

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, 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 No. 001-41051

BLACKBOXSTOCKS INC.

(Exact name of registrant as specified in its charter)

Nevada

45-3598066

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

5430 LBJ Freeway, Suite 1485, Dallas, Texas

75240

(Address of principal executive offices)

(Zip Code)

(972) 726-9203

(Registrant's telephone number, including area code)

(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, par value \$0.001 per share	BLBX	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 ☒ No ☐

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 ☒ No ☐

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 ☐

Accelerated filer ☐

Non-accelerated filer ☒

Smaller reporting company ☒

Emerging growth company ☒

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 as of November 12, 2024 was 3,528,028.

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INTRODUCTORY COMMENT

Throughout this Quarterly Report on Form 10-Q, the terms “we,” “us,” “our,” “Blackboxstocks,” or the “Company” refers to Blackboxstocks Inc., a Nevada corporation.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Our prospects are subject to uncertainties and risks. In this Quarterly Report on Form 10-Q (the “Report”), we make forward-looking statements that involve substantial uncertainties and risks. When used in this Report, the words “may,” “will,” “expect,” “anticipate,” “continue,” “estimate,” “intend,” and similar expressions are intended to identify forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) regarding events, conditions and financial trends which may affect our future plans of operations, business strategy, operating results and financial position. Such statements are not guarantees of future performance and are subject to risks and uncertainties described herein and actual results may differ materially from those included within the forward-looking statements. Additional factors are described in our other public reports and filings with the Securities and Exchange Commission (the “SEC”). Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date made. We undertake no obligation to publicly release the result of any revision of these forward-looking statements to reflect events or circumstances after the date they are made or to reflect the occurrence of unanticipated events.

This Report contains certain estimates and plans related to us and the industry in which we operate, which assume certain events, trends and activities will occur and the projected information based on those assumptions. We do not know that all of our assumptions are accurate. If our assumptions are wrong about any events, trends and activities, then our estimates for future growth for our business may also be wrong. There can be no assurance that any of our estimates as to our business growth will be achieved.

The following discussion and analysis should be read in conjunction with our financial statements and the notes associated with them contained elsewhere in this Report. This discussion should not be construed to imply that the results discussed in this Report will necessarily continue into the future or that any conclusion reached in this Report will necessarily be indicative of actual operating results in the future. The discussion represents only the best assessment of management.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Blackboxstocks Inc. **Condensed Consolidated Balance Sheets** **As of September 30, 2024 and December 31, 2023** **(Unaudited)**

	September 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash	\$ 60,921	\$ 472,697
Accounts receivable, net of allowance for doubtful accounts of \$- 0- and \$68,589 at September 30, 2024 and December 31, 2023, respectively	3,799	18,212
Inventory	3,464	3,464
Marketable securities	-	2,955
Other receivable	-	475,000
Note receivable	1,100,000	-
Prepaid expenses and other current assets	51,248	35,161
Total current assets	1,219,432	1,007,489
Property and equipment:		
Property and equipment, net	8,394	52,281
Right of use lease	303,397	344,370
Total property and equipment	311,791	396,651
Investments	8,424,000	8,424,000
Total assets	\$ 9,955,223	\$ 9,828,140
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,378,668	\$ 842,404
Accrued interest	1,613	1,613
Unearned subscriptions	739,054	1,295,514
Lease liability right of use, current	63,281	64,818
Note payable, current portion	17,874	28,064
Merchant cash advance	190,264	-
Other liabilities	1,043,000	-
Total current liabilities	3,433,754	2,232,413
Long term liabilities:		
Note payable	-	11,550
Lease liability right of use, long term	246,127	287,417
Total long term liabilities	246,127	298,967
Commitments and contingencies		
Stockholders' equity		
Preferred stock, \$0.001 par value, 5,000,000 shares authorized; no shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively	-	-
Series A Convertible Preferred Stock, \$0.001 par value, 5,000,000 shares authorized; 3,269,998 issued and outstanding at September 30, 2024 and December 31, 2023, respectively	3,270	3,270
Series B Convertible Preferred Stock, \$0.001 par value, 10,000,000 shares authorized; no shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively	-	-
Common stock, \$0.001 par value, 100,000,000 shares authorized: 3,528,028 and 3,223,015 issued and outstanding at September 30, 2024 and December 31, 2023, respectively	3,528	3,223
Treasury stock	-	(27,650)
Additional paid in capital	28,275,922	26,802,808
Accumulated deficit	(22,007,378)	(19,484,891)
Total stockholders' equity	6,275,342	7,296,760
Total liabilities and stockholders' equity	\$ 9,955,223	\$ 9,828,140

The accompanying notes are an integral part of these condensed consolidated financial statements.

Blackboxstocks Inc.
Condensed Consolidated Statements of Operations
For the Three Months and Nine months Ended September 30, 2024 and 2023
(Unaudited)

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Revenue:				
Subscriptions	\$ 646,792	\$ 727,218	\$ 1,979,514	\$ 2,316,856
Other revenues	1,050	1,250	2,460	8,014
Total revenues	647,842	728,468	1,981,974	2,324,870
Cost of revenues	293,426	327,928	1,007,401	1,202,534
Gross margin	354,416	400,540	974,573	1,122,336
Operating expenses:				
Software development costs	101,873	173,665	310,918	755,959
Selling, general and administrative	891,282	957,372	2,735,480	4,085,384
Advertising and marketing	92,891	127,632	337,277	496,028
Loss on disposition of fixed assets	-	-	29,940	-
Depreciation and amortization	2,536	11,100	13,947	32,297
Total operating expenses	1,088,582	1,269,769	3,427,562	5,369,668
Operating loss	(734,166)	(869,229)	(2,452,989)	(4,247,332)
Other (income) expense:				
Interest expense	58	210	225	522
Financing costs	46,509	-	69,621	-
Investment (income) loss	-	(8,934)	(348)	(62,487)
Other income	-	(188,760)	-	(188,760)
Total other (income) expense	46,667	(197,484)	69,498	(250,725)
Loss before income taxes	(780,833)	(671,745)	(2,522,487)	(3,996,607)
Income Taxes	-	-	-	-
Net loss	(780,833)	(671,745)	(2,522,487)	(3,996,607)
Weighted average number of common shares outstanding – basic and diluted	3,517,838	3,196,230	3,323,806	3,222,361
Net loss per share – basic and diluted	\$ (0.22)	\$ (0.21)	\$ (0.76)	\$ (1.24)

The accompanying notes are an integral part of these condensed consolidated financial statements.

Blackboxstocks Inc.
Condensed Consolidated Statement of Stockholders' Equity
For the Nine months Ended September 30, 2024 and 2023
(Unaudited)

	<u>Preferred Stock</u>		<u>Series A</u> <u>Preferred Stock</u>		<u>Series B</u> <u>Preferred Stock</u>		<u>Common Stock</u>		<u>Common</u>		<u>Treasury</u>	<u>Additional</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Stock</u>	<u>Payable</u>	<u>Stock</u>	<u>Paid in</u>	<u>Deficit</u>	
Balances, December 31, 2022	-	\$ -	3,269,998	\$ 3,270	-	\$ -	3,298,033	\$ 3,298	\$ 23,340		\$(1,102,375)	\$18,070,556	\$ (14,820,436)	\$ 2,177,653
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	-	(79,100)	-	-	(79,100)
Retirement of treasury stock	-	-	-	-	-	-	(454,441)	(454)	-	-	1,181,475	(1,181,021)	-	-
Issuance of warrants for compensation	-	-	-	-	-	-	-	-	-	-	-	31,880	-	31,880
Issuance of options for compensation	-	-	-	-	-	-	-	-	-	-	-	61,464	-	61,464
Issuance of stock for compensation	-	-	-	-	-	-	282,501	282	19,380	-	-	655,120	-	674,782
Net loss	-	-	-	-	-	-	-	-	-	-	-	-	(1,900,368)	(1,900,368)
Balances, March 31, 2023	-	\$ -	3,269,998	\$ 3,270	-	\$ -	3,126,093	\$ 3,126	\$ 42,720	\$ -	-	\$17,637,999	\$ (16,720,804)	\$ 966,311
Issuance of stock for fractional shares resulting from reverse split	-	-	-	-	-	-	8,838	9	-	-	-	(9)	-	-
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	-	(15,291)	-	-	(15,291)
Issuance of warrants for compensation	-	-	-	-	-	-	-	-	-	-	-	31,880	-	31,880
Issuance of options for compensation	-	-	-	-	-	-	-	-	-	-	-	245,810	-	245,810
Issuance of stock for compensation	-	-	-	-	-	-	49,754	50	(42,720)	-	-	182,865	-	140,195
Issuance of stock for investment	-	-	-	-	2,400,000	2,400	-	-	-	-	-	8,421,600	-	8,424,000
Net loss	-	-	-	-	-	-	-	-	-	-	-	-	(1,424,494)	(1,424,494)
Balances, June 30, 2023	-	\$ -	3,269,998	\$ 3,270	2,400,000	\$ 2,400	3,184,685	\$ 3,185	\$ -	\$ -	\$(15,291)	\$26,520,145	\$ (18,145,298)	\$ 8,368,411
Issuance of warrants for compensation	-	-	-	-	-	-	-	-	-	-	-	31,880	-	31,880
Issuance of options for compensation	-	-	-	-	-	-	-	-	-	-	-	69,270	-	69,270
Issuance of stock for compensation	-	-	-	-	-	-	13,236	13	-	-	-	55,180	-	55,193
Net loss	-	-	-	-	-	-	-	-	-	-	-	-	(671,745)	(671,745)
Balances, September 30, 2023	-	\$ -	3,269,998	\$ 3,270	2,400,000	\$ 2,400	3,197,921	\$ 3,198	\$ -	\$ -	\$(15,291)	\$26,676,475	\$ (18,817,043)	\$ 7,853,009
Balances, December 31, 2023	-	\$ -	3,269,998	\$ 3,270	-	\$ -	3,223,015	\$ 3,223	\$ -	\$ -	\$(27,650)	\$26,802,808	\$ (19,484,891)	\$ 7,296,760
Issuance of warrants for compensation	-	-	-	-	-	-	-	-	-	-	-	31,880	-	31,880

Issuance of options for compensation	-	-	-	-	-	-	-	-	-	-	65,286	-	65,286								
Issuance of stock for compensation	-	-	-	-	-	-	3,120	3	-	-	17,497	-	17,500								
Net loss	-	-	-	-	-	-	-	-	-	-	-	(863,711)	(863,711)								
Balances, March 31, 2024	-	\$	-	3,269,998	\$	3,270	-	\$	-	3,226,135	\$	3,226	\$	-	\$	(27,650)	\$26,917,471	\$	(20,348,602)	\$	6,547,715
Issuance of warrants for compensation	-	-	-	-	-	-	-	-	-	-	-	31,880	-	31,880							
Issuance of options for compensation	-	-	-	-	-	-	-	-	-	-	-	65,286	-	65,286							
Issuance of stock for compensation	-	-	-	-	-	-	-	-	-	-	-	7,500	-	7,500							
Retirement of treasury stock	-	-	-	-	-	-	(10,607)	(11)	-	27,650	(27,639)	-	-								
Net loss	-	-	-	-	-	-	-	-	-	-	-	-	(877,943)	(877,943)							
Balances, June 30, 2024	-	\$	-	3,269,998	\$	3,270	-	\$	-	3,215,528	\$	3,215	\$	-	\$	-	\$26,994,498	\$	(21,226,545)	\$	5,774,438
Issuance of warrants for compensation	-	-	-	-	-	-	-	-	-	-	-	21,256	-	21,256							
Issuance of options for compensation	-	-	-	-	-	-	-	-	-	-	-	52,981	-	52,981							
Issuance of stock for compensation	-	-	-	-	-	-	-	-	-	-	-	7,500	-	7,500							
Issuance of stock for cash	-	-	-	-	-	-	312,500	313	-	-	1,199,687	-	1,200,000								
Net loss	-	-	-	-	-	-	-	-	-	-	-	-	(780,833)	(780,833)							
Balances, September 30, 2024	-	\$	-	3,269,998	\$	3,270	-	\$	-	3,528,028	\$	3,528	\$	-	\$	-	\$28,275,922	\$	(22,007,378)	\$	6,275,342

The accompanying notes are an integral part of these condensed consolidated financial statements.

Blackboxstocks Inc.
Condensed Consolidated Statements of Cash Flows
For the Nine months Ended September 30, 2024 and 2023
(Unaudited)

	For the nine months ended September 30,	
	2024	2023
Cash flows from operating activities:		
Net loss	\$ (2,522,487)	\$ (3,996,607)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization expense	13,947	32,297
Financing costs	69,621	-
Stock based compensation	301,069	1,330,104
Loss on disposition of assets	29,940	-
Right of use lease	(1,854)	-
Investment (income) loss	(348)	(62,487)
Changes in operating assets and liabilities:		
Accounts receivable	14,413	(22,485)
Other receivable	475,000	-
Inventory	-	12,000
Prepaid expenses and other current assets	(16,087)	(148,373)
Accounts payable	468,893	107,238
Other liabilities	1,043,000	-
Unearned subscriptions	(556,460)	(451,049)
Net cash used in operating activities	(681,353)	(3,199,362)
Cash flows from investing activities:		
Purchase of property and equipment	-	(2,605)
Purchase of marketable securities	(9,273)	(6,418,134)
Sale of marketable securities	12,576	9,694,625
Issuance of note receivable	(1,100,000)	-
Net cash (used in) provided by investing activities	(1,096,697)	3,273,886
Cash flows from financing activities:		
Proceeds from issuance of common stock	1,200,000	-
Proceeds from merchant cash advance	297,750	-
Principal payments on notes payable	(21,740)	(21,523)
Payments on merchant cash advance	(109,736)	-
Purchase of treasury stock	-	(15,291)
Net cash provided by (used in) financing activities	1,366,274	(36,814)
Net increase (decrease) in cash	\$ (411,776)	\$ 37,710
Cash - beginning of period	472,697	425,578
Cash - end of period	<u>\$ 60,921</u>	<u>\$ 463,288</u>
Supplemental disclosures:		
Interest paid	\$ 224	\$ 441
Income taxes paid	\$ -	\$ -
Non-cash investing and financing activities:		
Retirement of treasury stock	\$ 27,650	\$ 1,181,475
Treasury stock purchased from related party with other assets	\$ -	\$ 79,100
Issuance of stock for investment	\$ -	\$ 8,424,000

The accompanying notes are an integral part of these condensed consolidated financial statements.

Blackboxstocks Inc.
Notes to Condensed Consolidated Financial Statements

1. Organization

Blackboxstocks Inc. (the "Company") was incorporated on October 4, 2011, under the laws of the State of Nevada under the name SMSA Ballinger Acquisition Corp. to effect the reincorporation of Senior Management Services of Heritage Oaks at Ballinger, Inc., a Texas corporation, mandated by a Plan of Reorganization confirmed by the United States Bankruptcy Court for the Northern District of Texas for reorganization under Chapter 11 of the United States Bankruptcy Code.

The Company changed its name to Blackboxstocks, Inc. and began operating as a financial technology and social media platform in March 2016. The platform offers real-time proprietary analytics and news for stock and options traders of all levels. The Company believes its web-based software employs "predictive technology" enhanced by artificial intelligence to find volatility and unusual market activity that may result in the rapid change in the price of a stock or option. The software continuously scans the NASDAQ, New York Stock Exchange, CBOE, and other options markets, analyzing over 10,000 stocks and up to 1,500,000 options contracts multiple times per second. The Company also provides users with a fully interactive social media platform that is integrated into our dashboard, enabling users to exchange information and ideas quickly and efficiently through a common network. Recently, the Company also introduced a live audio/video feature that allows members to broadcast on their own channels to share trade strategies and market insight within the community. The platform was initially made available to subscribers in September 2016. Subscriptions for the use of the platform are sold on a monthly and/or annual subscription basis to individual consumers through the Company website at <http://blackboxstocks.com>.

On April 1, 2024, the Company formed Blackbox.io Inc., a Delaware corporation, and on April 18, 2024, the Company and Blackbox.io Inc entered into a contribution agreement (the "Contribution Agreement") pursuant to which the Company transferred certain specified business assets (the "Contributed Assets") to Blackbox.io Inc. In consideration for the Contributed Assets, Blackbox.io Inc issued to the Company 3,226,145 shares of common stock, par value \$0.001 per share and 3,369,998 shares of Series A convertible preferred stock, \$ 0.001 par value per share, of Blackbox.io Inc, free and clear of all liens (the "Blackbox.io Operating Equity"), and assumed certain specified liabilities of the business of the Company (the "Assumed Liabilities").

Simultaneously with the execution of the Contribution Agreement, the Company delivered fully executed documents of conveyance to effect the contribution of the Contributed Assets and the assignment of the Assumed Liabilities to Blackbox.io Inc, including (i) a bill of sale, (ii) an assignment and assumption agreement and (iii) an intellectual property assignment and Blackbox.io Inc delivered certificates and notices of issuance of stock transferable on the books of Blackbox.io Inc evidencing the issuance of the Blackbox.io Operating Equity.

As a result of the Contribution Agreement, Blackbox.io Inc. is a wholly-owned corporate subsidiary of the Company that now holds the Company's legacy assets and continues its legacy business operations.

The Company is listed on the Nasdaq Capital Market ("Nasdaq") under the symbol "BLBX".

2. Summary of Significant Accounting Policies

Basis of Presentation. The accompanying interim unaudited condensed consolidated financial statements and footnotes of Blackboxstocks Inc. have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") for interim financial information and the instructions to Rule 10-01 of Regulation S-X of the Securities and Exchange Commission (the "SEC"). Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, these unaudited condensed consolidated financial statements contain all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation of the results of the interim periods, but are not necessarily indicative of the results of operations to be anticipated for the full year ending December 31, 2024. These condensed consolidated financial statements should be read in conjunction with the audited financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

The accompanying condensed consolidated financial statements have been prepared in assumption of the continuation of the Company as a going concern, which is dependent upon the Company's ability to obtain sufficient financing or establish itself as a profitable business. For the year ended December 31, 2023, the Company incurred an operating loss of \$5,297,671 and a net loss of \$4,664,455. In addition, for the nine months ended September 30, 2024, the Company incurred an operating loss of \$2,452,989 and a net loss of \$2,522,487. Cash flows used in operations totaled \$3,166,067 for the year ended December 31, 2023, and \$ 681,353 for the nine months ended September 30, 2024. The Company had cash of \$ 60,921 as of September 30, 2024. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The Company has executed a share exchange agreement with Evtec Aluminium Limited ("Evtec Aluminium"), whereby the Company expects to acquire all of the issued and outstanding share capital of Evtec Aluminium with the result of Evtec Aluminium becoming a wholly-owned subsidiary of the Company (the "Exchange"). The Exchange will be accounted for as a reverse acquisition with Evtec Aluminium being the accounting acquiror. The Company believes that the Exchange with Evtec Aluminium will attract additional capital investment as Evtec Aluminium is substantially larger than Blackbox and has a strong acquisition pipeline. Management has also implemented a number of initiatives aimed at improving operating cash flow including, new product development, revised marketing strategies and expense reductions. In addition, the Company has historically been able to raise debt or equity financing to meet its capital needs and is also evaluating strategic alternatives with respect to possible mergers or acquisitions. There can be no assurance that the Company's operational changes will impact its cash flow or if it will be able to raise additional capital or on what terms or if it will be able to execute the planned Exchange with Evtec Aluminium.

The financial statements do not include adjustments relating to the recoverability and realization of assets and classification of liabilities that might be necessary should the Company be unable to continue in operation.

Principles of Consolidation. The condensed consolidated financial statements include the accounts of Blackboxstocks Inc and its wholly owned subsidiary Blackbox.io Inc., a Delaware corporation. All intercompany transactions and account balances between the Company and its subsidiary have been eliminated in consolidation. Transactions with its consolidated subsidiary are generally settled in cash.

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Use of Estimates. The Company's financial statement preparation requires that management make estimates and assumptions which affect the reporting of assets and liabilities and the related disclosure of contingent assets and liabilities in order to report these financial statements in conformity with GAAP. Actual results could differ from those estimates.

Segments. The Company operates as a single segment.

Cash. Cash includes all highly liquid investments that are readily convertible to known amounts of cash and have original maturities at the date of purchase of three months or less.

Investments in Marketable Securities. The Company has invested in marketable securities which primarily consist of investments in mutual funds that hold commercial and government debt securities. These investments are recorded at fair value based on quoted prices at the end of the Company's reporting period. Any realized or unrealized gains or losses are recognized in the accompanying statements of operations.

Recently Issued Accounting Pronouncements.

Recently Issued Accounting Pronouncements. In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2023-09 ("ASU 2023-09"), Income Taxes, which enhances the transparency of income tax disclosures by expanding annual disclosure requirements related to the rate reconciliation and income taxes paid. The amendments are effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The amendments should be applied on a prospective basis. Retrospective application is permitted. The Company is currently evaluating this ASU to determine its impact on the Company's disclosures.

In November 2023, the FASB issued Accounting Standards Update 2023-07 ("ASU 2023-07"), Segment Reporting, which improves reportable segment disclosure requirements. ASU 2023-07 primarily enhances disclosures about significant segment expenses by requiring that a public entity disclose significant segment expenses that are regularly provided to the Chief Operating Decision Maker ("CODM") and included within each reported measure of segment profit or loss. This ASU also (i) requires that a public entity disclose, on an annual and interim basis, an amount for other segment items by reportable segment, and a description of its composition; (ii) requires that all annual disclosures are provided in the interim periods; (iii) clarifies that if the CODM uses more than one measure of profitability in assessing segment performance and deciding how to allocate resources, that one or more of those measures may be reported; (iv) requires disclosure of the title and position of the CODM and a description of how the reported measures are used by the CODM in assessing segment performance and in deciding how to allocate resources; (v) requires that an entity with a single segment provide all new required disclosures. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024 and requires retrospective application. Early adoption is permitted. The amendments under ASU 2023-07 relate to financial disclosures and its adoption will not have an impact on the Company's results of operations, financial position or cash flows. The Company will adopt ASU 2023-07 for the annual reporting period ending December 31, 2024 and for interim reporting periods thereafter. Adoption is not expected to have any impact on the Company's disclosures.

Earnings or (Loss) Per Share. Basic earnings per share (or loss per share), is computed by dividing the earnings (loss) for the period by the weighted average number of common stock shares outstanding for the period. Diluted earnings per share reflects the potential dilution of securities by including other potentially issuable shares of common stock, including shares issuable upon conversion of convertible securities or exercise of outstanding stock options and warrants, in the weighted average number of common shares outstanding for the period. Therefore, because including shares issuable upon conversion of convertible securities and/or exercise of outstanding options and warrants would have an anti-dilutive effect on the loss per share, only the basic earnings (loss) per share is reported in the accompanying financial statements for periods of loss.

The Company had total potential additional dilutive securities outstanding at September 30, 2024, as follows.

Series A Convertible Preferred Shares	3,269,998
Conversion rate	0.2
Common shares after conversion	654,000
Option shares	200,875
Warrant shares	93,238

Revenue Recognition. The Company operates under a software as a service (SaaS) model whereby we sell monthly and annual subscriptions allowing subscribers access to our platform. We recognize revenue over the subscription period (either monthly or annual) and record cash received but not yet earned as deferred revenue on our balance sheet.

Additionally, the Company receives revenues from commissions and the sale of promotional products which are presented as other revenues on the accompanying statements of operations. Commission revenues are recognized as they are earned and revenues from the sale of promotional products are recognized upon shipment.

3. Investments

Investments

Evtec Group Limited ("Evtec Group") operates through a single subsidiary, Evtec Automotive Limited, as a supplier of critical automotive parts to the automobile manufacturing industry. Evtec Group is based in the UK and provides complete assemblies to auto manufacturers, simplifying sourcing, saving time on procurement, and increasing production efficiency. Their pick and pack service supplies aftermarket automotive products, as well as offering kitting and fulfilment for non-automotive businesses. Their business focuses on premium luxury brands and a market transition to electric vehicles and includes Jaguar Land Rover Group as their largest customer.

On June 9, 2023, the Company entered into a Securities Exchange Agreement (the "Securities Exchange Agreement") with Evtec Group whereby the Company issued 2,400,000 shares of Series B Convertible Preferred Stock (the "Series B Stock") (Note 4) in exchange for 4,086 preferred shares of Evtec Group. Upon conversion of the Series B Stock, the 2,400,000 shares would represent approximately 43% of the total common shares outstanding. The Evtec Group preferred shares were convertible into common shares of Evtec Group on a one-for-one basis upon a change in control or the listing of Evtec Group on Nasdaq or the London Stock Exchange. The preferred shares of Evtec Group were converted into common shares representing approximately 13% of Evtec Group.

The Company's initial investment in Evtec Group was measured at \$ 8,424,000 in accordance with ASC 820-10-30. The value of the Series B Stock issued by the Company was set by the closing price of its common stock on the day prior to closing of \$3.51 as reported by Nasdaq. As a result, the 2,400,000 Series B Stock shares were valued at \$ 8,424,000 which was determined to be the cost of the investment recorded pursuant to ASC 321-10-35. The investment was reviewed for impairment as of September 30, 2024.

On November 24, 2023, the Company entered into a Binding Amendment to Amended Letter of Intent (the "LOI Amendment") with Evtec Group, Evtec Automotive Limited, and Evtec Aluminium (collectively the "Evtec Companies"), which amended a non-binding Amended Letter of Intent (the "LOI") dated April 14, 2023. Pursuant to the LOI Amendment, the Company has agreed to continue to negotiate in good faith to consummate a proposed acquisition of the Evtec Companies contemplated by the LOI (the "Proposed Transaction"), subject to the terms of the LOI Amendment.

As a condition to the Company's continued good faith negotiations regarding the Proposed Transaction, the Evtec Companies agreed to (i) pay the Company aggregate extension fees totaling \$400,000 which were guaranteed by a credit worthy affiliate of the Evtec Companies, (ii) provide extension loans of up to \$400,000 to the Company if the Proposed Transaction has not closed on or before April 1, 2024, (iii) pay the Company amounts in cash equal to any documented legal fees and third-party expenses incurred or payable by the Company in connection with the Proposed Transaction up to \$175,000, including any such expenses incurred prior to the date of the LOI Amendment, (iv) forfeit and return the 2,400,000 shares of the Series B Stock acquired by Evtec Group under the terms of the Securities Exchange Agreement, and (v) permit the Company to convert each of the 4,086 preferred shares of Evtec Group issued to the Company pursuant to the Securities Exchange Agreement into one ordinary share of Evtec Group.

As a result of the transaction not closing, Evtec Aluminium has provided \$ 1,043,000 of financial support to the Company that has been classified as other liabilities as of September 30, 2024.

As provided for in the LOI Amendment, Evtec Group entered into a Forfeiture Agreement with the Company dated November 28, 2023 pursuant to which Evtec Group forfeited all of its right, title and interest in and to the 2,400,000 shares of Series B Stock acquired by Evtec Group pursuant to the Securities Exchange Agreement in order to further induce the Company to continue to negotiate in good faith to consummate the Proposed Transaction. Pursuant to the Forfeiture Agreement, the Company has no obligation to make any payment to Evtec Group, in cash or otherwise, for any such Series B Stock that are so forfeited. The shares of Series B Stock forfeited by Evtec Group were cancelled as of the date of the Forfeiture Agreement. In addition, Evtec Group converted the Evtec Group preferred shares held by the Company into 4,086 ordinary shares.

On December 12, 2023, the Company entered into a Share Exchange Agreement (the "Share Exchange Agreement") with Evtec Aluminium, and the shareholders of Evtec Aluminium ("Sellers"). Upon the terms and subject to the satisfaction of the conditions described in the Share Exchange Agreement, the Company is expected to acquire all of the issued and outstanding Evtec Aluminium Ordinary Shares, with the result of Evtec Aluminium becoming a wholly-owned subsidiary of the Company (the "Exchange"). At the closing of the Exchange (the "Closing"), the Sellers will receive shares of common stock of the Company, \$0.001 par value, in exchange for capital shares of Evtec Aluminium based on the exchange ratio formula in the Share Exchange Agreement (the "Exchange Ratio"), which is subject to adjustment in the event Evtec Aluminium raises capital before Closing in excess of \$5,000,000. Immediately following Closing, based upon the Exchange Ratio, the Sellers are expected to collectively own 70.4% of the aggregate common stock of the Company.

On July 1, 2024, the Company entered into a Convertible Loan Agreement with Evtec Aluminium pursuant to which the Company loaned Evtec Aluminium \$1,150,000 (the "Evtec Loan"). The Evtec Loan is unsecured, bears interest at 12% per annum and has a maturity date of one year from the date of issuance. The Evtec Loan is convertible into Evtec Aluminum ordinary shares at the rate of \$1,197.92 per share at any time at the option of Blackboxstocks and converts automatically upon the closing of the Share Exchange Agreement (as defined below). If converted, the Evtec Loan converts into approximately 3.2% of the outstanding ordinary shares of Evtec Aluminum inferring a post money valuation of approximately \$ 48,136,000.

On July 3, 2024, the Company and Evtec entered into a First Amendment to Share Exchange Agreement (the "Amendment") in order to reflect the effects of a Stock Purchase Agreement transaction consummated July 1, 2024 (Note 4) and the proposed issuance of Evtec warrants in connection with its pre-closing financing efforts. Specifically, the Amendment provides:

- That the Company will issue replacement warrants to holders of any outstanding warrants to acquire Evtec Aluminium ordinary shares which will permit holders to acquire shares of the Company's Common Stock on substantially the same terms after adjusting the number of shares issuable and exercise price based upon the Exchange value of Evtec Aluminium ordinary shares and the Exchange Ratio. Evtec Aluminium's issuance of warrants is subject to approval by the Company in its reasonable discretion.
- The definition of "Exchange Ratio" was changed to mean initially 294.17 shares of the Company's Common Stock for each Evtec Aluminum share, which is subject to further adjustment, so that the consideration shares issuable to Evtec Sellers would equal 70.6% of the total outstanding shares of the Company post-Closing

On May 13, 2024, the Company filed a Registration Statement on Form S-4 including an information statement/prospectus and a notice of action taken by written consent pursuant to section 14(C) of the Securities Exchange Act of 1934 as required under the terms of the Securities Exchange Agreement with Evtec Aluminium. The registration statement is subject to review and approval by the Securities and Exchange Commission and has not yet been declared effective.

4. Stockholders' Equity

The Company has authorized 10,000,000 shares of preferred stock at \$0.001 par value, 5,000,000 of which are designated as "Series A Convertible Preferred Stock" at \$0.001 par value, 2,400,000 of which are designated as "Series B Convertible Preferred Stock" at \$ 0.001 par value, and 100,000,000 authorized shares of common stock at \$0.001 par value ("Common Stock").

Shares of Series A Convertible Preferred Stock (the "Series A Stock") rank pari passu with the Company's Common Stock with respect to dividend and liquidation rights. Additionally, each share entitles the holder to 100 votes on matters submitted to Company stockholders. There are 3,269,998 shares of Series A Stock outstanding which are all held by Gust Kepler, the Company's Chairman and Chief Executive Officer ("Mr. Kepler"). The Company and Mr. Kepler entered into Conversion Rights Agreement dated effective as of October 14, 2021, limiting the rights of the holder(s) of our outstanding shares of Series A Stock to convert such shares into Common Stock on a one-for-one basis as provided in the certificate of designation (the "Designation Conversion Rights"). Pursuant to the terms of the Conversion Rights Agreement, the Designation Conversion Rights are limited and exercisable based upon the Company reaching the following market capitalization ("Market Capitalization") thresholds, measured on the last day of each calendar quarter:

- If the Company's Market Capitalization is less than \$ 150,000,000, the outstanding Series A Stock will be convertible into Common Stock on a 5-for-1 share basis;
- If the Company's Market Capitalization is equal to or greater than \$ 150,000,000 but less than \$200,000,000, the outstanding Series A Stock will be convertible into Common Stock on a 3.3-for-1 share basis;
- If the Company's Market Capitalization is equal to or greater than \$ 200,000,000 but less than \$250,000,000, the outstanding Series A Stock will be convertible into Common Stock on a 2.5-for-1 share basis;
- If the Company's Market Capitalization is equal to or greater than \$ 250,000,000 but less than \$350,000,000 the outstanding Series A Stock will be convertible into Common Stock on a 1.75-for-1 share basis;
- If the Company's Market Capitalization is equal to or greater than \$ 350,000,000 the outstanding Series A Stock will thereafter convertible into Common Stock pursuant to the Designation Conversion Rights (on a 1-for-1 share basis).

The Conversion Rights Agreement terminates when the last share of Series A Stock is either converted or the largest Market Capitalization Threshold is met.

The Series B Stock has no dividend rights and no voting rights except as required by law or the Company's bylaws. The Series B Stock is convertible into common shares on a one-for-one basis. Prior to the stockholder approval, the Series B Stock is not convertible into more than 19.9% of the Company's outstanding common stock. All previously outstanding shares of Series B Stock were forfeited in December 2023.

On July 1, 2024, the Company entered into a Stock Purchase Agreement (the "Stock Purchase Agreement") pursuant to which the Company sold 312,500 shares of its common stock, par value \$ 0.001 ("Common Stock"), at a price per share of \$ 4.00 for gross proceeds of \$1,250,000. Gust Kepler, a director, our President and Chief Executive Officer, purchased \$100,000 of the Common Stock under the terms of the Stock Purchase Agreement. Quadrofoglio Holdings LLC, a Florida limited liability company, purchased the remaining \$1,150,000 of Common Stock. The Stock Purchase Agreement contains standard representations and warranties from the Company and the purchasers.

5. Warrants to Purchase Common Stock

The following table presents the Company's warrants as of September 30, 2024:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Life (in years)
Warrants as of December 31, 2023	109,584	\$ 13.25	3.53
Issued	-	\$ -	-
Forfeited	(16,346)	\$ 7.80	-
Exercised	-	\$ -	-
Warrants as of September 30, 2024	93,238	\$ 14.20	3.33

At September 30, 2024, all warrants were vested.

6. Incentive Stock Plan

On August 4, 2021, our Board of Directors created and our stockholders approved the 2021 Blackboxstocks Inc. Incentive Stock Plan (the "2021 Plan") which became effective August 31, 2021. Effective October 7, 2022, the Company's Stockholders approved an amendment and restatement of the 2021 Plan to increase the numbers of issuable shares from 187,500 to 312,500. On February 6, 2023 the Company's stockholders approved a subsequent amendment and restatement of the 2021 Plan to increase the number of shares available for issuance from 312,500 to 612,500 shares. The 2021 Plan allows the Company, under the direction of the Board of Directors or a committee thereof, to make grants of stock options, restricted and unrestricted stock and other stock-based awards to employees, including our executive officers, consultants and directors.

The following table presents the Company's options as of September 30, 2024:

Options as of December 31, 2023	215,625	\$ 8.97	8.37
Issued	-	\$ -	-
Forfeited	(14,750)	\$ 6.23	8.83
Exercised	-	\$ -	-
Options as of September 30, 2024	200,875	\$ 9.17	7.58

At September 30, 2024, options to purchase 198,877 shares were vested and options to purchase 1,998 shares remained unvested. The Company expects to incur expenses for the unvested options totaling \$15,276 as they vest.

7. Related Party Transactions

On March 16, 2023, the Company purchased 282,501 shares of Common Stock from Mr. Kepler at a price of \$ 0.28 per share. The purchase of these shares was done in order to reduce Mr. Kepler's cash bonus for 2022. The shares acquired from Mr. Kepler were subsequently retired and added back to authorized but unissued shares. As noted in Note 4, on July 1, 2024 Mr. Kepler purchased 25,000 shares of common stock at a price of \$ 4.00 per share pursuant to the Stock Purchase Agreement.

8. Debt

Note Payable

On May 1, 2020, pursuant to the Paycheck Protection Program under the Coronavirus Aid Relief and Economic Security Act ("CARES Act"), the Company received a loan of \$130,200. The loan carries an interest rate of 1% and an initial maturity of May 1, 2022. During August 2021, the Company received partial loan forgiveness from the SBA reducing the principal balance of the note to \$96,795. During December 2021, the terms of the note were amended to carry an interest rate of 1% and mature on May 4, 2025. As of September 30, 2024, the unpaid balance of the note totaled \$ 17,874.

Merchant Cash Advance

On May 28, 2024, the Company entered into a merchant cash advance agreement with proceeds totaling \$ 198,500 and total future receivables purchased totaling \$272,000. On September 27, 2024, the Company entered into a merchant cash advance agreement with proceeds totaling \$ 99,250 and total future receivables purchased totaling \$136,000. The merchant cash advances are to be repaid through 28 weekly payments of \$ 9,714 and \$4,857, respectively. The finance expense for the advances have been calculated using the effective interest rate method. As of September 30, 2024, the unpaid balance of the merchant cash advances totaled \$190,264.

9. Commitments and Contingencies

The Company leases approximately 2,685 square feet of office space in Dallas Texas pursuant to an office lease with Teachers Insurance and Annuity Association of America that expires on September 30, 2028. During the period ended September 30, 2024, the Company's related rent expenses totaled approximately \$70,000.

The table below shows the future lease payment obligations:

Year Ending December 31,	Amount
2024	\$ 22,655
2025	91,122
2026	93,136
2027	95,150
2028	72,495
Total remaining lease payments	\$ 374,558
Less: imputed interest	(65,149)
Present Value of remaining lease payments	\$ 309,409
Current	\$ 63,281
Noncurrent	\$ 246,127
Weighted-average remaining lease term (years)	3.25
Weighted-average discount rate	10.00%

The Company is named as a defendant in a lawsuit filed by Feenix Payment Systems, LLC before the New York State Supreme Court, County of New York on June 20, 2023. The plaintiff seeks damages in the amount of \$500,000 from an alleged breach of an exclusivity agreement between the plaintiff and the Company. The Company denies any liability for the alleged breach and intends to defend the matter vigorously. The Company has asserted a counterclaim alleging the plaintiff failed to pay the Company a finder's fee. In addition, the Company is party to threatened or actual litigation occurring in the normal course of business but does not believe that the outcome of these matters could have a material effect on the Company's financial statements.

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

We urge you to read the following discussion in conjunction with management's discussion and analysis contained in our Annual Report on Form 10-K for the year ended December 31, 2023, as well as with our financial statements and the notes thereto included elsewhere herein. In addition to historical financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results and timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those discussed in the section titled "*Risk Factors*" and elsewhere in this Report.

Overview

Blackboxstocks, Inc. is a financial technology and social media hybrid platform offering real-time proprietary analytics and news for stock and options traders of all levels. Our web-based software (the "Blackbox System") employs "predictive technology" enhanced by artificial intelligence to find volatility and unusual market activity that may result in the rapid change in the price of a stock or option. We continuously scan the New York Stock Exchange ("NYSE"), NASDAQ, Chicago Board Options Exchange (the "CBOE") and other options markets, analyzing over 10,000 stocks and over 1,500,000 options contracts multiple times per second. We provide our users with a fully interactive social media platform that is integrated into our dashboard, enabling our users to exchange information and ideas quickly and efficiently through a common network. We have also introduced a live audio/video feature that allows our members to broadcast on their own channels to share trading strategies and market insight within the Blackbox community. We employ a subscription based Software as a Service ("SaaS") business model and maintain a base of users that spans over 40 countries.

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

We launched the Blackbox System web application for domestic use and made it available to subscribers in September 2016. Subscriptions for the use of the Blackbox System web application are sold on a monthly and/or annual subscription basis to individual consumers through our website at <https://blackboxstocks.com>.

Our principal office is located at 5430 LBJ Freeway, Suite 1485, Dallas, Texas 75240 and our telephone number is (972) 726-9203. Our Common Stock is quoted on the Nasdaq Stock Market LLC (the "Nasdaq") under the symbol "BLBX." Our corporate website is located at <https://blackboxstocks.com>. We are not including the information contained in our website as part of, or incorporating it by reference into, this Report on Form 10-Q.

Basis of Presentation

The accompanying financial statements have been prepared in assumption of the continuation of the Company as a going concern, which is dependent upon the Company's ability to obtain sufficient financing or establish itself as a profitable business. For the nine months ended September 30, 2024, the Company incurred an operating loss of \$2,452,989 and a net loss of \$2,522,487. In addition, for the year ended December 31, 2023, the Company incurred an operating loss of \$5,297,671 and a net loss of \$4,664,455. Cash flows used in operations were \$681,353 for the nine months ended September 30, 2024, and \$3,166,067 for the year ended December 31, 2023. The Company has cash of \$60,921 as of September 30, 2024. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The Company has executed a share exchange agreement with Evtec Aluminium Limited ("Evtec Aluminium"), whereby the Company expects to acquire all of the issued and outstanding share capital of Evtec Aluminium with the result of Evtec Aluminium becoming a wholly-owned subsidiary of the Company (the "Exchange"). The Exchange will be accounted for as a reverse acquisition with Evtec Aluminium being the accounting acquiror. The Company believes that the merger with Evtec Aluminium will attract additional capital investment as Evtec Aluminium is substantially larger than Blackbox and has a strong acquisition pipeline. Management has also implemented a number of initiatives aimed at improving operating cash flow including, new product development, revised marketing strategies and expense reductions. In addition, the Company has historically been able to raise debt or equity financing to meet its capital needs and is also evaluating strategic alternatives with respect to possible mergers or acquisitions. There can be no assurance that the Company's operational changes will impact its cash flow or if it will be able to raise additional capital or on what terms or if it will be able to execute the planned acquisition of Evtec Aluminium.

The financial statements do not include adjustments relating to the recoverability and realization of assets and classification of liabilities that might be necessary should the Company be unable to continue in operation.

Significant Accounting Policies

There have been no changes from the Summary of Significant Accounting Policies described in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the Securities and Exchange Commission on April 1, 2024.

Liquidity and Capital Resources

At September 30, 2024, we had cash and marketable securities totaling \$60,921 as compared to cash and marketable securities totaling \$475,652 at December 31, 2023. Our cash flows used in operations were \$681,353 for the nine months ended September 30, 2024, as compared to \$3,199,362 for the same period in the prior year.

Net cash used in investing activities for the nine months ended September 30, 2024, was \$1,096,697 as compared to cash provided by investing activities of \$3,273,886 for the prior year period. The decrease in the cash flow from investing activities was due to the liquidation of marketable securities in order to fund the Company's operations during the prior year, combined with the issuance of a note receivable in the current year. The volume of marketable securities includes trading activity in a Company account that was used to research and test specific trading techniques although the account held less than \$100,000. We do not expect capital expenditures to be significant for the remainder of 2024.

Net cash provided by financing activities was \$1,366,274 for the nine months ended September 30, 2024, as compared to net cash used in financing activities of \$36,814 for the prior year period. The increase in financing activities was the result of proceeds from the sale of common stock and funding from merchant cash advances.

As noted above, the Company intends to pursue the planned acquisition transaction with Evtec Aluminium however there can be no assurance that it will be able to complete the transaction or that such a transaction will provide the Company with sufficient liquidity to fund its operations. In addition, the Company may need to raise additional debt or equity capital in order to fund its operations. There can be no assurance that the Company will be able to do so or on acceptable terms. For the nine months ended September 30, 2024, Evtec Aluminium advanced the Company \$1,043,000 in financial support. Evtec Aluminium is not contractually required to provide any additional support and there can be no assurance that they may do so.

Results of Operations

Comparison of Three Months Ended September 30, 2024 and 2023

For the three months ended September 30, 2024, our revenue was \$646,792, as compared to \$727,218, for the three months ended September 30, 2023. The decline in revenue of 11% was due to fewer subscribers in the current year that was partially offset by higher average revenue per subscriber. Average subscribers for the three months ended September 30, 2024, was 2,972 as compared to 3,174 for the prior year period. Average monthly revenue per subscriber was \$72.55 for the three months ended September 30, 2024, as compared to \$76.37 in the prior year period.

Cost of revenues for the three months ended September 30, 2024, and 2023 were \$293,842 and \$327,928, resulting in gross margins of 55% for both periods. The primary components of cost of revenues include costs related to data and news feed expenses for exchange information which comprise the majority of the costs, as well as the costs for program moderators. The gross margin percentage is expected to remain between 45% and 55%.

For the three months ended September 30, 2024, operating expenses were \$1,088,582 as compared to \$1,269,769 for the same period in 2023, a decrease of \$181,187 or 14%. We significantly reduced expenditures in software development costs, advertising and marketing and selling, general and administrative expenses for the 2024 period. Selling, general and administrative expenses decreased from \$957,372 for the three months ended September 30, 2023, to \$891,282 for the three months ended September 30, 2024, a decrease of \$66,090 or 7%. The decrease was primarily driven by lower stock-based compensation expense which was partially offset by higher professional fees associated with the pending Exchange with Evtec Aluminum. Advertising and marketing expenses decreased by \$34,741 or 27% from \$127,632 for the three months ended September 30, 2023, to \$92,891 for the three months ended September 30, 2024, as the Company continues to reposition its marketing strategy. Software development costs decreased by \$71,792 or 41% from \$173,665 in the three months ended September 30, 2023, to \$101,873 for the three months ended September 30, 2024. The decreased software development costs reflected lower development costs for our new product, Stock Nanny.

Our loss from operations for the three months ended September 30, 2024, was \$734,166 as compared to a loss from operations of \$869,229 for the prior year period. The improvement in the loss from operations was driven by lower operating expenses and was partially offset by the lower sales.

Comparison of Nine months Ended September 30, 2024 and 2023

For the nine months ended September 30, 2024, our revenue was \$1,981,974, as compared to \$2,324,870, for the nine months ended September 30, 2023. The decline in revenue of 15% was due to fewer subscribers in the current year that was partially offset by higher average revenue per subscriber. Average subscribers for the nine months ended September 30, 2024, was 2,986 as compared to 3,564 for the prior year period. Average monthly revenue per subscriber was \$73.66 for the nine months ended September 30, 2024, as compared to \$72.24 in the prior year period.

Cost of revenues for the nine months ended September 30, 2024, and 2023 were \$1,007,401 and \$1,202,534, resulting in gross margins of 49% and 48%, respectively. The primary components of cost of revenues include costs related to data and news feed expenses for exchange information which comprise the majority of the costs, as well as the costs for program moderators. The gross margin percentage is expected to remain between 45% and 55%.

For the nine months ended September 30, 2024, operating expenses were \$3,429,812 as compared to \$5,369,668 for the same period in 2023, a decrease of \$1,939,856 or 36%. We significantly reduced expenditures in software development costs, advertising and marketing and selling general and administrative expenses for the 2024 period. Selling, general and administrative expenses decreased from \$4,085,384 for the nine months ended September 30, 2023, to \$2,735,480 for the nine months ended September 30, 2024, a decrease of \$1,349,904 or 33%. The decrease was primarily driven by lower stock-based compensation expense which was partially offset by higher professional fees associated with the pending Exchange with Evtec Aluminum. Advertising and marketing expenses decreased by \$158,751 or 32% from \$496,028 for the nine months ended September 30, 2023, to \$337,277 for the nine months ended September 30, 2024, as the Company continues to reposition its marketing strategy. Software development costs decreased by \$445,041 or 59% from \$755,959 in the nine months ended September 30, 2023, to \$310,918 for the nine months ended September 30, 2024. The decreased software development costs reflected lower development costs for our new product Stock Nanny.

Our loss from operations for the nine months ended September 30, 2024, was \$2,452,989 as compared to a loss from operations of \$4,247,332 for the prior year period. The improvement in the loss from operations was driven by lower operating expenses and was partially offset by the lower sales.

EBITDA (Non-GAAP Financial Measure)

We report our financial results in accordance with accounting principles generally accepted in the United States of America ("GAAP"). However, management believes the presentation of certain non-GAAP financial measures provides useful information to management and investors regarding financial and business trends relating to the Company's financial condition and results of operations, and that when GAAP financial measures are viewed in conjunction with the non-GAAP financial measures, investors are provided with a more meaningful understanding of the Company's ongoing operating performance. In addition, these non-GAAP financial measures are among the primary indicators management uses (i) to compare operating performance on a consistent basis, (ii) for planning purposes including the preparation of its internal annual operating budget and (iii) as a basis for evaluating performance. For all non-GAAP financial measures in this release, we have provided corresponding GAAP financial measures for comparative purposes in the report.

EBITDA is defined by us as net income (loss) before interest expense, income tax, depreciation and amortization expense and certain non-cash. EBITDA is not a measure of operating performance under GAAP and therefore should not be considered in isolation nor construed as an alternative to operating profit, net income (loss) or cash flows from operating, investing or financing activities, each as determined in accordance with GAAP. Also, EBITDA should not be considered as a measure of liquidity. Moreover, since EBITDA is not a measurement determined in accordance with GAAP, and thus is susceptible to varying interpretations and calculations, EBITDA, as presented, may not be comparable to similarly titled measures presented by other companies.

The following table sets forth a reconciliation of net loss to EBITDA:

	Three Months Ended September 30,	
	2024	2023
Net income (loss)	\$ (780,833)	\$ (671,745)
Adjustments:		
Interest expense	58	210
Investment (income) loss	-	(8,934)
Depreciation and amortization expense	2,536	11,100
Financing costs	46,609	-
Stock based compensation	81,737	156,343
Total adjustments	\$ 130,940	\$ 158,719
EBITDA	<u>\$ (649,893)</u>	<u>\$ (513,026)</u>

	Nine Months Ended September 30,	
	2024	2023
Net income (loss)	\$ (2,522,487)	\$ (3,996,607)
Adjustments:		
Interest expense	225	522
Investment (income) loss	(348)	(62,487)
Depreciation and amortization expense	13,947	32,297
Financing costs	69,621	-
Stock based compensation	301,069	1,330,104
Total adjustments	\$ 384,514	\$ 1,300,436
EBITDA	<u>\$ (2,139,973)</u>	<u>\$ (2,696,171)</u>

Off Balance Sheet Arrangements

As of September 30, 2024, we did not have any material off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are a “smaller reporting company” as defined by Rule 12b-2 of the Exchange Act, and as such, we are not required to provide the information required under this Item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Gust Kepler, our principal executive officer and Robert Winspear, our principal financial officer, conducted an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act) as of September 30, 2024, pursuant to Exchange Act Rule 13a-15. Such disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. Based upon that evaluation, our principal executive officer and principal financial officer concluded that the Company's disclosure controls and procedures as of September 30, 2024, were effective as of the end of the period covered by this Quarterly Report.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal controls over financial reporting during the quarter ended September 30, 2024, that have materially affected or are reasonably likely to materially affect our internal controls over financial reporting.

Limitations on the Effectiveness of Controls

Our disclosure controls and procedures provide our principal executive officer and principal financial officer with reasonable assurances that our disclosure controls and procedures will achieve their objectives. However, our management does not expect that our disclosure controls and procedures or our internal control over financial reporting can or will prevent all human error. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Furthermore, the design of a control system must reflect the fact that there are internal resource constraints, and the benefit of controls must be weighed relative to their corresponding costs. Because of the limitations in all control systems, no evaluation of controls can provide complete assurance that all control issues and instances of error, if any, within our company are detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur due to human error or mistake. Additionally, controls, no matter how well designed, could be circumvented by the individual acts of specific persons within the organization. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated objectives under all potential future conditions.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

Important risk factors that could affect our operations and financial performance, or that could cause results or events to differ from current expectations, are described in Part I, Item 1A, "*Risk Factors*" of our Annual Report on Form 10-K filed with the SEC on April 1, 2024 for the year ended December 31, 2023, as supplemented by the "*Risk Factors*" sections in our registration statement on Form S-1 filed with the SEC on October 5, 2021, as amended on November 5, 2021 and the information contained elsewhere in this Report. The risks and uncertainties described within our Form 10-K for the year ended December 31, 2023 and the registration statement, as amended, are not the only risks we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business or results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

The following exhibits are filed with this Quarterly Report on Form 10-Q or are incorporated by reference as described below.

Exhibit	Description
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14a/Rule 14d-14(a)*
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14a/Rule 14d-14(a)*
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350**
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350**
101.1	Inline Interactive data files pursuant to Rule 405 of Regulation S-T*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.

** Furnished herewith

SIGNATURES

Pursuant to the requirements 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.

November 14, 2024

BLACKBOXSTOCKS INC.

By: /s/ Gust Kepler

Gust Kepler
President, Chief Executive Officer and Secretary
(Principal Executive Officer)

By: /s/ Robert Winspear

Robert Winspear
Chief Financial Officer and Secretary (Principal Financial
and Accounting Officer)

EXHIBIT INDEX

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* Filed herewith.

** Furnished herewith

EXHIBIT 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Gust Kepler, certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of Blackboxstocks Inc.;
- (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(s) 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(s) 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 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.

November 14, 2024

/s/ Gust Kepler
Gust Kepler
Principal Executive Officer

EXHIBIT 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Robert Winspear, certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of Blackboxstocks Inc.;
- (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(s) 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(s) 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 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.

November 14, 2024

/s/ Robert Winspear
Robert Winspear
Principal Financial Officer

EXHIBIT 32.1

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 Blackboxstocks Inc. (the "Company") on Form 10-Q for the period ended September 30, 2024 (the "Report"), I, Gust Kepler, Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 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 result of operations of the Company.

/s/ Gust Kepler
Gust Kepler
Principal Executive Officer
November 14, 2024

This certification accompanies the Report pursuant to §906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company or purposes of §18 of the Securities Exchange Act of 1934, as amended.

A signed original of this certification has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

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 Blackboxstocks Inc. (the "Company") on Form 10-Q for the period ended September 30, 2024 (the "Report"), I, Robert Winspear, Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 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 result of operations of the Company.

/s/ Robert Winspear
Robert Winspear
Principal Financial Officer
November 14, 2024

This certification accompanies the Report pursuant to §906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company or purposes of §18 of the Securities Exchange Act of 1934, as amended.

A signed original of this certification has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.