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

FORM 10-K

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

For the fiscal year ended December 31, 2022 Commission File Number 001-13471

INSIGNIA SYSTEMS INC/MN

(Exact name of registrant as specified in its charter)

Minnesota	**41-1656308**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

212 Third Avenue N, Suite 356, Minneapolis, MN 55401
(Address of principal executive offices; zip code)

(763) 392-6200
(Registrant's telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.01 par value	ISIG	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 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. ☐

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter (June 30, 2022) was approximately $4,692,000 based upon the price of the registrant's Common Stock on such date.

Number of shares outstanding of Common Stock, $.01 par value, as of March 7, 2023 was 1,797,659.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the registrant's definitive proxy statement for its 2023 Annual Meeting of Shareholders are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. Such proxy statement will be filed with the U.S. Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates.

TABLE OF CONTENTS

PART I.

Item 1. Business

General

Insignia Systems, Inc. (“Insignia,” “we,” “us,” “our” and the “Company”) was incorporated in Minnesota in 1990. We are a leading provider of in-store advertising solutions to brands, retailers, shopper marketing agencies and brokerages (“clients”). We believe our products and services are attractive to our clients because of our ability to navigate the complex retail landscape, to customize our solutions for both our brand and retail partners, to execute with excellence and the results our solutions deliver. Our leadership and employees have extensive industry knowledge, including direct experience through former positions at consumer-packaged goods (“CPG”) manufacturers and retailers. We provide marketing solutions to brands spanning from some of the largest multinationals to new and emerging brands.

For retailers and brands working in an environment that is tighter, more competitive, and more complex every day, Insignia positions itself as the shopper marketing ally that combines best-in-class execution with imagination, responsiveness, and hunger to help move business forward. We take the relationships we have with our clients and vendor partnerships very seriously by having our team stretch the extra mile to ensure flawless execution. We sincerely approach our projects with the same passion as our clients do. These relationships are built with our brand-led, retailer centric mindset, our ability to be nimble and flexible to the ever-changing industry landscape and our delivery of superior customer service that our clients deserve. Our in-store solutions are executed in retailers spanning from some of the largest national retailers to regional US wholesalers and independents who are leaders in their respective channels and geographies.

Up until 2020, our primary solution had been in-store signage, specifically Point-Of-Purchase Services (POPS®). The Insignia POPS solution is a national, account-specific, shelf-edge advertising and promotion tactic. Primarily because of competitive pressures, market contraction and reduced spending post the COVID-19 pandemic, our POPS business has declined and will be wound down in 2023. Beginning in 2018 we began developing and offering an expanded portfolio of solutions including on-pack and displays in addition to what was our core business of Insignia POPS. Our expanded portfolio now allows us to meet the needs of brands, retailers and their agents as their business strategies evolve behind an ever-changing retail landscape. Since expanding our portfolio of solutions in 2018, our business results, investments and overall team capabilities are primarily focused on our display and on-pack solutions. With our diversification of business, we now recognized over 90% of our revenue from these recently developed solutions in 2022 and expect this percentage to grow in 2023.

Over the last two years we have significantly reduced operating costs and retailer commitments. In 2021 we relocated our headquarters and operations, both to smaller, more efficient leased spaces, and also restructured operations in December 2021. These changes contributed to reduced expenses in 2022 compared to 2021.

On July 1, 2022, we entered into a $20 million settlement agreement with News Corporation, News America Marketing FSI L.L.C., and News America Marketing In-Store Services L.L.C. (collectively, “News America”). The agreement memorializes the amicable settlement of our outstanding lawsuit against News America. The agreement resulted in net proceeds before income tax of $12,000,000, which was recorded as a net pretax gain from litigation settlement in operations.

We are also continuing to explore strategic options to maximize shareholder value. Potential strategic alternatives that may be evaluated include, but are not limited to, an acquisition, merger, business combination, in-licensing, start-up of new business or other strategic transaction. There can be no assurance that this process will result in any transaction or other changes.

Our internet address is www.insigniasystems.com. We make all reports we file with the Securities and Exchange Commission (SEC), including our annual reports on Form 10-K; quarterly reports on Form 10-Q; current reports on Form 8-K; and amendments to those reports, if any, available free of charge on its website, as soon as reasonably practicable after electronically filing such materials with, or furnishing them to the SEC. Our website is not incorporated by reference into this Annual Report on Form 10-K. Copies of reports can also be obtained free of charge by requesting them from Insignia Systems, Inc. Our mailing address is 212 Third Avenue N, Suite 356, Minneapolis, MN 55401; telephone 763-392-6200.

Industry and Market Background

Our industry continues to rapidly evolve in several ways:

1. Shopper Behavior: Even prior to the start of the pandemic, shopper behavior was evolving. The rise of surrogate shopper services, drive-up pick-up services or pick-up in store have put the shopper in the driver seat to shop when, where and how they want. As a result retailers are competing on convenience more than ever. They are also struggling to manage overall labor needs as a result of the shoppers' various ways of shopping.

2. Brand Crossover: While the number of e-commerce and social media led brands has skyrocketed, many of these brands are also fighting for space at retail. Retailers are leveraging these brands as exclusive offerings to stand out from the competition and give shoppers a reason to continue coming back.

3. Financial Justification: Brands remain diligently focused on top and bottom-line financial metrics, which drives increased pressure to deliver not only breakthrough design and creativity but also at a competitive price that delivers the return on their investment.

4. Supply Chain Disruptions and Commodity Price Increases: Primarily because of COVID-19 our clients and vendor partners have experienced longer than normal lead-times on shipping and fulfillment as well as overall cost increases on raw materials for inputs. We expect these trends to continue in 2023.

Despite continued rapid growth in e-commerce, both retailers and brands are actively seeking to grow their brands in physical stores. We continue to execute programs for brands who started as direct-to-consumer (DTC) brands and are launching in physical stores, as well as brands launching for the first time. On the retail side, many of the top US retailers have recently renovated their stores to deliver a multi-service approach, whether their shoppers are coming in-store to shop traditionally, picking up in-store or waiting in the parking lot for their order. Driving traffic to stores and giving shoppers a reason to come into their stores and shop are extremely important. Retailers are seeking companies with our capabilities and experience to help build in-store solutions that inspire, educate and ultimately convert active shoppers while they are shopping. Retailers are continuing to seek ways to connect their online strategies with their in-store strategies to build shopper loyalty and to develop solutions to enhance the shopper's in-store experience. Brands are increasingly looking for opportunities to reinforce their brand equity as close as possible to the point of purchase or to expand the number of locations where they are offered in store to ensure they are selected over competition. We believe emerging brands are looking for ways to get discovered and tell shoppers their story. These trends are opening opportunities for innovative companies to develop new products and new ways of helping retailers and brands connect with shoppers.

Product Solutions

Since the Company's inception in 1990, we have worked closely with our clients to understand their evolving needs and introduce solutions that help them achieve their business strategies. Historically, our core product has been in-store signage solutions, namely the Insignia Point-of Purchase Services (POPS®). Over the past several years, our net sales from sign solutions have declined primarily due to competitive pressures, market contraction and reduced spending post the COVID-19 pandemic while our non-POPS solutions have significantly expanded as we have developed our portfolio to meet the needs of our clients and execution partners more holistically. Due to the shift away from signage our POPS business will be wound down in 2023, we will still have the ability to sell signs into certain retailers in the Mass Merchant and Grocery Channel.

1. Our **Display Solutions** are designed to help brands get discovered, build awareness and drive impulse purchases via a secondary or often permanent placement of their products. Our display solutions include a variety of fully customized temporary, semi-permanent and permanent displays, that brands leverage to grow their sales.

2. Our **On-Pack Solutions** appear on the individual product package and are designed to drive awareness, impulse purchases, and capture market share within a very short period. On-pack solutions include BoxTalk™, coupons, recipes, and cross-promotions.

3. Our **In-Store Signage Solutions**, which include POPS signs, help brands achieve a variety of objectives that include awareness and sales lift. The in-store signage solutions are placed perpendicular to the shelf and are designed to attract the attention of the shopper even before they arrive in front of the shelf to consider the purchase of a product.

Sales and Design

Our highly skilled sales and design teams are a major asset for the organization with their deep knowledge of the industry.

Our Sales team is focused on:

- Building and sustaining client relationships;
- Increasing overall sales pipeline and revenue; and
- Expanding our retail footprint.

Our Design team is focused on the following:

- Creating innovative stand-out solutions for our brands;
- Designing concepts that are fully executable in-stores; and
- Collaborating with our production partners to bring their designs to life.

Our in-store signage solutions are available for sale into a network of retailers that is managed and maintained through direct relationships or can be sold to certain retailers in the Mass Merchant and Grocery Channel.

During each of the last two most recently completed fiscal years, foreign sales accounted for less than 1% of total net sales each year. We expect sales to foreign distributors will remain less than 1% of total net sales in 2023.

Competition

As we have diversified our portfolio, our competition has become more diverse as well. Historically on our in-store signage business, we had one main competitor, News America (which has been sold to Neptune Retail Solutions). With our expanded display and on-pack solutions, the competitive landscape is much more diverse and broad and our sales results vary based on what the client's priority is whether that is price, design or execution.

We believe our primary competitive strengths include:

- Best-in-class execution results across our portfolio of product solutions;
- Broad client-base of brands inclusive of large Fortune 500 companies, e-commerce, and emerging start-ups;
- Imagination, responsiveness, and hunger to help move our clients' business forward;
- Our extensive broad retail and brand expertise;
- Innovative retailer specific design and creative; and
- Seamless end-to-end project management.

Intellectual Property: Patents and Trademarks

The Company has developed and uses a number of trademarks, service marks, slogans, logos and other commercial symbols to advertise and sell its products. The Company owns U.S. registered trademarks for Insignia®, Insignia POPS®, Insignia POPSign®, Insignia ShelfPOPS®, Stylus®, freshADS®, DuraSign®, I-Care®, BannerPOPS®, EquityPOPS®, ShapePOPS®, and Boxtalk™. Certain employees are required to enter into nondisclosure and invention assignment agreements. Customers, vendors and other third parties also must agree to nondisclosure restrictions to prevent unauthorized disclosure of the Company's trade secrets or other confidential or proprietary information.

Service and Solution Development

New services, solutions and enhancements to existing offerings are developed either internally or externally and may include proprietary data management and design guidance. Over the past several years, we have significantly expanded our offered solutions and have developed a portfolio designed to meet the needs of our clients and execution partners more holistically.

Business Plan

Our strategic plan, seeks to differentiate Insignia from our competition, situate Insignia for growth within our industry and better protect Insignia from competitive response through our overall portfolio diversification. The strategic plan consists of:

1. **Accelerate Display**. Double down on our display capabilities and offerings. Strategically expand overall market outreach aligned with our capabilities and knowledge. Enhance internal capabilities for added client benefit. Continue to invest in design and creative resources in order to bring our clients the most innovative concepts.
2. **Grow On-Pack**. Continue to provide turnkey product offerings that fit both brand and retailer needs. Increase overall market potential with increased outreach and leveraging strategic partners.
3. **Executional Excellence**. Partner with industry leading merchandising partners in order to deliver superior results to our clients.
4. **Invest in our Future**. Continue to recruit and retain top talent. Thoughtfully invest in strategic resources that result in employee development, customer satisfaction and increased revenues.

Our strategic plan acknowledges the challenges and opportunities we face within our industry and given the rapid change in retail in the current environment, we continue to be faced with risk of short-to-intermediate term volatility in our operating and financial performance.

Customers

We are a leading provider of in-store advertising solutions to our clients. These solutions help our clients connect, engage, and build better relationships with their consumers to increase awareness, trial, sales and loyalty. Many of these brands are fast moving with products that would be found in grocery, mass and drug channels.

During 2022, three CPG manufacturers accounted for 19%, 11% and 11% of our total net sales, respectively. During 2021, two CPG manufacturers accounted for 15% and 12% of our total net sales, respectively. At December 31, 2022, three CPG manufacturers represented 20%, 19% and 11% of the Company’s total accounts receivable, respectively. At December 31, 2021, two CPG manufacturers represented 25% and 19% of the Company’s total accounts receivable, respectively.

Our sales historically have fluctuated from period to period, primarily because of:

- Sales cycles within the retailers that our display solutions execute;
- Brand determinations to purchase solutions from us versus competitor solutions;
- Promotional timing and new product launches by brands;
- Brand budget fluctuations and amounts allocated to in-store tactics versus other tactics; and
- Category seasonality of in-store executions.

These factors have historically resulted in our first quarter being our largest revenue quarter.

Environmental Matters

We believe our operations follow all applicable environmental regulations within the jurisdictions in which we operate. The costs and effects of compliance with these regulations have not been and are not expected to become material.

Human Capital Resources and Management

We had 31 employees, of which 30 were full-time employees, as of March 7, 2023. We believe relationships are our focus and our future, and that begins with our own team. We believe in creating an environment where our employees have opportunities to grow and develop professionally. We also strive to create a work environment that employees are proud to be a part of.

- **Employee Engagement.** We believe in regular engagement with our full team, whether that is starting off our week together in our Monday Huddle meetings or enjoying events our Employee Engagement committee plans. We believe in providing our employees a flexible work environment that allows them to work where they feel they can get their best work done. We also take employees' feedback and concerns to heart and leverage this to help enhance our employee experience. Ultimately, this promotes retention and the overall success of our organization.

- **Talent Development.** We have all our employees participate in annual development plans where we focus on both employee strengths and opportunities. In 2022, 9% of our employees advanced their careers with earned promotions based on their development and performance. Based on our employees' needs, we can provide them with a wide range of both formal and informal development opportunities.

- **Diversity, Equity and Inclusion.** We recognize that our best performance comes when we have a team built off of diversity, equity and inclusion. In 2022, we reemphasized our focus when we were recognized by Minnesota Census of Women in Corporate Leadership for diversity in both our boardroom and executive leadership teams.

- **Compensation and Benefits.** We provide robust compensation and benefits. In addition to salaries, these programs, can include annual bonuses, stock-based compensation awards, a 401(k) plan with employee matching opportunities, healthcare and insurance benefits, health savings and flexible spending accounts, paid time off, family leave, family care resources, flexible work schedules, adoption and surrogacy assistance, employee assistance programs, and on-site services.

Segment Reporting

The Company operates in a single reportable segment.

Item 1A. Risk Factors

Our business is subject to many risks. The following are significant factors known to us that could materially adversely affect our business, reputation, operating results, industry, financial position, or future financial performance.

COMPETITIVE AND REPUTATIONAL RISKS

We Face Competition

We compete against other providers of advertising, marketing and merchandising products and services, and providers of point-of-purchase and other in-store solutions, as well as other marketing products and services. Competition is based on, among other things, rates, availability of markets, quality of products and services provided and their effectiveness, store coverage and other factors.

We believe our positioning and offering in the marketplace is unique with our end-to-end capabilities, however brands and retailers can single-source their needs by working with others in the industry individually. We realize that by working with Insignia, we cannot always offer the lowest price in the marketplace versus a direct manufacturer, however, we can provide continuity and consistency along the entire project journey while managing the entire project for our clients, whereas they would need to source out design, production and execution individually.

We Have Been Party to Significant Litigation with a Competitor

We were involved in significant litigation with News America Marketing In-Store, Inc. between 2003 and 2011, which ended with a settlement. Again, on July 1, 2022, we entered into a $20 million settlement agreement with News America. The agreement memorializes the amicable settlement of the Company's lawsuit against News America, which was initially filed in 2019. While we are not currently party to any significant litigation, the Company is subject to various legal proceedings in the normal course of business. Further, we could incur significant expenses asserting or defending future claims that could adversely affect our business, financial condition and operating results. An adverse resolution of any lawsuit or claim in favor of a third party against us, including those we become involved in through mergers and acquisitions transactions, may require us to pay substantial damages or impose restrictions on how we conduct business, either of which could adversely affect our business, financial condition and operating results.

STRATEGIC RISKS

The Growth of our Business Is Dependent on Our Ability to Successfully Develop and Design Solution Offerings that Meet Client Demands

Our ability to retain, increase and engage our customers and to increase our revenues will depend partially on our ability to create successful solutions and the ability to secure and maintain access to retailer locations that are appealing to CPG manufacturers. We may modify our existing products or develop and introduce new products, including acquired products. If new or enhanced products fail to engage consumers, we may fail to attract or retain customers or to generate sufficient revenues, margins, or other value to justify our investments. As a result, our business may be adversely affected. In the future, we may invest in new products and initiatives to generate revenue, but there is no guarantee these approaches will be successful or have the necessary scale to be profitable.

We Face a Number of Risks Associated with Potential Strategic Alternatives

As announced in December 2021, we are conducting a formal process to explore strategic options to maximize shareholder value. We intend to use reasonable efforts to identify and evaluate potential transactions, and new business opportunities. Such activities are accompanied by risks commonly encountered in pursuing and completing such transactions, including, but not limited to, increased expenses associated with the process. Failure to manage the process to a desirable outcome could harm our business, our strategy and our operating results in a material way.

We are in a highly competitive market for a small number of business opportunities, which could reduce the likelihood of consummating one or more strategic alternatives. We are and will continue to be one of many participants in the pool of companies exploring strategic alternatives. A large number of established and well-financed entities, including special purpose acquisition companies, other public companies and venture capital firms, are active in mergers and acquisitions of companies that may be competing for similar opportunities or desirable target candidates as us. Nearly all these entities have significantly greater financial resources, technical expertise, and managerial capabilities than we do; consequently, we are at a competitive disadvantage in identifying possible business opportunities and successfully completing a business combination. These competitive factors may reduce the likelihood of our identifying and consummating one or more strategic alternatives.

While we are committed to exploring strategic options to maximize shareholder value, our management remains dedicated to operating our existing business and operations. This and other limitations on time and resources may adversely impact our ability to identify and consummate a successful strategic alternative. No assurances can be given that we will successfully identify and evaluate suitable business opportunities or that we will consummate any transaction. We cannot guarantee that we will be able to negotiate a business combination or other transaction on favorable terms.

RISKS RELATED TO ECONOMY AND MARKET CONDITIONS

CPG Manufacturers and Retailers May Be Disproportionately Impacted by Changes in Economic Conditions

Our revenues are affected by CPG manufacturers' and retailers' marketing and advertising spending. Additionally, our revenues and results of operations may be subject to fluctuations based upon general economic conditions inclusive of the dynamic global trade environment. Recent inflation has increased our costs and we may be limited in our ability to pass cost increase along in pricing to our customers. Another economic downturn, whether because of the COVID-19 pandemic or otherwise, may reduce demand or depress pricing for our products and services and have an adverse effect on our results of operations. In addition, if we are unable to successfully anticipate changing economic conditions, we may be unable to effectively plan for and respond to those changes, and our business could be negatively affected.

Future Pandemics May Impact Our Business

A public health crisis, if sufficiently widespread as to affect economic activity, could negatively impact our business. To the extent that efforts to mitigate the effects of the crisis result in a reduction in demand, inefficiencies due to workplace accommodations, reduced availability of personnel, supply chain disruption, or constraints on materials availability, among other difficulties, our financial condition could be negatively impacted. In any such event, the severity, duration, and extent of the crisis can be difficult to predict, which can make it difficult to predict or anticipate the magnitude and length of the impact on our sales, profits, and/or cash flow. We experienced these effects with the onset of the COVID-19 pandemic in early 2020, when our operations and the operations of our CPG customers and retailers were impacted by quarantines, illnesses, and travel and logistics restrictions. In 2020, the financial impact of COVID-19 was significant as a significant number of programs originally slated for execution in the second quarter were cancelled, in addition to incremental costs incurred due to reduced levels of staffing with our execution partners. COVID-19 did not have any meaningful direct impact on our financial results in 2022. However, COVID-19 infections continue, and we cannot predict the severity and duration of additional outbreaks, new variants of the virus, or the future availability of effective medical treatments and vaccines. We also cannot predict the severity or duration of the financial impact of COVID-19 or any other public health event on our operating results.

OPERATIONAL RISKS

Our Ability to Attract and Retain Key Employees Is Critical to Our Success

Given the unique business we operate and the importance of customer relationships to our business, our future success is dependent, in large part, upon our ability to attract and retain highly qualified managerial, operational and sales personnel. Competition for talented personnel is intense, and we cannot be certain that we can retain our managerial, operational and sales personnel or that we can attract, assimilate or retain such personnel in the future. Our inability to attract and retain such personnel could have an adverse effect on our business, results of operations and financial condition.

If We Fail to Establish and Maintain Effective Internal Control over Financial Reporting, We May Not Be Able to Accurately or Timely Report Our Financial Condition or Results of Operations, Which May Adversely Affect Our Business and the Market Price of Our Common Stock

Company management is responsible for establishing and maintaining effective internal controls designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance. Any internal control system, no matter how well designed and operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all internal control systems, internal control over business processes and financial reporting may not prevent or detect fraud or misstatements.

The existence of one or more material weaknesses precludes a conclusion by management that a company’s internal control over financial reporting is effective. For example, the Company previously identified a material weakness at December 31, 2020 related to sales tax accounting that was remediated as of December 31, 2021.

We cannot assure you that the measures we have taken to date, and actions we may take in the future, will prevent or avoid potential future material weaknesses. If we are unable to maintain effective internal control over financial reporting, the accuracy and timing of our financial reporting may be adversely affected, investors could lose confidence in the accuracy and completeness of our financial reports, the market price of our common stock could decline, we could be subject to sanctions or investigations by the Nasdaq Stock Market, the SEC or other regulatory authorities, and our ability to access the capital markets could be limited.

Our Outsourcing Arrangements May Make Us Vulnerable to Third Party Failures

We have arrangements with third parties for them to operate certain software applications and significant portions of our information technology infrastructure, as well as most of our production operations that are necessary to conduct our business. We take steps to monitor and regulate the performance of these third parties, but we may not be successful in managing these relationships to achieve the desired outcomes.

These outsourcing arrangements make us reliant on third parties to conduct our operations and to satisfy commitments to customers. We are vulnerable to third party failures to satisfy their obligations to us, including as a result of their nonperformance, performance at standards that are not acceptable to us or our customers, changes in their methods of operation or financial condition, and other matters outside of our control.

RISKS RELATED TO OUR COMMON STOCK

Our Results of Operations Have Been and May Be Subject to Significant Fluctuations

Our quarterly and annual operating results have fluctuated in the past and may vary in the future due to a wide variety of factors including:

- the addition or loss of customers or changes in timing and amount of our customers' spending with us;
- the timing of seasonal events for customers;
- costs of evaluating and developing new products, and customers accepting new products;
- the timing of additional selling, marketing and general and administrative expenses;
- competitive conditions in our industry;
- the addition or loss of contracts with retailers; and
- the impact of strategic alternatives activities.

Due to these factors, our quarterly and annual net sales, expenses and results of operations could vary significantly in the future and this could adversely affect the market price of our common stock.

Investment in Our Stock Could Result in Fluctuating Returns

During 2022, the sale prices of our common stock as reported by The Nasdaq Stock Market ranged from a low of $5.48 to a high of $28.80. We believe factors such as the fluctuations in our quarterly and annual operating results described above, the market's acceptance of our services and products, the performance of our business relative to market expectations, strategic alternative exploration, as well as limited daily trading volume of our stock and general volatility in the securities markets, could cause the market price of our common stock to fluctuate substantially. In addition, the stock markets have experienced price and volume fluctuations, resulting in changes in the market prices of the stock of many companies, which may not have been directly related to the operating performance of those companies.

TECHNOLOGY AND CYBERSECURITY RISKS

We May be Impacted if Our Information Systems Are Attacked

We rely upon information technology systems and networks, both internal and outsourced, in connection with a variety of business activities, some of which are managed by third parties. Additionally, we collect and store data that is sensitive to Insignia and its employees, customers, retailer network and suppliers. The secure operation of these information technology systems and networks, and the processing and maintenance of this data, is critical to our business operations and strategy. Information technology security threats—from user error to attacks designed to gain unauthorized access to our systems, networks and data—are increasing in frequency and sophistication. Attacks may range from random attempts to coordinated and targeted attacks, including sophisticated computer crime and advanced persistent threats. These threats, and a failure to maintain security protocols, pose a risk to the security of our systems, networks and products and the confidentiality, availability and integrity of the data we process and maintain. Establishing systems and processes to address these threats and changes in legal requirements relating to data collection and storage may increase our costs. Should such an attack succeed, it could expose us and our employees, customers, retailer network and suppliers to misuse of information or systems, the compromising of confidential information, theft of assets, manipulation and destruction of data, defective products, production downtimes and operations disruptions, and breach of privacy, which may require notification under data privacy and other applicable laws. The occurrence of any of these events could have a material adverse effect on our reputation, business, financial condition, results of operations and cash flows. In addition, such breaches in security could result in litigation, regulatory action and potential liability and the costs and operational consequences of implementing further data protection measures.

Item 1B. Unresolved Staff Comments

Smaller reporting companies are not required to provide disclosure pursuant to this Item.

Item 2. Properties

The Company has a lease for its corporate headquarters in downtown Minneapolis, Minnesota which has been renewed through December 31, 2026. The headquarters lease is for 2,850 square feet. The Company also has lease for warehouse space in a suburb of Minneapolis which expires March 31, 2023, for 2,560 square feet. The warehouse lease has been extended on a month-to-month basis effective April 1, 2023.

Item 3. Legal Proceedings

The Company is party to legal actions, proceedings, or claims in the ordinary course of business. The outcome of these matters is not expected to have a material effect on the Company's financial position or results of operations.

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 and Holders

The Company's common stock is listed on the Nasdaq Capital Market under the symbol ISIG.

As of March 7, 2023, our common stock was held by approximately 113 holders of record.

Dividends

The Company has not historically paid dividends, other than two one-time special dividends declared in 2011 and 2016. The Board of Directors periodically evaluates our ability to pay dividends in light of our financial condition and business plans.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the financial statements and the related notes included in this Annual Report on Form 10-K. This report contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those in such forward-looking statements as a result of many factors, including those discussed in "Forward-Looking Statements" and elsewhere in this report.

Overview

We are a leading provider of in-store advertising solutions to brands, retailers, shopper marketing agencies and brokerages ("clients"). We believe our products and services are attractive to our clients because of our ability to navigate the complex retail landscape, customize our solutions down to store level, execute with excellence and the results our solutions deliver. Our leadership and employees have extensive industry knowledge, including direct experience through former positions at CPG manufacturers and retailers. We provide marketing solutions to brands spanning from some of the largest multinationals to new and emerging brands. New product investments by large and emerging CPG manufacturers give us optimism that our product portfolio is relevant to our clients.

Over the past several years, we have significantly expanded our offered solutions and have developed a portfolio designed to more holistically meet the needs of our clients and execution partners which has diversified our portfolio. Our focus on portfolio diversification resulted in our 2022 non-POPS solutions revenue growing 22% versus 2021, and also resulted in our POPS signage solutions declining to approximately 5% of our total net sales for 2022, compared to 24% of our total net sales in 2021. In 2023 we will be winding down our POPS signage solution. We remain committed to further refining and enhancing our solutions and broadening our retailer relationships.

We are also continuing to explore strategic options to maximize shareholder value. Potential strategic alternatives that may be evaluated include, but are not limited to, an acquisition, merger, business combination, in-licensing, start-up of new business, or other strategic transaction. There can be no assurance that this process will result in any transaction.

Results of Operations

The following table sets forth, for the periods indicated, certain items in the Company's Statements of Operations as a percentage of total net sales.

For the Years Ended December 31	2022	2021
Net sales	100.0 %	100.0 %
Cost of sales	82.4	83.5
Gross profit	17.6	16.5
Operating expenses:		
Selling	7.0	9.9
Marketing	5.6	5.3
General and administrative	17.7	25.9
Total operating expenses	30.3	41.1
Gain from litigation settlement, net	63.8	-
Operating income (loss)	51.1	(24.6)
Other income	1.2	6.7
Income (loss) before taxes	52.3	(17.9)
Income tax (benefit) expense	(1.1)	0.2
Net income (loss)	53.4 %	(18.1) %

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

Net Sales. Net sales for the year ended December 31, 2022 decreased 3.6% to $18,800,000, compared to $19,503,000 for the year ended December 31, 2021. The decrease was due to an 81.5% decrease in POPS solutions revenue, partially offset by an increase in non-POPS revenue of 21.5%. The increase in non-POPS revenue is due to both new client acquisition as well as repeat business from existing clients. POPS sales for the year ended December 31, 2022 were $880,000. Competitive pressures, including the expiration in April 2021 of our 10-year selling agreement with News America and management's decision to prioritize resources to growth opportunities in non-POPS solutions, have resulted in decreased POPS solutions revenue for the year ended December 31, 2022 versus the year ended December 31, 2021. We expect POPS revenue will continue to decline in 2023 in comparison to 2022.

Gross Profit. Gross profit for the year ended December 31, 2022 increased 2.2% to $3,301,000, compared to $3,230,000 for the year ended December 31, 2021. The increase in gross profit was primarily due to decreased fixed costs within gross margin from staff and staff related expenses. Gross profit as a percentage of total net sales increased to 17.6% for the year ended December 31, 2022, compared to 16.5% for the year ended December 31, 2021. The increase was primarily due to reduction of fixed expense as discussed above, partially offset by decreased net sales.

Operating Expenses

Selling. Selling expenses for the year ended December 31, 2022 decreased 31.4% to $1,325,000, compared to $1,931,000 for the year ended December 31, 2021, primarily due to decreased staff and staff related expenses. Selling expenses as a percentage of total net sales decreased to 7.0% in 2022, compared to 9.9% in 2021, primarily due to decreased expense described above, partially offset by decreased net sales for the year ended December 31, 2022.

Marketing. Marketing expenses for the year ended December 31, 2022 increased 1.7% to $1,050,000, compared to $1,032,000 for the year ended December 31, 2021. Marketing expenses as a percentage of total net sales increased to 5.6% in 2022, compared to 5.3% in 2021, primarily due to relatively flat expense over decreased sales in 2022.

General and Administrative. General and administrative expenses for the year ended December 31, 2022 decreased 34.4% to $3,320,000, compared to $5,058,000 for the year ended December 31, 2021. The decrease was primarily due to higher expenses incurred in the year ended December 31, 2021 as a result of litigation with News America. Following the litigation settlement on July 1, 2022, the Company does not expect to incur further expenses related to the legal proceedings with News America. The decrease in litigation expenses was partially offset by increase in expenses related to exploring strategic alternatives. General and administrative expenses as a percentage of total net sales decreased to 17.7% in 2022, compared to 25.9% in 2021, primarily due to the decreases in expense as described above.

Gain from litigation settlement. On July 1, 2022, the Company entered into the settlement agreement with News America, with net proceeds after expenses of $12,000,000, which was recorded as a gain on litigation settlement in operations in the three months ended September 30, 2022.

Other Income. Other income for the year ended December 31, 2022 was $222,000 compared to other income of $1,299,000 for the year ended December 31, 2021. The decrease was due to two items in 2021 that did not recur in 2022, the gain on forgiveness of debt and accrued interest of $1,062,000 from the SBA forgiving the Company of its loan pursuant to the Paycheck Protection Program, as well as a $273,000 benefit received under the Employee Retention Credit. Other income in 2022 consisted primarily of interest income from investment in short-term treasury bills.

Income Taxes. For the year ended December 31, 2022, the Company recorded an income tax benefit of $218,000, compared to an income expense of $42,000 for the year ended December 31, 2021. The effective tax rate was 2.2% and (1.2)% for the years ended December 31, 2022 and 2021, respectively. The primary differences between the Company's 2022 effective tax rate and the statutory federal rates were the reversal of non-deductible penalties, the reversal of unrecognized tax benefits, and a change in the Company's valuation allowance against its deferred assets of ($1,971,000). The valuation allowance decrease in 2022 was primarily related to the utilization of the Company's net operating loss carryforward against the Company's taxable income. Such utilization was limited to 80% of the Company's taxable income for the year. The primary differences in 2021 were due to the forgiveness of the Company's PPP loan of $1,062,000 and a change in the Company's valuation allowance against its deferred assets of $1,200,000. The effective tax rate fluctuates between periods based on the level of permanent differences and other discrete items relative to the level of pre-tax income or loss for the period.

Net Income (Loss). For the reasons stated above including the pre-tax gain from litigation settlement in 2022, and the gain on debt forgiveness of the PPP loan and accrued interest of $1,062,000 in 2021, the net income for the year ended December 31, 2022 was $10,046,000 compared to a net loss of $3,534,000 for the year ended December 31, 2021.

Liquidity and Capital Resources

The Company has financed its operations with proceeds from stock sales and sales of its services and products. At December 31, 2022, working capital (current assets less current liabilities) was $13,379,000 compared to $3,716,000 at December 31, 2021. During the year ended December 31, 2022, cash and cash equivalents and restricted cash increased $10,673,000 from $3,851,000 at December 31, 2021, to $14,524,000 at December 31, 2022. These increases were the result of the net proceeds of $12,000,000 from the litigation settlement. The Company has invested a significant portion of its cash and cash equivalents in short-term Treasury Bills.

Operating Activities: Net cash provided by operating activities during the year ended December 31, 2022 was $10,663,000. Net income of $10,046,000, less non-cash adjustments of $69,000, plus changes in operating assets and liabilities of $686,000 resulted in the $10,663,000 of cash provided by operating activities. The non-cash adjustments consisted of depreciation expense, changes in allowance for doubtful accounts, and stock-based compensation expense. The largest component of the change in operating assets and liabilities was deferred revenue which increased $1,585,000 from December 31, 2021. The increase was a result of an increase in prepaid revenue from our customers. In the normal course of business, our accounts receivable, accounts payable, accrued liabilities, deferred revenue and prepaid production costs will fluctuate depending on the level of revenues and related business activity, as well as billing arrangements with customers and payment terms with retailers.

Investing Activities: Net cash used in investing activities during the year ended December 31, 2022 was $29,000. This was related to the purchase of property and equipment.

Financing Activities: Net cash provided by financing activities during the year ended December 31, 2022 was $39,000, which related to proceeds from the issuance of common stock under the employee stock purchase plan and exercised stock options.

Primarily as a result of the net proceeds from the litigation settlement of $12 million, cash and cash equivalents plus restricted cash at December 31, 2022 was $14.5 million. The Company believes that based upon current business conditions and plans, its cash and cash equivalents balances will be sufficient for its cash requirements for at least the twelve-month period subsequent to the filing of this Form 10-K.

Depending on the outcome our strategic alternative process we may be required to finance this process through equity offerings or debt financings. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our shareholders will be diluted, and the terms of those securities may include liquidation or other preferences that adversely affect the rights of our shareholders. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. Additional capital may not be available when needed, on reasonable terms, or at all, and our ability to raise additional capital may be adversely impacted by potential worsening global economic conditions and the recent disruptions to and volatility in the credit and financial markets in the U.S. and worldwide resulting from the ongoing COVID-19 pandemic. If we are unable to raise additional funds when needed we may not be able to complete transactions related to the strategic alternatives process.

Critical Accounting Estimates

Our discussion of our financial condition and results of operations is based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. During the preparation of these financial statements, we are required to make estimates and assumptions that affect the reported amounts of assets, liabilities, net sales, costs and expenses and related disclosures. Critical accounting estimates are those estimates made in accordance with GAAP which involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on our financial condition and results of operations. On an ongoing basis, we evaluate our estimates and assumptions, including those related to allowance for doubtful accounts, income taxes, sales tax, and stock-based compensation expense. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. The results of our analysis form the basis for making assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions, and the impact of such differences may be material to our financial statements.

We believe the following are our critical accounting estimates used in preparation of our financial statements:

Allowance for Doubtful Accounts. An allowance is established for estimated uncollectible accounts receivable. The Company determines its allowance by considering a number of factors, including the length of time trade accounts receivable are past due, the Company's previous loss history, the customer's current ability to pay its obligation to the Company, the condition of the general economy and the industry as a whole and other relevant facts and circumstances. Unexpected changes in the aforementioned factors could result in materially different amounts.

Sales Taxes. Sales taxes are based on determination of which of the Company's products/services are subject to sales tax, and in which of various states and other jurisdictions the tax applies. Further, the Company must determine which of our customers are exempt from the Company charging sales tax because the customer is a reseller or self-assesses and direct pays to states and other jurisdictions on purchases the customer makes from the Company. These determinations contain estimates and are subject to judgment and interpretation by taxing authorities in various states and other jurisdictions, which could result in recognizing materially different amounts in future periods.

Income Taxes. Deferred income taxes are determined based on the estimated future tax effects of differences between the financial statement and tax basis of assets and liabilities given the provisions of enacted tax laws. Deferred income tax provisions and benefits are based on changes to the assets or liabilities from year to year. In providing for deferred taxes, the Company considers tax regulations of the jurisdictions in which it operates, estimates of future taxable income, and available tax planning strategies. If tax regulations, operating results, or the ability to implement tax-planning strategies vary, adjustments to the carrying value of deferred tax assets and liabilities may be required. Valuation allowances are recorded related to deferred tax assets based on the "more likely than not" criteria.

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

Stock-Based Compensation Expense. The Company measures and recognizes compensation expense for all stock-based payments at fair value. Restricted stock awards and restricted stock units are valued at the closing market price of the Company's stock on the date of the grant. The Company uses the Black-Scholes option pricing model to determine the weighted average fair value of options and employee stock purchase plan rights. The determination of fair value of share-based payment awards on the date of grant using an option-pricing model is affected by our stock price as well as by assumptions regarding several complex and subjective variables. These variables include, but are not limited to, the expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviors. The expected terms of the options and employee stock purchase plan rights are based on evaluations of historical and expected future employee exercise behavior. The risk-free interest rate is based on the U.S. Treasury rates at the date of grant with maturity dates approximately equal to the expected life at grant date. Volatility is based on historical volatility of the Company's stock. The Company has not historically issued any dividends beyond the one-time dividends declared in 2011 and 2016 and does not expect to in the future.

If factors change and the Company employs different assumptions in the valuation of grants in future periods, the compensation expense that the Company records may differ significantly from what it has recorded in the current period.

Forward-Looking Statements

Statements in this report that are not statements of historical or current facts are considered forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, as amended. The words "anticipates," "believes," "estimates," "expects," "future," "likely," "may," "projects," "seeks," "will," and similar expressions may identify forward-looking statements. Readers are cautioned not to place undue reliance on these or any forward-looking statements, which speak only as of the date of this report. Statements made in this report regarding, for instance, the ongoing exploration of strategic alternatives, changes in composition of retailer and CPG manufacturer networks, innovation and transformation of the Company's business, benefits of outsourcing arrangements, are forward-looking statements. These forward-looking statements are based on current information, which we have assessed and which by its nature is dynamic and subject to rapid and even abrupt changes. As such, actual results may differ materially from the results or performance expressed or implied by such forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors, including those set forth in this report and additional risks, if any, identified in our Quarterly Reports on Form 10-Q and our Current Reports on Forms 8-K filed with the SEC. Such forward-looking statements should be read in conjunction with the Company's filings with the SEC. Insignia assumes no responsibility to update the forward-looking statements contained in this report or the reasons why actual results would differ from those anticipated in any such forward-looking statement, other than as required by law.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Smaller reporting companies are not required to provide disclosure pursuant to this Item.

Item 8. Financial Statements and Supplementary Data

INDEX TO FINANCIAL STATEMENTS

The following are included on the pages indicated:

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the board of directors of Insignia Systems, Inc.:

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Insignia Systems, Inc. (the "Company") as of December 31, 2022 and 2021, the related statements of operations, shareholders' equity, and cash flows, for each of the two years in the period ended December 31, 2022, and the related notes (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 two years in the 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 included 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

Critical audit matters 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. We determined that there are no critical audit matters.

/s/ Baker Tilly US, LLP

We have served as the Company's auditor since 2011.

Minneapolis, Minnesota

March 9, 2023

Insignia Systems, Inc.
BALANCE SHEETS

As of December 31	2022	2021
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 14,439,000	$ 3,766,000
Restricted cash	85,000	85,000
Accounts receivable, net	5,557,000	5,247,000
Inventories	29,000	19,000
Income taxes receivable	28,000	4,000
Prepaid production costs	535,000	867,000
Other prepaid expense	80,000	366,000
Total Current Assets	20,753,000	10,354,000
Other Assets:		
Property and equipment, net	71,000	113,000
Operating lease right-of-use assets	144,000	183,000
Total Assets	$ 20,968,000	$ 10,650,000
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	2,653,000	2,539,000
Accrued liabilities:		
Compensation	962,000	464,000
Sales tax	717,000	1,287,000
Other	611,000	1,430,000
Current portion of operating lease liabilities	4,000	76,000
Deferred revenue	2,427,000	842,000
Total Current Liabilities	7,374,000	6,638,000
Long-Term Liabilities:		
Accrued income taxes	53,000	711,000
Operating lease liabilities	140,000	108,000
Total Long-Term Liabilities	193,000	819,000
Commitments and Contingencies	—	—
Shareholders' Equity:		
Common stock, par value $.01:		
Authorized shares - 5,714,000		
Issued and outstanding shares - 1,797,000 and 1,782,000 at December 31, 2022 and 2021, respectively	18,000	18,000
Additional paid-in capital	16,458,000	16,296,000
Accumulated deficit	(3,075,000)	(13,121,000)
Total Shareholders' Equity	13,401,000	3,193,000
Total Liabilities and Shareholders' Equity	$ 20,968,000	$ 10,650,000

See accompanying notes to financial statements.

Insignia Systems, Inc.
STATEMENTS OF OPERATIONS

Year Ended December 31	**2022**	**2021**
Net services revenues	$ 18,800,000	$ 19,503,000
Cost of services	15,499,000	16,273,000
Gross Profit	3,301,000	3,230,000
Operating Expenses:		
Selling	1,325,000	1,931,000
Marketing	1,050,000	1,032,000
General and administrative	3,320,000	5,058,000
Total Operating Expenses	5,695,000	8,021,000
Gain from litigation settlement, net	12,000,000	-
Operating Income (Loss)	9,606,000	(4,791,000)
Other Income (Expense):		
Gain on forgiveness of debt and accrued interest	-	1,062,000
Benefit from Employee Retention Credit	-	273,000
Other income (expense)	222,000	(36,000)
Total Other Income	222,000	1,299,000
Income (Loss) Before Taxes	9,828,000	(3,492,000)
Income tax (benefit) expense	(218,000)	42,000
Net Income (Loss)	$ 10,046,000	$ (3,534,000)
Net income (loss) per share:		
Basic	$ 5.61	$ (2.01)
Diluted	$ 5.59	$ (2.01)
Shares used in calculation of net income (loss) per share:		
Basic	1,791,000	1,760,000
Diluted	1,796,000	1,760,000

See accompanying notes to financial statements.

Insignia Systems, Inc.
STATEMENTS OF SHAREHOLDERS' EQUITY

	Common Stock		Additional Paid-In	Accumulated	
	Shares	Amount	Capital	Deficit	Total
Balance at January 1, 2021	1,748,000	$ 17,000	$ 16,238,000	$ (9,587,000)	$ 6,668,000
Issuance of common stock, net	6,000	1,000	26,000	—	27,000
Issuance of common stock upon vesting of restricted stock units	28,000	—	(200,000)	—	(200,000)
Value of stock-based compensation	—	—	232,000	—	232,000
Net loss	—	—	—	(3,534,000)	(3,534,000)
Balance at December 31, 2021	1,782,000	18,000	16,296,000	(13,121,000)	3,193,000
Issuance of common stock, net	6,000	—	39,000	—	39,000
Issuance of common stock upon vesting of restricted stock units	9,000	—	—	—	—
Value of stock-based compensation	—	—	123,000	—	123,000
Net income	—	—	—	10,046,000	10,046,000
Balance at December 31, 2022	1,797,000	$ 18,000	$ 16,458,000	$ (3,075,000)	$ 13,401,000

See accompanying notes to financial statements.

Insignia Systems, Inc.
STATEMENTS OF CASH FLOWS

Year Ended December 31	2022	2021
Operating activities:		
Net income (loss)	$ 10,046,000	$ (3,534,000)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	59,000	60,000
Gain on sale of property and equipment	-	(6,000)
Changes in allowance for doubtful accounts	(251,000)	87,000
Stock-based compensation expense	123,000	232,000
Gain on forgiveness of debt and accrued interest	-	(1,062,000)
Changes in operating assets and liabilities:		
Accounts receivable	(59,000)	523,000
Inventories	(10,000)	66,000
Income taxes receivable	(24,000)	237,000
Prepaid expenses and other	618,000	(392,000)
Accounts payable	126,000	(572,000)
Accrued liabilities	(892,000)	665,000
Accrued income taxes	(658,000)	34,000
Deferred revenue	1,585,000	662,000
Net cash provided by (used in) operating activities	10,663,000	(3,000,000)
Investing activities:		
Purchases of property and equipment	(29,000)	(106,000)
Sale of property and equipment	-	16,000
Net cash used in investing activities	(29,000)	(90,000)
Financing activities:		
Proceeds from issuance of common stock, net	39,000	27,000
Cash dividends paid ($0.70 per share)	-	(14,000)
Repurchase of common stock upon vesting of restricted stock awards and vesting of restricted stock units	-	(200,000)
Net cash provided by (used in) financing activities	39,000	(187,000)
Income (decrease) in cash and cash equivalents and restricted cash	10,673,000	(3,277,000)
Cash and cash equivalents and restricted cash at beginning of year	3,851,000	7,128,000
Cash and cash equivalents and restricted cash at end of year	$ 14,524,000	$ 3,851,000
Supplemental disclosures for cash flow information:		
Cash (paid) refunded during the year for income taxes	$ 464,000	$ 230,000
Non-cash investing and financing activities:		
Operating lease right-of-use asset obtained in exchange for lease obligations	$ 38,000	$ 219,000
Purchase of property and equipment included in accounts payable	$ 1,000	$ 13,000

See accompanying notes to financial statements.

Insignia Systems, Inc.

NOTES TO FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies**.

Description of Business. Insignia (the "Company") is a leading provider of in-store solutions to consumer-packaged goods ("CPG") manufacturers, retailers, shopper marketing agencies and brokerages. The Company operates in a single reportable segment. The Company's leadership and employees have extensive industry knowledge with direct experience in both CPG manufacturers and retailers. The Company provides marketing solutions to CPG manufacturers spanning from some of the largest multinationals to new and emerging brands. The Company's primary solutions are merchandising solutions, on-pack solutions and signage.

Revenue Recognition. Revenue from merchandising and on-pack solutions is recognized primarily at a point in time. The Company recognizes revenue from signage solutions ratably over the period of service, which is typically a two-to-four-week display cycle. Revenue that has been billed and not yet recognized is reflected as deferred revenue on the Company's balance sheet.

Cash and Cash Equivalents and Restricted Cash. The Company considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents. Cash equivalents are stated at cost, which approximates fair value. Cash and cash equivalents of $14,521,000 and $3,849,000 were invested in bank accounts, an insured sweep account, a U.S. Treasury bill and a money market account, at December 31, 2022 and 2021, respectively. At December 31, 2022, cash equivalents included a short-term U.S. Treasury bill which matures in March 2023. The balances in cash accounts, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. Amounts held in checking accounts and in insured cash sweep accounts during the years ended December 31, 2022 and 2021 were fully insured under the Federal Deposit Insurance Corporation.

December 31	2022	2021
Cash and cash equivalents	$ 14,439,000	$ 3,766,000
Restricted cash	85,000	85,000
Total cash and cash equivalents and restricted cash	$ 14,524,000	$ 3,851,000

Restricted Cash. The Company's restricted cash consists of cash the Company is contractually obligated to maintain in accordance with the terms of the lease for its headquarters space in Minneapolis. See Note 4 for further discussion.

Fair Value of Financial Instruments. Fair value is defined as the exit price, or the amount that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants as of the measurement date. Accounting Standards Codification ("ASC") 820-10 also establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs market participants would use in valuing the asset or liability, developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect management's assumptions about the factors market participants would use in valuing the asset or liability developed based upon the best information available in the circumstances.

The hierarchy is divided into three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs 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 and inputs (other than quoted prices) that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. As of December 31, 2022 and 2021, the Company had no financial assets or liabilities measured at a fair value on a recurring basis.

The Company records certain financial assets and liabilities at their carrying amounts that approximate fair value, based on their short-term nature. These financial assets and liabilities included cash and cash equivalents, accounts receivable, and accounts payable.

Accounts Receivable. The majority of the Company's accounts receivable is due from companies in the consumer-packaged goods industry. Credit is extended based on evaluation of a customer's financial condition and, generally, collateral is not required. Accounts receivable are due within 30-150 days and are stated at amounts due from customers, net of an allowance for doubtful accounts. Accounts receivable outstanding longer than the contractual payment terms are considered past due. The Company determines its allowance by considering a number of factors, including the length of time trade accounts receivable are past due, the Company's previous loss history, the customer's current ability to pay its obligation to the Company, and the condition of the general economy and the industry as a whole. The Company writes-off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts.

Changes in the Company's allowance for doubtful accounts are as follows:

December 31	2022	2021
Beginning balance	$ 355,000	$ 268,000
Bad debt provision	(44,000)	103,000
Accounts written-off	(299,000)	(111,000)
Recoveries	92,000	95,000
Ending balance	$ 104,000	$ 355,000

Inventories. Inventories are primarily comprised of sign cards and hardware. Inventory is valued at the lower of cost or net realizable value using the first-in, first-out (FIFO) method.

Prepaid Production Costs. For merchandise and on-pack solutions, the Company incurs third party costs for design and materials prior to providing the solution to the customer. These costs are included in prepaid production costs until the revenue is recognized.

Property and Equipment. Property and equipment is recorded at cost. Significant additions or improvements extending asset lives are capitalized, while repairs and maintenance are charged to expense when incurred. Expenditures are capitalized for all development activities, while expenditures related to planning, training, and maintenance are expensed. Depreciation is provided in amounts sufficient to relate the cost of assets to operations over their estimated useful lives. The straight-line method of depreciation is used for financial reporting purposes and accelerated methods are used for tax purposes. Estimated useful lives of the assets are as follows:

Production tooling, machinery and equipment	1 – 6 years
Office furniture and fixtures	1 – 3 years
Computer equipment and software	3 – 5 years
Leasehold improvements	1 – 3 years

Leases. The Company determines if an arrangement contains a lease at inception. Operating leases are included in our operating lease right-of-use (ROU) assets, the current portion of operating lease liabilities, and the operating lease liabilities on the balance sheets. The ROU assets represent our right to control the use of an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and lease liabilities are recognized at commencement date and date of any lease modification based on the present value of lease payments over the lease term. The operating lease ROU assets also include any prepaid lease payments made and exclude lease incentives. Lease expense is recognized on a straight-line basis over the lease term. The Company has elected the practical expedient to exclude short-term leases (one year or less) from our ROU assets and lease liabilities.

Impairment of Long-Lived Assets. The Company records impairment losses on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. Impaired assets are then recorded at their estimated fair value.

Restructuring. The Company implemented a plan to restructure its operations in December 2021, including workforce reductions and other cost-saving initiatives. As part of this restructuring plan, the Company reduced its workforce by approximately 19%. A pre-tax restructuring charge of $201,000 was recorded during the year ended December 31, 2021. The Company recorded $81,000 of this charge within cost of sales and $120,000 within operating expenses in the Company's statement of operations. As of December 31, 2021, the $201,000 pre-tax restructuring charge was included in accrued compensation and was paid in 2022.

Sales Taxes. The Company accrues sales taxes based on determination of which of its products/services are subject to sales tax, and in which states and jurisdictions the tax applies. Further, the Company must determine which of its customers are exempt from the Company charging sales tax because the customer is a reseller or self-assesses and direct pays to states and other jurisdictions on purchases the customer makes from the Company. These determinations contain estimates and are subject to judgment and interpretation by taxing authorities in various states and other jurisdictions, which could result in recognizing materially different amounts in future periods.

Income Taxes. Income taxes are accounted for under the liability method. Deferred income taxes are provided for temporary differences between the financial reporting and tax basis of assets and liabilities. Deferred taxes are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or the entire deferred tax asset will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of the enactment. It is the Company's policy to provide for uncertain tax positions and the related interest and penalties based upon management's assessment of whether a tax benefit is more likely than not to be sustained upon examination by tax authorities. The Company recognizes interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense (benefit).

Stock-Based Compensation. The Company measures and recognizes compensation expense for all stock-based awards at fair value. Restricted stock units and awards are valued at the closing market price of the Company's stock on the date of the grant. The Company uses the Black-Scholes option pricing model to determine the weighted average fair value of options and employee stock purchase plan rights. The determination of fair value of share-based payment awards on the date of grant using an option-pricing model is affected by our stock price as well as by assumptions regarding several complex and subjective variables. These variables include, but are not limited to, the expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviors.

The expected lives of the options and employee stock purchase plan rights are based on evaluations of historical and expected future employee exercise behavior. The risk-free interest rate is based on the U.S. Treasury rates at the date of grant with maturity dates approximately equal to the expected term at grant date. Volatility is based on historical and expected future volatility of the Company's stock. The Company has not historically issued any dividends beyond one-time dividends declared in 2011 and 2016 and does not expect to in the future.

Advertising Costs. Advertising costs are charged to operations as incurred. Advertising expenses were approximately $41,000 and $34,000 during the years ended December 31, 2022 and 2021, respectively.

Net Income (Loss) Per Share. Basic net income (loss) per share is computed by dividing net income (loss) by the weighted average shares outstanding and excludes any dilutive effects of stock options and restricted stock units and awards. Diluted net income (loss) per share gives effect to all diluted potential common shares outstanding during the year.

Weighted average common shares outstanding for the years ended December 31, 2022 and 2021 were as follows:

Year ended December 31	2022	2021
Denominator for basic net income (loss) per share - weighted average shares	1,791,000	1,760,000
Effect of dilutive securities:		
Stock options, restricted stock units and restricted stock awards	5,000	-
Denominator for diluted net income (loss) per share - weighted average shares	1,796,000	1,760,000

For the year ended December 31, 2022, the Company excluded stock awards where the market price of the Company's stock was less than the exercise price of the outstanding stock award.

Options to purchase approximately 45,000 shares of common stock with a weighted average exercise price of $11.91, were outstanding at December 31, 2022 and were not included in the computation of common stock equivalents for the year ended December 31, 2022 because their exercise prices were higher than the average fair market value of the common stock during the reporting period.

Options to purchase approximately 22,000 shares of common stock with a weighted average exercise price of $12.64, were outstanding at December 31, 2021 and were not included in the computation of common stock equivalents for the year ended December 31, 2021 because their exercise prices were higher than the average fair market value of the common stock during the reporting period. For the year ended December 31, 2021, all stock awards were anti-dilutive for the period due to the net loss.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

New Accounting Pronouncements. In June 2016, the FASB issued Accounting Standards Update ("ASU") 2016-13, *Measurement of Credit Losses on Financial Instruments*, which changes the way entities recognize impairment of most financial assets. This update is effective for the Company for the year ending December 31, 2023 and interim periods within that year.

Short-term and long-term financial assets, as defined by the standard, are impacted by immediate recognition of estimated credit losses in the financial statements, reflecting the net amount expected to be collected. We have evaluated the requirements of this standard on our financial assets and have concluded that the adoption of this ASU, beginning January 1, 2023, will have an immaterial impact on our financial statements.

2. **Revenue Recognition.** Under ASU 2014-09 *Revenue from Contracts with Customers* ("Topic 606"), revenue is measured based on consideration specified in the contract with a customer, adjusted for any applicable estimates of variable consideration and other factors affecting the transaction price, including noncash consideration, consideration paid or payable to a customer and significant financing components. Revenue from all customers is recognized when a performance obligation is satisfied by transferring control of a distinct good or service to a customer, as further described below under "*Performance Obligations*."

   Taxes collected from customers and remitted to governmental authorities are excluded from revenue on the net basis of accounting.

   The Company includes shipping and handling fees in revenues. Shipping and handling costs associated with outbound freight after control over a product has been passed to a customer are accounted for as a fulfillment cost and are included in cost of services.

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 account under Topic 606. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The following is a description of the Company's performance obligations included in its primary revenue streams and the timing or method of revenue recognition for each:

Display, On-Pack, and Non-POPS Signage Solutions. The Company supplies CPG manufacturers with retailer approved promotional services, such as display, on-pack, and signage solutions. These services are more customized than POPS, consisting of variable durations and variable specifications. Due to the variable nature of these services, revenue recognition is a primarily at a point-in-time recognition.

POPS Signage Solution Services. The Company provides a service of displaying promotional signs in close proximity to the CPG manufacturer's product in participating stores, which the Company maintains in two-to-four-week cycle increments.

Each of the individual activities under the Company's services, including production activities, are inputs to an integrated sign display service. Customers receive and consume the benefits from the promotional displays over the duration of the contracted display cycle. Additionally, the display of the signs does not have an alternative use to the Company and the Company has an enforceable right to payment for services performed to date. As a result, the Company recognizes the transaction price for service performance obligations as revenue over time. Given the nature of the Company's performance obligations is to provide a display service over the duration of a specified period or periods, the Company recognizes revenue on a straight-line basis over the display service period as it best reflects the timing of transfer of its sign solutions.

Disaggregation of Revenue

In the following table, revenue is disaggregated by timing of revenue recognition.

Year ended December 31		**2022**		**2021**
Timing of revenue recognition:				
Services transferred over time	$	1,763,000	$	6,659,000
Services transferred at a point in time		17,037,000		12,844,000
Total	$	18,800,000	$	19,503,000

Contract Costs

Sales commissions paid to internal or external sales representatives are eligible for capitalization because they are incremental costs that would not have been incurred without entering into a specific sales arrangement and are recoverable through the expected margin on the transaction. The Company is applying the practical expedient in Accounting Standards Codification 340-40-25-4 that allows the incremental costs of obtaining a contract to be recorded as an expense when incurred when the amortization period of the asset that would have otherwise been recognized is one year or less. These costs are included in selling expenses.

Deferred Revenue

Significant changes in deferred revenue during the period are as follows:

Balance at December 31, 2021	$ 842,000
Reclassification of beginning deferred revenue to revenue, as a result of performance obligations satisfied	(491,000)
Cash received in advance and not recognized as revenue	2,076,000
Balance at December 31, 2022	$ 2,427,000

Transaction Price Allocated to Remaining Performance Obligations

The Company applies the practical expedient in paragraph 606-10-50-14 and does not disclose information about remaining performance obligations that have original expected durations of one year or less, which reflect the majority of its performance obligations. This practical expedient is being applied to arrangements for certain incomplete services and unshipped custom signage materials. Among our contracts with an expected duration of greater than one year, we anticipate that revenue of $57,000 related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2022 will be recognized during 2023.

3. **Property and Equipment.** Property and equipment consist of the following at December 31:

Year ended December 31	2022	2021
Property and Equipment:		
Production tooling, machinery and equipment	$ 27,000	$ 27,000
Office furniture and fixtures	95,000	95,000
Computer equipment and software	771,000	753,000
Leasehold improvements	19,000	19,000
Construction in-progress	3,000	4,000
	915,000	898,000
Accumulated depreciation and amortization	(844,000)	(785,000)
Net Property and Equipment	$ 71,000	$ 113,000

Depreciation expense for the years ended December 31, 2022 and 2021 was $59,000 and $60,000, respectively.

4. **Leases.** As of December 31, 2022, the Company leases space under two non-cancelable operating leases for its corporate headquarters and for warehouse space. Both leases have escalating lease payment terms but neither contains a contingent rent provision. The leases for both the Company's corporate headquarters and its warehouse include both lease (e.g., fixed payments including rent, taxes, and insurance costs) and non-lease components which are accounted for as a single lease component as the Company has elected the practical expedient to group lease and non-lease components for all leases. The headquarters lease required the Company to provide a letter of credit, supported by an $85,000 deposit, which is reflected as restricted cash on the balance sheet.

The Company used its incremental borrowing rate of approximately 4.8% in determining the present value of the lease payments based on the information available at the lease commencement date for its two leases.

The exercise of lease renewal options is at the Company's sole discretion. In December 2022, the Company decided to exercise the lease renewal option for its corporate headquarters, extending the lease term through December 31, 2026. Operating lease liabilities and right-of-use assets were increased for lease renewal by $38,000 for the year ended December 31, 2022. The Company used its incremental borrowing rate of approximately 7.0% in determining the present value of the extended lease payments.

The cost components of the Company's operating leases were as follows:

	Year ended December 31, 2022		
	Corporate Headquarters	Warehouse	Operating Leases
Operating lease cost	$ 67,000	$ 17,000	$ 84,000
Variable lease cost	40,000	12,000	52,000
Total	$ 107,000	$ 29,000	$ 136,000

	Year ended December 31, 2021				
	Prior Corporate Headquarters	Corporate Headquarters	Additional Office Space	Warehouse	Operating Leases
Operating lease cost	$ 38,000	$ 28,000	$ —	$ 13,000	$ 79,000
Variable lease cost	24,000	16,000	—	12,000	52,000
Short-term lease cost	—	—	28,000	—	28,000
Total	$ 62,000	$ 44,000	$ 28,000	$ 25,000	$ 159,000

Variable lease costs are excluded from right-of-use assets and lease liabilities and consist primarily of taxes, insurance, and common area or other maintenance costs for the Company's leased corporate headquarters which are paid based on actual costs incurred by the lessor.

Maturities of the Company's lease liabilities for its corporate headquarters and its warehouse operating leases were as follows as of December 31, 2022:

2023	$ 10,000
2024	52,000
2025	53,000
2026	55,000
Total lease payments	$ 170,000
Less: Interest	(26,000)
Present value of lease liabilities	$ 144,000

The remaining lease term as of December 31, 2022 for the Company's corporate headquarters is 4.0 years. The warehouse lease which was set to expire on March 31, 2023 was extended on month-to-month basis with payments of $1,600 per month. The cash outflow for operating leases for the years ended December 31, 2022 and December 31, 2021 were $84,000 and $97,000, respectively.

5. **Commitments and Contingencies.**

Legal. The Company is subject to various legal matters in the normal course of business. The outcome of these matters is not expected to have a material effect on the Company's financial position or results of operations.

In July 2019, the Company filed suit against News Corporation, News America Marketing FSI L.L.C., and News America Marketing In-Store Services L.L.C. (collectively, "News America") in the U.S. District Court in Minnesota, alleging violations of federal and state antitrust and tort laws by News America.

On July 1, 2022, the Company entered into a $20 million settlement agreement with News America. The agreement memorializes the amicable settlement of the Company's outstanding lawsuit against News America. The agreement resulted in net proceeds before income tax of $12,000,000 for the Company, which was recorded as a gain on litigation settlement in operations.

Retailer Agreements. The Company had contracts in the normal course of business with various retailers. Due to the decline of POPS revenue all fixed or store-based payment commitments have been eliminated, and the Company incurred no such costs for the year ended December 31, 2022.

6. **Shareholders' Equity**.

Stock-Based Compensation. The Company's stock-based compensation plans are administered by the Compensation Committee of the Board of Directors, which, subject to approval by the Board of Directors, selects persons to receive awards and determines the number of shares subject to each award and the terms, conditions, performance measures and other provisions of the award.

The following table summarizes the stock-based compensation expense that was recognized in the Company's statements of operations for the years ended December 31, 2022 and 2021:

Year ended December 31	2022	2021
Cost of sales	$ 18,000	$ 24,000
Selling	1,000	25,000
Marketing	13,000	12,000
General and administrative	91,000	171,000
	$ 123,000	$ 232,000

The Company uses the Black-Scholes option pricing model to estimate fair value of stock-based awards with the following weighted-average assumptions:

	2022	2021
Employee Stock Purchase Plan:		
Expected life (years)	1.0	1.0
Expected volatility	169 %	142 %
Dividend yield	0 %	0 %
Risk-free interest rate	0.4 %	0.1 %

The Company uses the graded attribution method to recognize expense for unvested stock-based awards. Forfeitures are recognized as incurred.

Stock Options, Restricted Stock, Restricted Stock Units, and Other Stock-Based Compensation Awards. The Company maintains the 2003 Incentive Stock Option Plan (the "2003 Plan"), the 2013 Omnibus Stock and Incentive Plan (the "2013 Plan") and the 2018 Equity Incentive Plan (the "2018 Plan"). The 2018 Plan replaced the 2013 Plan upon its ratification by shareholders in July 2018. No further awards may be granted under the 2013 Plan or the 2003 Plan. Awards granted under the 2003 Plan and 2013 Plan will remain in effect until they are exercised or expire according to their terms.

Under the terms of the 2018 Plan, the number of shares of our common stock that may be the subject of awards and issued under the 2018 Plan was initially 128,571 plus any shares remaining available for future grants under the 2013 Plan on the effective date of the 2018 Plan.

Under the terms of the 2018 Plan, the Company may grant awards in a variety of instruments including stock options, restricted stock and restricted stock units to employees, consultants and directors generally at an exercise price at or above 100% of fair market value at the close of business on the date of grant. Stock options expire 10 years after the date of grant and generally vest over three years. The Company issues new shares of common stock upon grant of restricted stock, when stock options are exercised, and when restricted stock units are vested and/or settled.

The following table summarizes activity under the 2003, 2013 and 2018 Plans:

	Plan Shares Available for Grant	Plan Options Outstanding	Weighted Average Exercise Price Per Share	Aggregate Intrinsic Value
Balance at January 1, 2021	93,731	30,498	$ 14.69	
Restricted stock units and awards granted - 2018 Plan	(5,514)	—		
Cancelled or forfeited - 2018 Plan options	2,584	(2,584)	13.36	
Cancelled or forfeited - 2018 Plan restricted stock and restricted stock units	5,508	—	8.69	
Stock options exercised	—	(1,973)	13.59	$ 17,100
Cancelled or forfeited - 2013 Plan options	292	(292)	15.54	
Cancelled or forfeited - 2013 Plan restricted stock and restricted stock units	1,047	—	12.39	
Cancelled or forfeited - 2003 Plan options	—	(6,527)	19.66	
Balance at December 31, 2021	97,648	19,122	$ 13.23	
Restricted stock units and awards granted - 2018 Plan	(6,248)	—		
Stock options exercised	—	(1,300)	8.26	$ 2,422
Cancelled or forfeited - 2013 Plan options	1,462	(1,462)	15.54	
Cancelled or forfeited - 2003 Plan options	—	(2,274)	8.76	
Balance at December 31, 2022	92,862	14,086	14.17	

The following table summarizes information about the stock options outstanding at December 31, 2022:

	Options Outstanding			Options Exercisable	
Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price Per Share	Number Exercisable	Weighted Average Exercise Price Per Share
$13.65	10,185	5.61 years	$ 13.65	10,185	$ 13.65
$15.54	3,901	1.39 years	15.54	3,901	15.54
	14,086	4.44 years	$ 14.17	14,086	$ 14.17

Options outstanding under the Plans expire at various dates from May 2024 through August 2028. Options outstanding at December 31, 2022 had no intrinsic value. Options outstanding at December 31, 2021 had an intrinsic value of $188,322.

Options exercisable at December 31, 2022 had a weighted average remaining life of 4.44 years and no intrinsic value. The 15,726 options exercisable at December 31, 2021 had a weighted average remaining life of 3.82 years and an aggregate intrinsic value of $156,298.

During the years ended December 31, 2022 and 2021, no equity awards were issued by the Company, except for the following annual awards to non-employee members of the Board of Directors.

In August 2022, non-employee members of the Board of Directors received restricted stock grants totaling 6,248 shares pursuant to the 2018 Plan. The shares underlying the awards were assigned a value of $9.60 per share, which was the closing price of the Company’s common stock on the date of grant, for a total grant date value of $60,000. The shares are scheduled to vest the earlier of August 4, 2023 or the day immediately preceding the date of the next annual shareholder meeting.

In June 2021, non-employee members of the Board of Directors received restricted stock grants totaling 5,514 shares pursuant to the 2018 Plan. The shares underlying the awards were assigned a value of $8.16 per share, which was the closing price of the Company’s common stock on the date of grant, for a total grant date value of $45,000. The shares vested June 1, 2022.

Restricted stock and restricted stock unit transactions during the years ended December 31, 2022 and 2021 are summarized as follows:

	Number of Shares	Weighted average grant date fair value
Unvested shares at January 1, 2021	49,964	$ 8.76
Granted	5,514	8.16
Vested	(40,392)	8.33
Forfeited or surrendered	(6,555)	9.28
Unvested shares at December 31, 2021	8,531	$ 10.01
Granted	6,248	9.60
Vested	(8,910)	10.25
Unvested shares at December 31, 2022	5,869	$ 9.21

As of December 31, 2022, there were no unrecognized compensation costs related to outstanding stock options.

As of December 31, 2022, there was approximately $32,000 of total unrecognized compensation costs related to restricted stock and restricted stock units, which is expected to be recognized over a weighted average period of 0.6 years.

Employee Stock Purchase Plan. The Company has an Employee Stock Purchase Plan (the "ESPP") that enables employees to contribute up to 10% of their base compensation toward the purchase of the Company's common stock at 85% of its market value on the first or last day of the year. During the years ended December 31, 2022 and 2021, respectively, participants purchased 1,153 and 4,541 shares under the ESPP. At December 31, 2022, 23,283 shares were reserved for future employee purchases of common stock under the ESPP. For the years ended December 31, 2022 and 2021, the Company recognized $60,000 and $23,000, respectively, of stock-based compensation expense related to the ESPP.

Dividends. The Company has not historically paid dividends, other than one-time dividends declared in 2011 and 2016. The Company intends to retain earnings from operations for use in advancing our business strategy; however, the Company may consider special dividends in the future.

7. **Income Taxes**. Income tax expense (benefit) consists of the following:

Year ended December 31	2022	2021
Current taxes - Federal	$ 361,000	$ -
Current taxes - State	(579,000)	42,000
Income tax expense	$ (218,000)	$ 42,000

The actual tax (expense) benefit attributable to income (loss) before taxes differs from the expected tax benefit (expense) computed by applying the U.S. federal corporate income tax rate of 21% as follows:

Year Ended December 31	2022	2021
Federal statutory rate	21.0 %	21.0 %
Stock-based awards	0.2	2.0
State taxes	3.6	3.6
Impact of uncertain tax positions	(6.7)	(1.0)
Valuation allowance	(20.0)	(34.3)
Other	(0.3)	7.5
Effective federal income tax rate	(2.2) %	(1.2) %

Components of resulting noncurrent deferred tax assets (liabilities) are as follows:

As of December 31	2022	2021
Deferred tax assets		
Accrued expenses	$ 231,000	$ 507,000
Inventory reserve	23,000	23,000
Stock-based awards	24,000	31,000
Reserve for bad debts	26,000	88,000
Net operating loss and credit carryforwards	824,000	2,507,000
Other	23,000	33,000
Depreciation	43,000	33,000
Valuation allowance	(1,175,000)	(3,146,000)
Total deferred tax assets	$ 19,000	$ 76,000
Deferred tax liabilities		
Prepaid expenses	(19,000)	(76,000)
Total deferred tax liabilities	(19,000)	(76,000)
Net deferred income tax liabilities	$ -	$ -

As of December 31, 2022, the Company had a Federal pre-tax net operating loss (NOL) to carry forward of approximately $2,900,000 and state NOLs of approximately $3,500,000 to carry forward. The Federal NOLs can be carried forward indefinitely. The expiration of state NOLs carried forward varies by taxing jurisdiction. Future utilization of NOLs carried forward may be subject to certain limitations under Section 382 of the Internal Revenue Code.

The Company evaluates all significant available positive and negative evidence, including the existence of losses in prior years and its forecast of future taxable income, in assessing the need for a valuation allowance. The underlying assumptions the Company uses in forecasting future taxable income require significant judgment and take into consideration the Company's recent performance. The change in the valuation allowance for the years ended December 31, 2022 and 2021 was a decrease of $1,970,000 and an increase of $1,200,000, respectively. The valuation allowance decrease in 2022 was primarily related to the utilization of the Company's net operating loss carryforward against the Company's taxable income. Such utilization was limited to 80% of the Company's taxable income for the year.

The Company has recorded a liability of $53,000 and $711,000 for uncertain tax positions taken in tax returns in previous years as of December 31, 2022 and 2021, respectively. This liability is reflected as accrued income taxes on the Company's balance sheets. The Company files income tax returns in the United States and numerous state and local tax jurisdictions. Tax years 2019 and forward are open for examination and assessment by the Internal Revenue Service. With limited exceptions, tax years prior to 2019 are no longer open in major state and local tax jurisdictions. The Company has recorded a decrease of approximately $678,000 in unrecognized tax benefits related to state exposure in the third quarter of 2022, which reduced accrued income taxes and increased the current income tax benefit. The Company has determined it is no longer more likely than not that the Company will realize the tax expense.

A reconciliation of the beginning and ending amount of the liability for uncertain tax positions is as follows:

Balance at January 1, 2021	$ 677,000
Increases due to interest and state tax	34,000
Balance at December 31, 2021	711,000
Decrease due to state tax expense	(678,000)
Increases due to interest and state tax	20,000
Balance at December 31, 2022	$ 53,000

8. **Employee Benefit Plans**. The Company sponsors a Retirement Profit Sharing and Savings Plan under Section 401(k) of the Internal Revenue Code. The plan allows employees to defer up to 50% of their wages, subject to Federal limitations, on a pre-tax basis through contributions to the plan. During the years ended December 31, 2022 and 2021, the Company's expense for matching contributions was $53,000 and $41,000, respectively.

9. **Concentrations.**

   Major Customers. During the year ended December 31, 2022, three customers accounted for 19%, 11% and 11%, respectively of the Company's total net sales. At December 31, 2022, three customers represented 20%, 19% and 11% respectively of the Company's total accounts receivable. During the year ended December 31, 2021, two customers accounted for 15% and 12%, respectively of the Company's total net sales. At December 31, 2021, two customers represented 25% and 19%, respectively of the Company's total accounts receivable.

   Export Sales. Export sales accounted for less than 1% of total net sales during the years ended December 31, 2022 and 2021.

10. **Loan.** In April 2020, the Company entered into a loan agreement in the amount of $1,054,000 pursuant to the Paycheck Protection Program (the "PPP") of the CARES Act.

    The Company's application for forgiveness of the amount due under the loan, including accrued interest, was approved by the U.S. Small Business Administration on January 29, 2021. Accordingly, for the year ended December 31, 2021, the debt of $1,054,000, plus accrued interest of $8,000 was eliminated with a gain on debt extinguishment included in other income.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's management carried out an evaluation, under the supervision and with the participation of the Company's Chief Executive Officer (principal executive officer and principal financial officer) and the Company's Vice President of Finance (principal accounting officer), of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of December 31, 2022, pursuant to Exchange Act Rule 13a-15. Based upon that evaluation, the Company's principal executive officer and the principal accounting officer concluded that the Company's disclosure controls and procedures as of December 31, 2022 were effective.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate control over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act. Under the supervision and with the participation of our management, including our Chief Executive Officer and Vice President of Finance, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2022. In conducting its evaluation, our management used the criteria set forth by the framework in the 2013 Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, management believes our internal control over financial reporting was effective as of December 31, 2022.

Inherent Limitations on Control Systems

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, will be or have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control Over Financial Reporting

There was no change in the Company's internal control over financial reporting occurred during the Company's most recently completed fiscal quarter that would have materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

This Annual Report on Form 10-K does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this Annual Report on Form 10-K.

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

Incorporated into this Item by reference is the information appearing under the headings “Proposal One – Election of Directors,” “Corporate Governance and Board Matters,” “Submission of Shareholder Proposals and Nominations” and, if any, “Delinquent Section 16(a) Reports,” in our Proxy Statement for our 2023 Annual Meeting of Shareholders we intend to file with the SEC (the “Proxy Statement”).

Information about our Executive Officers

As of the date of filing this Form 10-K, the following individuals were executive officers of the Company:

Name	Age	Position
Kristine A. Glancy	45	President, Chief Executive Officer and Secretary
Adam D. May	39	Chief Growth Officer
Zackery A. Weber	43	Vice President of Finance

Kristine A. Glancy has been our President and Chief Executive Officer since 2016, and a member of the Board of Directors since June 2017. She has served in the roles of principal executive officer since 2016 and principal financial officer since January 2021. Prior to joining the Company, Ms. Glancy served in various roles at The Kraft Heinz Company from 1999 to 2016, most recently as Customer Vice President from 2013 to 2016. She held the positions of Director of Sales from 2012 to 2013 and National Customer Manager from 2010 to 2012. Ms. Glancy holds a Bachelor of Arts degree in Marketing and International Business from Saint Mary’s University and an MBA from Fordham University, New York City.

Adam D. May has been our Chief Growth Officer since January 2020. He served as Senior Vice President of Sales from July 2017 to December 2019. Mr. May has over 10 years of CPG sales and business development experience at Mars, Incorporate and The Kraft Heinz Company. Most recently Mr. May served as Associate Director from 2016 to July 2017. He held several Customer Business Lead roles from 2012 to 2016. Before joining The Kraft Heinz Company, Mr. May held several Sales positions at Mars Petcare from 2008 to 2012. His experience provides necessary skills to the Company in the areas of Sales, Sales Strategy and Business Development. Mr. May holds a Bachelor of Science in Business Administration and Management from Indiana University.

Zackery A. Weber has served as Vice President of Finance since January 2022. Previously he served as Senior Director of Financial Planning and Analysis from December 2020 to January 2022. He has served in the role of principal accounting officer since January 2021. He served as Director of Financial Planning and Analysis from 2015 to December 2020, and as a Senior Financial Analyst for the Company from 2013 to 2015. Before joining the Company, Mr. Weber held analyst and accounting positions at Target Corporation with increasing responsibility from 2003 to 2013. He began his career as an auditor at McGladrey & Pullen from 2002 to 2003. Mr. Weber holds a Bachelor of Arts degree in Accounting from the University of St. Thomas and an MBA in Finance & Management, from the University of St. Thomas - Opus College of Business.

There are no family relationships among any of the executive officers and directors of the Company.

Code of Ethics/Code of Conduct

We have in place a “code of ethics” within the meaning of Rule 406 of Regulation S-K, which is applicable to our senior financial management, including specifically our principal executive officer, principal financial officer and principal accounting officer. A copy of the Code of Ethics is available on our website (www.insigniasystems.com) under the “Investor Relations - Corporate Governance” caption. We intend to satisfy our disclosure obligations regarding any amendment to, or a waiver from, a provision of this code of ethics by posting such information on the same website.

Item 11. Executive Compensation

The information appearing under the headings "Executive Compensation" and "Corporate Governance and Board Matters – Compensation of Non-Employee Directors" in the Proxy Statement is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information appearing under the headings "Equity Compensation Plan Information" and "Security Ownership of Certain Beneficial Owners and Management" in the Proxy Statement is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions and Director Independence

The information appearing under the heading "Certain Relationships and Related-Party Transactions" and regarding director independence appearing under the heading "Corporate Governance and Board Matters" in the Proxy Statement is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The information regarding principal accounting fees and services appearing under the heading "Proposal Three – Ratification of Appointment of Independent Registered Public Accounting Firm" in the Proxy Statement is incorporated herein by reference.

PART IV.

Item 15. Exhibits and Financial Statement Schedules

The following financial statements of Insignia Systems, Inc. are included in Item 8:

Report of Independent Registered Public Accounting Firm
Balance Sheets as of December 31, 2022 and 2021
Statements of Operations for the years ended December 31, 2022 and 2021
Statements of Shareholders' Equity for the years ended December 31, 2022 and 2021
Statements of Cash Flows for the years ended December 31, 2022 and 2021
Notes to Financial Statements

(a) Exhibits

Exhibit Number	Description	Incorporated by Reference To
3.1	Restated Articles of Incorporation (effective as of January 4, 2021)	Exhibit 3.1 to Current Report filed January 6, 2021
3.2	Composite Bylaws, as amended through December 5, 2015	Exhibit 3.2 to Annual Report on Form 10-K for the year ended December 31, 2015
4.1	Description of Securities	Exhibit 4.1 to Annual Report on Form 10-K for the year ended December 31, 2019
*10.1	2003 Incentive Stock Option Plan, as amended	Exhibit 10.1 to Form 8-K filed December 2, 2016
*10.2	Form of Incentive Stock Option Agreement under 2003 Incentive Stock Option Plan	Exhibit 10.1 to Form 8-K filed January 16, 2013
*10.3	2013 Omnibus Stock and Incentive Plan, as amended	Exhibit 10.2 to Form 8-K filed December 2, 2016
*10.4	Form of Incentive Stock Option Agreement under 2013 Omnibus Stock and Incentive Plan	Exhibit 10.1 to Form 8-K filed August 23, 2013
*10.5	Form of Restricted Stock Unit Agreement for Employees under 2013 Omnibus Stock and Incentive Plan	Exhibit 10.1 to Form 8-K filed May 28, 2014
*10.6	Form of Restricted Stock Award Agreement for Employees under the 2013 Omnibus Stock and Incentive Plan	Exhibit 10.1 to Form 10-Q for the quarterly period ended September 30, 2017
*10.7	2018 Equity Incentive Plan	Exhibit 99.1 to Registration Statement on Form S-8, Reg. No. 333-226670
*10.8	Form of Non-Qualified Stock Option Agreement under 2018 Equity Incentive Plan	Exhibit 10.1 to Form 8-K filed August 14, 2018
*10.9	Form of Restricted Stock Unit Agreement under 2018 Equity Incentive Plan	Exhibit 10.2 to Form 8-K filed August 14, 2018

Exhibit Number	Description	Incorporated by Reference To
*10.10	Form of Restricted Stock Unit Agreement for Non-Employee Directors under the 2018 Equity Incentive Plan	Exhibit 10.1 to Form 10-Q for the quarterly period ended June 30, 2019
*10.11	Employee Stock Purchase Plan, as amended	Exhibit 99.2 to Registration Statement on Form S-8, filed August 8, 2018
*10.12	Deferred Compensation Plan for Directors	Exhibit 10.1 to Form 10-Q for the quarterly period ended March 31, 2018
*10.13	Employment Agreement with Kristine Glancy dated April 8, 2016	Exhibit 10.1 to Form 8-K filed April 13, 2016
*10.14	Change in Control Severance Agreement with Kristine Glancy dated April 8, 2016	Exhibit 10.2 to Form 8-K filed April 13, 2016
*10.15	First Amendment to Change in Control Agreement with Kristine A. Glancy dated April 28, 2018	Exhibit 10.1 to Form 10-Q for the quarterly period ended March 31, 2019
*10.16	Employment Agreement with Adam May dated December 20, 2019	Exhibit 10.18 to Annual Report on Form 10-K for the year ended December 31, 2019
*10.17	Change in Control Agreement with Adam May dated December 20, 2019	Exhibit 10.19 to Annual Report on Form 10-K for the year ended December 31, 2019
^10.18	Settlement Agreement and Release with News America Marketing In-Store, LLC, dated February 9, 2011, including exhibits	Exhibit 10.1 to Form 10-Q/A for the quarterly period ended March 31, 2011
*10.19	Employment Agreement with Zackery A. Weber dated September 10, 2021	Exhibit 10.1 to Form 8-K filed September 16, 2021
*10.20	Form of Retention Agreement	Exhibit 10.2 to Form 8-K filed September 16, 2021
10.21	Confidential Settlement Agreement and Mutual Release by and between the Company and News America, dated as of July 1, 2022	Exhibit 10.1 to Current Report on Form 8-K filed July 7, 2022
10.22	Form of Annual Cash Incentive Compensation Agreement for fiscal year ending December 31, 2022	Exhibit 10.2 to Form 10-Q for the quarterly period ended September 30, 2022
10.23	Retention Agreement with Adam D. May dated January 13, 2023	Exhibit 10.1 to Form 8-K filed January 19, 2023
10.24	Retention Agreement with Zackery A. Weber dated January 13, 2023	Exhibit 10.2 to Form 8-K filed January 19, 2023
+23.1	Consent of Independent Registered Public Accounting Firm	

Exhibit Number	Description	Incorporated by Reference To
+31	Certification of Principal Executive and Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002	
++32	Section 1350 Certifications	
+101	The following materials from Insignia Systems, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2022 are filed herewith, formatted in inline XBRL (Extensible Business Reporting Language): (i) Balance Sheets, (ii) Statements of Operations, (iii) Statements of Shareholders' Equity (iv) Statements of Cash Flows, and (v) Notes to Financial Statements.	
+104	Cover Page Interactive Data File (the cover page XBRL tags are embedded in the inline XBRL document)	

* Denotes a management contract or compensatory plan or arrangement required to be filed as an exhibit to this report pursuant to Item 15(b) of Form 10-K.
\+ Filed herewith.
++ Furnished herewith.
^ Portions of this exhibit are treated as confidential pursuant to a request for confidential treatment filed by Insignia with the SEC.

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 report to be signed on its behalf by the undersigned, thereunto duly authorized.

Insignia Systems, Inc.

By: /s/ Kristine A. Glancy
Kristine A. Glancy
President and Chief Executive Officer

Dated: March 9, 2023

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

Signature	Title	Date
/s/ Kristine A. Glancy Kristine A. Glancy	President, Chief Executive Officer, Secretary and Director (principal executive officer and principal financial officer)	March 9, 2023
/s/ Zackery A. Weber Zackery A. Weber	Vice President of Finance (principal accounting officer)	March 9, 2023
/s/ Jacob J. Berning Jacob J. Berning	Chairman of the Board, Director	March 9, 2023
/s/ Chad B. Johnson Chad B. Johnson	Director	March 9, 2023
/s/ Mark R. Jundt Mark R. Jundt	Director	March 9, 2023
/s/ Daniel C. Philp Daniel C. Philp	Director	March 9, 2023
/s/ Nicholas J. Swenson Nicholas J. Swenson	Director	March 9, 2023
/s/ Loren A. Unterseher Loren A. Unterseher	Director	March 9, 2023

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated March X, 2023, with respect to the financial statements included in the Annual Report of Insignia Systems, Inc. on Form 10-K for the year ended December 31, 2022. We hereby consent to the incorporation by reference of said report in the following Registration Statements of Insignia Systems, Inc. on the Forms indicated:

Form S-3:

File No. 333-262542, effective February 14, 2022

Form S-8:

File No. 333-226670, effective August 8, 2018
File No. 333-197933, effective August 7, 2014
File No. 333-205961, effective July 30, 2015
File No. 333-188761, effective May 22, 2013
File No. 333-182981, effective August 1, 2012

/s/ Baker Tilly US, LLP

Minneapolis, Minnesota
March 9, 2023

Exhibit 31.1

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
AND PRINCIPAL FINANCIAL OFFICER**

I, Kristine A. Glancy, certify that:

1. I have reviewed this annual report on Form 10-K of Insignia Systems, Inc.;

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

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

4. The registrant's other certifying officer 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 is made known to us by others within the Company, particularly during the period in which this report is being prepared; and

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; and

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

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter 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.

Dated: March 9, 2023

/s/ Kristine A. Glancy
Kristine A. Glancy
President and Chief Executive Officer
(principal executive officer and principal financial officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL ACCOUNTING OFFICER

I, Zackery A. Weber, certify that:

1. I have reviewed this annual report on Form 10-K of Insignia Systems, Inc.;

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

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

4. The registrant's other certifying officer 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 is made known to us by others within the Company, particularly during the period in which this report is being prepared; and

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; and

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

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter 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.

Dated: March 9, 2023

/s/ Zackery A. Weber
Zackery A. Weber
Vice President of Finance
(principal accounting officer)

Exhibit 32

SECTION 1350 CERTIFICATION

The undersigned certify pursuant to 18 U.S.C. § 1350, that:

1. The accompanying Annual Report on Form 10-K for the year ended December 31, 2022, 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 accompanying Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 9, 2023	/s/ Kristine A. Glancy Kristine A. Glancy President and Chief Executive Officer (principal executive officer and principal financial officer)
Dated: March 9, 2023	/s/ Zackery A. Weber Zackery A. Weber Vice President of Finance (principal accounting officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Annual Report on Form 10-K or as a separate disclosure document.

A signed original of this written statement required by 18 U.S.C. § 1350 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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

FORM 10-K/A
(Amendment No. 1)

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

For the fiscal year ended December 31, 2022	Commission File Number 001-13471

INSIGNIA SYSTEMS INC/MN
(Exact name of registrant as specified in its charter)

Minnesota	**41-1656308**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

212 Third Avenue N, Suite 356, Minneapolis, MN 55401
(Address of principal executive offices; zip code)

(763) 392-6200
(Registrant's telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.01 par value	ISIG	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 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. ☐

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter (June 30, 2022) was approximately $4,692,000 based upon the price of the registrant's Common Stock on such date.

Number of shares outstanding of Common Stock, $.01 par value, as of March 7, 2023 was 1,797,659.

EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A (this “Amendment”) amends the Annual Report on Form 10-K of Insignia Systems, Inc. for the year ended December 31, 2022 that was originally filed with the Securities and Exchange Commission (the “SEC”) on March 9, 2023 (the “Original Filing”) and is being filed primarily to provide the information required by Items 10, 11, 12, 13, and 14 of Part III. This information was previously omitted from the Original Filing in reliance on General Instruction G(3) to Form 10-K, which permits the information in the above referenced items to be incorporated in the Form 10-K by reference from a definitive proxy statement if such statement is filed no later than 120 days after our fiscal year end. We are filing this Amendment to include Part III information in our Form 10-K because we do not expect to file a definitive proxy statement on or before that date. The reference on the cover of the Original Filing to the incorporation by reference to portions of our definitive proxy statement into Part III of the Original Filing has been deleted. This Amendment does not amend or otherwise update any other information in the Original Filing. Accordingly, this Amendment should be read in conjunction with the Original Filing and with our filings with the SEC made after the Original Filing.

TABLE OF CONTENTS

PART III.

Item 10. Directors, Executive Officers and Corporate Governance

Information about our Executive Officers

As of the date of filing this Form 10-K, the following individuals were executive officers of the Company:

Name	Age	Position
Kristine A. Glancy	45	President, Chief Executive Officer and Secretary
Adam D. May	39	Chief Growth Officer
Randy D. Uglem	45	Senior Vice President of Lending
Zackery A. Weber	44	Vice President of Finance

Kristine A. Glancy has been our President and Chief Executive Officer since 2016, and a member of the Board of Directors since June 2017. She has served in the roles of principal executive officer since 2016 and principal financial officer since January 2021. Prior to joining the Company, Ms. Glancy served in various roles at The Kraft Heinz Company from 1999 to 2016, most recently as Customer Vice President from 2013 to 2016. She held the positions of Director of Sales from 2012 to 2013 and National Customer Manager from 2010 to 2012. Ms. Glancy holds a Bachelor of Arts degree in Marketing and International Business from Saint Mary's University and an MBA from Fordham University, New York City.

Adam D. May has been our Chief Growth Officer since January 2020. He served as Senior Vice President of Sales from July 2017 to December 2019. Mr. May has over 10 years of CPG sales and business development experience at Mars, Incorporate and The Kraft Heinz Company. Most recently Mr. May served as Associate Director from 2016 to July 2017. He held several Customer Business Lead roles from 2012 to 2016. Before joining The Kraft Heinz Company, Mr. May held several Sales positions at Mars Petcare from 2008 to 2012. His experience provides necessary skills to the Company in the areas of Sales, Sales Strategy and Business Development. Mr. May holds a Bachelor of Science in Business Administration and Management from Indiana University.

Randy D. Uglem has served as Senior Vice President of Lending since March 2023. Mr. Uglem has over twenty years of experience in credit and lending, most recently as Ag Credit and Lending Director at Air T, Inc. from February 2019 to March 2023. Mr. Uglem spent nearly 13 years at CHS Inc., serving most recently as Credit Director from 2014 to January 2019. Early in his career, he held positions at AgCountry Farm Credit Services and Affinity Plus Credit Union, as well as being involved in his family's farming operation in North Dakota. Mr. Uglem holds a Bachelor of Science in Agricultural Economics from North Dakota State University.

Zackery A. Weber has served as Vice President of Finance since January 2022. Previously he served as Senior Director of Financial Planning and Analysis from December 2020 to January 2022. He has served in the role of principal accounting officer since January 2021. He served as Director of Financial Planning and Analysis from 2015 to December 2020, and as a Senior Financial Analyst for the Company from 2013 to 2015. Before joining the Company, Mr. Weber held analyst and accounting positions at Target Corporation with increasing responsibility from 2003 to 2013. He began his career as an auditor at McGladrey & Pullen from 2002 to 2003. Mr. Weber holds a Bachelor of Arts degree in Accounting from the University of St. Thomas and an MBA in Finance & Management, from the University of St. Thomas - Opus College of Business.

There are no family relationships among any of the executive officers and directors of the Company.

Information about our Directors

As of the date of filing this Form 10-K, our board of directors was comprised of the following individuals:

Director & Nominee	Age	Position	Director Since
Jacob J. Berning	50	Director, Chairman of the Board	2017(1)
Kristine A. Glancy	45	Director, President, Chief Executive Officer & Secretary	2017
Chad B. Johnson	52	Director	2020
Mark R. Jundt	43	Director	2022(2)
Daniel C. Philp	38	Director	2022(2)
Nicholas J. Swenson	54	Director	2021(3)
Loren A. Unterseher	58	Director	2018

(1) Mr. Berning also served as a director of the Company from December 2014 to June 2016
(2) Mr. Jundt and Mr. Philp were elected as directors in November 2022.
(3) Mr. Swenson also served as a director of the Company from November 2014 to March 2016

Jacob J. Berning has served as Chairman of the Board since May 2018 and has served as President of Food Service at Schwan's Company since September 2018. Prior to that role, Mr. Berning has held several positions since he joined The Schwan Company in 2014. Mr. Berning has extensive leadership experience across a diverse set of businesses and teams in the consumer-packaged goods industry. His more than 20 years of marketing experience working with a variety of different brands also includes time as Marketing Director of WhiteWave Foods Company from July 2011 to September 2014 and Marketing Manager at General Mills, Inc. from September 2003 to July 2011. He has a Bachelor of Arts degree from the University of Minnesota and an MBA from New York University. These experiences provide knowledge and understanding of the industry representing the majority of our customer base.

Kristine A. Glancy has served as our President and Chief Executive Officer since 2016. She has served in the additional role of principal financial officer since January 2021. Prior to joining the Company, Ms. Glancy served in various roles at The Kraft Heinz Company from 1999 to 2016, most recently as Customer Vice President from 2013 to 2016. She held the positions of Director of Sales from 2012 to 2013 and National Customer Manager from 2010 to 2012. Ms. Glancy holds a Bachelor of Arts degree in Marketing and International Business from Saint Mary's University and an MBA from Fordham University, New York City. Her more than 22 years as a sales and marketing executive provide the necessary skills to the Board and Company in the areas of Sales, Product Strategy, Customer Relations, Business and Brand Development.

Chad B. Johnson is a Senior Director of Marketing of C.H. Robinson Inc., a third-party logistics and supply chain management provider, a position he has held since July 2018. Prior to that role, Mr. Johnson was a Business Unit Director for General Mills Inc., from July 2000 to July 2018. Mr. Johnson has extensive marketing and leadership experience in the consumer-packaged goods industry. He holds a Bachelor of Arts degree in Economics and Chemistry from St. Olaf College and an MBA – Marketing and Finance from the University of Minnesota – Carlson School. These experiences provide knowledge and understanding of the industry representing the majority of our customer base.

Mark R. Jundt has served as General Counsel & Corporate Secretary of Air T, Inc. (Nasdaq: AIRT) since 2018. Prior to that role, Mr. Jundt oversaw the Global Litigation function at CHS Inc., a Fortune 100 grain and energy company. Mr. Jundt has extensive experience in corporate governance, mergers and acquisitions, and litigation. He holds a Bachelor of Business Administration from North Dakota State University and a law degree from Hamline University. Mr. Jundt's experience as the chief legal officer at a public company provides important insight for our board of directors, especially as we continue to explore strategic options.

Daniel C. Philp has served as Senior Vice President of Corporate Development at Air T, Inc. (Nasdaq: AIRT) since 2014. In this role Mr. Philp oversees the investigation of new business lines, acquisition targets and other strategic initiatives for Air T. Prior to that role, Mr. Philp worked as an Event Driven/Special Situations investment analyst/trader for Whitebox Advisors, where he was responsible for generating and evaluating non-market correlated investment opportunities as well as structured convertible PIPE (Private Issuance of Public Equity) transactions. Mr. Philp holds a BA from St. John's University. Mr. Philp's experience with developing and executing transactions provides important insight, especially as the board continues to evaluate strategic options.

Nicholas J. Swenson has served as President and Chief Executive Officer of Air T, Inc.(Nasdaq:AIRT) since 2014, having previously served in those roles on an interim basis since 2013. Mr. Swenson is also a private investor and the founder and managing member of Groveland Capital, LLC, an investment management firm, and is also the managing member of AO Partners, LLC, which is the general partner of AO Partners I, L.P., an investment fund. Mr. Swenson has served on the boards of directors of Air T, Inc. since 2013, Pro-Dex, Inc. (Nasdaq: PDEX) since 2012 and Delphax Technologies Inc. (OTC:DLPX) since 2015. He previously served as a portfolio manager and partner of Whitebox Advisers, LLC, an investment management firm. He has a BA in History from Middlebury College and an MBA from the University of Chicago. Mr. Swenson's experience as the chief executive of a public company and the Company's largest investor provide the board with unique insight.

Loren A. Unterseher is the Managing Partner of Oxbow Industries, LLC, a holding company investing primarily in middle-market private companies, which position he has held since 2004. Over his career, Mr. Unterseher has completed over $2.5 billion in corporate finance transactions. Prior to Oxbow Industries, Mr. Unterseher was a Principal/Shareholder & Director of Mergers and Acquisitions for Craig-Hallum Capital Group. Prior to Craig-Hallum, he was Director of Private Equity for Lazard Middle Market (f/k/a Goldsmith Agio Helms). Mr. Unterseher started his investment banking career as a Vice-President in Mergers and Acquisitions at RBC (f/k/a Dain Rauscher). He began his professional career as an attorney and was a Partner at Stinson Leonard Street (f/k/a Leonard, Street & Deinard), a major Minneapolis based law firm. Mr. Unterseher has served on the board of directors of SkyWater Technology, Inc. (Nasdaq:SKYT) since 2017, and serves on the boards of directors of numerous private and not-for profit entities. He holds a Bachelor of Business Administration degree in Finance from the University of Iowa and a J.D. from the University of North Dakota. We believe Mr. Unterseher's investment, mergers and acquisitions, and finance experience benefit our board of directors in addition to his leadership of its Audit Committee.

Committees of the Board of Directors

The current membership of the Board's standing committees is set forth in the following table.

Director	Audit	Governance, Compensation and Nominating	Independent Director
Jacob J. Berning	Member	Chair	✓
Kristine A. Glancy			
Chad B. Johnson	Member	Member	✓
Mark R. Jundt			✓
Daniel C. Philp			✓
Nicholas J. Swenson	Member	Member	✓
Loren A. Unterseher	Chair	Member	✓

Audit Committee

Independence; Qualifications. Each of the members of the Audit Committee is an "independent director" as that term is defined by the Nasdaq Rules and "independent" as that term is defined by Rule 10A-3(b)(1) under the Securities Exchange Act of 1934. The Board has also determined that Mr. Unterseher has acquired the attributes necessary to qualify him as an "audit committee financial expert," as that term is defined by the rules of the SEC. The determination for Mr. Unterseher was based primarily on experience analyzing and evaluating financial statements and financial performance of companies as Director of Mergers and Acquisitions for Craig-Hallum and in similar roles at Lazard Middle Market and RBC.

Duties and Responsibilities. The Audit Committee provides independent objective oversight of the Company's financial reporting system. As part of its responsibilities, the committee reviews and evaluates significant matters relating to the annual audit and the internal controls of the Company and communicates its analysis with management, reviews the scope and results of annual independent audits by, and the recommendations of, the Company's independent auditors, reviews the independent auditor's qualifications and independence and approves additional services to be provided by the auditors. The committee is solely responsible for appointing, setting the compensation of and evaluating the independent auditors.

In addition, the committee: (i) meets separately with management and the independent auditors on a periodic basis; (ii) receives the independent auditors' report on all critical accounting policies and practices and other written communications; (iii) reviews management's statements concerning its assessment of the effectiveness of internal controls and the independent auditors' report on such statements, as applicable; and (iv) reviews and discusses with management and the independent auditors the Company's interim and annual financial statements and disclosures (including Management's Discussion and Analysis) in its Quarterly Reports on Form 10-Q and Annual Report on Form 10-K and the results of the quarterly financial reviews and the annual audit. The committee has direct access to the Company's independent auditors. The committee also reviews and approves all related-party transactions.

Code of Ethics/Code of Conduct

We have in place a "code of ethics" within the meaning of Rule 406 of Regulation S-K, which is applicable to our senior financial management, including specifically our principal executive officer, principal financial officer and principal accounting officer. A copy of the Code of Ethics is available on our website (www.insigniasystems.com) under the "Investor Relations - Corporate Governance" caption. We intend to satisfy our disclosure obligations regarding any amendment to, or a waiver from, a provision of this code of ethics by posting such information on the same website.

Item 11. Executive Compensation

Named Executive Officers

The following individuals were our only executive officers during fiscal 2022 and are collectively referred to as our "Named Executive Officers" for fiscal 2022:

Name	Position(s)
Kristine A. Glancy	President, Chief Executive Officer, and Secretary
Adam D. May	Chief Growth Officer
Zackery A. Weber	Vice President of Finance

Summary Compensation Table

The following table sets forth information about all compensation (cash and non-cash) awarded to, earned by or paid to our Named Executive Officers) for the fiscal years ended December 31, 2022 and 2021, as applicable.

Name and Position	Year	Salary(1)	Bonus(2)	Non-Equity Incentive Plan Compensation	All Other Compensation(3)	Total
Kristine A. Glancy(4)	2022	$ 314,600	$ 200,000	$ 178,752	$ 4,575	$ 697,927
President, Chief Executive Officer and Secretary	2021	$ 314,600	$ –	$ –	$ 4,350	$ 318,950
Adam D. May	2022	$ 220,000	$ 165,000	$ 147,502	$ 14,655	$ 547,157
Chief Growth Officer	2021	$ 220,000	$ –	$ 50,000	$ 12,937	$ 282,937
Zackery A. Weber(5)	2022	$ 158,558	$ 55,000	$ 54,546	$ 3,203	$ 271,307
Vice President of Finance	2021	$ 145,000	$ 10,000	$ –	$ 2,325	$ 157,325

(1) Actual amounts paid, based on the number of payroll periods during the applicable fiscal year.
(2) Amount shown represents retention bonus arrangements approved by GCN Committee, as referenced below.
(3) Amounts shown represent employer 401(k) contribution match and, in the case of Mr. May, an annual car allowance.
(4) Ms. Glancy assumed the role of principal financial officer in January 2021.
(5) Mr. Weber, then Senior Director of Financial Planning and Analysis, commenced service as an executive officer upon assuming the role of principal accounting officer in January 2021. He was promoted to Vice President of Finance in January 2022.

Fiscal 2022 Executive Compensation

The principal components of compensation for the Named Executive Officers are: (i) base salary; and (ii) non-equity incentive compensation in the form of an annual cash bonus under the Executive Incentive Plan. While no rights to retention bonuses were granted in 2020, retention bonuses from prior commitments were paid in 2022. These components of compensation are summarized below, followed by a description of each Named Executive Officer's individual agreements with the Company and the compensation received thereunder.

In January 2022, the Compensation Committee evaluated the scope of responsibilities and base salaries of our Named Executive Officers and, as a result, increased Mr. Weber's annual base salary to $160,000 effective January 31, 2022.

Executive Incentive Plan

In March 2022, the Board, as recommended by its Governance, Compensation and Nominating Committee (the "GCN Committee"), approved the 2022 Executive Cash Incentive Plan (the "2022 Cash Plan"). Members of the Company's senior management, including all three of the Company's executive officers, Ms. Glancy, Mr. May, and Mr. Weber participated in the 2022 Cash Plan.

The 2022 Cash Plan provided that Ms. Glancy, Mr. May and Mr. Weber were eligible to receive a potential payout based solely on the Company's performance against target operating income/loss, inclusive of all compensation expenses, excluding expenses specific to significant pending litigation, gain from litigation settlement, expense specific to any actions taken in review of strategic alternatives, expense/income coming from changes in the Company's share price, and adjustments to sales tax. The total target cash payments under the 2022 Cash Plan for Ms. Glancy were equal to 50% of her base salary and the potential payouts, if any, ranged from a threshold of 5% to a maximum of 75% her base salary. The total target cash payments under the 2022 Cash Plan for Mr. May were equal to 59% of his base salary and the potential payouts, if any, ranged from a threshold of 6% to a maximum of 89% his base salary. The total target cash payments under the 2022 Cash Plan for Mr. Weber were equal to 30% of his base salary and the potential payouts, if any, ranged from a threshold of 3% to a maximum of 45% his base salary. All bonus calculations under the 2022 Cash Plan were subject to review and final approval by the GCN Committee prior to payment.

Company Performance-Based Payment

For 2022, the GCN Committee established a target operating income and a minimum cash balance, excluding expenses specific to the Company's significant pending litigation, gain from litigation settlement, expense specific to any actions taken in review of strategic alternatives, expense/income coming from changes in the Company's share price, and adjustments to sales tax, and approved the following schedule of potential payments under the Executive Incentive Plan:

Pre-Bonus Income Level	Operating Income (Loss)	Percent of Target Variable Compensation
<($3,069,200)	<($3,121,000)	0%
($3,069,200) – ($2,576,999)	($3,121,000) – ($3,094,999)	10% – 99.99%
($2,577,000) – $691,999	($3,095,000) – ($84,999)	100% – 149.99%
≥ $692,000	≥ ($85,000)	150%

Based on an actual operating income of $9,606,000 for 2022, as reported in Part II, Item 8, of the Company's Original Filing and adjusted to exclude the expenses specific to the pending litigation, gain from litigation settlement, expense specific to any actions taken in review of strategic alternatives, expense/income coming from changes in the Company's share price, and adjustments to sales tax, the GCN Committee, approved payments representing 113% of target variable compensation, awarding payments of $178,278 to Ms. Glancy, $147,337 to Mr. May, and $54,401 to Mr. Weber.

Retention Bonus Arrangements

In December 2020, the GCN Committee approved a $50,000 retention bonus opportunity for Mr. May, which was conditioned upon him being continuously employed by the Company through December 31, 2021 and was paid in full in January 2022.

In September 2021, the GCN Committee approved retention bonus opportunities for certain key employees, including Ms. Glancy, Mr. May and Mr. Weber, with potential payouts of $200,000, $115,000 and $55,000, respectively. In order to earn the first 50% of the potential payout, they were required to remain employed by the Company through March 31, 2022. In order to earn the remaining 50%, they were required to remain employed by the Company through September 30, 2022. If their employment with the Company was terminated by them for any reason or by the Company for "Cause" (as defined in the 2018 Plan), on or before December 31, 2022, then they would have been required to repay to the Company all portions of the retention bonus. If their employment with the Company had ended as a result of Change in Control (as defined in the 2018 Plan) prior to December 31, 2022, then no such repayment would have been required. These 2021 retention bonuses were paid in full in 2022.

In January 2023, the GCN Committee approved an additional $130,000 retention bonus opportunity for Mr. May and a $48,000 retention bonus opportunity for Mr. Weber. If earned, by remaining in employment until December 31, 2023, the bonuses will be paid in full in early 2024.

The retention bonuses approved in September 2021 and January 2023 were awarded to encourage certain key employees to maintain employment through the Company's strategic alternatives processes that was announced on December 6, 2021.

Actions Relating to Fiscal 2023 Executive Compensation

The non-employee directors, as recommended by the GCN Committee, approved, the 2023 Executive Cash Incentive Plan (the "2023 Cash Plan"). The Company's current Named Executive Officers are the only employees currently eligible to participate in the 2023 Cash Plan. The 2023 Cash Plan provides that each of the participants are eligible to receive a potential payout based solely on the Company's performance against target operating income/loss, inclusive of all compensation expenses, expense specific to any actions taken in review of strategic alternatives, expense/income coming from changes in the Company's share price, and adjustments to sales tax and income tax actuals. The total target cash payment under the 2023 Cash Plan for Ms. Glancy is equal to 50% of her base salary and the potential payout, if any, ranges from a threshold of 5% to a maximum of 75% of her base salary. The total target cash payment under the 2023 Cash Plan for Mr. May is equal to 59% of his base salary and the potential payout, if any, ranges from a threshold of 6% to a maximum of 89% of his base salary. The total target cash payment under the 2023 Cash Plan for Mr. Weber is equal to 30% of his base salary and the potential payout, if any, ranges from a threshold of 3% to a maximum of 45% of his base salary.

Severance and Change in Control Arrangements with Named Executive Officers

The Company is party to Employment Agreements with Ms. Glancy, Mr. May and Mr. Weber and Change in Control Agreements with Ms. Glancy and Mr. May, each in substantially the same form.

Each Employment Agreement provides that the employee will receive an established annual base salary, subject to increase from time to time, target incentive compensation awards, and participation in customary benefit plans and programs. In addition, in the event of the employee's involuntary termination without cause or voluntary termination with good reason, provided that the employee signs a release and agrees to post-termination restrictive covenants, she or he will be eligible to receive accrued and unpaid compensation as well as the following severance pay and benefits: (1) the annual incentive compensation they would have been entitled to receive for the year in which their termination occurs as if they had continued until the end of that fiscal year, determined based on the Company's actual performance for that year relative to any applicable performance goals, prorated for the number of days in the fiscal year through the termination date and generally payable in a cash lump sum at the time such incentive awards are payable to other participants; (2) a percentage (100% for Ms. Glancy; 50% for Mr. May and Mr. Weber) of their annual base salary as in effect at the time of termination, payable in a single lump sum payment no later than 60 days following the termination date; and (3) welfare benefit continuation for four months for Ms. Glancy and for three months for Mr. May and Mr. Weber following termination. In the event of death, disability, involuntary termination for cause or voluntary termination without good reason, each will be entitled to accrued and unpaid compensation as provided in the Employment Agreement.

"Cause" is defined in each Employment Agreement as (a) the deliberate and continued failure to substantially perform the duties and responsibilities; (b) the criminal felony conviction of, or a plea of guilty or nolo contendere; (c) the material violation of Company policy; (d) the act of fraud or dishonesty resulting or intended to result in personal enrichment at the expense of the Company; (e) the gross misconduct in performance of duties that results in material economic harm to the Company; or (f) the material breach of the Employment Agreement by the employee.

Under their respective Change in Control Agreements (as amended), upon a qualifying termination, Ms. Glancy and Mr. May would be eligible to receive the following, provided that he or she signs a release and agrees to post-termination restrictive covenants, subject to offset by the amount of any severance previously paid under any employment agreement with the Company: (1) a lump sum severance payment equal to a percentage (200% for Ms. Glancy; 75% for Mr. May) of their annual base salary, (2) cash lump sum payment equal to the sum of (x) unpaid incentive compensation that has been allocated or awarded to them for a completed fiscal year preceding the date of the qualifying termination which is contingent only upon the continued employment to a subsequent date plus (y) a pro rata portion to the date of the qualifying termination of her target bonus for the year calculated through the date of the qualifying termination, (3) welfare benefit continuation for a specified period (12 months for Ms. Glancy; 6 months for Mr. May), (4) certain post-retirement health care or life insurance benefits if they would have become eligible for such benefits during the 24 months after the date of termination, (5) a lump sum payment equal to all earned but unused paid time off days, and (6) outplacement fees not to exceed $5,000.

Each of the Change in Control Agreements defines "qualifying termination" as a termination by the Company without cause or a termination by the employee with good reason, in each case either concurrent with or within 24 months following a change in control or a termination by the Company without cause within six months prior to a change in control if termination is in connection with or in anticipation of the change in control. "Change in Control" is defined as a sale of all or substantially all of the assets of the Company, a merger in which the shareholders of the Company own less than 50% of the surviving entity, the acquisition of 40% or more of the Company's outstanding stock by a single person or a group, or the election of a majority of the Company's directors who consist of persons who were not nominated by the Company's prior Board. "Cause" is defined in the Change in Control Agreements as (i) the deliberate and continued failure to devote substantially all business time and best efforts to the performance of the his or her duties after demand for substantial performance is delivered to the employee by the Board which the demand specifically identifies the manner in which the employee has not substantially performed such duties; (ii) the deliberate engaging in gross misconduct which is demonstrably and materially injurious to the Company, monetarily or otherwise; or (iii) conviction of, or plea of guilty or nolo contendere to, a felony or any criminal charge involving moral turpitude.

All of the Employment Agreements and Change in Control Agreements define "good reason" to include demotion, reduction in salary or benefits, and certain other events.

Compensation of Non-Employee Directors

The following table summarizes the compensation paid to our non-employee directors for 2022.

Name	Fees Earned or Paid Cash(1)	Stock Awards(2)	Total
Jacob J. Berning	$ 22,000	$ 15,000	$ 37,000
Chad B. Johnson	$ 17,000	$ 15,000	$ 32,000
Mark R. Jundt(3)	$ 1,417	–	$ 1,417
Daniel C. Philp(3)	$ 1,417	–	$ 1,417
Nicholas J. Swenson(4)	$ 7,083	–	$ 7,083
Loren A. Unterseher	$ 22,000	$ 15,000	$ 37,000

(1) Reflects annual board retainer and fees for attending Board, committee and conference call meetings earned during 2022 inclusive of amounts related to the Director Deferred Compensation Plan for Director. As of December 31, 2022, the following director held shares under the plan: Mr. Berning held 10,287 shares, Mr. Johnson held 4,155 shares, and Mr. Unterseher held 8,295 shares.

(2) On August 4, 2022, each non-employee director received restricted stock unit grants pursuant to the 2018 Equity Incentive Plan (the "2018 Plan") worth $15,000 based on the closing price of the Company's common stock on the date of grant. As of December 31, 2022, Jacob Berning, Chad Johnson and Loren Unterseher each held 1,562 restricted stock units.

(3) Mr. Jundt and Mr. Philp were elected to the Board on November 25, 2022.

(4) Mr. Swenson did began earning cash compensation in August 2022.

In 2022, non-employee directors received an annual cash retainer of $17,000 per year of service and the Chairman of the Board and each Committee Chair were eligible to receive an additional annual cash retainer of $5,000.

In 2022, Jacob Berning, Chad Johnson and Loren Unterseher, each a non-employee director, received a restricted stock unit grant of shares of common stock based on a target grant date fair value of $15,000. These restricted stock grants were made on August 4, 2022 pursuant to the 2018 Plan. Each non-employee director was granted 1,562 restricted stock units, which amount was based on a closing price of $9.60 for a share of the Company's common stock on the date of grant as reported by The Nasdaq Stock Market. Each restricted stock unit is scheduled to vest and settle in a share of common stock on the earlier of (i) August 4, 2023 and (ii) the day before the next annual meeting of shareholders.

Director Deferred Compensation

Jacob Berning, Chad Johnson, Mark Jundt, Daniel Philp, Nicholas Swenson and Loren Unterseher, each a non-employee director are eligible to participate in our director deferred compensation plan (the "Director Deferred Compensation Plan"), which allows a director to make voluntary deferrals of up to 100% of their annual cash retainer and any additional committee chair cash retainer. The Company does not match any contributions to the Director Deferred Compensation Plan. Deferred cash retainer amounts, if any, are deemed to be invested in common stock equivalents having a value equal to the deferred cash retainer amounts based on the fair market value of a share of our common stock on the dates such amount would have otherwise been paid to the participant. Dividends, if any, accrued on such common stock equivalents are deemed to be similarly deferred and credited to the director's deferred stock account. A participating director will receive a distribution of their deferred stock account, consisting of one share of stock for each common stock equivalent credited to their deferred stock account as of the date of distribution, as soon as practicable following the director's separation from service as a director of the Company.

Outstanding Equity Awards at Fiscal Year End

The following table sets forth summary information regarding the outstanding equity awards held by our Named Executive Officers at December 31, 2022. The market value of restricted stock units that had not vested equals $7.81, which was the closing price of a share of our common stock on that date.

		Option Awards			
Name	Grant Date	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price	Option Expiration Date
Kristine A. Glancy	8/10/2018	7,712		$13.65	8/10/2028
Adam A. May	8/10/2018	1,938		$13.65	8/10/2028
Zackery A. Weber	5/21/2014	1,463		$15.54	05/21/2024

Tax and Accounting Considerations

Section 409A of the Internal Revenue Code also affects the payments of certain types of deferred compensation to key employees and includes requirements relating to when payments under such arrangements can be made, acceleration of benefits, and timing of elections under such arrangements. Failure to satisfy these requirements will generally lead to an acceleration of the timing for including deferred compensation in an employee's income, as well as certain penalties and interest.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Equity Compensation Plan Information

The following table presents certain information regarding our equity compensation plans, the 2013 Omnibus Stock and Incentive Plan (the "2013 Plan"), the 2018 Plan and our Employee Stock Purchase Plan, as of December 31, 2022.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	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	20,334[(1)]	$ 14.17	115,773[(2)]
Equity compensation plans not approved by security holders	–	–	–
Total	27,993	$ 14.17	115,773

(1) Includes 16,433 awards under the 2018 Plan and 3,901 awards under the 2013 Plan. We ceased issuing awards under the 2013 Plan upon approval of the 2018 Plan in 2018.

(2) Includes 23,283 shares available for issuance under our Employee Stock Purchase Plan and 92,490 shares available for issuance pursuant to future awards under the 2018 Plan. The Company maintains the Employee Stock Purchase Plan, pursuant to which eligible employees, including named executive officers, can contribute up to ten percent of their base pay per year to purchase shares of Common Stock. The shares are issued by the Company at a price per share equal to 85% of market value on the first day of the offering period or the last day of the plan year, whichever is lower.

Security Ownership of Certain Beneficial Owners and Management

The following table presents information provided to the Company as to the beneficial ownership of common stock as of April 27, 2023, by: (i) persons known to the Company to hold 5% or more of such stock; (ii) each of the directors and nominees of the Company; (iii) each of the Named Executive Officers; and (iv) all directors, nominees and current executive officers as a group. The address of each director and executive officer is 212 Third Avenue N, Suite 356, Minneapolis, Minnesota 55401. Beneficial ownership includes shares available for purchase under options and subject to settlement under restricted stock units within 60 days after April 3, 2023. Unless otherwise indicated, each person had sole voting power and sole investment power for all such shares beneficially held.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percent of Shares
Directors, Nominees and Named Executive Officers		
Kristine A. Glancy	44,463	2.5%
Adam D. May	16,228	*
Jacob J. Berning	14,961	*
Zackery A. Weber	9,693	*
Chad B. Johnson	5,900	*
Nicholas J. Swenson	212,894(2)	11.8%
Loren A. Unterseher	11,811	*
Mark R. Jundt	–	–
Daniel C. Philp	–	–
All current directors, nominees and executive officers as a group (10 persons)	315,950(2)	17.6%
Significant Shareholders		
Air T, Inc., et al. (the "Shareholder Group") 5930 Balsom Ridge Road Denver, NC 28037	699,713(3)	38.9%
David E. Lazar Villa 1, 14-43rd Street, Jumeirah 2 Dubai, United Arab Emirates	174,355(4)	9.7%

* Less than one percent.

(1) Does not include 10,287, 4,155 and 8,295 common stock equivalents held by Mr. Berning, Mr. Johnson and Mr. Unterseher, respectively, under the Insignia Systems Inc. Deferred Compensation Plan for Directors. These common stock equivalents carry no voting rights and the recipient does not have the right to acquire any underlying shares within 60 days of April 3, 2023.

(2) Includes 139,444 shares held indirectly through AO Partners I, L.P. ("AO Partners Fund"); 60,284 shares held indirectly through Groveland Capital LLC ("Groveland Capital"), and 11,428 shares held by Glenhurst Co. ("Glenhurst"). Mr. Swenson is the Managing Member of Groveland Capital and may direct Groveland Capital as to the vote and disposition of the shares it holds. Mr. Swenson is the Managing Member of AO Partners LLC ("AO Partners"), which is the General Partner of AO Partners Fund, and has the power to direct the affairs of AO Partners Fund, including the voting and disposition of shares held in the name of AO Partners Fund. Mr. Swenson is the sole owner of Glenhurst, and he has the power to direct the affairs of Glenhurst, including the voting and disposition of shares held by Glenhurst.

(3) Includes all shares reported as beneficially owned by Mr. Swenson above. Remaining shares based on Amendment No. 16 to Schedule 13D filed with the SEC on October 15, 2021 by Air T, Inc., Groveland Capital, AO Partners Fund, AO Partners, Glenhurst, and Mr. Swenson, reporting ownership as of October 14, 2021. Mr. Swenson is the Chief Executive Officer and a director of Air T, Inc., which reported having sole dispositive and voting power over 486,8192 shares and disclaims beneficial ownership of the securities held by Groveland, AO Partners Fund, AO Partners, Glenhurst and Mr. Swenson. Mr. Swenson disclaims beneficial ownership of the securities held by Air T, Inc. Shares, if any, held by the Shareholder Group as of the record date for the Annual Meeting in excess of the limitations established by the Minnesota Control Share Acquisition Act, Section 302A.671 of the Minnesota Statutes, may be subject to voting restrictions.

(4) Based on Amendment No. 2 to Schedule 13D filed with the SEC on December 7, 2022 reporting beneficial ownership as of December 5, 2022.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Certain Relationships and Related-Party Transactions

The following is a summary of transactions since January 1, 2020 to which our Company has been a party and in which the amount involved exceeded $120,000, and in which any of our directors, executive officers, or beneficial owners of more than 10% of our capital stock had or will have a direct or indirect material interest, other than the compensation arrangements that are described under the heading "Executive Compensation" above. Except as disclosed below, there were no other such transactions and we do not have any currently proposed transaction or series of similar transactions.

Cooperation Agreement

The Company is party to a cooperation agreement (the "Cooperation Agreement") with a group of shareholders consisting of Mr. Swenson, Air T, Inc., Groveland Capital LLC, AO Partners I, L.P., AO Partners LLC, and Glenhurst Co. (the "Shareholder Group") dated October 11, 2021. On the same date, the Shareholder Group beneficially owned approximately 39.6% of the Company's outstanding common stock. Pursuant to the Agreement, the Board increased its size to five and elected Mr. Swenson to fill the resulting vacancy, effective as of the same date. Subject to the Shareholder Group continuing to beneficially own at least 10% of the Company's outstanding common stock, during the Standstill Period (defined below) the Shareholder Group

(i) has the right to name a replacement if Mr. Swenson ceases to serve as a member of the Board (together with Mr. Swenson, the "Air T Nominee") and (ii) must approve any person identified by the Board or its Governance, Compensation and Nominating Committee to fill the first vacancy created by the departure of any other current director. The Company also agreed to include the Air T Nominee with its director nominees for election at the Annual Meeting. The Shareholder Group has agreed to, among other things, ensure all shares beneficially owned are present and voted at the Annual Meeting in favor of the Company's director nominees and to abide by customary standstill provisions through the conclusion of the Annual Meeting (the "Standstill Period").

Prior Cooperation Agreement

The Company was party to a cooperation agreement, dated May 17, 2018 (the "Prior Agreement"), with members of the Shareholder Group, pursuant to which the Company (i) increased the size of the Board to six and (ii) appointed two persons, one of which was Mr. Unterseher to serve as additional directors. The Prior Agreement resulted in Air T's withdrawal of its prior nomination of five director candidates. It also required the Company to include Air T's nominees in its slate of nominees for election at the Company's 2018 and 2019 Annual Meetings of Shareholders and to solicit proxies with a recommendation that shareholders vote in favor of their election at each such meeting. Also pursuant to the Prior Agreement, a former director retired from the Board and all committees and a second former director retired from the Board the following year.

With respect to the annual meetings held in 2018 and 2019, the Shareholder Group agreed to, among other things, vote in favor of the Company's director nominees and in accordance with the Board's recommendation on all other proposals. The Shareholder Group also agreed to certain customary standstill provisions, effective as of the date of the Prior Agreement through 60 days prior to the expiration of the applicable notice period specified in the Company's Bylaws related to the nominations of directors at its 2020 annual meeting of shareholders.

In February 2020 our Board appointed Mr. Johnson to serve as an additional director to fill a vacancy on the Board created by the resignation of a former Air T nominee pursuant to the nomination and evaluation procedures for substitute nominees set forth in the Prior Agreement. The Prior Agreement expired on its terms 60 days prior to the nomination deadline for our 2020 annual meeting of shareholders.

Related Person Transaction Approval Policy

The SEC has specific disclosure requirements covering certain types of transactions that we engage in with our directors, executive officers or other specified parties. The Company receives an informational questionnaire from each director, nominee for director, executive officer, and greater than five percent shareholder which contains information about related-party transactions between them and the Company. The Company's Audit Committee Charter assigns to the Audit Committee the responsibility to review and approve all related-party transactions. The Audit Committee reviews each related-party transaction to determine that it is fair and reasonable to the Company, and that the price and other terms included in any transaction are comparable to the terms that would be included in an arms-length transaction between the Company and an unrelated third party.

Corporate Governance and Board Matters

The business and affairs of the Company are conducted under the direction of the Board in accordance with the Company's Articles of Incorporation and Bylaws, the Minnesota Business Corporations Act, federal securities laws and regulations, applicable rules of the Nasdaq Stock Market ("Nasdaq Rules"), Board committee charters and the Company's Code of Ethics. Members of the Board are informed of the Company's business through discussions with management, by reviewing Board meeting materials provided to them and by participating in meetings of the Board and its committees, among other activities.

Majority Independent Board

The Nasdaq Rules require that a majority of our Board be "independent directors" as that term is defined in the Nasdaq Rules. Our Board has determined that each of our non-employee directors, namely Jacob Berning, Chad Johnson, Mark Jundt, Daniel Philp, Nick Swenson and Loren Unterseher, are "independent directors." The Governance, Compensation and Nominating Committee and the Board considered Mr. Swenson's inclusion in the Shareholder Group, Mr. Jundt's employment with Air T, Inc., and Mr. Philp's role as an independent contractor to Air T, Inc. in reaching the conclusion that each is an independent director.

Item 14. Principal Accounting Fees and Services

Fees Paid to Independent Registered Public Accounting Firm

The following table shows the fees for services rendered by Baker Tilly US, LLP (PCAOB ID 23) for the years ended December 31, 2022 and 2021.

	2022	2021
Audit Fees[(1)]	$ 168,000	$ 195,000
Total	$ 168,000	$ 195,000

(1) Audit Fees represent fees for professional services provided in connection with the audit of the Company's financial statements and review of quarterly financial statements.

Audit Committee Pre-Approval Policy

The Company's Audit Committee Charter states that before the principal accountant is engaged by the Company to render audit or non-audit services in any year, the engagement will be approved by the Company's Audit Committee. All of the fees paid in 2022 and 2021 were pre-approved by the Company's Audit Committee.

PART IV.

Item 15. Exhibits and Financial Statement Schedules

(b) Exhibits

Exhibit Number	Description
+31	Certification of Principal Executive and Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002
+104	Cover Page Interactive Data File (the cover page XBRL tags are embedded in the inline XBRL document)

+ Filed herewith.

SIGNATURES

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

Dated: April 28, 2023

Insignia Systems, Inc.

By: /s/ Kristine A. Glancy
Kristine A. Glancy
President and Chief Executive Officer

EXHIBIT 31

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
AND PRINCIPAL FINANCIAL OFFICER**

I, Kristine A. Glancy, certify that:

1. I have reviewed this Amendment No.1 to Annual Report on Form 10-K for the fiscal year ended December 31, 2022, of Insignia Systems, Inc.;

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

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

4. The registrant's other certifying officer 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 is made known to us by others within the Company, particularly during the period in which this report is being prepared; and

   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; and

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

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter 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.

Dated: April 28, 2023

/s/ Kristine A. Glancy
Kristine A. Glancy
President and Chief Executive Officer
(principal executive officer and principal financial officer)

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