

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2025

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission File Number: 0-18105



VASO CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

11-2871434

(IRS Employer Identification Number)

137 Commercial St., Suite 200, Plainview, New York 11803

(Address of principal executive offices)

Registrant's Telephone Number (516) 997-4600

Securities registered pursuant to Section 12 (b) of the Act: *None*

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, smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☐

Accelerated Filer ☐

Non-Accelerated Filer ☒

Smaller Reporting Company ☒

Emerging Growth Company ☐

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

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

Number of Shares Outstanding of Common Stock, \$.001 Par Value, at August 12, 2025 – 175,753,035

Vaso Corporation and Subsidiaries

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PART I – FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

Vaso Corporation and Subsidiaries

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)

	June 30, 2025 (unaudited)	December 31, 2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 32,560	\$ 26,271
Accounts and other receivables, net of an allowance for credit losses and commission adjustments of \$11,332 at June 30, 2025 and \$10,708 at December 31, 2024	8,831	16,999
Receivables due from related parties	1,109	943
Inventories, net	939	911
Deferred commission expense	3,546	3,659
Prepaid expenses and other current assets	2,987	2,402
Total current assets	<u>49,972</u>	<u>51,185</u>
Property and equipment, net of accumulated depreciation of \$10,932 at June 30, 2025 and \$10,712 at December 31, 2024	1,848	1,544
Operating lease right of use assets	1,969	2,345
Goodwill	15,572	15,551
Intangibles, net	1,825	1,615
Other assets, net	6,059	5,358
Investment in EECF Global	433	436
Deferred tax assets, net	4,904	4,904
Total assets	<u>\$ 82,582</u>	<u>\$ 82,938</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 4,740	\$ 4,179
Accrued commissions	1,261	3,256
Accrued expenses and other liabilities	6,447	8,251
Finance lease liabilities - current	-	24
Operating lease liabilities - current	1,082	1,067
Sales tax payable	743	802
Income taxes payable	5	60
Deferred revenue - current portion	17,762	17,072
Notes payable - current portion	978	6
Due to related party	3	3
Total current liabilities	<u>33,021</u>	<u>34,720</u>
LONG-TERM LIABILITIES		
Operating lease liabilities, net of current portion	888	1,278
Deferred revenue, net of current portion	20,350	17,822
Other long-term liabilities	1,822	1,416
Total long-term liabilities	<u>23,060</u>	<u>20,516</u>
COMMITMENTS AND CONTINGENCIES (NOTE O)		
STOCKHOLDERS' EQUITY		
Preferred stock, \$.01 par value; 1,000,000 shares authorized; nil shares issued and outstanding at June 30, 2025 and December 31, 2024	-	-
Common stock, \$.001 par value; 250,000,000 shares authorized; 175,753,035 shares issued and outstanding at June 30, 2025 and 175,696,311 shares issued and outstanding at December 31, 2024	176	176
Additional paid-in capital	62,064	62,049
Accumulated deficit	(35,353)	(34,081)
Accumulated other comprehensive loss	(386)	(442)
Total stockholders' equity	<u>26,501</u>	<u>27,702</u>
Total liabilities and stockholders' equity	<u>\$ 82,582</u>	<u>\$ 82,938</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Vaso Corporation and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(unaudited)

(in thousands, except per share data)

	Three Months ended June 30,		Six Months ended June 30,	
	2025	2024	2025	2024
Revenues				
Managed IT systems and services	\$ 10,684	\$ 10,591	\$ 20,999	\$ 20,743
Professional sales services	8,744	9,110	17,449	17,237
Equipment sales and services	529	525	970	983
Total revenues	<u>19,957</u>	<u>20,226</u>	<u>39,418</u>	<u>38,963</u>
Cost of revenues				
Cost of managed IT systems and services	6,359	6,009	12,536	11,968
Cost of professional sales services	1,659	1,937	3,469	3,685
Cost of equipment sales and services	142	129	258	242
Total cost of revenues	<u>8,160</u>	<u>8,075</u>	<u>16,263</u>	<u>15,895</u>
Gross profit	<u>11,797</u>	<u>12,151</u>	<u>23,155</u>	<u>23,068</u>
Operating expenses				
Selling, general and administrative	12,051	10,841	24,449	22,907
Research and development	167	205	345	396
Business combination transaction costs	-	109	-	238
Total operating expenses	<u>12,218</u>	<u>11,155</u>	<u>24,794</u>	<u>23,541</u>
Operating (loss) income	<u>(421)</u>	<u>996</u>	<u>(1,639)</u>	<u>(473)</u>
Other (expense) income				
Interest and financing costs	-	(1)	-	(4)
Interest and other income, net	268	273	452	585
Loss on disposal of fixed assets	(4)	(1)	(5)	(2)
Total other income, net	<u>264</u>	<u>271</u>	<u>447</u>	<u>579</u>
(Loss) income before income taxes	(157)	1,267	(1,192)	106
Income tax expense	(40)	(112)	(80)	(124)
Net (loss) income	<u>(197)</u>	<u>1,155</u>	<u>(1,272)</u>	<u>(18)</u>
Other comprehensive income				
Foreign currency translation gain (loss)	41	(21)	56	(122)
Comprehensive (loss) income	<u>\$ (156)</u>	<u>\$ 1,134</u>	<u>\$ (1,216)</u>	<u>\$ (140)</u>
(Loss) income per common share				
- basic and diluted	<u>\$ (0.00)</u>	<u>\$ 0.01</u>	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>
Weighted average common shares outstanding				
- basic	<u>175,742</u>	<u>175,365</u>	<u>175,719</u>	<u>175,242</u>
- diluted	<u>175,742</u>	<u>175,984</u>	<u>175,719</u>	<u>175,242</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Vaso Corporation and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(unaudited)

(in thousands)

	Common Stock		Treasury Stock		Additional	Accumulated	Accumulated	Total
	Shares	Amount	Shares	Amount	Paid-in-Capital	Deficit	Other Comprehensive Loss	Stockholders' Equity
Balance at January 1, 2024	185,627	\$ 186	(10,308)	(2,000)	\$ 63,993	\$ (35,032)	\$ (304)	\$ 26,843
Share-based compensation	-	-	-	-	9	-	-	9
Foreign currency translation loss	-	-	-	-	-	-	(101)	(101)
Net loss	-	-	-	-	-	(1,173)	-	(1,173)
Balance at March 31, 2024	185,627	\$ 186	(10,308)	(2,000)	\$ 64,002	\$ (36,205)	\$ (405)	\$ 25,578
Share-based compensation	62	-	-	-	9	-	-	9
Foreign currency translation loss	-	-	-	-	-	-	(21)	(21)
Net income	-	-	-	-	-	1,155	-	1,155
Balance at June 30, 2024	185,689	\$ 186	(10,308)	(2,000)	\$ 64,011	\$ (35,050)	\$ (426)	\$ 26,721
Balance at January 1, 2025	175,696	\$ 176	-	-	\$ 62,049	\$ (34,081)	\$ (442)	\$ 27,702
Share-based compensation	-	-	-	-	8	-	-	8
Foreign currency translation gain	-	-	-	-	-	-	15	15
Net loss	-	-	-	-	-	(1,075)	-	(1,075)
Balance at March 31, 2025	175,696	\$ 176	-	-	\$ 62,057	\$ (35,156)	\$ (427)	\$ 26,650
Share-based compensation	57	-	-	-	8	-	-	8
Shares withheld for employee tax liability	-	-	-	-	(1)	-	-	(1)
Foreign currency translation gain	-	-	-	-	-	-	41	41
Net loss	-	-	-	-	-	(197)	-	(197)
Balance at June 30, 2025	175,753	\$ 176	-	-	\$ 62,064	\$ (35,353)	\$ (386)	\$ 26,501

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Vaso Corporation and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

(in thousands)

	Six months ended June 30,	
	2025	2024
Cash flows from operating activities		
Net loss	\$ (1,272)	\$ (18)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation and amortization	352	411
Loss from investment in EECF Global	111	87
Provision for credit losses and commission adjustments	108	64
Share-based compensation	17	18
Changes in operating assets and liabilities:		
Accounts and other receivables	8,068	5,086
Due from related parties	(171)	(169)
Inventories	(11)	232
Deferred commission expense	113	(31)
Prepaid expenses and other current assets	(581)	(122)
Other assets, net	(764)	51
Accounts payable	560	285
Accrued commissions	(1,868)	(1,379)
Accrued expenses and other liabilities	(1,997)	(2,273)
Sales tax payable	(60)	7
Deferred revenue	3,218	(500)
Other long-term liabilities	406	(31)
Net cash provided by operating activities	6,229	1,718
Cash flows from investing activities		
Purchases of equipment and software	(867)	(787)
Loan to Achari	-	(343)
Redemption of short-term investments	-	13,756
Net cash (used in) provided by investing activities	(867)	12,626
Cash flows from financing activities		
Payroll taxes paid by withholding shares	(1)	-
Proceeds from note payable	966	-
Repayment of notes payable and finance lease obligations	(29)	(39)
Net cash provided by (used in) financing activities	936	(39)
Effect of exchange rate differences on cash and cash equivalents	(9)	5
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,289	14,310
Cash and cash equivalents - beginning of period	26,271	11,342
Cash and cash equivalents - end of period	\$ 32,560	\$ 25,652
SUPPLEMENTAL DISCLOSURE OF CASH INFORMATION		
Interest paid	\$ 1	\$ 4
Income taxes paid	\$ 136	\$ 47
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Initial recognition of operating lease right of use asset and liability	\$ 145	\$ 863

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NOTE A - ORGANIZATION AND PLAN OF OPERATIONS

Vaso Corporation was incorporated in Delaware in July 1987. Unless the context requires otherwise, all references to “we”, “our”, “us”, “Company”, “registrant”, “Vaso” or “management” refer to Vaso Corporation and its subsidiaries.

Overview

Vaso Corporation (the “Company”) principally operates in three distinct business segments in the healthcare equipment and information technology industries. We manage and evaluate our operations, and report our financial results, through these three business segments:

- IT segment, operating through a wholly-owned subsidiary VasoTechnology, Inc. (“VasoTechnology”), primarily focuses on healthcare IT and managed network technology services;
- Professional sales service segment, operating through a wholly-owned subsidiary Vaso Diagnostics, Inc. d/b/a VasoHealthcare, primarily focuses on the sale of healthcare capital equipment for GE Healthcare Technologies, Inc. (“GEHC”) into the healthcare provider middle market; and
- Equipment segment, operating through a wholly-owned subsidiary VasoMedical, Inc., which in turn operates through Vasomedical Solutions, Inc. (“VasoSolutions”) for domestic business and Vasomedical Global Corp. (“Vasomedical Global”) for international business, respectively, primarily focuses on the design, manufacture, sale and service of proprietary medical devices and software. VasoSolutions also manages the domestic operation of EECP Global Corporation (“EECP Global”), in which the Company holds a 49% minority interest.

The Company’s website is www.vasocorporation.com.

VasoTechnology (IT Segment)

VasoTechnology, Inc. was formed in May 2015, at the time the Company acquired all of the assets of NetWolves, LLC and its affiliates, including the membership interests in NetWolves Network Services, LLC (collectively, “NetWolves”). VasoTechnology currently consists of a managed network and security service division (NetWolves) and a healthcare IT application value added reseller (IT VAR) division (VasoHealthcare IT). Its current offerings include:

- Managed healthcare software solutions including diagnostic imaging applications (channel partner of select vendors of healthcare IT products);
- Managed network infrastructure (routers, switches and other core equipment);
- Managed network transport (FCC licensed carrier reselling 175+ facility partners); and
- Managed network security services.

VasoTechnology uses a combination of proprietary technology, methodology and third-party applications to deliver its value proposition.

VasoHealthcare (Professional Sales Service Segment)

VasoHealthcare commenced operations in 2010, in conjunction with the Company’s execution of its exclusive sales representation agreement with GEHC to further the sale of certain medical capital equipment in certain domestic market segments. Its current offerings consist of:

- GEHC diagnostic imaging equipment and ultrasound systems;

Notes to Condensed Consolidated Financial Statements (unaudited)

- GEHC service agreements for the above equipment;
- GEHC training services for use of the above equipment; and
- GEHC and third-party financial services for the above equipment.

VasoMedical (Equipment Segment)

VasoMedical is the Company's business division for its proprietary medical device operations, including the design, development, manufacturing, sales and service of various medical devices in the domestic and international markets and includes the Vasomedical Global and VasoSolutions business units. These devices are primarily for cardiovascular monitoring and diagnostic systems. Its current offerings consist of:

- Biox™ series Holter monitors and ambulatory blood pressure recorders;
- ARCS® series analysis, reporting and communication software for ECG and blood pressure signals, including cloud-based software suite and algorithm in the form of a SaaS (software as a service) subscription;
- MobiCare® multi-parameter wireless vital-sign monitoring system; and
- EECp® therapy systems for non-invasive, outpatient treatment of ischemic heart disease.

This segment uses its extensive in-house knowledge and intellectual property for cardiovascular devices and software coupled with its engineering resources to cost-effectively create and market its proprietary technology. It sells and services its products to customers in the U.S. and China directly and sells and/or services its products in the international market mainly through independent distributors.

Termination of Achari Business Combination Agreement

As previously disclosed, the Company entered into a business combination agreement (the "Business Combination Agreement"), dated as of December 6, 2023, with Achari Ventures Holdings Corp. I, a Delaware corporation ("Achari"), and Achari Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Achari. On September 17, 2024, Vaso provided to Achari a notice of termination of the Business Combination Agreement. Business combination transaction costs presented in the Condensed Consolidated Statements of Operations and Comprehensive Loss include investment banking and other advisory and legal costs incurred associated with the Business Combination Agreement.

NOTE B – INTERIM STATEMENT PRESENTATION

Basis of Presentation and Use of Estimates

The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and pursuant to the accounting and disclosure rules and regulations of the Securities and Exchange Commission (the "SEC") for interim financial information. Certain information and disclosures normally included in the financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. Accordingly, these condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the SEC on March 31, 2025.

These unaudited condensed consolidated financial statements include the accounts of the companies over which we exercise control. In the opinion of management, the accompanying condensed consolidated financial statements reflect all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of interim results for the Company. The results of operations for any interim period are not necessarily indicative of results to be expected for any other interim period or the full year.

Vaso Corporation and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the condensed consolidated financial statements, the disclosure of contingent assets and liabilities in the unaudited condensed consolidated financial statements and the accompanying notes, and the reported amounts of revenues, expenses and cash flows during the periods presented. Actual amounts and results could differ from those estimates. The most significant of these estimates include the allowance for commission adjustments, the valuation of deferred tax assets, and the assessment of possible impairment of goodwill and intangible assets. The estimates and assumptions the Company makes are based on historical factors, current circumstances and the experience and judgment of the Company's management. The Company evaluates its estimates and assumptions on an ongoing basis.

Recently Issued Accounting Standards To Be Adopted

In November 2024, the FASB issued ASU 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, which requires disclosure of disaggregated information about certain income statement line items in the notes to the financial statements. The ASU is effective for fiscal years beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact of adopting this standard on its Consolidated Financial Statements.

Reclassifications

Certain SG&A costs in 2024 were reclassified to business combination transaction costs within the Condensed Consolidated Statements of Operations and Comprehensive Loss to conform with the current year presentation.

NOTE C – REVENUE RECOGNITION

Disaggregation of Revenue

The following tables present revenues disaggregated by our business operations and timing of revenue recognition:

(in thousands)								
	Three Months Ended June 30, 2025				Three Months Ended June 30, 2024			
	IT segment	Professional sales service segment	Equipment segment	Total	IT segment	Professional sales service segment	Equipment segment	Total
Network services	\$ 9,626	\$ -	\$ -	\$ 9,626	\$ 9,470	\$ -	\$ -	\$ 9,470
Software sales and support	1,058	-	-	1,058	1,121	-	-	1,121
Commissions	-	8,744	-	8,744	-	9,110	-	9,110
Medical equipment sales	-	-	498	498	-	-	494	494
Medical equipment service	-	-	31	31	-	-	31	31
	<u>\$ 10,684</u>	<u>\$ 8,744</u>	<u>\$ 529</u>	<u>\$ 19,957</u>	<u>\$ 10,591</u>	<u>\$ 9,110</u>	<u>\$ 525</u>	<u>\$ 20,226</u>
	Six Months Ended June 30, 2025				Six Months Ended June 30, 2024			
	IT segment	Professional sales service segment	Equipment segment	Total	IT segment	Professional sales service segment	Equipment segment	Total
Network services	\$ 18,954	\$ -	\$ -	\$ 18,954	\$ 18,413	\$ -	\$ -	\$ 18,413
Software sales and support	2,045	-	-	2,045	2,330	-	-	2,330
Commissions	-	17,449	-	17,449	-	17,237	-	17,237
Medical equipment sales	-	-	910	910	-	-	921	921
Medical equipment service	-	-	60	60	-	-	62	62
	<u>\$ 20,999</u>	<u>\$ 17,449</u>	<u>\$ 970</u>	<u>\$ 39,418</u>	<u>\$ 20,743</u>	<u>\$ 17,237</u>	<u>\$ 983</u>	<u>\$ 38,963</u>

Vaso Corporation and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

	Three Months Ended June 30, 2025				Three Months Ended June 30, 2024			
	IT segment	Professional sales service segment	Equipment segment	Total	IT segment	Professional sales service segment	Equipment segment	Total
Revenue recognized over time	\$ 9,557	\$ -	\$ 176	\$ 9,733	\$ 8,804	\$ -	\$ 87	\$ 8,891
Revenue recognized at a point in time	1,127	8,744	353	10,224	1,787	9,110	438	11,335
	<u>\$ 10,684</u>	<u>\$ 8,744</u>	<u>\$ 529</u>	<u>\$ 19,957</u>	<u>\$ 10,591</u>	<u>\$ 9,110</u>	<u>\$ 525</u>	<u>\$ 20,226</u>
	Six Months Ended June 30, 2025				Six Months Ended June 30, 2024			
	IT segment	Professional sales service segment	Equipment segment	Total	IT segment	Professional sales service segment	Equipment segment	Total
Revenue recognized over time	\$ 19,227	\$ -	\$ 300	\$ 19,527	\$ 18,105	\$ -	\$ 168	\$ 18,273
Revenue recognized at a point in time	1,772	17,449	670	19,891	2,638	17,237	815	20,690
	<u>\$ 20,999</u>	<u>\$ 17,449</u>	<u>\$ 970</u>	<u>\$ 39,418</u>	<u>\$ 20,743</u>	<u>\$ 17,237</u>	<u>\$ 983</u>	<u>\$ 38,963</u>

Transaction Price Allocated to Remaining Performance Obligations

As of June 30, 2025, the aggregate amount of transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) for executed contracts approximates \$108 million, of which we expect to recognize revenue as follows:

	(in thousands)			
	Fiscal years of revenue recognition			
	2025	2026	2027	Thereafter
Unfulfilled performance obligations	\$ 28,253	\$ 28,909	\$ 11,094	\$ 39,249

Contract Balances

Contract receivables include trade receivables, net and long-term receivables (recorded in Other assets in the condensed consolidated balance sheets). Contract liabilities arise in our healthcare IT, VasoHealthcare, and VasoMedical businesses. In our healthcare IT business, payment arrangements with clients typically include an initial payment due upon contract signing and milestone-based payments based upon product delivery and go-live, as well as post go-live monthly payments for subscription and support fees. Customer payments received, or receivables recorded, in advance of go-live and customer acceptance, where applicable, are deferred as contract liabilities. Such amounts aggregated approximately \$242,000 and \$178,000 at June 30, 2025 and December 31, 2024, respectively, and are included in Accrued expenses and other liabilities in our condensed consolidated balance sheets.

In our VasoHealthcare business, we bill amounts for certain milestones in advance of customer acceptance of the underlying equipment. Such amounts aggregated approximately \$38,112,000 and \$34,893,000 at June 30, 2025 and December 31, 2024, respectively, and are classified in our condensed consolidated balance sheets as either Deferred revenue - current portion or Deferred revenue, net of current portion. In addition, we record a contract liability for amounts expected to be repaid to GEHC due to customer order reductions. Such amounts aggregated approximately \$1,197,000 and \$935,000 at June 30, 2025 and December 31, 2024, respectively, and are included in Accrued expenses and other liabilities in our condensed consolidated balance sheets.

Vaso Corporation and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

In our VasoMedical business, we bill amounts for post-delivery services and varying duration service contracts in advance of performance. Such amounts aggregated approximately \$0 and \$1,000 at June 30, 2025 and December 31, 2024, respectively, and are classified in our condensed consolidated balance sheets as either Deferred revenue - current portion or Deferred revenue, net of current portion.

During the three and six months ended June 30, 2025, we recognized approximately \$2.7 million and \$4.8 million of revenues, respectively, that were included in our contract liability balance at April 1, 2025 and January 1, 2025, respectively.

The following table summarizes the Company's contract receivable and contract liability balances:

	<i>(in thousands)</i>	
	2025	2024
Contract receivables - January 1	18,260	13,398
Contract receivables - June 30	10,203	8,408
Increase (decrease)	(8,057)	(4,990)
Contract liabilities - January 1	36,007	33,589
Contract liabilities - June 30	39,551	33,160
Increase (decrease)	3,545	(429)

The decrease in contract receivables in the first six months of 2025 and 2024 was due primarily to collections exceeding billings, while the increase in contract liabilities in 2025 reflects order bookings exceeding deliveries.

NOTE D – SEGMENT REPORTING AND CONCENTRATIONS

Vaso Corporation principally operates in three distinct business segments in the healthcare and information technology industries. We manage and evaluate our operations, and report our financial results, through these three reportable segments.

- IT segment, operating through a wholly-owned subsidiary VasoTechnology, Inc., primarily focuses on healthcare IT and managed network technology services;
- Professional sales service segment, operating through a wholly-owned subsidiary Vaso Diagnostics, Inc. d/b/a VasoHealthcare, primarily focuses on the sale of healthcare capital equipment for GEHC into the healthcare provider middle market; and
- Equipment segment, operating through a wholly-owned subsidiary VasoMedical, Inc., primarily focuses on the design, manufacture, sale and service of proprietary medical devices.

Vaso Corporation and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

The chief operating decision maker is the Company's Chief Executive Officer, who, in conjunction with upper management, evaluates segment performance based on operating income and adjusted EBITDA, which is a non-GAAP financial measure (defined as net income (loss), plus interest expense (income), net; tax expense; depreciation and amortization; and non-cash stock-based compensation). Administrative functions such as finance, human resources, and information technology are centralized and related expenses are allocated to each segment. Other costs not directly attributable to operating segments, such as audit, legal, director fees, investor relations, and others, as well as certain assets – primarily cash balances – are reported in the Corporate entity below. There are no intersegment revenues. Summary financial information for the segments is set forth below:

	<i>(in thousands)</i>			
	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2025	2024	2025	2024
Revenues from external customers				
IT	\$ 10,684	\$ 10,591	\$ 20,999	\$ 20,743
Professional sales service	8,744	9,110	17,449	17,237
Equipment	529	525	970	983
Total revenues	<u>\$ 19,957</u>	<u>\$ 20,226</u>	<u>\$ 39,418</u>	<u>\$ 38,963</u>
Gross Profit				
IT	\$ 4,325	\$ 4,582	\$ 8,463	\$ 8,775
Professional sales service	7,085	7,173	13,980	13,552
Equipment	387	396	712	741
Total gross profit	<u>\$ 11,797</u>	<u>\$ 12,151</u>	<u>\$ 23,155</u>	<u>\$ 23,068</u>
Significant segment expenses				
Selling, general & administrative				
IT	\$ 4,915	\$ 4,737	\$ 9,851	\$ 9,333
Professional sales service	6,449	5,514	12,996	11,901
Equipment	383	500	777	965
Corporate	304	90	825	708
Total selling, general and administrative	<u>\$ 12,051</u>	<u>\$ 10,841</u>	<u>\$ 24,449</u>	<u>\$ 22,907</u>
Other segment items				
IT	\$ -	\$ 17	\$ -	\$ 35
Equipment	167	188	345	361
Corporate	-	109	-	238
Total other segment items	<u>\$ 167</u>	<u>\$ 314</u>	<u>\$ 345</u>	<u>\$ 634</u>
Operating (loss) income				
IT	\$ (590)	\$ (173)	\$ (1,388)	\$ (593)
Professional sales service	636	1,658	984	1,651
Equipment	(163)	(291)	(410)	(585)
Corporate	(304)	(198)	(825)	(946)
Total operating (loss) income	<u>\$ (421)</u>	<u>\$ 996</u>	<u>\$ (1,639)</u>	<u>\$ (473)</u>
Depreciation and amortization				
IT	\$ 135	\$ 167	\$ 262	\$ 322
Professional sales service	38	25	73	47
Equipment	19	34	17	42
Corporate	-	-	-	-
Total depreciation and amortization	<u>\$ 192</u>	<u>\$ 226</u>	<u>\$ 352</u>	<u>\$ 411</u>
Capital expenditures				
IT	\$ 374	\$ 203	\$ 499	\$ 450
Professional sales service	-	108	73	110
Equipment	127	3	292	227
Corporate	3	-	3	-
Total capital expenditures	<u>\$ 504</u>	<u>\$ 314</u>	<u>\$ 867</u>	<u>\$ 787</u>

Vaso Corporation and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

	<i>(in thousands)</i>	
	June 30, 2025	December 31, 2024
Identifiable Assets		
IT	\$ 24,264	\$ 23,798
Professional sales service	15,361	23,846
Equipment	7,578	6,639
Corporate	35,379	28,655
Total assets	<u>\$ 82,582</u>	<u>\$ 82,938</u>

GE Healthcare accounted for 44% and 45% of total revenue for the three-month periods ended June 30, 2025 and 2024, respectively, and 44% of total revenue for both of the six-month periods ended June 30, 2025 and 2024. GE Healthcare also accounted for \$4.8 million or 54%, and \$13.1 million or 77%, of accounts and other receivables at June 30, 2025 and December 31, 2024, respectively. No other customer accounted for 10% or more of revenue.

NOTE E – NET (LOSS) INCOME PER COMMON SHARE

Basic earnings per common share is based on the weighted average number of common shares outstanding, including vested restricted shares, without consideration of potential common stock. Diluted earnings per common share is based on the weighted average number of common and potential dilutive common shares outstanding.

Diluted earnings per share were computed based on the weighted average number of shares outstanding plus all potentially dilutive common shares. A reconciliation of basic to diluted shares used in the earnings per share calculation is as follows:

	<i>(in thousands)</i>			
	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Basic weighted average shares outstanding	175,742	175,365	175,719	175,242
Dilutive effect of unvested restricted shares	-	619	-	-
Diluted weighted average shares outstanding	<u>175,742</u>	<u>175,984</u>	<u>175,719</u>	<u>175,242</u>

The following table represents common stock equivalents that were excluded from the computation of diluted earnings per share for the three and six months ended June 30, 2025 and 2024, because the effect of their inclusion would be anti-dilutive.

	<i>(in thousands)</i>			
	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Restricted common stock grants	<u>236</u>	<u>-</u>	<u>231</u>	<u>756</u>

NOTE F – SHORT-TERM INVESTMENTS AND FINANCIAL INSTRUMENTS

Cash and cash equivalents represent cash and short-term, highly liquid investments either in certificates of deposit, treasury bills, money market funds, or investment grade commercial paper issued by major corporations and financial institutions that generally have maturities of three months or less from the date of acquisition.

The Company complies with the provisions of ASC 820 “Fair Value Measurements and Disclosures” (“ASC 820”). Under ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date.

Vaso Corporation and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

In determining fair value, the Company uses various valuation approaches. ASC 820 establishes a fair value 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 those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The carrying amount of assets and liabilities including cash and cash equivalents, accounts receivable, prepaids, accounts payable, accrued expenses and other current liabilities, approximated their fair value as of June 30, 2025 and December 31, 2024, due to the relative short maturity of these instruments. Property and equipment, intangible assets, capital lease obligations, and goodwill are not required to be re-measured to fair value on a recurring basis. These assets are evaluated for impairment if certain triggering events occur. If such evaluation indicates that impairment exists, the respective asset is written down to its fair value.

Vaso Corporation and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

The following table presents information about the Company's assets measured at fair value as of June 30, 2025 and December 31, 2024:

	(in thousands)			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of June 30, 2025
Assets				
Cash equivalents invested in money market funds and treasury bills	\$ 30,793	\$ -	\$ -	\$ 30,793
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2024
Assets				
Cash equivalents invested in money market funds and treasury bills	\$ 24,859	\$ -	\$ -	\$ 24,859

NOTE G – ACCOUNTS AND OTHER RECEIVABLES, NET

The following table presents information regarding the Company's accounts and other receivables as of June 30, 2025 and December 31, 2024:

	(in thousands)	
	June 30, 2025	December 31, 2024
Trade receivables	\$ 18,023	\$ 27,707
Unbilled receivables	2,140	-
Allowance for credit losses and commission adjustments	(11,332)	(10,708)
Accounts and other receivables, net	\$ 8,831	\$ 16,999

Contract receivables under “*Revenue from Contracts with Customers* (“ASC Topic 606”)” consist of trade receivables and unbilled receivables. Trade receivables include amounts due for shipped products and services rendered. Unbilled receivables represent variable consideration recognized in accordance with ASC Topic 606 but not yet billable. Amounts recorded – billed and unbilled - under the GEHC Agreement are subject to adjustment in subsequent periods should the underlying sales order amount, upon which the receivable is based, change.

Allowance for credit losses and commission adjustments include estimated losses resulting from the inability of our customers to make required payments, and adjustments arising from subsequent changes in sales order amounts that may reduce the amount the Company will ultimately receive under the GEHC Agreement.

Vaso Corporation and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

NOTE H – INVENTORIES, NET

Inventories, net of reserves, consist of the following:

	<i>(in thousands)</i>	
	June 30, 2025	December 31, 2024
Raw materials	\$ 514	\$ 596
Work in process	55	12
Finished goods	370	303
	<u>\$ 939</u>	<u>\$ 911</u>

The Company maintained reserves for slow moving inventories of \$169,000 and \$170,000 at June 30, 2025 and December 31, 2024, respectively.

NOTE I – GOODWILL AND OTHER INTANGIBLES

Goodwill of \$14,375,000 is allocated to the IT segment. The remaining \$1,197,000 of goodwill is attributable to the FGE reporting unit within the Equipment segment. The components of the change in goodwill are as follows:

	<i>(in thousands)</i>	
	Six Months Ended June 30, 2025	Year Ended December 31, 2024
Beginning of period	\$ 15,551	\$ 15,588
Foreign currency translation adjustment	21	(37)
End of period	<u>\$ 15,572</u>	<u>\$ 15,551</u>

The Company's other intangible assets consist of capitalized customer-related intangibles, patent and technology costs, and software costs, as set forth in the following table:

	<i>(in thousands)</i>	
	June 30, 2025	December 31, 2024
Customer-related		
Costs	\$ 5,831	\$ 5,831
Accumulated amortization	(5,069)	(4,987)
	<u>762</u>	<u>844</u>
Patents and Technology		
Costs	1,894	1,894
Accumulated amortization	(1,894)	(1,894)
	<u>-</u>	<u>-</u>
Software		
Costs	3,513	3,188
Accumulated amortization	(2,450)	(2,417)
	<u>1,063</u>	<u>771</u>
	<u>\$ 1,825</u>	<u>\$ 1,615</u>

Patents and technology are amortized on a straight-line basis over their estimated useful lives of ten and eight years, respectively. The cost of significant customer-related intangibles is amortized in proportion to estimated total related revenue; cost of other customer-related intangible assets is amortized on a straight-line basis over the asset's estimated economic life of seven years. Software costs are amortized on a straight-line basis over its expected useful life of five years.

Vaso Corporation and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

Amortization expense amounted to \$68,000 and \$101,000 for the three months ended June 30, 2025 and 2024, respectively, and \$115,000 and \$175,000 for the six months ended June 30, 2025 and 2024, respectively.

Amortization of intangibles for the next five years is:

	<i>(in thousands)</i>
Years ending December 31,	
Remainder of 2025	207
2026	378
2027	348
2028	327
2029	316
	<u>\$ 1,576</u>

NOTE J – OTHER ASSETS, NET

Other assets, net consisted of the following at June 30, 2025 and December 31, 2024:

	<i>(in thousands)</i>	
	June 30, 2025	December 31, 2024
Deferred commission expense - noncurrent	\$ 4,628	\$ 4,039
Trade receivables - noncurrent	1,372	1,261
Other, net of allowance for loss on loan receivable of \$412 at June 30, 2025 and December 31, 2024	59	58
	<u>\$ 6,059</u>	<u>\$ 5,358</u>

NOTE K – NOTES PAYABLE

Notes payable consist of the following:

	<i>(in thousands)</i>	
	June 30, 2025	December 31, 2024
Notes payable	978	6
Less: current portion	(978)	(6)
	<u>\$ -</u>	<u>\$ -</u>

In June 2025, the Company's Biox subsidiary drew RMB7,000,000 (approximately \$977,000) under revolving credit agreements of RMB2,000,000 and RMB5,000,000 with two Chinese banks for working capital purposes. The notes bore interest at 2.6% per annum and 3.05% per annum, respectively, and were repaid in July 2025.

On December 30, 2022, the Company executed a \$3.0 million revolving credit agreement with a lending institution. Advances under the agreement bear interest at Wall Street Journal Prime Rate and are secured by substantially all of the assets of the Company. The agreement has undergone subsequent renewals through July 31, 2026. As of June 30, 2025, no amounts had been drawn. The agreement includes certain financial covenants. As of June 30, 2025, the Company was not in compliance with such covenants and subsequently received a waiver from the lending institution.

Vaso Corporation and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

NOTE L – ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consisted of the following at June 30, 2025 and December 31, 2024:

	<i>(in thousands)</i>	
	June 30, 2025	December 31, 2024
Accrued compensation	\$ 1,200	\$ 3,141
Accrued expenses - other	2,167	2,933
Order reduction liability	1,197	935
Other liabilities	1,883	1,242
	<u>\$ 6,447</u>	<u>\$ 8,251</u>

NOTE M - DEFERRED REVENUE

The changes in the Company's deferred revenues were as follows:

	<i>(in thousands)</i>			
	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Deferred revenue at beginning of period	\$ 35,404	\$ 31,429	\$ 34,894	\$ 32,200
Net additions:				
Deferred extended service contracts	-	-	(1)	-
Deferred commission revenues	5,700	3,664	8,838	5,614
Recognized as revenue:				
Deferred extended service contracts	-	(1)	-	(2)
Deferred commission revenues	(2,992)	(3,393)	(5,619)	(6,112)
Deferred revenue at end of period	38,112	31,700	38,112	31,700
Less: current portion	17,762	15,924	17,762	15,924
Long-term deferred revenue at end of period	<u>\$ 20,350</u>	<u>\$ 15,776</u>	<u>\$ 20,350</u>	<u>\$ 15,776</u>

NOTE N – RELATED-PARTY TRANSACTIONS

The Company uses the equity method to account for its interest in EECF Global as it has the ability to exercise significant influence over the entity and reports its share of EECF Global operations in Other Income (Expense) on its condensed consolidated statements of operations. The Company and EECF Global's majority shareholder converted, on the current ownership percentage, \$220,000 in receivables due from EECF Global into capital contributions as of June 30, 2025. For the three months ended June 30, 2025 and 2024, the Company's share of EECF Global's loss was approximately \$43,000 and \$56,000, respectively, and for the six months ended June 30, 2025 and 2024, the Company's share of EECF Global's loss was approximately \$111,000 and \$87,000, respectively, and included in Other (Expense) Income in its condensed consolidated statements of operations. At June 30, 2025 and December 31, 2024, the Company recorded a net receivable from related parties of approximately \$1,087,000 and \$916,000, respectively, on its condensed consolidated balance sheets for amounts due from EECF Global for fees and cost reimbursements net of amounts due to EECF Global for receivables collected on its behalf.

NOTE O – COMMITMENTS AND CONTINGENCIES

Litigation

The Company is currently, and has been in the past, a party to various legal proceedings, primarily employee-related matters, incident to its business. The Company believes that the outcome of all pending legal proceedings in the aggregate is unlikely to have a material adverse effect on the business or consolidated financial condition of the Company.

Sales Representation Agreement

In October 2021, the Company concluded an amendment of the GEHC Agreement with GEHC, originally signed on May 19, 2010 and previously extended in 2012, 2015 and 2017. The amendment extended the term of the original agreement, which began on July 1, 2010, through December 31, 2026, subject to early termination by GEHC without cause with certain conditions. Under the agreement, VasoHealthcare is the exclusive representative for the sale of select GEHC diagnostic imaging products to specific market accounts in the 48 contiguous states of the United States and the District of Columbia. The circumstances under which early termination of the agreement may occur with cause include: not materially achieving certain sales goals, not maintaining a minimum number of sales representatives, and not meeting various legal and GEHC policy requirements.

Employment Agreements

On May 10, 2019, the Company modified its Employment Agreement with its President and Chief Executive Officer, Dr. Jun Ma, to provide for a five-year term with extensions, unless earlier terminated by the Company, but in no event can it extend beyond May 31, 2026. The Employment Agreement provides for annual compensation of \$500,000. Dr. Ma is eligible to receive a bonus for each fiscal year during the employment term. The amount and the occasion for payment of such bonus, if any, is at the discretion of the Board of Directors. Dr. Ma is also eligible for an award under any long-term incentive compensation plan and grants of options and awards of shares of the Company's stock, as determined at the Board of Directors' discretion. The Employment Agreement further provides for reimbursement of certain expenses, and certain severance benefits in the event of termination of Dr. Ma's employment prior to the expiration date of the Employment Agreement.

On December 31, 2022, the Company executed an Employment Agreement with the President of its VasoHealthcare subsidiary, Ms. Jane Moen, which provides for a twenty-seven month initial term with extensions, unless earlier terminated by the Company, but in no event can it extend beyond the earlier of December 31, 2026 or the termination of the GEHC Agreement. The Employment Agreement provides for annual base compensation of \$350,000. Ms. Moen is eligible to receive bonuses for each fiscal year during the employment term. The amount and the occasion for payment of such bonuses, if any, is based on employment status as well as achieving certain operating targets. Ms. Moen is also eligible for an award under any long-term incentive compensation plan and grants of options and awards of shares of the Company's stock, as determined at the Board of Directors' discretion. The Employment Agreement further provides for reimbursement of certain expenses, and certain severance benefits in the event of termination prior to the expiration date of the Employment Agreement.

NOTE P – SUBSEQUENT EVENTS

On July 4, 2025, the U.S. signed into law H.R.1, also known as the One Big Beautiful Bill Act (OBBBA). The OBBBA extends various expiring tax provisions from the Tax Cuts and Jobs Act (TCJA) and introduces a variety of other substantial tax law changes. The most significant impacts relate to the deductibility of interest expense, research and development expenses, and accelerated depreciation deductions, among others. The full impact of the bill is being analyzed by the Company and could have an impact on income tax expense in future periods.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information contained in this report contains forward-looking statements (as such term is defined in the Securities Exchange Act of 1934 and the regulations thereunder). These forward-looking statements may include projections of, or guidance on, the Company's future financial performance, expected levels of future revenue and expenses, anticipated growth strategies, and anticipated trends in the Company's business or financial results. When used in this report, words such as "anticipates", "continue", "believes", "could", "estimates", "expects", "may", "plans", "potential", "future", "intends", the negative of these terms and similar expressions identify forward-looking statements. Any forward-looking statement made by the Company in this document is based only on the Company's current expectations, estimates and projections about future events and financial trends affecting the financial condition of its business based on information currently available to the Company and speaks only as of the date when made. Forward-looking statements are not historical facts or guarantees of future performance. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict, many of which are outside of the Company's control. Actual results may differ materially from this forward-looking information and therefore, should not be unduly relied upon. Among the factors that could cause actual results to differ materially are the following: the effect of business and economic conditions, including the possibility of a downturn or disruptions in the U.S. economy; the impact of US tariff policies; the effect of the dramatic changes taking place in IT and healthcare; continuation of the GEHC agreement; the impact of competitive technology and products and their pricing; medical insurance reimbursement policies; unexpected manufacturing or supplier problems; unforeseen difficulties and delays in product development programs; the actions of regulatory authorities and third-party payers in the United States and overseas; and the risk factors reported from time to time in the Company's SEC reports. The Company undertakes no obligation to update forward-looking statements as a result of future events or developments.

Unless the context requires otherwise, all references to "we", "our", "us", "Company", "registrant", "Vaso" or "management" refer to Vaso Corporation and its subsidiaries.

General Overview

Our Business Segments

Vaso Corporation ("Vaso") was incorporated in Delaware in July 1987. We principally operate in three distinct business segments in the healthcare and information technology industries. We manage and evaluate our operations, and report our financial results, through these three business segments.

- IT segment, operating through a wholly-owned subsidiary VasoTechnology, Inc. ("VasoTechnology"), primarily focuses on healthcare IT and managed network technology services;
- Professional sales service segment, operating through a wholly-owned subsidiary Vaso Diagnostics, Inc. d/b/a VasoHealthcare, primarily focuses on the sale of healthcare capital equipment for GE HealthCare Technologies, Inc. ("GEHC") into the healthcare provider middle market; and
- Equipment segment, operating through a wholly-owned subsidiary VasoMedical, Inc., which in turn operates through Vasomedical Solutions, Inc. for domestic business and Vasomedical Global Corp. for international business, respectively, primarily focuses on the design, manufacture, sale and service of proprietary medical devices and software.

Termination of Business Combination Agreement

On September 17, 2024 Vaso provided notice to Achari to terminate its previously disclosed Business Combination Agreement with Achari. Vaso intends to continue to seek opportunities to increase stockholder value, including through internal growth, new partnerships and strategic investments with a concentration on medical and IT service companies.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon the accompanying unaudited condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”). The preparation of financial statements in conformity with U.S. GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses, and the related disclosures at the date of the financial statements and during the reporting period. Although these estimates are based on our knowledge of current events, our actual amounts and results could differ from those estimates. The estimates made are based on historical factors, current circumstances, and the experience and judgment of our management, who continually evaluate the judgments, estimates and assumptions and may employ outside experts to assist in the evaluations.

Certain of our accounting policies are deemed “critical”, as they are both most important to the financial statement presentation and require management’s most difficult, subjective or complex judgments as a result of the need to make estimates about the effect of matters that are inherently uncertain. For a discussion of our critical accounting policies, see Note B to the condensed consolidated financial statements contained in this report, and see “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2024 as filed with the SEC on March 31, 2025.

Results of Operations – For the Three Months Ended June 30, 2025 and 2024

Revenues

Total revenue for the three months ended June 30, 2025 and 2024 was \$19,957,000 and \$20,226,000, respectively, representing a decrease of \$269,000, or 1% year-over-year. On a segment basis, revenue in the IT, professional sales services, and equipment segments increased/(decreased) \$93,000, (\$366,000), and \$4,000, respectively.

Revenue in the IT segment for the three months ended June 30, 2025 was \$10,684,000 compared to \$10,591,000 for the three months ended June 30, 2024, an increase of \$93,000, or 1%, of which \$156,000 resulted from higher network service revenues, offset by \$63,000 lower revenues in the healthcare IT business. Our monthly recurring revenue in the IT segment accounted for \$9,557,000 or 89% of the segment revenue in the second quarter of 2025, and \$8,804,000 or 83% of the segment revenue for the same quarter last year (see Note C to condensed consolidated financial statements).

Commission revenues in the professional sales service segment were \$8,744,000 in the second quarter of 2025, a decrease of \$366,000, or 4%, as compared to \$9,110,000 in the same quarter of 2024. The decrease in commission revenues was due primarily to lower deliveries of diagnostic imaging equipment, partially offset by increased deliveries of ultrasound products, by GEHC in the second quarter of 2025, as compared to the second quarter of 2024, and by slightly higher blended commission rates. The Company only recognizes commission revenue when the underlying equipment has been accepted at the customer site in accordance with the specific terms of the sales agreement. Consequently, amounts billable, or billed and received, under the agreement with GEHC prior to customer acceptance of the equipment are recorded as deferred revenue in the condensed consolidated balance sheets. As of June 30, 2025, \$38,112,000 in deferred commission revenue was recorded in the Company’s condensed consolidated balance sheet, of which \$20,350,000 was long-term. As of June 30, 2024, \$31,696,000 in deferred commission revenue was recorded in the Company’s condensed consolidated balance sheet, of which \$15,774,000 was long-term. The increase in deferred revenue is principally due to higher value of new orders booked than of the delivered equipment during the 12-month period (see Note M to condensed consolidated financial statements).

Revenue in the equipment segment increased by \$4,000, or 1%, to \$529,000 for the three-month period ended June 30, 2025 from \$525,000 for the same period of the prior year, due to higher sales of ARCS[®] cloud software as a service (SaaS) in the US, largely offset by lower equipment deliveries in our China operations.

Gross Profit

Gross profit for the three months ended June 30, 2025 and 2024 was \$11,797,000, or 59% of revenue, and \$12,151,000, or 60% of revenue, respectively, representing a decrease of \$354,000, or 3% year-over-year. On a segment basis, gross profit in the IT, professional sales service, and equipment segments decreased by \$257,000, or 6%; \$88,000, or 1%; and \$9,000, or 2%, respectively.

IT segment gross profit for the three months ended June 30, 2025 was \$4,325,000, or 40% of the segment revenue, compared to \$4,582,000, or 43% of the segment revenue for the three months ended June 30, 2024. The year-over-year decrease of \$257,000, or 6%, was primarily due to lower gross margin as a result of product mix changes reflecting higher network service revenues and lower healthcare IT revenues, as well as due to higher costs in both businesses.

Professional sales service segment gross profit was \$7,085,000, or 81% of segment revenue, for the three months ended June 30, 2025 as compared to \$7,173,000, or 79% of the segment revenue, for the three months ended June 30, 2024, reflecting a decrease of \$88,000, or 1%. The decrease in absolute dollars was primarily due to lower commission revenue, partially offset by lower blended cost of commission rates. Cost of commissions in the professional sales service segment of \$1,659,000 and \$1,937,000, for the three months ended June 30, 2025 and 2024, respectively, reflected commission expense associated with recognized commission revenues.

Commission expense associated with short-term deferred revenue is recorded as short-term deferred commission expense, or with long-term deferred revenue as part of other assets, on the condensed consolidated balance sheets until the related commission revenue is recognized.

Equipment segment gross profit decreased to \$387,000, or 73% of segment revenues, for the second quarter of 2025 compared to \$396,000, or 75% of segment revenues, for the same quarter of 2024. The \$9,000, or 2%, decrease in gross profit was the result of lower margins in our China operations, partially offset by higher SaaS margins in the US.

Operating (Loss) Income

Operating (loss) income for the three months ended June 30, 2025 and 2024 was (\$421,000) and \$996,000, respectively, representing a decrease of \$1,417,000, or 142%, due primarily to the decrease in gross profit and to higher selling, general, and administrative (“SG&A”) costs. On a segment basis, the IT segment recorded an operating loss of \$590,000 in the second quarter of 2025 as compared to operating loss of \$173,000 in the same period of 2024; the professional sales service segment recorded operating income of \$636,000 in the second quarter of 2025 as opposed to operating income of \$1,658,000 in the same period of 2024; and the equipment segment recorded an operating loss of \$163,000 in the second quarter of 2025 as compared to an operating loss of \$291,000 in the same period of 2024.

Operating loss in the IT segment was \$590,000 for the three-month period ended June 30, 2025 as compared to operating loss of \$173,000 in the same period of 2024, due mainly to lower gross profit and higher SG&A costs. Operating income in the professional sales service segment decreased by \$1,022,000 to \$636,000 in the three-month period ended June 30, 2025 as compared to operating income of \$1,658,000 in the same period of 2024, due primarily to higher SG&A costs. The equipment segment reported an operating loss of \$163,000 in the second quarter of 2025, compared to an operating loss of \$291,000 in the second quarter 2024, an improvement of \$128,000, due mainly to lower SG&A costs in our China operations.

SG&A costs for the three months ended June 30, 2025 and 2024 were \$12,051,000 and \$10,841,000, respectively, representing an increase of \$1,209,000, or 11%, year-over-year. On a segment basis, SG&A costs in the IT segment increased by \$178,000 in the second quarter of 2025 from the same quarter of the prior year due mainly to higher personnel costs; SG&A costs in the professional sales service segment increased \$935,000 due mainly to additional sales personnel costs in the diagnostic imaging sector; and SG&A costs in the equipment segment decreased \$117,000 due mainly to lower personnel costs in China. Corporate costs not allocated to segments increased \$105,000 due mainly to capitalization of business combination transaction costs in the second quarter of 2024 and higher investor relations costs in 2025.

Vaso Corporation and Subsidiaries

Research and development (“R&D”) expenses decreased by \$38,000, or 19%, to \$167,000 in the second quarter of 2025 from \$205,000 for the second quarter of 2024, primarily due to lower software development costs in our China operations.

Business combination transaction costs reflect accounting, advisory, and other fees associated with the Achari Business Combination Agreement.

Adjusted EBITDA

We utilize Adjusted EBITDA in evaluating our performance internally, and this non-GAAP financial measure is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the Company’s industry. Management believes that this non-GAAP financial measure, in addition to GAAP measures, is also useful to investors to evaluate the Company’s results.

Adjusted EBITDA is not a measure of financial performance under U.S. GAAP and should not be considered a substitute for net (loss) income, which we consider to be the most directly comparable U.S. GAAP measure. Adjusted EBITDA has limitations as an analytical tool, and when assessing our operating performance, you should not consider Adjusted EBITDA in isolation, or as a substitute for net income or other consolidated income statement data prepared in accordance with U.S. GAAP. Investors should recognize that the Company’s presentation of this non-GAAP financial measure might not be comparable to similarly-titled measures of other companies limiting its usefulness as a comparative measure.

A reconciliation of net (loss) income to Adjusted EBITDA is set forth below:

	<i>(in thousands)</i>	
	Three Months Ended June 30,	
	2025	2024
	(unaudited)	(unaudited)
Net (loss) income	\$ (197)	\$ 1,155
Interest expense (income), net	(297)	(301)
Income tax expense	40	112
Depreciation and amortization	192	226
Share-based compensation	9	9
Adjusted EBITDA	<u>\$ (253)</u>	<u>\$ 1,201</u>

Adjusted EBITDA decreased by \$1,454,000, to (\$253,000) in the quarter ended June 30, 2025 from \$1,201,000 in the quarter ended June 30, 2024. The decrease was attributable mainly to the decrease in net income.

Interest and Other Income (Expense)

Interest and other income (expense) for the three months ended June 30, 2025 was \$264,000 as compared to \$271,000 for the corresponding period of 2024. The decrease in interest and other income (expense) was due primarily to lower interest income earned on money market and short-term investment balances in the second quarter of 2025 due to lower interest rates.

Income Tax Expense

For the three months ended June 30, 2025, we recorded income tax expense of \$40,000 as compared to \$112,000 for the corresponding period of 2024. The \$72,000 decrease arose mainly from lower state tax expense.

Net (Loss) Income

Net loss for the three months ended June 30, 2025 was \$197,000 as compared to net income of \$1,155,000 for the three months ended June 30, 2024, representing a decrease of \$1,352,000. (Loss) income per share of (\$0.00) and \$0.01 was recorded in the three-month periods ended June 30, 2025 and 2024, respectively. The principal cause of the decrease in net income was the change from operating income to operating loss, partially offset by lower income tax expense.

Results of Operations – For the Six Months Ended June 30, 2025 and 2024

Revenues

Total revenue for the six months ended June 30, 2025 and 2024 was \$39,418,000 and \$38,963,000, respectively, representing an increase of \$455,000, or 1%, year-over-year. On a segment basis, revenue in the IT, professional sales service, and equipment segments increased/(decreased) \$256,000, \$212,000, and (\$13,000), respectively.

Revenue in the IT segment for the six months ended June 30, 2025 was \$20,999,000 compared to \$20,743,000 for the six months ended June 30, 2024, an increase of \$256,000, or 1%, resulting from \$541,000 higher network service revenue and \$285,000 lower healthcare IT revenue. Our monthly recurring revenue in the IT segment accounted for \$18,954,000, or 90% of the segment revenue in the first half of 2025, and \$18,105,000, or 87% of the segment revenue for the same period last year (see Note C to condensed consolidated financial statements).

Commission revenues in the professional sales service segment were \$17,449,000 in the first half of 2025, an increase of \$212,000, or 1%, as compared to \$17,237,000 in the first half of 2024. The increase in commission revenues was due primarily to increased deliveries of ultrasound products, partially offset by lower deliveries of diagnostic imaging equipment, by GEHC in the first half of 2025, as compared to the first half of 2024, and by slightly higher blended commission rates. The Company recognizes commission revenue when the underlying equipment has been accepted at the customer site in accordance with the specific terms of the sales agreement. Consequently, amounts billable, or billed and received, under the agreement with GEHC prior to customer acceptance of the equipment are recorded as deferred revenue in the condensed consolidated balance sheets. As of June 30, 2025, \$38,112,000 in deferred commission revenue was recorded in the Company's condensed consolidated balance sheet, of which \$20,350,000 was long-term. As of June 30, 2024, \$31,696,000 in deferred commission revenue was recorded in the Company's condensed consolidated balance sheet, of which \$15,774,000 was long-term. The increase in deferred revenue is principally due to higher value of new orders booked than of the delivered equipment during the 12-month period (see Note M to condensed consolidated financial statements).

Revenue in the equipment segment decreased by \$13,000, or 1%, to \$970,000 for the six-month period ended June 30, 2025 from \$983,000 for the same period of the prior year, principally due to lower equipment deliveries in our China operations, partially offset by higher ARCS® cloud SaaS revenues in our US business.

Gross Profit

Gross profit for the six months ended June 30, 2025 and 2024 was \$23,155,000, or 59% of revenue, and \$23,068,000, or 59% of revenue, respectively, representing an increase of \$87,000, or less than 1% year-over-year. On a segment basis, gross profit in the IT segment decreased \$312,000, or 4%; gross profit in the professional sales service segment increased \$428,000, or 3%; and gross profit in the equipment segment decreased \$29,000, or 4%.

IT segment gross profit for the six months ended June 30, 2025 was \$8,463,000, or 40% of the segment revenue, compared to \$8,775,000, or 42% of the segment revenue for the six months ended June 30, 2024. The year-over-year decrease of \$312,000, or 4%, was primarily due to lower gross margin as a result of product mix change reflecting higher network service revenues and lower healthcare IT revenues, as well as due to higher costs in both businesses.

Professional sales service segment gross profit was \$13,980,000, or 80% of segment revenue, for the six months ended June 30, 2025 as compared to \$13,552,000, or 79% of the segment revenue, for the six months ended June 30, 2024, reflecting an increase of \$428,000, or 3%. The increase in absolute dollars was primarily due to higher commission revenue and lower blended cost of commission rates. Cost of commissions in the professional sales service segment of \$3,469,000 and \$3,685,000, for the six months ended June 30, 2025 and 2024, respectively, reflected commission expense associated with recognized commission revenues.

Commission expense associated with short-term deferred revenue is recorded as short-term Deferred commission expense, or with long-term deferred revenue as part of Other assets, on the condensed consolidated balance sheets until the related commission revenue is recognized.

Equipment segment gross profit decreased to \$712,000, or 73% of segment revenues, for the first half of 2025 compared to \$741,000, or 75% of segment revenues, for the same half of 2024. The \$29,000, or 4%, decrease in gross profit was primarily the result of lower revenue and margins in our China operations, partially offset by higher ARCS[®] cloud margins in our US operations.

Operating Loss

Operating loss for the six months ended June 30, 2025 and 2024 was \$1,639,000 and \$473,000, respectively, representing an increase in loss of \$1,166,000, or 247%, due primarily to higher SG&A costs, partially offset by lower transaction costs associated with the Achari Business Combination Agreement. On a segment basis, the IT segment recorded an operating loss of \$1,388,000 in the first half of 2025 as compared to an operating loss of \$593,000 in the same period of 2024; the professional sales service segment recorded operating income of \$984,000 in the first half of 2025 as compared to operating income of \$1,651,000 in the same period of 2024; and the equipment segment recorded an operating loss of \$410,000 in the first half of 2025 as compared to an operating loss of \$585,000 in the same period of 2024.

Operating loss in the IT segment was \$1,388,000 for the six-month period ended June 30, 2025 as compared to an operating loss of \$593,000 in the same period of 2024, due primarily to lower gross profit and higher SG&A costs. The professional sales service segment reported operating income of \$984,000 in the first half of 2025, a decrease of \$667,000 from operating income of \$1,651,000 in the six-month period ended June 30, 2024, due to higher SG&A costs, partially offset by higher gross profit. The equipment segment reported an operating loss of \$410,000 in the first half of 2025, compared to an operating loss of \$585,000 in the first half 2024, an improvement of \$175,000 due mainly to lower SG&A and R&D costs.

SG&A costs for the six months ended June 30, 2025 and 2024 were \$24,449,000 and \$22,907,000, respectively, representing an increase of \$1,542,000, or 7% year-over-year. On a segment basis, SG&A costs in the IT segment increased by \$517,000 in the first half of 2025 from the same half of the prior year due to higher personnel costs partially offset by lower third-party commission costs; SG&A costs in the professional sales service segment increased by \$1,094,000 due mainly to additional sales headcount and compensation cost in the diagnostic imaging sector; and SG&A costs in the equipment segment decreased by \$188,000 due mainly to lower personnel costs in our China operations. Corporate costs not allocated to segments decreased \$121,000 due mainly to lower business combination transaction costs, partially offset by higher investor relations costs.

Research and development (“R&D”) expenses were \$345,000, or 1% of revenues, for the first half of 2025, a decrease of \$51,000, or 13%, from \$396,000, or 1% of revenues, for the first half of 2024. The decrease is primarily attributable to lower software development expenses in the equipment segment.

Business combination transaction costs reflect accounting, advisory, and other fees associated with the Achari Business Combination Agreement.

Adjusted EBITDA

We utilize Adjusted EBITDA in evaluating our performance internally, and this non-GAAP financial measure is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the Company’s industry. Management believes that this non-GAAP financial measure, in addition to GAAP measures, is also useful to investors to evaluate the Company’s results.

Vaso Corporation and Subsidiaries

Adjusted EBITDA is not a measure of financial performance under U.S. GAAP and should not be considered a substitute for net (loss) income, which we consider to be the most directly comparable U.S. GAAP measure. Adjusted EBITDA has limitations as an analytical tool, and when assessing our operating performance, you should not consider Adjusted EBITDA in isolation, or as a substitute for net income or other consolidated income statement data prepared in accordance with U.S. GAAP. Investors should recognize that the Company's presentation of this non-GAAP financial measure might not be comparable to similarly-titled measures of other companies limiting its usefulness as a comparative measure.

A reconciliation of net loss to Adjusted EBITDA is set forth below:

	<i>(in thousands)</i>	
	Six Months Ended June 30,	
	2025	2024
Net loss	\$ (1,272)	\$ (18)
Interest expense (income), net	(546)	(600)
Income tax expense	80	124
Depreciation and amortization	352	411
Share-based compensation	17	18
Adjusted EBITDA	<u>\$ (1,369)</u>	<u>\$ (65)</u>

Adjusted EBITDA decreased by \$1,304,000 to (\$1,369,000) in the six-month period ended June 30, 2025 from (\$65,000) in the same period ended June 30, 2024. The decrease was primarily attributable to higher net loss and lower depreciation and amortization in the six months ended June 30, 2025.

Interest and Other Income (Expense)

Interest and other income (expense) for the six months ended June 30, 2025 was \$447,000 as compared to \$579,000 for the corresponding period of 2024. The decrease in interest and other income was due primarily to lower interest income on money market and short-term investment balances due to lower interest rates.

Income Tax Expense

We recorded income tax expense of \$80,000 and \$124,000 for the six-month periods ended June 30, 2025 and 2024, respectively. The decrease arose mainly from lower state tax expense.

Net Loss

Net loss for the six months ended June 30, 2025 was \$1,272,000 as compared to \$18,000 for the six months ended June 30, 2024, representing an increase in loss of \$1,254,000. Loss per share of (\$0.01) and (\$0.00) was recorded in the six-month periods ended June 30, 2025 and 2024, respectively. The principal cause of the increase in net loss was higher operating loss and lower interest income, partially offset by lower income tax expense in the six months ended June 30, 2025.

Liquidity and Capital Resources

Cash and Cash Flow

We have financed our operations from working capital during the six months ended June 30, 2025. At June 30, 2025, we had cash and cash equivalents of \$32,560,000 and working capital of \$16,951,000, compared to cash and cash equivalents of \$26,271,000 and working capital of \$16,465,000 at December 31, 2024.

Cash provided by operating activities was \$6,229,000, which consisted of net loss after adjustments to reconcile net loss to net cash of (\$684,000) and cash provided by operating assets and liabilities of \$6,913,000, during the six months ended June 30, 2025, compared to cash provided by operating activities of \$1,718,000 for the same period in 2024. The changes in the account balances primarily reflect a decrease in accounts and other receivables of \$8,068,000 and an increase in deferred revenue of \$3,218,000, partially offset by decreases in accrued commissions of \$1,868,000 and accrued expenses of \$1,997,000.

Cash used in investing activities during the six-month period ended June 30, 2025 was \$867,000 for the purchase of equipment and software.

Cash provided by financing activities during the six-month period ended June 30, 2025 was \$966,000 in proceeds from the issue of notes payable, partially offset by \$29,000 for the repayment of notes payable and finance lease obligations.

Liquidity

The Company expects to generate sufficient cash flow from operations to satisfy its obligations for at least the next twelve months.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable to smaller reporting companies.

ITEM 4 - CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures reporting as promulgated under the Exchange Act is defined as controls and procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Our CEO and our CFO have evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2025 and have concluded that the Company’s disclosure controls and procedures were effective as of June 30, 2025.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company’s internal control over financial reporting during the Company’s fiscal quarter ended June 30, 2025 that have materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1 – LEGAL PROCEEDINGS

Information with respect to this item may be found in Note N Commitments and Contingencies under “Litigation”, in the accompanying notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

ITEM 1A. Risk Factors.

Not applicable to smaller reporting companies.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

ITEM 3. Defaults Upon Senior Securities.

None.

ITEM 4. Mine Safety Disclosures.

Not applicable.

ITEM 5. Other Information.

During the six months ended June 30, 2025, no director or officer of the Corporation adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement”, as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6 – EXHIBITS

Exhibits

3(i)	(a) Restated Certificate of Incorporation (incorporated by reference to Registration Statement on Form S-1, No. 33-46377 (effective 7/12/94)). (b) Certificate of Designations of Preferences and Rights of Series E Convertible Preferred Stock (incorporated by reference to Report on Form 8-K dated June 21, 2010). (c) Certificate of Amendment to Certificate of Incorporation (incorporated by reference to Report on Form 10-Q for the quarter ended September 30, 2016).
3(ii)	Bylaws (Incorporated by reference to Registration Statement on Form S-18, No. 33-24095).
4	Specimen Certificate for Common Stock (Incorporated by reference to Registration Statement on Form S-18, No. 33-24095).
31.1	Certification of the Chief Executive Officer pursuant to Rules 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer pursuant to Rules 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

Vaso Corporation and Subsidiaries

In accordance with the requirements of the Exchange Act, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VASO CORPORATION

By: /s/ Jun Ma
Jun Ma
President and Chief Executive Officer
(Principal Executive Officer)

/s/ Jonathan Newton
Jonathan Newton
Chief Financial Officer and Principal Accounting
Officer

Date: August 14, 2025

**CERTIFICATION PURSUANT TO RULE 13a/15d OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jun Ma, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Vaso Corporation and subsidiaries (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s Board of Directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize, and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/s/ Jun Ma .

Jun Ma

President and Chief Executive Officer

Date: August 14, 2025

**CERTIFICATION PURSUANT TO RULE 13a/15d OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jonathan Newton, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Vaso Corporation and subsidiaries (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s Board of Directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize, and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/s/ Jonathan Newton .

Jonathan Newton
Chief Financial Officer

Date: August 14, 2025

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

In connection with the quarterly report of Vaso Corporation and subsidiaries (the “Company”) on Form 10-Q for the period ending June 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jun Ma, as President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ Jun Ma .

Jun Ma

President and Chief Executive Officer

Dated: August 14, 2025

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

In connection with the quarterly report of Vaso Corporation and subsidiaries (the “Company”) on Form 10-Q for the period ending June 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jonathan Newton, as Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ Jonathan Newton .

Jonathan’ Newton
Chief Financial Officer

Dated: August 14, 2025