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, 2024

☐ 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	11-2871434
(State or other jurisdiction of incorporation or organization)	(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

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 ☒

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

Number of Shares Outstanding of Common Stock, $.001 Par Value, at August 12, 2024 – 175,380,963

INDEX

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, 2024 (unaudited)	December 31, 2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 25,652	$ 11,342
Short-term investments	-	13,979
Accounts and other receivables, net of an allowance for credit losses and commission adjustments of $9,615 at June 30, 2024 and $9,708 at December 31, 2023	7,213	12,377
Receivables due from related parties	1,098	929
Inventories, net	1,218	1,470
Deferred commission expense	3,316	3,285
Prepaid expenses and other current assets	2,392	1,717
Total current assets	40,889	45,099
Property and equipment, net of accumulated depreciation of $10,579 at June 30, 2024 and $10,538 at December 31, 2023	1,423	1,174
Operating lease right of use assets	2,328	1,949
Goodwill	15,556	15,588
Intangibles, net	1,489	1,406
Other assets, net	4,826	4,902
Investment in EECP Global	596	683
Deferred tax assets, net	4,956	4,956
Total assets	$ 72,063	$ 75,757
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 2,953	$ 2,670
Accrued commissions	937	2,411
Accrued expenses and other liabilities	5,080	7,335
Finance lease liabilities - current	62	72
Operating lease liabilities - current	1,074	928
Sales tax payable	704	699
Income taxes payable	90	30
Deferred revenue - current portion	15,924	15,883
Notes payable - current portion	9	9
Due to related party	3	3
Total current liabilities	26,836	30,040
LONG-TERM LIABILITIES		
Notes payable, net of current portion	1	6
Finance lease liabilities, net of current portion	-	25
Operating lease liabilities, net of current portion	1,254	1,020
Deferred revenue, net of current portion	15,776	16,317
Other long-term liabilities	1,475	1,506
Total long-term liabilities	18,506	18,874
COMMITMENTS AND CONTINGENCIES (NOTE N)		
STOCKHOLDERS' EQUITY		
Preferred stock, $.01 par value; 1,000,000 shares authorized; nil shares issued and outstanding at June 30, 2024 and December 31, 2023	-	-
Common stock, $.001 par value; 250,000,000 shares authorized; 185,689,050 and 185,627,383 shares issued at June 30, 2024 and December 31, 2023, respectively; 175,380,963 and 175,319,296 shares outstanding at June 30, 2024 and December 31, 2023, respectively	186	186
Additional paid-in capital	64,011	63,993
Accumulated deficit	(35,050)	(35,032)
Accumulated other comprehensive loss	(426)	(304)
Treasury stock, at cost, 10,308,087 shares at June 30, 2024 and December 31, 2023	(2,000)	(2,000)
Total stockholders' equity	26,721	26,843
Total liabilities and stockholders' equity	$ 72,063	$ 75,757

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, 2024	Three Months ended June 30, 2023	Six Months ended June 30, 2024	Six Months ended June 30, 2023
Revenues				
Managed IT systems and services	$ 10,591	$ 10,435	$ 20,743	$ 20,709
Professional sales services	9,110	9,140	17,237	17,265
Equipment sales and services	525	748	983	1,385
Total revenues	20,226	20,323	38,963	39,359
Cost of revenues				
Cost of managed IT systems and services	6,009	5,693	11,968	11,527
Cost of professional sales services	1,937	1,743	3,685	3,225
Cost of equipment sales and services	129	191	242	349
Total cost of revenues	8,075	7,627	15,895	15,101
Gross profit	12,151	12,696	23,068	24,258
Operating expenses				
Selling, general and administrative	10,841	10,662	22,907	21,804
Research and development	205	217	396	375
Business combination transaction costs	109	-	238	-
Total operating expenses	11,155	10,879	23,541	22,179
Operating income (loss)	996	1,817	(473)	2,079
Other (expense) income				
Interest and financing costs	(1)	(5)	(4)	(33)
Interest and other income, net	273	179	585	262
Loss on disposal of fixed assets	(1)	(1)	(2)	(2)
Total other income, net	271	173	579	227
Income (loss) before income taxes	1,267	1,990	106	2,306
Income tax expense	(112)	(9)	(124)	(19)
Net income (loss)	1,155	1,981	(18)	2,287
Other comprehensive income				
Foreign currency translation loss	(21)	(210)	(122)	(195)
Comprehensive income (loss)	$ 1,134	$ 1,771	$ (140)	$ 2,092
Income (loss) per common share				
- basic and diluted	$ 0.01	$ 0.01	$ (0.00)	$ 0.01
Weighted average common shares outstanding				
- basic	175,365	174,159	175,242	173,895
- diluted	175,984	175,120	175,242	175,162

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 Paid-in - Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at January 1, 2023	185,436	$ 185	(10,308)	(2,000)	$ 63,952	$ (39,837)	$ (233)	$ 22,067
Share-based compensation	-	-	-	-	13	-	-	13
Foreign currency translation gain	-	-	-	-	-	-	15	15
Net income	-	-	-	-	-	306	-	306
Balance at March 31, 2023	185,436	$ 185	(10,308)	$ (2,000)	$ 63,965	$ (39,531)	$ (218)	$ 22,401
Share-based compensation	13	-	-	-	15	-	-	15
Shares withheld for employee tax liability	-	-	-	-	(1)	-	-	(1)
Foreign currency translation loss	-	-	-	-	-	-	(210)	(210)
Net income	-	-	-	-	-	1,981	-	1,981
Balance at June 30, 2023	185,449	$ 185	(10,308)	$ (2,000)	$ 63,979	$ (37,550)	$ (428)	$ 24,186
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

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, 2024	Six months ended June 30, 2023
Cash flows from operating activities		
Net (loss) income	$ (18)	$ 2,287
Adjustments to reconcile net (loss) income to net cash provided by operating activities		
Depreciation and amortization	411	537
Loss from investment in EECP Global	87	125
Provision for credit losses and commission adjustments	64	44
Share-based compensation	18	28
Changes in operating assets and liabilities:		
Accounts and other receivables	5,086	6,271
Inventories	232	(129)
Deferred commission expense	(31)	(156)
Prepaid expenses and other current assets	(122)	(884)
Other assets, net	51	(291)
Accounts payable	285	268
Accrued commissions	(1,379)	(1,613)
Accrued expenses and other liabilities	(2,358)	(2,853)
Sales tax payable	7	(194)
Income taxes payable	85	(3)
Deferred revenue	(500)	2,783
Due to related party	(169)	(354)
Other long-term liabilities	(31)	153
Net cash provided by operating activities	1,718	6,019
Cash flows from investing activities		
Purchases of equipment and software	(787)	(360)
Loan to Achari	(343)	-
Purchases of short-term investments	-	(11,134)
Redemption of short-term investments	13,756	8,134
Net cash provided by (used in) investing activities	12,626	(3,360)
Cash flows from financing activities		
Payroll taxes paid by withholding shares	-	(1)
Repayment of notes payable and finance lease obligations	(39)	(99)
Net cash used in financing activities	(39)	(100)
Effect of exchange rate differences on cash and cash equivalents	5	19
NET INCREASE IN CASH AND CASH EQUIVALENTS	14,310	2,578
Cash and cash equivalents - beginning of period	11,342	11,821
Cash and cash equivalents - end of period	$ 25,652	$ 14,399
SUPPLEMENTAL DISCLOSURE OF CASH INFORMATION		
Interest paid	$ 4	$ 10
Income taxes paid	$ 47	$ 23
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Initial recognition of operating lease right of use asset and liability	$ 863	$ 474

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 principally operates in three distinct business segments in the healthcare and information technology (“IT”) 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., 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 (“GEHC”) into the healthcare 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.

VasoTechnology

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”). It currently consists of a managed network and security service division and a healthcare IT application VAR (value added reseller) division, VasoHealthcare IT. Its current offerings include:

- Managed radiology and 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 over 175 facility partners).

- Managed security services.

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

VasoHealthcare

VasoHealthcare commenced operations in 2010, in conjunction with the Company’s execution of its exclusive sales representation agreement (“GEHC Agreement”) with GEHC to further the sale of certain healthcare capital equipment in the healthcare provider middle market. Sales of GEHC equipment by the Company have grown significantly since then.

VasoHealthcare’s current offerings consist of:

- GEHC diagnostic imaging capital equipment and ultrasound systems.

- GEHC service agreements for the above equipment.

- GEHC training services for use of the above equipment.

- GEHC and third-party financial services.

VasoMedical

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.
- MobiCare® multi-parameter wireless vital-sign monitoring system.
- EECP® therapy systems for non-invasive, outpatient treatment of ischemic heart disease.

This segment uses its extensive cardiovascular device knowledge coupled with its significant engineering resources to cost-effectively create and market its proprietary technology. It works with a global distribution network of channel partners to sell its products. It also provides engineering and OEM services to other medical device companies.

Achari Business Combination Agreement

As previously announced, 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") (NASDAQ: AVHI), and Achari Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Achari ("Merger Sub"). The Business Combination Agreement provides, among other things, that on the terms and subject to the conditions set forth therein, Merger Sub will merge with and into the Company (the "Merger"), with the Company surviving as a wholly owned subsidiary of Achari. Upon the closing of the Business Combination Agreement (the "Closing"), we anticipate that Achari will change its name to "Vaso Holdings Corp." or an alternative name chosen by the Company and reasonably acceptable to Achari ("New Vaso"). The Merger and the other transactions contemplated by the Business Combination Agreement are hereinafter referred to collectively as the "Business Combination".

Upon the Closing, New Vaso would have authorized shares of Class A common stock and Class B common stock. The Business Combination Agreement establishes a pro forma equity value of the Company at approximately $176 million, at $10.00 per share of Class A common stock. As such, we believe that the current Vaso stockholders would receive approximately 17.6 million shares of Class A common stock and the current Achari shareholders would maintain between 500 thousand and 750 thousand shares of Class A common stock depending on Achari's unpaid expenses at the Closing and presuming the redemption of all outstanding public shares of Achari on or prior to the Closing. In addition, current Achari warrant holders would have outstanding warrants to purchase a minimum of 8.25 million shares of Class A common stock at an exercise price of $11.50 per share. No shares of Class B common stock are expected to be outstanding immediately after the Business Combination.

The Boards of Directors of Vaso and Achari have each approved the Business Combination, the consummation of which is subject to various customary closing conditions, including the filing and effectiveness of a Registration Statement on Form S-4, as amended or supplemented, (the "Registration Statement") by Achari with the United States Securities and Exchange Commission ("SEC"), the filing of a proxy statement by Vaso with the SEC and clearance by the SEC, and the approval of a majority of shareholders of both Achari and Vaso of the proposed Business Combination. At the time of this filing, Achari shareholders have approved the Business Combination at a virtual meeting, and Vaso has scheduled a special shareholders meeting for August 26, 2024 seeking their approval as well (Vaso shareholders representing approximately 44% of Vaso's outstanding shares have entered into support agreements upon the signing of the Business Combination Agreement committing them to vote in favor of the Business Combination). The Business Combination is expected to close in the third quarter of 2024.

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, 2023, as filed with the SEC on April 1, 2024.

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.

Correction of Prior Period Financial Statements

We record commission revenue for certain products in our professional sales service segment based on GEHC's reporting and payment of such commissions to us. In late August 2023, GEHC informed the Company that its calculations for such products were partially inaccurate and had remitted excess commissions. The Company has taken immediate steps to implement additional internal control procedures whereby GEHC will provide additional information sufficient to assess the accuracy of such commission payments going forward. We assessed the materiality of this misstatement on prior periods' financial statements in accordance with SEC Staff Accounting Bulletin ("SAB") Topic 1.M, Materiality, codified in Accounting Standards Codification ("ASC") Topic 250, Accounting Changes and Error Corrections, ("ASC 250") and concluded that the misstatements were not material to the prior annual or interim periods.

Accordingly, in accordance with ASC 250 (SAB No. 108, Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements), we have increased the accumulated deficit at January 1, 2023 by $808,000 to reflect $1,010,000 lower commission revenue and $202,000 lower commission expense, and corrected the accompanying Condensed Consolidated Statements of Operations and Comprehensive Income, Cash Flows, and Changes in Stockholders' Equity for the three and six months ended June 30, 2023, and the related notes to revise for those misstatements that impacted such periods.

The following are selected line items from the Company's Condensed Consolidated Financial Statements illustrating the effect of these corrections:

	Consolidated Statement of Operations and Comprehensive Income					
	Three months ended June 30, 2023			Six months ended June 30, 2023		
(in thousands, except per share data)	As Reported	Adjustment	As Revised	As Reported	Adjustment	As Revised
Revenues						
Professional sales services	$ 9,254	$ (114)	$ 9,140	$ 17,564	$ (299)	$ 17,265
Cost of revenues						
Cost of professional sales services	$ 1,766	$ (23)	$ 1,743	$ 3,285	$ (60)	$ 3,225
Gross Profit - professional sales services segment	$ 7,488	$ (91)	$ 7,397	$ 14,279	$ (239)	$ 14,040
Operating income	$ 1,908	$ (91)	$ 1,817	$ 2,318	$ (239)	$ 2,079
Net income	$ 2,072	$ (91)	$ 1,981	$ 2,526	$ (239)	$ 2,287
Comprehensive income	$ 1,862	$ (91)	$ 1,771	$ 2,331	$ (239)	$ 2,092
Income per common share						
- basic and diluted	$ 0.01	$ (0.00)	$ 0.01	$ 0.01	$ (0.00)	$ 0.01

	Consolidated Statement of Changes in Stockholders' Equity					
	Accumulated Deficit			Total Stockholders' Equity		
(in thousands)	As Reported	Adjustment	As Revised	As Reported	Adjustment	As Revised
Balance at January 1, 2023	$ (39,029)	$ (808)	$ (39,837)	$ 22,875	$ (808)	$ 22,067
Net income	$ 454	$ (148)	$ 306	$ 454	$ (148)	$ 306
Balance at March 31, 2023	$ (38,575)	$ (956)	$ (39,531)	$ 23,357	$ (956)	$ 22,401
Net income	$ 2,072	$ (91)	$ 1,981	$ 2,072	$ (91)	$ 1,981
Balance at June 30, 2023	$ (36,503)	$ (1,047)	$ (37,550)	$ 25,233	$ (1,047)	$ 24,186

	Consolidated Statement of Cash Flows		
	Six months ended June 30, 2023		
(in thousands)	As Reported	Adjustment	As Revised
Net income	$ 2,526	$ (239)	$ 2,287
Accounts and other receivables	$ 5,972	$ 299	$ 6,271
Accrued commissions	$ (1,553)	$ (60)	$ (1,613)

Recently Issued Accounting Standards To Be Adopted

In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-09, Income Taxes (Topic 740), Improvement to Income Tax Disclosures, which requires enhanced income tax disclosures, including disaggregation of information in the rate reconciliation table and disaggregated information related to income taxes paid. The ASU is effective for annual reporting periods beginning with the year ending December 31, 2025. Early adoption is permitted. The Company is currently evaluating the impact of adopting this standard on its Consolidated Financial Statements.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280), Improvement to Reportable Segment Disclosures. This ASU enhances disclosures required for reportable segments in both annual and interim consolidated financial statements. The ASU, which requires retrospective application, is effective for annual reporting periods beginning with the year ending December 31, 2024, and interim periods beginning with the three months ending March 31, 2025. Early adoption is permitted. The Company is currently evaluating the impact of adopting this standard on its Consolidated Financial Statements.

Reclassifications

Certain reclassifications have been made to prior year amounts 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, 2024				Three Months Ended June 30, 2023			
	IT segment	Professional sales service segment	Equipment segment	Total	IT segment	Professional sales service segment	Equipment segment	Total
Network services	$ 9,470	$ -	$ -	$ 9,470	$ 8,946	$ -	$ -	$ 8,946
Software sales and support	1,121	-	-	1,121	1,489	-	-	1,489
Commissions	-	9,110	-	9,110	-	9,140	-	9,140
Medical equipment sales	-	-	494	494	-	-	716	716
Medical equipment service	-	-	31	31	-	-	32	32
	$ 10,591	$ 9,110	$ 525	$ 20,226	$ 10,435	$ 9,140	$ 748	$ 20,323

	Six Months Ended June 30, 2024				Six Months Ended June 30, 2023			
	IT segment	Professional sales service segment	Equipment segment	Total	IT segment	Professional sales service segment	Equipment segment	Total
Network services	$ 18,413	$ -	$ -	$ 18,413	$ 17,984	$ -	$ -	$ 17,984
Software sales and support	2,330	-	-	2,330	2,725	-	-	2,725
Commissions	-	17,237	-	17,237	-	17,265	-	17,265
Medical equipment sales	-	-	921	921	-	-	1,322	1,322
Medical equipment service	-	-	62	62	-	-	63	63
	$ 20,743	$ 17,237	$ 983	$ 38,963	$ 20,709	$ 17,265	$ 1,385	$ 39,359

	Three Months Ended June 30, 2024				Three Months Ended June 30, 2023			
	IT segment	Professional sales service segment	Equipment segment	Total	IT segment	Professional sales service segment	Equipment segment	Total
Revenue recognized over time	$ 8,804	$ -	$ 87	$ 8,891	$ 9,357	$ -	$ 131	$ 9,488
Revenue recognized at a point in time	1,787	9,110	438	11,335	1,078	9,140	617	10,835
	$ 10,591	$ 9,110	$ 525	$ 20,226	$ 10,435	$ 9,140	$ 748	$ 20,323

	Six Months Ended June 30, 2024				Six Months Ended June 30, 2023			
	IT segment	Professional sales service segment	Equipment segment	Total	IT segment	Professional sales service segment	Equipment segment	Total
Revenue recognized over time	$ 18,105	$ -	$ 168	$ 18,273	$ 18,878	$ -	$ 241	$ 19,119
Revenue recognized at a point in time	2,638	17,237	815	20,690	1,831	17,265	1,144	20,240
	$ 20,743	$ 17,237	$ 983	$ 38,963	$ 20,709	$ 17,265	$ 1,385	$ 39,359

Transaction Price Allocated to Remaining Performance Obligations

As of June 30, 2024, the aggregate amount of transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) for executed contracts approximates $96.9 million, of which we expect to recognize revenue as follows:

	(in thousands) Fiscal years of revenue recognition			
	2024	2025	2026	Thereafter
Unfulfilled performance obligations	$ 25,528	$ 32,939	$ 11,439	$ 26,963

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 $182,000 and $419,000 at June 30, 2024 and December 31, 2023, 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 $31,696,000 and $32,194,000 at June 30, 2024 and December 31, 2023, respectively, and are classified in our condensed consolidated balance sheets as either current or long-term deferred revenue. In addition, we record a contract liability for amounts expected to be repaid to GEHC due to customer order reductions. Such amounts aggregated approximately $1,278,000 and $971,000 at June 30, 2024 and December 31, 2023, respectively, and are included in accrued expenses and other liabilities in our condensed consolidated balance sheets.

In our VasoMedical business, we bill amounts for post-delivery services and varying duration service contracts in advance of performance. Such amounts aggregated approximately $4,000 and $6,000 at June 30, 2024 and December 31, 2023, respectively, and are classified in our condensed consolidated balance sheets as either current or long-term deferred revenue.

During the three and six months ended June 30, 2024, we recognized approximately $2.9 million and $5.2 million of revenues, respectively, that were included in our contract liability balance at April 1, 2024 and January 1, 2024, respectively.

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

	2024	2023
Contract receivables - January 1	13,398	15,306
Contract receivables - June 30	8,408	9,232
Increase (decrease)	(4,990)	(6,074)
Contract liabilities - January 1	33,589	33,861
Contract liabilities - June 30	33,160	35,090
Increase (decrease)	(429)	1,229

The decrease in contract receivables in the first halves of 2024 and 2023 was due primarily to collections exceeding billings.

Costs to Obtain or Fulfill a Contract

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), which requires that incremental costs of obtaining a contract are recognized as an asset and amortized to expense in a pattern that matches the timing of the revenue recognition of the related contract. We have determined the only significant incremental costs incurred to obtain contracts with customers within the scope of Topic 606 are certain sales commissions paid to associates. In addition, the Company elected the practical expedient to recognize the incremental costs of obtaining a contract when incurred for contracts where the amortization period for the asset the Company would otherwise have recognized is one year or less.

Under Topic 606, sales commissions applicable to service contracts exceeding one year have been capitalized and amortized ratably over the term of the contract. In our VHC IT business, commissions allocable to multi-year subscription contracts or multi-year post-contract support performance obligations are amortized to expense ratably over the terms of the multi-year periods. VHC IT commissions allocable to other elements are charged to expense at go-live or customer acceptance. In our professional sales services segment, commissions paid to our sales force are deferred until the underlying equipment is accepted by the customer. We recognized approximately $724,000 and $619,000 in the three months ended June 30, 2024 and 2023, respectively, and approximately $1,303,000 and $1,230,000 in the six months ended June 30, 2024 and 2023, respectively, of amortization related to these sales commission assets in “Cost of professional sales services”, and approximately $7,000 and $22,000 in the three months ended June 30, 2024 and 2023, respectively, and approximately $28,000 and $48,000 in the six months ended June 30, 2024 and 2023, respectively, of amortization in “Selling, general and administrative” expense, in our condensed consolidated statements of operations and comprehensive income (loss).

At June 30, 2024 and December 31, 2023, our consolidated balance sheets include approximately $6,889,000 and $7,106,000, respectively, in capitalized sales commissions - primarily in our professional sales services segment - to be expensed in future periods, of which $3,316,000 and $3,285,000, respectively, is recorded in deferred commission expense and $3,573,000 and $3,821,000, respectively, representing the long-term portion, is included in other assets.

Significant Judgments when Applying Topic 606

Contract transaction price is allocated to performance obligations using estimated stand-alone selling price. Judgment is required in estimating stand-alone selling price for each distinct performance obligation. We determine stand-alone selling price maximizing observable inputs such as stand-alone sales when they exist or substantive renewal price charged to clients. In instances where stand-alone selling price is not observable, we utilize an estimate of stand-alone selling price based on historical pricing and industry practices.

Certain revenue we record in our professional sales service segment contains an estimate for variable consideration. Due to the tiered structure of our commission rate, which increases as annual targets are achieved, under Topic 606 we record revenue and deferred revenue at the rate we expect to be achieved by year end. We base our estimate of variable consideration on historical results of previous years’ achievement under the GEHC agreement. Such estimate is reviewed each quarter and adjusted as necessary. In addition, the Company records commissions for arranging financing at an estimated rate which is subject to later revision based on certain factors.

The Company also records commission adjustments to contract liabilities in its professional sales service segment based on estimates of future order cancellations.

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.

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 (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 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:

	(in thousands)			
	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Revenues from external customers				
IT	$ 10,591	$ 10,435	$ 20,743	$ 20,709
Professional sales service	9,110	9,140	17,237	17,265
Equipment	525	748	983	1,385
Total revenues	$ 20,226	$ 20,323	$ 38,963	$ 39,359
Gross Profit				
IT	$ 4,582	$ 4,742	$ 8,775	$ 9,182
Professional sales service	7,173	7,397	13,552	14,040
Equipment	396	557	741	1,036
Total gross profit	$ 12,151	$ 12,696	$ 23,068	$ 24,258
Operating income (loss)				
IT	$ (173)	$ 163	$ (593)	$ 53
Professional sales service	1,658	2,058	1,651	2,897
Equipment	(291)	(106)	(585)	(131)
Corporate	(198)	(298)	(946)	(740)
Total operating income (loss)	$ 996	$ 1,817	$ (473)	$ 2,079
Depreciation and amortization				
IT	$ 167	$ 236	$ 322	$ 482
Professional sales service	25	21	47	41
Equipment	34	7	42	14
Corporate	-	-	-	-
Total depreciation and amortization	$ 226	$ 264	$ 411	$ 537
Capital expenditures				
IT	$ 203	$ 137	$ 450	$ 222
Professional sales service	108	2	110	52
Equipment	3	73	227	86
Corporate	-	-	-	-
Total cash capital expenditures	$ 314	$ 212	$ 787	$ 360

	(in thousands)	
	June 30, 2024	December 31, 2023
Identifiable Assets		
IT	$ 22,902	$ 22,425
Professional sales service	13,127	18,955
Equipment	6,767	7,114
Corporate	29,267	27,263
Total assets	$ 72,063	$ 75,757

GE Healthcare accounted for 45% of revenue for both of the three-month periods ended June 30, 2024 and 2023, and 44% of revenue for both of the six-month periods ended June 30, 2024 and 2023. GE Healthcare also accounted for $3.6 million or 50%, and $9.3 million or 75%, of accounts and other receivables at June 30, 2024 and December 31, 2023, respectively. No other customer accounted for 10% or more of revenue.

NOTE E – NET 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:

	(in thousands)			
	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Basic weighted average shares outstanding	175,365	174,159	175,242	173,895
Dilutive effect of unvested restricted shares	619	961	-	1,267
Diluted weighted average shares outstanding	175,984	175,120	175,242	175,162

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, 2024 and 2023, because the effect of their inclusion would be anti-dilutive.

	(in thousands)			
	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Restricted common stock grants	-	-	756	-

NOTE F – SHORT-TERM INVESTMENTS AND FINANCIAL INSTRUMENTS

The Company's short-term investments consist of bank deposits with yields based on underlying debt and equity securities and six-month US Treasury bills. The bank deposits are carried at fair value of $0 and approximately $424,000 at June 30, 2024 and December 31, 2023, respectively, and are classified as available-for-sale. Realized gains or losses on the bank deposits are included in net income. The US Treasury bills are classified as held-to-maturity and are carried at amortized cost of $0 and approximately $13,555,000 at June 30, 2024 and December 31, 2023, respectively. Their fair value at June 30, 2024 and December 31, 2023 is $0 and approximately $13,559,000, respectively, and the unrecognized holding (loss) gain is $0 for both the three and six months ended June 30, 2024.

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.

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, short-term investments, accounts receivable, prepaids, accounts payable, accrued expenses and other current liabilities approximated their fair value as of June 30, 2024 and December 31, 2023, 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 June 30, 2024 and December 31, 2023:

	(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, 2024
Assets				
Cash equivalents invested in money market funds and treasury bills	$ 24,582	$ -	$ -	$ 24,582

	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, 2023
Assets				
Cash equivalents invested in money market funds and treasury bills	$ 10,522	$ -	$ -	$ 10,522
Bank deposits (included in short term investments)	424			424
	$ 10,946	$ -	$ -	$ 10,946

NOTE G – ACCOUNTS AND OTHER RECEIVABLES, NET

The following table presents information regarding the Company's accounts and other receivables as of June 30, 2024 and December 31, 2023:

	(in thousands)	
	June 30, 2024	December 31, 2023
Trade receivables	$ 15,025	$ 22,085
Unbilled receivables	1,803	-
Allowance for credit losses and commission adjustments	(9,615)	(9,708)
Accounts and other receivables, net	$ 7,213	$ 12,377

Contract receivables under 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 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, consist of the following:

	(in thousands) June 30, 2024	December 31, 2023
Raw materials	$ 695	$ 832
Work in process	100	11
Finished goods	423	627
	$ 1,218	$ 1,470

The Company maintained reserves for slow moving inventories of $170,000 and $163,000 at June 30, 2024 and December 31, 2023, respectively.

NOTE I – GOODWILL AND OTHER INTANGIBLES

Goodwill of $14,375,000 is allocated to the IT segment. The remaining $1,181,000 of goodwill is attributable to the FGE reporting unit within the Equipment segment. The components of the change in goodwill are as follows:

	(in thousands) Six months ended June 30, 2024	Year ended December 31, 2023
Beginning of period	$ 15,588	$ 15,614
Foreign currency translation adjustment	(32)	(26)
End of period	$ 15,556	$ 15,588

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:

	(in thousands) June 30, 2024	December 31, 2023
Customer-related		
Costs	$ 5,831	$ 5,831
Accumulated amortization	(4,888)	(4,790)
	943	1,041
Patents and Technology		
Costs	1,894	1,894
Accumulated amortization	(1,894)	(1,894)
	-	-
Software		
Costs	2,875	2,618
Accumulated amortization	(2,329)	(2,253)
	546	365
	$ 1,489	$ 1,406

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 amounted to $101,000 and $90,000 for the three months ended June 30, 2024 and 2023, respectively, and $175,000 and $180,000 for the six months ended June 30, 2024 and 2023, respectively.

Amortization of intangibles for the next five years is:

Years ending December 31,		*(in thousands)*
Remainder of 2024		191
2025		286
2026		250
2027		221
2028		199
2029		47
	$	1,193

NOTE J – OTHER ASSETS, NET

Other assets, net consist of the following at June 30, 2024 and December 31, 2023:

	(in thousands)			
		June 30, 2024		December 31, 2023
Deferred commission expense - noncurrent	$	3,571	$	3,821
Trade receivables - noncurrent		1,195		1,021
Other, net of allowance for loss on loan receivable of $412 at June 30, 2024 and December 31, 2023		60		60
	$	4,826	$	4,902

NOTE K – ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consist of the following at June 30, 2024 and December 31, 2023:

	(in thousands)			
		June 30, 2024		December 31, 2023
Accrued compensation	$	977	$	2,482
Accrued expenses - other		1,611		2,142
Order reduction liability		1,278		971
Other liabilities		1,214		1,740
	$	5,080	$	7,335

NOTE L – DEFERRED REVENUE

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

	(in thousands)			
	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Deferred revenue at beginning of period	$ 31,429	$ 31,553	$ 32,200	$ 30,803
Net additions:				
Deferred extended service contracts	-	-	-	2
Deferred commission revenues	3,664	5,467	5,614	9,482
Recognized as revenue:				
Deferred extended service contracts	(1)	(1)	(2)	(2)
Deferred commission revenues	(3,393)	(3,433)	(6,112)	(6,699)
Deferred revenue at end of period	31,700	33,586	31,700	33,586
Less: current portion	15,924	16,859	15,924	16,859
Long-term deferred revenue at end of period	$ 15,776	$ 16,727	$ 15,776	$ 16,727

NOTE M – RELATED-PARTY TRANSACTIONS

The Company uses the equity method to account for its interest in EECP Global as it has the ability to exercise significant influence over the entity and reports its share of EECP Global operations in Other Income (Expense) on its condensed consolidated statements of operations. For the three months ended June 30, 2024 and 2023, the Company's share of EECP Global's loss was approximately $56,000 and $47,000, respectively, and for the six months ended June 30, 2024 and 2023, the Company's share of EECP Global's loss was approximately $87,000 and $125,000, respectively, and included in Other (Expense) Income in its condensed consolidated statements of operations. At June 30, 2024 and December 31, 2023, the Company recorded a net receivable from related parties of approximately $1,072,000 and $901,000, respectively, on its condensed consolidated balance sheet for amounts due from EECP Global for fees and cost reimbursements net of amounts due to EECP 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 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 shall be 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 shall also be 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.

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 shall be 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 shall also be 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

Except for historical information contained in this report, the matters discussed are forward-looking statements that involve risks and uncertainties. When used in this report, words such as "anticipates", "believes", "could", "estimates", "expects", "may", "plans", "potential" and "intends" and similar expressions, as they relate to the Company or its management, identify forward-looking statements. Such forward-looking statements are based on the beliefs of the Company's management, as well as assumptions made by and information currently available to the Company's management. Among the factors that could cause actual results to differ materially are the following: the effect of business and economic conditions, including the current COVID-19 pandemic which has already adversely affected operating results; the effect of the dramatic changes taking place in IT and healthcare; the impact of competitive procedures 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; continuation of the GEHC agreement and the risk factors reported from time to time in the Company's SEC reports, including its recent report on Form 10-K. 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

COVID-19 Pandemic

The COVID-19 pandemic has had a significant impact on economies of the United States and the world, and it is possible that some negative impact to the Company's financial condition and results of operations may continue. The pandemic caused workforce and travel restrictions and created business disruptions in supply chain, production and demand across many business sectors, and we have experienced negative impact in the recurring revenue business in our IT segment as some of our customers have been adversely affected by the shutdown, and new business in this segment appears to be slower as well. In addition, revenues in our China operations were adversely affected by its government's lockdown policies, which have only recently been reversed.

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., 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, 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.

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 and “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, 2023 as filed with the SEC on April 1, 2024.

Results of Operations – For the Three Months Ended June 30, 2024 and 2023

Revenues

Total revenue for the three months ended June 30, 2024 and 2023 was $20,226,000 and $20,323,000, respectively, representing a decrease of $97,000, or less than 1% year-over-year. On a segment basis, revenue in the IT, professional sales services, and equipment segments increased/(decreased) $156,000, ($30,000), and ($223,000), respectively.

Revenue in the IT segment for the three months ended June 30, 2024 was $10,591,000 compared to $10,435,000 for the three months ended June 30, 2023, an increase of $156,000, or 1%, of which $523,000 resulted from higher network service revenues, offset by $367,000 lower revenues in the healthcare IT business. Our monthly recurring revenue in the IT segment accounted for $8,804,000 or 83% of the segment revenue in the second quarter of 2024, and $9,357,000 or 90% 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 $9,110,000 in the second quarter of 2024, a decrease of $30,000, or less than 1%, as compared to $9,140,000 in the same quarter of 2023. The decrease in commission revenues was due primarily to lower deliveries of diagnostic imaging equipment, largely offset by increased deliveries of ultrasound products, by GEHC in the second quarter of 2024, as compared to the second quarter of 2023, 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 GE Healthcare prior to customer acceptance of the equipment are recorded as deferred revenue in the condensed consolidated balance sheets. 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. As of June 30, 2023, $33,578,000 in deferred commission revenue was recorded in the Company’s condensed consolidated balance sheet, of which $16,722,000 was long-term. The decrease in deferred revenue is principally due to a decrease in new orders booked.

Revenue in the equipment segment decreased by $223,000, or 30%, to $525,000 for the three-month period ended June 30, 2024 from $748,000 for the same period of the prior year, due to lower sales of ARCS® cloud software as a service (SaaS) in the US, mainly due to the loss of a large customer for its inability to pay, and lower equipment deliveries in our China operations.

Gross Profit

Gross profit for the three months ended June 30, 2024 and 2023 was $12,151,000, or 60% of revenue, and $12,696,000, or 62% of revenue, respectively, representing a decrease of $545,000, or 4% year-over-year. On a segment basis, gross profit in the IT, professional sales service, and equipment segments decreased $160,000, or 3%; $224,000, or 3%; and $161,000, or 29%, respectively.

IT segment gross profit for the three months ended June 30, 2024 was $4,582,000, or 43% of the segment revenue, compared to $4,742,000, or 45% of the segment revenue for the three months ended June 30, 2023. The year-over-year decrease of $160,000, or 3%, was primarily a result of product mix change reflecting higher network service revenues and lower healthcare IT revenues, and by higher costs in both businesses.

Professional sales service segment gross profit was $7,173,000, or 79% of segment revenue, for the three months ended June 30, 2024 as compared to $7,397,000, or 81% of the segment revenue, for the three months ended June 30, 2023, reflecting a decrease of $224,000, or 3%. The decrease in absolute dollars was primarily due to higher cost of commissions associated with increased ultrasound deliveries and by slightly lower commission revenue. Cost of commissions in the professional sales service segment of $1,937,000 and $1,743,000, for the three months ended June 30, 2024 and 2023, 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 $396,000, or 75% of segment revenues, for the second quarter of 2024 compared to $557,000, or 74% of segment revenues, for the same quarter of 2023. The $161,000, or 29%, decrease in gross profit was the result of lower equipment revenue during the quarter partially offset by lower ARCS® software costs.

Operating Income

Operating income for the three months ended June 30, 2024 and 2023 was $996,000 and $1,817,000, respectively, representing a decrease of $821,000, or 45%, due primarily to the decrease in gross profit, higher selling, general, and administrative (“SG&A”) costs and transaction costs associated with the Achari Business Combination. On a segment basis, the IT segment recorded an operating loss of $173,000 in the second quarter of 2024 as compared to operating income of $163,000 in the same period of 2023; the professional sales service segment recorded operating income of $1,658,000 in the second quarter of 2024 as opposed to operating income of $2,058,000 in the same period of 2023; and the equipment segment recorded an operating loss of $291,000 in the second quarter of 2024 as compared to an operating loss of $106,000 in the same period of 2023.

Operating loss in the IT segment was $173,000 for the three-month period ended June 30, 2024 as compared to operating income of $163,000 in the same period of 2023, due mainly to higher SG&A costs and lower gross profit. Operating income in the professional sales service segment decreased by $400,000 to $1,658,000 in the three-month period ended June 30, 2024 as compared to operating income of $2,058,000 in the same period of 2023, due primarily to lower gross profit and higher SG&A costs. The equipment segment reported an operating loss of $291,000 in the second quarter of 2024, compared to an operating loss of $106,000 in the second quarter 2023, an increase in operating loss of $185,000, due mainly to lower gross profit.

SG&A costs for the three months ended June 30, 2024 and 2023 were $10,841,000 and $10,662,000, respectively, representing an increase of $179,000, or 2% year-over-year. On a segment basis, SG&A costs in the IT segment increased by $184,000 in the second quarter of 2024 from the same quarter of the prior year due mainly to higher personnel costs; SG&A costs in the professional sales service segment increased $175,000 due mainly to additional sales headcount associated with the ultrasound program; and SG&A costs in the equipment segment increased $28,000 due mainly to higher personnel costs in China. Corporate costs not allocated to segments decreased $100,000 due mainly to lower director fees.

Research and development (“R&D”) expenses decreased by $12,000, or 6%, to $205,000 in the second quarter of 2024 from $217,000 for the second quarter of 2023, 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.

Adjusted EBITDA

We define Adjusted EBITDA (earnings (loss) before interest, taxes, depreciation and amortization), which is a non-GAAP financial measure, as net income (loss), plus interest expense (income), net; tax expense; depreciation and amortization; and non-cash expenses for share-based compensation. Adjusted EBITDA is a metric that is used by the investment community for comparative and valuation purposes. We disclose this metric in order to support and facilitate the dialogue with research analysts and investors.

Adjusted EBITDA is not a measure of financial performance under U.S. GAAP and should not be considered a substitute for operating 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. Other companies may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

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

	(in thousands) Three months ended June 30,	
	2024 (unaudited)	2023 (unaudited)
Net income	$ 1,155	$ 1,981
Interest expense (income), net	(301)	(181)
Income tax expense	112	9
Depreciation and amortization	226	264
Share-based compensation	9	15
Adjusted EBITDA	$ 1,201	$ 2,088

Adjusted EBITDA decreased by $887,000, to $1,201,000 in the quarter ended June 30, 2024 from $2,088,000 in the quarter ended June 30, 2023. The decrease was attributable mainly to the decrease in net income, partially offset by the increase in income tax expense in the second quarter of 2024.

Interest and Other Income (Expense)

Interest and other income (expense) for the three months ended June 30, 2024 was $271,000 as compared to $173,000 for the corresponding period of 2023. The increase in interest and other income (expense) was due primarily to interest income earned on higher money market and short-term investment balances in the second quarter of 2024.

Income Tax Expense

For the three months ended June 30, 2024, we recorded income tax expense of $112,000 as compared to $9,000 for the corresponding period of 2023. The $103,000 increase arose mainly from higher state tax expense.

Net Income

Net income for the three months ended June 30, 2024 was $1,115,000 as compared to net income of $1,981,000 for the three months ended June 30, 2023, representing a decrease of $826,000. Income per share of $0.01 was recorded in both the three-month periods ended June 30, 2024 and 2023. The principal cause of the decrease in net income is lower operating income, partially offset by higher interest income.

Results of Operations – For the Six Months Ended June 30, 2024 and 2023

Revenues

Total revenue for the six months ended June 30, 2024 and 2023 was $38,963,000 and $39,359,000, respectively, representing a decrease of $396,000, or 1% year-over-year. On a segment basis, revenue in the IT, professional sales service, and equipment segments increased/(decreased) $34,000, ($28,000), and ($402,000), respectively.

Revenue in the IT segment for the six months ended June 30, 2024 was $20,743,000 compared to $20,709,000 for the six months ended June 30, 2023, an increase of $34,000, or less than 1%, resulting from $429,000 higher network service revenue and $395,000 lower healthcare IT revenue. Our monthly recurring revenue in the IT segment accounted for $18,105,000 or 87% of the segment revenue in the first half of 2024, and $18,878,000 or 91% 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 $17,237,000 in the first half of 2024, a decrease of $28,000, or less than 1%, as compared to $17,265,000 in the first half of 2023. The decrease in commission revenues was due primarily to lower deliveries of diagnostic imaging equipment, largely offset by increased deliveries of ultrasound products, by GEHC in the second half of 2024, as compared to the second half of 2023, 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 GE Healthcare prior to customer acceptance of the equipment are recorded as deferred revenue in the condensed consolidated balance sheets. 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. As of June 30, 2023, $33,578,000 in deferred commission revenue was recorded in the Company's condensed consolidated balance sheet, of which $16,722,000 was long-term. The decrease in deferred revenue is principally due to a decrease in new orders booked.

Revenue in the equipment segment decreased by $402,000, or 29%, to $983,000 for the six-month period ended June 30, 2024 from $1,385,000 for the same period of the prior year, principally due to lower equipment deliveries in our China operations and lower ARCS® cloud SaaS revenues due to the loss of a large customer for its inability to pay in our US business.

Gross Profit

Gross profit for the six months ended June 30, 2024 and 2023 was $23,068,000, or 59% of revenue, and $24,258,000, or 62% of revenue, respectively, representing a decrease of $1,190,000, or 5% year-over-year. On a segment basis, gross profit in the IT, professional sales service, and equipment segments decreased $407,000, or 4%; $488,000, or 3%; and $295,000 or 28%, respectively.

IT segment gross profit for the six months ended June 30, 2024 was $8,775,000, or 42% of the segment revenue, compared to $9,182,000, or 44% of the segment revenue for the six months ended June 30, 2023. The year-over-year decrease of $407,000, or 4%, was primarily a result of product mix change reflecting higher network service revenues and lower healthcare IT revenues, and by higher costs in both businesses.

Professional sales service segment gross profit was $13,552,000, or 79% of segment revenue, for the six months ended June 30, 2024 as compared to $14,040,000, or 81% of the segment revenue, for the six months ended June 30, 2023, reflecting a decrease of $488,000, or 3%. The decrease in absolute dollars was primarily due to higher cost of commissions associated with increased ultrasound deliveries and by slightly lower commission revenue. Cost of commissions in the professional sales service segment of $3,685,000 and $3,225,000, for the six months ended June 30, 2024 and 2023, 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 increased to $741,000, or 75% of segment revenues, for the first half of 2024 compared to $1,036,000, or 75% of segment revenues, for the same half of 2023. The $295,000, or 28%, decrease in gross profit was primarily the result of lower equipment deliveries in our China operations and lower ARCS® cloud revenues in our US operations.

Operating (Loss) Income

Operating (loss) income for the six months ended June 30, 2024 and 2023 was ($473,000) and $2,079,000, respectively, representing a decrease of $2,552,000, or 123%, due primarily to the decrease in gross profit, higher SG&A costs and transaction costs associated with the Achari Business Combination. On a segment basis, the IT segment recorded operating loss of $593,000 in the first half of 2024 as compared to operating income of $53,000 in the same period of 2023; the professional sales service segment recorded operating income of $1,651,000 in the first half of 2024 as compared to operating income of $2,897,000 in the same period of 2023; and the equipment segment recorded an operating loss of $585,000 in the first half of 2024 as compared to an operating loss of $131,000 in the same period of 2023.

Operating loss in the IT segment was $593,000 for the six-month period ended June 30, 2024 as compared to operating income of $53,000 in the same period of 2023, due primarily to lower gross profit and higher SG&A costs. The professional sales service segment reported operating income of $1,651,000 in the first half of 2024, a decrease of $1,246,000 from operating income of $2,897,000 in the six-month period ended June 30, 2023, due to higher SG&A costs and lower gross profit. The equipment segment reported an operating loss of $585,000 in the first half of 2024, compared to an operating loss of $131,000 in the first half 2023, an increase in loss of $454,000 due mainly to lower gross profit and higher SG&A and R&D costs.

SG&A costs for the six months ended June 30, 2024 and 2023 were $22,907,000 and $21,804,000, respectively, representing an increase of $1,103,000, or 5% year-over-year. On a segment basis, SG&A costs in the IT segment increased by $259,000 in the first half of 2024 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 $758,000 due mainly to additional sales headcount associated with the ultrasound program; and SG&A costs in the equipment segment increased by $120,000 due mainly to higher personnel costs. Corporate costs not allocated to segments increased $206,000 due mainly to business combination transaction costs, partially offset by lower director fees.

Research and development (“R&D”) expenses were $396,000, or 1% of revenues, for the first half of 2024, an increase of $21,000, or 6%, from $375,000, or 1% of revenues, for the first half of 2023. The increase is primarily attributable to higher software development expenses in the equipment segment.

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

Adjusted EBITDA

We define Adjusted EBITDA (earnings (loss) before interest, taxes, depreciation and amortization), which is a non-GAAP financial measure, as net income (loss), plus interest expense (income), net; tax expense; depreciation and amortization; and non-cash expenses for share-based compensation. Adjusted EBITDA is a metric that is used by the investment community for comparative and valuation purposes. We disclose this metric in order to support and facilitate the dialogue with research analysts and investors.

Adjusted EBITDA is not a measure of financial performance under U.S. GAAP and should not be considered a substitute for operating 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. Other companies may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

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

	(in thousands) Six months ended June 30,	
	2024	2023
	(unaudited)	(unaudited)
Net (loss) income	$ (18)	$ 2,287
Interest expense (income), net	(600)	(292)
Income tax expense	124	19
Depreciation and amortization	411	537
Share-based compensation	18	28
Adjusted EBITDA	$ (65)	$ 2,579

Adjusted EBITDA decreased by $2,644,000 to ($65,000) in the six-month period ended June 30, 2024 from $2,579,000 in the same period ended June 30, 2023. The decrease was primarily attributable to lower net income and higher interest income, partially offset by higher income tax expense in the six months ended June 30, 2024.

Interest and Other Income (Expense)

Interest and other income (expense) for the six months ended June 30, 2024 was $579,000 as compared to $227,000 for the corresponding period of 2023. The increase in interest and other income was due primarily to higher interest income on higher money market and short-term investment balances.

Income Tax Expense

We recorded income tax expense of $124,000 and $19,000 for the six-month periods ended June 30, 2024 and 2023, respectively. The increase arose mainly from higher state tax expense.

Net (Loss) Income

Net loss for the six months ended June 30, 2024 was $18,000 as compared to net income of $2,287,000 for the six months ended June 30, 2023, representing a decrease of $2,305,000, or 101%. Income/(loss) per share of ($0.00) and $0.01 was recorded in the six-month periods ended June 30, 2024 and 2023, respectively. The principal cause of the decrease in net income is lower operating income, partially offset by higher interest income in the six months ended June 30, 2024.

Liquidity and Capital Resources

Cash and Cash Flow

We have financed our operations from working capital. At June 30, 2024, we had cash and cash equivalents of $25,652,000 and working capital of $14,053,000, compared to cash and cash equivalents of $11,342,000 and working capital of $15,059,000 at December 31, 2023.

Cash provided by operating activities was $1,718,000, which consisted of net loss after adjustments to reconcile net loss to net cash of $562,000 and cash provided by operating assets and liabilities of $1,156,000, during the six months ended June 30, 2024, compared to cash provided by operating activities of $6,019,000 for the same period in 2023. The changes in the account balances primarily reflect a decrease in accounts and other receivables of $5,086,000, partially offset by decreases in accrued commissions of $1,379,000 and accrued expenses of $2,358,000.

Cash provided by investing activities during the six-month period ended June 30, 2024 was $12,626,000 attributed to $13,756,000 in redemptions of short-term investments, offset by $787,000 used for the purchase of equipment and software and $343,000 loaned to Achari in connection with the business combination.

Cash used in financing activities during the six-month period ended June 30, 2024 was $39,000 primarily 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 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 June 30, 2024 and have concluded that the Company’s disclosure controls and procedures were effective as of June 30, 2024.

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, 2024 that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 6 – EXHIBITS

Exhibits

31	Certifications of the Chief Executive Officer and the Chief Financial Officer pursuant to Rules 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certifications of the Chief Executive Officer and 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 and included in Exhibit)

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/ Michael J. Beecher

Michael J. Beecher
Chief Financial Officer and
Principal Accounting Officer

Date: August 14, 2024

EXHIBIT 31.1

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, 2024

EXHIBIT 31.2

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, Michael J. Beecher, 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/ Michael J. Beecher

Michael J. Beecher
Chief Financial Officer

Date: August 14, 2024

EXHIBIT 32.1

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

In connection with the quarterly report of Vaso Corporation and subsidiaries (the "Company") on Form 10-Q for the period ending June 30, 2024, 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, 2024

EXHIBIT 32.2

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

In connection with the quarterly report of Vaso Corporation and subsidiaries (the “Company”) on Form 10-Q for the period ending June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Michael J. Beecher, 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/ Michael J. Beecher
Michael J. Beecher
Chief Financial Officer

Dated: August 14, 2024