

**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 March 31, 2024

or

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

For the transition period from _____ to _____

Commission File Number 001-37564

BOXLIGHT CORPORATION

(Exact name of registrant as specified in its charter)

Nevada

36-4794936

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification Number)

**2750 Premiere Parkway, Suite 900
Duluth, Georgia 30097**

(Address of principal executive offices) (Zip Code)

(678) 367-0809

(Registrant's telephone number, including area code)

N/A

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

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

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Boxlight Corporation
Condensed Consolidated Statements of Operations and Comprehensive Loss
For the three months ended March 31, 2024 and 2023
(Unaudited)
(in thousands, except per share amounts)

	Three Months Ended March 31,	
	2024	2023
Revenues, net	\$ 37,093	\$ 41,189
Cost of revenues	24,278	26,041
Gross profit	<u>12,815</u>	<u>15,148</u>
Operating expense:		
General and administrative	15,249	14,731
Research and development	1,171	597
Total operating expense	<u>16,420</u>	<u>15,328</u>
Loss from operations	<u>(3,605)</u>	<u>(180)</u>
Other (expense) income:		
Interest expense, net	(2,607)	(2,447)
Other expense, net	(199)	(22)
Change in fair value of derivative liabilities	192	(224)
Total other expense	<u>(2,614)</u>	<u>(2,693)</u>
Loss before income taxes	<u>\$ (6,219)</u>	<u>\$ (2,873)</u>
Income tax expense	(870)	(51)
Net loss	<u>\$ (7,089)</u>	<u>\$ (2,924)</u>
Fixed dividends - Series B Preferred	(317)	(317)
Net loss attributable to common stockholders	<u>\$ (7,406)</u>	<u>\$ (3,241)</u>
Comprehensive loss:		
Net loss	\$ (7,089)	\$ (2,924)
Other comprehensive loss:		
Foreign currency translation adjustment	(811)	558
Total comprehensive loss	<u>\$ (7,900)</u>	<u>\$ (2,366)</u>
Net loss per common share – basic and diluted, as adjusted	\$ (0.76)	\$ (0.35)
Weighted average number of common shares outstanding – basic and diluted, as adjusted	9,714	9,366

See accompanying notes to unaudited condensed consolidated financial statements.

Boxlight Corporation
Condensed Consolidated Balance Sheets
As of March 31, 2024 and December 31, 2023
(in thousands, except share and per share amounts)

	March 31, 2024 (Unaudited)	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 11,812	\$ 17,253
Accounts receivable – trade, net of allowances for credit losses of 357 and 421	26,519	29,523
Inventories, net of reserves	39,155	44,131
Prepaid expenses and other current assets	8,999	9,471
Total current assets	<u>86,485</u>	<u>100,378</u>
Property and equipment, net of accumulated depreciation	2,660	2,477
Operating lease right of use asset	8,544	8,846
Intangible assets, net of accumulated amortization	43,815	45,964
Other assets	880	906
Total assets	<u>\$ 142,384</u>	<u>\$ 158,571</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 24,685	\$ 32,899
Short-term debt	1,055	1,037
Operating lease liabilities, current	1,917	1,827
Deferred revenues, current	8,876	8,698
Derivative liabilities	13	205
Other short-term liabilities	3,348	1,566
Total current liabilities	<u>39,894</u>	<u>46,232</u>
Deferred revenues, non-current	16,128	16,347
Long-term debt	37,401	39,134
Deferred tax liabilities, net	4,319	4,316
Operating lease liabilities, non-current	7,050	7,282
Total liabilities	<u>104,792</u>	<u>113,311</u>
Commitments and contingencies (Note 14)		
Mezzanine equity:		
Preferred Series B, 1,586,620 shares issued and outstanding	16,146	16,146
Preferred Series C, 1,320,850 shares issued and outstanding	12,363	12,363
Total mezzanine equity	<u>28,509</u>	<u>28,509</u>
Stockholders' equity:		
Preferred stock, \$0.0001 par value, 50,000,000 shares authorized; 167,972 and 167,972 shares issued and outstanding, respectively	—	—
Common stock, \$0.0001 par value, 18,750,000 shares authorized; 9,777,725 and 9,704,496 Class A shares issued and outstanding, respectively	1	1
Additional paid-in capital	119,956	119,724
Accumulated deficit	(111,364)	(104,275)
Accumulated other comprehensive income	490	1,301
Total stockholders' equity	<u>9,083</u>	<u>16,751</u>
Total liabilities and stockholders' equity	<u>\$ 142,384</u>	<u>\$ 158,571</u>

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Series A Preferred Stock		Class A Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (loss)	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount				
Balance as of December 31, 2023	167,972	\$ —	9,704,496	\$ 1	\$ 119,724	\$ 1,301	\$ (104,275)	\$ 16,751
Shares issued for:								
Vesting of restricted share units	—	—	73,229	—	—	—	—	—
Stock compensation	—	—	—	—	549	—	—	549
Foreign currency translation	—	—	—	—	—	(811)	—	(811)
Fixed dividends Preferred Series B	—	—	—	—	(317)	—	—	(317)
Net loss	—	—	—	—	—	—	(7,089)	(7,089)
Balance as of March 31, 2024	167,972	\$ —	9,777,725	\$ 1	\$ 119,956	\$ 490	\$ (111,364)	\$ 9,083

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Series A Preferred Stock		Class A Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (loss)	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount				
Balance as of December 31, 2022	167,972	\$ —	9,339,587	\$ 1	\$ 117,849	\$ (914)	\$ (65,043)	\$ 51,893
Cumulative effect of change in accounting principle, net of tax	—	—	—	—	—	—	(76)	(76)
Balance as of December 31, 2022 - as adjusted	167,972	\$ —	9,339,587	\$ 1	\$ 117,849	\$ (914)	\$ (65,119)	\$ 51,817
Shares issued for:								
Vesting of restricted share units	—	—	45,246	—	—	—	—	—
Stock compensation	—	—	—	—	627	—	—	627
Foreign currency translation	—	—	—	—	—	558	—	558
Fixed dividends Preferred Series B	—	—	—	—	(317)	—	—	(317)
Net loss	—	—	—	—	—	—	(2,924)	(2,924)
Balance as of March 31, 2023	167,972	\$ —	9,384,833	\$ 1	\$ 118,159	\$ (356)	\$ (68,043)	\$ 49,761

See accompanying notes to unaudited condensed consolidated financial statements.

Boxlight Corporation
Condensed Consolidated Statements of Cash Flows
For the three months ended March 31, 2024 and 2023
(Unaudited)
(in thousands)

	Three Months Ended	
	March 31, 2024	March 31, 2023
Cash flows from operating activities:		
Net loss	\$ (7,089)	\$ (2,924)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of debt premium, discount and issuance cost	592	456
Provision for credit losses	129	(10)
Changes in deferred tax assets and liabilities	(323)	(121)
Change in allowance for sales returns and volume rebates	(175)	90
Change in inventory reserve	86	294
Change in fair value of derivative liabilities	(192)	224
Stock compensation expense	549	641
Depreciation and amortization	2,069	2,263
Change in right of use assets and lease liabilities	1	160
Changes in operating assets and liabilities:		
Accounts receivable – trade	2,947	(2,375)
Inventories	4,735	13,571
Prepaid expenses and other current assets	(1,086)	122
Other assets	22	(229)
Accounts payable and accrued expenses	(8,103)	(13,845)
Other liabilities	3,791	(49)
Deferred revenues	105	(171)
Net cash used in operating activities	\$ (1,942)	\$ (1,903)
Cash flows from investing activities:		
Purchases of furniture and fixtures, net	(394)	(81)
Net cash used in investing activities	\$ (394)	\$ (81)
Cash flows from financing activities:		
Principal payments on long term debt	(2,307)	(670)
Payments of fixed dividends to Series B Preferred stockholders	(317)	(317)
Net cash used in financing activities	\$ (2,624)	\$ (987)
Effect of foreign currency exchange rates	(481)	(346)
Net decrease in cash and cash equivalents	(5,441)	(3,317)
Cash and cash equivalents, beginning of the period	17,253	14,591
Cash and cash equivalents, end of the period	\$ 11,812	\$ 11,274
Supplemental cash flow disclosures:		
Cash paid for income taxes	\$ 101	\$ 52
Cash paid for interest	\$ 1,806	\$ 1,975
Non-cash investing and financing transactions:		
Addition of operating lease liabilities	\$ 52	\$ 26

See accompanying notes to unaudited condensed consolidated financial statements.

Boxlight Corporation
Notes to the Unaudited Condensed Consolidated Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

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

BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION

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

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

ESTIMATES AND ASSUMPTIONS

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

REVERSE STOCK SPLIT

On June 14, 2023, the Company effected a reverse stock split of the Company’s Class A common stock whereby each eight shares of the Company’s authorized and outstanding Class A common stock was converted into one share of common stock. The par value of the common stock was not adjusted. Following the reverse split, the authorized shares for Class A common stock was adjusted to 18,750,000, the authorized shares for Class B common stock remained at 50,000,000 shares, and the authorized share of preferred stock remained unchanged at 50,000,000 shares. All Class A common share and per share amounts for all periods presented in the condensed consolidated financial statements and the notes to the condensed consolidated financial statements have been retrospectively adjusted to give effect to the reverse stock split, including reclassifying an amount equal to the reduction in aggregate par value of Class A common stock to additional paid-in capital on the condensed consolidated balance sheets of approximately \$6 thousand. The quantity of Class A common stock equivalents and the conversion and exercise ratios were adjusted for the effect of the reverse stock split for warrants, stock-based compensation arrangements, and the conversion features on preferred shares. All of the

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

GOING CONCERN

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

At December 31, 2023, the Company was not in compliance with its financial covenant related to the Senior Leverage Ratio under the Credit Agreement. The Senior Leverage Ratio, as stated in the Third Amendment to the Credit Agreement, decreased to 2.50 at December 31, 2023, 2.00 at March 31, 2024 and June 30, 2024 and 1.75 thereafter. On March 14, 2024 the Company entered into a fifth agreement (the 'Fifth Amendment') with the Collateral Agent and Lender which waived any Event of Default that may have arisen directly as a result of the financial covenant default at December 31, 2023 and in the interim two-month period ended February 29, 2024. The Fifth Amendment also restated the Senior Leverage Ratio and Minimum Liquidity requirements. Under the Amended agreement, the Senior Leverage Ratio requirement at March 31, 2024 was amended from 2.00 to 6.00, at June 30, 2024 will remain at 2.00 and thereafter will remain at 1.75. The Company was in compliance with all financial covenants at March 31, 2024.

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

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

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

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

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

Description	Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Carrying Value as of March 31, 2024
Derivative liabilities - warrant instruments	—	—	\$ 13	\$ 13

Description	Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Carrying Value as of December 31, 2023
Derivative liabilities - warrant instruments	—	—	\$ 205	\$ 205

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

	(in thousands)
Balance, December 31, 2023	\$ 205
Change in fair value of derivative liabilities	(192)
Balance, March 31, 2024	\$ 13
	(in thousands)
Balance, December 31, 2022	\$ 472
Change in fair value of derivative liabilities	224
Balance, March 31, 2023	\$ 696

LOSS PER COMMON SHARE

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

For the three months ended March 31, 2024, potentially dilutive securities that were not included in the diluted per share calculation because they would be anti-dilutive comprise 0.3 million shares issuable upon exercise of options to purchase common stock, 0.2 million of unvested shares of restricted stock and 1.4 million shares issuable upon exercise of warrants. Additionally, potentially dilutive securities of 2.2 million shares issuable from the assumed conversion of preferred stock are excluded from the denominator because they would be anti-dilutive. For the three month ended March 31, 2023, potentially dilutive securities that were not included in the diluted per share calculation because they would be anti-dilutive comprise 0.8 million shares from options to purchase shares of common stock and 0.3 million of unvested restricted stock units as well as 1.4 million shares of common stock issuable upon exercise of warrants. Additionally, potentially dilutive securities of 2.2 million from the assumed conversion of preferred stock are excluded from the denominator because they would be anti-dilutive.

REVENUE RECOGNITION

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

Nature of Products and Services and Related Contractual Provisions

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

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

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

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

Significant Judgments

For contracts with multiple performance obligations, each of which represent promises within a contract that are distinct, the Company allocates revenue to all distinct performance obligations based on their relative stand-alone selling prices (“SSPs”). The Company’s products and services included in its contracts with multiple performance obligations generally are not sold separately and there are no observable prices available to determine the SSP for those products and services. Since observable prices are not available, SSPs are established that reflect the Company’s best estimates of what the selling prices of the performance obligations would be if they were sold regularly on a stand-alone basis. The Company’s process for estimating SSPs without observable prices considers multiple factors that may vary depending upon the unique facts and circumstances related to each performance obligation including, when applicable, the estimated cost to provide the performance obligation, market trends in the pricing for similar offerings, product-specific business objectives, and competitor or other relevant market pricing and margins. Because observable prices are generally not available for the Company’s performance obligations that are sold in bundled arrangements, the Company does not apply the residual approach to determining SSP.

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

Contract Balances

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

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

Variable Consideration

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

Remaining Performance Obligations

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

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

Disaggregated Revenue

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

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

Contract Costs

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

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

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

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

SEGMENT REPORTING

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

The Company's operations are organized, managed and classified into three reportable segments – EMEA, North and Central America (the "Americas") and all other geographic regions ("Rest of World"). Our EMEA segment consists of the operations of Sahara Holding Limited and its subsidiaries (the "Sahara Entities"). Our Americas segment consists primarily of Boxlight, Inc. and its subsidiaries and the Rest of World segment consists primarily of Boxlight Australia, PTY LTD ("Boxlight Australia").

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

ACCOUNTING STANDARDS PENDING ADOPTION

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which enhances reporting requirements under Topic 280. The enhanced disclosure requirements include: title and position of the Chief Operating Decision Maker (CODM), significant segment expenses provided to the CODM, extending certain annual disclosures to interim periods, clarifying single reportable segment entities must apply ASC 280 in its entirety, and permitting more than one measure of segment profit or loss to be reported under certain circumstances. This change is effective for fiscal years beginning after December 15, 2023 and interim periods beginning after December 15, 2024. This change will apply retrospectively to all periods presented. The Company is currently evaluating the impact of this ASU on its financial statements. The adoption of this ASU is not expected to result in significant changes to the Company's current segment disclosures.

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

NOTE 2 – ACCOUNTS RECEIVABLE - TRADE

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

	2024	2023
Accounts receivable – trade	\$ 29,827	\$ 33,089
Allowance for credit losses	(357)	(421)
Allowance for sales returns and volume rebates	(2,951)	(3,145)
Accounts receivable - trade, net of allowances	<u>\$ 26,519</u>	<u>\$ 29,523</u>

NOTE 3 – INVENTORIES

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

	2024	2023
Finished goods	\$ 40,711	\$ 45,461
Spare parts	1,071	1,221
Reserve for inventory obsolescence	(2,627)	(2,551)
Inventories, net	<u>\$ 39,155</u>	<u>\$ 44,131</u>

NOTE 4 – PREPAID EXPENSES AND OTHER CURRENT ASSETS

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

	2024	2023
Prepayments to vendors	\$ 2,805	\$ 3,176
Prepaid licenses and other	6,194	6,295
Prepaid expenses and other current assets	<u>\$ 8,999</u>	<u>\$ 9,471</u>

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

NOTE 5 – INTANGIBLE ASSETS
Intangible Assets

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

	Useful lives	2024	2023
INTANGIBLE ASSETS			
Patents	4-10 years	\$ 182	\$ 182
Customer relationships	8-15 years	52,330	52,588
Technology	3-5 years	8,914	8,944
Domain	7 years	14	14
Non-compete	3 years	391	391
Tradenames	2-10 years	12,725	12,723
Intangible assets, at cost		74,556	74,842
Accumulated amortization		(30,741)	(28,878)
Intangible assets, net of accumulated amortization		<u>\$ 43,815</u>	<u>\$ 45,964</u>

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

NOTE 6 – LEASES

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

As of March 31, 2024, the Company had no leases classified as finance leases. The Company is currently not a lessor in any lease arrangement.

Operating lease expense was \$630 thousand and \$564 thousand for the three months ended March 31, 2024 and 2023, respectively. Variable and short-term lease cost was \$528 thousand for the three months ended March 31, 2024. Variable and short-term lease cost were not material for the three months ended March 31, 2023. Cash paid for amounts included in the measurement of lease liabilities was \$466 thousand and \$621 thousand for the three months ended March 31, 2024 and 2023, respectively.

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

Fiscal year ended,

2024	\$ 1,509
2025	2,090
2026	1,661
2027	1,091
2028	831
Thereafter	6,708
Total lease liabilities	<u>13,890</u>
Less: Imputed interest	(4,923)
Present value of lease liabilities	<u>\$ 8,967</u>

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

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

NOTE 7 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

	2024	2023
Accounts payable	\$ 18,754	\$ 27,448
Accrued expenses and other	5,808	5,106
Other	123	345
Accounts payable and accrued expenses	<u>\$ 24,685</u>	<u>\$ 32,899</u>

NOTE 8 – DEBT

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

	2024	2023
Debt – Third Parties		
Paycheck Protection Program	\$ 58	\$ 72
Note payable - Whitehawk	40,913	43,206
Total debt	40,971	43,278
Less: Premium, discount and issuance costs	2,515	3,107
Current portion of debt	1,055	1,037
Long-term debt	\$ 37,401	\$ 39,134
Total debt (net of premium, discount and issuance costs)	<u>\$ 38,456</u>	<u>\$ 40,171</u>

Debt - Third Parties:

Whitehawk Finance LLC

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

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

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

On April 24, 2023, the Company entered into a third amendment (the "Third Amendment") to the Credit Agreement, with the Collateral Agent and the Lender. The Third Amendment was entered into for purposes of the Lender funding an additional \$3.0 million delayed draw term loan (the "Additional Draw"). The Additional Draw was funded on April 24, 2023, must be repaid on or prior to September 29, 2023, is not subject to any prepayment penalties, and adjusts certain terms to the Credit Agreement, including adjusting the test period end dates and corresponding Senior Leverage Ratios (as defined in the Credit Amendment) and revising the minimum liquidity requirements that the Company must maintain compliance with pertaining to certain Borrowing Base Requirements, among other adjustments. The completion of the additional draw eliminates further delayed draws under the term loan agreement. On July 20, 2023, the Company paid the \$3.0 million due under the terms of the Third Amendment. There were no prepayment penalties or premiums included with this payment.

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

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

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

Covenant Compliance and Liquidity Considerations

The Company's Credit Agreement, as amended to date, requires compliance with certain monthly covenants, which include provisions regarding over advance limitations based upon a borrowing base. In the second quarter of 2023, as part of obtaining an appropriate waiver, the Company agreed to engage a financial advisor and to use commercial

reasonable efforts to refinance the Credit Agreement with an alternative lender and repay the Credit Facility by September 30, 2023, or as soon thereafter as practical. The waiver did not amend the maturity date of the Credit Agreement. Upon repayment, the Company will be subject to a prepayment premium that is higher than the prepayment premium included in the original Credit Agreement, as defined in the waiver.

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

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

In February 2024, the Company paid \$1.7 million, inclusive of a \$0.1 million pre-payment penalty, to Whitehawk to maintain compliance with the borrowing base covenant calculation as of January 31, 2024. After the payment the Company was in compliance with the borrowing base covenant.

Issuance Cost and Warrants

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

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

NOTE 9 – DERIVATIVE LIABILITIES

The Company determined that certain warrants to purchase common stock do not satisfy the criteria for classification as equity instruments due to the existence of certain net cash and non-fixed settlement provisions that are not within the sole control of the Company. Conversion and exercise prices may be lowered if the Company issues securities at lower prices in the future. Such warrants are measured at fair value at each reporting date, and the changes in fair value are

included in determining net income (loss) for the period. The Company used a Monte Carlo Simulation model to determine the fair value of the derivative liabilities as of March 31, 2024 and December 31, 2023.

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

	December 31, 2023
Common stock issuable upon exercise of warrants	464,385
Market value of common stock on measurement date	\$ 1.07
Exercise price	\$ 8.80
Risk free interest rate (1)	3.93 %
Expected life in years	3 years
Expected volatility (2)	114.0 %
Expected dividend yields (3)	— %

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

NOTE 10 – INCOME TAXES

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

	Three Months Ended March 31,	
	2024	2023
United States	\$ (6,109)	\$ (3,515)
Foreign	(110)	642
Total pretax book loss	<u>\$ (6,219)</u>	<u>\$ (2,873)</u>

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

The increase in income tax expense year-over-year is primarily due to higher U.S. taxes related to interest expense and increased net operating loss ("NOL") limitations for the three months ended March 31, 2024 as compared to the prior year.

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

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

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

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

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

During the second quarter of 2021, the Company became aware of a potential state tax exposure for failure to file minimum tax returns in a state for several years. The Company has recorded an exposure item of \$89 thousand for its best estimate of the amount for which it will settle the exposure. This amount includes \$24 thousand of income tax and \$65 thousand of penalties and interest. The Company has not identified any other material uncertain tax positions during the three months ended March 31, 2024.

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

NOTE 11 – EQUITY

Preferred Shares

The Company's articles of incorporation, as amended, provide that the Company is authorized to issue 50,000,000 shares of preferred stock, with such preferred stock consisting of: (1) 250,000 shares of non-voting Series A preferred stock, with a par value of \$0.0001 per share; (2) 1,586,620 shares of voting Series B preferred stock, with a par value of \$0.0001 per share; (3) 1,320,850 shares of voting Series C preferred stock, with a par value of \$0.0001 per share; and (4) Remaining shares of "blank check" preferred stock to be designated by the Company's board of directors. Each authorized series of preferred stock is described below.

Issuance of Preferred Shares

Series A Preferred Stock

At the time of the Company's initial public offering, the Company issued 250,000 shares of the Company's non-voting convertible Series A preferred stock to Vert Capital for the acquisition of Genesis. As of March 31, 2024, a total of 167,972 shares of Series A preferred stock remained outstanding which can be converted into 33,461 shares of Class A common stock, at the discretion of the Series A stockholder.

Series B Preferred Stock and Series C Preferred Stock

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

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

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

Common Stock

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

Warrants

The Company had equity warrants outstanding of 921,462 and 921,306 as of March 31, 2024 and December 31, 2023, respectively.

Repurchase Plan

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

NOTE 12 – STOCK COMPENSATION

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

Stock Options

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

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

	Number of Units
Outstanding, December 31, 2023	348,259
Granted	—
Exercised	—
Forfeited	(4,138)
Outstanding, March 31, 2024	<u>344,121</u>
Exercisable, March 31, 2024	<u>303,160</u>

Restricted Stock Units

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

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

	Number of Units
Outstanding, December 31, 2023	408,451
Granted	—
Vested	(73,229)
Forfeited	(170,202)
Outstanding, March 31, 2024	<u>165,020</u>

Stock Compensation Expense

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

	Three Months Ended March 31,	
	2024	2023
Stock options	\$ 104	\$ 169
Restricted stock units	444	471
Warrants	1	1
Total stock compensation expense	<u>\$ 549</u>	<u>\$ 641</u>

NOTE 13 – RELATED PARTY TRANSACTIONS**Management Agreement**

On November 1, 2022, the Company entered into a consulting agreement with Mark Elliott, former CEO of Boxlight and a current member of the Board of Directors. Under the terms of the agreement, Mr. Elliott is to provide sales, marketing, management and related consulting services to assist the Company in sourcing and entering into agreements with one or more customers to provide products and services for specified school districts. The Company will pay Mr. Elliott a fixed payment of \$4 thousand per month and commissions equal to 15% of gross profit derived by the Company based on total purchase order revenue. The agreement, unless cancelled, will automatically renew on December 31, 2024. For the three months ended March 31, 2024 and 2023, the Company paid \$79 thousand and \$12 thousand under the agreement, respectively.

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

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

NOTE 14 – COMMITMENTS AND CONTINGENCIES**Contingencies**

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

Purchase Commitments

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

NOTE 15 – CUSTOMER AND SUPPLIER CONCENTRATION

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

Customer	Total revenues from the customer as a percentage of total revenues for the three months ended March 31, 2024	Accounts receivable from the customer as of March 31, 2024 (in thousands)	Total revenues from the customer as a percentage of total revenues for the three months ended March 31, 2023	Accounts receivable from the customer as of March 31, 2023 (in thousands)
1	— %	\$ —	14.1 %	\$ 3,362

For the three months ended March 31, 2024, the Company's purchases were concentrated primarily with one vendor. For the three months ended March 31, 2023, the Company's purchases were not concentrated with any particular vendor. Details are as follows:

Vendor	Total purchases from the vendor as a percentage of total cost of revenues for the three months ended March 31, 2024	Accounts payable to the vendor as of March 31, 2024 (in thousands)	Total purchases from the vendor as a percentage of total cost of revenues for the three months ended March 31, 2023	Accounts payable (prepayment) to the vendors as of March 31, 2023 (in thousands)
1	47.6 %	\$ 12,166	— %	\$ —

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

NOTE 16 – SEGMENTS

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

	Three Months Ended March 31,	
	2024	2023
Revenue, net		
Americas	\$ 17,530	\$ 21,066
EMEA	21,001	23,955
Rest of World	284	1,323
Eliminations and Adjustments ⁽¹⁾	(1,722)	(5,155)
Total Revenue, net	\$ 37,093	\$ 41,189
(Loss) Income from Operations		
Americas	(3,791)	(147)
EMEA	146	(401)
Rest of World	9	408
Eliminations and Adjustments ⁽¹⁾	31	(40)
Total Loss from Operations	\$ (3,605)	\$ (180)

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

	March 31, 2024	December 31, 2023
Identifiable Assets		
Americas	\$ 60,402	\$ 69,749
EMEA	79,683	85,732
Rest of World	2,299	3,090
Total Identifiable Assets	<u>\$ 142,384</u>	<u>\$ 158,571</u>

NOTE 17 – SUBSEQUENT EVENTS

On April 19, 2024, the Company entered into the sixth amendment with the Collateral Agent and Lender (the "Sixth Amendment"). The Sixth Amendment provided the Company with an additional \$2.0 million working capital bridge loan on April 19, 2024 and agreed to provide the Company with an additional \$3.0 million working capital bridge loan in June 2024, provided, that the Company is then in compliance with certain financial covenants (as defined in the Credit Agreement), including its Senior Leverage Ratio. The Company is required to pay a fee equal to 6.00% of the aggregate amount of borrowings under the Sixth Amendment. Both working capital bridge loans are due and payable in full on November 29, 2024.

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

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

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

Overview

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

Our operations are organized, managed, and classified into three reportable segments – Europe, Middle East, and Africa (“EMEA”), North and Central America (“Americas”), and all other geographic regions (“Rest of World”). Our EMEA segment consists of the operations of Sahara Holding Limited and its subsidiaries. Our Americas segment consists primarily of Boxlight, Inc. and its subsidiaries, and the Rest of World segment consists primarily of Boxlight Australia, PTY LTD (“Boxlight Australia”).

Each of our operating segments are primarily engaged in the sale of education technology products and services in the education market but which are also sold into the health, government and corporate sectors and derive a majority of their revenues from the sale of flat-panel displays, audio and other hardware accessory products, software solutions and

professional services. Generally, our displays produce higher net operating revenues but lower gross profit margins than our accessory solutions and professional services.

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

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

- Integrating products of the acquired companies and cross training sales representatives to increase their offerings and productivity;
- Hiring new sales representatives with significant industry experience in their respective territories, and
- Expanding our reseller partner network both in key territories and in new markets, thereby increasing our penetration and reach.

Acquisition Strategy and Challenges

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

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

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

Components of our Results of Operations and Financial Condition

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

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

Cost of revenues

Our cost of revenues is comprised of the following:

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

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

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

Gross profit and gross profit margin

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

Operating expenses

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

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

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

Other (expense) income, net

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

Income tax expense

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

Operating Results – Boxlight Corporation

For the three-month periods ended March 31, 2024 and 2023

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

Cost of Revenues. Cost of revenues for the three months ended March 31, 2024 were \$24.3 million as compared to \$26.0 million for the three months ended March 31, 2023, resulting in a 6.8% decrease. The decrease in cost of revenues was attributable to the decrease in units sold.

Gross Profit. Gross profit for the three months ended March 31, 2024 was \$12.8 million as compared to \$15.1 million for the three months ended March 31, 2023, a decrease of 15.4%. Gross profit margin was 34.5% for the three months ended March 31, 2024 and 36.8% for the three months ended March 31, 2023. The decrease in gross profit margin is primarily related to a difference in product mix compared to the prior year quarter.

General and Administrative Expenses. General and administrative expenses for the three months ended March 31, 2024 were \$15.2 million, representing 41.1% of revenue as compared to \$14.7 million representing 35.8% of revenue for the three months ended March 31, 2023. The increase in general and administrative expenses for the period ended March 31, 2024 can be attributed primarily to severance charges of approximately \$0.9 million related to recent headcount reductions.

Research and Development Expenses. Research and development expenses for the three months ended March 31, 2024 and 2023 were \$1.2 million and \$0.6 million, respectively and represented 3.2% and 1.4% of revenue, respectively. The increase can be attributable to new research and development projects that began during the prior year.

Other Expense. Other expense, net for the three months ended March 31, 2024 was \$2.6 million as compared to \$2.7 million for the three months ended March 31, 2023, representing a decrease of \$0.1 million. The decrease was due to a \$0.4 million change in the fair value of derivative liabilities, offset by a \$0.2 million increase in interest expense, and a \$0.1 million increase in foreign currency transaction losses during the three months ended March 31, 2023.

Income Tax Expense. Income tax expense for the three months ended March 31, 2024 was \$0.9 million, as compared to a \$51 thousand for the three months ended March 31, 2023. The increase in tax expense is primarily due to higher U.S. taxes related to interest expense and increased net operating loss limitations.

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

Use of Non-GAAP financial measures

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

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

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

(in thousands)	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Net Loss	\$ (7,089)	\$ (2,924)
Depreciation and amortization	2,069	2,263
Interest expense	2,607	2,447
Income tax expense	870	51
EBITDA	\$ (1,543)	\$ 1,837
Stock compensation expense	549	641
Change in fair value of derivative liabilities	(192)	224
Purchase accounting impact of fair valuing inventory	113	143
Purchase accounting impact of fair valuing deferred revenue	309	470
Severance charges	943	—
Adjusted EBITDA	\$ 179	\$ 3,315

Discussion of Effect of Seasonality on Financial Condition

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

Liquidity and Capital Resources

As of March 31, 2024, we had cash and cash equivalents of \$11.8 million, a working capital balance of \$46.6 million, and a current ratio of 2.17. On March 31, 2023, we had \$11.3 million of cash and cash equivalents, a working capital balance of \$61.6 million, and a current ratio of 2.75.

For the three months ended March 31, 2024 and 2023, we had net cash used in operating activities of \$1.9 million. We had net cash used in investing activities of \$394 thousand and \$81 thousand for the three months ended March 31, 2024 and 2023, respectively. Cash used in investing activities is related to purchases of property and equipment. For the three months ended March 31, 2024 and 2023, we had net cash used in financing activities of \$2.6 million and \$1.0 million, respectively. Cash used in financing activities is related to principal payments on debt of \$2.3 million and \$0.3 million in payments of fixed dividends to our Series B preferred shareholders.

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

In addition to the cash flows generated by our ongoing operating activities we financed our operations during 2024 and 2023 with our Credit Facility with Whitehawk. On April 19, 2024, we took out a working capital loan with

Whitehawk for \$5.0 million, with \$2.0 million funded on April 19, 2024 and the remaining \$3.0 million to be made available in June 2024 provided the Company is in compliance with certain covenants.

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

Given the uncertainty surrounding global supply chains, global markets, and general global uncertainty as a result of the ongoing conflict between Russia and Ukraine, the availability of debt and equity capital has been reduced and the cost of capital has increased. Furthermore, recent adverse developments affecting the financial services industry including events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions may lead to market-wide liquidity problems. This in turn could result in a reduction in our ability to access funding sources and credit arrangements in amounts adequate to finance our current and future business operations. Increasing our capital through equity issuance at this time could cause significant dilution to our existing stockholders. However, while there can be no guarantee we will be able to access capital when needed, we are confident that the Company will be able to manage through the current challenges in the equity and debt finance markets by managing payment terms with our customers and vendors.

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

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

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

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

Financing

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

Off Balance Sheet Arrangements

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

Critical Accounting Policies and Estimates

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

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

1. Revenue Recognition
2. Intangible Assets
3. Stock-based Compensation Expense
4. Derivative Warrant Liabilities
5. Income Taxes

Recent Accounting Pronouncements

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

Item 3. Quantitative and Qualitative Disclosure About Market Risk

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

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures.

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

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

Limitations on Effectiveness of Controls.

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

(b) Changes in internal controls over financial reporting.

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

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

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

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not Applicable

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The following exhibits are filed or furnished with this report:

Exhibit No.	Description of Exhibit
3.1	Eleventh Amended and Restated Articles of Incorporation (incorporated by reference to Exhibit 3.5 to the Registration Statement on Form S-1 (File No. 333-204811) filed on December 15, 2016).
3.2	Amended and Restated Bylaws adopted June 24, 2021 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on June 24, 2021).
3.3*	Clawback Policy adopted April 5, 2024
4.1	Certificate of Designations of Series A Convertible Preferred Stock (incorporated by reference to Exhibit 4.1 in the Registration Statement on Form S-1 (Reg. No. 377-00845) filed on June 9, 2015).
4.2	Amended and Restated Certificate of Designations of Series A Convertible Preferred Stock (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-1/A (Reg. No 333-204811) filed on October 9, 2015.
4.3	Form of Amended and Restated Certificate of Designations for Series B Convertible Preferred Stock (incorporated by reference to Exhibit 4.3 to the Quarterly Report on Form 10-Q for the period ended September 30, 2020).
4.4	Form of Amended and Restated Certificate of Designations for the Series C Convertible Preferred Stock (incorporated by reference to Exhibit 4.4 to the Quarterly Report on Form 10-Q for the period ended September 30, 2020).
4.5	Form of Warrant, dated December 31, 2021, issued to WhiteHawk Finance LLC (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8- K filed January 5, 2022).
4.6	Description of Securities. (incorporated by reference to Exhibit 4.9 to the Annual Report on Form 10- K filed March 17, 2023).
4.7	Form of Pre-Funded Warrant (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed July 26, 2022).
4.8	Form of Warrant (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K filed July 26, 2022).
10.1	Sixth Amendment to the Credit Agreement, dated April 19, 2024, between Boxlight Corporation, its subsidiaries, Whitehawk Capital Partners, LP and Whitehawk Finance LLC. (incorporated by reference to exhibit 10.1 to the Current Report on Form 8-K filed April 23, 2024.
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

** Furnished herewith.

SIGNATURES

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

BOXLIGHT CORPORATION

May 8, 2024

By: /s/ Dale Strang

Dale Strang
Chief Executive Officer

May 8, 2024

By: /s/ Greg Wiggins

Greg Wiggins
Chief Financial Officer
(Principal Financial and Accounting Officer)

BOXLIGHT CORPORATION**CLAWBACK POLICY****I. Purpose**

Boxlight Corporation (the “Company”) is establishing this clawback policy to appropriately align the interests of the executives of the Company, who have been designated as Executive Officers, with those of the Company. This policy has been approved by the Board and is effective as of the Effective Date.

II. Administration

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

III. Recoupment

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

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

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

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

Nothing in this policy will limit in any respect (i) the Company’s right to take or not to take any action with respect to any Executive Officer’s or any other person’s employment or (ii) the obligation of the Chief Executive Officer or the Chief Financial Officer to reimburse the Company in accordance with Section 304 of the Sarbanes-Oxley Act of 2002, as amended. Any determination regarding this policy and

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

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

IV. Disclosure

If the Board determines that a Clawback Event has occurred that is subsequently disclosed by the Company in a public filing required under the Exchange Act (a "Disclosed Event"), the Company will disclose in the proxy statement relating to the year in which such determination is made (i) if any amount is clawed back from an Executive Officer and the aggregate amount clawed back or (ii) if no amount is clawed back from the Executive Officer as a result of the Disclosed Event, the fact that no amount was clawed back.

V. Definitions

For purposes of this policy, the following terms shall have the following meanings:

- 1) "Board" means the Board of Directors of the Company.
 - 2) "Effective Date" means November 30, 2023
 - 3) "Exchange Act" means the Securities Exchange Act of 1934, as amended.
 - 4) "Executive Officer" means each current and former "officer," as defined in Rule 16a-1 under the Exchange Act, and any other senior executive as designated by the Board.
 - 5) "Misconduct" means, with respect to an Executive Officer, the occurrence of any of the following events, as reasonably determined by the Board in its discretion:
 - (i) the Executive Officer's conviction of, or plea of nolo contendere to, any felony (other than a vehicular-related felony);
 - (ii) the Executive Officer's commission of, or participation in, intentional acts of fraud or dishonesty that in either case results in material harm to the reputation or business of the Company;
 - (iii) the Executive Officer's intentional, material violation of any term of the Executive Officer's employment agreement with the Company or any other contract or agreement between the Executive Officer and the Company or any statutory duty the Executive Officer owes to the Company that in either case results in material harm to the business of the Company;
 - (iv) the Executive Officer's conduct that constitutes gross insubordination or habitual neglect of duties and that in either case results in material harm to the business of the Company;
 - (v) the Executive Officer's intentional, material refusal to follow the lawful directions of the Board, the Company's Chief Executive Officer, or his or her direct manager (other than as a result of physical or mental illness); or
-

(vi) the Executive Officer's intentional, material failure to follow, or intentional conduct that violates (or would have violated, if such conduct occurred within ten (10) years prior to the Effective Date and has not been previously disclosed to the Company), the Company's written policies that are generally applicable to all employees or all officers of the Company and that results in material harm to the reputation or business of the Company; provided, however, that willful bad faith disregard will be deemed to constitute intentionality for purposes of this definition.

6) "Recoverable Amounts" means (i) any equity compensation (including stock options, restricted stock, restricted stock units, and any other equity awards) awarded after the Effective Date or (ii) any severance or cash incentive-based compensation (other than base salary) awarded after the date on which restatement of the Company's financial statements is required, to the extent permitted under applicable law.

CERTIFICATION

I, Dale Strang, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: May 8, 2024

/s/ Dale Strang

Dale Strang
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Greg Wiggins, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: May 8, 2024

/s/ Greg Wiggins

Greg Wiggins
Chief Financial Officer
(Principal Financial and Accounting Officer)

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

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

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

Date: May 8, 2024

/s/ Dale Strang

Dale Strang
Chief Executive Officer
(Principal Executive Officer)

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

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

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

Date: May 8, 2024

/s/ Greg Wiggins

Greg Wiggins
Chief Financial Officer
(Principal Financial and Accounting Officer)