

Blackboxstocks Inc.

Initiating Coverage with BUY and \$6 Target

Strong growth potential for its Blackbox fintech trading software platform. We expect high growth over the next several years to be positive for stock.

COVERAGE INITIATION

Rating: BUY

Ticker: BLBX

Price: \$1.54

Target: \$6.00

Initiating with BUY: We are initiating coverage of Blackboxstocks with a BUY rating and a 12-month price target of \$6.00. Blackboxstocks is a software company that provides a platform that offers real-time proprietary analytics and news for stock and options traders of all levels.

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. This allows the users to capitalize and make profitable investment trades.

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.

Rise of the retail investors: In early 2021, the "meme stock mania" swept the U.S. markets. This newfound interest in the stock markets was positive for Blackboxstocks as its user base grew rapidly in Q1 2021 and throughout 2021. These new investors benefited from strong rising financial markets in the U.S. and globally in 2021.

Subscriber growth: Total member count as of March 31, 2022 was 7,400. The average member count for Q1 2022 was 5,709, compared to 5,575 for Q1 2021 and 5,748 for Q4 2021.

Growth is key: We believe that the biggest potential variable and challenge to our financial model is the ability of the company to successfully develop and market its trading platform to and grow its subscribers. We have modeled strong revenue growth next year (+82%) in 2023 after a small growth (+8%) in 2022 (due to weaker and volatile financial markets), primarily driven by growth in subscribers and its trading platform businesses.

However, challenges exist: Blackboxstocks operates in a highly competitive environment and competes against a wide range of other technology and investment companies. The fintech technologies that Blackboxstocks competes in are constantly changing and improving, so this requires Blackboxstocks to constantly invest in its technology and products. If Blackboxstocks is unable to keep its products innovative and useful, it may find its products and technologies obsolete. Also, 2022 has been a lot more weak and volatile in the stock markets (in the U.S. and globally) causing less investor interest in the stock market.

Positive high risks versus rewards: Overall, concerns outweighed by growth prospects and valuation. We believe the demand for Blackboxstocks's trading software platform will grow fueled by continued strong industry growth and increased consumer demand for investment products. We believe the ~billion dollars market potentials presents high rewards for the risks.

Current valuation attractive: We calculate a 12-month price target for shares of Blackboxstocks to be \$6.00 based on a NPV analysis, representing significant upside from the current share price. We believe this valuation appropriately balances out the company's high 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

June 27, 2022

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Stock Data

Exchange:	NasdaqCM
52-week Range:	1.05 –8.00
Shares Outstanding (million):	14
Market cap (\$million):	\$22
EV (\$million):	\$14
Debt (\$million):	\$1
Cash (\$million):	\$9
Avg. Daily Trading Vol. (\$million):	\$2
Float (million shares):	7
Short Interest (million shares):	~0.1
Dividend, annual (yield):	\$0 (NA%)

Revenues (US\$ million)

	<u>2021A</u> (Cur.)	<u>2022E</u> (Cur.)	<u>2023E</u> (Cur.)
Q1 Mar	1.5A	1.3A	2.5E
Q2 Jun	1.5A	1.4E	2.9E
Q3 Sep	1.5A	1.5E	2.5E
Q4 Dec	<u>1.7A</u>	<u>2.4E</u>	<u>4.0E</u>
Total	6.1A	6.6E	12.0E
EV/Revs	2.3x	2.1x	1.2x

Earnings per Share (pro forma)

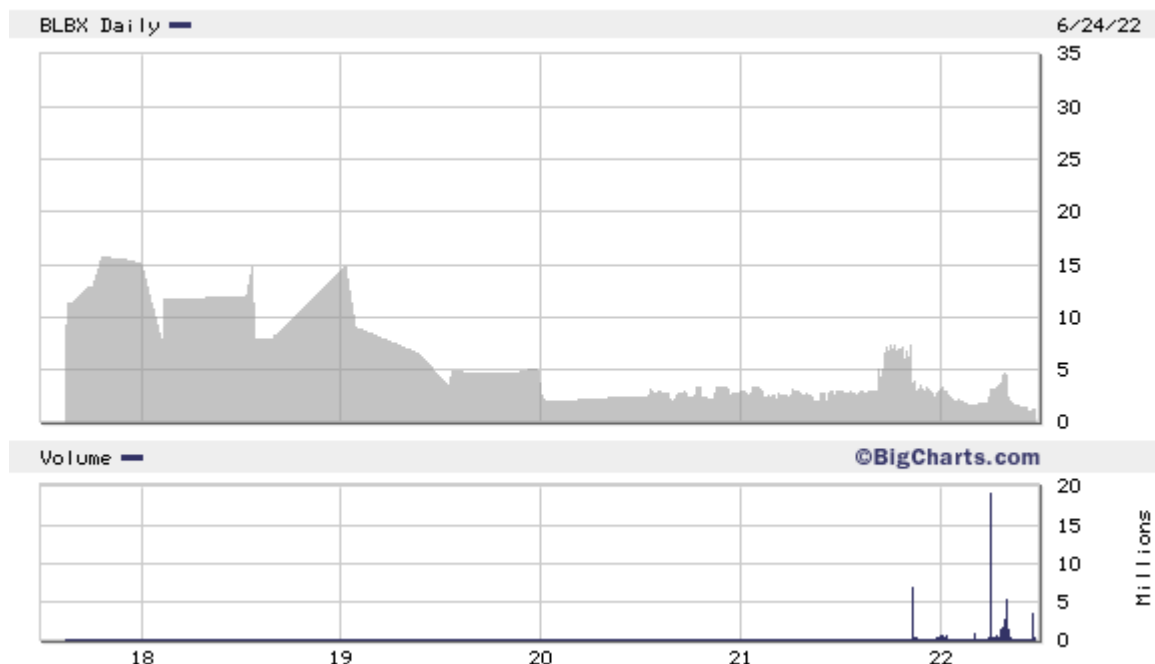
	<u>2021A</u> (Cur.)	<u>2022E</u> (Cur.)	<u>2023E</u> (Cur.)
Q1 Mar	0.00A	(0.09)A	0.00E
Q2 Jun	(0.03)A	(0.09)E	0.01E
Q3 Sep	(0.05)A	(0.02)E	0.01E
Q4 Dec	<u>(0.16)A</u>	<u>(0.03)E</u>	<u>0.02E</u>
Total	(0.27)A	(0.23)E	0.04E
P/E	N/A	N/A	39x

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 31.

Exhibit 1: Blackboxstocks Inc. Stock Price (5-Years)



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

INVESTMENT THESIS


We are initiating coverage of Blackboxstocks with a BUY rating and a 12-month price target of \$6.00.

Blackboxstocks, based in Dallas, TX, is a software company that provides a platform that offers real-time proprietary analytics and news for stock and options traders of all levels. The company's web-based software employs "predictive technology" enhanced by artificial intelligence to find volatility and unusual market activity that is likely to result in the rapid change in the price of a stock or option. This allows the users to capitalize and make profitable investment trades. Subscriptions for the use of the platform are sold on a monthly and/or annual subscription basis to individual consumers through the company website at <http://www.blackboxstocks.com>.



Blackboxstocks goal is to provide retail investors with the type of sophisticated trading tools that were previously available only to large institutional hedge funds and high-frequency traders together with an interactive community of traders and investors of all levels at an affordable price. The software continuously scans the NASDAQ, New York Stock Exchange, CBOE, and other options markets, analyzing over 10,000 stocks and up to 1,500,000 options contracts multiple times per second.







The company also provides users with a fully interactive social media platform that is integrated into its dashboard, enabling users to exchange information and ideas quickly and efficiently through a common network. Recently, the company also introduced a live audio/video feature that allows members to broadcast on their own channels to share trade strategies and market insight within the community.

Exhibit 2: Blackboxstocks Inc. Corporate Overview



What is Blackbox?

 Proprietary hybrid FinTech and social media platform	 Fully automated, user-friendly stock and options flow scanners
 Provides real-time proprietary analytics and news for stock and options traders of all experience levels	 Robust education program including live calendared classes with a broad curriculum
 Employs predictive technology enhanced by AI which strives to level the playing field for retail traders	 Subscription-based Software as a Service ("SaaS") business model

NASDAQ: BLBX 3

Source: Company reports.

The Blackbox System is a unique financial technology platform combining proprietary analytics and broadcast enabled social media to connect traders of all types worldwide on an intuitive, user-friendly system. The complexity of its systems is hidden from the end user by simple and easy to navigate dashboards which includes real-time alerts, scanners, financial news, institutional grade charting, and proprietary analytics.

The company launched the Blackbox System online web application for U.S. financial markets in September 2016. Subscriptions for the use of the Blackbox System are sold on a monthly and/or annual subscription basis to individual consumers through its website at <http://www.blackboxstocks.com>. Monthly subscriptions are currently \$99 per month and annual subscriptions are \$959 per year (a discount of ~\$241), though the company occasionally offers a discounted promotional first month rate which can range from \$5 – 30 (the current promotional price). There is only one level of subscription and all members have full access to all of the features on the platform.

Exhibit 3: Blackboxstocks Investment Highlights

Highlights:

- ✓ 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.

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. This in turn created market opportunities for trading tools like those offered by Blackboxstocks. The COVID-19 pandemic allowed the company to greatly increase its audience and grow its user base on a global level.

In early 2021, as the lockdowns eased and people began going back to the workplace and returning to normal pre-pandemic routines, the phenomenon commonly known as “meme stock mania” swept the U.S. markets. This newfound interest in the stock markets was positive for Blackboxstocks as its user base grew rapidly in Q1 2021 and throughout 2021. These new investors benefited from strong rising financial markets in the U.S. and globally in 2021.

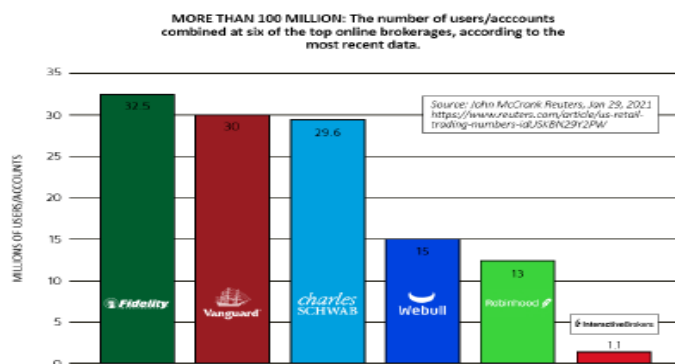
However, 2022 has been a lot more weak and volatile in the stock markets (in the U.S. and globally). Although the company believes that its platform enables its subscribers to profit in both bull and bear markets (make money on the way up and make money on the way down), it attributes some weakness due to a higher level of hesitancy resulting from the poor macro-economic environment and less investor interest in the stock market. Despite near term weakness in the markets, we believe the rise of the retail investors are here to stay and will over the long run be actively managing their own investments.

Exhibit 4: Stock Market Investing Market Opportunities



The Market

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

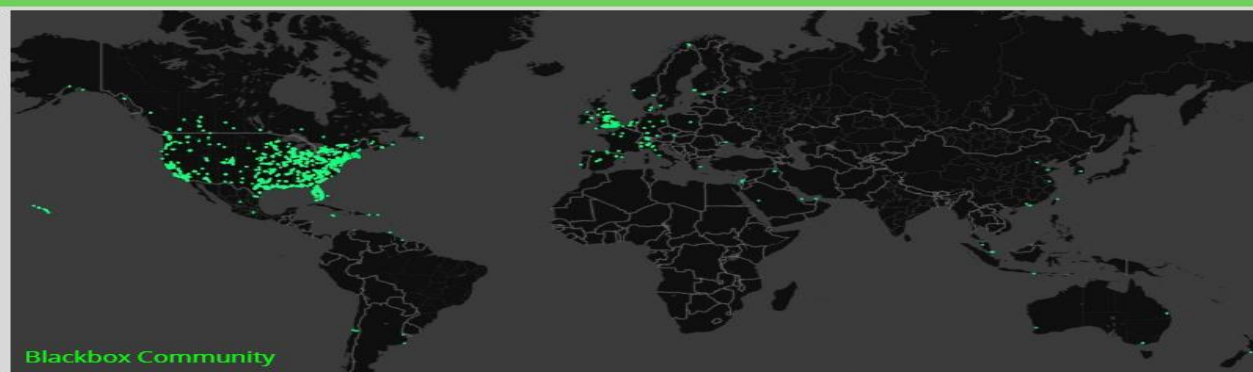


31 YEARS: The median age of Robinhood users, one of the original commission-free online brokerages. More young adults are joining. Apex Clearing, which helps facilitate trades for brokerages, told Reuters around 1 million of new accounts it opened last year belonged to Gen Z investors, with an average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

John McCrank, Reuters Jan 29, 2021



The Market



USA – 54M Self Directed Investors ¹	StockTwits – 1.5M Active Monthly Users 2021 ³
USA – 23M Active Investors/Traders ¹	Robinhood – 22M Accounts²
UK – 8.6M Brokerage Accounts 2017 ²	Forex Worldwide – 9.6M Traders ⁴

Source: Company reports.

Blackboxstocks had weaker revenue in Q1 as revenue declined 15% (y-o-y), and was -25% from Q4 2021. In its Q1 2022 report (on May 16, 2022), the company reported revenues of \$1.3 million and net loss was \$1.2 million. Revenue was -15% (y-o-y) due to a weaker trading environment which lowered subscribers. Total member count as of March 31, 2022 was 7,400.

The company does not provide specific quarterly financial guidance, but we believe that the company should continue to have high growth on an annual basis as it expands its products, customers, and technologies in 2022/23. We have modeled strong revenue growth next year (+82%) in 2023 after a small growth (+8%) in 2022 (due to weaker and volatile financial markets), primarily driven by growth in subscribers and its trading platform businesses.

For 2022, we expect revenues of \$6.6 million (+8% y-o-y) and net loss of \$3.0 million and EPS of \$(0.23). For 2023, we expect revenue of \$12.0 million (+82% y-o-y) and net income of \$0.6 million and EPS of \$0.04.

Blackboxstocks is constantly improving and expanding its product and services offering. In Q4 2021, it released a fully integrated social media component to its web platform, eliminating the need for dual authentication. In May, it just released a fully functional native applications for iOS and Android devices. Blackboxstocks expects new products for cryptocurrency markets, a mobile application for the self-directed investor, and a professional version of the Blackbox platform for professional traders to drive further growth.

The company's balance sheet is solid with \$9 million in cash and \$1 million in debt as of March 2022. We believe the company has enough cash for its near term operational and strategic plans.

Our investment thesis factors in an uncertain business and financial execution for its fintech software products, a very competitive industry, uncertain macro environment, volatile and weak financial markets, and balance sheet and investment uncertainties which is offset by the very large potential upside opportunities created from successful commercialization and growth. We believe that the current valuation for Blackboxstocks has already factored in many of its risks (principally its ability to grow revenues, subscribers, and profitability) but is under valuing its overall growth and product prospects, resulting in a positive risk versus reward scenario for an investment in Blackboxstocks.

We believe the current valuation is attractive.

Based on our expectations and assumptions and our NPV analysis, we calculate a 12-month price target for shares of Blackboxstocks to be \$6.00, representing significant upside from current share price. We believe this valuation appropriately balances out the company's high risks with the company's high growth prospects and large upside opportunities. We acknowledge that Blackboxstocks is still at an early stage in its product development, commercialization, and growth, but we believe key sales, subscribers, and financial milestones over the next year should be positive catalysts for the stock.

INVESTMENT RISKS

Growth and Commercialization Risks

In order for Blackboxstocks to increase the financial growth and profitability of its main trading software business, the company will need to increase awareness to its target markets (investors) and to demonstrate superiority (more effective, ease of use, lower costs, and/or better technologies) of its trading software technologies and services. The markets for fintech and investment technology software are characterized by high competition, frequent technological developments and innovations, new product and services, and evolving technology industry standards. This will require Blackboxstocks to develop its technologies, services, expertise and reputation, and continue to improve the effectiveness and ease of use of its software technologies and services. While the market opportunities are large, there are always significant risks to grow (add new subscribers) and commercialize new products (grow or maintain revenue per customers).

Investor's Interest In Investing

Blackboxstocks main goal is to provide useful proprietary analytics in a simple and concise format to level the playing field for the average retail investor. As retail investors are its main customers, the company is highly dependent on them to use its trading software platform to actively trade (day (trading in and out of an investment in the same day) or swing (short to medium term which may range from a few days to several months) trade). The rise of the retail investors' interest and investing in the stock market peaked with the meme and reddit (WallStreetBets) traders in early 2021 with such stocks as GameStop and AMC. However, with the recent (in 2022) weak and volatile stock market (all 3 major U.S. stock market indexes are down ~15 - 30% YTD), retail investor interests in investing have declined so far in 2022. If this continues, then it would have a material negative impact on Blackboxstocks business and financials (particularly in the near term).

Competition

Blackboxstocks operates in a highly competitive environment and competes against a wide range of other technology and investment trading and services companies that are attempting to replicate or have better technologies and operations than its main trading software technologies. Although Blackboxstocks believes that its products and services are superior to competing products and technologies, there are always the possibility of new entrants or difficulties with existing competition. Blackboxstocks competes primarily with very large technology and investment companies but also many new and well capitalized entrants in fintech and investments. Many of these competitors are much larger, have greater resources, very large customer base, and proprietary technology; which could result in lower projected sales and subscribers for Blackboxstocks and at higher costs, reduced margins, and lowered profitability for the company.

Regulatory Risks

Blackboxstocks's fintech trading software platform products are heavily regulated by the SEC, FINRA, various stock exchanges (NYSE, NASDAQ, CBOE), and other federal, state and local agencies. Although not as heavily regulated as it is not an investment bank (broker dealer) or financial advisor, Blackboxstocks still has to operate under various regulatory authorities who may restrict or impose conditions on the company's ability to operate in designated areas and to provide certain products or services to investors. Blackboxstocks provides fintech and investment trading products and advice, all of which are highly regulated, have high privacy and security requirements, and have strict rules to be able to participate in them. If Blackboxstocks experiences any problems or violations, the company may be unable to continue these businesses or may have significantly higher costs to maintain them.

Technology Risks

Technologies are constantly changing and improving due to new technologies and changing business and consumer demands. This requires a company like Blackboxstocks to constantly invest in its technology and products. This is much more the case for Blackboxstocks since the company is small and it is actively focused on fintech which has rapidly changing technologies. Technologies and products are still being established and there are numerous various viable business platforms being developed. If Blackboxstocks is unable to keep its products innovative and useful, it may find its technologies and products obsolete.

Coronavirus and Economic Uncertainties

General technology spending tends to be correlated with economic activity and income levels due to their discretionary nature, so major deterioration in economic conditions tends to result in an overall decline in consumer and enterprise spending. This was demonstrated during the 2008 and 2009 Great Recession and global economic slowdown. While enterprise and consumer spending levels and economic conditions have rebounded since and have been strong the past several years, the global macroeconomic environment can change significantly quickly as was shown with the start of the pandemic in March 2020. Since then, due to huge government stimulus the U.S. economy is now very strong. However, the pandemic has still negatively impacted many businesses and has been a huge disruption to the U.S. (and global) economy. Further economic disruptions and weakness may result in depressed enterprise and consumer spending levels; this may have a negative impact on Blackboxstocks and its customers/subscribers.

Capital Markets Risks

We believe Blackboxstocks has enough cash to fund its operations and strategic plans for the next several years. However, the company is still incurring losses and we believe that it will be at least a year before the company can be cash flow self-sufficient from operations. Many early stage technology companies fund their operations from the sale of equity or debt capital until their products or services reach commercial success. Early stage technology companies valuations tend to fluctuate widely, particularly in the past year with the large and weak volatility in the markets. There is always the chance that market interests and valuations for companies in this industry (or the total stock market) can decline significantly or to decline even more from current weak levels. The share price volatility in the past year (with a stock price range of \$1.05 – 8.00) in Blackboxstocks's share price may make capital raising much more difficult and expensive.

Exhibit 5: Stock Market Index Price Charts for S&P 500, NASDAQ Composite, Russell 200 (5-years and YTD)



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

VALUATION

We are initiating coverage of Blackboxstocks with a BUY rating and a 12-month price target of \$6.00, which is based on a NPV analysis. The company currently generates revenue but also losses as it invests to grow its businesses so traditional valuation metrics are not useful. We believe a more accurate valuation should take into consideration the potential value of its various businesses (sum of the parts). We do acknowledge that this valuation is complex and requires a large number of forward assumptions that we have to estimate that may be imprecise and may vary significantly from actual results. This is particularly so for a company like Blackboxstocks which is still in early high growth phase with its main business.

However, we believe our assumptions are fair and provide a reasonable basis for our valuation analysis. Our analysis considers future estimated profits from each of its major business segments (based on estimated future profits and discounted this back to a current value), though Blackboxstocks is currently focused only on its Blackbox trading platform business. We apply a high discount rate to capture the high uncertainties associated generally with early stage companies. We then added up the values (including current net cash), and allocated the value based on current share count. Based on our NPV analysis, we arrived at our 12-month price target of \$6.00, which we believe appropriately balances out the company's risks with its high growth prospects.

On November 9, 2021, the company's stock was uplisted to the Nasdaq Capital Market (from OTC Pink). The company's stock has traded in a volatile range of \$1.05 – 8.00 over the past year, and \$1.05 - 5.80 since its uplisting. The stock closed at \$3.57 on 12/31/21 and is now (as of 6/24/22) at \$1.54.

Exhibit 6: Blackboxstocks Stock Price (since uplisting to Nasdaq Capital Market on November 9, 2021)



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

We believe this stock price volatility is likely due to the high general stock price volatility with small/microcap technology stocks so far in 2022. We believe that there are near term catalysts that can drive the stock (particularly for key sales, subscribers, and growth milestones expected in 2022). As the company is likely to make significant progress (and growth) in its businesses over the next several years, we believe this will result in much improved visibility into future cash flows and higher share price. We believe the company has a solid balance sheet, and that it has enough capital to achieve its strategic goals.

We expect valuations for Blackboxstocks to improve as visibility into cash flow generation becomes clearer, resulting in significant upside to the current share price. We also want to note that investor's interest in technology companies (particularly with fintech and software companies) are still very high with many companies in this area attributed high valuations due to the large market and growth opportunities.

Exhibit 7: Company Valuation (DCF) (in millions)

Product	Calculated NPV	Discount Rate	Estimated Annual Profits
Blackbox Platform	\$ 76	13%	10
Total	\$ 76		
Net cash	\$ 8		
Current Value for existing shareholders	\$ 84		
Shares Outstanding (mils)	14		
Estimated Value per share	\$ 6.00		

Source: Ascendant Capital Markets estimates

COMPANY

Blackboxstocks, based in Dallas, TX, is a software company that provides a platform that offers real-time proprietary analytics and news for stock and options traders of all levels. The company's web-based software employs "predictive technology" enhanced by artificial intelligence to find volatility and unusual market activity that is likely to result in the rapid change in the price of a stock or option. This allows the users to capitalize and make profitable investment trades. Subscriptions for the use of the platform are sold on a monthly and/or annual subscription basis to individual consumers through the company website at <http://www.blackboxstocks.com>.

Blackboxstocks goal is to provide retail investors with the type of sophisticated trading tools that were previously available only to large institutional hedge funds and high-frequency traders together with an interactive community of traders and investors of all levels at an affordable price. The software continuously scans the NASDAQ, New York Stock Exchange, CBOE, and other options markets, analyzing over 10,000 stocks and up to 1,500,000 options contracts multiple times per second. The Blackbox platform was initially made available to subscribers in September 2016.

The company also provides users with a fully interactive social media platform that is integrated into its dashboard, enabling users to exchange information and ideas quickly and efficiently through a common network. Recently, the company also introduced a live audio/video feature that allows members to broadcast on their own channels to share trade strategies and market insight within the community.

Blackboxstocks was originally incorporated in October 2011 under the name SMSA Ballinger Acquisition Corp. as part of a bankruptcy reorganization. In March 2016, the company completed a reverse merger with Tiger Trade Technologies, Inc. and changed its name to Blackboxstocks Inc. The company then began operating as a financial technology and social media platform company. As of March 30, 2022, the company had 15 employees, with an additional 22 contract workers, traders, and developers.

Exhibit 8: Blackboxstocks Management Team



Executive Team

Gust Kepler – CEO, Co-Founder and Director

- Founder and President of several companies including G2 International Inc, Parallax Inc, and Glance Toys
- 10 years experience consulting for public companies on capitalization, strategic planning and investor relations

Eric Pharis - COO and Co-Founder

- 20 years experience in quantitative trading – proprietary trading at Daytek Securities, high frequency trading at Quantbrasil
- Masters in Financial Engineering from Cornell University

Robert Winspear - CFO and Director

- 25 years experience as CFO, CEO or director of multiple public and private companies, including NASDAQ listed companies
- BBA and MPA from University of Texas

Name	Age	Position(s) Held
Gust Kepler	57	Director, President, Chief Executive Officer
Robert Winspear	56	Director, Chief Financial Officer and Secretary
Eric Pharis	47	Chief Operating Officer

Source: Company reports.

PRODUCT

Blackboxstocks is a financial technology (“fintech”) and social media hybrid platform offering real-time proprietary analytics and news for stock and options traders of all levels. Its web-based software (the “Blackbox System”) employs “predictive technology” enhanced by artificial intelligence to find volatility and unusual market activity that may result in the rapid change in the price of a stock or option. This allows the users to capitalize and make profitable investment trades.

This software continuously scans the New York Stock Exchange (“NYSE”), NASDAQ, Chicago Board Options Exchange (the “CBOE”) and other options markets, analyzing over 10,000 stocks and over 1,500,000 options contracts multiple times per second. The company provide its users (subscribers) with a fully interactive social media platform that is integrated into its dashboard, enabling them to exchange information and ideas quickly and efficiently through a common network.


The company recently introduced a live audio/video feature that allows members to broadcast on their own channels to share trading strategies and market insight within the Blackbox community. The company uses a subscription based Software as a Service (“SaaS”) business model and maintain a growing base of subscribing users (7,400 member as of March 31, 2022) in 42 countries.

The Blackbox System is a unique financial technology platform combining proprietary analytics and broadcast enabled social media to connect traders of all types worldwide on an intuitive, user-friendly system. The complexity of its systems is hidden from the end user by simple and easy to navigate dashboards which includes real-time alerts, scanners, financial news, institutional grade charting, and proprietary analytics.

The company launched the Blackbox System online web application for U.S. financial markets in September 2016. Subscriptions for the use of the Blackbox System are sold on a monthly and/or annual subscription basis to individual consumers through its website at <http://www.blackboxstocks.com>. Monthly subscriptions are currently \$99 per month and annual subscriptions are \$959 per year (a discount of ~\$241), though the company occasionally offers a discounted promotional first month rate which can range from \$5 – 30 (the current promotional price). There is only one level of subscription and all members have full access to all of the features on the platform.


Additionally, the company receives revenues from commissions and the sale of promotional products. The company also has an affiliate program where it offers certain subscribers the right to promote the Blackbox System and receive referral fees for subscribers referred. Generally, the company pays referring subscribers \$25 for each subscription generated and \$25 for each month the subscriber continues their subscription.



Exhibit 9: Blackbox System Trading Software Platform



Analytics and Features

Standard Market Features	Proprietary Features
<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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



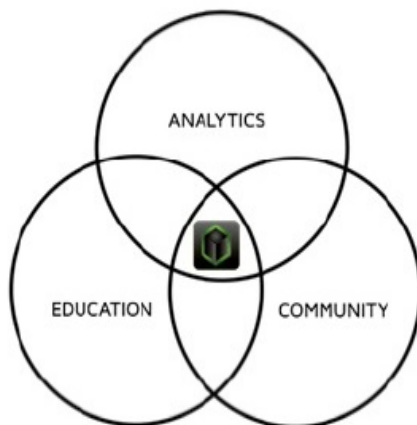



Source: Company reports.

Exhibit 10: Blackbox System Development

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.

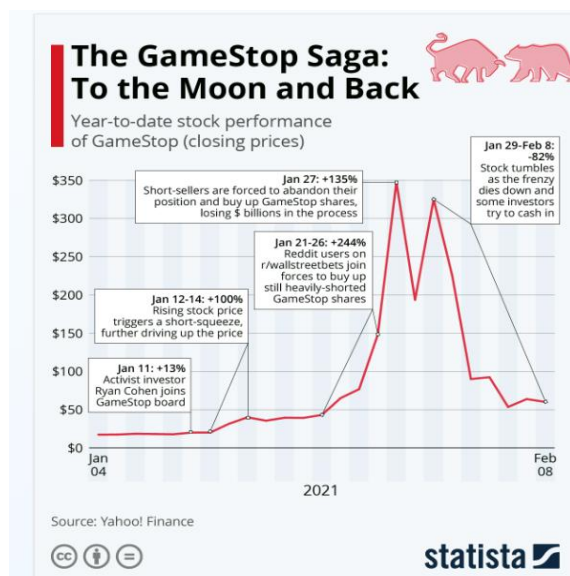
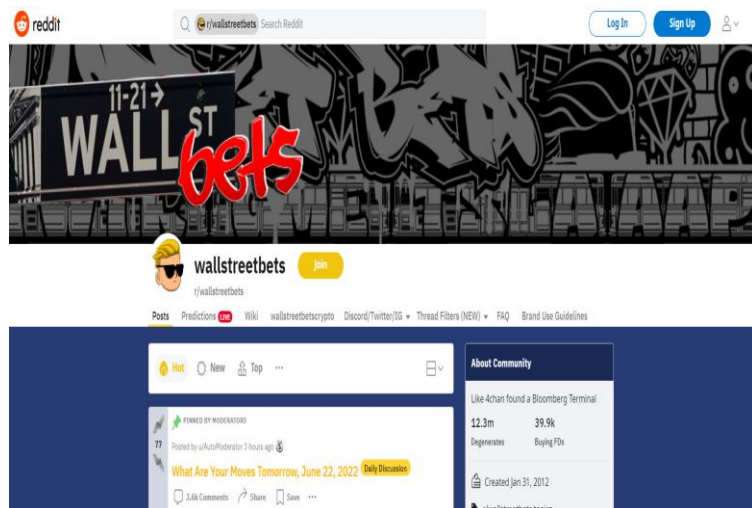
Market Opportunity

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. This in turn created market opportunities for trading tools like those offered by Blackboxstocks. The COVID-19 pandemic allowed the company to greatly increase its audience and grow its user base on a global level.

In early 2021, as the lockdowns eased and people began going back to the workplace and returning to normal pre-pandemic routines, the phenomenon commonly known as “meme stock mania” swept the U.S. markets. More than 10 million new brokerage accounts were opened by individuals in 2020 — more than ever in one year, according to JMP Securities. This newfound interest in the stock markets was positive for Blackboxstocks as its user base grew rapidly in Q1 2021 and throughout 2021. These new investors benefited from strong rising financial markets in the U.S. and globally in 2021.

However, 2022 has been a lot more weak and volatile in the stock markets (in the U.S. and globally). The S&P 500 dropped by 4.9% in Q1 2022 as compared to a gain of 5.8% in Q1 2021. In addition to the weak stock market performance, the U.S. macro environment has weakened, with current inflation of +8.6% (May 2022 consumer price index (CPI) y-o-y) and a decline in Q1 2022 GDP of -1.5% (y-o-y). These macro challenges have reduced investable cash of investors and prospective subscribers. Although the company believes that its platform enables its subscribers to profit in both bull and bear markets (make money on the way up and make money on the way down), it attributes some weakness due to a higher level of hesitancy resulting from the poor macro-economic environment and less investor interest in the stock market. Despite near term weakness in the markets, we believe the rise of the retail investors are here to stay and will over the long run be actively managing their own investments.

Exhibit 11: The 2020s Rise of the Retail Investors





Source: <https://www.reddit.com/r/wallstreetbets/>, Robinhood, NY Post, <https://www.statista.com/chart/24054/gamestop-share-price/>, <https://bigcharts.marketwatch.com/>.


Exhibit 12: Blackboxstocks Education Programs


Blackbox Education Program

- Offering a broad curriculum of courses for beginners, intermediate level traders, and advanced courses for seasoned traders.
- Carefully curated educators from the top traders within our community.
- Live classes and recorded classes
- Education of our members makes them more likely to stay and be successful.
- Partnered with the Options Industry Council (OIC), a non-profit organization funded by the Options Clearing Corp.




Teresa Arthur
 Intro to Stocks and Options


Mike Downey
 Options Flow Specialist


Mel Stone
 Dark Pool Specialist

- Trading with Charlie and Maria (Mondays/Wednesdays/Fridays 9:15am – 10:30am EST)
- Blackbox Orientation (Monday 5:00pm – 7:00pm EST)
- Tuesday and Thursday Q&A (Tuesdays/Thursdays 4:00pm – 5:00pm EST)
- Blackbox Bootcamp Part I ~Basics of Stocks and Options (Twice Weekly)
- Blackbox Bootcamp Part II ~The BBS Trading System (Twice Weekly)
- Understanding Options Flow (Thursdays 7:00pm – 9:00pm EST)
- Technical Analysis 101 (Mondays 8:00pm – 9:00pm EST)
- Dark Pool Basics (Thursdays 5:00pm – 6:00pm EST)

Source: Company reports.

Blackboxstocks's mission is to provide useful proprietary analytics in a simple and concise format to level the playing field for average retail investors. The company strives to educate its members both within its live trading community and in scheduled, calendared classes with live instructors. The company wants every member to feel they are part of a team with the goal of attaining financial literacy. All education and community programs are included with the subscription to its platform.

Exhibit 13: Blackbox Community



Blackbox is more than just a trading tool! “Blackbox is a lifestyle, a culture, and a **community**.” We are an experienced team of traders that mentor new members and **collaborate** as we seek to provide the best trading strategies and results for everyone in our **global** online community!

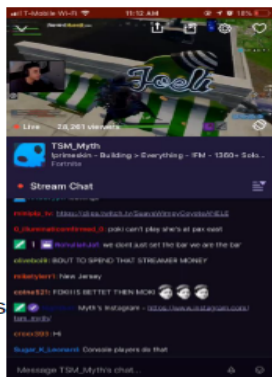
Unique Functionality



Gamers live stream their online games in real time

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

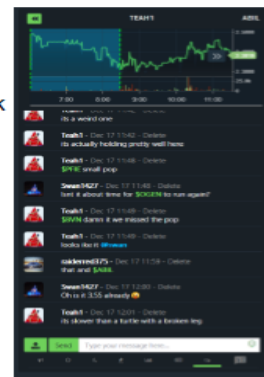
Followers can learn methods and strategies to master various video games



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.

The Blackbox Advantage

Blackboxstocks product offerings are comprised of three key elements:

1. Trading analytics
2. Social media interactions
3. Educational programs and resources

Trading Analytics

Blackboxstocks's preconfigured dashboard is designed to be simple and easy to navigate and includes real-time alerts, stock and options scanners, financial news, institutional grade charting, and proprietary analytics that can be utilized by traders of all levels. The Blackbox System populates the stock and option data in real time and provides a wide range analytics and tools for traders. The company offers many of the standard market tool features used by traders but differentiate its product with an array of unique proprietary features and derived data. These proprietary features are designed to filter out "market noise" and locate the relevant market movers in the stock or option category in real-time to help traders make good financial trades and to make money.

In December 2017, Blackboxstocks launched its first Options Flow Scanner as a new feature on its platform. The Options Flow Scanner is designed to monitor and alert members to unusual activity on the options exchanges. Blackboxstocks has created a proprietary options alert system and a proprietary options "heatmap" to allow members to follow large options purchases in real-time. The heatmap provides members with a color-coded chart indicating bullish or bearish activity of a security's option contracts sorted by strike price and expiration date that quickly identifies which direction money is flowing. This has proven to be a very popular feature for members. The company also added a Dark Pool Scanner in 2020. The Dark Pool Scanner monitors, tracks, charts and displays large blocks of stock that are often purchased in dark pools and as a result these orders are not displayed on regular exchanges.

Brokerage Integrations

Blackbox has trading integrations with the online brokerages E*Trade and TradeStation. These integrations allow members to execute trades through E*Trade or TradeStation directly from the Blackbox platform. Members that use this integration feature have access to certain custom tools, including a "quick-click" feature that loads Blackbox stock and options alerts with two simple clicks, greatly reducing the time it takes for order entry. This feature is especially helpful for the order entry of option contracts, as they can be detailed, lengthy, and cumbersome to enter. Blackboxstocks plans to expand the number of brokerages that have trading integrations in the future.

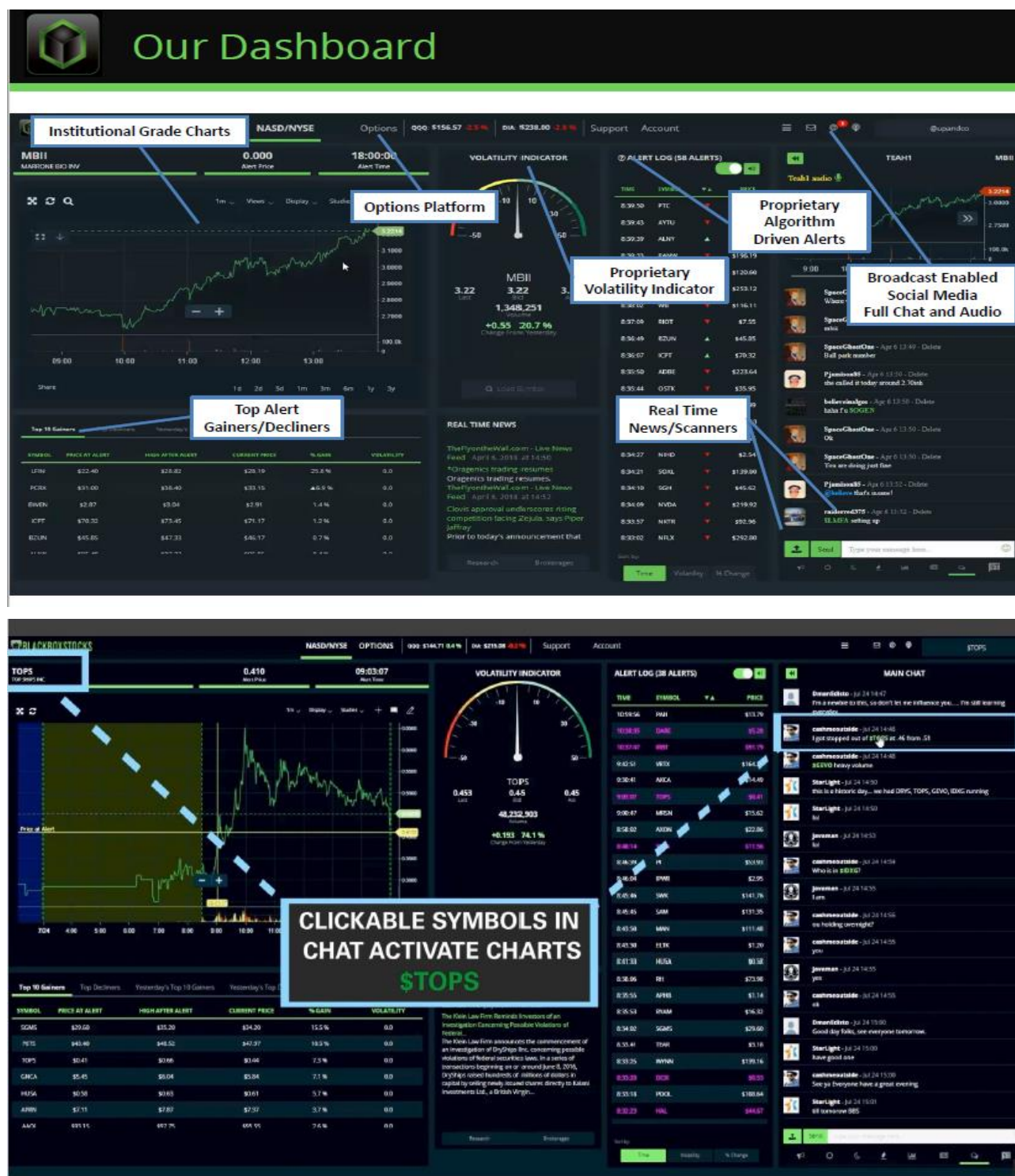
Education

The company offers a complete curriculum of scheduled classes weekly. These classes are for beginners, intermediate level traders, and advanced courses for seasoned traders.

Social Network Interactions

The live and social interaction among its members is a highly valuable part of the Blackbox System and network. The company believes this is due to the level of excitement and inclusion created when new members can watch experienced members of the community making trades in real time and explaining and providing an accompanying narrative. In addition to the educational component, the community element of its platform harnesses a powerful dynamic that Blackboxstocks describes as "the best of man and machine". Blackboxstocks's powerful algorithm technology scans the NYSE, NASDAQ, CBOE and other options exchanges to find market volatility and anomalies and displays them on a common dashboard shared across the globe. With thousands of eyes on this data, its members can quickly interact and form a consensus on the trading opportunity at hand and share it with the community (similar to a reddit community platform style).

Exhibit 14: Blackbox Trading Platform

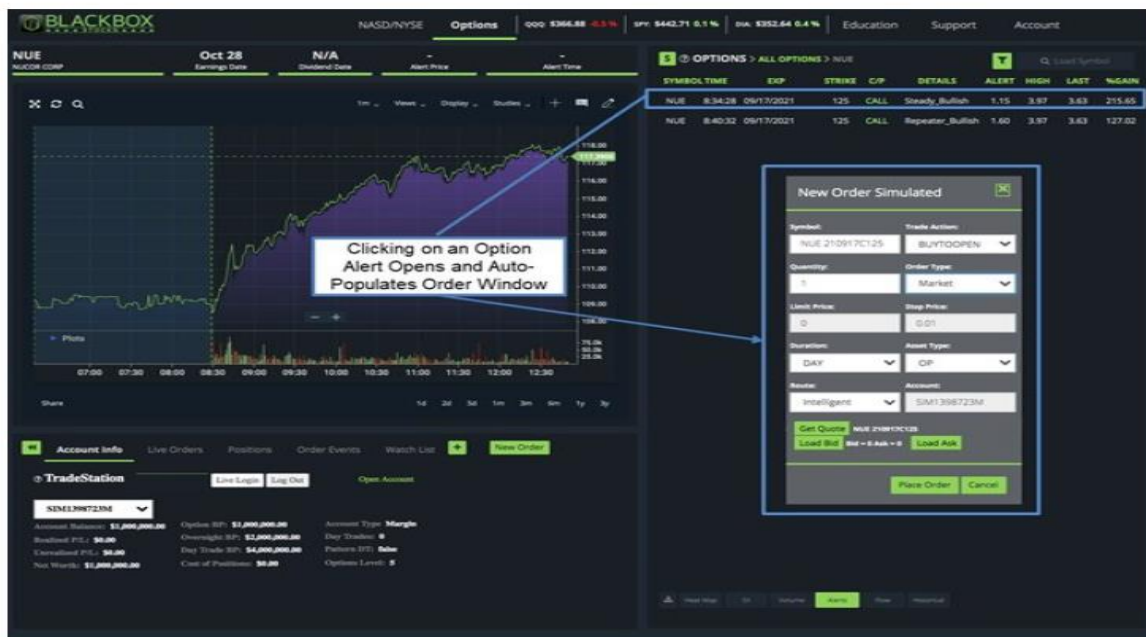


Source: Company reports.

Exhibit 15: Blackbox Options and Trading Integration Platform



TradeStation Integration



Source: Company reports.

Exhibit 16: Revenue Model

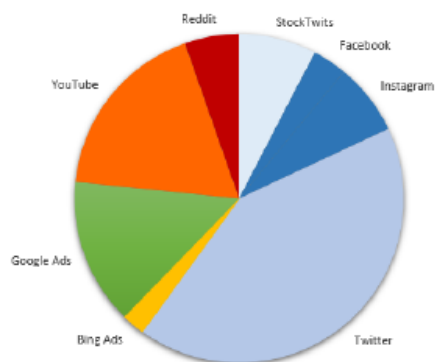


SaaS Revenue Model/User Acquisition

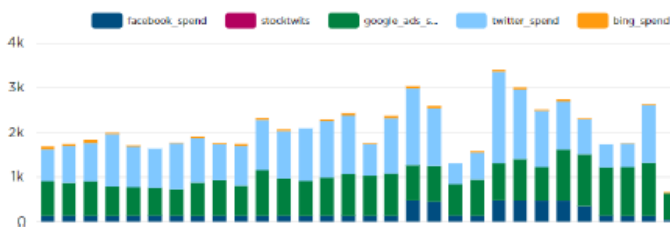
SaaS Revenue Model

- 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**

Example Monthly Digital Channel Attribution



Total Daily Ad Spend 2



GET STARTED

The ULTIMATE App Sale

\$30.00 1st month (rebill \$99.97)

SIGN UP


Yearly Billing

\$959 / year (save \$240.64)

SIGN UP

Source: Company reports.

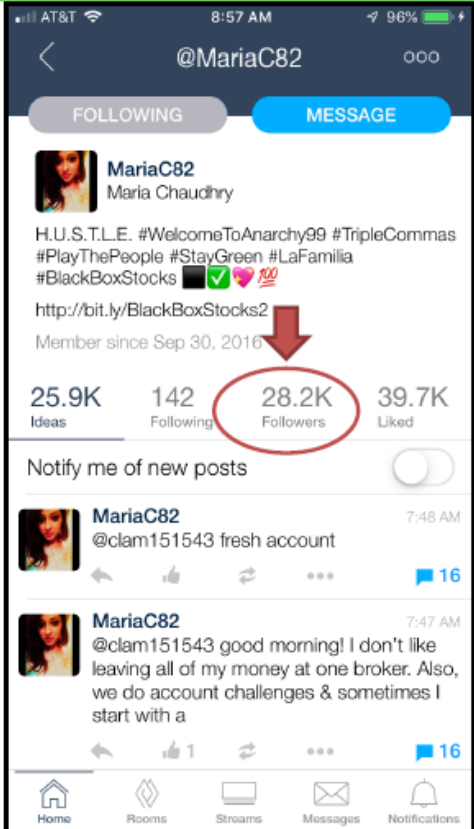
Exhibit 17: Affiliate Program



Affiliate Program

BBS Affiliates recruit subscribers from their various social media channels to subscribe to BBS and provide advice and education to new members.

- Affiliates earn \$25/month each month for referrals for the duration of the subscription
- Affiliates earn \$250/year for each yearly referral
- Incentivized to keep referrals engaged
- Creates higher LTV for Blackbox
- Create and share Blackbox content
- Grow social community
- Broadcast their own channels for education and further engagement
- Assist in branding and on-boarding



Source: Company reports.

Exhibit 18: Partners and Vendors



Partners / Vendors

	• Marketing Partnership and Trading Integration
	• Marketing Partnership and Trading Integration
	• Marketing Partnership
	• Marketing Partnership

Financial
Industry
Licenses












Source: Company reports.

Blackboxstocks is constantly improving and expanding its product and services offering. In Q4 2021, it released a fully integrated social media component to its web platform, eliminating the need for dual authentication. In May, it just released a fully functional native applications for iOS and Android devices.

The company is currently actively working on 3 new products:

1. a mobile application for the self-directed investor, which comprises an exponentially larger market than the day trader community it currently serves.
2. a professional version of the Blackbox platform for professional traders and institutions.
3. a platform to provide retail traders with superior analytics and trading execution for the cryptocurrency markets.

Blackboxstocks long-term goal is to become a top provider of trading software services to retail investors around the world. It is pursuing the following key business and product strategies:

- Driving organic growth and subscriber acquisitions to its Blackbox System trading products.
- Developing, maintaining, and expanding its social network of core subscribers.
- Expanding to additional stock and investment exchanges in major markets around the world.
- Pursuing additional capital unlocking opportunities.
- Continuing to explore and execute prospective partnering or distribution opportunities.
- Identifying unique market opportunities in investments and fintech that increase cash flow and shareholder value.

Exhibit 19: Current and Planned Product Developments

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

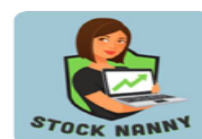
- Eliminates cumbersome on-boarding process
- Provides single authentication process for all platform channels
- Reduces risk of reliance on a third party



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.

FINANCIALS

Blackboxstocks's fiscal year ends on December 31. We expect its next earnings report (for Q2 2022 ending June) to be in mid-August. In November 2021, the company uplisted its stock listing to the Nasdaq Capital Market from OTC Pink.

Exhibit 20: Blackboxstocks Historical Financials

FYE Dec 31						
(in millions except EPS)	2018A	2019A	2020A	2021A	2022E	2023E
Total Revenue	0.7	1.1	3.4	6.1	6.6	12.0
Growth % (y/y)		53%	217%	82%	8%	82%
Operating income (loss)	(1.1)	(1.0)	(0.4)	(2.3)	(2.9)	0.8
Net income (pro forma)	(1.2)	(3.0)	(0.4)	(2.6)	(3.0)	0.6
EPS	\$ (0.15)	\$ (0.38)	\$ (0.04)	\$ (0.27)	\$ (0.23)	\$ 0.04
EBITDA	(1.1)	(1.0)	(0.3)	(0.9)	(2.1)	1.6

Source: Company reports and Ascendant Capital Markets estimates.

Recent Results (fiscal Q1 ending March 2022)

Blackboxstocks had weaker revenue in Q1 as revenue declined 15% (y-o-y), and was -25% from Q4 2021. In its Q1 2022 report (on May 16, 2022), the company reported revenues of \$1.3 million and net loss was \$1.2 million. Revenue was -15% (y-o-y) due to a weaker trading environment which lowered subscribers. Q1 2022 saw volatile and weaker financial markets globally, soaring inflation worldwide, and negative U.S. GDP growth (annual rate of -1.5% y-o-y) which created significant headwinds for the financial markets and industry. To combat these macro trends, in March the company initiated its first promotional campaign offering a \$5 one-month subscription which also lowered Q1 revenues. Total member count as of March 31, 2022 was 7,400. The average member count for Q1 2022 was 5,709, compared to 5,575 for Q1 2021 and 5,748 for Q4 2021.

Operating expenses were \$1.7 million, down from Q4's \$2.9 million (which was elevated from its uplisting costs). Q1 EPS was \$(0.09), compared with Q1 2021 EPS of \$0.00.

The company does not provide specific quarterly financial guidance, but we believe that the company should continue to have high growth on an annual basis as it expands its products, customers, and technologies in 2022/23. We have modeled strong revenue growth next year (+82%) in 2023 after a small growth (+8%) in 2022 (due to weaker and volatile financial markets), primarily driven by growth in subscribers and its trading platform businesses. Blackboxstocks expects new products for cryptocurrency markets, a mobile application for the self-directed investor, and a professional version of the Blackbox platform for professional traders to drive further growth.

For 2022, we expect revenues of \$6.6 million (+8% y-o-y) and net loss of \$3.0 million and EPS of \$(0.23). For 2023, we expect revenue of \$12.0 million (+82% y-o-y) and net income of \$0.6 million and EPS of \$0.04.

Exhibit 21: Q1 2022 and Recent Corporate Highlights

First Quarter 2022 Financial and Operating Highlights:

- Total revenue for the first quarter was \$1,272,486 as compared to \$1,489,668 for the same period in 2021.
- Adjusted EBITDA was \$(893,846) and \$149,456 for the three months ended March 31, 2022 and 2021, respectively.
- Cash and marketable securities totaled \$8.6 million at March 31, 2022.
- During the first quarter, the Company repurchased 436,600 shares of BLBX common stock at an average price of \$1.97 per share under our \$2.5 million share repurchase program announced in January 2022.
- Total member count as of March 31, 2022 was 7,400. This number includes new members acquired through our discounted promotion that ended March 31st and full paid subscribers.
- The average member count for the quarter ended March 31, 2022 was 5,709 compared to 5,575 for the quarter ended March 31, 2021 and 5,748 for the quarter ended December 31, 2021.
- Subsequent to quarter end, the mobile application of the Blackbox platform was released for iOS and Android phones and devices.

Source: Company reports.

We believe that the biggest potential variable and challenge to our financial model is the ability of the company to successfully develop, market, and grow its subscribers and its trading platforms. It is these businesses that has the highest potential for growth. If the company can make significant progress towards these goals, then revenue and earnings will likely be able to grow significantly. However, if the company has difficulties in making progress towards these goals, then revenue and profitability may not be achieved or will likely grow at a moderate rate or even not at all.

The company's balance sheet is solid with \$9 million in cash and \$1 million in debt as of March 2022. In November 2021 (as part of its uplisting), the company raised \$12 million (selling 2.4 million shares at \$5.00/share). We believe the company has enough cash for its near term operational and strategic plans. In January 2022, the company initiated a stock repurchase plan for up to \$2.5 million. As of March 2022, the company has repurchased 436,600 shares for \$0.9 million (~\$1.97/share average).

Exhibit 22: Blackboxstocks Financial Metrics

Recent Share Price (6/24/22)	\$ 1.46
52-Weeks Share Price (Low - High)	\$1.05 - 8.00
Shares Outstanding	14 million
Market Capitalization	\$22 million
Enterprise Value	\$14 million
Cash (3/31/22)	\$9 million
Debt (3/31/22)	\$1 million
2021A Revenue	\$6 million
2021A Net loss	\$3 million
2021A EPS	\$ (0.27)
2022E Revenue	\$7 million
2022E Net loss	\$3 million
2022E EPS	\$ (0.23)
2023E Revenue	\$12 million
2023E Net income	\$1 million
2023E EPS	\$ 0.04

Source: Company reports and Ascendant Capital Markets estimates.

FINANCIAL MODEL

Blackboxstocks Inc.

Income Statement (\$ mils)	2018	2019	Mar-20	Jun-20	Sep-20	Dec-20	2020	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
Fiscal Year End: December 31	FY-A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Total Revenue	0.7	1.1	0.4	0.8	1.1	1.0	3.4	1.5	1.5	1.5	1.7	6.1	1.3	1.4	1.5	2.4	6.6	2.5	2.9	2.5	4.0	12.0
Cost of Revenues	0.6	0.7	0.2	0.2	0.3	0.5	1.2	0.4	0.4	0.5	0.6	1.9	0.6	0.6	0.5	0.7	2.4	0.8	0.7	0.6	1.0	3.1
Gross Profit	0.0	0.4	0.2	0.6	0.8	0.5	2.2	1.1	1.1	1.0	1.1	4.3	0.7	0.8	1.1	1.7	4.2	1.8	2.2	1.9	3.0	8.9
Research & development	0.2	0.1	0.0	0.1	0.1	(0.1)	0.1	0.1	0.2	0.1	0.2	0.6	0.2	0.2	0.1	0.2	0.7	0.2	0.2	0.2	0.2	0.7
Selling, general and administrative	0.9	1.0	0.3	0.3	0.5	0.6	1.8	0.6	0.6	1.1	2.3	4.6	1.2	1.3	1.0	1.5	5.1	1.2	1.4	1.2	1.9	5.7
Advertising and marketing	0.3	0.1	0.1	0.1	0.2	0.3	0.7	0.2	0.3	0.3	0.4	1.3	0.3	0.3	0.2	0.4	1.2	0.4	0.4	0.4	0.6	1.7
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	0.0	0.0
Restructuring and other	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	0.0	0.0
Total operating expenses	1.2	1.4	0.5	0.5	0.7	0.9	2.6	0.9	1.2	1.5	2.9	6.5	1.7	1.9	1.4	2.1	7.1	1.7	2.0	1.7	2.7	8.1
Operating income (loss)	(1.1)	(1.0)	(0.2)	0.0	0.1	(0.3)	(0.4)	0.1	(0.1)	(0.5)	(1.8)	(2.3)	(1.0)	(1.1)	(0.3)	(0.4)	(2.9)	0.0	0.2	0.2	0.3	0.8
Interest income (expense)	(0.0)	(0.6)	(0.1)	(0.1)	(0.2)	(0.2)	(0.6)	(0.1)	(0.1)	(0.0)	(0.1)	(0.4)	(0.0)	(0.0)	(0.0)	(0.0)	(0.2)	(0.0)	(0.0)	(0.0)	(0.0)	(0.2)
Other income (expense)	(1.4)	0.4	0.3	0.0	(0.0)	(0.0)	0.6	0.0	0.0	0.0	0.0	0.0	(0.2)	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Income before income taxes	(1.2)	(3.0)	0.0	0.2	(0.1)	(0.5)	(0.4)	0.0	(0.2)	(0.5)	(1.9)	(2.6)	(1.2)	(1.1)	(0.3)	(0.4)	(3.0)	0.0	0.2	0.2	0.3	0.6
Income taxes	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	0.0	0.0
Net income (loss)	(1.2)	(3.0)	0.0	0.2	(0.1)	(0.5)	(0.4)	0.0	(0.2)	(0.5)	(1.9)	(2.6)	(1.2)	(1.1)	(0.3)	(0.4)	(3.0)	0.0	0.2	0.2	0.3	0.6
Nonrecurring/noncash adjustments	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	0.0	0.0
Net income (pro forma)	(1.2)	(3.0)	0.0	0.2	(0.1)	(0.5)	(0.4)	0.0	(0.2)	(0.5)	(1.9)	(2.6)	(1.2)	(1.1)	(0.3)	(0.4)	(3.0)	0.0	0.2	0.2	0.3	0.6
EBITDA	(1.1)	(1.0)	(0.2)	0.2	0.1	(0.3)	(0.3)	0.1	(0.1)	(0.1)	(0.9)	(0.9)	(0.9)	(0.9)	(0.1)	(0.2)	(2.1)	0.3	0.4	0.4	0.5	1.6
Shares, Basic	7.7	7.7	7.9	8.0	8.1	8.3	8.1	8.5	8.6	9.7	11.7	9.6	13.2	13.2	13.3	13.4	13.3	13.5	13.6	13.7	13.8	13.6
Shares, Diluted	7.7	7.7	13.6	13.5	8.1	8.3	8.1	14.1	8.6	9.7	11.7	9.6	13.2	13.2	13.3	13.4	13.3	13.5	13.6	13.7	13.8	13.6
EPS Basic (pro forma)	(\$0.15)	(\$0.38)	\$0.01	\$0.02	(\$0.01)	(\$0.06)	(\$0.04)	\$0.00	(\$0.03)	(\$0.05)	(\$0.16)	(\$0.27)	(\$0.09)	(\$0.09)	(\$0.02)	(\$0.03)	(\$0.23)	\$0.00	\$0.01	\$0.01	\$0.02	\$0.04
EPS Diluted (pro forma)	(\$0.15)	(\$0.38)	\$0.00	\$0.01	(\$0.01)	(\$0.06)	(\$0.04)	\$0.00	(\$0.03)	(\$0.05)	(\$0.16)	(\$0.27)	(\$0.09)	(\$0.09)	(\$0.02)	(\$0.03)	(\$0.23)	\$0.00	\$0.01	\$0.01	\$0.02	\$0.04
Margins																						
Gross margin	7%	35%	59%	70%	74%	52%	64%	73%	72%	68%	66%	70%	54%	55%	70%	70%	64%	70%	75%	75%	75%	74%
Research & development	29%	5%	8%	7%	8%	-8%	3%	9%	14%	8%	12%	11%	15%	15%	7%	7%	10%	6%	6%	6%	6%	6%
Selling, general and administrative	135%	98%	84%	39%	42%	61%	52%	41%	42%	75%	137%	76%	96%	96%	67%	64%	78%	48%	48%	47%	47%	47%
Advertising and marketing	0%	25%	21%	18%	16%	29%	21%	14%	24%	19%	24%	20%	23%	23%	16%	16%	19%	14%	14%	14%	14%	14%
Operating margin	-160%	-95%	-56%	6%	8%	-30%	-12%	10%	-8%	-34%	-107%	-37%	-80%	-79%	-20%	-17%	-43%	2%	7%	8%	8%	6%
Tax rate, GAAP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Net margin	-166%	-281%	10%	24%	-7%	-50%	-11%	1%	-17%	-34%	-111%	-43%	-98%	-82%	-16%	-15%	-45%	0%	6%	6%	7%	5%
Y/Y % change																						
Total Revenue		53%					217%	259%	81%	34%	62%	82%	-15%	-5%	5%	42%	8%	100%	110%	65%	67%	82%
Gross margin		674%					489%	347%	86%	23%	105%	97%	-37%	-27%	8%	51%	-1%	157%	186%	77%	79%	111%
Research & development		-74%					84%	280%	251%	34%	-341%	582%	42%	3%	-3%	-15%	4%	-17%	-16%	41%	43%	8%
Selling, general and administrative		12%					70%	74%	95%	136%	263%	162%	102%	117%	-6%	-33%	11%	0%	5%	16%	23%	11%
Advertising and marketing		#DIV/0!					170%	135%	143%	65%	36%	77%	44%	-8%	-14%	-7%	0%	19%	28%	44%	46%	35%
Operating income (loss)		-9%					-59%	-163%	-352%	-684%	475%	452%	-804%	839%	-37%	-77%	25%	-104%	-118%	-163%	-176%	-127%
Net income (loss)		159%					-88%	-71%	-226%	596%	262%	637%	-9996%	369%	-50%	-81%	14%	-101%	-114%	-164%	-179%	-120%
EPS Diluted (pro forma)		156%					-89%	-72%	-297%	481%	158%	517%	-10711%	205%	-63%	-84%	-17%	-101%	-114%	-162%	-177%	-120%

Source: Company reports and Ascendant Capital Markets estimates.

Blackboxstocks Inc.

Balance Sheet (\$ mils)	Dec-18	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
Fiscal Year End: December 31	Q4A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Assets																		
Cash and cash equivalents	0.0	0.0	0.1	0.2	0.2	1.0	1.1	0.6	0.4	2.4	0.7	0.2	0.2	0.5	0.0	0.5	0.8	1.6
Short term investments										8.0	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9
Accounts receivable, net	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
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
Deferred income taxes												0.0	0.0	0.0	0.0	0.0	0.0	0.0
Prepaid expenses and other		0.0	0.0						0.2	0.2	0.1	0.1	0.1	0.2	0.9	1.1	0.9	1.5
Total current assets	0.0	0.0	0.1	0.2	0.2	1.0	1.1	0.7	0.6	10.7	8.7	8.2	8.3	8.7	9.0	9.6	9.8	11.1
Property and equipment, net	0.0	0.1	0.1	0.1	0.1	0.1	0.3	0.5	0.5	0.4	0.4	0.3	0.2	0.1	0.0	(0.1)	(0.2)	(0.3)
Intangibles, net												0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred income tax												0.0	0.0	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				0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total assets	0.2	0.3	0.3	0.4	0.4	1.2	1.5	1.2	1.1	11.2	9.1	8.6	8.5	8.8	9.0	9.5	9.6	10.8
Liabilities and stockholders' equity																		
Accounts payable	0.5	0.6	0.6	0.7	0.6	0.4	0.4	0.4	0.5	0.6	0.7	0.8	0.9	1.3	1.4	1.6	1.4	2.2
Accrued expenses	0.1	0.1	0.1	0.1	0.1	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
Unearned subscriptions	0.1	0.2	0.3	0.3	0.4	1.0	1.1	0.9	0.8	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Deferred income tax												0.0	0.0	0.0	0.0	0.0	0.0	0.0
Warrant liabilities		1.4	1.1	0.6	0.0							0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.2	0.2	0.2	0.2	0.2	0.2	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	0.4	1.0	1.1	1.1	0.8	0.4	0.3	0.2	0.1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total current liabilities	1.4	3.6	3.4	3.1	2.1	2.0	1.8	1.6	1.5	2.9	2.9	3.0	3.1	3.6	3.7	3.9	3.7	4.5
Deferred income taxes												0.0	0.0	0.0	0.0	0.0	0.0	0.0
Warrant liabilities												0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other long term liabilities		0.1	0.1	0.0	0.0	0.0	0.2	0.4	0.4	0.3	0.3	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Deferred revenue												0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long term debt						0.9	0.9	0.9	0.9	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total other liabilities	0.0	0.1	0.1	0.0	0.0	0.9	1.1	1.3	1.3	0.4	0.4	0.8	0.8	0.8	0.8	0.8	0.8	0.8
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	0.0	0.0
Common stock	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.3	0.4	0.5	0.6	0.8	0.9
Additional paid-in capital	2.5	3.4	3.5	3.8	4.9	5.4	5.7	5.8	6.2	17.6	17.7	17.7	17.7	17.7	17.7	17.7	17.7	17.7
Retained earnings	(3.8)	(6.8)	(6.8)	(6.6)	(6.7)	(7.2)	(7.2)	(7.4)	(7.9)	(9.8)	(11.0)	(12.2)	(12.4)	(12.8)	(12.8)	(12.6)	(12.5)	(12.2)
Other											(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)
Accumulated other comprehensive income												0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total stockholders' equity	(1.1)	(3.3)	(3.2)	(2.7)	(1.7)	(1.8)	(1.4)	(1.6)	(1.7)	7.8	5.8	4.8	4.7	4.5	4.6	4.9	5.2	5.6
Total stockholders' equity and liabilities	0.2	0.3	0.3	0.4	0.4	1.2	1.5	1.2	1.1	11.2	9.1	8.6	8.5	8.8	9.0	9.5	9.6	10.8

Balance Sheet Drivers

	Dec-18	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
	Q4A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Prepaid as % of total rev	0%	4%	0%	0%	0%	0%	0%	0%	10%	13%	8%	8%	8%	8%	37%	37%	37%	37%
A/P as % of total rev	303%	238%	154%	81%	53%	34%	24%	30%	36%	35%	55%	55%	55%	55%	56%	56%	56%	56%
Accrued exp related as % of total rev	76%	22%	22%	17%	5%	1%	1%	0%	0%	0%	1%	2%	2%	2%	2%	2%	2%	2%
Activity Ratios																		
A/R Days Sales Outstanding	2	2	1	1	2	2	1	2	1	1	1	3	3	3	3	3	3	3
Book & Cash Value (per share)																		
Book Value per Share (diluted)	(\$0.15)	(\$0.43)	(\$0.24)	(\$0.20)	(\$0.21)	(\$0.21)	(\$0.10)	(\$0.19)	(\$0.18)	\$0.67	\$0.44	\$0.37	\$0.35	\$0.33	\$0.34	\$0.36	\$0.38	\$0.40
Cash per Share (diluted)	\$0.00	\$0.00	\$0.01	\$0.01	\$0.02	\$0.12	\$0.08	\$0.07	\$0.04	\$0.89	\$0.65	\$0.61	\$0.61	\$0.63	\$0.59	\$0.62	\$0.64	\$0.69
Net cash per Share (diluted)	(\$0.05)	(\$0.13)	(\$0.08)	(\$0.07)	(\$0.07)	(\$0.04)	(\$0.01)	(\$0.05)	(\$0.07)	\$0.80	\$0.57	\$0.54	\$0.53	\$0.55	\$0.51	\$0.54	\$0.56	\$0.61

Source: Company reports and Ascendant Capital Markets estimates

Blackboxstocks Inc.

Cash Flow Statement (\$ mils)	2018	2019	Mar-20	Jun-20	Sep-20	Dec-20	2020	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
Fiscal Year End: December 31	FY-A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Cash flow from operating activities																						
Net income	(1.2)	(3.0)	0.0	0.2	(0.1)	(0.5)	(0.4)	0.0	(0.2)	(0.5)	(1.9)	(2.6)	(1.2)	(1.1)	(0.3)	(0.4)	(3.0)	0.0	0.2	0.2	0.3	0.6
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	0.3	0.1	0.1	0.1	0.1	0.4
Amortization							0.0					0.0					0.0					0.0
Debt related amortization expense	0.0	1.9	0.4	0.2	0.1	0.2	0.9	0.1	0.1	0.0	0.0	0.2					0.0					0.0
Dividend							0.0					0.0					0.0					0.0
Stock comp				0.1	0.1	0.1	0.2		0.0	0.4	0.9	1.4	0.1	0.1	0.1	0.1	0.5	0.1	0.1	0.1	0.1	0.5
Deferred rent							0.0					0.0					0.0					0.0
A/R reserves	0.1						0.0					0.0					0.0					0.0
Deferred income taxes							0.0					0.0					0.0					0.0
Change in fair value of warrant liability		0.1	(0.6)	(0.5)	(0.0)	0.0	(1.2)					0.0			0.0	0.0	0.0	0.0	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			(0.0)	(0.0)	(0.0)	0.2				0.2					0.0
Other					(0.0)	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)					0.0					0.0
Changes in operating assets and liabilities:																						
Accounts receivable	(0.1)	(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)	(0.1)	(0.0)	(0.0)	0.0	(0.0)	(0.1)
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)	(0.0)					0.0
Prepaid expenses & other current assets	0.1	0.0				0.0	0.0	0.0	(0.0)	(0.1)	(0.1)	(0.1)	0.1	(0.0)	(0.0)	(0.1)	0.0	(0.8)	(0.1)	0.1	(0.5)	(1.3)
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	0.0
Accounts payable	0.2	0.1	0.0	0.0	(0.1)	(0.2)	(0.3)	0.0	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.5	0.7	0.1	0.2	(0.2)	0.8	0.9
Accrued expenses	0.1	0.1	0.0	0.0	(0.1)	(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
Contract liabilities							0.0					0.0					0.0					0.0
Unearned subscriptions	0.1	0.1	0.1	0.1	0.1	0.6	0.8	0.1	(0.2)	(0.2)	0.5	0.3	(0.1)				(0.1)					0.0
Other liabilities	0.2						0.0					0.0		0.4	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0
Net cash (used in) provided by	(0.5)	(0.7)	(0.0)	0.1	0.0	0.1	0.1	0.2	(0.3)	(0.2)	(0.5)	(0.7)	(0.8)	(0.5)	0.0	0.3	(1.0)	(0.4)	0.4	0.3	0.8	1.1
Cash flow from investing activities																						
Purchases of property and equipment	(0.0)	(0.0)				(0.0)	(0.0)	(0.0)	(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							0.0				(8.0)	(8.0)	(0.1)				(0.1)					0.0
Acquisitions							0.0					0.0					0.0					0.0
Other					0.0	0.0	0.0					0.0					0.0					0.0
Net cash used in investing activities	(0.0)	(0.0)	0.0	0.0	0.0	0.0	0.0	(0.0)	(0.0)	(0.0)	(8.0)	(8.1)	(0.1)	0.0	0.0	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities																						
Issuance of debt	0.7	0.8	0.2	0.1	(0.0)	1.0	1.4					0.0		(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Repayment of debt	(0.3)	(0.5)	(0.1)	(0.2)	(0.1)	(0.5)	(1.0)	(0.2)	(0.2)	(0.0)	(0.0)	(0.5)	(0.0)				(0.0)					0.0
Issuance of stock	0.2	0.3			0.1	0.3	0.4	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)	0.0	(0.9)				(0.9)					0.0
Dividends and distributions							0.0					0.0					0.0					0.0
Cash provided by (used in) financing activities	0.5	0.7	0.1	(0.0)	(0.0)	0.8	0.8	(0.1)	(0.2)	(0.0)	10.5	10.2	(0.9)	(0.0)	(0.0)	(0.0)	(0.9)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Effect of exchange rate on cash							0.0					0.0					0.0					0.0
Net increase (decrease) in cash	0.0	(0.0)	0.1	0.1	0.0	0.8	1.0	0.1	(0.5)	(0.2)	2.0	1.5	(1.8)	(0.5)	0.0	0.3	(2.0)	(0.4)	0.4	0.3	0.8	1.1
Beginning cash and equivalents	0.0	0.0	0.0	0.1	0.2	0.2	0.0	1.0	1.1	0.6	0.4	1.0	2.4	0.7	0.2	0.2	2.4	0.5	0.0	0.5	0.8	0.5
Ending cash and equivalents	0.0	0.0	0.1	0.2	0.2	1.0	1.0	1.1	0.6	0.4	2.4	2.4	0.7	0.2	0.2	0.5	0.5	0.0	0.5	0.8	1.6	1.6

Source: Company reports and Ascendant Capital Markets estimates

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Blackboxstocks Inc.

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

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- Speculative Buy:** This rating is reserved for companies we believe have tremendous potential, but whose stocks are illiquid or whose equity market capitalizations are very small, often in the definition of a nano cap (below \$50 million in market cap). In general, for stocks ranked in this category, we expect the stock to provide a total return of 50% or more within a 12-month period. However, because of the illiquid nature of the stock's trading and/or the nano cap nature of the investment, we caution that these investments may not be suitable for all parties.

Total return is defined as price appreciation plus dividend yield.

Ascendant Capital Markets, LLC Distribution of Investment Ratings (as of April 17, 2022)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	41	98%	13	32%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	42	100%	13	31%

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