

Risk Factors Comparison 2024-04-01 to 2023-04-14 Form: 10-K

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An investment in our securities involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information contained in this Report, including our financial statements and related notes, before deciding to invest in our securities. If any of the following events occur, our business, financial condition and operating results may be materially adversely affected. In that event, the trading price of our securities could decline, and you could lose all or part of your investment. The risks and uncertainties described below are not the only ones 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.

Risks Related to Ownership of Our Common Stock

We may not be able to satisfy listing requirements of Nasdaq or maintain a listing of our common stock on Nasdaq. ~~On October 25, 2022, we received a written notification (the “Notification Letter”) from the Nasdaq Listing Qualifications (“Nasdaq”) that we were not in compliance with the minimum bid price requirements set forth in Nasdaq Listing Rule 5550 (a) (2) for continued listing on The Nasdaq Capital Market. Nasdaq Listing Rule 5550 (a) (2) requires listed securities to maintain a minimum bid price of \$ 1.00 per share, and Nasdaq Listing Rule 5810 (e) (3) (A) provides that a failure to meet the minimum bid price requirement exists if the deficiency continues for a period of 30 consecutive business days. We have until April 24, 2023, to regain compliance with Nasdaq Listing Rule 5550 (a) (2). To regain compliance, the closing bid price of the Company’s common stock must be at least \$ 1.00 per share for a minimum of 10 consecutive business days. In the event the Company does not regain compliance by April 24, 2023, the Company may then be eligible for additional 180 days if it meets the continued listing requirement for market value of publicly held shares and all other initial listing standards for The Nasdaq Capital Market, with the exception of the bid price requirement, and will need to provide written notice of its intention to cure the deficiency during the second compliance period. If the Company does not qualify for the second compliance period or fails to regain compliance during the second compliance period, then Nasdaq will notify the Company of its determination to delist the Company’s common stock, at which point the Company will have an opportunity to appeal the delisting determination to a Hearings Panel. On March 14, 2023 our Board of Directors unanimously approved an amendment to our Articles of Incorporation, as amended to date, effecting a reverse split of the Company’s Common Stock at a ratio of up to one for seven, with our Board of Directors being authorized to determine the exact ratio within such range. On April 10, 2023, we implemented the reverse split at a ratio of one for four. Although the Company believes that the reverse split will increase the price of our stock, we cannot guarantee that the price of our stock will change or change enough for us to regain compliance with Nasdaq listing rules.~~ We are required to meet certain financial and liquidity criteria to maintain our Nasdaq listing. If we violate Nasdaq listing requirements, our common stock may be delisted. If we fail to meet any of Nasdaq’s listing standards, our common stock may be delisted. In addition, our board of directors may determine that the cost of maintaining our listing on a national securities exchange outweighs the benefits of such listing. A delisting of our common stock from Nasdaq may materially impair our stockholders’ ability to buy and sell our common stock and could have an adverse effect on the market price of, and the efficiency of the trading market for, our common stock. The delisting of our common stock would significantly impair our ability to raise capital and the value of your investment. If our shares of securities become subject to the penny stock rules, it would become more difficult to trade our shares. The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a price of less than \$ 5.00, other than securities registered on certain national securities exchanges or authorized for quotation on certain automated quotation systems, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system. If we do not retain a listing on Nasdaq or another national securities exchange and if the price of our common stock is less than \$ 5.00, our common stock could be deemed a penny stock. The penny stock rules require a broker-dealer, before a transaction in a penny stock not otherwise exempt from those rules, to deliver a standardized risk disclosure document containing specified information. In addition, the penny stock rules require that before effecting any transaction in a penny stock not otherwise exempt from those rules, a broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive (i) the purchaser’s written acknowledgment of the receipt of a risk disclosure statement; (ii) a written agreement to transactions involving penny stocks; and (iii) a signed and dated copy of a written suitability statement. These disclosure requirements may have the effect of reducing the trading activity in the secondary market for our common stock, and therefore stockholders may have difficulty selling their shares. Fluctuations in our quarterly revenues may cause the price of our common stock to decline. Our operating results have varied significantly from quarter to quarter in the past, and we expect our operating results to vary from quarter to quarter in the future due to a variety of factors, many of which are outside of our control. Therefore, if revenues are below our expectations, this shortfall is likely to adversely and disproportionately affect our operating results. Accordingly, we may not attain positive operating margins in future quarters. Any of these factors could cause our operating results to be below the expectations of securities analysts and investors, which likely would negatively affect the price of our common stock. We are a “controlled company” within the meaning of the Nasdaq rules and, as a result, qualify for, and may elect to rely on, exemptions from certain corporate governance requirements that provide protection to the stockholders of companies that are subject to such corporate governance requirements. Gust C. Kepler, who serves as a director, President and Chief Executive Officer of the Company, beneficially owns more than 50 % of the voting power for the election of members of our board of directors. As a result, we are and will continue to be a “controlled company” within the meaning of the corporate governance standards of the Nasdaq rules. Under these rules, a listed company

of which more than 50 % of the voting power is held by an individual, group or another company is a “ controlled company ” and may elect not to comply with certain of Nasdaq’ s corporate governance requirements. As a controlled company, we may rely on certain exemptions from the Nasdaq standards that may enable us not to comply with certain Nasdaq corporate governance requirements. As a consequence, in the event that we elect to rely on certain exemptions from the Nasdaq standards provided to “ controlled companies, ” you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the Nasdaq Capital Market. We do not anticipate paying any cash dividends in the foreseeable future. We have never declared or paid cash dividends, and we do not anticipate paying cash dividends in the foreseeable future. Therefore, you should not rely on an investment in our common stock as a source for any future dividend income. Our board of directors has complete discretion as to whether to declare dividends. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. ~~Risks Related to Our Business If we fail to effectively manage our growth, we may be unable to execute our business plan, adequately address competitive challenges or maintain our corporate culture, and our business, financial condition, and results of operations could be harmed. Since commencement of our increased advertisement spend in February 2020, we have experienced rapid growth and we continue to rapidly and significantly expand our operations. While we have experienced significant revenue growth in prior periods, it is not necessarily indicative of our future revenue growth. Nevertheless, this expansion increases the complexity of our business and places significant strain on our management, personnel, operations, systems, technical performance, financial resources, and internal financial control and reporting functions. We may not be able to manage growth effectively, which could damage our reputation, limit our growth, and negatively affect our operating results. In the event of continued growth of our operations, our information technology systems and our internal controls and procedures may not be adequate to support our operations. To effectively manage our growth, we must continue to improve our operational, financial, and management processes and systems and to effectively expand, train, and manage our employee base. As our organization continues to grow and we are required to implement more complex organizational management structures, we may find it increasingly difficult to maintain the benefits of our corporate culture, including our ability to quickly develop and launch new and innovative platform and system enhancements. This could negatively affect our business performance. We expect to invest heavily in growing our business, which may cause our sales and marketing, research and development, and other expenses to increase and our margins to decline .Our historical rate of growth may not be sustainable or indicative of our future rate of growth.~~ We believe that our continued revenue growth in revenue-, as well as our ability to improve or maintain margins and profitability, will depend upon, among other factors, our ability to address the challenges, risks, and difficulties described elsewhere in this “ Risk Factors ” section and the extent to which our various service offerings grow and contribute to our results of operations. We cannot provide assurance that we will be able to successfully manage any such challenges or risks to our future growth. In addition, our customer base may not continue to grow or may decline due to a variety of possible risks, including increased competition, changes in the regulatory landscape, and the maturation of our business. Any of these factors could cause our revenue growth to decline and may adversely affect our margins and profitability. Failure to continue our revenue growth or margin improvement could have a material adverse effect on our business, financial condition, and results of operations. You should not rely on our historical rate of revenue growth as an indication of our future performance. If we do not continue to attract new subscriber customers, or if existing customers do not renew their subscriptions, or renew on less favorable terms, it could have a material adverse effect on our business, financial condition, and results of operations. In order to grow our business, we must continually attract new subscribing customers and reduce the level of non- renewals in our business. Our ability to do so depends in large part on the success of our sales and marketing efforts. We may not accurately predict future trends with respect to rates of customer renewals. Our subscribing customer base may decline or fluctuate due to a number of factors, including the prices of our subscriptions, the prices of services offered by our competitors and the efficacy and cost- effectiveness of our solutions. If we are unable to retain and increase sales of our Blackbox System platform to existing subscribing customers or attract new ones for any of the reasons above or for other reasons, our business, financial condition, and results of operations could be adversely affected. In order to achieve profitability, we must increase revenue levels. We need to increase current revenue levels by increasing paid subscriptions to our Blackbox System platform or develop additional revenue sources from new products if we are to attain and maintain consistent profitability. If we are unable to achieve increased revenue levels, losses could continue for the near term and possibly longer, and we may not attain profitability or generate positive cash flow from operations in the future. We intend to introduce new products and services. There can be no assurance that we will be able to introduce such products and services effectively or profitably. We intend to expand our product and service offering including the introduction of products and services which employ and expand upon our current proprietary system and technology. These products and services are expected to include applications targeted for investors who are not day traders or swing traders and products designed for professional traders. We expect to introduce these products and services in 2023 and spend significant capital on advertising and marketing of the products and services. If we are unable to generate significant revenue from this or other new products and services, we may incur significant operating losses. We expect to face increasing competition in the market for our platform and services. We face significant competition and we expect such competition to increase. Our industry and the markets we serve are evolving rapidly and becoming increasingly competitive. Larger and more established companies may focus on our markets and could directly compete with us. Smaller companies could also launch new platforms and services that compete with us and that could gain market acceptance quickly. We also expect our existing competitors in the markets to continue to focus on these areas. A number of these companies may have greater financial, technological, and other resources than we do and greater name recognition than us, which may enable them to compete more effectively. Specifically, we believe the following companies to be direct competitors: Trade Ideas, Flow Algo, Unusual Whales and Trade Alert. Companies with social media platforms

dedicated to financial markets include Stock Twits and Wall Street Bets. Our competitors may announce new products, services, or enhancements that better address changing industry standards or the needs of our customers, such as mobile access. Any such increased competition could cause pricing pressure, loss of market share, or decreased customer engagement, any of which could adversely affect our business and operating results. ~~While our industry and our business has seen accelerated growth as a result of the COVID-19 pandemic, it has also adversely affected some aspects of our business and could have an adverse effect on our business in the future. As a result of the COVID-19 pandemic, our business, and the digital financial services industry in general, has seen accelerated growth, but we have also experienced disruptions, such as the impact on the ability of our customer support and operations teams, both internal and third-party, to service customer needs quickly due to longer wait times and the impact on our ability to hire personnel quickly, that could severely impact our business, our services, global currency exchange rates, local and global labor markets, and the global economy.~~ If we are not able to maintain and enhance our reputation and brand recognition, our business, financial conditions and results of operations will be harmed. We believe that maintaining and enhancing our reputation and brand recognition is critical to our relationships with existing subscribing customers and our ability to attract new subscribing customers. The promotion of our brand may require us to make substantial investments and we anticipate that, as our market becomes increasingly competitive, these marketing initiatives may become increasingly difficult and expensive. Our marketing activities may not be successful or yield increased revenue, and to the extent that these activities yield increased revenue, the increased revenue may not offset the expenses we incur, and our results of operations could be harmed. In addition, any factor that diminishes our reputation or that of our management, including failing to meet the expectations of our customers, could make it substantially more difficult for us to attract new customers. Similarly, because our subscribing customers often act as references for us with prospective new customers, any existing customer that questions the quality of our work or that of our employees could impair our ability to secure additional new customers. If we do not successfully maintain and enhance our reputation and brand recognition with our customers, our business may not grow and we could lose these relationships, which would harm our business, financial condition, and results of operations. The estimates of market opportunity and forecasts of market growth included in this report may prove to be inaccurate, and even if the markets in which we compete achieve the forecasted growth, our business may not grow at similar rates, or at all. Market opportunity estimates and growth forecasts included in this report are subject to significant uncertainty and are based on assumptions and estimates which may not prove to be accurate. The estimates and forecasts included in this report relating to size and expected growth of our target market may prove to be inaccurate. Even if the markets in which we compete meet the size estimates and growth forecasts included in this report, our business may not grow at similar rates, or at all. Our growth is subject to many factors, including our success in implementing our business strategy, which is subject to many risks and uncertainties. We rely on software-as-a-service, or SaaS, technologies from third parties. We rely on SaaS technologies from third parties in order to operate critical functions of our business, including financial management services, relationship management services, marketing services and data storage services. Some of our vendor agreements may be unilaterally terminated by the counterparty for convenience. If these services become unavailable due to contract cancellations, extended outages or interruptions, because they are no longer available on commercially reasonable terms or prices, or for any other reason, our expenses could increase, our ability to manage our finances could be interrupted, our processes for managing our offerings and supporting our consumers and partners could be impaired, and our ability to access or save data stored to the cloud may be impaired until equivalent services, if available, are identified, obtained, and implemented, all of which could harm our business, financial condition, and results of operations. Any restrictions on our use of, or ability to license data, or our failure to license data and integrate third-party technologies, could have a material adverse effect on our business, financial condition, and results of operations. We depend upon licenses from third parties for some of the technology and data used in our applications, and for some of the technology platforms upon which these applications are built and operate. We expect that we may need to obtain additional licenses from third parties in the future in connection with the development of our solutions and services. In addition, we obtain a portion of the data that we use from various securities and option exchanges. We believe that we have all rights necessary to use the data that is incorporated into our solutions and services. However, we cannot assure you that our licenses for information will allow us to use that information for all potential or contemplated applications and solutions. In the future, data providers could withdraw their data from us or restrict our usage for any reason, including if there is a competitive reason to do so, if legislation is passed restricting the use of the data, or if judicial interpretations are issued restricting use of the data that we currently use in our solutions and services. If a substantial number of data providers were to withdraw or restrict their data and if we are unable to identify and contract with suitable alternative data suppliers and integrate these data sources into our service offerings, our ability to provide solutions and services to our subscribing customers would be materially adversely impacted, which could have a material adverse effect on our business, financial condition, and results of operations. We also integrate into our proprietary applications and use third-party software to maintain and enhance, among other things, content generation and delivery, and to support our technology infrastructure. Our use of third-party technologies exposes us to increased risks, including, but not limited to, risks associated with the integration of new technology into our solutions, the diversion of our resources from development of our own proprietary technology, and our inability to generate revenue from licensed technology sufficient to offset associated acquisition and maintenance costs. These technologies may not be available to us in the future on commercially reasonable terms or at all and could be difficult to replace once integrated into our own proprietary applications. Most of these licenses can be renewed only by mutual consent and may be terminated if we breach the terms of the license and fail to cure the breach within a specified period of time. Our inability to obtain, maintain, or comply with any of these licenses could delay development until equivalent technology can be identified, licensed, and integrated, which would harm our business, financial condition, and results of operations. Most of our third-party licenses are non-exclusive and our competitors may obtain the right to use any of the technology covered by these licenses to compete directly with us. If our data suppliers choose to discontinue support of the licensed technology in the future, we might not be able to modify or adapt our own

solutions. We are dependent on a limited number of key executives and employees, the loss of which could negatively impact our business. Our business is led by our CEO Gust Kepler and a small group of key employees. The loss of one or more of these executives could negatively impact our business.

Risks Related to Intellectual Property We may not be able to halt the operations of entities that copy our intellectual property or that aggregate our data as well as data from other companies, including social networks, or copycat online services that may misappropriate our data. These activities could harm our brand and our business. From time to time, third parties may try to access content or data from our networks through scraping, robots, or other means and use this content and data or combine this content and data with other content and data as part of their services. These activities could degrade our brand, negatively impact our platform and system performance and harm our business. We have employed contractual, technological or legal measures in an attempt to halt unauthorized activities, but these measures may not be successful. In addition, if our customers do not comply with our terms of service, they also may be able to abuse our tools, solutions, and services and provide access to our solutions and content to unauthorized users. We may not be able to detect any or all of these types of activities in a timely manner and, even if we could, technological and legal measures may be insufficient to stop these actions. In some cases, particularly in the case of online services operating from outside of the United States, our available legal remedies may not be adequate to protect our business against such activities. Regardless of whether we can successfully enforce our rights against these parties, any measures that we may take could require us to expend significant financial or other resources. Third parties may initiate legal proceedings alleging that we are infringing or otherwise violating their intellectual property rights, the outcome of which would be uncertain and could have a material adverse effect on our business, financial condition, and results of operations. Our commercial success depends on our ability to develop and commercialize our platform, products and services and use our proprietary technology without infringing the intellectual property or proprietary rights of third parties. From time to time, we may be subject to legal proceedings and claims in the ordinary course of business with respect to intellectual property. We are not currently subject to any material claims from third parties asserting infringement of their intellectual property rights. Intellectual property disputes can be costly to defend and may cause our business, operating results, and financial condition to suffer. Whether merited or not, we have in the past and may in the future face allegations that we, our partners, our licensees, or parties indemnified by us have infringed or otherwise violated the patents, trademarks, copyrights, or other intellectual property rights of third parties. Such claims may be made by competitors seeking to obtain a competitive advantage or by other parties. Some third parties may be able to sustain the costs of complex litigation more effectively than we can because they have substantially greater resources. Even if resolved in our favor, litigation or other legal proceedings relating to intellectual property claims may cause us to incur significant expenses and could distract our technical and management personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions, or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the price of our common stock. Moreover, any uncertainties resulting from the initiation and continuation of any legal proceedings could have a material adverse effect on our ability to raise the funds necessary to continue our operations. Assertions by third parties that we violate their intellectual property rights could therefore have a material adverse effect on our business, financial condition, and results of operations. Failure to maintain, protect, or enforce our intellectual property rights could harm our business and results of operations. We may pursue the registration of our domain names, trademarks, and service marks in the United States. We also strive to protect our intellectual property rights by relying on federal, state, and common law rights, as well as contractual restrictions. We typically enter into confidentiality and invention assignment agreements with our employees and contractors, and confidentiality agreements with parties with whom we conduct business in order to limit access to, and disclosure and use of, our proprietary information. However, we may not be successful in executing these agreements with every party who has access to our confidential information or contributes to the development of our technology or intellectual property rights. Those agreements that we do execute may be breached, and we may not have adequate remedies for any such breach. These contractual arrangements and the other steps we have taken to protect our intellectual property rights may not prevent the misappropriation or disclosure of our proprietary information nor deter independent development of similar technology or intellectual property by others. Effective trade secret, patent, copyright, trademark and domain name protection is expensive to obtain, develop and maintain, both in terms of initial and ongoing registration or prosecution requirements and expenses and the costs of defending our rights. We have invested in and may, over time, increase our investment in protecting our intellectual property through patent filings that could be expensive and time-consuming. Our trademarks and other intellectual property rights may be challenged by others or invalidated through administrative process or litigation. We have not yet applied for or obtained any issued patents that provide protection for our technology or products. Moreover, any issued patents we may obtain may not provide us with a competitive advantage and, as with any technology, competitors may be able to develop similar or superior technologies to our own, now or in the future. In addition, due to a recent U. S. Supreme Court case, it has become increasingly difficult to obtain and assert patents relating to software or business methods, as many such patents have been invalidated for being too abstract to constitute patent-eligible subject matter. We do not know whether this will affect our ability to obtain patents on our innovations, or successfully assert any patents we may pursue in litigation or pre-litigation campaigns. Monitoring unauthorized use of the content on our platform, and our other intellectual property and technology, is difficult and costly. Our efforts to protect our proprietary rights and intellectual property may not have been and may not be adequate to prevent their misappropriation or misuse. Third parties, including our competitors, could be infringing, misappropriating, or otherwise violating our intellectual property rights. We may not be successful in stopping unauthorized use of our content or other intellectual property or technology. Further, we may not have been and may not be able to detect unauthorized use of our technology or intellectual property, or to take appropriate steps to enforce our intellectual property rights. Any inability to meaningfully enforce our intellectual property rights could harm our ability to compete and reduce demand for our solutions and services. Our competitors may also independently develop similar technology. Effective patent, trademark, copyright and trade

secret protection may not be available to us in every jurisdiction in which our solutions or technology are hosted or available. Further, legal standards relating to the validity, enforceability, and scope of protection of intellectual property rights are uncertain. The laws in the United States and elsewhere change rapidly, and any future changes could adversely affect us and our intellectual property. Our failure to meaningfully protect our intellectual property rights could result in competitors offering solutions that incorporate our most technologically advanced features, which could reduce demand for our solutions. We may find it necessary or appropriate to initiate claims or litigation to enforce our intellectual property rights, protect our trade secrets, or determine the validity and scope of intellectual property rights claimed by others. In any lawsuit we bring to enforce our intellectual property rights, a court may refuse to stop the other party from using the technology at issue on grounds that our intellectual property rights do not cover the use or technology in question. Further, in such proceedings, the defendant could counterclaim that our intellectual property is invalid or unenforceable and the court may agree, in which case we could lose valuable intellectual property rights. Litigation is inherently uncertain and any litigation of this nature, regardless of outcome or merit, could result in substantial costs and diversion of management and technical resources, any of which could adversely affect our business and results of operations. If we fail to maintain, protect, and enforce our intellectual property, our business and results of operations may be harmed. The laws of some foreign countries do not protect intellectual property rights to the same extent as the laws of the United States. Many companies have encountered significant problems in protecting and defending intellectual property rights in certain foreign jurisdictions. The legal systems of some countries, particularly developing countries, do not favor the enforcement of intellectual property protection. This could make it difficult for us to stop the infringement or misappropriation of our intellectual property rights. Proceedings to enforce our intellectual property in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business. In addition, changes in the law and legal decisions by courts in the United States and foreign countries may affect our ability to obtain adequate protection for our technology and the enforcement of intellectual property. If our trademarks and trade names are not adequately protected, we may not be able to build name recognition in our markets of interest and our business may be adversely affected. We believe that our brand is critical to the success of our business, and we plan to utilize trademark registration and other means to protect it. Our business would be harmed if we were unable to protect our brand against infringement and its value was to decrease as a result. **We have registered** ~~Although we intend to claim trademark rights and file for trademark protection of our “ Blackboxstocks ” tradename brand --~~ **and logo with name, we may face opposition from other -- the financial technology or media platform companies; our application for a trademark may be denied by the United States Patent and Trademark Office (“USPTO”).** **We may apply** ~~The name “ Blackbox ” is currently being used to market and sell various products and services including SaaS technologies. When a trademark application comes through for the same class as another name that has already applied for registration -- in this case Blackbox, the trademark examiner may issue an Office Action, refusing our registration and requiring us to respond to the USPTO regarding how our use of “ Blackboxstocks ” will not be confused with existing registrants’ use of “ Blackbox. ” This process would require us to incur additional~~ **product name legal fees every time we are required to respond to the USPTO to defend our -- or registration. In the end, we may not be able to register our mark marks** . The registered or unregistered trademarks or trade names that we own or license may be challenged, infringed, circumvented, declared generic, lapsed, or determined to be infringing on or dilutive of other marks. We may not be able to protect our rights in these trademarks and trade names, which we need in order to build name recognition with customers and potential partners. In addition, third parties may in the future file for registration of trademarks similar or identical to our trademarks. If they succeed in registering or developing common law rights in such trademarks, and if we are not successful in challenging such third- party rights, we may not be able to use these trademarks to commercialize our technologies or solutions in certain relevant countries. If we are unable to establish name recognition based on our trademarks and trade names, we may not be able to compete effectively and our business may be adversely affected. If we are unable to protect the confidentiality of our trade secrets, our business and competitive position could be harmed. We rely heavily on trade secrets and confidentiality agreements to protect our unpatented know- how, technology, and other proprietary information, including our technology platform, and to maintain our competitive position. With respect to our technology platform, we consider trade secrets and know- how to be one of our primary sources of intellectual property. However, trade secrets and know- how can be difficult to protect. We seek to protect these trade secrets and other proprietary technology in part by entering into non- disclosure and confidentiality agreements with parties who have access to them, such as our employees, outside contractors, consultants, advisors, and other third parties. We also enter into confidentiality and invention or patent assignment agreements with our employees and consultants. The confidentiality agreements are designed to protect our proprietary information and, in the case of agreements or clauses containing invention assignment, to grant us ownership of technologies that are developed through a relationship with employees or third parties. We cannot guarantee that we have entered into such agreements with each party that may have or have had access to our trade secrets or proprietary information, including our technology and processes. Despite these efforts, no assurance can be given that the confidentiality agreements we enter into will be effective in controlling access to such proprietary information and trade secrets. The confidentiality agreements on which we rely to protect certain technologies may be breached, may not be adequate to protect our confidential information, trade secrets, and proprietary technologies and may not provide an adequate remedy in the event of unauthorized use or disclosure of our confidential information, trade secrets, or proprietary technology. Further, these agreements do not prevent our competitors or others from independently developing the same or similar technologies and processes, which may allow them to provide a service similar or superior to ours, which could harm our competitive position. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive, and time- consuming, and the outcome is unpredictable. In addition, some courts inside and outside the United States are less willing or unwilling to protect trade secrets. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that technology or information to compete with us. If any of our trade secrets were to be disclosed to or

independently developed by a competitor or other third party, it could harm our competitive position, business, financial condition, results of operations, and prospects. If we fail to comply with our obligations under license or technology agreements with third parties, we may be required to pay damages and we could lose license rights that are critical to our business. We license certain intellectual property, including technologies and software from third parties, that is important to our business, and we may enter into future additional agreements that provide us with licenses to valuable intellectual property or technology. If we fail to comply with any of the obligations under our license agreements, we may be required to pay damages and the licensor may have the right to terminate the license. Termination by the licensor would cause us to lose valuable rights, and could prevent us from selling our solutions and services, or adversely impact our ability to commercialize future solutions and services. Our business would suffer if any current or future licenses terminate, if the licensors fail to abide by the terms of the license, if the licensors fail to enforce licensed patents against infringing third parties, if the licensed intellectual property are found to be invalid or unenforceable, or if we are unable to enter into necessary licenses on acceptable terms. In addition, our rights to certain technologies are licensed to us on a non- exclusive basis. The owners of these non- exclusively licensed technologies are therefore free to license them to third parties, including our competitors, on terms that may be superior to those offered to us, which could place us at a competitive disadvantage. Moreover, our licensors may own or control intellectual property that has not been licensed to us and, as a result, we may be subject to claims, regardless of their merit, that we are infringing or otherwise violating the licensor' s rights. In addition, the agreements under which we license intellectual property or technology from third parties are generally complex, and certain provisions in such agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could narrow what we believe to be the scope of our rights to the relevant intellectual property or technology, or increase what we believe to be our financial or other obligations under the relevant agreement. Any of the foregoing could harm our competitive position, business, financial condition, results of operations, and prospects. If we cannot license rights to use intellectual property on reasonable terms, we may not be able to commercialize new solutions or services in the future. In the future, we may identify additional third- party intellectual property we may need to license in order to engage in our business, including to develop or commercialize new solutions or services. However, such licenses may not be available on acceptable terms or at all. The licensing or acquisition of third- party intellectual property rights is a competitive area, and several more established companies may pursue strategies to license or acquire third- party intellectual property rights that we may consider attractive or necessary. These established companies may have a competitive advantage over us due to their size, capital resources, and greater development or commercialization capabilities. In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. Even if such licenses are available, we may be required to pay the licensor substantial royalties based on sales of our solutions and services. Such royalties are a component of the cost of our solutions or services and may affect the margins on our solutions and services. In addition, such licenses may be non- exclusive, which could give our competitors access to the same intellectual property licensed to us. If we are unable to enter into the necessary licenses on acceptable terms or at all, if any necessary licenses are subsequently terminated, if our licensors fail to abide by the terms of the licenses, if our licensors fail to prevent infringement by third parties, or if the licensed intellectual property rights are found to be invalid or unenforceable, our business, financial condition, results of operations, and prospects could be affected. If licenses to third- party intellectual property rights are, or become required for us, to engage in our business, the rights may be non- exclusive, which could give our competitors access to the same technology or intellectual property rights licensed to us. Moreover, we could encounter delays and other obstacles in our attempt to develop alternatives. Defense of any lawsuit or failure to obtain any of these licenses on favorable terms could prevent us from commercializing solutions and services, which could harm our competitive position, business, financial condition, results of operations, and prospects.

Risks Relating to the Exchange The Company will allocate time and resources to effecting the Exchange and incur non- recurring costs related to the Exchange. The Company and its management have allocated and will continue to be required to allocate time and resources to effecting the completion of the Exchange and related and incidental activities. There is a risk that the challenges associated with managing these various Exchange initiatives may have a business impact and that consequently the underlying businesses will not perform in line with expectations. This could have an adverse effect on the reputation, business, financial condition or results of operations of the Company. In addition, the Company expects to incur a number of non- recurring costs associated with the Exchange, including taxes, legal fees, advisor fees, filing fees, mailing expenses, and financial printing expenses. There can be no assurance that the actual costs will not exceed those estimated and the actual completion of the Exchange may result in additional and unforeseen expenses. Many of these costs will be payable whether or not the Exchange is completed. While it is expected that benefits of the Exchange achieved by the Company will offset these transaction costs over time, this net benefit may not be achieved in the short- term or at all, particularly if the Exchange are delayed or does not happen at all. These combined factors could adversely affect the business, results of operations or financial condition of the Company. The Exchange will require Evtc Aluminium to apply for an initial listing on Nasdaq which may not be granted. The Exchange is expected to be treated as a reverse merger by Nasdaq which requires Evtc Aluminium to apply for an initial listing on the Nasdaq Capital Market. There are numerous listing requirements including but not limited to minimum equity requirements and certain minimum requirements for stockholder holdings and a minimum bid price of \$ 4. 00 per share. There can be no assurance that Evtc Aluminium will be able to meet the initial listing requirements of the Nasdaq Capital Market which could result in either the Company' s delisting or termination of the Exchange. The calculation of the number of Blackboxstocks shares to be issued may be adjusted if there is a change in Evtc Aluminium share capital between the date of Share Exchange Agreement and Closing. The calculation of the number of the Blackboxstocks shares to be issued in the Exchange may be adjusted in the event that Evtc Aluminium issues any share capital between the date of the Share Exchange Agreement and Closing pursuant to the exchange ratio in the Share Exchange Agreement. The parties may not be permitted to

terminate the Share Exchange Agreement because of changes in the exchange ratio. The Exchange may not be completed on the terms or timeline currently contemplated, or at all, as Blackboxstocks or Evtec Aluminium may be unable to satisfy conditions or obtain the approvals required to complete the Exchange or such approvals may contain material restrictions or conditions. Completion of the Exchange is subject to numerous conditions. Although the Company is diligently applying its efforts to take, or cause to be taken, all actions to do, or cause to be done, all things necessary, proper or advisable to consummate the Exchange, there can be no assurance that these conditions will be fulfilled or that the Exchange will be completed on the terms or timeline currently contemplated, or at all. We have and will continue to expend time and resources and incur expenses related to the Exchange. Many of these expenses must be paid regardless of whether the Exchange are consummated. Governmental agencies and / or the Nasdaq may not approve the Exchange, may impose conditions to the approval of the Exchange or require changes to the terms of the Exchange. Any such conditions or changes could have the effect of delaying completion of the Exchange, imposing costs on or limiting the revenues of the Company following the Exchange or otherwise reducing the anticipated benefits of the Exchange. Completion of the Exchange may trigger certain provisions in agreements to which the Company or its planned operating subsidiary is a party. The completion of the Exchange may trigger certain change in control, consent, assignment or other provisions in agreements to which the Company, its planned operating subsidiary, or Evtec Aluminium is a party. In addition, the completion of the Exchange may trigger certain technical provisions in agreements to which the Company, its planned operating subsidiary or Evtec Aluminium is a party. If such parties are unable to assert that such provisions should not apply, or the parties are unable to comply with or negotiate waivers of those provisions, the counterparties may exercise their rights and remedies under the agreements, including potentially terminating such agreements or seeking monetary damages. Even if the Company, its operating subsidiary or Evtec Aluminium is able to negotiate waivers, the counterparties may require a fee for such waivers or seek to renegotiate the agreements on terms less favorable to the Company. Failure to complete the Exchange could adversely affect the market price of our common shares as well as our business, financial condition and results of operations. If the Exchange is not completed for any reason, the price of our common shares may decline, and our business, financial condition and results of operations may be impacted to the extent that the market price of our common shares reflects positive market assumptions that the Exchange will be completed and the related expected benefits will be realized; based on significant expenses, such as legal, advisory and financial services which generally must be paid regardless of whether the Exchange is completed; based on potential disruption of our business and distraction of our workforce and management team; and the requirement in the Share Exchange Agreement that, under certain limited circumstances, we must pay Evtec Aluminium a termination fee of \$ 500, 000, plus, all fees and expenses (up to \$ 250, 000) incurred by Evtec Aluminium in connection with the authorization, preparation, negotiation, execution and performance of the Share Exchange Agreement and other contemplated transactions under the Share Exchange Agreement (the “ Contemplated Transactions ”). The announcement and pendency of the Exchange could have an adverse effect on the stock price of our common shares as well as our business, financial condition, results of operations or business prospects. The announcement and pendency of the Exchange could disrupt our businesses in negative ways. For example, customers and other third- party business partners may seek to terminate and / or renegotiate their relationships with the Company as a result of the Exchange, whether pursuant to the terms of their existing agreements or otherwise. In addition, current and prospective employees may experience uncertainty regarding their future roles with the Company upon consummation of the Exchange, which might adversely affect our ability to retain, recruit and motivate key personnel. Should they occur, any of these events could adversely affect the stock price of our common shares, or harm our financial condition, results of operations or business prospects. We may have difficulty attracting, motivating and retaining executives and other employees in light of the Exchange. We may have difficulty attracting, motivating and retaining executives and other employees in light of the Exchange. Uncertainty about the effect of the Exchange on our employees may have an adverse effect. This uncertainty may impair our ability to attract, retain and motivate personnel until the Exchange is completed. Litigation relating to the Exchange, if any, could result in an injunction preventing the completion of the Exchange and / or substantial costs to Blackboxstocks. Securities class action lawsuits and derivative lawsuits are often brought against public companies that have entered into acquisition, merger or other business combination agreements like the Share Exchange Agreement. Even if such a lawsuit is without merit, defending against these claims can result in substantial costs and divert management time and resources. An adverse judgment could result in monetary damages, which could have a negative impact on our liquidity and financial condition. Lawsuits that may be brought against us or our directors could also seek, among other things, injunctive relief or other equitable relief, including a request to rescind parts of the Share Exchange Agreement already implemented and to otherwise enjoin the parties from consummating the Exchange. One of the conditions to the closing of the Exchange is that no injunction by any governmental entity having jurisdiction over Blackboxstocks or Evtec Aluminium has been entered and continues to be in effect and no law has been adopted, in either case that prohibits the closing of the Exchange. Consequently, if a plaintiff is successful in obtaining an injunction prohibiting completion of the Exchange, that injunction may delay or prevent the Exchange from being completed within the expected time frame or at all, which may adversely affect our business, financial position and results of operations.

General Risk Factors If securities or industry analysts do not publish research or reports about our business, if they adversely change their recommendations regarding our stock, or if our results of operations do not meet their expectations, our stock price and trading volume could decline. The trading market for our securities will be influenced by the research and reports that securities or industry analysts publish about us or our business (or the absence of such research or reports). If one or more of these analysts cease coverage of our Company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading

volume to decline. Moreover, if one or more of the analysts who cover us downgrade recommendations regarding our stock, or if our results of operations do not meet their expectations, our stock price could decline and such decline could be material. We are an “ emerging growth company ” and our compliance with the reduced reporting and disclosure requirements applicable to “ emerging growth companies ” may make our common stock less attractive to investors. We are an “ emerging growth company, ” as defined in the Jumpstart Our Business Startups Act, or the JOBS Act, and we have elected to take advantage of certain exemptions and relief from various reporting requirements that are applicable to other public companies that are not “ emerging growth companies. ” These provisions include, but are not limited to: being permitted to have only two years of audited financial statements and only two years of related management’ s discussion and analysis of financial condition and results of operations disclosures; being exempt from compliance with the auditor attestation requirements of Section 404 (b) of the Sarbanes- Oxley Act; being subject to reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements; and not being required to hold nonbinding advisory votes on executive compensation or on any golden parachute payments not previously approved. In addition, while we are an “ emerging growth company, ” we will not be required to comply with any new financial accounting standard until such standard is generally applicable to private companies. As a result, our financial statements may not be comparable to companies that are not “ emerging growth companies ” or elect not to avail themselves of this provision. We may remain an “ emerging growth company ” until as late as December 31, 2027, the fiscal year- end following the fifth anniversary of the completion of this initial public offering, though we may cease to be an “ emerging growth company ” earlier under certain circumstances, including if (i) we have more than \$ 1. 07 billion in annual revenue in any fiscal year, (ii) we become a “ large accelerated filer, ” with at least \$ 700 million of equity securities held by non- affiliates as of the end of the second quarter of that fiscal year, or (iii) we issue more than \$ 1. 0 billion of non- convertible debt over a three- year period. The exact implications of the JOBS Act are still subject to interpretations and guidance by the SEC and other regulatory agencies, and we cannot assure you that we will be able to take advantage of all of the benefits of the JOBS Act. In addition, investors may find our common stock less attractive to the extent we rely on the exemptions and relief granted by the JOBS Act. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may decline or become more volatile. If we are unable to implement and maintain effective internal controls over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports. As a public company, we are required to maintain internal controls over financial reporting and to report any material weaknesses in such internal controls. We are required to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes- Oxley Act. However, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes- Oxley Act until the date we are no longer an “ emerging growth company ” as defined in the JOBS Act. Accordingly, you will not be able to depend on any attestation concerning our internal control over financial reporting from our independent registered public accounting firm for the foreseeable future. The process of designing and implementing internal controls over financial reporting is time consuming, costly, and complicated. If during the evaluation and testing process, we identify one or more material weaknesses in our internal control over financial reporting or determine that existing material weaknesses have not been remediated, our management will be unable to assert that our internal control over financial reporting is effective. Even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm may conclude that there are material weaknesses with respect to our internal controls or the level at which our internal controls are documented, designed, implemented, or reviewed. If we are unable to assert that our internal control over financial reporting is effective, or when required in the future, if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports and the valuation of our common stock could be adversely affected. Compliance with public reporting requirements have and will continue to affect the Company’ s financial resources. The Company is subject to certain public reporting obligations as required by federal securities laws, regulations and agencies. The compliance with such reporting requirements will require the company to incur significant legal, accounting and other administrative expenses. The expenses the Company may incur will have a significant impact on the Company’ s financial resources and may lead to a decrease in the value and price of our common stock. We rely on network infrastructure and our ability to maintain and scale our business and maintain competitiveness. Any significant interruptions or delays in service on our apps or websites or any undetected errors or design faults could adversely affect our business, financial condition and results of operations. We depend on the use of information technologies and systems and our reputation and ability to acquire, retain, and serve our customers are dependent upon the reliable performance of our apps and websites and the underlying network infrastructure. As our operations grow, we must continuously improve and upgrade our systems and infrastructure while maintaining or improving the reliability and integrity of our infrastructure. Our future success also depends on our ability to adapt our systems and infrastructure to meet rapidly evolving consumer trends and demands while continuing to improve the performance, features and reliability of our solutions in response to competitive services and offerings. We expect the use of alternative platforms such as tablets and smartphones will continue to grow and the emergence of niche competitors who may be able to optimize offerings, services, or strategies for such platforms will require new investment in technology. New developments in other areas, such as cloud computing, have made it easier for competition to enter our markets due to lower up- front technology costs. In addition, we may not be able to maintain our existing systems or replace or introduce new technologies and systems as quickly as we would like or in a cost- effective manner. There is also no guarantee that we will possess the financial resources or personnel, for the research, design, and development of new applications or services, or that we will be able to utilize these resources successfully and avoid technological or market obsolescence. Further, there can be no assurance that technological advances by one or more of our competitors or future competitors will not result in our present or future applications and services becoming uncompetitive or obsolete. If we were

unable to enhance our offerings and network capabilities to keep pace with rapid technological and regulatory change, or if new technologies emerge that are able to deliver competitive offerings at lower prices, more efficiently, more conveniently, or more securely than our platform offerings, our business, financial condition and results of operations could be adversely affected. Item 1B. Unresolved Staff Comments.