UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2026

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	**30-1135279**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

One Commerce Square
2005 Market Street, Suite 2400
Philadelphia, PA 19103
(Address of principal executive offices) (Zip Code)

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

N/A
(Former name, former address and former fiscal year, if changed since last report)

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

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes☐ No ☒

The number of shares of the registrant's common stock outstanding as of May 11, 2026 is855,561,995.

DATAVAULT AI INC. and Subsidiaries
QUARTERLY REPORT ON FORM 10-Q
For the quarter ended March 31, 2026

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PART I: FINANCIAL INFORMATION

Item 1. Financial Statements

DATAVAULT AI INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	March 31, 2026	December 31, 2025
	(unaudited)	(1)
Assets		
Current Assets:		
Cash and cash equivalents	$ 2,205	$ 2,004
Accounts receivable	1,066	888
Related party receivable	29,500	30,000
Unbilled accounts receivable	1,304	1,705
Inventories	717	636
Note receivable	500	—
Crypto assets	57,111	92,222
Deferred offering costs	745	5,500
Prepaid software license, current	8,368	7,759
Prepaid expenses and other current assets	4,752	2,159
Total current assets	106,268	142,873
Property and equipment, net	1,199	606
Intangible assets	102,618	94,816
Goodwill	27,285	19,135
Prepaid software license, noncurrent	6,058	6,956
Investments in non-marketable securities	1,766	4,300
Deposit for business combination	—	1,000
Other assets	4,919	5,018
Total assets	$ 250,113	$ 274,704
Liabilities, Convertible Redeemable Preferred Stock and Stockholders' Equity		
Current Liabilities:		
Accounts payable	$ 7,051	$ 10,832
Accrued liabilities	12,053	11,002
Due to related party	760	98
Short-term convertible note payable, related party	—	3,936
Short-term promissory notes	3,160	1,013
Total current liabilities	23,024	26,881
Convertible notes	3,380	5,917
Warrant liabilities	9	9
Other liabilities	3,672	3,923
Total liabilities	30,085	36,730
Common stock, par value $ 0.0001; 2,000,000,000 shares authorized; 617,813,176 and 573,438,153 shares issued and outstanding as of March 31, 2026 and December 31, 2025, respectively	63	59
Additional paid-in capital	650,541	615,360
Accumulated deficit	(430,576)	(377,445)
Total stockholders' equity	220,028	237,974
Total liabilities and stockholders' equity	$ 250,113	$ 274,704

(1) The condensed consolidated balance sheet as of December 31, 2025 was derived from the audited consolidated balance sheet as of that date.

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

DATAVAULT AI INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
For the three months ended March 31, 2026 and 2025
(in thousands, except share and per share data)
(unaudited)

	Three Months Ended March 31,	
	2026	2025
Live event production revenue	2,499	—
Consumer audio products, components, and other revenue, net	917	629
Total net revenue	3,416	629
Cost of revenue, live events	2,795	—
Cost of revenue, consumer audio products, components, and other	510	560
Total cost of net revenue	3,305	560
Gross profit	111	69
Operating Expenses:		
Research and development	5,729	2,361
Sales and marketing	6,636	1,495
General and administrative	18,696	5,644
Total operating expenses	31,061	9,500
Income (loss) from operations	(30,950)	(9,431)
Interest expense, net	(1,121)	(120)
Change in fair value of warrant liabilities	—	17
Extinguishment of debt	(1,725)	—
Impairment of investment in nonmarketable security	(2,534)	—
Other expense, net	(16,801)	(29)
Loss before provision for income taxes	(53,131)	(9,563)
Provision for income taxes	—	—
Net loss attributable to common stockholders	$ (53,131)	$ (9,563)
Net loss per common share - basic and diluted	$ (0.09)	$ (0.18)
Weighted average number of common shares used in computing net loss per common share	574,220,923	53,681,828

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

DATAVAULT AI INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the three months ended March 31, 2026 and 2025
(in thousands, except share and per share data)
(unaudited)

	Common Shares		Additional	Accumulated	Total Stockholders'
	Shares	Amount	Paid-in Capital	Deficit	Equity
Balance as of December 31, 2025	573,438,153	$ 59	$ 615,360	$ (377,445)	$ 237,974
Stock-based compensation	211,131	—	5,234		5,234
Equity issuance costs	—	—	(250)		(250)
Issuance of common stock for intangible asset acquisition	7,500,000	1	5,400		5,401
Issuance of common stock in connection with ATM offering, net of fees	36,663,892	3	24,797		24,800
Net loss	—	—	—	(53,131)	(53,131)
Balance as of March 31, 2026	617,813,176	$ 63	$ 650,541	$ (430,576)	$ 220,028

	Common Shares		Additional	Accumulated	Total Stockholders'
	Shares	Amount	Paid-in Capital	Deficit	Equity
Balance as of December 31, 2024	52,034,060	$ 5	$ 384,172	$ (298,451)	$ 85,726
Stock-based compensation	5,986,893	—	648	—	648
Issuance of common stock in connection with the February Offering	4,757,126	1	4,859	—	4,860
Issuance of common stock in connection with warrant exercise	3,246,111	—	—	—	-
Conversion of liability warrants to equity warrants	—	—	15	—	15
Net loss	—	—	—	(9,563)	(9,563)
Balance as of March 31, 2025	66,024,190	6	389,694	(308,014)	81,686

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

DATAVAULT AI INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three months ended March 31, 2026 and 2025
(in thousands)
(unaudited)

	Three Months Ended March 31,	
	2026	2025
Cash flows from operating activities:		
Net loss	$ (53,131)	$ (9,563)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	5,234	648
Depreciation and amortization	3,161	2,321
Amortization of debt discounts and paid-in-kind interest	902	120
Fair value of equity warrants in interest expense	—	(17)
Change in fair value of crypto currency	16,133	—
Loss on sale of bitcoin	822	—
Debt extinguishment	1,725	—
Impairment of nonmarketable security	2,534	—
Changes in operating assets and liabilities:		
Accounts receivable	220	69
Related party receivable	500	—
Unbilled accounts receivable	401	—
Inventories	(81)	276
Prepaid expenses and other current assets	(2,554)	359
Prepaid software	289	—
Other assets	99	54
Accounts payable	(4,339)	(291)
Due to related party	18,818	—
Accrued liabilities	780	30
Other liabilities	(240)	(30)
Net cash used in operating activities	(8,727)	(6,024)
Cash flows from investing activities:		
Issuance of note receivable	(500)	—
Deposit for business combination	—	(1,000)
Cash paid for acquisition of API Media, net	(12,949)	—
Purchases of property and equipment	(264)	(52)
Disposals of property and equipment	(171)	—
Net cash used in investing activities	(13,884)	(1,052)
Cash flows from financing activities:		
Repayments on notes payable	(6,963)	(406)
Proceeds form issuing shares through an At-The-Market (ATM) program	29,985	4,945
Equity issuance costs	(210)	—
Repurchase of common stock warrants	—	(622)
Net cash provided by financing activities	22,812	3,917
Net increase (decrease) in cash and cash equivalents	201	(3,159)
Cash and cash equivalents as of beginning of period	2,004	3,330
Cash and cash equivalents as of end of period	$ 2,205	$ 171
Noncash Investing and Financing Activities:		
Capitalized acquisition costs	—	117
Unpaid financing issuances costs	—	86
Unpaid deferred offering costs	469	117
Settlement of Related Party Payable with Bitcoin	18,156	—
Intangible assets acquired with issuance of common stock	5,400	—
ATM Non cash offering costs	5,812	—
Reclass liability warrant to equity	—	15

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

DATAVAULT AI INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Three Months Ended March 31, 2026 and 2025
(unaudited)

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", "Datavault", "Datavault AI" 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 solutions to a global audience.

On May 20, 2025, the Company completed its previously announced asset purchase of technology assets, customer contracts, trademarks, and other intellectual property (collectively, the "CSI Acquired Assets") from CompuSystems, Inc. ("CSI"). CSI is a provider of registration, data analytics, and lead management services for live events, offering customer support to clients in the trade, association, corporate, and government event markets. Only the results of operations attributable to the CSI Acquired Assets acquired from CompuSystems, Inc. are included in the Company's unaudited condensed consolidated financial statements from May 20, 2025, onward. Following the acquisition, the Company began operating the CSI Acquired Assets under the brand name "Event Citadel."

On January 22, 2026, the Company completed its previously announced acquisition of all of the outstanding shares of API Media Innovations Inc. ("API Media"). API Media is a technology provider specializing in on-site media capture, data collection, and digital engagement services for live outdoor events, including sporting events and large-scale experiential activations. The results of operations of API Media are included in the Company's unaudited condensed consolidated financial statements from January 22, 2026, onward. Accordingly, the results of operations of API Media are included in the Company's unaudited condensed consolidated financial statements for the three months ended March 31, 2026.

Nasdaq Compliance

On February 24, 2026, the Company received a letter from The Nasdaq Stock Market LLC ("Nasdaq") notifying the Company that it was not in compliance with Nasdaq Listing Rule 5550(a)(2), which requires listed securities to maintain a minimum bid price of $1.00 per share (the "Minimum Bid Price Requirement"), because the closing bid price of the Company's common stock had remained below $1.00 per share for 30 consecutive business days.

Pursuant to Nasdaq Listing Rule 5810(c)(3)(A), the Company has been granted an initial compliance period of 180 calendar days, or until August 24, 2026, to regain compliance with the Minimum Bid Price Requirement. If at any time during the compliance period the closing bid price of the Company's common stock is at least $1.00 per share for a minimum of ten consecutive business days, Nasdaq will provide written confirmation that the Company has regained compliance.

If the Company does not regain compliance by August 24, 2026, the Company may be eligible for an additional 180-calendar day compliance period, provided it satisfies all other continued listing requirements for the Nasdaq Capital Market, other than the Minimum Bid Price Requirement, and provides written notice to Nasdaq of its intention to regain compliance, including, if necessary, by effecting a reverse stock split.

If the Company does not regain compliance within the applicable compliance period(s), including any extensions that may be granted by Nasdaq, Nasdaq would provide notice that the Company's common stock would be subject to delisting from the Nasdaq Capital Market.

Previously, on May 6, 2025, the Company received notice from Nasdaq that it was not in compliance with the Minimum Bid Price Requirement. The Company subsequently regained compliance on October 10, 2025 after the closing bid price of the Company's common stock remained at or above $1.00 per share for ten consecutive business days, and Nasdaq confirmed the matter had been closed.

DATAVAULT AI INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Three Months Ended March 31, 2026 and 2025
(unaudited)

Basis of Presentation

The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and 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 condensed 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.

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 March 31, 2026 and December 31, 2025, there was no allowance for credit losses. As of March 31, 2026, the Company had two customers accounting for65% and 31% of accounts receivable. As of December 31, 2025, the Company had two customers accounting for 65% and 32% of accounts receivable.

The Company had two customers accounting for 14% and 11% of its net revenue for the three months ended March 31, 2026. The Company had three customers accounting for 29%, 25% and 18% of its net revenue for the three months ended March 31, 2025.

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 chips and a single contractor in China for the production of its receive semiconductor chips.

The Company also generates revenue through the licensing of its proprietary intellectual property and through the provision of live event and media-related services. Revenue derived from intellectual property licensing arrangements may be concentrated among a limited number of counterparties and is subject to risks including the licensee's ability to commercialize the underlying technology, maintain sufficient funding, and comply with contractual payment terms. Additionally, certain licensing arrangements may include variable consideration or milestone-based payments, which could impact the timing and amount of revenue recognized.

Revenue from the Company’s live event and media services business is dependent on the successful execution of events, customer demand, and the continuation of relationships with key customers and partners. This line of business may be subject to seasonality, event timing, and external factors such as economic conditions, venue availability, and potential disruptions to scheduled events. The Company may also rely on a limited number of significant customers, which could result in revenue concentration and variability in operating results from period to period.

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. No allowance for credit losses was deemed necessary as of March 31, 2026 or December 31, 2025.

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 Crypto assets, NYIAX Investment, Convertible note payable and Warrant liability, are 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. The offering costs for the July ATM were offset with proceeds on a pro-rata basis. In the event that an offering is terminated, deferred offering costs will be expensed. As of March 31, 2026 and December 31, 2025, the Company had capitalized $0.7 million and $5.5 million deferred offering costs, respectively.

Goodwill and Intangible Assets

The Company's intangible assets include goodwill and other intangible assets. Goodwill is recorded when the purchase price paid for an acquisition exceeds the estimated fair value of the net identified tangible and intangible assets acquired. Other intangible assets include trademarks and trade names, patents and customer-related intangibles. Indefinite-lived intangible assets consist of goodwill. All other intangible assets are definite-lived intangible assets and are amortized over their respective estimated lives, ranging from 3 to 10 years.

DATAVAULT AI INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Three Months Ended March 31, 2026 and 2025
(unaudited)

The Company is required to perform an impairment review of indefinite-lived intangible assets, including goodwill annually, and more frequently under certain circumstances. Indefinite-lived intangible assets are subjected to this annual impairment test during the fourth quarter of the Company's fiscal year. The Company's impairment evaluation consists of a qualitative impairment assessment in which management evaluates whether it is more likely than not that the indefinite-lived intangible assets are impaired. If it is determined that it is more likely than not, the Company performs a quantitative impairment test, which compares the fair value of the reporting unit or indefinite-lived intangible asset to its carrying value. If the Company determines through the impairment process that the indefinite-lived intangible asset has been impaired, the Company will record the impairment charge in its results of operation. Through March 31, 2026, the Company has never recorded a goodwill impairment charge. In the event that facts and circumstances indicate definite-lived intangible assets may be impaired, the Company evaluates the recoverability and estimated useful lives of such assets. If such indicators are present, recoverability is evaluated based on whether the sum of the estimated undiscounted cash flows attributable to the asset (group) in question is less than their carrying value. If less, the Company measures the fair value of the asset (group) and recognizes an impairment loss if the carrying amount of the assets exceeds their respective fair values.

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 our 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.

Revenue Recognition

The Company generates revenue from the sale of consumer audio products and components ("Consumer Audio and Components"), registration, data analytics, and lead management services for live events ("Event Citadel Live Events"), and event-based media and broadcasting services ("API Media"). The Company recognizes revenue in accordance with Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers, using the following five-step model: (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, or as, performance obligations are satisfied.

Consumer Audio and Components

Customer purchase orders are considered contracts with customers for Consumer Audio and Components. Revenue, net of expected discounts and allowances, is recognized when control of the promised goods transfers to the customer, which typically occurs upon shipment. The products have been determined to represent the only distinct performance obligations within these arrangements.

Sales to certain distributors may include price adjustments, price protection, stock rotation, and other allowances under certain circumstances. These items are accounted for as variable consideration and are estimated at contract inception based on the expected amount to be provided to customers, which reduces the amount of revenue recognized. Although the Company does not provide customers with a contractual right of return, limited returns may be accepted on a case-by-case basis and are also accounted for as variable consideration. The Company does not expect significant changes to its estimates of variable consideration. Expected costs associated with assurance warranties and claims are recognized as expense as incurred. Taxes assessed by governmental authorities that are both imposed on and concurrent with specific revenue-producing transactions, and that are collected from customers and remitted to governmental authorities, are excluded from revenue.

Event Citadel Live Events

Event Citadel Live Events contracts generally relate to registration, data analytics, lead management, and event preparation and management services provided for trade shows, conferences, and other live events in both the corporate and government sectors. Contracts are generally multi-year arrangements with terms of approximately three years and typically terminate upon completion of the final event specified within the agreement, unless extended by mutual written consent. Event Citadel contracts generally do not contain termination-for-convenience provisions. Contracts may only be terminated for breach or non-performance, in which case the Company is entitled to compensation for services performed through the termination date.

The Company has concluded that Event Citadel contracts generally contain a single performance obligation consisting of integrated event preparation and management services, as the services are highly interrelated and are not separately identifiable within the context of the contract. The transaction price generally includes fixed service fees, pass-through costs, and other reimbursable expenses, including personnel and supply-related costs incurred on behalf of clients. The Company has concluded it acts as principal in these arrangements and therefore recognizes pass-through and reimbursable costs on a gross basis within revenue, with the corresponding expenses recognized within cost of services. Certain contracts also include rebates payable to customers, which are estimated as variable consideration using the most likely amount method and reduce the transaction price.

Revenue is recognized over time as services are rendered because the customer simultaneously receives and consumes the benefits provided by the Company's performance. The Company measures progress toward satisfaction of the performance obligation using an input method based on labor hours incurred, which management believes best depicts the transfer of services to the customer.

API Media

API Media provides event-based broadcasting, media, and data services for live sporting events, exhibitions, and other large-scale gatherings. Customer contracts generally contain a single integrated performance obligation consisting of on-site event services. Contracts typically require an upfront deposit, with the remaining balance invoiced upon completion of the event. Amounts billed or collected in advance are recorded as contract liabilities until the related services are performed. Revenue is recognized at a point in time upon completion of services at the event, which represents the point at which control of the promised services transfers to the customer and the Company's performance obligation is satisfied. The Company's revenue arrangements do not contain significant financing components.

Patent and Intellectual Property Licensing

Revenues generated from patent and intellectual property licensing arrangements are derived from granting customers rights to use the Company's patented technologies and related intellectual property. The Company evaluates each arrangement to determine whether the license represents (i) a right-to-use intellectual property at a point in time or (ii) a right-to-access intellectual property over time in accordance with ASC 606-10-55-58 through 55-64.

Licenses that provide customers with a right-to-use functional intellectual property, where the underlying intellectual property is not expected to be significantly modified or enhanced by the Company during the license term, are recognized at a point in time when control of the license transfers to the customer. Control generally transfers upon execution of the agreement, at which point the customer has the right and ability to use, and obtain substantially all of the remaining benefits from, the licensed intellectual property.

Certain arrangements include fixed upfront license fees, sales-based or usage-based royalties, or a combination of both. Fixed consideration is recognized in accordance with the timing of the underlying license (point in time or over time). Sales-based or usage-based royalties promised in exchange for a license of intellectual property are recognized in the period in which the subsequent sales or usage occurs in accordance with the sales- or usage-based royalty exception under ASC 606-10-55-65.

During the three months ended March 31, 2026 and 2025, net revenue consisted of the following:

	For the Three Months Ended March 31,	
(in thousands)	**2026**	**2025**
Components	$ 903	$ 492
Consumer Audio Products	14	137
Live Events	2,499	—
Total	$ 3,416	$ 629

DATAVAULT AI INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Three Months Ended March 31, 2026 and 2025
(unaudited)

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 as well as for Live Events. 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 $1.3 million and $1.7 million of contract assets as of March 31, 2026 and December 31, 2025, respectively, which are recorded in the current assets section on the condensed consolidated balance sheets. The Company expects to collect 100% of the contract assets as of March 31, 2026 in the next twelve months. During the three months ended March 31, 2026, the Company recognized $907,000 of revenue from contract liabilities that were included in accrued liabilities on the condensed consolidated balance sheets as of December 31, 2025.

(in thousands)	March 31, 2026	December 31, 2025
Contract Liabilities	$ 1,512	$ 1,883

Revenue by Geographic Area

In general, revenue disaggregated by geography (See Note 11) is aligned according to the nature and economic characteristics of our business and provides meaningful disaggregation of our results of operations. Since we operate in one segment, all financial segment and product line information can be found in the condensed consolidated financial statements.

Practical Expedients and Exemptions

As part of our adoption of ASC 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; and (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.

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Crypto Assets

We hold crypto assets primarily for operational purposes and to support short-term liquidity needs within our normal operating cycle. We reasonably expect to convert such assets to cash or utilize them in operations within a short period of time, typically within one year. All of our crypto assets are held in Bitcoin. Consistent with this intent and realization pattern, we have classified all crypto assets as current assets in our consolidated balance sheets in accordance with ASC 210-10 and ASC 350-60.

We do not hold crypto assets for long-term investment, speculative, or collateral purposes, and we do not engage in trading activities involving crypto assets. Our crypto asset holdings are considered less liquid than cash and cash equivalents and may not serve as an equivalent source of liquidity during periods of market stress.

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 three months ended March 31, 2026 and 2025 were $1.7 million and $0.1 million 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 three months ended March 31, 2026 and 2025, the Company’s comprehensive loss is the same as its net loss.

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 condensed consolidated statement of operations in Other expense, net and were not material for the three months ended March 31, 2026 and 2025.

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, 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 three months ended March 31, 2026, warrants to purchase9,683,027 shares of common stock, 6 shares underlying shares of restricted stock units,1,050,000 shares underlying shares of restricted stock units issued under an inducement grant, 18,159,535 shares underlying restricted stock awards and437,501 shares under two grants of restricted stock under inducement grants have been excluded from the calculation of net loss per common share because the inclusion would be antidilutive.

For the three months ended March 31, 2025, warrants to purchase15,204,647 shares of common stock, 12 shares of restricted stock, 1,200,000 shares underlying shares of restricted stock units issued under an inducement grant, 7,014,260 shares underlying restricted stock awards, and64,183 shares of two grants of restricted stock under inducement grants 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 March 31, 2026 and December 31, 2025. 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 condensed 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. As of March 31, 2026 and December 31, 2025, the Company recognized no interest and penalties.

Costs to Fulfill Contracts

The Company capitalizes certain pre-show indirect costs that are incurred to fulfill customer contracts when those costs relate directly to the contract, generate or enhance resources that will be used to satisfy future performance obligations, and are expected to be recoverable. Capitalized costs primarily include indirect pre-show setup activities, such as venue deposits, equipment preparation, design and technical pre-production efforts, and other pre-show fulfillment activities. The Company expenses all direct costs related to the execution of the show and all post-show costs as incurred, as those activities do not meet the criteria for capitalization under ASC 340-40.

Capitalized pre-show costs are amortized on a systematic basis that is consistent with the transfer of the related services to the customer, which the Company determines based on the percentage of completion of each contract. For example, if a contract is 20% complete as of the reporting date, 20% of the associated capitalized indirect pre-show costs are amortized. Amortization of costs to fulfill a contract is recorded in cost of sales in the condensed consolidated statements of operations.

At March 31, 2026, the balance of capitalized costs to fulfill contracts was $0.4 million, all of which is classified as a current asset. During the three months ended March 31, 2026, the Company recognized $0.6 million of amortization related to capitalized contract fulfillment costs. No impairment losses were recognized during the period.

Recently Adopted Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“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 but does not impact interim financial statements. The Company has adopted this standard as of January 1, 2025 and the adoption did not have a material impact on the condensed consolidated financial statements.

In December 2023, the FASB issued ASU No. 2023-08, Accounting for and Disclosure of Crypto Assets (Subtopic 350-60) (“new crypto assets standard”). The new crypto assets standard requires certain crypto assets to be measured at fair value separately on the balance sheet with changes reported in the statement of operations each reporting period. The new crypto assets standard also enhances the other intangible asset disclosure requirements by requiring the name, cost basis, fair value, and number of units for each significant crypto asset holding. The Company first received crypto assets during the third quarter of 2025 and therefore adopted ASU 2023-08 as of that date. Because the Company had no crypto asset holdings prior to that period, no retrospective application or recast of prior-period financial statements was required. The adoption did not have an impact on previously reported results.

In March 2025, the FASB issued ASU 2025-02, which amended ASC 450-10-S99-1 to remove the text of SAB Topic 5.FF, “Accounting for Obligations to Safeguard Crypto-Assets an Entity Holds for Its Platform Users.” The amendment reflects the Securities and Exchange Commission ("SEC") staff’s issuance of SAB 122, which rescinded SAB 121 in January 2025. The adoption of ASU 2025-02 did not have a material impact on the Company’s condensed consolidated financial statements.

In July 2025, the FASB issued ASU 2025-05, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets, which simplifies the measurement of expected credit losses for accounts receivable and contract assets arising from transactions accounted for under ASC 606. The Company adopted the guidance effective January 1, 2026. The adoption of ASU 2025-05 did not have a material impact on the Company’s condensed consolidated financial statements.

In November 2024, the FASB issued ASU 2024-04, Debt—Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments, which clarifies the accounting for induced conversions of convertible debt instruments. The Company adopted the guidance effective January 1, 2026. The adoption of ASU 2024-04 did not have a material impact on the Company’s condensed consolidated financial statements.

Recently Issued and Not Yet Adopted Accounting Pronouncements

ASU 2025-06 Internal-use software issued in September 2025, ASU 2025-06 updates guidance in Subtopic 350-40 to streamline accounting for internal-use software, particularly for agile development methods. This change was a priority for stakeholders who found it difficult to differentiate project stages for capitalizing development costs in iterative environments. The amendments are effective for annual reporting periods beginning after December 15, 2027, including interim periods within those annual periods, with early adoption permitted. We do not expect the pronouncement to have a material impact on our condensed consolidated financial statements.

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ASU 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 condensed 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. Business Combination and Asset Purchase

On May 20, 2025, the Company completed its previously announced asset purchase of technology assets, customer contracts, trademarks, and other intellectual property (collectively, the "CSI Acquired Assets") from CompuSystems, Inc. ("CSI"). At the closing (the "CSI Closing"), pursuant to an asset purchase agreement, by and between the Company and CSI, dated as of December 19, 2024, as amended by that certain amendment to the asset purchase agreement, dated as of December 30, 2024, and as further amended by that certain second amendment to the asset purchase agreement, dated as of February 25, 2025, and as further amended by that certain third amendment to the asset purchase agreement, dated March 31, 2025, and as further amended by that certain fourth amendment to the asset purchase agreement, dated May 14, 2025 (the "CSI Asset Purchase Agreement"), the Company acquired the CSI Acquired Assets for an aggregate purchase consideration of $ 32.8 million consisting of (i) exclusivity fee of $1.0 million paid in the fourth fiscal quarter of 2024 (the "Exclusivity Fee"), (ii) amount in cash of $1.0 million paid to an escrow account in January 2025 (the "Escrow Amount") (iii) an amount in cash equal to $5.0 million, (iv) 10,600,000 validly issued, fully paid and nonassessable shares of restricted common stock of the Company, (the "Closing Stock Consideration"), (v) $5.0 million payable in the form of the convertible note (the "Initial Convertible Note") issued by the Company to CSI, (vi) $5.0 million payable in the form of the convertible note (the "First Convertible Note") issued by the Company to CSI, (vii) $5.0 million payable in the form of convertible note (the "Second Convertible Note", and together with the Initial Convertible Note and First Convertible Note, the "CSI Convertible Notes") issued by the Company to CSI, (viii) $500,000 for the reimbursement of fees incurred by CSI due to the acquisition, and (ix) the assumption of certain transferred liabilities, as described in the CSI Asset Purchase Agreement.

Pursuant to the CSI Asset Purchase Agreement, in connection with the CSI Closing, the Company issued the CSI Convertible Notes in an aggregate principal amount of $15.0 million, each due on the second anniversary of the closing (the "Maturity Date"). For additional information on the CSI Convertible Notes, refer to Note 5, Borrowings.

The acquisition was accounted for under ASC 805, Business Combinations and uses preliminary purchase price allocations, with adjustments permitted within the measurement period (not exceeding one year). Adjustments beyond the measurement period are recorded in earnings.

A summary of the purchase consideration follows:

Cash	$	7,500
Closing Stock Consideration		10,283
Convertible Notes		9,717
Total purchase price consideration	$	27,500

Cash of $7.5 million includes initial cash paid of $1.0 million as Exclusivity Fee in December 2024, $1.0 million Break-up Fee paid in January 2025, and cash paid at closing in May 2025 amounting to $5.5 million

The final purchase price and purchase price allocation of assets acquired and liabilities assumed follows:

Unbilled receivable	$ 300
Inventory	163
Other assets	202
Equipment	275
Intangible assets	8,870
Goodwill	19,135
Accrued expenses	(104)
Loan for purchase of equipment	(141)
Deferred revenue	(1,200)
Total purchase consideration	$ 27,500

The acquired intangible assets values were estimated using the discounted cash flow method and estimated discount rate. The useful lives are based on estimates of benefits derived from the future cash flows.

The acquired intangible assets, useful lives and a final estimate of fair value at the acquisition date follows:

	Useful Life (years)	Fair Value
Tradename	10	$ 900
Customer relationships	10	5,160
Internal use technology	4	2,810
Total		$ 8,870

The results of operations of CSI are included in the unaudited consolidated financial statements of the Company for the three months ended March 31, 2026. The goodwill recorded in the CSI acquisition is not deductible for tax purposes.

API Media Innovations

On January 22, 2026, the Company completed its previously announced acquisition of all of the outstanding shares of API Media Innovations Inc. ("API Media") pursuant to a Stock Purchase Agreement dated October 28, 2025, by and among the Company, API Media, and its shareholders. The aggregate purchase price was $ 14 million paid in cash, including a $1 million non-refundable deposit paid upon execution of the agreement, which was credited toward the purchase price at closing. The acquisition was accounted for as a business combination in accordance with ASC 805, Business Combinations. The purchase price allocation is preliminary and subject to adjustment during the measurement period (not to exceed one year from the acquisition date). Any such adjustments will be recorded in the period in which they are identified.

The following table summarizes the preliminary allocation of the purchase price to the estimated fair values of assets acquired and liabilities assumed at the acquisition date:

Cash	$	51
Accounts receivable		396
Prepaid expenses		39
Other receivable		2
Right of use asset		87
Property and equipment		231
Intangible assets		5,490
Goodwill		8,150
Accrued expenses		(271)
Right of use liability		(87)
Accounts payable		(88)
Total	$	14,000

The acquired intangible assets, useful lives and a final estimate of fair value at the acquisition date follows:

	Useful Life (years)	Fair Value	
Tradename	5	$	170
Customer relationships	5		4,080
Internal use technology	3		1,240
Total		$	5,490

The Company expects to derive synergy from the acquired intangibles from API with it's own intellectual property. The goodwill recorded in the CSI acquisition is not deductible for tax purposes. The Company recorded fees in three months ended March 31, 2026 of $84,000.

Supplemental Pro Forma Information:

The revenue and net loss of API included in consolidated statement of operations since the acquisition date were $187,000 and $311,000, respectively. Had the acquisition occurred on January 1, 2025, consolidated pro forma revenue, net loss and net loss per common share, basic and diluted would have been as follows:

	Pro Forma (Unaudited) for the three months ended March 31,			
	2026		2025	
Net revenue	$	3,469	$	883
Net loss	$	(52,715)	$	(10,387)

Other Intangible Asset Acquisitions

For the three months ended March 31, 2026, the Company acquired an additional patent from three inventors for an aggregate fair value of $.4 million and a useful life of 10 years, based on expected future economic benefit, in exchange for the issuance of7,500,000 shares of common stock. This transaction was considered a related party transaction as described in the related party note. The Company recorded amortization expense of $0.1 million and $0 for the three months ended March 31, 2026 and 2025, respectively.

3. Balance Sheet Components

Inventories (in thousands):

	March 31, 2026	December 31, 2025
Raw materials	$ 165	$ 129
Work in progress	66	67
Finished goods	486	440
Total inventories	$ 717	$ 636

Property and equipment, net (in thousands):

	March 31, 2026	December 31, 2025
Machinery and equipment	$ 1,984	$ 1825
Tooling	3	3
Construction in progress	231	—
Furniture and fixtures	259	114
Leasehold improvements	241	280
	2,718	2,222
Less: Accumulated depreciation and amortization	(1,519)	(1,616)
Property and equipment, net	1,199	606

Depreciation and amortization expense for property and equipment for the three months ended March 31, 2026 and 2025 were approximately of $74,000 and $12,000, respectively.

Intangible assets, net consisted of the following at March 31, 2026.

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Patents	$ 99,190	$ (11,647)	$ 87,543
Trade names and trademarks	3,457	(383)	3,074
Customer relationships	9,240	(603)	8,637
Internal use technology	4,050	(686)	3,364
	$ 115,937	$ (13,319)	$ 102,618

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As of March 31, 2026, the future amortization of the intangibles acquired is as follows:

2026 remainder	$	9,547
2027		12,730
2028		12,730
2029		11,909
2030		11,614
2031		10,812
Thereafter		33,276
	$	102,618

The Company recognized amortization expense related to intangibles of $3.1 million and $2.3 million for the three months ended March 31, 2026 and 2025, respectively.

Notes Receivable

In March 2026, the Company entered into a promissory note agreement with NYIAX, Inc. ("NYIAX"), pursuant to which the Company advanced $0.4 million. The note bears interest at an annual rate of 5% and matures on the earlier of (i) June 9, 2026 or (ii) the closing of a merger among NYIAX, the Company, and DVLT Merger Sub Inc. The note is unsecured and may be prepaid without penalty. The note contains customary events of default, including nonpayment, covenant breaches, insolvency events, and certain change-in-control transactions. Upon an event of default, the outstanding balance may become immediately due and payable, and a default penalty of 6% per month may accrue. As of March 31, 2026, the outstanding principal balance was $0.4 million. The Company evaluates collectibility of the note and records an allowance for credit losses, if necessary. As of March 31, 2026, no allowance for credit losses was recorded.

In March 2026, the Company entered into a promissory note agreement with Triton Geothermal LLC ("Triton"), pursuant to which the Company advanced $0.1 million. The note bears interest at a rate of 5% per annum and matures on or after July 26, 2026, upon written notice by the Company, with payment due within five days of such notice. The note may be prepaid at any time without penalty. The note is unsecured and contains customary events of default, including nonpayment, covenant breaches, and insolvency-related events. Upon the occurrence of an event of default and expiration of applicable cure periods, the outstanding principal and accrued interest may become immediately due and payable. As of March 31, 2026, the outstanding principal balance was $0.1 million. The Company evaluates collectibility of the note and records an allowance for credit losses, if necessary. As of March 31, 2026, no allowance for credit losses was recorded.

The Company did not recognize interest income on the notes receivable for the period ended March 31, 2026, as such amounts were immaterial.

Deposits for Business Combination

On October 28, 2025, the Company entered into a Stock Purchase Agreement (the "API Purchase Agreement") with API Media Innovations Inc. ("API Media") and its shareholders, pursuant to which the Company agreed to acquire all of the issued and outstanding shares of API Media (the "API Acquisition") for total consideration of $14.0 million, subject to the terms and conditions of the agreement. Pursuant to the API Purchase Agreement, the Company paid a non-refundable deposit of $1.0 million. The acquisition was completed on January 22, 2026 and thus the deposit was credited as part of purchase consideration.

Accrued liabilities (in thousands):

	March 31, 2026	December 31, 2025
Accrued vacation	$ 713	$ 459
Accrued audit fees	332	332
Accrued compensation	3,583	3,448
Customer advances	1,512	1,883
Accrued other	1,362	670
Accrued royalty payable to related party	—	810
Accrued escrow liability	2,550	2,550
Accrued interest	—	210
Accrued legal fees	1,136	—
Accrued lease liability, current portion	865	640
Total accrued liabilities	$ 12,053	$ 11,002

4. Borrowings

DV Convertible Note

In connection with the acquisition of certain assets (the "EOS Acquired Assets") from EOS Technologies Holdings Inc (f/k/a Data Vault Holdings Inc.) ("EOS Holdings"), which closed on December 31, 2024 (the "EOS" Asset Acquisition"), the Company issued a convertible note to EOS Holdings in the principal amount of $10.0 million due on the third anniversary of the closing on December 31, 2027 (the "EOS Convertible Note"). 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 closing.

The EOS Convertible Note could be converted at EOS Holdings' option, partially or entirely, into shares of common stock, any time after the maturity date until the EOS Convertible Note is fully paid off. The EOS Convertible Note uses a conversion price equaling to seventy-five percent (75%) of the average VWAP (as defined in the EOS 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 EOS Holding's sole discretion, upon a change of control (as defined in the EOS Convertible Note), the Company shall (i) cause any successor entity to assume in writing all of the obligations of the Company under the EOS Convertible Note, (ii) pay or cause to be paid to EOS Holdings the outstanding balance under the EOS Convertible Note in cash, or (iii) pay, at the closing of such change of control, in full satisfaction of the Company's obligations under the EOS Convertible Note, an amount in cash or equivalent common stock to the amount EOS Holdings would have been paid if it had converted the outstanding balance under the EOS Convertible Note into shares of common stock immediately prior to such closing, at the conversion price.

When the Company entered into capital raising or financing transactions, including the issuance by the Company of shares of common stock or common stock equivalents (as defined in the EOS Convertible Note) for cash consideration, indebtedness or a combination of units thereof (each, a "Subsequent Financing"), then the Company was required first to pay to EOS Holdings at least 10% of the gross proceeds of such Subsequent Financing to redeem all or a portion of the EOS Convertible Note, plus accrued but unpaid interest, plus liquidated damages, if any, and any other amounts then owing to EOS Holdings.

On February 14, 2025, the Company paid a portion of principal and interest of $0.4 million, net, as a result of the February 2025 Public Offering (defined below in Note 6). For the three months ended March 31, 2026, the Company paid an aggregate of $3.9 million in cash resulting in the EOS Convertible Note being paid in full. The ending balance and fair value as of December 31, 2025 was $3.9 million.

In January 2026, the Company fully repaid the outstanding balance of the EOS Convertible Note. The repayment satisfied the remaining principal and any accrued interest outstanding under the note as of the repayment date. Following the payoff, the EOS Convertible Note was extinguished and no further amounts remain outstanding under the agreement.

The Company elected the fair value method for the EOS Convertible Note at issuance of $10.0 million as of December 31, 2025 due to the embedded derivatives identified within the agreement requiring recurring fair value measurements. The note is valued using level 3 inputs. See Note 5, Fair Value Measurements for further information on inputs.

CSI Convertible Notes

As of December 31, 2025, the Company's outstanding debt included two convertible notes issued in connection with the acquisition of CSI which closed on May 20, 2025. Interest on the First Convertible Note and principal on the Second Convertible Note was accrued at the rate of five percent (5%) per annum. Interest began accruing from the six-month anniversary of the closing on the First Convertible Note and from the nine-month anniversary of the closing on the Second Convertible Note on the principal balance no less frequently than quarterly per calendar quarter. The payment of the accrued interest shall occur on the last business day of each calendar quarter.

On March 18, 2026, the Company entered into the settlement agreement with the holders of the First Convertible Note to settle the debt including accrued interest in the aggregate amount of $5.2 million. As of March 31, 2026, the Company has paid $2.0 million of the principal in payments scheduled in the settlement agreement to occur in March 2026 and is required per the settlement agreement to pay the remaining $3.2 million in principal and accrued interest in scheduled payments to occur in April 2026 and May 2026. The balance is included in Short-term promissory notes on the condensed consolidated balance sheet as of March 31, 2026. The Company recorded a debt extinguishment expense of $1.7 million for the three months ended March 31, 2026 equal to the difference of the settlement amount due and the carrying value of the First Convertible Note at the settlement date. The extinguishment expense is recorded on the condensed consolidated statement of operations for the three months ended March 31, 2026.

The Second Convertible Note can be converted, partially or entirely, into shares of common stock, any time after the nine-month anniversary of the closing until the Second Convertible Note is fully paid off. The Second Convertible Note use a conversion price equaling to the average VWAP during the thirty (30) consecutive trading days ending on the trading day that is immediately prior to the conversion date subject to a floor price of $1.40 per share and ceiling price of $2.50 per share (the "Conversion Price"). The entire outstanding principal and accrued interest shall automatically be converted into shares of common stock on the maturity date at the Conversion Price.

The CSI Convertible Notes carrying value at March 31, 2026 was $6.5 million, net of a discount of $1.7 million. Discount accretion expense was $0.6 million for the three months ended March 31, 2026.

5. 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.

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- 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. The Company's financial assets and liabilities that are measured at fair value on a recurring basis as of March 31, 2026 and December 31, 2025 by level within the fair value hierarchy, are as follows:

(in thousands)	**March 31, 2026**		
	Quoted prices in active markets	**Significant other observable inputs**	**Significant unobservable inputs**
	(Level 1)	(Level 2)	(Level 3)
Assets:			
Equity investment - NYIAX	$ —	$ —	$ 1,766
Bitcoin	$ 57,111	$ —	$ —
Liabilities:			
Convertible note payable	$ —	$ —	$ —
Warrant liabilities	$ —	$ —	$ 9

NYIAX Investment

The Company's investment in NYIAX consists of2,150,000 shares of NYIAX common stock accounted for at cost less impairments. See Note 9 for further details. During the three months ended March 31, 2026, the Company recorded an impairment of the NYIAX investment of $2.5 million which is recorded in the Impairment of investment in nonmarketable security line on the condensed consolidated statement of operations for the three months ended March 31, 2026. The impairment was primarily driven by a decrease in NYIAX stock price.

(in thousands)	**December 31, 2025**		
	Quoted prices in active markets	**Significant other observable inputs**	**Significant unobservable inputs**
	(Level 1)	(Level 2)	(Level 3)
Assets:			
Equity investment - NYIAX	$ —	$ —	$ 4,300
Bitcoin	$ 92,222	$ —	$ —
Liabilities:			
Convertible note payable	$ —	$ —	$ 3,936
Warrant liabilities	$ —	$ —	$ 9

There were no transfers between Level 1, 2 or 3 during the three months ended March 31, 2026 or 2025.

Convertible Notes

As described in Note 5, the Company elected the fair value option on the EOS Convertible Note issued on December 31, 2024. The Company uses level 3 inputs to measure the fair value in subsequent periods. The Company paid off the EOS Convertible Note during the three months ended March 31, 2026. See Note 4, Borrowings, for more details.

The following table includes a summary of changes in fair value of the EOS Convertible Notes.

	For the three months ended March 31,	
(in thousands)	**2026**	**2025**
Beginning balance	$ 3,936	$ 10,000
Accrued interest on DV note	3	—
Payoff on DV note	(3,939)	—
Ending balance	$ —	$ 10,000

Fair Value of Crypto Assets

The following table summarizes Crypto assets held for operations (in thousands, except units):

	March 31, 2026		
	Units	**Cost Basis**	**Fair Value**
Bitcoin	837	$ 73,108	$ 57,111

	December 31, 2025		
	Units	**Cost Basis**	**Fair Value**
Bitcoin	1,054	$ 92,051	$ 92,222

	March 31, 2026		
	Units	**Cost Basis**	**Fair Value**
Beginning balance	1,054	$ 92,051	$ 92,222
Additions	—	—	—
Disposals	(217)	(18,943)	(18,978)
Fair value remeasurement	—	—	(16,133)
Ending balance	837	$ 73,108	$ 57,111

During the three months ended March 31, 2026, the Company sold 217 Bitcoin to Scilex Holding Company ("Scilex") for aggregate proceeds of $18.2 million. The Bitcoin sold had a cost basis of $18.9 million, resulting in a realized loss of $0.7 million. The sales were executed to fund the Company’s operations. Scilex is a related party.

For the three months ended March 31, 2026, the Company recognized a fair value remeasurement loss of $16.1 million related to changes in the fair value of its Bitcoin holdings. Realized gains and losses and fair value remeasurement gains and losses from crypto assets are recorded in Other expense, net in the consolidated statements of operations. The Company accounts for disposals of Bitcoin using the first-in, first-out (“FIFO”) method.

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6. Convertible Redeemable Preferred Stock and Stockholders' Equity

A summary of the common stock and warrant activity and related information for the three months ended March 31, 2026 and 2025 is provided as follows.

February 2024 Warrants Black Scholes Value Payout

On December 31, 2024 on the closing of the EOS 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 EOS 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 EOS Asset Acquisition and were reclassified to liability treatment as a result of the payout liability on December 31, 2024. In the three months ended March 31, 2025, 316,415 warrants received requests from the holders to receive the Black Scholes Value payout and thus were paid in cash $622,000 with the remaining unrequested warrants being reclassified to equity treatment as the January 30, 2025 deadline passed and they reverted to equity warrants. The Company recognized a gain of $8,000 as a result of reclassifying the warrants to equity.

February 2025 Registered Direct Transaction

On February 14, 2025, the Company closed an offering (the "February 2025 Offering") pursuant to a securities purchase agreement (the "February 2025 Purchase Agreement") with certain 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 (the "February 2025 Shares") of common stock 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.

The February 2025 Warrants are immediately exercisable upon issuance and will expire on the fifth anniversary of the issuance date of the February 2025 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 grant date fair value of the 4,757,126 warrants was approximately $5.3 million, 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 $1.22; expected yield of 0%; expected volatility of 143.4%; risk-free interest rate of 4.3% and expected life of 5 years.

Obligations Under the Purchase Agreement

Pursuant to 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 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 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 "February 2025 Placement Agent"), pursuant to which the February 2025 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 February 2025 Placement Agent an aggregate fee equal to 7.0% of the gross proceeds raised in the February 2025 Offering and reimburse the February 2025 Placement Agent an amount up to $75,000 for expenses in connection with the February 2025 Offering. The Company also issued the February 2025 Placement Agent a private warrant (the "February 2025 Placement Agent Warrant") to purchase up to 5.0% of the aggregate number of February 2025 Securities sold in the February 2025 Offering, or warrants to purchase up to 475,713 shares of common stock (such shares, the "February 2025 Placement Agent Warrant Shares"), at an exercise price equal to125.0% of the offering price per share of common stock and accompanying February 2025 Warrant, or $1.425 per share. The February 2025 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.

During the three months ended March 31, 2025, three holders of warrants executed their right under the "alternative cashless exercise" provision to effect a cashless exercise of a total of 3,246,111 shares of common stock. No warrants were exercised in the three months ended March 31, 2026.

Securities Purchase Agreement

On September 25, 2025, the Company entered into a Securities Purchase Agreement (the "September Purchase Agreement") with Scilex, to sell in a registered offering, (a) 15,000,000 shares (the "September Shares") of common stock of the Company, and (b) a pre-funded warrant (the "Pre-Funded Warrant") to purchase263,914,094 shares (the "Pre-Funded Warrant Shares") of common stock, for an aggregate purchase price of $150.0 million in the native currency of the Bitcoin blockchain ("BTC") upon satisfaction of certain closing conditions applicable to the September Shares and Pre-Funded Warrant, respectively.

The BTC paid to the Company in both Closings (as defined below) is valued at the spot exchange rate for BTC as published by Coinbase.com at 8:00 p.m. (New York City time) on the trading day immediately prior to the September Initial Closing Date (as defined below).

The closing with respect to the September Shares (the "September Initial Closing") took place on September 26, 2025 (the date of the Initial Closing, the "September Initial Closing Date"). The closing with respect to the Pre-Funded Warrant (the "Pre-Funded Warrant Additional Closing," and together with the September Initial Closing, the "BTC Closings"), took place on November 25, 2025 (the date after the Company received the approval of its stockholders (i) as required by Nasdaq rules with respect to the transactions contemplated by the September Purchase Agreement including with respect to issuance of all of the Pre-Funded Warrant Shares and (ii) with respect to an amendment to the Company's certificate of incorporation to increase the number of shares of common stock authorized for issuance to up to 2,000,000,000.

On the September Initial Closing, the Company received approximately 71 BTC with an aggregate fair value of $7.8 million at the date of receipt. On the Pre-Funded Warrant Additional Closing date the Company received 1,257 BTC with an aggregate fair value of $109.8 million. As of March 31, 2026, the fair value of the BTC was $57.1 million and is recorded in Crypto assets on the condensed consolidated balance sheets. See Note 5 for fair value disclosures. The loss of $16.9 million is recorded in Other expense, net on the condensed consolidated statement of operations.

The Pre-Funded Warrant issued in the Pre-Funded Warrant Additional Closing, is immediately exercisable upon issuance without any beneficial ownership limitation at an exercise price of $0.0001 per share, and will remain exercisable until exercised in full and the Company has treated the shares as though they are outstanding as in-substance common shares. The fair value of the Pre-Funded Warrants of $109.8 million based on the aggregate fair value of the BTC received was recorded to additional paid-in capital as of December 31, 2025.

As a condition to the September Initial Closing, the Company was required to obtain stockholder support agreements (the "Voting Agreements") from stockholders holding an aggregate of 38,000,000 shares of common stock, pursuant to which each such stockholder will agree to vote their shares of common stock in favor of the proposals for the stockholder approval at any stockholder meeting held for that purpose. Additionally, each of the directors and executive officers of the Company, pursuant to lock-up agreements, agreed not to sell or transfer any of the Company securities which they hold, subject to certain exceptions, until the Pre-Funded Warrant Additional Closing Date.

Purchaser Rights

Upon the September Initial Closing, (i) for so long as Scilex beneficially owns an aggregate of at least10% of the issued and outstanding shares of common stock, Scilex may designate two directors to the board of directors of the Company, and (ii) for so long as Scilex beneficially owns at least5% but no more than 10% of the issued and outstanding shares of common stock, Scilex may designate one director to the board of directors of the Company.

Maxim ATM

The Company sold 36,663,892 in shares of common stock under the Maxim ATM for net proceeds of $24.8 million for the three months ended March 31, 2026. Maxim receives a fee of 3% of gross proceeds or $0.9 million. Gross proceeds net of fees is recorded in additional paid-in capital on the statement of stockholders' equity for three months ended March 31, 2026 for $24.8 million net of non cash deferred offering costs of $5.2 million.

Consultant Equity Awards

In the three months ended March 31, 2026, the Company recognized $1.0 million of compensation expense for equity awards granted to consultants outside of the 2018 LTIP plan in the aggregate of 909,427 shares of common stock. The shares vest immediately or after six months.

Meme Coin II Dividend

On December 29, 2025, the board of directors of the Company declared a conditional dividend of Dream Bowl Meme Coin II digital collectibles (the “Meme Coins”) to eligible holders of the Company’s common stock and certain other equity securities. The Meme Coins were payable to holders of record as of January 7, 2026 and were distributed beginning on February 27, 2026.

The distribution was made on the basis of one Meme Coin for everysixty shares of common stock held, or, with respect to eligible equity securities other than common stock, for every sixty shares of common stock underlying such securities, in each case held as of the record date, with fractional entitlements rounded down. Holders with fewer than sixty shares of common stock or common stock equivalents were not be entitled to receive any Meme Coins.

The Meme Coins are digital collectibles intended solely for personal, non-commercial use in connection with the Dream Bowl XIV event and do not represent or confer any equity, voting, dividend, profit-sharing, or ownership rights in the Company or any other entity, nor do they provide any right to receive cash or other monetary consideration. The Meme Coins are not designed or intended to function as an investment, currency, or financial product.

Warrant Dividend

On December 29, 2025, the Company’s board of directors also declared a conditional dividend of warrants to purchase shares of the Company’s common stock to eligible holders of the Company’s common stock and certain other equity securities. The warrants were payable to holders of record as of January 7, 2026 and were distributed on February 27, 2026. The number of warrants distributed was 9,665,079.

The distribution was made on the basis of one warrant for everysixty shares of common stock held, or, with respect to eligible equity securities other than common stock, for every sixty shares of common stock underlying such securities, in each case held as of the record date, with fractional entitlements rounded down. Holders with fewer than sixty shares of common stock or common stock equivalents were not be entitled to receive any warrants.

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Each warrant entitles the holder to purchase one share of the Company's common stock at an exercise price of $5.00 per share (subject to adjustment for recapitalizations, stock splits, stock dividends and similar types of transactions) and will expire on the first anniversary of the distribution date. The exercise of each warrant is subject to certain conditions, including a requirement that the applicable beneficial owner possess a corresponding Meme Coin at the time of exercise.

The warrants were recorded as an in and out to additional paid in capital for their aggregate fair value of $4.0 million as of the record date of January 7, 2026. The fair value of the common stock warrants uses significant unobservable inputs (Level 3). The fair value of the common warrants was determined using the Black-Scholes Model based on the following key inputs and assumptions: stock price on January 7, 2026 of $1.16, exercise price of $5.00, term of 1 year, volatility of 179.0% and risk-free rate of 3.48%. On the distribution date of February 27, 2026 the Company adjusted the fair value to it's distribution date fair value of $1.9 million for which the adjustment was and in and out to additional paid in capital for three months ended March 31, 2026. The fair value of the common warrants was determined using the Black-Scholes Model based on the following key inputs and assumptions: stock price on January 7, 2026 of $0.71, exercise price of $5.00, term of 1 year, volatility of 183.7% and risk-free rate of 3.48%

Warrants exercisable as of March 31, 2026 exclude warrants to purchase 12,068 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.

Information regarding warrants for common stock outstanding and exercisable as of March 31, 2026 is as follows:

Exercise Price	Warrants Outstanding as of March 31, 2026	Weighted Average Remaining Life (years)	Warrants Exercisable as of March 31, 2026
$1.83 - $5.00	9,677,612	0.9	9,665,544
$1,574.00 - $22,800.00	5,401	1.8	5,401
$66,900.00	14	0.2	14
$5.99*	9,683,027	0.9	9,670,959

* Weighted average

Information regarding warrants for common stock outstanding and exercisable as of December 31, 2025 is as follows:

Exercise Price	Warrants Outstanding as of December 31, 2025	Weighted Average Remaining Life (years)	Warrants Exercisable as of December 31, 2025
$1.83 - $3.20	12,207	3.4	139
$1,574.00 - $22,800.00	5,401	2.1	5,401
$38,250.00 - $66,900.00	403	1.6	402
$692.23*	18,011	2.9	5,942

* Weighted average

Warrants exercisable as of December 31, 2025 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 12,068 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.

7. 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 fiscal quarter. As of March 31, 2026, up to 61,080,567 shares of common stock are available for grants to participants under the LTIP.

A summary of activity related to restricted stock awards with service-based vesting conditions for the three months ended March 31, 2026 is presented below:

Stock Awards	Shares	Weighted-Average Grant Date Fair Value
Non-vested as of January 1, 2026	20,180,686	$ 1.81
Granted	—	$ —
Vested	(1,767,855)	$ 1.76
Forfeited	(498,296)	$ 1.39
Non-vested as of March 31, 2026	17,914,535	$ 1.83

A summary of activity related to restricted stock awards with performance-based vesting conditions for the three months ended March 31, 2026 is presented below:

Stock Awards	Shares	Weighted-Average Grant Date Fair Value
Non-vested as of January 1, 2026	1,925,000	$ 0.99
Granted	—	$ —
Vested	(1,480,000)	$ 1.04
Forfeited	(200,000)	$ 0.96
Non-vested as of March 31, 2026	245,000	$ 0.70

As of March 31, 2026, the unamortized compensation costs related to the unvested restricted stock awards with service based vesting conditions was approximately $2.2 million which is to be amortized on a straight-line basis over a weighted-average period of approximately 2.63 years. In the three months ended March 31, 2026,1,480,000 performance awards granted in February 2025 met their vesting criteria and the Company recognized $0.6 million in compensation cost. These performance awards vested upon the achievement of the Company's aggregate revenue equaling or exceeding $40.0 million over a trailing 12 calendar month period ending on or prior to the date that is 5 years from the grant date. As of March 31, 2026, the unamortized compensation costs related to the unvested restricted stock awards with performance based vesting criteria was $0.1 million which is to be amortized on a straight-line basis over a weighted-average period of approximately1.75 years. These performance awards vest upon the achievement of revenue equaling or exceeding certain a threshold over a trailing 12 calendar month period ending on or prior to the date that is 5 years from the grant date. The performance awards are assigned a 100% probability to achieve the performance conditions.

For the three months ended March 31, 2026, 1,788,688 shares of restricted stock awards were released under the LTIP with an intrinsic value of $1.2 million.

Inducement Grants

On January 2, 2025, the Company issued 1,200,000 units of restricted stock at a fair value per share of $2.04, to Nathaniel Bradley, the Company's Chief Executive Officer, as an inducement grant ("Bradley Inducement Grant") pursuant to an inducement award agreement dated December 31, 2025. Of this grant, 600,000 units have service-based conditions and vest in 3-month equal installments over a 36-month period, while the other 600,000 units have performance-based condition and vest upon the Company's aggregate revenue equaling or exceeding $40,000,000 over the trailing 12 calendar month period ending on or prior to the date that is 5 years from the grant date. The performance-based vesting criteria was met in the three months ended March 31, 2026 and the Company recognized $0.5 million in compensation cost. As of March 31, 2026, the unamortized compensation cost for the time-based award related to the Bradley Inducement Grant was approximately $0.7 million which is being amortized on a straight-line basis over a period of 1.72 years.

On May 20, 2025, the Company issued 500,000 units of restricted stock at a fair value per share of $0.97, to Mark LoGuirato, as an inducement grant ("LoGuirato Inducement Grant") pursuant to an inducement award agreement dated May 20, 2025. Of this grant, 250,000 awards have service-based conditions and vest in 3-month equal installments over a 36-month period, while the other 250,000 awards have performance-based condition and vest upon the Company's CSI revenue equaling or exceeding $25,000,000 over trailing 12 calendar month period ending on or prior to the date that is 5 years from the grant date. As of March 31, 2026, the unamortized compensation cost related to the LoGuirato Inducement Grant was approximately $0.3 million which is being amortized on a straight-line basis over a period of 1.66 years.

8. Income Taxes

The Company recorded no provision for income taxes for the three months ended March 31, 2026 and 2025.

For interim periods, the Company estimates its annual effective income tax rate and applies the estimated rate to the year-to-date income or loss before income taxes. The Company also computes the tax provision or benefit related to items reported separately and recognizes the items net of their related tax effect in the interim periods in which they occur. The Company also recognizes the effect of changes in enacted tax laws or rates in the interim periods in which the changes occur.

As of March 31, 2026 and December 31, 2025, the Company retains a full valuation allowance on its deferred tax assets. The realization of the Company's deferred tax assets depends primarily on its ability to generate taxable income in future periods. The amount of deferred tax assets considered realizable in future periods may change as management continues to reassess the underlying factors it uses in estimating future taxable income.

The provision for income taxes for the three months ended March 31, 2026 and 2025 was calculated on a jurisdiction basis.

9. Commitments and Contingencies

Operating Leases

The Company leases office and warehouse facilities under noncancelable operating lease agreements used to support its corporate headquarters, administrative offices, and operational activities. Lease terms range from approximately two to five years. Certain leases include renewal options that may extend the lease term; however, such options are not included in the lease term unless it is reasonably certain that the option will be exercised. Lease agreements generally require the Company to pay fixed base rent and may also include variable payments related to common area maintenance, property taxes, insurance, or other operating costs, which are expensed as incurred. The Company's leases do not contain residual value guarantees, and the Company does not currently sublease any of its leased facilities. At lease commencement, the Company recognizes a right-of-use ("ROU") asset and a corresponding lease liability based on the present value of lease payments over the lease term. The Company uses its incremental borrowing rate to determine the present value of lease payments when the implicit rate is not readily determinable. Leases with an initial term of twelve months or less are not recorded on the consolidated balance sheet, and lease expense for these leases is recognized on a straight-line basis over the lease term.

The following table reflects our lease assets and our lease liabilities at March 31, 2026 and December 31, 2025 (in thousands):

	March 31, 2026	December 31, 2025
Assets:		
Operating lease right-of-use assets	$ 4,518	$ 4,657
Liabilities:		
Operating lease liabilities, current	$ 865	$ 640
Operating lease liabilities, non-current	$ 3,568	$ 3,808

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 condensed consolidated balance sheets.

Lease Costs:

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

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
Operating lease cost	$ 374	$ 47
Short term lease cost	$ 15	8
Total lease cost	$ 389	$ 55

As of March 31, 2026, the maturity of operating lease liabilities was as follows (in thousands):

Payments due in:	
Year ending December 31, 2026 (9 months remaining)	$ 886
Year ending December 31, 2027	1,470
Year ending December 31, 2028	1,395
Year ending December 31, 2039	950
Year ending December 31, 2030	684
Total minimum lease payments	5,385
Less: Amounts representing interest	(952)
Present value of operating lease obligations	$ 4,433

Lease Term and Discount Rate:

	March 31, 2026
Weighted-average remaining lease term (in years)	4
Weighted-average discount rate	9.7 %

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

Other Information:

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

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
Operating cash outflows from operating leases	$ 271	$ 45

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 condensed consolidated financial statements.

NYIAX Agreements

Exchange Agreement

On March 16, 2025, the Company entered into a share exchange agreement (the "Exchange Agreement") with NYIAX, Inc., a Delaware corporation ("NYIAX"), pursuant to which NYIAX exchanged 900,000 shares (the "NYIAX Shares") of NYIAX's common stock, par value $0.0001 per share (the "NYIAX Common Stock"), for aggregate consideration of up to 5,000,000 shares of common stock (collectively, the "Exchange"). The Exchange Agreement closed on April 9, 2025.

Pursuant to the Exchange Agreement, as full consideration for the sale, assignment, transfer and delivery of the NYIAX Shares by NYIAX to the Company, the Company agreed to issue to NYIAX (i) 3,000,000 shares of common stock (such shares of common stock, the "NYIAX Closing Shares"), and (ii) 2,000,000 shares of common stock (such shares of common stock, the "NYIAX Additional Shares"), The NYIAX Closing Shares will be issued in four equal quarterly tranches starting from the closing.

The NYIAX Additional Shares will 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 NYIAX Additional Shares will be issued within thirty (30) days from the completion of the integration.

The 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, 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 agreed to issue to NYIAX 2,530,000 shares (such shares, the "NYIAX Consideration Shares") of common stock.

Pursuant to the License Agreement, in consideration of the rights granted to NYIAX under the License Agreement, NYIAX agreed to 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 was due on the first anniversary of the closing (the "Maturity Date"). 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.

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 Exchange Act, and NYIAX's common stock is listed on the Trading Market (as defined in the NYIAX Convertible Note), at a conversion price of $2.00 per share.

The Company entered into an Extinguishment Agreement with NYIAX in September 2025 to convert the NYIAX Convertible Note to1,250,000 shares of NYIAX in full repayment of the note.

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, 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.

Lock-up Agreements

On April 9, 2025, the Company and NYIAX entered into the Lock-Up Agreements (defined below). In connection with the Exchange Agreement, the Company agreed to enter into a lock-up agreement in respect of the NYIAX Shares, pursuant to which the NYIAX Shares shall be subject to lock-up restrictions for four (4) years from the issuance (the "Datavault Lock-Up Agreement). Concurrently, NYIAX agreed to enter into (i) a lock-up agreement in respect of the Additional Shares to be issued by the Company to NYIAX pursuant to the Exchange Agreement, pursuant to which

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the Additional Shares shall be subject to lock-up restrictions for two (2) years from the issuance (the "Additional Lock-Up Agreement"), (ii) a lock-up agreement in respect of the consideration shares (the "Consideration Shares") to be issued by the Company to NYIAX pursuant to that certain White Label, Co-Marketing and Intellectual Property Cross-License Agreement, by and between the Company and NYIAX, dated as of March 16, 2025, pursuant to which the Consideration Shares shall be subject to lock-up restrictions for one (1) year from the issuance (the "Consideration Lock-Up Agreement"), and (iii) a lock-up agreement in respect of the Closing Shares to be issued by the Company to NYIAX pursuant to the Exchange Agreement, pursuant to which the Closing Shares shall be subject to lock-up restrictions for one (1) year from the issuance (the "Closing Lock-Up Agreement", and together with the Datavault Lock-Up Agreement, the Additional Lock-Up Agreement, and the Consideration Lock-Up Agreement, the "Lock-Up Agreements").

The Company accounted for the NYIAX transactions as a collaborative arrangement and allocated fair values of exchanged assets on their relative fair value. The common stock consideration of aggregate of 7,530,000 shares, including the 2,000,000 contingently issuance shares which are considered probable to be issued, was measured at the closing date of April 9, 2025 for an aggregate fair value of $4.9 million and is recorded to additional paid-in capital on the condensed consolidated balance sheet. The NYIAX common shares received in the aggregate of 2,150,000 were valued at $4.3 million and are recorded as an investment at fair value under the measurement alternative of ASC 321 at the close date fair value of $2 per share on the condensed consolidated balance sheet. The Company recognized an impairment on the investment of $2.5 million in the three months ended March 31, 2026. See Note 5 for details. The fair value method was determined due to the Company not having significant influence over NYIAX. IP licenses received from NYIAX represents the net amount of the shares exchanged and is expensed to research and development of $0.6 million on the condensed consolidated statement of operations.

The Company's IP license granted to NYIAX represents functional intellectual property accounted for under ASC 606 with point-in-time revenue recognition. Initial value allocated of $2.5 million is based on the fair value of the NYIAX Convertible Note. However, as the collaborative arrangement includes consideration paid to the customer, NYIAX, for distinct goods and services for which the fair value was not reasonably estimable, the transaction price was reduced for any consideration paid in excess of goods or services with a readily determinable fair value, the NYIAX Investment. Accordingly, the transaction price was reduced to zero as the excess fair value of the consideration paid to the customer was in excess of $2.5 million.

The contingently issuance shares are accounted for under ASC 718, Share-based payments as an equity-classified share-based payment to a customer. Due to the probable achievement of the performance condition on the grant date, the shares are initially recorded at the grant date fair value of $1.3 million with no subsequent remeasurement.

NYIAX Agreement and Plan of Merger

On March 18, 2026, the Company, DVLT Merger Sub, Inc., a wholly owned subsidiary of the Company ("Merger Sub"), and NYIAX entered into an Agreement and Plan of Merger (the "NYIAX Merger Agreement"), dated March 18, 2026. Pursuant to the provisions of the NYIAX Merger Agreement, on the closing date (the "Closing Date"), (i) Merger Sub will merge with and into NYIAX (the "Merger"), the separate corporate existence of Merger Sub will cease and NYIAX will continue as the surviving company and a wholly owned subsidiary of the Company, and (ii) the Company will pay to NYIAX equity holders aggregate consideration ("Merger Consideration") of 78,947,368 shares of the Company's common stock. The Company estimates the Merger Consideration to be $61.6 million based on an aggregate fair value using the closing stock price on March 17, 2026 of $0.78 per share. See note 5 for discussion of impairment of the NYIAX investment.

Pursuant to the terms of the NYIAX Merger Agreement, at the effective time of the Merger (the "Effective Time"), by virtue of the Merger and without any action on the part of the stockholders of NYIAX (the "Merger Partner Stockholders"), (i) each outstanding share of NYIAX's common stock, par value $0.0001 per share (the "NYIAX Common Stock"), other than any shares of NYIAX Common Stock held in the treasury of NYIAX will be converted into the right to receive (i) a number of shares of common stock equal to the Exchange Ratio (as defined in ther Merger Agreement), or (ii) each share of NYIAX Common Stock held immediately prior to the Effective Time by a

Merger Partner Stockholder that is an Unaccredited Investor (as defined in the Merger Agreement) will be converted into the right to receive the unaccredited investor cash consideration, which will be the higher of (i) price per share equal to the VWAP (as defined in the NYIAX Merger Agreement) of the common stock for the five (5) consecutive trading days ending on the trading day immediately preceding the date of the NYIAX Merger Agreement, or (ii) price per share equal to the VWAP of the common stock for the five (5) consecutive trading days ending on the trading day immediately preceding the Closing Date.

Pursuant to the NYIAX Merger Agreement, if the Company effects or announces an intent to effect a reverse stock split of the common stock at any time within one hundred twenty (120) days following the date of the NYIAX Merger Agreement, then the Company will issue to the Merger Partner Stockholders, on a pro rata basis in accordance with their respective entitlements to the Merger Consideration, an aggregate of 10,000,000 duly authorized, validly issued, fully paid and nonassessable additional shares of common stock.

Pursuant to the terms of the NYIAX Merger Agreement, the Company has also agreed to appoint two new members to the board of directors of the board of directors of the Company, nominated by NYIAX and subject to such nominees being acceptable to the Company, effective as of the Closing Date.

The NYIAX Merger Agreement contains representations and warranties from both the Company and Merger Sub, on the one hand, and NYIAX, on the other hand, customary for a transaction of this nature. The NYIAX Merger Agreement also contains customary covenants and agreements, including with respect to the operations of the business of NYIAX and the Company between the date of the NYIAX Merger Agreement and Effective Time. The completion of the Merger will also be subject to closing conditions, customary for a transaction of this nature. NYIAX will be subject to customary “no-shop” restrictions on its ability to solicit alternative acquisition proposals from third parties and to provide information to, and continue or participate in discussions and engage in negotiations with, third parties regarding any alternative acquisition proposals, subject to a customary “fiduciary out” provision that allows the Company, under certain specified circumstances and subject to other terms and conditions in the NYIAX Merger Agreement, to provide information to, and continue or participate in discussions and engage in negotiations with, third parties with respect to an alternative acquisition proposal if the board of directors of NYIAX (the “NYIAX Board”) (or a committee thereof) determines in good faith (after consultation with its financial advisor and outside legal counsel) that such alternative acquisition proposal either constitutes a superior proposal or is reasonably likely to lead to a superior proposal, and the NYIAX Board (or a committee thereof) has determined in good faith (after consultation with its financial advisor and outside legal counsel) that the failure to take such actions could reasonably be expected to be inconsistent with its fiduciary duties pursuant to applicable law.

Pursuant to the NYIAX Merger Agreement if, at any time during the period beginning on the Closing Date and ending on the date that is twelve (12) months following the Closing Date, the surviving corporation (as defined in the NYIAX Merger Agreement), or the Company, executed and announced a definitive commercial, strategic, joint venture, licensing, partnership, or other bona fide revenue generating or value enhancing agreement with a trading market (a “Trading Market Transaction”), approved by the the board of directors of the Company, then the Company shall issue to the Merger Partner Stockholders, on a pro rata basis in accordance with their respective ownership immediately prior to the Effective Time, an aggregate of 13,000,000 duly authorized, validly issued, fully paid and nonassessable restricted shares of common stock (the “Earn-Out Shares”). In lieu thereof, each unaccredited investor shall be entitled to receive, with respect to each share of NYIAX Common Stock held immediately prior to the Effective Time, a cash payment equal to the higher of (i) price per share equal to the VWAP of the common stock for the five (5) consecutive trading days ending on the trading day immediately preceding the Closing Date, or (ii) price per share equal to the VWAP of the common stock for the five (5) consecutive trading days ending on the trading day immediately preceding the execution and announcement of Trading Market Transaction, without interest and subject to applicable tax withholding.

From the closing, NYIAX and for a period of twelve (12) months thereafter has agreed to a special indemnity, pursuant to which NYIAX will indemnify, defend and hold harmless the Company, the surviving corporation from and against any and all losses (as defined in the NYIAX Merger Agreement) arising out of, relating to, or resulting from certain specific, enumerated claims, actions, suits, proceedings, investigations or demands against NYIAX set forth in the NYIAX Merger Agreement, including any continuation, amendment, extension or escalation thereof. Any and all losses for which indemnification is required under the NYIAX Merger Agreement will be satisfied solely by a reduction in the number of Trading Market Transaction earn-out shares otherwise issuable to the Merger Partner Stockholders pursuant to NYIAX Merger Agreement. In no event shall the aggregate number of Trading Market Transaction earn-out shares subject to reduction pursuant to the NYIAX Merger Agreement exceed 5,000,000 shares of common stock.

Pursuant to the Merger Agreement, the Company has agreed to file with the Securities and Exchange Commission a registration statement on Form S-3 (or, if the Company is not then eligible to use Form S-3, on Form S-1), within thirty (30) calendar days following the Closing Date, covering the resale of all shares of common stock issued to Merger Partner Stockholders as Merger Consideration pursuant to Merger Agreement. The Earn-Out Shares will have similar registration rights upon issuance of such shares.

The NYIAX Merger Agreement contains customary termination rights for both the Company and Merger Sub, on the one hand, and NYIAX, on the other hand, including, among others, for failure to consummate the Merger within 90 days from the signing of the NYIAX Merger Agreement.

IBM Purchase Commitment for Programs

On July 7, 2025, the Company entered into a purchase commitment for programs (the “IBM Purchase Commitment”) with International Business Machines Corporation (“IBM”), to purchase certain subscriptions from IBM program offerings (the “Programs”). IBM agreed to license the Programs to the Company for two payments of $18.9 million on June 30, 2025 and $4.8 million on September 30, 2025, respectively (the “Program Payments”). According to an Embedded Solution Agreement (the “Base Agreement”), of which the Purchase Commitment and the Cloud Services Agreement (as defined below) form a part, the Program Payments become due once an invoice is sent from IBM to the Company and are due within 30 days of receipt of the invoice.

On September 23, 2025, the Company entered into an amendment to the IBM Purchase Commitment (the “Amendment 1”) to amend the payment schedule to be as follows: $2.5 million to be paid at the time of the agreement, $3.3 million on December 23, 2025 and eight payments of $2.2 million each quarter after that to end with the final payment on December 23, 2027. The Company having paid $2.5 million on August 8, 2025, the total payments are $25.9 million.

Under the IBM Purchase Commitment, the Company must send a report to IBM every 90 days summarizing the use of each Program. The Company may license the Programs to end-users, subject to certain limitations, restrictions, and requirements. The Company must use its own intellectual property to add value to the Programs and describe this value to IBM as well as bundle it within the Programs when licensing to end-users.

The IBM Purchase Commitment includes customary representations and warranties and various customary covenants and closing conditions that are subject to certain limitations, including in the Base Agreement.

Payments under the IBM Purchase Commitment are capitalized to prepaid expenses and are amortized on a straight-line basis over the contractual term, which ends on June 29, 2028, with amortization recorded to research and development expense in the same manner as the related hosting fees. As of March 31, 2026, the Company had approximately $15.3 million of remaining purchase commitments payable under the agreement.

Cloud Services Subscription Agreement

On July 7, 2025, the Company entered into a cloud services subscription agreement (the “Cloud Services Agreement”) with IBM, pursuant to which the Company has agreed to purchase certain subscriptions to IBM cloud services (the “Cloud Services”).

The Company has selected their Cloud Services, with the minimum value of the Cloud Services actually purchased within each annual period being (i) $0.1 in the first year, (ii) $2.1 in the second year, and (iii) $4.1 in the third year. If the Cloud Services purchased in an annual period exceed the minimum, that surplus amount can be removed from the required minimum for the following year. If the Cloud Services purchased in an annual period are below the minimum, the Company must place an order covering the additional amount within seven days of the end of the applicable annual period. If the Company does not place that additional order, IBM may invoice the Company and require the Company to pay that additional amount to reach the minimum for the applicable annual period.

Pursuant to the Cloud Services Agreement, the Company must use its own intellectual property to add value to the Cloud Services for end-users of the Cloud Services.

The Cloud Services Agreement includes customary representations and warranties and various customary covenants and closing conditions that are subject to certain limitations, including in the Base Agreement.

The Company is recording the expense as subscription licenses expense in the research and development line item on the condensed consolidated statement of operations.

SanQtum AI Enterprise Unit Agreement

On November 30, 2025, the Company entered into athree-year subscription agreement with IBM for the SanQtum AI Enterprise Unit Installation (the “SanQtum Agreement”). The agreement has a contractual term beginning November 30, 2025 and ending November 29, 2028.

Pursuant to the SanQtum Agreement, the Company committed to purchase a minimum contract value of $10.0 million over the three-year term. In connection with the agreement, the Company made an initial payment of $10.0 million upon execution. If the Company does not place purchase orders sufficient to meet the committed contract value during the term, IBM may invoice the Company for the remaining balance of the commitment.

The Company accounts for the arrangement as a prepaid software and amortizes the related expense on a straight line basis within research and development expense over the contractual term. As of March 31, 2026, the unamortized portion of the initial payment is recorded under prepaid software license on the consolidated balance sheet.

Master Purchase Order Agreement - SanQtum

On January 4, 2026, the Company entered into a Master Purchase Order Agreement with AP Global Holdings LLC (d/b/a Available Infrastructure) pursuant to which the Company agreed to purchase SanQtum™ infrastructure and cybersecurity services under a services-based delivery model. The agreement provides for an upfront payment of $250,000 and has an initial term oftwelve months, subject to earlier termination in accordance with its terms.

Earnout Agreement

In connection with the closing of the EOS Asset Acquisition, 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 EOS 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 closing date of the EOS Asset Acquisition and will end upon the expiration of the last to expire of the patents included in the EOS 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.

10. 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 EOS 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 fully paid the EOS Convertible Note to EOS Holdings during the first quarter of 2026. In the third quarter of 2025, EOS Holdings exercised its conversion right under the EOS Convertible Note, converting approximately $3.2 million of the principal balance into shares of the Company's common stock.

In addition to the EOS Convertible Note, 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 EOS Acquired Assets for a period of up to three months. For the three months ended March 31, 2026, the Company has paid $11,431 to EOS Holdings and has a balance due to EOS as of March 31, 2026 of $0.5 million. $0.4 million was paid to EOS Holdings during the quarter ended March 31, 2025 in connection with the Transition Services Agreement.

Pursuant to the asset acquisition agreement with EOS Holdings, the Company is obligated to pay an earnout equal to 3% of Net Revenue (as defined in the agreement) generated from products and/or services utilizing the acquired Patent Rights. For the three months ended March 31, 2026, the Company recorded no earnout expense. There was no earnout expense or associated revenue during the quarter ended March 31, 2025. As of March 31, 2026, the Company had accrued approximately $0.8 million in earnout payable to EOS Holdings which is included in the accrued liabilities section of the balance sheet. As of December 31, 2025, the Company had accrued approximately $0.8 million in earnout payable. This transaction is expected to be settled with the issuance of stock.No payments or stock issuances were made during the three months ended March 31, 2026.

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 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 three months ended March 31, 2026 and 2025, Hansong Technology purchased modules from the Company and was assessed fees of approximately $141,000 and $11,000, respectively, and made no payments to the Company for the three months ended March 31, 2026.No payments were made for the three months ended March 31, 2025. At March 31, 2026, there was a Hansong deposit liability of $0.3 million. See Note 1 for further details regarding contract liabilities. At March 31, 2026 and 2025, Hansong Technology owed the Company zero and $35,000, respectively.

For the three months ended March 31, 2026 and 2025, Hansong Technology sold speaker products to the Company of approximately $4,000 and $0, respectively, and the Company made no payments to the Hansong Technology for the three months ended March 31, 2026 and 2025. At March 31, 2026 and 2025, the Company owed Hansong approximately $4,000 and $43,000, respectively.

As of March 31, 2026 and December 31, 2025, Mr. Kristensen owned less than 1.0% of the outstanding shares of the Company's common stock.

Scilex Advances and Bitcoin Transactions

During the three months ended March 31, 2026, Scilex, a related party and significant shareholder of the Company, provided short-term cash advances to the Company to support working capital and operating needs. The advances bore interest at an annual rate of 15.42%. During the three months ended March 31, 2026, the Company received aggregate cash advances from Scilex of approximately $18.7 million and repaid approximately $18.1 million of principal and $0.1 million of accrued interest through transfers of Bitcoin. As of March 31, 2026, amounts outstanding under the advances totaled approximately $0.7 million of principal and $19,000 of accrued interest. The Company accounts for transfers of Bitcoin used to settle related party obligations as noncash financing activities and derecognizes the digital assets at their carrying value on the date of transfer. Any resulting realized gains or losses are recognized in Other expense, net. There were no Scilex advances for the three months ended March 31, 2025.

Other Intangible Asset Acquisitions

For the three months ended March 31, 2026, the Company acquired an additional patent from three inventors, including Dr. Henry Ji and Stephen Ma, both related parties, for an aggregate fair value of approximately $5.4 million. Dr. Ji is a related party of the Company, and Mr. Ma serves as Chief Financial Officer of Scilex, Inc., a significant shareholder and related party of the Company. The patent was assigned a useful life of 10 years based on the estimated period of expected future economic benefit. As consideration for the acquisition, the Company agreed to issue an aggregate of 7,500,000 shares of common stock, consisting of2,500,000 initial closing shares and 5,000,000 contingent shares issuable upon achievement of specified milestones. The Company recorded amortization expense related to the acquired patent of approximately $0.1 million and $0 for the three months ended March 31, 2026 and 2025, respectively.

11. Segment Information

The Company operates in one business segment. Our chief decision-maker, the President and Chief Executive Officer, evaluates our performance based on company-wide condensed 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 Company operates in one business segment. Our chief decision-maker, the Chief Executive Officer, evaluates our performance based on company-wide condensed consolidated results.

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

	For the Three Months Ended March 31,	
	2026	2025
Net revenue	3,416	629
Cost of net revenue	3,305	560
Salaries, benefits, and stock based compensation expense	9,468	3,558
Other segment expenses	18,432	3,621
Depreciation and amortization expense	3,161	2,321
Interest (expense), net	(1,121)	(120)
Other (expense) income, net	(21,060)	(12)
Income tax expense	—	—
Net loss	$ (53,131)	$ (9,563)

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Net revenue from customers is designated based on the geographic region to which the product is delivered. Net revenue by geographic region for the three months ended March 31, 2026 and 2025 was as follows:

	For the Three Months Ended March 31,	
(in thousands)	**2026**	**2025**
Asia Pacific	$ 424	$ 365
North America	2,515	137
Europe	477	127
Total	$ 3,416	$ 629

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

12. Subsequent Events

Vivasor Subscription Agreement

On April 23, 2026, the Company filed a prospectus supplement to the registration statement of which this prospectus supplement forms a part (Registration No. 333-294502), for the purpose of registering the sale and issuance by us of 75,942,666 shares of our Common Stock to Vivasor, Inc. (“Vivasor”), a related party, in consideration for our purchase of 8,163,265 shares of Vivasor’s Series A common stock, at a purchase price of $6.125 per share for aggregate consideration of $50 million, pursuant to a Subscription Agreement by and between the Company and Vivasor, dated as of April 16, 2026.

Scilex Binding Term Sheet

On April 26, 2026, the Company entered into a binding term sheet (the “Scilex Term Sheet”) with Scilex, which sets forth the principal terms and conditions of a proposed cash contribution and revenue participation arrangement between the Company and Scilex (the "Scilex Transaction"). Pursuant to the Scilex Term Sheet, and subject to the finalization of mutually agreeable definitive transaction documents and, ultimately, the satisfaction of certain customary closing conditions, to be contained therein, it is expected that Scilex will make an upfront cash contribution to the Company in the amount $120.0 million, to be paid in multiple closings, with the final closing to occur no later than December 31, 2026 (the “Upfront Payment”). The Company will use the proceeds from the Upfront Payment exclusively to fund the deployment of our quantum-ready graphics processing units (“GPUs”) infrastructure across an estimated 100 cities in the United States (the “Quantum-Ready Edge Network”), including build-out, equipment, related working capital, and reasonable overhead expenses directly attributable thereto.

In consideration of the Upfront Payment, the Company would become obligated to pay Scilex an amount equal to (i) 30% of gross revenues recognized by the Company attributable exclusively to the Quantum-Edge Nextwork (the "Network Revenues") until the aggregate amount of such payments to Scilex equals $250.0 million (the "Interim Cap"), (ii) from and after the time that the Interim Cap has been reached, 15% of Network Revenues until aggregate amount of such payments to Scilex (when combined with amounts applied to the Interim Cap) equals $1.2 billion (the "Additional Cap"), and (iii) from and after the time that the Additional Cap has been reached, 5% of Network Revenues during the remaining lifetime of the GPU's purchased using the Upfront Payment.

The Term Sheet contemplates the execution of definitive agreements containing customary representations, warranties, covenants, indemnification provisions, and closing conditions. There can be no assurance that definitive agreements will be executed or that the proposed transaction will be consummated on the terms currently contemplated, or at all. The proposed transaction remains subject to further negotiation, regulatory and corporate approvals, market conditions, and other customary conditions outside the Company’s control.

CyberCatch Binding Letter of Intent

On April 26, 2026, the Company entered into a binding letter of intent (the “CyberCatch LOI”) with CyberCatch Holdings, Inc. (“CyberCatch”), under which the Company and CyberCatch will enter into a definitive agreement for the Company to acquire 100% of CyberCatch in an all-stock transaction structured as a court-approved plan of arrangement under the Business Corporations Act (British Columbia) (the “CyberCatch Acquisition”). Under the CyberCatch LOI and subject to a definitive agreement, the Company will acquire 100% of CyberCatch’s issued and outstanding common shares (being approximately26.8 million shares) in exchange for approximately 49.9 million newly issued shares of the Company's common stock at CAD $5.11 per CyberCatch share, which implies an aggregate value to CyberCatch’s issued and outstanding common shares of CAD $136.8 million. All issued and outstanding CyberCatch securities convertible into or exercisable for CyberCatch common shares will be exchanged for shares of the Company's common stock on a cashless exercise basis at a deemed value of USD $2.00 per share of common stock. Upon closing of the transaction, subject to customary board, stock exchange and any necessary regulatory and shareholder approvals, it is anticipated that the Company's stockholders will hold approximately 92.48% and CyberCatch shareholders approximately 7.52% of the Company's outstanding equity. It is anticipated that CyberCatch will operate as a wholly-owned subsidiary of the Company from San Diego, California, and CyberCatch founder, Chairman, and Chief Executive Officer Sai Huda will serve as President of the subsidiary, reporting to Nathaniel T. Bradley, the Company's Chief Executive Officer.

Registered Direct Offering

On May 3, 2026, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with certain institutional investors, pursuant to which the Company agreed to sell and issue in a registered direct offering (the "Offering") an aggregate of 109,090,910 shares of common stock at an offering price of $0.55 per share for aggregate gross proceeds to the Company from the Offering of approximately $60.0 million, before deducting the Placement Agent’s (as defined below) fees and offering expenses payable by the Company. The Company intends to use the net proceeds from the Offering for the deployment of its quantum-ready graphics processing unit edge network, including build-out and equipment, as well as working capital and general corporate purposes. The Offering closed on May 5, 2026.

Pursuant to the Purchase Agreement, the Company has agreed that, subject to certain exceptions, from the date of the prospectus supplement until forty-five (45) days after the closing of the Offering, (i) neither it nor any of its subsidiaries shall (a) issue, enter into any agreement to issue or announce the issuance or proposed issuance of any Common Stock or Common Stock Equivalents (as defined in the Purchase Agreement) or (b) file any registration statement or any amendment or supplement thereto, and (ii) it shall not enter into a Variable Rate Transaction (as defined in the Purchase Agreement).

In connection with the Offering, the Company entered into a Placement Agency Agreement, dated as of May 3, 2026, with Titan Partners Group LLC, a division of American Capital Partners, LLC (the “Placement Agent”), pursuant to which the Placement Agent agreed to serve as the sole placement agent for the issuance and sale of securities of the Company pursuant to the Purchase Agreement. As compensation for such services, the Company agreed to pay the Placement Agent a cash fee of $4.2 million and issue to the Placement Agent, or its designees, warrants to purchase up to 5,454,545 shares of Common Stock (the “Placement Agent Warrants”) at the closing of the Offering. The Placement Agent Warrants have a term of five years from the date of the prospectus supplement and have an exercise price of $0.6325 per share. The Company also agreed to reimburse the Placement Agent for legal and other expenses incurred by it in connection with the offering in an aggregate amount up to $60,000. The warrants have a five-year term. The Shares, the Placement Agent Warrants and the shares of Common Stock issuable upon exercise of the Placement Agent Warrants (the “Placement Agent Warrant Shares”) were offered and sold by the Company pursuant to an effective shelf registration statement on Form S-3 (File No. 333-294502), which was originally filed with the SEC on March 20, 2026, and was declared effective on March 25, 2026, a base prospectus forming a part of the effective registration statement dated March 25, 2026 and a prospectus supplement dated May 3, 2026.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Cautionary Notice Regarding Forward Looking Statements

This Quarterly Report on Form 10-Q (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 manage costs and execute on its operational and budget plans; risks related to mergers and acquisitions 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 acquisitions of CompuSystems, Inc. ("CSI"), API Media Innovations Inc. and NYIAX, Inc. ("NYIAX"); our ability to complete the acquisition of NYIAX; 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.

Overview

Datavault AI Inc. ("Datavault," the "Company," "us," "our," or "we") 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 high-performance computing capabilities and advanced software, our technology offerings are designed to ensure data ownership immutability, experiential data observability, precise data asset valuation, and secure monetization-which we believe will unlock significant opportunities for businesses in an increasingly data-driven world. Datavault has two synergistic platforms-Data Sciences and Acoustic Sciences-that our executive leadership is focusing on as key drivers of future revenue growth.

Our Data Sciences division is focused on the delivery of cyber-secure, privacy protected data management and monetization technologies, the heart of which are our offerings of artificial intelligence-driven agents-branded as Data Vault®, DataValue®, DataScore®, and Data Vault Bank®. We believe our Data Sciences division will redefine data management by providing a software as a service platform designed to enable organizations to acquire, value, refine, and monetize their data assets with unparalleled security and control. Our Acoustic Sciences division is focused on technological innovations that have already produced advanced technologies in data-over-sound, low latency spatial audio and high-definition audio transmission, and our patented semiconductor and digital module technologies are currently being deployed by several key customers, including Bang & Olufsen, Harmon Kardon, Klipsch and other leading electronics manufacturer.

Comparison of the Three Months Ended March 31, 2026 and March 31, 2025

Revenue

Revenue for the three months ended March 31, 2026 was $3.4 million, an increase of $2.8 million or 443% compared to the revenue for the three months ended March 31, 2025 of $0.6 million. The increase was a result of the acquisition of CSI.

Gross Profit and Operating Expenses

Gross Profit

Gross profit for three months ended March 31, 2026 was $0.1 million compared to a gross profit of $0.1 million for the three months ended March 31, 2025. The gross profit as a percent of sales was 3% for the three months ended March 31, 2026, compared to the gross profit of 11% for the three months ended March 31, 2025. The decrease in gross profit is due to the inclusion of lower-margin revenue as a result of the acquisition of CSI.

Research and Development

Research and development expenses for the three months ended March 31, 2026 were $5.7 million, an increase of $3.3 million, compared to the research and development expenses for the three months ended March 31, 2025 of $2.4 million. The increase in research and development expenses is primarily driven by IBM Watsonx AI and SanQtum AI subscription licenses of $3.1 million and higher legal expenses of $0.3 million.

Sales and Marketing

Sales and marketing expenses for the three months ended March 31, 2026 were $6.6 million, an increase of $5.1 million compared to the sales and marketing expenses for the three months ended March 31, 2025 of $1.5 million. The increase in sales and marketing expenses is primarily related to an increase in headcount resulting in increased salaries and wages, benefits and stock-based compensation of $1.5 million, an increase in advertising and sponsorship projects of $2.8 million and consulting expenses of $0.4 million.

General and Administrative

General and administrative expenses for the three months ended March 31, 2026 were $18.7 million, an increase of $13.1 million compared to general and administrative expenses for the three months ended March 31, 2025 of $5.6 million. The increase in general and administrative expenses is primarily driven by higher headcount, resulting in additional salaries, wages, commissions, benefits, and stock-based compensation of $4.4 million; consulting and legal expenses of $1.6 million and $2.5 million respectively; higher amortization of intangibles assets of $0.8 million related to the CSI acquisition closed on May 20, 2025, the IP acquisitions from Turner Global Media LLC and Web Access LLC closed in July 2025, the IP acquisition closed on January 04, 2026 and the API acquisition closed on January 22, 2026. The increase also reflects higher acquisition-related expenses and investor relations costs of $0.6 million each.

Interest Expense, net

Interest expense, net for the three months ended March 31, 2026 was $1.1 million, an increase of $1.0 million compared to the interest income for the three months ended March 31, 2025 of $0.1 million. Interest expense increased due to an increase in borrowings.

Debt Extinguishment

Debt extinguishment expense for the three months ended March 31, 2026 was $1.7 million, representing the difference between the settlement amount due and the carrying value of the First Convertible Note on the settlement date.

Change in Fair Value of Warrant Liability

Change in fair value of warrant liability for the three months ended March 31, 2026 was zero compared to $17,000 of income for the three months ended March 31, 2025.

Impairment of investment in nonmarketable security

Impairment of investment in marketable security for the three months ended March 31, 2026 was $2.5 million compared to none for the three months ended March 31, 2025. This impairment increase was primarily due to the decline in value of our investment in NYIAX.

Other Expense, net

Other expense, net for the three months ended March 31, 2026 was $16.8 million compared to $29,000 for the three months ended March 31, 2025. This increase was primarily due to realized and unrealized gains and losses on crypto assets.

Liquidity and Capital Resources

Cash and cash equivalents as of March 31, 2026 were $2.2 million compared to $2.0 million, as of December 31, 2025.

We recorded a net loss of $53.1 million for the three months ended March 31, 2026 and used net cash in operating activities of $8.7 million for the three months ended March 31, 2026 vs $6.0 million for the three months ended March 31, 2025. Excluding non-cash adjustments, the primary reasons for the increase in the use of net cash from operating activities during the three months ended March 31, 2026, was related to an increase in the net loss.

Cash used in investing activities for the three months ended March 31, 2026 and 2025 totaled approximately $13.9 million and $1.1 million, respectively. The increase was due to the acquisition of API on January 22, 2026.

Cash provided by financing activities for the three months ended March 31, 2026 and 2025 totaled approximately $22.8 million and $3.9 million, respectively. The increase of $18.9 million of cash provided by financing activities is primarily attributable to an increase of $25.0 million provided by proceeds from equity offerings, offset by and increase of debt payments of $6.6 million.

We have financed our operations to date primarily through the issuance of equity securities, proceeds from the exercise of warrants to purchase common stock, sale of debt instruments and through the sale of Bitcoin. As of May 15, 2026, we utilized our July ATM program to sell common stock for net proceeds of $32.4 million. We raised net proceeds of $55.8 million on May 4, 2026 in a registered direct offering. We will need to raise additional proceeds via the issuance of equity securities and/or the sale of debt instruments in the remainder of 2026 to fund operations. In addition to raising proceeds from the issuance of equity securities/debt instruments, the Company has sufficient cash and cash equivalents, BTC, and other resources for the next 12 months.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As a smaller reporting company, as defined in Rule 12b-2 of the Exchange Act, we are not required to provide the information required by this Item.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that material information required to be disclosed in our periodic reports filed under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission ("SEC") rules and forms and to ensure that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer as appropriate, to allow timely decisions regarding required disclosure. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of our disclosure controls and procedures. Based on the foregoing evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2026, our disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Our management, including our Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer), does not expect that our disclosure controls and procedures will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our Company have been detected. These inherent limitations include, but are not limited to, the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Changes in Internal Controls

There were no changes in the Company's internal control over financial reporting that occurred during the three months ended March 31, 2026 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The information set forth in Note 9, “Commitments and Contingencies”, to our accompanying condensed consolidated financial statements under the caption “Contingencies” included in Part I, Item 1 of this Quarterly Report on Form 10-Q is incorporated herein by reference.

Item 1A. Risk Factors

There have been no material changes to information required regarding risk factors from the end of the preceding year to the date of this Quarterly Report on Form 10-Q. In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in Part I, Item 1A “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2025, which could materially affect the Company’s business, financial condition or future results. The risks described in the Company’s Annual Report on Form 10-K are not the only risks facing the Company. Additional risks and uncertainties not currently known to the Company or that the Company currently deems to be immaterial also may materially adversely affect the Company’s business, financial condition and/or operating results.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Description
2.1	Certificate of Conversion of Summit Semiconductor, LLC (n/k/a Datavault AI 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, LLC (n/k/a Datavault AI 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).
2.3	Agreement and Plan of Merger among Datavault AI Inc., DVLT Merger Sub, Inc., and NYIAX, Inc., dated March 18, 2026 (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on March 19, 2026).
3.1(i)(a)	Certificate of Incorporation of Summit Semiconductor, Inc. (n/k/a Datavault AI 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. (n/k/a Datavault AI 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. (n/k/a Datavault AI 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)(d)	Certificate of Amendment to Certificate of Incorporation of Summit Wireless Technologies, Inc. (n/k/a Datavault AI 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)(e)	Certificate of Amendment to Certificate of Incorporation of Summit Wireless Technologies, Inc. (n/k/a Datavault AI Inc.) (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on March 11, 2022).
3.1(i)(f)	Certificate of Amendment to Certificate of Incorporation of WiSA Technologies, Inc. (n/k/a Datavault AI Inc.) (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on January 26, 2023).
3.1(i)(g)	Certificate of Amendment to Certificate of Incorporation of WiSA Technologies, Inc. (n/k/a Datavault AI Inc.) (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on March 26, 2024).
3.1(i)(h)	Certificate of Amendment to Certificate of Incorporation of WiSA Technologies, Inc. (n/k/a Datavault AI Inc.) (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on April 12, 2024).
3.1(i)(i)	Certificate of Amendment to Certificate of Incorporation of WiSA Technologies, Inc. (n/k/a Datavault AI Inc.) (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on February 14, 2025).
3.1(i)(j)	Certificate of Amendment to Certificate of Incorporation of Datavault AI Inc. (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on September 26, 2025).
3.1(i)(k)	Certificate of Amendment to Certificate of Incorporation of Datavault AI Inc. (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on November 26, 2025).
3.1(i)(l)	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).
3.1(ii)(a)	Bylaws of Summit Semiconductor, Inc. (n/k/a Datavault AI 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(ii)(b)	Amendment to the Bylaws of Datavault AI Inc., effective September 25, 2025 (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the SEC on September 26, 2025).
4.1	Form of Warrant (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on February 27, 2026).

4.2	Form of Placement Agent Warrant (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on May 5, 2026).
10.1*	Master Purchase Order Agreement between Datavault AI Inc. and AP Global Holdings LLC (Available Infrastructure), dated January 4, 2026.
31.1*	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2*	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
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 (furnished herewith).
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 (furnished herewith).
101	Interactive Data Files (embedded within the Inline XBRL document)
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

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

	Datavault AI Inc.	
Date: May 15, 2026	By:	/s/ Nathaniel Bradley
		Name: Nathaniel Bradley Chief Executive Officer (Duly Authorized Officer and Principal Executive Officer)
Date: May 15, 2026	By:	/s/ Brett Moyer
		Name: Brett Moyer Title: Chief Financial Officer (Principal Financial Officer)

Exhibit 31.1

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Nathaniel Bradley, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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: May 15, 2026

/s/ Nathaniel Bradley

Name:	Nathaniel Bradley
Title:	Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Brett Moyer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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: May 15, 2026

/s/ Brett Moyer

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

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of Datavault AI Inc. (the "Company") for the period ended March 31, 2026 (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: May 15, 2026

/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.

Exhibit 32.2

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

In connection with the Quarterly Report on Form 10-Q of Datavault AI Inc. (the "Company") for the period ended March 31, 2026 (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: May 15, 2026

/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.