

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2024

or

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: 001-38608

Datavault AI Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

30-1135279

(I.R.S. Employer
Identification No.)

15268 NW Greenbrier Pkwy

Beaverton, OR 97006

Address of principal executive offices)(Zip Code)

Registrant's telephone number, including area code: **(408) 627-4716**

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

Title of each class

Trading Symbol(s)

Name of each exchange on which registered

Common Stock, par value \$0.0001 per share

DVLT

The Nasdaq Capital Market

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

None

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

As of June 30, 2024, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the common stock held by non-affiliates of the registrant was \$12,377,000 based on the closing price of \$2.57 for the registrant's common stock as quoted on the Nasdaq Capital Market on that date. Shares of common stock held by each director, each officer and each person who owns 10% or more of the outstanding common stock have been excluded from this calculation in that such persons may be deemed to be affiliates. The determination of affiliate status is not necessarily conclusive.

The registrant had 64,202,635 shares of its common stock outstanding as of March 27, 2025.

DOCUMENTS INCORPORATED BY REFERENCE

None.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (this “Report”) contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements discuss matters that are not historical facts. Because they discuss future events or conditions, forward-looking statements may include words such as “anticipate,” “believe,” “estimate,” “intend,” “could,” “should,” “would,” “may,” “seek,” “plan,” “might,” “will,” “expect,” “predict,” “project,” “forecast,” “potential,” “continue,” negatives thereof or similar expressions. These forward-looking statements are found at various places throughout this Report and include information concerning possible or assumed future results of Datavault AI Inc’s (“Datavault”, the “Company”, “our”, “us” or “we”) operations; business strategies; future cash flows; financing plans; plans and objectives of management; any other statements regarding future operations, future cash needs, business plans and future financial results, and any other statements that are not historical facts.

From time to time, forward-looking statements also are included in our other periodic reports on Forms 10-Q and 8-K, in our press releases, in our presentations, on our website and in other materials released to the public. Any or all of the forward-looking statements included in this Report and in any other reports or public statements made by us are not guarantees of future performance and may turn out to be inaccurate. These forward-looking statements represent our intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, including risks related to Datavault’s ability to remain listed on the Nasdaq Capital Market; Datavault’s need for financing in the near term to support its ongoing operations; the volatility of the market price for Datavault’s common stock; market, economic and other conditions; Datavault’s ability to continue as a going concern; Datavault’s ability to manage costs and execute on its operational and budget plans; risks related to M&A activity including our ability to close certain acquisitions and realize the anticipated benefits from those acquisitions; our ability to realize the anticipated benefits from the asset purchase from EOS Technology Holdings Inc.; and Datavault’s ability to achieve its financial goals. Many of those factors are outside of our control and could cause actual results to differ materially from the results expressed or implied by those forward-looking statements. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than we have described. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Report. All subsequent written and oral forward-looking statements concerning other matters addressed in this Report and attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this Report.

Except to the extent required by law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, a change in events, conditions, circumstances or assumptions underlying such statements, or otherwise.

PART I

Item 1. Business

Overview

We were formed as a Delaware limited liability company on July 23, 2010 and converted into a Delaware corporation, effective December 31, 2017. Effective as of March 11, 2022, we changed our name to WiSA Technologies, Inc. On December 31, 2024, we purchased certain intellectual property assets from EOS Technology Holdings Inc., followed by changing our name to Datavault AI Inc. on February 13, 2025. As we expand the business in the future with the assets from this acquisition, we plan to focus on cyber secure privacy protected data management and monetization and acoustic science innovations, as well as continuing to use wireless audio to transmit data and audio for consumer use and will solidify our position as an innovative leader in next-generation data technology. Our established leadership in wireless HD spatial audio transmission semiconductors, technology modules and proprietary platforms are precision engineered in the United States from our Headquarters in Beaverton, Oregon. Our inventions transform what our future customers will be able to achieve with data and multi-channel HD wireless audio. Datavault AI stands at the forefront of innovation, delivering cutting-edge Web 3.0 data management and high-performance computing (HPC) solutions to a global audience.

Datavault AI is a pioneering technology licensing company that owns a portfolio of patented, secure platforms designed to redefine how data is managed, valued, and monetized in the modern era. Leveraging our proprietary HPC capabilities and advanced software, we aim to empower future customers worldwide with revolutionary data solutions. Once the acquired intellectual property assets are fully integrated and a revenue stream is established, we expect that the heart of our offerings will be our artificial intelligence (AI)-driven agents—branded as Data Vault®, DataValue®, DataScore®, and Data Vault Bank®. These tools harness generative AI to deliver enterprise-grade data management solutions, that are differentiated by privacy first, cyber secure utilities tailored for the HPC landscape and the Web 3.0 paradigm.

Valuation, scoring based on a myriad of industry specific parameters as well as the ability to analyze our future customers' data regarding their ownership, meta indexing, touch-less appraisal, cyber secure, regulatory compliant and reporting analytics are among the resources that the Data Vault platform will be able to unlock for our future customers. One key characteristic of Web 3.0 systems is the decentralized access to blockchain systems and the ability to mint smart contracts and other tools that change what organizations can achieve. AI adds yield management that will focus on our future customers' revenue, generated by data objects that our AI Agents - DataValue, DataScore and Data Vault Bank, will work on in parallel to maximize both inventory and yield. Combination and derivative data, non-competitive, or controversial data is identified, objectified and priced through automation systems and Information Data Exchange unlocks. Without the need to support storage, compute or other technology commodities, the company will focus on high yield data sets where Datavault AI and its future customers will stand to make value and revenue through actionable intelligence. Without increasing the cyber or data security vulnerabilities, and without an activation or installing software, the capabilities in our Web 3.0 Data Vault platform will be adjunctive, trained on customizable and ubiquitous data sources from any network and in any format. Telecom, VOIP, wireless, CCTV, IPTV, video surveillance, computer vision, and traditional databases are all compatible in a meta form. In Data Vault, these data sets can be perceived, experienced, anchored, and minted into immortality in the form of non-fungible tokens, or sold directly to buyers on our Information Data Exchange. In addition to compatibility, Datavault AI solutions are fortified with the blockchain characteristic of immutability and integrations with blockchains of any type, which sets our technology apart, and our Information Data Exchange provides for scalable, peer-to-peer transactional capability.

Our technology ensures data ownership immutability, experiential data observability, precise data asset valuation, and secure monetization—which we believe will unlock unprecedented opportunities for businesses in an increasingly data-driven world on which our executive leadership, with our engineering and software development teams, can capitalize. Datavault AI has two synergistic platforms (Data Science and Acoustic Science) that plan to optimize the revenue generation of the Company.

Data Science

Our Data Sciences Platform will be anchored by our flagship Data Vault® platform—a patented, cyber-secure asset tokenization platform that sets a new standard for trust and innovation in Web 3.0 data science. Central to this platform are our industry-first Sumerian® crypto-anchors, which will be able to empower future customers to verify, validate, and monetize both physical and digital assets with confidence. We believe this groundbreaking technology will enable future customers to seamlessly track and monetize historical, current, and future data tied to any asset, integrating effortlessly with existing systems. By layering blockchain and AI-driven metadata atop diverse data sources, Data Vault® plans to provide licensees with a framework for indexing, valuing, scoring, and monetizing assets in immersive 2D and 3D experiential environments. Complementing this, our patented Information Data Exchange® (IDE) will offer a secure, privacy-compliant marketplace where tokenized data and assets can be marketed, bought, and sold directly

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between owners and buyers. This division will enable enterprises to unlock the full potential of their data assets and provide the ability to turn data from a cost center into cash that can enrich their balance sheets.

Products and services of Datavault AI's Data Sciences Platform, which we anticipate will be significant revenue generators in the future, include Data Vault®—our multi-patented Web 3.0 data perception, visualization, valuation & monetization software platform for high performance computing. Data Vault will be monetized through licensing and software as a service (SaaS) contracts. AI driven agents will be used within Data Vault to create new data assets and valuable insights for Datavault AI's future customers in the data and AI space. DataScore, DataValue, and Digital Twin Institute are Data Vault outputs that will be able to be monetized through revenue splits with future Datavault AI customers. Our technology creates connections for our customers to their decentralized blockchains with capacity to connect to any qualified chain and the ability to create proprietary new blockchains for our future licensed customers. Data Vault integrates data sets, mints digital assets on any blockchain and provides industry first crypto anchors, metadata asset indexing, blockchain tokenization systems management, data ownership monetization with Data Vault Bank automated smart contract production, VerifyU—our academic accreditation system, asset tokenization, name image likeness (NIL) monetization, Information Data Exchange®, encrypted data monetization, tokenized data and assets, each of which are easily tracked and will be easily monetized, all within the IDE, in one cohesive platform.

Data Science Division Overview

Datavault AI, through its flagship product Data Vault®, will deliver a pioneering Web 3.0 data management platform offered as a SaaS solution. Data Vault® aims to redefine how organizations acquire, value, analyze, refine, and monetize their data assets by changing how it is valued, indexed, understood, experienced and turned into cash when it can be done compliantly and in a privacy, cyber secure and regulatory compliant first platform compliance. This transformative technology integrates advanced Web 3.0 anchor technologies—including blockchain, AI, machine learning (ML), tracking and tracing systems, voice recognition, and 3D visualization—into a patented architecture that will empower future clients to unlock the full potential of their data. The technology uses AI agents that will be trained on our future clients' datasets to maximize the usefulness of data across our culture customers' enterprises. Secondly, the platform's will look to maximize the yield of data systems to offset their costs. Unlike traditional data management systems, Data Vault® ensures that organizations retain complete ownership and control over their data, providing a secure and scalable foundation for enterprise innovation in the Web 3.0 and supercomputing era without ever moving, changing, ingesting, storing or altering our future customers' data in any way. The patented technology will solve for data privacy and security while also opening up data owners to a Global data marketplace that will give our future customers more capital to deploy in their core businesses and tools that will make their revenue generation advanced, and will keep pace with an entirely new Web 3.0 paradigm in how data is valued, protected and monetized to the benefit of Datavault AI clients. Industry specific Agents and data objects of all types will result from the use of the platform by our future clients.

Our platform's Information Data Exchange (IDE) introduces robust transactional capabilities, enabling seamless, secure, and transparent data interactions between data owners and users. This facilitates a fair and equitable exchange of value, addressing the growing need for trusted data ecosystems as AI and ML technologies proliferate. With decades of expertise in enterprise solutions and cybersecurity, our team has engineered Data Vault® to serve as a comprehensive data valuation, visualization, and monetization platform. Its versatility will support a wide range of industries, including Biotech, Fintech, Hospitality, Casinos, Food Safety, Education, and Sports & Entertainment, unlocking scalable Web 3.0 opportunities tailored to each sector's unique needs.

Addressing the Data Challenges of the Future

In an era defined by rapid technological advancement, the rise of AI presents both unprecedented opportunities and significant risks. Unreliable or unsecured data undermines the integrity of AI systems, threatening the viability of corporations that depend on these technologies to remain competitive. Data Vault® leverages blockchain technology to protect, price, and produce measurable value from data assets, ensuring that organizations can trust the data powering their AI-driven initiatives. By providing observability and management of data rights across diverse sources, our platform mitigates risks related to data misuse, including threats to future customers' name, image, likeness, and other sensitive data assets. Data Vault® addresses the challenge head-on. With compliance, cyber security and immutable audit trails, our technology will provide a unified framework for enterprises to index, value, score, and monetize their data assets through our patented information Data Exchange. We plan for Datavault AI to become an important and trusted partner for businesses navigating the complexities of the digital Web 3.0 economy.

Acoustic Division Overview

Our Acoustic Division, anchored by our patented Adio® ultrasonic platform, is at the forefront of using wireless audio to transmit data and audio for the consumer's use while enabling our future customers to monetize their usage and data. Our technology addresses the needs for enhanced experiences in live events, trade shows, retail environment, consumers home entertainment systems, and on premise digital signage.

Acoustic Science

Our Acoustic Sciences Platform now features a fusion of WiSA's proven and wireless standard technology and the category creating ADIO inaudible tone, data over sound, and mobile quick response technology. ADIO technology was acquired with plans to enhance the revenue production and productization of WiSA E technology. Prior to the acquisition of IP assets from EOS Technology Holdings Inc., we had established a leadership position in audio innovation within high-definition wireless audio transmission technology. These multi-patented spatial and multichannel HD sound transmission technologies—including intellectual property covering audio timing, synchronization, and multi-channel Interference Cancellation—will integrate with the Adio technology we acquired in the acquisition. Adio is a set of IP pioneering data-over-sound, sonic anchor, and inaudible tone transmission and receiver technologies. Together, these capabilities create a powerful synergy, blending the extensive intellectual property portfolio that we recently acquired with WiSA's legacy audio solutions. We believe this collaboration will deliver transformative value across multiple markets, including sports and entertainment, education, retail, commercial, government, and scientific sectors. By combining these exclusive patented technologies, we will not only enhance current and future customer experiences but also plan to redefine how data and sound converge can drive business success.

Adio®: A Patented Ultrasonic Platform Powering Web 3.0 Innovation

Adio® represents a groundbreaking advancement in data-over-sound technology, leveraging ultrasonic signals to provide fully implemented use cases across industries such as advertising, biotech, fintech, e-commerce, AI, ML, broadcasting, streaming, event venues, food safety, ticketing, farming, logistics, livestock management, and credential validation. This patented Web 3.0 anchor technology, branded Sumerian® integrates seamlessly with Datavault's broader data management ecosystem, enabling data tokenization, objectification, and tracking. When paired with complementary patented technologies—such as P-Chip's micro transponder technology and BASF's polymer solutions—Adio® achieves first-mover status in key market verticals, delivering a robust technology stack with significant competitive advantages.

Our extensive patent portfolio underpins Adio®'s market leadership, featuring key issued claims that secure long-term ownership of critical verticals. This IP spans both sender and receiver functionalities, covering applications in music tones, broadcasting, tracking and logistics, user and data validation, verification, and streaming. With U.S. and international patent coverage, this IP establishes a formidable barrier to entry for competitors, protecting both core and ancillary feature sets that drive Adio®'s versatility and scalability.

How Adio Works

Adio® enhances consumer and enterprise experiences by simplifying interactions with data and content. Consumers will opt in via a single interface command, granting permission for Adio®'s listening utility to detect ultrasonic tones and deliver tailored responses—such as offers, multimedia content, or data visualizations—directly to their smartphones. Unlike QR codes, which require camera-based interaction, Adio® uses microphones to ingest tones, reducing friction and improving accessibility. These tones can be programmed for timed releases, encrypted file delivery, or networked data links, triggering responses like URLs, virtual reality experiences, or serialized multimedia content. When integrated with Web 3.0 blockchain technology, Adio® supports digital rights management, authenticity verification, credentialing, tokenomics, and data validation, creating a secure and innovative ecosystem for both consumers and businesses.

Market Positioning and Use Cases

Adio® delivers an industry-first patented data-over-sound content delivery system that transcends traditional audio applications, unlocking future revenue potential. In advertising and marketing, it enables brands to engage consumers through inaudible tones embedded in broadcasts or live events. In food safety and asset tracking, Adio® pairs with marking technologies—such as molecular polymers, micro transponders, Wi-Fi, Bluetooth, radio frequency identification, near-field communication, and social media—to provide end-to-end traceability and authenticity validation. Transmission channels range from dedicated tone transmitters to streaming platforms, radio, satellite, and social media, ensuring compatibility with existing sound infrastructure. We believe this seamless integration, coupled with straightforward and cost-effective installation, will give our future customers a technical edge and will foster creativity in delivery.

Strategic Vision and Growth Opportunities

Our Acoustic Platform is committed to driving innovation in the wireless audio market with Adio and WiSA. As a founding member of the WiSA Association, we promote interoperability and consumer choice through certified, logo-bearing products that ensure seamless performance across brands. Our WiSA marketing strategy emphasizes two emerging needs: immersive multichannel audio and robust wireless performance. Our Adio strategy will enable our future customers to simultaneously transmit data to their customer for advertising, education, and public service announcements. Jointly licensing Adio and WiSA software to premium audio brands and smart device manufacturers, we aim to revolutionize how consumers experience media content across mobile devices, televisions, soundbars, set-top boxes, and personal computers. By combining our expertise in wireless audio with our innovative Adio® platform, we will redefine how sound can deliver both entertainment and utility across a variety of use cases.

Historically, our Acoustic Platform focused on developing modules that wirelessly transmit and receive audio directly to speakers. In late 2023, we introduced WiSA E, a software-based wireless technology leveraging standard Wi-Fi chips, marking a significant evolution in our offerings. Looking forward, we intend to license our proprietary software—currently embedded in our wireless modules—to third-party manufacturers, enabling them to integrate our technology into a broad range of Wi-Fi-enabled smart devices.

Comprehensive Datavault AI Market Opportunity and Strategic Vision

Datavault AI, through its patented Data Vault® platform, is uniquely positioned at the intersection of Web 3.0, AI, and enterprise data management, offering a first-to-market solution that aligns with the growing demand for decentralized, secure, and value-driven data ecosystems. Our Data Vault platform's use cases span operational enhancements—such as improving supply chain transparency in Food Safety, enabling secure patient data monetization in Biotech, or powering real-time analytics in Sports & Entertainment—to broader strategic initiatives that redefine how enterprises engage with their data and digital twins that will change what we can perceive from data today. By integrating cutting-edge technologies into cohesive solutions and customer-centric offerings for future customers, and licensing where our future customers connect to utilities we create which will help achieve our solutions on future customers' networks, we can provide our future clients with the tools to not only adapt to the Web 3.0 landscape, but to lead within it. Our solutions will provide for immediate acclamation to a world in Web 3.0 where data has become power itself.

Looking ahead, Datavault AI is committed to expanding the capabilities of Data Vault®, enhancing its utility across additional industries and use cases. As the volume and complexity of data continue to grow, our focus remains on delivering innovative solutions that will empower our future clients to maintain sovereignty over their data while capitalizing on its economic potential. Through continuous investment in research and development, strategic partnerships, and customer-centric innovation, we aim to solidify our leadership in the data management space and drive long-term value for our stakeholders by building a new customer base and revenue stream.

Our Business Focus

Datavault AI is dedicated to pioneering the future of data and audio technology through our innovative Data Vault® and Adio® platforms, delivering transformative Web 3.0 solutions that empower enterprises and consumers alike. Our Data Platform will redefine data management by providing a first-to-market SaaS platform that enables organizations to acquire, value, refine, and monetize their data assets with unparalleled security and control. Simultaneously, our Acoustic Platform will leverage our patented ultrasonic Adio® technology to deliver immersive wireless audio and data-over-sound applications, unlocking new utility across industries ranging from entertainment to food safety. Together, these platforms position Datavault AI at the forefront of the digital and audio innovation landscape, addressing the growing demand for trusted, scalable, and value-driven ecosystems in the Web 3.0 era.

Our strategic focus is to accelerate growth and expand our market presence through a dual-pronged approach of mergers and acquisitions (M&A) and direct organic sales growth. We intend to pursue targeted M&A opportunities to acquire complementary technologies, intellectual property, and customer bases that enhance our Data Vault® and Adio® offerings, broaden our industry reach, and strengthen our competitive moat. Concurrently, we are committed to scaling our direct sales efforts to penetrate key verticals—such as biotech, fintech, hospitality, and advertising—capitalizing on our first-mover advantages and robust patent portfolios. By integrating acquired assets with our existing platforms and leveraging our sales channels, we aim to rapidly expand our footprint, drive revenue growth, and deliver long-term value to our shareholders through future revenue and customer streams. Our leadership remains focused on executing a disciplined growth strategy that maximizes enterprise value through organic innovation and strategic consolidation.

Human Capital Resources

As of March 12, 2025, we had 66 domestic employees with 63 of those employees classified as full-time. In the United States, we had 66 employees, including 36 employees that work in our research and development department, 11 employees in our sales and marketing

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department, 2 employees that work in our facilities and IT department and 8 employees that work in our general and administrative department. In addition, we have one logistics employee in China, one sales employee in Taiwan and one sales employee in Korea. None of our employees are represented by a labor union with respect to his or her employment. In certain countries in which we operate, we are subject to, and comply with, local labor law requirements. We have not experienced any work stoppages, and we consider our relations with our employees to be good.

Raw Materials

Our WiSA E code is exclusively on Realtek for 5ghz and Espressif for 2.4 ghz. Our HT chips are sole sourced but we have plenty of inventory. Speakers are sole sourced from Hansong but there are numerous other ODMs that could build speakers. Historically, the company strategically partners with its vendors for specific products. In each category, they are the primary source for parts. Each has excess capacity to meet any surge in volume. Each can be replaced with another vendor should a supply problem develop.

In 2025 and beyond, with the Data Vault IP acquisition and WiSA E software, we expect our revenue to shift to more software and less hardware.

No materials supplier makes up more than 10% of our purchases.

Reliance Upon One or a Few Customers

For the year ended December 31, 2024, Richsound Research Ltd. accounted for 29%, Sagemcom Broadband SAS 19%, Amazon 18% and Edom Technologies Co, Ltd. 10% of our net revenue. For the year ending December 31, 2023, Amazon accounted for 25%, Edom Technologies Co, Ltd. 19%, Focus Camera 14% and Guo Guang Electric Co 13% of our net revenue. It has been our experience that a large percentage of our sales have been attributable to a relatively small number of customers in any particular period.

Industry Background

Datavault AI operates within the burgeoning Web 3.0 ecosystem, a next-generation internet framework defined by decentralization, blockchain technology, and user-centric data control. Web 3.0 represents a seismic shift from the centralized, platform-dominated Web 2.0 model toward a decentralized digital landscape where individuals and enterprises wield greater autonomy over their data, identity, and transactions. According to Market Research Future, the global Web 3.0 blockchain market was valued at \$2.2 billion in 2021 and is projected to reach \$38.6 billion by 2030, growing at a compound annual growth rate (CAGR) of 43.6% from 2024 to 2030. This expansion is fueled by rising demand for data privacy, the proliferation of digital assets like cryptocurrencies and non-fungible tokens (NFTs), and advancements in internet infrastructure, such as 5G and 6G deployment.

The Web 3.0 market intersects two pivotal trends shaping Datavault AI's strategic focus. First, the integration of AI and ML into enterprise operations is driving demand for secure, decentralized data ecosystems. Grand View Research estimates the broader Web 3.0 market, encompassing blockchain and AI-driven applications, at \$2.25 billion in 2023, with a projected CAGR of 49.3% through 2030, reflecting the urgency for platforms like Data Vault® to address data valuation and monetization needs in sectors such as biotech, fintech, and hospitality. Second, the audio technology sector is evolving toward wireless, multifunctional solutions, with Straits Research forecasting the Web 3.0 blockchain market—spanning innovative applications like Adio®'s data-over-sound technology—to grow from \$3.34 billion in 2023 to \$93.46 billion by 2032 at a CAGR of 44.8%. This convergence of data and audio innovation within Web 3.0 creates a fertile landscape for Datavault AI's offerings.

While established technology giants and blockchain startups vie for dominance, we believe the market remains ripe for pioneers who can deliver scalable, practical solutions. Datavault AI plans to capitalize on this through its patented Data Vault® platform, which will empower enterprises to maintain data sovereignty amid growing cybersecurity threats, and its Adio® technology, which will leverage ultrasonic signals and blockchain to unlock novel use cases in advertising, supply chain tracking, and beyond. As consumer and regulatory emphasis on data ownership intensifies—evidenced by the rapid adoption of decentralized finance (DeFi) and NFTs, with NFT funding surging to \$4.8 billion in 2021 per CB Insights—we believe Datavault AI is poised to deliver shareholder value by bridging these industry trends with actionable, Web 3.0-enabled solutions for our future customers.

References for market size and growth projections:

- Web 3.0 blockchain market: \$2.2 billion (2021) to \$38.6 billion (2030), CAGR 43.6% (Market Research Future).

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- Broader Web 3.0 market: \$2.25 billion (2023), CAGR 49.3% through 2030 (Grand View Research).
- Web 3.0 blockchain market: \$3.34 billion (2023) to \$93.46 billion (2032), CAGR 44.8% (Straits Research).
- NFT funding: \$4.8 billion in 2021 (CB Insights).

Our Technology

The combined patented data and acoustic technologies breakdown by platform follows:

Data Sciences Platform	Patented Technology Stack
Acoustic Data Perception	WiSA® - Wireless HD Transmission Technology
Data Ownership	Data Vault® - Data Experience AI Agent
Data Visualization	Data Vault Bank® - Smart Contract AI Agent
Data Valuation	DataValue® - Data Valuation AI Agent
Data Scoring	DataScore® - Data Scoring AI Agent
Data Anchoring	Sumerian® - Crypto Anchors
Data Monetization	Information Data Exchange® - Buy & Sell Data
Acoustic Sciences Platform	Patented Technology Stack
Adio Tones	Adio® - Inaudible Tones Technology
WiSA Spatial, HD Transmission	WiSA®
WiSA Association	

Recent Developments

Nathaniel Bradley Inducement

We granted Mr. Bradley, effective January 2, 2025, an inducement award agreement (the “Inducement Award Agreement”), pursuant to which Mr. Bradley was granted 1,200,000 units of our restricted stock (the “Units”) as an inducement material to Mr. Bradley’s entering into employment with us. The Units were approved by the Board and granted outside of our 2020 Stock Incentive Plan and 2018 Long-Term Stock Incentive Plan in accordance with Nasdaq Listing Rule 5635(c)(4). The Inducement Award Agreement contemplates half of the Units vesting in equal 3-month installments over a 36-month period beginning March 20, 2025, and the other half of the Units vesting upon our aggregate revenue equaling or exceeding \$40 million over any trailing 12 calendar month period ending on or prior to the date that is 5 years from the grant date.

February 26, 2025 RSA Grant to Employees, Directors and Officers

On February 26, 2025, we granted 6.1 million RSA awards from the 2018 Long-Term Stock Incentive Plan to our employees, directors and officers with a grant date fair value of \$1.04 per share. The award includes 2.2 million performance-based grants to certain executives which will vest upon the achievement of revenue milestones with the remaining awards containing service-based vesting requirements and are earned in equal increments over the subsequent twelve quarters.

Share Exchange Agreement

On March 16, 2025, we entered into a share exchange agreement (the “Share Exchange Agreement”) with NYIAX, Inc., a Delaware corporation (“NYIAX”), for the exchange of 900,000 NYIAX shares of common stock, par value \$0.0001 per share (the “Shares”) for aggregate consideration of up to 5,000,000 shares of our common stock, par value \$0.0001 per share (collectively, the “Exchange”). NYIAX operates a NASDAQ-integrated trading platform that enables trading of long-term media contracts. Using patented blockchain-powered technology, the platform brings financial market standards to advertising transactions, improving transparency and automation.

The Share Exchange Agreement provides that as consideration for the Shares transferred by NYIAX to us, we will issue to NYIAX (i) 3,000,000 newly issued, fully paid and nonassessable shares of our common stock (the “Closing Shares”), and (ii) 2,000,000 newly issued, fully paid and nonassessable shares of our common stock (the “Additional Shares”). The Closing Shares shall be issued in four equal quarterly tranches starting from the closing.

The Additional Shares shall be issued only upon completion of a complete advertising cycle for a third party clientele, and upon the parties’ mutual written agreement that the Adio Platform has been integrated into the NYIAX Platform upon completion of the advertising cycle. The Additional Shares shall be issued within thirty (30) days from the completion of the integration.

The Share Exchange Agreement includes customary representations and warranties and various customary covenants and closing conditions that are subject to certain limitations, including, without limitation, certain agreements.

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Intellectual Property Cross-License Agreement

In connection with the Exchange, on March 16, 2025, we, entered into a white label, co-marketing and intellectual property cross-license agreement (the “License Agreement”) with NYIAX, where we received a non-exclusive license under certain of NYIAX’s jointly owned patent rights and know-how, and a non-exclusive license to white label NYIAX’s proprietary software-as-a-service advertising brokerage platform, all within the field of data, information and asset monetization and exchange. In exchange, we granted to NYIAX a non-exclusive license under certain of our wholly owned patent rights, know-how and trademarks, including with respect to our Adio Platform, in the field of advertising buying, selling and brokerage.

As consideration for the services provided by NYIAX pursuant to the License Agreement and the rights to access and use the NYIAX Platform granted to us, we will issue to NYIAX 2,530,000 newly issued, fully paid and nonassessable shares (such shares, the “Consideration Shares”) of our common stock

As consideration for the rights granted to NYIAX under the License Agreement, NYIAX shall pay to us a license fee in the form of a convertible promissory note in the aggregate amount \$2,500,000 (the “NYIAX Convertible Note”). The NYIAX Convertible Note is due on the first anniversary of the closing. NYIAX agreed to pay interest to us on the aggregate unconverted and then outstanding principal amount of the NYIAX Convertible Note at the rate of four percent (4%) per annum, accruing from the closing. The NYIAX Convertible Note may be prepaid in full at NYIAX’s election.

The NYIAX Convertible Note will automatically convert at the earlier of (i) the maturity date, and (ii) the first underwritten public offering of NYIAX pursuant to an effective registration statement under the Securities Act, covering the offer and sale by NYIAX of its equity securities, as a result of or following which NYIAX shall be a reporting issuer under the Securities Exchange Act of 1934, as amended, and NYIAX Common Stock is listed on the trading market, at a conversion price of \$2.00 per share.

The License Agreement includes customary representations and warranties and various customary covenants and closing conditions that are subject to certain limitations, including, without limitation, certain agreements.

Software Development Agreement

In connection with the Exchange, on March 16, 2025, we entered into a software development agreement (the “Software Development Agreement”) with NYIAX, pursuant to which NYIAX has engaged us to develop certain software and provide certain additional professional services as the parties will agree under one or more statements of work.

The Software Development Agreement includes customary representations and warranties and various customary covenants and closing conditions that are subject to certain limitations, including, without limitation, certain agreements.

Registered Direct Transaction

On February 13, 2025, we closed an offering (the “February 2025 Offering”) pursuant to the securities purchase agreement (the “February 2025 Purchase Agreement”) with the investors (the “February 2025 Investors”), In the February 2025 Offering, we issued and sold to the February 2025 Investors in a registered direct offering, (a) an aggregate of 4,757,126 shares of our common stock, par value \$0.0001 per share, and (b) common stock purchase warrants (the “February 2025 Warrants”, and together with the shares, the “February 2025 Securities”) exercisable for an aggregate of up to 4,757,126 shares of common stock, at an exercise price of \$1.14 per share (the “February 2025 Warrant Shares”) at a combined offering price of \$1.14 per share, for aggregate gross proceeds of approximately \$5.4 million.

The February 2025 Warrants will be immediately exercisable upon issuance and will expire on the fifth anniversary of the issuance date of the February 2025 Warrants. Once issued, the February 2025 Warrants may be exercised, in certain circumstances, on a cashless basis pursuant to the formula contained in the February 2025 Warrants.

Under the February 2025 Purchase Agreement, we agreed, subject to certain exceptions, (i) not to offer for sale, issue, sell contract to sell, pledge or otherwise dispose of any of our shares of common stock or securities convertible into common stock until 30 days after the closing date of the February 2025 Offering, and (ii) not to issue certain securities if the issuance would constitute a variable rate transaction for a period of 4 months from the closing date of the February 2025 Offering, in each case unless we are required to complete a financing prior to the applicable date in order to satisfy Nasdaq’s continued listing requirements.

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The February 2025 Securities to be issued in the registered direct offering and the February 2025 Warrant Shares issuable upon exercise of the February 2025 Warrants are being offered pursuant to our shelf registration statement on Form S-3 (File 333-267211) (the “Shelf Registration Statement”), initially filed by us with the Securities and Exchange Commission (the “SEC”) under the Securities Act of 1933, as amended (the “Securities Act”), on September 1, 2022 and declared effective on September 13, 2022.

Placement Agency Agreement

In connection with the February 2025 Offering, on February 13, 2025, we entered into a placement agency agreement (the “Placement Agency Agreement”) with Maxim Group LLC (the “Placement Agent”), pursuant to which the Placement Agent agreed to act as placement agent on a “reasonable best efforts” basis in connection with the February 2025 Offering. Pursuant to the Placement Agency Agreement, we agreed to pay the Placement Agent an aggregate fee equal to 7.0% of the gross proceeds raised in the February 2025 Offering and reimburse the Placement Agent an amount up to \$75,000 for expenses in connection with the February 2025 Offering. We also agreed to issue the Placement Agent (or its designees) a private warrant (the “Placement Agent Warrant”) to purchase up to 5.0% of the aggregate number of February 2025 Securities sold in the offering, or warrants to purchase up to 475,713 shares of common stock (such shares, the “Placement Agent Warrant Shares”), at an exercise price equal to 125.0% of the offering price per share of common stock, or \$1.425 per share. The Placement Agent Warrants will be exercisable 6 months after the commencement of sales in the February 2025 Offering and will expire on the five year anniversary of the initial exercise date.

EOS Technology Holdings Inc. Asset Purchase

On December 31, 2024 (the “DV Closing Date”), we completed the previously announced asset purchase of information technology assets, certain patents and trademarks (collectively, the “Acquired Assets”) from EOS Technology Holdings Inc. (“EOS Holdings”). At the DV Closing, pursuant to an asset purchase agreement, by and between us and EOS Holdings, dated as of September 4, 2024, and as amended by that certain amendment to the asset purchase agreement, dated as of November 14, 2024, and as further amended from time to time (the “DV Asset Purchase Agreement”), we acquired the Acquired Assets for an aggregate purchase price consisting of (i) \$10,000,000 paid in the form of a promissory note issued by us to EOS Holdings (the “DV Convertible Note”), and (ii) 40,000,000 shares (the “Closing Stock Consideration”) of validly issued, fully paid and nonassessable shares of our restricted common stock, par value \$0.0001 per share, issued by us to EOS Holdings and its designees.

Executive Leadership

On December 31, 2024, Brett Moyer, formerly Chief Executive Officer of the Company, assumed the role of Chief Financial Officer in connection with the DV Closing. On December 31, 2024, we and Mr. Moyer entered into a new employment agreement, dated as of December 31, 2024 (the “Moyer Employment Amendment”). In his capacity as our Chief Financial Officer, pursuant to the Moyer Employer Agreement, Mr. Moyer will receive an initial base salary of \$420,000 per year, with an opportunity to receive an annual bonus, made available to our senior management from time to time by the Board. Pursuant to the Moyer Employment Agreement, we will pay to Mr. Moyer a stay bonus of \$400,000, payable in quarterly instalments during 2025.

On December 31, 2024, pursuant to the Asset Purchase Agreement, the Board appointed Nathaniel Bradley as our new principal executive officer and a member of the Board, effective upon the Closing. On December 31, 2024, we and Mr. Bradley entered into an employment agreement, dated as of December 31, 2024 (the “Bradley Employment Amendment”). In his capacity as our Chief Executive Officer, pursuant to the Bradley Employment Agreement, Mr. Bradley will receive an initial base salary of \$450,000 per year, with an opportunity to receive an annual bonus, made available to our senior management from time to time by the Board.

Name Change

On February 13, 2025, we filed a Certificate of Amendment to its Certificate of Incorporation with the Secretary of State of the State of Delaware to change its name to “Datavault AI Inc.”

Our Corporate Information

We were formed as a limited liability company in Delaware on July 23, 2010. We converted to a Delaware corporation, effective December 31, 2017. Effective March 11, 2022, we changed our name to “WiSA Technologies, Inc.” On December 31, 2024, we completed the purchase of certain information technology assets, patents and trademarks from EOS Technology Holdings Inc. Effective as of February 13, 2025, we changed our name to “Datavault AI Inc.” The address of our corporate headquarters is 15268 NW Greenbrier Pkwy, Beaverton, OR 97006. Our website address is <https://ir.datavaultsite.com>. The information contained in or accessible through our website is not part of this prospectus and is intended for informational purposes only.

Item 1A. Risk Factors.

As a smaller reporting company, the Company is not required to include the disclosure required under this Item 1A.

Item 1B. Unresolved Staff Comments.

Not Applicable.

Item 1C. Cybersecurity.

Risk management and strategy

We do not believe that we face significant cybersecurity risk and have not adopted a formal cybersecurity risk management program or process for assessing cybersecurity risk currently. We assess material risks from cybersecurity threats on an ongoing basis, including any potential unauthorized occurrence on or conducted through our information systems that may result in adverse effects on the confidentiality, integrity, or availability of our information systems or any information residing therein. As we grow, we plan to develop a more robust and detailed strategy for cybersecurity in alignment with nationally accepted standards. We have not encountered cybersecurity challenges that have materially impaired our operations or financial standing. For additional information regarding risks from cybersecurity threats, please refer to the “Risk Factors” section of the Registration Statement on Form S-1 (File No.333-276631), as amended, originally filed by the Company with the Securities and Exchange Commission on January 19, 2024.

Governance

Our management and Board, including our Board’s audit committee (the “Audit Committee”), recognize the critical importance of maintaining the trust and confidence of our business partners and employees, including the importance of managing cybersecurity risks as part of our larger risk management program. While all of our personnel play a part in managing cybersecurity risks, one of the key functions of the Audit Committee is informed oversight of our risk management process, including risks from cybersecurity threats. The Audit Committee is responsible for monitoring and assessing strategic risk exposure, and our executive officers are responsible for the day-to-day management of the material risks that we face. In general, we seek to address cybersecurity risks through a cross-functional approach that is focused on preserving the confidentiality, integrity, and availability of the information that we collect and store by identifying, preventing, and mitigating cybersecurity threats and effectively responding to cybersecurity incidents when they occur.

Item 2. Properties.

Facilities

Our principal executive office is located at 15268 NW Greenbrier Pkwy, Beaverton, Oregon 97006, where our research and development, production and sales and marketing personnel operate. We entered into a lease for the office effective November 1, 2020 and rent approximately 10,800 square feet and such lease was originally scheduled to terminate on January 31, 2024. In May 2023, we signed a lease amendment that extended the lease expiration date to June 30, 2029, and agreed to new monthly rates of approximately \$15,000 per month. The lease amendment was considered a lease modification and we adjusted its right-of-use asset and operating lease liabilities. We designated our Beaverton, Oregon office our principal executive office in March 2022.

We lease all of our facilities and do not own any real property. We may procure additional space as we add employees and expand geographically. We believe that our facilities are adequate to meet our needs for the immediate future and that should it be needed, suitable additional space will be available to accommodate expansion of our operations.

Item 3. Legal Proceedings.

At the present time, we are not involved in any material litigation. However, from time to time we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our common stock is currently listed on the Nasdaq Capital Market under the symbol “DVL.T.”

Holders

As of March 27, 2024, there were approximately 485 holders of record of our common stock. This number does not include shares of common stock held by brokerage clearing houses, depositories or others in unregistered form.

Dividends

We have never declared or paid any cash dividends on our common stock and do not intend to pay any cash dividends in the foreseeable future. We anticipate that we will retain all of our future earnings for use in the development of our business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of the Board. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

Securities Authorized for Issuance under Equity Compensation Plans

Reference is made to “*Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters—Securities Authorized for Issuance under Equity Compensation Plans*” for the information required by this item.

Recent Sales of Unregistered Securities

Information required by Item 701 of Regulation S-K as to all unregistered sales of equity securities of the Company during the period covered by this Report have previously been included in Current Reports on Form 8-K filed with the SEC with the exception of the transactions listed below:

On July 16, 2024, we issued 100,000 shares of Common Stock to an investor relations service provider as compensation for services provided.

Also on July 16, 2024, we issued 36,203 shares of Common Stock to another investor relations service provider as compensation for services provided.

On August 5, 2024, we issued 100,000 shares of Common Stock to an affiliate of an investment banking firm as compensation for services provided.

Each of the foregoing issuances was exempt from registration pursuant to Section 4(a)(2) of the Securities Act and/or Rule 506(b) promulgated thereunder. None of these transactions involved any underwriters, underwriting discounts or commissions, or any public offering.

Item 6. [Reserved]

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

The following discussion of our financial condition and results of operation should be read in conjunction with the consolidated financial statements and related notes that appear elsewhere in this Report. This discussion contains forward-looking statements and information relating to our business that reflect our current views and assumptions with respect to future events and are subject to risks and uncertainties that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

These forward-looking statements speak only as of the date of this Report. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, or achievements. Except as required by applicable law, including the securities laws of the United States, we expressly disclaim any obligation or undertaking to disseminate any update or revisions of any of the forward-looking statements to reflect any change in our expectations with regard thereto or to conform these statements to actual results.

Overview

Datavault AI is a pioneering technology licensing company that owns a portfolio of patented, secure platforms designed to redefine how data is managed, valued, and monetized in the modern era. Leveraging our proprietary HPC capabilities and advanced software, we aim to empower customers worldwide with revolutionary data solutions. At the heart of our offerings are our artificial intelligence (AI)-driven agents—branded as Data Vault®, DataValue®, DataScore®, and Data Vault Bank®. These tools harness generative AI to deliver enterprise-grade data management solutions tailored for the HPC landscape and the Web 3.0 paradigm. Our technology ensures data ownership immutability, experiential data observability, precise data asset valuation, and secure monetization—which we believe will unlock unprecedented opportunities for businesses in an increasingly data-driven world on which our executive leadership, with our engineering and software development teams, can capitalize. Datavault AI operates through two synergistic platforms (Data Science and Acoustic Science) to optimize our revenue generation.

The operating results presented in our historical financial statements represent the audio business and may not be indicative of our results following the asset purchase from EOS Technology Holdings Inc. We expect to derive a higher portion of revenues from the assets purchased from EOS Technology Holdings Inc. as compared to the revenue generated by the legacy Company. We have incurred, and expect to continue to incur, increased salaries and benefits expense due to hiring the additional employees it will take to monetize the economic benefit of the assets purchased in the Data Vault transaction. Other corporate costs are expected to increase such as legal and research and development expenses due to increased patent activity as well as sales and marketing expenses.

Critical Accounting Policies

The following discussion and analysis of financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in conformity with accounting principles generally accepted in the United States of America. Certain accounting policies and estimates are particularly important to the understanding of our financial position and results of operations and require the application of significant judgment by our management or can be materially affected by changes from period to period in economic factors or conditions that are outside of our control. As a result, they are subject to an inherent degree of uncertainty. In applying these policies, our management uses their judgment to determine the appropriate assumptions to be used in the determination of certain estimates. Those estimates are based on our historical operations, our future business plans and projected financial results, our observance of trends in the industry and information available from other outside sources, as appropriate. Please see Note 1 of the Notes to the Consolidated Financial Statements for a more complete description of our significant accounting policies.

Comparison of the Years Ended December 31, 2024 and 2023

Revenue

Revenue for the year ended December 31, 2024 was \$2,674,000, an increase of \$591,000 or 28%, compared to the revenue of \$2,083,000 for the year ended December 31, 2023. The increase in overall sales is primarily related to an increase in engineering revenue to one customer.

Gross Profit (Deficit) and Operating Expenses

Gross Profit (Deficit)

Gross profit for the year ended December 31, 2024 was \$376,000, an increase of \$3,833,000 compared to a gross deficit of \$3,457,000 for the year ended December 31, 2023. The gross margin as a percent of sales was 14% for the year ended December 31, 2024, compared to (166%) for the year ended December 31, 2023. The increase in gross profit and gross margin as a percent of sales is mainly attributable to the year ended December 31, 2023 having a \$2,875,000 increase in inventory reserves as a result of certain excess raw materials, primarily attributable to the out of balance inventory associated with longer lead time semiconductor chips.

Research and Development

Research and development expenses for the year ended December 31, 2024 were \$7,818,000, an increase of \$362,000 compared to expenses of \$7,456,000 for the year ended December 31, 2023. The increase in research and development expenses is primarily related to increased salaries and benefits expense of \$556,000 and recruitment fees expense of \$84,000 offset by decreases in outside consultants of \$164,000 and legal of \$95,000.

Sales and Marketing

Sales and marketing expenses for the year ended December 31, 2024 were \$3,974,000, a decrease of \$1,203,000 compared to expenses of \$5,177,000 for the year ended December 31, 2023. The decrease in sales and marketing expenses is primarily related to decreased salary and benefit expense of \$515,000 and decreased website expenses, advertising, trade shows, consulting expenses, stock-based compensation, and public relations expenses of \$204,000, \$155,000, \$60,000, \$117,000, \$94,000 and \$93,000, respectively.

General and Administrative

General and administrative expenses for the year ended December 31, 2024 were \$9,722,000, an increase of \$4,355,000 compared to expenses of \$5,367,000 for the year ended December 31, 2023. The increase in general and administrative expenses is primarily related to increased investor relations expenses of \$2,607,000, which includes stock-based compensation charges of \$334,000, increased legal fees of \$458,000, increased stock-based compensation expense of \$648,000, increased salaries and benefits of \$133,000, an increase in consultants expense of \$147,000, an increase in shareholder expense of \$197,000 and an increase in bonus of \$85,000.

Interest Expense, net

Interest expense, net for the year ended December 31, 2024 was \$1,272,000 compared to \$932,000 for the year ended December 31, 2023.

Interest expense for the year ended December 31, 2024 was primarily due to the amortization of debt discounts associated with the January 2024 Promissory Note in the principal amount of \$1,000,000 that the Company incurred in January 2024 and repaid in full in the three months ended March 31, 2024.

Interest expense for the year ended December 31, 2023 was primarily due to the amortization of debt discounts associated with the senior secured convertible note that the Company issued in August 2022 and repaid in full on April 11, 2023 and the amortization of debt discounts associated the short-term loan that the Company issued in September 2023 that was repaid in full on December 7, 2023.

Change in Fair Value of Warrant Liability

Change in fair value of warrant liability for the year ended December 31, 2024 was a loss of \$29,120,000 compared to a gain of \$4,510,000 for the year ended December 31, 2023. The change in fair value of the warrant liability for the year ended December 31, 2024 was due to the issuance of additional warrants to purchase 5,602,693 shares of common stock and the subsequent valuing of such warrants which were impacted by the Company's higher stock price throughout the year. The additional warrants were issued as a result of provision in certain of the warrant agreements that was triggered following the Company's reverse stock split that occurred in April 2024. The change in fair value of the warrant liability for the year ended December 31, 2023 was due to the issuance of warrants during the year ended December 2023 associated with our common stock and Series B Preferred Stock offerings and the subsequent decrease in our common stock price at year end compared to the price of our stock on the date of the warrants were issued.

Loss on Debt Extinguishment

During the year ended December 31, 2024, the Company recorded a loss on debt extinguishment of \$0. During the year ended December 31, 2023, the Company recorded a loss on debt extinguishment of \$837,000. The loss is directly related to the Company's April 2023 repayment of the Convertible Note in the amount of \$1,656,744. The repayment of the entirety of the outstanding balance of such note, included the unpaid principal, interest through the payoff date, and a pre-payment premium of \$276,000. The loss also includes the expensing of the related unamortized debt discounts totaling \$894,000, offset partially by a \$333,000 gain on termination of a derivative liability that was established in connection with the Convertible Note.

Deemed Dividend on Exchange of Convertible Preferred Stock for Common Stock

During the year ended December 31, 2024, the Company recorded a deemed dividend of \$5,842,000 which was primarily related to the accretion upon the repurchase of 62,657 Series B Preferred Stock shares and extinguishment of 81,315 Series B Preferred Stock warrants.

During the year ended December 31, 2023, the Company recorded a deemed dividend of \$6,360,000, which was primarily related to the accretion upon the conversion of 110,278 shares of Series B Preferred Stock to 177,282 shares of common stock.

Deemed Dividend on Issuance of Common Stock and Warrants Issued in Connection with Amendments to Warrants to Purchase Common Stock

During the year ended December 31, 2024, the Company recorded a deemed dividend of \$10,475,000 primarily related to excess fair value of equity instruments transferred to warrant holders in connection with modifications and exchanges to equity classified common stock warrants. No such deemed dividend was recorded during the year ended December 31, 2023.

Liquidity and Capital Resources

Cash and cash equivalents as of December 31, 2024 were \$3,330,000, compared to \$411,000 as of December 31, 2023.

We used net cash in operating activities of \$17,526,000 for the year ended December 31, 2024. For the year ended December 31, 2023, we used net cash in operating activities of \$14,826,000. Excluding the net loss and non-cash adjustments, the increase in the use of net cash from operating activities during the year ended December 31, 2024, was primarily related to the increase in prepaid expenses and other current assets and a decrease in accounts payable offset by a decrease in inventories.

We have financed our operations to date primarily through the issuance of equity securities, proceeds from the exercise of warrants to purchase common stock and sale of debt instruments. Cash provided by financing activities for the year ended December 31, 2024 was \$22,002,000. In January 2024, we received gross proceeds of \$600,000 from the issuance of promissory notes and common stock purchase warrants to certain accredited investors. In February 2024, we received gross proceeds of approximately \$10.0 million from the public offering of 1,025,600 units, with each unit consisting of one share of common stock (or pre-funded warrant in lieu thereof) and one warrant, each to purchase one (1) share of common stock. In March 2024 we received gross proceeds of approximately \$2.3 million from the issuance of 417,833 shares of common stock, 93,342 pre-funded common stock warrants and the issuance of 511,175 warrants to purchase common stock. On April 19, 2024, we received net proceeds of approximately \$591,000 from the issuance of 225,834 shares of common stock and the issuance of 225,834 warrants to purchase common stock. On April 23, 2024, we received net proceeds of approximately \$1.6 million from the issuance of 361,904 shares of common stock and the issuance of 542,856 warrants to purchase common stock. On April 30, 2024, we received net proceeds of approximately \$2.1 million from the issuance of 418,845 shares of common stock and the issuance of 418,845 warrants to purchase common stock. On May 15, 2024, we received net proceeds of approximately \$2.3 million from the issuance of 785,000 shares of common stock and the issuance of 785,000 warrants to purchase common stock. On May 17, 2024, we received net proceeds of approximately \$2.1 million from the issuance of 675,000 shares of common stock and the issuance of 675,000 warrants to purchase common stock. In September 2024, we received net proceeds of approximately \$2.4 million from the exercise of 1,193,721 warrants to purchase common stock. In November and December 2024, we received net proceeds of \$4.9 million from the exercise of 3,821,442 warrants to purchase common stock.

Going Concern

Our consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the discharge of liabilities in the normal course of business. We have incurred net operating losses each year since inception. As of December 31, 2024, we had cash and cash equivalents of \$3.3 million and reported net cash used in operations of \$17.5 million during the year ended December 31, 2024. The Company expects operating losses to continue in the foreseeable future because of additional costs and expenses related to research and development activities, plans to expand its product portfolio, and increase its market share. The Company's ability to attain profitable operations is dependent upon achieving a level of revenues adequate to support its cost structure.

Based on current operating levels, we will need to raise additional funds during the next 12 months by selling additional equity or incurring debt (See Note 13 – Subsequent Events for additional information). To date, the Company has funded its operations primarily through issuance of equity securities and proceeds from the exercise of warrants to purchase common stock and the sale of debt instruments. Additionally, future capital requirements will depend on many factors, including the rate of revenue growth, the selling price of the Company's products, the expansion of sales and marketing activities, the timing and extent of spending on research and development efforts and the continuing market acceptance of the Company's products. These factors raise substantial doubt about the Company's ability to continue as a going concern for the twelve months from the date of this prospectus.

Management of the Company intends to raise additional funds through the issuance of equity securities or debt. There can be no assurance that, in the event the Company requires additional financing, such financing will be available at terms acceptable to the Company, if at all. Failure to generate sufficient cash flows from operations, raise additional capital and reduce discretionary spending could have a material adverse effect on the Company's ability to achieve its intended business objectives. As a result, the substantial doubt about the Company's ability to continue as a going concern has not been alleviated. The accompanying consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

We are not required to provide the information required by this Item as we are a smaller reporting company.

Item 8. Financial Statements and Supplementary Data.

The consolidated financial statements, notes to the consolidated financial statements and the respective report of the Company's independent registered public accounting firm required to be filed in response to this Item 8 begin on page F-1.

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

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15 under the Exchange Act, we have carried out an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Report. This evaluation was carried out under the supervision and with the participation of our management, including our principal executive officer and principal financial officer. Based on their evaluation as of December 31, 2024, the end of the period covered by this Report, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective at a reasonable assurance level to ensure that the information required to be disclosed in reports filed or submitted under the Exchange Act, including this Report, was recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and was accumulated and communicated to management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Management’s Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting is a process designed 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. Internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) includes those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an evaluation of the effectiveness of Company’s internal control over financial reporting based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that Company’s internal control over financial reporting was effective as of December 31, 2024. This Report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management’s report was not subject to attestation by our registered public accounting firm because as a smaller reporting company we are not subject to Section 404(b) of the Sarbanes-Oxley Act of 2002.

Changes in Internal Control over Financial Reporting

There were no changes in our internal controls over financial reporting during the three months ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect our internal controls over financial reporting.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Executive Officers, Other Executive Management and Directors

The following table sets forth the names and ages, as of the date of this prospectus, and titles of the individuals who will serve as our executive officers and members of our Board as of March 27, 2025:

Name	Position	Age
Nathaniel Bradley	President, Chief Executive Officer and Board member	49
Brett Moyer	Chief Financial Officer and Chairman of the Board	67
Kimberly Briskey	Director (1)	37
Dr. Jeffrey M. Gilbert	Director (2)(3)	53
David Howitt	Director	56
Helge Kristensen	Director	64
Sriram Peruvemba	Director (1)(2)	59
Robert Tobias	Director (2)(3)	61
Wendy Wilson	Director (1)	57

- (1) Member of the audit committee.
- (2) Member of the compensation committee.
- (3) Member of the nominating and corporate governance committee.

Executive Officers

Nathaniel Bradley, Chief Executive Officer, Director. Mr. Bradley, age 49, has served as Chief Executive Officer and sole member of the board of Data Vault since October 2018, and as Chief Executive Officer of Intellectual Property Network, Inc. since January 2008. Prior to joining Data Vault, Mr. Bradley served as Chief Technology Officer of Parallax Health Sciences, Inc. between 2018 and 2021. Mr. Bradley holds no public company directorships other than with the Company and has only held the aforementioned position in the Company during the previous five years. Mr. Bradley earned a bachelor's degrees in business administration and marketing from the University of Phoenix. The Company believes that Mr. Bradley's extensive experience as an inventor across diverse fields such as Internet broadcasting, mobile advertising, behavioral healthcare, blockchain, cybersecurity, AI, and data science gives him the qualifications and skills to serve as a director.

Brett Moyer, Chief Financial Officer and Chairman of the Board . Brett Moyer is a founding member of the Company and has served as the President and Chief Executive Officer of the Company and as a member of its Board since August 2010. From August 2002 to July 2010, Mr. Moyer served as president and chief executive officer of Focus Enhancements, Inc., a developer and marketer of proprietary video technology and UWB wireless chips. From February 1986 to May 1997, Mr. Moyer worked at Zenith Electronics Inc. a consumer electronic company, where he had most recently been the vice president and general manager of its Commercial Products Division. Between August 2017 and October 2019, Mr. Moyer served as a member of the board of directors of DionyMed Brands Inc., a company which operated a multi-state, vertically integrated operating platform that designs, develops, markets and sold a portfolio of branded cannabis products. From June 2016 to November 2018, Mr. Moyer served as a member of the board of directors of Alliant International University, a private university offering graduate study in psychology, education, business management, law and forensic studies, and bachelor's degree programs in several fields. From 2003 to December 2015, he served as a member of the board of directors of HotChalk, Inc., a developer of software for the educational market, and from March 2007 to September 2008, he was a member of the board of directors of NeoMagic Corporation, a developer of semiconductor chips and software that enable multimedia applications for handheld devices. Mr. Moyer received a Bachelor of Arts in Economics from Beloit College in Wisconsin and a Master's of Business Administration with a concentration in finance and accounting from Thunderbird School of Global Management. The Company believes that Mr. Moyer is qualified to serve on the Board because of his extensive experience as an executive with technology and electronic companies.

Directors

Kimberly Briskey, Director

Kimberly Briskey has been a member of the Board since June 2024. Ms. Briskey currently serves as Brand CFO of Eddie Bauer at SPARC Group LLC, where she leads a finance and accounting team managing an \$800M multichannel business. She joined SPARC Group LLC in August 2020. Previously, she served as Sr. Director of DTC Finance and Company Planning at SPARC Group LLC. She has expertise in financial planning, long-range budgeting, and operational oversight. Her extensive experience includes senior roles at Lucky Brand, Beyond Yoga, J Brand, and GUESS? INC., driving financial efficiencies and profitability across various retail and e-commerce channels. Ms. Briskey holds a Bachelor of Science in Global Business and Marketing from Arizona State University and a Professional Designation in Product Development from the Fashion Institute of Design and Merchandising. The Company believes that Ms. Briskey is qualified to serve on the Board because of her years of experience as a growth-oriented financial executive in global organizations.

Dr. Jeffrey M. Gilbert. Dr. Gilbert has been a member of the Board since April 2015. Dr. Gilbert has been working in the Research and Machine Intelligence and Project Loon teams at Google, Inc. since March 2014, and from January 2014 to March 2014, Dr. Gilbert worked for Transformational Technology Insights LLC, a consulting company, where he served as the sole principal. Previously, from May 2011 to December 2013, Dr. Gilbert was chief technology officer of Silicon Image, Inc., a leading provider of wired and wireless connectivity solutions. Dr. Gilbert was responsible for Silicon Image Inc.'s technology vision, advanced technology, and standards initiatives. Prior to joining Silicon Image Inc., Dr. Gilbert was chief technical officer of SiBEAM Inc., a fabless semiconductor company pioneering the development of intelligent millimeter wave silicon solutions for wireless communications, from May 2005 to May 2011. Before SiBEAM Inc., Dr. Gilbert served as director of algorithms and architecture and other engineering and management positions at Atheros Communications, a semiconductor developer, from May 2000 to May 2005, where he led the development of that company's 802.11n, 802.11g, eXtended Range ("XR"), and Smart Antenna technologies. Dr. Gilbert received a Ph.D. in Electrical Engineering from the University of California Berkeley, an M.Phil. in Computer Speech and Language Processing from Cambridge University, and a B.A. in Computer Science from Harvard College. The Company believes that Dr. Gilbert is qualified to serve on the Board to advise the Company on technology developments and management based on his long-standing experience in the wireless and technology industries.

David Howitt. David Howitt has been a member of the Board since December 2021. Since March 2004, Mr. Howitt has served as the founder and CEO of Meriwether Group LLC, a strategic consulting firm that works with disruptive consumer brands by integrating their visions, developing growth strategies, scaling their brands, and increasing revenue in order to build enterprise value. Prior to founding Meriwether Group LLC, between 1997 to 2008 Mr. Howitt worked in various positions at Adidas US, including managing Licensing and Business Development and as corporate counsel from 1997 to 2001. Mr. Howitt serves as Member Of The Board Of Advisors, Bloch International. Mr. Howitt earned his bachelor's degree, political science/philosophy at Denison University and his JD, environmental and natural resources law at Lewis & Clark Law School. The Company believes that Mr. Howitt is qualified to serve on the Board because of his experience as a growth-oriented leader in a multitude of organizations.

Helge Kristensen. Helge Kristensen has been a member of the Board since August 2010. Mr. Kristensen has held high level management positions in technology companies for the last 25 years and for the last 18 years, he has served as vice president of Hansong Technology, an original device manufacturer of audio products based in China, and as president of Platin Gate Technology (Nanjing) Co. Ltd, a company with focus on service-branding in lifestyle products as well as pro line products based in China. Since August 2015, Mr. Kristensen has served as co-founder and director of Inizio Capital, an investment company based in the Cayman Islands. Mr. Kristensen has been involved in the audio and technology industries for more than 25 years. His expertise is centered on understanding and applying new and innovative technologies. He holds a master's degree in Engineering and an HD-R, a graduate diploma, in Business Administration (Financial and Management Accounting) from Alborg University in Denmark. The Company believes that Mr. Kristensen is qualified to serve on the Board because of his technology and managerial experience as well as his knowledge of the audio industry.

Sriram Peruvemba. Sriram Peruvemba has been a member of the Board since June 2020. He is the CEO of Marketer International Inc., a marketing services firm, a position he has held since July 2014. Mr. Peruvemba currently serves on a number of additional boards, including as a member of Visionect d.o.o since September 2017, as a member of Omniplay Technologies since May 2020, as a member of Edgelog Technologies since January 2023, as a member of SmartKem Inc. since July 2023, and as a member of Azumo since July 2023. He previously served as board member and chair of marketing for the Society for Information Display from August 2014 to July 2020. Mr. Peruvemba was previously the Chief Marketing Officer at E Ink Holdings, where he played a major role in transforming the startup to a global company with a valuation greater than \$1 billion. With over 30 years of experience in the technology industry, Mr. Peruvemba has been an influential advocate in the advancement of electronic hardware technologies. Based in Silicon Valley, Mr. Peruvemba advises high tech firms in the US, Canada, and Europe. He received a bachelor's degree in Engineering from Bangalore University, an MBA degree from Wichita State University and a post-graduate diploma in management from Indira Gandhi National Open University. The Company believes that Mr. Peruvemba is qualified to serve on the Board because of such experience and because he is an acknowledged expert on electronic displays, haptics, touch screens, electronic materials and related technologies. He also consults, writes and presents on those subjects globally.

Robert Tobias. Robert Tobias has been a member of the Board since February 2020 and has served as CEO, Chairman and President of HDMI Licensing Administrator Inc. since January 2017, where he has been the strategic force behind the licensing, enforcement, compliance and growth of HDMI@ technology around the world. Mr. Tobias leads efforts to promote the HDMI specification as the premier digital and audio interface to the consumer electronics, mobile, PC and entertainment industries. In addition, he oversees IP enforcement with 1700 HDMI licensees and partners responsible for the release of almost nine billion HDMI products worldwide, and as such brings a recognized level of expertise working with foreign regulatory channels, customs authorities, standards development organizations, media companies, etc., to grow the business and protect the HDMI brand. Prior to joining HDMI Licensing Administrator Inc., Mr. Tobias served as President of HDMI Licensing LLC, a wholly owned subsidiary of Lattice Semiconductor, from September 2015 to December 2016, where he led the marketing, licensing and compliance teams promoting and licensing the HDMI intellectual property, and prior to that, he held the roles of President at MHL and Senior Director of Strategic Product Marketing and Business Development at Silicon Image. Mr. Tobias earned a Bachelor's degree in Electrical Engineering from UC Davis, an MBA from Santa Clara University and sits on the UC Davis Engineering Faculty Dean's Executive Committee. The Company believes that Mr. Tobias is qualified to serve on the Board based on his experience and leadership in the consumer electronics industry as well as his strong relationships with top consumer electronics brands in Asia.

Wendy Wilson. Wendy Wilson has been a member of the Board since May 2021. Ms. Wilson previously served as Vice President of Marketing at ChargePoint, Inc. from August 2017 to November 2023, a leading electric vehicle charging network provider, where she had profit and loss responsibilities for the company's home business unit, assisted with run go-to-market functions for such company's SaaS businesses and helped to expand operations into European markets with scalable localization, web, and marketing processes. Previously, Ms. Wilson served as Vice President of Marketing at Jive Software, a communication software company, from August 2014 to July 2017, where she led demand generation, field and web teams, and has held leadership roles in small venture capital funded startups and publicly traded firms, including Yahoo! Inc. and The Walt Disney Company ("Disney"). In her leadership role at Infoseek, which was acquired by Disney in 1998, she was responsible for cross-disciplinary teams from ESPN, Go.com (ABC News), Mr. Showbiz and Infoseek brands. At Yahoo, she was responsible for both the monetization and editorial strategy for the Yahoo front page, known then as the world's homepage. Ms. Wilson is a graduate of Northwestern University with a bachelor's degree in English. The Company believes that Ms. Wilson is qualified to serve on the Board based on her expertise in digital marketing and go-to-market strategies for companies with "business to consumer" and "business to business to consumer" commerce models.

Family Relationships

There are no family relationships among any of our directors or executive officers.

Involvement in Certain Legal Proceedings

On July 9, 2021, the U.S. District Court in the Southern District of New York entered a final judgment against Parallax Health Sciences, Inc., Paul Arena and Nathaniel Bradley (collectively, the "Defendants") pursuant to a civil lawsuit filed by the SEC against the Defendants (SDNY 1:21-cv-05812). Mr. Bradley settled the civil lawsuit without admitting or denying any allegations. Pursuant to the judgment, Mr. Bradley was (a) permanently enjoined from violating Section 17(a)(3) of the Securities Act, (b) barred for a period of three years from engaging in certain activities involving "penny stocks" as defined in Rule 3a51-1 under the Exchange Act, and (c) required to pay a civil penalty of \$40,000. On October 29, 2019, DionyMed Brands Inc., a British Columbia company which Mr. Moyer had been serving as a director, was placed in receivership and Mr. Moyer resigned.

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Other than the foregoing, to the best of our knowledge, none of our directors or executive officers has, during the past ten (10) years:

- been convicted in a criminal proceeding or been subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);
- had any bankruptcy petition filed by or against the business or property of the person, or of any partnership, corporation or business association of which he was a general partner or executive officer, either at the time of the bankruptcy filing or within two (2) years prior to that time;
- been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction or federal or state authority, permanently or temporarily enjoining, barring, suspending or otherwise limiting, his involvement in any type of business, securities, futures, commodities, investment, banking, savings and loan, or insurance activities, or his association with persons engaged in any such activity;
- been found by a court of competent jurisdiction in a civil action or by the SEC or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated;
- been the subject of, or a party to, any federal or state judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated (not including any settlement of a civil proceeding among private litigants), relating to an alleged violation of any federal or state securities or commodities law or regulation, any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order, or any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or
- been the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

CORPORATE GOVERNANCE

Board of Directors

The Board oversees our business affairs and monitors the performance of our management. In accordance with our corporate governance principles, the Board does not involve itself in day-to-day operations. The directors keep themselves informed through discussions with the Chief Executive Officer, other key executives and by reading the reports and other materials sent to them and by participating in Board and committee meetings. Our directors hold office until the next Annual Meeting of Stockholders and until each of their respective successors are elected and qualified or until each of their earlier resignation or removal, or if for some other reason they are unable to serve in the capacity of director.

Our Board currently consists of nine (9) members: Nathaniel Bradley, Brett Moyer, David Howitt, Dr. Jeffrey M. Gilbert, Helge Kristensen, Sriram Peruvemba, Robert Tobias, Wendy Wilson and Kimberly Briskey. All of our directors will serve until our next annual meeting of stockholders and until their successors are duly elected and qualified or until their earlier resignation or removal.

Director Independence

As our common stock is listed on the Nasdaq Capital Market, our determination of the independence of directors is made using the definition of “independent director” contained in Rule 5605(a)(2) of the Marketplace Rules of The Nasdaq Stock Market LLC. Our Board affirmatively determined that Dr. Jeffrey M. Gilbert, Sriram Peruvemba, Kimberly Briskey, Robert Tobias and Wendy Wilson are “independent directors,” as that term is defined in the Marketplace Rules of The Nasdaq Stock Market LLC (the “Nasdaq Rules”). Under the corporate governance rules of Nasdaq, our Board must be composed of a majority of “independent directors.” Additionally, subject to certain limited exceptions, our audit, compensation, and nominating and corporate governance committees also must be composed of all independent directors.

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The Nasdaq Rules require that each member of a listed company's audit, compensation and nominations committees be independent. Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Exchange Act. Under the Nasdaq Rules, a director will only qualify as an "independent director" if, in the opinion of that company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

To be considered to be independent for purposes of Rule 10A-3 of the Exchange Act, a member of an audit committee of a listed company may not, other than in such member's capacity as a member of such committee, such company's board of directors, or any other committee of such board of directors: (1) accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the listed company or any of its subsidiaries; or (2) be an affiliated person of the listed company or any of its subsidiaries.

Our Board has undertaken a review of its composition, the composition of its committees and the independence of each director. Based upon information requested from and provided by each director concerning such director's background, employment and affiliations, including family relationships, our Board has determined that (a) the following members of our Board have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director: Nathaniel Bradley, Brett Moyer, Helge Kristensen and David Howitt, and (b) other than such directors, each of our directors is "independent" as that term is defined under the Nasdaq Rules. In making this determination, our Board considered the current and prior relationships that each non-employee director has with our Company and all other facts and circumstances our Board deemed relevant in determining their independence, including the beneficial ownership of our shares of common stock by each non-employee director. Our Board has determined that (i) Ms. Briskey, Mr. Peruvemba and Ms. Wilson satisfy the independence standards for the Board's audit committee established by the Nasdaq Rules and Rule 10A-3 of the Exchange Act, (ii) Mr. Peruvemba, Dr. Gilbert and Mr. Tobias satisfy the independence standards for the Board's compensation committee established by the Nasdaq Rules and are "independent directors" for such committee's purposes and (iii) Mr. Tobias and Dr. Gilbert satisfy the independence standards for the Board's nominating and corporate governance committee established by the Nasdaq Rules and are "independent directors" for such committee's purposes.

Board Meetings and Attendance

During fiscal year 2024, the Board held 4 physical/telephonic meetings. No incumbent director attended, either in person or via telephone, fewer than 75% of the aggregate of all meetings of the Board and the committees of the Board, for which at the time of the meeting they were a member of the Board. The Board also approved certain actions by unanimous written consent.

Annual Meeting Attendance

The Company held its 2024 Annual Meeting of Stockholders on December 20, 2024.

Stockholder Communications with the Board

Stockholders wishing to communicate with the Board, the non-management directors, or with an individual Board member may do so by writing to the Board, to the non-management directors, or to the particular Board member, and mailing the correspondence to: c/o Nathaniel Bradley, Chief Executive Officer, Datavault AI Inc., 15268 NW Greenbrier Pkwy, Beaverton, OR 97006. The envelope should indicate that it contains a stockholder communication. All such stockholder communications will be forwarded to the director or directors to whom the communications are addressed.

Board Committees

Our Board has an audit committee, a compensation committee and a nominating and corporate governance committee. Each Board committee has a charter, which is available on our website at <https://ir.datavaultsite.com/corporate-governance/governance-documents>. Information contained on our website is not incorporated herein by reference. Each of the Board's committees has the composition and responsibilities described below.

As of March 27, 2025, the members of such committees are:

Audit Committee – Kimberly Briskey*(1), Sriram Peruvemba and Wendy Wilson

Compensation Committee – Sriram Peruvemba*, Dr. Jeffrey M. Gilbert and Robert Tobias

Nominating and Corporate Governance Committee – Robert Tobias* and Dr. Jeffrey M. Gilbert.

* Indicates Committee Chair

(1) Indicates Audit Committee Financial Expert

Audit Committee

The Audit Committee has been established in accordance with Section 3(a)(58)(A) of the Exchange Act. The members of our Audit Committee are Kimberly Briskey, Sriram Peruvemba and Wendy Wilson, each of whom are “independent” within the meaning of Rule 10A-3 under the Exchange Act and the Nasdaq rules. Our Board has determined that Ms. Briskey shall serve as the “audit committee financial expert,” as such term is defined in Item 407(d)(5) of Regulation S-K. In addition, Ms. Briskey serves as Chairperson of our Audit Committee.

- The Audit Committee oversees our corporate accounting and financial reporting process and oversees the audit of our financial statements and the effectiveness of our internal control over financial reporting. The responsibilities of the Audit Committee include, among other matters:
- selecting a qualified firm to serve as the independent registered public accounting firm to audit our consolidated financial statements;
- helping to ensure the independence and performance of the independent registered public accounting firm;
- discussing the scope and results of the audit with the independent registered public accounting firm, and reviewing, with management and the independent registered public accounting firm, our interim and year-end operating results;
- developing procedures for employees to submit concerns anonymously about questionable accounting or audit matters;
- reviewing our policies on risk assessment and risk management;
- reviewing related party transactions;
- obtaining and reviewing a report by the independent registered public accounting firm at least annually, that describes our internal control procedures, any material weaknesses with such procedures, and any steps taken to deal with such material weaknesses when required by applicable law; and
- approving (or, as permitted, pre-approving) all audit and all permissible non-audit services, other than de minimis non-audit services, to be performed by the independent registered public accounting firm.

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The Audit Committee operates under a written charter adopted by the Board that satisfies the applicable standards of Nasdaq.

Compensation Committee

The members of our Board's compensation committee (the "Compensation Committee") are Sriram Peruvemba, Dr. Jeffrey M. Gilbert and Robert Tobias. Dr. Gilbert and Messrs. Peruvemba and Tobias are "independent" within the meaning of the Nasdaq rules. In addition, each member of our Compensation Committee qualifies as a "non-employee director" under Rule 16b-3 of the Exchange Act. Our Compensation Committee assists the Board in the discharge of its responsibilities relating to the compensation of the members of the Board and our executive officers. Mr. Peruvemba serves as the Chairman of our Compensation Committee.

The Compensation Committee's compensation-related responsibilities include, among other matters:

- reviewing and approving, or recommending that our Board approve, the compensation of our executive officers;
- reviewing and recommending to our Board the compensation of our directors;
- reviewing and approving, or recommending that our Board approve, the terms of compensatory arrangements with our executive officers;
- administering our stock and equity incentive plans;
- reviewing and approving, or recommending that our Board approve, incentive compensation and equity plans; and
- reviewing and establishing general policies relating to compensation and benefits of our employees and reviewing our overall compensation philosophy.

Mr. Bradley, our Principal Executive Officer, does not participate in the determination of his own compensation or the compensation of directors. However, he makes recommendations to the Compensation Committee regarding the amount and form of the compensation of the other executive officers and key employees, and he often participates in the Compensation Committee's deliberations about such persons' compensation. No other executive officers participate in the determination of the amount or the form of the compensation of executive officers or directors. The Compensation Committee does not utilize the services of an independent compensation consultant to assist in its oversight of executive and director compensation. On January 30, 2018, the Board adopted a written charter for the Compensation Committee.

Nominating and Corporate Governance Committee

The members of our Board's nominating and corporate governance committee ("Nominating and Corporate Governance Committee") are Robert Tobias and Dr. Jeffrey M. Gilbert, each of whom are "independent" within the meaning of the Nasdaq rules. In addition, each member of our Nominating and Corporate Governance Committee qualifies as a "non-employee director" under Rule 16b-3 of the Exchange Act. The purpose of the Nominating and Corporate Governance Committee is to recommend to the Board nominees for election as directors and persons to be elected to fill any vacancies on the Board, develop and recommend a set of corporate governance principles and oversee the performance of the Board. Mr. Tobias serves as Chairman of our Nominating and Corporate Governance Committee.

The Nominating and Corporate Governance Committee's responsibilities include, among other things:

- identifying, evaluating and selecting, or recommending that our Board approve, nominees for election to our Board and its committees;
- evaluating the performance of our Board and of individual directors;
- considering and making recommendations to our Board regarding the composition of our Board and its committees;
- reviewing developments in corporate governance practices;
- evaluating the adequacy of our corporate governance practices and reporting;

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- developing and making recommendations to our Board regarding corporate governance guidelines and matters; and
- overseeing an annual evaluation of the Board's performance.

Our Nominating and Governance Committee strives for a Board composed of individuals who bring a variety of complementary skills, expertise or background and who, as a group, will possess the appropriate skills and experience to oversee our business. The diversity of the members of the Board relates to the selection of its nominees. While the Committee considers diversity and variety of experiences and viewpoints to be important factors, it does not believe that a director nominee should be chosen or excluded solely or largely because of race, color, gender, national origin or sexual orientation or identity. In selecting a director nominee for recommendation to our Board, our Nominating and Governance Committee focuses on skills, expertise or background that would complement the existing members on the Board. Accordingly, although diversity may be a consideration in the Committee's process, the Committee and the Board do not have a formal policy regarding the consideration of diversity in identifying director nominees.

When the Nominating and Governance Committee has either identified a prospective nominee or determined that an additional or replacement director is required, the Nominating and Governance Committee may take such measures as it considers appropriate in connection with its evaluation of a director candidate, including candidate interviews, inquiry of the person or persons making the recommendation or nomination, engagement of an outside search firm to gather additional information, or reliance on the knowledge of the members of the Board or management. In its evaluation of director candidates, including the members of the Board eligible for re-election, the Nominating and Governance Committee considers a number of factors, including: the current size and composition of the Board, the needs of the Board and the respective committees of the Board, and such factors as judgment, independence, character and integrity, age, area of expertise, diversity of experience, length of service and potential conflicts of interest.

The Nominating and Governance Committee of the Board selects director nominees and recommends them to the full Board. In relation to such nomination process, the Nominating and Governance Committee:

- determines the criteria for the selection of prospective directors and committee members;
- reviews the composition and size of the Board and its committees to ensure proper expertise and diversity among its members;
- evaluates the performance and contributions of directors eligible for re-election;
- determines the desired qualifications for individual directors and desired skills and characteristics for the Board;
- identifies persons who can provide needed skills and characteristics;
- screens possible candidates for Board membership;
- reviews any potential conflicts of interests between such candidates and the Company's interests; and
- shares information concerning the candidates with the Board and solicits input from other directors.

The Nominating and Governance Committee has specified the following minimum qualifications that it believes must be met by a nominee for a position on the Board: the highest personal and professional ethics and integrity; proven achievement and competence in the nominee's field and the ability to exercise sound business judgment; skills that are complementary to those of the existing Board; the ability to assist and support management and make significant contributions to our success; the ability to work well with the other directors; the extent of the person's familiarity with the issues affecting our business; an understanding of the fiduciary responsibilities that are required of a member of the Board; and the commitment of time and energy necessary to diligently carry out those responsibilities. A candidate for director must agree to abide by our Code of Ethics and Conduct.

After completing its evaluation, the Nominating and Governance Committee makes a recommendation to the full Board as to the persons who should be nominated to the Board, and the Board determines the nominees after considering the recommendation and report of the Committee.

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Our Board does not have a policy with regard to the consideration of director candidates recommended by stockholders but would consider candidates recommended by stockholders. Our Board does not have such a policy because we do not reasonably expect to receive any director candidates recommended by stockholders based on past meetings. In the case of director candidates recommended by stockholders, our Board would evaluate such candidates using the factors described above.

Director Nomination Procedures

There have been no material changes to the procedures by which security holders may recommend nominees to the Board.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires the Company’s directors, executive officers and persons and entities who beneficially own more than ten percent (10%) of any class of the Company’s registered equity securities to file with the SEC the initial reports of ownership and reports of changes in ownership of common stock. The Company’s officers, directors and greater than ten percent (10%) beneficial owners are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms that they file.

Specific due dates for such reports have been established by the SEC, and the Company is required to disclose in this Report any failure to file reports by such dates during the fiscal year ended December 31, 2024. During such fiscal year, we believe that all reports required to be filed by such persons pursuant to Section 16(a) of the Exchange Act were filed on a timely basis, with the exception of the reports listed in the table below:

Name	Number of Late Reports	Description
EOS Technology Holdings Inc..	2	EOS Technology Holdings Inc.’s Form 3 and Form 4 were not filed on a timely basis, due to technical delays in obtaining EDGAR codes.
Sonia Choi	1	Ms. Choi’s Form 3 was not filed on a timely basis, due to technical delays in obtaining EDGAR codes.
Nathaniel Bradley	2	Mr. Bradley’s Form 3 and Form 4 were not filed on a timely basis, due to technical delays in obtaining EDGAR codes.

Code of Business Conduct and Ethics

We have adopted a code of business conduct and ethics that applies to all of our employees and officers, including those officers responsible for financial reporting. We have also adopted a code of business conduct and ethics that applies to our directors. Both codes of business conduct and ethics are available on our website at <https://ir.datavaultsite.com/corporate-governance/governance-documents>. The information contained in or accessible through the foregoing website is not incorporated herein by reference and is intended for informational purposes only. We intend to disclose any amendments to such codes, or any waivers of its requirements, on our website to the extent required by applicable SEC rules and Nasdaq requirements.

Compensation Committee Interlocks and Insider Participation

None of our executive officers has served as a member of a compensation committee (or if no committee performs that function, our Board) of any other entity that has an executive officer serving as a member of our Board.

Insider Trading Arrangements and Policies

We have a written insider trading policy that applies to our directors, officers, employees, contractors and consultants, including our principal executive officer or principal financial officer and principal accounting officer, and persons performing similar functions, as well as certain additional persons enumerated in the insider trading policy, including, but not limited to, entities controlled by the aforesaid persons and their family members living in the same household. We intend to disclose future amendments to such policy, or any waivers of its requirements, applicable to any principal executive officer or principal financial officer and principal accounting officer, or persons performing similar functions or our directors on our website identified above or in a current report on Form 8-K that we would file with the SEC.

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Our directors and executive officers may adopt written plans, known as Rule 10b5-1 plans, in which they will contract with a broker to buy or sell shares of our common stock on a periodic basis. Under a Rule 10b5-1 plan, a broker executes trades pursuant to parameters established by the director or officer when entering into the plan, without further direction from them. The director or officer may amend a Rule 10b5-1 plan in some circumstances and may terminate a plan at any time. Our directors and executive officers also may buy or sell additional shares outside of a Rule 10b5-1 plan when they are not in possession of material non-public information subject to compliance with the terms of our insider trading policy.

Item 11. Executive Compensation.

The Company's Policies and Practices Related to the Grant of Certain Equity Awards Close in Time to the Release of Material Nonpublic Information

We do not have any formal policy that requires the Company to grant, or avoid granting, equity-based compensation at certain times. We do not grant equity awards in anticipation of the release of material nonpublic information that is likely to result in changes to the price of our common stock, and do not time the public release of such information based on award grant dates. The timing of any equity grants to executive officers or directors in connection with new hires, promotions, or other non-routine grants is tied to the event giving rise to the award (such as an executive officer's commencement of employment or promotion effective date).

During the year ended December 31, 2024, there were no equity grants made to our executive officers during any period beginning four business days before the filing of a periodic report or current report disclosing material non-public information and ending one business day after the filing or furnishing of such report with the Securities and Exchange Commission.

Summary Compensation Table for Fiscal Years 2024 and 2023

The following table sets forth all plan and non-plan compensation for the last two completed fiscal years paid to all individuals who served as the Company's principal executive officer or acted in a similar capacity and the Company's two other most highly compensated executive officers during the last completed fiscal year, as required by Item 402(m)(2) of Regulation S-K of the Securities Act. We refer to all of these individuals collectively as our "Named Executive Officers."

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock awards (\$)(1)	Non-equity incentive plan compensation (\$)	All other compensation (\$)	Total (\$)
Nathaniel Bradley, Chief Executive Officer and Board member(2)	2024	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Brett Moyer, Chief Financial Officer and Chairman of the Board(3)	2024	\$ 411,713	\$ 45,000	\$ 564,531	\$ —	\$ —	\$ 1,021,244
	2023	\$ 404,250	\$ 777	\$ 90,000	\$ —	\$ —	\$ 495,027
Gary Williams (4)	2024	\$ 277,073	\$ 30,000	\$ 150,804	\$ —	\$ 151,925	\$ 609,802
Chief Accounting Officer, VP of Finance	2023	\$ 267,496	\$ 92	\$ 62,400	\$ —	\$ —	\$ 329,988

- (1) Amounts reported in this column do not reflect the amounts actually received by our named executive officers. Instead, these amounts reflect the aggregate grant date fair value of each restricted stock award ("RSA") and each RSU granted to the named executive officers during the fiscal years ended December 31, 2024 and 2023, as computed in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 718. As required by SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions.
- (2) Nathaniel Bradley became the Chief Executive Officer and Board member on December 31, 2024 in connection with the DV Closing on December 31, 2024. Mr. Bradley received no compensation in the year ended December 31, 2024.
- (3) On December 31, 2024, Brett Moyer, formerly Chief Executive Officer of the Company, assumed the role of Chief Financial Officer. Mr. Moyer's change from Chief Executive Officer to Chief Financial Officer was in connection with the DV Closing on December 31, 2024, the Company and Mr. Moyer entered into the Moyer Employment Amendment.
- (4) Gary Williams, resigned from Chief Accounting Officer, VP of Finance on August 23, 2024. Pursuant to his Severance Agreement executed on November 30, 2024, he received \$151,925 in a severance payment on November 30, 2024 for extending his employment to this date.

Executive Employment Agreements and Arrangements

Brett Moyer

Effective August 24, 2022, the Company entered into an employment agreement with Brett Moyer (the “Moyer Agreement”). Pursuant to the Moyer Agreement, Mr. Moyer agreed to continue to serve as our Chief Executive Officer and President and Mr. Moyer’s initial annual base salary was \$404,250, which was subject to adjustment approved by the Board. The Moyer Agreement had an unspecified term and Mr. Moyer served in his position on an at-will basis, subject to the payment of severance in certain circumstances as set forth in the Moyer Agreement. Pursuant to the Moyer Agreement, if Mr. Moyer is terminated without cause or resigns with good reason, he is entitled to receive twelve (12) months of salary. Mr. Moyer is also entitled to continue to receive the employer subsidy under group health, dental and vision coverage for the period of severance, which is twelve (12) months, a pro rata bonus for the year of termination and the acceleration of vesting with respect to all unvested equity awards. Additionally, in the event of a Change in Control (as defined in the Moyer Agreement), all unvested equity awards held by such executive officer shall immediately vest and become exercisable, provided that subject to any exceptions in any award agreement entered into with such executive officer, no exercise may occur more than six (6) months after such termination and in no event after the expiration of such award. Mr. Moyer is also entitled to be made whole for income, employment and excise taxes in the event that payments, benefits and distributions, including the effects of accelerated vesting of equity, would result in the application of the “golden parachute” excise tax under Internal Revenue Code Section 4999. On December 31, 2024, Mr. Moyer submitted his resignation as Chief Executive Officer of the Company, effective upon the DV Closing. Mr. Moyer’s resignation was not due to any disagreement with the Company, and Mr. Moyer is continuing his employment with the Company as the Chief Financial Officer in connection with the DV Closing, and remains a member of the Board. On December 31, 2024, the Company and Mr. Moyer entered into the Moyer Employment Amendment. In his capacity as the Company’s Chief Financial Officer, pursuant to the Moyer Employer Amendment, Mr. Moyer is receiving an initial base salary of \$420,000 per year, with an opportunity to receive an annual bonus, made available to the Company’s senior management from time to time by the Board. Pursuant to the Moyer Employment Amendment, the Company will pay to Mr. Moyer a stay bonus of \$400,000, payable in quarterly instalments during 2025. The Moyer Amendment has an unspecified term and Mr. Moyer serves in his position on an at-will basis, subject to the payment of severance in certain circumstances as set forth in the Moyer Amendment. Pursuant to the Moyer Amendment, if Mr. Moyer is terminated without cause or resigns with good reason, he is entitled to receive twelve (12) months of salary. Mr. Moyer is also entitled to continue to receive the employer subsidy under group health, dental and vision coverage for the period of severance, which is twelve (12) months, a pro rata bonus for the year of termination and the acceleration of vesting with respect to all unvested equity awards. Additionally, in the event of a Change in Control (as defined in the Moyer Amendment), all unvested equity awards held by such executive officer shall immediately vest and become exercisable, provided that subject to any exceptions in any award agreement entered into with such executive officer, no exercise may occur more than six (6) months after such termination and in no event after the expiration of such award.

Nathaniel Bradley

On December 31, 2024, pursuant to the DV Asset Purchase Agreement, the Board appointed Nathaniel Bradley as the Company’s new principal executive officer and a member of its Board, effective upon the DV Closing. On December 31, 2024, the Company and Mr. Bradley entered into an employment agreement, dated as of December 31, 2024 (the “Bradley Employment Agreement”). In his capacity as the Company’s Chief Executive Officer, pursuant to the Bradley Employment Agreement, Mr. Bradley is receiving an initial base salary of \$450,000 per year, with an opportunity to receive an annual bonus, made available to the Company’s senior management from time to time by the Board. The Bradley Employment Agreement has an unspecified term and Mr. Bradley serves in his position on an at-will basis, subject to the payment of severance in certain circumstances as set forth in the Bradley Employment Agreement. Pursuant to the Bradley Employment Agreement, if Mr. Bradley is terminated without cause or resigns with good reason, he is entitled to receive twelve (12) months of salary. Mr. Bradley is also entitled to continue to receive the employer subsidy under group health, dental and vision coverage for the period of severance, which is twelve (12) months, a pro rata bonus for the year of termination and the acceleration of vesting with respect to all unvested equity awards. Additionally, in the event of a Change in Control (as defined in the Bradley Employment Agreement), all unvested equity awards held by such executive officer shall immediately vest and become exercisable, provided that subject to any exceptions in any award agreement entered into with such executive officer, no exercise may occur more than six (6) months after such termination and in no event after the expiration of such award.

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Nathaniel Bradley Inducement

On December 31, 2024, the Company and Mr. Bradley entered into an inducement award agreement (the “Inducement Award Agreement”), pursuant to which Mr. Bradley was granted 1,200,000 units of restricted stock of the Company (the “Units”) as an inducement material to Mr. Bradley’s entering into employment with the Company. The Units were approved by the Board and granted outside of the Company’s 2020 Stock Incentive Plan and 2018 Long-Term Stock Incentive Plan in accordance with Nasdaq Listing Rule 5635(c)(4). The Inducement Award Agreement contemplates half of the Units vesting in equal 3-month installments over a 36-month period beginning March 20, 2025, and the other half of the Units vesting upon the Company’s aggregate revenue equaling or exceeding \$40 million over any trailing 12 calendar month period ending on or prior to the date that is 5 years from the grant date.

Gary Williams

Effective August 24, 2022, the Company entered into an employment agreement with Gary Williams (the “Williams Agreement”). Pursuant to the Williams Agreement, Mr. Williams agreed to continue to serve as Chief Accounting Officer and Vice President of Finance of the Company, and Mr. Williams’ initial annual base salary was \$262,495, which was subject to adjustment approved by the Board. The Williams Agreement had an unspecified term and Mr. Williams served in his position on an at-will basis, subject to the payment of severance in certain circumstances as set forth in the Williams Agreement. Pursuant to the Williams Agreement, if Mr. Williams would have been terminated without cause or resigned with good reason, he would have been entitled to receive six (6) months of salary. Mr. Williams was also entitled to continue to receive the employer subsidy under group health, dental and vision coverage for the period of severance of six (6) months, a pro rata bonus for the year of termination and the acceleration of vesting with respect to all unvested equity awards.

Additionally, in the event of a Change in Control (as defined in each of the Williams Agreement), all unvested equity awards held by such executive officer shall immediately vest and become exercisable, provided that subject to any exceptions in any award agreement entered into with such executive officer, no exercise may occur more than six (6) months after such termination and in no event after the expiration of such award.

On August 23, 2024, Mr. Williams resigned, effective November 30, 2024 (the “Separation Date”). Mr. Williams’ resignation was not because of a disagreement with the Company on any matter relating to the Company’s operations, policies or practices.

In connection with his resignation, on August 23, 2024, Mr. Williams and the Company entered into a Transition Agreement (the “Transition Agreement”), pursuant to which if he remained employed by the Company until and through the Separation Date and adequately fulfilled his duties and responsibilities to the Company, including providing training, information transfer and/or any other assistance reasonably requested by or on behalf of any person(s) hired and/or designated by the Company to assume any or all of his duties and responsibilities, Mr. Williams was entitled to receive the following compensation and benefits: (a) a one-time bonus in the gross amount of \$151,925, which was to be paid on the Separation Date, less applicable taxes and withholdings, and (b) the full, accelerated vesting of any and all restricted stock awards he has been issued and have not vested, effective as of the Separation Date.

Other Compensation

Other than as described above, there was no post-employment compensation, pension or nonqualified deferred compensation benefits earned by our Named Executive Officers during the years ended December 31, 2024 and 2023. We do not have any retirement, pension or profit-sharing programs for the benefit of our directors, officers or other employees. The Board may recommend adoption of one or more such programs in the future.

Outstanding Equity Awards as of December 31, 2024

The following table provides information regarding the unexercised warrants to purchase common stock and stock awards held by each of our named executive officers:

Name	Option/Warrant Awards				Stock Awards			
	Number of Securities underlying Unexercised Options and Warrants (#) Exercisable	Number of Securities underlying Unexercised Options and Warrants (#) Unexercisable	Option/Warrant Exercise Price (\$/Sh)	Option/Warrant Expiration Date	Number of shares or units of stock that have not vested	Market value of shares or units of stock that have not vested ⁽¹⁾	Equity incentive plan awards: Number of unearned shares, units or other rights that have not vested (#)	Equity incentive plan awards: Market or payout value of unearned shares, units or other rights that have not vested (\$)
Nathaniel Bradley	—	—	—	—	—	\$ —	—	—
Brett Moyer	—	—	—	—	—	\$ —	—	—
Gary Williams	—	—	—	—	—	\$ —	—	—

2022 Management Team Retention Bonus Plan

On September 1, 2022, the Company adopted its Management Team Retention Bonus Plan (the “Retention Plan”), to incentivize certain management level employees (the “Managers”) to remain intact through and shortly following a potential “Change of Control” (as defined in the Retention Plan). The aggregate Retention Plan bonus amounts for all Managers was \$1,250,000.

The Retention Plan provided that each Manager is eligible to receive a lump sum cash amount under the Retention Plan, on the earlier of the six-month anniversary of the date of a Change of Control or at the time of such Manager’s involuntary termination other than for “Cause” (as defined in the Retention Plan) or termination for “Good Reason” (as defined in the Retention Plan). The Retention Plan expired on June 30, 2023, unused, and no accruals were made.

Equity Incentive Plans

2018 Long-Term Stock Incentive Plan of the Company (the “LTIP”)

On January 30, 2018, the Board approved the establishment of the LTIP. The LTIP is intended to enable the Company to continue to attract able directors, employees, and consultants and to provide a means whereby those individuals upon whom the responsibilities rest for successful administration and management of the Company, and whose present and potential contributions are of importance, can acquire and maintain Common Stock ownership, thereby strengthening their concern for the Company’s welfare. The aggregate maximum number of shares of Common Stock (including shares underlying options) that may be issued under the LTIP pursuant to awards of Restricted Shares or Options will be limited to 15% of the outstanding shares of Common Stock, which calculation shall be made on the first trading day of each new fiscal year; provided that, in any year no more than 8% of the Common Stock or derivative securitization with Common Stock underlying 8% of the Common Stock may be issued in any fiscal year. The number of shares of Common Stock that are the subject of awards under the LTIP which are forfeited or terminated, are settled in cash in lieu of shares of Common Stock or in a manner such that all or some of the shares covered by an award are not issued to a participant or are exchanged for awards that do not involve shares will again immediately become available to be issued pursuant to awards granted under the LTIP. If shares of Common Stock are withheld from payment of an award to satisfy tax obligations with respect to the award, those shares of Common Stock will be treated as shares that have been issued under the LTIP and will not again be available for issuance under the LTIP.

The January 2018 Restricted Stock Grant and the LTIP were approved by a majority of the Company’s stockholders on January 31, 2018.

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At a special meeting of our stockholders held on January 24, 2023, our stockholders approved certain amendments to the LTIP to: (i) increase the annual share limit of Common Stock that may be issued in any single fiscal year only for the 2023 fiscal year under the LTIP from 8% of the shares of Common Stock outstanding to 15% of the shares of Common Stock outstanding (which amount equates to the maximum amount that may be issued in the aggregate under the LTIP); and (ii) permit immediately quarterly calculations based on the number of shares of Common Stock outstanding as of the first trading day of each fiscal quarter, rather than solely as of the first trading day of the fiscal year.

At a special meeting of our stockholders held on March 15, 2024, our stockholders approved certain amendments to the LTIP to increase the annual share limit of Common Stock that may be issued only for the 2024 fiscal year under the LTIP from 8% of the shares of Common Stock outstanding to 15% of the shares of Common Stock outstanding (which amount equates to the maximum amount that may be issued in the aggregate under the LTIP).

At an annual meeting of our stockholders held on December 20, 2024, our stockholders approved an amendment to the LTIP to remove the annual share limit of Common Stock that may be issued for a certain fiscal year under the LTIP. Pursuant to this amendment, the maximum number of shares of Common Stock that may be subject to equity awards is limited to 15% of the shares of Common Stock outstanding, which calculation is made using the number of shares of Common Stock outstanding as of the first trading day of each fiscal quarter.

2020 Stock Incentive Plan (the “2020 Plan”)

On July 27, 2020, the Board approved the establishment of the 2020 Plan and the reservation of an aggregate of 6,500 shares of Common Stock authorized for issuance under the 2020 Plan, subject to stockholder approval, which was obtained on October 20, 2020. The 2020 Plan authorizes the grant of equity-based compensation to the Company’s senior managers, employees, directors, consultants, professionals and service providers in the form of stock options, restricted stock and RSUs. All options granted under the 2020 Plan will be considered non-qualified stock options. The purpose of the 2020 Plan is to attract and retain senior managers, employees, directors, consultants, professionals and service providers who provide services to the Company, provided that such services are bona fide services that are not of a capital-raising nature during this period of unprecedented uncertainty and volatility in the COVID-19 environment and its impact on the value of the Company’s equity and grants. As of December 31, 2023, no options or RSAs have been granted under the 2020 Plan while an aggregate, net of cancellations, of 6,285 RSUs have been issued under the 2020 Plan of which none remained unvested at December 31, 2024.

Technical Team Retention Plan of 2022 (the “2022 Plan”)

On June 21, 2022, the Board adopted the Company’s Technical Team Retention Plan of 2022 (the “2022 Plan”) and the reservation of an aggregate of 5,000 shares of the Company’s common stock authorized for issuance under the 2022 Plan, subject to stockholder approval. The 2022 Plan authorizes the grant of equity-based compensation, to the Company’s key managers, employees, consultants who provide technical and engineering and related services to the Company, in the form of restricted stock and RSUs. On August 19, 2022, the Company held the 2022 Annual Meeting of Stockholders and approved the adoption of the 2022 Plan and the reservation of an aggregate of 5,000 shares of the Company’s common stock. On September 19, 2022, the Company granted, an aggregate of 3,700 RSUs to managers, employees, consultants. Each RSU represents the right to receive one share of the Company’s common stock under the 2022 Plan. As of December 31, 2023, no options or RSAs have been granted under the 2022 Plan while an aggregate, net of cancellations, of 3,450 RSUs have been issued under the 2022 Plan of which 14 remained unvested on December 31, 2024.

DIRECTOR COMPENSATION

The table below sets forth the compensation paid to our directors during the fiscal year ended December 31, 2024.

Director	Fees Earned or Paid in Cash	Stock Awards (1)	All Other Compensation	Total
Dr. Jeffrey M. Gilbert	\$ 20,000	\$ 44,090	\$ —	\$ 64,090 (2)
David Howitt	\$ 20,000	\$ 44,090	\$ —	\$ 64,090 (3)
Helge Kristensen	\$ 20,000	\$ 44,090	\$ —	\$ 64,090 (4)
Sriram Peruvemba	\$ 20,000	\$ 44,090	\$ —	\$ 59,090 (5)
Robert Tobias	\$ 20,000	\$ 44,090	\$ —	\$ 64,090 (6)
Wendy Wilson	\$ 20,000	\$ 44,090	\$ —	\$ 64,090 (7)
Kimberly Briskey	\$ 15,000	\$ 31,903	\$ —	\$ 46,903 (8)
Lisa Cummins	\$ 7,500	\$ 0	\$ —	\$ 7,500 (9)

- (1) Amounts reported in this column do not reflect the amounts actually received by our non-employee directors. Instead, these amounts reflect the aggregate grant date fair value of each restricted stock award and RSU granted to the Company's directors during the fiscal year ended December 31, 2024, as computed in accordance with FASB ASC 718. As required by SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions.
- (2) Dr. Gilbert was granted 4,616 shares of restricted common stock on June 7, 2024, 7,541 on July 30, 2024 and 7,422 on November 12, 2024, which vest in equal installments, commencing on September 20, 2024, December 20, 2024, and March 15, 2025, respectively, every three (3) months thereafter until September 20, 2027, December 20, 2027 and March 15, 2028, respectively.
- (3) Mr. Howitt was granted 4,616 shares of restricted common stock on June 7, 2024, 7,541 on July 30, 2024 and 7,422 on November 12, 2024, which vest in equal installments, commencing on September 20, 2024, December 20, 2024, and March 15, 2025, respectively, every three (3) months thereafter until September 20, 2027, December 20, 2027 and March 15, 2028, respectively.
- (4) Mr. Kristensen granted 4,616 shares of restricted common stock on June 7, 2024, 7,541 on July 30, 2024 and 7,422 on November 12, 2024, which vest in equal installments, commencing on September 20, 2024, December 20, 2024, and March 15, 2025, respectively, every three (3) months thereafter until September 20, 2027, December 20, 2027 and March 15, 2028, respectively.
- (5) Mr. Peruvemba was granted 4,616 shares of restricted common stock on June 7, 2024, 7,541 on July 30, 2024 and 7,422 on November 12, 2024, which vest in equal installments, commencing on September 20, 2024, December 20, 2024, and March 15, 2025, respectively, every three (3) months thereafter until September 20, 2027, December 20, 2027 and March 15, 2028, respectively.
- (6) Mr. Tobias was granted 4,616 shares of restricted common stock on June 7, 2024, 7,541 on July 30, 2024 and 7,422 on November 12, 2024, which vest in equal installments, commencing on September 20, 2024, December 20, 2024, and March 15, 2025, respectively, every three (3) months thereafter until September 20, 2027, December 20, 2027 and March 15, 2028, respectively.
- (7) Ms. Wilson was granted 4,616 shares of restricted common stock on June 7, 2024, 7,541 on July 30, 2024 and 7,422 on November 12, 2024, which vest in equal installments, commencing on September 20, 2024, December 20, 2024, and March 15, 2025, respectively, every three (3) months thereafter until September 20, 2027, December 20, 2027 and March 15, 2028, respectively.
- (8) Ms. Briskey was granted 7,541 shares of restricted common stock on July 30, 2024 and 7,422 on November 12, 2024, which vest in equal installments, commencing on December 20, 2024 and March 15, 2025, respectively, every three (3) months thereafter until December 20, 2027 and March 15, 2028, respectively.
- (9) Ms. Cummins resigned effective June 12, 2024.

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

The following table sets forth, as of March 12, 2025, information regarding beneficial ownership of our Common Stock by:

- each person, or group of affiliated persons, who is known by us to beneficially own more than 5% of our voting equity securities;
- each of our named executive officers;
- each of our directors; and
- all of our executive officers and directors as a group.

The percentage ownership information shown in the table is based upon 60,956,524 shares of Common Stock outstanding as of March 12, 2025. The percentage ownership information shown in the table excludes (i) 13,534,334 shares of Common Stock to be issued upon exercise of warrants (ii) 1,200,014 restricted stock units (“RSUs”) that have been issued but have not vested and (iii) up to an aggregate of 2,813 shares of Common Stock issuable upon conversion of all outstanding shares of Series B Preferred Stock (as defined below) (which shares of Series B Preferred Stock assume the exercise of all 1,750 Series B Preferred Stock purchase warrants).

Beneficial ownership is determined according to the rules of the SEC and generally means that a person has beneficial ownership of a security if he, she or it possesses sole or shared voting or investment power of that security, including securities that are exercisable for or convertible into shares of Common Stock within sixty (60) days of March 12, 2025. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons named in the table below have sole voting and investment power with respect to all shares of Common Stock shown that they beneficially own, subject to community property laws where applicable.

For purposes of computing the percentage of outstanding shares of our Common Stock held by each person or group of persons named above, any shares of Common Stock that such person or persons has the right to acquire within sixty (60) days of March 12, 2025 is deemed to be outstanding, but is not deemed to be outstanding for the purpose of computing the percentage ownership of any other person. The inclusion herein of any shares of Common Stock listed as beneficially owned does not constitute an admission of beneficial ownership.

Except as otherwise noted below, the address for persons listed in the table is c/o Datavault AI Inc., 15268 NW Greenbrier Pkwy, Beaverton, OR 97006.

<u>Name and Address of Beneficial Owner⁽¹⁾:</u>	<u>Common Stock Beneficially Owned</u>	
	<u>Number</u>	<u>Percentage</u>
Directors and executive officers:		
Directors and named executive officers:		
Nathaniel Bradley, Chief Executive Officer and Board member ⁽²⁾	10,222,321	18.12 %
Brett Moyer, Chief Financial Officer and Chairman of the Board	723,295	*
Dr. Jeffrey M. Gilbert, Director	93,991	*
David Howitt, Director	93,990	*
Helge Kristensen, Director	93,991	*
Sriram Peruvemba, Director	93,990	*
Robert Tobias, Director	93,990	*
Wendy Wilson, Director	93,994	*
Kimberly Briskey, Director	89,297	
Gary Williams (3)	16,085	
All directors and exec. officers as a group (9 persons)⁽⁴⁾	11,614,944	20.56 %

*Less than 1%

(1) Percentage of total voting power represents voting power with respect to all shares of our Common Stock. Holders of Common Stock are entitled to one (1) vote per share for each share of Common Stock held by them.

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- (2) Includes 3,446,456 shares of common stock held directly by Mr. Bradley, 3,999,911 shares of common stock held directly by EOS Technology Holdings Inc. (of which Mr. Bradley is Chief Executive Officer and the sole director) and 2,775,954 shares of common stock held by Mr. Bradley's spouse. Does not include the 1,200,000 Units from the Inducement Award Agreement, which contemplates half of the Units vesting in equal 3-month installments over a 36-month period beginning June 20, 2025, and the other half of the Units vesting subject to performance-based vesting conditions. The shares of common stock are beneficially owned both directly and indirectly, as outlined above, by Mr. Bradley. Mr. Bradley, as an officer and member of the board of directors of Data Vault, has the power to dispose of and the power to vote the shares of common stock beneficially owned by Data Vault. Mr. Bradley disclaims beneficial ownership of such securities except to the extent of his pecuniary interest therein, and the inclusion of these securities in this Report shall not be deemed an admission of beneficial ownership of such securities for purposes of Section 16 of the Exchange Act or for any other purposes.
- (3) Gary Williams, former VP of Finance and Principle Financial Officer, who resigned from the role on November 30, 2024, held 16,085 shares of common stock of the Company as of the March 12, 2025.
- (4) See the information included in footnotes 2 and 3 above.

Securities Authorized for Issuance under Equity Compensation Plans as of December 31, 2024

Plan Category	Number of Securities to Be Issued upon Exercise of Outstanding Options, Warrants and Rights <i>(a)</i>	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights <i>(b)</i>	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) <i>(c)</i>
Equity compensation plans approved by security holders (1)	—	\$ —	6,777,749
Equity compensation plans not approved by security holders	—	\$ —	—
Total	—	\$ —	6,777,749

(1) Represents an aggregate of 6,777,743 shares of Common Stock available for future issuance in connection with grants of securities under the LTIP, and an aggregate of 14 shares of Common Stock available for future issuance in connection with grants of securities under the 2022 Plan. See “Executive Compensation – Equity Incentive Plans.”

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

Certain Relationships and Related Transactions

The following is a description of transactions since January 1, 2022, to which we have been a participant in which the amount involved exceeded or will exceed the lesser of (i) \$120,000 or (ii) 1% of the average of our total assets for the years ended December 31, 2023 and 2022, and in which any of our directors, executive officers or holders of more than 5% of our voting securities, or any members of their immediate family, had or will have a direct or indirect material interest, other than compensation arrangements which are described under “Executive Compensation.”

Nathaniel Bradley and EOS Holdings

Nathaniel Bradley, the Chief Executive Officer (“CEO”) of ours, is a control person of EOS Holdings which became a related party of ours at the close of the DV Asset Acquisition on December 31, 2024. In addition, Sonia Choi, our Chief Marketing Officer, is the spouse of our CEO and also the Chief Marketing Officer of EOS Holdings. EOS Holdings received 40,000,000 shares of common stock in the DV Asset Acquisition which all but 3,999,911 shares of common stock were immediately distributed to various EOS Holdings shareholders at the close of the transaction. Pursuant to the DV Asset Acquisition Agreement, on the closing date of the transaction, we issued a \$10 million Convertible Note (the “DV Convertible Note”) to EOS Holdings, due on the third anniversary of closing, paying interest of 5.12% per annum.

The DV Convertible Note can be converted at DV Holding’s option partially or entirely, into shares of common stock, any time after the maturity date until the promissory note is fully paid off. The DV Convertible Note uses a conversion price equaling to seventy-five percent (75%) of the average VWAP during the ten (10) consecutive trading days ending on the trading day that is immediately prior to the conversion date subject to a floor price of \$1.116 per share (the “Conversion Price”). At Data Vault’s sole discretion, upon a Change of Control, (i) we shall cause any successor entity to assume in writing all of the obligations of ours under the DV Convertible Note, (ii) pay or cause to be paid to EOS Holdings the Convertible Note Balance (as defined below) in cash, or (iii) pay, at the closing of such Change of Control, in full satisfaction of our obligations under the DV Convertible Note, an amount in cash or equivalent common stock to the amount EOS Holdings would have been paid if EOS Holdings converted its Convertible Note Balance into shares of common stock immediately prior to such closing, at the Conversion Price.

Pursuant to the DV Convertible Note, if EOS Holdings is considered an affiliate, we shall file within 30 days of the conversion date a registration statement on Form S-3 (or other appropriate form if we are not then S-3 eligible) providing for the resale by EOS Holdings of the shares of common stock issued under the DV Convertible Note. We shall cause such registration statement to become effective within 60 days following the filing thereof and to keep such registration statement effective at all times as long as EOS Holdings owns any shares issued under the DV Convertible Note.

The parties agreed that we may apply up to 25% of the amount of any payment to be made to EOS Holdings pursuant to the DV Convertible Note towards satisfaction of the amount, if any, owed by EOS Holdings to us under those certain senior secured promissory notes, dated June 13, 2024, August 7, 2024, September 23, 2024, and December 23, 2024 (collectively, the “Secured Notes” and the outstanding amount under the Secured Notes, collectively, the “Data Vault Note Balance”). The Note Balance on the maturity date will be automatically reduced by the amount of the Data Vault Note Balance.

Pursuant to the DV Convertible Note, if, at any time while the DV Convertible Note is outstanding, we enter into any capital raising or financing transaction, including without limitation any issuance by us of shares of common stock or common stock equivalents for cash consideration, indebtedness or a combination of units thereof (each, a “Subsequent Financing”), then we shall first pay to EOS Holdings at least 10% of the gross proceeds of such Subsequent Financing to redeem all or a portion of the DV Convertible Note, plus accrued but unpaid interest, plus liquidated damages, if any, and any other amounts then owing to EOS Holdings. If the aggregate gross proceeds of Subsequent Financings reach or exceed \$50,000,000, then we shall repay the DV Convertible Note in full, including accrued but unpaid interest, liquidated damages, if any, and any other amounts, then owing to EOS Holdings.

The DV Convertible Note includes customary event of default provisions. Upon the occurrence of an event of default, the DV Convertible Note and all amounts due thereunder shall become, upon demand by EOS Holdings, immediately due and payable in cash. Additionally, upon the occurrence of an event of default, interest shall accrue daily at the rate of ten percent (10%) per annum on the aggregate outstanding principal balance and any other amounts then owing by us to EOS Holdings.

EOS Holdings owes \$431,000 under the Data Vault Note Balance in notes receivable to us, as of December 31, 2024, a company for which Nate Bradley, our CEO, is a control person. We recorded \$7,000 in interest income on the Data Vault Note Balance.

In addition to the DV Convertible Note and the Data Vault Note Balance, on January 16, 2025, we entered into a Transition Services Agreement (“Transition Services Agreement”) to receive from EOS Holdings, employees to provide transition services in connection with the Acquired Assets for a period of up to three months. For the period from January 16, 2025 through March 27, 2025, we have paid \$428,000 to EOS Holdings.

Helge Kristensen

Mr. Kristensen has served as a member of the Board since 2010. Mr. Kristensen serves as vice president of Hansong Technology, an original device manufacturer of audio products based in China, president of Platin Gate Aps, a company with focus on service-branding in lifestyle products as well as pro line products based in Denmark and co-founder and director of Inizio Capital, an investment company based in the Cayman Islands.

For the years ended December 31, 2024 and 2023, Hansong Technology purchased modules from the Company of approximately \$58,000 and \$88,000, respectively, and made payments to the Company of approximately \$38,000 and \$254,000 respectively. At December 31, 2024 and 2023, Hansong Technology sold speaker products to the Company of approximately \$28,000 and \$128,000, respectively, and the Company made payments to Hansong Technology of approximately \$235,000 and \$1,223,000, respectively. At December 31, 2024 and 2023, the Company owed Hansong Technology approximately \$43,000 and \$250,000, respectively. At December 31, 2024 and 2023, Hansong Technology owed the Company approximately \$24,000 and \$4,000, respectively.

As of December 31, 2024 and December 31, 2023, Mr. Kristensen owned less than 1.0% of the outstanding shares of the Common Stock.

David Howitt

Mr. Howitt has served as a member of the Board since December 2021. Since March 2004, Mr. Howitt has served as the founder and CEO of Meriwether Group LLC (“MWG”), a strategic consulting firm that works with disruptive consumer brands by integrating their visions, developing growth strategies, scaling their brands, and increasing revenue in order to build enterprise value. MWG, which is also majority-owned by Mr. Howitt, owns a 25% general partner interest in Meriwether Group Capital Hero Fund LP (“Meriwether”).

On September 8, 2023, the Company entered into a Loan and Security Agreement with Meriwether. Pursuant to the Loan and Security Agreement, Meriwether provided the Company with a term loan in the principal amount of \$650,000 that was scheduled to mature on November 7, 2023, subject to further extension (the “Meriwether Loan”). The maturity date of the Meriwether Loan was subsequently extended to December 7, 2023. The Company paid back the loan in full on December 7, 2023.

As of December 31, 2024 and December 31, 2023, Mr. Howitt owned less than 1.0% of the outstanding shares of the Company’s Common Stock.

Outstanding Equity Grants to Directors and Executive Officers

We have granted warrants and restricted shares to certain of our directors and executive officers. For more information regarding the warrants and stock awards granted to our directors and named executive officers, see “*Executive Compensation—Outstanding Equity Awards as of December 31, 2024.*”

Indemnification Agreements

We have entered into indemnification agreements with each of our directors and executive officers. Such indemnification agreements require us to indemnify our directors and executive officers to the fullest extent permitted by Delaware law.

Related Person Transaction Policy

Our Audit Committee considers and approves or disapproves any related person transaction as required by Nasdaq regulations. The Company’s written policies and procedures on related party transactions cover any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness) in which: (i) the Company (or any subsidiary) is a participant; (ii) any related party has or will have a direct or indirect interest; and (iii) the aggregate amount involved (including any interest payable with respect to indebtedness) will or may be expected to exceed \$120,000, except that there is no \$120,000 threshold for members of the Audit Committee. A related party is any: (i) person who is or was (since the beginning of the two fiscal years preceding the last fiscal year, even if they do not presently serve in that role) an executive officer, director or nominee for election as a director; (ii) greater than five percent (5%) beneficial owner of the Company’s common stock or any other class of the Company’s voting equity securities; or (iii) immediate family member of any of the foregoing. An immediate family member includes a person’s spouse, parents, stepparents, children, stepchildren, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, and brothers- and sisters-in-law and any person (other than a tenant or employee) sharing the same household as such person.

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In determining whether to approve or ratify a related party transaction, the Audit Committee, or disinterested directors, as applicable, will take into account, among other factors it deems appropriate: (i) whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances; (ii) the nature and extent of the related party's interest in the transaction; (iii) the material terms of the transactions; (iv) the importance of the transaction both to the Company and to the related party; (v) in the case of a transaction involving an executive officer or director, whether the transaction would interfere with the performance of such person's duties to the Company; and (vi) in the case of a transaction involving a non-employee director or a nominee for election as a non-employee director (or their immediate family member), whether the transaction would disqualify the director or nominee from being deemed an "independent" director, as defined by Nasdaq, and whether the transaction would disqualify the individual from serving on the Audit Committee or the Compensation Committee or other committees of the Board under applicable Nasdaq and other regulatory requirements.

The Audit Committee only approves those related party transactions that are on terms comparable to, or more beneficial to us than, those that could be obtained in arm's length dealings with an unrelated third party.

Director Independence

See "*Corporate Governance—Director Independence.*"

Item 14. Principal Accountant Fees and Services.

BPM LLP is our independent registered public accounting firm and performed the audits of our consolidated financial statements for the years ended December 31, 2024 and 2023. The following table sets forth all fees billed or to be billed for such periods:

	2024	2023
Audit fees (1)	\$ 554,262	\$ 423,026
Audit-related fees (2)	—	—
Tax fees (3)	41,142	42,982
All other fees	—	—
Total	<u>\$ 595,404</u>	<u>\$ 466,008</u>

- (1) "Audit fees" include fees for professional services rendered in connection with the audit of our annual consolidated financial statements, review of our quarterly consolidated financial statements and advisory services on accounting matters that were addressed during the annual audit and quarterly review. This category also includes fees for services that were incurred in connection with statutory and regulatory filings or engagements, such as consents and review of documents filed with the SEC.
- (2) "Audit-related fees" include fees billed for professional services rendered that are reasonably related to the performance of the audit or review of our consolidated financial statements including subscription for the online library of accounting research literature and are not reported under "Audit Fees".
- (3) "Tax fees" include fees for tax compliance. Tax compliance fees encompass a variety of permissible services, including technical tax compliance related to federal and state income tax matters, and assistance with tax audits.

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors

Our audit committee chairman pre-approves all audit and non-audit services provided by the independent registered public accounting firm prior to the engagement of the independent registered public accounting firm with respect to such services. The chairman of our audit committee has been delegated the authority by such committee to pre-approve all services by the independent registered public accounting firm. The chairman of our audit committee will report all such pre-approvals to the entire audit committee at the next committee meeting.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) The following documents are filed as part of this Report:

(1) Financial Statements:

The audited consolidated balance sheets of the Company as of December 31, 2024 and 2023, the related consolidated statements of operations, comprehensive loss, convertible preferred stock and stockholders' equity and cash flows for each of the two years in the period ended December 31, 2024 and 2023, the footnotes thereto, and the respective report of BPM LLP, an independent registered public accounting firm, are filed herewith.

(2) Financial Schedules:

None.

Financial statement schedules have been omitted because they are either not applicable or the required information is included in the consolidated financial statements or notes hereto.

(3) Exhibits:

The exhibits listed in the accompanying index to exhibits are filed or incorporated by reference as part of this Report.

(b) The following are exhibits to this Report and, if incorporated by reference, we have indicated the document previously filed with the SEC in which the exhibit was included.

Certain of the agreements filed as exhibits to this Report contain representations and warranties by the parties to the agreements that have been made solely for the benefit of such parties. These representations and warranties:

- may have been qualified by disclosures that were made to the other parties in connection with the negotiation of the agreements, which disclosures are not necessarily reflected in the agreements;
- may apply standards of materiality that differ from those of a reasonable investor; and
- were made only as of specified dates contained in the agreements and are subject to subsequent developments and changed circumstances.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date that these representations and warranties were made or at any other time. Investors should not rely on them as statements of fact.

Exhibit No.	Description of Exhibits
2.1	Certificate of Conversion of Summit Semiconductor, Inc. (incorporated by reference to the Company's Registration Statement on Form S-1/A (File No. 333-224267) filed with the SEC on July 23, 2018).
2.2	Plan of Conversion of Summit Semiconductor, Inc. (incorporated by reference to the Company's Registration Statement on Form S-1/A (File No. 333-224267) filed with the SEC on July 23, 2018).
3.1(i)(a)	Certificate of Incorporation of Summit Semiconductor, Inc. (incorporated by reference to the Company's Registration Statement on Form S-1/A (File No. 333-224267) filed with the SEC on July 2, 2018).
3.1(i)(b)	Certificate of Amendment to Certificate of Incorporation of Summit Semiconductor, Inc. (incorporated by reference to the Company's Registration Statement on Form S-1/A (File No. 333-224267) filed with the SEC on July 25, 2018).
3.1(i)(c)	Certificate of Amendment to Certificate of Incorporation of Summit Semiconductor, Inc. (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on September 14, 2018).
3.1(i)(e)	Certificate of Amendment to Certificate of Incorporation of Summit Semiconductor, Inc. (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on April 8, 2020).
3.1(i)(f)	Certificate of Amendment to Certificate of Incorporation of WiSA Technologies, Inc. (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on March 11, 2022).

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<u>Exhibit No.</u>	<u>Description of Exhibits</u>
3.1(i)(h)	<u>Certificate of Amendment to Certificate of Incorporation of WiSA Technologies, Inc. (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on January 26, 2023).</u>
3.1(i)(i)	<u>Certificate of Amendment to WiSA Technologies, Inc.'s Certificate of Incorporation, filed with the Secretary of State of the State of Delaware on March 25, 2024 (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on March 26, 2024).</u>
3.1(i)(j)	<u>Certificate of Amendment to WiSA Technologies, Inc.'s Certificate of Incorporation, filed with the Secretary of State of the State of Delaware on April 12, 2024 (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on April 12, 2024).</u>
3.1(i)(k)	<u>Certificate of Amendment to WiSA Technologies, Inc.'s Certificate of Incorporation, filed with the Secretary of State of the State of Delaware on February 13, 2025 (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on February 14, 2025).</u>
3.1(i)(l)	<u>Certificate of Designation of Preferences, Rights, and Limitations of Series B Convertible Preferred Stock (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on October 19, 2023).</u>
3.1(ii)	<u>Bylaws of Summit Semiconductor, Inc. (incorporated by reference to the Company's Registration Statement on Form S-1/A (File No. 333-224267) filed with the SEC on July 2, 2018).</u>
4.1	<u>Form of Common Stock Certificate (incorporated by reference to the Company's Annual Report on Form 10-K filed with the SEC on March 29, 2019).</u>
4.2*	<u>Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.</u>
4.3	<u>Form of Common Stock Purchase Warrant (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on June 5, 2020).</u>
4.4	<u>Form of Common Stock Purchase Warrant (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on June 10, 2020).</u>
4.5	<u>Form of Amendment to Common Stock Purchase Warrant (incorporated by reference to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 10, 2020).</u>
4.6	<u>Form of Common Stock Purchase Warrant (incorporated by reference to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 10, 2020).</u>
4.7	<u>Form of Common Stock Purchase Warrant (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on January 19, 2021).</u>
4.8	<u>Form of Common Stock Purchase Warrant (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on June 7, 2021).</u>
4.9	<u>Form of Common Stock Purchase Warrant (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on June 8, 2021).</u>
4.10	<u>Form of Restricted Stock Agreement for Directors under the Summit Semiconductor, Inc. 2018 Long-Term Stock Incentive Plan (incorporated by reference to the Company's Registration Statement on Form S-8 (File No. 333-265060) filed with the SEC on May 18, 2022).</u>
4.11	<u>Form of Restricted Stock Agreement for Employees under the Summit Semiconductor, Inc. 2018 Long-Term Stock Incentive Plan (incorporated by reference to the Company's Registration Statement on Form S-8 (File No. 333-265060) filed with the SEC on May 18, 2022).</u>
4.12	<u>Form of Private Placement Warrant (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on August 19, 2022).</u>
4.13	<u>Form of Placement Agent Warrant (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on August 19, 2022).</u>
4.25	<u>Warrant Amendment Agreement, dated November 21, 2022, by and between the Company and Maxim Group LLC (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on November 21, 2022).</u>

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Exhibit No.	Description of Exhibits
4.26	Form of Series A Warrant (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on December 2, 2022).
4.27	Form of Series B Warrant (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on December 2, 2022).
4.31	Form of Private Placement Warrant (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on February 3, 2023).
4.32	Form of Private Placement Warrant (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on March 29, 2023).
4.33	Form of Private Placement Warrant (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on April 7, 2023).
4.34	Form of Inducement Warrant for March Warrants (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on May 17, 2023).
4.35	Form of Inducement Warrant for April Warrants (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on May 17, 2023).
4.36	Form of Inducement Warrant (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on August 1, 2023).
4.37	Form of Warrant to Purchase Shares of Series B Convertible Preferred Stock (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on October 19, 2023).
4.39	Form of Common Stock Purchase Warrants (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on January 23, 2024).
4.40	Form of Securities Purchase Agreement, between the Company and the Investors (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on January 23, 2024).
4.41	Form of Common Stock Purchase Warrant (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on February 16, 2024).
4.44	Form of Warrant (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on March 27, 2024).
4.46	Form of Warrant (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on April 18, 2024).
4.47	Form of Warrant (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on April 23, 2024).
4.49	Form of Warrant (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on April 30, 2024).
4.51	Form of Warrant (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on May 15, 2024).
4.52	Form of Warrant (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on May 17, 2024).
4.53	Form of Exchange Warrant (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on September 10, 2024).
4.54	Form of Inducement Warrant (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on September 10, 2024).

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Exhibit No.	Description of Exhibits
4.55	Form of New Warrant (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on September 10, 2024).
4.56	Form of Inducement Warrant (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on December 20, 2024).
4.57	Form of Warrant (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on February 13, 2025).
4.58	Form of Placement Agent Warrant (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on February 13, 2025).
4.59	Form of Promissory Note (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on March 17, 2025).
10.1+	Summit Semiconductor, Inc. 2018 Long-Term Stock Incentive Plan (incorporated by reference to the Company's Registration Statement on Form S-1/A (File No. 333-224267) filed with the SEC on July 2, 2018).
10.2	Form of Indemnity Agreement by and between Summit Semiconductor, Inc., and each of its directors and executive officers (incorporated by reference to the Company's Registration Statement on Form S-1/A (File No. 333-224267) filed with the SEC on July 2, 2018).
10.11	Lease Agreement by and between Portland 2 LLC and the Company, dated August 18, 2020 (incorporated by reference to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 10, 2020).
10.12	Summit Wireless Technologies, Inc. 2020 Stock Incentive Plan (incorporated by reference to the Company's Proxy Statement on Form DEF 14A filed with the SEC on September 11, 2020).
10.13*	First Amendment to Lease Agreement by and between Portland 2 LLC and the Company, dated May 23, 2023.
10.21+	Executive Employment Agreement, effective as of August 24, 2022, by and between the Company and Brett Moyer (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on August 26, 2022).
10.22+	Executive Employment Agreement, effective as of August 24, 2022, by and between the Company and Gary Williams (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on August 26, 2022).
10.23+	Executive Employment Agreement, effective as of December 31, 2024, by and between the Company and Brett Moyer (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on January 7, 2025).
10.24+	Executive Employment Agreement, effective as of December 31, 2024, by and between the Company and Nathaniel Bradley (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on January 7, 2025).
10.24+	WiSA Technologies, Inc. Management Team Retention Bonus Plan, effective September 1, 2022 (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on September 1, 2022).
10.26	Form of Warrant Agency Agreement (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on December 2, 2022).
10.28	Form of Securities Purchase Agreement by and between the Company and the certain institutional investors dated January 31, 2023 (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on February 3, 2023).
10.30	Form of Securities Purchase Agreement by and between the Company and certain institutional investors dated March 27, 2023 (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on March 29, 2023).

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Exhibit No.	Description of Exhibits
10.31	Form of Securities Purchase Agreement by and between the Company and certain institutional investors dated April 7, 2023 (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on April 7, 2023).
10.32	Form of Side Letter by and between the Company and certain institutional investors dated April 7, 2023 (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on April 7, 2023).
10.33	Form of Securities Purchase Agreement by and between the Company and certain institutional investors dated April 7, 2023 (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on April 12, 2023).
10.34	Form of Inducement Letter for March Warrants (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on May 17, 2023).
10.35	Form of Inducement Letter for April Warrants (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on May 17, 2023).
10.36	Form of Inducement Letter (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on August 1, 2023).
10.37	Form of Waiver Agreement (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on September 1, 2023).
10.38	Loan and Security Agreement by and between the Company and Meriwether Group Capital Hero Fund LP (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on September 8, 2023).
10.39	Form of Securities Purchase Agreement, by and between WiSA Technologies, Inc. and the purchasers signatory thereto (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on October 19, 2023).
10.40	Placement Agency Agreement, by and between WiSA Technologies, Inc. and Maxim Group LLC, as sole placement agent (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on October 19, 2023).
10.41	Form of Side Letter, by and between WiSA Technologies, Inc. and the holder signatory thereto (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on October 19, 2023).
10.42	Warrant Agency Agreement, by and between WiSA Technologies, Inc., and VStock Transfer, LLC (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on October 19, 2023).
10.43	Placement Agency Agreement, dated as of February 12, 2024, by and between WiSA Technologies, Inc. and Maxim Group LLC, as placement agent (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on February 16, 2024).
10.44	Form of Securities Purchase Agreement (filed as an exhibit to Amendment No. 2 to the Company's Registration Statement on Form S-1 (File No. 333-276631), filed with the SEC on February 8, 2024)
10.45	Form of Warrant Agency Agreement (filed as an exhibit to Amendment No. 1 to the Company's Registration Statement on Form S-1 (File No. 333-276631), filed with the SEC on February 5, 2024).
10.46	Form of Voting Agreement (filed as an exhibit to Amendment No. 1 to the Company's Registration Statement on Form S-1 (File No. 333-276631), filed with the SEC on February 5, 2024).
10.47	Form of Warrant Amendment Agreement, by and between WiSA Technologies, Inc. and the signatories thereto (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on March 26, 2024).

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<u>Exhibit No.</u>	<u>Description of Exhibits</u>
10.48	Placement Agency Agreement, dated as of March 26, 2024, by and between WiSA Technologies, Inc. and Maxim Group LLC, as placement agent (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on March 27, 2024).
10.49	Form of Securities Purchase Agreement by and among the Company and certain purchasers dated March 26, 2024 (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on March 27, 2024).
10.50	Form of Securities Purchase Agreement, between the Company and certain purchasers dated April 17, 2024 (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on April 18, 2024).
10.51	Placement Agency Agreement, dated as of April 17, 2024, by and between WiSA Technologies, Inc. and Maxim Group LLC, as placement agent (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on April 18, 2024).
10.52	Form of Securities Purchase Agreement, between the Company and certain purchasers dated April 19, 2024 (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on April 23, 2024).
10.53	Form of Warrant Amendment Agreement, by and between WiSA Technologies, Inc. and the signatories thereto (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on April 23, 2024).
10.54	Placement Agency Agreement, dated as of April 19, 2024, by and between WiSA Technologies, Inc. and Maxim Group LLC, as placement agent (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on April 23, 2024).
10.55	Form of Securities Purchase Agreement, between the Company and certain purchasers dated April 26, 2024 (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on April 30, 2024).
10.56	Placement Agency Agreement, dated as of April 26, 2024, by and between WiSA Technologies, Inc. and Maxim Group LLC, as placement agent (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on April 30, 2024).
10.57	Form of Securities Purchase Agreement, between the Company and certain purchasers dated May 13, 2024 (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on May 15, 2024).
10.58	Placement Agency Agreement, dated as of May 13, 2024, by and between WiSA Technologies, Inc. and Maxim Group LLC, as placement agent (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on May 15, 2024).
10.58	Form of Securities Purchase Agreement, between the Company and certain purchasers dated May 15, 2024 (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on May 17, 2024).
10.59	Placement Agency Agreement, dated as of May 15, 2024, by and between WiSA Technologies, Inc. and Maxim Group LLC, as placement agent (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on May 17, 2024).
10.60	Form of Asset Purchase Agreement, dated September 4, 2024, by and between the Company and EOS Technology Holdings Inc., (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on September 4, 2024).
10.61	Form of Amendment to Asset Purchase Agreement, dated November 14, 2024, by and between the Company and EOS Technology Holdings Inc., (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on November 15, 2024).
10.62	Form of Second Amendment to Asset Purchase Agreement, dated December 31, 2024, by and between the Company and EOS Technology Holdings Inc. (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on January 7, 2025).

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Exhibit No.	Description of Exhibits
10.63	Form of Asset Purchase Agreement, dated December 19, 2024, by and between the Company and CompuSystems, Inc. (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on December 26, 2024).
10.64	Form of Amendment to Asset Purchase Agreement, dated December 30, 2024, by and between the Company and CompuSystems, Inc. (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on January 6, 2025).
10.65	Form of Second Amendment to Asset Purchase Agreement, dated February 25, 2025, by and between the Company and CompuSystems, Inc. (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on February 28, 2025).
10.60	Form of Inducement Agreement, dated September 10, 2024, by and between the Company and certain holders (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on September 10, 2024).
10.62	Form of Side Letter Agreement (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on September 10, 2024).
10.63	Form of Inducement Agreement, dated December 20, 2024, by and between the Company and certain holders (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on December 20, 2024).
10.64	Form of Securities Purchase Agreement, between the Company and certain purchasers dated February 13, 2025 (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on February 14, 2025).
10.65	Placement Agency Agreement, dated as of February 13, 2025, by and between WiSA Technologies, Inc. and Maxim Group LLC, as placement agent (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on February 14, 2025).
10.66	Form of Share Exchange Agreement (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on March 17, 2025).
10.67+	Amendment to the Company's 2018 Long-Term Stock Incentive Plan (incorporated by reference to Appendix B to the Company's Definitive Proxy Statement on Schedule 14A filed with the SEC on January 4, 2023).
10.68+	Amendment to the Company's 2018 Long-Term Stock Incentive Plan (incorporated by reference to Appendix D to the Company's Definitive Proxy Statement on Schedule 14A filed with the SEC on February 15, 2024).
19.1*	Insider Trading Policy.
21.1	List of Subsidiaries (incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-239750) filed with the SEC on July 8, 2020).
23.1*	Consent of BPM LLP.
31.1*	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Principal 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 Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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<u>Exhibit No.</u>	<u>Description of Exhibits</u>
97.1+*	Compensation Recovery Policy.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Schema
101.CAL	XBRL Taxonomy Calculation Linkbase
101.DEF	XBRL Taxonomy Definition Linkbase
101.LAB	XBRL Taxonomy Label Linkbase
101.PRE	XBRL Taxonomy Presentation Linkbase
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Filed or furnished herewith, as applicable.

+ Indicates management contract or compensatory plan.

In accordance with SEC Release 33-8238, Exhibits 32.1 and 32.2 are being furnished and not filed.

Item 16. Form 10-K Summary.

None.

SIGNATURES

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

Datavault AI Inc.

Date: March 31, 2025 By: /s/ Nathaniel Bradley
Nathaniel Bradley
Chief Executive Officer
(Principal Executive Officer)

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

Date: March 31, 2025 By: /s/ Nathaniel Bradley
Nathaniel Bradley
Director and Chief Executive Officer (Principal Executive Officer)

Date: March 31, 2025 By: /s/ Brett Moyer
Brett Moyer
Director and Chief Financial Officer (Principal Financial Officer)

Date: March 31, 2025 By: /s/ Stanley Mbugua
Stanley Mbugua
Chief Accounting Officer (Principal Accounting Officer)

Date: March 31, 2025 By: /s/ Kimberly Briskey
Kimberly Briskey
Director

Date: March 31, 2025 By: /s/ Dr. Jeffrey M. Gilbert
Dr. Jeffrey M. Gilbert
Director

Date: March 31, 2025 By: /s/ David Howitt
David Howitt
Director

Date: March 31, 2025 By: /s/ Helge Kristensen
Helge Kristensen
Director

Date: March 31, 2025 By: /s/ Sriram Peruvemba
Sriram Peruvemba
Director

Date: March 31, 2025 By: /s/ Robert Tobias
Robert Tobias
Director

Date: March 31, 2025 By: /s/ Wendy Wilson
Wendy Wilson
Director

DATAVAULT AI Inc. (formerly WiSA Technologies, Inc.) and Subsidiaries

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2024 and 2023

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
Datavault AI Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Datavault AI Inc. (formerly WiSA Technologies, Inc.) (a Delaware Corporation) and its subsidiaries (the “Company”), as of December 31, 2024 and 2023, and the related consolidated statements of operations, convertible redeemable preferred stock and stockholders’ equity(deficit), and cash flows for each of the two years in the period ended December 31, 2024, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

Going Concern Uncertainty

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company’s recurring losses from operations, a net capital deficiency, available cash and cash used in operations raise substantial doubt about its ability to continue as a going concern. Management’s plans regarding these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the entity’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which they relate.

Asset Acquisition – Valuation of Intangible Assets

As described in Note 3 to the consolidated financial statements, on December 31, 2024, the Company completed its asset purchase of information technology assets, patents, and trademarks from Data Vault Holdings Inc. for an aggregate purchase price of approximately \$92 million. The acquisition of the assets from Data Vault Holdings was complex due to significant estimates required by management to determine the fair value of the intangible assets. The determination of the fair value of the intangible assets acquired required management to utilize the assistance of a third-party valuation specialist and to make significant estimates and assumptions including projected revenues, growth rates, economic lives, discount rates and financial projections.

We identified the valuation of intangible assets resulting from the asset acquisition as a critical audit matter given the especially challenging auditor judgment required in evaluating the inputs and assumptions used in determining fair value of the intangible assets. Changes in significant assumptions could have a significant impact on the fair value of the intangible assets.

How We Addressed the Matter in Our Audit

Our audit procedures related to the accounting for valuation of intangible assets acquired to address this critical audit matter included the following:

- We utilized our valuation specialist to assist in evaluating the appropriateness of the Company’s valuation models developed for acquired intangible assets and evaluating the reasonableness of the significant assumptions used including the projected revenues, growth rates, economic life and discount rate as compared to industry and market data. We also examined the completeness and accuracy of the underlying data supporting the significant assumptions and estimates used in the third-party valuation report, including historical and projected financial information.
- We tested the Company’s accounting treatment and disclosures regarding the asset acquisition including reading the terms of the asset acquisition related agreements and evaluating the Company’s application of technical accounting literature regarding initial recognition of the intangible assets acquired and the direct transaction costs incurred.

We have served as the Company’s auditor since 2016.

/s/ BPM LLP

San Jose, California
March 31, 2025

DATAVAULT AI INC.
CONSOLIDATED BALANCE SHEETS
December 31, 2024 and 2023
(in thousands, except share and per share data)

	Year Ended December 31,	
	2024	2023
Assets		
Current Assets:		
Cash and cash equivalents	\$ 3,330	\$ 411
Accounts receivable	349	294
Inventories	1,618	2,737
Prepaid expenses and other current assets	1,142	641
Total current assets	6,439	4,083
Property and equipment, net	58	93
Intangible assets	92,575	—
Deposit for business combination	1,000	—
Other assets	553	647
Total assets	\$ 100,625	\$ 4,823
Liabilities, Convertible Redeemable Preferred Stock and Stockholders' Equity/ (Deficit)		
Current Liabilities:		
Accounts payable	\$ 2,779	\$ 2,320
Accrued liabilities	1,334	1,317
Total current liabilities	4,113	3,637
Convertible note payable, net, related party	9,569	—
Warrant liabilities	664	5,460
Other liabilities	553	636
Total liabilities	14,899	9,733
Commitments and contingencies (Note 8)		
Series B Convertible Redeemable Preferred Stock, par value \$0.0001; 375,000 shares authorized; 0 and 38,335 shares issued and outstanding as of December 31, 2024 and 2023, respectively and 2023	—	247
Stockholders' Equity/(Deficit):		
Common stock, par value \$0.0001; 300,000,000 shares authorized; 52,034,060 and 222,380 shares issued and outstanding as of December 31, 2024 and 2023, respectively	5	1
Additional paid-in capital	384,172	241,884
Accumulated deficit	(298,451)	(247,042)
Total stockholders' equity/(deficit)	85,726	(5,157)
Total liabilities, convertible preferred stock and stockholders' equity/(deficit)	\$ 100,625	\$ 4,823

Note: Share and per share amounts have been retroactively adjusted to reflect the impact of a 1-for-100 reverse stock split effected in January 2023 as well as a 1-for-150 reverse stock split effected in April 2024, as discussed in Note 1.

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

DATAVAULT AI INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
For the years ended December 31, 2024 and 2023
(in thousands, except share and per share data)

	Year Ended December 31,	
	2024	2023
Revenue, net	\$ 2,674	\$ 2,083
Cost of revenue	2,298	5,540
Gross profit (deficit)	376	(3,457)
Operating Expenses:		
Research and development	7,818	7,456
Sales and marketing	3,974	5,177
General and administrative	9,722	5,367
Total operating expenses	21,514	18,000
Loss from operations	(21,138)	(21,457)
Interest expense, net	(1,272)	(932)
Change in fair value of warrant liability	(29,120)	4,510
Loss on debt extinguishment	—	(837)
Other expense, net	121	(1)
Loss before provision for income taxes	(51,409)	(18,717)
Provision for income taxes	—	4
Net loss	(51,409)	(18,721)
Deemed dividend on conversion of Series B preferred for common stock and repurchase of Series B preferred stock	(5,842)	(6,360)
Deemed dividend on issuance of common stock and warrants issued in connection with amendments to warrants to purchase common stock	\$ (10,475)	—
Net loss attributable to common stockholders	\$ (67,726)	\$ (25,081)
Net loss per common share - basic and diluted	\$ (16.14)	\$ (476.31)
Weighted average number of common shares used in computing net loss per common share	4,197,284	52,656

Note: Share and per share amounts have been retroactively adjusted to reflect the impact of a 1-for-100 reverse stock split effected in January 2023 as well as a 1-for-150 reverse stock split effected in April 2024, as discussed in Note 1.

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

DATAVAULT AI INC.
CONSOLIDATED STATEMENTS OF CONVERTIBLE REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)
For the years ended December 31, 2024 and 2023
(in thousands, except share data)

	Convertible Preferred Stock		Common Shares		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount			
Balance as of December 31, 2022	—	—	4,750	\$ 226,324	\$ 1	\$ (228,321)	\$ (1,996)
Stock-based compensation	—	—	6,427	—	2,058	—	2,058
Restricted stock awards cancelled	—	—	(88)	—	—	—	—
Release of vested restricted common stock	—	—	19	—	—	—	—
Issuance of common stock in connection with convertible promissory note	—	—	450	—	708	—	708
Issuance of common stock in connection with warrant exercise	—	—	19,030	—	10,713	—	10,713
Issuance of common stock and warrants, net of offering costs	—	—	14,510	—	2,319	—	2,319
Issuance of Series B preferred stock, net of discounts	87,000	—	—	—	1,909	—	1,909
Issuance of Series B preferred stock in connection with warrant exercise, net of discounts	61,613	3,550	—	—	195	—	195
Issuance of common stock in connection with conversion of Series B preferred stock	(110,278)	(6,341)	177,282	—	6,341	—	6,341
Deemed dividend in connection with conversion of Series B preferred stock to common stock	—	6,063	—	—	(6,063)	—	(6,063)
Repurchase of common stock warrants	—	—	—	—	(2,323)	—	(2,323)
Deemed dividend in connection with amortization and accretion of discounts relating to Series B preferred stock	—	297	—	—	(297)	—	(297)
Discount from issuance of common stock warrants in connection with Series B preferred stock indenture	—	(3,322)	—	—	—	—	—
Net loss	—	—	—	—	—	(18,721)	(18,721)
Balance as of December 31, 2023	38,335	\$ 247	222,380	\$ 1	\$ 241,884	\$ (247,042)	\$ (5,157)
Stock-based compensation	—	—	1,233,683	—	2,536	—	2,536
Restricted stock awards cancelled	—	—	(3,941)	—	—	—	—
Issuance of common stock in connection with warrant amendment	—	—	887,356	—	—	—	—
Issuance of common stock in connection with warrant exercise	—	—	5,456,986	—	7,794	—	7,794
Issuance of common stock and warrants, net of offering costs	—	—	2,466,583	—	8,756	—	8,756
Issuance of Series B preferred stock in connection with warrant exercise, net of discounts	29,322	386	—	—	—	—	—
Issuance of common stock in connection with conversion of Series B preferred stock	(5,000)	(325)	8,038	—	325	—	325
Deemed dividend on conversion of Series B preferred for common stock and repurchase of Series B preferred stock	—	5,842	—	—	(5,842)	—	(5,842)
Repurchase of Series B preferred stock and Series B preferred stock warrants	(62,657)	(6,266)	—	—	824	—	824
Issuance of common stock, pre-funded units and warrants, net of offering costs	—	—	1,442,518	—	4,210	—	4,210
Issuance of common stock in connection with reverse split rounding-up for fractional shares	—	—	84,254	—	—	—	—
Issuance of common stock to vendors	—	—	236,203	—	600	—	600
Issuance of common stock in connection with the acquisition of intangible assets	—	—	40,000,000	4	81,995	—	81,999
Conversion of liability warrants to equity warrants	—	—	—	—	41,851	—	41,851
Warrants classified to liability	—	—	—	—	(645)	—	(645)
Cumulative effect of ASU 2020-06 adoption	—	116	—	—	(116)	—	(116)
Net loss	—	—	—	—	—	(51,409)	(51,409)
Balance as of December 31, 2024	—	—	52,034,060	\$ 5	\$ 384,172	\$ (298,451)	\$ 85,726

Note: Share and per share amounts have been retroactively adjusted to reflect the impact of a 1-for-100 reverse stock split effected in January 2023 as well as a 1-for-150 reverse stock split effected in April 2024, as discussed in Note 1.

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

DATAVAULT AI INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2024 and 2023
(in thousands, except share and per share data)

	Year Ended December 31,	
	2024	2023
Cash flows from operating activities:		
Net loss	\$ (51,409)	\$ (18,721)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	2,976	2,058
Depreciation and amortization	70	98
Amortization of debt discounts	1,260	850
Change in fair value of warrant liability	29,120	(4,510)
Loss on debt extinguishment	—	837
Changes in operating assets and liabilities:		
Accounts receivable	(55)	(21)
Inventories	1,119	4,333
Prepaid expenses and other current assets	(349)	152
Other assets	93	87
Accounts payable	(228)	278
Accrued liabilities	(41)	(207)
Other liabilities	(82)	(60)
Net cash used in operating activities	<u>(17,526)</u>	<u>(14,826)</u>
Cash flows from investing activities:		
Issuance of note receivable	(423)	—
Deposit for business combination	(1,000)	—
Purchases of property and equipment	(35)	(50)
Purchases of intangible assets	(99)	—
Net cash used in investing activities	<u>(1,557)</u>	<u>(50)</u>
Cash flows from financing activities:		
Proceeds from issuance of common stock in connection with warrant exercise, net of offering costs	8,063	12,533
Proceeds from issuance of common stock and warrants, net of offering costs	19,558	—
Proceeds from issuance of short-term loan, net of issuance costs	600	597
Proceeds from issuance of Series B preferred stock, net of issuance costs	—	3,955
Proceeds from exercise of warrants	714	—
Repurchase of common stock warrants	—	(2,323)
Repurchase of Series B preferred stock	(6,266)	—
Repayment of finance lease	—	(15)
Repayment of convertible note payable	—	(1,657)
Repayment of short-term loan	(667)	(700)
Net cash provided by financing activities	<u>22,002</u>	<u>12,390</u>
Net decrease in cash and cash equivalents	2,919	(2,486)
Cash and cash equivalents as of beginning of period	411	2,897
Cash and cash equivalents as of end of period	<u>\$ 3,330</u>	<u>\$ 411</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 274	\$ 256
Cash paid for income taxes	\$ 4	\$ 4
Noncash Investing and Financing Activities:		
Reclassification of liability warrants to equity warrants	\$ 41,851	\$ —
Issuance of warrant liability in connection with financing	\$ 8,701	\$ —
Deemed dividend on conversion of Series B preferred stock and repurchase of Series B preferred stock	\$ 5,842	\$ —
Derecognition of Series B preferred stock liability warrants	\$ 824	\$ —
Issuance of stock-based compensation to vendors	\$ 600	\$ —
Warrant exercise in connection with loan settlement	\$ 333	\$ —
Issuance of common stock in connection with Series B preferred stock	\$ 325	\$ —
Unpaid financings issuance costs	\$ 269	\$ —
Issuance of common stock and convertible note payable in connection with the acquisition of intangible assets	\$ 92,000	\$ —
Unpaid intangible assets acquisition costs	\$ 476	\$ —
Cashless exercise of warrants	\$ 587	\$ 8,191
Reclassification of equity warrants to liability warrants	\$ 645	\$ —
Cumulative effect of adoption of ASU 2020-06	\$ 116	\$ —
Issuance of common stock in connection with conversion of Series B preferred stock	\$ —	\$ 6,341
Deemed dividend from accretion, amortization, and conversion of Series B preferred stock discounts	\$ —	\$ (6,360)
Issuance of warrants in connection with February 2023 offering	\$ —	\$ 5,601
Issuance of common stock in connection with convertible promissory note	\$ —	\$ 708
Record Right-of-Use Assets obtained in exchange for modified operating lease liabilities	\$ —	\$ 554
Deferred offering costs reclassified from prepaid expenses	\$ —	\$ 97
Accrual of legal fees for the short-term loan	\$ —	\$ 10

Note: Share and per share amounts have been retroactively adjusted to reflect the impact of a 1-for-100 reverse stock split effected in January 2023 as well as a 1-for-150 reverse stock split effected in April 2024, as discussed in Note 1.

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

1. Business and Summary of Significant Accounting Policies

Datavault AI Inc, formerly known as WiSA Technologies, Inc., and before then Summit Wireless Technologies, Inc. (together with its subsidiaries also referred to herein as “we”, “us”, “our”, or the “Company”), was originally formed as a limited liability company in Delaware on July 23, 2010. The Company’s business is to deliver the best-in-class data management and monetization, as well as using wireless audio to transmit data and audio for consumer use. Datavault stands at the forefront of innovation, delivering cutting-edge Web 3.0 data management and high-performance computing (HPC) solutions to a global audience.

NASDAQ Notifications

On July 3, 2024, the Company received a letter from the Office of General Counsel of The Nasdaq Stock Market LLC (“Nasdaq”) confirming that the Company has regained compliance with the equity requirement under Nasdaq Listing Rule 5550(b)(1) (the “Equity Rule”) as required by the Nasdaq Hearing Panel’s (the “Panel”) decision dated April 5, 2024.

The Panel has determined to impose a monitoring period (the “Monitor Period”), pursuant to Nasdaq Listing Rule 5815(d)(4)(B). If, during the Monitor Period, which lasts until July 3, 2025, the Nasdaq Listing Qualifications staff (“Staff”) finds the Company again out of compliance with the Equity Rule, notwithstanding Nasdaq Listing Rule 5810(c)(2), the Company will not be permitted to provide the Staff with a plan of compliance with respect to such deficiency and Staff will not be permitted to grant additional time for the Company to regain compliance with respect to such deficiency, nor will the Company be afforded an applicable cure or compliance period pursuant to Nasdaq Listing Rule 5810(c)(3). Instead, Staff will issue a Delist Determination Letter and the Company will have an opportunity to request a new hearing with the initial Panel or a newly convened Hearings Panel if the initial Panel is unavailable. The Company will have the opportunity to respond and present to the Panel as provided by Nasdaq Listing Rule 5815(d)(4)(C). The Company’s securities may at that time be delisted from Nasdaq.

On April 29, 2024, Nasdaq notified the Company in a letter that the Company has regained compliance with the minimum bid price requirement under Nasdaq Listing Rule 5550 (a)(2) (the “Minimum Bid Price Requirement”) as required by a hearing panel’s decision on April 5, 2024. The Company is subject to monitoring for a period of one year from the date of the letter. If, within that one-year monitoring period, Nasdaq’s Listing Qualifications staff (the “Staff”) finds the Company again out of compliance with the Minimum Bid Price Requirement, the Company will not be permitted to provide the Staff with a plan of compliance with respect to such deficiency and the Staff will not be permitted to grant additional time for the Company to regain compliance with respect to such deficiency, nor will the Company be afforded an applicable cure or compliance period. Instead, the Staff will issue a delist determination letter and the Company will have an opportunity to request a new hearing with a hearings panel. The Company will have the opportunity to respond and present to the panel.

Reverse Stock Splits

April 2024 Reverse Stock Split

On April 4, 2024, the Board approved a 1-for-150 reverse stock split (the “April 2024 Reverse Stock Split”) of our outstanding shares of common stock and authorized the filing of a certificate of amendment to our certificate of incorporation, as amended, with the Secretary of State of the State of Delaware to effect the April 2024 Reverse Stock Split. On April 12, 2024, the April 2024 Reverse Stock Split was effected and the consolidated financial statements have been retroactively adjusted. All common stock share numbers, warrants to purchase common stock, prices and exercise prices have been retroactively adjusted to reflect the April 2024 Reverse Stock Split. The common stock began trading on a split-adjusted basis at the start of trading on April 15, 2024. Unless otherwise indicated, the information presented in this Report gives effect to the April 2024 Reverse Stock Split.

1. Business and Summary of Significant Accounting Policies, continued

January 2023 Reverse Stock Split

On January 24, 2023, the Board approved a 1-for-100 reverse stock split (the “January 2023 Reverse Stock Split”) of our outstanding shares of common stock and authorized the filing of a certificate of amendment to our certificate of incorporation, as amended, with the Secretary of State of the State of Delaware to effect the January 2023 Reverse Stock Split. On January 26, 2023, the January 2023 Reverse Stock Split was effected and the consolidated financial statements have been retroactively adjusted. All common stock share numbers, warrants to purchase common stock, prices and exercise prices have been retroactively adjusted to reflect the January 2023 Reverse Stock Split. The common stock began trading on a split-adjusted basis at the start of trading on January 27, 2023. Unless otherwise indicated, the information presented in this Report gives effect to the January 2023 Reverse Stock Split.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and include all adjustments necessary for the fair presentation of the Company’s financial position, results of operations and cash flows for the periods presented. The consolidated financial statements reflect the accounts of Datavault AI, Inc and its wholly-owned subsidiaries, WISA Technologies Korea, LTD, a Korean limited company, which was established in September 2022, and WiSA, LLC, a Delaware limited liability company. All intercompany balances and transactions are eliminated.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassification

Certain reclassifications have been made to prior periods’ consolidated financial statements to conform to the current period presentation. These reclassifications did not result in any change in previously reported net loss, total assets or stockholders’ equity (deficit).

Concentration of Credit Risk and Other Risks and Uncertainties

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. Cash and cash equivalents are deposited in demand and money market accounts at one financial institution. At times, such deposits may be in excess of insured limits. The Company has not experienced any losses on its deposits of cash and cash equivalents.

The Company’s accounts receivable are derived from revenue earned from customers located throughout the world. The Company performs credit evaluations of its customers’ financial condition and may, in certain circumstances, require full or partial payment in advance of shipping. As of December 31, 2024 and December 31, 2023, there was no allowance for credit losses. As of December 31, 2024, the Company had three customers accounting for 68%, 12% and 11% of accounts receivable. As of December 31, 2023, the Company had two customers accounting for 71% and 20% of accounts receivable. The Company had four customers accounting for 29%, 19%, 18% and 10% of its net revenue for the year ended December 31, 2024. The Company had four customers accounting for 25%, 19%, 14% and 13% of its net revenue for the year ended December 31, 2023.

1. Business and Summary of Significant Accounting Policies, continued

The Company's future results of operations involve a number of risks and uncertainties. Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, but are not limited to, rapid technological change, continued acceptance of the Company's products, competition from substitute products and larger companies, protection of proprietary technology, strategic relationships and dependence on key individuals.

The Company relies on sole-source suppliers to manufacture some of the components used in its product. The Company's manufacturers and suppliers may encounter problems during manufacturing due to a variety of reasons, any of which could delay or impede their ability to meet demand. The Company is heavily dependent on a single contractor in China for assembly and testing of its products, a single contractor in Japan for the production of its transmit semiconductor chip and a single contractor in China for the production of its receive semiconductor chip.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are recorded at the invoice amount and are generally not interest bearing. The Company reviews its trade receivables aging to identify specific customers with known disputes or collection issues. The Company exercises judgment when determining the adequacy of these reserves as it evaluates historical bad debt trends and changes to customers' financial conditions. As of December 31, 2024 and 2023, there was no allowance for credit losses.

Fair Value of Financial Instruments

Carrying amounts of certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, prepaid expenses and other current assets, accounts payable and accrued liabilities approximate fair value due to their relatively short maturities. The carrying value of the Company's borrowings and capital lease liabilities approximates fair value based upon borrowing rates currently available to the Company for loans and capital leases with similar terms. The Company's Convertible note payable and Warrant liability is the only financial instruments that are adjusted to fair value on a recurring basis.

Inventories

Inventories, principally purchased components, are stated at the lower of cost or net realizable value. Cost is determined using an average cost, which approximates actual cost on a first-in, first-out basis. Inventory in excess of salable amounts and inventory which is considered obsolete based upon changes in existing technology is written off. At the point of loss recognition, a new lower cost basis for that inventory is established and subsequent changes in facts and circumstances do not result in the restoration or increase in the new cost basis.

Deferred Offering Costs

Deferred offering costs, consisting of legal, accounting and filing fees relating to public offerings, are capitalized. The deferred offering costs will be offset against public offering proceeds upon the effectiveness of an offering. In the event that an offering is terminated, deferred offering costs will be expensed. As of December 31, 2024 and 2023, the Company had capitalized \$0 and \$0, respectively, of deferred offering costs in prepaid expenses and other current assets on the consolidated balance sheet.

1. Business and Summary of Significant Accounting Policies, continued

Property and Equipment, Net

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation of property and equipment is computed using the straight-line method over their estimated useful lives of two to five years. Leasehold improvements and assets acquired under capital lease are amortized on a straight-line basis over the shorter of the useful life or term of the lease. Upon retirement or sale, the cost and related accumulated depreciation are removed from the balance sheet and the resulting gain or loss is reflected in operations. Maintenance and repairs are charged to operations as incurred.

Convertible Financial Instruments

The Company bifurcates conversion options and warrants from their host instruments and accounts for them as freestanding derivative financial instruments if certain criteria are met. The criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument. An exception to this rule is when the host instrument is deemed to be conventional, as that term is described under applicable U.S. GAAP.

When the Company has determined that the embedded conversion options and warrants should be bifurcated from their host instruments, discounts are recorded for the intrinsic value of conversion options embedded in the instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the transaction and the effective conversion price embedded in the instrument.

Debt discounts under these arrangements are amortized to interest expense using the interest method over the earlier of the term of the related debt or their earliest date of redemption.

Warrants for Common Shares, Convertible Redeemable Preferred Shares, and Derivative Financial Instruments

Warrants for common shares, convertible redeemable preferred shares, and derivative financial instruments are classified as equity if the contracts (1) require physical settlement or net-share settlement or (2) give the Company a choice of net-cash settlement or settlement in its own shares (physical settlement or net-share settlement). Contracts which (1) require net-cash settlement (including a requirement to net cash settle the contract if an event occurs and if that event is outside the control of the Company), (2) give the counterparty a choice of net-cash settlement or settlement in shares (physical settlement or net-share settlement), or (3) contain reset provisions that do not qualify for the scope exception are classified as equity or liabilities. The Company assesses classification of its warrants for shares of common stock and other derivatives at each reporting date to determine whether a change in classification between equity and liabilities is required.

Product Warranty

The Company's products are generally subject to a one year warranty, which provides for the repair, rework, or replacement of products (at the Company's option) that fail to perform within the stated specification. The Company has assessed its historical claims and, to date, product warranty claims have not been significant. The Company will continue to assess if there should be a warranty accrual going forward.

1. Business and Summary of Significant Accounting Policies, continued**Revenue Recognition**

The Company historically generates revenue primarily from two product categories which include the sale of Consumer Audio Products as well as the sale of Components. The Company applies the following five steps: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when a performance obligation is satisfied. The Company considers customer purchase orders to be the contracts with a customer. Revenues, net of expected discounts, are recognized when the performance obligations of the contract with the customer are satisfied and when control of the promised goods are transferred to the customer, typically when products, which have been determined to be the only distinct performance obligations, are shipped to the customer. Expected costs of assurance warranties and claims are recognized as expense.

Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by us from a customer and deposited with the relevant government authority, are excluded from revenue. Our revenue arrangements do not contain significant financing components.

Sales to certain distributors are made under arrangements which provide the distributors with price adjustments, price protection, stock rotation and other allowances under certain circumstances. The Company does not provide its customers with a contractual right of return. However, the Company accepts limited returns on a case-by-case basis. These returns, adjustments and other allowances are accounted for as variable consideration. The Company estimates these amounts based on the expected amount to be provided to customers and reduce revenue recognized. The Company believe that there will not be significant changes to our estimates of variable consideration.

If a customer pays consideration, or the Company has a right to an amount of consideration that is unconditional before the Company transfer a good or service to the customer, those amounts are classified as contract liabilities which are included in other current liabilities when the payment is made or it is due, whichever is earlier.

During the years ended December 31, 2024 and 2023, net revenue consisted of the following:

(in thousands)	For The Year Ended December 31,	
	2024	2023
Components	\$ 2,112	\$ 1,046
Consumer Audio Products	562	1,037
Total	<u>\$ 2,674</u>	<u>\$ 2,083</u>

Contract Balances

The Company receives payments from customers based on a billing schedule as established in our contracts to partially offset prepayments required by our vendors on long lead time materials. Amounts collected prior to the fulfillment of the performance obligation are considered contract liabilities and classified as customer advances within accrued liabilities on the consolidated balance sheets. Contract assets are recorded when the Company has a conditional right to consideration for our completed performance under the contracts. Accounts receivables are recorded when the right to this consideration becomes unconditional. The Company has \$109,000 and an immaterial amount of contract assets as of December 31, 2024 and 2023, respectively, which are recorded in Prepaids and other current assets on the consolidated balance sheets. The Company expects to collect 100% of the contract assets as of December 31, 2024 in the next twelve months. During the year ended December 31, 2024, the Company recognized \$19,000 of revenue that was included in the contract liabilities balance as of December 31, 2023.

	December 31, 2024	December 31, 2023
Contract Liabilities	\$ 174	\$ 19

1. Business and Summary of Significant Accounting Policies, continued

Revenue by Geographic Area

In general, revenue disaggregated by geography (See Note 12) is aligned according to the nature and economic characteristics of our business and provides meaningful disaggregation of our results of operations. Since the Company operates in one segment, all financial segment and product line information can be found in the consolidated financial statements.

Practical Expedients and Exemptions

As part of our adoption of Accounting Standards Codification Topic 606, Revenue from Contracts with Customers, the Company elected to use the following practical expedients: (i) not to adjust the promised amount of consideration for the effects of a significant financing component when the Company expects, at contract inception, that the period between our transfer of a promised product or service to a customer and when the customer pays for that product or service will be one year or less; (ii) to expense costs as incurred for costs to obtain a contract when the amortization period would have been one year or less; (iii) not to assess whether promised goods or services are performance obligations if they are immaterial in the context of the contract with the customer.

In addition, the Company does not disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less.

Stock-Based Compensation

The Company measures and recognizes the compensation expense for restricted stock units and restricted stock awards granted to employees and directors based on the fair value of the award on the grant date.

Restricted stock units give an employee an interest in Company stock, but they have no tangible value until vesting is complete. Restricted stock units and restricted stock awards are equity classified and measured at the fair market value of the underlying stock at the grant date and recognized as expense over the related service or performance period. The Company elected to account for forfeitures as they occur. The fair value of stock awards is based on the quoted price of our common stock on the grant date. Compensation cost for restricted stock units and restricted stock awards is recognized using the straight-line method over the requisite service period.

Research and Development

Research and development costs are charged to operations as incurred and include salaries, consulting expenses and an allocation of facility costs.

Advertising Costs

Advertising costs are charged to sales and marketing expenses as incurred. Advertising costs for the years ended December 31, 2024 and 2023 are \$723,000 and \$878,000, respectively.

Comprehensive Loss

Comprehensive loss represents the changes in equity of an enterprise, other than those resulting from stockholder transactions. Accordingly, comprehensive loss may include certain changes in equity that are excluded from net loss. For the years ended December 31, 2024 and 2023, the Company's comprehensive loss is the same as its net loss.

1. Business and Summary of Significant Accounting Policies, continued

Foreign Currency

The financial position and results of operations of the Company's foreign operations are measured using currencies other than the U.S. dollar as their functional currencies. Accordingly, for these operations all assets and liabilities are translated into U.S. dollars at the current exchange rates as of the respective balance sheet date. Expense items are translated using the weighted average exchange rates prevailing during the period. Cumulative gains and losses from the translation of these operations' financial statements are reported as a separate component of stockholders' equity, while foreign currency transaction gains or losses, resulting from re-measuring local currency to the U.S. dollar are recorded in the consolidated statements of operations in other expense, net and were not material for the years ended December 31, 2024 and 2023.

Net Loss per Common Share

Basic and diluted net loss per common share is presented in conformity with the two-class method required for participating securities. The Company considers all series of convertible preferred stock to be participating securities. Under the two-class method, the net loss attributable to common stockholders is not allocated to the convertible preferred stock as the holders of the convertible preferred stock do not have a contractual obligation to share in the losses of the Company. Under the two-class method, net income would be attributed to common stockholders and participating securities based on their participation rights.

Basic net loss per common share is calculated by dividing the net loss attributable to common stockholders by the weighted average number of shares of common stock outstanding during the period, without consideration for potentially dilutive securities. Diluted net loss per common share is computed by dividing the net loss attributable to common stockholders by the weighted average number of common shares and potentially dilutive common share equivalents outstanding for the period determined using the treasury-stock and if-converted methods. For purposes of the diluted net loss per common share calculation, Series A 8% Senior Convertible Preferred Stock, ("Series A Preferred Stock"), warrants exercisable for common stock, restricted stock units and shares issuable upon the conversion of convertible notes payable are considered to be potentially dilutive securities. Net loss is adjusted for any deemed dividends to preferred stockholders to compute income available to common stockholders.

For the year ended December 31, 2024, warrants to purchase 13,534,334 shares of common stock, 1,027,367 shares of restricted stock, 64,183 shares of restricted stock issued under an inducement grant, 14 shares underlying restricted stock units, have been excluded from the calculation of net loss per common share because the inclusion would be antidilutive.

Income Taxes

Deferred taxes are provided on the liability method whereby deferred tax assets are recognized for deductible temporary differences, and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is "more-likely-than-not" that some portion or all of the deferred tax assets will not be realized. The Company has recognized valuation allowances against its deferred tax assets as of December 31, 2024 and 2023. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company uses a comprehensive model for recognizing, measuring, presenting, and disclosing in the consolidated financial statements tax positions taken or expected to be taken on a tax return. A tax position is recognized as a benefit only if it is "more-likely-than-not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more-likely-than-not" test, no tax benefit is recorded. The Company recognizes interest accrued and penalties related to unrecognized tax benefits in tax expense. During the years ended December 31, 2024 and 2023, the Company recognized no interest and penalties.

1. Business and Summary of Significant Accounting Policies, continued

Recently Adopted Accounting Pronouncements

In August 2020, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2020-06 “Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity.” This ASU simplifies accounting for convertible instruments by removing major separation models required under current U.S. GAAP. The Company adopted this standard on January 1, 2024 using the modified retrospective method by applying the ASU to financial instruments outstanding as of January 1, 2024, with the cumulative effect of adoption recognized at that date through an adjustment to the opening balance of retained earnings. As such, the Company adopted the standard by eliminating any unamortized discount to the Series B Preferred Stock for the beneficial conversion feature. The cumulative effect of ASU 2020-06 adoption adjusted against additional paid-in-capital due to the absence of retained earnings on January 1, 2024 amounted to \$116,000.

In November 2023, the FASB issued ASU 2023-07 “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures,” aiming to enhance the transparency and relevance of segment information provided in financial statements. The amendments in this Update require that a public entity disclose significant segment expenses, profit or loss and assets, etc. for each reportable segment, on an annual and interim basis. The Update is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The Company adopted as of the year ended December 31, 2024 with an immaterial impact on the consolidated financial statements.

Recently Issued and Not Yet Adopted Accounting Pronouncements

Accounting Standards Update 2024-04 Debt—Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments: The amendments in this Update are effective for all entities for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted as of the beginning of the annual reporting period for all entities that have adopted the amendments in Update 2020-06, Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

Accounting Standards Update 2024-03 Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses: The amendments in this Update are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The interim effective date was amended by Update 2025-01 “Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures: Clarifying the Effective Date” (“ASU 2025-01”), clarifying the interim reporting date when an entity must adopt ASU 2024-03. According to ASU 2025-01, ASU 2024-03 is effective for interim periods within fiscal years beginning after December 15, 2027. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09 – Income Taxes (Topic 740): Improvements to Income Tax Disclosures” to help investors better understand an entity’s exposure to potential changes in jurisdictional tax legislation and the ensuing risks and opportunities. Furthermore, the Update improves disclosures used to assess income tax information that affects cash flow forecasts and capital allocation decisions. The Update is effective for public business entities for annual periods beginning after December 15, 2024, on a prospective basis. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

The Company has reviewed other recent accounting pronouncements and concluded they are either not applicable to the business, or no material effect is expected on the consolidated financial statements as a result of future adoption.

2. **Going Concern**

The consolidated financial statements of the Company have been prepared on a going concern basis, which contemplates the realization of assets and the discharge of liabilities in the normal course of business. The Company has incurred net operating losses each year since inception. As of December 31, 2024, the Company had cash and cash equivalents of \$3.3 million and reported net cash used in operations of \$17.5 million during the year ended December 31, 2024. The Company expects operating losses to continue in the foreseeable future because of additional costs and expenses related to research and development activities, plans to expand its product portfolio, and increase its market share. The Company's ability to transition to attaining profitable operations is dependent upon achieving a level of revenues adequate to support its cost structure.

Based on current operating levels, the Company will need to raise additional funds in the next 12 months by selling additional equity or incurring debt. To date, the Company has funded its operations primarily through sales of its securities in public markets, proceeds from the exercise of warrants to purchase common stock and the sale of convertible notes. Additionally, future capital requirements will depend on many factors, including the rate of revenue growth, the selling price of the Company's products, the expansion of sales and marketing activities, the timing and extent of spending on research and development efforts and the continuing market acceptance of the Company's products. These factors raise substantial doubt about the Company's ability to continue as a going concern for the twelve months from the date of this report.

Management of the Company intends to raise additional funds through the issuance of equity securities or debt. There can be no assurance that, in the event the Company requires additional financing, such financing will be available at terms acceptable to the Company, if at all. Failure to generate sufficient cash flows from operations, raise additional capital and reduce discretionary spending could have a material adverse effect on the Company's ability to achieve its intended business objectives. As a result, the substantial doubt about the Company's ability to continue as a going concern has not been alleviated. The accompanying consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

3. **Asset Purchase**

On December 31, 2024 (the "DV Closing Date"), the Company completed its asset purchase of information technology assets, certain patents and trademarks (collectively, the "Acquired Assets") from EOS Technology Holdings Inc. ("EOS Holdings"). At the closing (the "DV Closing"), pursuant to the asset purchase agreement, by and between the Company and EOS Holdings, dated as of September 4, 2024, and as amended on November 14, 2024, and as further amended from time to time (the "Asset Purchase Agreement"), the Company acquired the Acquired Assets for an aggregate purchase price of \$92,000,000 consisting of (i) \$10,000,000 paid in the form of a promissory note issued by the Company to EOS Holdings (the "DV Convertible Note"), (ii) 40,000,000 shares (the "Closing Stock Consideration") of validly issued, fully paid and nonassessable shares of restricted common stock of the Company, par value \$0.0001 per share with an aggregate fair value of \$82,000,000 based on the closing stock price of the Company on December 31, 2024. EOS Holdings is considered a related party as of the DV Closing. See Note 11 Related Parties for further details.

Second Asset Purchase Agreement Amendment

In connection with but prior to the DV Closing, on December 31, 2024, the Company and Data Vault entered into a second amendment to the Asset Purchase Agreement (the "Second Asset Purchase Agreement Amendment"). Pursuant to the Second Asset Purchase Agreement Amendment, among other things, the parties agreed to enter into an earnout agreement (the "Earnout Agreement") instead of a royalty agreement as set forth in the Asset Purchase Agreement, and the parties agreed that EOS Holdings will only appoint one director at the DV Closing to the board of directors of the Company (the "Board"), and EOS Holdings will have the right to appoint one other director within ninety (90) days after the DV Closing. The parties also agreed that EOS Holdings will transfer at least eighty-one percent (81%) of the Closing Stock Consideration to its stockholders, and neither EOS Holdings nor any of its stockholders will own in excess of 19.99% of the number of shares of the common stock outstanding immediately after giving effect to the issuance of the Closing Stock Consideration. Pursuant to the Second Asset Purchase Agreement Amendment, EOS Holdings agreed to file a Certificate of Amendment with the Secretary of State of the State of Delaware to change its company name, and the Company agreed to file a registration statement providing for the resale by EOS Holdings of the 3,999,911 shares of common stock issued as part of the Closing Stock Consideration. The Company is required to cause such registration statement to become effective by April 15, 2025. The Company and EOS Holdings further agreed that the Company may only amend, supplement or otherwise modify the transaction documents with approval of the disinterested members of the Board. The parties also updated the schedules describing the transferred assets and transferred liabilities.

3. Asset Purchase, continued

Earnout Agreement

In connection with the DV Closing, the Company and EOS Holdings entered into the Earnout Agreement, dated as of December 31, 2024, pursuant to which the Company shall pay an amount equal to three percent (3%) of the gross revenue of the Company generated from or otherwise attributable to any patents and patent applications included in the Acquired Assets, subject to customary deductions calculated in accordance with U.S. GAAP, and as further set forth in the Earnout Agreement. The earnout period commenced on the DV Closing Date and will end upon the expiration of the last to expire of the patents included in the Acquired Assets (the “Term”). The Company shall make the earnout payments to EOS Holdings on a quarterly basis during the Term.

The Earnout Agreement includes customary covenants regarding how the Company can operate its business during the term of the Earnout Agreement.

The Earnout Agreement was not assigned a fair value at the purchase date as it was not deemed likely that any payments will be made as of December 31, 2024.

The Company accounted for the Asset Purchase Agreement as an asset purchase in accordance with ASC 805, Business Combinations (the “Screen Test”). As such, the aggregate consideration of \$92,000,000 plus capitalized fees of \$575,000 were recorded to the intangible assets acquired of patents and trademarks for \$2,384,000 and \$90,191,000, respectively, with useful weighted average remaining lives of ten years in each case.

The following set forth future amortization expense related to intangible assets as of December 31, 2024:

		December 31, 2024
	2025	\$ 9,258
	2026	9,258
	2027	9,258
	2028	9,258
	2029	9,258
Thereafter		46,285
Total future amortization		\$ 92,575

4. Balance Sheet Components

Inventories (in thousands):

	December 31,	
	2024	2023
Raw materials	\$ 392	\$ 621
Work in progress	137	—
Finished goods	1,089	2,116
Total inventories	<u>\$ 1,618</u>	<u>\$ 2,737</u>

Property and equipment, net (in thousands):

	December 31,	
	2024	2023
Machinery and equipment	\$ 773	\$ 741
Tooling	14	11
	<u>787</u>	<u>752</u>
Less: Accumulated depreciation and amortization	(729)	(659)
Property and equipment, net	<u>\$ 58</u>	<u>\$ 93</u>

Depreciation and amortization expense for the years ended December 31, 2024 and 2023 was approximately \$70,000 and \$98,000, respectively.

Notes receivable

On June 13, 2024, the Company entered into a Senior Secured Promissory Note and Security Agreement (“Promissory Note and Security Agreement”) with EOS Holdings (“the Borrower”). Pursuant to the Promissory Note and Security Agreement, the Company agreed to provide the Borrower with a term loan in the principal amount of \$150,000 (“June 2024 Note”). The June 2024 Note matures on October 11, 2024. Borrowings under the June 2024 Note bear interest at a rate per annum equal to 5.12%. On the maturity date, subject to any extension, the Borrower will be obligated to make a payment equal to all unpaid principal and accrued interest. On October 23, 2024, the Borrower and the Company agreed to amend the June 2024 Note maturity date to January 31, 2025. On December 31, 2024, the Borrower and the Company agreed to amend the December 2024 Note maturity date to the latter of the maturity date of the DV Convertible Note of December 31, 2027 or a qualified subsequent financing as determined by the DV Convertible Note agreement.

On August 7, 2024, the Company entered into a second Promissory Note and Security Agreement with the Borrower. Pursuant to the Promissory Note and Security Agreement, the Company agreed to provide the Borrower with a term loan in the principal amount of \$100,000 (“August 2024 Note”). The August 2024 Note matures on December 5, 2024. Borrowings under the August 2024 Note bear interest at a rate per annum equal to 5.12%. On the maturity date, subject to any extension, the Borrower will be obligated to make a payment equal to all unpaid principal and accrued interest. On October 23, 2024, the Borrower and the Company agreed to amend the August 2024 Note maturity date to January 31, 2025. On December 31, 2024, the Borrower and the Company agreed to amend the December 2024 Note maturity date to the latter of the maturity date of the DV Convertible Note of December 31, 2027 or a qualified subsequent financing as determined by the DV Convertible Note Promissory agreement.

On September 23, 2024, the Company entered into a third Promissory Note and Security Agreement with the Borrower. Pursuant to the Promissory Note and Security Agreement, the Company agreed to provide the Borrower with a term loan in the principal amount of \$73,485 (“September 2024 Note”). The September 2024 Note matures on December 5, 2024. Borrowings under the September 2024 Note bear interest at a rate per annum equal to 5.12%. On the maturity date, subject to any extension, the Borrower will be obligated to make a payment equal to all unpaid principal and accrued interest. On October 23, 2024, the Borrower and the Company agreed to amend the September 2024 Note maturity date to January 31, 2025. On December 31, 2024, the Borrower and the Company agreed to amend the December 2024 Note maturity date to the latter of the maturity date of the DV Convertible Note of December 31, 2027 or a qualified subsequent financing as determined by the DV Convertible Note Promissory agreement.

4. Balance Sheet Components, continued

On December 23, 2024, the Company entered into a fourth Promissory Note and Security Agreement with the Borrower. Pursuant to the Promissory Note and Security Agreement, the Company agreed to provide the Borrower with a term loan in the principal amount of \$100,000 (“December 2024 Note”). The December 2024 Note matures on January 31, 2025. Borrowings under the December 2024 Note bear interest at a rate per annum equal to 5.12%. On the maturity date, subject to any extension, the Borrower will be obligated to make a payment equal to all unpaid principal and accrued interest. On December 31, 2024, the Borrower and the Company agreed to amend the December 2024 Note maturity date to the latter of the maturity date of the DV Convertible Note of December 31, 2027 or a qualified subsequent financing as determined by the DV Convertible Note Promissory agreement.

The above notes receivable are netted on the consolidated balance sheet in Convertible note payable as of December 31, 2024 as there is a right of offset included in the DV Convertible Note and the four amended note receivable agreements above.

At December 31, 2024, the Company had recognized approximately \$7 thousand of interest income on the Notes Receivable.

There was no note receivable at December 31, 2023.

Deposits for Business Combination

On December 19, 2024 the Company entered into an asset purchase agreement with CompuSystems Inc (“CSI”) (the “CSI Purchase Agreement”) where it has agreed to purchase, assume and accept from CSI all of the rights, title and interests used in the acquired business, and products and services solely to the extent they utilize the transferred assets, including CSI’s customer contracts, trademarks and other intellectual property (the “CSI Acquisition”). Pursuant to the CSI Purchase Agreement, the Company made an exclusivity deposit of \$1,000,000 with the designated escrow agent and is recorded on the consolidated balance sheet in Acquisition deposit. The acquisition has not closed as of December 31, 2024.

Accrued liabilities (in thousands):

	<u>December 31,</u>	
	<u>2024</u>	<u>2023</u>
Accrued vacation	\$ 407	\$ 418
Accrued rebate	—	215
Accrued audit fees	224	211
Accrued compensation	217	127
Customer advances	171	19
Accrued other	209	327
Accrued lease liability, current portion	106	—
Total accrued liabilities	<u>\$ 1,334</u>	<u>\$ 1,317</u>

5. Borrowings

Convertible Promissory Note

On August 15, 2022, the Company entered into a Securities Purchase Agreement (the “August Purchase Agreement”), by and between the Company and an institutional investor (the “Convertible Note Investor”), pursuant to which the Company agreed to issue to the Convertible Note Investor a senior secured convertible note in the principal amount of \$3,600,000 (the “Convertible Note”) and a warrant to purchase up to 140 shares of the Company’s common stock, at an initial exercise price of \$14,955.00 per share, in consideration for \$3,000,000. Pursuant to the August Purchase Agreement, upon the closing of the private placement, pursuant to which Maxim Group LLC (“Maxim”) acted as placement agent (the “Private Placement”), the Company received gross proceeds of \$3,000,000. After the deduction of banker fees, commitment fees and other expenses associated with the transaction, the Company received net proceeds of \$2,483,000. The Company used the net proceeds primarily for working capital and general corporate purposes.

The Convertible Note, had an original maturity date of August 15, 2024, did not bear interest and ranked senior to the Company’s then existing and future indebtedness and was secured to the extent and as provided in the security agreements. The Convertible Note was convertible in whole or in part at the option of the Convertible Note Investor into shares of common stock (the “Conversion Shares”) at the Conversion Price (as defined below) at any time following the date of issuance of the Convertible Note. The Convertible Note defines “Conversion Price” as equal to the lesser of (a) 90% of the average of the five lowest daily VWAPs (as defined in the Convertible Note) during the previous twenty trading days prior to delivery to the Company of the Convertible Note Investor’s applicable notice of conversion and (b) \$13,890.00 (the “Base Conversion Price”). The Base Conversion Price was subject to full ratchet antidilution protection, subject to a floor conversion price of \$75.00 per share (the “Floor Price”).

The obligations and performance of the Company under the Convertible Note and the August Purchase Agreement were secured by: (a) a senior lien granted pursuant to security agreements between the Convertible Note Investor and the Company, on (a) all of the assets of the Company (b) a senior lien granted pursuant to trademark security agreements between the Convertible Note Investor and the Company; (c) a senior lien granted pursuant to a patent security agreement between the Convertible Note Investor and the Company on all of the patent assets of the Company; and (d) a pledge of certain securities pursuant to a pledge agreement between the Convertible Note Investor, the Company (such agreements listed in (a)-(d) above, collectively, the “Security Agreements”). The payment and performance obligations of the Company under the Convertible Note and the August Purchase Agreement were guaranteed pursuant to a guaranty by the Company in favor of the Convertible Note Investor.

In connection with the Private Placement, the Company issued warrants to the Convertible Note Investor and Maxim to purchase common shares of 140 and 13, respectively (see Note 6 – Fair Value Measurements). The sum of the fair value of the warrants, the original issue discount for interest, issuance costs and the derivative liability for the embedded conversion feature for the Convertible Note were recorded as debt discounts totaling \$2,509,000 to be amortized to interest expense over the respective term using the effective interest method. During the year ended December 31, 2023, the Company recognized \$737,000 of interest expense from the amortization of debt discounts and repayment of the convertible note payable in April 2023.

In connection with the Private Placement, the Company entered into a placement agency agreement with Maxim (the “Placement Agency Agreement”), and agreed to issue to Maxim, a warrant to purchase up to an aggregate of 13 shares of common stock (the “Maxim Warrant”) at an initial exercise price of \$14,955.00 per share, which is exercisable at any time on or after the six-month anniversary of the closing date of the Private Placement and will expire on the fifth (5th) anniversary of its date of issuance.

Effective August 24, 2022, the Company and the Investor agreed to amend Section 3.1(b) of the Convertible Note to provide that the Conversion Price could not be lower than the Floor Price until stockholder approval has been obtained, after which stockholder approval the Floor Price may be reduced to no lower than \$37.50, subject to adjustment pursuant to the terms of the Convertible Note. The changes were effected by cancellation of the Convertible Note and the issuance of a replacement senior secured convertible note (the “New Convertible Note”) to the Investor. The New Convertible Note contains identical terms as the Convertible Note, except for the amendment to the Section 3.1(b).

The New Convertible Note contained several embedded conversion features. The Company concluded that those conversion features require bifurcation from the New Convertible Note and subsequent accounting in the same manner as a freestanding derivative. The Company recognized a derivative liability of \$286,000 upon execution of the note agreement and such amount was included in the \$2,509,000 of debt discounts noted above. Subsequent changes in the fair value of these conversion features are measured at each reporting period and recognized in the consolidated statement of operations.

5. Borrowings, continued

On November 28, 2022, the Company entered into a waiver of rights (the “Waiver”) with the New Convertible Note Investor, pursuant to which the New Convertible Note Investor agreed to waive certain prohibitions under the August Purchase Agreement with respect to the offering of units in December 2022 in exchange for the issuance by the Company, on the closing date of such offering, of an additional number of Series A warrants to purchase shares of common stock (“Series A Warrants”) and an additional number of Series B warrants to purchase shares of common stock (“Series B Warrants”) equal to the quotient obtained by dividing \$750,000 by the public offering price for the units sold in the offering (such Warrants, the “Waiver Warrants”).

In connection with the public offering the Company consummated on December 1, 2022 (the “December 2022 Offering”), the Company issued 357 Series A Warrants and 357 Series B Warrants to the New Convertible Note Investor (See Note 7). The Company’s obligation to issue shares of common stock underlying the Waiver Warrants is expressly conditioned upon stockholder approval of all of the transactions contemplated by the August Purchase Agreement. At a Special Meeting of Stockholders held on January 24, 2023, the Company received stockholder approval of the transactions contemplated by the August Purchase Agreement. Additionally, as a result of the December 2022 Offering, the Base Conversion Price was adjusted to the Floor Price.

On February 1, 2023, the holder of the New Convertible Note converted approximately \$708,000, a portion of the outstanding principal amount into 450 shares of the Company’s common stock.

On April 11, 2023, the Company paid \$1,656,744 to the holder of the New Convertible Note which repaid the entirety of the outstanding balance and included the unpaid principal, interest through the payoff date, and a pre-payment premium of \$276,000 which was recorded as a component of loss on debt extinguishment

September 2023 Short-Term Loan Agreement

On September 8, 2023, the Company entered into that certain Loan and Security Agreement with the Meriwether Group Capital Hero Fund LP (“Meriwether Hero Fund”). Pursuant to the Loan and Security Agreement, the Meriwether Hero Fund agreed to provide the Company with bridge financing in the form of a term loan in the original principal amount of \$650,000, which term loan will be senior in priority to the Company’s present and future indebtedness (“Meriwether Loan”). The Meriwether Loan was to mature on November 7, 2023, subject to further extension. In addition, the Company had the right to request additional funding under the Loan and Security Agreement.

Borrowings under the Meriwether Loan bore interest at a rate per annum equal to 18%. On the maturity date, subject to any extension, the Company was obligated to make a payment equal to all unpaid principal and accrued interest. Pursuant to Meriwether Loan, the Company was required to pay to the Meriwether Hero Fund a fully earned, non-refundable, origination fee in the amount of \$50,000. The Company was also required to pay to the Meriwether Hero Fund a fully earned, non-refundable, exit fee in the amount of \$50,000 due and payable on the maturity date.

The Meriwether Loan also provided that all present and future indebtedness and the obligations of the Company to the Meriwether Hero Fund shall be secured by a first priority security interest in all real and personal property collateral of the Company.

The Meriwether Loan contained customary representations, warranties and affirmative and negative covenants. In addition, the Meriwether Loan contained customary events of default that entitle the Meriwether Hero Fund to cause the Company’s indebtedness under the Meriwether Loan to become immediately due and payable, and to exercise remedies against the Company and the collateral securing the term loan.

On October 10, 2023, the Meriwether Hero Fund, agreed to extend the Meriwether Loan maturity date from November 7, 2023 to December 7, 2023, for a fee of \$20,000.

On December 7, 2023, the Company repaid the full amount of the Meriwether Loan, including all fees and accrued interest.

5. **Borrowings**, continued

January 2024 Short-Term Loan Agreement

On January 19, 2024, the Company issued promissory notes in the aggregate principal amount of \$1,000,000 (the “January 2024 Promissory Notes”) and common stock purchase warrants to purchase up to an aggregate of 66,665 shares (the “January 2024 Warrant Shares”) of the Company’s common stock, at an initial exercise price of \$22.23 per share with four accredited investors (each an “Investor” and together the “Investors”). In connection with the January 2024 Promissory Notes, the Company received gross proceeds of \$600,000, before fees and other expenses associated with the transaction.

The January 2024 Promissory Note was to mature on the earlier to occur of: (i) July 17, 2024 and (ii) the full or partial exercise of certain Series B Preferred Stock purchase warrants currently held by the Investor, issuable for at least 9,322 shares of the Company’s Series B Convertible Preferred Stock, par value \$0.0001 per share (“Series B Preferred Stock”), upon such full or partial exercise. The January 2024 Promissory Notes did not bear interest except upon the occurrence of an Event of Default (as defined in the January 2024 Promissory Notes). The January 2024 Promissory Notes were not convertible into shares of common stock or Series B Preferred Stock.

Between the dates of January 26, 2024 and February 2, 2024, the January 2024 Promissory Notes were repaid in full following the exercise of certain of the Company’s Series B Preferred Stock purchase warrants for a total of 29,322 shares of Series B Preferred Stock. The 2024 Promissory Notes were settled via the payment of \$667,000 in cash and a \$333,000 offset to the amount due by one of the investors from the exercise of 9,322 Series B Preferred Stock purchase warrants.

In connection with the issuance of the January 2024 Warrant Shares (see Note 6 – Fair Value Measurements), the fair value of the warrants and the original issue discount for interest were recorded as debt discounts totaling \$1,260,000. The debt discounts were to be amortized to interest expense over the respective term using the effective interest method. In connection with the full repayment of the January 2024 Promissory Notes, the Company recognized \$1,260,000 of interest expense in the year ended December 31, 2024.

DV Convertible Note

In connection with the DV Closing, the Company issued the DV Convertible Note in a principal amount of \$10,000,000 due on the third anniversary of the DV Closing. The Company agreed to pay interest to EOS Holdings on the aggregate unconverted and then outstanding principal amount of the note at the rate of five and twelve hundredths percent (5.12%) per annum, accruing from the DV Closing.

The DV Convertible Note can be converted at DV Holding’s option, partially or entirely, into shares of common stock, any time after the maturity date until the DV Convertible Note is fully paid off. The DV Convertible Note uses a conversion price equaling to seventy-five percent (75%) of the average VWAP (as defined in the DV Convertible Note) during the ten (10) consecutive trading days ending on the trading day that is immediately prior to the conversion date subject to a floor price of \$1.116 per share. At DV Holding’s sole discretion, upon a change of control (as defined in the DV Convertible Note), (i) the Company shall cause any successor entity to assume in writing all of the obligations of the Company under the DV Convertible Note, (ii) pay or cause to be paid to EOS Holdings the Note Balance (as defined below) in cash, or (iii) pay, at the closing of such change of control, in full satisfaction of the Company’s obligations under the DV Convertible Note, an amount in cash or equivalent common stock to the amount EOS Holdings would have been paid if it had converted its Note Balance into shares of common stock immediately prior to such closing, at the conversion price.

The parties agreed that the Company may apply up to 25% of the amount of any payment to be made to EOS Holdings pursuant to the DV Convertible Note towards satisfaction of the amount, if any, owed by EOS Holdings to the Company under those certain senior secured promissory notes, dated June 13, 2024, August 7, 2024, September 23, 2024, and December 23, 2024 (collectively, the “Secured Notes” and the outstanding amount under the Secured Notes, collectively, the “DV Holding’s Note Balance”). The Note Balance on the maturity date will be automatically reduced by the amount of the DV Holding’s Note Balance.

5. Borrowings, continued

Pursuant to the DV Convertible Note, if, at any time while the DV Convertible Note is outstanding, the Company enters into any capital raising or financing transaction, including without limitation any issuance by the Company of shares of common stock or common stock equivalents (as defined in the DV Convertible Note) for cash consideration, indebtedness or a combination of units thereof (each, a “Subsequent Financing”), then the Company shall first pay to EOS Holdings at least 10% of the gross proceeds of such Subsequent Financing to redeem all or a portion of the DV Convertible Note, plus accrued but unpaid interest, plus liquidated damages, if any, and any other amounts then owing to EOS Holdings. If the aggregate gross proceeds of Subsequent Financings reach or exceed \$50,000,000, then the Company shall repay the DV Convertible Note in full, including accrued but unpaid interest, liquidated damages, if any, and any other amounts, then owing to EOS Holdings.

The DV Convertible Note includes customary event of default provisions. Upon the occurrence of an event of default, the DV Convertible Note and all amounts due thereunder shall become, upon demand by EOS Holdings, immediately due and payable in cash. Additionally, upon the occurrence of an event of default, interest shall accrue daily at the rate of ten percent (10%) per annum on the aggregate outstanding principal balance and any other amounts then owing by Company to EOS Holdings.

The Company elected the fair value method for the DV Convertible Note outstanding of \$10,000,000 as of December 31, 2024 due to the embedded derivatives identified within the agreement requiring recurring fair value measurements. The carrying value of the DV Convertible Note is the same as the fair value as of December 31, 2024 due to the note’s issuance occurring on that day. The note will be valued using level 3 inputs going forward.

The DV Convertible Note is netted with the notes receivable from EOS Holdings in Convertible notes payable on the consolidated balance sheets as of December 31, 2024 as EOS Holdings agreed to offset the outstanding balance on the DV Convertible Note with the notes receivable at maturity or at a qualifying capital raising or financing transaction noted above.

6. Fair Value Measurements

The Company measures the fair value of financial instruments using a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Each level of input has different levels of subjectivity and difficulty involved in determining fair value.

- Level 1 – Inputs used to measure fair value are unadjusted quoted prices that are available in active markets for the identical assets or liabilities as of the reporting date. Therefore, determining fair value for Level 1 investments generally does not require significant judgment, and the estimation is not difficult.
- Level 2 – Pricing is provided by third-party sources of market information obtained through investment advisors. The Company does not adjust for or apply any additional assumptions or estimates to the pricing information received from its advisors.
- Level 3 – Inputs used to measure fair value are unobservable inputs that are supported by little or no market activity and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management’s estimates of market participant assumptions. The determination of fair value for Level 3 instruments involves the most management judgment and subjectivity.

6. Fair Value Measurements, continued

The Company's financial assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2024 and 2023 by level within the fair value hierarchy, are as follows:

<u>(in thousands)</u>	<u>December 31, 2024</u>		
	<u>Quoted prices in active markets</u> <small>(Level 1)</small>	<u>Significant other observable inputs</u> <small>(Level 2)</small>	<u>Significant unobservable inputs</u> <small>(Level 3)</small>
Liabilities:			
Convertible note payable	—	—	\$ 10,000
Warrant liabilities	\$ —	\$ —	\$ 664
<hr/>			
<u>(in thousands)</u>	<u>December 31, 2023</u>		
	<u>Quoted prices in active markets</u> <small>(Level 1)</small>	<u>Significant other observable inputs</u> <small>(Level 2)</small>	<u>Significant unobservable inputs</u> <small>(Level 3)</small>
Warrant liabilities	\$ —	\$ —	\$ 5,460

There were no transfers between Level 1, 2 or 3 during the years ended December 31, 2024 or 2023.

Warrant Liabilities

The following table includes a summary of changes in fair value of the Company's warrant liabilities measured at fair value using significant unobservable inputs (Level 3) for the years ended December 31, 2024 and 2023:

During the three months ended June 30, 2024, the Company amended the terms of certain warrant agreements to remove certain exercise price reset, right to reprice and/or share adjustment provisions ("Reset Provisions") following a reverse split, in addition to other revisions to the warrants. In April 2024, the Company effected the April 2024 Reverse Stock Split thereby removing the Reset Provisions ("Reset Amendment Effective Date") and in accordance with provisions in certain of the warrants issued warrants to purchase an additional 5,602,693 shares of common stock. Accordingly, the Company remeasured the warrant liability for each of the amended warrants following the Reset Amendment Effective Date and recorded that amount to change in fair value of warrant liabilities with a corresponding increase to warrant liabilities. Following the Reset Amendment Effective Date, such warrants were no longer deemed to be liability warrants but were now classified as equity warrants. In connection with this reclassification the Company reclassified approximately \$41.9 million from warrant liabilities to additional paid in capital.

The following table includes a summary of changes in fair value of the Company's warrant liabilities measured at fair value using significant unobservable inputs (Level 3) as of December 31, 2024 and 2023. For December 31, 2024, the fair value of the common warrants was determined using the Black-Scholes Model based on the following key inputs and assumptions: common stock price of \$2.05; exercise price of \$1.83 to \$1,574; expected yield of 0.0%; expected volatility of 162.8% to 185.0%; risk-free interest rate of 4.1% to 4.3% and expected life of 2.9 to 4.4 years.

<u>(in thousands)</u>	<u>For the year ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 5,460	\$ 8,945
Additions	8,701	10,844
Change in fair value	29,120	(4,510)
Exercise of warrant liabilities	(587)	(9,819)
Repurchase	(824)	—
Conversion of equity warrants to liability warrants	645	—
Conversion of liability warrants to equity warrants	(41,851)	—
Ending balance	\$ 664	\$ 5,460

6. Fair Value Measurements, continued

The changes in fair value of the warrant liabilities are recorded in change in fair value of warrant liability in the consolidated statements of operations.

DV Convertible Note

As described in Note 5, the Company elected the fair value option on the DV Convertible Note issued on December 31, 2024. The fair value of the note was deemed to equal the face value of \$10,000,000 as the note was issued on that day. The Company expects to use level 3 inputs to measure the fair value in subsequent periods. No gain or loss was recorded on the DV Convertible Note for the year ended December 31, 2024.

7. Convertible Redeemable Preferred Stock and Stockholders' Equity

Series B Preferred Stock, Series B Preferred Stock Warrants and Common Stock Warrants

On October 16, 2023, the Company consummated a public offering for an aggregate of 87,000 Series B Units ("Series B Units"). Each Series B Unit consists of one share of the Company's Series B Preferred Stock and two warrants, each to purchase one share of Series B Preferred Stock ("Series B Preferred Stock Warrant"). Each share of Series B Preferred Stock is convertible at the holder's option at any time, through a two-year period, into the number of shares of the Company's common stock determined by dividing the \$100 stated value per share of the Series B Preferred Stock by a conversion price of \$62.205 per share. Each share of Series B Preferred Stock is convertible into 1 share of common stock, and each Series B Preferred Stock Warrant entitles the holder to purchase one share of Series B Preferred Stock at an initial exercise price of \$55 per share. Dividends are paid in additional fully paid and nonassessable Series B Preferred Stock, at a 20% dividend rate, non-cumulative. If any shares of Series B Preferred Stock are outstanding at the end of the two-year period, the holder would be entitled to a cash redemption value equal to the \$100 stated value per share. The gross proceeds from the sale of Series B Units were \$4,785,000, before broker fees and related expenses of approximately \$830,000. Due to the redemption feature, the Series B Preferred Stock did not meet the criteria for equity classification and was therefore presented as mezzanine equity in the accompanying Consolidated Balance Sheets.

Exercise of Series B Preferred Stock Warrants

On December 6, 2023, the Company executed an Inducement Agreement (the "Inducement Agreement") with the holders of Series B Preferred Stock Warrants, reducing the exercise price to \$35.72 per share of Series B Preferred Stock. Any holder that exercised Series B Preferred Stock Warrants under the Inducement Agreement received a new Common Stock Warrant ("New Common Stock Warrants") for each Series B Preferred Stock Warrant exercised. Each New Common Stock Warrant entitles the holder to purchase 2 shares of common stock at an initial exercise price of \$22.23 per share.

Due to certain price protections included with the New Common Stock Warrants, the warrants did not meet the criteria for equity classification and thus are subject to liability treatment. Total proceeds from the exercise of 61,613 Series B Preferred Stock Warrants of \$2,264,000 through December 31, 2023, and the remaining fair value of the Series B Preferred Stock Warrant liability immediately prior to the exercise of \$1,628,000 resulted in a total of \$3,892,000 recorded for the new 61,613 shares of Series B Preferred Stock, of which \$3,322,000 was allocated to the Common Stock Warrants liability based on their fair value and \$569,000 was allocated to the Series B Preferred Stock using the residual method of allocation. In connection with this new issuance, the Company has recorded additional discounts to the Series B Preferred Stock for a beneficial conversion feature of \$196,000, the Common Stock Warrants of \$3,322,000 and issuance costs of \$146,000. The Company also accretes to Series B Preferred Stock, against additional paid in capital as a deemed dividend, for the difference between the total proceeds of \$35.72 per share of Series B Preferred Stock and the full redemption price of \$100 per share. The Company uses the effective interest method to calculate the accretion amount for each period. All 61,613 New Common Stock Warrants issued as a result of the exercise of Series B Preferred Stock Warrants were outstanding as of December 31, 2023.

Issuance costs of \$429,000 and \$125,000 were expensed on the date of issuance of the Series B Preferred Stock Warrants and the New Common Stock Warrants, respectively as such warrants were recorded at fair value. Total issuance costs expensed from the issuances were charged to Change in fair value of warrant liability and amounted to \$554,000.

7. Convertible Redeemable Preferred Stock and Stockholders' Equity, continued

Through various dates from issuance to December 31, 2023, the holders of 110,278 shares of Series B Preferred Stock converted their shares into 177,282 shares of common stock. Unamortized discounts to the Series B Preferred Stock of \$6,063,000 were immediately recorded as a deemed dividend on the Statement of Stockholders' equity (deficit) as of conversion date. Amortization and accretion of discounts from issuance date through December 31, 2023 amounted to \$297,000, which were also recorded as a deemed dividend to the holders of Series B Preferred Stock. The total such deemed dividends amounted to \$6,360,000 for the year ended December 31, 2023 and was recorded as a net loss available to common stockholders on the Company's consolidated statement of operations.

The 38,335 shares of Series B Preferred Stock outstanding as of December 31, 2023, were to become mandatorily redeemable on October 15, 2025 in the amount of \$3,833,500.

Through various dates during the year ended December 31, 2024, holders of Series B Preferred Stock Warrants exercised their warrants into 29,322 shares of Series B Preferred Stock at an exercise price of \$35.72 per share. For each exercised Series B Preferred Stock Warrant, the holder received one share of Series B Preferred Stock and one New Common Stock Warrant. Each New Common Stock Warrant entitles the holder to purchase 2 shares of common stock at an initial exercise price of \$22.23 per share. Due to certain price protections included with the New Common Stock Warrants, the warrants did not meet the criteria for equity classification and thus are subject to liability treatment. Total proceeds from the exercise of the 29,322 Series B Preferred Stock Warrants amounted to \$1,047,000, and the remaining fair value of the Series B Preferred Stock Warrant Liability immediately prior to the exercise of \$587,000 resulted in a total of \$1,634,000 recorded for the new 29,322 shares of Series B Preferred Stock, of which \$1,188,000 was allocated to the New Common Stock Warrants liability based on their fair value and \$446,000 was allocated to the Series B Preferred Stock using the residual method of allocation. In connection with this new issuance, the Company recorded additional discounts to the Series B Preferred Stock for the New Common Stock Warrants of \$1,188,000 and issuance costs of \$61,000. The Company also accretes to Series B Preferred Stock, against additional paid-in-capital as a deemed dividend, for the difference between the total proceeds of \$35.72 per share of Series B Preferred Stock and the full redemption price of \$100 per share. The Company uses the effective interest method to calculate the accretion amount for each period.

Issuance costs of \$44,000 were expensed on the date of issuance of the New Common Stock Warrants, as such warrants were recorded at fair value.

Conversion of Series B Preferred Stock

Through various dates during the year ended December 31, 2024, the holders of 5,000 shares of Series B Preferred Stock converted their shares into 8,038 shares of common stock. Unamortized discounts to the Series B Preferred Stock of \$269,000 were immediately recorded as a deemed dividend as of conversion date.

February 2024 Series B Preferred Stock and Series B Preferred Stock Warrants Repurchase

On February 13, 2024, the Company and its Series B Preferred Stock and Series B Preferred Stock Warrants holders entered into an arrangement where the Company agreed to repurchase 62,657 Series B Preferred Stock shares and 81,315 Series B Preferred Stock warrants for a total of \$6,266,000. Unamortized discounts to the Series B Preferred Stock of \$5,381,000 were immediately recorded as a deemed dividend as of repurchase date. The remaining fair value of the Series B Preferred Stock Warrant Liability of \$824,000 was adjusted against additional paid-in-capital on repurchase date.

Other Deemed Dividends

Amortization and accretion of discounts for all Series B Preferred Stock during the year ended December 31, 2024 amounted to \$192,000, which were also recorded as a deemed dividend to the holders of Series B Preferred Stock.

The total of deemed dividends (as discussed in this section, the Conversion of Series B Preferred Stock and February 2024 Series B Preferred Stock and Series B Preferred Stock Warrants Repurchase sections above) amounted to \$5,842,000 for the year ended December 31, 2024 and was recorded as an adjustment to net loss available to common stockholders on the Company's consolidated statement of operations.

7. Convertible Redeemable Preferred Stock and Stockholders' Equity, continued

Common Stock

February 2023 Offering

On January 31, 2023, the Company entered into a securities purchase agreement with certain institutional investors, pursuant to which the Company agreed to issue and sell to such investors (i) in a registered direct offering, 1,344 shares of common stock and pre-funded warrants (the "February 2023 Pre-Funded Warrants") to purchase up to 2,545 shares of common stock, at an exercise price of \$0.015 per share of common stock, and (ii) in a concurrent private placement, common stock purchase warrants, exercisable for an aggregate of up to 5,833 shares of common stock, at an initial exercise price of \$1,573.50 per share of common stock (the "February 2023 Offering"). In February and March of 2023, all the February 2023 Pre-Funded Warrants were exercised for cash.

On February 3, 2023, the Company closed the February 2023 Offering, and received net proceeds of approximately \$5.3 million after deducting placement agent fees and other offering expenses payable by the Company.

Also, in connection with the February 2023 Offering, on January 31, 2023, the Company entered into a placement agency agreement with Maxim, pursuant to which Maxim agreed to act as placement agent on a "best efforts" basis in connection with the offering and (ii) the Company agreed to pay Maxim an aggregate fee equal to 8.0% of the gross proceeds raised in the offering.

March 2023 Offering

On March 27, 2023, the Company entered into a securities purchase agreement with certain institutional investors, pursuant to which the Company agreed to issue and sell to such investors (i) in a registered direct offering, 5,581 shares of common stock of the Company and (ii) in a concurrent private placement, common stock purchase warrants, exercisable for an aggregate of up to 11,163 shares of common stock, at an initial exercise price of \$286.50 per share (the "March 2023 Offering").

On March 29, 2023, the Company closed the March 2023 Offering and received net proceeds of approximately \$1.6 million, after deducting fees payable to the financial advisor and other offering expenses.

April 2023 Offering

On April 7, 2023, the Company entered into a securities purchase agreement with certain institutional investors, pursuant to which the Company issued and sold to such investors (i) in a registered direct offering, 4,954 shares of common stock of the Company and (ii) in a concurrent private placement, common stock purchase warrants exercisable for an aggregate of up to 9,908 shares of common stock, at an initial exercise price of \$211.50 per share (the "April 2023 Offering").

On April 12, 2023, the Company closed the April 2023 Offering and received net proceeds of approximately \$1.0 million, after deducting fees payable to the financial advisor and other offering expenses.

October 2023 Warrant Repurchase

On October 16, 2023, the Company and certain of its common stock warrants holders entered into an arrangement where the Company agreed to repurchase outstanding common stock purchase warrants exercisable for an aggregate of up to 30,978 shares of common stock, at exercise prices ranging from \$193.50 to \$286.50 per share for a total of \$2,323,000. The repurchased warrants were previously classified as equity warrants and at the date of repurchase a charge was recorded to additional paid-in capital.

7. Convertible Redeemable Preferred Stock and Stockholders' Equity, continued

February 2024 Issuance of Common Stock and Pre-Funded Common Stock Warrants

On February 13, 2024, the Company consummated a public offering (the "February 2024 Public Offering") of 158,227 units (the "February Units") and 867,373 pre-funded units (the "February Pre-Funded Units"). Each February Unit was issued at \$9.75 per unit and included one share of common stock and one common stock warrant (the "February Common Warrants") exercisable for one share of common stock at a \$9.75 exercise price. Each February Pre-Funded Unit was issued at \$9.735 per unit and included one pre-funded common stock warrant (the "February Pre-Funded Warrants"), exercisable for one share of common stock at an initial exercise price of \$0.015 and one February Common Warrant. The gross proceeds from the issuance of the February Units and the February Pre-Funded Units were \$1,543,000 and \$8,444,000, respectively, for total aggregate proceeds of \$9,987,000 before broker fees and related expenses of approximately \$998,000. As a result of certain price protection clauses, the February Common Warrants did not meet the criteria for equity classification and thus are subject to liability treatment. Accordingly, of the \$9,987,000 gross proceeds from the February 2024 Public Offering, an amount of \$6,308,000, representing the fair value of the February Common Warrants as of the issuance date was allocated to the February Common Warrants liability, with the residual proceeds of \$3,679,000 allocated to the common stock and February Pre-Funded Warrants, which met the criteria for equity classification.

Of the gross broker fees and related expenses of approximately \$998,000, the Company allocated \$368,000 to the issued common stock and February Pre-Funded Warrants, which were recorded as a reduction of additional paid-in-capital. The remaining issuance cost of \$630,000 was allocated to the February Common Warrants and was expensed on the date of issuance as such warrants were recorded at fair value.

March 2024 Issuance of Common Stock, Prefunded Common Stock Warrants and Common Stock Warrants

On March 26, 2024, the Company entered into a Securities Purchase Agreement with certain purchasers where the Company issued 417,833 shares of common stock, 93,342 pre-funded common stock warrants (the "March Pre-Funded Warrants") and common stock warrants (the "March Common Warrants") to purchase up to 511,175 shares of common stock at an initial exercise price of \$6.00 per share (known in aggregate as the "March 2024 Offering"). Total proceeds per the Securities Purchase Agreement amounted to \$2,299,000 before broker fees and other related expenses of approximately \$388,000. As a result of certain price protection clauses, the March Common Warrants did not meet the criteria for equity classification and thus are subject to liability treatment. Accordingly, of the \$2,299,000 gross proceeds from the March public offering, an amount of \$1,227,000, representing the fair value of the March Common Warrants as of the issuance date was allocated to the March Common Warrants liability, with the residual proceeds of \$1,072,000 allocated to the common stock and March Pre-Funded Warrants, which met the criteria for equity classification.

Of the gross broker fees and related expenses of approximately \$388,000, the Company allocated \$181,000 to the issued common stock and the March Pre-Funded Warrants, which were recorded as a reduction of additional paid-in-capital. The remaining issuance cost of \$207,000 was allocated to the March Common Warrants and was expensed on the date of issuance as such warrants were recorded at fair value.

April 2024 Issuances of Common Stock and Common Stock Warrants

On April 17, 2024, the Company entered into a securities purchase agreement with certain accredited investors, pursuant to which the Company agreed to issue and sell to such investors (i) in a registered direct offering, 225,834 shares of common stock at \$3.321 per share, and (ii) in a concurrent private placement, common stock purchase warrants exercisable for an aggregate of up to 225,834 shares of common stock, at an initial exercise price of \$3.196 per share (the "Initial April 2024 Registered Direct Offering and Concurrent Private Placement"). The Initial 2024 Registered Direct Offering and Concurrent Private Placement closed on April 19, 2024 and the Company received gross proceeds of approximately \$750,000 before deducting placement agent fees and other offering expenses of approximately \$159,000.

7. Convertible Redeemable Preferred Stock and Stockholders' Equity, continued

On April 19, 2024, the Company entered into a securities purchase agreement with certain accredited investors, pursuant to which the Company agreed to issue and sell to such investors (i) in a registered direct offering, 361,904 shares of common stock at \$5.25 per share, and (ii) in a concurrent private placement, common stock purchase warrants exercisable for an aggregate of up to 542,856 shares of common stock, at an initial exercise price of \$5.06 per share (the "Second April 2024 Registered Direct Offering and Concurrent Private Placement"). The Second 2024 Registered Direct Offering and Concurrent Private Placement closed on April 23, 2024 and the Company received gross proceeds of approximately \$1.9 million before deducting placement agent fees and other offering expenses of approximately \$268,000.

On April 26, 2024, the Company entered into a securities purchase agreement with certain accredited investors, pursuant to which the Company agreed to issue and sell to such investors (i) in a registered direct offering, 418,845 shares of common stock at \$5.73 per share, and (ii) in a concurrent private placement, common stock purchase warrants exercisable for an aggregate of up to 418,845 shares of common stock, at an initial exercise price of \$5.60 per share (the "Third April 2024 Registered Direct Offering and Concurrent Private Placement"). The Third 2024 Registered Direct Offering and Concurrent Private Placement closed on April 30, 2024 and the Company received gross proceeds of approximately \$2.4 million before deducting placement agent fees and other offering expenses of approximately \$298,000.

May 2024 Issuances of Common Stock and Common Stock Warrants

On May 13, 2024, the Company entered into a securities purchase agreement with certain accredited investors, pursuant to which the Company agreed to issue and sell to such investors (i) in a registered direct offering, 785,000 shares of common stock at \$3.31 per share, and (ii) in a concurrent private placement, common stock purchase warrants exercisable for an aggregate of up to 785,000 shares of common stock, at an initial exercise price of \$3.18 per share (the "Initial May 2024 Registered Direct Offering and Concurrent Private Placement"). The Initial May 2024 Registered Direct Offering and Concurrent Private Placement closed on May 15, 2024 and the Company received gross proceeds of approximately \$2.6 million before deducting placement agent fees and other offering expenses of approximately \$314,000.

On May 15, 2024, the Company entered into a securities purchase agreement with certain accredited investors, pursuant to which the Company agreed to issue and sell to such investors (i) in a registered direct offering, 675,000 shares of common stock at \$3.61 per share, and (ii) in a concurrent private placement, common stock purchase warrants exercisable for an aggregate of up to 675,000 shares of common stock, at an initial exercise price of \$3.48 per share (the "Second May 2024 Registered Direct Offering and Concurrent Private Placement"). The Second May 2024 Registered Direct Offering and Concurrent Private Placement closed on May 17, 2024 and the Company received gross proceeds of approximately \$2.4 million before deducting placement agent fees and other offering expenses of approximately \$290,000.

For the three months ended June 30, 2024, the Company's board of directors approved the issuance of a total of 136,203 shares of common stock to two vendors for investor relations services. The fair value of such common shares was calculated to be \$360,000 and was recorded to other assets and additional paid in capital. The fair value of such shares will be amortized over the service period of each agreement which ranged from 6 months to 12 months. The shares of common stock were issued in July 2024.

Exchange Agreements

On September 10, 2024, the Company entered into exchange agreements (each, an "Exchange Agreement") with certain holders (the "Holders") of common stock purchase warrants exercisable for an aggregate of up to 5,135,182 shares of common stock, originally issued on February 13, 2024 and having a then-current exercise price of \$1.83 (such warrants, the "February 2024 Warrants"). Pursuant to the Exchange Agreements, the Holders agreed to exchange their February 2024 Warrants for newly issued common stock purchase warrants exercisable for an aggregate of up to 5,135,182 shares of common stock, at an exercise price of \$2.21 per share (such warrants, the "Exchange Warrants", and such shares of common stock issuable upon exercise thereof, the "Exchange Warrant Shares"). The Exchange Warrants are immediately exercisable.

7. Convertible Redeemable Preferred Stock and Stockholders' Equity, continued

Warrant Side Letter Agreements

Also on September 10, 2024, following completion of the transactions contemplated by the September 2024 Warrant Inducement (see below), the Company entered into side letter agreements (each, a "Side Letter Agreement") with the Holders with respect to (i) those certain common stock purchase warrants of the Company, originally issued to the Holders on March 27, 2024, as amended (the "March 2024 Warrants"), (ii) those certain common stock purchase warrants of the Company, originally issued to the Holders on April 19, 2024, as amended (the "1st April 2024 Warrants"), (iii) those certain common stock purchase warrants of the Company, originally issued to the Holders on April 23, 2024 (the "2nd April 2024 Warrants"), (iv) those certain common stock purchase warrants of the Company, originally issued to the Holders on April 30, 2024 (the "3rd April 2024 Warrants"), (v) those certain common stock purchase warrants of the Company, originally issued to the Holders on May 15, 2024 (the "1st May 2024 Warrants"), and (vi) those certain common stock purchase warrants of the Company, originally issued to the Holders on May 17, 2024 (the "2nd May 2024 Warrants", and collectively with the March 2024 Warrants, the 1st April 2024 Warrants, the 2nd April 2024 Warrants, the 3rd April 2024 Warrants, and the 1st May 2024 Warrants, the "Original Warrants"), which Holders are also parties to (i) that certain securities purchase agreement, dated as of March 26, 2024 (the "March 2024 Purchase Agreement"), (ii) that certain securities purchase agreement, dated as of April 17, 2024 (the "1st April 2024 Purchase Agreement"), (iii) that certain securities purchase agreement, dated as of April 19, 2024 (the "2nd April 2024 Purchase Agreement"), (iv) that certain securities purchase agreement, dated as of April 26, 2024 (the "3rd April 2024 Purchase Agreement"), (v) that certain securities purchase agreement, dated as of May 13, 2024 (the "1st May 2024 Purchase Agreement"), and (vi) that certain securities purchase agreement, dated as of May 15, 2024 (the "2nd May 2024 Purchase Agreement", and collectively with the March 2024 Purchase Agreement, the 1st April 2024 Purchase Agreement, the 2nd April 2024 Purchase Agreement, the 3rd April 2024 Purchase Agreement, and the 1st May Purchase Agreement, the "Original Purchase Agreements") with the Company.

Pursuant to the Side Letter Agreements, (a) the Holders agreed to (i) amend the "Fundamental Transaction" provisions in the Original Warrants, so that the "Black Scholes Value" clauses in such provisions will be removed in their entirety, effective immediately following receipt of stockholder approval of (a) the issuance of the New Warrant Shares (as defined below) and (b) the issuance of shares of common stock pursuant to the alternative cashless exercise provisions of the 1st April 2024 Warrants, the 2nd April 2024 Warrants, the 3rd April 2024 Warrants, the 1st May 2024 Warrants, and the 2nd May 2024 Warrants, (ii) remove the "Stockholder Meeting" provisions in the March 2024 Purchase Agreement, effective immediately, (iii) amend the "Stockholder Meeting" provisions in the remaining Original Purchase Agreements such that the Company is first obligated to call a stockholder meeting to approve the issuance of the shares of common stock issuable upon exercise of the Original Warrants no later than December 31, 2024, and thereafter, to re-call a stockholder meeting, if necessary, every six months until such stockholder approval is obtained, and (iv) remove the "Subsequent Equity Sales" and "Registration Statement" provisions in the March 2024 Purchase Agreement; and (b) as inducements to and in consideration for each Holder's agreement to amend the Original Warrants and the Original Purchase Agreements in accordance with the applicable Side Letter Agreement, the Company agreed to issue to the Holders an aggregate of 887,356 shares of common stock (the "New Shares") and common stock purchase warrants (each, a "New Warrant", and collectively, the "New Warrants") exercisable for up to an aggregate of 5,391,746 shares of common stock (the "New Warrant Shares"), such New Shares to be issued upon execution of the Side letter Agreements, and such New Warrants to be issued upon the receipt of stockholder approval referred to in (a)(i) above. The New Warrants will have a per share exercise price equal to \$2.21, will contain 4.99/9.99% beneficial ownership limitations, will be exercisable at any time on or after the Stockholder Approval Date (as defined in the New Warrants) and will expire five years thereafter.

Once exercisable, the New Warrants may be exercised, in certain circumstances, on a cashless basis pursuant to the formula contained in the New Warrants. The holder of a New Warrant may also effect an "alternative cashless exercise" commencing on the Stockholder Approval Date. In such event, the aggregate number of shares of common stock issuable in such alternative cashless exercise pursuant to any given notice of exercise electing to effect an alternative cashless exercise shall equal the product of (x) the aggregate number of shares of common stock that would be issuable upon exercise of the New Warrant in accordance with the terms of the New Warrant if such exercise were by means of a cash exercise rather than a cashless exercise and (y) 1.0.

7. Convertible Redeemable Preferred Stock and Stockholders' Equity, continued

The fair value of the 887,356 shares of common stock was calculated to be approximately \$2.1 million, based on the common stock price of the date of issuance of \$2.40. The incremental fair value of the Exchange Warrants was calculated to be approximately \$123,000 and was determined using the Black-Scholes Model based on the following weighted average assumption: common stock price on the date of the exchange of \$2.40; expected yield of 0.0%; expected volatility of 143%; risk-free interest rate of 3.4% and expected life of 5 years. The fair value of approximately \$2,253,000, which is the combination of the issuance of 887,356 common shares and the Exchange Warrants were treated as equity instruments. The approximately \$2,253,000 is considered a deemed dividend for the year ended December 31, 2024 and was recorded as an adjustment to net loss available to common stockholders on the Company's consolidated statement of operations.

The fair value of approximately 8,125,000 of the New Warrant Shares was classified as equity and was determined using the Black-Scholes Model based on the following weighted average assumption: common stock price on date of the stockholders approval of December 20, 2024 of \$1.70; expected yield of 0.0%; expected volatility of 143%; risk-free interest rate of 4.4% and expected life of 5 years. The fair value of the approximately 8,125,000 warrants was treated as a deemed dividend for the year ended December 31, 2024 and was recorded as an adjustment to net loss available to common stockholders on the Company's consolidated statement of operations. The total deemed dividend for the year ended December 31, 2024 for warrant exchanges and modifications was \$10,475,000 and is recorded on the consolidated statement of operations in Deemed dividend on issuance of common stock and warrants issued in connection with amendments to warrants to purchase common stock.

For the year ended December 31, 2024, the Company's board of directors approved the issuance of individual grants of 100,000, 100,000 and 36,203 shares of common stock to various vendors for financial advisory services. The fair value of such common shares was calculated to be \$240,000, 264,000 and 96,000, respectively, and was recorded to other assets and additional paid in capital. The fair value of such shares will be amortized over the service period of 12 months. The shares of common stock were issued in July 2024 and August 2024.

Warrants for Common Shares

A summary of the warrant activity and related information for the years ended December 31, 2024 and 2023 is provided as follows.

In connection with February 2023 Offering, the Company issued common stock purchase warrants to investors to purchase up to 5,833 shares of the Company's common stock, at an initial exercise price of \$1,573.50 per share. The grant date fair value of such warrants was \$5,600,000, which was recorded as a liability with the offset recorded to additional paid-in capital on the consolidated balance sheets. The fair value of such warrants was determined using the Black-Scholes Model based on the following weighted average assumption: common stock price on the date of grant of \$1,335.00; expected yield of 0.0%; expected volatility of 96%; risk-free interest rate of 3.67% and expected life of 5 years.

In connection with March 2023 Offering, the Company issued common stock purchase warrants to investors to purchase up to 11,163 shares of the Company's common stock, at an initial exercise price of \$286.50 per share. The grant date fair value of such warrant was \$2,113,000, which was recorded as equity. The fair value of such warrants was determined using the Black-Scholes Model based on the following weighted average assumption: common stock price on the date of grant of \$249.00; expected yield of 0.0%; expected volatility of 104%; risk-free interest rate of 3.67% and expected life of 5 years.

In connection with April 2023 Offering, the Company issued Common Stock Purchase Warrants to investors to purchase up to 9,907 shares of the Company's common stock, at an exercise price of \$211.50 per share. The grant date fair value of such warrant was \$1,596,000, which was recorded as equity. The fair value of such warrants was determined using the Black-Scholes Model based on the following weighted average assumption: common stock price on the date of grant of \$198.00; expected yield of 0%; expected volatility of 115.6%; risk-free interest rate of 3.46% and expected life of 5 years.

7. Convertible Redeemable Preferred Stock and Stockholders' Equity, continued

May 2023 Warrant Inducement

On May 15, 2023, the Company entered into warrant exercise inducement offer letters with the holders of common stock purchase warrants exercisable for an aggregate of up to 9,907 shares of common stock at an initial exercise price of \$211.50 per share issued on April 12, 2023 (the "April Warrants"). The April Warrant holders agreed to exercise for cash April Warrants to purchase

up to 9,907 shares of common stock in exchange for the Company's agreement to issue 19,815 new warrants (the "May Inducement Warrants") on substantially the same terms as the April Warrants. The Company received net proceeds of approximately \$1.9 million from the exercise of the April Warrants. Each May Inducement Warrant is exercisable at a price per share of common stock of \$199.50, which was equal to the Minimum Price (as defined by the Nasdaq Listing Rules).

Each May Inducement Warrant is immediately exercisable upon issuance and will expire on the fifth anniversary of its issuance. The exercise price of the May Inducement Warrants is subject to appropriate adjustment in the event of recapitalization events, stock dividends, stock splits, stock combinations, reclassifications, reorganizations or similar events affecting the Company's common stock. The May Inducement Warrants are callable by the Company at a redemption price of \$75.00 per May Inducement Warrant, provided that the resale of the shares of common stock underlying the May Inducement Warrants are then registered or may be resold under Rule 144 under the Securities Act.

July 2023 Warrant Inducement

On July 26, 2023, the Company entered into warrant exercise inducement offer letters (the "July Inducement Letters") with holders of the May Inducement Warrants pursuant to which the Company agreed to issue new inducement warrants (the "July Inducement Warrants") to purchase a number of shares of common stock equal to 100% of the number of shares of common stock received upon exercise of the May Inducement Warrants during the period provided for in the July Inducement Letters, with such July Inducement Warrants to be issued on substantially the same terms as the May Inducement Warrants. The holders exercised 3,400 May Inducement Warrants pursuant to certain of the July Inducement Letters, and the Company received aggregate gross proceeds of approximately \$678,000 from such exercises. In exchange for the exercises of the May Inducement Warrants, the Company issued July Inducement Warrants exercisable for an aggregate of up to 3,400 shares of common stock at an initial exercise price of \$193.50 per share.

Each July Inducement Warrant was immediately exercisable upon issuance and will expire on the fifth anniversary of its issuance. The exercise price of the July Inducement Warrants is subject to appropriate adjustment in the event of recapitalization events, stock dividends, stock splits, stock combinations, reclassifications, reorganizations or similar events affecting the Company's common stock. The July Inducement Warrants are callable by the Company at a redemption price of \$75.00 per July Inducement Warrant, provided that the resale of the shares of common stock underlying the July Inducement Warrants are then registered or may be resold under Rule 144 under the Securities Act.

In connection with the January 2024 Promissory Notes, the Company issued common stock purchase warrants to investors to purchase up to 66,665 shares of the Company's common stock, at an initial exercise price of \$22.23 per share. The grant date fair value of such warrant was \$860,000, which was recorded as a liability with the offset recorded to additional paid-in capital on the consolidated balance sheets. The fair value of such warrants was determined using the Black-Scholes Model based on the following weighted average assumption: common stock price on the date of grant of \$15.99; expected yield of 0.0%; expected volatility of 119%; risk-free interest rate of 4.31% and expected life of 5 years.

7. Convertible Redeemable Preferred Stock and Stockholders' Equity, continued

In connection with February 2024 Public Offering, the Company issued common stock purchase warrants to investors to purchase up to 1,025,600 shares of the Company's common stock, at an initial exercise price of \$9.75 per share. The grant date fair value of such warrant was \$6,308,000, which was recorded as a liability with the offset recorded to additional paid-in capital on the consolidated balance sheets. The fair value of such warrants was determined using the Black-Scholes Model based on the following weighted average assumption: common stock price on the date of grant of \$7.62; expected yield of 0.0%; expected volatility of 119%; risk-free interest rate of 4.31% and expected life of 5 years.

In connection with March 2024 Offering, the Company issued common stock purchase warrants to investors to purchase up to 511,175 shares of the Company's common stock, at an initial exercise price of \$6.00 per share. The grant date fair value of such warrant was \$1,227,000, which was recorded as a liability with the offset recorded to additional paid-in capital on the consolidated balance sheets. The fair value of such warrants was determined using the Black-Scholes Model based on the following weighted average assumption: common stock price on the date of grant of \$3.18; expected yield of 0.0%; expected volatility of 119%; risk-free interest rate of 4.21% and expected life of 5 years.

On March 26, 2024, the Company entered into a warrant amendment agreement (the "Warrant Amendment Agreement") with certain holders of (i) the New Common Stock Warrants, (ii) the common stock purchase warrants dated January 23, 2024 (the "January 2024 Warrants"), and (iii) the February Common Warrants (together with the New Common Stock Warrants and the

January 2024 Warrants, the “Original Warrants”), whereby the holders agreed to (i) amend the New Common Stock Warrants and the January 2024 Warrants so such warrants shall not be exercisable until one or more certificates of amendment to the Company’s certificate of incorporation, as amended, are filed with the Secretary of State of the State of Delaware to effectuate an increase in authorized shares of capital stock of the Company and a reverse stock split of the Company’s outstanding shares of common stock; and (ii) remove certain exercise price reset, right to reprice and/or share adjustment provisions in the Original Warrants, to be effective following the first adjustments following the April 2024 Reverse Stock Split.

In connection with the Initial April 2024 Registered Direct Offering and Concurrent Private Placement, the Company issued Common Stock Purchase Warrants to investors to purchase up to 225,834 shares of the Company’s common stock, at an initial exercise price of \$3.196 per share. The grant date fair value of such warrant was \$1,255,000, which was recorded as equity. The fair value of such warrants was determined using the Black-Scholes Model based on the following weighted average assumption: common stock price on the date of grant of \$6.06; expected yield of 0.0%; expected volatility of 135%; risk-free interest rate of 4.63% and expected life of 5 years.

In connection with the Second April 2024 Registered Direct Offering and Concurrent Private Placement, the Company issued Common Stock Purchase Warrants to investors to purchase up to 542,856 shares of the Company’s common stock, at an initial exercise price of \$5.06 per share. The grant date fair value of such warrant was \$2,595,000, which was recorded as equity. The fair value of such warrants was determined using the Black-Scholes Model based on the following weighted average assumption: common stock price on the date of grant of \$5.39; expected yield of 0.0%; expected volatility of 135%; risk-free interest rate of 4.63% and expected life of 5 years.

In connection with the Third April 2024 Registered Direct Offering and Concurrent Private Placement, the Company issued Common Stock Purchase Warrants to investors to purchase up to 418,845 shares of the Company’s common stock, at an initial exercise price of \$5.60 per share. The grant date fair value of such warrant was \$2,048,000, which was recorded as equity. The fair value of such warrants was determined using the Black-Scholes Model based on the following weighted average assumption:

common stock price on the date of grant of \$5.54; expected yield of 0.0%; expected volatility of 135%; risk-free interest rate of 4.63% and expected life of 5 years.

In connection with the Initial May 2024 Registered Direct Offering and Concurrent Private Placement, the Company issued Common Stock Purchase Warrants to investors to purchase up to 785,000 shares of the Company’s common stock, at an initial exercise price of \$3.18 per share. The grant date fair value of such warrant was \$2,453,000, which was recorded as equity. The fair value of such warrants was determined using the Black-Scholes Model based on the following weighted average assumption: common stock price on the date of grant of \$3.50; expected yield of 0.0%; expected volatility of 137%; risk-free interest rate of 4.35% and expected life of 5 years.

7. Convertible Redeemable Preferred Stock and Stockholders’ Equity, continued

In connection with the Second May 2024 Registered Direct Offering and Concurrent Private Placement, the Company issued Common Stock Purchase Warrants to investors to purchase up to 675,000 shares of the Company’s common stock, at an initial exercise price of \$3.48 per share. The grant date fair value of such warrant was \$1,944,000, which was recorded as equity. The fair value of such warrants was determined using the Black-Scholes Model based on the following weighted average assumption: common stock price on the date of grant of \$3.26; expected yield of 0%; expected volatility of 137%; risk-free interest rate of 4.35% and expected life of 5 years.

September 2024 Warrant Inducement

On September 10, 2024, the Company entered into warrant exercise inducement offer letters (the “September 2024 Inducement Letters”) with holders of the Exchange Warrants pursuant to which the Company agreed to issue new inducement warrants (the “September 2024 Inducement Warrants”) to purchase a number of shares of common stock equal to 65% of the number of shares of common stock received upon exercise of the Exchange Warrants during the period provided for in the September 2024 Inducement Letters, with such September 2024 Inducement Warrants to be issued on substantially the same terms as the Exchange Warrants. The holders exercised 2,228,628 Exchange Warrants for the year ended December 31, 2024, pursuant to the September 2024 Inducement Letters, and the Company received aggregate gross proceeds of approximately \$4.9 million for the year ended December 31, 2024 from such exercises. In exchange for the exercises of the Exchange Warrants, the Company issued September 2024 Inducement Warrants exercisable for an aggregate of up to 1,448,609 shares of common stock at an exercise price of \$2.21

per share for the year ended December 31, 2024. Each September 2024 Inducement Warrant is subject to shareholder approval and will expire on the fifth anniversary of such approval.

The grant date fair value of the 1,448,609 warrants issued was approximately \$3,132,000, which were treated as equity instruments. The fair value of such warrants was determined using the Black-Scholes Model based on the following weighted average assumption: common stock price on the date of grant of between \$1.71 and \$2.60; expected yield of 0%; expected volatility of 142% to 143%; risk-free interest rate of between 3.43% and 4.37% and expected life of 5 years.

Amendments to September Inducement Agreements

The September 2024 Inducement agreements were each amended as of September 30, 2024, for a second time as of October 31, 2024 and for a third time as of November 30, 2024, and for a fourth time as of December 20, 2024. In the inducement agreement the Company agreed to issue to the holder one or more common stock purchase warrants exercisable for up to a number of shares of common stock equal to 65% of the number of shares of common stock issued upon exercise of the September 2024 Warrants. On December 20, 2024, the Company entered into a fourth amendment agreement with each of the holders to extend the expiration date of the inducement period to January 31, 2025.

December Inducement Agreements

In connection with the March 2024 Offering, the Company issued and sold to the existing March 2024 warrant holders common stock purchase warrants (the “Existing Warrants”) exercisable for up to 1,675,803 shares of common stock (the “Existing March 2024 Warrant Shares”). On December 20, 2024, the Company entered into inducement agreements (each, an “December Inducement Agreement”) with the existing March 2024 warrant holders, in which the Company agreed, as consideration for exercising all or part of the Existing Warrants held by any such existing March 2024 warrant holder at a per share exercise price of \$1.70 on or prior to December 31, 2024, to issue to the existing March 2024 warrant holder one or more common stock purchase warrants exercisable for up to a number of shares of common stock equal to 150% of the Existing March 2024 Warrant Shares issuable upon the exercise of the Existing Warrants pursuant to its December Inducement Agreement (such warrants, the “December Inducement Warrants” and such shares of common stock issuable upon exercise thereof, the “December Inducement Warrant Shares”). The December Inducement Warrants had a per share exercise price of \$1.70. The holders exercised 1,675,803 Existing Warrants pursuant to the 2024 December Inducement Agreements, and the Company received aggregate gross proceeds of approximately \$2.8 million from such exercises.

7. Convertible Redeemable Preferred Stock and Stockholders’ Equity, continued

The incremental fair value of the Exchange Warrants was calculated to be approximately \$97,000 and was determined using the Black-Scholes Model based on the following weighted average assumption: common stock price on the date of the exchange of \$1.70; expected yield of 0.0%; expected volatility of 143%; risk-free interest rate of 4.3% and expected life of 5 years. The warrants were treated as equity warrants. The approximately \$97,000 is considered a deemed dividend for the year ended December 31, 2024 and was recorded as an adjustment to net loss available to common stockholders on the Company’s consolidated statement of operations.

In exchange for the exercises of the Existing Warrants, the Company issued December 2024 Inducement Warrants exercisable for an aggregate of up to 2,513,703 shares of common stock at an exercise price of \$1.70 per share. Each December 2024 Inducement Warrant is subject to shareholder approval and will expire on the fifth anniversary of such approval.

The grant date fair value of the 2,513,703 warrants was approximately \$4,532,000, which were treated as equity instruments. The fair value of such warrants was determined using the Black-Scholes Model based on the following weighted average assumption: common stock price on the date of grant of between \$1.81 and \$2.28; expected yield of 0%; expected volatility of 142%; risk-free interest rate of 4.4% and expected life of 5 years.

The December Inducement Warrants will expire on the fifth anniversary of December 20, 2024, the stockholder approval date.

Pursuant to the Purchase Agreement, the Existing Warrant Holders were granted the right to participate in certain offerings of the Company for a specified period of time (the “Original Participation Right”). Under the December Inducement Agreements, upon full exercise of the Existing Warrants, the Original Participation Right will terminate and the Existing Warrant Holders will receive a new participation right where they may participate in, until March 27, 2027, any offering by the Company up to an amount equal to such Existing Warrant Holder’s pro rata portion (measured by number of shares of common stock issuable upon

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exercise of all existing common stock purchase warrants of the Company as of the date of the December Inducement Agreements) of 40% of such offering on the same terms, conditions and price provided to other purchasers in the applicable offering.

During the year ended December 31, 2024, 4,343,042 warrants to purchase common stock were exercised for cash, resulting in net proceeds of approximately \$8.0 million. In addition, during the year ended December 31, 2024, 1,712,049 warrants were exercised using an alternative cashless exercise provision, resulting in the issuance 1,113,943 shares of common stock. During the year ended December 31, 2023, 13,440 warrants to purchase common stock were exercised for cash, resulting in net proceeds of approximately \$2.5 million. During the year ended December 31, 2023, 7,454 warrants were exercised using an alternative cashless exercise provision, resulting in the issuance of 5,591 shares of common stock.

February 2024 Warrants Black Scholes Value Payout

On December 31, 2024 on the closing of the DV Asset Acquisition, a provision requiring a Black Scholes Value payout was triggered in the remaining outstanding February 2024 Warrants. This provision was triggered because the DV Asset Acquisition met the criteria for a fundamental change as described in the warrant agreement. The Black Scholes Value payout was valued at \$1.96 per share and there was an aggregate number of warrants outstanding of 328,483. In order to receive the payout, holders

must elect within 30 days of the fundamental change otherwise the warrants convert to warrants in the Company. The warrants were equity classified prior to the close of the DV Asset Acquisition and were reclassified to liability treatment as a result of the payout provision trigger. The aggregate fair value at December 31, 2024 was \$645,000 and there was no gain or loss recorded for the year ended December 31, 2024 for fair value as they were reclassified on the last day of the period.

7. Convertible Redeemable Preferred Stock and Stockholders' Equity, continued

Information regarding warrants for common stock outstanding and exercisable as of December 31, 2024 is as follows:

Warrants exercisable as of December 31, 2024 exclude warrants to purchase 1 shares of common stock issued to a marketing firm, which vest upon the achievement of certain milestones, warrants to purchase 2,513,703 shares of common stock issued to investors that participated in the December Inducement Agreement that requires shareholder approval prior to the warrants being exercisable and warrants to purchase 328,483 shares of common stock issued to investors that participated in the February 2024 Public Offering that requires shareholder approval prior to the warrants being exercisable, for which all have been recorded as a liability due to the triggering with the Datavault Transaction of the Black Scholes Value payout provision.

Information regarding warrants for common stock outstanding and exercisable as of December 31, 2024 is as follows:

Exercise Price	Warrants Outstanding as of December 31, 2024	Weighted Average Remaining Life (years)	Warrants Exercisable as of December 31, 2024
\$1.83 - \$2.21	12,589,095	3.9	9,746,909
\$3.18 - \$3.48	618,617	7.0	618,617
\$5.06 - \$6.00	320,559	7.3	320,559
\$1,574.00 - \$30,000.00	5,860	3.1	5,860
\$38,250.00 - \$262,500.00	203	0.6	202
\$3.87*	<u>13,534,334</u>	4.1	<u>10,692,147</u>

* Weighted Average

Information regarding warrants for common stock outstanding and exercisable as of December 31, 2023 is as follows:

Exercise Price	Warrants Outstanding as of December 31, 2023	Weighted Average Remaining Life (years)	Warrants Exercisable as of December 31, 2023
\$22.50	188,025	4.9	467
\$1,573.50	5,833	4.1	5,833
\$14,955.00	13	3.6	13
\$22,800	3	3	3
\$30,000.00- \$654,000.00	239	1.6	239
\$135.00 *	<u>194,113</u>	4.9	<u>6,555</u>

* Weighted Average

Warrants exercisable as of December 31, 2023 exclude warrants to purchase 1 share of common stock issued to a marketing firm, which vest upon the achievement of certain milestones and warrants to purchase 187,557 shares of common stock issued to investors that participated in the Inducement Agreement that requires shareholder approval prior to the warrants being exercisable. Additionally, warrants to purchase 1 share of common stock which are shown above with a price of \$237,000.00 are pre-funded warrants under which the holder shall pay \$3,000.00 per share to complete the exercise.

8. Stock-Based Compensation

2018 Long Term Stock Incentive Plan

On January 30, 2018, the Company’s board of directors approved the establishment of the Company’s 2018 Long-Term Stock Incentive Plan (the “LTIP”) and termination of its Carve-Out Plan. Under the LTIP, the aggregate maximum number of shares of common stock (including shares underlying options) that may be issued under the LTIP pursuant to awards of Restricted Shares or Options will be limited to 15% of the outstanding shares of common stock, which calculation shall be made on the first trading day of each new fiscal year; provided that, in any year no more than 8% of the common stock or derivative securitization with common stock underlying 8% of the common stock may be issued in any fiscal year. At a Special Meeting of Stockholders on January 24, 2023, the Company’s stockholders approved certain amendments to the LTIP to: (i) increase the annual share limit of common stock that may be issued in any single fiscal year only for the 2023 fiscal year under the LTIP from 8% of the shares of common stock outstanding to 15% of the shares of common stock outstanding (which amount equates to the maximum amount that may be issued in the aggregate under the LTIP), and (ii) permit immediately quarterly calculations based on the number of shares of common stock outstanding as of the first trading day of each fiscal quarter, rather than solely as of the first trading day of the fiscal year. At a Special Meeting of Stockholders on March 15, 2024, the Company’s stockholders further approved an amendment to the LTIP to increase the annual share limit of common stock that may be issued only for the 2024 fiscal year under the LTIP from 8% of the shares of common stock outstanding to 15% of the shares of common stock outstanding (which amount equates to the maximum amount that may be issued in the aggregate under the LTIP). As of December 31, 2024, up to 6,777,743 shares of common stock are available for grants to participants under the LTIP.

A summary of activity related to restricted stock awards for the years ended December 31, 2024 and 2023 is presented below:

Stock Awards	Shares	Weighted-Average Grant Date Fair Value
Non-vested as of January 1, 2023	94	\$ 28,417.50
Granted	6,427	\$ 144.00
Vested	(1,051)	\$ 1,435.50
Forfeited	(88)	\$ 729.00
Non-vested as of December 31, 2023	5,382	\$ 374.00
Granted	1,163,678	\$ 2.25
Vested	(495,775)	\$ 4.13
Forfeited	(3,941)	\$ 22.00
Non-vested as of December 31, 2024	669,344	\$ 3.08

As of December 31, 2024, the unamortized compensation costs related to the unvested restricted stock awards was approximately \$1,835,000 which is to be amortized on a straight-line basis over a weighted-average period of approximately 2.4 years.

Awards outstanding held by certain executives and all board of director members accelerated vesting as of the day of the DV Asset Acquisition which closed on December 31, 2024, due to the change of control provision in the grant agreements. This resulted in the recognition of all of the remaining expense for these awards which was a total of \$915,000 in the year ended December 31, 2024.

For the year ended December 31, 2024, 137,752 shares of common stock were issued upon vesting of outstanding restricted stock, pursuant to the LTIP with an intrinsic value of approximately \$229,669. For the year ended December 31, 2023, 1,051 shares of common stock were issued upon vesting of outstanding restricted stock, pursuant to the LTIP with an intrinsic value of \$25,000.

8. Stock-Based Compensation, continued2020 Stock Incentive Plan

A summary of activity related to restricted stock units under the Company's 2020 Stock Plan for the years ended December 31, 2024 and 2023 is presented below:

<u>Stock Units</u>	<u>Shares</u>	<u>Weighted-Average Grant Date Fair Value</u>
Non-vested as of January 1, 2023	14	\$ 35,749.50
Granted	—	\$ —
Vested	(13)	\$ 34,716.00
Forfeited	—	\$ 37,366.50
Non-vested as of December 31, 2023	1	\$ 56,430.00
Granted	—	\$ —
Vested	(1)	\$ 56,430.00
Forfeited	—	\$ —
Non-vested as of December 31, 2024	0	\$ —

As of December 31, 2024, the unamortized compensation costs related to the unvested restricted stock units under the Company's 2020 Stock Plan was approximately \$0.

For the year ended December 31, 2024, 1 share of restricted stock units was released under the 2020 Stock Plan with an intrinsic value of less than \$1,000.

For the year ended December 31, 2023, 13 shares of restricted stock units were released under the 2020 Stock Plan with an intrinsic value of less than \$1,000.

Inducement Grant

On September 13, 2021, the Company issued 21 shares of restricted common stock to Eric Almgren, the Company's Chief Strategist, as an inducement grant ("September 2021 Inducement Grant"). As of December 31, 2024, all compensation cost related to the September 2021 Inducement Grant was expensed. The Company recorded stock-based compensation of \$185,000 related to this grant for year ended December 31, 2024.

On September 30, 2024, the Company issued 70,000 shares of restricted common stock at a fair value per share of \$1.77, to Stanley Mbugua, the Company's Vice President of Finance, as an inducement grant ("September 2024 Inducement Grant"). Due to the Company closing the acquisition of Data Vault on December 31, 2024, the September 2024 Inducement Grant vesting was fully accelerated due to the change in control the occurred. The Company recognized \$124,000 expense as a result. As of December 31, 2024, there is no unamortized compensation cost related to the September 2024 Inducement Grant.

8. Stock-Based Compensation, continued

2022 Plan

A summary of activity related to restricted stock units under the Company's 2022 Plan for the year ended December 31, 2024 and 2023 is presented below:

Stock Units	Shares	Weighted-Average Grant Date Fair Value
Non-vested as of January 1, 2023	25	\$ 7,800.00
Granted	—	\$ —
Vested	(6)	\$ 7,800.00
Forfeited	(2)	\$ 7,800.00
Non-vested as of December 31, 2023	17	\$ 7,800.00
Granted	—	\$ —
Vested	(3)	\$ 7,800.00
Forfeited	—	\$ —
Non-vested as of December 31, 2024	14	\$ 7,800.00

As of December 31, 2024, the unamortized compensation cost related to the unvested restricted stock units was approximately \$70,000 which is to be amortized on a straight-line basis over a weighted-average period of approximately 1.5 years.

For the year ended December 31, 2024, 3 shares of restricted stock units were released under the 2022 Plan with an intrinsic value of less than \$1,000. For the year ended December 31, 2023, 6 shares of restricted stock units were released under the 2022 Plan with an intrinsic value of less than \$1,000.

9. Income Taxes

The domestic and foreign components of loss before provision for income taxes for the years ended December 31, 2024 and 2023 were as follows:

(in thousands)	2024	2023
Domestic	\$ (51,253)	\$ (18,562)
Foreign	(156)	(155)
Total	\$ (51,409)	\$ (18,717)

The following represent components of the income tax expense for the years ended December 31, 2024 and 2023:

(in thousands)	Year Ended December 31, 2024	Year Ended December 31, 2023
Current:		
Federal	\$ —	\$ —
State		4
Foreign	—	—
Total current provision for income taxes	\$ —	\$ 4
Deferred:		
Federal	—	—
State	—	—
Foreign	—	—
Total deferred provision for income taxes	—	—
Total	\$ —	\$ 4

9. Income Taxes, continued

Tax effects of temporary differences that give rise to significant portions of the Company's deferred tax assets at December 31, 2024 and 2023 are presented below:

	Year Ended December 31, 2024	Year Ended December 31, 2023
Deferred tax assets:		
Net operating loss	\$ 26,281	\$ 20,268
Accruals and reserves	152	840
Amortization of intangible assets	4,127	3,457
Stock based compensation	726	821
Lease liability	170	167
Other	8	3
Gross deferred tax assets	31,464	25,556
Valuation allowance	(31,291)	(25,335)
Total deferred tax assets	173	221
Deferred tax liabilities:		
Prepaid expenses	(35)	(59)
Right-of-use assets	(138)	(162)
Other	—	—
Total deferred tax liabilities	(173)	(221)
Net deferred tax assets	\$ —	\$ —

The Company's accounting for deferred taxes involves the evaluation of a number of factors concerning the realizability of the Company's net deferred tax assets. The Company primarily considered such factors as the Company's history of operating losses; the nature of the Company's deferred tax assets and the timing, likelihood and amount, if any, of future taxable income during the periods in which those temporary differences and carryforwards become deductible. At present, the Company does not believe that it is "more-likely-than-not" that the deferred tax assets will be realized; accordingly, a full valuation allowance was maintained, and no deferred tax assets were shown in the accompanying consolidated balance sheets. The valuation allowance increased by \$5,956,000 and \$4,573,000 during the years ended December 31, 2024 and 2023, respectively.

As of December 31, 2024, the Company had federal net operating loss carryforwards of \$97,179,000. The federal net operating loss carryforwards will carryforward indefinitely but is subject to the 80% taxable income limitation.

As of December 31, 2024, the Company had state net operating loss carryforwards of \$94,206,000 which will begin to expire in 2039.

As of December 31, 2024, the Company had foreign net operating loss carryforwards of \$290,000. The foreign net operating loss carryforwards will begin to expire in 2039.

Utilization of the Company's net operating losses and credit carryforwards may be subject to annual limitations in the event of a Section 382 ownership change. Such future limitations could result in the expiration of net operating losses and credit carryforwards before utilization as a result of such an ownership change.

9. Income Taxes, continued

Provision for income taxes for the years ended December 31, 2024 and 2023 differed from the amounts computed by applying the statutory federal income tax rate of 21% to the loss before provision for income taxes as a result of the following:

	Year Ended December 31,	
	2024	2023
Effective tax rate reconciliation:		
Income tax provision at statutory rate	21.0 %	21.0 %
State taxes, net of federal benefit	—	—
Other permanent differences	0.9	1.3
Change in fair value of warrants	(12.2)	—
Change in valuation allowance	(9.7)	(22.3)
Provision for income taxes	— %	— %

Tax positions are evaluated in a two-step process. The Company first determines whether it is “more-likely-than-not” that a tax position will be sustained upon examination. If a tax position meets the “more-likely-than-not” recognition threshold it is then measured to determine the amount of benefit to recognize in the consolidated financial statements. The tax position is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The aggregate changes in the balance of gross unrecognized tax benefits, which excludes interest and penalties, for the years ended December 31, 2024 and 2023 is zero.

The Company has not incurred any material tax interest or penalties as of December 31, 2024. The Company does not anticipate any significant change within 12 months of this reporting date of its uncertain tax positions. The Company is subject to taxation in the United States and various state jurisdictions. There are no ongoing examinations by taxing authorities at this time. The Company’s various tax years 2018 through 2024 remain open for examination by the federal and state authorities for three and four years, respectively, from the date of utilization of any net operating loss carryforwards.

The Company recognizes interest and penalties related to uncertain tax positions in the provision for income taxes. As of December 31, 2024 and 2023, the Company has not accrued any penalties or interest related to uncertain tax positions.

10. Commitments and Contingencies

Operating Leases

The Company leases office space under a non-cancellable operating lease that was set to expire in January 2024. In May 2023, the Company signed a lease amendment that extended the lease expiration date to June 30, 2029, and agreed to new monthly rates. The lease amendment was considered a lease modification and the Company adjusted its right-of-use asset and operating lease liabilities accordingly as shown in the table below.

Operating lease rentals are expensed on a straight-line basis over the life of the lease beginning on the date the Company takes possession of the property. At lease inception, the Company determines the lease term by assuming the exercise of those renewal options that are reasonably assured. The exercise of lease renewal options is at our sole discretion. The lease term is used to determine whether a lease is financing or operating and is used to calculate straight-line rent expense. Additionally, the depreciable life of leasehold improvements is limited by the expected lease term. Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheet; the Company recognizes lease expense for these leases on a straight-line basis over the lease term.

10. Commitments and Contingencies, continued

The following table reflects our lease assets and our lease liabilities at December 31, 2024 and December 31, 2023 (in thousands):

	December 31,	
	2024	2023
Assets:		
Operating lease right-of-use assets	\$ 536	\$ 616
Liabilities:		
Operating lease liabilities, current	\$ 106	\$ —
Operating lease liabilities, non-current	\$ 553	\$ 636

Operating lease right-of-use assets are included in other assets. Operating lease liabilities, current, are included in accrued liabilities and Operating lease liabilities, non-current, are include in other liabilities on the consolidated balance sheets.

Lease Costs:

The components of lease costs were as follows (in thousands):

	December 31,	
	2024	2023
Operating lease cost	\$ 192	\$ 162
Short term lease cost	30	48
Total lease cost	\$ 222	\$ 210

As of December 31, 2024, the maturity of operating lease liabilities was as follows:

(in thousands)	
Payments due in:	
Year ending December 31, 2025	\$ 183
Year ending December 31, 2026	189
Year ending December 31, 2027	194
Year ending December 31, 2028	200
Year ending December 31, 2029	103
Thereafter	0
Total minimum lease payments	869
Less: Amounts representing interest	(210)
Present value of capital lease obligations	\$ 659

Lease Term and Discount Rate:

	December 31, 2024
Weighted-average remaining lease term (in years)	4.50
Weighted-average discount rate	13.0 %

The discount rate was calculated by using the Company's estimated incremental borrowing rate.

10. Commitments and Contingencies, continued

Other Information:

Supplemental cash flow information related to leases was as follows (in thousands):

	Year Ended December 31,	
	2024	2023
Operating cash outflows from operating leases	\$ 62	\$ 149

Contingencies

In the normal course of business, the Company may become involved in legal proceedings. The Company will accrue a liability for such matters when it is probable that a liability has been incurred and the amount can be reasonably estimated. When only a range of a possible loss can be established, the most probable amount in the range is accrued. If no amount within this range is a better estimate than any other amount within the range, the minimum amount in the range is accrued. The accrual for a litigation loss contingency might include, for example, estimates of potential damages, outside legal fees and other directly related costs expected to be incurred.

The Company's management does not believe that any such matters, individually or in the aggregate, will have a materially adverse effect on the Company's consolidated financial statements.

11. Related Parties

Nathaniel Bradley and EOS Holdings

Nathaniel Bradley, the Chief Executive Officer ("CEO") of the Company, is a control person of EOS Holdings which became a related party of the Company at the close of the DV Asset Acquisition on December 31, 2024. In addition, Sonia Choi, the Company's Chief Marketing Officer is the spouse of the Company's CEO and holds the position of Chief Marketing Officer of EOS Holdings, a related party of the Company. EOS Holdings received 3,999,911 shares of common stock of the Company at the close of the transaction. As described in Note 5 Borrowings, the Company owes \$10 million DV Convertible Note to EOS Holdings, and EOS Holdings owes \$431,000 in notes receivable to the Company, as of December 31, 2024. The Company has recorded \$7,000 in interest income on the notes receivable for the year ended December 31, 2024.

In addition to the DV Convertible Note and the Data Vault Note Balance, on January 16, 2025, the Company entered into a Transition Services Agreement ("Transition Services Agreement") to receive from EOS Holdings, employees to provide transition services in connection with the Acquired Assets for a period of up to three months. For the period from January 16, 2025 through March 27, 2025, the Company has paid \$428,000 to EOS Holdings.

Helge Kristensen

Mr. Kristensen has served as a member of the Company's board of directors since 2010. Mr. Kristensen serves as vice president of Hansong Technology, an original device manufacturer of audio products based in China, president of Platin Gate Technology (Nanjing) Co. Ltd, a company with focus on service-branding in lifestyle products as well as pro line products based in China and co-founder and director of Inizio Capital, an investment company based in the Cayman Islands.

For the years ended December 31, 2024 and 2023, Hansong Technology purchased modules from the Company of approximately \$58,000 and \$88,000, respectively, and made payments to the Company of approximately \$38,000 and \$254,000 respectively. At December 31, 2024 and 2023, Hansong Technology sold speaker products to the Company of approximately \$28,000 and \$128,000, respectively, and the Company made payments to Hansong Technology of approximately \$235,000 and \$1,223,000, respectively. At December 31, 2024 and 2023, the Company owed Hansong Technology approximately \$43,000 and \$250,000, respectively. At December 31, 2024 and 2023, Hansong Technology owed the Company approximately \$24,000 and \$4,000, respectively.

11. Related Parties, continued

As of December 31, 2024 and December 31, 2023, Mr. Kristensen owned less than 1.0% of the outstanding shares of the Common Stock.

David Howitt

Mr. Howitt has served as a member of the Company's board of directors since December 2021. Mr. Howitt is founder and CEO of Meriwether Group LLC, ("Meriwether"), a strategic consulting firm that works with disruptive consumer brands by integrating their visions, developing growth strategies, scaling their brands, and increasing revenue in order to build enterprise value. Meriwether is the manager of Meriwether Accelerators LLC ("Meriwether Accelerators"). Meriwether which is also majority-owned by Mr. Howitt, owns a 25% general partner interest in Meriwether Group Capital Hero Fund LP ("Meriwether Hero Fund").

The Company was a party to a professional services agreement with Meriwether Accelerators, dated as of January 15, 2022, pursuant to which, the Company has agreed to pay Meriwether Accelerators (i) \$7,500 per month for a period of six months; and (ii) issue 100 shares of common stock for each partnership brought to fruition as a result of Meriwether Accelerators' services and introduction, for up to 400 shares of common stock, which shares will have piggyback registration rights, in consideration for certain licensing services and strategic partnership collaborations to be provided by Meriwether Accelerators as set forth in such agreement. For the year ended December 31, 2022, the Company paid Meriwether Accelerators \$45,000. The services agreement expired in 2022 and the Company did not issue any shares of common stock to Meriwether Accelerators under this agreement.

On September 8, 2023, the Company entered into a Loan and Security Agreement with Meriwether Hero Fund. Pursuant to the Loan and Security Agreement, Meriwether Hero Fund provided the Company with a term loan in the principal amount of \$650,000 that was scheduled to mature on November 7, 2023, subject to further extension. The Company repaid the loan in full on December 7, 2023. See Note 5 Short-Term Loan for additional information.

As of December 31, 2024 and December 31, 2023, Mr. Howitt owned less than 1.0% of the outstanding shares of the Company's common stock.

12. Segment Information

The Company has adopted ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* and has revised prior year disclosures to conform with the current year presentation. The Company operates in one business segment. Our chief decision-maker, the President and Chief Executive Officer, evaluates our performance based on company-wide consolidated results.

Operating segments have been identified based on the financial information utilized by the Company's Chief Executive Officer, the chief operating decision maker ("CODM"). The CODM uses net income as a measure of profitability to assess segment performance and deciding on how to allocate resources such as capital investments, share repurchases, and acquisitions. The CODM does not use or receive total assets by segment to make decisions regarding resources; therefore, the total asset disclosure by segment has not been included.

The following table reflects results of operations of the Company's reportable segment (in thousands):

	For the year ended December 31,	
	2024	2023
Net revenue	\$ 2,674	\$ 2,083
Cost of net revenue	2,298	5,540
Salaries, benefits, and stock based compensation expense	11,176	10,468
Other segment expenses	10,267	7,434
Depreciation and amortization expense	70	98
Interest expense, net	1,272	932
Other, net	29,000	(3,672)
Income tax expense	—	4
Net Loss	<u>\$ (51,409)</u>	<u>\$ (18,721)</u>

Net revenue from customers is designated based on the geographic region to which the product is delivered. Net revenue by geographic region for the years ended December 31, 2024 and 2023 was as follows:

(in thousands)	For the year ended December 31,	
	2024	2023
North America	\$ 523	\$ 1,045
Asia Pacific	1,468	971
Europe	683	60
Other	—	7
Total	<u>\$ 2,674</u>	<u>\$ 2,083</u>

Substantially all of our long-lived assets are located in the United States.

13. Subsequent Events

CSI Purchase Agreement Deposit

Pursuant to the CSI Purchase Agreement, on January 2, 2025, the Company paid a break-up fee to CSI of \$1,000,000 by depositing the payment with the designated escrow agent. The payment is being made in contemplation of the CSI Asset Acquisition.

Nathaniel Bradley Inducement

The Company granted Mr. Bradley, effective January 2, 2025, an inducement award agreement (the “Inducement Award Agreement”), pursuant to which Mr. Bradley was granted 1,200,000 units of restricted stock of the Company (the “Units”) as an inducement material to Mr. Bradley’s entering into employment with the Company. The Units were approved by the Board and granted outside of the Company’s 2020 Stock Incentive Plan and 2018 Long-Term Stock Incentive Plan in accordance with Nasdaq Listing Rule 5635(c)(4). The Inducement Award Agreement contemplates half of the Units vesting in equal 3-month installments over a 36-month period beginning March 20, 2025, and the other half of the Units vesting upon the Company’s aggregate revenue equaling or exceeding \$40 million over any trailing 12 calendar month period ending on or prior to the date that is 5 years from the grant date.

Registered Direct Transaction

On February 14, 2025 the Company closed an offering (the “February 2025 Offering”) pursuant to the securities purchase agreement (the “February 2025 Purchase Agreement”) with the investors (the “February 2025 Investors”). In the February 2025 Offering, the Company issued and sold to the February 2025 Investors in a registered direct offering, (a) an aggregate of 4,757,126 shares of common stock, par value \$0.0001 per share of the Company, and (b) common stock purchase warrants (the “February 2025 Warrants”, and together with the Shares, the “February 2025 Securities”) exercisable for an aggregate of up to 4,757,126 shares of common stock, at an exercise price of \$1.14 per share (the “February 2025 Warrant Shares”) at a combined offering price of \$1.14 per share and accompanying February 2025 Warrant, for aggregate gross proceeds of approximately \$5.4 million. As a result of the February 2025 Offering, the Company paid \$407,000 of the proceeds to pay down the DV Convertible Note.

The February 2025 Warrants are immediately exercisable upon issuance and will expire on the fifth anniversary of the issuance date of the warrants. The February 2025 Warrants may be exercised, in certain circumstances, on a cashless basis pursuant to the formula contained in the February 2025 Warrants.

The Securities issued in the registered direct offering and the February 2025 Warrant Shares issuable upon exercise of the February 2025 Warrants are being offered pursuant to the Company’s shelf registration statement on Form S-3 (File 333-267211) (the “Shelf Registration Statement”), initially filed by the Company with the SEC on September 1, 2022 and declared effective on September 13, 2022.

Obligations Under the Purchase Agreement

Under the February 2025 Purchase Agreement, the Company agreed, subject to certain exceptions, (i) not to offer for sale, issue, sell, contract to sell, pledge or otherwise dispose of any of its shares of common stock or securities convertible into common stock until 30 days after the closing date of the February 2025 Offering, and (ii) not issue certain securities if the issuance would constitute a variable rate transaction for a period of 4 months from the closing date of the February 2025 Offering, in each case unless the Company is required to complete a financing prior to the applicable date in order to satisfy Nasdaq’s continued listing requirements.

Placement Agency Agreement

In connection with the February 2025 Offering, on February 13, 2025, the Company entered into a placement agency agreement (the “February 2025 Placement Agency Agreement”) with Maxim Group LLC (the “Placement Agent”), pursuant to which the Placement Agent agreed to act as placement agent on a “reasonable best efforts” basis in connection with the February 2025 Offering. Pursuant to the February 2025 Placement Agency Agreement, the Company agreed to pay the Placement Agent an aggregate fee equal to 7.0% of the gross proceeds raised in the February 2025 Offering and reimburse the Placement Agent an amount up to \$75,000 for expenses in connection with the February 2025 Offering. The Company also issued the Placement Agent a private warrant (the “Placement Agent Warrant”) to purchase up to 5.0% of the aggregate number of Securities sold in the February 2025 Offering, or warrants to purchase up to 475,713 shares of common stock (such shares, the “Placement Agent Warrant Shares”), at an exercise price equal to 125.0% of the offering price per share of common stock and accompanying

Warrant, or \$1.425 per share. The Placement Agent Warrants will be exercisable 6 months after the commencement of sales in the February 2025 Offering and will expire on the five year anniversary of the initial exercise date.

13. Subsequent Events, continued

February 26, 2025 RSA Grant to Employees, Directors and Officers

On February 26, 2025, the Company granted 6,145,000 RSA awards from the 2018 Plan to employees, directors and officers of the Company with a grant date fair value of \$1.04 per share. The award includes 2,155,000 performance-based grants to certain executives which will vest upon the achievement of revenue milestones with the remaining awards containing service-based vesting requirements and are earned in equal increments over the subsequent twelve quarters.

Share Exchange Agreement

On March 16, 2025, the Company, entered into a share exchange agreement (the “Share Exchange”) with NYIAX, Inc., a Delaware corporation (“NYIAX”), pursuant to which NYIAX shall exchange 900,000 shares of NYIAX’s common stock, par value \$0.0001 per share, for aggregate consideration of up to 5,000,000 shares of common stock of the Company, par value \$0.0001 per share.

The Share Exchange, as full consideration for the sale, assignment, transfer and delivery of the shares by NYIAX to the Company, the Company issued to NYIAX (i) 3,000,000 newly issued, fully paid and nonassessable shares of the Company’s common stock (the “Closing Shares”), and (ii) 2,000,000 newly issued, fully paid and nonassessable shares of the Company’s common stock (the “Additional Shares”). The Closing Shares are issued in four equal quarterly tranches starting from the closing.

The Additional Shares shall be issued only upon completion of a complete advertising cycle for a third party clientele, and upon the parties’ mutual written agreement that the Adio Platform has been integrated into the NYIAX Platform upon completion of the advertising cycle. The Additional Shares shall be issued within thirty (30) days from the completion of the integration.

The Share Exchange includes customary representations and warranties and various customary covenants and closing conditions that are subject to certain limitations, including, without limitation, certain agreements.

Intellectual Property Cross-License Agreement

In connection with the Share Exchange, on March 16, 2025, the Company, entered into a white label, co-marketing and intellectual property cross-license agreement (the “License Agreement”) with NYIAX, pursuant to which the Company received a non-exclusive license under certain of NYIAX’s jointly owned patent rights and know-how, and a non-exclusive license to white label NYIAX’s proprietary software-as-a-service advertising brokerage platform, all within the field of data, information and asset monetization and exchange. In exchange, the Company granted to NYIAX a non-exclusive license under certain of the Company’s wholly owned patent rights, know-how and trademarks, including with respect to the Company’s Adio Platform, in the field of advertising buying, selling and brokerage.

Pursuant to the License Agreement, as consideration for the services provided by NYIAX pursuant to the License Agreement and the rights to access and use the NYIAX Platform granted to the Company, and upon the terms and subject to all of the conditions contained in the License Agreement, the Company shall issue to NYIAX 2,530,000 newly issued, fully paid and nonassessable shares (such shares, the “Consideration Shares”) of the Company’s common stock.

Pursuant to the License Agreement, in consideration of the rights granted to NYIAX under the License Agreement, NYIAX shall pay to the Company a license fee in the form of a convertible promissory note in the aggregate amount \$2,500,000 (the “NYIAX Convertible Note”). The NYIAX Convertible Note is due on the first anniversary of the closing. NYIAX agreed to pay interest to the Company on the aggregate unconverted and then outstanding principal amount of the NYIAX Convertible Note at the rate of four percent (4%) per annum, accruing from the closing. The NYIAX Convertible Note may be prepaid in full at NYIAX’s election.

13. Subsequent Events, continued

The NYIAX Convertible Note will automatically convert at the earlier of (i) the maturity date, and (ii) the first underwritten public offering of NYIAX pursuant to an effective registration statement under the Securities Act, covering the offer and sale by NYIAX of its equity securities, as a result of or following which NYIAX shall be a reporting issuer under the Securities Exchange Act of 1934, as amended, and NYIAX common stock is listed on the Trading Market (as defined in the Convertible Note), at a conversion price of \$2.00 per share.

The License Agreement includes customary representations and warranties and various customary covenants and closing conditions that are subject to certain limitations, including, without limitation, certain agreements.

Software Development Agreement

In connection with the Share Exchange, on March 16, 2025, the Company, entered into a software development agreement (the “Software Development Agreement”) with NYIAX, pursuant to which NYIAX has engaged the Company to develop certain software and provide certain additional professional services as the parties will agree under one or more statements of work.

The Software Development Agreement includes customary representations and warranties and various customary covenants and closing conditions that are subject to certain limitations, including, without limitation, certain agreements.

Second Amendment to the CSI Asset Purchase Agreement

As previously disclosed, on December 19, 2024, the Company entered into an asset purchase agreement, as amended by that certain amendment to the asset purchase agreement, dated as of December 30, 2024 (the “CSI Asset Purchase Agreement”), with CSI, pursuant to which the Company has agreed to purchase, assume and accept from CSI all of the rights, title and interests in, to and under the assets and interests used in the acquired business and products and services solely to the extent they utilize the transferred assets, including CSI’s customer contracts, trademarks, and other intellectual property.

On February 25, 2025, the Company and CSI entered into a second amendment to the CSI Asset Purchase Agreement (the “Second Amendment”). Pursuant to the second amendment, the closing cash consideration was reduced to \$5,000,000 and as consideration, the parties agreed to a payment at Closing of \$5,000,000 payable in the form of the convertible note (the “CSI Initial Convertible Note”). The Company will issue the CSI Initial Convertible Note in an aggregate principal amount of \$5,000,000, due on the second anniversary of the closing. The Company agreed to pay interest to CSI on the aggregate unconverted and then outstanding principal amount of the CSI Initial Convertible Note at the rate of ten percent (10%) per annum. If the CSI Initial Convertible Note has not been satisfied in full within three (3) months after the closing date, then at CSI’s option, it shall be convertible to common stock of the Company, par value \$0.0001 per share, in increments of \$500,000, at a price of \$1.14 per share. The Company shall also repay the principal amount and all accrued interest under the CSI Initial Convertible Note in full, without a penalty, within three (3) business days after the Company raises an additional amount of capital totaling at least \$15,000,000, after the Company shall have closed an initial offering or financings resulting in aggregate gross proceeds to the Company of at least \$15,000,000, from one or more investors and/or financial institutions, by no later than March 31, 2025.

The parties agreed that the Company will inform the stockholders of the Company of the receipt of the Stockholder Consent (as defined in the Asset Purchase Agreement) by preparing and filing with the U.S. Securities and Exchange Commission (“SEC”), within two (2) business days after the Company files its Annual Report on Form 10-K, an information statement with respect thereto. The parties further agreed that, at closing, the Company will deliver to CSI \$500,000 as reimbursement of certain audit, review, reporting, legal, and other closing costs and expenses CSI has incurred and will incur associated with the closing.

Pursuant to the Second Amendment, the parties will instruct the escrow agent to release the Breakup Fee of \$1,000,000 from the escrow account and pay it to CSI within three (3) business days from the execution of the Second Amendment.

Issuance of Senior 10% Original Issue Discount Convertible Promissory Notes

The Company has entered into a securities purchase agreement (the “March 2025 Purchase Agreement”), dated March 31, 2025, with a certain investor (the “March 2025 Investors”), relating to the issuance of senior secured convertible notes in the aggregate principal amount of \$16,666,665 (collectively, the “March 2025 Notes”). On the initial closing date, the Company will issue a note in the principal amount of \$5,555,555 (the “March 2025 Initial Note”) with the initial warrants for an aggregate subscription amount of \$5,000,000. On or after the date that is 20 calendar days after the mailing by the Company of a Definitive Information Statement on Schedule 14(c) with respect to approval, by written consent of the stockholders of the Company, of the issuance of the shares of common stock issuable upon conversion of the March 2025 Notes, the Company will issue the March 2025 Investor an additional March 2025 Note in the principal amount of \$11,111,110 and the additional warrants with an aggregate subscription amount of \$10,000,000. In a concurrent private placement, the purchasers agreed to purchase from the Company common stock purchase warrants (“March 2025 Warrants”) to purchase up to 19,346,101 shares of common stock of the Company, par value \$0.0001 per share, of which Warrants to purchase up to 6,448,700 shares of common stock will be issued in connection with the issuance of the March 2025 Initial Note (the “March 2025 Initial Warrants”) and Warrants to purchase up to 12,897,401 shares of common stock will be issued in connection with the issuance of the March 2025 Additional Notes (the “March 2025 Additional Warrants”).

In connection with the March 2025 Purchase Agreement, the Company entered into a Placement Agency Agreement with Maxim and agreed to pay 8% of the proceeds received from the sale of the March 2025 Notes and warrants as fees. The total fees to Maxim are estimated to be \$1,200,000.

Warrants

The March 2025 Warrants will have an initial exercise price of \$0.8615 per share. The March 2025 Initial Warrants will be exercisable upon effectiveness of Stockholder Approval and expire five (5) years from the date of such effectiveness. The March 2025 Additional Warrants will be issued in the Additional Closing, exercisable immediately upon issuance and expire five (5) years from the date of issuance. The exercise price of the March 2025 Warrants is subject to (a) downward adjustment in the event the Company issues shares of common stock or common stock equivalents having an effective price lower than the then current exercise price of the March 2025 Warrants, subject to certain exceptions and (b) standard, proportional adjustments in the event of certain events, such as stock splits, combinations, dividends, distributions, reclassifications, mergers or other corporate changes.

The March 2025 Warrants contain 4.99/9.99% beneficial ownership limitations.

The March 2025 Notes carry a 10% original issue discount, and have a term of 18 months from the original issuance date. No interest accrues during the term of the March 2025 Notes, unless an event of default occurs, in which case interest will accrue at a rate of 12% per annum or, if less, the highest amount permitted by law. The Company’s obligations under these March 2025 Notes rank senior to all other existing indebtedness and equity of the Company.

Holders of the March 2025 Initial Notes can convert the March 2025 Initial Notes into shares of common stock any time after the date of effectiveness of stockholder approval and holders of the March 2025 Additional Notes can convert the March 2025 Additional Notes into shares of common stock any time after issuance. Holders of any March 2025 Notes can convert such March 2025 Notes into shares of common stock by providing a conversion notice. The March 2025 Notes are convertible at any time beginning on the date of Stockholder Approval at the option of the holders thereof, in whole or in part, into such number of shares of common stock at an initial conversion price equal to \$1.00 per share (the “Conversion Price”). Alternatively, the March 2025 Notes are convertible at a price (the “Alternate Conversion Price”) equal to the greater of (x) the Floor Price (as defined below) and (y) 90% of the lowest volume weighted adjusted price of the shares of Common Stock (the “VWAP”) in the ten (10) trading days prior to the applicable conversion date (“Alternate Conversions”). The conversion price cannot fall below the floor price, which is set at \$0.1794 per share of Common Stock. If the conversion price is lower than the floor price at the time a conversion notice is received, shares of common stock will be issued based on the floor price, and we will compensate the holder for any economic difference by adding such value back to the principal of the March 2025 Note. The economic difference is determined as the product of (i) the VWAP on the day the holder delivers the applicable conversion notice numbers of and (ii) the difference obtained by subtracting (a) the number of shares of common stock or to be delivered to the holder pursuant to the exercise notice and (b) the quotient obtained by dividing (x) the applicable conversion amount, by (y) the applicable alternative conversion price.

Under the Notes, the Company is required to use up to 30% of the proceeds from future financings to redeem the Notes in an amount equal to the aggregate principal amount of the Notes being redeemed from such proceeds multiplied by 105%.

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The holder of each March 2025 Note does not have the right to convert any portion of the March 2025 Note if, upon conversion, the holder and any other attribution parties would collectively beneficially own more than 4.99% (the “Maximum Percentage”) of our outstanding shares of common stock immediately after giving effect to such conversion. The holder may increase or decrease the Maximum Percentage to any amount not exceeding 9.99% by providing us with written notice. However, (i) any increase in the Maximum Percentage will not take effect until the 61st day after such notice is delivered to the Company, and (ii) any adjustment to the Maximum Percentage will apply only to the holder and the other attribution parties.

In connection with the March 2025 Purchase Agreement, the Company entered into the Subsidiary Guarantee in which the Company jointly, and severally, unconditionally and irrevocably, guarantee all obligations under the March 2025 Notes.

**DESCRIPTION OF SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934**

As of March 27, 2025, Datavault AI Inc. (the “Company,” “we,” “us” or “our”) has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”): our common stock, par value \$0.0001 per share (the “Common Stock).

The following description of our Common Stock, certain provisions of our certificate of incorporation, as amended, bylaws and Delaware law are summaries. You should also refer to certificate of incorporation, as amended, our bylaws, and Series B Certificate of Designations (as defined below) copies of which can be accessed through hyperlinks to those documents in the list of exhibits in our Annual Report on Form 10-K for the fiscal year ending December 31, 2024.

General

Our certificate of incorporation, as amended, authorizes the issuance of up to 300,000,000 shares of Common Stock, par value \$0.0001 per share, and up to 20,000,000 shares of blank check preferred stock, par value \$0.0001 per share. Our board of directors has designated 375,000 shares of Series B Convertible Preferred Stock, par value \$0.0001 per share, with a stated value of \$100.00 per share (the “Series B Preferred Stock”) pursuant to the Certificate of Designations of the Preferences, Rights and Limitations of the Series B Preferred Stock (the “Series B Certificate of Designations”). Subject to the limitations described therein, our board of directors may issue additional preferred stock from time to time in one or more series.

Common Stock

Voting Rights

Each holder of our Common Stock is entitled to one vote for each share on all matters submitted to a vote of the stockholders, including the election of directors. Under our bylaws, our stockholders will not have cumulative voting rights. Because of this, the holders of a majority of the Common Stock entitled to vote in any election of directors will be able elect all of the directors standing for election, if they should so choose.

Dividends

Subject to preferences that may be applicable to any then-outstanding preferred stock, holders of our Common Stock will be entitled to receive ratably those dividends, if any, as may be declared from time to time by the board of directors out of legally available funds. The right of holders of our Common Stock to receive dividends is subject to the rights of holders of our Series B Preferred Stock to receive dividends pursuant to the Series B Certificate of Designations.

Liquidation

In the event of our liquidation, dissolution or winding up, holders of Common Stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any then-outstanding preferred stock, including, without limitation, the liquidation preference granted to holders of our Series B Preferred Stock pursuant to the Series B Certificate of Designations.

Rights and Preferences

Holders of Common Stock have no preemptive, conversion or subscription rights and there are no redemption or sinking fund provisions applicable to our Common Stock. The rights, preferences and privileges of the holders of Common Stock are subject to, and may be adversely affected by, the rights of the holders of any series of preferred stock that we may designate in the future, including, without limitation, the rights granted to holders of our Series B Preferred Stock pursuant to the Series B Certificate of Designations.

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE (this “**Amendment**”) is made as of the 23rd day of May, 2023, by and between **Portland 2 LLC**, a Delaware limited liability company (“**Landlord**”), and **WISA Technologies, Inc.**, a Delaware limited liability company formerly known as Summit Wireless Technologies, Inc. (“**Tenant**”).

WITNESSETH:

WHEREAS, pursuant to that certain Lease Agreement dated as of August 18, 2020 (the “**Lease**”), Landlord leases to Tenant, and Tenant leases from Landlord, **10,800** rentable square feet of space (the “**Premises**”) described as **Suite 15268** on the **first floor** of the building commonly known as **Waterside Building B** located at **15268 NW Greenbrier Parkway, Beaverton, Oregon 97006** (the “**Building**”), which is a part of the project commonly referred to as **Cornell Oaks Corporate Center** (the “**Project**”).

WHEREAS, the Term of the Lease is currently scheduled to expire on January 31, 2024.

WHEREAS, Landlord and Tenant desire to extend the Term of the Lease on the terms and conditions of this Amendment.

NOW THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the Lease is hereby amended and the parties hereto do hereby agree as follows:

1. **Incorporation of Recitals and Definitions.** The above recitals are hereby incorporated into this Amendment as if fully set forth herein. All capitalized terms used herein, but not defined, shall have the meaning ascribed in the Lease.
2. **Extension of Term.** The Term of the Lease is hereby extended for a period (the “**Extended Term**”) of sixty-five (65) months commencing on February 1, 2024, and, unless terminated earlier in accordance with the Lease, ending on June 30, 2029 (which date shall hereinafter be the “**Expiration Date**”). Tenant’s option to renew set forth in Section 25 of the Lease remains in full force and effect.
3. **Base Rent.** The schedule of Base Rent payable with respect to the Premises during the Extended Term shall be as follows:

<u>Period</u>	<u>Annual Base Rent per Square Foot</u>	<u>Base Rent Per Annum</u>	<u>Monthly Base Rent</u>
Months 1 – 12*	\$16.50	\$178,200.00	\$14,850.00
Months 13 – 24	\$17.00	\$183,600.00	\$15,300.00
Months 25 – 36	\$17.50	\$189,000.00	\$15,750.00
Months 37 – 48	\$18.03	\$194,724.00	\$16,227.00
Months 49 – 60	\$18.57	\$200,556.00	\$16,713.00
Months 61 – 65	\$19.13	\$206,604.00	\$17,217.00

*Provided that Tenant is not then in Default under the Lease beyond applicable notice and cure periods, Tenant shall be entitled to an abatement of Base Rent for the initial five (5) month period from February 1, 2024 through and including June 30, 2024 (“**Abated Rent**”). If Tenant Defaults at any time during the Term and fails to cure such Default within any applicable cure period under the Lease, all Abated Rent shall immediately become due and payable. The payment by Tenant of the Abated Rent in the event of a Default shall not limit or affect any of Landlord’s other rights, pursuant to this Lease or at law or in equity. Only Base Rent shall abate as expressly set forth above, and all other costs and charges specified in this Lease shall remain as due and payable pursuant to terms in this Lease.

4. **Notice.** Landlord’s address for notices is changed to the following:

Portland 2 LLC
Attn: Property Manager
15455 NW Greenbrier Pkwy, Suite 245
Beaverton, Oregon 97006

with a copy to:

CapitaLand Group
Attn: Joseph Lisicky
575 5th Avenue, Suite 3005
New York, NY 10017

5. **Insurance.** Intentionally deleted.
6. **Tenant Alterations and Improvements.** If Tenant performs any alterations, improvements or other work on or about the Premises, Tenant shall comply with and cause its contractors and consultants to comply with the Leasehold Improvement/Alterations Code of Conduct set out on Schedule 1 hereto.
7. **Security Deposit.** As of the date of this Amendment, Landlord is holding \$29,503.62 as a security deposit. If Tenant shall not have committed a Default under the Lease prior to the commencement of the Extended Term, Landlord shall refund \$12,286.62 of Tenant’s security deposit within thirty (30) days after the commencement of the Extended Term.
8. **No Assignment or Sublease.** Tenant represents and warrants that it has not made any assignment, sublease, transfer or conveyance of the Lease or any interest therein or in the Premises.
9. **Tenant Improvements; Condition of Leased Premises.** Except as expressly set forth in the Tenant Improvement Agreement attached hereto as **Exhibit A**, Tenant acknowledges and agrees that Tenant is accepting possession of the Premises for the Extended Term in its “AS-IS” condition without any agreements, representations, understandings or obligations on the part of Landlord to perform any alterations, repairs, work or improvements except as expressly set forth in this Amendment. Notwithstanding anything to the contrary in this Amendment, Landlord shall replace all HVAC units serving the Premises prior to the commencement of the Extended Term (subject to delays beyond Landlord’s control), the entire cost of which paid by Landlord shall be reimbursed by
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Tenant as additional rent on an amortized basis over the useful life of the HVAC units as reasonably determined by Landlord.

10. **Entire Agreement.** This Amendment sets forth the entire agreement between the parties with respect to the matters set forth herein. There have been no additional oral or written representations or agreements. Under no circumstances shall Tenant be entitled to any rent abatement, improvement allowance, leasehold improvements, or other work to the Premises, or any similar economic incentives that may have been provided Tenant in connection with entering into the Lease, unless specifically set forth in this Amendment.
 11. **Brokers.** Landlord is represented by CBRE ("Landlord's Broker"). Tenant is represented by NW Tenant Group ("Tenant's Broker"). Landlord shall be responsible for the commission payable to Landlord's Broker and Tenant's Broker. Except for Landlord's Broker and Tenant's Broker, Landlord and Tenant each represents and warrants to the other that neither party has engaged or had any conversations or negotiations with any broker, finder or other third party concerning the matters set forth in this Amendment who would be entitled to any commission or fee based on the execution of this Amendment. Landlord and Tenant each hereby indemnifies the other against and from any claims for any brokerage commissions and all cost, expenses and liabilities in connection therewith, including, without limitation, reasonable attorney's fees and expenses, for any breach of the foregoing. The foregoing indemnification shall survive the termination of the Lease for any reason.
 12. **Examination of Amendment.** Submission of this instrument for examination or signature to Tenant does not constitute a reservation or option, and it is not effective until execution by and delivery to both Landlord and Tenant.
 13. **Incorporation.** This Amendment shall be incorporated into and made part of the Lease, and all provisions of the Lease not expressly modified or amended hereby shall remain in full force and effect. As amended hereby, the Lease is hereby ratified and confirmed by Landlord and Tenant. To the extent the terms hereof are inconsistent with the terms of the Lease, the terms hereof shall control.
 14. **OFAC.** Tenant hereby represents and warrants that neither Tenant, nor any persons or entities holding any legal or beneficial interest whatsoever in Tenant, are (i) the target of any sanctions program that is established by Executive Order of the President or published by the Office of Foreign Assets Control, U.S. Department of the Treasury ("OFAC"); (ii) designated by the President or OFAC pursuant to the Trading with the Enemy Act, 50 U.S.C. App. § 5, the international Emergency Economic Powers Act, 50 U.S.C. §§ 1701-08, the Patriot Act, Public Law 107-56, Executive Order 13224 (September 23, 2001) or any Executive Order of the President issued pursuant to such statutes; or (iii) named on the following list that is published by OFAC: "List of Specially Designated Nationals and Blocked Persons." If the foregoing representation is untrue at any time during the Lease Term, a Default under the Lease will be deemed to have occurred, without the necessity of notice to Tenant.
 15. **Landlord Liability.** Redress for any claim against Landlord under the Lease and this Amendment shall be limited to and enforceable only against and to the extent of Landlord's interest in the Building. The obligations of Landlord under the Lease are not intended to and shall not be personally binding on, nor shall any resort be had to the private properties
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of, any of its trustees, board of directors, officers, members, managers or affiliates, as the case may be, or any of their partners, subsidiaries, members, managers, affiliates, beneficiaries, stockholders, employees or agents.

16. **No Defaults.** Tenant hereby represents and warrants that, as of the date hereof, regardless of the giving of notice or the passage of time or both, there are no Defaults or breaches on the part of Landlord or Tenant under the Lease.
17. **Landlord's ESG Practices.** Tenant shall execute **Exhibit B** attached hereto acknowledging Landlord's ESG practices.

IN WITNESS WHERE OF, the parties hereto have caused this Amendment to be executed as of the date first set forth above.

TENANT:

WiSA Technologies, Inc.,
a Delaware corporation

By: /s/ George Oliva
Name: George Oliva
Title: CFO

LANDLORD:

PORTLAND 2 LLC, a Delaware limited liability
company

By: /s/ Joseph Lisicky
Name: Joseph Lisicky
Title: Asset Manager

EXHIBIT A
TENANT IMPROVEMENT AGREEMENT

EXHIBIT B
LANDLORD'S ESG PRACTICES

DATAVAULT AI INC.***Insider Trading Policy***

For Company Employees, Officers, Directors, Contractors and Consultants

1. Introduction, Scope and Purpose of Policy

In an effort to protect against prohibited “insider trading” by Datavault AI Inc. and its subsidiaries (whether existing now or in the future) (collectively, the “Company”) personnel, the Company’s Board of Directors has adopted this insider trading policy (this “Policy”) applicable to directors, officers, employees, contractors and consultants of the Company (collectively, “Associates”) as well as certain additional persons enumerated herein. The purpose of this Policy is to state the Company’s requirement that all Associates (and other persons subject to this Policy) comply fully with all applicable laws prohibiting insider trading and tipping and to promote compliance with such laws. Questions regarding this Policy should be directed to the Company’s Chief Financial Officer (the “CFO”). Violation of the laws prohibiting insider trading and tipping could result in substantial criminal and civil penalties, including (1) imprisonment for up to 20 years, (2) criminal fines of up to \$5 million, and (3) civil penalties of up to three times the profit gained or loss avoided. Accordingly, all Associates subject to this Policy must certify their understanding of, and intent to comply with, this Policy. Please refer to the certification attached as Exhibit A.

This Policy applies to your Related Persons (as defined below) to the same extent that it applies to you. Therefore, you should make them aware of their need to comply with this Policy and to confer with you before they trade in Company securities, and you should treat all such transactions for the purposes of this Policy and applicable securities laws as if the transactions were for your own account. This Policy does not, however, apply to personal securities transactions of persons or entities who would otherwise fall within the definition of Related Person where the purchase or sale decision is made by a third party not controlled by, influenced by, or related to you or your Related Persons.

2. Definitions

(A) Company Insider. For purposes of this Policy, the term “Company Insider” refers all Company directors, officers (as such term is defined under Rule 16a-1 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), employees, and any other persons designated from time to time by the CFO as being a “Company Insider,” as well as any Related Person of any of the foregoing.

(B) Material information. Information is generally deemed material if a reasonable investor would consider such information important in making the decision to buy, sell, or hold a security to which the information relates; information reasonably likely to affect the price of a security will generally be material. Material information can be positive or negative and can relate to any aspect of the Company’s business or any type of Company security, whether debt, equity, or hybrid. It is not possible to define all categories of material information. While materiality is always a facts and circumstances determination, there are various categories of information that are particularly sensitive and, as a general rule, should always be considered material. Please refer

to Attachment A of this Policy for a non-exhaustive list of examples of what may constitute material information.

(C) Nonpublic information. Information is “nonpublic” if it has not been previously disclosed to the general public. In order for information to be considered public, it must be widely disseminated in a manner making it generally available to investors, including in a report or other document filed with the U.S. Securities and Exchange Commission (“SEC”) through its EDGAR website or through an established media outlet such as Dow Jones, Returns Economic Services, The Wall Street Journal, or The Associated Press; disclosure even to large groups of investors or analysts would not constitute public disclosure, and disclosure solely on the Company’s website may not constitute public disclosure. The circulation of rumors, even if accurate and reported in the media, does not constitute effective public disclosure. In addition, even after a public announcement of material information, information will not be considered public until a sufficient time period has elapsed for the disclosed information to be absorbed by the market. **Generally, information should not be considered public until at least two (2) full trading days following the publication or release of such information.**

(D) Related Person. For purposes of this Policy, a “Related Person” includes: (1) your spouse, children, and anyone else living in your household and persons or other third-parties who do not live in your household but whose transactions in Company securities are directed by you or are subject to your influence or control, such as parents or adult children who consult with you before they trade in Company securities; (2) partnerships of which you are a general partner or corporations in which you are a controlling shareholder; (3) trusts of which you are a trustee; (4) estates of which you are an executor; and (5) any other entities that you control.

(E) Securities Transactions. “Securities transactions” subject to this Policy include, among other things, open-market purchases and sales, gifts (other than gifts to Related Persons, as such persons are subject to the restrictions of this Policy), placing a purchase or sell order, transactions in a 401(k) account or changes in 401(k) account allocation elections or contributions, and the sale of securities acquired upon the exercise of options or similar instruments. “Securities” refers not only to common stock but to all securities of the Company or other applicable entity, including but not limited to, bonds, debentures, options, warrants, and partnership or limited liability company interests.

3. Guidelines

(A) Non-disclosure of Material Non-Public Information. You must maintain the confidentiality of any material non-public information (“MNPI”) about the Company or about other entities (including information about transactions being considered by the Company that involve other entities) obtained while carrying out your duties to the Company. You may not disclose such information to anyone, except the persons within the Company or third-party agents of the Company (such as investment banking advisors, outside legal counsel, or outside accountants) whose positions require them to know it, until such information has been publicly disclosed. If any MNPI is inadvertently disclosed, the facts of such disclosure should be immediately reported to the CFO.

(B) Prohibited Trading in Company Securities. You may not engage in transactions in Company securities (nor recommend that others do so), either directly or through a Related Person or any other person or entity, while in possession of MNPI about the Company.

(C) Quarterly Trading Restrictions (“Blackout” Periods). Company Insiders may not engage in securities transactions in Company securities (either directly or indirectly) or recommend that others do so during the period beginning five (5) business days before the end of the Company’s fiscal quarter and ending three (3) full business days after the public release of the Company’s quarterly (or in the case of the fourth fiscal quarter, quarterly and annual) earnings results.

(D) Additional Blackout Periods. In addition to the quarterly blackout period set forth in Section 3(C) above, the Company may also impose from time to time additional temporary Blackout periods prohibiting all transactions in Company securities by you, including in instances when items of significant importance have been communicated to you prior to their public disclosure. These temporary Blackout periods can extend into, and remain in place beyond, the Company’s normal recurring quarterly Blackout period. The Company will notify you if you are subject to a temporary Blackout period. You must not communicate the imposition of a temporary Blackout to any other person or other third-party. For further information regarding the timing of recurring or additional temporary Blackout periods, you may contact the CFO.

(E) Pre-Clearance. Company Insiders may not trade in the securities of the Company or any such other companies, as applicable, without the prior permission of the CFO. Company Insiders may seek such permission by submitting a “Request for Prior Approval of Stock Trading” (see Exhibit B attached to this Policy). If the CFO refuses permission, the CFO is not obligated to specify the reason for denying the requested permission. Company Insiders must not communicate the imposition of pre-clearance requirements to any other person or other third-party. In addition, in accordance with Section 3(H) below, all Associates, whether or not a Company Insider, may not trade in the securities of any company in the Company’s industry segment without the pre-clearance or pre-approval of the CFO.

(E) Tipping. You may be liable for, and are prohibited from, communicating or “tipping” MNPI to any third party (a “tippee”). A person may qualify as a tippee even if such person is not a Related Person. Insider trading violations are not limited to the disclosure of MNPI or the use of such information by you. Persons other than you, including tippees, may be liable for insider trading if they trade or take other action based on MNPI that has been misappropriated.

(G) Certain Transactions. To avoid the appearance of impropriety or inadvertent violations of insider trading restrictions, you may not engage in the types of transactions set forth below:

- *Short Sales*. Short sales of Company securities (*i.e.*, the sale of shares of Company common stock that the seller does not own) may evidence an expectation on the part of the seller that such securities will decline in value, and therefore have the potential to signal to the market that the seller lacks confidence in the Company’s prospects. In addition, short sales may reduce a seller’s incentive to seek to improve the Company’s performance. For these reasons, short sales of Company securities by directors, officers, and all other Associates are prohibited.
- *Publicly-Traded Options*. Given the relatively short term of publicly-traded options, transactions in options may create the appearance that an Associate is trading based on MNPI and focus such Associate’s attention on short-term performance at the expense of the Company’s long-term objectives. Accordingly,

transactions in put options, call options, or other derivative securities, on an exchange or in any other organized market, by directors, officers, and all other Associates are prohibited.

- *Hedging Transactions.* Hedging or monetization transactions can be accomplished through a number of possible mechanisms, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars, and exchange funds. Such transactions may permit an Associate to continue to own Company securities obtained through employee benefit plans or otherwise, but without the full risks and rewards of ownership. When that occurs, such Associate may no longer have the same objectives as the Company's other shareholders. Therefore, directors, officers, and all other Associates are prohibited from engaging in any such transactions.
- *Margin Accounts and Pledges.* Securities held in margin accounts or pledged as collateral may be sold by a broker or lender without an account holder or debtor's consent if such holder or debtor fails to meet a margin call or defaults on the loan. Because a margin or foreclosure sale could occur at a time when such a holder or debtor is aware of MNPI or otherwise is not permitted to trade in Company securities, you are prohibited from holding Company securities in a margin account or otherwise pledging Company securities as collateral for a loan.
- *Standing and Limit Orders.* Standing and limit orders create heightened risks for insider trading violations due to the lack of control over the timing of purchases or sales that result from standing instructions to a broker because the broker could execute a transaction when you are in possession of MNPI about the Company. Therefore, you are prohibited from placing standing or limit orders on Company securities.

(H) Trading in Other Securities. You may not engage in transactions in the securities of another company (nor recommend that others do so), either directly or through a Related Person or any other person or entity, while in possession of MNPI about such other company obtained through your position at or the carrying out of your duties to the Company. Regulatory authorities may view such transactions as "shadow trading" (as defined below) of the MNPI and therefore may hold you liable for insider trading based on that action. For the avoidance of doubt, this prohibition includes both trading in the securities of another company while in possession of MNPI about that company, as well as trading in the securities of another company while in possession of MNPI that could affect the price of the securities of that company.

"Shadow trading" is an emerging theory under the federal securities laws. The SEC has recently alleged that an employee of one company misappropriated MNPI concerning its employer and then committed insider trading by purchasing options in a close competitor of the employer. Although the MNPI did not relate to the close competitor, the employee anticipated that the competitor's stock price would materially increase on the news of its employer's acquisition and that the MNPI was material to the competitor. To that end, the Company forbids any Associate from trading in the securities of any company in the Company's industry segment without the pre-clearance or pre-approval of the CFO. Absent such approval, Associates are not permitted to trade in securities of companies that operate in the Company's industry segment. This is because confidential information about one company can be material to other companies, and insider

trading liability might attach even when the information at issue is not directly related to the Company.

(I) Exceptions. The restrictions set forth in subsections (B)-(H) of this Section 3 do not apply to the exercise of stock options for cash under any Company equity compensation plan, as the other party to the transaction is the Company itself and the price is fixed by the terms of the option agreement or the plan (but note that such requirements do apply to any sale of stock acquired by exercising any such option, including any such sale as part of a broker-assisted cashless exercise of an option or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option). Similarly, such limitations do not apply to the sale of shares of Company common stock to the Company pursuant to any stock repurchase program approved by the Company's Board of Directors. Such restrictions also do not apply to transactions pursuant to an approved Rule 10b5-1 trading plan.¹

4. Individual Responsibility

You have ethical and legal obligations to maintain the confidentiality of information about the Company and to not engage in transactions in Company securities while in possession of MNPI. Those subject to this Policy must not engage in illegal trading and must avoid the appearance of improper trading. Each person or entity subject to this Policy is responsible for making sure that such person or entity complies with this Policy and that any Related Person also complies with this Policy. In all cases, the responsibility for determining whether an individual is in possession of MNPI rests with that individual, and any action on the part of the Company or any Associate pursuant to this Policy (or otherwise) does not in any way constitute legal advice or insulate any individual or entity from liability under applicable securities laws.

In addition, directors and executive officers of the Company should keep in mind other requirements applicable to the sale of Company securities by them, in particular, compliance with Rule 144² promulgated under, or Section 4(a)(7) of, the Securities Act of 1933, as amended (the "Securities Act"), and should be prepared to comply with such requirements in connection with any transactions in Company securities.

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- ¹ Rule 10b5-1(c) under the Exchange Act, provides an affirmative defense to a charge of insider trading where it is evident that inside information known to the trader did not play a role in trading decisions for trades made in compliance with the provisions of the rule, including pursuant to a written plan that complies with the requirements set forth therein. Such a Rule 10b5-1 plan may only be implemented by a person subject to this Policy while he or she is not aware of MNPI regarding the Company and would otherwise be permitted to engage in transactions in Company securities under this Policy. Prior to entering into a trading plan under Rule 10b5-1, the individual adopting the trading plan must provide a copy of the proposed trading plan to the CFO and receive notification from the CFO that the Company has approved the trading plan for purposes of the individual's implementation of such trading plan. The Company does not undertake any obligation to approve any Rule 10b5-1 trading plan or ensure that a trading plan submitted to the Company complies with Rule 10b5-1 of the Exchange Act.
 - ² Holders of Company securities may utilize the non-exclusive "safe harbor" provided by Rule 144 under the Securities Act ("Rule 144") to dispose of such securities in the public marketplace. Rule 144 permits the public resale of Company securities considered to be "restricted" and/or "control" securities under Rule 144 so long as certain conditions are met, which include, but are not limited to, holding such securities for at least six months or one year, as applicable, that the Company remains current with its public filings required under the Exchange Act, and the filing of a Form 144 with the SEC, if applicable. Section 4(a)(7) of the Securities Act permits an individual who holds Company securities issued in a private placement, whose resale is restricted, to resell that security in a subsequent private sale.

If you have any questions regarding this Policy or whether you possess MNPI, it is always advisable to consult with the CFO prior to engaging in any securities transaction.

5. Post-Termination Transactions

This Policy continues to apply to transactions in Company securities (or the securities of another company to the extent prohibited pursuant to Section 3(H) above) even after termination of service to the Company. If an individual is in possession of MNPI when his or her service terminates, that individual may not trade in such securities until that information has become public or is no longer material. The pre-clearance procedures specified in Section 3(E) above, however, will cease to apply to transactions in Company securities upon the expiration of any blackout period or other Company-imposed trading restrictions applicable at the time of the termination of service.

Adopted on August 18, 2022.

DATAVAULT AI INC.

Insider Trading Policy Supplement
Examples of Material Information

- Financial results or projections;
- Major events regarding the Company's securities, including the declaration of stock splits or stock dividends, calls, redemptions, repurchases, dividends, changes in dividend policy, or the possibility of a public or private offering of securities;
- The possibility of mergers, acquisitions, joint ventures, tender offers, or takeovers, the possible initiation of a proxy fight, and similar business developments;
- Significant changes in corporate objectives, operations, business plans, or strategy, or a restructuring;
- A significant cybersecurity incident, such as a data breach, or any other significant disruption in the Company's operations or loss, potential loss, breach, or unauthorized access of its property or assets, whether at its facilities or through its information technology infrastructure;
- Development of a significant new product or service;
- Execution or termination of significant agreements with suppliers, customers, and other business partners;
- Significant related party transactions;
- Defaults under agreements or actions by creditors, customers, or suppliers relating to a company's credit standing;
- Major changes in previously-disclosed financial information;
- Changes in debt ratings;
- A change in auditors or notification that the auditor's reports may no longer be relied upon;
- The disposition of a subsidiary or of material assets;
- Significant developments in legal proceedings or regulatory actions;
- Significant changes in management or relations among major shareholders (including a change in control), customers, or suppliers; and
- Impending bankruptcy or financial liquidity problems.

The above list is only illustrative; many other types of information may be considered "material," depending on the circumstances, and questions concerning the materiality of particular information should be resolved in favor of materiality, meaning securities transactions should be avoided.

CERTIFICATION

I certify that:

1. I have read and understand the Datavault AI Inc. Insider Trading Policy (the "Policy"). I understand that Datavault AI Inc.'s Chief Financial Officer is available to answer any questions I have regarding the Policy and this signed certification will be retained as part of Datavault AI Inc.'s records.
2. I will comply with the Policy for as long as I am subject to the Policy.

Print name: _____

Signature: _____

Date: _____

If the undersigned is an entity:

Name of Entity

Signature of Authorized Signatory

Name of Authorized Signatory (Print)

Title of Authorized Signatory (Print)

Date



DATAVAULT AI, INC.

To: Chief Financial Officer
From:
Date:
Subject: Request for Prior Approval of Securities Trading

The undersigned proposes to engage in a transaction involving the following (please place an “X” by the appropriate information):

Datavault AI Inc. Common Stock

Other: _____
[Name of Issuer and Security]

The transaction proposed is an:

- Open-market purchase
- Open-market sale
- Other [please explain]: _____

The transaction is proposed to be effective on _____
[Date]

Copies of broker’s confirmations of effected transactions must be forwarded to Datavault AI Inc.’s Chief Financial Officer for record keeping purposes.

[Signature]

[Print name, title, and department or position]

If the undersigned is an entity:

[Name of Entity]

[Name of Authorized Signatory (Print)]

[Signature of Authorized Signatory]

[Title of Authorized Signatory (Print)]

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-1 (No.'s 333-280238, 333-276631, 333-237516, 333-239750, 333-268085, 333-269777, 333-271526, 333-272278, 333-274155 and 333-274331), Form S-3 (No.'s 333-284657, 333-278622, 333-251177, 333-239845, 333-234787, 333-233433, 333-254535, 333-257776, 333-267211 and 333-268231) and Form S-8 (No.'s 333-285154, 333-283118, 333-281053, 333-279730, 333-253339, 333-261040, 333-265060, 333-228327, 333-271520, and 333-274154) of our report (which contains an explanatory paragraph relating to the Datavault AI Inc.'s ability to continue as a going concern as described in Note 2 to the consolidated financial statements) dated March 31, 2025, relating to the consolidated financial statements of Datavault AI Inc., which appears in this Annual Report on Form 10-K.

/s/ BPM LLP

San Jose, California
March 31, 2025

**CERTIFICATION
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Nathaniel Bradley, certify that:

1. I have reviewed this Annual Report on Form 10-K of Datavault AI Inc. (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(s) 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 13-a13a-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(s) 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.

Date: March 31, 2025

/s/ Nathaniel Bradley

Name: Nathaniel Bradley

Title: Chief Executive Officer

(Principal Executive Officer)

**CERTIFICATION
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Brett Moyer, certify that:

1. I have reviewed this Annual Report on Form 10-K of Datavault AI Inc. (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(s) 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 13-a13a-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(s) 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.

Date: March 31, 2025

/s/ Brett Moyer

Name: Brett Moyer
Title: Chief Financial Officer
(Principal Financial Officer)

**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 Annual Report on Form 10-K of Datavault AI Inc. (the "Company") for the period ended December 31, 2024 (the "Report"), I, Nathaniel Bradley, Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: March 31, 2025

/s/ Nathaniel Bradley

Name: Nathaniel Bradley

Title: Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**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 Annual Report on Form 10-K of Datavault AI Inc. (the "Company") for the period ended December 31, 2024 (the "Report"), I, Brett Moyer, Chief Financial Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: March 31, 2025

/s/ Brett Moyer

Name: Brett Moyer

Title: Chief Financial Officer
(Principal Financial Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

DATAVAULT AI INC. (the “Company”)

CLAWBACK POLICY

Effective as of November 27, 2023

Background

The Board of Directors of the Company (the “**Board**”) believes that it is in the best interests of the Company and its shareholders to create and maintain a culture that emphasizes integrity and accountability and that reinforces the Company’s pay-for-performance compensation philosophy. The Compensation Committee of the Board (the “**Compensation Committee**”) and the Board have therefore adopted this policy, which provides for the recoupment (or clawback) of certain executive compensation in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under the federal securities laws of the United States (the “**Policy**”). This Policy is designed to comply with Section 10D of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), Rule 10D-1 promulgated under the Exchange Act (“**Rule 10D-1**”) and the listing standards of The Nasdaq Stock Market LLC (“**Nasdaq**”) under Nasdaq Listing Rule 5608.

Administration

This Policy shall be administered by the Compensation Committee. Any determinations made by the Compensation Committee shall be final and binding on all affected individuals. Subject to any limitation under applicable law, the Compensation Committee may authorize and empower any officer or employee of the Company to take any and all actions necessary or appropriate to carry out the purpose and intent of this Policy (the “**Authorized Officers**”) (other than with respect to any recovery under this Policy involving such officer or employee).

Covered Executives

This Policy applies to the Company’s current and former executive officers, as determined by the Board in accordance with Section 10D of the Exchange Act and the listing standards of the Nasdaq (“**Covered Executives**”).

Recoupment; Accounting Restatement

In the event the Company is required to prepare an accounting restatement of its financial statements due to the Company’s material noncompliance with any financial reporting requirement under the securities laws, the Compensation Committee will require prompt reimbursement or forfeiture of any excess Incentive Compensation (as defined below) received by any Covered Executive during the three completed fiscal years immediately preceding the date on which the Company is required to prepare an accounting restatement. For the sake of clarity, recoupment is required in the event of any restatement that either: (a) corrects an error in previously issued financial statements that is material to the previously issued financial statements; or (b) corrects an error not material to previously issued financial statements, but that would result in a material misstatement if (i) the error was left uncorrected in the then current period; or (ii) the error correction was recognized in the then current period. The Company’s obligation to recover erroneously awarded compensation is not dependent on if or when the

restated financial statements are filed. For purposes of determining the relevant recovery period, the date that the Company is required to prepare an accounting restatement as described above is the earlier to occur of: (A) the date the Board, a committee of the Board, the Authorized Officers, or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an accounting restatement as described above; or (B) the date a court, regulator, or other legally authorized body directs the Company to prepare an accounting restatement as described above. In accordance with Nasdaq Rule 5608(e), this Policy is applicable to Incentive Compensation (as described below) received on or after October 2, 2023.

Incentive Compensation

For purposes of this Policy, “Incentive Compensation” means any of the following, provided that such compensation is granted, earned or vested based wholly or in part on the attainment of a financial reporting measure affected by the restated financial statements:

- Annual bonuses and other short- and long-term cash incentives.
- Stock options.
- Restricted stock.
- Restricted stock units.
- Performance shares.

Financial reporting measures are measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total stockholder return are also financial reporting measures. A financial reporting measure need not be presented within the financial statements or included in a filing with the Securities and Exchange Commission. The Company’s financial reporting measures may include, but are not limited to, the following:

- Company stock price.
- Total stockholder return.
- Revenues.
- Net income.
- Earnings before interest, taxes, depreciation and amortization (EBITDA).
- Funds from operations.
- Liquidity measures such as working capital, operating cash flow or Free Cash Flow.
- Return measures such as return on invested capital or return on assets.
- Earnings measures such as earnings per share.

This Policy applies to all Incentive Compensation received by a Covered Executive:

- After beginning service as an executive officer;
 - Who served as an executive officer at any time during the performance period for that Incentive Compensation;
 - While the Company has a class of securities listed on a national securities exchange or a national securities association; and
 - During the three completed fiscal years immediately preceding the date that the Company is required to prepare an accounting restatement as described in this Policy. In addition to these last three completed fiscal years, this Policy applies to any transition period (that results from a
-

change in the Company's fiscal year) within or immediately following those three completed fiscal years. However, a transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months would be deemed a completed fiscal year.

Incentive Compensation is deemed received in the Company's fiscal period during which the financial reporting measure specified in the Incentive Compensation award is attained, even if the payment or grant of the Incentive Compensation occurs after the end of that period.

Excess Incentive Compensation: Amount Subject to Recovery

The amount to be recovered will be the excess of the Incentive Compensation paid to the Covered Executive based on the erroneous data over the Incentive Compensation that would have been paid to the Covered Executive had it been based on the restated results, as determined by the Compensation Committee, and without regard to any taxes paid by or withheld from the Covered Executive. If the Compensation Committee cannot determine the amount of excess Incentive Compensation received by the Covered Executive directly from the information in the accounting restatement, then it will make its determination based on a reasonable estimate of the effect of the accounting restatement. For Incentive Compensation based on stock price or total stockholder return, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in an accounting restatement, the amount will be based on a reasonable estimate of the effect of the accounting restatement on the stock price or total stockholder return upon which the Incentive Compensation was received. In such case, the Company shall maintain documentation of the determination of that reasonable estimate and provide such documentation to Nasdaq.

Method of Recoupment

The Compensation Committee will determine, in its sole discretion, the method for recouping Incentive Compensation hereunder which may include, without limitation:

- Requiring reimbursement of cash Incentive Compensation previously paid;
- Seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;
- Offsetting the recouped amount from any compensation otherwise owed by the Company to the Covered Executive in accordance with applicable law;
- Cancelling outstanding vested or unvested equity awards; and/or
- Taking any other remedial and recovery action permitted by law, as determined by the Compensation Committee.

No Indemnification

The Company shall not indemnify any Covered Executives against the loss of any Incentive Compensation recovered under this Policy or from any consequence arising therefrom.

Interpretation

The Compensation Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate or advisable for the administration of this Policy. It is intended that this Policy be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act, Rule 10D-1 and any applicable rules or standards adopted by the Securities and Exchange Commission or Nasdaq.

Effective Date

This Policy shall be effective as of the date it is adopted by the Board (the “**Effective Date**”) and, in accordance with Nasdaq Rule 5608(e), shall apply to Incentive Compensation that is received by Covered Executives on or after October 2, 2023.

Amendment; Termination

The Board may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary to reflect regulations adopted by the Securities and Exchange Commission under Section 10D of the Exchange Act and to comply with any rules or standards adopted by Nasdaq. The Board may terminate this Policy at any time.

Other Recoupment Rights

The Board intends that this Policy will be applied to the fullest extent of applicable law. The Board and/or Compensation Committee may require that any employment agreement, equity award agreement, or similar agreement entered into or amended on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require a Covered Executive to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of: (a) any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, equity award agreement or similar agreement and any other legal remedies available to the Company, including termination of employment or institution of legal proceedings; and (b) any statutory recoupment requirement, including Section 304 of the Sarbanes-Oxley Act of 2002. For the avoidance of doubt, any amounts paid to the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 shall be considered (and may be credited) in determining any amounts recovered under this Policy.

Impracticability

The Compensation Committee shall recover any excess Incentive Compensation in accordance with this Policy unless such recovery would be impracticable, as determined in accordance with Rule 10D-1(b)(1)(iv) under the Exchange Act and the listing standards of Nasdaq. In order for the Company to determine that recovery would be impracticable, the Company’s Compensation Committee must conclude the following:

- a) The direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered after making a reasonable attempt to recover such Incentive Compensation. Note that the attempt(s) to recover must be documented by the Company and such documentation provided to Nasdaq; or
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- b) Recovery would likely cause an otherwise tax-qualified retirement plan under which benefits are broadly available to Company employees to fail to meet the requirements for qualified pension, profit-sharing and stock bonus plans under Section 401(a)(13) of the U.S. Internal Revenue Code or the minimum vesting standards under Section 411(a) of the U.S. Internal Revenue Code.

Successors

This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

Exhibit Filing

A copy of this Policy shall be filed as an exhibit to the Company's annual report on Form 10-K.

**ATTESTATION AND ACKNOWLEDGEMENT OF CLAWBACK POLICY FOR
DATAVAULT AI INC. (the "Company")**

By my signature below, I acknowledge and agree that:

- I have received and read the attached Clawback Policy (this "Policy") of the Company.
- I hereby agree to abide by all of the terms of the Policy both during and after my employment with the Company, including, without limitation, by promptly repaying or returning any incorrectly awarded Incentive Compensation to the Company as determined in accordance with the Policy.
- I hereby waive any claim against the Company, its Authorized Officers and the Board in connection with the implementation of the Policy.

Signature: _____

Printed Name: _____

Date: _____

