

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of Earliest Event Reported): February 27, 2023

**BSQUARE CORPORATION
(Exact name of Registrant as specified in its charter)**

**Washington
(State or Other Jurisdiction of
Incorporation)**

**000-27687
(Commission File Number)**

**91-1650880
(IRS Employer Identification No.)**

**1415 Western Avenue, Suite 700
Seattle, WA 98101
425-519-5900**

(Address and Telephone Number of Registrant's Principal Executive Offices)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

| <u>Title of each class</u> | <u>Trading Symbol(s)</u> | <u>Name of each exchange on which registered</u> |
|----------------------------|--------------------------|--|
| Common stock, no par value | BSQR | The NASDAQ Stock Market LLC |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

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.

Item 1.01 Entry into a Material Definitive Agreement.

On February 27, 2023, Bsquare Corporation (the "Company") entered into a Side Letter and Agreement (the "Letter Agreement") with Richard A. Karp ("Mr. Karp") in his individual capacity and on behalf of The Richard A. Karp Trust (the "Karp Trust," and together with the Karp Trust, "Karp"), an entity controlled by Mr. Karp, a large shareholder of the Company. Pursuant to the Letter Agreement, the Company agreed to include Mr. Karp as a nominee for election as a Class I director in the proxy for the 2023 annual meeting of shareholders (the "2023 Meeting"), subject to compliance with certain provisions of that certain Cooperation Agreement dated October 17, 2022, between the Company and the Karp Trust and that certain Mutual Non-Disclosure Agreement dated September 29, 2022, between the Company and Mr. Karp. Pursuant to the Letter Agreement, Karp agrees not to, and to use reasonable best efforts to cause its affiliates not to: (1) make any shareholder proposal in respect of the 2023 Meeting, including to nominate any person (including Mr. Karp) to serve as a director; (2) join a "group" (within the meaning of Section 13(d) of the Securities Exchange Act of 1934, as amended); and/or (3) if Mr. Karp accepts the nomination and is elected to the Company's board of directors, make any proposal for the 2024 annual meeting of shareholders.

The foregoing summary of the Letter Agreement does not purport to be complete and is qualified in its entirety by reference to the full terms of the Letter Agreement, which is attached hereto as Exhibit 10.1 and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.**(d) Exhibits.**

| Exhibit No. | Description of Exhibits |
|--------------------|--|
| 10.1 | Letter Agreement, dated February 8, 2023. |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document). |

SIGNATURES

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

BSQUARE CORPORATION

Date: March 2, 2023

By: /s/ Ralph C. Derrickson
Ralph C. Derrickson
Chief Executive Officer

SIDE LETTER AND AGREEMENT

February 8, 2023

Richard A Karp
c/o TicTran Corp
849 Independence Ave Ste B

Ladies and Gentlemen:

Reference is made to that certain Cooperation Agreement dated as October 17, 2022 (the "**Cooperation Agreement**"), by and between BSQUARE Corporation (the "**Company**") and The Richard A. Karp Trust ("**Karp Trust**") and to that certain Mutual Non-Disclosure Agreement dated September 29, 2022 (the "**MNDA**"), between the Company and Richard A. Karp ("**Mr. Karp**," and together with the Karp Trust, "**Karp**"). Capitalized terms used but not otherwise defined herein shall have the meaning assigned to them in the Cooperation Agreement.

Pursuant to Section 4 of the Cooperation Agreement, the Company has given expedited consideration to appointing Richard A. Karp to the Board prior to the 2023 Meeting or including Mr. Karp as a nominee for election as a Class I director at the 2023 Meeting. This side letter and agreement (this "**Letter Agreement**") is to memorialize the terms discussed between the Parties for Mr. Karp to be nominated for election at the 2023 Meeting, in a manner that allows him fair opportunity to assess the Company and the Company fair opportunity to disclose a stable governance structure to its shareholders.

Accordingly, the Company agrees to include Mr. Karp as a nominee for election as a Class I director in the proxy statement for the 2023 Meeting (with the Board's recommendation to shareholders that he be elected), subject to the remainder of this paragraph. On April 1, 2023, the Parties agree that the second and third sentences of Section 6 of the Cooperation Agreement will be deemed of no further force and effect, the obligations set forth in Section 2 of the MNDA shall resume in all respects, and the definition of the "Disclosure Date" in Section 2 of the MNDA shall be amended to delete "November 30, 2022" and replace such date with the phrase: "the date that is the beginning of the third trading day following the Company's filing of its Form 10-Q for quarterly period ending March 31, 2023 (not to exceed May 18, 2023)." At a time mutually agreed between the Parties after April 1, 2023, the Company agrees to provide to Mr. Karp a briefing on Board matters and to answer any questions Mr. Karp has regarding the Company. After such briefing, Mr. Karp agrees to confirm to the Board in writing, at least five (5) days before the date the Company has conveyed to Mr. Karp for mailing of its proxy statement for the 2023 Meeting, whether he accepts the nomination, agrees to be named as a nominee in the proxy statement, and if elected agrees to serve as a Class I director, provided that if Mr. Karp does not provide such notice he will be deemed to have declined the nomination.

Karp agrees not to, and to use reasonable best efforts to cause its affiliates not to: (1) make any shareholder proposal in respect of the 2023 Meeting, including to nominate any person (including Mr. Karp) to serve as a director; (2) join a "group" (within the meaning of Section 13(d) of the Securities Exchange Act of 1934, as amended); and/or (3) if Mr. Karp accepts the nomination and is elected to the Board, make any proposal for the 2024 annual meeting of shareholders.

This Letter Agreement shall be governed by the laws of the State of Washington, without regard to conflict of law principles, and any claims related to this Letter Agreement shall be brought in the manner described in Section 12 of the Cooperation Agreement.

This Letter Agreement, together with the Cooperation Agreement and the MNDA, constitutes an integrated written contract, expressing the entire agreement between the Parties with respect to the subject matter hereof and superseding in all respects any and all prior written or oral agreements between or among the Parties. No modification, amendment or waiver of any of the provisions contained in this Letter Agreement shall be binding upon any Party hereto unless made in writing and signed by such Party or by a duly authorized officer or agent of such Party.

[Remainder of Page Intentionally Blank. Signature Page Follows.]

Very truly yours,

BSQUARE CORPORATION

By: /s/ Ralph C. Derrickson
Ralph C Derrickson
Chief Executive Officer

ACKNOWLEDGED AND AGREED:

Dated: February 27, 2023

By: /s/ Richard A. Karp
Richard A. Karp (in his individual capacity and
on behalf of The Richard A. Karp Trust)

[SIGNATURE PAGE TO SIDE LETTER AND AGREEMENT]