

REFINITIV

DELTA REPORT

10-Q

BOXL - BOXLIGHT CORP

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1187
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 CHANGES	233
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 DELETIONS	624
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 ADDITIONS	330
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 2023** **March 31, 2024**

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 001-37564

BOXLIGHT CORPORATION

(Exact name of registrant as specified in its charter)

Nevada

36-4794936

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification Number)

2750 Premiere Parkway, Suite 900
Duluth, Georgia 30097

(Address of principal executive offices) (Zip Code)

(678) 367-0809

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	BOXL	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files) Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="radio"/>	Accelerated filer	<input type="radio"/>
Non-accelerated filer	<input checked="" type="radio"/>	Smaller reporting company	<input checked="" type="radio"/>
		Emerging growth company	<input type="radio"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of the registrant's common stock on **November 6, 2023** **May 6, 2024** was **9,610,634** **9,778,076**.

BOXLIGHT CORPORATION

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Item 1. Financial Statements

Condensed Consolidated Statements of Operations and Comprehensive Loss

(Unaudited)

(in thousands, except per share amounts)

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Other (expense) income:

Other (expense) income:

Other (expense) income:	Other (expense) income:				
Interest expense, net	Interest expense, net	(2,987)	(2,598)	(8,222)	(7,330)
Other expense, net	Other expense, net	(181)	(128)	(231)	(204)
Gain on settlement of liabilities, net		—	—	—	856

Change in fair value of derivative liabilities

Change in fair value of derivative liabilities

Change in fair value of derivative liabilities	Change in fair value of derivative liabilities	90	(113)	50	1,537
Total other expense	Total other expense	(3,078)	(2,839)	(8,403)	(5,141)
(Loss) income before income taxes		\$ (14,677)	\$ 3,625	\$ (18,106)	\$ (1,250)

Loss before income taxes					
Income tax expense	Income tax expense	(3,073)	(520)	(3,379)	(475)
Net (loss) income		\$ (17,750)	\$ 3,105	\$ (21,485)	\$ (1,725)
Net loss					

Fixed dividends - Series B Preferred	Fixed dividends - Series B Preferred	(317)	(317)	(952)	(952)
Net (loss) income attributable to common stockholders		\$ (18,067)	\$ 2,788	\$ (22,437)	\$ (2,677)

Net loss attributable to common stockholders					
Comprehensive loss:	Comprehensive loss:				
Net (loss) income		\$ (17,750)	\$ 3,105	\$ (21,485)	\$ (1,725)

Comprehensive loss:					
Comprehensive loss:					
Net loss					
Other comprehensive loss:	Other comprehensive loss:				

Foreign currency translation adjustment	Foreign currency translation adjustment	(2,854)	(5,040)	(574)	(11,449)
Total comprehensive loss	Total comprehensive loss	\$ (20,604)	\$ (1,935)	\$ (22,059)	\$ (13,174)
Net (loss) income per common share – basic, as adjusted		\$ (1.90)	\$ 0.31	\$ (2.39)	\$ (0.32)

Net loss per common share – basic and
diluted, as adjusted

Net loss per common share – basic and
diluted, as adjusted

Net loss per common share – basic and
diluted, as adjusted

Net (loss) income per common share -
diluted, as adjusted \$ (1.90) \$ 0.28 \$ (2.39) \$ (0.32)

Weighted average number of common
shares outstanding – basic, as adjusted 9,484 8,943 9,399 8,432

Weighted average number of common
shares outstanding – diluted, as adjusted 9,484 11,197 9,399 8,432

Weighted average number of common
shares outstanding – basic and diluted, as
adjusted

Weighted average number of common
shares outstanding – basic and diluted, as
adjusted

Weighted average number of common
shares outstanding – basic and diluted, as
adjusted 9,714 9,366

See accompanying notes to unaudited condensed consolidated financial statements.

Boxlight Corporation
Condensed Consolidated Balance Sheets

As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**
(in thousands, except share and per share amounts)

	September 30, 2023	December 31, 2022
		(as (Unaudited) adjusted)

	March 31, 2024 (Unaudited)	March 31, 2024	December 31, 2023
ASSETS			
ASSETS			
Current assets:	Current assets:		
Current assets:			
Current assets:			
Cash and cash equivalents	Cash and cash equivalents	\$ 18,415	\$ 14,591
Accounts receivable – trade, net of allowances		40,421	31,009
Accounts receivable – trade, net of allowances for credit losses of 357 and 421			
Inventories, net of reserves	Inventories, net of reserves	44,142	58,211
Prepaid expenses and other current assets	Prepaid expenses and other current assets	8,099	7,433
Total current assets	Total current assets	111,077	111,244
Property and equipment, net of accumulated depreciation	Property and equipment, net of accumulated depreciation	1,500	1,733
Property and equipment, net of accumulated depreciation			
Property and equipment, net of accumulated depreciation			
Operating lease right of use asset	Operating lease right of use asset	8,428	4,350
Intangible assets, net of accumulated amortization	Intangible assets, net of accumulated amortization	46,547	52,579
Goodwill		11,969	25,092
Other assets			
Other assets			
Other assets	Other assets	851	397
Total assets	Total assets	\$180,372	\$195,395
LIABILITIES AND STOCKHOLDERS' EQUITY	LIABILITIES AND STOCKHOLDERS' EQUITY		

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Current liabilities:

Current liabilities:

Current liabilities:

Accounts payable and
accrued expenses

Accounts payable and
accrued expenses

\$ 35,988 \$ 36,566

Short-term debt

Short-term debt

1,022 845

Operating lease liabilities,
current

Operating lease liabilities,
current

1,570 1,898

Deferred revenues,
current

Deferred revenues,
current

8,202 8,308

Derivative liabilities

Derivative liabilities

422 472

Other short-term liabilities

Other short-term liabilities

2,441 386

Total current liabilities

Total current liabilities

49,645 48,475

Deferred revenues, non-
current

Deferred revenues, non-
current

15,531 15,603

Deferred revenues, non-current

Deferred revenues, non-current

Long-term debt

Long-term debt

43,355 43,778

Deferred tax liabilities, net

Deferred tax liabilities, net

5,584 4,680

Operating lease liabilities,
non-current

Operating lease liabilities,
non-current

7,106 2,457

Total liabilities

Total liabilities

121,221 114,993

Commitments and contingencies (Note 14)

Commitments and contingencies (Note 14)

Commitments and
contingencies (Note 14)

Commitments and
contingencies (Note 14)

Mezzanine equity:

Mezzanine equity:

Mezzanine equity:

Preferred Series B,
1,586,620 shares issued
and outstanding

Preferred Series B,
1,586,620 shares issued
and outstanding

16,146 16,146

Preferred Series C,
1,320,850 shares issued
and outstanding

Preferred Series C,
1,320,850 shares issued
and outstanding

12,363 12,363

Total mezzanine equity

Total mezzanine equity

28,509 28,509

Stockholders' equity:

Stockholders' equity:

Stockholders' equity:

Stockholders' equity:

Preferred stock, \$0.0001 par value, 50,000,000 shares authorized; 167,972 and 167,972 shares issued and outstanding, respectively	Preferred stock, \$0.0001 par value, 50,000,000 shares authorized; 167,972 and 167,972 shares issued and outstanding, respectively	—	—
Common stock, \$0.0001 par value, 68,750,000 shares authorized; 9,605,360 and 9,339,587 Class A shares issued and outstanding, respectively		1	1
Common stock, \$0.0001 par value, 18,750,000 shares authorized; 9,777,725 and 9,704,496 Class A shares issued and outstanding, respectively			
Additional paid-in capital	Additional paid-in capital	118,733	117,849
Accumulated deficit	Accumulated deficit	(86,604)	(65,043)
Accumulated other comprehensive loss		(1,488)	(914)
Accumulated other comprehensive income			
Total stockholders' equity	Total stockholders' equity	30,642	51,893
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	\$ 180,372	\$ 195,395
Total liabilities and stockholders' equity			
Total liabilities and stockholders' equity			

See accompanying notes to unaudited condensed consolidated financial statements.

Boxlight Corporation
Condensed Consolidated Statements of Changes in Stockholders' Equity
For the three months ended September 30, 2023 March 31, 2024
(Unaudited)
(in thousands, except share amounts)

Series A Preferred Stock Shares	Series A	Class A	Accumulated			Total
	Preferred Stock	Common Stock	Additional Paid-in Capital	Other Comprehensive Income (loss)	Accumulated Deficit	
Balance as of December 31, 2023						
Balance as of December 31, 2023						
Balance as of December 31, 2023						

21121

Balance as of March 31,

2024

Balance as of March 31,

2024

See accompanying notes to unaudited condensed consolidated financial statements.

Boxlight Corporation

Condensed Consolidated Statements of Changes in Stockholders' Equity

For the nine months ended September 30, 2023

(Unaudited)

(in thousands, except share amounts)

	Series A Preferred Stock		Class A Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount				
Balance as of December 31, 2022	167,972	\$ —	9,339,587	\$ 1	\$ 117,849	\$ (914)	\$ (65,043)	\$ 51,893
Cumulative effect of change in accounting principle, net of tax	—	—	—	—	—	—	(76)	(76)
Balance as of December 31, 2022 - as adjusted	167,972	—	9,339,587	1	117,849	(914)	(65,119)	51,817
Shares issued for:								
Stock options exercised	—	—	12,500	—	13	—	—	13
Vesting of restricted share units	—	—	219,859	—	—	—	—	—
Reverse stock split fractional adjustment	—	—	33,414	—	—	—	—	—
Stock compensation	—	—	—	—	1,823	—	—	1,823
Foreign currency translation	—	—	—	—	—	(574)	—	(574)
Fixed dividends Preferred Series B	—	—	—	—	(952)	—	—	(952)
Net loss	—	—	—	—	—	—	(21,485)	(21,485)

Balance as of September 30, 2023	167,972	\$	—	9,605,360	\$	1	\$	118,733	\$	(1,488)	\$	(86,604)	\$	30,642
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See accompanying notes to unaudited condensed consolidated financial statements.

Boxlight Corporation
Condensed Consolidated Statements of Changes in Stockholders' Equity
For the three months ended September 30, 2022 March 31, 2023, as adjusted
(Unaudited)
(in thousands, except share amounts)

	Series A		Class A		Accumulated			
	Preferred Stock		Common Stock		Additional	Other	Accumulated	
	Shares	Amount	Shares	Amount	Paid-in	Comprehensive		
					Capital	Loss	Deficit	Total
Balance as of June 30, 2022	167,972	\$ —	8,275,965	\$ 1	\$ 112,358	\$ (2,681)	\$ (66,130)	\$ 43,548
Shares issued for:								
Shares issued for acquisition	—	—	28,847	—	150	—	—	150
Issuance of warrants and prefunded warrants	—	—	—	—	2,348	—	—	2,348
Warrants Exercised	—	—	44,118	—	—	—	—	—
Issuance of Stock, net	—	—	875,000	—	2,352	—	—	2,352
Vesting of restricted shares units	—	—	41,507	—	11	—	—	11
Stock compensation	—	—	—	—	603	—	—	603
Foreign currency translation	—	—	—	—	—	(5,040)	—	(5,040)
Fixed dividends Preferred Series B	—	—	—	—	(317)	—	—	(317)
Net income	—	—	—	—	—	—	3,105	3,105
Balance as of September 30, 2022	167,972	\$ —	9,265,437	\$ 1	\$ 117,505	\$ (7,721)	\$ (63,025)	\$ 46,760

See accompanying notes to unaudited condensed consolidated financial statements.

Boxlight Corporation
Condensed Consolidated Statements of Changes in Stockholders' Equity
For the nine months ended September 30, 2022, as adjusted
(Unaudited)
(in thousands, except share amounts)

	Accumulated							
	Series A		Class A		Other			Total
	Preferred Stock		Common Stock		Additional	Comprehensive	Accumulated	
	Shares	Amount	Shares	Amount	Paid-in Capital	Income (Loss)	Deficit	
Balance as of December 31, 2021	167,972	\$ —	7,977,738	\$ —	\$ 110,873	\$ 3,728	\$ (61,300)	\$ 53,301
Shares issued for:								
Stock options exercised	—	—	24,231	—	69	—	—	69
Shares issued for acquisition	—	—	28,847	—	150	—	—	150
Issuance of warrants and prefunded warrants	—	—	—	—	2,348	—	—	2,348
Debt issuance costs	—	—	66,021	—	—	—	—	—
Vesting of restricted share units	—	—	249,482	—	—	—	—	—
Stock compensation	—	—	—	—	2,665	—	—	2,665
Issuance of stock	—	—	875,000	1	2,352	—	—	2,353
Warrants exercised	—	—	44,118	—	—	—	—	—
Foreign currency translation	—	—	—	—	—	(11,449)	—	(11,449)
Fixed dividends Preferred Series B	—	—	—	—	(952)	—	—	(952)
Net loss	—	—	—	—	—	—	(1,725)	(1,725)
Balance as of September 30, 2022	167,972	\$ —	9,265,437	\$ 1	\$ 117,505	\$ (7,721)	\$ (63,025)	\$ 46,760

Series A	Class A	Additional	Accumulated	Accumulated	Total
Preferred Stock	Common Stock	Paid-in	Other	Deficit	

Cash flows from operating activities:	Cash flows from operating activities:		
Net loss	Net loss	\$ (21,485)	\$ (1,725)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Net loss			
Net loss			
Adjustments to reconcile net loss to net cash used in operating activities:			
Amortization of debt premium, discount and issuance cost	Amortization of debt premium, discount and issuance cost	1,800	1,645
Bad debt expense		(197)	9
Gain on settlement of liabilities		—	(856)
Amortization of debt premium, discount and issuance cost			
Amortization of debt premium, discount and issuance cost			
Provision for credit losses			
Changes in deferred tax assets and liabilities			
Changes in deferred tax assets and liabilities			
Changes in deferred tax assets and liabilities	Changes in deferred tax assets and liabilities	907	(654)
Change in allowance for sales returns and volume rebates	Change in allowance for sales returns and volume rebates	1,266	431

Change in inventory reserve	Change in inventory reserve	676	634
Change in fair value of derivative liabilities	Change in fair value of derivative liabilities	(50)	(1,537)
Stock compensation expense	Stock compensation expense	1,823	2,665
Depreciation and amortization	Depreciation and amortization	6,893	6,818
Impairment of goodwill		13,226	—
Change in right of use assets and lease liabilities			
Change in right of use assets and lease liabilities			
Change in right of use assets and lease liabilities	Change in right of use assets and lease liabilities	249	(20)
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:		
Accounts receivable – trade	Accounts receivable – trade	(10,344)	(26,240)
Accounts receivable – trade			
Inventories	Inventories	13,788	(4,722)
Prepaid expenses and other assets		(602)	(41)
Prepaid expenses and other current assets			
Other assets	Other assets	(450)	(332)

Accounts payable and accrued expenses	Accounts payable and accrued expenses	(972)	21,592
Other liabilities	Other liabilities	2,036	(1,737)
Deferred revenues	Deferred revenues	(322)	4,570
Net cash provided by operating activities		\$ 8,242	\$ 500
Net cash used in operating activities			
Cash flows from investing activities:	Cash flows from investing activities:		
Asset acquisition		—	(100)
Cash flows from investing activities:			
Purchases of furniture and fixtures, net			
Purchases of furniture and fixtures, net			
Purchases of furniture and fixtures, net	Purchases of furniture and fixtures, net	(226)	(960)
Net cash used in investing activities		\$ (226)	\$ (1,060)
Cash flows from financing activities:	Cash flows from financing activities:		
Proceeds from short-term debt		3,000	—
Proceeds from long-term debt		—	2,500
Principal payments on short term debt		(3,000)	—
Cash flows from financing activities:			

Cash flows from financing			
activities:			
Principal payments on long term debt	Principal payments on long term debt	(2,048)	(1,878)
Net proceeds from issuance of common stock and warrants, net of issuance costs		—	4,700
Principal payments on long term debt			
Principal payments on long term debt			
Payments of fixed dividends to Series B Preferred stockholders	Payments of fixed dividends to Series B Preferred stockholders	(952)	(952)
Proceeds from the exercise of options and warrants		13	70
Net cash (used in) provided by financing activities		\$ (2,987)	\$ 4,440
Payments of fixed dividends to Series B Preferred stockholders			
Payments of fixed dividends to Series B Preferred stockholders			
Net cash used in financing activities			
Net cash used in financing activities			
Net cash used in financing activities			
Effect of foreign currency exchange rates	Effect of foreign currency exchange rates	(1,206)	134
Effect of foreign currency exchange rates			
Effect of foreign currency exchange rates			

Net increase in cash and cash equivalents				3,823	4,014
Net decrease in cash and cash equivalents					
Net decrease in cash and cash equivalents					
Net decrease in cash and cash equivalents					
Cash and cash equivalents, beginning of the period					
Cash and cash equivalents, beginning of the period					
Cash and cash equivalents, beginning of the period	Cash and cash equivalents, beginning of the period			14,591	17,938
Cash and cash equivalents, end of the period	Cash and cash equivalents, end of the period	\$	18,414	\$	21,952
Cash and cash equivalents, end of the period					
Cash and cash equivalents, end of the period					
Supplemental cash flow disclosures:	Supplemental cash flow disclosures:				
Supplemental cash flow disclosures:					
Supplemental cash flow disclosures:					
Cash paid for income taxes					
Cash paid for income taxes					
Cash paid for income taxes	Cash paid for income taxes	\$	2,650	\$	1,615
Cash paid for interest	Cash paid for interest	\$	6,390	\$	7,346
Non-cash investing and financing transactions:	Non-cash investing and financing transactions:				

Non-cash investing and financing transactions:			
Non-cash investing and financing transactions:			
Addition of operating lease liabilities	Addition of operating lease liabilities	\$ 5,369	\$ —
Shares issued for asset acquisition		\$ —	\$ 150
Addition of operating lease liabilities			
Addition of operating lease liabilities			

See accompanying notes to unaudited condensed consolidated financial statements.

Boxlight Corporation
Notes to the Unaudited Condensed Consolidated Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Boxlight Corporation, a Nevada Corporation ("Boxlight"), designs, produces and distributes interactive technology solutions for the education, corporate and government markets under its Clevertouch and Mimio brands. Boxlight's solutions include interactive displays, collaboration audio and other accessory products, software, supporting accessories, and professional services.

BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION

The accompanying unaudited condensed consolidated financial statements include the accounts of Boxlight and its direct and indirect wholly owned subsidiaries (collectively, the "Company"). All significant intercompany balances and transactions have been eliminated in consolidation.

The accompanying unaudited condensed consolidated financial statements and related notes have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim unaudited condensed consolidated financial information and interim financial reporting guidelines and rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the information and notes required by GAAP for complete condensed consolidated financial statements. The unaudited condensed consolidated financial statements reflect all adjustments (consisting of normal recurring adjustments) which are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented. Interim results are not necessarily indicative of the results for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2022 December 31, 2023 and notes thereto contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023 (the "2022 "2023 Annual Report"). Certain information and note disclosures normally included in consolidated financial statements have been condensed.

The **December 31, 2022** **December 31, 2023** balance sheet included herein was derived from the Company's audited consolidated financial statements, but does not include all disclosures, including notes, required by GAAP for complete financial statements.

Effective January 1, 2023, the Company's internal reporting structure used by the chief operating decision maker (or CODM) changed resulting in changes to the Company's segment reporting to align such reporting with the geographic markets in which the Company operates, as further discussed below and in Note 16 - *Segments*. Corresponding prior period amounts have been restated to conform to current period classification.

ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities, disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Note 1 in the Notes to the Consolidated Financial Statements for **2022** **2023** contained in the **2022** **2023** Annual Report filed with the SEC on **March 17, 2023** **March 14, 2024**, describes the significant accounting policies that the Company used in preparing its condensed consolidated financial statements. On an ongoing basis, the Company evaluates its estimates, including, but not limited to, those related to revenue, reserves, and allowances. The Company bases estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ materially from these estimates under different assumptions or conditions.

REVERSE STOCK SPLIT

On June 14, 2023, the Company effected a reverse stock split of the Company's Class A common stock whereby each eight shares of the Company's authorized and outstanding Class A common stock was converted into one share of common stock. The par value of the common stock was not adjusted. Following the reverse split, the authorized shares for Class A common stock was adjusted to 18,750,000, the authorized shares for Class B common stock remained at 50,000,000 shares, and the authorized share of preferred stock remained unchanged at 50,000,000 shares. All Class A common share and per share amounts for all periods presented in the condensed consolidated financial statements and the

notes to the **condensed** consolidated financial statements have been retrospectively adjusted to give effect to the reverse stock split, including reclassifying an amount equal to the reduction in aggregate par value of Class A common stock to additional paid-in capital on the condensed consolidated balance sheets of approximately \$6 thousand. The quantity of Class A common stock equivalents and the conversion and exercise ratios were adjusted for the effect of the reverse stock split for warrants, stock-based compensation arrangements, and the conversion features on preferred shares. All of the

agreements include existing conversion language in the event of a stock split and thus did not result in modification accounting or additional incremental expense as a result of this transaction. The Company issued 33,414 shares of Class A common stock to adjust fractional shares following the reverse stock split to the nearest whole share. There are presently no shares of Class B common stock outstanding, and none were outstanding as of **September 30, 2023** **March 31, 2024**.

GOING CONCERN

The Company's financial statements are prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of obligations in the normal course of business.

At September 30, 2023 December 31, 2023, the Company was not in compliance with its Senior Leverage Ratio financial covenant under the credit agreement, originally dated December 31, 2021, as amended (the "Credit Agreement"), between the Company, its direct and indirect subsidiaries, and Whitehawk Finance LLC, as lender, and White Hawk Capital Partners, LP, as collateral agent. (The terms of the Credit Agreement and the amendments thereto are described in more detail in Note 8 below). The Company's non-compliance with the Credit Agreement was cured by the Company paying \$4.3 million, inclusive of \$0.3 million in prepayment penalties and accrued interest, in November 2023 which would have resulted in the Company being in compliance with related to the Senior Leverage Ratio at September 30, 2023, under the Credit Agreement. The Senior Leverage Ratio, as stated in the Third Amendment to the Credit Agreement, decreases decreased to 2.50 at December 31, 2023, 2.00 at March 31, 2024 and June 30, 2024 and 1.75 thereafter. On March 14, 2024 the Company entered into a fifth agreement (the 'Fifth Amendment') with the Collateral Agent and Lender which waived any Event of Default that may have arisen directly as a result of the financial covenant default at December 31, 2023 and in the interim two-month period ended February 29, 2024. The Fifth Amendment also restated the Senior Leverage Ratio and Minimum Liquidity requirements. Under the Amended agreement, the Senior Leverage Ratio requirement at March 31, 2024 was amended from 2.00 to 6.00, at June 30, 2024 will remain at 2.00 and thereafter will remain at 1.75. The Company was in compliance with all financial covenants at March 31, 2024.

Because of the significant decreases in the required Senior Leverage Ratio that will occur over the next twelve months, the Company's current forecast projects the Company may not be able to maintain compliance with this ratio. These conditions raise substantial doubt about the ability of the Company to continue as a going concern within one year after the date that the financial statements are issued.

In view of this matter, continuation as a going concern is dependent upon the Company's ability to continue to achieve positive cash flow from operations, obtain waivers or other relief under the Credit Agreement for any future non-compliance with the Senior Leverage Ratio, or refinance its Credit Agreement with a different lender on more favorable terms. The Company is actively working to refinance its debt with new lenders on terms more favorable to the Company. lenders. While the Company is confident in its ability to refinance its existing debt, it does not have written or executed agreements as of the issuance of this Form 10-Q. The Company's ability to refinance its existing debt is based upon credit markets and economic forces that are outside of its control. The Company has a good working relationship with its current banking partner, and has seen a positive trend in the credit markets as of late. partner. However, there can be no assurance that the Company will be successful in refinancing its debt, or on terms acceptable to the Company.

To the extent not converted into the Company's Class A common stock, the outstanding shares of our Series B preferred stock became redeemable at the option of the holders at any time or from time to time commencing on January 1, 2024 upon, 30 days' prior written notice to the Company, for a redemption price, payable in cash, equal to the sum of (a) (\$10.00) multiplied by the number of shares of Series B preferred stock being redeemed (the "Redeemed Shares"), plus (b) all accrued and unpaid dividends, if any, on such Redeemed Shares. We may be required to seek alternative financing arrangements or restructure the terms of the agreement with the Series B preferred shareholders on terms that are not favorable to us if cash and cash equivalents are not sufficient to fully redeem the Series B preferred shares. We are currently evaluating alternatives to refinance or restructure the Series B preferred shares including extending the maturity of the Series B preferred shares beyond the current optional conversion date.

These financial statements do not include any adjustments to the amount and classification of assets and liabilities that may be necessary should the Company not continue as a going concern.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments primarily include cash, accounts receivable, derivative liabilities, accounts payable and debt. Due to the short-term nature of cash, accounts receivable and accounts payable, the carrying amounts of these assets and liabilities approximate their fair value. The Company has determined that the estimated fair value of debt is approximately \$49 million when the approximates its carrying value, excluding premiums, discounts, premiums and issuance costs, is approximately \$47.9 million, costs. The fair value of debt was estimated using market rates the Company believes would be available for similar types of financial instruments and represents a Level 2 measurement.

Derivative liabilities are recorded at fair value on a recurring basis.

Fair value is defined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants. A fair value hierarchy has been established for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

- Level 1 Inputs - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2 Inputs - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These might include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (such as interest rates, volatilities, prepayment speeds, credit risks, etc.) or inputs that are derived principally from or corroborated by market data by correlation or other means.
- Level 3 Inputs - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

Financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels.

There were no transfers into or out of Level 3 measurements in 2024 and 2023.

The following table sets forth, by level within the fair value hierarchy, the Company's financial liabilities that were accounted for at fair value on a recurring basis as of September 30, 2023, March 31, 2024 and December 31, 2022, December 31, 2023 (in thousands):

Markets for Identical Assets (Level 1)						Markets for Identical Assets (Level 1)				
Other Observable Inputs (Level 2)						Other Observable Inputs (Level 2)				
Significant Unobservable Inputs (Level 3)						Significant Unobservable Inputs (Level 3)				
Carrying Value as of September 30, 2023						Carrying Value as of March 31, 2024				
Description	Description	(Level 1)	(Level 2)	(Level 3)	2023	Description	(Level 1)	(Level 2)	(Level 3)	2024
Derivative liabilities - warrant instruments	Derivative liabilities - warrant instruments	—	—	\$ 422	\$ 422					
Markets for Identical Assets (Level 1)						Markets for Identical Assets (Level 1)				
Other Observable Inputs (Level 2)						Other Observable Inputs (Level 2)				
Significant Unobservable Inputs (Level 3)						Significant Unobservable Inputs (Level 3)				
Carrying Value as of December 31, 2022						Carrying Value as of December 31, 2023				
Description	Description	(Level 1)	(Level 2)	(Level 3)	2022	Description	(Level 1)	(Level 2)	(Level 3)	2023
Derivative liabilities - warrant instruments	Derivative liabilities - warrant instruments	—	—	\$ 472	\$ 472					

The following tables reconcile the beginning and ending balances of the warrant instruments within Level 3 of the fair value hierarchy:

	(in thousands)
Balance, June 30, 2023 December 31, 2023	\$ 512 205
Change in fair value of derivative liabilities	(90) (192)
Balance, September 30, 2023 March 31, 2024	\$ 422 13

	(in thousands)
Balance, December 31, 2022	\$ 472
Change in fair value of derivative liabilities	(50) 224
Balance, September 30, 2023 March 31, 2023	\$ 422 696

	(in thousands)
Balance, June 30, 2022	\$ 1,414
Change in fair value of derivative liabilities	113
Balance, September 30, 2022	\$ 1,527

	(in thousands)
Balance, December 31, 2021	\$ 3,064
Change in fair value of derivative liabilities	(1,537)
Balance, September 30, 2022	\$ 1,527

INCOME (LOSS)

LOSS PER COMMON SHARE

Basic net income (loss) loss per share is computed by dividing net income (loss) loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period. For purposes of this calculation, options to purchase common stock, restricted stock units subject to vesting, and warrants to purchase common stock were considered to be common stock equivalents. Diluted net income (loss) loss per share is computed by dividing net income (loss) loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period giving effect to all potentially dilutive securities to the extent they are dilutive. The dilutive effect of options to purchase common stock, restricted stock units subject to vesting and other share-based payment awards is calculated using the "treasury stock method," which assumes that the "proceeds" from the exercise of these instruments are used to purchase common shares at the average market price for the period. The dilutive effect of convertible securities is calculated using the "if-converted method." Under the if-converted method, securities are assumed to be converted at the beginning of the period, and the resulting common shares are included in the denominator of the diluted calculation for the entire period being presented.

For the three and nine months ended September 30, 2023 March 31, 2024, potentially dilutive securities that were not included in the diluted per share calculation because they would be anti-dilutive comprise 0.3 million shares issuable upon exercise of options to purchase common stock, 0.5 million 0.2 million of unvested shares of restricted stock and 1.4 million 1.4 million shares issuable upon exercise of warrants. Additionally, potentially dilutive securities of 2.2 million 2.2 million shares issuable from the

assumed conversion of preferred stock are excluded from the denominator because they would be anti-dilutive. For the nine months the three month ended September 30, 2022 March 31, 2023, potentially dilutive securities that were not included in the diluted per share calculation because they would be anti-dilutive comprise 0.9 0.8 million shares from options to purchase shares of common stock and 0.3 million of unvested shares of restricted stock units as well as 1.4 million shares of common stock issuable upon exercise of warrants. Additionally, potentially dilutive securities of 2.2 million from the assumed conversion of preferred stock are excluded from the denominator because they would be anti-dilutive.

REVENUE RECOGNITION

The Company recognizes revenue at the amount to which it expects to be entitled when control of the products or services is transferred to its customers. Control is generally transferred when the Company has a present right to payment and the title, and the significant risks and rewards of ownership of the products or services, have been transferred to its customers. Product revenue is derived from the sale of interactive devices and related software and accessories to distributors, resellers and end users. Service revenue is derived from hardware maintenance services, product installation, training, software maintenance and subscription services.

Nature of Products and Services and Related Contractual Provisions

The Company's sales of interactive devices, including panels, whiteboards, and other interactive devices generally include hardware maintenance services, a license to use software, and the provision of related software maintenance. In most cases, interactive devices are sold with hardware maintenance services with terms of approximately 30-60 months. Software maintenance includes technical support, product updates performed on a when and if available basis, and error correction services. At times, non-interactive projectors are also sold with hardware maintenance services with terms of approximately 60 months. The Company also licenses software independently of its interactive devices, in which case it is bundled with software maintenance, and in some cases, subscription services that include access to on-line content and cloud-based applications. The Company's software subscription services provide access to content and software applications on an as needed basis over the Internet, but do not provide the right to take delivery of the software applications.

The Company's product sales, including those with software and related services, generally include a single payment up front for the products and services, and revenue is recorded net of estimated sales returns and rebates based on the Company's expectations and historical experience. For most of the Company's product sales, control transfers and, therefore, revenue is recognized when products are shipped at the point of origin. When the Company transfers control of its products to the customer prior to the related shipping and handling activities, the Company has adopted a policy of accounting for shipping and handling activities as a fulfillment cost rather than a performance obligation. For many of the Company's software product sales, control is transferred when shipped at the point of origin since the software is installed on the interactive hardware device in advance of shipping. For software product sales, control is transferred when the customer receives the related interactive hardware since the customer's connection to the interactive hardware activates the software license at which time the software is made available to the customer. For the Company's software maintenance,

hardware maintenance and subscription services, revenue is recognized ratably over time as the services are provided since time is the best output measure of how those services are transferred to the customer.

The Company excludes all taxes assessed by a governmental agency that are both imposed on and concurrent with the specific revenue-producing transaction from revenue (for example, sales and use taxes). In essence, the Company is reporting these amounts collected on behalf of the applicable government agency on a net basis as though they are acting as an agent. The taxes collected and not yet remitted to the governmental agency are included in accounts payable and accrued expenses in the accompanying consolidated balance sheets.

Significant Judgments

For contracts with multiple performance obligations, each of which represent promises within a contract that are distinct, the Company allocates revenue to all distinct performance obligations based on their relative stand-alone selling prices ("SSPs"). The Company's products and services included in its contracts with multiple performance obligations generally are not sold separately and there are no observable prices available to determine the SSP for those products and services. Since observable prices are not available, SSPs are established that reflect the Company's best estimates of what the selling prices of the performance obligations would be if they were sold regularly on a stand-alone basis. The Company's process for estimating SSPs without observable prices considers multiple factors that may vary depending upon the unique facts and circumstances related to each performance obligation including, when applicable, the estimated cost to provide the performance obligation, market trends in the pricing for similar offerings, product-specific business objectives, and competitor or other relevant market pricing and margins. Because observable prices are generally not available for the Company's performance obligations that are sold in bundled arrangements, the Company does not apply the residual approach to determining SSP. However, the Company does have performance obligations for which pricing is highly variable or uncertain, and contracts with those performance obligations generally contain multiple performance obligations with highly variable or uncertain pricing terms. For these contracts the Company allocates the transaction price to those performance obligations using an alternative method of allocation that is consistent with the allocation objective and the guidance on determining SSPs considering, when applicable, the estimated cost to provide the performance obligation, market pricing for competing product or service offerings, residual values based on the estimated SSP for certain goods, product-specific business objectives, incremental values for bundled transactions that include a service relative to similar transactions that exclude the service, and competitor pricing and margins. A separate price has not been established by the Company for performance obligations generally included in its contracts. In addition, the Company's contracts generally include performance obligations that are never sold separately, are proprietary in nature, and the related selling price of these products and services is highly variable or uncertain. Therefore, the SSP of these products and services is estimated using the alternative method described above.

The Company has applied the portfolio approach to its allocation of the transaction price for certain portfolios of contracts that are executed in the same manner, contain the same performance obligations, and are priced in a consistent manner. The Company believes that the application of the portfolio approach produces the same result as if they were applied at the contract level.

Contract Balances

The timing of invoicing to customers often differs from the timing of revenue recognition and these timing differences can result in receivables, contract assets, or contract liabilities (deferred revenue) on the Company's consolidated balance sheets. Fees for the Company's product and most service contracts are fixed, except as adjusted for rebate programs when applicable, and are generally due within 30-60 days of contract execution. Fees for installation, training and professional development services are fixed and generally become due as the services are performed. The Company has an established history of collecting under the terms of its contracts without providing refunds or concessions to its customers. The Company's contractual payment terms do not vary when products are bundled with services that are provided over multiple years. In these contracts where services are expected to be transferred on an ongoing basis for several years after the related payment, the Company has determined that the contracts generally do not include a significant financing component. The upfront invoicing terms are designed (1) to provide customers with a predictable way to purchase products and services where the payment is due in the same timeframe as when the products, which constitute the predominant portion of the contractual value, are transferred, and (2) to ensure that the customer continues to use the related services; so that the customer can receive the optimal benefit from the products during the course of such product's lifetime. Additionally, the Company has elected the practical expedient to exclude any financing component from consideration for contracts

where, at contract inception, the period between the transfer of services and the timing of the related payment is not expected to exceed one year.

The Company has an unconditional right to consideration for all products and services transferred to the customer. That unconditional right to consideration is reflected in accounts receivable in the accompanying condensed consolidated balance sheets in accordance with Topic 606. Contract liabilities are reflected in deferred revenue in the accompanying condensed consolidated balance sheets and reflect amounts allocated to performance obligations that have not yet been transferred to the customer related to software maintenance, hardware maintenance, and subscription services. The Company had no material contract assets as of September 30, 2023 March 31, 2024 or December 31, 2022 December 31, 2023. During the three months ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023, respectively, the Company recognized \$1.9 million \$2.3 million and \$2.2 million \$2.1 million of revenue that was included in the deferred revenue balance as of December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022, respectively. During the nine months ended September 30, 2023 and September 30, 2022, the Company recognized \$6.0 million and \$5.8 million of revenue that was included in the deferred revenue balance as of December 31, 2022 and December 31, 2021, respectively.

Variable Consideration

The Company's otherwise fixed consideration may vary when refunds or credits are provided for sales returns, stock rotation rights, price protection provisions, or in connection with certain other rebate provisions. The Company generally does not allow product returns other than under assurance warranties or hardware maintenance contracts. However, the Company, on a case-by-case basis, will grant exceptions, mostly for "buyer's remorse" where the distributor or reseller's end customer either did not understand what they were ordering or otherwise determined that the product did not meet their needs. An allowance for sales returns is estimated based on an analysis of historical trends. In very limited situations, a customer may return previous purchases held in inventory for a specified period of time in exchange for credits toward additional purchases. The Company provides rebates to certain customers based on the achievement of certain sales targets. The provision for rebates is estimated based on customers' contracted rebate programs and our historical experience of rebates paid. The Company includes variable consideration in its transaction price when there is a basis to reasonably estimate the amount of the fee and it is probable there will not be a significant reversal. These estimates are generally made using the expected value most likely method based on historical experience and are measured at each reporting date. There was no material revenue recognized in the three and nine months ended September 30, 2023 March 31, 2024 related to changes in estimated variable consideration that existed at December 31, 2022 December 31, 2023.

Remaining Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of accounting within the contract. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied by transferring the promised good or service to the customer. The Company identifies performance obligations at contract inception so that it can monitor and account for the obligations over the life of the contract. Remaining performance obligations represent the portion of the transaction price in a contract allocated to products and services not yet transferred to the customer. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the aggregate amount of the contractual transaction prices allocated to remaining performance obligations was \$23.7 million and \$23.9 million, respectively. \$25.0 million. The Company expects to recognize revenue on 34.3% 35.5% of the remaining performance obligations during the next 12 months, 28.2% 28.8% in the following 12 months, 21.3% 20.5% in the 12 months ended September 30, 2026 March 31, 2026, 12.5% 11.4% in the 12 months ended September 30, 2027 March 31, 2027, with the remaining 3.7% 3.8% recognized thereafter.

In accordance with Topic 606, the Company has elected not to disclose the value of remaining performance obligations for contracts for which the Company recognizes revenue at the amount to which it has the right to invoice for services performed (for example, a time-and-materials professional services contracts). In addition, the Company has elected not to disclose the value of remaining performance obligations for contracts with performance obligations that are expected, at contract inception, to be satisfied over a period that does not exceed one year.

Disaggregated Revenue

The Company disaggregates revenue based upon the nature of its products and services and the timing and in the manner which it is transferred to the customer. Although all products are transferred to the customer at a point in time, hardware and some software which comes pre-installed on an interactive device is transferred at the point of shipment, while some software is transferred to the customer at the time the hardware is received by the customer or when software product keys are delivered electronically to the customer. All service revenue is transferred over time to the customer; however, professional services are generally transferred to the customer within a year from the contract date as measured based upon hours or time incurred while software maintenance, hardware maintenance, and subscription services are generally transferred over three to five years from the contract execution date as measured based upon the passage of time.

	Three Months Ended September 30, (in thousands)		Nine Months Ended September 30, (in thousands)	
	2023	2022	2023	2022
Product revenues:				
Hardware	\$ 46,650	\$ 64,601	\$ 128,781	\$ 167,967
Software	733	906	1,818	3,959
Service revenues:				
Professional services	45	1,359	872	2,192
Maintenance and subscription services	2,239	1,870	6,438	4,849
	<u>\$ 49,667</u>	<u>\$ 68,736</u>	<u>\$ 137,909</u>	<u>\$ 178,967</u>

	Three Months Ended March 31, (in thousands)	
	2024	2023
Product revenue	\$ 34,435	\$ 38,681
Service revenue	2,658	2,508
Total revenues, net	<u>\$ 37,093</u>	<u>\$ 41,189</u>

Contract Costs

The Company capitalizes incremental costs to obtain a contract with a customer if the Company expects to recover those costs. The incremental costs to obtain a contract are those that the Company incurs to obtain a contract with a customer that it would not have otherwise incurred if the contract were not obtained (e.g., a sales commission). The Company capitalizes the costs incurred to fulfill a contract only if those costs meet all the following criteria:

- The costs relate directly to a contract or to an anticipated contract that the Company can specifically identify;
- The costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- The costs are expected to be recovered.

Certain sales commissions incurred by the Company are determined to be incremental costs to obtain the related contracts, which are deferred and amortized ratably over the estimated economic benefit period. For these sales commissions that are incremental costs to obtain where the period of amortization would be recognized over a period that is one year or less, the Company has elected the practical expedient to expense those costs as incurred. Commission costs that are deferred are classified as current or non-current assets based on the timing of when the Company expects to recognize the expense and are included in prepaid and other assets and other assets, respectively, in the accompanying condensed consolidated balance sheets. Total deferred commissions, net of accumulated amortization, at September 30, 2023 as of March 31, 2024 and December 31, 2022 December 31, 2023 was \$0.5 million \$0.6 million.

The Company has not historically incurred any material fulfillment cost that meet the criteria for capitalization.

SEGMENT REPORTING

ASC 280, *Segment Reporting*, establishes standards for reporting information about operating segments. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker (CODM), or decision-making group, in deciding how to allocate resources and in assessing performance. Our CODM is our Chief Executive Officer.

Effective January 1, 2023, the Company changed its segment reporting to align with the geographic markets in which it operates, as further discussed in Note 16 - *Segments*. The Company previously managed the Company as one operating segment. Following the integration of recent acquisitions which further expanded the Company's operations into Europe, Middle East and Africa ("EMEA") and other international markets, the Company's operations are now organized, managed and classified into three reportable segments – EMEA, North and Central America (the "Americas") and all other geographic regions ("Rest of World"). Our EMEA segment consists of the operations of Sahara Holding Limited and its subsidiaries (the "Sahara Entities"). Our Americas segment consists primarily of Boxlight, Inc. and its subsidiaries and the Rest of World segment consists primarily of Boxlight Australia, PTY LTD ("Boxlight Australia").

Each of our operating segments are primarily engaged in the sale of education technology products and services in the education market but which are also sold into the health, government and corporate sectors and derive a majority of their revenues from the sale of flat-panel displays, audio and other hardware accessory products, software solutions and professional services. Generally, our displays produce higher net operating revenues but lower gross profit margins than our accessory solutions and professional services. The Americas operating segment includes salaries and overhead for corporate functions that are not allocated to the Company's individual reporting segments. Transfers between segments are generally valued at market and are eliminated in consolidation.

RECENTLY ADOPTED ACCOUNTING STANDARDS PENDING ADOPTION

In June 2016, November 2023, the FASB issued ASU No. 2016-13, 2023-07, "Financial Instruments – Credit Losses Segment Reporting (Topic 326) 280): Measurement of Credit Losses on Financial Instruments," Improvements to Reportable Segment Disclosures, which introduced a new model for recognizing credit losses on financial instruments based on an estimate enhances reporting requirements under Topic 280. The enhanced disclosure requirements include: title and position of current expected credit losses ("CECL"). The new guidance applies the Chief Operating Decision Maker (CODM), significant segment expenses provided to loans, accounts receivable, trade receivables, other financial assets measured at amortized cost, loan commitments the CODM, extending certain annual disclosures to interim periods, clarifying single reportable segment entities must apply ASC 280 in its entirety, and other off-balance sheet credit exposures. The new guidance also applies to debt securities and other financial assets measured at fair value through other comprehensive income. Estimated credit losses under CECL consider relevant information about past events, current conditions and reasonable and supporting forecasts that affect the collectability permitting more than one measure of financial assets. The new guidance was effective January 1, 2023 and was applied using a modified retrospective approach through a cumulative effect adjustment to retained earnings as of January 1, 2023. Prior period comparative information has not been recast and continues segment profit or loss to be reported under the accounting guidance in effect certain circumstances. This change is effective for those periods. fiscal years beginning after December 15, 2023 and interim periods beginning after December 15, 2024. This change will apply retrospectively to all periods presented. The Company recognized a cumulative-effect adjustment to reduce retained earnings by \$76 thousand, net is currently evaluating the impact of taxes. this ASU on its financial statements. The change in the allowance for credit losses was not significant during the three and nine months ended September 30, 2023.

ACCOUNTING STANDARDS PENDING ADOPTION

There were various other accounting standards and interpretations issued recently, some adoption of which although applicable, are this ASU is not expected to have a material impact on result in significant changes to the Company's financial position, operations, or cash flows. Company's current segment disclosures.

In December 2023, the FASB issued ASU 2023-09, Improvements to Income Tax Disclosures (Topic 740), which establishes new income tax disclosure requirements in addition to modifying and eliminating certain existing requirements. The new guidance requires consistent categorization and greater disaggregation of information in the rate reconciliation, as well as further disaggregation of income taxes paid. This change is effective for annual periods beginning after December 15, 2024. This change will apply on a prospective basis to annual financial statements for periods beginning after the effective date. However, retrospective application in all prior periods presented is permitted. The Company is currently evaluating the impact of this ASU on its financial statements.

NOTE 2 – ACCOUNTS RECEIVABLE - TRADE

Accounts receivable consisted of the following at September 30, 2023 as of March 31, 2024 and December 31, 2022 December 31, 2023 (in thousands):

		2023	2022		
		2024		2024	2023
Accounts receivable	Accounts receivable				
– trade	– trade	\$43,773	\$33,198		

Allowance for doubtful accounts	(315)	(414)
Accounts receivable – trade		
Accounts receivable – trade		
Allowance for credit losses		
Allowance for sales returns and volume rebates	Allowance for sales returns and volume rebates	
	(3,037)	(1,775)
Accounts receivable - trade, net of allowances	Accounts receivable - trade, net of allowances	
	\$40,421	\$31,009

NOTE 3 – INVENTORIES

Inventories are stated at the lower of cost or net realizable value and include spare parts and finished goods. Inventories are primarily determined using specific identification and the first-in, first-out (“FIFO”) cost methods. Cost includes direct cost from the Current Manufacturer (“CM”) or Original Equipment Manufacturer (“OEM”), plus material overhead related to the purchase, inbound freight and import duty costs.

Inventories consisted of the following at September 30, 2023 as of March 31, 2024 and December 31, 2022 December 31, 2023 (in thousands):

	2024	2024	2023
	2023	2022	
Finished goods			
Finished goods			
Finished goods	Finished goods	\$43,680	\$56,583
Spare parts	Spare parts	1,329	775
Reserve for inventory obsolescence	Reserve for inventory obsolescence	(1,807)	(531)
Advanced shipping costs		940	1,384
Inventories, net	Inventories, net	\$44,142	\$58,211

Inventories, net
Inventories, net

NOTE 4 – PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consisted of the following at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 (in thousands):

2024		2024		2023	
		2023	2022		
Prepayments to vendors					
Prepayments to vendors					
Prepayments to vendors	Prepayments to vendors	\$4,352	\$4,131		
Prepaid licenses and other	Prepaid licenses and other	3,747	3,302		
Prepaid expenses and other current assets	Prepaid expenses and other current assets	\$8,099	\$7,433		

Prepaid expenses and other current assets as of March 31, 2024 and December 31, 2023 are net of reserves of \$1.4 million related to vendor receivables.

NOTE 5 – INTANGIBLE ASSETS AND GOODWILL

Intangible Assets

Intangible assets consisted of the following at September 30, 2023 as of March 31, 2024 and December 31, 2022 December 31, 2023 (in thousands):

		Useful lives	2023	2022		
		Useful lives	2024	2023		
INTANGIBLE ASSETS	INTANGIBLE ASSETS					
Patents						
Patents						
Patents	Patents	4-10 years	\$ 182	\$ 182		

Customer relationships	Customer relationships	8-15 years	51,031	52,736
Technology	Technology	3-5 years	8,804	8,943
Domain	Domain	7 years	14	14
Non-compete	Non-compete	8-15 years	391	391
Tradenames	Tradenames	2-10 years	12,528	12,769
Intangible assets, at cost	Intangible assets, at cost		72,950	75,035
Accumulated amortization	Accumulated amortization		(26,403)	(22,456)
Intangible assets, net of accumulated amortization	Intangible assets, net of accumulated amortization		\$46,547	\$52,579

For the three months ended **September 30, 2023** **March 31, 2024** and **2022**, 2023, the Company recorded amortization expense of \$2.1 million. For the nine months ended September 30, 2023 \$1.9 million and 2022, the Company recorded amortization expense of \$6.4 million and \$6.5 million \$2.1 million, respectively. Changes to gross carrying amount of recognized intangible assets due to translation adjustments include approximately \$2.1 million reduction (\$0.5) million as of **September 30, 2023** **March 31, 2024** and \$3.1 million reduction (\$0.1) million as of **December 31, 2022** **December 31, 2023**.

During the quarter ended September 30, 2023, as a result of the triggering events disclosed below, the Company performed an interim impairment test on its finite-lived intangible assets using undiscounted cash flows. There was no impairment recorded on finite-lived intangible assets during the nine months ended September 30, 2023.

Goodwill

During the quarter ended June 30, 2023, the Company determined that a triggering event had occurred as a result of the Company's market capitalization that suggested one or more of the reporting units may have fallen below the carrying amounts. In addition, the Company's change in reporting segments resulted in a change in the composition of the Company's reporting units. As a result of these changes, the Company determined it has two reporting units for purposes of testing based upon entities that comprise the Americas and EMEA reporting segments. For purposes of impairment testing, the Company allocated goodwill to the reporting units based upon a relative fair value allocation approach and has assigned approximately \$22.4 million and \$2.8 million of goodwill to the Americas and EMEA reporting units, respectively. However, the allocation used for purposes of segment information disclosures in Note 16 differs from these values used for impairment testing as the information used by the Chief Operating Decision Maker does not assign goodwill in the same manner.

As of June 30, 2023, the Company performed an interim goodwill impairment test as a result of the triggering events identified. In analyzing goodwill for potential impairment in the quantitative impairment test, the Company used a combination of the income and market approaches to estimate the fair value. Under the income approach, the Company calculated the fair value based on estimated future discounted cash flows. The assumptions used are based on what the Company believes a hypothetical marketplace participant would use in estimating fair value and include the discount rate, projected average revenue growth and

projected long-term growth rates in the determination of terminal values. Under the market approach, the Company estimated the fair value based on market multiples of revenue or earnings before interest, income taxes, depreciation, and amortization for benchmark companies. If the fair value exceeds carrying value, then no further testing is required. However, if the fair value were to be less than carrying value, the Company would then determine the amount of the impairment charge, if any, which would be the amount that the carrying value of the goodwill exceeded its implied value. Based on the results of the quantitative interim impairment test, the Company concluded that the reporting unit's goodwill was not impaired as of June 30, 2023.

During the quarter ended September 30, 2023, due to further declines in the Company's market capitalization and a reduction in cash-flows resulting from continued softening in the industry leading to a reduction in sales from interactive flat-panel displays, the Company determined that a triggering event had occurred.

As of September 30, 2023, the Company performed an interim goodwill impairment test as a result of the triggering events identified. The Company's methodology for estimating fair value was consistent with the income and market approaches used as of June 30, 2023. Certain estimates and assumptions, including the Company's operating forecast for 2023 and future periods, were revised based on current industry and Company trends. For the three and nine months ended September 30, 2023, the Company recorded goodwill impairment charges of \$10.4 million and \$2.8 million to the Americas and EMEA reporting units, respectively, which also represents total accumulated goodwill impairment charges for each reporting unit.

NOTE 6 – LEASES

The Company has entered into various operating leases for certain offices, support locations and vehicles with terms extending through July December 2038. Generally, these leases have initial lease terms of five years or less. Many

As of the leases have one or more lease renewal options. The exercise of lease renewal options is at the Company's sole discretion. The Company does not consider the exercise of any lease renewal options reasonably certain. In addition, certain of the Company's lease agreements contain early termination options. No renewal options or early termination options have been included in the calculation of the operating right-of-use assets or operating lease liabilities. Certain of the Company's lease agreements provide for periodic adjustments to rental payments for inflation. As the majority of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate at the commencement date in determining the present value of lease payments. The incremental borrowing rate is based on the term of the lease. Leases with an initial term of 12 months or less are not recorded on the balance sheet. For these short-term leases, lease expense is recognized on a straight-line basis over the lease term. At September 30, 2023 March 31, 2024, the Company had no leases classified as finance leases. The Company is currently not a lessor in any lease arrangement.

Operating lease expense was \$712 \$630 thousand and \$439 \$564 thousand for the three months ended September 30, 2023 March 31, 2024 and September 30, 2022, respectively 2023, respectively. Variable and \$1.8 million and \$1.5 million short-term lease cost was \$528 thousand for the nine three months ended September 30, 2023 and September 30, 2022, respectively. March 31, 2024. Variable lease costs and short-term lease cost were not material for the three and nine months ended September 30, 2023 and September 30, 2022 March 31, 2023. Cash paid for amounts included in the measurement of lease liabilities was \$660 \$466 thousand and \$267 \$621 thousand for the three months ended September 30, 2023 March 31, 2024 and September 30, 2022, respectively and \$1.9 million and \$1.4 million for the nine months ended September 30, 2023 and September 30, 2022. 2023, respectively.

Future maturities of the Company's operating lease liabilities are summarized as follows (in thousands):

Fiscal year ended,

2023		\$	697
2024	2024		1,396
2025	2025		1,490
2026	2026		1,137
2027	2027		697
2028			
Thereafter	Thereafter		4,371
			9,788
Less imputed interest			(1,112)
Total		\$	8,676
Total lease liabilities			
Less: Imputed interest			
Present value of lease liabilities			

The following is supplemental lease information at September 30, 2023 as of March 31, 2024 and December 31, 2023:

Weighted-average remaining lease term (years)	9.9
Weighted-average discount rate	11.0 %

	2024	2023
Weighted-average remaining lease term (years)	10.0	9.9
Weighted-average discount rate	10.5 %	10.8 %

NOTE 7 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expense expenses consisted of the following at September 30, 2023 as of March 31, 2024 and December 31, 2022 December 31, 2023 (in thousands):

	2023	2022
Accounts payable	\$ 30,096	\$ 30,719
Accrued expense and other	5,892	5,847
Accounts payable and other liabilities	\$ 35,988	\$ 36,566

	2024	2023
Accounts payable	\$ 18,754	\$ 27,448

Accrued expenses and other	5,808	5,106
Other	123	345
Accounts payable and accrued expenses	<u>\$ 24,685</u>	<u>\$ 32,899</u>

NOTE 8 – DEBT

The following is a summary of the Company's debt as of September 30, 2023, March 31, 2024 and December 31, 2022 (in thousands):

		2023	2022			2024	2023
Debt – Third Parties	Debt – Third Parties			Debt – Third Parties			
Paycheck Protection Program	Paycheck Protection Program	\$ 85	\$ 127				
Note payable - Whitehawk	Note payable - Whitehawk	47,900	49,906				
Total debt	Total debt	47,985	50,033				
Less: Premium, discount and issuance costs	Less: Premium, discount and issuance costs	3,608	5,410				
Current portion of debt	Current portion of debt	1,022	845				
Long-term debt	Long-term debt	\$43,355	\$43,778				
Total debt (net of premium, discount and issuance costs)	Total debt (net of premium, discount and issuance costs)	<u>\$44,377</u>	<u>\$44,623</u>				

Debt - Third Parties:

Whitehawk Finance LLC

In order to finance the acquisition of FrontRow Calypso LLC ("FrontRow"), which closed on December 31, 2021, and to refinance the Company's then existing note payable, the Company and substantially all of its direct and indirect subsidiaries, including Boxlight and FrontRow as guarantors, entered into a maximum \$68.5 million term loan credit facility, dated December 31, 2021 (the "Credit Agreement"), with Whitehawk Finance LLC, as lender (the "Lender"), and White Hawk Capital Partners, LP, as collateral agent ("Whitehawk" or the "Collateral Agent"). The Company received an initial term loan of \$58.5 million on December 31, 2021 (the "Initial Loan") and was provided with a subsequent delayed draw facility of up to \$10 million that may be available for additional working capital purposes under certain conditions (the "Delayed Draw"). The Initial Loan and Delayed Draw are collectively referred to as the "Term Loans." The Term Loans are secured by substantially all of the assets of the Company. The proceeds of the Initial Loan were used to finance the Company's acquisition of FrontRow, pay off all indebtedness owed to the Company's then existing lenders, Sallyport Commercial Finance, LLC and Lind Global Asset Management, LLC, pay related fees and transaction costs, and provide working capital. Of the Initial Loan, \$8.5 million was subject to repayment on February 28, 2022, with quarterly principal payments of \$625,000 and interest payments commencing March 31, 2022 and the \$40.0 million remaining balance plus any Delayed Draw loans becoming due and payable in full on December 31, 2025. The Term Loans bear interest at the LIBOR rate plus 10.75%; provided that after March 31, 2022, if the Company's Senior Leverage Ratio (as defined in the Credit Agreement) is less than 2.25, the interest rate would be reduced to LIBOR plus 10.25%. Such terms are subject to the Company maintaining a borrowing base in compliance with the Credit Agreement. In the event of non-compliance with the borrowing base, the Company would be subject to an increased interest rate as stated in the Credit Agreement.

On April 4, 2022, the Collateral Agent and Lender agreed to extend the terms of repayment of the \$8.5 million originally due on February 28, 2022 until February 28, 2023. The principal elements of the April amendment included (a) an extension of time to repay \$8.5 million of the principal amount of the term loan from February 28, 2022 to February 28, 2023, and (b) forbearance on \$3.5 million in over advances until May 16, 2022 to allow the Company to come into compliance with the borrowing base requirements set forth in the Credit Agreement. In such connection, the Company and substantially all of its direct and indirect subsidiaries (together with the Company, the "Loan Parties") obtained credit insurance on certain key customers whose principal offices are located in the European Union and Australia as, without the credit insurance, the accounts of these key customers had been deemed ineligible for inclusion in the borrowing base calculation primarily due to the perceived inability of the Collateral Agent to enforce security interests on such accounts. In addition, the Lender and Collateral Agent agreed to (i) reduce, through September 30, 2022, the minimum cash reserve requirement for the Loan Parties, (ii) reduce the interest rate by 50 basis points (to Libor plus+ 9.75%) after delivery of the Loan Parties' September 30, 2023 financial statements, subject to the Loan Parties maintaining 1.75 EBITDA coverage ratio, and (iii) waive all prior Events of Default under the Credit Agreement. Furthermore, the parties agreed that no prepayment premiums would be payable with respect to the first \$5.0 million paid under the Term Loan, any payments made in relation to the \$8.5 million due on or before February 28, 2023, any required amortization payments under the Credit Agreement and any mandatory prepayments by way of excess cash flow or casualty events.

On June 21, 2022, the Loan Parties entered into a second amendment (the "Second Amendment") to the Credit Agreement with the Collateral Agent and Lender. The Second Amendment to the Credit Agreement was entered into for purposes of the Lender funding a \$2.5 million delayed draw term loan and adjusting certain terms to the Credit Agreement, including adjusting the Applicable Margin (as defined in the Second Amendment) to 13.25% for LIBOR Rate Loans and 12.25% for Reference Rate Loans, increasing the definition of change of control from 33% voting power to 40% voting power, requiring the Company to engage a financial advisor, and allowing additional time, until July 15, 2022, for the Company to come into compliance with certain borrowing base requirements set forth in the Second Amendment to the Credit Agreement, among other adjustments.

On April 24, 2023, the Company entered into a third amendment (the "Third Amendment") to the Credit Agreement, with the Collateral Agent and the Lender. The Third Amendment was entered into for purposes of the Lender funding an additional \$3.0 million delayed draw term loan (the "Additional Draw"). The Additional Draw was funded on April 24, 2023, must be repaid on or

prior to September 29, 2023, is not subject to any prepayment penalties, and adjusts certain terms to the Credit Agreement, including adjusting the test period end dates and corresponding Senior Leverage Ratios (as defined in the Credit Amendment) and revising the minimum liquidity requirements that the Company must maintain compliance with pertaining to certain Borrowing Base Requirements, among other adjustments. The completion of the additional draw eliminates further delayed draws under the term loan agreement. On July 20, 2023, the Company paid the \$3.0 million due under the terms of the Third Amendment. There were no prepayment penalties or premiums included with this payment. During the nine months ended September 30, 2023, the Company repaid principal of \$5.0 million and interest of \$6.4 million to Whitehawk.

On June 26, 2023, the Company entered into a fourth amendment (the "Fourth Amendment") with the Collateral Agent and the Lender for the sole purpose of replacing LIBOR-based rates with a SOFR-based rate. Following the Fourth Amendment, the Company's interest rate is calculated as the Daily Simple SOFR, subject to a floor of 1%, plus the SOFR Term Adjustment and Applicable Margin, as defined in the Credit Agreement, as amended. The Fourth Amendment made no other changes to the Credit Agreement.

On March 14, 2024, the Company entered into a fifth amendment (the "Fifth Amendment") with the Collateral Agent and Lender for the purpose of (1) amending and restating the Senior Leverage Ratio and Minimum Liquidity (as defined in the Fifth Amendment), and (2) waiving any Event of Default that may have arisen directly as a result of the Financial Covenant Default (as defined in the Fifth Amendment). The Fifth Amendment also added additional financial reporting obligations and potentially may include certain foreign subsidiaries of Boxlight Inc. as additional guarantors under the Credit Agreement.

During the three months ended March 31, 2024, the Company repaid principal of \$2.3 million and interest of \$1.8 million to Whitehawk.

Covenant Compliance and Liquidity Considerations

The Company's Credit Agreement, as amended to date, requires compliance with certain monthly covenants, which include provisions regarding over advance limitations based upon a borrowing base. In the second quarter of 2023, as part of obtaining an appropriate waiver, the Company agreed to engage a financial advisor and to use commercial reasonable efforts to refinance the Credit Agreement with an alternative lender and repay the Credit Facility by September 30, 2023, or as soon thereafter as practical. The waiver did not amend the maturity date of the Credit Agreement. Upon repayment, the Company will be subject to a prepayment premium that is higher than the prepayment premium included in the original Credit Agreement, as defined in the waiver.

The Company has either implemented or initiated appropriate plans regarding refinancing procedures that are within management's control to comply with the waiver requirements. The financial statements do not include any adjustments that might result from the outcome of the Company's ability to refinance and repay the credit facility.

The Company was not in compliance with its financial covenant related to the Senior Leverage Ratio under the Credit Agreement at September 30, 2023. The non-compliance was cured by a waiver applied in accordance with the Fifth Amendment to the Credit Agreement dated March 14, 2024 which waived any Event of Default that may have arisen directly as a result of the financial covenant default at December 31, 2023 and in the interim two-month period ended February 29, 2024. The Fifth Amendment also amended and restated the Senior Leverage Ratio and Minimum Liquidity requirements. Under the Fifth Amendment, the Senior Leverage Ratio requirement at March 31, 2024 was amended from 2.00 to 6.00, at June 30, 2024 will remain at 2.00 and thereafter will remain at 1.75. The Company cured was in compliance with all financial covenants as of March 31, 2024.

In February 2024, the non-compliance by paying \$4.3 Company paid \$1.7 million, inclusive of \$0.3 a \$0.1 million in prepayment penalties and accrued interest in November 2023 which would have resulted in pre-payment penalty, to Whitehawk to

maintain compliance with the borrowing base covenant calculation as of January 31, 2024. After the payment the Company being was in compliance with the Senior Leverage Ratio at September 30, 2023.

borrowing base covenant.

Issuance Cost and Warrants

In conjunction with its receipt of the Initial Loan, the Company issued to the Lender (i) 66,022 shares of Class A common stock (the "Shares"), which Shares were registered pursuant to its existing shelf registration statement and were delivered to the Lender in January 2022, (ii) a warrant to purchase 255,411 shares of Class A common stock (subject to increase to the extent that 3% of any Series B and Series C convertible preferred stock converted into Class A common stock), exercisable at \$16.00 per share (the "Warrant"), which Warrant was subject to repricing on March 31, 2022 based on the arithmetic volume weighted average prices for the 30 trading days prior to September 30, 2022, in the event the Company's stock is then trading below \$16.00 per share, (iii) a 3% fee of \$1,800,000, and (iv) a \$500,000 original issue discount. In addition, the Company agreed to register for resale the shares issuable upon exercise of the Warrant. The Company also incurred agency fees, legal fees, and other costs in connection with the execution of the Credit Agreement totaling approximately \$1.7 million. Under the terms of the warrant issued to Whitehawk on December 31, 2021, the exercise price of the warrants would reprice if the stock price on March 31, 2022 was less than the original exercise price, at which time the number of warrants would also be increased proportionately, so that after such adjustment the aggregate exercise price payable for the increased number of warrant shares would be the same as the aggregate exercise price previously in effect. The warrants repriced on March 31, 2022 to \$9.52 per share and the shares increased to 429,263.

On July 22, 2022, the Company entered into a securities purchase agreement (the "Purchase Agreement") with an accredited institutional investor. According to the terms of the Credit Agreement, as amended, the Purchase Agreement triggered a reduction of the exercise price of the warrants and a revaluation of the derivative liability. The Whitehawk warrants were repriced to \$8.80 and shares increased to 464,385.

Paycheck Protection Program Loan

On May 22, 2020, the Company received loan proceeds of \$1.1 million under the Paycheck Protection Program. During 2021, the Company applied for forgiveness in the amount of \$836 thousand. On March 2, 2022, we received a decision letter from the lender that the forgiveness application had been approved, leaving a remaining balance of \$173 thousand to be paid. The Company received a payment schedule from our lender on May 5, 2022, extending the payoff date until May 2025. As of September 30, 2023, the amount remaining on the loan was less than \$100 thousand.

NOTE 9 – DERIVATIVE LIABILITIES

The Company determined that certain warrants to purchase common stock do not satisfy the criteria for classification as equity instruments due to the existence of certain net cash and non-fixed settlement provisions that are not within the sole control of the Company. Conversion and exercise prices may be lowered if the Company issues securities at lower prices in the future. Such warrants are measured at fair value at each reporting date, and the changes in fair value are included in determining net income (loss) for the period. The Company used a Monte Carlo Simulation model to determine the fair value of the derivative liabilities as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

	March 31, 2024
Common stock issuable upon exercise of warrants	September 30, 464,385
Market value of common stock on measurement date	\$ 0.65
Exercise price	\$ 8.80
Risk free interest rate (1)	4.35 %
Expected life in years	2.75 years
Expected volatility (2)	76.0 %
Expected dividend yields (3)	— %

	December 31, 2023
Common stock issuable upon exercise of warrants	464,385
Market value of common stock on measurement date	\$ 1.91 1.07
Exercise price	\$ 8.80
Risk free interest rate (1)	4.66 3.93 %
Expected life in years	3.25 3 years
Expected volatility (2)	106.0 %
Expected dividend yields (3)	— %

	December 31, 2022
Common stock issuable upon exercise of warrants	464,385
Market value of common stock on measurement date	\$ 2.48
Exercise price	\$ 8.80
Risk free interest rate (1)	4.02 %
Expected life in years	4 years
Expected volatility (2)	83.6 114.0 %
Expected dividend yields (3)	— %

- (1) The risk-free interest rate was determined by management using the applicable Treasury Bill as of the measurement date.
- (2) The historical trading volatility was based on historical fluctuations in stock price for Boxlight and certain peer companies.
- (3) The Company does not expect to pay a dividend in the foreseeable future.

NOTE 10 – INCOME TAXES

Pretax (loss) income resulting from domestic and foreign operations is as follows (in thousands):

		Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Three Months Ended March 31,					
Three Months Ended March 31,					
Three Months Ended March 31,					
2024		2024		2023	
United States	United States	\$ (8,041)	\$ 3,320	\$(11,761)	\$ (589)
Foreign	Foreign	(6,636)	305	(6,345)	(661)
Total pretax book (loss) income		<u>\$(14,677)</u>	<u>\$ 3,625</u>	<u>\$(18,106)</u>	<u>\$ (1,250)</u>
Total pretax book loss					

The Company recorded income tax expense of \$3.1 million \$0.9 million and \$520 \$51 thousand for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and income tax expense of \$3.4 million and \$475 thousand for the nine months ended September 30, 2023 and 2022, 2023, respectively. The year-to-date effective tax rate is 18.7% while was (14.0)% and (1.8)% for the September 30, 2022 year-to-date effective rate was 38.0%, three months ended March 31, 2024 and 2023. The negative year to date effective tax rate for 2023 is due to the Company paying income taxes in various jurisdictions while incurring a worldwide net loss.

The increase in income tax expense year-over-year is largely primarily due to the increase in the estimated annual effective tax rate of the US legacy Boxlight entities higher U.S. taxes related to interest expense and increased net operating loss ("NOL") limitations for the three months ended September 30, 2023 March 31, 2024 as compared to the estimated annual effective tax rate of the US legacy Boxlight entities for the three months ended September 30, 2022. prior year.

The Company operates in the United States, United Kingdom, and various other jurisdictions. Income taxes have been provided in accordance with ASC-740-270, based upon the tax laws and rates of the countries in which operations are conducted, conducted and income is earned.

The legacy Boxlight entities are in a net deferred tax asset position in the United States, the United Kingdom, and other jurisdictions, primarily driven by its net operating losses. The recoverability of these deferred tax assets depends on the Company's ability to generate taxable income in the jurisdiction in to which the carryforward applies. It also depends on specific tax provisions in each jurisdiction that could impact utilization. For example, in the United States, a change in ownership, as defined by federal income tax regulations, could significantly limit the Company's ability to utilize its U.S. net operating loss carryforwards. The company is in process of analyzing whether an ownership change has occurred in recent years. Additionally, because U.S. tax laws limit the time during which the net operating losses generated prior to 2018 may be applied against future taxes, if the Company fails to generate U.S. taxable income prior to the expiration dates, the Company may not be able to fully utilize the net operating loss carryforwards to reduce future income taxes. The Company has evaluated both positive and negative evidence as to the ability of its legacy entities in each jurisdiction to generate future taxable income. Based on its long history of cumulative losses in those jurisdictions, it believes it is appropriate to maintain a full valuation allowance on its net deferred tax asset as of September 30, 2023 at March 31, 2024 and December 31, 2022 December 31, 2023.

The Company has determined that it likely underwent IRC Sec 382 ownership changes in prior years. The Company is in the process of evaluating the Section 382 impact to determine what portion of its NOLs will be utilizable in the future. It is expected that the ownership change caused a limitation on the net operating losses generated before 2020.

The Sahara entities have recorded a net deferred tax liability, which is primarily driven by the net deferred tax liability on the intangibles for which the Sahara entities do it does not have tax basis. This includes the deferred tax liability recorded during 2021 for the acquisition of Interactive Concepts. The Company does not qualify for any consolidated filing positions in any of these countries, so there is no ability to net the deferred tax liabilities of the Sahara companies against the deferred tax assets of the legacy Boxlight companies.

The tax years from 2009 to 2022 2023 remain open to examination in the U.S. federal jurisdiction and in most U.S. state jurisdictions. The tax years from 2020 2021 to 2022 2023 remain open to examination in the U.K. Statutes of limitations vary in other immaterial jurisdictions.

On August 16, 2022, the president signed the Inflation Reduction Act (IRA) into law. The IRA enacted a 15% corporate minimum tax effective in 2024, a 1% tax on share repurchases after December 31, 2022, and created and extended certain tax-related energy incentives. We currently do not expect the tax-related provisions of the IRA to have a material effect on our financial results.

During the second quarter of 2021, the Company became aware of a potential state tax exposure for failure to file minimum tax returns in a state for several years. The Company has recorded an exposure item of \$82.89 thousand for its best estimate of the amount for which it will settle the exposure. This amount includes \$24 thousand of income tax and \$58.65 thousand of penalties and interest. The Company has not identified any other material uncertain tax positions during the nine three months ended September 30, 2023 March 31, 2024.

The Organization for Economic Co-operation and Development ("OECD") introduced Base Erosion and Profit Shifting ("BEPS") Pillar 2 rules that impose a global minimum tax rate of 15%. Numerous countries, including European Union member states, have enacted or are expected to enact legislation to be effective as early as January 1, 2024, with general implementation of a global minimum tax rate by January 1, 2025. We are currently evaluating the potential impact of the rules on our consolidated financial statements and related disclosures.

NOTE 11 – EQUITY

Preferred Shares

The Company's articles of incorporation, as amended, provide that the Company is authorized to issue 50,000,000 shares of preferred stock, with such preferred stock consisting of: (1) 250,000 shares of non-voting Series A preferred stock, with a par

value of \$0.0001 per share; (2) 1,586,620 shares of voting Series B preferred stock, with a par value of \$0.0001 per share; (3) 1,320,850 shares of voting Series C preferred stock, with a par value of \$0.0001 per share; and (4) 48,280,000 Remaining shares of "blank check" preferred stock to be designated by the Company's board of directors. Each authorized series of preferred stock is described below.

Issuance of Preferred Shares

Series A Preferred Stock

At the time of the Company's initial public offering, the Company issued 250,000 shares of the Company's non-voting convertible Series A preferred stock to Vert Capital for the acquisition of Genesis. All of the Series A preferred stock was convertible into 49,801 shares of Class A common stock, at the discretion of the Series A stockholder. On August 5, 2019, a total of 82,028 shares of Series A preferred stock were converted into a total of 16,341 shares of Class A common stock. As of September 30, 2023 March 31, 2024, a total of 167,972 shares of Series A preferred stock remained outstanding which can be converted into 33,461 shares of Class A common stock, at the discretion of the Series A stockholder.

Series B Preferred Stock and Series C Preferred Stock

On September 25, 2020, in connection with the acquisition of Sahara Holding Limited ("Sahara"), the Company issued 1,586,620 shares of Series B preferred stock and 1,320,850 shares of Series C preferred stock. The Series B preferred stock has a stated and liquidation value of \$10.00 per share and pays a dividend out of the earnings and profits of the Company at the rate of 8% per annum, payable quarterly. The Series B preferred stock is convertible into the Company's Class A common stock at a conversion price of \$13.28 per share which was the closing price of the Company's Class A common stock on the Nasdaq Stock Market on September 25, 2020 (the "Conversion Price"). Such conversion may occur either (i) at the option of the holder at any time after January 1, 2024, or (ii) automatically upon the Company's Class A common stock trading at 200% of the Conversion Price for 20 consecutive trading days (based on a volume weighted average price). The Series C preferred stock has a stated and liquidation value of \$10.00 per share and is convertible into the Company's Class A common stock at the Conversion Price either (i) at the option of the holder at any time after January 1, 2026, or (ii) automatically upon the Company's Class A common stock trading at 200% of the Conversion Price for 20 consecutive trading days (based on a volume weighted average price).

To the extent not previously converted into the Company's Class A common stock, the outstanding shares of Series B preferred stock shall be redeemable at the option of the holders at any time or from time to time commencing on January 1, 2024 upon, 30 days prior written notice to the holders, for a redemption price, payable in cash, equal to the sum of (a) (\$10.00) multiplied by the number of shares of Series B preferred stock being redeemed (the "Redeemed Shares"), plus (b) all accrued and unpaid dividends, if any, on such Redeemed Shares. The Series C preferred stock is also subject to redemption on the same terms commencing January 1, 2026. The aggregate estimated fair value of the Series B and C preferred stock of \$28.5 million was included as part of the total consideration paid for the purchase of Sahara.

As the redemption features in the Series B preferred stock and Series C preferred stock are not solely within the control of the Company, the Company has classified the Series B preferred stock and Series C preferred stock as mezzanine or temporary equity in the Company's condensed consolidated balance sheet. As of September 30, 2023 March 31, 2024, a total of 1,586,620 and 1,320,850 shares of Series B and C preferred stock remained outstanding, respectively.

Common Stock

The Company's authorized common stock consists of 1) 18,750,000 shares of Class A voting common stock and 2) 50,000,000 shares of Class B non-voting common stock. Class A and Class B common stock have the same rights except that Class A common stock is entitled to one vote per share while Class B common stock has no voting rights. Upon any public or private sale or disposition by any holder of Class B common stock, such shares of Class B common stock would automatically convert into shares of Class A common stock. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company had 9,605,360 9,777,725 and 9,339,587 9,704,496 shares of Class A common stock issued and outstanding, respectively. No Class B shares were outstanding at September 30, 2023 as of March 31, 2024 or December 31, 2022 December 31, 2023.

Issuance of Common Stock

Securities Purchase Agreement

On July 22, 2022, the Company, entered into a Securities Purchase Agreement (the "Purchase Agreement") with an accredited institutional investor (the "Investor") pursuant to which the Company agreed to issue and sell, in a registered direct offering directly to the Investor, (i) 875,000 shares of the Company's Class A common stock, par value of \$0.0001 per share, (ii) pre-funded warrants (the "Pre-Funded Warrants") to purchase 44,118 shares of common stock at an exercise price of \$0.0008 per share, which Pre-Funded Warrants were issued in lieu of shares of common stock to ensure that the Investor did not exceed certain beneficial ownership limitations, and (iii) warrants to purchase an aggregate of 919,118 shares of common stock at an exercise price of \$5.44 per share (the "Warrants," and collectively with the Pre-Funded Warrants and the Shares, the "Securities"). The Securities were sold at a price of \$5.44 per share for total gross proceeds to the Company of \$5.0 million (the "Offering"), before deducting estimated offering expenses, and excluding the exercise of any Warrants or Pre-Funded Warrants. The Pre-Funded Warrants were exercisable immediately and the Warrants were exercisable six months after the date of issuance and will expire five and a half years from the date of issuance. As such, the net proceeds to the Company from the Offering, after deducting placement agent's fees and estimated expenses payable by the Company and excluding the exercise of any Warrants or Pre-Funded Warrants, was \$4.6 million of which the proceeds net of issuance costs were allocated based on the relative fair values of the instruments, warrants and prefunded warrants; with \$2.4 million allocated to common stock, \$2.2 million allocated to warrants and \$118 thousand allocated to the pre-funded warrants.

The Purchase Agreement contains customary representations and warranties and agreements of the Company and the Investors and customary indemnification rights and obligations of the parties. Pursuant to the terms of the Purchase Agreement, the Company has agreed to certain restrictions on the issuance and sale of its common stock or common stock equivalents (as defined in the Purchase Agreement) during the 60-day period following the closing of the Offering, which was on July 26, 2022. On August 9, 2022, the Investor exercised the prefunded warrants.

The Company evaluated whether the Warrants, Pre-Funded Warrants and/or Shares were within the scope of ASC 480 which discusses the accounting for instruments with characteristics of both liabilities and equity. The guidance in ASC 480, and the resulting liability classification, is applicable to such instruments when certain criteria are met. Based on its analysis, the Company concluded that the Warrants, Pre-Funded Warrants and Shares did not meet any of the criteria to be subject to liability classification under ASC 480 and are therefore classified as equity.

Warrants

The Company had equity warrants outstanding of 921,150 921,462 and 920,680 at September 30, 2023 921,306 as of March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

Credit Facility

In conjunction with its receipt of the Whitehawk loan, the Company issued to Whitehawk 66,022 shares of Class A common stock, which were registered pursuant to the Company's existing shelf registration statement and were delivered to Whitehawk in January 2022.

Repurchase Plan

On February 14, 2023, the Board of Directors of Boxlight Corporation approved the Company's establishment of a share repurchase program (the "Repurchase Program") authorizing the Company to purchase up to \$15.0 million of the Company's Class A common stock. Pursuant to the Repurchase Program, the Company may, from time to time, repurchase its Class A common stock in the open market, in privately negotiated transactions or by other means, including through the use of trading plans intended to qualify under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), in accordance with applicable securities laws and other restrictions. The timing and total amount of any repurchases made under the Repurchase Program will depend upon business, economic and market conditions, corporate and regulatory requirements, prevailing stock prices, and other considerations. The authorization expires on January 26, 2027, may be suspended or discontinued at any time, and does not obligate the Company to acquire any amount of Class A common stock. As of September 30, 2023 March 31, 2024, the Company has not utilized the Repurchase Program.

NOTE 12 – STOCK COMPENSATION

The Company has issued grants under two equity incentive plans, both of which have been approved by the Company's shareholders: (i) the 2014 Equity Incentive Plan, as amended (the "2014 Plan"), pursuant to which a total of 798,805 shares of the Company's Class A common stock have been approved for issuance, and (ii) the 2021 Equity Incentive Plan (the "2021 Plan"), pursuant to which a total of 625,000 shares of the Company's Class A common stock have been approved for issuance. Upon approval of the 2021 Plan in September 2021, March 2022, any shares remaining available for issuance under the 2014 Plan were cancelled, and all future grants were issued under the 2021 Plan. The 2021 Plan allows for issuance of shares of our Class A common stock, whether through restricted stock, restricted stock units, options, stock appreciation rights or otherwise, to the Company's officers, directors, employees and consultants. Prior to the second quarter of 2023, the Company had issued 774,904 shares under the 2021 Plan such that the Company was over the authorized share number. During the nine months year ended September 30, 2023 December 31, 2023, the Company cancelled 384,340 shares of previously issued awards such that the Company is under the authorized number of share awards. The fair value of shares previously issued in excess of the approved shares under the 2021 Plan of approximately \$13 thousand was reclassified from liability to equity during the second quarter.

Stock Options

Under the Company's stock option program, pursuant to the 2014 Plan and 2021 Plan, employees may be eligible to receive awards that provides the opportunity in the future to purchase the Company's shares at the market price of the stock on the date the award is granted (the strike price). Following the issuance, such options become exercisable over a range of immediately vested to four-year vesting periods and expire five years from the grant date, unless stated differently in the option agreements, if they are not exercised. Stock options have no financial statement effect on the date they are granted but rather are reflected over time through compensation expense. We record compensation expense based on the estimated fair value of the awards which is amortized as compensation expense on a straight-line basis over the vesting period. Accordingly, total expense related to the award is reduced by the fair value of options that are forfeited by employees that leave the Company prior to vesting.

vesting as they occur.

The following is a summary of the option activities during the nine three months ended September 30, 2023 March 31, 2024:

	Number of Units
Outstanding, December 31, 2022 December 31, 2023	489,485 348,259
Granted	364,299 —
Exercised	(12,500) —
Cancelled Forfeited	(491,336) (4,138)
Outstanding, September 30, 2023 March 31, 2024	349,948 344,121
Exercisable, September 30, 2023 March 31, 2024	275,150 303,160

During the first quarter of 2023, the Company granted 364,299 options of which 322,040 were subsequently cancelled and 42,259 vested during the period. During the third quarter of 2023, 59,116 out of the money options were cancelled, with such shares being returned to the 2021 Plan and becoming available for re-issuance in new grants. The Company estimated the fair value of each stock option award on the date of grant using a Black-Scholes option pricing model. The Company used the following inputs to value options issued during the nine months ended September 30, 2023: market value on measurement date, \$1.68 to \$2.24; exercise price of \$2.48 to \$3.20; risk free interest rate, 4.19% to 4.22%; expected term, 3 years to 4 years; expected volatility, ranged from 111.45% to 111.74% and expected dividend yield of 0%.

Restricted Stock Units

Under the Company's 2014 Plan and 2021 Plan, the Company may grant restricted stock units ("RSUs") to certain employees and non-employee directors. Upon granting the RSUs, the Company recognizes a fixed compensation expense equal to the fair market value of the underlying shares of RSUs granted on a straight-line basis over the requisite services period for the RSUs. Compensation expense related to the RSUs is reduced by the fair value of units that are forfeited by employees that leave the Company prior to vesting. The RSUs vest over a range of immediately vested to four-year vesting periods in accordance with the terms of the applicable RSU grant agreement.

The following is a summary of the RSU activities during the nine three months ended September 30, 2023 March 31, 2024:

	Number of Units
Outstanding, December 31, 2022 December 31, 2023	303,879 408,451
Granted	498,398 —
	(219,859)
Vested	(73,229)
	(72,297)
Forfeited	(170,202)
Outstanding, September 30, 2023 March 31, 2024	510,121 165,020

During the first quarter of 2023, the Company granted 72,348 RSUs of which 62,300 were subsequently cancelled and 10,048 vested during the first six months of the year. During the third quarter of 2023, the Company granted 426,049 RSUs to its board of directors and key executive officers.

Stock Compensation Expense

For the three and nine months ended September 30, 2023, March 31, 2024 and 2022, 2023, the Company recorded the following stock compensation in general and administrative expense (in thousands):

		Three months ended September 30, 2023		Three months ended September 30, 2022		Nine months ended September 30, 2023		Nine months ended September 30, 2022	
		Three Months Ended March 31, 2024		Three Months Ended March 31, 2023		Three Months Ended March 31, 2024		Three Months Ended March 31, 2023	
		2024		2023		2024		2023	
Stock options	Stock options	\$125	\$128	\$ 446	\$ 683				
Restricted stock units	Restricted stock units	545	474	1,375	1,980				
Warrants	Warrants	1	1	2	2				
Total stock compensation expense	Total stock compensation expense	\$671	\$603	\$1,823	\$2,665				

NOTE 13 – RELATED PARTY TRANSACTIONS

Management Agreement

On November 1, 2022, the Company entered into a consulting agreement with Mark Elliott, former CEO of Boxlight and a current member of the Board of Directors. Under the terms of the agreement, Mr. Elliott is to provide sales, marketing, management and related consulting services to assist the Company in sourcing and entering into agreements with one or more customers to

provide products and services for specified school districts. The Company will pay Mr. Elliott a fixed payment of \$4 thousand per month and commissions equal to 15% of gross profit derived by the Company based on total purchase order revenue. The agreement, unless renewed or extended, cancelled, will expire automatically renew on December 31, 2023 December 31, 2024. For the nine three months ended September 30, 2023, March 31, 2024 and 2023, the Company paid \$92 \$79 thousand and \$12 thousand under the agreement. agreement, respectively.

On January 31, 2018, the Company entered into a management agreement (the "Management Agreement") with an entity owned and controlled by our former Chief Executive Officer and Chairman, Michael Pope. The Management Agreement is separate and apart from Mr. Pope's employment agreement with the Company. The Management Agreement will become is effective as of the first day of the same month that Mr. Pope's Pope's employment with the Company terminates. Thereafter, terminates, and for a term period of 13 months, in which Mr. Pope will provide consulting services to the Company including sourcing and analyzing strategic acquisitions, assisting with financing activities, and other services. As consideration for the services provided, the Company will pay Mr. Pope a management fee equal to 0.375% of the consolidated net revenues of the Company, payable in monthly installments, not to exceed \$250,000 in any calendar year. At his option, Mr. Pope may defer payment until the end of each year and/or receive payment in the form of shares of Class A common stock of the Company.

On January 4, 2024, Mr. Pope's employment with the Company terminated at which time his Management Agreement became effective. For the three months ended March 31, 2024, the Company paid \$109 thousand under the agreement.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Contingencies

The Company assesses its exposure related to legal matters and other items that arise in the regular course of its business. If the Company determines that it is probable a loss has been incurred, the amount of the loss, or an amount within the range of loss, that can be reasonably estimated is recorded. The Company has not identified any legal matters that could have a material adverse effect on our consolidated results of operations, financial position or cash flows.

Purchase Commitments

The Company is legally obligated to fulfill certain purchase commitments made to vendors that supply materials used in the Company's products. As of September 30, 2023 March 31, 2024, the total amount of such open inventory purchase orders was \$28.4 million \$25.8 million.

NOTE 15 – CUSTOMER AND SUPPLIER CONCENTRATION

There was no particular customer that accounted for greater than 10% of the Company's consolidated revenues for the three months ended March 31, 2024. For the three months ended March 31, 2023, there was one customer that accounted for greater than 10% of the Company's consolidated revenues for the nine months ended September 30, 2023 and 2022. revenues. Details are as follows:

		Total revenues from the customer as a percentage of total revenues for the nine months ended September 30,									
		Accounts receivable from the customer as of September 30, 2023		Accounts receivable from the customer as of September 30, 2022				Accounts receivable from the customer as of March 31, 2024		Accounts receivable from the customer as of March 31, 2023	
Customer	Customer	2023	(in thousands)	2022	(in thousands)	Customer	2024	(in thousands)		2023	(in thousands)
1	1	12.8 %	\$ 5,417	14.1 %	\$ 8,532						

For the **nine** months ended **September 30, 2023** **March 31, 2024**, the Company's purchases were concentrated primarily with one vendor. For the **nine** months ended **September 30, 2022** **March 31, 2023**, the **Company's** **Company's** purchases were **not** concentrated **primarily** with **two** vendors, any particular vendor. Details are as follows:

	Total purchases from the vendor as a percentage of total cost of revenues for the nine months ended September 30, 2023					Total purchases from the vendor as a percentage of total cost of revenues for the nine months ended September 30, 2022						Total purchases from the vendor as a percentage of total cost of revenues for the nine months ended March 31, 2024					Total purchases from the vendor as a percentage of total cost of revenues for the three months ended March 31, 2023				
Vendor	Vendor	2023	(in thousands)	2023	(in thousands)	2022	(in thousands)	2022	(in thousands)	Vendor	2023	(in thousands)	2023	(in thousands)	2024	(in thousands)	2023	(in thousands)	2023	(in thousands)	
1	1	45.1	%	\$ 22,715	44.0	%	\$ 8,275														
	2	—	%	\$ —	20.0	%	\$ (10,482)														

The Company believes there are other suppliers that could be substituted should the above cited vendor become unavailable or non-competitive.

NOTE 16 – SEGMENTS

Information about our Company's operations by operating segment is shown in the following tables (in thousands):

		Three Months Ended September 30, 2023		Three Months Ended September 30, 2022	
		Three Months Ended March 31, 2024		Three Months Ended March 31, 2023	
		2024		2023	
Revenue, net	Revenue, net				
Americas	Americas				
Americas	Americas				
Americas	Americas	\$ 25,717	\$31,780	\$ 76,851	\$ 79,537
EMEA	EMEA	24,330	37,537	68,249	100,143
Rest of World	Rest of World	799	168	2,443	359
Eliminations and Adjustments	Eliminations and Adjustments				
(1)	(1)	(1,179)	(749)	(9,634)	(1,072)
Total	Total				
Revenue, net	Revenue, net	\$ 49,667	\$68,736	\$137,909	\$178,967
(Loss)	(Loss)				
Income from Operations	Income from Operations				
Americas	Americas	(5,124)	3,861	(2,330)	1,772
Americas	Americas				
Americas	Americas				
EMEA	EMEA	(6,945)	2,721	(8,205)	2,264
Rest of World	Rest of World	401	12	806	25
Eliminations and Adjustments	Eliminations and Adjustments				
(1)	(1)	69	(130)	26	(170)

Total (Loss) Income from Operations	\$ (11,599)	\$ 6,464	\$ (9,703)	\$ 3,891
Total Loss from Operations				

(1) Eliminations and adjustments represent net sales between the Americas, EMEA and Rest of World segments. Sales between these segments are generally valued at market.

		September 30, 2023		December 31, 2022	
		March 31, 2024		March 31, 2024	
				December 31, 2023	
Identifiable Assets	Identifiable Assets				
Americas	Americas				
Americas	Americas				
Americas	Americas	\$ 93,644	\$ 88,451		
EMEA	EMEA	84,135	104,978		
Rest of World	Rest of World	2,593	1,966		
Total Identifiable Assets	Total Identifiable Assets	\$ 180,372	\$ 195,395		

NOTE 17 – SUBSEQUENT EVENTS

On **November 3, 2023** April 19, 2024, the Company paid \$4.3 million inclusive of \$0.3 million in prepayment penalties and accrued interest on its Credit Agreement. The Company made entered into the payment in order to cure it's non-compliance sixth amendment with the Senior Leverage Ratio financial covenant under the Credit Agreement as of September 30, 2023 Collateral Agent and Lender (the "Sixth Amendment"). In conjunction with the \$4.3 million payment, The Sixth Amendment provided the Company obtained a waiver from its lender stating with an additional \$2.0 million working capital bridge loan on April 19, 2024 and agreed to provide the Company withan additional \$3.0 million working capital bridge loan in June 2024, provided, that the Company was is then in compliance with all certain financial covenants (as defined in the Credit Agreement), including its Senior Leverage Ratio. The Company is required to pay a fee equal to 6.00% of the aggregate amount of borrowings under the Credit Agreement as of September 30, 2023 Sixth Amendment. Both working capital bridge loans are due and payable in full on November 29, 2024.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the financial statements and the related notes thereto included elsewhere herein. The MD&A contains forward-looking statements that involve risks and uncertainties, such as statements of the Company's plans, objectives, expectations, and intentions. Any statements that are not statements of historical fact are forward-looking statements. When used, the words "believe," "plan," "intend," "anticipate," "target," "estimate," "expect," and the like, and/or future-tense or conditional constructions ("will," "may," "could," "should," etc.), or similar expressions, identify certain of these forward-looking statements. These forward-looking statements are subject to risks and uncertainties that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements in this report. The actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of several factors.

Historical results may not be indicative of future performance. The Company's forward-looking statements reflect its current views about future events, are based on assumptions and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those contemplated by these statements. We undertake no obligation to publicly update or revise any forward-looking statements, including any changes that might result from any facts, events, or circumstances after the date hereof that may bear upon forward-looking statements. Furthermore, we cannot guarantee future results, events, levels of activity, performance, or achievements.

Overview

We are a technology company that is seeking to become a world-wide leading innovator and integrator of interactive products and software for schools, education, business, and government interactive spaces. We currently design, produce and distribute interactive displays, collaboration software, supporting accessories and professional services. We also distribute science, technology, engineering, and math (or "STEM") products, including a robotics and coding system, 3D printing solution and portable science lab. The Company's products are integrated into its software suite that provides tools for presentation creation and delivery, assessment, and collaboration.

Effective January 1, 2023, we changed our segment reporting to align with the geographic markets in which we operate. Our operations are now organized, managed, and classified into three reportable segments – Europe, Middle East, and Africa ("EMEA"), North and Central America ("Americas"), and all other geographic regions ("Rest of World"). Our EMEA segment consists of the operations of Sahara Holding Limited and its subsidiaries. Our Americas segment consists primarily of Boxlight, Inc. and its subsidiaries, and the Rest of World segment consists primarily of Boxlight Australia, PTY LTD ("Boxlight Australia").

Each of our operating segments are primarily engaged in the sale of education technology products and services in the education market but which are also sold into the health, government and corporate sectors and derive a majority of their revenues from the sale of flat-panel displays, audio and other hardware accessory products, software solutions and professional services. Generally, our displays produce higher net operating revenues but lower gross profit margins than our accessory solutions and professional services.

To date, we have generated substantially all of the Company's revenue from the sale of hardware (primarily consisting of interactive displays) and software to the educational market in the United States and Europe.

We have also implemented a comprehensive plan to reach and maintain profitability both from our core business operations and as a result of making strategic business acquisitions. Highlights of the plan include:

- Integrating products of the acquired companies and cross training sales representatives to increase their offerings and productivity;
- Hiring new sales representatives with significant industry experience in their respective territories, and

- Expanding our reseller partner network both in key territories and in new markets, thereby increasing our penetration and reach.

Acquisition Strategy and Challenges

The Company has completed multiple acquisitions from 2015 through 2021 and may target additional acquisition opportunities in the future. The Company's growth strategy includes acquiring assets and technologies of companies that have products, technologies, industry specializations or geographic coverage that extend or complement our existing business. The process to undertake a potential acquisition is time-consuming and costly. In the event we pursue additional acquisitions, we expect to expend significant resources to undertake business, financial and legal due diligence on our potential acquisition targets, and there is no guarantee that we will complete any acquisition that we pursue.

We believe we can achieve significant cost-savings by merging the operations of the companies we acquire and after their acquisition, leverage the opportunity to reduce costs through the following methods:

- Staff reductions – consolidating resources, such as accounting, marketing and human resources;
- Economies of scale – improved purchasing power with a greater ability to negotiate prices with suppliers; and
- Improved market reach and industry visibility – increasing our customer base and entry into new markets.

Components of our Results of Operations and Financial Condition

Revenues are comprised of hardware products, software services, and professional development revenues less sales discounts.

- *Product revenue.* Product revenue is derived from the sale of our hardware (interactive projectors), flat panels, peripherals, and accessories, along with other third-party products, directly to our customers, as well as through our network of domestic and international distributors.
- *Professional development revenue.* We receive revenue from providing professional development services through third parties and our network of distributors.

Cost of revenues

Our cost of revenues is comprised of the following:

- costs to purchase components and finished goods directly;
- third-party logistics costs;
- inbound and outbound freight costs, and customs and duties charges;
- costs associated with the repair of products under warranty;

- write-downs of inventory carrying value to adjust for excess and obsolete inventory and periodic physical inventory counts; and
- cost of professionals to deliver professional development training related to the use of our products.

We outsource some of our warehouse operations and order fulfillment and purchase products from related and third parties. Our product costs will vary directly with volume and the costs of underlying product components as well as the prices we are able to negotiate with our contract manufacturers. Shipping costs fluctuate with volume as well as with the method of shipping chosen in order to meet customer demand. As a global company with suppliers centered in Asia and customers located worldwide, we have used, and may in the future use, air shipping to deliver our products directly to our customers. Air shipping is more costly than sea or ground shipping or other delivery options. We primarily use air shipping to meet the demand **of for** our products during peak seasons and new product launches.

Gross profit and gross profit margin

Gross profit and gross profit margin have been, and may in the future be, influenced by several factors including: product, channel and geographical revenue mix; changes in product costs related to the release of projector models; and component, contract manufacturing and supplier pricing and foreign currency exchange. As we primarily procure our product components and manufacture our products in Asia, our suppliers incur many costs, including labor costs, in other currencies. To the extent that exchange rates move unfavorably for our suppliers, they may seek to pass these additional costs on to us, which could have a material impact on future average selling prices and unit costs. Gross profit and gross profit margin may fluctuate over time based on the factors described above.

Operating expenses

We classify our operating expenses into two categories: general and administrative and research and development.

General and administrative. General and administrative expense consists of personnel related costs, which include salaries and stock-based compensation, as well as the costs of professional services, such as accounting and legal, facilities, information technology, depreciation and amortization and other administrative expenses. General and administrative expense may fluctuate as a percentage of revenue, notably in the second and third quarters of our fiscal year when we have historically experienced our highest levels of revenue.

Research and development. Research and development expense consists primarily of personnel related costs, prototype and sample costs, design costs and global product certifications mostly for wireless certifications.

Other (expense) income, net

Other (expense) income, net primarily consists of interest expense associated with our debt financing arrangements, **gains (losses) on the settlements of debt**, and the effects of changes in the fair value of derivative liabilities.

Income tax expense

We are subject to income taxes in the jurisdictions in which we do business, including the United States, **Canada** United Kingdom, Mexico, Sweden, Finland, Holland, **Australia, Denmark** and Germany. The United Kingdom, Mexico, Sweden, Finland, Holland, **Germany, Australia, Canada**, and **Germany Denmark** have a statutory tax rate different from that of the United States. Additionally, certain jurisdictions of the Company's international earnings are also taxable in the United States. Accordingly, our effective tax rates will vary depending on the relative proportion of foreign to U.S. income, the absorption of foreign tax credits, changes in the valuation of our deferred tax assets and liabilities and changes in tax laws. We regularly assess the likelihood of adverse outcomes resulting from the examination of our tax returns by the U.S. Internal Revenue Service, or IRS, and other tax authorities to determine the adequacy of our income tax reserves and expense. Should actual events or results differ from our

current expectations, charges or credits to our income tax expense may become necessary. Any such adjustments could have a significant impact on our results of operations.

Operating Results – Boxlight Corporation

For the three-month periods ended **September 30, 2023** **March 31, 2024** and **2022** **2023**

Revenues. Total revenues for the three months ended **September 30, 2023** **March 31, 2024** were **\$49.7 million** **\$37.1 million** as compared to **\$68.7 million** **\$41.2 million** for the three months ended **September 30, 2022** **March 31, 2023**, resulting in a **27.7%** **9.9%** decrease. The decrease in revenues was primarily due to lower sales volume across all volume primarily in the U.S. markets.

Cost of Revenues. Cost of revenues for the three months ended **September 30, 2023** **March 31, 2024** were **\$31.7 million** **\$24.3 million** as compared to **\$47.7 million** **\$26.0 million** for the three months ended **September 30, 2022** **March 31, 2023**, resulting in a **33.7%** **6.8%** decrease. The decrease in cost of revenues was attributable to the decrease in units sold, along with lower manufacturing and shipping costs in the third quarter of 2023 compared to the prior year's third quarter sold.

Gross Profit. Gross profit for the three months ended **September 30, 2023** **March 31, 2024** was **\$18.0 million** **\$12.8 million** as compared to **\$21.0 million** **\$15.1 million** for the three months ended **September 30, 2022** **March 31, 2023**, a decrease of **14.3%** **15.4%**. The gross Gross profit margin was **36.3%** **34.5%** for the three months ended **September 30, 2023** **March 31, 2024** and **30.6%** **36.8%** for the three months ending **September 30, 2022** ended **March 31, 2023**. The increase decrease in gross profit margin is primarily related to a difference in product mix compared to the decrease in manufacturing and shipping costs noted above. prior year quarter.

General and Administrative Expenses. General and administrative expenses for the three months ended **September 30, 2023** **March 31, 2024** were **\$15.4 million** **\$15.2 million**, representing **31.0%** **41.1%** of revenue as compared to **\$14.0 million** or **20.3%** **\$14.7 million** representing **35.8%** of revenue for the three months ended **September 30, 2022** **March 31, 2023**. The increase in general and administrative expenses for the period ended **March 31, 2024** can be attributed primarily to an increase in payroll severance charges of approximately **\$0.9 million** related expenses to support the growth of the business in certain markets. recent headcount reductions.

Research and Development Expenses. Research and development expenses were **\$979 thousand** and **\$604 thousand** for the three months ended **September 30, March 31, 2024** and **2023** were **\$1.2 million** and **2022** **\$0.6 million**, respectively and representing **2.0%** represented **3.2%** and **1.4%** of revenue, for respectively. The increase can be attributable to new research and development projects that began during the three months ended **September 30, 2023**, and **0.9%** of revenue for the three months ended **September 30, 2022**.

Impairment of Goodwill. The Company recorded goodwill impairment charges of **\$13.2 million** for the three months ended **September 30, 2023**. There were no goodwill impairment charges recorded in **2022**, prior year.

Other Expense. Other expense, net for the three months ended **September 30, 2023** **March 31, 2024** was **\$3.1 million** **\$2.6 million** as compared to **\$2.8** **\$2.7 million** for the three months ended **September 30, 2022** **March 31, 2023**, representing an increase a decrease of **\$0.2** **\$0.1 million**. The increase in other expenses decrease was primarily due to a **\$0.4 million**

increase in interest expense, partially offset by a \$0.2 million change in the fair value of derivative liabilities. liabilities, offset by a \$0.2 million increase in interest expense, and a \$0.1 million increase in foreign currency transaction losses during the three months ended March 31, 2023.

Income Tax Expense. Income tax expense for the three months ended September 30, 2023 March 31, 2024 was \$3.1 million\$0.9 million, as compared to \$520 a \$51 thousand for the three months ended September 30, 2022 March 31, 2023. The increase in tax expense year-over-year is largely due to foreign pretax book income for the three months ended September 30, 2023 as compared to foreign pretax loss for the three months ended September 30, 2022.

Net (Loss) Income. Net loss was \$17.8 million for the three months ended September 30, 2023. Net income was \$3.1 million for the three months ended September 30, 2022 and was a result of the changes noted above.

For the nine-month periods ended September 30, 2023 and 2022

Revenues. Total revenues for the nine months ended September 30, 2023 were \$137.9 million as compared to \$179.0 million for the nine months ended September 30, 2022, resulting in a 22.9% decrease. The decrease in revenues was primarily due to lower sales volume across all markets.

Cost of Revenues. Cost of revenues for the nine months ended September 30, 2023 were \$86.9 million as compared to \$128.5 million for the nine months ended September 30, 2022, resulting in a 32% decrease. The decrease in cost of revenues was attributable to the decrease in units sold, along with lower manufacturing and shipping costs in the first three quarters of 2023 compared to the first three quarters of the prior year.

Gross Profit. Gross profit for the nine months ended September 30, 2023 was \$51.0 million as compared to \$50.5 million for the nine months ended September 30, 2022, an increase of 1.0%. Gross profit margin was 37.0% for

the nine months ended September 30, 2023 and 28.2% for the nine months ended September 30, 2022. The increase in gross profit is primarily higher U.S. taxes related to the decrease in manufacturing and shipping costs noted above.

General and Administrative Expenses. General and administrative expenses for the nine months ended September 30, 2023 were \$45.4 million, representing 32.9% of revenue as compared to \$44.7 million representing 25.0% of revenue for the nine months ended September 30, 2022. The increase in general and administrative expenses for the period ended September 30, 2023 can be attributed primarily to an increase in payroll related expenses to support the growth of the business in certain markets.

Research and Development Expenses. Research and development expenses for the nine months ended September 30, 2023 and 2022 were \$2.1 million and \$1.9 million and represented 1.5% and 1.0% of revenue, respectively.

Impairment of Goodwill. The Company recorded goodwill impairment charges of \$13.2 million for the nine months ended September 30, 2023. There were no goodwill impairment charges recorded in 2022.

Other Expense. Other expense, net for the nine months ended September 30, 2023 was \$8.4 million as compared to \$5.1 million for the nine months ended September 30, 2022, representing an increase of \$3.3 million. The increase was due to a

\$1.5 million decrease in the fair value of derivative liabilities, a \$0.9 million increase in interest expense and \$0.9 million recognized upon the settlement of certain debt obligations during the nine months ended September 30, 2022.

Income Tax Expense. Income tax expense for the nine months ended September 30, 2023 was \$3.4 million, as compared to a \$475 thousand in income tax expense for the nine months ended September 30, 2022. The increase in tax expense year-over-year is largely due to the increase in the estimated annual effective tax rate of the US legacy Boxlight entities. increased net operating loss limitations.

Net Loss. Net loss was \$21.5 7.1 million and \$1.7 2.9 million for the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023, respectively, and was a result of the changes noted above.

Use of Non-GAAP financial measures

To provide investors with additional insight and allow for a more comprehensive understanding of the information used by management in its financial and decision-making surrounding operations, we supplement our condensed consolidated financial statements which are prepared in accordance with GAAP with EBITDA and Adjusted EBITDA, both non-GAAP financial measures of earnings.

EBITDA represents net loss before income tax expense, interest income, interest expense, depreciation and amortization. Adjusted EBITDA represents EBITDA, plus stock compensation expense, impairment of goodwill, the change in fair value of derivative liabilities, purchase accounting impact of fair valuing inventory and deferred revenue, and non-cash losses associated with debt settlement. severance charges. Management uses EBITDA and Adjusted EBITDA as financial measures to evaluate the profitability and efficiency of the Company's business model, and to assess the strength of the underlying operations of our business. These adjustments, and the non-GAAP financial measure that is derived from them, provide supplemental information to analyze our operations between periods and over time. Investors should consider the Company's non-GAAP financial measures in addition to, and not as a substitute for, financial measures prepared in accordance with GAAP.

The following table contains reconciliations of net income and losses to EBITDA and adjusted EBITDA for the periods presented:

		Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
(in thousands)	(in thousands)				
Net (Loss) Income		\$ (17,750)	\$ 3,105	\$ (21,485)	\$ (1,725)
(in thousands)					
				Three Months Ended	Three Months Ended
(in thousands)				March 31, 2024	March 31, 2023
Net Loss					
Depreciation and amortization	Depreciation and amortization	2,332	2,231	6,893	6,818

Interest expense	Interest expense	2,987	2,598	8,222	7,330
Income tax expense	Income tax expense	3,073	520	3,379	475
EBITDA	EBITDA	\$ (9,358)	\$ 8,454	\$ (2,991)	\$ 12,898
Stock compensation expense	Stock compensation expense	671	603	1,823	2,665
Change in fair value of derivative liabilities	Change in fair value of derivative liabilities	(90)	113	(50)	(1,537)
Purchase accounting impact of fair valuing inventory	Purchase accounting impact of fair valuing inventory	113	189	336	1,395
Purchase accounting impact of fair valuing deferred revenue	Purchase accounting impact of fair valuing deferred revenue	366	509	1,308	1,747
Gain on settlement of debt		—	—	—	(856)
Impairment of goodwill		13,226	—	13,226	—
Severance charges					
Adjusted EBITDA	Adjusted EBITDA	\$ 4,928	\$ 9,868	\$ 13,652	\$ 16,312
Adjusted EBITDA					
Adjusted EBITDA					

Discussion of Effect of Seasonality on Financial Condition

Certain accounts in our financial statements are subject to seasonal fluctuations. As our business and revenues grow, we expect these seasonal trends to be reduced. The bulk of our products are shipped to our educational customers prior to the beginning of the school year, usually in July, August or September. To prepare for each school year, we generally build up inventories during the second quarter of the year. As a result, inventories tend to be at their highest levels at that point in time. In the first quarter of the year, inventories tend to decline significantly as products are delivered to customers. Thereafter, during the first quarter, we do not generally need to restock inventories at the same inventory levels. Accounts receivable balances tend to be at the highest levels in the third quarter, at which point we record the highest level of sales.

Liquidity and Capital Resources

As of September 30, 2023 March 31, 2024, we had cash and cash equivalents of \$18.4 million \$11.8 million, a working capital balance of \$61.4 million \$46.6 million, and a current ratio of 2.24 2.17. On September 30, 2022, March 31, 2023, we had \$22.0 million \$11.3 million of cash and cash equivalents, a working capital balance of \$62.3 million \$61.6 million, and a current ratio of 1.9 2.75.

For the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, we had net cash provided by used in operating activities of \$8.2 and \$0.5 million, respectively. Cash provided by operating activities increased year over year as a result of higher margins on our products leading to increased operating income. \$1.9 million. We had net cash used in investing activities of \$226 \$394 thousand and \$1.1 million \$81 thousand for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. Cash used in investing activities is related to purchases of property and equipment. For the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, we had net cash used in financing activities of \$3.0 million \$2.6 million and net cash provided by investing activities of \$4.4 million \$1.0 million, respectively. Cash provided by used in financing activities is primarily related to principal payments on debt of \$5.0 million \$2.3 million and \$1.0 million \$0.3 million in payments of fixed dividends to our Series B preferred shareholders, slightly offset by a \$3.0 million draw under the Company's Credit Facility and stock option exercise proceeds of \$13 thousand. shareholders.

Our liquidity needs are funded by operating cash flow and available cash. Our cash requirements consist primarily of day-to-day operating expenses, capital expenditures and contractual obligations with respect to facility leases. We lease all of our office facilities. We expect to make future payments on existing leases from cash generated from operations. We have limited credit available from our major vendors and are required to prepay a percentage of our inventory purchases, which further constrains our cash liquidity. In addition, our industry is seasonal with many sales to educational customers occurring during the second and third quarters when schools make budget appropriations and classes are not in session limiting disruptions related to product installation. This seasonality makes our needs for cash vary significantly from quarter to quarter.

In addition to the cash flows generated by our ongoing operating activities we financed our operations during 2023 2024 and 2022 2023 with our Credit Facility with Whitehawk. Prior to April 24, 2023 On April 19, 2024, we maintained took out a delayed draw term loan of which we had \$7.5 million available. On April 24, 2023, we drew \$3.0 million on our delayed draw term loan that was used for working capital purposes. The completion of loan with

Whitehawk for \$5.0 million, with \$2.0 million funded on April 19, 2024 and the additional draw eliminates further delayed draws under remaining \$3.0 million to be made available in June 2024 provided the term loan agreement. The \$3.0 million was repaid during the third quarter of 2023. Company is in compliance with certain covenants.

To the extent not previously converted into the Company's Class A common stock, the outstanding shares of our Series B preferred stock are redeemable at the option of the holders at any time or from time to time commencing on January 1, 2024 upon, 30 days' prior written notice to the Company, for a redemption price, payable in cash, equal to the sum of (a) (\$10.00) multiplied by the number of shares of Series B preferred stock being redeemed (the "Redeemed Shares"), plus (b) all accrued and unpaid dividends, if any, on such Redeemed Shares. We may be required to seek alternative financing arrangements or restructure the terms of the agreement with the Series B preferred shareholders on terms that are not favorable to us if cash and cash equivalents are not sufficient to fully redeem the Series B preferred shares. We are currently evaluating alternatives to refinance or restructure the Series B preferred shares including extending the maturity of the Series B preferred shares beyond the current optional conversion date.

Given the uncertainty surrounding global supply chains, global markets, and general global uncertainty as a result of the ongoing conflict between Russia and Ukraine, and the continuing COVID-19 pandemic, the availability of debt and equity capital has been reduced and the cost of capital has increased. Furthermore, recent adverse developments affecting the financial services

industry including events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions may lead to market-wide liquidity problems. This in turn could result in a reduction in our ability to access funding sources and credit arrangements in amounts adequate to finance our current and future business operations. Increasing our capital through equity issuance at this time could cause significant dilution to our existing stockholders. However, while there can be no guarantee we will be able to access capital when needed, we are confident that the Company will be able to manage through the current challenges in the equity and debt finance markets by managing payment terms with our customers and vendors.

Cash and cash equivalents, along with anticipated cash flows from operations and recent financing arrangements with our lenders are expected to provide sufficient liquidity for working capital needs and debt service requirements.

The Company's financial statements are prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of obligations in the normal course of business.

The Company was not in compliance with its financial covenant related to the Senior Leverage Ratio financial covenant under the Credit Agreement at September 30, 2023 December 31, 2023. The non-compliance was cured by Although on March 14, 2024, the Company paying \$4.3 million, inclusive Loan Parties entered into the Fifth Amendment with the Collateral Agent and the Lender mainly for the purpose of \$0.3 million in prepayment penalties (1) amending and interest in November 2023 in order to bring the Company into compliance with restating the Senior Leverage Ratio at September 30, 2023. The Senior Leverage Ratio, as stated and Minimum Liquidity (as defined in the Third Fifth Amendment), and (2) waiving any Event of Default that may have arisen directly as a result of the Financial Covenant Default (as defined in the Fifth Amendment), there can be no assurance that the Lender will not declare an event of default and acceleration of all of our obligations under the Credit Agreement in the event we are unable to get into full compliance with these covenants in the future. Following the Fifth Amendment to the Credit Agreement, decreases the Senior Leverage ratio increased to 2.50 6.00 at December 31, 2023 March 31, 2024, remained at 2.00 at March 31, 2024 and June 30, 2024 and 1.75 thereafter. Because of the significant decreases in the required Senior Leverage Ratio within the next twelve months, the Company's current forecast projects the Company may not be able to maintain compliance with this ratio. These conditions raise substantial doubt about the ability of the Company to continue as a going concern within one year after the date that the financial statements are issued.

In view of this matter, continuation as a going concern is dependent upon the Company's ability to continue to achieve positive cash flow from operations, obtain waivers or other relief under the Credit Agreement for any future non-compliance with the Senior Leverage Ratio, or refinance its Credit Agreement with a different lender on a basis with more favorable terms. The Company is actively working to refinance its debt with new lenders on terms more favorable to the Company. While the Company is confident in its ability to refinance its existing debt, it does not have written or executed agreements as of the issuance of this Form 10-Q. The Company's ability to refinance its existing debt is based upon credit markets and economic forces that are outside of its control. The Company has a good working relationship with its current banking partner and has seen a positive trend in the credit markets as of late. However, there can be no assurance that the Company will be successful in refinancing its debt, or on terms acceptable to the Company.

Financing

See Note 8 – *Debt* for a discussion of our existing debt financing arrangements.

Off Balance Sheet Arrangements

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, results of operations or liquidity and capital resources.

Critical Accounting Policies and Estimates

Our condensed consolidated financial statements are prepared in accordance with GAAP. In connection with the preparation of our financial statements, we are required to make assumptions and estimates about future events and apply judgments that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. We base our assumptions, estimates and judgments on historical experience, current trends, and other factors that management believes to be relevant at the time our condensed consolidated financial statements are prepared. On a regular basis, we review the accounting policies, assumptions, estimates and judgments to ensure that our financial statements are presented fairly and in accordance with GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material.

Our significant accounting policies are discussed in the notes to the unaudited condensed consolidated financial statements and in Note 1 in the Company's 2022 2023 Annual Report, which was filed with the SEC on March 17, 2023 March 14, 2024. We believe that the following accounting estimates are the most critical to aid in fully understanding and evaluating our reported financial results, and they require our most difficult, subjective, or complex judgments, resulting from the need to make estimates about the effect of matters that are inherently uncertain:

1. Revenue Recognition
2. Goodwill and Intangible assets Assets

As of June 30, 2023, we determined that a triggering event had occurred as a result of our market capitalization that suggested one or more of the reporting units may have fallen below the carrying amounts. In addition, changes in our reporting segments resulted in a change in the composition of our reporting units. As a result of these changes, we determined the Company had two reporting units for purposes of testing based upon entities that comprise the Americas and EMEA reporting segments. For purposes of impairment testing, we allocated goodwill to the reporting units based upon a relative fair value allocation approach and assigned approximately \$22.4 million and \$2.8 million of goodwill to the America and EMEA reporting units, respectively.

As of June 30, 2023, we performed an interim goodwill impairment test as a result of the triggering events identified. In analyzing goodwill for potential impairment in the quantitative impairment test, we used a combination of the income and market approaches to estimate the fair value. Under the income approach, we calculated the fair value based on estimated future discounted cash flows. The assumptions used are based on what we believe a hypothetical marketplace participant would use in estimating fair value and include the discount rate, projected average revenue growth and projected long-term growth rates in the determination of terminal values. Under the market approach, we estimated the fair value based on market multiples of revenue or earnings before interest, income taxes, depreciation, and amortization for benchmark companies. Based on the results of our interim test as of June 30, 2023, we concluded that the estimated fair value of each reporting unit exceeded the respective carrying value and, as such, we concluded that the goodwill assigned to each reporting unit, as of June 30, 2023, was not impaired. However, we concluded that as of June 30, 2023, our Americas reporting unit was at risk of failing step one of the goodwill impairment test.

As of June 30, 2023, we determined that our Americas reporting unit had an estimated fair value in excess of its respective carrying value of approximately 4%. The estimated fair value of our reporting units are closely aligned with the ultimate amount of revenue and operating income that it achieves over the projected period. Our discounted cash flows, for goodwill impairment testing purposes, assumed that, through fiscal year 2028, this reporting unit would achieve a compounded annual revenue growth rate of approximately 5.0% from its forecasted 2023 revenue. Beyond fiscal 2028, we assumed a long-term revenue growth rate of 3.0% in the terminal year. As of June 30, 2023, we utilized a WACC of 14.0% for the Americas reporting unit. Given expected growth

projections from industry sources, we believe these modest long-term growth rates and the WACC are appropriate to use for our future cash flow assumptions. We also believe that it is possible that our actual revenue growth rates could be significantly higher due to a number of factors, including: (i) the availability of government funding allocated to the education sector as a result of the CARES Act and other recent economic relief stimulus packages; (ii) the growth of education technology products and services outside of flat-panel sales such as audio, STEM products and professional services; and (iii) the continued growth in sales to enterprise customers. Modest changes in other key assumptions used in our June 30, 2023 impairment analysis may result in the requirement to proceed to step two of the goodwill impairment test in future periods. If this reporting unit fails step one in the future, we would be required to perform step two of the goodwill impairment test. If we perform step two, up to \$22.5 million of goodwill assigned to the Americas reporting unit could be written off in the period that the impairment is triggered.

During the quarter ended September 30, 2023, due to further declines in the Company's market capitalization and a reduction in cash-flows resulting from continued softening in the industry leading to a reduction in sales from interactive flat-panel displays, the Company determined that a triggering event had occurred.

As of September 30, 2023, the Company performed an interim goodwill impairment test as a result of the triggering event identified. The Company's methodology for estimating fair value was consistent with the income and market approaches used as of June 30, 2023. Certain estimates and assumptions, including the Company's operating forecast for 2023 and future periods, were revised based on current industry and Company trends. For the three and nine months ended September 30, 2023, the Company recorded goodwill impairment charges of \$10.4 million and 2.8 million to the Americas and EMEA reporting units, respectively, which also represents total accumulated goodwill impairment charges for each reporting unit.

3. Stock-based Compensation Expense
4. Derivative Warrant Liabilities
5. Income Taxes

Recent Accounting Pronouncements

For information on accounting pronouncements that have impacted or are expected to materially impact our consolidated financial condition, results of operations or cash flows, see Note 1 to our unaudited condensed consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

As a "smaller reporting company," this item is not required.

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures.

We maintain disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act that are designed to ensure that information required to be disclosed in our reports filed or submitted to the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms, and that information is accumulated and communicated to management, including the principal executive and financial officer as appropriate, to allow timely decisions regarding required disclosures. Our principal executive officer and principal financial officer evaluated the effectiveness of disclosure controls and procedures as of the end of the period covered by this report ("Evaluation Date"), pursuant to Rule 13a-15(b) under the Exchange Act. Based on that evaluation, our principal executive officer and principal financial officer concluded that, as of the Evaluation Date, our disclosure controls and procedures were not effective due to material weaknesses described in our 2022 2023 Annual Report on Form 10-K, as filed with the SEC on March 17, 2023 March 14, 2024.

Notwithstanding the existence of these material weaknesses, we believe that the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q fairly present in accordance with the GAAP, in all material respects, our financial condition, results of operations and cash flows for the periods presented in this report.

Limitations on Effectiveness of Controls.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all controls systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving its objectives.

(b) Changes in internal controls over financial reporting.

There were no changes made in the internal controls over financial reporting for the quarter ended September 30, 2023 March 31, 2024 that have materially affected our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

While we are not currently involved in any material legal proceedings, from time-to-time we are, and we anticipate that we will be, involved in legal proceedings, claims, and litigation arising in the ordinary course of our business and otherwise. The ultimate costs to resolve any such matters could have a material adverse effect on our financial statements. The Company's management believes, based on current information, matters currently pending or threatened are not expected to have a material adverse effect on the Company's consolidated financial position or results of operations.

ITEM 1A. RISK FACTORS

For information regarding risk factors pertinent to the Company's business please refer to Part I Item 1A of the Company's 2022 2023 Annual Report on Form 10-K, which was filed with the SEC on March 17, 2023 March 14, 2024 and is incorporated by reference herein. There have been no material changes from the risk factors described in our Form 10-K other than the following: 10-K.

Unstable market and economic conditions and potential disruptions in the credit markets may adversely affect our business, including the availability and cost of short-term funds for liquidity requirements and our ability to meet long-term commitments, which could adversely affect our results of operations, cash flows and financial condition.

If internally generated funds are not available from operations, we may be required to rely on the banking and credit markets to meet our financial commitments and short-term liquidity needs. Our access to funds under our revolving credit facility or pursuant to arrangements with other financial institutions is dependent on the financial institution's ability to meet funding commitments. Financial institutions may not be able to meet their funding commitments if they experience shortages of capital and liquidity or if they experience high volumes of borrowing requests from other borrowers within a short period of time.

In addition, the global credit and financial markets have recently experienced extreme volatility and disruptions, including severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, inflationary pressure and interest rate changes and uncertainty about economic stability. More recently, the closures of Silicon Valley Bank, Signature Bank and First Republic Bank and their placement into receivership with the Federal Deposit Insurance Corporation (FDIC) created bank-specific and broader financial institution liquidity risk and concerns. Although the Department of the Treasury, the Federal Reserve and the FDIC jointly released a statement that depositors at Silicon Valley Bank and Signature Bank would have access to their funds, even those in excess of the standard FDIC insurance limits, under a systemic risk exception, future adverse developments with respect to specific financial institutions or the broader financial services industry may lead to market-wide liquidity shortages, impair the ability of companies to access near-term working capital needs, and create additional market

and economic uncertainty. There can be no assurance that future credit and financial market instability and a deterioration in confidence in economic conditions will not occur. Our general business strategy may be adversely affected by any such economic downturn, liquidity shortages, volatile business environment or continued unpredictable and unstable market conditions. If the equity and credit markets deteriorate, or if adverse developments are experienced by financial institutions, it may cause short-term liquidity risk and also make any necessary debt or equity financing more difficult, more costly and more dilutive. Failure to secure any necessary financing in a timely manner and on favorable terms could have a material adverse effect on our growth strategy, financial performance and stock price and could require us to delay or abandon clinical development plans. In addition, there is a risk that one or more of our current service providers, financial institutions, manufacturers and other partners may be adversely affected by the foregoing risks, which could directly affect our ability to attain our operating goals on schedule and on budget.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES, USE OF PROCEEDS AND ISSUER PURCHASE OF EQUITY SECURITIES

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not Applicable

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The following exhibits are filed or furnished with this report:

Exhibit No.	Description of Exhibit
3.1	Eleventh Amended and Restated Articles of Incorporation (incorporated by reference to Exhibit 3.5 to the Registration Statement on Form S-1 (File No. 333-204811) filed on December 15, 2016).
3.2	Amended and Restated Bylaws adopted June 24, 2021 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on June 24, 2021).
3.3*	Clawback Policy adopted April 5, 2024
4.1	Certificate of Designations of Series A Convertible Preferred Stock (incorporated by reference to Exhibit 4.1 in the Registration Statement on Form S-1 (Reg. No. 377-00845) filed on June 9, 2015). Amended and Restated Certificate of Designations of Series A Convertible Preferred Stock (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-1/A (Reg. No 333-204811) filed on October 9,

4.2	<u>2015.</u>
	<u>Operating Agreement of EOSEDU, LLC, dated September 17, 2018, by and between the Boxlight Corporation and EOSEDU, LLC dated September 17, 2018 (incorporated by reference to Exhibit 4.8 to Amendment No. 1 to the Registration Statement on Form S-1 (Reg. No. 333-226068) filed on September 24, 2018).</u>
4.3	<u>Form of Amended and Restated Certificate of Designations for Series B Convertible Preferred Stock (incorporated by reference to Exhibit 4.3 to the Quarterly Report on Form 10-Q for the period ended September 30, 2020).</u>
4.4	<u>Form of Amended and Restated Certificate of Designations for the Series C Convertible Preferred Stock (incorporated by reference to Exhibit 4.4 to the Quarterly Report on Form 10-Q for the period ended September 30, 2020).</u>
4.5 4.4	<u>Form of Warrant, dated December 31, 2021, issued to WhiteHawk Finance LLC (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8- K filed January 5, 2022).</u>
4.6 4.5	<u>Description of Securities. (incorporated by reference to Exhibit 4.9 to the Annual Report on Form 10- K filed March 17, 2023).</u>
4.7 4.6	<u>Form of Pre-Funded Warrant (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed July 26, 2022).</u>
4.8 4.7	<u>Form of Warrant (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K filed July 26, 2022).</u>
4.9 4.8	<u>Consent of Waiver of Leverage Ratio Default, dated November 2, 2023</u> <u>Sixth Amendment to the Credit Agreement, dated April 19, 2024, between Boxlight Corporation, its subsidiaries, Whitehawk Capital Partners, LP and Whitehawk Finance LLC. (incorporated by reference to exhibit 10.1 to the Current Report on Form 8-K filed April 23, 2024).</u>
10.1* 10.1	
31.1*	<u>Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
31.2*	<u>Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
	<u>Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
32.1**	<u>Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
32.2**	
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

** Furnished herewith.

SIGNATURES

Pursuant to the requirement of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BOXLIGHT CORPORATION

November 8, 2023

By: /s/ Michael Pope Dale Strang

Michael Pope Dale Strang

Chief Executive Officer

November 8, 2023

By: /s/ Greg Wiggins

Greg Wiggins

Chief Financial Officer

(Principal Financial and Accounting Officer)

4335

Exhibit 10.13.3

BOXLIGHT CORPORATION

2750 Premiere Parkway, Suite 900 CLAWBACK POLICY

Duluth, GA 30097

November 2, 2023

Whitehawk Capital Partners, LP I. Purpose

11601 Wilshire Boulevard, Suite 1250

Los Angeles, CA 90025

RE: Consent Boxlight Corporation (the "Company") is establishing this clawback policy to Waiver of Default under Section 7.03(a) appropriately align the interests of the Credit Agreement executives of the Company, who have been designated as Executive Officers, with those of the Company. This policy has been approved by the Board and is effective as of the Effective Date.

II. Administration

This policy shall be administered by the Board, which shall have authority to (i) exercise all of the powers granted to it under the policy, (ii) construe, interpret and implement this policy, (iii) make all determinations necessary or advisable in administering this policy, and (iv) amend this policy, including to reflect changes in applicable law.

III. Recoupment

If (i) the Company is required to undertake an accounting restatement due to the Company's material noncompliance, whether or not as a result of any fault or misconduct by an Executive Officer, with any financial reporting requirement under the U.S. federal securities laws, (ii) an Executive Officer engages in Misconduct, or (iii) an Executive Officer breaches in any material respect a restrictive covenant set forth in any agreement between the Executive Officer and the Company, including but not limited to, a breach in any material respect of a confidentiality provision (any such event under clause (i), (ii), or (iii), a "Clawback Event"), then the Board may, in its sole discretion, to the extent permitted by applicable law, seek to recover all or any portion of the Recoverable Amounts awarded to any such Executive Officer after the Effective Date.

In determining the appropriate action to take, the Board may consider such factors as it deems appropriate, including:

- the associated costs and benefits of seeking the Recoverable Amounts,
- the requirements of applicable law,
- the extent to which the Executive Officer participated or otherwise bore responsibility for the Clawback Event, and
- the extent to which the Executive Officer's current compensation may or may not have been impacted had the Board, or the Compensation Committee of the Board, known about the Clawback Event.

In addition, the Board may, in its sole discretion, determine whether and to what extent additional action is appropriate to address the circumstances surrounding the Clawback Event so as to minimize the likelihood of any recurrence and to impose such other discipline as it deems appropriate.

Nothing in this policy will limit in any respect (i) the Company's right to take or not to take any action with respect to Test Period Ended September 30, 2023 (this "November 2023 Waiver")

Dear Mr. Louzan,

Reference is made to:

(i) any Executive Officer's or any other person's employment or (ii) the Credit Agreement, originally dated December 31, 2021 ((a) as amendment by obligation of the First Amendment to Credit Agreement dated as of April 4, 2022, (b) as amendment by the Second Amendment to Credit Agreement dated as of June 21, 2022, (c) as amendment by the Third Amendment to Credit Agreement dated as of April 24, 2023, (d) as amendment by the Fourth Amendment to Credit Agreement dated as of June 26, 2023 and (e) as further amended, restated, supplemented or modified, the "Credit Agreement"; all capitalized terms defined in the Credit Agreement and not otherwise defined herein have the meanings assigned to them in the Credit Agreement, as amended hereby), between Boxlight Corporation, a Nevada corporation (the "Company" Chief Executive Officer or the "Borrower") and each subsidiary Chief Financial Officer to reimburse the Company in accordance with Section 304 of the Borrower

listed Sarbanes-Oxley Act of 2002, as a “Guarantor” on the signature pages thereto amended. Any determination regarding this policy and each other Person that executes a joinder agreement and becomes a “Guarantor” thereunder, the financial institutions party hereto as Lenders and Whitehawk Capital Partners, LP (“Whitehawk”), as collateral agent for the Lenders (in such capacity, together with its designees, successors and assigns, the “Collateral Agent”) and as administrative agent for the Lenders ((in such capacity, together with its designees, successors and assigns, the “Administrative Agent”);

- (ii) the Amended and Restated Fee Letter dated April 4, 2022 (as amended, restated, supplemented or modified, the “Fee Letter”), between the Borrower, the other Loan Parties, the Administrative Agent and the Collateral Agent;
- (iii) the Consent to Waiver of Borrowing Base Default dated as of April 17, 2023 (the “April 2023 Consent”), between the Borrower, the Administrative Agent, the Collateral Agent and the Lenders;
- (iv) the Consent to Waiver of Borrowing Base Default, “SOFR” Amendment and amendment of Prepayment Premium dated June 15, 2023 (the “June 2023 Consent”), between the Borrower, the Administrative Agent, the Collateral Agent and the Lenders; and
- (iv) the other Loan Documents.

The Loan Parties acknowledge and agree that:

- (x) that for the Testing Period Ended September 30, 2023 they have not maintained the Senior Leverage Ratio that is equal to or less than 2.75:1.00 (“Financial Covenant Default”); and

(y) any application and implementation thereof need not be uniform with respect to each Executive Officer, or payment recovered or forfeited under this policy.

To the extent permitted by applicable law, the Board may seek to recoup Recoverable Amounts by all legal means available, including but not limited to, by requiring any affected Executive Officer to repay such amount to the Company, by set-off, by reducing future compensation of the affected Executive Officer, or by such other means or combination of means as the Board, in its sole discretion, determines to be appropriate.

IV. Disclosure

If the Board determines that a Clawback Event has occurred that is subsequently disclosed by the Financial Covenant Default constitutes an immediate Event of Default Company in a public filing required under the Credit Agreement.

The Loan Parties have requested that Exchange Act (a “Disclosed Event”), the Lenders: Company will disclose in the proxy statement relating to the year in which such determination is made (i) waive the Financial Covenant Default if any amount is clawed back from an Executive Officer and the exercise of remedies under aggregate amount clawed back or (ii) if no amount is clawed back from the Credit Agreement by reason of the Loan Parties’ Financial Covenant Default (the “Financial Covenant Default Waiver”) and (ii) permit the reduction in the principal balance of the Term Loans Executive Officer as a result of the November 2023 Optional Prepayment (defined below) to be included in Disclosed Event, the calculation fact that no amount was clawed back.

V. Definitions

For purposes of Senior Leverage Ratio for the fiscal quarter period ended September 30, 2023 (the “Term Loan Balance Recalculation” and together with the Financial Covenant Default Waiver, this “November 2023 Waiver”), and the Lenders are agreeing to such Financial Covenant Default Waiver and Term Loan Balance Recalculation, in each case, based upon and subject to policy, the following terms shall have the following meanings:

- 1) “Board” means the Board of Directors of the Company.
- 2) “Effective Date” means November 30, 2023
- 3) “Exchange Act” means the Securities Exchange Act of 1934, as amended.
- 4) “Executive Officer” means each current and conditions which former “officer,” as defined in Rule 16a-1 under the Loan Parties must comply Exchange Act, and any other senior executive as designated by the Board.
- 5) “Misconduct” means, with (each respect to an Executive Officer, the occurrence of 1 through and including 5 below, a “Financial Covenant Default Waiver Condition” and collectively, the “Financial Covenant Default Waiver Conditions”) (and the failure to meet any of the Financial Covenant Default Waiver Conditions would effectively negate and void this November 2023 Waiver without following events, as reasonably determined by the Board in its discretion:

(i) the Executive Officer’s conviction of, or plea of nolo contendere to, any further action felony (other than a vehicular-related felony);

(ii) the Executive Officer’s commission of, or notice on part participation in, intentional acts of fraud or dishonesty that in either case results in material harm to the reputation or business of the Company;

(iii) the Executive Officer’s intentional, material violation of any Agent or Lender):

1. The Loan Parties shall make an optional prepayment term of the Term Loan in an aggregate principal amount equal to \$4,000,000 (the “November 2023 Optional Prepayment”) on or prior to November 3, 2023 plus accrued interest on the November 2023 Optional Prepayment to the date of such optional prepayment plus the Prepayment Premium on the November 2023 Optional Prepayment.

2. November 2023 Optional Prepayment and the resultant Term Loan Balance Recalculation would cause the Loan Parties to be in compliance Executive Officer's employment agreement with the Senior Leverage Ratio level of equal to or less than 2.75:1.00 for the Testing Period Ended September 30, 2023.
3. By no later than the date required by the Credit Agreement, the Loan Parties shall comply with the reporting requirements for the fiscal quarter ended September 30, 2023 as required by Section 7.1(a)(i) and Section 7.1(a)(iv) of the Credit Agreement.
4. The Compliance Certificate for fiscal quarter ended September 30, 2023 would show that the Loan Parties are in compliance with the Senior Leverage Ratio level of equal to or less than 2.75:1.00 for the Testing Period Ended September 30, 2023.
5. The November 2023 Optional Prepayment and the Term Loan Balance Recalculation shall not be used for any purpose (including the calculation of interest or any premium) or basket under the Credit Agreement other than to show a reduction in the aggregate Term Loan principal balance on and as of the date of the November 2023 Optional Prepayment.

In the event, the Borrower Company or any other Loan Party fails contract or agreement between the Executive Officer and the Company or any statutory duty the Executive Officer owes to comply with any the Company that in either case results in material harm to the business of the Financial Covenant Default Waiver Conditions, then, Company;

(iv) the Executive Officer's conduct that constitutes gross insubordination or habitual neglect of duties and that in any such event and anytime thereafter during either case results in material harm to the continuance of any such event, the Agents may, and shall at the request business of the Required Lenders, (i) terminate or reduce all Commitments, whereupon all Commitments shall immediately be so terminated or reduced (ii) declare all or any portion Company;

(v) the Executive Officer's intentional, material refusal to follow the lawful directions of the Term Loans then outstanding to be accelerated and due and payable, whereupon all Board, the Company's Chief Executive Officer, or such portion his or her direct manager (other than as a result of the aggregate principal of all Term Loans, all accrued and unpaid interest thereon (including interest at the Default Rate), all fees and all other amounts payable under this Agreement and the other Loan Documents shall become due and payable immediately, together with the payment of the Prepayment Premium (with such term as amended by the June 2023 Consent) with respect to the Commitments so terminated and the Term Loans so repaid, without presentment, demand, protest physical or further notice of any kind, all of which are hereby expressly waived by each Loan mental illness); or

Party (vi) the Executive Officer's intentional, material failure to follow, or intentional conduct that violates (or would have violated, if such conduct occurred within ten (10) years prior to the Effective Date and (iii) exercise any and has not been previously disclosed to the Company), the Company's written policies that are generally applicable to all of its other rights and remedies under applicable law, hereunder and under the other Loan Documents.

All employees or all officers of the representations, warranties, terms, covenants Company and conditions that results in material harm to the reputation or business of the Loan Documents shall remain in full force Company; provided, however, that willful bad faith disregard will be deemed to constitute intentionality for purposes of this definition.

6) "Recoverable Amounts" means (i) any equity compensation (including stock options, restricted stock, restricted stock units, and effect in accordance with their respective terms. The conditional waiver set forth herein shall be limited precisely as provided for herein and, except any other equity awards) awarded after the Effective Date or (ii) any severance or cash incentive-based compensation (other than base salary) awarded after the date on which restatement of the Company's financial statements is required, to the extent specifically provided for herein, shall not be deemed to be waivers of, amendments of, consents to or modifications of any term or provision of the Loan Documents or any other document or instrument referred to therein or of any transaction or further or future action on the part of the Borrower or any other Loan Party requiring the consent of the Administrative Agent or any Lender. The Administrative Agent and the Lenders have not and shall not be deemed to have waived any of their respective rights and remedies against the Borrower or any other Loan Party for any existing or future Defaults or Events of Default (other than the defaults, as conditionally waived herein). This conditional waiver, except as expressly set forth herein, shall not constitute a modification of the Credit Agreement or a course of dealing with the Administrative Agent, the Collateral Agent or any Lender at variance with the Credit Agreement or any other Loan Document such as to require further notice by the Administrative Agent, the Collateral Agent or any Lender to require strict compliance with the terms of the Credit Agreement and the other Loan Documents in the future, except, in each case, as expressly set forth herein.

Each of the Loan Parties as debtor, grantor, pledgor, guarantor, assignor, or in any other similar capacity in which such Loan Party grants liens or security interests in its property or otherwise acts as an accommodation party or a guarantor, as the case may be, hereby (i) ratifies and reaffirms all of its payment and performance obligations, contingent or otherwise, permitted under each of the Loan Documents to which it is a party (after giving effect hereto) and (ii) to the extent such Loan Party granted liens on or security interests in any of its property pursuant to any such Loan Document as security for or otherwise guaranteed any of the Obligations, ratifies and reaffirms such guarantee and grant of security interests and liens and confirms and agrees that such security interests and liens hereafter secure all of the Obligations as amended hereby. Each of the Loan Parties hereby consents to this November 2023 Waiver and conditions for this November 2023 Waiver and acknowledges that each of the Loan Documents remains in full force and effect and is hereby ratified and reaffirmed. The execution of this November 2023 Waiver shall not serve to effect a novation of the Obligations or, except to the extent specifically provided herein, operate as a waiver of any right, power or remedy of the Administrative Agent or any Lender or constitute a waiver of any provision of any of the Loan Documents.

In consideration of the Administrative Agent's and each Lender's agreements contained in this November 2023 Waiver, each Loan Party hereby irrevocably releases and forever discharges the Administrative Agent, the Collateral Agent, each Lender and their respective affiliates, subsidiaries, successors, assigns, directors, officers, employees, agents, consultants and attorneys (each, a "Released Person") of and from any and all claims, suits, actions, investigations, proceedings or demands, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute or common law of any kind or character, known or unknown, which such Loan Party ever had or now has against such Released Person which relates, directly or indirectly, to any acts or omissions of any Released Person relating to the Credit Agreement or any other Loan Document on or prior to the date hereof.

Each of the following provisions of the Credit Agreement is hereby incorporated herein by this reference with the same effect as though set forth in its entirety herein, *mutatis mutandis*, and as if "this Agreement" in any such provision read "this Third Amendment": Section 12.01 (Notices), Section 12.06 (Severability), Section 12.07 (Governing Law),, Section 12.10 (Jurisdiction, Service of Process and Venue), Section 12.11 (Waiver of Jury Trial), Section 12.13 (No Party Deemed Drafter), Section 12.15 (Indemnification), Section 12.16 (Governing Law Attorney), Section 12.22 (Integration), and Section 12.25 (Electronic Signatures). This

November 2023 Waiver is a Loan Document and is subject to and has the benefit of all provisions in the Credit Agreement applicable to Loan Documents

Please confirm Whitehawk's consent and approval to the foregoing and by your execution of this letter you agree that no default under the Credit Agreement has occurred to date.

BORROWER:

BOXLIGHT CORPORATION

By: Is\ Michael R. Pope

Name: Michael R. Pope

Title: Chief Executive Officer

GUARANTORS:

Boxlight, Inc.,

a Washington corporation

By: Is\ Michael Pope

Name: Michael Pope

Title: Chief Executive Officer

EOSEDU LLC,

an Arizona limited liability company

By: Is\ Michael Pope

Name: Michael Pope

Title: Chief Executive Officer

Boxlight Group Limited

a Northern Ireland company

By: Is\ Michael Pope

Name: Michael Pope

Title: Chief Executive Officer

EXECUTED as a DEED by Sahara Holdings

Limited, acting by two directors:

Is\ Michael Pope

Name: Michael Pope

Title: Chief Executive Officer

Is\ Mark Starkey

Name: Mark Starkey

Title: President

Sahara Presentation Systems, Inc.,

a Delaware corporation

By: Is\ Michael Pope

Name: Michael Pope

Title: Chief Executive Officer

EXECUTED as a DEED by Sahara Presentation

Systems Ltd, acting by two directors

Is\ Michael Pope

Name: Michael Pope

Title: Chief Executive Officer

Is\ Mark Starkey

Name: Mark Starkey

Title: President

Clevertouch B.V.,

a Netherlands limited liability company (*besloten
vennootschap met beperkte aansprakelijkheid*)

By: Is\ Michael Pope

Name: Michael Pope

Title: Chief Executive Officer

Sahara Presentation Systems Europe BV

a Belgium company

By: Is\ Michael Pope

Name: Michael Pope

Title: Chief Executive Officer

FrontRow Calypso, LLC

a Delaware limited liability company

By: Is\ Michael Pope

Name: Michael Pope

Title: Chief Executive Officer

COLLATERAL AGENT AND ADMINISTRATIVE AGENT:

WHITEHAWK CAPITAL PARTNERS, LP, as Administrative
Agent and Collateral Agent

By: Is\ Robert A. Louzan

Name: Robert A. Louzan

Title: Authorized Signatory

LENDERS:

WHITEHAWK FINANCE LLC

By: ls\ Robert A. Louzan

Name: Robert A. Louzan

Title: Authorized Signatory

law.

Exhibit 31.1

CERTIFICATION

I, **Michael Pope**, **Dale Strang**, certify that:

1. I have reviewed this quarterly Report on Form 10-Q Pursuant to Rule 15d-2 under the Securities Exchange Act of 1934 for the period ended **September 30, 2023** **March 31, 2024**, of Boxlight Corporation (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared:

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles:

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2023 May 8, 2024

/s/ Michael Pope Dale Strang

Michael Pope Dale Strang

Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Greg Wiggins, certify that:

1. I have reviewed this quarterly Report on Form 10-Q Pursuant to Rule 15d-2 under the Securities Exchange Act of 1934 for the period ended September 30, 2023 March 31, 2024, of Boxlight Corporation (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report,

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report:

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles:

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2023 May 8, 2024

/s/ Greg Wiggins

Greg Wiggins

Chief Financial Officer

(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Boxlight Corporation (the "Company") on Form 10-Q pursuant to Rule 15d-2 Under the Securities Exchange Act of 1934 for the period ending September 30, 2023 March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Pope, Dale Strang, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 8, 2023 May 8, 2024

/s/ Michael Pope Dale Strang

Michael Pope Dale Strang

Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Boxlight Corporation (the "Company") on Form 10-Q pursuant to Rule 15d-2 Under the Securities Exchange Act of 1934 for the period ending September 30, 2023 March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Greg Wiggins, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 8, 2023 May 8, 2024

/s/ Greg Wiggins

Greg Wiggins

Chief Financial Officer

(Principal Financial and Accounting Officer)

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