

**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: 001-38907

**DNA X, Inc.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

94-3336783  
(I.R.S. Employer  
Identification No.)

4445 Eastgate Mall, Suite 200  
San Diego, CA 92121  
(Address of principal executive offices and Zip Code)

Registrant's telephone number, including area code: (661) 618-7580

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 \$0.001 per share	SONM	The Nasdaq Stock Market LLC

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

On May 14, 2026, there were 1,488,268 shares of the registrant's common stock, par value \$0.001, outstanding. 223,201 of such shares are redeemable.

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## CAUTIONARY NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains statements that we believe are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Those forward-looking statements are intended to enjoy the protection of the safe harbor for forward-looking statements provided by that act as well as protections afforded by other federal securities laws. Generally, words such as “achieve,” “aim,” “ambitions,” “anticipate,” “believe,” “committed,” “continue,” “could,” “designed,” “estimate,” “expect,” “forecast,” “future,” “goals,” “grow,” “guidance,” “intend,” “likely,” “may,” “milestone,” “objective,” “on track,” “opportunity,” “outlook,” “pending,” “plan,” “position,” “possible,” “potential,” “predict,” “progress,” “roadmap,” “seek,” “should,” “strive,” “targets,” “to be,” “upcoming,” “will,” “would,” and variations of such words and similar expressions identify forward-looking statements, which are not historical in nature. The forward-looking statements may appear throughout this report and other documents we file with the Securities and Exchange Commission or the SEC, including without limitation, the following sections:

- (i) Note 9 - Commitments and Contingencies to these Consolidated Financial Statements regarding the possible outcome of, and future effect on our financial condition and results of operations of, certain litigations and other proceedings to which we are a party;
- (ii) Part I, Item 2. “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” including the statements with regard to the future changes to our business and our expectations regarding our strategy and new lines of products, future cash requirements, assessment of our liquidity, the availability, uses, sufficiency, and cost of capital resources, and sources of funding, and future products, services, and technologies; and
- (iii) Part I, Item 4. “Controls and Procedures,” including the description of limitations on effectiveness of controls and procedures.

Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those anticipated by these forward-looking statements. These risks and uncertainties include, but are not limited to, the following:

- the availability of cash on hand and other sources of liquidity to fund our operations and grow our business;
- our ability to compete effectively depends on multiple factors and we may not be able to continue to develop solutions to address user needs effectively;
- we may not be able to continue to develop solutions to address user needs effectively, including features for traders on our cryptocurrency trading platform;
- cryptocurrency values have been volatile and may cause a decrease in trading activity on our cryptocurrency trading platform;
- the financial and operational projections that we may provide from time to time are subject to inherent risks;
- our ability to incorporate emerging technologies into our trading software given the lengthy development cycle;
- our ability to adapt to new requirements from customer in our evolving industry;
- our ability to remain in compliance with the listing requirements of the Nasdaq Capital Market;
- our quarterly results may vary significantly from period to period;
- we rely primarily on third-party contractors to maintain and develop our trading platform;
- if our software contains defects or errors, we could incur significant unexpected expenses, experience downtime on our online trading platform with a loss of commission revenue, and be subject to liability for claims;
- we are dependent on the continued services and performance of a concentrated and limited group of senior management;
- we face risks related to the impact of various economic, political, environmental, social, and market events beyond our control that can impact our business and results of operations; and
- other risks and uncertainties described in this quarterly report in the “Risk Factors” section, as such descriptions may be updated or amended in any future reports we file with the SEC.

We urge investors to consider all of the risks, uncertainties, and other factors disclosed in these filings carefully in evaluating the forward-looking statements contained in this report. We cannot assure you that the results or developments anticipated by us and reflected or implied by any forward-looking statement contained in this report will be realized or, even if substantially realized, that those results or developments will result in the forecasted or expected consequences for us or affect us, our operations or financial performance as we forecasted or expected. As a result of the matters discussed above and other matters, including changes in facts, assumptions not being realized, or other factors, the actual results relating to the subject matter of any forward-looking statement in this report may differ materially from the anticipated results expressed or implied in that forward-looking statement. The forward-looking statements included in this report are made only as of the date of this report, and we undertake no obligation to update any such statements to reflect subsequent events or circumstances.

As used herein, “DNA X,” the “Company,” “we,” “us,” “our,” and similar terms include DNA X, Inc. and its subsidiaries, unless the context indicates otherwise.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

**DNA X, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(IN THOUSANDS EXCEPT SHARE AND PER SHARE AMOUNTS)

	March 31, 2026 (Unaudited)	December 31, 2025
<b>Assets</b>		
Cash and cash equivalents	\$ 1,195	\$ 1,303
Receivable for cash held back from the asset sale	1,500	—
Prepaid expenses and other current assets	608	676
<b>Current assets held for sale</b>	<b>—</b>	<b>26,930</b>
Total Current assets	3,303	28,909
Investment in DNA X LLC under equity method	1,290	1,242
Deferred tax assets	—	1,441
Other assets	245	274
<b>Non-current assets held for sale</b>	<b>—</b>	<b>12,032</b>
Total assets	<b>\$ 4,838</b>	<b>\$ 43,898</b>
<b>Liabilities and stockholders' deficit</b>		
Accounts payable	719	4,030
Accrued liabilities	1,576	704
Promissory note, net from related party	1,072	1,035
Promissory notes, net	—	4,030
Derivative liability	398	171
Income tax payable	556	2,598
<b>Current liabilities held for sale</b>	<b>—</b>	<b>38,057</b>
Total current liabilities	4,321	50,625
Deferred tax liability	600	—
Total liabilities	4,921	50,625
Commitments and contingencies (Note 9)	—	—
Redeemable common stock; \$0.001 par value; 223,201 shares issued and outstanding; redemption value \$900 at March 31, 2026 and \$1,228 as of December 31, 2025 (Note 6)	900	1,228
<b>Stockholders' deficit</b>		
Common stock, \$0.001 par value per share; 1,000,000,000 shares authorized: and 1,265,067 shares issued and outstanding at both March 31, 2026 and December 31, 2025*	1	1
Preferred stock, \$0.001 par value per share, 5,000,000 shares authorized: and no shares issued and outstanding at March 31, 2026 and December 31, 2025	—	—
Additional paid-in capital*	296,613	296,309
Accumulated deficit	(297,597)	(304,265)
Total stockholders' deficit	(983)	(7,955)
<b>Total liabilities, redeemable common stock, and stockholders' deficit</b>	<b>\$ 4,838</b>	<b>\$ 43,898</b>

\* Adjusted retroactively to reflect the 1-for-18 reverse stock split that became effective on October 28, 2025, see Note 1.

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

**DNA X, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(IN THOUSANDS EXCEPT SHARE AND PER SHARE AMOUNTS)**  
**(UNAUDITED)**

	<b>Three Months Ended March 31,</b>	
	<b>2026</b>	<b>2025</b>
Continuing operations:		
Net revenues	\$ —	\$ —
Operating expenses		
General and administrative	3,618	870
Total operating expenses	<u>3,618</u>	<u>870</u>
Net loss from operations	(3,618)	(870)
Interest expense, net	(131)	(91)
Loss on remeasurement of derivative liability	(227)	—
Equity income from DNA X LLC	48	—
Net loss from continuing operations before income taxes	(3,928)	(961)
Income tax expense from continuing operations	—	—
Net loss from continuing operations	<u>(3,928)</u>	<u>(961)</u>
Discontinued Operations:		
Income from discontinued operations, net of tax	10,268	1,419
Net income	<u>\$ 6,340</u>	<u>\$ 458</u>
Net earnings (loss) per share basic and diluted:		
Continuing operations*	<u>(3.11)</u>	<u>(2.96)</u>
Discontinued operations*	<u>8.12</u>	<u>4.37</u>
Net income*	<u>\$ 5.01</u>	<u>\$ 1.41</u>
Weighted-average shares used in computing net loss per share:		
Basic and diluted*	<u>1,265,067</u>	<u>324,431</u>

\* Adjusted retroactively to reflect the 1-for-18 reverse stock split that became effective on October 28, 2025, see Note 1.

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

**DNA X, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT**  
**(IN THOUSANDS EXCEPT SHARE AMOUNTS)**  
**(UNAUDITED)**

<b>For the Three Months Ended March 31, 2025</b>	<b>Common stock</b>		<b>Additional Paid-in Capital (*)</b>	<b>Accumulated Deficit</b>	<b>Stockholders' Deficit</b>
	<b>Shares (*)</b>	<b>Amount (*)</b>			
<b>Balance at January 1, 2025</b>	276,881	\$ —	\$ 277,908	\$ (283,608)	\$ (5,700)
Issuance of common stock upon exercise of stock options and settlement of restricted stock units, net of taxes withheld	117	—	—	—	—
Issuance of common stock, net of issuance costs	74,859	1	3,536	—	3,537
Stock-based compensation	—	—	626	—	626
Net income	—	—	—	458	458
<b>Balance at March 31, 2025</b>	<u>351,857</u>	<u>\$ 1</u>	<u>\$ 282,070</u>	<u>\$ (283,150)</u>	<u>\$ (1,079)</u>

<b>For the Three Months Ended March 31, 2026</b>	<b>Common stock</b>		<b>Additional Paid-in Capital (*)</b>	<b>Accumulated Deficit</b>	<b>Stockholders' Deficit</b>
	<b>Shares (*)</b>	<b>Amount (*)</b>			
<b>Balance at January 1, 2026</b>	1,265,067	\$ 1	\$ 296,309	\$ (304,265)	\$ (7,955)
Remeasurement of redemption value of redeemable common stock	—	—	—	328	328
Stock-based compensation	—	—	304	—	304
Net income	—	—	—	6,340	6,340
<b>Balance at March 31, 2026</b>	<u>1,265,067</u>	<u>\$ 1</u>	<u>\$ 296,613</u>	<u>\$ (297,597)</u>	<u>\$ (983)</u>

(\*) Adjusted retroactively to reflect the 1-for-18 reverse stock split that became effective on October 27, 2025, see Note 1.

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

**DNA X, INC.**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**(IN THOUSANDS)**  
**(UNAUDITED)**

	Three Months Ended March 31,	
	2026	2025
Cash flows from combined continuing and discontinued operations:		
Cash flows from operating activities:		
Net loss	\$ 6,340	\$ 458
Adjustments to reconcile net loss to net cash used in operating activities:		
Gain on sale of assets, net assets transferred	(15,563)	—
Depreciation and amortization	—	1,055
Amortization of debt discount and issuance costs	43	41
Stock-based compensation (\$211 from continuing and \$93 from discontinued operations for 2026 and all from discontinued operations for 2025-see Note 7)	304	290
Loss on remeasurement of derivative liability	227	—
Release of customer allowance liability	—	(5,271)
Investment income from DNA X LLC under the equity method	(48)	—
Other	—	(97)
Changes in operating assets and liabilities:		
Accounts receivable	250	(649)
Non-trade receivable	—	667
Inventory	5,490	2,255
Prepaid expenses and other current assets	1,663	(127)
Contract fulfilment assets	129	(2,548)
Other assets	(103)	(3)
Accounts payable	(2,653)	(5,554)
Accrued liabilities	(1,288)	(218)
Deferred tax assets	1,364	—
Deferred tax liabilities	600	—
Income tax payable	(221)	95
Net cash used in operating activities	(3,466)	(9,606)
Cash flows from investing activities:		
Net cash received from sale of assets	3,358	—
Net cash provided by investing activities	3,358	—
Cash flows from financing activities:		
Proceeds from issuance of common stock, net of issuance costs	—	3,537
Proceeds from promissory note, net of issuance costs	—	2,790
Proceeds from short-term borrowings	—	51
Net cash provided by financing activities	—	6,378
Net decrease in cash and cash equivalents	(108)	(3,228)
Cash and cash equivalents at beginning of period	1,303	5,343
Cash and cash equivalents at end of period	\$ 1,195	\$ 2,115
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 257	\$ 20
Cash paid for income taxes	\$ —	\$ 12
Supplemental disclosure of non-cash activities:		
Repayment of notes payable from proceeds of asset sale	\$ 5,476	\$ —
Receivable for cash held back from asset sale	\$ 1,500	\$ —

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

**DNA X, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

**NOTE 1 — The Company and Its Significant Accounting Policies**

**Description of Business**—DNA X, Inc. (“the Company”) was incorporated in the state of Delaware on August 5, 1999 under the name Sonim Technologies Inc., and is headquartered in San Diego, California. Effective January 23, 2026, the Company changed its name to DNA X, Inc. The Company operates an AI and crypto trading platform that operates on the internet and is designed to harness advanced AI and machine learning technologies to automate intelligent trading strategies, enabling clients to capitalize on data-driven insights and dynamic opportunities. See <https://dnax.us> for more information on the services offered. Until January 23, 2026, the Company operated a cell phone and mobile hotspot manufacturing business. The assets of the phone and mobile hotspot business were sold to Pace Car Acquisition LLC on January 23, 2026.

The Company generates revenue from trading commissions that are based on the value of the trades that customers execute on the Company’s DNA X trading website. Customers are individual investors from around the world. DNA X has positioned itself as a low price trading platform that allows traders to implement strategies to take advantage of fluctuations in relative values of cryptocurrency pairs. The platform allows investors to set up automated trading strategies, to monitor other trader’s trading strategies in real time, and to simulate trades without any cost. DNA X has been operating since November and has grown through word-of-mouth and social media. The Company is currently building enhanced features for traders that will be implemented in 2026 and are expected to drive more customers to DNA X. The Company is also working on expanding the number of cryptocurrencies that will be available to trade which is expected to increase trading volume and commission revenue.

**Liquidity and Ability to Continue as a Going Concern**—The Company’s consolidated financial statements account for the continuation of its business as a going concern. The Company is subject to the risks and uncertainties associated with operating an AI and crypto trading platform including the ability to attract new customers and to keep existing customers from moving their business to other competitors. On May 20, 2026, the Company entered into a securities Purchase Agreement with DNA Holdings pursuant to which the Company sold and issued to DNA Holdings a convertible promissory note with a principal balance of \$3,053. The purchase price of the note consisted of \$1,800 in cash to the Company, and the surrender of the convertible promissory note dated December 15, 2025, in the principal amount of \$1,200 including \$53 of accrued unpaid interest. The Company will receive \$1.8 in cash proceeds and the cash is expected to allow the Company to operate the DNA X AI and crypto platform through December 31, 2026, which is the maturity date of the note. See Note 12. If the note is not converted into the Company’s equity, then the Company will need to raise additional capital before December 31, 2026. Due to the uncertainty of whether the note will be converted or of the Company obtaining additional financing, there is substantial doubt regarding the Company’s ability to continue as a going concern as of the date of the filing of this 10-Q.

**Reverse Stock Split**—On October 28, 2025, the Company effected a 1-for-18 reverse stock split of its issued and outstanding common stock (the “Reverse Stock Split”). The Company’s common stock began trading on the Nasdaq Capital Market on a post-split basis on October 29, 2025. As a result of the Reverse Stock Split, each share of common stock issued and outstanding immediately prior to October 18, 2025, was automatically converted into one-eight-tenth (1/18) of a share of common stock. The Reverse Stock Split affected all common stockholders uniformly and did not alter any stockholder’s percentage interest in the Company’s equity, except to the extent that the Reverse Stock Split would result in a stockholder owning a fractional share. No fractional shares were issued in connection with the Reverse Stock Split. Stockholders who otherwise would be entitled to receive a fractional share, instead cash was paid to stockholders for the value of the fractional share.

The Reverse Stock Split did not change the par value of the common stock or the authorized number of shares of common stock. All outstanding stock options, restricted stock units, and warrants entitling their holders to purchase or obtain or convert into shares of our common stock were adjusted, as required by the terms of these securities.

The Company’s stockholders’ equity, in the aggregate, remained unchanged following the Reverse Stock Split. Net income (loss) per share increased because there were fewer shares of common stock outstanding. There were no other accounting consequences, including changes to the amount of stock-based compensation expense to be recognized in any period, that arose as a result of the Reverse Stock Split.

All common share and per-share amounts in this Form 10-Q have been retroactively restated to reflect the effect of the Reverse Stock Split.

**Financial Statement Presentation**—The unaudited condensed consolidated financial statements include the accounts of DNA X, Inc. and its wholly owned subsidiaries (collectively “DNA X” or the “Company”). Intercompany accounts and transactions have been eliminated. In the opinion of the Company’s management, the unaudited condensed consolidated financial statements reflect all adjustments, which are normal and recurring in nature, necessary for fair financial statement presentation. The preparation of these unaudited condensed consolidated financial statements and accompanying notes in conformity with U.S. generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ materially from those estimates. Certain prior period amounts in the unaudited condensed consolidated financial statements and accompanying notes have been reclassified to conform to the current period’s presentation. These unaudited condensed consolidated financial statements and accompanying notes should be read in conjunction with the Company’s annual consolidated financial statements and accompanying notes included in its Annual Report on Form 10-K for the year ended December 31, 2025.

**Principles of Consolidation**—The accompanying consolidated financial statements through January 23, 2026 include the accounts of DNA X, Inc. and its wholly owned foreign subsidiaries, Sonim Technologies (India) Private Limited, Sonim Technologies (Shenzhen) Limited, Sonim Technologies Inc. Shenzhen Limited Beijing Branch, Sonim Technologies (Hong Kong) Limited, Sonim Technologies Germany GmbH and Sonim Technologies Communications India Private Limited (collectively, the “Company”). After the Company’s subsidiaries in Shenzhen, Beijing, Hong Kong, and Germany were sold on January 23, 2026, only the Indian subsidiary is consolidated after January 23, 2026. All significant intercompany transactions and balances have been eliminated in consolidation.

**Reclassifications**—Prior period amounts were reclassified to conform to the current period presentation including the separation of amortization of debt discounts and issuance costs on the statement of cash flow.

**Assets Held For Sale**—The Company generally considers assets to be held for sale when the following criteria are met: (i) management commits to a plan to sell the property, (ii) the property is available for sale immediately, (iii) management has initiated an active program to locate a buyer or buyers and other actions required to complete the plan to sell the disposal group, (iv) the sale of the property within one year is considered probable, (v) the property is actively being marketed for sale at a price that is reasonable in relation to its current fair value and (vi) significant changes to the plan to sell are not expected. Property classified as held for sale is no longer depreciated and is reported at the lower of its carrying value or its estimated fair value less estimated costs to sell. During the fourth quarter ended December 31, 2025, the Company deemed that its phone and hotspot operations met the held for sale criteria and was classified as such on the audited condensed consolidated balance sheet for the December 31, 2025 balance sheet and the prior period that was presented. The six criteria were met on December 30, 2025 when the stockholders approve the asset sale and the asset sale became probable.

**Discontinued Operations**—The Company deems it appropriate to classify a business as a discontinued operation if the related disposal group meets all the following criteria: (i) the disposal group is a component of the Company, (ii) the component meets the held-for-sale criteria, and (iii) the disposal of the component represents a strategic shift that has a major effect on the Company’s operations and financial results. During the fiscal quarter ended December 31, 2025, the Company deemed its phone and hotspot operations to be discontinued operations due to the disposal group meeting all three criteria. As such, the results of the phone and hotspot operations are presented as discontinued operations in the unaudited condensed consolidated statements of operations for the three months ended March 31, 2026 and March 31, 2025, and have been excluded from both continuing operations and segment results for all periods presented.

**Related Party Transactions**— On October 1, 2024, the Company signed an agreement with a then-related party, in which a family member of the Company’s then-director, Jeffrey Wang, holds an indirect interest of approximately 40%, to purchase parts and components to be used in the manufacturing of the company’s products for the aggregate amount of approximately \$1,000. The agreement was executed in the ordinary course of business. The Company did not purchase any raw materials under this agreement in 2026. As of July 18, 2025, Jeffrey Wang is no longer a director of the Company.

The Company’s director, Scott Walker, has an ownership interest of approximately 50% in DNA Holdings, the entity that sold the DNA X LLC cryptocurrency trading platform to the Company. The entity received 19.99% of the pre-transaction shares of the Company in redeemable shares of common stock of the Company on December 15, 2025. As of March 31, 2026, these redeemable shares now represent approximately 15% of the Company’s outstanding stock. After June 15, 2026, DNA Holdings will have the right to convert a note that will result in the entity owning up to 28% of the outstanding shares of the Company. Conversion of shares from the note is subject to shareholders’ approval. The total consideration paid by the Company to DNA Holdings for the acquisition of the trading platform was \$1,228 which was the fair value based on the stock price of the Company on December 15, 2025 and \$1,200 in proceeds were received by the Company on December 15, 2025 from the sale of the convertible note.

There is a put option that expires on June 30, 2026 that allows DNA Holdings to take back the DNA X LLC investment by returning the Company’s stock. The board of directors of the Company determined that the consideration paid for the DNA X trading platform was fair by reviewing information provided by the seller, attending presentations by the seller, and comparing the offer to available alternatives. The nomination committee of the board of directors determined that Scott Walker became a related party when he became a board member on January 30, 2026.

**Redeemable Common Stock**—Stock that was issued for the DNA X LLC business has been classified as redeemable common stock in the temporary equity section of the balance sheet. This is because there is a Put Option that allows the Seller to give back the stock and to take back the business. Once the Put Option is terminated or expires on June 30, 2026, the redeemable common stock will be reclassified to permanent equity. At the end of each reporting period we remeasure the value of the redeemable common stock using the closing stock price on the day that the period ends. We will mark the value of the redeemable common stock to the remeasured value and the offset will be to retained deficit. Earnings Per Share will not be adjusted for this adjustment to the value of the redeemable common stock.

**Estimates**—The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates include, but are not limited to, estimates related to revenue recognition; valuation assumptions regarding the determination of the fair value of common stock, as well as stock options; the useful lives of the Company’s long-lived assets; product warranties; loss contingencies; the recognition and measurement of income tax assets and liabilities, including uncertain tax positions; the net realizable value of inventory; allowances for credit losses; and estimation of assets and liabilities for operating entities. The Company bases its estimates on historical experience and on various other assumptions that the Company believes to be reasonable under the circumstances. Actual results could differ from those estimates. As of the date of issuance of these financial statements, the Company is not aware of any specific event or circumstance that would require it to update its estimates, judgments or revise the carrying value of its assets or liabilities.

**Concentrations of Credit Risk**—The Company’s commission revenue is concentrated in the cryptocurrency trading industry, which is highly competitive and rapidly changing. Significant technological changes in the industry or customer requirements, or the emergence of competitive products with new capabilities or technologies, could adversely affect the Company’s consolidated operating results.

Financial instruments that potentially subject the Company to credit risk consist primarily of cash and cash equivalents and accounts receivable. Cash and cash equivalents are deposited with high-quality, federally insured commercial banks in the United States and cash balances are in excess of federal insurance limits as of March 31, 2026 and the year ended 2025.

**Segment Information**—The Company managed the DNA X LLC business in 2026. Because the Company does not have full control of the business, the Company does not consider it a reporting segment. Operating segments are defined as components of an enterprise about which separate financial information is evaluated regularly by the chief operating decision maker, who is the chief executive officer, in deciding how to allocate resources and assessing performance.

**Cash and Cash Equivalents**—The Company considers all highly liquid investments with an original maturity from the date of purchase of 90 days or less to be cash equivalents. As of March 31, 2026 and 2025, cash and cash equivalents consist of cash deposited with banks and money market funds. Included in the Company’s cash and cash equivalents are amounts held by foreign subsidiaries. After the sale of all of the Company’s foreign subsidiaries except for Inda, the Company has less than \$250 in foreign bank accounts.

**Receivable for Cash Held Back from the Asset Sale**—All customer accounts receivable were sold on January 23, 2026 with the asset sale. The only remaining non-trade receivable is from the Buyer of the Company’s assets and is due on October 28, 2026. The original amount held back was \$1,500 and payment is subject to indemnity claims by the Buyer.

**Receivables Financing Agreement**—On August 7, 2025, the Company entered into a non-recourse factoring agreement with Tradewind GmbH (the “Factor”). This agreement was terminated in January 2026.

**Inventory**—The Company sold all of its inventory on or before January 23, 2026.

**Property and Equipment**—The Company sold all of its property and equipment on January 23, 2026. Prior to the sale, most property and equipment consisted of personal computers and related equipment.

**Variable Interest Entities**—The Company evaluates its interests in legal entities to determine whether the entity is a variable interest entity (“VIE”) and whether the Company is the primary beneficiary of the VIE in accordance with Accounting Standards Codification (“ASC”) Topic 810, *Consolidation*.

A VIE is an entity that either (i) lacks sufficient equity to finance its activities without additional subordinated financial support or (ii) has equity holders that lack the characteristics of a controlling financial interest. The Company is considered the primary beneficiary of a VIE when it has both (i) the power to direct the activities of the VIE that most significantly impact the VIE’s economic performance and (ii) the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. If the Company is the primary beneficiary, the VIE is consolidated and all intercompany balances and transactions are eliminated. For VIEs in which the Company is not the primary beneficiary, the Company accounts for its interest under the equity method of accounting or other applicable guidance. The Company presents, on a separate line within the consolidated balance sheets, the assets of consolidated VIEs that can only be used to settle the obligations of the VIE and the liabilities of consolidated VIEs for which creditors do not have recourse to the general credit of the Company.

The Company’s maximum exposure to loss as a result of its involvement with unconsolidated VIEs is limited to the carrying value of its investments and any unfunded commitments. The Company reassesses its involvement with VIEs on an ongoing basis.

**Equity Method Investments**—The Company accounts for investments in entities over which it has the ability to exercise significant influence, but not control, using the equity method of accounting in accordance with ASC Topic 323, *Investments—Equity Method and Joint Ventures*. Significant influence is generally presumed to exist when the Company owns between 20% and 50% of the voting interests of an entity; however, the Company also considers qualitative factors such as representation on the board of directors, participation in policy-making decisions, and material intercompany transactions. Under the equity method, investments are initially recorded at cost and subsequently adjusted for the Company’s proportionate share of the investee’s net income or loss and distributions received. The Company’s share of earnings or losses is recorded as a separate line item within the consolidated statements of operations.

The Company evaluates its equity method investments for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. If the Company determines that a decline in fair value is other-than-temporary, the investment is written down to its estimated fair value. Distributions received from equity method investees are accounted for as reductions of the carrying amount of the investment unless the distributions represent a return on investment. The Company discontinues applying the equity method when its investment balance is reduced to zero and resumes recognizing its share of earnings only after its share of cumulative earnings exceeds previously unrecognized losses. The Company recognized \$48 in net income from its investment in DNA X LLC for the three months ended March 31, 2026. The Company recorded this \$48 as other income on its unaudited condensed consolidated statement of operations.

**Leases**—The Company accounts for its leases under ASC 842, *Leases*. Under this guidance, arrangements meeting the definition of a lease are classified as operating or finance leases and, if significant, are recorded on the Consolidated Balance Sheets as both a right of use asset and a lease liability. There were no such leases in 2026.

**Non-recurring Engineering (“NRE”) Tooling and Purchased Software Licenses**—For the discontinued operations, third-party design services relating to the design of tooling materials and purchased software licenses used in the manufacturing process are capitalized and included in other assets that are part of assets held for sale.

**Long-lived Assets**—The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

**Revenue Recognition**—The Company accounts for revenue in accordance with Accounting Standards Codification (“ASC”) 606, *Revenue from Contracts with Customers*.

Revenue related to the phone and hotspot business is included in discontinued operations for all periods presented. The DNA X trading platform is accounted for as an equity investment and revenue from the trading platform is recorded net of the trading platform expenses as net investment income which is included in other income in the statement of operations.

Revenue recognition for discontinued operations was reduced for discounts, price protection and customer incentives.

**Cost of Revenues**—Cost of revenue is related to the phone and hotspot business.

**Advertising**—The Company expenses the costs of advertising, including promotional expenses, as incurred. For the three months ended March 31, 2026 and 2025 the Company had no advertising expenses.

**Research and Development**—Research and development expenses consist of compensation costs and development fees paid to third parties. The Company expenses research and development costs as incurred.

**Stock-Based Compensation**—The Company measures equity classified stock-based awards granted to employees, nonemployee directors, and consultants based on the estimated fair value on the date of grant and recognizes compensation expense of those awards, net of actual forfeitures, on a straight-line basis over the requisite service period, which is generally the vesting period of the respective award. For awards subject to performance conditions, the Company evaluates the probability of achieving each performance condition at each reporting date and begins to recognize expense over the requisite service period when it is deemed probable that a performance condition will be met using the accelerated attribution method. The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option pricing model. The fair value of each restricted stock award is measured as the fair value per share of the Company's common stock on the date of grant.

**Comprehensive Income or Loss**—The Company had no items of comprehensive income or loss other than net loss for the three month ended March 31, 2026 and the year ended December 31, 2025. Therefore, a separate statement of comprehensive loss has not been included in the accompanying consolidated financial statements.

**Income taxes**—The provision for income taxes is computed using the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and for operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates that apply to taxable income in effect for the years in which those tax assets are expected to be realized or settled. The Company records a valuation allowance to reduce deferred tax assets to the amount that is believed more likely than not to be realized.

Compliance with income tax regulations requires the Company to make decisions relating to the transfer pricing of revenue and expenses between each of its legal entities that are located in several countries. The Company's determinations include many decisions based on management's knowledge of the underlying assets of the business, the legal ownership of these assets, and the ultimate transactions conducted with customers and other third parties. The calculation of the Company's tax liabilities involves dealing with uncertainties in the application of complex tax regulations in multiple tax jurisdictions. The Company may be periodically reviewed by domestic and foreign tax authorities regarding the amount of taxes due. These reviews may include questions regarding the timing and amount of deductions and the allocation of income among various tax jurisdictions. In evaluating the exposure associated with various filing positions, the Company records estimated reserves when it is more likely than not that an uncertain tax position will not be sustained upon examination by a taxing authority. Such estimates are subject to change. See Note 8.

**Net Earnings (Loss) per Share**—Net earnings (loss) per share is calculated by dividing the net loss by the weighted-average number of shares of common stock outstanding during the period. For the three months ended March 31, 2026 and 2025, for purposes of the calculation of diluted net loss per share, warrants to purchase stock, unvested restricted stock units and stock options to purchase common stock are considered potentially dilutive securities. Because we had a net loss in continuing operations, we did not present fully diluted earnings per share for the first quarter of 2026 or 2025.

**Promissory Notes**—The Company accounts for promissory notes in accordance with ASC 470, *Debt*. Promissory notes are initially recorded at the amount of cash proceeds received, net of any original issue discount and direct issuance costs. Debt discounts and issuance costs are amortized to interest expense over the term of the note using the straight-line method, which approximates the effective interest method. Interest is accrued based on the stated interest rate. For convertible notes we analyze the note's terms and determine if the conversion feature needs to be bifurcated from the debt portion. For the DNA Note (see note 5) we determined that it needed to be bifurcated between the debt portion and a derivative liability for the conversion feature.

**Derivative Liability**—The Company evaluates financial instruments containing characteristics of both liabilities and equity in accordance with FASB ASC 480, *Distinguishing Liabilities from Equity*, and FASB ASC 815, *Derivatives and Hedging*. Derivative liabilities are revalued at fair value at each reporting period, with changes in fair value recognized in the results of operations as a gain or loss on derivative remeasurement. The Company uses a Binomial option pricing model to determine the fair value of these instruments. Derivative liabilities are revalued at fair value at each reporting period, with changes in fair value recognized in the results of operations as a gain or loss on derivative remeasurement. The Company uses a Binomial option pricing model to determine the fair value of these instruments.

#### **Recent Accounting Pronouncements**

From time to time, new accounting pronouncements are issued by the FASB or other standard setting bodies that are adopted by the Company as of the specified effective date. Unless otherwise discussed, the Company believes that the impact of recently issued standards that are not yet effective will not have a material impact on its financial position or results of operations upon adoption.

*Pronouncements adopted in 2025*

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. This guidance requires expanded annual income tax disclosures, including (1) consistent categories and greater disaggregation of information in the rate reconciliation, and (2) income taxes paid disaggregated by jurisdiction. This guidance was adopted by the Company effective for the annual period ending December 31, 2025. The adoption affected the footnote disclosures and did not have a material impact on the unaudited condensed consolidated financial statements.

*Pronouncements adopted in 2026*

None.

*Pronouncements not yet adopted*

In November 2024, the FASB issued ASU 2024-03, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Topic 220): Disaggregation of Income Statement Expenses*. This guidance requires additional disclosure of certain amounts included in the expense captions presented on the Statement of Operations as well as disclosures about selling expenses. The ASU is effective on a prospective basis, with the option for retrospective application, for annual periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact the adoption of this guidance will have on its consolidated financial statements and related disclosures.

**NOTE 2 — Revenue Recognition**

The Company recognized revenue from discontinued operations. The Company's contracts for its products include only one performance obligation, namely the delivery of the product. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is defined as the unit of account for revenue recognition under ASC 606.

*Disaggregation of net revenues*

The Company did not have revenue from continuing operations.

**NOTE 3—Fair value measurement**

The fair value measurements standard establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under the standard are described below:

Level 1—Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2—Inputs to the valuation methodology include:

- Quoted market prices for similar assets or liabilities in active markets;

- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3—Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used for the period ended March 31, 2026 and December 31, 2025.

Money market funds are classified within level 1 of the fair value hierarchy because they are valued using quoted market prices.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables sets forth by level, within the fair value hierarchy, the Company's assets and liabilities at fair value (in thousands of dollars):

	<b>March 31, 2026</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets:</b>				
Money market funds *	\$ 1	\$ —	\$ —	\$ 1
<b>Liabilities:</b>				
Derivative liability – conversion feature on note	\$ —	\$ —	\$ 398	398
	<b>December 31, 2025</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets:</b>				
Money market funds *	\$ 1	\$ —	\$ —	\$ 1
<b>Liabilities:</b>				
Derivative liability – conversion feature on note	\$ —	\$ —	\$ 171	171

\* Included in cash and cash equivalents on the consolidated balance sheets.

#### NOTE 4—Closing of the Asset Sale

On January 23, 2026 (the “Closing Date”) the Company (“the “Seller”) completed its previously announced sale (the “Asset Sale”) of substantially all of its assets and liabilities related to the enterprise 5G solutions business, including rugged handsets, smartphones, wireless internet device, software, services, and accessories to Pace Car Acquisition LLC, (the “Buyer”). Excluded assets include the DNA X LLC cryptocurrency trading business, cash, and the Company’s Indian subsidiary. Excluded liabilities include compensation for employees that did not transfer to the Buyer, certain excluded corporate liabilities, and certain excluded contracts.

The purchase price of \$15,000 less a working capital adjustment of \$1,550 was paid in cash and for the settlement of certain liabilities of the Company, except for \$1,500 that was held back by the Buyer and is due to be paid to the Seller on October 28, 2026, less any agreed upon claims. As part of the consideration, the Buyer paid Company’s existing debt of \$5,476 with Streeterville Capital, LLC and \$2,928 of liabilities of the Company. The Company received \$3,546 in cash on the Closing Date.

The Company changed its name to DNA X, Inc. in connection with the Asset Sale. Following the closing, the Company has focused on the development and commercialization of the DNA X trading platform that uses on-chain trading protocol designed to enable users to automate certain decentralized exchange trading strategies.

The transaction resulted in a \$15,563 pre-tax gain for Company and related tax expense of \$2,538 for a post tax gain of \$13,025. The transaction is included in income from discontinued operations for the first quarter of 2026. For all periods presented, the assets and liabilities sold or assumed were segregated as a disposal group. The sale of the assets represents a strategic shift away from manufacturing hardware because of the high cost of developing new products, higher costs of manufacturing products outside of China, and competition from larger competitors with more resources. As of December 31, 2025, the phone and hotspot business met the criteria for “Held for Sale” classification. Results of the phone and hotspot business have been retrospectively reclassified as discontinued operations for all periods presented. No impairment was recognized as the fair value less costs to sell was not lower than the carrying amount. Discontinued operations represent 100% of the revenue in 2025 and the first quarter of 2026, and approximately 89% of the Company’s assets as of December 31, 2025.

On December 30, 2025, a special stockholders’ meeting was held and stockholders voted the majority of the outstanding shares in favor of approving the asset sale. This approval made it probable that the assets sale would be completed and was the final criteria that was necessary to record the assets as held for sale. On December 31, 2025 the assets and liabilities of the phone and hotspot disposal group were classified as held for sale. The disposal group was also classified as discontinued operations as of December 31, 2025 and for the three months ended March 31, 2026.

The following schedules present the carrying amounts of major classes of assets and liabilities associated with the disposal group as of December 31, 2025, the statement of operations for the disposal group, and cash flow for the disposal group. All assets and liabilities that were held for sale on December 31, 2025, were sold or disposed of as of March 31, 2026:

**DISCONTINUED OPERATIONS  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2025  
(IN THOUSANDS)**

	December 31, 2025
Assets held for sale	
Accounts receivable, net	\$ 4,720
Non-trade receivables	13,410
Inventory	6,911
Prepaid expenses and other current assets	1,889
Total current assets held for sale	26,930
Property and equipment, net	105
Contract fulfilment assets	11,605
Other assets	322
Total non-current assets held for sale	12,032
Total assets held for sale	\$ 38,962
Liabilities held for sale	
Accounts payable	28,349
Accrued liabilities	9,708
Total liabilities held for sale	\$ 38,057

Non-trade receivables are from the Company’s manufactures who buy parts from the Company. The receivable is paid by the manufacturer after Company pays the related accounts payable for the inventory.

Discontinued operations activity for the first quarter of 2026 covers the period January 1, 2026 through January 23, 2026. Discontinued operations activity for the first quarter of 2025 covers the entire quarter.

**DISCONTINUED OPERATIONS**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**THREE MONTHS ENDED MARCH 31, 2026 and 2025**  
**(IN THOUSANDS)**

	2026	2025
Net revenues	\$ 3,805	\$ 16,721
Cost of revenues	4,122	8,365
Gross profit (loss)	(317)	8,356
Operating expenses		
Research and development	913	1,633
Sales and marketing	1,123	3,239
General and administrative	453	1,969
Total operating expenses	2,489	6,841
Net income (loss) from operations	(2,806)	1,551
Gain on sale of assets	15,563	—
Other income	49	—
Income before income tax expense	12,806	1,551
Income tax expense	(2,538)	(132)
Net income from discontinued operations	\$ 10,268	\$ 1,419

The following cash flows are for discontinued operations only and are supplemental to the Statement of Cash Flows that includes both continuing operations and discontinued operations. (In thousands of dollars).

**DISCONTINUED OPERATIONS**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**THREE MONTHS ENDED MARCH 31, 2026 and 2025**  
**(IN THOUSANDS)**

	2026	2025
Cash flows from operating activities for discontinued operations:		
Net income	\$ 10,268	\$ 1,419
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	—	1,055
Stock-based compensation	93	290
Release of customer allowance liability	—	(5,271)
Gain on sale of assets, net assets transferred	(15,563)	—
Other	—	(56)
Changes in operating assets and liabilities:		
Accounts receivable	250	(649)
Non-trade receivable	—	667
Inventory	5,490	2,255
Prepaid expenses and other current assets	1,663	(110)
Contract fulfillment assets	129	(2,548)
Other assets	(103)	—
Accounts payable	(1,934)	(5,554)
Accrued liabilities	—	(280)
Net cash provided by (used in) operating activities from discontinued operations	293	(8,782)
Cash flows from investing activities		
Net cash received from asset sale	3,358	—
Net cash provided by investing activities from discontinued operations	3,358	—

The Company ceased depreciation and amortization of property, plant, and equipment and intangible assets included in the Disposal Group starting on December 31, 2025.

## NOTE 5 — Promissory Notes

### Convertible Promissory Note from DNA Holdings Venture Inc., a Related Party

On December 15, 2025, the Company issued a note (the “DNA Note”) to DNA Holdings Ventures Inc. (“DNA Holdings”) in exchange for proceeds of \$1,200 in cash. The DNA Note is an unsecured obligation of the Company and matures on December 15, 2026. The DNA Note bears interest at a rate of 10% per annum, payable in cash on the earlier of (i) the Maturity Date and (ii) the date of any mandatory redemption of the DNA Note as described below. Upon the occurrence and during the continuance of an event of default under the DNA Note, the interest rate increases to 20% per annum. On January 30, 2026, when an owner of DNA Holdings became a member of the Company’s board of directors, the note became a related party note.

The following table presents the components of the net carrying amount of the DNA Note that is from a related party. This is the only note outstanding as of March 31, 2026 (in thousands of dollars):

Principal	\$	1,200
Less: unamortized debt discount		(128)
	\$	1,072
Current portion	\$	1,072

### Conversion

Beginning on the six-month anniversary of the original issue date of the DNA Note, the outstanding principal amount of, and accrued but unpaid interest on, the DNA Note will be convertible, in whole or in part, at the option of the holder, into shares of the Company’s common stock, at an initial conversion price of \$5.50 per share (the “Minimum Price” as defined in Nasdaq Listing Rule 5635(d)), subject to adjustment as described below.

The DNA Note provides for customary anti-dilution and other adjustments to the conversion price, including in connection with stock dividends, stock splits, reverse stock splits, reclassifications and similar transactions, as well as a “full ratchet” price-protection adjustment in the event that the Company issues or is deemed to issue common stock or common stock equivalents at an effective price per share lower than the then-current conversion price (subject to customary exceptions for “Exempt Issuances” such as equity incentive awards and the exercise or conversion of outstanding securities). In such a case, the conversion price will be reduced to the lower price. The DNA Note also entitles the holder to participate, on a pro rata “as converted” basis, in certain rights offerings and distributions to holders of common stock. However, the conversion price cannot be reduced below \$1.10, and no adjustment to the conversion price may be made under the “full-ratchet” adjustment or the anti-dilution adjustment, unless and until the Company has received approval from the Company’s stockholders in accordance with the Nasdaq Listing Rules.

At any time after (i) the termination of the Asset Purchase Agreement or (ii) during the continuance of any event of default under the DNA Note, the conversion price will equal the “Alternate Conversion Price,” which is defined as 80% of the closing price of the Company’s common stock on the Company’s principal trading market on the date of conversion (subject to the same adjustment provisions described above). In addition, if at any time the Depository Trust Company imposes a “chill” on the Company’s shares, the holder may convert the DNA Note at the Alternate Conversion Price while such “chill” is in effect. Condition (i) above is not possible as the Asset Purchase Agreement closed on January 23, 2026.

Because the note has an alternate conversion price, the exercise price is not fixed, and we are required to separate the debt portion from the conversion feature portion. We calculated the present value of the debt using the effective interest rate of our most recent loan which was at 28.4% per annum. The remaining value of \$171 is recorded as a derivative liability that represents the value of the conversion feature. We determined the fair value of the derivative liability at March 31, 2026 and recorded a \$227 loss on the revaluation of the derivative liability. A loan discount on the debt portion was recorded on the date of issuance and will be amortized to interest expense on a straight line basis over the life of the note.

The schedule below shows the change in the fair value of the derivative liability (in thousands of dollars):

	2026	2025
Beginning balance (January 1)	\$ 171	\$ —
Fair value adjustment	227	—
Ending value (March 31)	\$ 398	\$ —

The Company used a binomial tree option calculation to determine the fair value of the conversion feature using the following inputs: strike price \$5.50, stock price on 3/31/26 \$4.03, days to expiration 259, volatility 165.6%, and risk-free interest rate of 3.7%.

### Redemption

Upon the occurrence of a “Change of Control Transaction” (as defined in the DNA Note), the Company is required to redeem the outstanding principal amount of the DNA Note for cash at a price equal to 110% of the then outstanding principal amount, plus accrued but unpaid interest and any other amounts then due under the DNA Note (the “Redemption Amount”), at the closing of such transaction. Notwithstanding the foregoing, the transactions contemplated by the Asset Purchase Agreement do not constitute a Change of Control Transaction under the DNA Note. In lieu of receiving the Redemption Amount, and subject to any required stockholder approval under the rules of the Company’s principal trading market, the holder may elect to convert the DNA Note, in whole or in part, upon a Change of Control Transaction at a price per share equal to the lower of (i) the closing price of common stock on the original issue date of the DNA Note and (ii) the closing price of common stock on the date of consummation of such Change of Control Transaction.

### Events of Default

The DNA Note contains customary events of default, including, among others: (i) failure to pay principal, interest or other amounts when due; (ii) breaches of covenants or other agreements in the DNA Note or other transaction documents; (iii) certain cross-defaults to other material indebtedness; (iv) certain bankruptcy or insolvency events; (v) certain judgments in excess of specified thresholds; and (vi) certain Change of Control Transactions or dispositions of substantially all of the Company's assets (other than the transactions contemplated by the Asset Purchase Agreement). Upon an event of default, the holder may declare all outstanding obligations under the DNA Note immediately due and payable, in which case the Company is required to pay a "Mandatory Default Amount" equal to 100% of the then outstanding principal amount of the DNA Note plus accrued and unpaid interest and all other amounts due under the DNA Note, and interest accrues at the default rate described above.

### Covenants

The DNA Note also includes negative covenants that, for so long as any portion of the DNA Note remains outstanding (unless waived by the holder), restrict the Company and its subsidiaries from, among other things: (i) incurring additional indebtedness, other than "Permitted Indebtedness" as defined in the DNA Note and the Purchase Agreement; (ii) granting liens, other than "Permitted Liens"; (iii) amending the Company's organizational documents in a manner that adversely affects the rights of the holder; (iv) repaying, repurchasing or otherwise acquiring shares of its Common Stock or Common Stock equivalents (other than in limited circumstances); (v) repaying other indebtedness, subject to limited exceptions; and (vi) paying cash dividends or distributions on the Company's equity securities.

The closing of the note transaction was done contemporaneously with the purchase of the DNA X LLC business. See Note 6.

### **Streeterville Capital LLC Notes**

Both of the promissory notes with Streeterville Capital LLC (the "Lender") described below were paid off on January 23, 2026 from proceeds of the Asset Purchase Agreement. The total payoff for both notes was \$5,467. See note 3.

### **February Purchase Agreement**

On February 21, 2025, the Company entered into a note purchase agreement (the "February Purchase Agreement") with Streeterville Capital, LLC (the "Lender") pursuant to which the Company issued and sold to the Lender a promissory note in the original principal amount of \$3,300 (the "February Note").

#### *The February Purchase Agreement*

Pursuant to the terms of the February Purchase Agreement, until all of the Company's obligations under the February Note and all other transaction documents are paid and performed in full, the Company agreed to comply with certain covenants, including but not limited to the following: (i) compliance with its filing requirements under the Securities Exchange Act of 1934, as amended, (ii) maintaining the Company's listing on a national securities exchange, and (iii) refraining from making any Restricted Issuances (as defined in the Purchase Agreement and described below) without the Lender's prior written consent, which consent may be granted or withheld in the Lender's sole discretion.

Subject to certain customary exceptions set forth in the February Purchase Agreement, Restricted Issuances include the incurrence or guaranty of any debt obligations other than trade payables in the ordinary course of business, the issuance of any convertible securities in which the number of shares that may be issued pursuant to a conversion right, or the conversion price, varies with the market price of the Company's common stock, the issuance of any securities with reset provisions and the issuance of any securities in connection with Section 3(a)(9) exchange, a Section 3(a)(10) settlement, or any other similar settlement or exchange. Restricted Issuances do not include ATM facilities, commercial bank loans or lines of credit, leases, grants pursuant to the Company's incentive plans, and change-in-control transactions that result in full repayment of the Note upon consummation.

The February Purchase Agreement also contains a “most favored nation” clause. Under this provision, for as long as the Note remains outstanding, if the Company issues any debt security with more favorable economic terms or conditions not similarly provided to the Lender, the Company must notify the Lender. At the Lender’s option, such favorable terms will become part of the Note and related transaction documents.

#### *The February Note*

The February Note carries an original issue discount of \$270, and the Company agreed to pay \$30 to the Lender to cover its legal fees, accounting costs, due diligence, monitoring, and other transaction costs, each of which was deducted from the proceeds of the February Note received by the Company resulting in a purchase price of \$3,000 received by the Company. The Company incurred additional issuance costs of approximately \$210, which consisted of legal costs and placement fees.

Since the February Note remained outstanding on the 90-day anniversary of the issuance, the Company incurred a one-time monitoring fee of approximately in 2025.

Interest under the February Note accrues at a rate of 9% per annum. The unpaid amount of the February Note, any interest, fees, charges, and late fees are due 18 months following the date of issuance. The Company may prepay all or any portion of the outstanding balance of the February Note. If the Company elects to prepay the February Note in part, it will be required to pay to the Lender an amount in cash equal to 110% of the portion of the outstanding balance the Company elects to prepay.

Commencing six months after the date of issuance of the February Note and at any time thereafter until the February Note is paid in full, the Lender will have the right to redeem up to \$330 under the February Note per calendar month. The Company must pay the redeemed amount in cash within three trading days of receiving a redemption notice. On three separate occasions and not more than once every 90 calendar days, the Company may defer any redemptions the Lender could otherwise make during a calendar month, provided, however, that each deferral increases the outstanding balance of the February Note by 1%.

At any time following the occurrence of a Major Trigger Event or Minor Trigger Event (each as defined in the February Note), the Lender may increase the outstanding balance of the February Note by 15% for each occurrence of any Major Trigger Event and 5% for each occurrence of any Minor Trigger Event (the “Trigger Effect”), provided that the Trigger Effect may only be applied three times with respect to Major Trigger Events and three times with respect to Minor Trigger Events.

Subject to certain exceptions described below, if the Company fails to cure a Trigger Event within five trading days following the date of transmission of written demand notice by the Lender, the Trigger Event will automatically become an Event of Default (as defined in the February Note). Following the occurrence of any Event of Default, the Lender may, upon written notice to the Company, (i) accelerate the Note, with the outstanding balance of the February Note following application of the Trigger Effect (the “Mandatory Default Amount”) becoming immediately due and payable in cash, and (ii) cause interest on the outstanding balance of the February Note beginning on the date the applicable Event of Default occurred to accrue at an interest rate equal to the lesser of 22% per annum or the maximum rate permitted under applicable law. However, certain Trigger Events, such as bankruptcy or insolvency, automatically result in an Event of Default, making the outstanding balance immediately payable at the Mandatory Default Amount without notice.

#### **July Purchase Agreement**

On July 11, 2025, the Company entered into a note purchase agreement (the “July Purchase Agreement”) with the Lender pursuant to which the Company issued and sold to the Lender a promissory note in the original principal amount of \$2,755 (the “July Note,” and together with the February Note, the “Notes”).

### *July Purchase Agreement*

Pursuant to the terms of the July Purchase Agreement, until all of the Company's obligations under the July Note and all other transaction documents are paid and performed in full, the Company agreed to comply with certain covenants, including but not limited to the following: (i) compliance with its filing requirements under the Securities Exchange Act of 1934, as amended, (ii) maintaining the Company's listing on a national securities exchange, and (iii) refraining from making any Restricted Issuances (as defined in the July Purchase Agreement and described below) without the Lender's prior written consent, which consent may be granted or withheld in the Lender's sole discretion.

Subject to certain customary exceptions set forth in the Purchase Agreement, Restricted Issuances include the incurrence or guaranty of any debt obligations other than trade payables in the ordinary course of business, the issuance of any convertible securities in which the number of shares that may be issued pursuant to a conversion right, or the conversion price, varies with the market price of the Company's common stock, the issuance of any securities with reset provisions and the issuance of any securities in connection with Section 3(a)(9) exchange, a Section 3(a)(10) settlement, or any other similar settlement or exchange. Restricted Issuances do not include ATM facilities, commercial bank loans or lines of credit, leases, grants pursuant to the Company's incentive plans, and change-in-control transactions that result in full repayment of the July Note upon consummation.

The July Purchase Agreement also contains a "most favored nation" clause. Under this provision, for as long as the July Note remains outstanding, if the Company issues any debt security with more favorable economic terms or conditions not similarly provided to the Lender, the Company must notify the Lender. At the Lender's option, such favorable terms will become part of the Note and related transaction documents.

### *July Note*

The July Note carries an original issue discount of \$225, and the Company agreed to pay \$30 to the Lender to cover its legal fees, accounting costs, due diligence, monitoring, and other transaction costs, each of which was deducted from the proceeds of the July Note received by the Company resulting in a purchase price of \$2,500 received by the Company. The Company incurred additional issuance costs of approximately \$210, which consists of legal costs and placement fees.

Additionally, if the July Note remains outstanding on the 90-day anniversary of the issuance, the Company will incur a one-time monitoring fee equal to the difference between (i) the outstanding balance of the Note divided by 0.85 (as minuend), and (ii) the outstanding balance of the Note (as subtrahend).

Interest under the July Note accrues at a rate of 9% per annum. The unpaid amount of the July Note, any interest, fees, charges, and late fees are due 18 months following the date of issuance. The Company may prepay all or any portion of the outstanding balance of the July Note. If the Company elects to prepay the July Note in part, it will be required to pay to the Lender an amount in cash equal to 110% of the portion of the outstanding balance the Company elects to prepay. In addition, any time the Company receives any money in connection with any fundraising or financing transaction (including, but not limited to, any warrant exercises, "at the market" financing, equity line of credit or debt financing), it must immediately make a mandatory prepayment to the Lender in an amount equal to the lesser of (a) 33% of the amount raised in such transaction, and (b) the total outstanding balance due under the July Note as of the closing date of such financing, payable within two trading days of receiving such amount.

Commencing six months after the date of issuance of the July Note and at any time thereafter until the July Note is paid in full, the Lender will have the right to redeem up to \$275 under the July Note per calendar month. The Company must pay the redeemed amount in cash within three trading days of receiving a redemption notice. On three separate occasions and not more than once every 90 calendar days, the Company may defer any redemptions the Lender could otherwise make during a calendar month, provided, however, that each deferral increases the outstanding balance of the July Note by 1%.

At any time following the occurrence of a Major Trigger Event or Minor Trigger Event (each as defined in the July Note), the Lender may increase the outstanding balance of the July Note by 15% for each occurrence of any Major Trigger Event and 5% for each occurrence of any Minor Trigger Event (the "Trigger Effect"), provided that the Trigger Effect may only be applied three times with respect to Major Trigger Events and three times with respect to Minor Trigger Events.

Subject to certain exceptions described below, if the Company fails to cure a Trigger Event within five (5) trading days following the date of transmission of written demand notice by the Lender, the Trigger Event will automatically become an Event of Default (as defined in the July Note). Following the occurrence of any Event of Default, the Lender may, upon written notice to the Company, (i) accelerate the July Note, with the outstanding balance of the Note following application of the Trigger Effect (the “Mandatory Default Amount”) becoming immediately due and payable in cash, and (ii) cause interest on the outstanding balance of the July Note beginning on the date the applicable Event of Default occurred to accrue at an interest rate equal to the lesser of 22% per annum or the maximum rate permitted under applicable law. However, certain Trigger Events, such as bankruptcy or insolvency, automatically result in an Event of Default, making the outstanding balance immediately payable at the Mandatory Default Amount without notice.

#### *Security Agreements*

The Company’s obligations under the July Note are secured by all of the Company’s assets, including its intellectual property, pursuant to a security agreement and intellectual property security agreement entered into by the Company in favor of the Lender on July 11, 2025. Pursuant to these agreements, the Company granted to the Lender a first-position security interest in all right, title, interest, claims and demands of the Company in and to certain property including, but not limited to: all equity in all wholly-owned or partially owned subsidiaries, all goods and equipment and all inventory, and certain patents, trademarks, and other intellectual property, as more fully detailed therein.

The effective interest rate on the February Note, July Note, and DNA Note are approximately 28.4%, 23.0%, and 10.0% respectively, for the period from the date of issuance through the date they were paid in full or March 31, 2026. The following table sets forth total interest expense recognized related to the Notes for the three months ended March 31, (in thousands of dollars):

	<b>2026</b>	<b>2025</b>
Contractual interest expense	\$ 88	\$ 30
Amortization of debt discount	43	19
Amortization of debt issuance costs	—	22
	<u>\$ 131</u>	<u>\$ 71</u>

For the three months ended March 31, 2026, \$256 was paid for interest that represents \$199 in accrued interest that was paid when the two Streeterville notes were paid on January 23, 2026, and \$57 in accounts receivable discounts that were deducted by customers from payments. All interest expense is included in continuing operations.

#### **NOTE 6 — Stockholders’ Deficit**

On October November 2, 2018, the Company amended and restated its previous certificate of incorporation and adjusted its authorized capital stock (par value of \$0.001) to consist of 100,000,000 shares of common stock and 5,000,000 shares of preferred stock. On October 16, 2025, at a special meeting of stockholders, our stockholders approved an amendment to our amended and restated certificate of incorporation increasing the authorized shares of our common stock from 100,000,000 to 1,000,000,000. Each outstanding share of common stock entitles the holder to one vote on each matter properly submitted to the stockholders of the Company for vote. As of March 31, 2026, no shares of preferred stock have been issued.

#### **Purchase of DNA X LLC Membership Units with Issuance of Redeemable Common Stock**

On December 15, 2025, the Company entered into a membership interest purchase agreement with DNA Holdings pursuant to which the Company purchased 100% of the membership interests in DNA X LLC, a Delaware limited liability company, for an aggregate purchase price of 223,201 redeemable shares of the Company’s common stock that had a fair value of \$1,228 on the December 15, 2025 closing date, representing 19.99% of the outstanding shares of the Company’s common stock prior to the issuance. As of March 31, 2026, the value was \$900 based on the closing stock price on March 31, 2026.

DNA X LLC is engaged in the business of DNAX DeFi, an advanced on-chain trading protocol that lets users automate their decentralized exchange trading — things like limit orders, grid / range orders, and recurring trades. DNA X LLC operates a crypto trading platform ([www.dnax.us](http://www.dnax.us)) that allows customers to buy and sell cryptocurrencies, and to implement strategies to buy and sell cryptocurrency pairs to take advantage of fluctuations of market prices between cryptocurrency pairs. The platform allows investors to efficiently implement trading strategies, to track historical results, and to monitor other traders' strategies. The Company purchased this business because of the growth potential of commission revenue that will be generated as more customers join the platform and as trading volume increases as additional cryptocurrencies are added. The purchase allows the Company to diversify away from the capital intensive device hardware business that has little growth potential, into an industry with huge growth potential and requires less ongoing capital investments.

The transaction closed contemporaneously with the sale of a note for \$1,200 to DNA Holdings. See Note 5.

Under the Membership Interest Purchase Agreement, DNA Holdings also agreed to vote all shares of the Company's common stock beneficially owned by DNA Holdings in favor of the asset purchase agreement, dated July 17, 2025, as subsequently amended and as amended from time to time, by and among the Company and Pace Car Acquisition LLC. This asset purchase agreement was approved by the Company's stockholders on December 30, 2025.

Pursuant to the Membership Interest Purchase Agreement, so long as DNA Holdings, directly or indirectly, beneficially owns at least 5% of the Company's outstanding common stock, DNA Holdings will have the right under the Membership Interest Purchase Agreement to designate one officer and one nominee for election to the Company's board of directors, and the Company will be required to take reasonably necessary corporate action to appoint such designees, subject to the oversight of the Company's nominating and governance committee. DNA Holdings designated Scott Walker for appointment to the Company's Board of Directors and on January 30, 2026 the Board of Directors appointed Scott Walker to service on the Board as a director.

The Membership Interest Purchase Agreement also grants DNA Holdings a put option (the "Put Option"). If at any time prior to June 30, 2026 (the "Put Period") DNA X does not realize either (i) aggregate trading volume of at least \$600,000,000 or (ii) aggregate revenues of at least \$1,000,000 per day, DNA Holdings will have the right, during the Put Period, to exchange the shares of common stock issued to DNA Holdings under the Membership Interest Purchase Agreement for the Purchased Interests then held by the Company. To the extent not exercised during the Put Period, the Put Option will terminate upon the expiration of the Put Period.

The Company evaluated its interests in DNA X LLC and concluded that they are not the primary beneficiary, as they do not have the power to direct the activities that most significantly impact DNA X LLC's economic performance. The Company's assessment considered DNA X LLC's governance structure and contractual arrangements established in connection with the acquisition of its interest, including the Put Option held by the Seller. The Put Option provides the Seller with substantive kick-out rights, through the Put Period ending on June 30, 2026, including the ability to remove the Company from its decision-making role over DNA X LLC's significant activities. As a result, the Company considered DNA X LLC as a variable interest entity ("VIE"), however, the Company is not the primary beneficiary and does not control DNA X LLC. Accordingly, the Company does not consolidate DNA X LLC in its financial statements.

The Company determined that it has significant influence over DNA X LLC because until the Put Option is exercised, it controls the governance structure and directs the activities that most significantly impact DNA X LLC's economic performance. This significant influence requires the Company to account for the investment in DNA X LLC under the equity method of accounting. The carrying amount of the Company's investment in DNA X LLC is \$1,290 as of March 31, 2026, and is included as an equity method investment in the consolidated balance sheets. The Company's share of earnings from DNA X LLC is included in other income from continuing operations in the consolidated statements of operations and was \$48 for the three months ended March 31, 2026.

The Company's maximum exposure to loss as a result of its involvement with the DNA X LLC is \$1,290 as of March 31, 2026, which represents the carrying value of its investment and any unfunded commitments. The Company has not provided, and is not contractually required to provide, additional financial support to DNA X LLC.

The Company reassesses whether it is the primary beneficiary of the VIE on an ongoing basis as facts and circumstances change.

Because the stock issued may be returned to the Company if the Seller exercises their Put Option, the Company classified the stock issued to the Seller as redeemable common stock on the consolidated balance sheets. The Company considers this to be temporary equity and is not included with other permanent equity on the consolidated balance sheets. When the Put Option expires on June 30, 2026, then the redeemable common stock will be reclassified as permanent equity. The redemption value at March 31, 2026 is calculated as \$900 using the \$4.03 closing stock price on March 31, 2026. The change in the redemption value of \$328 is charged to retained deficit. When the put option is terminated or expires on June 30, 2026, the redeemable equity will be reclassified to permanent equity.

#### *Securities Purchase Agreement*

The Purchase Agreement contains customary representations and warranties of the Company and DNA Holdings. Additionally, pursuant to the Purchase Agreement, the Company made certain covenants including, but not limited to: (i) timely filing of its reports with the Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934, as amended, (ii) restrictions on the adoption of stockholder rights plans, poison pills, or similar anti-takeover measures, (iii) limitations on the use of proceeds from the Offering to the ordinary course of business of the Company, and (vi) for so long as the DNA Note remains outstanding, a covenant not to effect or enter into any variable rate transaction (as defined in the Purchase Agreement).

Additionally, under the Purchase Agreement, DNA Holdings has agreed to a Voting Arrangement that is substantially identical to the Voting Arrangement described above under “*Membership Interest Purchase Agreement.*”

See Note 5 for information on the convertible promissory note that was with the same counterparty.

#### **ChEF Purchase Agreement**

On September 29, 2025, the Company entered into a ChEF purchase agreement (the “ChEF Agreement”) and registration rights agreement (the “Registration Rights Agreement”), each with Chardan Capital Markets LLC (“Chardan”) related to a “ChEF,” Chardan’s committed equity facility.

Pursuant to the ChEF Agreement, the Company has the right from time to time at its option to sell to Chardan up to the lesser of (i) \$500 million in aggregate gross purchase price of newly issued shares of the Company’s common stock, par value \$0.001 per share (the “Common Stock”), and (ii) the Exchange Cap (as defined in the ChEF Agreement), subject to certain conditions and limitations set forth in the Purchase Agreement and applicable Nasdaq listing rules. The Company is under no obligation to sell any securities to Chardan under the ChEF Agreement.

While there are distinct differences, the facility pursuant to the ChEF Agreement is structured similarly to a traditional “at-the-market” equity facility, insofar as it allows the Company to raise primary equity capital on a periodic basis. The net proceeds from any sales under the ChEF Purchase Agreement will depend on the frequency of and the prices for which the shares of our common stock are sold to Chardan. The registration statement in connection with the facility became effective on October 29, 2025.

In November 2025, the Company sold 12,300 shares of stock through the ChEF and received \$79 in net proceeds. The net proceeds were used for general corporate purposes.

### **Registered Public Offering**

On July 2, 2025, the Company consummated a best-efforts public offering (the “Offering”) of 411,111 shares of its common stock, as adjusted for the Reverse Stock Splits, at a public offering price of \$13.50 per share, as adjusted for the Reverse Stock Splits. In connection with the Offering, the Company entered into a securities purchase agreement with certain investor signatories thereto for the purchase of shares of common stock described above.

Roth Capital Partners, LLC (“Roth”), (the “Placement Agent”) served as the exclusive placement agent in connection with the Offering. The Company paid the Placement Agent a cash fee of 7.0% of the aggregate gross proceeds raised at the closing of the Offering, and reimbursement of certain expenses and legal fees in the amount of \$100. The Company also issued to designees of the Placement Agent warrants to purchase up to an aggregate of 11,604 shares of Common Stock, as adjusted for the Reverse Stock Splits (the “Placement Agent Warrants”). The Placement Agent Warrants have an exercise price of \$13.50 per share, as adjusted for the Reverse Stock Splits, are not exercisable until January 2, 2026, and expire on July 2, 2030. The exercise prices of the Placement Agent Warrants are subject to appropriate adjustment in the event of stock dividends, stock splits, stock combinations, reorganizations or similar events affecting the Common Stock. Subject to limited exceptions, a holder of Placement Agent Warrants will not have the right to exercise any portion of its Warrants if the holder (together with such holder’s affiliates, and any persons acting as a group together with such holder or any of such holder’s affiliates) would beneficially own a number of shares of common stock in excess of 4.99% (or, upon election by a holder prior to the issuance of any Warrants, 9.99%) of the shares of common stock then outstanding. At the holder’s option, upon notice to the Company, the holder may increase or decrease this beneficial ownership limitation not to exceed 9.99% of the shares of Common Stock then outstanding. The Purchase Agreement contains customary representations, warranties, and covenants by the Company. It also provides for customary indemnification for losses or damages arising out of or in connection with the Offering, including for liabilities under the Securities Act, other obligations of the parties and termination provisions.

The shares of common stock and the Placement Agent Warrants described above and the underlying shares of common stock were offered pursuant to a Registration Statement on Form S-1, as amended (File No. 333-288221), which was declared effective by the SEC on June 30, 2025.

The net proceeds of the Offering are approximately \$4,800, after deducting the Placement Agent fees and expenses and other estimated offering expenses payable by the Company. The Company used the net proceeds of the Offering for overall business strategy, for working capital purposes and for general corporate purposes.

On May 12, 2025, the Company closed on a capital investment of 61,111 shares of common stock, as adjusted for the Reverse Stock Splits, and 30,555 warrants, as adjusted for the Reverse Stock Splits, with two investors for an aggregate purchase price of \$1,375. In connection with the closing, the Company incurred approximately \$169 in issuance costs, which was offset against the proceeds.

Each warrant has an exercise price of \$24.9552 per share, as adjusted for the Reverse Stock Splits, is immediately exercisable, will expire in five years from the date of issuance, and is subject to customary adjustments for certain transactions affecting the Company’s capitalization. The warrants may not be exercised if the aggregate number of shares of common stock beneficially owned by the investor subsequent to the exercise exceeds the specified beneficial ownership limitation provided therein (which is currently 9.99% and 4.99% and may be adjusted upon advance notice). On August 7, 2025, the Company and the investors entered into an amendment to reduce the exercise price of the warrants to \$13.50 per share, as adjusted for the Reverse Stock Splits.

In connection with the close of the capital investment on May 12, 2025, the Company issued 1,375 warrants, as adjusted for the Reverse Stock Splits, to Roth on July 2, 2025. Each warrant has an exercise price of \$24.912 per share, as adjusted for the Reverse Stock Splits, is immediately exercisable, will expire in five years from the date of issuance, and is subject to customary adjustments for certain transactions affecting the Company’s capitalization. The warrants may not be exercised if the aggregate number of shares of common stock beneficially owned by the investor subsequent to the exercise exceeds the specified beneficial ownership limitation provided therein (which is currently 4.99% and may be adjusted upon advance notice).

## ATM Offering

On August 6, 2024, the Company entered into a sales agreement (the “Sales Agreement”) with Roth. Pursuant to the Sales Agreement, the Company may sell, at its option, shares of common stock through Roth, as sales agent. Sales of shares of the Company’s common stock made pursuant to the Sales Agreement are being made under the Registration Statement on Form S-3 filed on April 9, 2024 (File No. 333-278577), which was declared effective by the SEC on May 3, 2024. Subject to the terms and conditions of the Sales Agreement, Roth may sell the shares, if any, only by methods deemed to be an “at the market” offering as defined in Rule 415(a)(4) promulgated under the Securities Act. Roth will be entitled to compensation at a commission rate of 3% of the gross sales price per share sold through it under the Sales Agreement. The Company agreed to provide Roth with customary indemnification and contribution rights, including for liabilities under the Securities Act. In addition, the Company is required to reimburse Roth for certain specified expenses in connection with entering into the Sales Agreement.

During the twelve months ended December 31, 2025, a total of 193,405 shares of common stock, as adjusted for the Reverse Stock Splits, were sold under the Sales Agreement for net proceeds of \$8,229, after payment of commission fees and other related expenses of \$258. In the second quarter of 2025, the Company completed its sales of shares of common stock under the Sales Agreement and the ATM program was terminated.

## Shareholder Rights Plan

On April 21, 2025, the Board declared a dividend of one preferred share purchase right (“Right”) for each outstanding share of common stock, par value \$0.001 per share, of the Company, and adopted a stockholder rights plan, as set forth in the Rights Agreement, dated as of April 21, 2025 (the “Rights Agreement”), by and between the Company and Equiniti Trust Company, LLC, a New York limited liability company, as rights agent. The dividend is payable to stockholders of record of the Company as of the close of business on May 2, 2025.

Each Right will allow its holder to purchase from the Company one one-thousandth of a share of Series A Junior Participating Preferred Stock (the “Preferred Shares”), par value \$0.001 per share, for \$4.00 (the “Purchase Price”), once the Rights become exercisable. The Purchase Price payable, and the number of Preferred Shares or other securities or other property issuable upon exercise of the Rights will be subject to adjustment from time to time to prevent dilution in the event of a stock dividend on, or a subdivision, combination or reclassification of, the Preferred Shares. The Rights are exercisable only if a person or group acquires 15.5% or more of the Company’s outstanding common stock (an amount of “less than 20%” in the case of a passive institutional investor as described in the Rights Plan), commences tender or exchange offer, or a similar event, as described in detail in the Purchase Agreement.

## NOTE 7 — Stock-Based Compensation

Stock-based compensation expense is as follows (in thousands of dollars):

	For the Three Months Ended	
	March 31,	
	2026	2025
Cost of revenues	\$ 13	\$ 2
Research and development	20	2
Sales and marketing	60	65
General and administrative	211	221
	<u>\$ 304</u>	<u>\$ 290</u>

In 2026, continuing operations includes the stock-based compensation of \$211 for general and administrative. In 2025 the general and administrative stock-based compensation is included in discontinued operations. For both years the other stock-based compensation is all included in discontinued operations.

Stock-based compensation in Cost of Revenues relates to employees who focus on supply chain management.

#### Stock Options

Stock option activity, as adjusted for the Reverse Stock Split, for the three months ended March 31, 2026, is in the table below (price per share is in dollars):

	Options	Weighted average exercise price per share	Weighted average remaining contractual life (in years)	Aggregate Intrinsic Value*
Outstanding at January 1, 2026	34,883	\$ 110.67		
Granted	—	—		
Forfeited	(7,361)	99.84		
Expired	(749)	225.30		
Outstanding at March 31, 2026	<u>26,773</u>	<u>\$ 110.44</u>	<u>6.94</u>	<u>\$ —</u>
Vested and Expected to Vest at March 31, 2026	<u>26,773</u>	<u>\$ 110.44</u>	<u>6.94</u>	<u>\$ —</u>
Exercisable at March 31, 2026	<u>26,077</u>	<u>\$ 110.44</u>	<u>6.91</u>	<u>\$ —</u>

\* The intrinsic value is calculated as the difference between the exercise price and the fair value of the common stock on the balance sheet date.

As of March 31, 2026, there was approximately \$541 of unamortized stock-based compensation cost related to unvested stock options, which is expected to be recognized over a weighted average period of 1.12 years.

#### Restricted Stock Units

Restricted Stock Unit (“RSU”) activity, as adjusted for the Reverse Stock Splits, for the three months ended March 31, 2026, is as follows:

	RSUs
Outstanding at January 1, 2026	—
Granted	85,000
Released	—
Forfeited	—
Outstanding at March 31, 2026	<u>85,000</u>

Warrants activity, as adjusted for the Reverse Stock Split, for the three months ended March 31, 2026, is as follows:

	Number of warrants	Weighted average exercise price per share
Outstanding at January 1, 2026	62,979	\$ 13.75
Granted	—	—
Forfeited	—	—
Expired	—	—
Outstanding at March 31, 2026	<u>62,979</u>	<u>\$ 13.75</u>
Exercisable at March 31, 2026	<u>62,979</u>	<u>\$ 13.75</u>

#### NOTE 8 — Income Taxes

We recognized income tax expense of \$2,538 for the three months ended March 31, 2026, which includes \$2,499 of discrete tax expense related to the sale of the Company’s legacy business assets. We recognized income tax expense of \$132 for the three months ended March 31, 2025 which includes \$9 of discrete tax expense.

Our tax expense for discontinued operations for the three months ended March 31, 2026 is higher than our tax expense for the same period last year due to the sale of the Company’s phone and hotspot assets on January 23, 2026. Tax expenses for the first quarter of 2026 are included in discontinued operations because they primarily relate to the sale of the assets and the gain on the sale of the assets is included in discontinued operations.

Our effective tax rate is 64.61% for the three months ended March 31, 2026, compared to 13.74% in the same period last year. This effective tax rate is calculated by dividing total tax expense for the Company by the loss from continuing operations. Our effective rate is higher than the U.S federal statutory tax rate primarily due to us not matching the taxes on the asset sale with the income from the asset sale in the calculation.

The Company's material income tax jurisdictions are the United States (federal and California), China and India. As a result of net operating loss and credit carryforwards, the Company is subject to audit for tax years 2023 and forward for federal and California purposes. The China and India tax years are open under the statute of limitations from 2013 and forward.

It is projected that the Company will utilize \$8 million of U.S. federal net operating loss carryovers in 2026 to partially offset the projected 2026 U.S. federal taxable income resulting from the Company's Q1 2026 asset sale. It is projected that the Company will have \$5.2 million of U.S. federal net operating loss carryovers at the end of 2026. As of March 31, 2026, the Company has a full valuation allowance on all of its U.S. federal and state deferred tax assets.

The Company's material income tax jurisdictions are the United States (federal and California), China and India. As a result of net operating loss and credit carryforwards, the Company is subject to audit for tax years 2023 and forward for federal and California purposes. The China and India tax years are open under the statute of limitations from 2013 and forward.

The Company is subject to ongoing tax examinations of its tax returns by the Internal Revenue Service and other tax authorities in various jurisdictions. In accordance with the guidance on the accounting for uncertainty in income taxes, the Company regularly assesses the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of its provision for income taxes. These assessments can require considerable estimates and judgments. As of March 31, 2026, the gross amount of unrecognized tax benefits was approximately zero. If the Company's estimates of income tax liabilities prove to be less than the ultimate assessment, then a further charge to expense would be required. If events occur and the payment of these amounts ultimately proves to be unnecessary, the reversal of the liabilities would result in tax benefits being recognized in the period in which we determine the liabilities are no longer necessary. The Company does not anticipate any material changes to its uncertain tax positions during the next twelve months.

All of the tax expense for the three months ended March 31, 2026 and March 31, 2025 are included in discontinued operations.

#### **NOTE 9 — Commitments and Contingencies**

##### **Purchase Commitments**

There are no noncancelable purchase orders as of March 31, 2026 or December 31, 2025 for continuing operations. The company stopped issuing purchase commitments in 2025 in anticipation of the closing of the asset sale.

##### **Royalty payments**

For its discontinued operations, the Company is required to pay per unit royalties to wireless essential patent holders. During the three months ended March 31, 2026, we made a total of \$696 in payments for royalties.

##### **General litigation**

The Company is involved in various legal proceedings arising in the normal course of business. The Company does not believe that the ultimate resolution of these other matters will have a material adverse effect on its consolidated financial position, results of operations, or cash flows.

##### **Indemnification**

Under the terms of the asset purchase agreement, the Company has indemnification obligations for representations and warranties made by the Company. The \$1,500 receivable for cash held back on the balance sheet can be used to cover indemnification obligations. There is no maximum indemnification exposure. The Company is currently negotiating certain indemnification claims with the Buyer and the exposure is not determinable as of March 31, 2026.

For discontinued operations, under the terms of its agreements with wireless carriers and other partners, the Company has agreed to provide indemnification for intellectual property infringement claims related to the Company's products sold by them to their end customers. From time to time, the Company receives notices from these wireless carriers and other partners of a claim for infringement of intellectual property rights potentially related to their products. These infringement claims have been settled, dismissed, or have not been further pursued by the customers.

**NOTE 10 — Net Income (Loss) Per Share**

The following table sets forth the computation of the Company's basic and diluted net loss per share. Share and per share amounts for the periods ended March 31, 2026 and 2025, have been adjusted retrospectively for the Reverse Stock Split. The numerator amounts are in thousands of dollars.

	Three Months Ended March 31,	
	2026	2025
<b>Numerator:</b>		
Loss from continuing operations	\$ (3,928)	\$ (961)
Net income from discontinued operations	10,268	1,419
Net income	<u>\$ 6,340</u>	<u>\$ 458</u>
<b>Denominator:</b>		
Weighted-average shares used in computing net loss per share, basic and diluted	<u>1,265,067</u>	<u>324,431</u>
<b>Earnings (loss) per share – basic and diluted</b>		
Continuing operations	\$ (3.11)	\$ (2.96)
Discontinued operations	8.12	4.37
Net earnings per share, basic and diluted	<u>\$ 5.01</u>	<u>\$ 1.41</u>

Because we had a net loss from continuing operations, we did not disclose diluted earnings per share amounts for discontinued operations or for overall net income.

Redeemable shares are excluded from the earnings (loss) per share calculation.

The potentially dilutive common shares that were excluded from the calculation of diluted net income per share because their effect would have been antidilutive are as follows. Share amounts for the periods ended March 31, 2026 and 2025, have been adjusted retroactively for the applicable Reverse Stock Split.

	Three Months Ended March 31,	
	2026	2025
Shares subject to options to purchase common stock	26,077	40,010
Unvested and unissued restricted stock units	85,000	—
Shares subject to warrants to purchase common stock	62,979	19,444
	<u>174,056</u>	<u>59,454</u>

**NOTE 11 — Entity Level Information**

**Segment Information**—The Company did not have a reporting segment for continuing operations for the three months ended March 31, 2026.

**NOTE 12 — Subsequent Events**

The Company's management reviewed all material events that have occurred after the balance sheet date through the date when the financial statements were issued. Based on the review, except as disclosed below, the Company did not identify any subsequent events that would require adjustment or disclosure in the financial statements.

On May 20, 2026, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with DNA Holdings Venture, Inc. (the "Purchaser") pursuant to which the Company sold and issued to the Purchaser a convertible promissory note (the "Note") in the principal amount of \$3,052 for an aggregate purchase price in the same amount.

The aggregate purchase price for the Note consisted of \$1,800 in cash and the surrender of the convertible promissory note, dated December 15, 2025, in the principal amount of \$1,200 issued by the Company to the Purchaser, including \$53 of accrued unpaid interest on such principal amount.

The Purchase Agreement contains customary representations, warranties and covenants by the Company and customary closing conditions. The SPA requires the proceeds from the sale of the Note to be used for working capital purposes, but not for the satisfaction of any Company debt (other than the payment of trade payables in the ordinary course of business), the redemption of common stock or common stock equivalents, the settlement of any litigation, or in violation of certain antibribery and anticorruption laws specified in the Purchase Agreement.

The Note matures on December 31, 2026, accrues interest at a rate of 10% per annum, and, subject to the prior approval of the conversion of the Note by the Company's stockholders (the "Stockholder Approval"), is convertible into shares of the Company's common stock at the election of the holder at an initial conversion price of \$6.00 per share, subject to adjustment as provided in the Note, provided, that (i) during the continuance of any Event of Default (as defined in the Note), the conversion price will be equal to 80% of the closing price of the common stock on the principal trading market on the date of conversion and (ii) upon the occurrence of a Change of Control Transaction (as defined in the Note), and subject to the prior obtainment of the Stockholder Approval, the conversion price will be equal to the lower of the closing price of the common stock on (x) the original issue date of the Note or (y) the date that the Change of Control Transaction is consummated.

The Company's obligations under the Note are secured by a first priority lien and security interest in and to the following collateral (collectively, the "Pledged Collateral"): (i) the limited liability company membership interests owned by the Company in its wholly owned subsidiary DNA X, LLC, a Delaware limited liability company, and all dividends, cash, instruments, and other property from time to time received or distributed in respect thereof and all proceeds of any of the foregoing in whatever form. The security interest in the Pledged Collateral is continuing and shall remain in full force and effect until the indefeasible payment in full of the Note, upon which the security interest shall terminate and all rights to the Pledged Collateral shall revert to the Company.

**Amendment of Membership Interest Purchase Agreement**

Concurrently with the closing, and as a condition and inducement to the Company's willingness to enter into the Purchase Agreement, the Company and the Purchaser entered into an Amendment No. 1 to the Membership Interest Purchase Agreement (the "Purchase Agreement Amendment") pursuant to which the Company and the Purchaser agreed to terminate the "Put Option" described therein, effective as of the execution of the Purchase Agreement.

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

### Forward-Looking Statements

*You should read the following discussion and analysis of our financial condition and results of operations together with “Cautionary Note About Forward-Looking Statements” and our unaudited condensed consolidated financial statements and related notes included under Item 1 of this Quarterly Report on Form 10-Q as well as our most recent Annual Report on Form 10-K for the year ended December 31, 2025 as amended, including Part 1, Item 1A “Risk Factors.”*

### Company Overview

We are a provider of crypto trading services to the public. Our services are available over the internet at <https://dnax.us>. We serve individual cryptocurrency traders. Our products allow users to efficiently buy and sell cryptocurrencies with cash or cash equivalents, or to exchange one cryptocurrency for another cryptocurrency. Our platform allows users to execute strategies between pairs of cryptocurrencies that allow them to swap between the currencies as the prices diverge or converge. This allows users to automate strategies without the need to continuously monitor the market. We are developing products to increase the number of cryptocurrencies that are available for trading on our platform and products the Company expects to bring in additional customers and drive additional revenue from commissions and fees.

We are currently operating on a limited basis to monitor the platform and address any bugs or performance issues. We plan to add additional features and products to the platform throughout 2026 as we execute our growth strategy. We will continue to monitor the platform to ensure that it can handle the anticipated increase in trading volume. We may use social media and traditional media to market our platform to potential customers. We may expand our marketing efforts as new products become available to customers.

Prior to December 2025, when we acquired our platform, we operated under the name Sonim Technologies, Inc. and were primarily focused on designing and manufacturing cell phones and mobile hotspots. We developed the software that ran on our products. We completed the disposition of substantially all assets of our phone and hotspot business on January 23, 2026.

### Our Products

#### Trading and Swapping Cryptocurrencies

Our <https://dnax.us> website allows users to trade or swap certain cryptocurrencies for other cryptocurrencies or for cash equivalent currencies. New customers can set up an account on our website that will allow them to trade cryptocurrencies. The customer owns the assets before and after the trade and commissions are automatically deducted from the trade. We do not take custody of any of our customers’ crypto assets. We employ various security measures in an effort to protect our customers and ourselves from cyber threats. The trades on our platform are generally completed immediately and there is no delay in settling the transactions.

Our platform allows anyone to set up an automated trading strategy and to buy one currency when the price ratio with another currency is reached in one direction, and to sell the currency when the ratio is reached in the other direction. This allows users to automatically trade and capture profits as cryptocurrencies trade within certain ranges. These strategies can be viewed by all users and can be duplicated. Our platform maintains histories of the strategies that can be analyzed to develop new strategies. We generate commission revenue from our users’ trading activity on our platform.

We are developing new enhancements to our trading platform that when implemented, are expected to increase trading volume.

## Recent Developments

**Completion of the Asset Purchase Agreement with Pace Car Acquisition LLC.** On January 23, 2026, we completed the sale of substantially all assets and most liabilities related to our legacy phone and mobile hotspot business for a purchase price of \$15.0 million in cash, less working capital, indebtedness and transaction expense adjustments for a net sales price of \$13.5 million.

## Results of Operations

The results of operations for the three months ended March 31, 2026 are not necessarily indicative of the operating results to be expected for the full year or in any future period. On January 23, 2026, we completed the sale of our phone and hotspots assets, and many of our employees transferred to the buyer. The accompanying consolidated financial statements and certain tables below present operations from this legacy business as discontinued operations for all periods presented, and the assets and liabilities of this legacy business are presented as assets and liabilities held for sale for the period ended December 31, 2025. Since that time, we have focused on growing and developing our cryptocurrency trading platform, DNA X. The following table presents key components of the Company's results of discontinued operations for the three months periods ended March 31, 2026 and 2025:

**DISCONTINUED OPERATIONS**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**PERIODS ENDED MARCH 31, 2026 and 2025**  
**(IN THOUSANDS)**

	2026	2025
Net revenues	\$ 3,805	\$ 16,721
Cost of revenues	4,122	8,365
Gross profit (loss)	(317)	8,356
Operating expenses		
Research and development	913	1,633
Sales and marketing	1,123	3,239
General and administrative	453	1,969
Total operating expenses	2,489	6,841
Net income (loss) from operations	(2,806)	1,515
Gain on sale of assets	15,563	—
Other income	49	36
Income before income tax expense	12,806	1,551
Income tax expense	(2,538)	(132)
Net income from discontinued operations	\$ 10,268	\$ 1,419

### Gain on sale of assets

Gain on sale of assets of \$15.6 million during the three months ended March 31, 2026 is attributable to the disposition of our legacy phone and hotspot business and is calculated as the consideration paid of \$15.0 million less a working capital adjustment, less the book value of the assets sold and the liabilities assumed.

The consolidated statement of operations of discontinued operations for the three months ended March 31, 2026 reflects the 23-day period prior to the completion of the asset sale. Revenue for the three months ended March 31, 2025 was \$12.9 million higher than in the corresponding period in 2026 because we operated our legacy phone and hotspot business for the entire quarter in 2025 and because there was a one-time release of accrued promotional funds in 2025.

Gross profit was negative in 2026 because we discontinued some products and wrote down inventory.

Operating expenses were lower in 2026 because the period was only for 23 days as compared to an entire quarter in 2025.

Income tax expense of \$2.5 million is calculated on the gain on the sale of assets plus the operating net loss for the quarter, and an estimate of future net income or loss for the three remaining quarters of the year. Because the Company has net operating loss carryforwards, the actual cash that will be paid in the United States for income taxes for the 2026 tax year is estimated to be approximately \$0.5 million. The estimated taxes are netted with the gain on sale of the assets and are included in discontinued operations.

The following table presents key components of our results of continuing operations (dollars in thousands):

	Three Months Ended March 31,	
	2026	2025
Net revenues	\$ —	\$ —
Operating expenses		
General and administrative	3,618	870
Total operating expenses	3,618	870
Loss from operations	(3,618)	(870)
Interest expense, net	(131)	(91)
Loss on valuation of derivative liability from convertible note	(227)	—
Equity income from DNA X LLC	48	—
Loss before income taxes	(3,928)	(961)
Income tax expense	—	—
Net loss	\$ (3,928)	\$ (961)

#### *General and Administrative*

General and administrative expenses for the three months ended March 31, 2026, increased by \$2.5 million compared to 2025 primarily due to employee severance (\$1.1 million) and bonuses (\$0.4 million) triggered by the completion of the asset sale in 2026. Profession fees for audit and tax services increased by \$0.5 million in 2026 because of increased complexity with the purchase of DNA X LLC, and the asset sale transaction. Employee compensation after the asset sale for executives was included in General and Administrative in continuing operations in 2026, but employee compensation for executives in 2025 was allocated to discontinued operations. General and administrative expenses are expected to drop significantly for the remainder of 2026 as one-time costs related to the assets sale will not recur.

#### *Other Income*

Other income is net income from our DNA X cryptocurrency trading business for the first quarter of 2026. The increase of \$0.05 million in comparison to the three months ended March 31, 2025 is due to the fact that we did not own this business in the first quarter of 2025.

#### **Going Concern, Liquidity and Capital Resources**

The accompanying consolidated financial statements have been prepared assuming that we will continue as a going concern, which contemplates the realization of assets and the liquidation of liabilities in the normal course of business for a period of at least one year from the issuance date of the accompanying consolidated financial statements. We had approximately \$1.2 million in cash at March 31, 2026. On May 20, 2026, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with DNA Holdings Venture, Inc. (the "Purchaser") pursuant to which the Company sold and issued to the Purchaser a convertible promissory note (the "Note") in the principal amount of \$3,053 for an aggregate purchase price in the same amount. The aggregate purchase price for the Note consisted of \$1,800 in cash to the Company and the surrender of the convertible promissory note, dated December 15, 2025, in the principal amount of \$1,200 issued by the Company to the Purchaser, including \$53 of accrued unpaid interest on such principal amount. These \$1,800 in loan proceeds are expected to provide sufficient working capital to pay our obligations through December 31, 2026, when the note matures. If the note is not converted into the Company's common stock prior to December 31, 2026, then the Company will need to raise additional capital to repay the \$3.0 million that will become due on December 31, 2026 from the note. Due to the uncertainty of either the note being converted or of us raising additional capital prior to December 31, 2026, there is substantial doubt regarding our ability to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

#### *Cash Flows*

The following table summarizes our sources and uses of cash for the periods presented (in thousands):

	Three Months Ended March 31,	
	2026	2025
Net cash used in operating activities	\$ (3,466)	\$ (9,606)
Net cash provided by investing activities	3,358	—
Net cash provided by financing activities	—	6,378
Net decrease in cash and cash equivalents	\$ (108)	\$ (3,228)

#### *Cash flows from operating activities – combined continuing and discontinued operations*

For the three months ended March 31, 2026, cash used in operating activities was \$3.5 million, primarily attributable to the sale of phone and hotspot inventory and the sale of parts inventory from the discontinued phone and hotspot business of \$5.5 million, lower prepaids of \$1.7 million, offset by the paydown of accounts payable with the proceeds from the asset sale of \$2.7 million.

For the three months ended March 31, 2025, cash used in operating activities was \$9.6 million, primarily attributable to net cash used in a change in net operating assets and liabilities of \$6.1 million and net income of \$0.5 million, excluding net non-cash operating activity of \$4.0 million. The change in net operating assets and liabilities was primarily due to net payments made on accounts payable and an increase in contract fulfillment assets, which are capitalized costs for product certifications, partially offset by a decrease in inventory. Non-cash charges primarily consist of \$5.3 million related to the expiration of customer allowance agreements, \$1.1 million in depreciation and amortization and \$0.3 million for stock-based compensation.

#### *Cash flows from investing activities – combined continuing and discontinued operations*

For the three months ended March 31, 2026, cash provided from investing activities was \$3.4 million in net cash received from the asset sale. In 2025, there were no significant investing activities.

#### *Cash flows from financing activities – combined continuing and discontinued operations*

For the three months ended March 31, 2026, there were no financing activities.

For the three months ended March 31, 2025, the Company received \$3.5 million in cash, net of issuance costs, from Streeterville for one of the notes.

#### **Material Cash Requirements**

There have been no material changes to our material cash requirements from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2025.

#### **Critical Accounting Policies and Estimates**

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

A description of our critical accounting policies that represent the more significant judgments and estimates used in the preparation of our consolidated financial statements was provided in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of our Annual Report on Form 10-K for the year ended December 31, 2025. There have been no changes to our critical accounting policies and estimates described in the Annual Report on Form 10-K for the year ended December 31, 2025, that have had a material impact on our unaudited condensed consolidated financial statements and related notes.

## Segment Information

We have one business activity and operate in one reportable segment.

## Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information under this item.

## Item 4. Controls and Procedures.

### Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act, prior to filing this Quarterly Report on Form 10-Q. Based on this evaluation, our principal executive and principal financial officer concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures were not effective for accounting for complicated transactions related to investments and acquisitions.

### *Limitations on Effectiveness of Controls and Procedures*

In designing and evaluating disclosure controls and procedures, our management recognizes that any system of controls, however well designed and operated, can provide only reasonable assurance, and not absolute assurance, that the desired control objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there can be no assurance that any design will succeed in achieving its stated goals in all future circumstances. Accordingly, our disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the objectives of our disclosure control system are met.

### *Material Weakness in Internal Control Over Financial Reporting*

The Company identified a material weakness in its internal control over financial reporting related to a lack of personnel with sufficient technical accounting expertise to appropriately analyze and account for complex, non-routine transactions. Specifically, the Company did not maintain adequate resources with the requisite knowledge of U.S. GAAP to properly evaluate the accounting implications of significant transactions, including accounting for business acquisitions.

As a result of this deficiency, the Company failed to appropriately apply relevant accounting guidance, which led to errors in the initial recording of certain transactions and required adjustments during the financial statement close process. Additionally, the review controls designed to detect such errors were not effective due to the same lack of technical expertise.

Management concluded that this control deficiency constitutes a material weakness because there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements would not be prevented or detected on a timely basis.

The Company has not resolved this material weakness as of March 31, 2026.

### Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the three months ended March 31, 2026, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II—OTHER INFORMATION

### Item 1. Legal Proceedings.

For information regarding our material legal proceedings, see “Note 9 — Commitments and Contingencies” in the accompanying “Notes to Unaudited Condensed Consolidated Financial Statements” in this Quarterly Report on Form 10-Q, which information is incorporated herein by reference.

### Item 1A. Risk Factors.

There are no material changes to the risk factors set forth in Part I, Item 1A, *Risk Factors* in our Annual Report on Form 10-K for the year ended December 31, 2025.

### 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 of our directors or officers adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K) during the quarterly period covered by this report.

Item 6. Exhibits.

Exhibit Number	Description	Incorporated by Reference			
		Form	File No.	Exhibit Number	Filing Date
3.1	<a href="#">Amended and Restated Certificate of Incorporation of the Registrant.</a>	8-K	001-38907	3.1	May 17, 2019
3.2	<a href="#">Certificate of Amendment to the Amended and Restated Certificate of Incorporation, effective September 15, 2021 (Reverse Stock Split)</a>	8-K	001-38907	3.1	September 15, 2021
3.3	<a href="#">Certificate of Amendment to the Amended and Restated Certificate of Incorporation, effective July 17, 2024 (Reverse Stock Split)</a>	8-K	001-38907	3.1	July 18, 2024
3.4	<a href="#">Certificate of Designation of Rights, Preferences and Privileges of Series A Junior Participating Preferred Stock filed with the Secretary of State of the State of Delaware on April 21, 2025</a>	8-K	001-38907	3.1	April 21, 2025
3.5	<a href="#">Certificate of Amendment to the Amended and Restated Certificate of Incorporation, effective October 16, 2025 (Increase in authorized shares from 100,000,000 to 1,000,000,000)</a>	8-K	001-38907	3.1	October 20, 2025
3.6	<a href="#">Certificate of Amendment to the Amended and Restated Certificate of Incorporation, effective October 27, 2024 (Reverse Stock Split)</a>	8-K	001-38907	3.1	October 24, 2025
3.7	<a href="#">Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Registrant, effective January 23, 2026</a>	8-K	001-38907	3.1	January 27, 2026
3.8	<a href="#">Amended and Restated Bylaws of the Registrant, as amended and restated as of June 14, 2024</a>	8-K	001-38907	3.1	June 14, 2024
4.1	<a href="#">Promissory note dated as of February 21, 2025</a>	8-K	001-38907	4.1	February 21, 2025
4.2	<a href="#">Rights Agreement, dated as of April 21, 2025, by and between Sonim Technologies Inc. and Equiniti Trust Company, LLC, which includes the form Certificate of Designation as Exhibit A, the form of Right Certificate as Exhibit B, and the Summary of Rights to Purchase Preferred Shares as Exhibit C</a>	8-K	001-38907	4.1	April 21, 2025
4.3	<a href="#">Form of Common Stock Purchase Warrant, dated as of May 12, 2025, issued by Sonim Technologies, Inc. to the purchasers named therein</a>	8-K	001-38907	4.1	May 16, 2025
4.4	<a href="#">Form of Placement Agent Warrant to Purchase Common Stock, issued on July 2, 2025</a>	8-K	001-38907	4.1	July 2, 2025
4.5	<a href="#">Promissory Note dated as of July 11, 2025</a>	8-K	001-38907	4.1	July 17, 2025

10.1	<a href="#">Liu Separation and Release Agreement, dated as of January 30, 2026</a>	8-K	001-38907	10.1	February 5, 2026
10.2	<a href="#">Becher Separation and Release Agreement, dated as of February 3, 2026</a>	8-K	001-38907	10.2	February 5, 2026
10.3†#	<a href="#">Employment Agreement, dated as of October 16, 2025, by and between DNA X, Inc. and Michael Mulica.</a>	8-K	001-38907	10.1	October 20, 2025
10.4†	<a href="#">First Amendment to Employment Agreement of Mike Mulica, dated as of February 9, 2026.</a>	8-K	001-38907	10.1	February 10, 2026
10.4†#	<a href="#">Amended and Restated Letter Agreement, dated as of December 8, 2023, by and between DNA X, Inc. and Clay Crolius</a>	8-K	001-38907	10.2	December 11, 2023
10.5†	<a href="#">First Amendment to Employment Agreement, dated as of April 15, 2025, by and between DNA X, Inc. and Clay Crolius</a>	8-K	001-38907	10.1	April 16, 2025
10.6†	<a href="#">Second Amendment to Employment Agreement of Clay Crolius, dated as of February 9, 2026</a>	8-K	001-38907	10.2	February 10, 2026
10.8+#	<a href="#">Asset Purchase Agreement, dated as of July 17, 2025, by and among the Company, Pace Car Acquisition LLC and Clay Crolius</a>	8-K	001-38907	2.1	July 22, 2025
10.9	<a href="#">First Amendment to Asset Purchase Agreement, dated as of November 24, 2025, by and among the Company, Pace Car Acquisition LLC and Clay Crolius</a>	8-K	001-38907	2.1	November 26, 2025
10.10#	<a href="#">Second Amendment to Asset Purchase Agreement, dated as of January 23, 2026</a>	8-K	001-38907	2.1	January 27, 2026
31.1	<a href="#">Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>				
31.2	<a href="#">Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>				
32.1*	<a href="#">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</a>				
32.2*	<a href="#">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</a>				
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).				
101.SCH	Inline XBRL Taxonomy Extension Schema Document.				
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.				
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.				
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.				
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)				

\* The certifications furnished in Exhibits 32.1 and 32.2 that accompany this Quarterly Report on Form 10-Q are deemed furnished and not filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

† Indicates a management contract or compensatory plan or arrangement

# Schedules have been omitted in accordance with Item 601(a)(5) of Regulation S-K. The registrant agrees to furnish a copy of all omitted schedules to the SEC upon its request.

+ Certain portions of this exhibit (indicated by [\*\*\*]) have been redacted pursuant to Item 601(b)(10)(iv) of Regulation S-K because the registrant has determined that such redacted information is not material and is the type that the registrant treats as private or confidential.

**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.

DNA X, INC.

Date: May 20, 2026

By: \_\_\_\_\_

*/s/ Michael Mulica*

**Michael Mulica**  
**Acting Chief Executive Officer**  
**(Principal Executive Officer)**

Date: May 20, 2026

By: \_\_\_\_\_

*/s/ Clay Crolius*

**Clay Crolius**  
**Chief Financial Officer**  
**(Principal Financial and Accounting Officer)**



**CERTIFICATION PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Clayton Crolius, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of DNA X, Inc.;
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 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(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 20, 2026

By: \_\_\_\_\_  
*/s/ Clayton Crolius*  
**Clayton Crolius, Chief Financial Officer**  
*(Principal Financial Officer)*

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

In connection with the Quarterly Report of DNA X, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: May 20, 2026

By: \_\_\_\_\_  
*/s/ Michael Mulica*  
**Michael Mulica**  
**Acting Chief Executive Officer**  
*(Principal Executive Officer)*

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

In connection with the Quarterly Report of DNA X, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: May 20, 2026

By: \_\_\_\_\_  
*/s/ Clayton Crolius*  
**Clayton Crolius**  
**Chief Financial Officer**  
*(Principal Financial Officer)*

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