UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2022

OR

☐ **TRANSITION REPORT UNDER 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	8211	46-4116523
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

2750 Premiere Pkwy #900
Duluth, Georgia 30097
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(678) 367-0809**

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

Title of each class	Ticker Symbol(s)	Name of each exchange on which registered
Common Stock, $0.0001 par value	**BOXL**	**The Nasdaq Stock Market LLC**

Securities registered pursuant to section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

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

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☐

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter was $43,784,486.

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

The number of shares outstanding of the registrant's common stock on March 13, 2023 was 74,774,556.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the registrant's Definitive Proxy Statement for the 2023 Annual Meeting of the Stockholders, which will be filed within 120 days of December 31, 2022.

BOXLIGHT CORPORATION
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FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-K (including the section regarding Management's Discussion and Analysis and Results of Operations) contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. These statements are based on our management's belief and assumptions and on information currently available to our management. Although we believe that the expectations reflected in these forward-looking statements are reasonable, these statements relate to future events or our future financial performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

Forward-looking statements include statements concerning the following:

- our possible or assumed future results of operations;
- our business strategies;
- our ability to attract and retain customers;
- our ability to sell additional products and services to customers;
- our cash needs and financing plans;
- our competitive position;
- our industry environment;
- our potential growth opportunities;
- expected technological advances by us or by third parties and our ability to leverage them;
- our inability to predict, adapt to, or anticipate the duration or long-term economic and business consequences of the ongoing conflict between Ukraine and Russia or the COVID-19 pandemic;
- our ability to protect the Company against cybersecurity risks and threats;
- our ability to maintain the listing of our securities on a national securities exchange;
- the effects of future regulation; and
- our ability to protect or monetize our intellectual property.

In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "continue" or the negative of these terms or other comparable terminology. These statements are only predictions. You should not place undue reliance on forward-looking statements, because they involve known and unknown risks, uncertainties, and other factors, which are, in some cases, beyond our control and which could materially affect results. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed in the reports we file with the SEC. Actual events or results may vary significantly from those implied or projected by the forward-looking statements due to these risk factors. No forward-looking statement is a guarantee of future performance. You should read this Annual Report on Form 10-K, the documents that we reference in this Annual Report on Form 10-K and the documentation we have filed as exhibits thereto with the Securities and Exchange Commission, or the SEC, with the understanding that our actual future results and circumstances may be materially different from what we expect.

Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made, and we undertake no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as may be required by applicable law. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements.

Unless the context otherwise requires, the terms "the Company," "we," "us," and "our" in this report refer to Boxlight Corporation and its consolidated direct and indirect subsidiaries, and the term "Boxlight" refers to Boxlight Inc., a Washington corporation and a wholly owned subsidiary of Boxlight Corporation. The terms "year" and "fiscal year" refers to our fiscal year ending December 31st.

PART I

ITEM 1. BUSINESS

We are a technology company that develops, sells and services interactive solutions predominantly for the global education market, but also for the corporate and government sectors. We are seeking to become a worldwide leading innovator and integrator of interactive products and software solutions and improve collaboration and effective communication in meeting environments. We currently design, produce and distribute interactive technologies including our interactive and non-interactive flat panel displays, LED video walls, media players, classroom audio and campus communication, cameras and other peripherals for the education market and non-interactive solutions including flat panels, LED video walls and digital signage. We also distribute science, technology, engineering and math (or "STEM") products, including our 3D printing and robotics solutions, and our portable science lab. All products are integrated into our classroom software suite that provides tools for whole class learning, assessment and collaboration. In addition, we offer professional training services related to our technology to our U.S. educational customers. To date, we have generated the majority of our revenue in the U.S. and internationally from the sale of interactive displays and related software to the educational market. We have sold our solutions into more than 70 countries and into more than 1.5 million classrooms and meeting spaces. We sell our products and software through more than 1,000 global reseller partners. We believe we offer the most comprehensive and integrated line of interactive display solutions, audio products, peripherals and accessories, software and professional development for schools and enterprises on the market today. The majority of our products are backed by nearly 30 years of research and development.

Advances in technology and new options for the introduction of technology into the classroom have forced school districts to look for solutions that allow teachers and students to bring their own devices into the classroom, provide school districts with information technology departments with the means to access data with or without internet access, handle higher demand for video, as well as control cloud and data storage challenges. Our design teams are able to quickly customize systems and configurations to serve the needs of clients so that existing hardware and software platforms can communicate with one another. Our goal is to become a single source solution to satisfy the needs of educators around the globe and provide a holistic approach to the modern classroom.

We pride ourselves in providing industry-leading service and support and have received numerous product awards:

- In 2022, Boxlight received Awards from various industry publications including Overall EdTech Company of the Year in the EdTech Breakthrough Awards, Tech and Learning Best of Show for ISTELive 22, multiple awards from Tech & Learning's Back to School Awards of Excellence, 4 awards for new products from THE Journal, multiple awards from Tech and Learning for Mimio, Clevertouch and FrontRow solutions and the Campus Technology New Product of the Year award for CleverLive digital signage.

- In 2021, Boxlight received Tech & Learning's 2021 Awards of Excellence - Best Tools for Back to School, in both Primary and Secondary levels for: MimioConnect® blended learning platform, MimioSTEM solutions, Boxlight-EOS Professional Development Learning Solutions, and our ProColor interactive flat panel. Clevertouch was awarded for Best Business Growth and Corporate Social Responsibility by InAVation Awards and 4 AV Awards for Product, Manufacturer, Distributor, and Channel Team of the Year.

- In 2020, UX Pro won Collaboration Innovation of the Year from AV News Awards, Best in Show for InfoComm Awards, AvTechnology Europe, and "Best of Show" at ISE. IMPACT Plus won Innovation Design, high-quality, functionality, ergonomics and ecology from Plus X Awards in Germany, Collaboration Innovation from AV News Awards, Best in Show at InfoComm from Tech & Learning magazine, Best at Show at InfoComm from Installation magazine and best at ISE Show from Installation.

- In 2019, Clevertouch won Interactive Display of the Year at AV Magazine's AV Awards, Keiba Awards, Best of Show from Installation and best of Show for IMPACT Plus at Best of Show Tech&Learning awards, as well as the Pro Series Technology for Conferencing and Collaboration at the Innovation Awards, and the AV Display Innovation of the Year at the AV News Awards.

Over the past three years, the COVID-19 pandemic has had a significant impact on economies worldwide, resulting in workforce and travel restrictions, and supply chain and production disruptions across many sectors. While factors have had a significant impact on our supply chain, the financial performance of our business has actually improved substantially since the last quarter of 2020 and we anticipate that trend will continue throughout 2023 as demand for our products and solutions in the education, government and corporate sectors increase. Indeed, we believe that the COVID-19 pandemic has accelerated the move toward unified communications, thus creating greater demand for our products and solutions.

For more detail, please refer to Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for discussion of specific impacts on seasonality and liquidity and capital resources.

Our Company

Boxlight Corporation was incorporated in Nevada on September 18, 2014 for the purpose of acquiring technology companies that sell interactive products into the education market. As of the date of this Annual Report, we have six subsidiaries, consisting of Boxlight Inc., a Washington State corporation, Boxlight Australia, PTY LTD, an Australian Company, Sahara Holdings Limited, an England and Wales corporation, Boxlight Latinoamerica, S.A. DE C.V. ("BLS") and Boxlight Latinoamerica Servicios, S.A. DE C.V., ("BLA"), both incorporated in Mexico, and EOSEDU, LLC, an Arizona limited liability company ("EOS"). BLS and BLA are currently inactive. Our Sahara Holding Limited subsidiary has eight directly and indirectly owned subsidiaries located in the United States, the United Kingdom, the Netherlands, Belgium, Sweden, Finland and Germany, and our subsidiary Boxlight Inc., in turn, has four directly and indirectly owned subsidiaries located in the United States, Northern Ireland, Canada and Denmark. See the Boxlight Corporation organization chart on page 8 below.

On December 31, 2021, we acquired FrontRow Calypso LLC, a California company and a leader in classroom and campus communication solutions for the education market.

On March 23, 2021, we acquired Interactive Concepts BV, a company incorporated and registered in Belgium and a distributor of interactive technologies (Interactive) and subsequently renamed to Sahara Presentation Systems (Interactive) Europe BV. The company has been Boxlight's key distributor in Belgium and Luxembourg.

On September 24, 2020, the Company acquired Sahara Holdings Ltd., a leader in distributed AV products and a manufacturer of multi-award-winning touchscreens and digital signage products, including the globally renowned Clevertouch brand. Headquartered in the United Kingdom, Sahara and its subsidiaries have a strong presence in the EMEA interactive flat panel display (IFPD) market selling into education, health, government, military and corporate sectors.

On April 17, 2020, we acquired MyStemKits Inc. ("MyStemKits"). MyStemKits is in the business of developing, selling and distributing 3D printable science, technology, engineering and math curriculums incorporating 3D printed project kits for education, and owns the right to manufacture, market and distribute Robo 3D branded 3D printers and associated hardware for the global education market.

On March 12, 2019, we acquired Modern Robotics Inc. ("MRI"), based in Miami, Florida. MRI is engaged in the business of developing, selling and distributing science, technology, engineering and math (STEM), robotics and programming solutions to the global education market.

On August 31, 2018, we purchased EOS, an Arizona limited liability company owned by Daniel and Aleksandra Leis. EOS is in the business of providing technology consulting, training, and professional development services to create sustainable programs that integrate technology with curriculum in K-12 schools and districts.

On June 22, 2018, we acquired Qwizdom, Inc. and its subsidiary Qwizdom UK Limited (together, the "Qwizdom Companies"). The Qwizdom Companies develop software and hardware solutions that are quick to implement and designed to increase participation, provide immediate data feedback, and, most importantly, accelerate and improve comprehension and learning. The Qwizdom Companies have offices outside Seattle, WA and Belfast, Northern Ireland and deliver products in more than 40 languages to customers around the world through a network of partners.

On May 9, 2018, we acquired Cohuborate, Ltd., a United Kingdom corporation based in Lancashire, England. Cohuborate produces, sells and distributes interactive display panels designed to provide new learning and working experiences through high-quality technologies and solutions through in-room and room-to-room multi-device multi-user collaboration.

On December 20, 2018, Cohuborate Ltd. transferred all of its assets and liabilities to Qwizdom UK Limited and changed its name to Qwizdom UK Limited. On December 20, 2018, Qwizdom UK Limited changed its name to Boxlight Group Ltd. On January 24, 2019, we merged Qwizdom, Inc. with and into Boxlight, Inc.

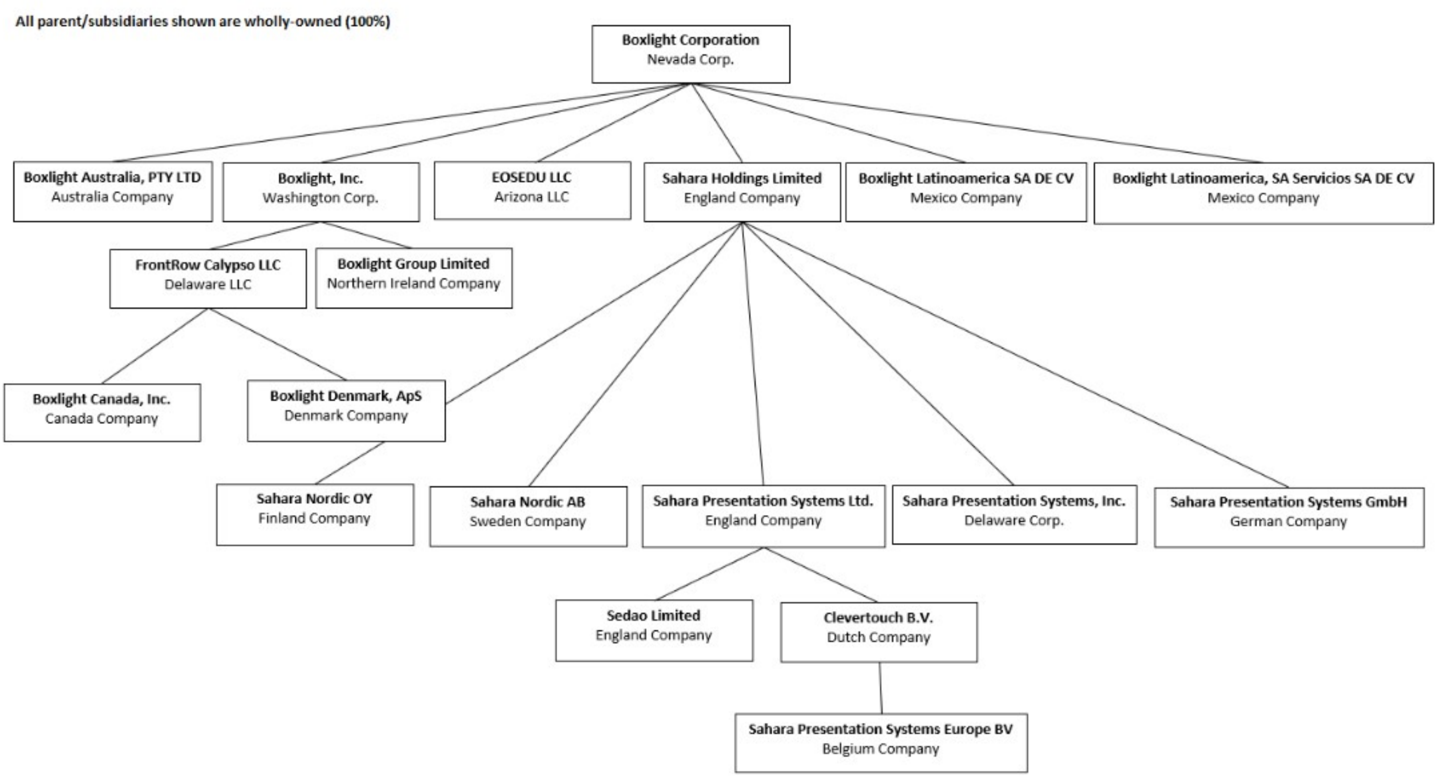
The businesses previously conducted by Cohuborate Ltd. and Qwizdom UK Limited are now operated by the Boxlight Group Ltd., a wholly owned subsidiary of Boxlight, Inc.

On May 9, 2016, we acquired Genesis. Genesis Collaboration LLC, a Georgia limited liability company (“Genesis”), is a value-added reseller of interactive learning technologies, selling into the K-12 education market in Georgia, Alabama, South Carolina, northern Florida, western North Carolina and eastern Tennessee. Genesis also sells our interactive solutions into the business and government markets in the United States. Effective August 1, 2016, Genesis was merged into our Boxlight Inc. subsidiary.

On April 1, 2016, we acquired Mimio LLC, a Delaware limited liability company (“Mimio”). Mimio designs, produces and distributes a broad range of Interactive Classroom Technology products primarily targeted at the global K-12 education market. Mimio’s core products include interactive projectors, interactive flat panel displays, interactive touch projectors, touchboards and MimioTeach, which can turn any whiteboard interactive within 30 seconds. Mimio’s product line also includes an accessory document camera, teacher pad for remote control and an assessment system. Manufacturing is by ODMs and OEMs in Taiwan and China. Mimio products have been deployed in over 600,000 classrooms in dozens of countries. Mimio’s software is provided in over 30 languages. Effective October 1, 2016, Mimio was merged into our Boxlight Inc. subsidiary.

For a description of the terms of our recent acquisitions see “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Recent Acquisitions” elsewhere in this Annual Report.

The organizational structure of our companies is as follows:



Our Markets

The global interactive technology education industry is undergoing a significant transition, as primary and secondary school districts, colleges and universities, as well as governments, corporations and individuals around the world are increasingly recognizing the importance of using technology to more effectively educate, communicate and collaborate. Across the globe, state governments along with local communities continue to make sustained investments in education.

The K-12 education sector represents one of the largest industry segments. The US sector is comprised of approximately 15,600 public school districts across the 50 states and 132,000 public and private elementary and secondary schools. In addition to its size, the U.S. and certain EMEA K-12 education markets are highly decentralized and are characterized by complex content adoption processes. We believe this market structure underscores the importance of scale and industry relationships and the need for broad, diverse coverage across states, districts and schools. Even while we believe certain initiatives in the education sector, such as the Common Core State Standards, a set of shared math and literacy standards benchmarked to international standards, have increased standardization in K-12 education content, we believe significant state standard specific customization still exists, and we believe the need to address customization provides an ongoing need for companies in the sector to maintain relationships with individual state and district policymakers and expertise in state-varying academic standards.

According to FutureSource Consulting Ltd., the U.S. display market is expected to reach $37 billion in 2022 and increase to $49 billion in 2026 while the global display market is forecast to approximate $10.5 trillion in 2022 while holding constant at approximately $9.8 trillion for 2023 through 2026. While the education sector has historically represented the majority of displays sold, growth in the corporate sector continue to outpace the education sector with sales to the corporate sector expected to reach approximately 47% of the global display market in 2026. The growth in both the education and corporate sectors provides the Company with significant growth opportunities. In addition, the display market is highly fragmented allowing the Company to position itself for increased market share in each of these sectors.

According to "*All Global Market Education & Learning*," an industry publication, the market for hardware products is growing due to increases in the use of interactive whiteboards and simulation-based learning hardware. Educational institutions have become more receptive to the implementation of high-tech learning tools. The advent of technology in the classroom has enabled multi-modal training and varying curricula. In general, technology-based tools help develop student performance when integrated with the curriculum. The constant progression of technology in education has helped educators create classroom experiences that are interactive, developed and collaborative.

Our Opportunity

We believe that our Connected Classroom™ solution uniquely positions Boxlight to be the leading provider of EdTech products within our categories in the global education technology market. Our holistic solution of hardware, software, content and professional development improves learning progression by increasing student engagement and timely interventions. Coupled with our innovations, we have a strong brand, operations and supply-chain; our channel into the US and EMEA remains strong and the global market is growing year-on-year; with our global 24/7 technical and customer services team which retains a high satisfaction rating.

Globally it is widely acknowledged that long-term economic growth is closely correlated to investment in education and educational technology, thus sustaining long-term growth in the market, even during periods of economic downturn. Further details of our solution and favorable macro-economic analysis are set forth below:

Growth in U.S. K-12 Market Expenditures

Significant resources are being devoted to primary and secondary education, both in the United States and abroad. As set forth in the Executive Office of the President, Council of Economic Advisers report, U.S. education expenditure has been estimated at approximately $1.3 trillion (~6% of U.S. GDP), with K-12 education accounting for close to half ($625 billion) of this spending. Global spending is roughly triple U.S. spending for K-12 education.

The market for K-12 services and technology has historically grown above the pace of inflation, averaging 7.2% growth annually since 1969. Deviations around this mean occur during periods of economic growth and recession causing peaks and troughs in the K-12 market, albeit below other sectors.

HolonIQ reported in the Global EdTech Venture Capital Report that there has been some $32 billion in venture capital investment in the education/technology sector in the last decade (approximately 33% within the US) and predicts nearly triple that investment through to 2030. Further, the Report estimates that the global "expenditure on education and training from governments, parents, individuals and corporates continues to grow to historic levels and is expected to reach USD $10 trillion by 2030."

Increasing Focus on Accountability and the Quality of Student Education

U.S. K-12 education has come under significant political scrutiny in recent years, with findings that American students rank far behind other global leaders in international tests of literacy, math and science, with the resulting conclusion that the current state of U.S. education severely impairs the United States' economic, military and diplomatic security as well as broader components of America's global leadership. We believe this scrutiny will cause there to be increased investment into the education sector.

Trends in Tech-Savvy Education

While industries from manufacturing to health care have adopted technology to improve their results, according to Stanford Business School in its *Trends in Tech-Savvy Education*, the education field remains heavily reliant on "chalk and talk" instruction conducted in traditional settings; however, that is changing as schools and colleges adopt virtual classrooms, data analysis, online games, highly customized coursework, and other cutting-edge tools to help students learn.

New Technologies

The delivery of digital education content is also driving a substantial shift in the education market. In addition to interactive flat panels, other technologies are being adapted for educational uses on the Internet, mobile devices and through cloud-computing, which permits the sharing of digital files and programs among multiple computers or other devices at the same time through a virtual network. We intend to be a leader in the development and implementation of these additional technologies to create effective digital learning environments.

Growth in the E-learning Market

According to the "*E-learning Market – Global Outlook and Forecast 2020-2025,*" the e-learning market is expected to display significant growth opportunities in the next five years. While the growth curve is uniform in terms of the number of users, the same is not the case by revenues; the average cost of content creation and delivery with the same is undergoing a consistent decline. However, the advent of cloud infrastructure, peer-to-peer problem solving, open content creation, and rapid expansion of the target audience has enabled e-learning providers to rein in economies of choice and offer course content at a competitive price. While the growth prospects of the e-learning market remain stable, the rise of efficient sub-segments is changing the learning and training landscape gradually.

Vendors are also focusing on offering choices on the course content at competitive prices to gain the share in the global e-learning market. The exponential growth in the number of smartphone users and internet connectivity across emerging markets is driving the e-learning market in these regions. The introduction of cloud-based learning and Augmented/Virtual reality mobile-based learning is likely to revolutionize the e-learning market during the forecast period.

Major vendors are introducing technology-enabled tools that can facilitate user engagement, motivate learners, and help in collaborations, thereby increasing the market share and attracting new consumers to the market. The growing popularity of blended learning that enhances the efficiency of learners will drive the growth of the e-learning market. The e-learning market is expected to generate revenue of $65.41 billion by 2023, growing at a compounded annual growth rate of 7.07% during the forecast period.

Our Portfolio

We currently offer products within the following categories:

- Front-of-Class Display (Mimio and Clevertouch brands)
- FrontRow Classroom Audio and IP-based school-wide communication systems for bells, paging, intercom, and alerting

- STEM
- Educational Software & Content (Mimio Connect, LYNK Whiteboard, OKTOPUS, MimioStudio)
- Peripherals and Accessories
- Professional Development

The Boxlight portfolio of solutions is designed to create dynamic teaching, learning, and presentation experiences. When integrated, our innovative solutions provide opportunity for a holistic approach to in-person or virtual learning experiences, meetings and professional learning, campus wide communication, or any situation where presentation, interaction, or engagement occurs.

Front-of-Class Display Category

Boxlight offers a choice of Interactive Flat Panel Displays (IFPD), Interactive Whiteboards (IWB), and Non-Interactive Flat Panel Displays. Each comes with licensed copies of our software, access to prepared content and Professional Development modules. There are upsell opportunities for our software and Professional Development modules.

Clevertouch, IMPACT Plus

The IMPACT Plus interactive LED flat panels delivers a truly intuitive experience and is available in four sizes 55”, 65”, 75” and 86”. With 4K resolution, 20 points of touch and built collaboration screen sharing with touchback capabilities, IMPACT Plus is built with teacher requirements for a new generation of front of class displays. Running Android 8 with an optional slot in PC, Clevertouch is designed to run and fit into any technology set up. Standard features include built in line array microphones for distance learning, proximity sensors that boot up the screen or shuts down the screen when the room is not in use, built in app store with hundreds of educational apps, enhanced USB-C connectivity and device charging, cloud accounts to log into personal settings and cloud drives; built in digital signage, to display messaging a cloud-based LYNX Whiteboard for lesson planning and deployment and Snowflake software. Every screen runs Over-the-Air (OTA) updates and comes with Mobile Device Management to run diagnostics on each screen.

Clevertouch, IMPACT

The Clevertouch IMPACT is the perfect all-around solution for the modern classroom. Featuring high precision technology, LYNX Whiteboard, Cleverstore, and Snowflake – IMPACT helps save time lesson planning with lots of resources. Available in three sizes 65”, 75” and 86”, each panel is 4K with 20 points of touch, comes with an optional slot in PC and runs on Android 8. All IMACT screens, have Cleverstore which has hundreds of educational apps to keep young minds learning. Also included is the cloud-based LYNX Whiteboard for lesson planning and deployment and Snowflake software as standard. Every screen runs OTA updates and comes with Mobile Device Management to run diagnostics on each screen.

Clevertouch UX Pro

UX Pro interactive LED flat panels are designed for the modern meeting space and is available in four sizes - 55”, 65”, 75” and 86”. With 4K resolution, 20 points of touch and built-in collaboration screen sharing with touchback capabilities, the UX Pro is built around meeting requirements with Stage software to enable remote meetings in which participants can annotate on documents, while the launcher will give instant access to favorite unified communication apps at the touch of a button. Running Android 8 with an optional slot in PC, the UX Pro is designed to run and fit into any technology set up. Key features include built-in line array microphone for meetings; proximity sensors that boot up the screen or shuts down the screen when the room is not in use; enhanced USB-C connectivity and device charging; cloud accounts to log into personal settings and cloud drives; built-in digital signage to display messages; every screen runs OTA updates and comes with Mobile Device Management to run diagnostics on each screen; and Clevershare to enable instant screen sharing through the app or dongle to engage and enhance collaboration.

Clevershare

Clevershare allows users to share content with any device from either the dongle and the USB C connection or the Clevershare app. Up to 50 devices can connect with the Clevertouch screen and share content – images, video, and audio with touch-back for two-way control. The presenter has full control over what is shared and can show up to four device screens simultaneously, increasing collaboration and participation within every session.

CleverLive Digital Signage

CleverLive is a unique cloud-based cloud management platform (or CMP) for managing all Clevertouch device endpoints, designed to customize the user interface based on device functionality, CleverLive combines simplicity of use with feature rich functionality. The platform comes as standard with 200+ editable templates enabling a mix of multimedia content. Features include built-in presentation creation tools for designing bespoke layouts, wayfinding screens and touch interfaces, scheduling, grouping, instant emergency messaging, and QR code creation and display for an audience interactive experience. Rounding off the unique features is the built-in Cleverstore from which users can download apps for their touch screens.

Clevertouch CM Series

The CM Series non-touch large format professional display for meeting presentations and digital signage is available in six sizes - 43″, 49″, 55″, 65″, 75″, 86″. This 4K UHD, non-touch meeting room collaboration screen has wireless display connectivity and RS232 control for professional meeting room integration with control systems. The built-in Android system includes the CleverLive app for managing digital signage content of full screen capacity or can be packaged with a Clevertouch Media Player to enhance digital signage playout multimedia functionality. With 16/7 display, the CM Series has a built-in scheduler to manage on/off timing of messages, including instant messaging when needed. The CleverLive digital signage feature sets this display apart from screens in the marketplace.

Clevertouch Live Rooms

Live Rooms is a room booking solution that simplifies the meeting room booking process. Live Rooms features a 10” tablet that is manufactured with integrated room booking and digital signage software to deliver a powerful product to a busy marketplace. The tablet features red and green LED side lighting for instant availability recognition and is capable of at-the-source and calendar (O365 and ME) room booking with instant updates, to prevent booking overlaps. With analytics that identify users, rooms booked, frequencies and more, Live Rooms offers a smart room booking solution that, when not in use, can also serve as digital signage and provide send instant messages for emergency alerts.

Clevertouch PRO V4

As the enterprise-level media player, the PRO V4 allows organizations to engage with their audience 24/7 or deploy dedicated messages via power scheduling for startup/shutdown and auto reboots. A slimline design, power boosting WIFI connectivity, and both HDMI and DisplayPort Outputs enables connection to multiple screens, the PRO V4 can be connected to a kiosk or UX Pro for touch interaction or a non-touch screen for feature-rich digital signage. The PRO V4 can connect to Clevertouch physical button technology for managing emergency and instant messaging away from the CMP. With multimedia-zoned presentation playout, the PRO V4 can livestream web pages and URL KPIs, text, images, videos, posters, RSS Feeds, social media content, audio, and more.

Clevertouch PICO MK5

PICO MK 5 is a mid-range media player with 24/7 playout capability, WIFI connectivity, and is designed for multimedia-zoned presentations with text, images, videos, posters, RSS Feeds, social media content, and audio.

CleverWall

CleverWall is an all-in-one intelligent display solution, for enriched interaction in large spaces, lecture halls, meeting rooms, and more. This videowall solution is available in nine sizes – 120", 138”, 150”, 165”, 180”, 199”, 220”, 249”, and 299”, the latter three being ultra-wide options or larger spaces like lecture halls. The large displays with in-built audio system and 178-degree viewing angle create an immersive user experience that is unmatched. Its plug-and-play design – one button on/off and smart remote control – make this LED solution user-friendly. Standard features include built-in Android technology, realtime wireless screen-sharing from up to four devices simultaneously, synchronized annotating from multiple devices, and syncing with CleverLive accounts for messaging (instant and scheduled) to all displays for campus or location-wide communication.

MimioPro 4

MimioPro Series 4 adds power to any learning ecosystem – a true Connected Classroom. The MimioPro 4 is a touchscreen UHD HDR display with 20 points of touch, digital passive pen and eraser, and comes in three sizes – 65", 75" and 86". Its natural user interface and rich features support teachers to effectively and efficiently realize learning objectives. For example, in Windows Ink compliant applications such as Office 365, the passive digital pen draws, the eraser block erases digital ink (while cleaning the glass), and touches provide gestures without having to use the software's user interface. The MimioPro 4 has a custom inbuilt Android 11 Launcher tailored for an interactive large screen and comes with: LYNX whiteboarding app to create and capture outcomes, share content, collaborate, and distribute ad-hoc content via cloud services through a dynamic QR code; CleverShare mirroring app used on all models of Boxlight Interactive Flat Panel Displays that allows teachers to orchestrate up to six simultaneous displays across Windows, Chrome OS, Android and iOS, and casting of the MimioPro 4 to all the devices in a classroom; NDMS (Network Device Management Systems), a cloud-based device management system to remotely manage displays, troubleshoot, message, and schedule; and CleverStore – app store which houses curated Android applications that are safe for teachers to install onto the display.

Mimio DS Series Non-Interactive Display

The Mimio DS Series displays are high-definition displays that feature enhanced color calibration, precise picture quality adjustment, flicker-free and anti-glare viewing and are available in six sizes – 43", 55", 65", 75", 86", and 98". The Mimio DS series runs on Android 11 with seamless OTA upgrading, includes a quad-core CPU, 4 GB of RAM, and an invisible IR receiver. Connectivity is made easy with multi-functional USB Type-C ports that enable 4K audio and video transmission, network connections, charging external devices, and provide access to external microphone and camera. The displays can be orientated vertically or horizontally and tilt up to 15-degree for easy viewing from high places. Multiple displays can daisy chain via HDMI ports, up to 3 by 3, and create a larger, unified display through screen splicing. The displays come with the CleverLive management and digital signage platform for enhanced control of content on all displays.

MimioWall

MimioWall LED all-in-one display solution isdesigned to enrich any space, including classrooms, entryways, hallways, shared spaces, and more. Available in nine different sizes (120" - 299") including three ultra-wide screen options, the 4K UHD Android digital display and built-in speakers provide users an exceptional and immersive experience. Key features include integrated design with no external devices; 3-in-1 board that integrates power supply, a receiving card, and hub board; smart remote-control access to settings; plug-and-play system with one button on/off; and unified hardware. MimioWall enables users to screen-share wirelessly to/from up to four devices (smartphones, tablets, laptops) simultaneously. Also comes with CleverLive digital signage platform to deliver campus- and site-wide communication of information, announcements, and emergency alerts.

MimioTeach Interactive Whiteboard

MimioTeach is one of our best known and longest-lived products. Hundreds of thousands of MimioTeach portable digital interactive whiteboard systems and its predecessor models are used in classrooms around the world. MimioTeach can turn any whiteboard (retrofit) into an interactive whiteboard in as little as 30 seconds. This portable product fits into a tote bag with room for a small desktop projector, which is attractive to teachers who move from classroom to classroom. For schools where "change is our normal," MimioTeach eliminates the high cost of moving fixed-mount implementations.

MimioFrame Touch Kit

MimioFrame can turn a projection (dry erase) board into an Interactive Whiteboard in 10-15 minutes. Millions of classrooms already have a conventional whiteboard and a non-interactive projector. MimioFrame uses infrared (IR) technology embedded in the four sides of the frame to turn that non-interactive combination into a modern 10touch-interactive Digital Classroom. No drilling or cutting is required, MimioFrame easily and quickly attaches with industrial-strength double-sided tape.

Classroom Audio and School-wide Communication Category

Juno

Juno® is the towering standard of sound quality that reinforces a teacher's voice so that every student gets a FrontRow seat. Juno sets up in minutes — and yet evenly fills the classroom with the kind of exciting, multi-layered stereo sound typical of larger installed systems. Juno is superior to other products in the classroom audio category, offering premium features such as feedback suppression, digital EQ, Bluetooth, and teacher voice priority. Juno is also uniquely expandable, with the ability to add modules for additional microphones, speakers, analog page override, and Conductor compatibility for networked campus communication.

EzRoom

EzRoom™ is an integrated AV solution designed for larger capital projects such as technology retrofits or new school construction. A highly customizable solution, EzRoom offers wall and ceiling mountable enclosures with pre-installed options customized for a school's needs, simplifying the installation process for AV integrators (resellers). EzRoom is an "everything but the display" solution, providing sound reinforcement, microphones, speakers, AV control devices, AV wall plates, and networked cameras. The depth and breadth of the solution necessitates a service layer of pre-sale and post-sale support for the channel, supplied by FrontRow architectural/engineering consultant liaisons, providing design support, and the FrontRow Technical Services Group, offering system commissioning and customization. EzRoom can use FrontRow's SmartIR transmission technology or take advantage of FrontRow's latest wireless voice technology – ELEVATE – that boasts the benefits of digital RF (Radio Frequency) microphone systems, combined with flexible programmability and ease-of-use features found nowhere else. The ELEVATE teacher microphone can be used as a wearable alert device, notifying administrators of urgent situations in the classroom.

Lyrik

The Lyrik™ amplification solution is a small yet portable system for instruction and audio media to be heard anywhere; from the classroom to the bus line, or even online. The tower has an integrated rechargeable battery and can be connected to a computer or other auxiliary audio source either directly using cables or wirelessly using Bluetooth®. Weighing less than 10 pounds, Lyrik is designed to be taken anywhere voice reinforcement is needed whether on campus or off.

Conductor

The Conductor™ School Communication System is an IP-based, campus-wide communication and control solution that allows administrators to manage their day-to-day operations with Bells, Paging, Intercom, and Alerts. Built on a client-server architecture that utilizes a school's existing network, Conductor streams digital audio directly to FrontRow ezRoom and Juno Connect equipped classrooms, and interfaces with legacy analog paging systems for common areas to provide comprehensive audio coverage for announcements and alerts. The recently introduced Attention! feature integrates the CleverLive digital signage service with Conductor to synchronize audio with visual alerts to Clevertouch and Mimio interactive panels to maximize the impact of school-wide or zone-specified communications.

STEM Category

Through the acquisitions of Modern Robotics, Robo3D and MyStemKits, Boxlight has added to its portfolio a growing category of STEM (science, technology, engineering, and math) products.

Mimio MyBot

The Mimio MyBot system bridges the gap between learning about robotics in the classroom and the application of robotics in the real world. The intuitive and accessible system helps students develop core skills in programming, engineering, and robotics. We provide a system to facilitate learning and ignite a passion in students with the freedom and flexibility to build, code, and test new and unique models. Mimio MyBot allows students to explore and learn freely while removing common obstacles such as requiring network infrastructure changes or expensive workstations.

Robo3D

Robo E3, and the Robo E3 Pro are smart, safe, and simple 3D printers that come with access to over 300+ lessons of 3D printable STEM curriculum, replacement materials and accessories.

MyStemKits

MyStemKits offers hundreds of standards-driven lesson plans, activities, assessments, and Design Challenges for grades K-12 math and science teachers. High-quality lessons plans are developed and studied by The Florida Center for Research in Science. Technology, Engineering, and Mathematics (FCR-STEM), which is part of one of the nation’s oldest and most productive university-based education research organizations.

MimioView document camera

Boxlight’s MimioView 350U is a 4K document camera that is integrated with MimioStudio to make the combination easy to use with a single cable connection that carries power, video, and control. MimioView 350U is fully integrated into our MimioStudio software solution and is controlled through MimioStudio’s applications menu. With two clicks, the teacher or user can turn on, auto-focus, and illuminate the included LED lights for smooth high-definition images.

Educational Software Category

The Mimio suite of software and applications is a combination of titles from acquisitions of Mimio, Qwizdom, and Sahara (Clevertouch) - leading brands in the IWB and Formative Assessment Software Categories, and since then capabilities have been built upon that IP. The premise of our software is to provide the “glue” that integrates the hardware to provide a Connected Classroom; help educators inform their decisions in the classroom, through more systematic data about their students’ performance and behaviors; make learning more engaging, interactive, accessible, and innovative; and support teachers in becoming more efficient in planning, preparation, reporting and analysis, and effective in instruction and assessment.

MimioStudio Interactive Instructional Software

MimioStudio Interactive Instructional Software enables the creation, editing, and presentation of interactive instructional lessons and activities. These lessons and activities can be presented and managed from the front of the classroom using any of Boxlight’s front-of-classroom display systems including MimioTeach, ProColor Interactive LED panels, MimioPro 4, and MimioFrame. MimioStudio can also be operated using a mobile device such as an iPad or tablet that fully replicates the front-of-classroom display generated by MimioStudio. Operation with a mobile device is enabled via the three-user license for MimioMobile, provided with the MimioStudio license that accompanies all front-of-classroom devices from Mimio.

MimioMobile Collaboration and Assessment Application

The introduction of MimioMobile, a software accessory for MimioStudio, in 2014 introduced a new era of fully interactive student activities that are directly and immediately able to be displayed on the front-of-classroom interactive displays through MimioStudio.

MimioMobile allows fully interactive activities to be pushed to student classroom devices. The students can manipulate objects within the activities, annotate “on top” of them, and even create completely new content on their own handheld devices. MimioMobile also enables assessment using mobile devices. The teacher can create multiple choice, true\false, yes\no, and text entry assessment questions. The students can respond at their own pace and their answers are stored within MimioStudio from which the teacher can display graphs showing student results. This “continuous assessment” provides formative assessment that can help guide the teacher as to whether to re-teach the material if understanding is low or move forward in the lesson. We believe that this interactive and student dependent instructional model can dramatically enhance student outcomes.

OKTOPUS Instructional and Whiteboarding Software

Designed specifically for touch-enabled devices, OKTOPUS Interactive Instructional Software enables the creation, editing, and presentation of interactive instructional lessons and activities. More than 70 interactive widgets, tools, and classroom game modes make it simple and fun to run ad-hoc or pre-planned sessions. Similar to MimioStudio, these lessons and activities can be presented and managed from the front of the classroom using any of Boxlight's front-of-classroom display systems.

Notes+ Collaboration and Assessment Application

Notes+ is a software accessory for use with OKTOPUS Software or a PPT plugin that allows students to view and interact with the teacher presentation during a live class session. Students can answer questions, annotate, request help, and share content with the main display from nearly any mobile device or laptop. Question types supported include multiple choice, multiple mark, yes/no, true/false, sequencing, numeric and text response.

GameZones Multi-student Interactive Gaming Software

GameZones allows up to four students to work simultaneously on a touch screen or tablet to complete interactive 'game style' activities. The solution is extremely simple and easy to use and includes over 150 educational activities.

MimioConnect Student Engagement Platform

MimioConnect is an online student engagement platform that combines innovative lesson building and instructional tools to create an active learning environment. Teachers can create interactive content and assessments from scratch, import existing lessons and content, or draw from 10,000+ premade digital lessons in the lesson library. Built-in tools for collaboration, instant polling, assessment, student monitoring and management, make classroom teaching and discussion more impactful. Other modes extend usage outside of the classroom, allowing students to complete homework or review daily lessons at their own pace. MimioConnect also integrates deeply with all the major LMS (Learning Management System). Users can sign in and access assignments through their LMS, use existing rosters, and pass data back to the LMS. MimioConnect helps teachers and students connect, collaborate, and learn more effectively from anywhere, making it a perfect solution for inside and outside the classroom. A MimioConnect Classroom license (lifetime) and MimioConnect Pro license (1 year) accompanies all front-of-classroom Boxlight displays.

LYNX

Designed for interactive displays, LYNX Whiteboard is a free-to-use lesson building app, enabling student collaboration and allowing teachers to bring vibrancy to their lessons with a built-in media search. In addition, LYNX Whiteboard provides searchable images, gifs and videos, allowing users to drag content into whiteboard presentations, all in a safe search enabled environment. With teacher favorites, such as Rainbow Pen and Spotlight included, as well as interactive learning tools, LYNX Whiteboard is packed with features to make lessons flow seamlessly.

Peripherals and Accessories

We offer a line of peripherals and accessories, mobile carts, installation accessories, and adjustable wall-mount accessories that complement our entire line of interactive LED flat panels and audio solutions.

LessonCam Instructional Camera

The FrontRow LessonCam is a high-definition Pan, Tilt, Zoom (PTZ) instructional camera with 12x optical zoom, enabling dynamic and engaging remote-only, hybrid, or asynchronous learning. LessonCam integrates with the FrontRow ezRoom and Juno classroom audio systems with popular video conferencing solutions such as Microsoft Teams, Microsoft Skype, Zoom, Google Meet, and Cisco Webex. LessonCam is a stand-out educational tool for teachers who want to engage with students wherever they are learning.

Clever Peripherals

Our ever growing suite of Clevertouch products includes a variety of Clever Peripherals such as OPS PC modules, which is a windows i5 and i7 modular PC, and our sensor module which plugs into the Clevertouch screens and measures temperature, humidity CO2 and air quality as well as an NFC.RFID sensor for logging into screens. In addition, we also offer our Clever Connect device that allows users to mirror directly to the screen. These and other Clever Peripherals continue to enhance the user experience of our Clevertouch displays.

Boxlight-EOS Professional Development

Mimio strives to provide the best tools to help teachers improve student outcomes. Through our subsidiary, EOS Education, we can extend our commitment to schools and districts by providing a rich portfolio of classroom training, professional development, and educator certification. EOS Education provides engaging and differentiated professional development for teachers to ensure that every student benefits from the technology tools available in their classrooms and schools. Programs can be customized, building comfort, confidence, and competence using the specific hardware and software platforms available to each teacher.

EOS Education unique professional learning experiences are:

- Teacher-centric - We help teachers use the technology they have access to for their specific instructional purposes—we go beyond just point and click.
- Hands-on - Teachers have an opportunity to practice new technical skills during sessions.
- Differentiated - Adjusted to current skills, knowledge, and teachers' in-classroom practices.
- Job-embedded - Grounded in day-to-day teaching to be relevant, engaging, and practical to implement.
- Student context - Introducing technology tools to students and how to engage them with purpose.

Integration Strategy

We plan to centralize our business management for all acquisitions through an enterprise resource planning (ERP) system which offers streamlined subsidiary integration utilizing a multi-currency platform. We have strengthened and refined the process to drive front-line sales forecasting to factory production. Through the ERP system, we have synchronized five separate accounting and customer relationship management systems through a cloud-based interface to improve inter-company information sharing and allow management of the Company to have immediate access to snapshots of the performance of each of our subsidiaries in a common currency. As we grow, organically or through acquisition, we plan to quickly integrate each subsidiary or division into the Company to allow for clearer and earlier visibility of performance to enable for timely and effective business decisions.

Logistics (Suppliers)

Logistics is currently provided in the US by our Lawrenceville, Georgia facility and internationally by the Sahara team in London. Together these teams manage multiple third-party logistics partners throughout the world (3PL's). These 3PL partners allow Boxlight to provide affordable freight routes and shorter delivery times to our customers by providing on-hand inventory in localized markets. Contract manufacturing for Boxlight products is through original design manufacturer (ODM) and original equipment manufacturer (OEM) partners according to Boxlight's specific engineering specifications and utilizing IP developed and owned by Boxlight. Boxlight's factories for ODM and OEM are located in the USA, Taiwan, China and Germany.

Technical Support and Service

The Company currently has its core technical support and service centers located near Atlanta, GA, London, England, and Belfast, Northern Ireland. Additionally, the Company's technical support division is responsible for the repair and management of customer service cases, resulting in more than 60% of the Company's customer service calls ending in immediate closure of the applicable service case. We accomplish this as a result of the familiarity between our products and having specialized customer service technicians hired internally and with key partners in certain international markets.

Sales and Marketing

Our sales force consists of 53 account managers in EMEA including an EMEA sales director, 43 regional account managers in the US including our Vice President Sales US, four sales heads based in Canada, one in Latin America and one in Australia. Our marketing team consists of our Vice President of Marketing Communications, a marketing coordinator, an education specialist, and a graphic designer. Our sales force and marketing teams primarily drive sales of all Boxlight products (including our Mimio, Clevertouch, FrontRow and EOS brands) throughout North, Central and South America, Europe, the Middle East and Asia. In addition, we go to market through an indirect channel distribution model and utilize traditional value-added resellers and support them with training to become knowledgeable about the products we sell. We currently have approximately 800 resellers.

We believe we offer the most comprehensive product portfolio in today's education technology industry, along with best-in-class service and technical support. Our award-winning, interactive classroom technology and easy to use line of classroom hardware and software solutions provide schools and districts with the most complete line of progressive, integrated classroom technologies available worldwide.

We are also developing our Corporate, Higher Education and Government solutions and have separate sales teams in both the US and EMEA focused on these areas. Our expectation is that over time opportunity in these areas will expand to be as large or potentially larger than our K-12 Education business.

Competition

The interactive education industry is highly competitive and characterized by frequent product introductions and rapid technological advances that have substantially increased the capabilities and use of interactive flat panels and interactive whiteboards. Interactive displays, since the time they were first introduced, have evolved from a high-cost technology that involves multiple components requiring professional installers, to a one-piece technology that is available at increasingly reduced-price points and affords simple installations. With lowered technology entry barriers, we face heated competition from other interactive display developers, manufacturers and distributors. We compete with other developers, manufacturers and distributors of interactive displays and personal computer technologies, tablets, television screens and smart phones, such as Smart Technologies, Promethean, ViewSonic, Dell Computers, Samsung, Panasonic and ClearTouch.

Even with these competitors, the market presents new opportunities in responding to demands to replace outdated and failing interactive displays with more affordable and simpler solution interactive displays. Our ability to integrate our technologies and remain innovative and develop new technologies desired by our current and potential new contract manufacturing customers will determine our ability to grow our contract manufacturing divisions. In addition, we have begun to see expansion in the market to sales of complementary products that work in conjunction with the interactive technology, including software, audio solutions, data capture and tablets.

Employees

As of December 31, 2022, we had the following distribution of employees:

Operations	44
Sales & Marketing	98
Administration	45
Total	187

None of our employees are represented by labor organizations. We consider our relationship with our employees to be excellent. A majority of our employees have entered into non-disclosure and non-competition agreements with us or our operating subsidiaries.

Recent Financing

On December 31, 2021, the Company and substantially all of its direct and indirect subsidiaries, including Boxlight, FrontRow, and Sahara as guarantors, entered into a maximum four-year $68.5 million term loan credit facility, dated December 31, 2021 (the "Credit Agreement"), with WhiteHawk Finance LLC, as lender (the "Lender"), and WhiteHawk Capital Partners, LP, as collateral agent ("the Collateral Agent"). Under the terms of the Credit Agreement, the Company received an initial term loan of $58.5 million on December 31, 2021 (the "Initial Loan") and obtained a delayed draw facility of up to $10 million (the "Delayed Draw"). The Initial Loan and the Delayed Draw are collectively referred to as the Term Loans. The "Term Loans" bear interest at the LIBOR rate plus 10.75%; provided that after June 30, 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 terms compliant with the Credit Agreement.

The proceeds of the Initial Loan were used to finance the Company's acquisition of FrontRow, and pay off all indebtedness owed to our then lenders. The terms of the Credit Agreement and related loans are described in more detail in the section entitled *"Management's Discussion and Analysis of Financial Conditions and Results of Operations."* 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.

In conjunction with its receipt of the Initial Loan, the Company issued to the Lender (i) 528,169 shares of Class A common stock (the "Shares"), which Shares were registered pursuant to our existing shelf registration statement and were delivered to the Lender in January 2022, (ii) a warrant to purchase 2,043,291 shares of Class A common stock (subject to increase to the extent of 3% of any Series B and Series C convertible preferred stock converted into Class A common stock), exercisable at $2.00 per share (the "Warrant"), which Warrant may be subject to repricing on March 31, 2022 based on the arithmetic volume weighted average prices for the 30 trading days prior to March 31, 2022, in the event our stock is then trading below $2.00 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. Based on the arithmetic volume weighted average prices of the Company's Class A common stock for the 30 trading days prior to March 31, 2022, the exercise price of the Warrant was reduced to $1.19 per share and the shares increased to 3,434,103. On July 22, 2022, the Company entered into a Securities Purchase Agreement with an accredited institutional investor. According to the terms of the WhiteHawk agreement, this purchase agreement triggered a reduction of the exercise price of the warrants. The warrants were repriced to $1.10 and shares increased to 3,715,075.

On March 29, 2022, the Company received a notice from the collateral agent, alleging, among other things, defaults as a result of (i) failure to repay $8.5 million of the facility by February 28, 2022, (ii) non-compliance with the borrowing base resulting in the Company being in an over advance position under the Credit Agreement, and (iii) failure to timely provide certain reports and documents. As a result, all accrued and unpaid interest owed under the Term Loan, became subject to a post-default interest rate equal to the highest interest rate allowed for under the Credit Agreement plus 2.50% until such time as the events of default were either waived or cured.

In February 2022, WhiteHawk and the Company agreed in principle to an extension of the February 2022 Payment. Pursuant to amendment to the Credit Agreement, dated 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 and waive and/or otherwise extend compliance with certain other terms of the Credit Agreement in order to allow the Loan Parties adequate time to comply with such terms. In July 2022, the Company and WhiteHawk agreed that the notice had inadvertently included the default with respect to the failure to repay $8.5 million of the facility. As a result, notwithstanding the notice, both WhiteHawk and the Company have agreed that the Company was not in default in making the February 2022 Payment to WhiteHawk.

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 $3,500,000 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 Loan Parties have obtained credit insurance on certain key customers whose principal offices are located in the European Union and Australia as, without the credit insurance, their accounts owed to the Loan Parties 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. In conjunction with the amendment to the Credit Agreement, the parties entered into an amended and restated fee letter (the "Fee Letter") pursuant to which the parties agreed to prepayment premiums of (i) 5% for payments made on or before December 31, 2022, (ii) 4% for payments made between January 1, 2023 and December 31, 2023, and (iii) 2% for payments made between January 1, 2024 and December 31, 2025. 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 ECF or casualty events.

On June 21, 2022, the Company and substantially all of its direct and indirect subsidiaries (together with the Company, the "Loan Parties"), entered into a second amendment (the "Second Amendment") to the four-year term loan credit facility, originally entered into December 31, 2021 and as amended on April 4, 2022, 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.

ITEM 1A. RISK FACTORS

An investment in our securities involves a high degree of risk. You should carefully consider all of the risks described below, together with the other information contained in this Annual Report on Form 10-K, including our financial statements and related notes, before making a decision to invest in our securities. If any of the following events occur, our business, financial condition and operating results may be materially adversely affected. In that event, the trading price of our securities could decline, and you could lose all or part of your investment.

Summary Risk Factors

Some of the factors that could materially and adversely affect our business, financial condition, results of operations and cash flows include, but are not limited to, the following:

- Unfavorable global economic or political conditions, including the ongoing conflict between Russia and Ukraine may adversely affect our business, financial condition, results from operations, or the businesses of our suppliers, vendors and logistics partners;
- our inability to predict or anticipate the duration or adapt to the long-term economic and business consequences of a global pandemic linked to the COVID-19 pandemic or any future pandemics;
- our inability to predict or adapt to the unstable market and economic conditions of the global economy;
- our ability to continue to attract and retain customers;
- our ability to sell additional products and services to customers;
- our ability to raise funds in a timely fashion and successfully manage cash flow needs and financing plans;
- our ability to successfully maintain a competitive position in our industry and market;
- our ability to manage our business and sell our products within a changing and evolving industry environment;

- our ability to locate and leverage potential growth opportunities;
- our ability to achieve expected technological advances by us or by third parties and our ability to leverage them;
- our ability to integrate our business acquisitions fully and successfully into Boxlight's existing business and platform;
- the effects of future regulation; and
- our ability to protect and monetize our intellectual property.

Risks Related to Our Business, Operations and Financial Condition

Unfavorable global economic or political conditions, including the ongoing conflict between Russia and Ukraine may adversely affect our business, financial condition, or results of operations.

Our results of operations could be adversely affected by general conditions in the global economy and in the global financial markets. Inflation rates, particularly in the United States, have increased recently to levels not seen in years. Increased inflation may result in increased operating costs (including our labor costs), reduced liquidity, and limitations on our ability to access credit or otherwise raise debt and equity capital. In addition, the United States Federal Reserve has raised, and may again raise, interest rates in response to concerns about inflation. Increases in interest rates, especially if coupled with reduced government spending and volatility in financial markets, may have the effect of further increasing economic uncertainty and heightening these risks, which may impact our ability to raise additional capital in the future. The March 2023 failure of Silicon Valley Bank and its potential near- and long-term effects on the overall banking industry, may also adversely affect our operations and stock price. In addition, U.S. and global markets are experiencing volatility and disruption following the escalation of geopolitical tensions and the start of the military conflict between Russia and Ukraine.

On February 24, 2022, a full-scale military invasion of Ukraine by Russian troops began. Although the length and impact of the ongoing military conflict is highly unpredictable, the conflict in Ukraine has led to market disruptions, including significant volatility in commodity prices, credit and capital markets, as well as supply chain disruptions. While neither Ukraine nor Russia is a key supplier of ours, the scope, intensity, duration and outcome of the ongoing war is uncertain and its continuation or escalation could have a material adverse effect on our business due to the general impact on the global supply chain and prices of certain commodities. While we presently have no business or direct trade relationships with entities located in Russia or Ukraine, the ongoing conflict between Russia and Ukraine could potentially cause supply chain disruptions that could disrupt our business should any of our end-suppliers rely on supplies, products or shipments from those regions.

In response to the war, the United States, other North Atlantic Treaty Organization ("NATO") member states, as well as non-member states, have announced targeted economic sanctions on Russia, certain Russian citizens and enterprises. Any continuation or escalation of the war may trigger a series of additional economic and other sanctions. Certain companies have experienced negative reactions from their investors, employees, customers, or other stakeholders as a result of their action or inaction related to the war between Russia and Ukraine. We continue to monitor the reactions of our investors, employees, customers and other stakeholders and, as of the date of this report, have neither experienced any material adverse financial impacts nor suffered from the loss of key customers or employees.

In addition, the risk of cybersecurity incidents has increased in connection with the ongoing war, driven by justifications such as retaliation for the sanctions imposed in conjunction with the war, or in response to certain companies' continued operations in Russia. For example, the war has been accompanied by cyberattacks against the Ukrainian government and other countries in the region. It is possible that these attacks could have collateral effects on additional critical infrastructure and financial institutions globally, which could adversely affect our operations and could increase the frequency and severity of cyber-based attacks against our information technology systems. While we have taken actions to mitigate such potential risks, the proliferation of malware from the war into systems unrelated to the war or cyberattacks against U.S. companies in retaliation for U.S. sanctions against Russia or U.S. support of Ukraine, could also adversely affect our operations.

We insure ourselves against many types of risks; however, while this insurance may mitigate certain of the risks associated with general market disruptions, including the risk related to the banking system and the ongoing war in Ukraine, our level of insurance may not cover all losses we could incur. The potential effects of these conditions could have a material adverse effect on our business, results of operations and financial condition.

War, terrorism, other acts of violence, changing circumstances related to the COVID-19 Pandemic or potential effects of future pandemics, are unpredictable and could adversely affect our business operations and the market for our products.

War, terrorism, other acts of violence or natural or man-made disasters, including a global pandemic, may affect the markets in which the Company operates, the Company's customers, the Company's delivery of products and customer service, and could have a material adverse impact on our business, results of operations, or financial conditions.

The Company's business may be adversely affected by instability, disruption or destruction in a geographic region in which it operates, regardless of cause, including war, terrorism, riot, civil insurrection or social unrest, and natural or man-made disasters, including famine, food, fire, earthquake, storm or pandemic events and spread of disease (including the COVID-19 outbreak which commenced in 2020). Such events may cause customers to suspend their decisions on using the Company's products and services, make it impossible to attend or sponsor trade shows or other conferences in which our products and services are presented to customers and potential customers, cause restrictions, postponements and cancellations of events that attract large crowds and public gatherings such as trade shows at which we have historically presented our products, and give rise to sudden significant changes in regional and global economic conditions and cycles that could interfere with purchases of goods or services, commitments to develop new products. These events also pose significant risks to the Company's personnel and to physical facilities, transportation and operations, which could materially adversely affect the Company's financial results.

While conditions surrounding the COVID-19 pandemic seem to have stabilized, there is nonetheless a risk related to modification of the traditional classroom setting, similar to what occurred during 2020 to 2021 when many classrooms were all virtual, that may result in reduced demand for our classroom solutions, including reduced demand for our interactive displays due to extended or indefinite distance and digital learning.

There is also a risk of reduced borrowing with our factoring and purchase order financing facilities, as well as risk of inability to raise additional capital.

We generate a substantial portion of our revenue from the sale of our display products, and any significant reduction in sales of these products would materially harm our business.

For the year ended December 31, 2022, we generated approximately 80% of our revenues from sales of our interactive display products, consisting of interactive flat panels and whiteboards. A decrease in demand for our interactive displays would significantly reduce our revenue. If any of our competitors introduces attractive alternatives to our interactive displays, we could experience a significant decrease in sales as customers migrate to those alternative products.

Our business is subject to seasonal fluctuations, which may cause our operating results to fluctuate from quarter-to-quarter and adversely affect our working capital and liquidity throughout the year.

Our revenues and operating results normally fluctuate as a result of seasonal variations in our business, driven largely by the purchasing cycles of the educational market. Traditionally, the bulk of expenditures by school districts occur in the second and third calendar quarters after receipt of budget allocations. We expect quarterly fluctuations in our revenues and operating results to continue. These fluctuations could result in volatility and adversely affect our cash flow. As our business grows, these seasonal fluctuations may become more pronounced. As a result, we believe that sequential quarterly comparisons of our financial results may not provide an accurate assessment of our financial position.

Our working capital requirements and cash flows are subject to fluctuation, which could have an adverse effect on our financial condition.

Our working capital requirements and cash flows have historically been, and are expected to continue to be, subject to quarterly and yearly fluctuations, depending on a number of factors. Factors which could result in cash flow fluctuations include:

- the level of sales and the related margins on those sales;

- the collection of receivables;
- the timing and size of purchases of inventory and related components; and
- the timing of payment on payables and accrued liabilities.

If we are unable to manage fluctuations in cash flow, our business, operating results and financial condition may be materially adversely affected. For example, we may be unable to make required interest payments on our indebtedness.

We operate in a highly competitive industry.

We are engaged in the interactive education industry. We face substantial competition from developers, manufacturers and distributors of interactive learning products and solutions, including interactive flat-panel displays, interactive whiteboards and micro-computer data logging products and any new product we may offer in the future. The industry is highly competitive and characterized by frequent product introductions and rapid technological advances that have substantially increased the capabilities and use of interactive flat-panel displays, interactive whiteboards, and micro-computer-based logging technologies and combinations of them. We face increased competition from companies with strong positions in certain markets we serve, and in new markets and regions we may enter. These companies manufacture and/or distribute new, disruptive or substitute products that compete for the pool of available funds that previously could have been spent on interactive displays and associated products.

Many of these competitors have, and our potential competitors may have, significantly greater financial and other resources than we do and have spent, and may continue to spend, significant amounts of resources to try to enter or expand their presence in the market. In addition, low-cost competitors have appeared in China and other countries. We may not be able to compete effectively against these current and future competitors. Increased competition or other competitive pressures have and may continue to result in price reductions, reduced margins or loss of market share, any of which could have a material adverse effect on our business, financial condition or results of operations.

Some of our customers are required to purchase equipment by soliciting proposals from several sources and, in some cases, are required to purchase from the lowest bidder. While we attempt to price our products competitively, based upon the relative features they offer, our competitors' prices and other factors, we are often not the lowest bidder and, in such cases, may lose sales.

Competitors may be able to respond to new or emerging technologies and changes in customer requirements more effectively and faster than we can or devote greater resources to the development, promotion and sale of products than we can. Current and potential competitors may establish cooperative relationships among themselves or with third parties, including through mergers or acquisitions, to increase the ability of their products to address the needs of customers. If these interactive display competitors or other substitute or alternative technology competitors acquire significantly increased market share, it could have a material adverse effect on our business, financial condition or results of operations.

If we are unable to continually enhance our products and to develop, introduce and sell new technologies and products at competitive prices and in a timely manner, our business will be harmed.

The market for interactive learning and collaboration solutions is still emerging and evolving. It is characterized by rapid technological change and frequent new product introductions, many of which may compete with, be considered as alternatives to or replace our interactive displays. For example, we have recently observed significant sales of tablet computers by competitors to school districts in the U.S. whose technology budgets could otherwise have been used to purchase interactive displays. Accordingly, our future success will depend upon our ability to enhance our products and to develop, introduce and sell new technologies and products offering enhanced performance and functionality at competitive prices and in a timely manner.

The development of new technologies and products involves time, substantial costs and risks. Our ability to successfully develop new technologies will depend in large measure on our ability to maintain a technically skilled research and development staff and to adapt to technological changes and advances in the industry. The success of new product introductions depends on a number of factors, including timely and successful product development, market acceptance, the effective management of purchase commitments and inventory levels in line with anticipated product demand, the availability of components in appropriate quantities and costs to meet anticipated demand, the risk that new products may have quality or other defects and our ability to manage distribution and production issues related to new product introductions. If we are unsuccessful in selling the new products that we develop and introduce, or any future products that we may develop, we may carry obsolete inventory and have reduced available working capital for the development of other new technologies and products.

If we are unable, for any reason, to enhance, develop, introduce and sell new products in a timely manner, or at all, in response to changing market conditions or customer requirements or otherwise, our business will be harmed.

We may not be successful in our strategy to increase sales in the business and government market.

The majority of our revenue has been derived from sales to the education market. Our business strategy contemplates expanding our sales in both the education market, as well as to the business and government training sectors. However, to date, there has not been widespread adoption of interactive displays and collaboration solutions in the business and government market, and these solutions may fail to achieve wide acceptance in this market. Successful expansion into the business and government markets will require us to augment and develop new distribution and reseller relationships, and we may not be successful in developing those relationships. In addition, widespread acceptance of our interactive solutions may not occur due to lack of familiarity with how our products work, the perception that our products are difficult to use and a lack of appreciation of the contribution they can make in the business and government markets. In addition, the Boxlight brands are less recognized in these markets as compared to the education market. A key part of our strategy to grow in the business and government market is to develop strategic alliances with companies in the unified communications and collaboration sector, and there can be no assurance that these alliances will help us to successfully grow our sales in this market.

Furthermore, our ability to successfully grow in the business and government market depends upon revenue and cash flows derived from sales to the education market. As the education market represents a significant portion of our revenue and cash flow, we utilize cash from sales in the education market for our operating expenses. If we cannot continue to augment and develop new distributor and reseller relationships, market our brand, develop strategic alliances and innovate new technologies, we may not be successful in our strategy to grow in the business and government market.

As a result of market saturation, our future sales of interactive displays in developed markets may slow or decrease.

As a result of the high levels of penetration in developed markets, the education market for interactive displays in the U.S., U.K. and Australia may have reached saturation levels. Future sales growth in those markets and other developed markets with similar penetration levels may, as a result, be difficult to achieve, and our sales of interactive displays may decline in those countries. If we are unable to replace the revenue and earnings, we have historically derived from sales of interactive displays to the education market in these developed markets, whether through sales of additional products, sales in other underserved markets, such as Africa, Latin America and Asia, sales in the business and government market or otherwise, our business, financial condition and results of operations may be materially adversely affected.

We face significant challenges growing our sales in foreign markets.

For our products to gain broad acceptance in all markets, we may need to develop customized solutions specifically designed for each country in which we seek to grow our sales and to sell those solutions at prices that are competitive in that country. For example, while our hardware requires only minimal modification to be usable in other countries, our software and content require significant customization and modification to adapt to the needs of foreign customers. Specifically, our software will need to be adapted to work in a user-friendly way in several languages and alphabets, and content that fits the specific needs of foreign customers (such as, for example, classroom lessons adapted to specific foreign curricula) will need to be developed. If we are not able to develop, or choose not to support, customized products and solutions for use in a particular country, we may be unable to compete successfully in that country and our sales growth in that country will be adversely affected. We cannot assure you that we will be able to successfully develop or choose to support customized solutions for each foreign country in which we seek to grow our sales or that our solutions, if developed, will be competitive in the relevant country.

Growth in many foreign countries will require us to price our products competitively in those countries. In certain developing countries, we have been and may continue to be required to sell our products at prices significantly below those that we are currently charging in developed countries. Such pricing pressures could reduce our gross margins and adversely affect our revenue.

Our customers' experience with our products will be directly affected by the availability and quality of our customers' Internet access. We are unable to control broadband penetration rates, and, to the extent that broadband growth in emerging markets slows, our growth in international markets could be hindered.

In addition, we will face lengthy and unpredictable sales cycles in foreign markets, particularly in countries with centralized decision making. In these countries, particularly in connection with significant technology product purchases, we have experienced recurrent requests for proposals, significant delays in the decision-making process and, in some cases, indefinite deferrals of purchases or cancellations of requests for proposals. If we are unable to overcome these challenges, the growth of our sales in these markets would be adversely affected, and we may incur unrecovered marketing costs, impairing our profitability.

Our suppliers may not be able to always supply components or products to us on a timely basis and on favorable terms, and as a result, our dependency on third party suppliers has adversely affected our revenue and may continue to do so.

We do not manufacture any of the products we sell and distribute and, therefore, rely on our suppliers for all products and components and depend on obtaining adequate supplies of quality components on a timely basis with favorable terms. Some of those components, as well as certain complete products that we sell are provided to us by only one key supplier or contract manufacturer. We are subject to disruptions in our operations if our sole or limited supply contract manufacturers decrease or stop production of components and products, or if such suppliers and contract manufacturers do not produce components and products of sufficient quantity. Alternative sources for our components are not always available. Many of our products and components are manufactured overseas, so they have long lead times, and events such as local disruptions, natural disasters or political conflict may cause unexpected interruptions to the supply of our products or components. In addition, we do not have written supply agreements with our suppliers. Although we are endeavoring to enter into written agreements with certain of our suppliers, we cannot assure that our efforts will be successful. Furthermore, due to the impacts of the COVID-19 pandemic the company may experience material adverse impacts on its supply chain.

We rely on highly skilled personnel, and, if we are unable to attract, retain or motivate qualified personnel, we may not be able to operate our business effectively.

Our success depends in large part on continued employment of senior management and key personnel who can effectively operate our business, as well as our ability to attract and retain skilled employees. Competition for highly skilled management, technical, research and development and other employees is intense in the high-technology industry and we may not be able to attract or retain highly qualified personnel in the future. In making employment decisions, particularly in the high-technology industry, job candidates often consider the value of the equity awards they would receive in connection with their employment. Our long-term incentive programs may not be attractive enough or perform sufficiently to attract or retain qualified personnel.

If any of our employees leaves us, and we fail to effectively manage a transition to new personnel, or if we fail to attract and retain qualified and experienced professionals on acceptable terms, our business, financial condition and results of operations could be adversely affected.

Our success also depends on our having highly trained financial, technical, recruiting, sales and marketing personnel. We will need to continue to hire additional personnel as our business grows. A shortage in the number of people with these skills or our failure to attract them to our company could impede our ability to increase revenues from our existing products and services, ensure full compliance with federal and state regulations, or launch new product offerings and would have an adverse effect on our business and financial results.

We may have difficulty in entering into and maintaining strategic alliances with third parties.

We have entered into and we may continue to enter into strategic alliances with third parties to gain access to new and innovative technologies and markets. These parties are often large, established companies. Negotiating and performing under these arrangements involves significant time and expense, and we may not have sufficient resources to devote to our strategic alliances, particularly those with companies that have significantly greater financial and other resources than we do. The anticipated benefits of these arrangements may never materialize and performing under these arrangements may adversely affect our results of operations.

We use resellers and distributors to promote and sell our products.

Substantially all our sales are made through resellers and distributors. Industry and economic conditions have the potential to weaken the financial position of our resellers and distributors. Such resellers and distributors may no longer sell our products, or may reduce efforts to sell our products, which could materially adversely affect our business, financial condition and results of operations. Furthermore, if our resellers and distributors' abilities to repay their credit obligations were to deteriorate and result in the write-down or write-off of such receivables, it would negatively affect our operating results and, if significant, could materially adversely affect our business, financial condition and results of operations.

In addition, our resellers and most of our distributors are not contractually required to sell our products exclusively and may offer competing interactive display products, and therefore we depend on our ability to establish and develop new relationships and to build on existing relationships with resellers and distributors. We cannot assure that our resellers and distributors will act in a manner that will promote the success of our products. Factors that are largely within the control of those resellers and distributors but are important to the success of our products include:

- the degree to which our resellers and distributors actively promote our products;
- the extent to which our resellers and distributors offer and promote competitive products; and
- the quality of installation, training and other support services offered by our resellers and distributors.

In addition, if some of our competitors offer their products to resellers and distributors on more favorable terms or have more products available to meet their needs, there may be pressure on us to reduce the price of our products, or those resellers and distributors may stop carrying our products or de-emphasize the sale of our products in favor of the products of these competitors. If we do not maintain and continue to build relationships with resellers and distributors our business will be harmed.

If our electronic data is compromised, our business could be significantly harmed.

We and our business partners maintain significant amounts of data electronically in locations around the world. This data relates to all aspects of our business, including current and future products under development, as well as certain customer, consumer, supplier, partner and employee data. We maintain systems and processes designed to protect this data, but notwithstanding such protective measures, there is a risk of intrusion, cyber-attacks or tampering that could compromise the integrity and privacy of this data. In addition, we provide confidential and proprietary information to our third-party business partners in certain cases where doing so is necessary to conduct our business. While we obtain assurances from those parties that they have systems and processes in place to protect such data, and where applicable, that they will take steps to assure the protections of such data by third parties, nonetheless those partners may also be subject to data intrusion or otherwise compromise the protection of such data. Any compromise of the confidential data of our customers, consumers, suppliers, partners, employees or ourselves, or failure to prevent or mitigate the loss of or damage to this data through breach of our information technology systems or other means could substantially disrupt our operations, harm our customers, consumers, employees and other business partners, damage our reputation, violate applicable laws and regulations, subject us to potentially significant costs and liabilities and result in a loss of business that could be material.

A failure to keep pace with developments in technology could impair our operations or competitive position.

Our business continues to demand the use of sophisticated systems and technology. These systems and technologies must be refined, updated and replaced with more advanced systems on a regular basis in order for us to meet our customers' demands and expectations. If we are unable to do so on a timely basis or within reasonable cost parameters, or if we are unable to appropriately and timely train our employees to operate any of these new systems, our business could suffer. We also may not achieve the benefits that we anticipate from any new system or technology, such as fuel abatement technologies, and a failure to do so could result in higher than anticipated costs or could impair our operating results.

An information security incident, including a cybersecurity breach, could have a negative impact to the Company's business or reputation

To meet business objectives, the Company relies on both internal information technology (IT) systems and networks, and those of third parties and their vendors, to process and store sensitive data, including confidential research, business plans, financial information, intellectual property, and personal data that may be subject to legal protection. The extensive information security and cybersecurity threats, which affect companies globally, pose a risk to the security and availability of these IT systems and networks, and the confidentiality, integrity and availability of the Company's sensitive data. The Company continually assesses these threats and makes investments to increase internal protection, detection and response capabilities, as well as ensure the Company's third-party providers have required capabilities and controls to address these risks. To date, the Company has not experienced any material impact to the business or operations resulting from information or cybersecurity attacks; however, because of the frequently changing attack techniques, along with the increased volume and sophistication of the attacks, there is the potential for the Company to be adversely impacted. This impact could result in reputational, competitive, operational or other business harm as well as financial costs and regulatory action. The Company maintains cybersecurity insurance in the event of an information security or cyber incident; however, the coverage may not be sufficient to cover all financial losses.

Risks Related to our Industry and Regulations.

Decreases in, or stagnation of, spending or changes in the spending policies or budget priorities for government funding of schools, colleges, universities, other education providers or government agencies may have a material adverse effect on our revenue.

Our customers include primary and secondary schools, colleges, universities, other education providers and, to a lesser extent, government agencies, each of which depends heavily on government funding. The effects and duration of the COVID-19 pandemic, which has resulted in worldwide disruptions in supply chains and economic recession, are as yet unknown. We anticipate that the COVID-19 pandemic and resulting economic recession could cause a substantial disruption in, decrease or stagnation of, spending and budget priorities for government funding of schools, colleges, universities and other education providers and government agencies. The economy had only recently experienced a similar disruption from the worldwide recession of 2008 and subsequent sovereign debt and global financial crisis, which resulted in substantial declines in the revenues and fiscal capacity of many national, federal, state, provincial and local governments. Like in the 2008 financial crisis, where many of those governments have reacted to the decreases in revenues by cutting funding to educational institutions, we anticipate that governments and governmental entities will react similarly to the economic crisis and resulting decreases in revenue caused by the COVID-19 pandemic by cutting funding to educational institutions. If our products are not a high priority expenditure for such institutions, or if such institutions allocate expenditures to substitute alternative technologies, we could lose revenue.

Any additional decrease in, stagnation of or adverse change in national, federal, state, provincial or local funding for primary and secondary schools, colleges, universities, or other education providers or for government agencies that use our products could cause our current and prospective customers to further reduce their purchases of our products, which could cause us to lose additional revenue. In addition, a specific reduction in governmental funding support for products such as ours could also cause us to lose revenue.

If our products fail to comply with consumer product or environmental laws, it could materially affect our financial performance.

Because we sell products used by children in classrooms and because our products are subject to environmental regulations in some jurisdictions in which we conduct business and sell our products, we are and will be required to comply with a variety of product safety, product testing and environmental regulations, including compliance with applicable laws and standards with respect to lead content and other child safety and environmental issues. If our products do not meet applicable safety or regulatory standards, we could experience lost sales, diverted resources and increased costs, which could have a material adverse effect on our financial condition and results of operations. Events that give rise to actual, potential or perceived product safety or environmental concerns could expose us to government enforcement action or private litigation and result in product recalls and other liabilities. In addition, negative consumer perceptions regarding the safety of our products could cause negative publicity and harm our reputation.

Risks Related to our Foreign Operations.

We are subject to risks inherently related to our foreign operations.

Sales outside the US represented 46% of our revenues for the year ended December 31, 2022. We have committed, and may continue to commit, significant resources to our international operations and sales and marketing activities.

Our significant foreign operations subject us to several risks related to these international business activities that may increase costs, lengthen sales cycles and require significant management attention. International operations carry certain risks and associated costs, such as the complexities and expense of administering a business abroad, complications in compliance with, and unexpected changes in regulatory requirements, foreign laws, international import and export legislation, trading and investment policies, exchange controls, tariffs and other trade barriers, difficulties in collecting accounts receivable, potential adverse tax consequences, uncertainties of laws, difficulties in protecting, maintaining or enforcing intellectual property rights, difficulty in managing a geographically dispersed workforce in compliance with diverse local laws and customs, and other factors, depending upon the country involved. Moreover, local laws and customs in many countries differ significantly and compliance with the laws of multiple jurisdictions can be complex, difficult and costly. We cannot assure that risks inherent in our foreign operations will not have a material adverse effect on our business.

We must comply with the Foreign Corrupt Practices Act.

We are required to comply with the United States Foreign Corrupt Practices Act, which prohibits U.S. companies from engaging in bribery of or other prohibited payments to foreign officials for the purpose of obtaining or retaining business and requires that we maintain adequate financial records and internal controls to prevent such prohibited payments. Our international operations are managed by the Sahara team who are required to comply with the UK Bribery Act 2010 which goes further than current US legislation where the Bribery Act is not limited to foreign officials but also includes customers and includes all form of inducement and incentives; the same standard is expected of all our Sahara employees of other European countries where similar legislation is in force under EU-Law Corruption, extortion, bribery, pay-offs, theft and other fraudulent practices may occur in countries where we do business. If our competitors engage in these practices, they may receive preferential treatment from personnel of some companies, giving our competitors an advantage in securing business or from government officials who might give them priority in obtaining new business, which would put us at a disadvantage. If our employees or other agents are found to have engaged in such practices, we could suffer severe penalties.

Our worldwide operations will subject us to income taxation in many jurisdictions, and we must exercise significant judgment to determine our worldwide financial provision for income taxes. That determination ultimately is an estimate, and, accordingly, we cannot assure that our historical income tax provisions and accruals will be adequate.

We are subject to income taxation in the United States and numerous other jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. Although we believe our tax estimates are reasonable, we cannot assure you that the final determination of any tax audits and litigation will not be materially different from that which is reflected in our historical income tax provisions and accruals. Should additional taxes be assessed against us as a result of an audit or litigation, there could be a material adverse effect on our current and future results and financial condition.

Certain of our subsidiaries provide products to and may from time to time undertake certain significant transactions with us and our other subsidiaries in different jurisdictions. In general, cross border transactions between related parties and, in particular, related party financing transactions, are subject to close review by tax authorities. Moreover, several jurisdictions in which we operate have tax laws with detailed transfer pricing rules that require all transactions with nonresident related parties to be priced using arm's-length pricing principles and require the existence of contemporaneous documentation to support such pricing. A tax authority in one or more jurisdictions could challenge the validity of our related party transfer pricing policies. If in the future any taxation authorities are successful in challenging our financing or transfer pricing policies, our income tax expense may be adversely affected and we could become subject to interest and penalty charges, which may harm our business, financial condition and operating results.

If we are unable to ship and transport components and final products efficiently and economically across long distances and borders, our business would be harmed.

We transport significant volumes of components and finished products across long distances and international borders. Any increases in our transportation costs, as a result of increases in the price of oil or otherwise, would increase our costs and the final prices of our products to our customers. In addition, any increases in customs or tariffs, as a result of changes to existing trade agreements between countries or otherwise, could increase our costs or the final cost of our products to our customers or decrease our margins. Such increases could harm our competitive position and could have a material adverse effect on our business. The laws governing customs and tariffs in many countries are complex and often include substantial penalties for non-compliance. Disputes may arise and could subject us to material liabilities and have a material adverse effect on our business.

If our procedures to ensure compliance with export control laws are ineffective, our business could be harmed.

Our extensive foreign operations and sales are subject to far reaching and complex export control laws and regulations in the United States and elsewhere. Violations of those laws and regulations could have material negative consequences for us including large fines, criminal sanctions, prohibitions on participating in certain transactions and government contracts, sanctions on other companies if they continue to do business with us and adverse publicity.

We will be exposed to fluctuations in foreign currencies that may materially adversely affect our results of operations.

Our reporting currency is the U.S. dollar. Sahara Holdings Ltd. consolidates results using the British pound (with principal functional currencies in British pound, Euro and U.S. dollar) and Boxlight Latin America uses the Mexican Peso as functional currency to report revenue and expenses. As a result, we will be exposed to foreign exchange rate fluctuations when we translate the financial statements of our group companies into U.S. dollars in consolidation. If there is a change in foreign currency exchange rates, the translation of any of the group companies financial statements into U.S. dollars will lead to a translation gain or loss which is recorded as a component of other comprehensive income. In addition, we may have certain monetary assets and liabilities that are denominated in currencies other than the relevant entity's functional currency. To the extent the U.S. dollar strengthens or weakens against the certain foreign currencies then the translation of foreign currency denominated transactions will result in a change to reported revenue, operating expenses and net income for subsidiary operations. We have not entered into agreements or purchased instruments to hedge our exchange rate risks, although we may do so in the future. The availability and effectiveness of any hedging transaction may be limited, and we may not be able to successfully hedge fully our exchange rate risks.

We monitor our foreign exchange exposures, and these activities mitigate, but do not eliminate, our exposure to exchange rate fluctuations. As a result, exchange rate fluctuations may materially adversely affect our operating results in future periods.

Unstable market and economic conditions may have serious adverse consequences on our business, financial condition and results of operations.

The global economy, including credit and financial markets, has experienced extreme volatility and disruptions, including severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates, increases in inflation rates and uncertainty about economic stability. Any such volatility and disruptions may have adverse consequences on us or the third parties upon who we rely.

Risks Related to Our Intellectual Property and Technology

Defects in our products can be difficult to detect before shipment. If defects occur, they could have a material adverse effect on our business.

Our products are highly complex and sophisticated and, from time to time, have contained and may continue to contain design defects or software "bugs" or failures that are difficult to detect and correct in advance of shipping.

The occurrence of errors and defects in our products could result in loss of, or delay in, market acceptance of our products, including harm to our brand. Correcting such errors and failures in our products could require significant expenditure of capital by us. In addition, we are rapidly developing and introducing new products, and new products may have higher rates of errors and defects than our established products. The Boxlight Group has historically provided product warranties between one and five years, and the failure of our products to operate as described could give rise to warranty claims. The consequences of such errors, failures and other defects and claims could have a material adverse effect on our business, financial condition, results of operations and our reputation.

We may not be able to obtain patents or other intellectual property rights necessary to protect our proprietary technology and business.

Our commercial success depends to a significant degree upon our ability to develop new or improved technologies and products, and to obtain patents or other intellectual property rights or statutory protection for these technologies and products in the United States and other countries. We will seek to patent concepts, components, processes, designs and methods, and other inventions and technologies that we consider have commercial value or that will likely give us a technological advantage. Boxlight own rights in patents and patent applications for technologies relating to interactive displays and other complementary products in the United States and other countries such as Germany, Mexico, Israel, Japan, Taiwan and China. Despite devoting resources to the research and development of proprietary technology, we may not be able to develop technology that is patentable or protectable. Patents may not be issued in connection with pending patent applications, and claims allowed may not be sufficient to allow them to use the inventions that they create exclusively. Furthermore, any patents issued could be challenged, re-examined, held invalid or unenforceable or circumvented and may not provide sufficient protection or a competitive advantage. In addition, despite efforts to protect and maintain patents, competitors and other third parties may be able to design around their patents or develop products similar to our products that are not within the scope of their patents. Finally, patents provide certain statutory protection only for a limited period of time that varies depending on the jurisdiction and type of patent. The statutory protection term of certain of our material patents may expire soon and, thereafter, the underlying technology of such patents can be used by any third-party including competitors.

Prosecution and protection of the rights sought in patent applications and patents can be costly and uncertain, often involve complex legal and factual issues and consume significant time and resources. In addition, the breadth of claims allowed in our patents, their enforceability and our ability to protect and maintain them cannot be predicted with any certainty. The laws of certain countries may not protect intellectual property rights to the same extent as the laws of the United States. Even if our patents are held to be valid and enforceable in a certain jurisdiction, any legal proceedings that we may initiate against third parties to enforce such patents will likely be expensive, take significant time and divert management’s attention from other business matters. We cannot assure that any of the issued patents or pending patent applications will provide any protectable, maintainable or enforceable rights or competitive advantages to us.

In addition to patents, we will rely on a combination of copyrights, trademarks, trade secrets and other related laws and confidentiality procedures and contractual provisions to protect, maintain and enforce our proprietary technology and intellectual property rights in the United States, the United Kingdom, Mexico, Australia, Malaysia, Canada, Turkey Sweden, Finland, Germany, Holland, and China. However, our ability to protect our brands by registering certain trademarks may be limited. In addition, while we will generally enter into confidentiality and nondisclosure agreements with our employees, consultants, contract manufacturers, distributors and resellers and with others to attempt to limit access to and distribution of our proprietary and confidential information, it is possible that:

- misappropriation of our proprietary and confidential information, including technology, will nevertheless occur;
- our confidentiality agreements will not be honored or may be rendered unenforceable;
- third parties will independently develop equivalent, superior or competitive technology or products;
- disputes will arise with our current or future strategic licensees, customers or others concerning the ownership, validity, enforceability, use, patentability or registrability of intellectual property; or
- unauthorized disclosure of our know-how, trade secrets or other proprietary or confidential information will occur.

- we cannot assure that we will be successful in protecting, maintaining or enforcing our intellectual property rights. If we are unsuccessful in protecting, maintaining or enforcing our intellectual property rights, then our business, operating results and financial condition could be materially adversely affected, which could:

- adversely affect our relationships with current or future distributors and resellers of our products;

- adversely affect our reputation with customers;

- be time-consuming and expensive to evaluate and defend;

- cause product shipment delays or stoppages;

- divert management's attention and resources;

- subject us to significant liabilities and damages;

- require us to enter into royalty or licensing agreements; or

- require us to cease certain activities, including the sale of products.

If it is determined that we have infringed, violated or are infringing or violating a patent or other intellectual property right of any other person or if we are found liable in respect of any other related claim, then, in addition to being liable for potentially substantial damages, we may be prohibited from developing, using, distributing, selling or commercializing certain of our technologies and products unless we obtain a license from the holder of the patent or other intellectual property right. We cannot assure that we will be able to obtain any such license on a timely basis or on commercially favorable terms, or that any such licenses will be available, or that workarounds will be feasible and cost-efficient. If we do not obtain such a license or find a cost-efficient workaround, our business, operating results and financial condition could be materially adversely affected, and we could be required to cease related business operations in some markets and restructure our business to focus on our continuing operations in other markets.

Our business may suffer if it is alleged or determined that our technology or another aspect of our business infringes the intellectual property of others.

The markets in which we will compete are characterized by the existence of many patents and trade secrets and also by litigation based on allegations of infringement or other violations of intellectual property rights. Moreover, in recent years, individuals and groups have purchased patents and other intellectual property assets for the purpose of making claims of infringement to extract settlements from companies like ours. Also, third parties may make infringement claims against us that relate to technology developed and owned by one of our suppliers for which our suppliers may or may not indemnify us. Even if we are indemnified against such costs, the indemnifying party may be unable to uphold its contractual obligations and determining the extent such of such obligations could require additional litigation. Claims of intellectual property infringement against us or our suppliers might require us to redesign our products, enter into costly settlements or license agreements, pay costly damage awards or face a temporary or permanent injunction prohibiting us from marketing or selling our products or services. If we cannot or do not license the infringed intellectual property on reasonable terms or at all, or substitute similar intellectual property from another source, our revenue and operating results could be adversely impacted. Additionally, our customers and distributors may not purchase our offerings if they are concerned that they may infringe third party intellectual property rights. Responding to such claims, regardless of their merit, can be time consuming, costly to defend in litigation, divert management's attention and resources, damage our reputation and cause us to incur significant expenses. The occurrence of any of these events may have a material adverse effect on our business, financial condition and operating results.

If we are unable to anticipate consumer preferences and successfully develop attractive products, we might not be able to maintain or increase our revenue or achieve profitability.

Our success depends on our ability to identify and originate product trends as well as to anticipate and react to changing demands and preferences of customers in a timely manner. If we are unable to introduce new products or technologies in a timely manner or our new products or technologies are not accepted by our customers, our competitors may introduce more attractive products which would adversely impact our competitive position. Failure to respond in a timely manner to changing consumer preferences could lead to, among other things, lower revenues and excess inventory positions of outdated products.

We may be unable to keep pace with changes in technology as our business and market strategy evolves.

We will need to respond to technological advances and emerging industry standards in a cost-effective and timely manner in order to remain competitive. The need to respond to technological changes may require us to make substantial, unanticipated expenditures. There can be no assurance that we will be able to respond successfully to technological change.

Risks Related to Our Class A Common Stock

We may not be able to maintain a listing of our Class A common stock on Nasdaq Capital Market, or Nasdaq.

Because our Class A common stock is listed on Nasdaq, we must meet certain financial and liquidity criteria to maintain such listing. At present, we are in the second 180-day compliance period provided by Nasdaq relating to our failure to maintain the $1.00 minimum bid price requirement (the "Minimum Bid Price"). This second 180-day compliance period expires on July 3, 2023. In order to regain compliance, we must regain the $1.00 Minimum Bid Price and trade at $1.00 or higher for 10 consecutive days. If we do not organically regain the Minimum Bid Price within that period, we will need to seek stockholder approval to conduct a reverse stock split. If we fail to regain compliance, or otherwise violate or fail to meet any Nasdaq listing requirements, our Class A common stock may be delisted. In addition, our Board may determine that the cost of maintaining our listing on a national securities exchange outweighs the benefits of such listing. A delisting of our Class A common stock from Nasdaq may materially impair our stockholders' ability to buy and sell our Class A common stock and could have an adverse effect on the market price of, and the efficiency of the trading market for, our Class A common stock. In the event our stock is delisted from Nasdaq, whether by choice or otherwise, the delisting of our Class A common stock could significantly impair our ability to raise capital and stockholder value.

Future sales of our Class A common stock could adversely affect our share price, and any additional capital raised by us through the sale of equity or convertible debt securities may dilute your ownership in BOXL and may adversely affect the market price of our Class A common stock.

We believe that our existing working capital, expected cash flow from operations and other available cash resources will enable us to meet our working capital requirements for at least the next 12 months. However, the development and marketing of new products and the expansion of distribution channels require a significant commitment of resources. From time to time, we may seek additional equity or debt financing to finance working capital requirements, continue our expansion, develop new products or make acquisitions or other investments. In addition, if our business plans change, general economic, financial or political conditions in our industry change, or other circumstances arise that have a material effect on our cash flow, the anticipated cash needs of our business, as well as our conclusions as to the adequacy of our available sources of capital, could change significantly. Any of these events or circumstances could result in significant additional funding needs, requiring us to raise additional capital. If additional funds are raised through the issuance of equity shares, preferred shares or debt securities, the terms of such securities could impose restrictions on our operations and would reduce the percentage ownership of our existing stockholders. If financing is not available on satisfactory terms, or at all, we may be unable to expand our business or to develop new business at the rate desired and our results of operations may suffer.

The market price of our Class A common stock may be volatile, which could cause the value of our common stock to fluctuate and possibly decline significantly.

The market price of our Class A common stock may be highly volatile and subject to wide fluctuations. In 2022, the price of our Class A common stock declined from $1.41 on January 4, 2022 to $0.31 per share on December 30, 2022. As of March 13, 2023, our Class A common stock closed at $0.48 per share. In addition, our financial performance, government regulatory action, tax laws and market conditions in general, including the ongoing COVID-19 pandemic and its resulting impact on the economy at large, could have a significant impact on the future market price of our Class A common stock. Some of the factors that could negatively affect our share price or result in fluctuations in the price of our common stock include:

- our operating and financial performance and prospects;
- our quarterly or annual earnings or those of other companies in our industry;

- the public's reaction to our press releases, our other public announcements and our filings with the SEC;
- changes in, or failure to meet, earnings estimates or recommendations by research analysts who track our Class A common stock or the stock of other companies in our industry;
- the failure of analysts to cover our Class A common stock;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- announcements by us, our competitors or our vendors of significant contracts, acquisitions, joint marketing relationships, joint ventures or capital commitments;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidance, interpretations or principles;
- announcements by third parties or governmental entities of significant claims or proceedings against us;
- new laws and governmental regulations, or other regulatory developments, applicable to our industry;
- changes in general conditions in the United States and global economies or financial markets, including both social and economic conditions resulting from the ongoing COVID-19 pandemic, war, incidents of terrorism or responses to such events;
- changes in government spending levels on education;
- changes in key personnel;
- sales of common stock by us, members of our management team or our stockholders;
- the granting or exercise of employee stock options or other equity awards;
- the volume of trading in our Class A common stock; and
- the realization of any risks described in this section under the caption "Risk Factors"

Furthermore, the stock market has recently experienced extreme volatility that, in some cases, has been unrelated or disproportionate to the operating performance of particular companies. These broad market and industry fluctuations may adversely affect the market price of our Class A common stock, regardless of our actual operating performance.

In the past, following periods of market volatility, stockholders have instituted securities class action litigation. If we were involved in securities litigation, it could have a substantial cost and divert resources and the attention of executive management from our business regardless of the outcome of such litigation.

Our Articles of Incorporation, Bylaws and Nevada law may have anti-takeover effects.

Our Articles of Incorporation authorize the issuance of common stock and preferred stock. Each share of Class A common stock entitles the holder to one vote on all matters to be voted upon by stockholders, and the Class B common stock has no vote, except as required by law. In addition, our board of directors ("Board") has the authority to issue additional shares of preferred stock and to determine the price, rights, preferences, privileges and restrictions of those shares without any further vote or action by the stockholders. The rights of the holders of common stock will be subject to, and may be adversely affected by, the rights of the holders of any preferred stock that may be issued in the future. The ability of our Board to issue additional shares of preferred stock could make it more difficult for a third party to acquire a majority of our voting stock. Other provisions of our Bylaws also may have the effect of discouraging, delaying or preventing a merger, tender offer or proxy contest, which could have an adverse effect on the market price of our Class A common stock.

In addition, certain provisions of Nevada law applicable to our company could also delay or make more difficult a merger, tender offer or proxy contest involving our company, including Sections 78.411 through 78.444 of the Nevada Revised Statutes, which prohibit a Nevada corporation from engaging in any business combination with any “interested stockholder” (as defined in the statute) for a period of two years unless certain conditions are met. In addition, our senior management is entitled to certain payments upon a change in control and certain of the stock options and restricted shares we have granted provide for the acceleration of vesting in the event of a change in control of our company.

We have no intention of declaring dividends in the foreseeable future.

The decision to pay cash dividends on our Class A common stock rests with our Board and will depend on our earnings, unencumbered cash, capital requirements and financial condition. We do not anticipate declaring any dividends in the foreseeable future, as we intend to use any excess cash to fund our operations. Investors in our Class A common stock should not expect to receive dividend income on their investment, and investors will be dependent on the appreciation of our Class A common stock to earn a return on their investment.

If securities or industry analysts do not publish research or reports about us, or if they adversely change their recommendations regarding our Class A common stock, then our stock price and trading volume could decline.

The trading market for our Class A common stock will be influenced by the research and reports that industry or securities analysts publish about us, our industry and our market. If no analyst elects to cover us and publish research or reports about us, the market for our Class A common stock could be severely limited and our stock price could be adversely affected. In addition, if one or more analysts ceases coverage of us or fails to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. If one or more analysts who elect to cover us adversely change their recommendations regarding our Class A common stock, our stock price could decline.

We may be exposed to risks relating to evaluations of controls required by Sarbanes-Oxley Act of 2002.

Pursuant to Sarbanes-Oxley Act of 2002, our management is required to report on, and our independent registered public accounting firm is required to attest to, the effectiveness of our internal control over financial reporting. Although we prepare our financial statements in accordance with accounting principles generally accepted in the United States, our internal accounting controls may not meet all standards applicable to companies with publicly traded securities. If we fail to implement any required improvements to our disclosure controls and procedures, we may be obligated to report control deficiencies and our independent registered public accounting firm may not be able to certify the effectiveness of our internal controls over financial reporting. In either case, we could become subject to regulatory sanction or investigation. Further, these outcomes could damage investor confidence in the accuracy and reliability of our financial statements.

If we fail to develop, implement and maintain an effective system of internal control over financial reporting, the accuracy and timing of our financial reporting in future periods may be adversely affected.

The Sarbanes-Oxley Act and related rules and regulations require that management report annually on the effectiveness of our internal control over financial reporting and assess the effectiveness of our disclosure controls and procedures on a quarterly basis. Effective internal controls are necessary for us to provide timely and reliable financial reports and effectively prevent fraud. We have identified control deficiencies that constituted a material weakness in our internal controls and procedures in the past and may experience a material weakness in future years. If we fail to maintain adequate internal controls, our financial statements may not accurately reflect our financial condition. Any material misstatements could require a restatement of our consolidated financial statements, cause us to fail to meet our reporting obligations or cause investors to lose confidence in our reported financial information, leading to a decline in the market value of our securities.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our corporate headquarters is located at 2750 Premiere Parkway, Duluth, GA, 30097 in an office space of approximately 12,000 square feet, for which we pay approximately $23,000 per month as rent pursuant to a rental agreement. Our corporate headquarters house our administrative offices. The Company leases warehouse space in Lawrenceville, GA, for approximately $13,000 per month.

We also maintain offices in Scottsdale, Arizona and Utica, NY in the U.S., and in Dartford, London, Leeds and Livingston and Belfast in the U.K. for sales, marketing, technical support and service staff. In addition, we also maintain sales, marketing and technical support offices in Apeldoorn, Netherlands, Anzegem, Belgium, Helsinki, Finland, Oskarshamn Kalmar, Sweden, and Düsseldorf, Germany.

ITEM 3. LEGAL PROCEEDINGS

From time to time we are party to litigation matters occurring in the ordinary course of our business. As of the date of this Annual Report, however, there are no material pending or threatened legal or governmental proceedings relating to our Company to which we are a party, and to our knowledge there are no material proceedings to which any of our directors, executive officers or affiliates are a party adverse to us or which have a material interest adverse to us.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock commenced trading on the Nasdaq Capital Market, or Nasdaq, under the symbol "BOXL" on November 30, 2017. Prior to that time, our common stock was not traded on any exchange or quoted on any over the counter market.

Holders

As of March 13, 2023, we had 378 holders of record of our common stock and 74,774,556 shares of common stock issued and outstanding.

Dividends

We have never paid cash dividends on our Class A common stock. Holders of our Class A common stock are entitled to receive dividends, if any, declared and paid from time to time by the board of directors out of funds legally available. At present, we intend to retain any earnings for the operation and expansion of our business and do not anticipate paying cash dividends on our common stock in the foreseeable future. Any future determination as to the payment of cash dividends will depend upon future earnings, results of operations, capital requirements, our financial condition and other factors that our board of directors may consider.

Securities Authorized for Issuance Under Equity Compensation Plans

Equity Incentive Plans

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 6,390,438 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 5,000,000 shares of the Company's Class A common stock have been approved for issuance. Upon approval of the 2021 Plan in June 2021, any shares remaining 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. As of December 31, 2022, a total of approximately 2.3 million shares remained available for issuance under the 2021 Plan.

The following table provides information as of December 31, 2022 about our equity compensation plans and arrangements.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (1)	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	5,383,586		2,293,933
Equity compensation plans not approved by security holders	983,321		-
	6,366,907	$1.61	2,293,933

(1) Includes 2,725,400 equity incentive grants issued to Sahara employees in conjunction with our acquisition of Sahara Presentation Systems.

Recent Sales of Unregistered Securities

During the year ended December 31, 2022, we sold 943,442 shares of Class A common stock to cover tax withholdings for restricted stock vesting.

On December 31, 2021, in connection with the WhiteHawk Credit Agreement, we issued to WhiteHawk (i) 528,169 shares of Class A common stock, which shares were registered pursuant to our existing shelf registration statement, and (ii) a warrant to purchase 2,043,291 shares of Class A common stock (subject to increase to the extent of 3% of any Series B and Series C convertible preferred stock converted into Class A common stock), originally exercisable at $2.00 per share (the "Warrant"). Based on the arithmetic volume weighted average prices of the Company's Class A common stock for the 30 trading days prior to March 31, 2022, the exercise price of the Warrant was reduced to $1.19 per share and the shares increased to 3,434,103.

On July 22, 2022, the Company entered into a Securities Purchase Agreement with an accredited institutional investor. According to the terms of the WhiteHawk agreement, this purchase agreement triggered a reduction of the exercise price of the warrants and a revaluation of the derivative liability. The warrants were repriced to $1.10 and shares increased to 3,715,075.

As partial consideration for our purchase of Sahara Holdings Ltd. ("Sahara"), on September 25, 2020, the Company issued 1,586,620 shares of Series B convertible redeemable preferred stock (the "Series B Preferred Stock") and 1,320,850 shares of Series C convertible redeemable preferred stock (the "Series C Preferred Stock"). The fair value of the preferred shares issued was $16.5 million and $12.4 million for the Series B Preferred Stock and Series C Preferred Stock, respectively. Such shares were issued pursuant to an exemption from registration pursuant to Rule 506(b) of Regulation D of the Securities Act of 1933. See further discussion of the features of the preferred shares in Note 12.

On March 24, 2021, we entered into a share redemption and conversion agreement with the former Sahara shareholders who own approximately 96% of our Series B and Series C preferred stock. Under the agreement, we agreed to redeem and purchase from such preferred stockholders on or before June 30, 2021 all of the shares of Series B preferred stock for £11.5 million being the stated or liquidation value of the Series B preferred stock plus (b) accrued dividends from January 1, 2021 to the date of purchase. In addition, the holders of 96% of the Series C preferred stock agreed to convert those shares into 7.6 million shares of our Class A Common Stock at a conversion price of $1.66 per share. Former Sahara shareholders agreed to extend the share redemption and conversion agreement until December 31, 2021. We did not complete the conversion and redemption by December 31, 2021, and the agreement terminated without liability by any party.

On January 26, 2021, we entered into an agreement with Everest Display Inc., a Taiwan corporation ("EDI"), and EDI's subsidiary, AMAGIC Holographics Inc., a California corporation ("AMAGIC"), pursuant to which $1,983,436 in accounts payable owed by us to EDI was settled in exchange for our issuance of 793,375 shares (the "2021 Shares") of its Class A common stock to AMAGIC at a $2.50 per share purchase price. The 2021 Shares were issued to AMAGIC pursuant to an exemption from registration provided by Rule 506 of Regulation D under Section 4(a)(2) of the Securities Act.

Use of Proceeds

None.

Issuer Purchases of Equity Securities

None.

ITEM 6. [Reserved]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis should be read in conjunction with our financial statements and the related notes thereto included elsewhere herein. The Management's Discussion and Analysis ("MD&A") contains forward-looking statements that involve risks and uncertainties, such as statements of our 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 form. Our 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 indicate future performance. Our forward-looking statements reflect our 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 develops, sells and services interactive solutions predominantly for the global education market, but also for the corporate and government sectors. We are seeking to become a worldwide leading innovator and integrator of interactive products and software solutions and improve collaboration and effective communication in meeting environments. We currently design, produce and distribute interactive technologies including our interactive and non-interactive flat panel displays, LED video walls, media players, classroom audio and campus communication, cameras and other peripherals for the education market and non-interactive solutions including flat panels, LED video walls and digital signage. We also distribute science, technology, engineering and math (or "STEM") products, including our 3D printing and robotics solutions, and our portable science lab. All products are integrated into our classroom software suite that provides tools for whole class learning, assessment and collaboration. In addition, we offer professional training services related to our technology to our U.S. educational customers. To date, we have generated the majority of our revenue in the U.S. and internationally from the sale of interactive displays and related software to the educational market. We have sold our solutions into over 70 countries and into over 1.5 million classrooms and meeting spaces. We sell our products and software through more than 1,000 global reseller partners. We believe we offer the most comprehensive and integrated line of interactive display solutions, audio products, peripherals and accessories, software and professional development for schools and enterprises on the market today. The majority of our products are backed by nearly 30 years of research and development.

Advances in technology and new options for the introduction of technology into the classroom have forced school districts to look for solutions that allow teachers and students to bring their own devices into the classroom, provide school districts with information technology departments with the means to access data with or without internet access, handle higher demand for video, as well as control cloud and data storage challenges. Our design teams are able to quickly customize systems and configurations to serve the needs of clients so that existing hardware and software platforms can communicate with one another. Our goal is to become a single source solution to satisfy the needs of educators around the globe and provide a holistic approach to the modern classroom.

Recent Acquisitions

On December 31, 2021, the Company acquired FrontRow Calypso LLC, a California company and a leader in classroom and campus communication solutions for the education market. While purchase accounting was applied to the acquired assets and assumed liabilities of FrontRow, the fiscal 2021 revenues and the results of operations of FrontRow are not included in our consolidated financial statements for the year ended December 31, 2021 as a result of the year-end acquisition date.

On March 23, 2021, the Company acquired Interactive Concepts BV, a company incorporated and registered in Belgium and a distributor of interactive technologies (“Interactive”). Prior to the acquisition, the company had been Boxlight’s key distributor in Belgium and Luxembourg.

Our Acquisition Strategy and Challenges

Our 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. Prior to completing any acquisition, we expect to expend significant resources to undertake business, financial and legal due diligence on our potential acquisition targets, as a result, 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.
- Improved market reach and industry visibility – increase in customer base and entry into new markets.

As a result, we believe that an analysis of the historical costs and expenses of our Target Sellers (a company that is the subject of an attempted acquisition) prior to their acquisition will not provide guidance as to the anticipated results after acquisition. We anticipate that we will be able to achieve significant reductions in our costs of revenue and selling and, general and administrative expenses from the levels currently incurred by the Target Sellers operating independently, thereby increasing our EBITDA and cash flows.

Components of our Results of Operations and Financial Condition

Revenue

The Company's sales of interactive devices, including panels, whiteboards and other interactive devices generally include hardware maintenance services, a license to software, and the provision of related software maintenance. In most cases, interactive devices are sold with hardware maintenance services.

The Company's installation, training and professional development service include third-party products and services and are generally sold separately from the Company's products.

Cost of revenue

Our cost of revenue is comprised of the following:

- third-party logistics costs;
- costs to purchase components and finished goods directly;
- inbound and outbound freight costs and duties;
- 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;
- cost of professionals to deliver the professional development training; and
- customs expense.

We outsource some of our warehouse operations and order fulfillment and we purchase products from related entities and third parties. Our product costs vary directly with volume and based on the costs of underlying product components as well as the prices we 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 and it is rarely used as a result. The Company did not experience material delays in shipping during 2022 or 2021 that materially negatively impacted our revenues, however, we have faced specific supply chain challenges related to certain component shortages and increased cost of global shipping and margins.

Gross profit and gross profit margin

Our 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 newer models; component, contract manufacturing and supplier pricing, foreign currency exchange and most recently, increased shipping costs due to the pandemic and global unrest. 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 our 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: research and development and general and administrative.

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.

General and administrative. General and administrative expense consists of personnel related costs, which include salaries, 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.

Other income (expense), net

Other income (expense), net primarily consists of interest expense associated with our debt financing arrangements, gains (losses) on the settlements of debt and trade payable obligations exchanged for common shares, and the effects of changes in the fair value of derivative liabilities.

Income tax expense

We are subject to income taxes in the United States, United Kingdom, Mexico, Sweden, Finland, Holland and Germany where we do business. The United Kingdom, Mexico, Sweden, Finland, Holland and Germany have a statutory tax rate different from that in the United States. Additionally, certain of our 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 years ended December 31, 2022 and 2021

Revenues. Total revenues for the year ended December 31, 2022 were $221.8 million as compared to $185.2 million for the year ended December 31, 2021, resulting in a 19.8% increase. The increase in revenues was primarily a result of our acquisition of FrontRow in December 2021 and increased demand for our solutions in both the U.S. and EMEA markets. Excluding FrontRow revenues, revenues increased $11.0 million or 5.9%, for the year ended December 31, 2022 as compared to the year ended December 31, 2021.

Cost of Revenues. Cost of revenues for the year ended December 31, 2022 was $156.9 million as compared to $138.7 million for the year ended December 31, 2021, resulting in an 13.2% increase. The increase in cost of revenues was primarily due to the growth in revenues associated with the acquisition of FrontRow in December 2021. Excluding cost of revenues associated with FrontRow, cost of revenues for Boxlight increased by $5.1 million or 3.7%, to $143.8 million. The increase in cost of revenues, excluding FrontRow, was primarily due to the growth in revenues across all markets partially offset by lower manufacturing and freight and shipping costs.

Gross Profit. Gross profit for the year ended December 31, 2022 was $64.9 million as compared to $46.5 million for the year ended December 31, 2021. Gross profit margin increased from 25.1% for the year ended December 31, 2021 to 29.2% for the year ended December 31, 2022 due to decreased manufacturing and freight and shipping expenses over the prior year following the height of the COVID-19 pandemic and higher margins associated with sales from FrontRow products.

General and Administrative Expense. General and administrative expense for the year ended December 31, 2022 was $59.3 million and 26.8% of revenue as compared to $47.3 million and 25.6% of revenue for the year ended December 31, 2021. The increase primarily resulted from additional costs associated with the FrontRow acquisition. Excluding FrontRow, general and administrative expense for the year ended December 31, 2022 was $50.7 million and 25.8% of revenue.

Research and Development Expense. Research and development expense was $2.5 million or 1.1% of revenue for the year ended December 31, 2022 as compared to $1.8 million or 1.0% of revenue for the year ended December 31, 2021. Research and development expense primarily consists of costs associated with development of proprietary technology. The increase in research and development expense was primarily driven by an increase in contract services related to software development.

Other income (expense), net. Other expense for the year ended December 31, 2022 was $6.7 million as compared to $7.9 million for the year ended December 31, 2021. Other expense decreased by $1.2 million, primarily due to a change in fair value of derivative liabilities due to a decrease in the Company's stock price. The decrease was partially offset by an increase in interest expense.

Net loss. The net loss attributable to common shareholders was $5.0 million and $14.7 million for the year ended December 31, 2022 and 2021, respectively, after deducting fixed dividends to Series B preferred shareholders of $1.3 million in each year and the fair value revaluation deemed contribution of $367 thousand following the redemption amendment with the Series B shareholders in the second quarter of 2021.

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 consolidated financial statements presented on a basis consistent with U.S. generally accepted accounting principles ("GAAP") with EBITDA and Adjusted EBITDA, both non-GAAP financial measures of earnings.

EBITDA represents net income (loss) before income tax expense, interest expense, net, and depreciation and amortization expense. Adjusted EBITDA represents EBITDA, adjusted for stock compensation expense and non-recurring expenses changes and changes in fair value of derivative liabilities, purchase accounting impact for fair valuing inventory and deferred revenue, and net (gain) loss on settlement of debt. Our management uses EBITDA and Adjusted EBITDA as financial measures to evaluate the profitability and efficiency of our business model. We use these non-GAAP financial measures 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. We find this especially useful when reviewing results of operations, which include large non-cash amortizations of intangibles assets from acquisitions. Investors should consider our 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 losses to EBITDA and adjusted EBITDA for the periods presented.

Reconciliation of net loss for the years ended
December 31, 2022 and 2021 to EBITDA and Adjusted EBITDA

(in thousands)	2022	2021
Net loss	**$ (3,743)**	**$ (13,802)**
Depreciation and amortization	9,129	7,177
Interest expense	9,923	3,382
Income tax expense	49	3,310
EBITDA	**$ 15,358**	**$ 67**
Stock compensation expense	3,313	4,060
Change in fair value of derivative liabilities	(2,591)	(13)
Purchase accounting impact of fair valuing inventory	1,496	60
Purchase accounting impact of fair valuing deferred revenue	2,229	2,980
Net (gain) loss on settlement of debt	(856)	4,940
Adjusted EBITDA	**$ 18,949**	**$ 12,094**

Discussion of Effect of Seasonality on Financial Condition

Certain accounts on our balance sheets 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 the upcoming school year, we generally build up inventories during the second quarter of the year. Therefore, inventories tend to be at the 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 and we do not need the same inventory levels during the first quarter. Accounts receivable balances tend to be at the highest levels in the third quarter, in which we record the highest level of sales.

We have been very proactive, and will continue to be proactive, in obtaining contracts during the fourth and first quarters or each year in order to help offset the seasonality of our business.

Liquidity and Capital Resources

As of December 31, 2022, we had cash and cash equivalents of $14.6 million, a working capital position of $62.8 million, and a current ratio of 2.29. This financial position represents an improvement from a year ago at December 31, 2021 when we had a working capital position of $53.8 million and $17.9 million of cash and cash equivalents.

For the year ended December 31, 2022, we had net cash provided by operating activities of $1.2 million. For the year ended December 31, 2021, we had net cash used in operating activities of $2.3 million. The change in cash from operating activities primarily relates to increases in operating income in 2022 compared to 2021. For the year ended December 31, 2022 and 2021, we had net cash used in investing activities of $1.2 million and $34.0 million, respectively. The decrease in cash used in investing activities primarily relates to the purchase of FrontRow that occurred in 2021, partially offset by an increase in purchases of Property and Equipment. In addition, for the year ended December 31, 2022, we had net cash used in financing activities of $5.1 million. For the year ended December 31, 2021, we had net cash provided by financing activities of $41.1 million. The decrease in cash from financing activities primarily relates to a decrease in net proceeds and principal repayments of debt of $54.5 million and a decrease in debt issuance costs of $3.3 million, partially offset by an increase in proceeds from common stock of $4.3 million.

In addition to the cash flows generated by our ongoing operating activities we financed our operations during 2022 with our current Credit Facility with WhiteHawk and in 2021 with a $20.0 million tranche of debt funded by our previous lender, and from a pre-existing accounts receivable financing arrangement with another lender who purchases 85% of the eligible accounts receivable of the Company, up to $6.0 million, with the right of recourse. We closed these credit lines in December 2021 and replaced them with our Credit Facility with WhiteHawk. Our accounts receivable and our ability to borrow against accounts receivable provides an additional source of liquidity as cash payments are collected from customers in the ordinary course of business. Our accounts receivable balance fluctuates throughout the year based on the seasonality of the business.

Our cash requirements consist primarily of day-to-day operating expenses, capital expenditures and contractual obligations with respect to facility leases and other operating leases. We lease all 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.

The Company had an accumulated deficit of $65.0 million as of December 31, 2022 and net cash provided by operations of $1.2 million for the year ended December 31, 2022.

Recent Financing

WhiteHawk Finance LLC

To finance the acquisition of FrontRow, 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 WhiteHawk Capital Partners, LP, as 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 provided 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 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 terms compliant with the Credit Agreement.

In conjunction with its receipt of the Initial Loan, the Company issued to the Lender (i) 528,169 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 2,043,291 shares of Class A common stock (subject to increase to the extent of 3% of any Series B and Series C convertible preferred stock converted into Class A common stock), exercisable at $2.00 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 $2.00 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 $1.19 per share and the shares increased to 3,434,103.

On July 22, 2022, the Company entered into a Securities Purchase Agreement with an accredited institutional investor. According to the terms of the WhiteHawk agreement, this purchase agreement triggered a reduction of the exercise price of the warrants and a revaluation of the derivative liability. The warrants were repriced to $1.10 and warrant shares increased to 3,715,075.

On March 29, 2022, the Company received a notice from the collateral agent, alleging, among other things, defaults as a result of (i) failure to repay $8.5 million of the facility by February 28, 2022, (ii) non-compliance with the borrowing base resulting in the Company being in an over advance position under the Credit Agreement, and (iii) failure to timely provide certain reports and documents. As a result, all accrued and unpaid interest owed under the Term Loan, became subject to a post-default interest rate equal to the highest interest rate allowed for under the Credit Agreement plus 2.50% until such time as the events of default were either waived or cured. In February 2022, WhiteHawk and the Company agreed in principle to an extension of the February 2022 Payment. Pursuant to amendment to the Credit Agreement, dated 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 and waive and/or otherwise extend compliance with certain other terms of the Credit Agreement in order to allow the Loan Parties adequate time to comply with such terms. In July 2022, the Company and WhiteHawk agreed that the notice had inadvertently included the default with respect to the failure to repay $8.5 million of the facility. As a result, notwithstanding the notice, both WhiteHawk and the Company have agreed that the Company was not in default in making the February 2022 Payment to WhiteHawk.

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 $3,500,000 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 Loan Parties have obtained credit insurance on certain key customers whose principal offices are located in the European Union and Australia as, without the credit insurance, their accounts owed to the Loan Parties 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. In conjunction with the amendment to the Credit Agreement, the parties entered into an amended and restated fee letter (the “Fee Letter”) pursuant to which the parties agreed to prepayment premiums of (i) 5% for payments made on or before December 31, 2022, (ii) 4% for payments made between January 1, 2023 and December 31, 2023, and (iii) 2% for payments made between January 1, 2024 and December 31, 2025. 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 ECF or casualty events.

On June 21, 2022, the Company and substantially all of its direct and indirect subsidiaries (together with the Company, the “Loan Parties”), entered into a second amendment (the “Second Amendment”) to the four-year term loan credit facility, originally entered into December 31, 2021 and as amended on April 4, 2022 (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.

Lind Global Marco Fund and Lind Global Asset Management

On February 4, 2020, the Company and Lind Global Macro Fund, LP ("LGMF") entered into a securities purchase agreement pursuant to which the Company received $750,000 in exchange for the issuance to Lind of (1) an $825,000 convertible promissory note, payable at an 8% interest rate, compounded monthly, (2) certain shares of restricted Class A common stock valued at $60,000, calculated based on the 20-day volume average weighted price of the Class A common stock for the period ended February 4, 2020, and (3) a commitment fee of $26,250. The Note was to mature over 24 months, with repayment commencing on August 4, 2020, after which time the Company made monthly payments of $45,833 plus interest by issuing shares of Class A common stock. The commitment fee in the amount of $26,025 was paid to LGMF, along with legal fees in the amount of $15,000. The Company paid LGMF $60,000 for closing fees by issuing 44,557 shares of Class A common stock. During the year ended December 31, 2021, the Company paid principal of $1.1 million and interest of $32,000 by issuing a total of 671,000 shares Class A common stock with an aggregate value of $1.5 million to Lind Global and recognized a loss extinguishment of debt of approximately $430,000. On December 31, 2021, the LGMF convertible note was paid in full.

On September 21, 2020, the Company and Lind Global Asset Management, LLC ("Lind Global") entered into a securities purchase agreement (the "Lind SPA") pursuant to which the Company received $20.0 million in exchange for the issuance to Lind Global of (1) a $22.0 million convertible promissory note, payable at a 4% interest rate, compounded monthly, (2) 310,399 shares of restricted Class A common stock valued at $900,000, calculated based on the 20-day volume average weighted price of the Class A common stock for the period ended September 21, 2020, and (3) a commitment fee of $400,000. The convertible note was to mature over 24 months, with repayment commencing on November 22, 2020, after which time the Company became obligated to make monthly payments of $1.0 million, plus interest. Interest accrued during the first two months of the note, after which time the interest payments, including accrued interest was paid monthly in either conversion shares. The commitment fee in the amount of $40,000 was paid to Lind Global, along with legal fees in the amount of $20,000 The Company paid Lind Global a total of $500,000 in closing fees consisting of commitment and legal fees, by issuing 310,399 shares of Class A common stock. The shares of Class A common stock issuable to Lind under the convertible note were registered pursuant to our effective shelf registration statement on Form S-3.

During the year ended December 31, 2021, as payment for the Lind Global convertible notes, the Company repaid principal of $12.0 million and interest of $584,000 to Lind Global by issuing a total of 7.2 million shares Class A common stock with an aggregate value of $15.9 million to Lind and recognized a $3.3 million loss.

Paycheck Protection Program Loan

On May 22, 2020, the Company received loan proceeds of $1.1 million under the Paycheck Protection Program. During 2021, the Company applied for forgiveness in the amount of $836 thousand. On March 2, 2022, we received a decision letter from the lender that the forgiveness application had been approved, leaving a remaining balance of $173 thousand to be paid. The Company received a payment schedule from its lender on May 5, 2022, extending the payoff date until May 2025. The amount remaining on the loan at December 31, 2022 was $127 thousand.

Everest Display, Inc.

On January 26, 2021, the Company entered into an agreement with EDI and EDI's subsidiary, AMAGIC, settling $1,983,436 in accounts payable owed by the Company to EDI for 793,375 shares of Class A common stock. During the year ended December 31, 2021, the Company recognized a $357 thousand gain.

Accounts Receivable Financing – Sallyport Commercial Finance

On September 30, 2020, Boxlight Inc. and EOS EDU LLC entered into an asset-based lending agreement with Sallyport Commercial Finance, LLC ("Sallyport"). Sallyport agreed to purchase 90% of the eligible accounts receivable of the Company during the Term with a right of recourse back to the Company if the receivables are not collectible. Advances against this agreement accrue interest at the rate of 3.50% in excess of the highest prime rate publicly announced from time to time with a floor of 3.25%. In addition, the Company was required to pay a daily audit fee of $950 per day.

On July 20, 2021, Boxlight and Sallyport amended the Accounts Receivable Agreement (the “ARC Amendment”) for purposes of increasing the Maximum Facility Limit Amount (as defined in the ARC Amendment) to $13,000,000, as well as increasing the minimum monthly sales from $1,250,000 to $3,000,000. In exchange for entry into the ARC Amendment, Boxlight agreed to a fee of $50,000, representing one percent of the increased Maximum Facility Limit Amount. Other terms of the Accounts Receivable Agreement remained unchanged. On August 6, 2021, Boxlight and Sallyport entered into an additional amendment of the Accounts Receivable Agreement (the “Second ARC Amendment”), which further increased the Maximum Facility Limit Amount to $15,000,000. In exchange for entry into the Second ARC Amendment, Boxlight agreed to a fee of $20,000, representing one percent of the increased Maximum Facility Limit Amount. Other terms of the Accounts Receivable Agreement remain unchanged. Following the Company’s entry into the Credit Facility with WhiteHawk, on December 31, 2021, all indebtedness to Sallyport was satisfied in full.

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 consolidated financial statements are prepared in accordance with generally accepted accounting principles accepted in the United States. 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 the 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 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 detail in Note 1 to the accompanying consolidated financial statements, and briefly summarized below. 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. Business Acquisitions
3. Goodwill and Intangible assets
4. Share-based Compensation
5. Derivative Warrant Liabilities
6. Income Taxes

REVENUE RECOGNITION

In accordance with the FASB’s Accounting Standards Codification (“ASC”) Topic 606, *Revenue from Contracts with Customers)* (“Topic 606”), 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 significant risks and rewards of ownership of products or services are transferred to its customers. Product revenue is derived from the sale of interactive panels, audio and communication equipment 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.

The Company's sales of interactive devices, including panels, whiteboards, audio and communication equipment and other interactive devices generally include hardware maintenance services, a license to software, and the provision of related software maintenance. Interactive devices are generally sold with hardware maintenance services with terms ranging from 36-60 months. Software maintenance includes technical support, product updates 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 ranging from 36-60 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, access to replacement parts, 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 other software product sales, control is transferred when the customer receives the related access code or interactive hardware since the customer's access code or 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's installation, training and professional development services are generally sold separately from the Company's products. Control of these services is transferred to our customers over time with hours/time incurred in providing the service being the best depiction of the transfer of services since the customer is receiving the benefit of the services as the work is performed.

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").

BUSINESS ACQUISITIONS

The Company's business acquisitions are accounted for as a business combination, in accordance with Topic 350 "*Business Combinations*," which requires, among other things, that assets acquired, and liabilities assumed be recognized at their estimated fair values as of the acquisition date on the consolidated balance sheet. Transaction costs are expensed as incurred. Any excess of the consideration transferred over the assigned values of the net assets acquired is recorded as goodwill. Income taxes, where applicable, are recognized and measured in accordance with Topic 740, *Accounting for Income Taxes.* For transactions occurring on or after January 1, 2021, contract liabilities acquired in a business combination are recognized and measured in accordance with Topic 606. Determining the fair value of assets acquired and liabilities assumed requires management to use significant judgement and estimates, including the selection of valuation methodologies, estimates of future revenue, costs and cash flows, and discount rates.

GOODWILL AND INTANGIBLE ASSETS

Goodwill represents the cost in excess of the fair value of the net assets of acquired businesses. Goodwill is not amortized and is not deductible for tax purposes. Under ASC Topic 350 "*Business Combinations*," we have an option to perform a "qualitative" assessment of the Company to determine whether further impairment testing is necessary. If an entity believes, as a result of its qualitative assessment, that it is more-likely-than-not that the fair value of the business is less than carrying amount, the quantitative impairment test is required. Otherwise, no further testing is required. If we determine that the Company meets these criteria, we perform a qualitative assessment. In this qualitative assessment, we consider the following items: macroeconomic conditions, industry and market conditions, overall financial performance and other entity specific events. In addition, we assess whether the most recent fair value determination results in an amount that exceeds the carrying amount of the Company. Based on these assessments, we determine whether the likelihood that a current fair value determination would be less than the current carrying amount is not more likely than not.

Because the qualitative assessment is an option, we may bypass it for any reporting unit in any period as begin our analysis with the quantitative impairment test. We may elect to perform a quantitative impairment test based on the period of time that has passed since the most recent determination of fair value, even when we do not believe that it is more-likely-than-not that the fair value of the business is less than carrying amount.

In analyzing goodwill for potential impairment in the quantitative impairment test, we use a combination of the income and market approaches to estimate the fair value. Under the income approach, we calculate the fair value based on estimated future discounted cash flows. The assumptions we use are based on what we believe a hypothetical marketplace participant would use in estimating fair value. Under the market approach, we estimate the fair value based on market multiples of revenue or earnings before interest, income taxes, depreciation and amortization for benchmark companies. If the fair value exceeds carrying value, then no further testing is required. However, if the fair value were to be less than carrying value, we would then determine the amount of the impairment charge, if any, which would be the amount that the carrying value of the goodwill exceeded its implied value.

Intangible assets are amortized using the straight-line method over their estimated period of benefit. We evaluate the recoverability of intangible assets periodically and take into account events or circumstances that warrant revised estimates of useful lives or that indicate that impairment exists. No material impairments of intangible assets have been identified during any of the periods presented. Intangible assets are tested for impairment on an annual basis, and between annual tests if indicators of potential impairment exist, using a fair-value-based approach.

SHARE-BASED COMPENSATION

The Company estimates the fair value of each stock option compensation award at the grant date by using the Black-Scholes option pricing model; the fair value of each restricted stock unit awarded is the market price of the underlying shares at the date of grant. The fair value determined represents the cost for the award and is recognized over the vesting period during which an employee is required to provide service in exchange for the award. Accordingly, stock compensation expense is recognized based on the estimated fair value of the awards which is amortized as compensation expense on a straight-line basis over the vesting period. Total expense related to the award is reduced by the fair value of the options that are forfeited by the employees that leave the Company prior to vesting.

DERIVATIVE WARRANT LIABILITIES

The Company classifies common stock purchase warrants as equity if the contracts (i) require physical settlement or net-share settlement or (ii) give the Company a choice of net-cash settlement or settlement in its own shares (physical settlement or net-share settlement). The Company classifies any contracts that (i) require net-cash settlement (including a requirement to net cash settle the contract if an event occurs and if that event is outside the control of the Company), (ii) give the counterparty a choice of net-cash settlement or settlement in shares (physical settlement or net-share settlement), or (iii) contain reset provisions as either an asset or a liability. The Company assesses classification of its freestanding derivatives at each reporting date to determine whether a change in classification between equity and liabilities is required.

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. Such warrants are measured at fair value at each reporting date, and the changes in fair value are included in determining net income for the period.

INCOME TAXES

The Company follows the asset and liability method of accounting for income taxes pursuant to the pertinent guidance issued by the FASB. Deferred income taxes are recorded to reflect the estimated future tax effects of differences between the financial statement and tax basis of assets, liabilities, operating losses, and tax credit carry forwards using the tax rates expected to be in effect when the temporary differences reverse. Valuation allowances, if any, are recorded to reduce deferred tax assets to the amount management considers more likely than not to be realized. Such valuation allowances are recorded for the portion of the deferred tax assets that are not expected to be realized based on the levels of historical taxable income and projections for future taxable income over the periods in which the temporary differences will be deductible.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Financial Statements

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Boxlight Corporation

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Boxlight Corporation and its subsidiaries (the "Company") as of December 31, 2022 and 2021, the related consolidated statements of operations and comprehensive loss, changes in stockholders' equity and cash flows for each of the years in the two-year period ended December 31, 2022, and the related notes and financial statement schedule II (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits.

We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Critical Audit Matter – Fair Value of Derivative Liabilities

As described in Notes 1 and 10, the Company has issued warrants to purchase common stock which feature net cash settlement provisions or do not have fixed settlement provisions because their conversion and exercise prices may be lowered under certain conditions. The warrants are derivative liabilities and are remeasured at fair value at each reporting date using a Monte Carlo simulation technique. Changes in fair value are included in operations each period. As of

December 31, 2022, the Company estimated the fair value to be $472 thousand and recognized a $2.6 million change in fair value in operations for the year ended December 31, 2022.

We identified the fair value of the liability-classified warrants as a critical audit matter. The principal considerations for that determination were the unobservable inputs used in the Company's valuation technique are highly subjectivity and involves higher measurement uncertainty. This required a high degree of auditor effort, including specialized skills and knowledge, and significant auditor judgment in evaluating the fair value of the warrants. The primary procedures we performed to address this critical audit matter included:

- We obtained an understanding of management's process for determining the unobservable inputs for the fair value measurement.
- Utilizing a valuation specialist, we evaluated the significant assumptions and methods utilized in developing the fair value, including:
    - We evaluated the reasonableness of the Company's measurement technique and significant assumptions and inputs.
    - We verified developed an independent calculation of the risk-free rate and volatility and compared our rates to those used by management.
    - We performed independent simulations using a Monte Carlo technique to determine the fair value of the warrants and test the accuracy of management's valuation technique and application.

Critical Audit Matter – Equity-Classified Warrants

As described in Note 12, the Company issued certain warrants and prefunded warrants in connection with a securities purchase agreement to issue and sell 7.0 million shares of the Company's common stock. The Company evaluated whether the warrants and pre-funded warrants were in the scope of ASC Topic 480 *Distinguishing Liabilities from Equity,* which discusses the accounting for instruments with characteristics of both liabilities and equity. The guidance in Topic 480, and the resulting liability classification, is applicable to instruments when certain criteria are met. Based on its analysis, the Company concluded that the warrants, and pre-funded warrants did not meet any of the criteria to be subject to liability classification and are therefore classified as equity.

We identified the classification of the warrants as a critical audit matter. The principal considerations for that determination included the complexity and effort required in identifying all relevant features of and obligations under the instruments for evaluation against the criteria for classification. This required a high degree of auditor effort, including specialized skills and knowledge, and significant auditor judgment in evaluating the features of and obligations under the warrants and the determination of whether such features meet the criteria for liability-classification.

The primary procedures we performed to address this critical audit matter included:

- We obtained an understanding of management's process for identifying and evaluating the critical terms of the warrant agreements in determining the classification.
- With the assistance of professionals in our firm that have specialized skills and knowledge in accounting for debt and equity instruments:
    - We evaluated management's analysis and conclusions regarding the relevant provisions and features of the warrants in light of relevant guidance and the criteria for classification.
    - We read the securities purchase agreement and underlying warrant agreements comprising the offering to identify the relevant features and settlement provisions for our evaluation.
    - We independently evaluated the relevant features and settlement provisions of the warrants under relevant guidance considering the criteria for liability-classification.

Critical Audit Matter – Goodwill Impairment Assessment

As described in Note 1, in analyzing goodwill for potential impairment in the quantitative impairment test, the Company uses a combination of the income and market approaches to estimate the fair value. Under the income approach, the Company calculates the fair value based on discounted estimated future cash flows. Under the market approach, the Company estimates the fair value based on the market multiples of revenue or earnings before interest, income taxes, depreciation, and amortization for benchmark companies.

We identified the quantitative impairment test of goodwill as a critical audit matter. The principal considerations for that determination included the judgement involved in assessing management's impairment test of goodwill due to the measurement uncertainty involved in determining the fair value of equity for the reporting units. In particular, the fair value estimates are sensitive to changes in assumptions such as discount rates, expected future cash flows, long-term growth rates, and comparable company earnings multiples.

The primary procedures we performed to address this critical audit matter included:

- We obtained an understanding of management's process for assessing goodwill impairment and performing the qualitative goodwill impairment test, including management's process for developing assumptions used in the income and market approaches to estimate the fair value of reporting units.
- We evaluated management's revenue growth rates, margins, and cash flows to current industry and economic trends, while also considering the current and future business, customer base, and product mix.
- We assessed management's process for estimating revenue growth and margins by comparing past projections to actual performance.
- With the assistance of our valuation professionals with specialized skills and knowledge, we evaluated the models, valuation methodology, and significant assumptions used in the income and market approaches to estimate the fair values.
- We tested management's reconciliation of the fair value of equity of the reporting units to the market capitalization of the Company.

/s/ FORVIS, LLP (Formerly, Dixon Hughes Goodman LLP)

We have served as the Company's auditor since 2018.

Atlanta, Georgia
March 16, 2023

Boxlight Corporation
Consolidated Balance Sheets
As of December 31, 2022 and 2021
(in thousands except share and per share amounts)

	December 31, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 14,591	$ 17,938
Accounts receivable – trade, net of allowances	31,009	29,573
Inventories, net of reserves	58,211	51,591
Prepaid expenses and other current assets	7,433	9,444
Total current assets	111,244	108,546
Property and equipment, net of accumulated depreciation	1,733	1,073
Operating lease right of use asset	4,350	—
Intangible assets, net of accumulated amortization	52,579	65,532
Goodwill	25,092	26,037
Other assets	397	248
Total assets	**$ 195,395**	**$ 201,436**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 36,566	$ 33,638
Short-term debt	845	9,804
Operating lease liabilities, current	1,898	—
Deferred revenues, current	8,308	7,575
Derivative liabilities	472	3,064
Other short-term liabilities	386	667
Total current liabilities	48,475	54,748
Deferred revenues, non-current	15,603	13,952
Long-term debt	43,778	42,137
Deferred tax liabilities, net	4,680	8,449
Operating lease liabilities, non-current	2,457	—
Other long-term liabilities	—	340
Total liabilities	114,993	119,626
Commitments and contingencies (Note 15)		
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	28,509	28,509
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, $0.0001 par value, 200,000,000 shares authorized; 74,716,696 and 63,821,901 Class A shares issued and outstanding at December 31, 2022 and 2021, respectively	7	6
Additional paid-in capital	117,843	110,867
Accumulated deficit	(65,043)	(61,300)
Accumulated other comprehensive (loss) income	(914)	3,728
Total stockholders' equity	51,893	53,301
Total liabilities and stockholders' equity	**$ 195,395**	**$ 201,436**

See Accompanying Notes to Financial Statements.

Boxlight Corporation
Consolidated Statements of Operations and Comprehensive Loss
For the Years Ended December 31, 2022 and 2021
(in thousands, except per share amounts)

	2022	2021
Revenues, net	$ 221,781	$ 185,177
Cost of revenues	156,913	138,652
Gross profit	64,868	46,525
Operating expense:		
General and administrative expenses	59,337	47,270
Research and development	2,482	1,826
Total operating expense	61,819	49,096
Income (loss) from operations	3,049	(2,571)
Other income (expense):		
Interest expense, net	(9,923)	(3,382)
Other expense, net	(267)	(20)
Gain (loss) on settlement of liabilities, net	856	(4,532)
Change in fair value of derivative liabilities	2,591	13
Total other expense	(6,743)	(7,921)
Loss before income taxes	(3,694)	(10,492)
Income tax expense	(49)	(3,310)
Net loss	(3,743)	(13,802)
Fixed dividends - Series B Preferred	(1,269)	(1,269)
Deemed contribution -Series B Preferred	—	367
Net loss attributable to common stockholders	$ (5,012)	$ (14,704)
Comprehensive loss:		
Net loss	(3,743)	(13,802)
Other comprehensive loss:		
Foreign currency translation adjustment	(4,642)	(1,464)
Total comprehensive loss	$ (8,385)	$ (15,266)
Net loss attributable to common stockholders	$ (5,012)	(14,704)
Net loss per common share – basic and diluted	$ (0.07)	$ (0.23)
Weighted average number of common shares outstanding – basic and diluted	69,153	58,849

See Accompanying Notes to Financial Statements.

Boxlight Corporation
Consolidated Statements of Changes in Stockholders' Equity
For the Years Ended December 31, 2022 and 2021
(in thousands except share amounts)

	Series A Preferred Stock		Class A Common Stock		Additional Paid-in	Accumulated Other Comprehensive	Accumulated	
	Shares	Amount	Shares	Amount	Capital	Income (Loss)	Deficit	Total
Balance, December 31, 2020	167,972	$ —	53,343,518	$ 6	$ 86,768	$ 5,192	$ (47,498)	$ 44,468
Shares issued for:								
Conversion of liabilities	—	—	8,697,166	—	19,080	—	—	19,080
Stock options exercised	—	—	492,460	—	415	—	—	415
Acquisition	—	—	142,882	—	404	—	—	404
Debt issuance costs	—	—	—	—	660	—	—	660
Vesting of restricted stock units	—	—	916,682	—	—	—	—	—
Warrant redemption, net	—	—	229,193	—	382	—	—	382
Stock compensation	—	—	—	—	4,060	—	—	4,060
Foreign currency translation	—	—	—	—	—	(1,464)	—	(1,464)
Fixed dividends for preferred shareholders	—	—	—	—	(1,269)	—	—	(1,269)
Deemed contribution for preferred shareholders	—	—		—	367	—	—	367
Net loss	—	—	—	—	—	—	(13,802)	(13,802)
Balance, December 31, 2021	167,972	—	63,821,901	6	110,867	3,728	(61,300)	53,301
Shares issued for:								
Stock options exercised	—	—	296,841	—	81	—	—	81
Acquisition	—	—	230,770	—	150	—	—	150
Debt issuance costs	—	—	528,169	—	—	—	—	—
Vesting of restricted stock units	—	—	2,486,075	—	—	—	—	—
Securities purchase agreement	—	—	7,000,000	1	2,352	—	—	2,353
Warrant redemption, net	—	—	352,940	—	—	—	—	—
Issuance of warrants and prefunded warrants	—	—	—	—	2,349	—	—	2,349
Stock compensation	—	—	—	—	3,313	—	—	3,313
Foreign currency translation	—	—	—	—	—	(4,642)	—	(4,642)
Fixed dividends for preferred shareholders	—	—	—	—	(1,269)	—	—	(1,269)
Net loss	—	—	—	—	—	—	(3,743)	(3,743)
Balance, December 31, 2022	167,972	$ —	74,716,696	$ 7	$ 117,843	$ (914)	$ (65,043)	$ 51,893

See Accompanying Notes to Financial Statements.

Boxlight Corporation
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021
(in thousands)

	2022	2021
Cash flows from operating activities:		
Net loss	$ (3,743)	$ (13,802)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Amortization of debt discount and issuance cost	2,158	2,132
Bad debt expense	266	425
(Gain) loss on settlement of liabilities	(856)	3,345
Changes in deferred tax assets and liabilities	(3,776)	788
Change in allowance for sales returns and volume rebate	316	1,145
Change in inventory reserve	(68)	250
Change in fair value of derivative liability	(2,591)	(13)
Shares issued for interest payment on notes payable	—	617
Stock compensation expense	3,313	4,060
Depreciation and amortization	9,129	7,175
Change in right of use assets and lease liabilities	8	—
Changes in operating assets and liabilities:		
Accounts receivable – trade	(3,800)	(6,427)
Inventories	(10,272)	(20,998)
Prepaid expenses and other current assets	1,602	(2,470)
Other assets	(161)	(158)
Accounts payable and accrued expenses	5,756	17,948
Other short-term liabilities	256	344
Deferred revenues	3,965	4,318
Other liabilities	(312)	(1,009)
Net cash provided by (used in) operating activities	$ 1,190	$ (2,330)
Cash flows from investing activities:		
Asset acquisition	(100)	(33,604)
Cash paid to settle earnout obligations	—	(119)
Purchases of furniture and fixtures, net	(1,106)	(285)
Net cash used in investing activities	$ (1,206)	$ (34,008)
Cash flows from financing activities:		
Net proceeds from issuance of common stock and warrants, net of issuance costs	4,700	—
Proceeds from issuances of short-term debt	—	54,225
Proceeds from exercise of options and warrants	—	—
Principal payments on debt	(11,141)	(66,912)
Discount on notes payable	—	(500)
Proceeds from long term debt	2,500	58,500
Debt issuance costs	—	(3,324)
Payments of fixed dividends to Series B Preferred stockholders	(1,269)	(1,269)
Proceeds from issuance of common stock	84	428
Other Share based payments		
Net cash (used in) provided by financing activities	$ (5,126)	$ 41,148
Effect of foreign currency exchange rates	1,795	(332)
Net (decrease) increase in cash and cash equivalents	(3,347)	4,478
Cash and cash equivalents, beginning of the period	17,938	13,460
Cash and cash equivalents, end of the period	$ 14,591	$ 17,938
Supplemental cash flow disclosures:		
Cash paid for income taxes	$ 1,615	$ 1,476
Cash paid for interest	$ 8,342	$ 1,497
Non-cash investing and financing transactions:		
Shares issued to settle accounts payable	$ —	$ 1,626
Shares issued for closing fees related to outstanding notes payable – Lind Global	$ —	$ 17,454
Exercise of warrants	$ —	$ 350
Shares issued for asset acquisition	$ 150	$ 403
Deemed contribution from Series B Preferred Stock	$ —	$ 367

See Accompanying Notes to Financial Statements.

Notes to Consolidated Financial Statements
Boxlight Corporation

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

COMPANY HISTORY AND RECENT ACQUISITIVE GROWTH

Boxlight Corporation (the "Company") was incorporated in the State of Nevada on September 18, 2014 with its headquarters in Atlanta, Georgia for the purpose of becoming a technology company that sells interactive educational products. The Company designs, produces and distributes interactive technology solutions predominantly to the education market.

On December 31, 2021, the Company acquired FrontRow Calypso LLC, a California company and a leader in classroom and campus communication solutions for the education market.

BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of Boxlight Corporation and its wholly owned subsidiaries. Intercompany transactions and account balances among all of affiliated entities have been eliminated.

In the opinion of management, the consolidated financial statements reflect all adjustments, which are normal and recurring in nature and necessary for fair financial statement presentation.

ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles ("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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates. Significant estimates include estimates of reserves for inventory obsolescence; the recoverability of deferred tax assets; the fair value of warrants; the initial fair value of preferred stock, the fair value and recoverability of intangible assets and goodwill; the fair value of stock compensation; the fair values of assets acquired; the relative stand-alone selling prices of goods and services; and variable consideration.

COMPREHENSIVE INCOME

Comprehensive income (loss) reflects the change in equity during the year except those resulting from investments by and distributions to stockholders, and is comprised of all components of net income (loss) and foreign currency translation adjustments.

FOREIGN CURRENCIES

The Company's reporting currency is the U.S. dollar.

The U.S. dollar is the currency of the primary economic environment in which it operates and is generally the currency in which the Company's business generates and expends cash. Subsidiaries with different functional currencies, translate their assets and liabilities into U.S. dollars at the exchange rates in effect as of the balance sheet date. Revenues and expenses are translated into U.S. dollars at the average exchange rates for the year. The resulting translation adjustments are included in accumulated other comprehensive income (loss), a separate component of equity (deficit). Foreign exchange gains and losses arise from transactions denominated in currencies other than the functional currency. Gains and losses on those foreign currency transactions are included in determining net income (loss) for the period in which the exchange rates change.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid short-term investments purchased with an original maturity of three months or less to be cash equivalents. These investments are carried at cost, which approximates fair value. The Company maintains cash balances at financial institutions which, from time to time, may exceed Federal Deposit Insurance Corporation insured limits of $250,000 for banks located in the U.S. The Company has not experienced any losses with regard to its bank accounts and believes it is not exposed to any risk of loss on its cash bank accounts.

ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts receivable are stated at contractual amounts, net of an allowance for doubtful accounts. The allowance for doubtful accounts represents management's estimate of the amounts that ultimately will not be realized in cash. The Company reviews the adequacy of the allowance for doubtful accounts on an ongoing basis, using historical payment trends, the age of receivables and knowledge of the individual customers. When the analysis indicates, management increases or decreases the allowance accordingly. However, if the financial condition of our customers were to deteriorate, additional allowances might be required.

INVENTORIES

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

The Company continuously reviews its inventory levels to identify slow-moving merchandise and markdowns necessary to clear slow-moving merchandise, which reduces the cost of inventories to its estimated net realizable value. Consideration is given to several quantitative and qualitative factors, including current pricing levels and the anticipated need for subsequent markdowns, aging of inventories, historical sales trends, and the impact of market trends and economic conditions. Estimates of markdown requirements may differ from actual results due to changes in quantity, quality and mix of products in inventory, as well as changes in consumer preferences, market and economic conditions.

PROPERTY AND EQUIPMENT

Property and equipment is stated at cost and depreciated using the straight-line method over the estimated life of the asset. Repairs and maintenance are charged to expense as incurred.

LONG–LIVED ASSETS

Long-lived assets to be held and used or disposed of other than by sale are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When required, impairment losses on assets to be held and used or disposed of other than by sale are recognized based on the fair value of the asset. Long-lived assets to be disposed of by sale are reported at the lower of carrying amount or fair value less cost to sell.

BUSINESS COMBINATIONS

Transactions in which the Company acquires or obtains control of one or more businesses are accounted for as business combinations in accordance with Topic 805, *Business Combinations*, which requires, among other things, that assets acquired, and liabilities assumed be recognized at their estimated fair values as of the acquisition date on the balance sheet. Income taxes, where applicable, are recognized and measured in accordance with Topic 740, *Accounting for Income Taxes*. For transactions occurring on or after January 1, 2021, contract liabilities acquired in a business combination are recognized and measured in accordance with Topic 606, *Revenue from Contracts with Customers* ("Topic 606"). Determining the fair value of assets acquired and liabilities assumed requires management to use significant judgement and estimates, including the selection of valuation methodologies, estimates of future revenue, costs and cash flows, and discount rates. Transaction costs are expensed as incurred. Any excess consideration transferred over the assigned values of net assets acquired would be recorded as goodwill. The amounts of revenue and earnings of the acquiree since the acquisition date are included in the consolidated statements of operations and comprehensive loss for the reporting period.

GOODWILL

Goodwill represents the cost in excess of the fair value of the net tangible and intangible assets of acquired businesses, and represents implied synergies expected of the completed business combinations. Goodwill is not amortized and is not deductible for tax purposes.

Under Topic 350, *Intangibles—Goodwill and Other*, the Company has an option to perform a "qualitative" assessment to determine whether quantitative impairment testing is necessary. If, as a result of a qualitative assessment, it is more-likely-than-not that the fair value of the business is less than carrying amount, quantitative impairment testing is required. Otherwise, no further testing is necessary. If the Company performs a qualitative assessment, the Company considers the following criteria: macroeconomic conditions, industry and market conditions, overall financial performance and other entity specific events. In addition, the Company assesses whether the most recent fair value determination resulted in an amount that significantly exceeded the carrying amount of the Company. Based on these assessments, the Company determines whether the likelihood that a current fair value determination would be less than the current carrying amount is not more likely than not.

Because the qualitative assessment is an option, the Company may bypass it for any reporting unit in any period and begin the analysis using a quantitative impairment test. The Company may also elect to perform a quantitative impairment test based on the period of time that has passed since the most recent determination of fair value, even when the Company does not believe that it is more-likely-than-not that the fair value of the business is less than carrying amount.

In analyzing goodwill for potential impairment in the quantitative impairment test, the Company uses a combination of the income and market approaches to estimate the fair value. Under the income approach, the Company calculates the fair value based on estimated future discounted cash flows. The assumptions used are based on what the Company believes a hypothetical marketplace participant would use in estimating fair value. Under the market approach, the Company estimates the fair value based on market multiples of revenue or earnings before interest, income taxes, depreciation, and amortization for benchmark companies. If the fair value exceeds carrying value, then no further testing is required. However, if the fair value were to be less than carrying value, the Company would then determine the amount of the impairment charge, if any, which would be the amount that the carrying value of the goodwill exceeded its implied value. No goodwill impairments have been identified and recognized during any of the periods presented.

We test goodwill annually for impairment during the fourth quarter. During the year ended December 31, 2022, we began performing the annual impairment test as of October 1, compared to December 31 in previous years. This facilitates the overall coordination and timing of our annual financial statement close cycle and the preparation of our annual report. The change to the testing date did not represent a material change to our method of applying the accounting principle in light of requirements to monitor goodwill throughout the reporting period.

Since the acquisition of FrontRow Calypso LLC occurred December 31, 2021, the Company believes that the carrying amount does not exceed the fair value for the reporting unit. Goodwill arising from the FrontRow Calypso LLC acquisition was not included in the goodwill impairment testing for 2022.

INTANGIBLE ASSETS

Intangible assets are amortized using the straight-line method over their estimated period of benefit and presented net of accumulated amortization. The Company reviews the carrying amounts of intangible assets for impairment whenever an event or change in circumstances indicates that the carrying amount of the assets may not be recoverable. The Company measures the recoverability of intangible assets by comparing the carrying amount of each asset to the future undiscounted cash flows the Company expects the asset to generate. Impairment is measured by the amount in which the carrying value of the asset exceeds its fair value. In addition, the Company periodically evaluates the estimated remaining useful lives of long-lived intangible assets to determine whether events or changes in circumstances warrant a revision to the remaining period of amortization.

DERIVATIVE TREATMENT OF STOCK PURCHASE WARRANTS

The Company classifies common stock purchase warrants as equity if the contracts (i) require physical settlement or net-share settlement or (ii) give the Company a choice of net-cash settlement or settlement in its own shares (physical settlement or net-share settlement). The Company classifies any contracts that (i) require net-cash settlement (including a requirement to net cash settle the contract if an event occurs and if that event is outside the control of the Company), (ii) give the counterparty a choice of net-cash settlement or settlement in shares (physical settlement or net-share settlement), or (iii) contain reset provisions as either an asset or a liability. The Company assesses classification of its freestanding derivatives at each reporting date to determine whether a change in classification between equity and liabilities is required.

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. Such warrants are measured at fair value at each reporting date, and the changes in fair value are included in determining net income for the period. See Note 10 “Derivative Liabilities” for more information.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company’s financial instruments primarily include cash, accounts receivable, warrants, accounts payable and debt. Due to the short-term nature of cash, accounts receivables and accounts payable, the carrying amounts of these assets and liabilities approximate their fair value. Debt approximates fair value due to either the short-term nature or recent execution of the debt agreement. The amount of consideration received is deemed to be the fair value of long-term debt net of any debt discount and issuance cost.

Warrants and contingent consideration for acquired businesses 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.

The following tables set 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 December 31, 2022 and 2021 (in thousands):

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

Description	Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Carrying Value as of December 31, 2021
Derivative liabilities - warrant instruments	$ —	$ —	$ 3,064	$ 3,064

See Note 10 for discussion of the valuation techniques and inputs and reconciliation of the opening and closing balances of the fair value of warrants.

The following tables reconcile opening and closing balances of contingent consideration for which fair value is based on level 3 inputs (in thousands).

	Amount
Balance, December 31, 2020	$ 119
Amount paid	(119)
Balance, December 31, 2021	—
Amount paid	—
Balance, December 31, 2022	$ —

NET INCOME (LOSS) PER COMMON SHARE

Basic net income (loss) per common share is computed by dividing net income (loss) available to common shareholders by the weighted-average number of common shares outstanding during the period. For purposes of this calculation, options to purchase common stock, restricted stock units subject to vesting and warrants to purchase common stock were considered to be common stock equivalents. Diluted net income (loss) per common share is determined using the weighted-average number of common shares outstanding during the period, adjusted for the dilutive effect of common stock equivalents. The dilutive effect of convertible instruments is determined using the if-converted method, presuming share settlement. 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. In periods when losses are reported, the weighted-average number of common shares outstanding excludes common stock equivalents, because their inclusion would be anti-dilutive. For the year ended December 31, 2022, potentially dilutive securities that were not included in the diluted per share calculation because they would be anti-dilutive comprise 3.9 million shares from options to purchase common shares and 2.4 million of unvested restricted shares, 10.8 million shares issuable upon exercise of warrants. Additionally, potentially dilutive securities of 17.8 million shares from the assumed conversion of preferred stock are excluded from the denominator because they would be anti-dilutive. For the year ended December 31, 2021, potentially dilutive securities that were not included in the diluted per share calculation because they would be anti-dilutive comprise 4.1 million shares from options to purchase common shares, unvested restricted shares of 2.0 million and 2.1 million shares issuable upon exercise of warrants. Additionally, potentially dilutive securities of 17.8 million shares from the assumed conversion of preferred stock are excluded from the denominator because they would be anti-dilutive.

REVENUE RECOGNITION

In accordance with Topic 606 Revenue from Contracts with Customers, 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 products or services are transferred to its customers. Product revenue is derived from the sale of interactive panels, audio and communication equipment 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, audio and communication equipment and other interactive devices generally include hardware maintenance services, a license to software, and the provision of related software maintenance. Interactive devices are generally sold with hardware maintenance services with terms of approximately 36-60 months. Software maintenance includes technical support, product updates on a when and if available basis, and error correction services. At times, non-interactive panels 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 other software product sales, control is transferred when the customer receives the related access code or interactive hardware since the customer’s access code or 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’s installation, training and professional development services are generally sold separately from the Company’s products. Control of these services is transferred to our customers over time with hours/time incurred in providing the service being the best depiction of the transfer of services since the customer is receiving the benefit of the services as the work is performed.

For the sale of third-party products and services where the Company obtains control of the products and services before transferring it to the customer, the Company recognizes revenue based on the gross amount billed to customers. The Company considers multiple factors when determining whether it obtains control of the third-party products and services including, but not limited to, evaluating if it can establish the price of the product, retains inventory risk for tangible products or has the responsibility for ensuring acceptability of the product or service. The Company has not historically entered into transactions where it does not take control of the product or service prior to transfer 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 will receive the optimal benefit from the products over their lives. 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 consolidated balance sheets in accordance with Topic 606. Contract liabilities are reflected in deferred revenue in the accompanying 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 has no material contract assets on December 31, 2022 or 2021. During the years ended December 31, 2022 and 2021, the Company recognized $7.5 million and $5.6 million, respectively, of revenue that was included in the deferred revenue balance as of December 31, 2021 and December 31, 2020, respectively.

Variable Consideration

The Company's otherwise fixed consideration in its customer contracts 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 "buyer's remorse" where the distributor or reseller's end customer either did not understand what they were ordering, or determined that the product did not meet their needs. An allowance for sales returns is estimated based on an analysis of historical trends. In very limited situations, a customer may return previous purchases held in inventory for a specified period of time in exchange for credits toward additional purchases. The Company provides rebates to certain customers based on the achievement of certain sales targets. The provision for rebates is estimated based on customers' contracted rebate programs and our historical experience of rebates paid. The Company includes variable consideration in its transaction price when there is a basis to reasonably estimate the amount of the fee and it is probable there will not be a significant reversal. These estimates are generally made using the expected value method based on historical experience and are measured at each reporting date. There was no material revenue recognized in 2022 related to changes in estimated variable consideration that existed at December 31, 2021.

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 December 31, 2022 and 2021, the aggregate amount of the contractual transaction prices allocated to remaining performance obligations was $23.9 million and $21.5 million, respectively. The Company expects to recognize revenue on approximately 33% of the remaining performance obligations in 2023, 27% in 2024, 21% in 2025, 13% in 2026, with the remainder 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 contract). 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 is pre-installed on the interactive device are 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 access codes 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 3- 5 years from the contract execution date as measured based upon the passage of time.

	Year Ended December 31, (in thousands) 2022	2021
Product revenues:		
Hardware	$ 206,770	$ 171,780
Software	4,306	4,102
Service revenues:		
Professional services	2,638	1,419
Maintenance and subscription services	8,067	7,876
	$ 221,781	$ 185,177

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 fulfil 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.
- The costs are expected to be recovered.

Certain sales commissions incurred by the Company were 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 have been recognized over a period that is one year or less, the Company 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 consolidated balance sheets. Total deferred commissions at December 31, 2022 and 2021 and the related amortization for 2022 and 2021 were less than $300,000.

The Company has not historically incurred any material fulfilment costs that meet the criteria for capitalization.

Bill and Hold Arrangements

From time to time the Company enters custodial bill and hold arrangements with customers. Each arrangement is reviewed, and revenue is recognized only when the following criteria have been met: (1) the reason for the bill-and-hold arrangement is substantive (2) the product is identified as the customer's asset (3) the product is ready for delivery to the customer (4) there must be a fixed schedule for delivery (5) the seller cannot use the product or direct the product to another customer. At December 31, 2022, $3.2 million of revenue was recognized for goods that will be delivered to a customer during the first quarter of 2023.

WARRANTY RESERVE

For customers that do not purchase hardware maintenance services, the Company generally provides warranty coverage on panels and accessories, batteries and computers. This warranty coverage ranges from 2-5 years, and the Company establishes a liability for estimated product warranty costs, included in other short-term liabilities in the consolidated balance sheets, at the time the related product revenue is recognized. The warranty obligation is affected by historical product failure rates and the related use of materials, labor costs and freight incurred in correcting any product failure. Should actual product failure rates, use of materials, or other costs differ from the Company's estimates, additional warranty liabilities could be required, which would reduce its gross profit.

RESEARCH AND DEVELOPMENT EXPENSES

Research and development costs are expensed as incurred and consist primarily of personnel related costs, prototype and sample costs, design costs, and global product certifications mostly for wireless certifications.

INCOME TAX

An asset and liability approach is used for financial accounting and reporting for income taxes. Deferred income taxes arise from temporary differences between income tax and financial reporting and principally relate to recognition of revenue and expenses in different periods for financial and tax accounting purposes and are measured using currently enacted tax rates and laws. In addition, a deferred tax asset can be generated by net operating loss carryforwards. If it is more likely than not that some portion or all of a deferred tax asset will not be realized, a valuation allowance is recognized.

STOCK-BASED COMPENSATION

The Company estimates the fair value of each stock option compensation award at the grant date by using the Black-Scholes option pricing model; the fair value for each restricted stock unit award is the market price of the underlying shares at the date of grant. The fair value determined represents the cost for the award and is recognized on a straight-line basis over the vesting period during which an employee is required to provide service in exchange for the award. Total expense is reduced by the previously recognized compensation expense for options that are forfeited prior to vesting when the forfeiture occurs.

LEASES

The Company has entered into various operating leases for certain office, support locations and vehicles with terms extending through February 2027. Generally, these leases have initial lease terms of five years or less.

Prior to the adoption of Accounting Standards Update ("ASU") No. 2016-02 "Leases" (Topic 842) on January 1, 2022, the Company recorded the difference between the rent paid and the straight-line rent expense as a deferred rent liability within accrued expenses and other current liabilities and other liabilities.

Subsequent to the adoption of Topic 842, operating lease assets and liabilities are reflected within operating lease assets, operating lease liabilities, current, and operating lease liabilities, non-current, on the consolidated balance sheets. Operating lease assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Many of the leases have one or more lease renewal options. The exercise of lease renewal options is at our sole discretion. The Company does not consider exercise of any lease renewal options reasonably certain. Certain of our lease agreements contain early termination options. No renewal options or early termination options have been included in the calculation of the operating right-of-use assets or operating lease liabilities. Certain of our lease agreements provide for periodic adjustments to rental payments for inflation. As the majority of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate at the commencement date in determining the present value of lease payments. The incremental borrowing rate is based on the term of the lease. In connection with the adoption of Topic 842, the Company used incremental borrowing rates on January 1, 2022 for operating leases that commenced prior to that date. Leases with an initial term of 12 months or less are not recorded on the balance sheet. For these short-term leases, lease expense is recognized on a straight-line basis over the lease term.

SUBSEQUENT EVENTS

We reviewed all material events through the date of these consolidated financial statements were issued for subsequent event disclosure consideration as described in Note 17.

NEW ACCOUNTING PRONOUNCEMENTS

Recently Adopted Accounting Pronouncements

The Company adopted Topic 842, as amended, which requires that lessees and lessors recognize lease assets and lease liabilities on the balance sheet and disclose key information about leasing arrangements. The Company elected the modified retrospective approach which it applied on January 1, 2022, and therefore have not restated comparative periods. The Company elected certain relief options offered in ASU 2016-02 including the package of practical expedients, and the option not to recognize right-of-use assets and lease liabilities that arise from short-term leases (i.e., leases with terms of twelve months or less). The Company also elected the practical expedient to not separate lease and non-lease components, which allows it to account for lease and non-lease components as a single component. Finally, the Company elected not to apply the hindsight practical expedient to determine the lease term for existing leases.

The Company’s operating leases relate primarily to office space. As a result of the adoption of ASU 2016-02, the Company recognized an operating lease right-of-use ("ROU") asset of $3.8 million and a current operating lease liability of approximately $1.6 million and a long-term operating lease liability of approximately $2.3 million as of January 1, 2022, with no impact on the Company’s Consolidated Statement of Operations and Comprehensive Loss or Consolidated Statement of Cash Flows. The ROU asset and operating lease liabilities are recorded as separate line items in the Consolidated Balance Sheet.

The Company adopted ASU 2021-06, “*Amendments to SEC Paragraphs Pursuant to SEC Final Rule Releases No. 33-10786, Amendments to Financial Disclosures about Acquired and Disposed Businesses*” to amend SEC paragraphs in the Accounting Standards Codification to reflect the issuance of SEC Release No. 33-10786, *Amendments to Financial Disclosures about Acquired and Disposed Businesses.* Among other changes, the final rule modifies the significance tests and improves the disclosure requirements for (1) acquired or to be acquired businesses, (2) real estate operations, and (3) pro forma financial information. In addition, the final rule includes amendments to financial disclosures specific to smaller reporting companies (SRCs). There is no immediate impact on the Company’s financial statements due to the adoption of this standard.

The Company early adopted (as of January 1, 2021) ASU No. 2020-06, *“Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity.”* The new guidance simplifies the accounting for certain convertible instruments and for contracts in an entity’s own equity. Key provisions include the elimination of the “cash conversion” guidance and the “beneficial conversion feature” guidance in ASC Subtopic 470-20, *(Debt with Conversion and Other Options)*, as well as a simplification of the settlement assessment that entities are required to perform to determine whether a contract qualifies for equity classification by removing certain conditions in ASC Subtopic 815-40-25. Since the beneficial conversion feature is eliminated by this guidance, it will not be recorded for our Series B preferred stock.

The amendments in ASU 2020-06 further revise the guidance in ASC Topic 260, “*Earnings Per Share,*” to require entities to calculate diluted earnings per share for convertible instruments by using the if-converted method. In addition, entities must presume share settlement for purposes of calculating diluted EPS when an instrument may be settled in cash or shares. For the years ended December 31, 2022 and 2021, the Company has calculated diluted earnings per share using the if-converted method.

The Company early adopted (as of January 1, 2021) ASU No. 2021-08, “*Accounting for Contract Assets and Contract Liabilities from Contracts with Customers,*” (“ASU 2021-08”), which amends the guidance in ASC Topic 805, “*Business Combinations*,” to require that “an entity (acquirer) recognize, and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606, rather than at fair value.” At the acquisition date, an acquirer would account for the related revenue contracts in accordance with Topic 606 as if it had originated the contracts. To achieve this, an acquirer may assess how the acquiree applied Topic 606 to determine what to record for the acquired revenue contracts. The Company applied the guidance in this ASU to the FrontRow acquisition that was completed on December 31, 2021.

The Company adopted ASU No. 2019-12, “Income Taxes” (ASU 740): *“Simplifying the Accounting for Income Taxes.”* The new guidance eliminates the need for an organization to analyze whether the following apply in a given period: (1) the exception to the incremental approach for intraperiod tax allocation; (2) the exceptions to accounting for basis differences when there are ownership changes in foreign investments; and (3) the exception in interim periods income tax accounting for year-to-date losses that exceed anticipated losses. The ASU also is designed to improve financial statement preparers' application of income tax-related guidance and simplify GAAP for (1) franchise taxes that are partially based on income, (2) transactions with a government that result in a step-up in the tax basis of goodwill, (3) separate financial statements of legal entities that are not subject to tax, (4) enacted changes in tax laws in interim periods and (5) certain income tax accounting for employee stock ownership plans and affordable housing projects. The standard became effective for the Company on January 1, 2021 and did not have a material impact on the financial statements.

Recent Accounting Pronouncements not yet Adopted

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments Credit Losses" (Topic 326): Measurement of Credit Losses on Financial Instruments. The new guidance replaces the incurred loss methodology with the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including trade accounts receivable. It also applies to off-balance sheet credit exposures not accounted for as insurance (loan commitments, standby letters of credit, financial guarantees, and other similar instruments) and net investments in leases recognized by a lessor in accordance with Topic 842. This new guidance changes the impairment model for most financial assets and certain other instruments. The ASU is not effective until fiscal years beginning after December 15, 2022, and interim periods within that fiscal year. The Company's trade receivable terms are short term in duration and historically losses on accounts receivable have not been significant; write-offs were approximately $243,000 for the year ended December 31, 2022. Accordingly, the Company does not expect the adoption to have a material impact on the Company's financial statements.

There were various other accounting standards and interpretations issued recently, some of which may be applicable to the Company but none of which are expected to a have a material impact on our financial position, operations, or cash flows.

NOTE 2 –BUSINESS ACQUISITIONS

The acquisitions described below were accounted for as business combinations which require, among other things, that assets acquired, and liabilities assumed be recognized at their estimated fair values as of the acquisition date. Deferred income taxes are recognized and measured in accordance with Topic 740 "*Accounting for Income Taxes*". Transaction costs are expensed as incurred. Any excess of the consideration transferred over the assigned values of the net assets acquired would be recorded as goodwill.

FrontRow Calypso LLC.

On December 31, 2021, the Company, and its wholly owned subsidiary, Boxlight, Inc, acquired 100% of the membership interests of FrontRow Calypso LLC, a Delaware limited liability company ("FrontRow") in exchange for payment of $34.7 million to Phonic Ear Inc. and Calypso Systems LLC, the equity holders of FrontRow.

Based in Petaluma, California, FrontRow makes technology that improves communication in learning environments, including developing network-based solutions for intercom, paging, bells, mass notification, classroom sound, lesson sharing, AV control and management. FrontRow also has offices in Toronto, Copenhagen, Brisbane, Hamilton (UK) and Shenzhen.

To finance the acquisition of FrontRow, the Company entered into a term loan credit facility, with WhiteHawk Finance LLC, as lender and WhiteHawk Capital Partners, LP, as collateral agent. See Note 9 "Debt."

The assets acquired and liabilities assumed were recorded at their estimated fair values at the acquisition date. Determining the fair value of assets acquired and liabilities assumed requires management to use significant judgment and estimates, including the selection of valuation methodologies, estimates of future revenue, costs and cash flows, discount rates, and selection of comparable companies. The Company engaged the assistance of an independent third-party valuation specialist to determine certain fair value measurements related to acquired assets. The excess consideration over the net fair values of the assets acquired and liabilities assumed was recognized as goodwill.

The fair value or net realizable value of inventories at the date of acquisition was determined using a "top-down" approach based upon the estimated sales value, less a reasonable profit margin and less the estimated costs to dispose of the inventory, including selling costs and other disposal costs such as freight. The fair value of accounts receivable acquired in connection with the acquisition approximated the contractual amount due from customers at that date.

The acquired contract liabilities of FrontRow have been recognized and measured in accordance with Topic 606.

The following table summarizes the estimated acquisition date fair values of the net assets acquired and liabilities assumed, and the estimate of the fair value of consideration paid:

	(in thousands)
Assets acquired:	
Cash	$ 2,752
Accounts receivable	3,381
Inventories	10,240
Prepaid expenses	883
Property and equipment	348
Total assets acquired	17,604
Accounts payable and accrued expenses	(1,501)
Deferred revenue	(1,225)
Other liabilities	(12)
Total liabilities assumed	(2,738)
Net tangible assets acquired	$ 14,866
Identifiable intangible assets:	
Customer relationships	8,195
Trademarks	3,244
Technology	5,036
Non-compete	391
Total intangible assets subject to amortization	16,866
Goodwill	2,920
Total net assets acquired	$ 34,652
Consideration paid:	
Cash	$ 34,652

The following table presents the useful lives over which the acquired intangible assets will be amortized on a straight-line basis, which approximates the pattern by which the related economic benefits of the assets are consumed:

	Estimated Weighted Average Life (years)
Customer relationships	8
Trademarks	10
Technology	8
Non-compete agreements	3

Goodwill is primarily attributable to synergies expected from the acquisition and the assembled workforce. The Company incurred a total of $500,700 in acquisition-related costs and expensed all such costs incurred during the period in which the service was received. Acquisition related costs are included in general and administrative expenses in the Consolidated Statement of Operations and Comprehensive Loss. The results of operations of FrontRow are included in the Consolidated Statement of Operations and Comprehensive Loss beginning at the acquisition date. There was no impact to the Consolidated Statement of Operations and

Comprehensive Loss for the year ended December 31, 2021 since the acquisition was consummated on December 31, 2021. For the year ended December 31, 2022, revenue and net income from FrontRow were $24.8 million and $0.8 million, respectively.

Pro Forma Financials

The following unaudited pro forma information reflects our consolidated results of operations as if the acquisition of FrontRow had taken place on January 1, 2021. The unaudited pro forma information is not necessarily indicative of the results of operations that the Company would have reported had the acquisition actually occurred at the beginning of these periods nor is it necessarily indicative of future results. The unaudited pro forma financial information does not reflect the impact of future events that may occur after the acquisition, including, but not limited to, anticipated costs savings from synergies or other operational improvements. The nature and amount of any material, nonrecurring pro forma adjustments directly attributable to the business combination are included in the pro forma revenue and net earnings reflected below.

	Year ended December 31, 2021	
	(in thousands) As Reported	*(Unaudited)* *(in thousands)* Pro Forma
Revenues, net	$ 185,177	$ 214,636
Net loss attributable common shareholders	$ (14,704)	$ (12,868)

Interactive Concepts

On March 23, 2021, the Company acquired 100% of the outstanding shares of Interactive Concepts BV, a company incorporated and registered in Belgium and a distributor of interactive technologies ("Interactive"), for total consideration of approximately $3.3 million in cash, common stock and deferred consideration. The Company has been Boxlight's key distributor in Belgium and Luxembourg.

The following table summarizes the estimated acquisition date fair values of the net assets acquired and liabilities assumed, and the estimate of the fair value of consideration paid:

		(in thousands)
Assets acquired:		
Cash	$	1,647
Accounts receivable		1,045
Inventories		191
Property and equipment		37
Total assets acquired		2,920
Accounts payable and accrued expenses		(821)
Deferred tax liability		(230)
Total liabilities assumed		(1,051)
Net tangible assets acquired		1,869
Identifiable intangible assets:		
Tradename		220
Customer relationships		745
Total intangible assets subject to amortization		965
Goodwill		439
Total net assets acquired	$	3,273
Consideration paid:		
Cash	$	1,795
Deferred cash consideration		1,075
Common shares issued		403
Total consideration paid	$	3,273

NOTE 3 – ACCOUNTS RECEIVABLE - TRADE

Accounts receivable consisted of the following at December 31, 2022 and 2021 (in thousands):

		2022		2021
Accounts receivable – trade	$	33,198	$	31,053
Allowance for doubtful accounts		(414)		(405)
Allowance for sales returns and volume rebates		(1,775)		(1,075)
Accounts receivable - trade, net of allowances	$	31,009	$	29,573

Write-offs of accounts receivable was approximately $243,000 and $525,000 for the years ended December 31, 2022 and 2021, respectively.

NOTE 4 – INVENTORIES

Inventories consisted of the following at December 31, 2022 and 2021 (in thousands):

	2022	2021
Finished goods	$ 56,583	$ 51,346
Spare parts	775	260
Reserve for inventory obsolescence	(531)	(599)
Advanced shipping costs	1,384	584
Inventories, net	$ 58,211	$ 51,591

The Company wrote off inventories of approximately $1.2 million and $0.6 million for the years ended December 31, 2022 and 2021, respectively.

NOTE 5 – PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consisted of the following at December 31, 2022 and 2021 (in thousands):

	2022	2021
Prepayments to vendors	$ 4,131	$ 7,739
Prepaid licenses and other	3,302	1,705
Prepaid expenses and other current assets	$ 7,433	$ 9,444

Prepaid expenses and other current assets as of December 31, 2022 are net of reserves related to vendor receivables of $0.8 million. There were no reserves related to vendor receivables as of December 31, 2021.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2022 and 2021 (in thousands):

	2022	2021
Building	$ 200	$ 200
Building improvements	14	14
Leasehold improvements	450	176
Office equipment	1,057	467
Software	88	88
Other equipment	678	335
Construction in progress	14	85
Property and equipment, at cost	2,501	1,365
Accumulated depreciation	(768)	(292)
Property and equipment, net of accumulated depreciation	$ 1,733	$ 1,073

For the years ended December 31, 2022 and 2021, the Company recorded depreciation expense of $484,000 and $156,000, respectively.

NOTE 7 – INTANGIBLE ASSETS AND GOODWILL

Intangible assets and goodwill consisted of the following at December 31, 2022 and 2021 (in thousands):

	Useful lives	2022	2021
INTANGIBLE ASSETS			
Patents	4-10 years	$ 182	$ 182
Customer relationships	8-15 years	52,736	55,158
Technology	3-5 years	8,943	8,901
Domain	7 years	14	14
Non-compete	8-15 years	391	391
Tradenames	2-10 years	12,769	13,085
Intangible assets, at cost		75,035	77,731
Accumulated amortization		(22,456)	(12,199)
Intangible assets, net of accumulated amortization		$ 52,579	$ 65,532
GOODWILL			
Beginning Balance		$ 26,037	$ 22,742
Goodwill acquired during the period		—	3,359
Change due to foreign currency translation		(945)	(64)
Impairment		—	—
Ending Balance		$ 25,092	$ 26,037

As of December 31, 2022, the company had $25.1 million of goodwill, of which none was allocated to a reporting unit with a negative carrying amount. The company's goodwill has an indefinite useful life and is tested for impairment annually. For the years ended December 31, 2022 and 2021, the Company recorded amortization expense of $8.6 million and $7.0 million, respectively. Changes to gross carrying amount of recognized intangible assets and goodwill due to translation adjustments were approximately ($3.1) million and $3.2 million as of December 31, 2022 and 2021, respectively.

Expected future amortization expense for intangible assets as of December 31, 2022 is as follows (in thousands):

2023	$ 8,857
2024	7,916
2025	7,804
2026	7,290
2027	6,886
Thereafter	13,826
Total	$ 52,579

NOTE 8 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable consisted of the following at December 31, 2022 and 2021 (in thousands):

	2022	2021
Accounts payable	$ 30,719	$ 25,714
Accrued expense	5,306	6,440
Other	541	1,484
Accounts payable and other liabilities	$ 36,566	$ 33,638

NOTE 9 – DEBT

The following comprises debt on December 31, 2022 and 2021 (in thousands):

	2022	2021
Debt – Third Parties		
Paycheck Protection Program	$ 127	$ 1,009
Note payable - Whitehawk	49,906	58,500
Total debt	50,033	59,509
Less: Discount and issuance costs	5,410	7,568
Current portion of debt	845	9,804
Long-term debt	$ 43,778	$ 42,137
Total debt (net of discount and issuance costs)	$ 44,623	$ 51,941

Debt - Third Parties:

WhiteHawk Finance LLC

In order to finance the acquisition of FrontRow, 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 WhiteHawk Capital Partners, LP, as 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 provided 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 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 terms compliant with the Credit Agreement.

In conjunction with its receipt of the Initial Loan, the Company issued to the Lender (i) 528,169 shares of Class A common stock (the “Shares”), which Shares were registered pursuant to the Company’s existing shelf registration statement and were delivered to the Lender in January 2022, (ii) a warrant to purchase 2,043,291 shares of Class A common stock (subject to increase to the extent of 3% of any Series B and Series C convertible preferred stock being converted into Class A common stock), exercisable at $2.00 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 $2.00 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 $1.19 per share and the shares increased to 3,434,103.

On July 22, 2022, the Company entered into a Securities Purchase Agreement with an accredited institutional investor. According to the terms of the WhiteHawk agreement, this purchase agreement triggered a reduction of the exercise price of the warrants and a revaluation of the derivative liability. The warrants were repriced to $1.10 and shares increased to 3,715,075.

On March 29, 2022, the Company received a notice from the collateral agent, alleging, among other things, defaults as a result of (i) failure to repay $8.5 million of the facility by February 28, 2022, (ii) non-compliance with the borrowing base resulting in the Company being in an over advance position under the Credit Agreement, and (iii) failure to timely provide certain reports and documents. As a result, all accrued and unpaid interest owed under the Term Loan, became subject to a post-default interest rate equal to the highest interest rate allowed for under the Credit Agreement plus 2.50% until such time as the events of default were either waived or cured. In February 2022, WhiteHawk and the Company agreed in principle to an extension of the February 2022 Payment. Pursuant to amendment to the Credit Agreement, dated 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 and waive and/or otherwise extend compliance with certain other terms of the Credit Agreement in order to allow the Loan Parties adequate time to comply with such terms. In July 2022, the Company and Whitehawk agreed that the notice had inadvertently included the default with respect to the failure to repay $8.5 million of the facility. As a result, notwithstanding the notice, both WhiteHawk and the Company have agreed that the Company was not in default in making the February 2022 Payment to WhiteHawk.

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 $3,500,000 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 Loan Parties have obtained credit insurance on certain key customers whose principal offices are located in the European Union and Australia as, without the credit insurance, their accounts owed to the Loan Parties 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. In conjunction with the amendment to the Credit Agreement, the parties entered into an amended and restated fee letter (the "Fee Letter") pursuant to which the parties agreed to prepayment premiums of (i) 5% for payments made on or before December 31, 2022, (ii) 4% for payments made between January 1, 2023 and December 31, 2023, and (iii) 2% for payments made between January 1, 2024 and December 31, 2025. 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 ECF or casualty events.

On June 21, 2022, the Company and substantially all of its direct and indirect subsidiaries (together with the Company, the "Loan Parties"), entered into a second amendment (the "Second Amendment") to the four-year term loan credit facility, originally entered into December 31, 2021 and as amended on April 4, 2022 (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. As of December 31, 2022 and 2021, the Company was in compliance with all covenants and borrowing base requirements.

During the year ended December 31, 2022, the Company paid the $8.5 million due on February 28, 2023. During the year ended December 31, 2022, the Company repaid total principal of $10.4 million (inclusive of the $8.5 million) and interest of $8.3 million to WhiteHawk.

Lind Global Marco Fund and Lind Global Asset Management

During the year ended December 31, 2021, the Company repaid principal of $12.0 million and interest of $584 thousand, to Lind Global by issuing a total of 7.2 million shares of Class A common stock with an aggregate value of $15.9 million to Lind Global and recognized a loss on extinguishment of debt of approximately $3.3 million. Any outstanding debt owed to Lind Global was repaid in full on December 31, 2021 following the Company's receipt of the Initial Loan from WhiteHawk.

Paycheck Protection Program Loan

On May 22, 2020, the Company received loan proceeds of $1.1 million under the Paycheck Protection Program. During 2021, the Company applied for forgiveness in the amount of $836 thousand. On March 2, 2022, the Company received a decision letter from the lender that the forgiveness application had been approved, leaving a remaining balance of $173 thousand to be paid. The Company received a payment schedule from our lender on May 5, 2022, extending the payoff date until May 2025. The amount remaining on the loan at December 31, 2022 was $127 thousand.

Everest Display, Inc.

On January 26, 2021, the Company entered into an agreement with EDI and EDI's subsidiary, AMAGIC, settling $1,983,436 in accounts payable owed by the Company to EDI for 793,375 shares of Class A common stock. During the year ended December 31, 2021, the Company recognized a $357 thousand gain on the settlement of the accounts payable.

Accounts Receivable Financing – Sallyport Commercial Finance

On September 30, 2020, Boxlight Inc. and EOS EDU LLC entered into an asset-based lending agreement with Sallyport Commercial Finance, LLC ("Sallyport"). Sallyport agreed to purchase 90% of the eligible accounts receivable of the Company during the Term with a right of recourse back to the Company if the receivables are not collectible. Advances against this agreement accrue interest at the rate of 3.50% in excess of the highest prime rate publicly announced from time to time with a floor of 3.25%. In addition, the Company is required to pay a daily audit fee of $950 per day. On July 20, 2021, Boxlight and Sallyport amended the Accounts Receivable Agreement (the "ARC Amendment") for purposes of increasing the Maximum Facility Limit Amount to $13,000,000, as well as increasing the minimum monthly sales from $1,250,000 to $3,000,000. In exchange for entry into the ARC Amendment, Boxlight agreed to a fee of $50,000, representing one percent of the increased Maximum Facility Limit Amount. Other terms of the Accounts Receivable Agreement remain unchanged. On August 6, 2021, Boxlight and Sallyport entered into an additional amendment of the Accounts Receivable Agreement (the "Second ARC Amendment"), which further increased the Maximum Facility Limit Amount to $15,000,000. In exchange for entry into the Second ARC Amendment, Boxlight agreed to a fee of $20,000, representing one percent of the increased Maximum Facility Limit Amount. Other terms of the Accounts Receivable Agreement remain unchanged. Any outstanding debt owed to Sallyport was repaid in full on December 31, 2021 following the Company's receipt of the Initial Loan from WhiteHawk.

Debt - Related Parties:

Note Payable - STEM Education Holdings, Pty

On April 17, 2020, the Company acquired MyStemKits and STEM Education Holdings, Pty, an Australian corporation ("STEM"), the largest online collection of K-12 STEM curriculum for 3D Purchase consideration for the acquisition of STEM included a note payable in the of $350,000. The note was payable in four equal installments of $87,500 on July 31, 2020, October 31, 2020, January 31, 2021 and April 30, 2021. Parties acknowledged that potential adjustments may be made to the installment payments due on July 31, 2020 and October 31, 2020 in the event the actual gross revenue of MyStemKits is materially below budget. Accordingly, and as agreed between Boxlight and the STEM sellers the note payable was adjusted to $175,000 and was paid off in September 2021.

Debt Maturity

Principal repayments to be made during the next five years on the Company's outstanding debt facilities at December 31, 2022 are as follows (in thousands):

2023	$	2,680
2024		2,681
2025		44,672
2026		—
2027		—
Total	$	50,033

NOTE 10 – DERIVATIVE LIABILITIES

At December 31, 2022 and December 31, 2021, the Company had warrants that contain net cash settlement provisions or do not have fixed settlement provisions because their conversion and exercise prices may be lowered under certain conditions. The Company concluded that the warrants should be accounted for as derivative liabilities. The Company used a third party to determine the fair value of the derivative liabilities at December 31, 2022 and 2021, and they used a Monte Carlo Simulation model to determine the fair value. Key assumptions used are as follows:

		December 31, 2022
Common stock issuable upon exercise of warrants		3,715,075
Market value of common stock on measurement date	$	0.31
Exercise price	$	1.10
Risk free interest rate (1)		4.02 %
Expected life in years		4 years
Expected volatility (2)		83.6 %
Expected dividend yields (3)		— %

		December 31, 2021
Common stock issuable upon exercise of warrants		2,043,291
Market value of common stock on measurement date	$	1.38
Exercise price	$	2.00
Risk free interest rate (1)		1.25 %
Expected life in years		5 years
Expected volatility (2)		79.3 %
Expected dividend yields (3)		— %

(1) The risk-free interest rate was determined using the applicable Treasury Bill as of the measurement date.
(2) The historical trading volatility for 2022 and 2021 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.

The following table shows the change in the Company's derivative liabilities for the years ended December 31, 2022 and 2021:

		Amount (in thousands)
Balance, December 31, 2021	$	3,064
Exercise of warrants		(1)
Issuance of warrants		—
Change in fair value of derivative liabilities		(2,591)
Balance, December 31, 2022	$	472

	Amount (in thousands)
Balance, December 31, 2020	$ 363
Exercise of warrants	(348)
Issuance of warrants	3,064
Change in fair value of derivative liabilities	(15)
Balance, December 31, 2021	$ 3,064

The change in fair value of derivative liabilities includes losses from exercise price modifications.

NOTE 11 – INCOME TAX

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

	2022	2021
United States	$ (2,569)	$ (18,130)
Foreign	(2,707)	6,032
Other Foreign Jurisdictions	1,582	1,606
Total pretax book loss	$ (3,694)	$ (10,492)

The components of income tax expense at December 31, 2022 and December 31, 2021, are as follows (in thousands):

	2022	2021
Current:		
Federal	$ 1,491	$ —
State	138	62
Foreign	1,399	2,722
Total Current	$ 3,028	$ 2,784
Deferred:		
Federal	$ (85)	$ —
State	—	—
Foreign	(2,894)	526
Total Deferred	$ (2,979)	$ 526
Total	$ 49	$ 3,310

The reconciliation of the provision for income taxes at the United States Federal statutory rate compared to the Company's income tax expense (benefit) as reported is as follows (in thousands)

	2022	2021
Loss before income taxes	$ (3,694)	$ (10,492)
Income tax benefit computed at the statutory rate	(776)	(2,203)
State income taxes-net of federal tax benefit	73	49
Foreign tax rate differential	(19)	(107)
Loss on debt settlement	—	788
Section 162(m) compensation	61	168
FX Adjustment	—	(265)
GILTI Inclusion	160	102
Meals	39	12
Stock compensation	83	(75)
Amortization	11	(4)
PPP loan	(179)	—
Non-deductible expenses	186	(10)
Prior period true ups – temporary differences	197	(35)
Rate changes and differentials	(651)	2,193
Change in valuation allowance	864	2,697
Income tax expense	$ 49	$ 3,310

Tax effects of temporary differences at December 31, 2022 and December 31, 2021 are as follows (in thousands):

Deferred tax assets:	**2022**	**2021**
Fixed assets	$ —	$ 13
Allowance for bad debts	507	442
Inventory	294	192
R&D amortization	413	—
Accrued expenses	—	—
Deferred revenue	5,600	4,232
Stock compensation	1,209	645
Net lease asset	1	—
Other	203	—
Interest expense limitation	3,751	1,903
Net operating loss carry-forwards	7,282	8,165
Deferred tax assets (liabilities)	$ 19,260	$ 15,592
Valuation allowance	(14,084)	(11,294)
Deferred tax assets, net	$ 5,176	$ 4,298

Deferred tax liabilities:	**2022**	**2021**
Fixed assets	$ (24)	$ —
Intangible assets	(8,603)	(11,452)
Accrued expenses	(752)	(413)
Prepaid expenses	(169)	(137)
Other	(308)	(745)
Deferred tax liabilities	$ (9,856)	$ (12,747)
Deferred tax liabilities, net	$ (4,680)	$ (8,449)

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 cumulative U.S. Federal net operating losses carryforward on tax basis income was approximately $23.5 million and $29.9 million at December 31, 2022 and 2021, respectively, of which $4.6 million will expire between 2029 and 2037 and $18.9 million will carryforward indefinitely. The cumulative U.S. state net operating losses carryforward was approximately $45.8 million and $28.8 million on December 31, 2022 and 2021, respectively. The cumulative foreign net operating losses carryforward was $1.8 million and $2.6 million on December 31, 2022 and 2021, respectively.

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 the aforementioned 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 our 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 the net deferred tax asset of its legacy Boxlight entities at December 31, 2022 and 2021. The change in its valuation allowance during 2022 is approximately $0.6 million.

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. This includes the deferred tax liability recorded during 2021 for the acquisition of Interactive Concepts. The Company does not qualify for any consolidated filing positions in any of these countries, so there is no ability to net the deferred tax liabilities of the Sahara companies against the deferred tax assets of the legacy Boxlight companies. Therefore, the net deferred tax liability of $4.7 million at December 31, 2022 is primarily based on the Sahara acquired entities.

The tax years from 2009 to 2022 remain open to examination in the U.S. federal jurisdictions to which the Company is subject. The Company has not identified any uncertain tax positions at this time.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") was enacted. The CARES Act includes provisions, among others, addressing the carryback of net operating losses for specific periods, refunds of alternative minimum tax credits, temporary modifications to the limitations placed on the tax deductibility of net interest expenses, and technical amendments for qualified improvement property. Additionally, the CARES Act provides for various payroll incentives, including Payroll Protection Program ("PPP") loans, refundable employee retention tax credits, and the deferral of the employer-paid portion of social security payroll taxes. The Company received a $1.1 million loan under the PPP, of which over $0.8 million was forgiven in March 2022 under the requirements of the program. The remaining amount owed will be paid back in May 2022. No other provisions of the CARES Act had a material impact on the Company's tax provision.

On December 27, 2020, the Consolidated Appropriations Act of 2021 - including the COVID-related Tax Relief Act of 2020 - was enacted. It included a provision that any expenses paid using forgiven PPP loan proceeds would be fully deductible. This has been reflected in the Company's tax provision.

Effective January 1, 2022, for U.S. tax purposes research and development costs, including software development costs, are required to be capitalized and will be deductible over five years for costs incurred domestically and over fifteen years for costs incurred in a foreign country. Additionally, the first year of amortization requires that amortization begin with the midpoint of the taxable year. As of December 31, 2022, the Company has recorded a deferred tax asset of $0.4 million related to capitalized research and development costs.

NOTE 12 – EQUITY

Preferred Shares

The Company's articles of incorporation, as amended on December 15, 2016, provide that the Company is authorized to issue 50,000,000 shares of 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) 1,200,000 shares of voting Series B preferred stock, with a par value of $0.0001 per share; 3) 270,000 shares of voting Series C preferred stock, with a par value of $0.0001 per share; and 4) 48,280,000 shares of "blank check" preferred stock as may be designated from time to by the Company's board of directors.

Issuance of preferred shares

Series A Preferred Stock

At the time of the Company's initial public offering, 250,000 shares of the Company's non-voting convertible Series A preferred stock were issued to Vert Capital for the acquisition of Genesis. All of the Series A preferred stock was convertible into 398,406 shares of Class A common stock. On August 5, 2019, 82,028 of these preferred shares were converted into 130,721 shares of Class A common stock.

Series B Preferred Stock and Series C Preferred Stock

On September 25, 2020, in connection with the acquisition of 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 $1.66 which was the closing price of BOXL's Class A common stock on the Nasdaq stock market on September 25, 2020 (the "Conversion Price") 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 thirty (30) days prior written notice to the Holders, for a redemption price, payable in cash, equal to sum of (a) Ten ($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.

On March 24, 2021, the Company entered into a share redemption and conversion agreement with certain holders of Series B and Series C preferred stock (the "Redemption Agreement") which allows the Company to redeem and repurchase each such stockholder's shares of Series B preferred stock on or before June 30, 2021 for the stated or liquidation value of approximately £11.5 million (or approximately $15.9 million) plus accrued dividends from January 1, 2021 to the date of purchase. Such stockholders hold 96% of the Series C preferred stock. Upon redemption, the Series C shares held by such stockholders would convert into approximately 7.6 million shares of Class A Common Stock at the stated conversion price of $1.66 per share.

On June 14, 2021, the Company entered into an amendment to the Redemption Agreement (the "Amended Redemption Agreement") for purposes of extending the completion date to on or before December 31, 2021. In addition, the Amended Redemption Agreement changed the definition of "Redemption Payments" such that the redemption payment schedule would begin on or before May 31, 2021, for the quarter then ended and continue quarterly until the date of completion.

Regarding these amendments, the Company applied the accounting guidance from ASC Subtopic 470-50, "*Debt Modifications and Extinguishments*," pertaining to determining whether an amendment to an equity-classified preferred share is an extinguishment or modification, and concluded that the Amended Redemption Agreement on June 14, 2021, as it effected the Series B Preferred Stock, resulted in an extinguishment of the original equity instruments subject to redemption agreement. Accordingly, the Series B Preferred Stock subject to the Amended Redemption Agreement was recorded at its fair value as of June 14, 2021, and a $367,000 deemed contribution was credited to additional-paid-in-capital. With the Redemption Agreement, the Series B Preferred Stock includes a beneficial conversion feature, but in accordance with ASC Subtopic 470-20, since it is dependent upon contingencies that are not solely in the control of the holder, the beneficial conversion feature was not recognized for accounting purposes. Since we early adopted (as of January 1, 2021) ASU No. 2020-06, "Accounting for Convertible Instruments and Contracts in an Entity's Own Equity," which includes a key provision eliminating the beneficial conversion feature guidance in ASC Subtopic 470-20, we have not recorded the beneficial conversion feature.

The Series B Preferred Stock has been recorded at its estimated fair value on the date of issuance of approximately $16.1 million, which includes the conversion and redemption features as they have not been bifurcated from the host instruments.

The Series C Preferred Stock has been recorded at its estimated fair value on the date of issuance of approximately $12.4 million, which includes the redemption features as they have not been bifurcated from the host instrument.

As the redemption features in the Series B Preferred Stock and Series C Preferred Stock are not solely with the control of the Company, the Company has classified the Series B Preferred Stock and Series C Preferred Stock in temporary equity on the Company's consolidated balance sheet.

Common Stock

The Company's common stock consists of 150,000,000 shares of Class A voting common stock and 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 shall automatically convert into shares of Class A common stock. As of December 31, 2022, and December 31, 2021, the Company had 74,716,696 and 63,821,901 shares of Class A common stock issued and outstanding, respectively. No Class B shares were outstanding at December 31, 2022 and December 31, 2021.

Issuance of common stock

Securities Purchase Agreement

On July 22, 2022, the Company, entered into a Securities Purchase Agreement with an accredited institutional investor pursuant to which the Company agreed to issue and sell, in a registered direct offering directly to the Investor, 7.0 million shares of the Company's Class A common stock, par value $0.0001 per share ("Common Stock"), pre-funded warrants (the "Pre-Funded Warrants") to purchase 352,940 shares of Common Stock at an exercise price of $0.0001 per share, which Pre-Funded Warrants were issued in lieu of shares of Common Stock to ensure that the Investor did not exceed certain beneficial ownership limitations, and warrants to purchase an aggregate of 7,352,940 shares of Common Stock at an exercise price of $0.68 per share (the "Warrants", and collectively with the Pre-Funded Warrants and the Shares, the "Securities"). The Securities were sold at a price of $0.68 per share for total gross proceeds to the Company of $5.0 million, before deducting estimated offering expenses, and excluding the exercise of any Warrants or Pre-Funded Warrants. The Pre-Funded Warrants were exercisable immediately and the Warrants will be exercisable six months after the date of issuance and will expire five and a half years from the date of issuance. As such, the net proceeds to the Company from the offering, after deducting placement agent's fees and estimated expenses payable by the Company and excluding the exercise of any Warrants or Pre-Funded Warrants was $4.6 million of which the proceeds net of issuance costs were allocated based on the relative fair values of the instruments, warrants and prefunded warrants; $2.4 million was allocated to common stock, $2.2 million was allocated to warrants and $118 thousand was allocated to the pre-funded warrants. On August 9, 2022, the Investor exercised the prefunded warrants.

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

Credit Facility

In conjunction with its receipt of the WhiteHawk loan, the Company issued to WhiteHawk 528,169 shares of Class A common stock, which were registered pursuant to the Company's existing shelf registration statement and were delivered to the WhiteHawk in January 2022.

Debt Conversion

During the year ended December 31, 2021, the Company issued 7.9 million shares of Class A common stock in lieu of $13.7 million in principal and interest payments due in relation to notes payable to Lind Global. These conversion transactions resulted in a $3.8 million loss on the settlement of debt obligations.

Accounts Payable and Other Liabilities Conversion

During the year ended December 31, 2021, the Company issued 793,375 shares of Class A common stock with an aggregate value of $1.6 million to Everest Display, Inc. to convert $2.0 million in accounts payable owed, resulting in a gain of $356,700 from settlement of liabilities.

Conversion of Restricted Stock Units

During the year ended December 31, 2022 and 2021, respectively, 2,489,075 and 916,682 restricted stock units vested and were converted into Class A common stock.

Exercise of Stock Options

There were 296,841 options to purchase common stock that were exercised during the year ended December 31, 2022. There were 492,460 options to purchase common stock exercised during the year ended December 31, 2021.

Exercise of Warrants

During the year ended December 31, 2022, pre-funded warrants to purchase 352,940 shares of Common Stock at an exercise price of $0.001 per share were exercised. During the year ended December 31, 2021, 295,000 warrants were exercised with an exercise price of $0.42.

Other

On March 23, 2021, the Company acquired 100% of the outstanding shares of Interactive Concepts BV, a company incorporated and registered in Belgium and a distributor of interactive technologies ("Interactive"), for total consideration of approximately $3.3 million in cash, common stock and deferred consideration. The company has been Boxlight's key distributor in Belgium and Luxembourg. The company issued 142,882 shares of Class A Common Stock, in conjunction with the purchase of Interactive.

NOTE 13 – STOCK COMPENSATION

Grants made under the Equity Incentive Plans must be approved by the Company's board of directors. The total number of underlying shares of the Company's Class A common stock available for grant to directors, officers, key employees and consultants of the Company or a subsidiary of the Company under the Company's 2021 Equity Incentive Plan was 5,000,000 shares.

The 2021 Equity Incentive Plan was approved by the Company's Board on April 12, 2021 and approved by the shareholders at the Company's 2021 Annual Shareholders Meeting held on June 25, 2021.

Stock Options

Under our Equity Incentive Plans, an employee may receive an award of stock grants that provides the opportunity in the future to purchase the Company's shares at the market price of our stock on the date the award is granted (strike price). The 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. 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.

Following is a summary of the option activities during the years ended December 31, 2022 and 2021:

	Number of Units	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)
Outstanding, December 31, 2020	4,850,784	$ 1.76	3.51
Granted	—	$ —	
Exercised	(492,460)	$ 0.84	
Cancelled	(304,208)	$ 1.01	
Outstanding, December 31, 2021	4,054,116	$ 1.92	2.29
Granted	1,221,744	$ 1.12	
Exercised	(296,841)	$ 0.25	
Cancelled	(1,063,142)	$ 2.59	
Outstanding, December 31, 2022	3,915,877	$ 1.61	2.17
Exercisable, December 31, 2022	2,782,384	$ 1.90	1.77

The Company estimates the fair value of each stock option award on the date of grant using a Black-Scholes option pricing model. The Company used the following inputs to value warrants issued during the year ending December 31, 2022 using the Black Scholes option valuation method: market value on measurement date of $0.00 to $0.91; exercise price of $0.13 to $5.01; risk free interest rate of 1.45% to 2.87%; expected term, 3 to 4 years; expected volatility, ranging from 49% to 148% and expected dividend yield of 0%.

As of December 31, 2022 and December 31, 2021, the stock options had an intrinsic value of approximately $18 thousand and $1.9 million, respectively.

On May 3, 2022, the Boxlight board of directors adopted a resolution, in exchange for a three-year non-compete agreement, to grant Mark Elliott, a member of the board and former CEO of the Company, an extension for one year, of previously granted stock options to purchase a total of 577,675 shares of Class A common stock, par value $0.001 per share, which had expired on January 12, 2022. The stock price on the remeasurement date was $1.04 and the incremental compensation recognized was approximately $314 thousand.

On June 13, 2022, the Boxlight board of directors granted Greg Wiggins, Chief Financial Officer, stock options for 150,000 shares of the Company's Class A common stock will vest in equal quarterly installments over a four-year term commencing on July 5, 2022.

On February 14, 2022, with an effective date of January 1, 2022, the Company entered into a letter agreement with Michael Pope, the Chairman and Chief Executive Officer, extending Mr. Pope's term of employment with the Company. Under the terms of the agreement, Mr. Pope received a grant 494,069 options to purchase Class A Common Stock, which are valued at approximately $420 thousand.

There were no issuances of stock options in 2021.

Restricted Stock Units

Under our Equity Incentive Plans, the Company may grant restricted stock units ("RSUs") to certain employees, contractors and non-employee directors. Upon granting the RSUs, the Company records 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 restricted stock units 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 restricted stock activities during the years ended December 31, 2022 and 2021.

	Number of Units	Weighted Average Grant Date Fair Value
Outstanding, December 31, 2020	2,721,347	$ 1.62
Granted	1,019,583	$ 2.81
Vested	(1,498,495)	$ 2.18
Forfeited	(268,491)	$ 1.66
Outstanding, December 31, 2021	1,973,947	$ 1.81
Granted	2,477,675	$ 1.19
Vested	(1,583,525)	$ 1.63
Forfeited	(437,067)	$ 1.34
Outstanding, December 31, 2022	2,431,030	$ 1.38

2022 Grants

On January 25, 2022, the Company granted an aggregate of 40,000 RSUs to new employees. The RSUs vest over four years and the aggregate fair value of the shares was approximately $44 thousand.

On February 14, 2022, with an effective date of January 1, 2022, the Company entered into a letter agreement with Michael Pope, the Chairman and Chief Executive Officer, extending Mr. Pope's term of employment with the Company. Under the terms of the agreement, Mr. Pope received a grant of 163,637 RSU's, valued at approximately $180 thousand, and vesting over three years.

On February 24, 2022, following approval by the Company's board of directors, the Company's senior management issued a total of 1,771,950 RSUs under the terms of Amendment No. 2 to the Boxlight Corporation 2014 Stock Incentive Plan, vesting over four years, as long-term incentive awards to its employees in the U.S. and Europe. The aggregate fair value of the shares was $2.1 million.

On March 21, 2022, the Company granted an aggregate of 348,840 RSUs to its board members. These RSUs vest ratably over one year and had an aggregated fair value of approximately $450 thousand on the grant date.

On May 26, 2022, the company granted 73,565 RSUs to a company owned and controlled by Karel Callens named OLORI. Mr. Callens performs certain sales and marketing functions in our EMEA markets. These RSUs vested and were issued directly to OLORI, and such common stock issuable upon vesting of the RSUs will be reserved for issuance directly out of the authorized shares of Class A common stock and not out of the Company's equity incentive plan.

2021 Grants

On February 24, 2021, the Company granted an aggregate of 130,547 RSUs to its board members. These RSUs vest ratably over one year and had an aggregated fair value of approximately $374,000 on the grant date.

In addition, on March 20, 2021, the Company granted an aggregate of 875,245 shares of restricted common stock to Michael Pope, the Company's CEO and Chairman, pursuant to his employment agreement. These shares were issued pursuant to the 2014 Equity Incentive Plan, vest ratably over one year, are issued monthly as they vest, and had an aggregated fair value of approximately $2.5 million on the grant date.

Warrants

The following is a summary of the warrant activities during the years ended December 31, 2022 and 2021:

	Number of Units	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)
Outstanding, December 31, 2020	365,000	$ 1.44	1.27
Granted	2,043,291	$ 2.00	—
Exercised	(295,000)	$ 0.45	—
Outstanding, December 31, 2021	2,113,291	$ 2.00	0.94
Granted	7,705,880	$ 0.65	
Exercised	(352,940)	$ 0.01	
Outstanding, December 31, 2022	9,466,231	$ 0.68	5.25
Exercisable, December 31, 2022	71,250	$ 0.70	2.56

2022 Warrants

On July 22, 2022, the Company, entered into a Securities Purchase Agreement (the "Purchase Agreement") with an accredited institutional investor (the "Investor") pursuant to which the Company agreed to issue and sell, in a registered direct offering directly to the Investor, 7.0 million shares (the "Shares") of the Company's Class A common stock, par value $0.0001 per share ("Common Stock"), pre-funded warrants (the "Pre-Funded Warrants") to purchase 352,940 shares of Common Stock at an exercise price of $0.0001 per share, which Pre-Funded Warrants were issued in lieu of shares of Common Stock to ensure that the Investor did not exceed certain beneficial ownership limitations, and warrants to purchase an aggregate of 7,352,940 shares of Common Stock at an exercise price of $0.68 per share (the "Warrants", and collectively with the Pre-Funded Warrants and the Shares, the "Securities"). The Securities were sold at a price of $0.68 per share for total gross proceeds to the Company of $5.0 million (the "Offering"), before deducting estimated offering expenses, and excluding the exercise of any Warrants or Pre-Funded Warrants. The Pre-Funded Warrants were exercisable immediately and the Warrants will be exercisable six months after the date of issuance and will expire five and a half years from the date of issuance. As such, the net proceeds to the Company from the Offering, after deducting placement agent's fees and estimated expenses payable by the Company and excluding the exercise of any Warrants or Pre-Funded Warrants was $4.6 million of which the proceeds net of issuance costs were allocated based on the relative fair values of the instruments, warrants and prefunded warrants; $2.4 million was allocated to common stock, $2.2 million was allocated to warrants and $118 thousand was allocated to the pre-funded warrants. The net proceeds received by the Company will be used for working capital purposes.

2021 Warrants

On December 31, 2021, the Company granted WhiteHawk, Inc., 2,043,291 warrants, in conjunction with the issuance of a loan credit facility to the Company. The warrants had an exercise price of $2.00 per share and include a provision that allows for the exercise price to be adjusted based on the Company's stock price as of March 31, 2022. The expiration period for these warrants is five years from the issuance date. The warrants had an aggregated fair market value of approximately $3.1 million on the grant date.

Stock compensation expense

For the years ended December 31, 2022 and 2021, the Company recorded the following stock compensation expense which is included in general and administrative expense in the Company's consolidated statement of operations and comprehensive loss (in thousands):

	2022	2021
Stock options	$ 805	$ 660
Restricted stock units	2,505	3,399
Warrants	3	1
Total stock compensation expense	$ 3,313	$ 4,060

As of December 31, 2022, there was approximately $4.0 million of unrecognized compensation expense related to unvested options, RSU's, and warrants, which will be amortized over the remaining vesting period. Of that total, approximately $2.0 million is estimated to be recorded as compensation expense in 2023.

NOTE 14 – OTHER RELATED PARTY TRANSACTIONS

Management Agreements

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. The agreement is for Mr. Elliott 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 $4,000 per month and commissions equal to 15% of gross profit derived by the Company based on total purchase order revenue. The agreement, unless renewed or extended will expire on December 31, 2023.

On January 31, 2018, the Company entered into a management agreement (the "Management Agreement") with an entity owned and controlled by our CEO and Chairman, Michael Pope. The Management Agreement is separate and apart from Mr. Pope's employment agreement. 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 term of 13 months, 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 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 receive payment in the form of shares of Class A common stock of the Company.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Operating Lease Commitments

The Company has entered into various operating leases for certain office, support locations and vehicles with terms extending through December 2027. Generally, these leases have initial lease terms of five years or less. Many of the leases have one or more lease renewal options. The exercise of lease renewal options is at its sole discretion. The Company does not consider exercise of any lease renewal options reasonably certain. Certain of the Company's lease agreements contain early termination options. No renewal options or early termination options have been included in the calculation of the operating right-of-use assets or operating lease liabilities. Certain of the Company's lease agreements provide for periodic adjustments to rental payments for inflation. As the majority of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate at the commencement date in determining the present value of lease payments. The incremental borrowing rate is based on the term of the lease. In connection with the adoption of Topic 842, the Company used incremental borrowing rates on January 1, 2022 for operating leases that commenced prior to that date. Leases with an initial term of 12 months or less are not recorded on the balance sheet. For these short-term leases, lease expense is recognized on a straight-line basis over the lease term. At December 31, 2022, the Company had no leases classified as finance leases. The Company is not a lessor in any lease arrangement.

Operating lease expense was $2.1 million and $2.3 million for the year ended December 31, 2022 and 2021, respectively. Variable lease costs and short-term lease cost were not material for the year ended December 31, 2022. Cash paid for amounts included in the measurement of lease liabilities was $2.4 million for the year ended December 31, 2022. During the year ended December 31, 2022, the Company obtained new operating lease right-of-use assets totaling $1.8 million.

Future minimum lease payments of the Company's operating leases with a term over one year subsequent to December 31, 2022 are as follows:

Year ending December 31,		**(in thousands)**
2023	$	1,995
2024		1,313
2025		1,099
2026		743
2027		246
Thereafter		6
Less imputed interest		(1,046)
Total	$	4,356

The weighted-average remaining lease term is 3.2 years and the weighted-average discount rate is 15.5%.

On January 19, 2022, the Company signed a lease agreement for 64 months for approximately 12,000 feet of space for its new corporate headquarters in Duluth, Georgia. The Company will occupy the building on approximately May 15, 2022. The lease will replace the space previously rented by the Company for its headquarters in Lawrenceville, Georgia.

On February 4, 2022, the Company signed a lease agreement for 60 months for 24,000 feet of warehouse space in Lawrenceville, Georgia to begin March 1, 2022. The lease will replace the space previously rented by the Company.

For the year ended December 31, 2021, if the annual amounts for these leases were added to the table above, the minimum lease payments would increase by approximately $2.7 million.

Purchase Commitments

The Company is legally obligated to fulfill certain purchase commitments made to vendors that supply materials used in the Company's products. At December 31, 2022 the total amount of such open inventory purchase orders was $56.2 million.

Legal Proceedings

From time to time, the Company is involved in routine litigation and legal proceedings in the ordinary course of its business, such as, employment matters and contractual disputes. Currently, there is no pending litigation or proceedings that the Company's management believes will have a material effect, either individually or in the aggregate, on its business or financial condition.

NOTE 16 – CUSTOMER AND SUPPLIER CONCENTRATION

Significant customers and suppliers are those that account for greater than 10% of the Company's revenues and purchases.

The Company's revenues were concentrated with a few customers for the years ended December 31, 2022 and 2021:

Customer	Total revenues from the customers as a percentage of total revenues for the year ended December 31, 2022	Accounts receivable from the customers as of December 31, 2022 (in thousands)	Total revenues from the customer as a percentage of total revenues for the year ended December 31, 2021	Accounts receivable from the customers as of December 31, 2021 (in thousands)
1	18 %	$ 8,468	11 %	$ 3,245
2	5 %	$ 469	4 %	$ 1,223

The loss of the significant customers or the failure to attract new customers could have a material adverse effect on our business, results of operations and financial condition.

The Company's purchases were concentrated among a few vendors for the years ended December 31, 2022 and 2021:

Vendor	Total purchases from the vendors as a percentage of total cost of revenues for the year ended December 31, 2022	Accounts payable (prepayment) to the vendors as of December 31, 2022 (in thousands)	Total purchases from the vendors as a percentage of total cost of revenues for the year ended December 31, 2021	Accounts payable (prepayment) to the vendors as of December 31, 2021 (in thousands)
1	56 %	$ 24,029	16 %	$ (1,185)
2	4 %	$ 705	4 %	$ (805)

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

NOTE 17 – SUBSEQUENT EVENTS

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, 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 previously disclosed, we received a deficiency letter from the Listing Qualifications Department (the "Staff") of the Nasdaq Stock Market LLC ("Nasdaq") notifying the Company that, for the preceding 30 consecutive business days, the closing bid price for the Company's Class A common stock (the "Common Stock") was trading below the minimum $1.00 per share requirement for continued inclusion on The Nasdaq Capital Market pursuant to Nasdaq Listing Rule 5550(a)(2) (the "Bid Price Requirement").

In accordance with Nasdaq Rules, the Company was provided with an initial period of 180 calendar days, or until January 2, 2023 (the ("Initial Grace Period"), to regain compliance with the Bid Price Requirement. Because the Initial Grace Period was coming to an end and the Company had not yet regained compliance, in December 2022, the Company submitted a request to Nasdaq to obtain an additional 180-day grace period (the "Additional Grace Period") to regain compliance with the Bid Price Requirement. On January 3, 2023, the Company received formal approval from Nasdaq granting it an additional 180 days, or until July 3, 2023 (the "Compliance Date"), to regain compliance with the Bid Price Requirement.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

On June 1, 2022, the Company was notified by Dixon Hughes Goodman LLP ("DHG"), the Company's independent registered public accounting firm, that DHG was merging with BKD, LLP ("BKD"), and that following their merger, their combined entities would operate under the name FORVIS, LLP (“FORVIS”). The audit committee of the Company’s board of directors approved the engagement of FORVIS, the successor in the merger of DHG and BKD, as the Company’s independent registered public accounting firm, effective June 1, 2022.

DHG’s audit report on the consolidated financial statements of the Company for the year ended December 31, 2021 did not contain an adverse opinion or a disclaimer of opinion and was not qualified or modified as to uncertainty, audit scope or accounting principles.

During the Company’s two most recent fiscal years ended December 31, 2021 and 2020 and through June 2, 2022, the Company has not had any “disagreements” (as such term is defined in Item 304 of Regulation S-K) with DHG on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which disagreements, if not resolved to the satisfaction of DHG, would have caused DHG to make reference to the subject matter of the disagreement in its reports on the Company’s consolidated financial statements for such periods.

During the Company’s two most recent fiscal years and through June 2, 2022, there were no “reportable events” (as such term is defined in Item 304 of Regulation S-K).

On June 2, 2022, the Company provided FORVIS, as successor to DHG, with a copy of the Current Report on Form 8-K filed on June 2, 2022 (the “Form 8-K”) and has requested that FORVIS furnish it with a letter addressed to the U.S. Securities and Exchange Commission stating whether or not FORVIS agrees with the Company’s statements in the Form 8-K . A copy of the letter dated June 2, 2022 furnished by FORVIS in response to that request was filed as Exhibit 16.1 to the Form 8-K filed with the SEC on June 2, 2022.

ITEM 9A. CONTROLS AND PROCEDURES

As required by Rule 13a-15 of the Securities Exchange Act of 1934, as amended (“Exchange Act”), under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we evaluated the effectiveness of the design and operation of the Company’s disclosure controls and procedures and internal control over financial reporting as of the end of the period covered by this Annual Report.

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 Annual 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 report on internal control over financial reporting below.

Notwithstanding the existence of the material weaknesses, we believe that the consolidated financial statements included in this report fairly present in accordance with U.S. GAAP, in all material respects, our financial condition, results of operations and cash flows for the periods presented in this Annual Report.

Limitations on the 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.

Management's Report on Internal Control Over Financial Reporting

Our principal executive officer and our principal accounting and financial officer are responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f). Management conducted an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2021. In making this assessment, management used the criteria described in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based upon such assessment and due to the existence of the material weaknesses in our internal control over financial reporting described below, our principal executive officer and our principal accounting and financial officer have concluded that, as of December 31, 2022, our internal control over financial reporting was not effective.

- Our written policies and procedures over accounting transaction processing and period end financial close and reporting are limited which has resulted in ineffective oversight in the establishment of proper monitoring controls over accounting and financial reporting.

- We lacked sufficient review of certain financial transactions, such that a proper review had not been performed by someone other than preparer, and that process documentation is lacking for review and monitoring controls over accounting and financial reporting.

It should be noted that any system of controls, however well designed and operated, can provide only reasonable and not absolute assurance that the objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of certain events. Because of these and other inherent limitations of control systems, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

In light of the material weakness described above, we performed additional analysis and other post-closing procedures to ensure our financial statements were prepared in accordance with generally accepted accounting principles. Accordingly, we believe that the consolidated financial statements included in this report fairly present in accordance with U.S. GAAP, in all material respects, our financial condition, results of operations and cash flows for the periods presented in this Annual Report.

Changes in Internal Control Over Financial Reporting

There has been no change in the Company's internal control over financial reporting during the three months ended December 31, 2022 that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item will be included in our definitive proxy statement for the 2023 Annual Meeting of Stockholders.

ITEM 11 EXECUTIVE COMPENSATION

The information required by this item will be included in our definitive proxy statement for the 2023 Annual Meeting of Stockholders and is incorporated by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item will be included in our definitive proxy statement for the 2023 Annual Meeting of Stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by this item will be included in our definitive proxy statement for the 2023 Annual Meeting of Stockholders.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item will be included in our definitive proxy statement for the 2023 Annual Meeting of Stockholders.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

Schedule II
Valuation and Qualifying Accounts
(in thousands)

	Balance at beginning of period	Additions: Charge (Credit) to Cost and Expense	Additions: Charged to Other Accounts	Deductions (a)	Balance at end of period
Year Ended December 31, 2021					
Allowance for doubtful accounts	$ 473	$ 425	$	$ 493	$ 405
Total allowance deducted from assets	$ 473	$ 425	$ -	$ 493	$ 405
Year Ended December 31, 2022					
Allowance for doubtful accounts	$ 405	$ 239	$	$ 230	$ 414
Total allowance deducted from assets	$ 405	$ 239	$ -	$ 230	$ 414

(a) Write-offs, net of recoveries

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).
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 December 28, 2015.
4.3	Operating Agreement of EOSEDU, LLC, dated September 17, 2018, by and between the Boxlight Corporation and EOSEDU, LLC dated September 17, 2018 (incorporated by reference to Exhibit 4.8 to Amendment No. 1 to the Registration Statement on Form S-1 (Reg. No. 333-226068) filed on September 24, 2018).
4.4	Form of Certificate of Designations for Series B Convertible Preferred Stock (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed September 25, 2020).
4.5	Form of Certificate of Designations for Series C Convertible Preferred Stock (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K filed September 25, 2020).
4.6	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).
4.7	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).

4.8	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).
4.9	Description of Securities.*
4.10	Form of Pre-Funded Warrant, dated July 22, 2022, issued to an accredited institutional investor (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8- K filed July 26, 2022).
4.11	Form of Warrant, dated July 22, 2022, issued to an accredited institutional investor (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8- K filed July 26, 2022).
10.1	Trademark Assignment dated May 27, 2016, between Herbert Myers, Boxlight Corporation and Boxlight Inc. (incorporated by reference to Exhibit 10.6 in the Registration Statement on Form S-1 (Reg. No. 33-204811 filed on May 13, 2016).
10.2	Share Purchase Agreement, dated as of May 10,2016 by and among Boxlight Holdings, Inc., Boxlight Corporation, Boxlight, Inc., Boxlight Latinoamerica, S.A. DE C.V. Boxlight Latinoamerica, Servicios S.A. DE C.V. Everest Display Inc. and Guang Feng International Ltd. (incorporated by reference to Exhibit 10.1 in the Registration Statement on Form S-1 (Reg. No. 333-204811) filed on May 13, 2016.
10.3	$2,000,000 Convertible Promissory Note of Boxlight Corporation to Mim Holdings, dated as of April 1, 2016 (Incorporated by reference to Exhibit 10.14 in the Registration Statement on Form S-1 (Reg. No. 333-204811) filed on May 13, 2016).
10.4	Amendment No. 2 to Membership Interest Purchase Agreement, effective June 30, 2016 among Skyview Capital, LLC, Mimio LLC, MIM Holdings, LLC and Boxlight Corporation (incorporated by reference to Exhibit 10.30 in the Registration Statement on Form S-1 (Reg. No. 333-204811) filed on December 15, 2016).
10.5	Amendment No. 3 to Membership Interest Purchase Agreement, effective August 3, 2016 among Skyview Capital, LLC, Mimio LLC, MIM Holdings, LLC and Boxlight Corporation (incorporated by reference to Exhibit 10.34 in the Registration Statement on Form S-1 (Reg. No. 333-204811) filed on August 12, 2016).
10.6	Promissory Note, issued June 3, 2016 between Boxlight, Inc. and AHA Inc. Co Ltd. (Incorporated by reference to Exhibit 10.32 in the Registration Statement on Form S-1 (Reg. No. 333-204811) filed on July 11, 2016).
10.7	Form of Loan and Security Agreement with Hitachi Capital America Corp (incorporated by reference to Exhibit 10.33 in the Registration Statement on Form S-1 (Reg. No. 333-204811) filed on August 12, 2016).
10.8	Loan and Security Agreement, dated September 28, 2016, between Boxlight Inc., Crestmark Bank and Mimio LLC (incorporated by reference to Exhibit 10.35 in the Registration Statement on Form S-1 (Reg. No. 333-204811) filed on January 12, 2017).
10.9	Amendment 1 to Share Purchase Agreement and Option Agreement, dated May 10, 2016 by and Among Everest Display, Inc., GuangFeng International, Ltd., Boxlight Holdings, Boxlight Corporation, Boxlight Inc., Boxlight Latinoamerica S.A. and Boxlight Latinoamerica Servicios, S.A. DE C.V. (incorporated by reference to Exhibit 10.36 in the Registration Statement on Form S-1 (Reg. No. 333-204811) filed on October 28, 2016).
10.10	Subscription Agreement between K Laser International Co., Ltd. And Boxlight Corporation for $1,000,000 equity investment at $5.60 per share (incorporated by reference to Exhibit 10.37 in the Registration Statement on Form S-1 (Reg. No. 333-204811) filed on October 28, 2016).

10.11	$2,000,000 Convertible Promissory Note, dated September 29,2016 between Boxlight Corporation and Everest Display, Inc. (incorporated by reference to Exhibit 10.38 in the Registration Statement on Form S-1 (Reg. No. 333-204811) filed on October 28, 2016).
10.12	Notice of Default dated December 28, 2015 – Skyview Capital (incorporated by reference to Exhibit 10.39 in the Registration Statement on Form S-1 (Reg. No. 333-204811) filed on January 12, 2017).
10.13	Account Sale and Purchase Agreement, dated September 5, 2017 between Sallyport Commercial Finance LLC and Boxlight Corporation (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on September 11, 2017).
10.14	Stock Purchase Agreement and Exhibits, date May 9, 2018 among Boxlight Corporation, Cohuborate Ltd. and the shareholders of Cohuborate, Ltd. (incorporated by reference to Exhibit 10.20 to the Registration Statement on Form S-1 (Reg. No. 333-226068) filed on July 5, 2018).
10.15	$500,000 Promissory Note, dated May 16, 2018, from Boxlight Corporation to Harbor Gates Capital, LLC (incorporated by reference to Exhibit 10.21 to the Registration Statement on Form S-1 (Reg. No. 333-226068) filed on July 5, 2018).
10.16	Membership Interest Purchase agreement, dated as of September 17, 2018, by and among the Boxlight Corporation, Daniel Leis, Aleksandra Leis and EOSEDU, LLC (incorporated by reference to Exhibit 10.24 in Amendment No. 1 to the Registration Statement on Form S-1 (Reg. No. 333-226068) filed on September 24, 2018).
10.17	Employment agreement, dated September 1, 2018, by and between Boxlight Corporation and Aleksandra Leis (incorporated by reference to Exhibit 10.25 to Amendment No. 1 to the Registration Statement on Form S-1(Reg. No. 333-226068) filed on September 24, 2018).
10.18	Employment agreement, dated September 1, 2018, by and between Boxlight Corporation and Daniel Leis (incorporated by reference to Exhibit 10.26 to Amendment No. 1 to the Registration Statement on Form S-1(Reg. No. 333-226068) filed on September 24, 2018.
10.19	Asset Purchase Agreement, dated March 12, 2019, between Boxlight Corporation, Boxlight Inc., Modern Robotics and Stephen Fuller (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on March 15, 2019).
10.20	Securities Purchase Agreement dated March 22, 2019 between Boxlight Corporation and Lind Global Macro Fund L.P. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed March 25, 2019).
10.21	Form of $4,400,000 Secured Convertible Promissory Note dated March 22, 2019 (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed March 25, 2019).
10.22	Security Agreement, dated March 22, 2019, between Boxlight Corporation and Lind Global Macro Fund LP (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed March 25, 2019).
10.23	Intercreditor Agreement, dated March 22, 2019, between Boxlight Corporation, and Sallyport Commercial Finance LLC and Lind Global Macro Fund, LP (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K filed March 25, 2019).
10.24	Securities Purchase Agreement, dated as of December 13, 2019, between Boxlight Corporation and Lind Global Macro Fund, L.P. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed December 17, 2019).
10.25	Secured Convertible Note, Dated December 13, 2019, issued by Boxlight Corporation to Lind Global Macro Fund, L.P. (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed December 17, 2019).

10.26	Amended and Restated Security Agreement dated as of December 13, 2019, between Boxlight Corporation, Sallyport Commercial Finance, LLC. And Lind Global Macro Fund, LP (filed as Exhibit 10.3 to the Current Report on Form 8-K filed December 17, 2019).
10.27	Amended and Restated Intercreditor Agreement, dated as of December 13, 2019, between Boxlight Corporation, Sallyport Commercial Finance, LLC and Lind Global Macro Fund, LP (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K filed December 17, 2019).
10.28	Amended and Restated Employment Agreement, dated January 13, 2020, between Boxlight Corporation and James Mark Elliott (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed January 14, 2020).
10.29	Employment letter, dated January 13, 2020, between Boxlight Corporation and Harold Bevis (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed January 14, 2020).
10.30	Asset Purchase Agreement dated February 3, 2020, between Boxlight Corporation, Boxlight Inc., MyStemKit, Inc. and STEM Education Holdings, Pty. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed February 7, 2020).
10.31	Securities Purchase Agreement dated February 4, 2020 between Boxlight Corporation and Lind Global Macro Fund, LP. (Incorporated by reference to Exhibit 10.2 to the Current Report 8-Kfiled February 7, 2020).
10.32	Secured Convertible Note, dated February 4, 2020, (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed February 7, 2020).
10.33	Second Amended and Restated Security Agreement, dated February 4, 2020, between Boxlight Corporation and Lind Global Macro Fund, LP (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K filed February 7, 2020).
10.34	Second Amended and Restated Intercreditor Agreement, dated February 4, 2020, between Boxlight Corporation, Sallyport Commercial Finance, LLC and Lind Global Macro Fund, LP (incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K filed February 7, 2020).
10.35	Third Restated Convertible Promissory Note, dated February 4, 2020, issued by Boxlight Corporation to Lind Global Macro Fund, LP (incorporated by reference to Exhibit 10.6 to the Current Report on Form 8-K filed February 7, 2020).
10.36	Second Restated Convertible Promissory Note, dated February 4, 2020, issued by Boxlight Corporation issued by Boxlight Corporation to Lind Global Macro Fund, LP (incorporated by reference to Exhibit 10.7 to the Current Report on Form 8-K filed February 7, 2020).
10.37	Employment Agreement, dated February 21, 2020, between Boxlight Corporation and Takesha Brown (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed February 26, 2020).
10.38	Agreement, dated March 3, 2020, between Boxlight Corporation, Everest Display, Inc and AMAGIC Holographics, Inc. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed March 13, 2020).
10.39	Employment Agreement, dated March 20, 2020, between Boxlight Corporation and Michael Pope (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed March 23, 2020).
10.40	Amended and Restated Employment Agreement, dated April 1, 2020, between Boxlight Corporation and Daniel Leis (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed April 10, 2020).

10.41	Letter Agreement, dated April 17, 2020, between Boxlight Corporation, Boxlight Inc. and MyStemKits, Inc. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed April 22, 2020).
10.42	Letter Agreement, dated April 17, 2020, between Boxlight Corporation and Stemify Limited (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed April 22, 2020).
10.43	Agreement, dated June 11, 2020, between Boxlight Corporation, Everest Display, Inc. and Amagic Holographics, Inc. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed June 24, 2020).
10.44	Letter Agreement, dated June 30, 2020, between Boxlight Corporation and R. Wayne Jackson (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed July 7, 2020).
10.45	Letter Agreement, dated June 30, 2020, between Boxlight Corporation and Charles P. Amos (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed on July 7, 2020).
10.46	Securities Purchase Agreement, dated September 21, 2020, between Boxlight Corporation and Lind Global Asset Management LLC (incorporated by reference to Exhibit 10.1 to the Current Report on For 8-K filed September 22, 2020).
10.47	Form of Convertible Secured Note issued to Lind Global Asset Management (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed September 22, 2020).
10.48	Third Amended and Restated Security Agreement, dated September 21, 2020, between Boxlight Corporation and Lind Global Macro Fund, LP (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed September 22, 2020).
10.49	Third Amended and Restated Intercreditor Agreement, dated September 21, 2020, between Boxlight Corporation, Sallyport Commercial Finance, LLC, Lind Global Macro Fund, LP and Lind Global Asset Management, LLC (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K filed September 22, 2020).
10.50	Patent Purchase Agreement, dated September 23, 2020, between Boxlight Corporation and Circle Technology Corporation (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed September 24, 2020).
10.51	Securities Purchase Agreement, dated September 24, 2020, between Boxlight Corporation and the Sellers of Sahara Holdings Limited (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed September 25, 2020).
10.52	Form of Lock-up Agreement (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed September 25, 2020).
10.53	Form of Accounts Receivable Agreement, effective September 30, 2020, between Boxlight Inc,, EOSEDU LLC and Sallyport Commercial Finance LLC (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed October 9, 2020).
10.54	Form of Blocked Account Agreement between Boxlight Inc., EOSEDU LLC and Sallyport Commercial Finance LLC (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed October 9, 2020).
10.55	Employment Agreement, dated November 1, 2019, between Sahara Presentation Systems PLC and Mark Starkey (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed November 19, 2020).

10.56	Amendment No. 2 to the Boxlight Corporation 2014 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Registration Statement on Form S-8 dated October 7, 2020).
10.57	Deed of Variation, dated September 24, 2020, between Sahara Presentation Systems PLC and Mark Starkey (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed November 19, 2020).
10.58	Employment Agreement, dated April 7, 2020, between Sahara Presentation Systems PLC and Patrick Foley (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed November 30, 2020).
10.59	Deed of variation, dated September 24, 2020, between Sahara Presentation Systems PLC and Patrick Foley (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed November 30, 2020).
10.60	Employment Agreement, dated January 1, 2019, between Sahara Presentation Systems PLC and Shaun Marklew (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed November 30, 2020).
10.61	Deed of variation, dated September 24, 2020, between Sahara Presentation Systems PLC and Shaun Marklew (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K filed November 30, 2020).
10.62	Agreement, dated January 29, 2021, between Boxlight Corporation, Everest Display, Inc. and Amagic Holographics, Inc. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed February 1, 2021).
10.63	Preferred Stock Redemption and Conversion Agreement dated March 24, 2021, by and between Boxlight Corporation and the Preferred Stockholders (incorporated by reference to Exhibit 10.67 to the Annual Report on Form 10-K filed March 31, 2021).
10.64	Share Purchase Agreement, dated March 19, 2021, between Sahara Holdings Ltd., Clevertouch BV and Karel Callens (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q filed on May 13, 2021).
10.65	Amendment to Preferred Stock Redemption Agreement, dated June 14, 2021, between Boxlight Corporation and the Preferred Stockholders (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on June 16, 2021).
10.66	Amendment to Accounts Receivable Agreement, dated July 20, 2021, between Boxlight Inc. and Sallyport Commercial Finance LLC (incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K filed on July 21, 2021).
10.67	Amendment to Accounts Receivable Agreement, dated August 6, 2021, between Boxlight Inc. and Sallyport Commercial Finance LLC (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on August 9, 2021).
10.68	Boxlight Corporation 2021 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Registration Statement on Form S-8 filed on October 14, 2021).
10.69	Fourth Amended and Restated Intercreditor Agreement dated August 23, 2021, between Boxlight Corporation, Sallyport Commercial Finance, LLC, Lind Global Macro Fund, LP and Lind Global Asset Management, LLC (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on August 27, 2021).
10.70	Employment Agreement dated September 15, 2021 between Boxlight Corporation and Aleksandra Leis (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on September 20, 2021).
10.71	Membership Interest Purchase Agreement dated October 29, 2021, between Boxlight Corporation, Boxlight Inc., FrontRow Calypso LLC, Phonic Ear Inc. and Calypso Systems LLC (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed November 1, 2021).

10.72	Credit Agreement dated December 31, 2021, between Boxlight Corporation, its subsidiaries, Whiteawk Finance LLC., and White Hawk Capital Partners, LP (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed January 5, 2022).
10.73	Employment Agreement dated February 14, 2022, between Boxlight Corporation and Michael Pope (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed February 18, 2022).
10.74	Notice of Default and Reservation of Rights dated March 29, 2022, from Whitehawk Capital Partners, LP (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed April 4, 2022).
10.75	Amendment to Credit Agreement, dated April 4, 2022, between Boxlight Corporation, its subsidiaries, Whitehawk Finance LLC and White Hawk Capital Partners, LP (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed April 4, 2022).
10.76	Amended and Restated Fee Letter, dated April 4, 2022, between Boxlight Corporation, its subsidiaries, Whitehawk Capital Partners, LP and Whitehawk Finance, LLC (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed April 4, 2022).
10.77	Employment Agreement, dated June 13, 2022, between Boxlight Corporation and Greg Wiggins (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed June 14, 2022).
10.78	Second Amendment to Credit Agreement (including Exhibit A), dated June 21, 2022, 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 June 27, 2022).
10.79	Securities Purchase Agreement dated July 22, 2022, between Boxlight Corporation and an accredited institutional investor (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed July 26, 2022).
10.80	Placement Agency Agreement, dated July 22, 2022, between Boxlight Corporation and Maxim Group LLC (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed July 26, 2022).
10.81	Amended and Restated Insider Trading Policy*
14.1	Code of Business Conduct and Ethics*
16.1	Letter of FORVIS, LLP, dated June 2, 2022 to the Securities and Exchange Commission (incorporated by reference to Exhibit 16.1 to the Current Report on Form 8-K filed June 2, 2022.)
21.1	Subsidiaries*
23.1	Consent of FORVIS LLP*
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 Definition Linkbase Document.*
101.LAB	Inline XBRL Taxonomy Label Linkbase Document.*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).*

*filed herewith.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this amendment to be signed on its behalf by the undersigned, thereunto duly authorized.

BOXLIGHT, CORPORATION
(Registrant)

By: */s/ MICHAEL POPE*
Michael R. Pope
Chairman of the Board and
Chief Executive Officer
Principal Executive Officer

Date: March 16, 2023

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	**Title**	**Date**
/s/ Michael R. Pope Michael R. Pope	Chairman of the Board, and Chief Executive Officer (principal executive officer)	March 16, 2023
/s/ Gregory S. Wiggins Gregory S. Wiggins	Chief Financial Officer (principal financial and accounting officer)	March 16, 2023
/s/ Rudolph F. Crew Rudolph F. Crew	Director	March 16, 2023
/s/ Roger W. Jackson Roger W. Jackson	Director	March 16, 2023
/s/ Tiffany Kuo Tiffany Kuo	Director	March 16, 2023
/s/ Charles P. Amos Charles P. Amos	Director	March 16, 2023
/s/ Dale W. Strang Dale W. Strang	Director	March 16, 2023
/s/ Mark Elliott Mark Elliott	Director	March 16, 2023

DESCRIPTION OF SECURITES
Description of Capital Stock

The following is a summary of the material terms of our Class A common stock, which is registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and provisions of our Eleventh Amended and Restated Articles of Incorporation (the "Charter") and bylaws (the "Bylaws"). This description is summarized from, and qualified in its entirety by reference to, the Charter and Bylaws, each of which is filed as an exhibit to this Annual Report on Form 10-K. We encourage you to read our Charter, our Bylaws, and the applicable provisions of the Nevada Revised Statutes.

Authorized Capital Stock

Our authorized capital stock consists of 250,000,000 shares, of which 150,000,000 are designated Class A common stock, par value $0.0001 per share; 50,000,000 are designated Class B common stock, par value $0.0001 per share; and 50,000,000 are designated preferred stock, of which 250,000 shares are designated as Series A preferred stock, par value $0.0001 per share.

Common Stock

Class A common stock

Our Class A common stock is listed on The Nasdaq Capital Market under the ticker symbol "BOXL."

Voting Rights. Each share of our Class A common stock entitles its holder to one vote per share on all matters to be voted or consented upon by the stockholders. Cumulative voting for the election of directors is not provided for in our articles of incorporation, as amended and restated.

Dividend Rights. Subject to the rights of the holders of preferred stock, as discussed below, the holders of outstanding Class A common stock are entitled to receive dividends out of funds legally available at the times and in the amounts that the board of directors may determine.

Liquidation Rights. In the event of our liquidation or dissolution, the holders of our Class A common stock are entitled to share ratably in the assets available for distribution after the payment of all of our debts and other liabilities, subject to the prior rights of the holders of our preferred stock.

Other Matters. The holders of our Class A common stock have no subscription, redemption or conversion privileges. Our Class A common stock does not entitle its holders to preemptive rights. All of the outstanding shares of our Class A common stock are fully paid and non-assessable. The rights, preferences and privileges of the holders of our Class A common stock are subject to the rights of the holders of shares of any series of preferred stock which we may issue in the future.

Class B common stock

Our Charter authorizes Class B common stock, although at present we have no Class B common stock issued and outstanding. Our Class B common stock is only available for issuance upon exercise of stock options to be granted to Boxlight Group employees.

Voting Rights. The holders of Class B common stock have no voting rights, other than voting only on such matters as required by law.

Conversion Rights. Upon any public or private sale or disposition by any holder of Class B common stock, such shares of Class B common stock shall automatically convert into shares of Class A common stock.

Preferred Stock

Our board of directors has the authority to issue preferred stock in one or more classes or series and to fix the designations, powers, preferences, and rights, and the qualifications, limitations or restrictions thereof including dividend rights, dividend rates, conversion rights, voting rights, terms of redemption, redemption prices, liquidation preferences and the number of shares constituting any class or series, without further vote or action by the stockholders.

Governing Documents that May Have an Antitakeover Effect

Certain provisions of our Eleventh Amended and Restated Articles of Incorporation and our Bylaws, which are discussed below, could discourage or make it more difficult to accomplish a proxy contest, change in our management or the acquisition of control by a holder of a substantial amount of our voting stock.

- Our Eleventh Amended and Restated Articles of Incorporation provide that our board of directors has the authority to issue preferred stock in one or more classes or series and fix such designations, powers, preferences and rights and the qualifications thereof without further vote by our stockholders. The issuance of preferred stock may have the effect of delaying, deferring or preventing a change in control of our company without further action by the stockholders and may adversely affect the voting and other rights of the holders of our Class A common stock.

- Our Bylaws limit the ability to call special meetings of the stockholders to the chairman of the board of directors, the vice chairman of the board, the chief executive officer, the president or a majority of authorized directors. The stockholders have no right to request or call a special meeting and cannot take action by written consent.

- Our Bylaws provide that the removal of a director from the board, with or without cause, must be by affirmative vote of not less than 2/3 of the voting power of our issued and outstanding stock entitled to vote generally in the election of directors (voting as a single class), excluding stock entitled to vote only upon the happening of a fact or event unless such fact or event shall have occurred, is required to remove a director from the Board with or without cause.

We expect that these provisions will discourage coercive takeover practices or inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors, which we believe may result in an improvement of the terms of any such acquisition in favor of our stockholders. However, they also give our board of directors the power to discourage acquisitions that some stockholders may favor.

TRANSFER AGENT AND REGISTRAR

The Transfer Agent and Registrar for shares of our common stock and preferred stock is VStock Transfer, LLC, Woodmere, New York. Our Transfer Agent and Registrar’s telephone number is (212) 828-8436.

BOXLIGHT CORPORATION

Amended and Restated
Policy on Insider Trading

This Amended and Restated Insider Trading Policy, effective as of March 10, 2023, provides the standards of Boxlight Corporation (the "**Company**") on trading and causing the trading of the Company's securities or securities of other publicly-traded companies while in possession of confidential information. This policy is divided into two parts: the first part prohibits trading in certain circumstances and applies to all directors, officers, employees and certain independent contractors of the Company and the second part imposes special additional trading restrictions and applies to all (i) directors of the Company, (ii) executive officers of the Company and (iii) the employees or persons listed on Appendix A (collectively, "**Covered Persons**").

One of the principal purposes of the federal securities laws is to prohibit so-called "insider trading." Simply stated, insider trading occurs when a person uses material non-public information obtained through involvement with the Company to make decisions to purchase, sell, give away or otherwise trade the Company's securities or to provide that information to others outside the Company. The prohibitions against insider trading apply to trades, tips and recommendations by virtually any person, including all persons associated with the Company, if the information involved is "material" and "non-public." These terms are defined in this Policy under Part I, Section 3 below. The prohibitions would apply to any director, officer or employee who buys or sells Company stock on the basis of material non-public information that he or she obtained about the Company, its customers, suppliers, or other companies with which the Company has contractual relationships or may be negotiating transactions.

PART I

1. Applicability

This Policy applies to all transactions in the Company's securities, including common stock, options and any other securities that the Company may issue, such as preferred stock, notes, bonds and convertible securities, as well as to derivative securities relating to any of the Company's securities, whether or not issued by the Company.

This Policy applies to all employees of the Company and its subsidiaries, all officers of the Company and its subsidiaries and all members of the Company's board of directors.

2. General Policy: No Trading or Causing Trading While in Possession of Material Non-Public Information

(a). No director, officer or employee may purchase or sell any Company security, whether or not issued by the Company, while in possession of material non-public information about the Company. (The terms "material" and "non-public" are defined in Part I, Section 3(a) and (b) below.)

(b). No director, officer or employee who knows of any material non-public information about the Company may communicate that information to any other person, including family and friends.

(c). In addition, no director, officer or employee may purchase or sell any security of any other company, whether or not issued by the Company, while in possession of material non-public information about that company that was obtained in the course of his or her involvement with the Company. No director, officer or employee who knows of any such material non-public information may communicate that information to any other person, including family and friends.

(d). For compliance purposes, you should never trade, tip or recommend securities (or otherwise cause the purchase or sale of securities) while in possession of information that you have reason to believe is material and non-public unless you first consult with, and obtain the advance approval of, the Compliance Officer (which is defined in Part I, Section 3(c) below).

(e). Covered Persons must "pre-clear" all trading in securities of the Company in accordance with the procedures set forth in Part II, Section 3 below.

3. Definitions

(a) Materiality. Insider trading restrictions come into play only if the information you possess is "material." Materiality, however, involves a relatively low threshold. Information is generally regarded as "material" if it has market significance, that is, if its public dissemination is likely to affect the market price of securities, or if it otherwise is information that a reasonable investor would want to know before making an investment decision.

Information dealing with the following subjects is reasonably likely to be found material in particular situations:

(i) significant changes in the Company's prospects;

(ii) significant write-downs in assets or increases in reserves;

(iii) developments regarding significant litigation or government agency investigations;

(iv) liquidity problems;

(v) changes in earnings estimates or unusual gains or losses in major operations;

(vi) major changes in management;

(vii) changes in dividends;

(viii) extraordinary borrowings;

(ix) award or loss of a significant contract;

(x) changes in debt ratings;

(xi) proposals, plans or agreements, even if preliminary in nature, involving mergers, acquisitions, divestitures, recapitalizations, strategic alliances, licensing arrangements, or purchases or sales of substantial assets;

(xii) public offerings; and

(xiii) pending statistical reports (such as, consumer price index, money supply and retail figures, or interest rate developments).

Material information is not limited to historical facts but may also include projections and forecasts. With respect to a future event, such as a merger, acquisition or introduction of a new product, the point at which negotiations or product development are determined to be material is determined by balancing the probability that the event will occur against the magnitude of the effect the event would have on a company's operations or stock price should it occur. Thus, information concerning an event that would have a large effect on stock price, such as a merger, may be material even if the possibility that the event will occur is relatively small. When in doubt about whether particular non-public information is material, presume it is material. **If you are unsure whether information is material, you should consult the Compliance Officer before making any decision to disclose such information (other than to persons who need to know it) or to trade in or recommend securities to which that information relates.**

(b) Non-public Information. Insider trading prohibitions come into play only when you possess information that is material and "non-public." The fact that information has been disclosed to a few members of the public does not make it public for insider trading purposes. To be "public" the information must have been disseminated in a manner designed to reach investors generally, and the investors must be given the opportunity to absorb the information. Even after public disclosure of information about the Company, you must wait until the close of business on the second trading day after the information was publicly disclosed before you can treat the information as public.

Non-public information may include:

(i) information available to a select group of analysts or brokers or institutional investors;

(ii) undisclosed facts that are the subject of rumors, even if the rumors are widely circulated; and

(iii) information that has been entrusted to the Company on a confidential basis until a public announcement of the information has been made and enough time has elapsed for the market to respond to a public announcement of the information (normally two or three days).

As with questions of materiality, if you are not sure whether information is considered public, you should either consult with the Compliance Officer or assume that the information is "non-public" and treat it as confidential.

(c) Compliance Officer. The Company has appointed the Corporate Secretary as the Compliance Officer for this Policy. The duties of the Compliance Officer include, but are not limited to, the following:

(i) assisting with implementation of this Policy;

(ii) circulating this Policy to all employees and ensuring that this Policy is amended as necessary to remain up-to-date with insider trading laws;

(iii) pre-clearing all trading in securities of the Company by Covered Persons in accordance with the procedures set forth in Part II, Section 3 below; and

(iv) providing approval of any transactions under Part II, Section 4 below.

4. Violations of Insider Trading Laws

Penalties for trading on or communicating material non-public information can be severe, both for individuals involved in such unlawful conduct and their employers and supervisors, and may include jail terms, criminal fines, civil penalties and civil enforcement injunctions. Given the severity of the potential penalties, compliance with this Policy is absolutely mandatory.

(a) Legal Penalties. A person who violates insider trading laws by engaging in transactions in a company's securities when he or she has material non-public information can be sentenced to a substantial jail term and required to pay a penalty of several times the amount of profits gained or losses avoided.

In addition, a person who tips others may also be liable for transactions by the tippees to whom he or she has disclosed material non-public information. Tippers can be subject to the same penalties and sanctions as the tippees, and the SEC has imposed large penalties even when the tipper did not profit from the transaction.

The SEC can also seek substantial penalties from any person who, at the time of an insider trading violation, "directly or indirectly controlled the person who committed such violation," which would apply to the Company and/or management and supervisory personnel. These control persons may be held liable for up to the greater of $1 million or three times the amount of the profits gained or losses avoided. Even for violations that result in a small or no profit, the SEC can seek a minimum of $1 million from a company and/or management and supervisory personnel as control persons.

(b) Company-imposed Penalties. Employees who violate this Policy may be subject to disciplinary action by the Company, including dismissal for cause. Any exceptions to the Policy, if permitted, may only be granted by the Compliance Officer and must be provided before any activity contrary to the above requirements takes place.

PART II

1. Blackout Periods

All Covered Persons are prohibited from trading in the Company's securities during blackout periods.

(a) Quarterly Blackout Periods. Trading in the Company's securities is prohibited during the period beginning three weeks prior to the last day of each fiscal quarter and ending three business days following the date the Company's financial results are publicly disclosed and the Form 10-Q or the Form 10-K is filed. During these periods, Covered Persons generally possess or are presumed to possess material non-public information about the Company's financial results.

(b) Other Blackout Periods. From time to time, other types of material non-public information regarding the Company (such as negotiation of mergers, acquisitions or dispositions or new product developments) may be pending and not be publicly disclosed. While such material non-public information is pending, the Company may impose special blackout periods during which Covered Persons are prohibited from trading in the Company's securities. If the Company imposes a special blackout period, it will notify the Covered Persons affected.

(c) Exception. These trading restrictions do not apply to transactions under a pre-existing written plan, contract, instruction, or arrangement under Rule 10b5-1 (an "**Approved 10b5-1 Plan**") that:

(i) (x) in the case of directors and executive officers, the Approved 10b5-1 Plan has been reviewed and approved the later of (A) at least 90 days in advance of any trades thereunder by the Compliance Officer (or, if revised or amended, such revisions or amendments have been reviewed and approved by the Compliance Officer at least 90 days in advance of any subsequent trades) or (B) at least two business days after the filing of the Company's Form 10-Q or Form 10-K (subject to a maximum of 120 after the date of adoption or modification); and (y) directors or executive officers must certify at the time of such plan's adopbtion that they (A) were not in possession of Material Non-Public Information at the time of adoption of such plan and (B) are adopting such plan in good faith and not as part of a plan or scheme to evade insider trading prohibitions of Rule 10b-5;

(ii) in the case of non-officers and directors, the Approved 10b5-1 Plan has been reviewed and approved at least one month in advance of any trades thereunder by the Compliance Officer (or, if revised or amended, such revisions or amendments have been reviewed and approved by the Compliance Officer at least one month in advance of any subsequent trades);

(ii) was entered into in good faith by the Covered Person at a time when the Covered Person was not in possession of material non-public information about the Company, and the Covered Person continues to operate in good faith in its use of the Approved 10b5-1 Plan for the duration of such plan; and

(iii) gives a third party the discretionary authority to execute such purchases and sales, outside the control of the Covered Person, so long as such third party does not possess any material non-public information about the Company; or explicitly specifies the security or securities to be purchased or sold, the number of shares, the prices and/or dates of transactions, or other formula(s) describing such transactions.

2. Trading Window

Covered Persons are permitted to trade in the Company's securities when no blackout period is in effect. Generally this means that Covered Persons can trade during the period beginning on the fourth business day following the filing of the Form 10-Q or the Form 10-K and ending on the day prior to three weeks before the end of a fiscal quarter close. However, even during this trading window, a Covered Person who is in possession of any material non-public information should not trade in the Company's securities until the information has been made publicly available or is no longer material. In addition, the Company may close this trading window if a special blackout period under Part II, Section 1(b) above is imposed and will re-open the trading window once the special blackout period has ended.

3. Pre-clearance of Securities Transactions

(a). Because Covered Persons are likely to obtain material non-public information on a regular basis, the Company requires all such persons to refrain from trading, even during a trading window under Part II, Section 2 above, without first providing notice of any transactions in the Company's securities.

(b). Subject to the exemption in subsection (d) below, no Covered Person may, directly or indirectly, purchase or sell (or otherwise make any transfer, gift, pledge or loan of) any Company security at any time without first notifying the Compliance Officer. These procedures also apply to transactions by such person's spouse, other persons living in such person's household and minor children and to transactions by entities over which such person exercises control.

(c). The Compliance Officer shall record the date each notification if provided. If the transaction does not occur within a two-week period, pre-notification of the transaction must be re-provided.

(d). Pre-notification is not required for purchases and sales of securities under an Approved 10b5-1 Plan. With respect to any purchase or sale under an Approved 10b5-1 Plan, the third party effecting transactions on behalf of the Covered Person should be instructed to send duplicate confirmations of all such transactions to the Compliance Officer.

4. Prohibited Transactions

(a). Directors and executive officers of the Company are prohibited from, trading in the Company's equity securities during a blackout period imposed under an "individual account" retirement or pension plan of the Company, during which at least 50% of the plan participants are unable to purchase, sell or otherwise acquire or transfer an interest in equity securities of the Company, due to a temporary suspension of trading by the Company or the plan fiduciary.

(b). A Covered Person, including such person's spouse, other persons living in such person's household and minor children and entities over which such person exercises control, is prohibited from engaging in the following transactions in the Company's securities unless advance approval is obtained from the Compliance Officer:

(i) Short-term trading. Covered Persons who purchase Company securities may not sell any Company securities of the same class for at least six months after the purchase;

(ii) Short sales. Covered Persons may not sell the Company's securities short;

(iii) Options trading. Covered Persons may not buy or sell puts or calls or other derivative securities on the Company's securities;

(iv) Trading on margin. Covered Persons may not hold Company securities in a margin account or pledge Company securities as collateral for a loan; and

(v) Hedging. Covered Persons may not enter into hedging or monetization transactions or similar arrangements with respect to Company securities.

<u>5. Acknowledgment and Certification</u>

All Covered Persons are required to sign the attached acknowledgment and certification.

ACKNOWLEDGMENT AND CERTIFICATION

The undersigned does hereby acknowledge receipt of the Company's Insider Trading Policy. The undersigned has read and understands (or has had explained) such Policy and agrees to be governed by such Policy at all times in connection with the purchase and sale of securities and the confidentiality of non-public information.

____
(Signature)

____
(Please print name)

Date: _________________________

APPENDIX A

MARK ELLIOTT
GREG WIGGINS
HANK NANCE
MICHAEL POPE
MARK STARKEY
SHAUN MARKLEW
DR. RUDY CREW
DALE STRANG
TIFFANY KUO
CHARLES AMOS
WAYNE JACKSON

BOXLIGHT CORPORATION
CODE OF CONDUCT

OVERVIEW

This Code of Conduct ("Code") has been adopted by the Board of Directors of Boxlight Corporation pursuant to the rules of the Securities and Exchange Commission ("SEC"). This Code is applicable to all employees, officers and directors of the Company and contains standards for:

- the honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships,
- the full, fair, accurate timely and understandable disclosure in reports and documents that the Company files with, or submits to, the SEC and in other public communications,
- compliance with applicable governmental laws, rules and regulations,
- prompt internal reporting of violations of this Code, and
- accountability for adherence to this Code.

Compliance Officers. The Company has designated (a) the Company's Chief Financial Officer as its Compliance Officer to administer this Code with respect to employees, and (b) the Chairman of the Audit Committee to administer this Code with respect to officers and directors. You may, at your discretion, make any report or complaint provided for in this Code to the appropriate Compliance Officer.

Other Company Policies. This Code is in addition to the Code of Ethics that applies to the Company's Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, President, Controller and Accounting / Finance Personnel. Also, this Code is in addition to the Company's other policies and guidelines with respect to its employees, officers and directors as contained in the Company's employee handbook.

CODE OF CONDUCT

1. Conflicts Of Interest. While it is not possible to identify every activity that might give rise to a conflict of interest, a conflict of interest may exist whenever a relationship of an employee, officer or director, or one of his or her family members, is inconsistent with the Company's best interests or could cause a conflict with job responsibilities or the Company's business. Conflicts of interest may not always be clear-cut, so if you have a question, you should consult with the Compliance Officer. If you become aware of a conflict or potential conflict, you should bring it to the attention of the Compliance Officer.

2. Compliance With Applicable Laws. All employees, officers and directors of the Company should comply with all governmental laws, rules and regulations applicable to the Company.

3. Public Company Reporting. As a public company, it is of critical importance that the Company's filings with the SEC, and other public communications, contain full, fair, accurate, timely and understandable disclosure. Depending on their respective positions with the Company, employees, officers or directors may be called upon to provide information necessary to assure that the Company's public reports are complete, fair and understandable. The Company expects employees, officers and directors to take this responsibility seriously and to provide prompt and accurate answers to inquiries from the Company's officers, directors, auditors or attorneys related to the Company's public disclosure requirements. With respect to any inquiries from other third-parties (such as analysts, members of the media and others), such inquiries should be directed to specifically designated persons who are authorized to respond, and such designated persons shall keep the Company's board of directors advised as to the content and scope of each such inquiry and response.

4. Reporting Any Illegal Or Unethical Behavior. Employees are encouraged to talk to supervisors, managers or other appropriate personnel about observed illegal or unethical behavior and, when in doubt, about the best course of action in a particular situation. Anyone who believes that a violation of this Code or other illegal or unethical conduct by any employee, officers or director has occurred or may occur should promptly contact the Compliance Officer. Alternatively, any employee of the company may submit, on a confidential and anonymous basis if the employee so desires, directly to the Audit Committee any concerns regarding financial statement disclosures, accounting, internal accounting controls, auditing matters or violations of this Code. To make a confidential and anonymous submission directly to the Audit Committee, an employee should send a written summary of his or her concern in a sealed envelope to the following address, Boxlight Corporation., Attention: Chairman of Audit Committee, 1045 Progress Circle, Lawrenceville, Georgia 30043.

The mailing envelope must contain a clear notation indicating "To Be Opened Only by Audit Committee." The Compliance Officer will forward any such envelopes received promptly and unopened to the Audit Committee Chair. If an employee, would like to discuss any matter with the Audit Committee, the employee should indicate this in the written submission and include a telephone number or other means by which he or she can be reached, should the Audit Committee determine that such communication is appropriate. Any such reports may be made confidentially or anonymously. Confidentiality will be protected, subject to applicable law, regulation or legal proceedings, as well as to applicable Company policy.

5. Protection and Proper Use of Company Assets. All employees, officers and directors should endeavor to protect the Company's assets and ensure their efficient use. Company assets should be used for legitimate business purposes, although incidental personal use may be permitted. Theft, carelessness, and waste of the Company's assets have a direct impact on the Company's business and its profitability. Any suspected incident of fraud, theft or misuse should be immediately reported for investigation.

The obligation of employees, officers and directors to protect the Company's assets includes its proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks, copyrights and know how, as well as business, sales and marketing plans, formulation and manufacturing ideas and practices, designs, databases, records, salary and other compensation/benefit information and any unpublished financial data and reports. Unauthorized use or distribution of the Company's proprietary information is prohibited. Unauthorized use or distribution of the Company's proprietary information could also be illegal and may result in the imposition of civil or criminal penalties.

6. No Retaliation. The Company will not permit retaliation of any kind by or on behalf of the Company and its employees, officers and directors against good faith reports or complaints of violations of this Code or other illegal or unethical conduct.

7. Amendment, Modification And Waiver. Any request for a waiver of any provision of this Code must be in writing and addressed to the Compliance Officer. If you are a director or executive officer of the Company, the request may be addressed directly to the Chairman of the Audit Committee. With regard to executive officers and directors, the Board will have the sole and absolute discretionary authority, acting upon such recommendations as may be made by the Audit Committee, to approve any waiver from this Code. Any waiver of this Code with respect to executive officers and directors will be promptly publicly disclosed to the shareholders by filing a Form 8-K with the SEC, or by such other selected by the Board of Directors in conformity with applicable SEC rules. This Code may be amended, modified or waived by the Board of Directors, subject to disclosure requirements and other applicable SEC rules.

8. Accountability. You are responsible for your adherence to this Code and will be held personally accountable. Your failure to observe the terms of this Code may result in disciplinary action, which may include immediate termination.

ACKNOWLEDGEMENT

The undersigned is an employee / officer / director of Boxlight Corporation. By my signature below, I acknowledge receipt of a copy of the Code of Conduct and I confirm that I have carefully read and fully understand all the provisions of the Code of Conduct.

Signature: ______________________________
Print Name:

Dated: __________________, 2017

List of Subsidiaries

Boxlight Inc., a Washington corporation

Boxlight Latinoamerica, S.A. DE C.V., a Mexico corporation

Boxlight Latinoamerica Servicios, S.A. DE C.V., a Mexico corporation

Boxlight Group Ltd., a U.K. limited company

EOSEDU, LLC, a Nevada limited liability company

Sahara Holdings Limited, a U.K. limited company

Sahara Presentation Systems Ltd., a U.K. company

Sedao Limited, a U.K. company

Clevertouch B.V., a Holland company

Sahara Nordic OY, a Finland company

Sahara Nordic AB, a Sweden company

Sahara Presentation Systems, Inc., a Delaware company

Sahara Presentation Systems GmbH, a Germany company

Sahara Presentation Systems Europe BV, a Belgium company

FrontRow Calypso, LLC, a California company

Boxlight Canada, Inc., a Canada company

Boxlight Denmark, ApS, a Denmark company

Boxlight Australia, PTY LTD, an Australia company

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements on Form S-8 (Nos. 333-249375 and 333-260253) and Form S-3 (Nos. 333-239939 and 333-264809) of Boxlight Corporation of our report dated March 16, 2023, with respect to the consolidated financial statements of Boxlight Corporation and its subsidiaries, included in this annual report on Form 10-K.

/s/ FORVIS, LLP (Formerly, Dixon Hughes Goodman LLP)

Atlanta, Georgia
March 16, 2023

Exhibit 31.1

Certification

I, Michael Pope, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2022 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 officers 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 fourth fiscal quarter 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: March 16, 2023

/s/ Michael Pope
Michael Pope
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Greg Wiggins, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2022 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 officers 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 fourth fiscal quarter 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: March 16, 2023

/s/ Greg Wiggins
Greg Wiggins
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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

In connection with the Annual Report of Boxlight Corporation (the “Company”) on Form 10-K pursuant for the year ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Michael Pope, 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: March 16, 2023

/s/ Michael Pope
Michael Pope
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

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

In connection with the Annual Report of Boxlight Corporation (the "Company") on Form 10-K for the year ended December 31, 2022, 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: March 16, 2023

/s/ Greg Wiggins
Greg Wiggins
Chief Financial Officer
(Principal Financial Officer)