8)</b>	
<b>Beginning cash and equivalents</b>	<b>1.0</b>	<b>1.1</b>	<b>0.6</b>	<b>0.4</b>	<b>1.0</b>	<b>2.4</b>	<b>0.7</b>	<b>0.3</b>	<b>0.6</b>	<b>2.4</b>	<b>0.4</b>	<b>0.2</b>	<b>0.3</b>	<b>0.5</b>	<b>0.4</b>	<b>0.2</b>	<b>(0.4)</b>	<b>(0.6)</b>	<b>(0.8)</b>	<b>(0.8)</b>	
<b>Ending cash and equivalents</b>	<b>1.1</b>	<b>0.6</b>	<b>0.4</b>	<b>2.4</b>	<b>2.4</b>	<b>0.7</b>	<b>0.3</b>	<b>0.6</b>	<b>0.4</b>	<b>0.4</b>	<b>0.2</b>	<b>0.3</b>	<b>0.5</b>	<b>0.2</b>	<b>0.2</b>	<b>(0.4)</b>	<b>(0.6)</b>	<b>(0.8)</b>	<b>(0.7)</b>	<b>(0.7)</b>	

Source: Company reports and Ascendant Capital Markets estimates

## ANALYST CERTIFICATION

Each analyst hereby certifies that the views expressed in this report reflect the analyst's personal views about the subject securities or issuers. Each analyst also certifies that no part of the analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report. The analyst who prepared this report is compensated based upon the overall profitability of Ascendant Capital Markets, LLC, which may, from time to time, include the provision of investment banking, financial advisory and consulting services. Compensation for research is based on effectiveness in generating new ideas for clients, performance of recommendations, accuracy of earnings estimates, and service to clients.

## Blackboxstocks Inc.



Source: <https://bigcharts.marketwatch.com/>

*\*Reflects a 1:4 reverse stock split in April 2023*

	Report Date		Price
Report	Date	Rating	Target
1	6/27/2022	Buy	24.00
2	8/29/2022	Buy	23.00
3	12/7/2022	Buy	19.00
4	5/22/2023	Buy	14.00
5	8/18/2023	Buy	10.00

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**BUY:** We expect the stock to provide a total return of 15% or more within a 12-month period.

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**SELL:** We expect the stock to have a negative total return of more than 15% within a 12-month period.

Total return is defined as price appreciation plus dividend yield.

### Ascendant Capital Markets, LLC Distribution of Investment Ratings (as of October 13, 2023)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	51	98%	19	37%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	52	100%	19	37%

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