



Blackboxstocks Inc.

Q1 weak. Market weakness weighs, but strong growth potential for its pending merger with Evtex Group. Lowering P/T to \$14.

COMPANY UPDATE

Rating: BUY

Ticker: BLBX

Price: \$3.63
(intraday)

Target: \$14.00
(from \$19)

Q1 weak: Blackboxstocks recently (on May 15) reported its fiscal Q1 2023 (ending March) results. Revenue was \$0.9 million (-32% y-o-y), compared to our and consensus estimates of \$1.3 million. EPS was \$(0.58), compared to our and consensus estimates of \$(0.12). There was no Q1 guidance.

2023 market difficulties: 2023 saw continued difficulties in macro economic conditions which created significant headwinds and volatilities for financial markets returns and performance (similar to 2022). YTD returns for S&P500 is +9% and NASDAQ is +18%, but this followed a very weak 2022 (with S&P500 -18% and NASDAQ -33%).

Subscribers decline: The average member count for Q1 2023 was 3,555, down from 4,607 in Q4, and compared to 5,709 in Q1 2022.

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

Lowering estimates: We are lowering our 2023 estimates for revenue to \$5.1 million, from \$7.0 million, and for EPS to \$(1.26) from \$(0.20). Our estimates do not reflect the pending merger or potential contributions with Evtex Group.

Merger with Evtex Group: In April 2023, the company announced its intention to merge with Evtex Group, a leading supplier for luxury brands in the EV and performance automotive market. Evtex 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.

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.

Stock split: In April 2023, the company effected a 1-for-4 reverse stock split.

Valuation attractive: We are maintaining our BUY rating, but lowering our 12-month price target to \$14 from \$19, 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

May 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):	3.3
Market cap (\$million):	\$12
EV (\$million):	\$10
Debt (\$million):	\$0
Cash (\$million):	\$2
Avg. Daily Trading Vol. (\$million):	\$2
Float (million shares):	3
Short Interest (million shares):	0.1
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	1.3E	0.9E	
Q2 Jun	1.0E	1.5E	1.2E	
Q3 Sep	1.2E	2.0E	1.3E	
Q4 Dec	<u>1.9E</u>	<u>2.2E</u>	<u>2.4E</u>	
Total	5.1E	7.0E	5.8E	
EV/Revs	2x		2x	

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	(0.12)E	(0.14)E	
Q2 Jun	(0.24)E	(0.06)E	(0.13)E	
Q3 Sep	(0.26)E	(0.06)E	(0.13)E	
Q4 Dec	<u>(0.20)E</u>	<u>0.04E</u>	<u>(0.06)E</u>	
Total	(1.26)E	(0.20)E	(0.47)E	
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 May 15) reported its fiscal Q1 2023 (ending March) results.
- Revenue was \$0.9 million (-32% y-o-y), compared to our and consensus estimates of \$1.3 million.
- EPS was \$(0.58), compared to our and consensus estimates of \$(0.12).
- There was no Q1 guidance.
- The company did not provide 2023 guidance.
- We are lowering our 2023 estimates for revenue to \$5.1 million, from \$7.0 million, and for EPS to \$(1.26) from \$(0.20).
- We are initiating our 2024 estimates for revenue of \$5.8 million, and for EPS of \$(0.47).

ADDITIONAL DETAILS

- Gross profit for the quarter was \$0.4 million, compared with our estimate of \$1.0 million.
- Gross margin for the quarter was 48%, versus our expectation of 75% and 54% last year.
- Operating expenses were \$2.4 million, versus our expectation of \$1.4 million.
- Operating loss was \$1.9 million, versus our expectation of a loss of \$0.4 million.
- Net loss was \$1.9 million, versus our expectation of a loss of \$0.4 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 \$2 million in cash and no debt, compared with \$4 million in cash and no debt at the end of December.

Exhibit 1: Blackboxstocks Inc. Corporate Overview

What is Blackbox?

- 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 3

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.

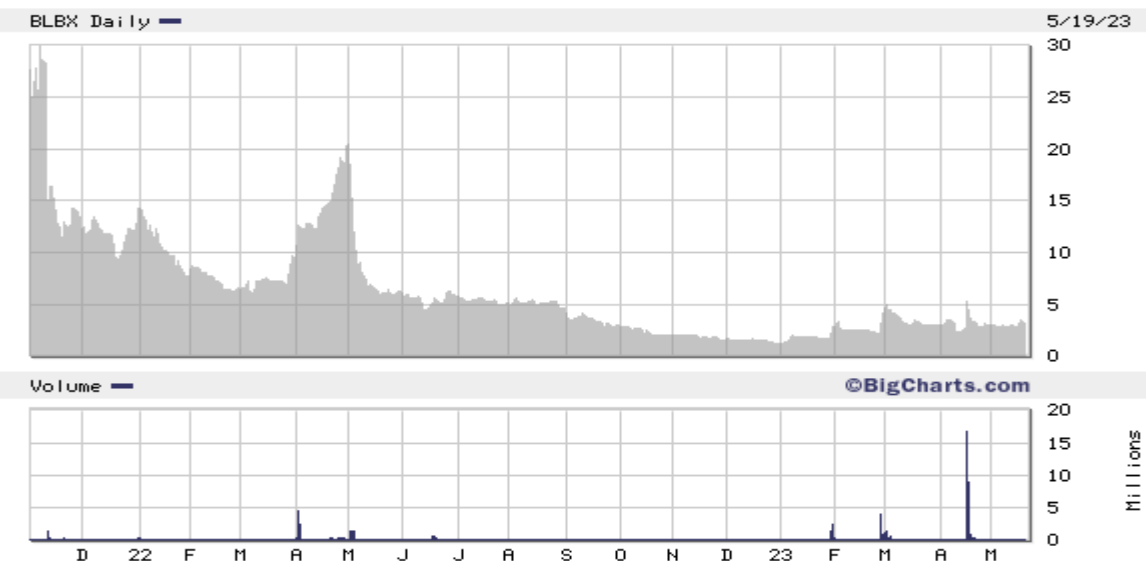
Exhibit 2: Blackboxstocks Investment Highlights

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.

Exhibit 3: Blackboxstocks Stock Price (since uplisting to Nasdaq Capital Market on November 9, 2021)



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


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

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

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




Brokerage	Millions of Users/Accounts
Fidelity	32.5
Vanguard	30
Charles Schwab	29.6
Webull	15
Robinhood	13
Interactive Brokers	1.1

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

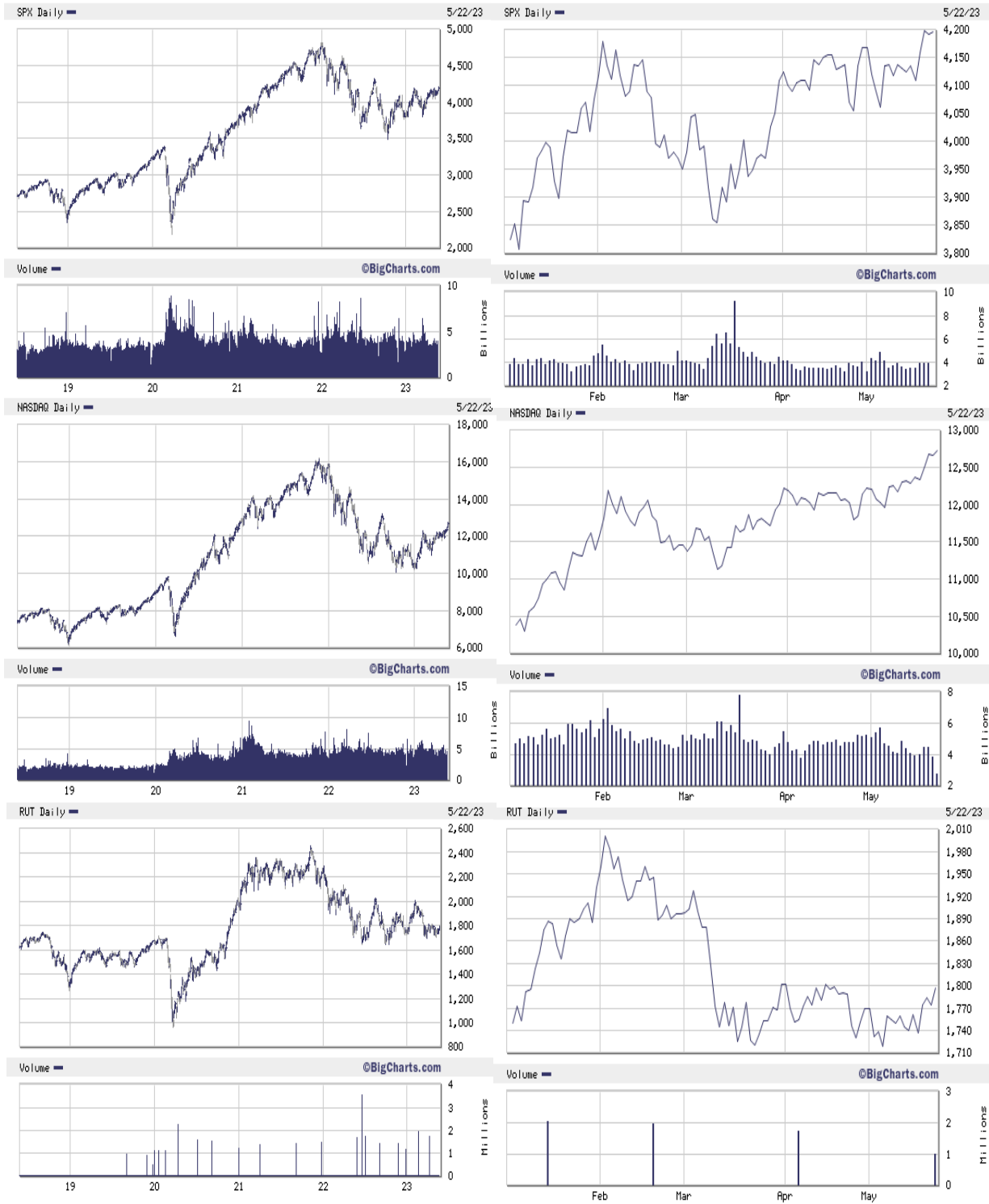


Blackbox Community

USA – 54M Self Directed Investors ¹	StockTwits – 1.5M Active Monthly Users 2021 ³
USA – 23M Active Investors/Traders ¹	Robinhood – 22M Accounts⁵
UK – 8.6M Brokerage Accounts 2017 ²	Forex Worldwide – 9.6M Traders ⁴

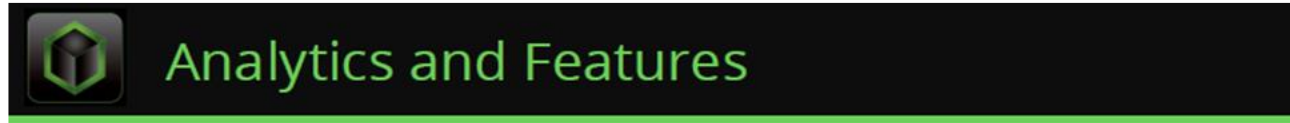
Source: Company reports.

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



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

Exhibit 6: 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



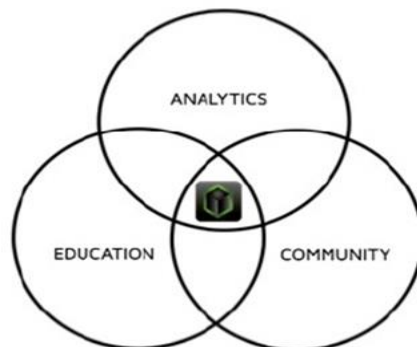
Proprietary Features

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

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

Monthly Billing

\$99.97 / month

SIGN UP

13 Months - SALE PRICE!


~~\$1300~~

\$859.00 / Annual (SAVE

SIGN UP

Source: Company reports.

Exhibit 8: 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.

Exhibit 9: Q1 2023 and Recent Corporate Highlights

First Quarter Financial and Operating Highlights:

- Total revenue for the first quarter of 2023 was \$859,004 as compared to \$1,272,486 for the same period in 2022.
- The average member count for the first quarter of 2023 was 3,555 compared to 5,709 for the prior year quarter.
- Adjusted EBITDA was \$(1,168,160) and \$(893,846) for the three months ended March 31, 2023 and 2022, respectively.
- Cash and marketable securities totaled \$2.4 million at March 31, 2023.
- Released Blackboxstocks 2.0 in March 2023.

Gust Kepler, Chief Executive Officer, commented, "We believe we have stabilized our revenue decline since March which we attribute in part to the release of the new Blackbox 2.0 platform. Blackbox 2.0 is our next generation platform that includes new proprietary features combined with a more intuitive updated user-friendly UX."

Source: Company reports.

Exhibit 10: 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.

Exhibit 11: Blackboxstocks Inc. Stock Price (5-Years)



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

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

Exhibit 12: Consensus Expectations (as of May 15, 2023)

	Revenue (mils)			EPS	
	2023E	2024E		2023E	2024E
Q1 Mar	\$1.3E		Q1 Mar	\$(0.12)E	
Q2 Jun	\$1.5E		Q2 Jun	\$(0.08)E	
Q3 Sep			Q3 Sep		
Q4 Dec			Q4 Dec		
Total	\$8.0E		Total	\$(0.20)E	

*Quarterly estimates may not add to annual estimates due to variations in contributing estimates and rounding.

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

Source: Company report, Refinitiv, and Ascendant Capital Markets estimates

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	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Total Revenue	1.5	1.5	1.5	1.7	6.1	1.3	1.4	1.2	1.1	5.0	0.9	1.0	1.2	1.9	5.1	0.9	1.2	1.3	2.4	5.8
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	0.5	0.8	2.1	0.3	0.3	0.4	0.7	1.7
Gross Profit	1.1	1.1	1.0	1.1	4.3	0.7	0.9	0.7	0.6	2.9	0.4	0.6	0.7	1.2	2.9	0.7	0.8	0.9	1.7	4.1
Research & development	0.1	0.2	0.1	0.2	0.6	0.2	0.3	0.3	0.4	1.2	0.4	0.3	0.2	0.2	1.1	0.1	0.1	0.1	0.2	0.6
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	1.0	1.2	1.3	5.3	0.8	1.0	1.1	1.3	4.2
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	0.1	0.2	0.3	0.8	0.2	0.2	0.2	0.3	0.9
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	1.4	1.6	1.8	7.2	1.1	1.3	1.4	1.9	5.7
Operating income (loss)	0.1	(0.1)	(0.5)	(1.8)	(2.3)	(1.0)	(1.2)	(1.2)	(1.2)	(4.5)	(1.9)	(0.8)	(0.9)	(0.7)	(4.2)	(0.5)	(0.5)	(0.5)	(0.2)	(1.6)
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	0.0	0.0	0.0	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)	(0.8)	(0.9)	(0.7)	(4.2)	(0.5)	(0.5)	(0.5)	(0.2)	(1.6)
Income taxes					0.0					0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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)	(0.8)	(0.9)	(0.7)	(4.2)	(0.5)	(0.5)	(0.5)	(0.2)	(1.6)
Nonrecurring/noncash adjustments					0.0					0.0					0.0					0.0
Net income (pro forma)	0.0	(0.2)	(0.5)	(1.9)	(2.6)	(1.2)	(1.3)	(1.3)	(1.2)	(5.0)	(1.9)	(0.8)	(0.9)	(0.7)	(4.2)	(0.5)	(0.5)	(0.5)	(0.2)	(1.6)
EBITDA	0.1	(0.1)	(0.1)	(0.9)	(0.9)	(0.9)	(1.0)	(1.1)	(1.0)	(4.0)	(1.2)	0.1	0.0	0.2	(0.9)	0.4	0.4	0.4	0.6	1.8
Shares, Basic	2.1	2.1	2.4	2.9	2.4	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.4	3.3	3.5	3.5	3.5	3.5	3.5
Shares, Diluted	3.5	2.1	2.4	2.9	2.4	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.4	3.3	3.5	3.5	3.5	3.5	3.5
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)	(\$0.24)	(\$0.26)	(\$0.20)	(\$1.26)	(\$0.14)	(\$0.13)	(\$0.13)	(\$0.06)	(\$0.47)
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)	(\$0.24)	(\$0.26)	(\$0.20)	(\$1.26)	(\$0.14)	(\$0.13)	(\$0.13)	(\$0.06)	(\$0.47)
Margins																				
Gross margin	73%	72%	68%	66%	70%	54%	64%	60%	52%	58%	48%	60%	60%	60%	58%	70%	70%	70%	70%	70%
Research & development	9%	14%	8%	12%	11%	15%	25%	25%	35%	24%	41%	25%	20%	10%	21%	15%	10%	10%	10%	11%
Selling, general and administrative	41%	42%	75%	137%	76%	96%	85%	98%	104%	95%	207%	95%	95%	70%	105%	85%	85%	80%	55%	72%
Advertising and marketing	14%	24%	19%	24%	20%	23%	38%	34%	21%	30%	25%	14%	14%	14%	16%	20%	14%	14%	14%	15%
Operating margin	10%	-8%	-34%	-107%	-37%	-80%	-84%	-98%	-108%	-92%	-227%	-75%	-70%	-35%	-84%	-51%	-40%	-35%	-9%	-28%
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%	-75%	-70%	-35%	-83%	-51%	-40%	-35%	-10%	-28%
Y/Y % change																				
Total Revenue	259%	81%	34%	62%	82%	-15%	-4%	-17%	-37%	-19%	-32%	-25%	0%	80%	2%	10%	10%	10%	24%	15%
Gross margin	347%	86%	23%	105%	97%	-37%	-15%	-28%	-50%	-32%	-41%	-30%	1%	106%	2%	61%	28%	28%	45%	39%
Research & development	280%	251%	34%	-341%	582%	42%	70%	170%	88%	87%	92%	-24%	-19%	-48%	-12%	-60%	-56%	-45%	24%	-40%
Selling, general and administrative	74%	95%	136%	263%	162%	102%	94%	9%	-52%	2%	45%	-16%	-3%	21%	12%	-55%	-2%	-7%	-2%	-21%
Advertising and marketing	135%	143%	65%	36%	77%	44%	52%	46%	-45%	17%	-28%	-72%	-59%	19%	-45%	-12%	10%	10%	24%	9%
Operating income (loss)	-163%	-352%	-684%	475%	452%	-804%	894%	140%	-36%	100%	91%	-33%	-29%	-43%	-7%	-75%	-41%	-45%	-66%	-62%
Net income (loss)	-71%	-226%	596%	262%	637%	-9996%	441%	159%	-39%	92%	53%	-40%	-35%	-42%	-16%	-74%	-41%	-45%	-66%	-61%
EPS Diluted (pro forma)	-72%	-297%	481%	158%	517%	-10711%	252%	91%	-46%	40%	53%	-40%	-35%	-44%	-17%	-76%	-45%	-48%	-67%	-63%

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	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Assets																
Cash and cash equivalents	1.1	0.6	0.4	2.4	0.7	0.3	0.6	0.4	0.2	0.7	0.8	1.7	0.4	0.8	1.2	2.0
Short term investments				8.0	7.9	6.7	4.7	3.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Accounts receivable, net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.0	0.0	0.1	0.0	0.0	0.0	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	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			0.2	0.2	0.1	0.1	0.1	0.2	0.1	0.2	0.2	0.3	0.3	0.4	0.5	0.9
Total current assets	1.1	0.7	0.6	10.7	8.7	7.2	5.5	3.9	2.8	3.1	3.2	4.3	3.0	3.4	3.9	5.1
Property and equipment, net	0.3	0.5	0.5	0.4	0.4	0.4	0.5	0.4	0.4	0.3	0.3	0.2	0.1	0.0	(0.1)	(0.1)
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								0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total assets	1.5	1.2	1.1	11.2	9.1	7.6	6.0	4.3	3.2	3.4	3.5	4.4	3.0	3.5	3.9	5.0
Liabilities and stockholders' equity																
Accounts payable	0.4	0.4	0.5	0.6	0.7	0.8	0.7	0.7	1.0	1.2	1.4	2.2	0.5	0.6	0.8	1.3
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	0.0
Unearned subscriptions	1.1	0.9	0.8	1.3	1.2	0.9	0.6	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Deferred income tax										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	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
Total current liabilities	1.8	1.6	1.5	2.9	2.9	2.7	2.4	1.9	1.9	2.2	2.4	3.2	1.5	1.6	1.7	2.4
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	0.2	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	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
Total other liabilities	1.1	1.3	1.3	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
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	0.8	1.6	2.4	3.1	3.9	4.7	5.4
Additional paid-in capital	5.7	5.8	6.2	17.6	17.7	17.8	18.0	18.1	17.6	17.6	17.6	17.6	17.6	17.6	17.6	17.6
Retained earnings	(7.2)	(7.4)	(7.9)	(9.8)	(11.0)	(12.4)	(13.7)	(14.8)	(16.7)	(17.5)	(18.4)	(19.0)	(19.5)	(20.0)	(20.4)	(20.7)
Other					(0.9)	(0.9)	(1.1)	(1.1)		0.0	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	0.0	0.0
Total stockholders' equity	(1.4)	(1.6)	(1.7)	7.8	5.8	4.6	3.3	2.2	1.0	0.9	0.9	1.0	1.2	1.5	1.8	2.4
Total stockholders' equity and liabil	1.5	1.2	1.1	11.2	9.1	7.6	6.0	4.3	3.2	3.4	3.5	4.4	3.0	3.5	3.9	5.0

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	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Prepaid as % of total rev	0%	0%	10%	13%	8%	7%	7%	18%	15%	15%	15%	15%	37%	37%	37%	37%
A/P as % of total rev	24%	30%	36%	35%	55%	58%	61%	68%	113%	113%	113%	113%	56%	56%	56%	56%
Accrued exp related as % of total rev	1%	0%	0%	0%	1%	0%	1%	0%	0%	2%	2%	2%	2%	2%	2%	2%
Activity Ratios																
A/R Days Sales Outstanding		1	2	1	1					23	3	3	3	3	3	3
Book & Cash Value (per share)																
Book Value per Share (diluted)	(\$0.40)	(\$0.77)	(\$0.71)	\$2.67	\$1.77	\$1.38	\$0.99	\$0.66	\$0.29	\$0.29	\$0.26	\$0.28	\$0.35	\$0.44	\$0.53	\$0.68
Cash per Share (diluted)	\$0.32	\$0.29	\$0.17	\$3.57	\$2.60	\$2.14	\$1.62	\$1.10	\$0.74	\$0.88	\$0.91	\$1.14	\$0.73	\$0.84	\$0.97	\$1.18
Net cash per Share (diluted)	(\$0.02)	(\$0.22)	(\$0.27)	\$3.21	\$2.29	\$1.84	\$1.33	\$1.10	\$0.72	\$0.86	\$0.89	\$1.13	\$0.72	\$0.82	\$0.95	\$1.16

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	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	
Cash flow from operating activities																					
Net income	0.0	(0.2)	(0.5)	(1.9)	(2.6)	(1.2)	(1.3)	(1.3)	(1.2)	(5.0)	(1.9)	(0.8)	(0.9)	(0.7)	(4.2)	(0.5)	(0.5)	(0.5)	(0.2)	(1.6)	
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	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)	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	0.8	0.8	0.8	3.1	0.8	0.8	0.8	0.8	3.1	
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	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	
Other	(0.0)	0.0			(0.0)					0.0					0.0					0.0	
Changes in operating assets and liabilities:																					
Accounts receivable	0.0	(0.0)	0.0	(0.0)	(0.0)	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.2)	0.2	(0.0)	(0.0)	(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)	(0.0)	(0.1)	(0.2)	(0.1)	(0.1)	(0.1)	(0.4)	(0.6)	
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	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	0.2	0.8	1.5	(1.7)	0.1	0.1	0.6	(0.8)	
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	
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)				(0.1)					0.0	
Other liabilities					0.0					0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Net cash (used in) provided by	0.2	(0.3)	(0.2)	(0.5)	(0.7)	(0.8)	(1.2)	(1.5)	(0.8)	(4.3)	(1.3)	0.5	0.2	0.9	0.3	(1.3)	0.4	0.4	0.8	0.4	
Cash flow from investing activities																					
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)	(0.1)	0.0	(0.1)	(0.0)	(0.1)	0.0	(0.1)	(0.1)	
Purchases of short-term investments				(8.0)	(8.0)	(0.1)	1.1	2.0	1.5	4.5	1.1				1.1					0.0	
Acquisitions					0.0					0.0					0.0					0.0	
Other					0.0					0.0					0.0					0.0	
Net cash used in investing activ	(0.0)	(0.0)	(0.0)	(8.0)	(8.1)	(0.1)	1.1	1.9	1.5	4.4	1.1	(0.0)	(0.1)	0.0	1.0	(0.0)	(0.1)	0.0	(0.1)	(0.1)	
Cash flow from financing activities																					
Issuance of debt					0.0					0.0		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	
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	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	
Cash provided by (used in) fina	(0.1)	(0.2)	(0.0)	10.5	10.2	(0.9)	(0.1)	(0.2)	(0.9)	(2.1)	(0.0)	0.0	0.0	0.0	(0.0)	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	0.1	(0.5)	(0.2)	2.0	1.5	(1.8)	(0.3)	0.3	(0.2)	(2.0)	(0.2)	0.5	0.1	0.9	1.3	(1.3)	0.4	0.4	0.8	0.2	
Beginning cash and equivalents	1.0	1.1	0.6	0.4	1.0	2.4	0.7	0.3	0.6	2.4	0.4	0.2	0.7	0.8	0.4	1.7	0.4	0.8	1.2	1.7	
Ending cash and equivalents	1.1	0.6	0.4	2.4	2.4	0.7	0.3	0.6	0.4	0.4	0.2	0.7	0.8	1.7	1.7	0.4	0.8	1.2	2.0	2.0	

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.

- Ascendant Capital Markets, LLC has not received compensation for advisory or investment banking services from the company in the past 12 months.

IMPORTANT DISCLOSURES

This report has been distributed by Ascendant Capital Markets, LLC and is for the sole use of our clients. This report is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. This report contains information from various sources, including United States government publications, The Wall Street Journal and other periodicals, Yahoo! Finance and other sources, and is for informational purposes only and is not a recommendation to trade in the securities of the companies mentioned within the report. We seek to update our research and recommendations as appropriate, but the large majority of reports are published at irregular intervals as we consider appropriate and, in some cases, as constrained by industry regulations.

We may have a business relationship with companies covered in this report. Ascendant Capital Markets, LLC may make a market in the securities of the subject company. We and our affiliates, officers, directors, and employees will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives (including options and warrants) thereof of covered companies referred to in this report. This report is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any information in this report is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of the investments referred to in this report may fluctuate.

Following are some general risks that can adversely impact future operational and financial performance and share price valuation: (1) industry fundamentals with respect to legislation, mandates, incentives, customer demand, or product pricing; (2) issues relating to competing companies or products; (3) unforeseen developments with respect to management, financial condition or accounting policies or practices; or (4) external factors that affect the interest rates, currency, the economy or major segments of the economy. Past performance is not a guide to future performance, future returns are not guaranteed, and loss of original capital may occur. Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Our report is disseminated primarily electronically, and, in some cases, in printed form. The information contained in this report is not incorporated into the contents of our website and should be read independently thereof. Copyright Ascendant Capital Markets, LLC. No part of this material may be copied, photocopied or duplicated by any means or redistributed without the prior written consent of Ascendant Capital Markets, LLC.

Risks & Considerations

Risks to attainment of our share price target include balance sheet/liquidity risks, technological changes, customer demand for fintech and investment technologies, investor sentiment for investing in technology stocks, consumer and stock market sentiment, industry growth for software and technology companies, competition, changing macroeconomic factors, and changes in government regulations.

Ascendant Capital Markets, LLC Rating System

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 Distribution of Investment Ratings (as of April 14, 2023)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	49	98%	18	37%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	50	100%	18	36%

Other Important Disclosures

Our analysts use various valuation methodologies including discounted cash flow, price/earnings (P/E), enterprise value/EBITDAS, and P/E to growth rate, among others. Risks to our price targets include failure to achieve financial results, product risk, regulatory risk, general market conditions, and the risk of a change in economic conditions.

Dissemination of Research

Ascendant Capital Markets, LLC research is distributed electronically via the Thomson Reuters platforms, Bloomberg, Capital IQ and FactSet. Please contact your investment advisor or institutional salesperson for more information.

General Disclaimer

The information and opinions in this report were prepared by Ascendant Capital Markets, LLC. This information is not intended to be used as the primary basis of investment decisions and because of individual client objectives it should not be construed as advice designed to meet the particular investment needs of any investor. This material is for information purposes only and is not an offer or solicitation with respect to the purchase or sale of any security. The reader should assume that Ascendant Capital Markets, LLC may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein. The opinions, estimates, and projections contained in this report are those of Ascendant Capital Markets, LLC as of the date of this report and are subject to change without notice. Ascendant Capital Markets, LLC endeavors to ensure that the contents have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. However, Ascendant Capital Markets, LLC makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein, and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to Ascendant Capital Markets, LLC, or its affiliates that is not reflected in this report. This report is not to be construed as an offer or solicitation to buy or sell any security.

Additional Disclosures

Ascendant Capital Markets, LLC is a broker-dealer registered with the United States Securities and Exchange Commission (SEC) and a member of the FINRA and SIPC. Ascendant Capital Markets, LLC is not a Registered Investment Advisor nor is it an investment advisor registered with the Securities and Exchange Commission or with the securities regulators of any state, and at the present time is not eligible to file for federal registration.