

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 March 31, 2026

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 May 10, 2026: 175,998,035

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ITEM 1 - FINANCIAL STATEMENTS

Vaso Corporation and Subsidiaries

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)

	March 31, 2026 (unaudited)	December 31, 2025
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 21,973	\$ 35,050
Accounts and other receivables, net of an allowance for credit losses and commission adjustments of \$11,725 at March 31, 2026 and \$11,412 at December 31, 2025	21,544	15,935
Receivables due from related parties	1,099	926
Inventories, net	827	833
Deferred commission expense	3,688	3,789
Prepaid expenses and other current assets	2,013	2,027
Total current assets	<u>51,144</u>	<u>58,560</u>
Property and equipment, net of accumulated depreciation of \$9,227 at March 31, 2026 and \$9,131 at December 31, 2025	1,245	1,263
Operating lease right of use assets	2,110	1,525
Goodwill	10,978	10,961
Intangibles, net	2,168	1,935
Other assets, net	7,095	6,016
Investment in EECF Global	78	135
Deferred tax assets, net	8,165	7,954
Total assets	<u>\$ 82,983</u>	<u>\$ 88,349</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 3,917	\$ 4,008
Accrued commissions	852	2,607
Accrued expenses and other liabilities	4,991	9,211
Operating lease liabilities - current	1,130	934
Sales tax payable	738	779
Deferred revenue - current portion	18,642	19,018
Notes payable - current portion	290	286
Due to related party	3	3
Total current liabilities	<u>30,563</u>	<u>36,846</u>
LONG-TERM LIABILITIES		
Operating lease liabilities, net of current portion	980	591
Deferred revenue, net of current portion	20,878	19,577
Other long-term liabilities	1,960	1,906
Total long-term liabilities	<u>23,818</u>	<u>22,074</u>
COMMITMENTS AND CONTINGENCIES (NOTE N)		
STOCKHOLDERS' EQUITY		
Preferred stock, \$.01 par value; 1,000,000 shares authorized; nil shares issued and outstanding at March 31, 2026 and December 31, 2025	-	-
Common stock, \$.001 par value; 250,000,000 shares authorized; 175,953,035 shares issued and outstanding at March 31, 2026 and December 31, 2025	176	176
Additional paid-in capital	62,088	62,080
Accumulated deficit	(33,399)	(32,512)
Accumulated other comprehensive loss	(263)	(315)
Total stockholders' equity	<u>28,602</u>	<u>29,429</u>
Total liabilities and stockholders' equity	<u>\$ 82,983</u>	<u>\$ 88,349</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 LOSS

(unaudited)
(in thousands, except per share data)

	Three months ended March 31	
	2026	2025
Revenues		
Managed IT systems and services	\$ 9,561	\$ 10,315
Professional sales services	9,235	8,705
Equipment sales and services	560	442
Total revenues	<u>19,356</u>	<u>19,462</u>
Cost of revenues		
Cost of managed IT systems and services	5,506	6,177
Cost of professional sales services	2,013	1,811
Cost of equipment sales and services	261	116
Total cost of revenues	<u>7,780</u>	<u>8,104</u>
Gross profit	<u>11,576</u>	<u>11,358</u>
Operating expenses		
Selling, general and administrative	12,723	12,398
Research and development	183	178
Total operating expenses	<u>12,906</u>	<u>12,576</u>
Operating loss	<u>(1,330)</u>	<u>(1,218)</u>
Other (expense) income		
Interest and other income, net	259	184
Loss on disposal of fixed assets	(4)	(1)
Total other income, net	<u>255</u>	<u>183</u>
Loss before income taxes	(1,075)	(1,035)
Income tax benefit (expense)	188	(40)
Net loss	<u>(887)</u>	<u>(1,075)</u>
Other comprehensive loss		
Foreign currency translation gain	52	15
Comprehensive loss	<u>\$ (835)</u>	<u>\$ (1,060)</u>
Loss per common share		
- basic and diluted	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
Weighted average common shares outstanding		
- basic and diluted	<u>175,953</u>	<u>175,696</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		Additional Paid-in- Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount				
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
Balance at January 1, 2026	175,953	\$ 176	\$ 62,080	\$ (32,512)	\$ (315)	\$ 29,429
Share-based compensation	-	-	8	-	-	8
Foreign currency translation gain	-	-	-	-	52	52
Net loss	-	-	-	(887)	-	(887)
Balance at March 31, 2026	175,953	\$ 176	\$ 62,088	\$ (33,399)	\$ (263)	\$ 28,602

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)

	Three Months Ended March 31,	
	2026	2025
Cash flows from operating activities		
Net loss	\$ (887)	\$ (1,075)
Adjustments to reconcile net loss to net cash used by operating activities		
Depreciation and amortization	243	160
Deferred income taxes	(211)	-
Loss from investment in EECPC Global	57	68
Provision for credit losses and commission adjustments	50	65
Share-based compensation	8	8
Changes in operating assets and liabilities:		
Accounts and other receivables	(5,654)	4,623
Due from related parties	(177)	(148)
Inventories	18	(49)
Deferred commission expense	101	131
Prepaid expenses and other current assets	17	(372)
Other assets, net	(1,050)	(228)
Accounts payable	(92)	212
Accrued commissions	(1,692)	(1,826)
Accrued expenses and other liabilities	(4,292)	(2,825)
Sales tax payable	(43)	(86)
Deferred revenue	925	509
Other long-term liabilities	54	267
Net cash used in operating activities	<u>(12,625)</u>	<u>(566)</u>
Cash flows from investing activities		
Purchases of equipment and software	(459)	(363)
Net cash used in investing activities	<u>(459)</u>	<u>(363)</u>
Cash flows from financing activities		
Repayment of notes payable and finance lease obligations	-	(27)
Net cash used in financing activities	<u>-</u>	<u>(27)</u>
Effect of exchange rate differences on cash and cash equivalents	7	(4)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(13,077)	(960)
Cash and cash equivalents - beginning of period	35,050	26,271
Cash and cash equivalents - end of period	<u>\$ 21,973</u>	<u>\$ 25,311</u>
SUPPLEMENTAL DISCLOSURE OF CASH INFORMATION		
Income taxes paid	<u>\$ 15</u>	<u>\$ 9</u>
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Initial recognition of operating lease right of use asset and liability	<u>\$ 795</u>	<u>\$ 64</u>

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 managed network technology services, with the healthcare IT service business divested in November 2025;
- 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 health provider middle market; and
- Equipment segment, primarily focuses on the design, manufacture, sale and service of proprietary medical devices and software, operating through a wholly-owned subsidiary VasoMedical, Inc., which in turn operates through Vasomedical Solutions, Inc. (“VasoSolutions”) for domestic business and Vasomedical Global Corp. for international business, respectively. VasoSolutions also manages the domestic operation of EECF Global Corporation (“EECF 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 consisted of a managed network and security service division, NetWolves, and a healthcare IT application VAR (value added reseller) division, VasoHealthcare IT (“VHC-IT”), until November 2025, upon which time the Company sold VHC-IT to Nano-X Imaging Ltd (Nasdaq: NNOX). VasoTechnology’s current offerings include:

- 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;
- GEHC service agreements for the above equipment;

Notes to Condensed Consolidated Financial Statements (unaudited)

- 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 Vasomedical Solutions 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 considerable 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.

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 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, 2025, as filed with the SEC on March 31, 2026.

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.

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 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 annual reporting periods beginning with the year ending December 31, 2027. Early adoption is permitted. The Company is currently evaluating the impact of adopting this standard on its Consolidated Financial Statements.

In September 2025, the FASB issued ASU No. 2025-06 (“ASU 2025-06”), ASU No. 2025-06, Intangibles—Goodwill and Other — Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software. ASU 2025-06 updates the cost capitalization threshold for internal-use software development costs by removing all references to software project development stages and providing new guidance on how to evaluate whether the probable-to-complete recognition threshold has been met. This authoritative guidance is effective for annual periods beginning after December 15, 2027, and interim periods within those annual reporting periods. The Company is currently evaluating the effect of this new guidance on its Consolidated Financial Statements.

NOTE C – REVENUE RECOGNITION

Disaggregation of Revenue

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

	<i>(in thousands)</i>							
	Three Months Ended March 31, 2026				Three Months Ended March 31, 2025			
	IT segment	Professional sales service segment	Equipment segment	Total	IT segment	Professional sales service segment	Equipment segment	Total
Network services	\$ 9,561	\$ -	\$ -	\$ 9,561	\$ 9,328	\$ -	\$ -	\$ 9,328
Software sales and support	-	-	-	-	987	-	-	987
Commissions	-	9,235	-	9,235	-	8,705	-	8,705
Medical equipment sales	-	-	530	530	-	-	412	412
Medical equipment service	-	-	30	30	-	-	30	30
	<u>\$ 9,561</u>	<u>\$ 9,235</u>	<u>\$ 560</u>	<u>\$ 19,356</u>	<u>\$ 10,315</u>	<u>\$ 8,705</u>	<u>\$ 442</u>	<u>\$ 19,462</u>

	Three Months Ended March 31, 2026				Three Months Ended March 31, 2025			
	IT segment	Professional sales service segment	Equipment segment	Total	IT segment	Professional sales service segment	Equipment segment	Total
	Revenue recognized over time	\$ 8,417	\$ -	\$ 141	\$ 8,558	\$ 9,670	\$ -	\$ 124
Revenue recognized at a point in time	1,144	9,235	419	10,798	645	8,705	318	9,668
	<u>\$ 9,561</u>	<u>\$ 9,235</u>	<u>\$ 560</u>	<u>\$ 19,356</u>	<u>\$ 10,315</u>	<u>\$ 8,705</u>	<u>\$ 442</u>	<u>\$ 19,462</u>

Transaction Price Allocated to Remaining Performance Obligations

As of March 31, 2026, the aggregate amount of transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) for executed contracts approximated \$103 million, of which we expect to recognize revenue as follows:

	<i>(in thousands)</i>			
	Fiscal years of revenue recognition			
	2026	2027	2028	Thereafter
Unfulfilled performance obligations	\$ 36,968	\$ 24,164	\$ 7,097	\$ 34,544

Notes to Condensed Consolidated Financial Statements (unaudited)

Contract Assets and Liabilities

Contract receivables include trade receivables, net and long-term receivables (recorded in Other assets, net in the condensed consolidated balance sheets). Contract liabilities arise in our VasoHealthcare business, where we bill amounts for certain milestones in advance of customer acceptance of the underlying equipment. Such amounts aggregated approximately \$39.5 million and \$38.6 million at March 31, 2026 and December 31, 2025, 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 \$1.0 million and \$1.3 million at March 31, 2026 and December 31, 2025, respectively, and are included in Accrued expenses and other liabilities in our condensed consolidated balance sheets.

During the three months ended March 31, 2026 and March 31, 2025, we recognized approximately \$2.8 million and \$2.5 million, respectively, of revenues that were included in our contract liability balance at the beginning of such periods.

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

	<i>(in thousands)</i>	
	2026	2025
Contract receivables - January 1	17,465	18,260
Contract receivables - March 31	23,901	13,566
Increase (decrease)	6,436	(4,694)
Contract liabilities - January 1	39,882	36,007
Contract liabilities - March 31	40,512	36,925
Increase (decrease)	630	918

The changes in contract receivable balances reflect billings exceeding collections in the first quarter of 2026 and collections exceeding billings in the corresponding period of 2025. The changes in contract liability balances reflect VasoHealthcare orders exceeding revenues in the first quarters of 2026 and 2025.

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, with the healthcare IT service business divested in November 2025;
- 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.

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). See page 19 for more information on non-GAAP disclosures. 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 line item below. There are no intersegment revenues. Summary financial information for the segments is set forth below:

	<i>(in thousands)</i>	
	Three Months Ended	
	March 31,	
	2026	2025
Revenues from external customers		
IT	\$ 9,561	\$ 10,315
Professional sales service	9,235	8,705
Equipment	560	442
Total revenues	<u>\$ 19,356</u>	<u>\$ 19,462</u>
Gross Profit		
IT	\$ 4,055	\$ 4,138
Professional sales service	7,222	6,894
Equipment	299	326
Total gross profit	<u>\$ 11,576</u>	<u>\$ 11,358</u>
Significant segment expenses		
Selling, general & administrative		
IT	\$ 4,365	\$ 4,936
Professional sales service	7,261	6,547
Equipment	476	394
Corporate	621	521
Total selling, general and administrative	<u>\$ 12,723</u>	<u>\$ 12,398</u>
Other segment items		
IT	\$ -	\$ -
Equipment	183	178
Corporate	-	-
Total other segment items	<u>\$ 183</u>	<u>\$ 178</u>
Operating income (loss)		
IT	\$ (310)	\$ (798)
Professional sales service	(39)	347
Equipment	(360)	(246)
Corporate	(621)	(521)
Total operating loss	<u>\$ (1,330)</u>	<u>\$ (1,218)</u>
Depreciation and amortization		
IT	\$ 118	\$ 127
Professional sales service	28	35
Equipment	97	(2)
Corporate	-	-
Total depreciation and amortization	<u>\$ 243</u>	<u>\$ 160</u>
Capital expenditures		
IT	\$ 74	\$ 125
Professional sales service	129	73
Equipment	256	165
Corporate	-	-
Total capital expenditures	<u>\$ 459</u>	<u>\$ 363</u>

Notes to Condensed Consolidated Financial Statements (unaudited)

	<i>(in thousands)</i>	
	March 31, 2026	December 31, 2025
Identifiable Assets		
IT	\$ 17,240	\$ 17,932
Professional sales service	30,672	23,130
Equipment	6,472	6,643
Corporate	28,599	40,644
Total assets	<u>\$ 82,983</u>	<u>\$ 88,349</u>

Other segment items is comprised of research and development costs. GEHC accounted for 48% and 45% of revenue for the three-month periods ended March 31, 2026 and 2025, respectively. GEHC also accounted for \$18.2 million, or 84%, and \$12.1 million, or 76%, of accounts and other receivables at March 31, 2026 and December 31, 2025, respectively. No other customer accounted for 10% or more of revenue.

NOTE E –LOSS PER COMMON SHARE

Basic loss per common share is computed as loss applicable to common stockholders divided by the weighted-average number of common shares outstanding for the period. Diluted loss per common share reflects the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common stock.

Diluted loss per common share was 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 loss per share calculation is as follows:

	<i>(in thousands)</i>	
	Three months ended March 31,	
	2026	2025
Basic weighted average shares outstanding	175,953	175,696
Dilutive effect of unvested restricted shares	-	-
Diluted weighted average shares outstanding	<u>175,953</u>	<u>175,696</u>

The following table represents common stock equivalents that were excluded from the computation of diluted loss per share for the three months ended March 31, 2026 and 2025, because the effect of their inclusion would be anti-dilutive.

	<i>(in thousands)</i>	
	Three months ended March 31,	
	2026	2025
Restricted common stock grants	<u>290</u>	<u>226</u>

NOTE F –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.

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 March 31, 2026 and December 31, 2025, 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.

The following table presents information about the Company's assets measured at fair value as of March 31, 2026 and December 31, 2025:

	<i>(in thousands)</i>			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of March 31, 2026
Assets				
Cash equivalents invested in money market funds and treasury bills	\$ 21,393	\$ -	\$ -	\$ 21,393
	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, 2025
Assets				
Cash equivalents invested in money market funds and treasury bills	\$ 33,820	\$ -	\$ -	\$ 33,820

Notes to Condensed Consolidated Financial Statements (unaudited)

NOTE G – ACCOUNTS AND OTHER RECEIVABLES, NET

The following table presents information regarding the Company’s accounts and other receivables as of March 31, 2026 and December 31, 2025:

	<i>(in thousands)</i>	
	March 31, 2026	December 31, 2025
Trade receivables	\$ 32,174	\$ 27,347
Unbilled receivables	1,095	-
Allowance for credit losses and commission adjustments	(11,725)	(11,412)
Accounts and other receivables, net	<u>\$ 21,544</u>	<u>\$ 15,935</u>

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.

NOTE H – INVENTORIES, NET

Inventories, net of reserves, consisted of the following:

	<i>(in thousands)</i>	
	March 31, 2026	December 31, 2025
Raw materials	\$ 494	\$ 492
Work in process	55	57
Finished goods	278	284
	<u>\$ 827</u>	<u>\$ 833</u>

The Company maintained reserves for slow moving inventories of \$212,000 and \$169,000 at March 31, 2026 and December 31, 2025, respectively.

NOTE I – GOODWILL AND OTHER INTANGIBLES

Goodwill of \$9,736,000 as of March 31, 2026 is attributable to the NetWolves reporting unit within the IT segment. The remaining \$1,242,000 of goodwill as of March 31, 2026 was attributable to the Fast Growth Enterprises reporting unit within the Equipment segment. The components of the change in goodwill were as follows:

	<i>(in thousands)</i>	
	Three Months Ended March 31, 2026	Year Ended December 31, 2025
Beginning of period	\$ 10,961	\$ 15,551
Foreign currency translation adjustment	17	49
Impairment	-	(4,639)
End of period	<u>\$ 10,978</u>	<u>\$ 10,961</u>

Notes to Condensed Consolidated Financial Statements (unaudited)

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>	
	March 31, 2026	December 31, 2025
Customer-related		
Costs	\$ 5,831	\$ 5,831
Accumulated amortization	(5,186)	(5,151)
	<u>645</u>	<u>680</u>
Patents and Technology		
Costs	1,894	1,894
Accumulated amortization	(1,894)	(1,894)
	<u>-</u>	<u>-</u>
Software		
Costs	4,255	3,876
Accumulated amortization	(2,732)	(2,621)
	<u>1,523</u>	<u>1,255</u>
	<u>\$ 2,168</u>	<u>\$ 1,935</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.

Amortization expense was \$145,000 and \$47,000 for the three months ended March 31, 2026 and 2025, respectively.

Amortization of intangibles for the next five years and thereafter is set forth in the following table:

Years ending December 31,	<i>(in thousands)</i>
Remainder of 2026	394
2027	497
2028	475
2029	399
2030	221
Thereafter	182
	<u>\$ 2,168</u>

Notes to Condensed Consolidated Financial Statements (unaudited)

NOTE J – OTHER ASSETS, NET

Other assets, net consisted of the following at March 31, 2026 and December 31, 2025:

	<i>(in thousands)</i>	
	March 31, 2026	December 31, 2025
Deferred commission expense - noncurrent	\$ 4,685	\$ 4,434
Trade receivables - noncurrent	2,357	1,530
Other, net of allowance for loss on loan receivable of \$412 at March 31, 2026 and December 31, 2025	53	52
	<u>\$ 7,095</u>	<u>\$ 6,016</u>

NOTE K – ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consisted of the following at March 31, 2026 and December 31, 2025:

	<i>(in thousands)</i>	
	March 31, 2026	December 31, 2025
Accrued compensation	\$ 1,434	\$ 3,999
Accrued expenses - other	1,431	2,758
Order reduction liability	992	1,287
Other liabilities	1,134	1,167
	<u>\$ 4,991</u>	<u>\$ 9,211</u>

NOTE L - DEFERRED REVENUE

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

	<i>(in thousands)</i>	
	Three Months Ended March 31, 2026	Year Ended December 31, 2025
Deferred revenue at beginning of year	\$ 38,595	\$ 34,894
Net additions:		
Deferred extended service contracts	-	(1)
Deferred commission revenues	4,084	17,833
Recognized as revenue:		
Deferred extended service contracts	-	-
Deferred commission revenues	(3,159)	(14,131)
Deferred revenue at end of year	39,520	38,595
Less: current portion	18,642	19,018
Long-term deferred revenue at end of year	<u>\$ 20,878</u>	<u>\$ 19,577</u>

NOTE M – 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 (Expense) Income on its condensed consolidated statements of operations. For the three months ended March 31, 2026 and 2025, the Company's share of EECF Global's loss was approximately \$57,000 and \$68,000, respectively, and was included in Other (Expense) Income in its condensed consolidated statements of operations. At March 31, 2026 and December 31, 2025, the Company recorded a net receivable from related parties of approximately \$1,087,000 and \$910,000, 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 N – 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 December 2025, the Company concluded an amendment of the GEHC Agreement with GEHC, originally signed on May 19, 2010 and previously extended in 2012, 2015, 2017 and 2021. The amendment extended the term of the original agreement, which began on July 1, 2010, through December 31, 2030, 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 and ultrasound products to specific market accounts in the 48 contiguous states of the United States, Alaska 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, shall be 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 within two years after a change in control.

On December 31, 2022, the Company executed an Employment Agreement with the President of its VasoHealthcare subsidiary, Ms. Jane Moen, to provide for a twenty-seven month initial term with extensions, unless earlier terminated by the Company, but in no event can it extend beyond December 31, 2026 or the earlier 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, shall be 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.

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 and many of which are outside of the Company's control, and 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: variability in the timing and volume of product deliveries by third parties, and customer acceptance of those products, affects our commission revenues and our realization of deferred revenue; risks associated with converting deferred revenue and contracted orders into recognized revenue, including delays, cancellations or modifications of customer orders; 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, including the use of artificial intelligence; 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 managed network technology services. We divested our former healthcare IT service business in November 2025;
- 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 health provider middle market; and
- Equipment segment, primarily focuses on the design, manufacture, sale and service of proprietary medical devices and software, 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. VasoSolutions also manages the domestic operation of EECF Global Corporation ("EECF Global"), in which the Company holds a 49% minority interest.

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, 2025 as filed with the SEC on March 31, 2026.

Results of Operations – For the Three Months Ended March 31, 2026 and 2025*Revenues*

Total revenue for the three months ended March 31, 2026 and 2025 was \$19,356,000 and \$19,462,000, respectively, representing a decrease of \$106,000, or less than 1% year-over-year. On a segment basis, revenue in the professional sales service and equipment segments increased \$530,000 and \$118,000, respectively, while revenue in the IT segment decreased \$754,000.

Revenue in the IT segment for the three months ended March 31, 2026 was \$9,561,000 compared to \$10,315,000 for the three months ended March 31, 2025, a decrease of \$754,000, or 7%, of which \$987,000 resulted from the divestiture of the VasoHealthcare IT business in the 4th quarter of 2025, partially offset by \$233,000 higher NetWolves revenue, due primarily to increased managed service sales. Monthly recurring revenue in the IT segment accounted for \$8,417,000 or 88% of the segment revenue in the first quarter of 2026, and \$9,670,000 or 94% of the segment revenue for the same quarter last year (see Note C).

Commission revenues in the professional sales service segment were \$9,235,000 in the first quarter of 2026, an increase of \$530,000, or 6%, as compared to \$8,705,000 in the same quarter of 2025. The increase in commission revenues was due to both higher deliveries by GEHC of the diagnostic imaging products previously booked and a higher blended commission rate applicable to such deliveries, partially offset by both lower ultrasound product deliveries and a lower blended commission rate applicable to such deliveries. 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 for such equipment. 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 March 31, 2026, \$39,520,000 in deferred commission revenue was recorded in the Company’s condensed consolidated balance sheets, of which \$20,878,000 was long-term. As of March 31, 2025, \$35,404,000 in deferred commission revenue was recorded in the Company’s condensed consolidated balance sheets, of which \$18,246,000 was long-term. The increase in deferred revenue was principally due to higher value of new orders booked than orders delivered during the twelve-month period.

Revenue in the equipment segment increased by \$118,000, or 27%, to \$560,000 for the three-month period ended March 31, 2026 from \$442,000 for the same period of the prior year, principally due to higher deliveries of products in our China operations.

Gross Profit

Gross profit for the three months ended March 31, 2026 and 2025 was \$11,576,000, or 60% of revenue, and \$11,358,000, or 58% of revenue, respectively, representing an increase of \$218,000, or 2%, year-over-year. On a segment basis, gross profit in the professional sales service segment increased \$328,000, or 5%, while gross profit in the IT and equipment segments decreased \$83,000, or 2%, and \$27,000, or 8%, respectively.

IT segment gross profit for the three months ended March 31, 2026 was \$4,055,000, or 42% of the segment revenue, compared to \$4,138,000, or 40% of the segment revenue, for the three months ended March 31, 2025. The year-over-year decrease of \$83,000, or 2%, was due to \$416,000 lower gross profit resulting from the sale of the VHC-IT business in 2025, partially offset by \$333,000 higher gross profit as a result of higher revenue and higher margin product mix in the network services business.

Professional sales service segment gross profit was \$7,222,000, or 78% of segment revenue, for the three months ended March 31, 2026 as compared to \$6,894,000, or 79% of segment revenue, for the three months ended March 31, 2025, reflecting an increase of \$328,000, or 5%. The increase was primarily due to higher revenues partially offset by higher cost of commissions. Cost of commissions in the professional sales service segment of \$2,013,000 and \$1,811,000 for the three months ended March 31, 2026 and 2025, respectively, reflected commission expense associated with recognized commission revenues. Cost of commissions increased primarily due to a higher commission cost structure associated with ultrasound product revenues.

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

Equipment segment gross profit was \$299,000, or 53% of segment revenues, for the first quarter of 2026 compared to \$326,000, or 74% of segment revenues, for the same quarter of 2025. The \$27,000, or 8%, decrease in gross profit was mainly the result of higher ARCS[®]-cloud software costs in the US market and higher product obsolescence costs in our China operations.

Operating Loss

Operating loss for the three months ended March 31, 2026 and 2025 was \$1,330,000 and \$1,218,000, respectively, an increase in loss of \$112,000, due primarily to higher selling, general, and administrative (“SG&A”) expenses, partially offset by higher gross profit. On a segment basis, the professional sales service segment recorded an operating loss of \$39,000 in the first quarter of 2026, as compared to operating income of \$347,000 for the same period of 2025; the IT segment recorded an operating loss of \$310,000 in the first quarter of 2026 as compared to an operating loss of \$798,000 in the same period of 2025; and the equipment segment recorded an operating loss of \$360,000 in the first quarter of 2026 as compared to an operating loss of \$246,000 in the same period of 2025.

Operating loss in the IT segment was \$310,000 for the three-month period ended March 31, 2026, a decrease in loss of \$488,000 from an operating loss of \$798,000 in the same period of 2025, due mainly to lower SG&A costs, partially offset by lower gross profit. The professional sales service segment reported an operating loss of \$39,000 in the three-month period ended March 31, 2026 as compared to operating income of \$347,000 in the same period of 2025, a decrease in operating income of \$386,000, due to higher SG&A costs, partially offset by higher gross profit. The equipment segment reported an operating loss of \$360,000 in the first quarter of 2026, compared to an operating loss of \$246,000 in the first quarter of 2025, an increase in operating loss of \$114,000, due primarily to higher SG&A costs.

SG&A costs for the three months ended March 31, 2026 and 2025 were \$12,723,000 and \$12,398,000, respectively, representing an increase of \$325,000, or 3%, year-over-year. On a segment basis, SG&A costs in the IT segment decreased by \$571,000 in the first quarter of 2026 from the same quarter of the prior year due primarily to the divestiture of VHC-IT partially offset by higher personnel costs; SG&A costs in the professional sales service segment increased \$714,000 due mainly to higher personnel and travel costs; and SG&A costs in the equipment segment increased \$82,000 due mainly to higher personnel costs. Corporate costs not allocated to segments increased by \$100,000, to \$621,000 in the three months ended March 31, 2026 from \$521,000 for the same period in 2025, due mainly to higher consulting and accounting costs, partially offset by lower investor relations costs.

Research and development (“R&D”) expenses were \$183,000, or 1% of revenues, for the first quarter of 2026, an increase of \$5,000, or 3%, from \$178,000, or 1% of revenues, for the first quarter of 2025. The increase is primarily attributable to higher product development expenses in the equipment segment.

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 income (loss), 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>	
	Three Months Ended	
	March 31,	
	2026	2025
Net loss	\$ (887)	\$ (1,075)
Interest expense (income), net	(248)	(248)
Income tax (benefit) expense	(188)	40
Depreciation and amortization	243	160
Share-based compensation	8	8
Adjusted EBITDA	<u>\$ (1,072)</u>	<u>\$ (1,115)</u>

Adjusted EBITDA increased by \$43,000, to (\$1,072,000) in the quarter ended March 31, 2026 from (\$1,115,000) in the quarter ended March 31, 2025. The increase was mainly attributable to lower net loss and higher depreciation and amortization, partially offset by higher income tax benefit.

Other Income (Expense), Net

Other income (expense), net for the three months ended March 31, 2026 was \$255,000 as compared to \$183,000 for the corresponding period of 2025. The increase in other income (expense) was due primarily to transition services provided to Nano-X in connection with the divestiture of the former VHC-IT business and decreased loss on investment in EECF Global.

Income Tax Benefit (Expense)

For the three months ended March 31, 2026, we recorded income tax benefit of \$188,000 as compared to income tax expense of \$40,000 for the corresponding period of 2025. The increase was due mainly to higher deferred tax benefit.

Net Loss

Net loss for the three months ended March 31, 2026 was \$887,000 as compared to \$1,075,000 for the three months ended March 31, 2025, representing a decrease in loss of \$188,000. Loss per share was \$0.01 in both of the three-month periods ended March 31, 2026 and 2025. The principal cause of the decrease in net loss was the increase in income tax benefit and gross profit, partially offset by higher SG&A costs.

Liquidity and Capital Resources

Cash and Cash Flow

We have financed our operations from working capital. At March 31, 2026, we had cash and cash equivalents of \$21,973,000 and working capital of \$20,581,000, compared to cash and cash equivalents of \$35,050,000 and working capital of \$21,714,000 at December 31, 2025.

Cash used by operating activities during the three months ended March 31, 2026 was \$12,625,000, which consisted of net loss after adjustments to reconcile net loss to net cash of \$740,000 and cash used by operating assets and liabilities of \$11,885,000, compared to cash used by operating activities of \$566,000 for the same period in 2025. The changes in the account balances primarily reflect an increase in accounts and other receivables of \$5,654,000 and decreases in accrued commissions and accrued expenses and other liabilities of \$1,692,000 and \$4,292,000, respectively, partially offset by an increase in deferred revenue of \$925,000.

Cash used by investing activities during the three-month period ended March 31, 2026 was \$459,000 for the purchase of equipment and software.

There were no financing activities during the three-month period ended March 31, 2026.

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 are 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 March 31, 2026 and have concluded that the Company’s disclosure controls and procedures were effective as of March 31, 2026.

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 March 31, 2026 that has 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 three months ended March 31, 2026, 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) [Amended and Re-stated Bylaws \(Incorporated by reference to Report on Form 8-K filed February 12, 2026\).](#)
- 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 (formatted as Inline XBRL and contained in Exhibit 101).

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: May 15, 2026

**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: May 15, 2026

**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: May 15, 2026

**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 March 31, 2026, 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: May 15, 2026

**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 March 31, 2026, 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: May 15, 2026