

**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, 2025**

OR

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



COMMISSION FILE NUMBER 001-36379

**ENERGIOUS CORPORATION**

*(Exact name of registrant as specified in its charter)*

**Delaware**  
*(State of incorporation)*

**46-1318953**  
*(I.R.S. Employer Identification No.)*

**3590 North First Street, Suite 330, San Jose, CA 95134**  
*(Address of principal executive office) (Zip code)*

**(408) 963-0200**  
*(Registrant's telephone number, including area code)*

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, \$0.00001 par value	WATT	The Nasdaq Stock Market

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

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

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

Large accelerated filer	<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

As of May 9, 2025, there were 34,136,303 shares of our Common Stock, par value \$0.00001 per share, outstanding.

**ENERGOUS CORPORATION**  
**FORM 10-Q**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2025**

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

**Energous Corporation**  
**BALANCE SHEETS**  
(in thousands, except share and per share amounts)

	As of	
	March 31, 2025 (unaudited)	December 31, 2024 (1)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 10,085	\$ 1,353
Accounts receivable, net	312	78
Inventory	644	498
Prepaid expenses and other current assets	844	983
Total current assets	<u>11,885</u>	<u>2,912</u>
Property and equipment, net	332	356
Operating lease right-of-use assets	1,160	527
Total assets	<u>\$ 13,377</u>	<u>\$ 3,795</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Current liabilities:		
Accounts payable	\$ 1,276	\$ 1,852
Accrued expenses	534	1,135
Accrued severance expense	101	28
Warrant liability	91	358
Operating lease liabilities, current portion	385	668
Short-term loan payable, net	523	818
Deferred revenue	11	13
Total current liabilities	<u>2,921</u>	<u>4,872</u>
Operating lease liabilities, long-term portion	960	—
Total liabilities	<u>3,881</u>	<u>4,872</u>
Commitments and contingencies (Note 8)		
Stockholders' equity (deficit):		
Preferred Stock, \$0.00001 par value, 10,000,000 shares authorized as of March 31, 2025 and December 31, 2024; no shares issued or outstanding as of March 31, 2025 and December 31, 2024.	—	—
Common Stock, \$0.00001 par value, 200,000,000 shares authorized as of March 31, 2025 and December 31, 2024; 32,393,616 and 13,575,907 shares issued and outstanding as of March 31, 2025 and December 31, 2024, respectively.	1	1
Additional paid-in capital	413,301	399,362
Accumulated deficit	<u>(403,806)</u>	<u>(400,440)</u>
Total stockholders' equity (deficit)	<u>9,496</u>	<u>(1,077)</u>
Total liabilities and stockholders' equity (deficit)	<u>\$ 13,377</u>	<u>\$ 3,795</u>

(1) The condensed balance sheet as of December 31, 2024 was derived from the audited balance sheet as of that date.

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

**Energous Corporation**  
**CONDENSED STATEMENTS OF OPERATIONS**  
**(Unaudited)**  
**(in thousands, except share and per share amounts)**

	<b>For the Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Revenue	\$ 343	\$ 64
Cost of revenue	250	109
Gross profit (loss)	93	(45)
Operating expenses:		
Research and development	1,192	2,189
Sales and marketing	589	873
General and administrative	895	1,995
Severance expense	372	1,563
Expenses from abandoned financing transaction	656	—
Total operating expenses	3,704	6,620
Loss from operations	(3,611)	(6,665)
Other income (expense), net:		
Change in fair value of warrant liability	267	(82)
Interest income (expense), net	(22)	148
Total other income (expense), net	245	66
Net loss	\$ (3,366)	\$ (6,599)
Basic and diluted loss per common share	\$ (0.12)	\$ (1.11)
Weighted average shares outstanding, basic and diluted	28,443,192	5,961,186

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

**Energous Corporation**  
**CONDENSED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)**  
**(Unaudited)**  
**(in thousands, except for share amounts)**

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount			
Balance as of January 1, 2025	13,575,907	\$ 1	\$ 399,362	\$ (400,440)	\$ (1,077)
Stock-based compensation - restricted stock units ("RSUs")	—	—	111	—	111
Issuance of shares for RSUs	39,404	—	—	—	—
Shares issued to vendor for services	75,000	—	25	—	25
Issuance of shares in an at-the-market ("ATM") placement, net of \$940 in issuance costs	18,703,305	—	13,803	—	13,803
Net loss	—	—	—	(3,366)	(3,366)
Balance as of March 31, 2025	32,393,616	\$ 1	\$ 413,301	\$ (403,806)	\$ 9,496

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount			
Balance as of January 1, 2024	5,471,121	\$ 1	\$ 393,539	\$ (382,042)	\$ 11,498
Stock-based compensation - options	—	—	72	—	72
Stock-based compensation - RSUs	—	—	313	—	313
Stock-based compensation - employee stock purchase plan ("ESPP")	—	—	19	—	19
Issuance of shares for RSUs	16,775	—	—	—	—
Proceeds from contributions to the ESPP	—	—	36	—	36
Issuance of shares in an ATM placement, net of \$2 in issuance costs	27,870	—	47	—	47
Issuance of shares in a sale of common stock, pre-funded warrants and warrants, net of \$230 in issuance costs	570,000	—	1,770	—	1,770
Net loss	—	—	—	(6,599)	(6,599)
Balance as of March 31, 2024	6,085,766	\$ 1	\$ 395,796	\$ (388,641)	\$ 7,156

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

**Energous Corporation**  
**CONDENSED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**  
**(in thousands)**

	For the three months ended March 31,	
	2025	2024
Cash flows from operating activities:		
Net loss	\$ (3,366)	\$ (6,599)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	45	48
Stock-based compensation	111	404
Accrued interest	14	—
Amortization of short-term loan fees	17	—
Change in fair value of warrant liability	(267)	82
Changes in operating assets and liabilities:		
Accounts receivable	(234)	75
Inventory	(146)	(193)
Prepaid expenses and other current assets	139	223
Operating lease right-of-use (“ROU”) assets	288	160
Accounts payable	(576)	(347)
Accrued expenses	(545)	(84)
Accrued severance expense	73	1,335
Operating lease liabilities	(219)	(160)
Deferred revenue	(2)	(17)
Net cash used in operating activities	<u>(4,668)</u>	<u>(5,073)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(21)	(1)
Net cash used in investing activities	<u>(21)</u>	<u>(1)</u>
Cash flows from financing activities:		
Repayments of short-term loan	(328)	—
Payments from financed insurance premiums	(54)	—
Net proceeds from an ATM offering	13,803	47
Net proceeds from a sale of common stock and warrant issuance	—	1,770
Proceeds from contributions to the ESPP	—	36
Net cash provided by financing activities	<u>13,421</u>	<u>1,853</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	8,732	(3,221)
Cash, cash equivalents and restricted cash - beginning	1,353	13,936
Cash, cash equivalents and restricted cash - ending	<u>\$ 10,085</u>	<u>\$ 10,715</u>
Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ 184</u>	<u>\$ —</u>
Supplemental disclosure of non-cash investing and financing activities:		
Decrease in operating lease ROU assets and operating lease liabilities from lease amendment	<u>\$ —</u>	<u>\$ 51</u>
Increase in operating lease ROU assets and operating lease liabilities from lease modification	<u>\$ 896</u>	<u>\$ —</u>
Increase in ROU assets from shares issued to landlord	<u>\$ 25</u>	<u>\$ —</u>
Accrued interest included in short-term loan payable	<u>\$ 70</u>	<u>\$ —</u>

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

**ENERGIOUS CORPORATION**  
**Notes to the Financial Statements**

**Note 1 - Business Organization, Nature of Operations**

**Description of Business**

Energous Corporation d/b/a Energous Wireless Power Solutions (the “Company”) has developed a scalable, over-the-air Wireless Power Network (“WPN”) technology that integrates advanced semiconductor chipsets, software controls, hardware designs, and antenna systems to enable radio frequency (“RF”)-based charging for Internet of Things (“IoT”) devices. The Company’s WPN technology provides a comprehensive suite of capabilities designed to power the next generation of wireless energy networks, seamlessly delivering power and data across diverse, battery-free device ecosystems. This innovation enhances operational visibility, control, and intelligent business automation.

With a patent portfolio exceeding 250 patents, the Company’s solutions support both near-field and at-a-distance wireless charging, supplying power at multiple levels across varying distances, as well as expertise in advanced receiver technology. By enabling continuous wireless power transmission, the Company’s transmitter and receiver technologies facilitate the use of battery-free IoT devices, transforming asset and inventory tracking across multiple industries. Key applications include retail sensors, electronic shelf labels, asset trackers, air quality monitors, motion detectors, and other smart monitoring solutions.

The Company believes its technology represents a breakthrough in wireless power delivery, offering a differentiated approach to charging IoT devices via RF technology. To date, the Company has developed and released multiple transmitter and receiver solutions. The Company’s transmitters vary in form factor, power specifications, and operating frequencies, while the Company’s receivers are engineered to support a wide range of wireless charging applications across multiple device categories. including:

Device Type	Application
RF Tags	Cold Chain, Asset Tracking, Medical IoT
IoT Sensors	Cold Chain, Logistics, Asset Tracking
Electronic Shelf Labels	Retail and Industrial IoT

The first WPN-enabled end product featuring the Company’s technology entered the market in 2019. In the fourth quarter of 2021, the Company commenced shipments of its first at-a-distance wireless PowerBridge transmitter systems for commercial IoT applications and proof-of-concept deployments. As the Company continues to innovate its technology applications, the Company anticipates the release of additional wireless power-enabled products.

**Note 2 – Liquidity and Management Plans**

During the three months ended March 31, 2025 and 2024, the Company recorded revenue of \$0.3 million and \$0.1 million, respectively. During the three months ended March 31, 2025 and 2024, the Company recorded net losses of \$3.4 million and \$6.6 million, respectively. Net cash used in operating activities was \$4.7 million and \$5.1 million for the three months ended March 31, 2025 and 2024, respectively.

As of March 31, 2025, the Company had cash and cash equivalents of \$10.1 million. The Company is currently meeting its liquidity requirements through the proceeds of securities offerings, including the ATM Program (as defined in Note 10 – Capital Stock and Warrants below), which securities offerings generated aggregate net proceeds of \$13.8 million during the three months ended March 31, 2025. Based on current operating levels and further cost reductions implemented during the first quarter of 2025, the Company believes it has sufficient cash on hand and access to capital through the ATM Program to fund operations for the next 12 months.

As the Company gains traction in the market with its new technology and continues to invest capital in transitioning and scaling the business from research and development of new technologies to commercial production, there can be no assurance that its available resources and revenue generated from its business operations will be sufficient to sustain its operations. Accordingly, the Company expects to pursue additional financing, which could include offerings of equity or debt securities, bank financing, commercial agreements with customers or strategic partners, and other alternatives, depending upon market conditions. There is no assurance that such financing will be available on terms that the Company would find acceptable, or at all. If the Company is unsuccessful in implementing this plan, the Company will be required to make further cost and expense reductions or modifications to its on-going and strategic plans.

## **Note 2 – Liquidity and Management Plans, continued**

The market for products using the Company’s technology is broad and evolving, so the Company’s success is dependent upon many factors, including customer acceptance of its existing products, technical feasibility of future products, regulatory approvals, the development of complementary technologies, competition and global market fluctuations.

## **Note 3 – Summary of Significant Accounting Policies**

### ***Basis of Presentation***

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”), and pursuant to the accounting and disclosure rules and regulations of the U.S. Securities and Exchange Commission (the “SEC”). Certain information and note disclosures have been condensed or omitted pursuant to such rules and regulations. The unaudited condensed financial statements have been prepared on the same basis as the annual financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary for a fair presentation of the period presented. The results of operations for the three months ended March 31, 2025 are not necessarily indicative of the results to be expected for the year ending December 31, 2025, or for other future periods.

These interim unaudited condensed financial statements should be read in conjunction with the audited financial statements and notes thereto for the fiscal year ended December 31, 2024 included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2024, filed with the SEC on February 27, 2025 (“the 2024 Annual Report”). The accounting policies used in preparing these interim unaudited condensed financial statements are consistent with those described in the 2024 Annual Report.

### ***Reclassifications***

Certain reclassifications have been made to the fiscal year 2024 financial statements to conform to the 2025 presentation. The Company reclassified certain expenses between research and development and general and administrative expenses. The amounts were not considered material to the condensed financial statements. The reclassifications had no impact on total assets, total liabilities, or stockholders’ equity (deficit).

### ***Use of Estimates***

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements as well as the reported expenses during the reporting periods.

The Company’s significant estimates and assumptions include the valuation of stock-based compensation instruments, recognition of revenue, inventory valuation, fair value of warrant liabilities and the valuation allowance on deferred tax assets. Some of these judgments can be subjective and complex, and, consequently, actual results may differ from these estimates. Although the Company believes that its estimates and assumptions are reasonable, they are based upon information available at the time the estimates and assumptions were made. Actual results could differ from those estimates.

### ***Cash, Cash Equivalents and Restricted Cash***

The Company considers all short-term, highly liquid investments with an original maturity at the date of purchase of three months or less to be cash equivalents. The Company maintains cash balances that may be uninsured or in deposit accounts that exceed Federal Deposit Insurance Corporation limits. The Company maintains its cash deposits with major financial institutions.

### ***Warrants***

The Company accounts for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant’s specific terms and applicable authoritative guidance in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 480, “Distinguishing Liabilities from Equity” (“ASC 480”) and ASC 815, “Derivatives and Hedging” (“ASC 815”). The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Company’s common stock, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent quarterly period end date while the warrants are outstanding.

**Note 3 – Summary of Significant Accounting Policies, continued**

For issued or modified warrants that meet all of the criteria for equity classification, the warrants are required to be recorded as a component of additional paid-in capital at the time of issuance. For issued or modified warrants that do not meet all the criteria for equity classification, the warrants are required to be recorded as a liability at their initial fair value on the date of issuance, and each balance sheet date thereafter. Changes in the estimated fair value of the warrants are recognized as a non-cash gain or loss on the statements of operations. The fair value of the warrants is estimated using an appropriate valuation model. Such warrant classification is also subject to re-evaluation at each reporting period.

Offering costs associated with warrants classified as liabilities are expensed as incurred and are presented as offering cost related to warrant liability in the statement of operations. Offering costs associated with the sale of warrants classified as equity are charged against the proceeds received.

***Fair Value***

The Company follows ASC 820, “Fair Value Measurements” (“ASC 820”), which establishes a common definition of fair value to be applied when US GAAP requires the use of fair value, establishes a framework for measuring fair value, and requires certain disclosure about such fair value measurements.

ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company’s assumptions about what market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities to which the Company has access at a measurement date.
- Level 2: Observable inputs other than Level 1 quoted prices that are observable for the asset or liability, either directly or indirectly; these include quoted prices for similar assets or liabilities in an active market, quoted prices for identical assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3: Unobservable inputs for which little or no market data exists and for which the Company must develop its own assumptions regarding the assumptions that market participants would use in pricing the asset or liability, including assumptions regarding risk.

Because of the uncertainties inherent in the valuation of assets or liabilities for which there are no observable inputs, those estimated fair values may differ significantly from the values that may have been used had a ready market for the assets or liabilities existed.

The carrying amounts of the Company’s financial assets and liabilities, such as cash, cash equivalents, prepaid expenses and other current assets, and accounts payable and accrued expenses, are an approximate of their fair values because of the short maturity of these instruments. The carrying amounts of the Company’s short-term debt and lease liabilities approximate fair value due to the market interest rates that these obligations bear and interest rates currently available to the Company. The Company’s warrant liability recognized at fair value on a recurring basis is a level 3 measurement (see Note 13 – Fair Value Measurements).

***Revenue Recognition***

The Company follows ASC 606, “Revenue from Contracts with Customers” (“Topic 606”).

In accordance with Topic 606, the Company recognizes revenue using the following five-step approach:

1. Identify the contract with a customer.
2. Identify the performance obligations in the contract.

**Note 3 – Summary of Significant Accounting Policies, continued**

3. Determine the transaction price of the contract.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognize revenue when or as the performance obligations are satisfied.

The Company's revenue consists of its single segment of wireless charging system solutions. The wireless charging system revenue consists of revenue from product development projects and production-level systems. During the three months ended March 31, 2025 and 2024, the Company recognized \$0.3 million and \$0.1 million in revenue, respectively.

The Company records revenue associated with product development projects that it enters into with certain customers. In general, these product development projects are complex, and the Company does not have certainty about its ability to achieve the project milestones. The achievement of a milestone is dependent on the Company's performance obligation and requires acceptance by the customer. The Company recognizes this revenue at the point in time at which the performance obligation is met. The payment associated with achieving the performance obligation is generally commensurate with the Company's effort or the value of the deliverable and is nonrefundable. Any deferred revenue is recognized upon achievement of the performance obligation or expiration of a support agreement.

***Accounts Receivable***

The Company reviews its receivables for collectibility based on historical loss patterns, aging of the receivables, and assessments of specific identifiable client accounts considered at risk or uncollectible and provides allowances for potential credit losses, as needed. The Company also considers any changes to the financial condition of its clients and any other external market factors that could impact the collectibility of the receivables in the determination of the allowance for credit losses. Based on these assessments, the Company did not record a provision for credit losses on its accounts receivable as of March 31, 2025 and December 31, 2024.

The Company follows ASC Topic 310, *Receivables* ("Topic 310") to account for transactions related to factoring accounts receivable. The Company did not have a factoring agreement during the three months ended March 31, 2025 and 2024.

***Inventory***

Inventory is stated at the lower of cost or net realizable value. Net realizable value is calculated at the end of each reporting period and adjustment, if needed, is made. At the point of loss recognition, a new lower cost basis for that inventory is established and subsequent changes in facts and circumstances do not result in the restoration or increase in the new cost basis.

***Research and Development***

Research and development expenses are charged to operations as incurred. The Company incurred research and development costs of \$1.2 million and \$2.2 million during the three months ended March 31, 2025 and 2024, respectively.

***Stock-Based Compensation***

The Company accounts for equity instruments issued to employees, board members and contractors in accordance with accounting guidance that requires awards to be recorded at their fair value on the date of grant and amortized over the vesting period of the award. The Company amortizes compensation costs on a straight-line basis over the requisite service period of the award, which is typically the vesting term of the equity instrument issued.

Under the ESPP, employees purchased a limited number of shares of the Company's common stock at a 15% discount from the lower of the closing market prices measured on the first and last days of each half-year period. The Company recognized stock-based compensation expense for the fair value of the purchase options, as measured on the grant date. The Company discontinued the ESPP as of January 21, 2025.

**Note 3 – Summary of Significant Accounting Policies, continued****Income Taxes**

The Company follows the asset and liability method of accounting for income taxes under ASC Topic 740, Income Taxes (“ASC 740”). Deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between financial statement carrying amounts and the tax basis of existing assets and liabilities and net operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply in the years in which those tax assets and liabilities are expected to be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date. A valuation allowance is established if it is more likely than not that all or a portion of the deferred tax asset will not be realized.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The Company continues to assess the need for a valuation allowance on the deferred tax assets by evaluating both positive and negative evidence that may exist. Any adjustment to the valuation allowance on deferred tax assets would be recorded in the statements of income for the period that the adjustment is determined to be required.

The Company accounts for uncertain tax position in accordance with ASC 740. Tax benefits are recognized only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely to be realized upon settlement. A liability for “unrecognized tax benefits” is recorded for any tax benefits claimed in the Company’s tax returns that do not meet these recognition and measurement standards. The guidance from ASC 740, “Income Taxes” also discusses the classification of related interest and penalties on income taxes. The Company’s policy is to record interest and penalties on uncertain tax positions as a component of income tax expense.

**Net Loss Per Common Share**

Basic net loss per share is computed by dividing net loss available to common stockholders by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is computed using the weighted average number of common shares and, if dilutive, potential common shares outstanding during the period. Potential common shares consist of the incremental common shares issuable upon the exercise of stock options and warrants (using the treasury stock method) and the vesting of RSUs and PSUs. The computation of diluted loss per share excludes potentially dilutive securities of 1,872,325 and 1,546,213, as outlined in the table below, for the three months ended March 31, 2025 and 2024, respectively, because their inclusion would be anti-dilutive.

	<b>For the three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Warrants issued to investors <sup>1</sup>	1,432,909	1,432,909
Options to purchase common stock	—	11,250
RSUs	439,416	102,054
Total potentially dilutive securities	<u>1,872,325</u>	<u>1,546,213</u>

For the three months ended March 31, 2025, the table above includes 1,020,409 warrants expiring on February 20, 2029, which have an exercise price of \$1.84 per share and 412,500 warrants expiring on March 28, 2029, which, as of March 31, 2025, have an exercise price of \$0.29 per share. For the three months ended March 31, 2024, the table above includes 1,029,409 warrants expiring on February 20, 2029, which have an exercise price of \$1.84 per share and 412,500 warrants expiring on March 28, 2029, which, as of March 31, 2024, had an exercise price of \$1.66 per share.

<sup>1</sup> The weighted average number of common shares outstanding as of March 31, 2024 included the weighted average effect of the 450,409 pre-funded warrants issued in connection with a registered direct offering the Company entered into on February 15, 2024 (see Note 10 – Capital Stock and Warrants) because the exercise of such warrants required nominal consideration (\$0.001 per share exercise price for each pre-funded warrant). As of March 31, 2024, none of the pre-funded warrants had been exercised; therefore, all 450,409 outstanding pre-funded warrants as of that date are not included in the table above. As of March 31, 2025, these pre-funded warrants have been exercised.

**Note 3 – Summary of Significant Accounting Policies, continued**

***Property and Equipment***

The Company currently uses the following expected life terms for depreciating property and equipment: computer software – 1-2 years, computer hardware – 3 years, furniture and fixtures – 7 years, leasehold improvements – shorter of estimated life or remaining life of the lease.

***Leases***

The Company determines if an arrangement is a lease at the inception of the arrangement. The Company applies the short-term lease recognition exemption and recognizes lease payments in profit or loss at lease commencement for facility or equipment leases that have a lease term of 12 months or less and do not include a purchase option whose exercise is reasonably certain. Operating leases are included in operating lease right-of-use (“ROU”) assets and operating lease liabilities.

ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are measured and recorded at the later of the adoption date, January 1, 2019, or the service commencement date based on the present value of lease payments over the lease term. The Company uses the implicit interest rate when readily determinable; however, most leases do not establish an implicit rate, so the Company uses an estimate of the incremental borrowing rate based on the information available at the time of measurement. Lease expense for lease payments is recognized on a straight-line basis over the lease term. See Note 8 – Commitments and Contingencies, *Operating Leases* for further discussion of the Company’s operating leases.

***Segments***

The Company has one operating segment and one reportable segment as its chief operating decision maker (“CODM”), who is its Chief Executive Officer and Chief Financial Officer, reviews financial information on a regular basis for purposes of allocating resources and evaluating financial performance. The CODM also reviews and utilizes functional expenses, such as cost of revenue, research and development, sales and marketing and general and administrative, to manage the Company’s operations. All long-lived assets are located in the United States and substantially all revenue is attributed to customers based in the United States.

***Recent Accounting Pronouncements, Not Yet Adopted***

In December 2023, the FASB issued Accounting Standards Update (“ASU”) No. 2023-09, “Income Taxes” (“Topic 740”), Improvements to Income Tax Disclosures. This standard is intended to enhance the transparency and usefulness of income tax disclosures to better assess how an entity’s operations and related tax risks and tax planning and operational opportunities affect its tax rate and prospects for future cash flows. This standard is effective for the Company’s annual fiscal period beginning January 1, 2025. The Company does not believe that the adoption of this standard will have a material impact on the Company’s financial statements and related disclosures.

In November 2024, the FASB issued ASU No. 2024-03, “Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses.” This ASU requires the disaggregation of certain expenses in the notes to the financial statements, to provide enhanced transparency into the expense captions presented on the face of the income statement. This ASU is effective on a prospective basis for fiscal years beginning after December 15, 2026 and for interim periods beginning after December 15, 2027, with early adoption permitted. This ASU may be applied either prospectively or retrospectively. The Company is currently evaluating the impact of the new standard on the financial statements and related disclosures.

Management has reviewed other recently issued accounting pronouncements issued or proposed by the FASB and does not believe any of these accounting pronouncements has or will have a material impact on the condensed financial statements.

**Note 4 – Prepaid Expenses and Other Current Assets**

Prepaid expenses and other current assets consist of the following (in thousands):

	Balance as of	
	March 31, 2025	December 31, 2024
Deposit with contract manufacturer	\$ 614	\$ 323
Prepaid and deferred financing costs	—	372
Interest receivable	101	—
Prepaid subscriptions	51	22
Prepaid insurance	29	163
Prepaid software and support	29	67
Tradeshows deposits	5	21
Other deposits	15	15
<b>Total</b>	<b>\$ 844</b>	<b>\$ 983</b>

**Note 5 – Inventory**

Below is a summary of the Company's inventory as of March 31, 2025 and December 31, 2024 (in thousands):

	Balance as of	
	March 31, 2025	December 31, 2024
Raw materials	\$ 455	\$ 498
Work-in-process	—	—
Finished goods	189	—
<b>Total</b>	<b>\$ 644</b>	<b>\$ 498</b>

**Note 6 – Property and Equipment**

Property and equipment are as follows (in thousands):

	Balance as of	
	March 31, 2025	December 31, 2024
Computer software	\$ 1,055	\$ 1,055
Computer hardware	2,278	2,257
Furniture and fixtures	489	489
Leasehold improvements	783	783
	4,605	4,584
Less – accumulated depreciation	(4,273)	(4,228)
<b>Total property and equipment, net</b>	<b>\$ 332</b>	<b>\$ 356</b>

The Company did not dispose of any assets during the three months ended March 31, 2025 or 2024. Total depreciation and amortization expense of the Company's property and equipment was \$45,000 and \$48,000 for the three months ended March 31, 2025 and 2024, respectively, of which, \$400 and \$0 were included in cost of revenue for the three months ended March 31, 2025 and 2024, respectively.

**Note 7 – Accrued Expenses**

Accrued expenses consist of the following (in thousands):

	Balance as of	
	March 31, 2025	December 31, 2024
Accrued compensation	\$ 302	\$ 740
Accrued legal expenses	107	178
Accrued interest	6	90
Other accrued expenses	119	127
<b>Total</b>	<b>\$ 534</b>	<b>\$ 1,135</b>

**Note 8 – Commitments and Contingencies**

**Operating Leases**

San Jose Lease

On May 20, 2022, the Company signed a lease amendment to the existing lease for its office space at its corporate headquarters in San Jose, California, extending the term of the lease for an additional three years. Upon signing the lease amendment, the Company recorded a new ROU lease asset of \$2.1 million and operating lease liability of \$2.1 million, using a present value discount rate of 3.0%, which was used as an incremental borrowing rate for a hypothetical fully collateralized real estate transaction. As of January 1, 2024, the discount rate was adjusted to 8% in order to reflect a realistic incremental borrowing rate at lease commencement. The adjustment created a one-time reduction to the ROU lease asset and operating lease liability of approximately \$51,000. Upon expiration of the original lease on September 30, 2022, the new monthly lease payment starting October 1, 2022 was approximately \$59,000, subject to annual escalations up to a maximum monthly lease payment of approximately \$62,000. On July 31, 2024, the Company signed an additional lease amendment where the monthly payments through the remainder of 2024 were reduced to approximately \$37,000 and the monthly payments from January 2025 through September 2025 were increased to approximately \$76,000. No other changes were made to the existing lease. As a result of this amendment, the Company revalued its ROU lease asset to \$0.8 million and its operating lease liability to \$0.8 million on July 31, 2024.

On March 19, 2025, the Company signed an amendment to the existing lease for its office space at its corporate headquarters in San Jose, California, relocating to a smaller suite within the same building and extending the lease through December 31, 2027. The Company agreed to issue 75,000 shares of its common stock to the landlord upon signing the amendment as partial consideration for the amended lease, and agreed to new monthly payments beginning October 2025 of approximately \$37,000, escalating to approximately \$46,000 during 2026 and \$51,000 during 2027. As a result of the new lease amendment signed on March 19, 2025, the ROU asset and operating lease liability were both increased by approximately \$0.9 million. The Company recorded lease expense of \$0.2 million for both the three months ended March 31, 2025 and 2024.

Operating Lease Commitments

The Company follows ASC 842, “Leases” (“Topic 842”) and recognizes the required ROU assets and operating lease liabilities on its balance sheet. The Company anticipates having future total lease payments of \$1.5 million during the period from the second quarter of 2025 to the fourth quarter of 2027. As of March 31, 2025, the Company has total operating lease ROU assets of \$1.2 million and operating lease liabilities of \$1.3 million. The weighted average remaining lease term is 2.8 years as of March 31, 2025.

A reconciliation of undiscounted cash flows to lease liabilities recognized as of March 31, 2025 is as follows (in thousands):

<b>For the year ending December 31,</b>	<b>Amount</b>
2025 (Remaining nine months)	\$ 337
2026	556
2027	610
Total future lease payments	1,503
Present value discount (8.0% weighted average)	(158)
<b>Total operating lease liabilities</b>	<b>\$ 1,345</b>

**Note 8 – Commitments and Contingencies, continued**

***Hosted Design Software Agreement***

In June 2021, the Company entered into an electronic design automation software in a hosted environment license agreement with a term of three years under which the Company was required to remit quarterly payments of approximately \$233,000 through the second quarter of 2024. In June 2024, the Company renewed this agreement through the end of 2025 under which the Company is required to remit quarterly payments of approximately \$52,000 through the fourth quarter of 2025. The Company recorded \$0.1 million and \$0.2 million during the three months ended March 31, 2025 and 2024, respectively, under this agreement.

***Litigations, Claims, and Assessments***

The Company is from time to time involved in various disputes, claims, liens and litigation matters arising in the normal course of business. While the outcome of these disputes, claims, liens and litigation matters cannot be predicted with certainty, after consulting with legal counsel, management does not believe that the outcome of these matters will have a material adverse effect on the Company's combined financial position, results of operations or cash flows.

***MBO Bonus Plan and 2024 Bonus Plan***

On May 30, 2024, the Board of Directors ("Board"), on the recommendation of the Compensation Committee, approved the 2024 Corporate Bonus Plan (the "2024 Bonus Plan"), whereby employees' bonuses will be based upon achievement of performance objectives set by the Compensation Committee and paid annually. Employees must be continuously employed throughout the applicable performance period and payment date and achieve the performance objectives.

Under the 2024 Bonus Plan, the Compensation Committee is responsible for selecting the amounts of potential bonuses for executive officers and vice presidents, the performance metrics used to determine whether any such bonuses will be paid and determining whether those performance metrics have been achieved. The Company did not record any expense under the Bonus Plan for the three months ended March 31, 2025 and 2024, respectively. The Company does not have any outstanding amounts under the 2024 Bonus Plan as of March 31, 2025, as all applicable amounts accrued under the 2024 Bonus Plan were paid during the first quarter of 2025.

On February 21, 2025, the Board, on the recommendation of the Compensation Committee, approved the 2025 Corporate Bonus Plan (the "2025 Bonus Plan"), whereby employees' bonuses will be based upon achievement of performance objectives set by the Compensation Committee and paid annually. Employees must be continuously employed throughout the applicable performance period and payment date and achieve the performance objectives.

Under the 2025 Bonus Plan, the Compensation Committee is responsible for selecting the amounts of potential bonuses for executive officers and vice presidents and defining the annual performance metrics against which the bonus compensation will be measured. The level of achievement against pre-defined performance metrics is used to determine whether any such bonuses will be paid and whether those performance metrics have been satisfactorily achieved. The Company did not accrue any bonus expense under the 2025 Bonus Plan as of March 31, 2025.

***Severance and Change in Control Agreement***

On May 30, 2024, the Compensation Committee approved a new form of Severance Agreement and Change in Control Agreement ("Severance Agreement") that the Company may enter into with executive officers and vice presidents (each, an "Executive"). Under the Severance Agreement, if an Executive party thereto is terminated without cause or in a qualifying change in control termination, the Company agrees to pay the Executive three to twelve months of that Executive's monthly base salary and 25% to 100% of the Executive's target bonus, and to accelerate the vesting of 25% to 100% of the Executive's unvested equity awards. If an Executive elects continued coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA") the Company will pay the full amount of the Executive's premiums under the Company's health, dental and vision plans, including coverage for the Executive's eligible dependents, for the three-to-twelve-month period, as applicable, following the Executive's termination.

**Note 8 – Commitments and Contingencies, continued**

***Executive Transition – Cesar Johnston***

On March 26, 2024, the Company announced that Cesar Johnston was no longer serving as President and Chief Executive Officer of the Company effective March 24, 2024. In connection with his cessation as an officer of the Company, Mr. Johnston was entitled to receive the benefits and payments set forth in the Amended and Restated Severance and Change in Control Agreement, dated December 6, 2021 (“Johnston Severance Agreement”), between the Company and Mr. Johnston. Accordingly, Mr. Johnston received (a) 18 months of his monthly salary plus the amount equal to 100% of his target bonus, (b) any outstanding unvested equity awards held by Mr. Johnston that were scheduled to vest during the next 18 months following the termination date, and (c) reimbursement for continued COBRA payments, if elected by Mr. Johnston, during the 18 months following the termination date. The Company recorded \$1.5 million in total severance expense pertaining to Mr. Johnston’s departure during the three months ended March 31, 2024, including \$0.1 million in stock-based compensation as a result of accelerated vesting of RSUs and options (see Note 11 – Stock-Based Compensation for additional details).

As of March 31, 2025, the Company had accrued unpaid severance expense related to COBRA reimbursements of approximately \$20,000 pertaining to the Johnston Severance Agreement, which is due to be paid through September 2025.

**Note 9 – Short-term Debt**

***Financing for Insurance Premiums***

On April 5, 2024, the Company financed \$365,000 in business insurance premiums to be repaid in nine installments of \$42,000 with a borrowing rate of 8.3%. On October 31, 2024, the Company financed \$37,000 in additional business insurance premiums to be repaid in three installments of \$12,000 with a borrowing rate of 8.3%. No balance is outstanding on the financed business insurance premiums as of March 31, 2025.

***Agile Subordinated Loan Agreement***

Effective October 1, 2024, the Company entered into a subordinated business loan agreement (the “Original Loan Agreement”) with Agile Capital Funding, LLC and Agile Lending, LLC (collectively, the “Lender”), which provided for an initial term loan of \$525,000, with the ability to receive additional term loans of up to \$1.6 million, subject to certain conditions (such loans, the “Original Term Loan”). Principal and interest on the Original Term Loan in the aggregate amount of \$756,000 was to be repaid in weekly payments of \$27,000 commencing on October 14, 2024 and fully repaid on or before the maturity date of April 21, 2025.

Effective November 5, 2024, the Company entered into an amended subordinated business loan agreement with the Lender (the “Amended Loan Agreement”) to refinance the Original Term Loan. The Amended Loan Agreement provides for a new term loan of \$997,000, with the ability to receive additional term loans of up to \$1.6 million, subject to certain conditions (such new loans, the “New Term Loan”). Principal and interest on the New Term Loan in the aggregate amount of \$1,415,740 will be repaid in weekly payments of approximately \$39,000 and fully repaid on or before the maturity date of July 17, 2025. The proceeds of the New Term Loan were allocated to cover the administrative fee of \$48,000 and to repay in full the Original Term Loan as described above, which had a carrying amount of \$429,000 and settlement value of \$648,000 on November 5, 2024. The New Term Loan is expressly subordinated to the Company’s obligations on certain senior indebtedness of the Company as provided in the Amended Loan Agreement.

As of March 31, 2025, the Company had a short-term loan payable balance of approximately \$0.5 million. The Company recorded interest expense of approximately \$0.2 million related to the Amended Loan Agreement during the three months ended March 31, 2025. The payment multiplier on the current loan is 1.42. An administrative fee of \$25,000 was paid on the Original Loan agreement, and an administrative fee of \$48,000 was paid on the Amended Loan Agreement. These fees are recorded as a debt discount against the proceeds received. As of March 31, 2025, the unamortized debt discount was \$22,000.

## **Note 10 – Capital Stock and Warrants**

### ***Authorized Capital***

The holders of the Company's common stock are entitled to one vote per share. Holders of common stock are entitled to receive ratably such dividends, if any, as may be declared by the Board out of legally available funds. Upon the liquidation, dissolution or winding up of the Company, holders of common stock are entitled to share ratably in all assets of the Company that are legally available for distribution.

### ***Financing***

On November 15, 2021, the Company filed a shelf registration statement on Form S-3 with the SEC, which became effective on December 16, 2021. This shelf registration statement allowed the Company to sell, from time to time, any combination of debt or equity securities described in the registration statement up to aggregate proceeds of \$100 million. Pursuant to this registration statement, on March 28, 2023, the Company completed an underwritten offering pursuant to which it issued and sold an aggregate of (i) 412,500 shares of its common stock and (ii) warrants to purchase up to 412,500 shares of its common stock (the "2023 Warrants"), for net proceeds of \$2.7 million, after deducting underwriting discounts, commission and expenses payable by the Company. The 2023 Warrants were immediately exercisable upon issuance and have a term of six years and had an initial exercise price of \$8.00.

The Company allocated the proceeds received first to the 2023 Warrants based on the fair value of the 2023 Warrants as determined at initial measurement, with the remaining proceeds allocated to the shares of common stock (see Note 12 – Warrant Liability and Note 13 – Fair Value Measurements). Pursuant to the terms of the 2023 Warrants, the exercise price was adjusted to \$1.66 and \$0.30 during 2023 and 2024, respectively, and was further adjusted to \$0.29 as of March 31, 2025.

On February 15, 2024, the Company entered into a securities purchase agreement with an institutional investor, providing for the issuance and sale by the Company in a registered direct offering (the "2024 Offering") pursuant to a prospectus supplement dated February 15, 2024, of (i) 570,000 shares of the Company's common stock, (ii) pre-funded warrants to purchase up to 450,409 shares of common stock (referred to individually as a "Pre-Funded Warrant" and collectively as the "Pre-Funded Warrants"), and (iii) warrants to purchase an aggregate of 1,020,409 shares of common stock (referred to individually as a "Warrant" and collectively as the "2024 Warrants"). Each share of common stock and Pre-Funded Warrant was offered and sold, together with an accompanying 2024 Warrant at a combined price of \$1.96 per share of common stock or Pre-Funded Warrant, as applicable, and the accompanying 2024 Warrant. Each Pre-Funded Warrant and 2024 Warrant is exercisable at any time on or after the date of issuance to purchase one share of common stock at a price of either \$0.001 per share, in the case of Pre-Funded Warrants, or \$1.84 per share, in the case of 2024 Warrants. The Pre-Funded Warrants expired upon full exercise in April 2024, and the 2024 Warrants expire five years from the date of issuance. The 2024 Offering closed on February 20, 2024. The Company received net proceeds of approximately \$1.8 million (net of \$0.2 million in issuance costs) in the 2024 Offering.

On June 21, 2024, the Company filed a prospectus supplement covering the offering, issuance and sale of up to \$3.4 million in shares of the Company's common stock pursuant to an At the Market Offering Agreement, dated June 21, 2024, between the Company and H.C. Wainwright & Co., LLC (the "ATM Program"). Prior to the commencement of the ATM program, the Company sold 27,870 shares of its common stock under for proceeds of \$47,000 (net of commissions and fees of \$2,000) during the year ended December 31, 2024 under the preceding ATM program. During the year ended December 31, 2024, the Company sold 6,851,753 shares of its common stock under the ATM Program for net proceeds of approximately \$3.1 million (net of commissions and other related offering expenses of approximately \$0.3 million).

On December 30, 2024, the Company filed a prospectus supplement ("December 2024 Prospectus Supplement") to cover the issuance and sale of an additional \$7.46 million in shares of common stock subject to, and in accordance with, the ATM Program. During January 2025, the Company sold 6,280,436 shares of its common stock under the ATM Program for net proceeds of approximately \$7.0 million (net of commissions and other related offering expenses of approximately \$0.4 million). As of March 31, 2025, there is no amount remaining under the December 2024 Prospectus Supplement.

On January 6, 2025, the Company filed a prospectus supplement ("January 2025 Prospectus Supplement") to cover the issuance and sale of an additional \$6.6 million in shares of common stock subject to, and in accordance with, the ATM Program. During January and February 2025, the Company sold 10,303,969 shares of its common stock under the ATM Program for net proceeds of approximately \$6.3 million (net of commissions and other related offering expenses of approximately \$0.3 million) under the January 2025 Prospectus Supplement. As of March 31, 2025, there is no amount remaining under the January 2025 Prospectus Supplement.

**Note 10 – Capital Stock and Warrants, continued**

On February 13, 2025, the Company filed a prospectus supplement (“February 2025 Prospectus Supplement”) to cover the issuance and sale of an additional \$80.0 million in shares of common stock subject to, and in accordance with, the ATM Program. During February and March 2025, the Company sold 2,118,900 shares of its common stock under the ATM Program for net proceeds of approximately \$0.5 million (net of commissions and other related offering expenses of approximately \$0.2 million) under the February 2025 Prospectus Supplement. As of March 31, 2025, approximately \$79.3 million in shares of common stock remained available for issuance under the ATM Program, subject to availability of authorized shares.

**Regulation A Offering**

On October 11, 2024, the Company filed a Regulation A Offering Statement on Form 1-A with an offering of a maximum of 5,000,000 Units (the “Regulation A Offering”), with each Unit consisting of one share of Series A Convertible Preferred Stock (initially convertible into two shares of common stock) and three common stock purchase warrants, two to each purchase one share of common stock at an exercise price of \$1.50 per share and one to purchase one share of common stock at \$2.00 per share, for an aggregate of 5,000,000 shares of Series A Convertible Preferred Stock (and 10,000,000 shares of common stock underlying the shares of Series A Convertible Preferred Stock) and warrants to purchase up to an aggregate of 10,000,000 shares of common stock at an exercise price of \$1.50 per share and 5,000,000 shares of common stock at an exercise price of \$2.00 per share, at an offering price of \$1.50 per Unit, for a maximum offering amount of \$7,500,000. The Regulation A Offering was qualified by the SEC on November 22, 2024.

On March 11, 2025, the Company withdrew the Regulation A Offering. No sales of Units were made pursuant to the Regulation A Offering. The Company’s prepaid expenses and other current assets as of December 31, 2024 included approximately \$0.3 million in prepaid financing expenses related to the Regulation A Offering. An additional \$0.4 million in expenses related to the Regulation A Offering was recorded during the three months ended March 31, 2025. The Company recorded the total amount of \$0.7 million as expenses related to an abandoned financing transaction during the three months ended March 31, 2025.

**Common Stock Outstanding**

The Company’s outstanding shares of common stock typically include shares that are deemed delivered under US GAAP. Shares that are deemed delivered currently include shares that have vested, but have not yet been delivered, under tax-deferred equity awards, as well as shares purchased under the ESPP where actual transfer of shares normally occurs a few days after the completion of the purchase periods. There are no voting rights for shares that are deemed delivered under US GAAP until the actual delivery of shares takes place. There are currently 200,000,000 shares of common stock authorized for issuance.

**Common Stock Reserved for Future Issuance**

The Company has reserved the following shares of common stock for future issuance:

	March 31, 2025	March 31, 2024
Stock options outstanding	—	11,250
RSUs outstanding	439,416	102,179
Warrants outstanding	1,432,909	1,883,318
Shares available for issuance under the 2013 Equity Incentive Plan	—	120,949
Shares available for issuance under the 2014 Non-employee Equity Compensation Plan	—	23,262
Shares available for issuance under the 2015 Performance Share Unit Plan	—	112,647
Shares available for issuance under the 2017 Equity Inducement Plan	—	132,927
Shares available for issuance under the 2024 Equity Incentive Plan	320,069	—
Shares available for issuance under the Employee Stock Purchase Plan	—	14,716
Total	<u>2,192,394</u>	<u>2,401,248</u>

## **Note 11 – Stock-Based Compensation**

### ***Equity Incentive Plans***

#### **2017 Equity Inducement Plan**

On December 28, 2017, the Board approved the 2017 Equity Inducement Plan. Under the 2017 Equity Inducement Plan, the Board reserved 30,000 shares for the grant of RSUs. These grants will be administered by the Board or a committee of the Board. Under the 2017 Equity Inducement Plan, awards could be granted to individuals who (a) were being hired as an employee by the Company or any subsidiary and such award is a material inducement to such person being hired; (b) were being rehired as an employee following a bona fide period of interruption of employment with the Company or any subsidiary; or (c) would become an employee of the Company or any subsidiary in connection with a merger or acquisition.

On July 20, 2022, the Board increased the number of shares of common stock reserved and available for issuance under the 2017 Equity Inducement Plan by 100,000 shares. On March 28, 2024, the Board increased the number of shares of common stock reserved and available for issuance under the 2017 Equity Inducement Plan by 121,510 shares. As of March 31, 2025, there are 46,784 RSUs granted and outstanding under the 2017 Equity Inducement Plan. No new equity award grants are to be issued from the 2017 Equity Inducement Plan.

#### **2024 Equity Incentive Plan**

On June 12, 2024, the Energos Corporation 2024 Equity Incentive Plan (the “2024 Equity Incentive Plan”) was approved by stockholders for the issuance of equity incentive awards to eligible participants, which replaced the following equity plans of the Company: (i) the 2013 Equity Incentive Plan, (ii) 2014 Non-Employee Equity Compensation Plan, (iii) the Performance Share Unit Plan and (iv) the 2017 Equity Inducement Plan (collectively, the “Prior Equity Plans”). All existing outstanding awards remain outstanding under the Prior Equity Plans, and an additional 456,000 shares of common stock were approved for issuance under the 2024 Equity Incentive Plan.

As of March 31, 2025, there are 392,632 RSUs granted and outstanding under the 2024 Equity Incentive Plan. As of March 31, 2025, 320,069 shares of common stock remain available for issuance under the 2024 Equity Incentive Plan.

#### **Employee Stock Purchase Plan**

In April 2015, the Board approved the Energos Corporation Employee Stock Purchase Plan (“ESPP”), under which 30,000 shares of common stock were reserved for purchase by the Company’s employees, subject to the approval by the Company’s stockholders. On May 21, 2015, the Company’s stockholders approved the ESPP. On June 12, 2024, the Company’s stockholders approved the amendment and restatement of the ESPP to increase the number of shares reserved for issuance under the ESPP by 6,200 shares. Under the ESPP, employees designated an amount not less than 1% but not more than 10% of their annual compensation for the purchase of Company shares. No more than 375 shares were purchased by an employee under the ESPP during an offering period. Excess contributions during an offering period were refunded to the employees. An offering period was six months in duration commencing on or about January 1 and July 1 of each year. The exercise price of options purchased under the ESPP was the lesser of 85% of the fair market value of the common stock on the first business day of the offering period and 85% of the fair market value of the common stock on the applicable exercise date.

The Company terminated the ESPP on January 21, 2025. The final shares purchased under the ESPP were deemed delivered on December 31, 2024.

### ***Stock Option Activity***

In February 2022, the Board granted the Company’s former Chief Executive Officer 15,000 stock options at an exercise price of \$25.40 per share with half of the options vesting on the second anniversary of the vesting start date and a quarter of the options vesting on each of the two following anniversaries. Under the former Chief Executive Officer’s Severance Agreement, unvested awards vesting within 18 months of termination were accelerated and became vested on March 26, 2024. Consequently, 3,750 options became vested and another 3,750 options were forfeited. This resulted in stock-based compensation expense of approximately \$53,000 during the three months ended March 31, 2024. As of March 31, 2025, all stock options granted to the former Chief Executive Officer were forfeited.

**Note 11 – Stock-Based Compensation, continued**

No stock options were granted during the three months ended March 31, 2025 and 2024. There was no stock option activity during the three months ended March 31, 2025. As of March 31, 2025, there were no stock options outstanding, and the unamortized fair value of stock options was \$0.

**Restricted Stock Units (“RSUs”)**

During the three months ended March 31, 2025, the Compensation Committee granted directors an aggregate of 4,750 RSUs for service on the Board. These RSU awards vest on the one-year anniversary of the grant date.

During the three months ended March 31, 2025, the Board granted employees an aggregate of 63,000 RSUs, which vest over four years.

As of March 31, 2025, the unamortized fair value of the RSUs was \$0.5 million. The unamortized amount will be expensed over a weighted average period of 2.6 years. A summary of the activity related to RSUs for the three months ended March 31, 2025 is presented below:

	Total	Weighted Average Grant Date Fair Value
Outstanding at January 1, 2025	538,506	\$ 2.39
RSUs granted	67,750	0.46
RSUs vested	(39,404)	1.64
RSUs forfeited	(127,436)	1.45
Outstanding at March 31, 2025	439,416	\$ 2.43

**Employee Stock Purchase Plan**

On January 21, 2025, the Company terminated its ESPP. No transactions were recorded under the ESPP during 2025. During the year ended December 31, 2024, there were two offering periods. The first offering period began on January 1, 2024 and concluded on June 30, 2024. The second offering period began on July 1, 2024 and concluded on December 31, 2024.

The weighted average grant-date fair value of the purchase option for each designated share purchased under the ESPP was approximately \$0 per share and \$0.85 per share for the three months ended March 31, 2025 and 2024, respectively, which represents the fair value of the option, consisting of three main components: (i) the value of the discount on the enrollment date, (ii) the proportionate value of the call option for 85% of the stock and (iii) the proportionate value of the put option for 15% of the stock. The Company recognized compensation expense for the ESPP of approximately \$0 and \$19,000 for the three months ended March 31, 2025 and 2024, respectively.

The Company estimated the fair value of ESPP purchase options granted during the three months ended March 31, 2024 using the Black-Scholes option pricing model. The fair values of ESPP purchase options granted were estimated using the following assumptions:

	For the three months ended March 31,	
	2025	2024
Stock price	—	\$ 1.83
Dividend yield	—	0 %
Expected volatility	—	112 %
Risk-free interest rate	—	5.26 %
Expected life	—	6 months

**Note 11 – Stock-Based Compensation, continued****Stock-Based Compensation Expense**

The total amount of stock-based compensation was reflected within the statements of operations as (in thousands):

	Three Months Ended March 31,	
	2025	2024
Research and development	\$ 9	\$ 107
Sales and marketing	62	80
General and administrative	23	87
Severance expense	16	130
Cost of revenue	1	—
Total	<u>\$ 111</u>	<u>\$ 404</u>

**Note 12 – Warrant Liability****2023 Warrants**

In March 2023, the Company issued 412,500 warrants to purchase up to 412,500 shares of its common stock. The 2023 Warrants have a six-year term and were exercisable upon issuance on March 28, 2023. Each 2023 Warrant was initially exercisable for one share of the Company's common stock at a price of \$8.00 per share. As of March 31, 2025, the exercise price was adjusted to \$0.2884 per share (subject to further adjustment in certain circumstances, including in the event of stock dividends and splits; recapitalizations; change of control transactions; and issuances or sales of, or agreements to issue or sell, shares of common stock or common stock equivalents at a price per share less than the then-applicable exercise price for the 2023 Warrants, including sales under the ATM Program, the "Exercise Price").

In the event of certain transactions such as a merger, consolidation, tender offer, reorganization, or other change in control, if holders of common stock are given any choice as to the consideration to be received, the holder of each 2023 Warrant shall be given the same choice of alternate consideration. In the event of certain transactions that are not within the Company's control, such as a merger, consolidation, tender offer, reorganization, or other change in control of the Company, each holder of a 2023 Warrant shall be entitled to receive the same form of consideration at the Black Scholes value of the unexercised portion of the 2023 Warrant that is being offered and paid to holders of common stock, including the option to exercise the 2023 Warrants on a "cashless basis".

If the Company issues additional shares of common stock or equity-linked securities for a consideration per share less than the Exercise Price, then such Exercise Price will be reduced to a new lower price pursuant to the terms of the 2023 Warrants. Additionally, if the Exercise Price of any outstanding derivative securities is modified by the Company such that such security's modified exercise price is below the Exercise Price, the Exercise Price will adjust downward pursuant to the terms of the 2023 Warrant. This provision would not apply for stock or stock equivalents which fall under shares that qualify for exempt issuance, such as if the Company adjusted the option exercise price for an option granted to an employee, officer, or director.

The Company accounted for the 2023 Warrants in accordance with the derivative guidance contained in ASC 815-40, as the warrants did not meet the criteria for equity treatment. The Company believes that the adjustments to the Exercise Price is based on a variable that is not an input to the fair value of a "fixed-for-fixed" option as defined under ASC 815-40, and thus the 2023 Warrants are not eligible for an exception from derivative accounting. As such, the 2023 Warrants were initially measured at fair value and recorded as a liability in the amount of \$3.1 million. As of March 31, 2025, all 2023 Warrants were outstanding, and the fair value of the warrant liability was \$0.1 million. The Company recorded a change in fair value of the warrant liability of a decrease of \$0.3 million and an increase of \$0.1 million for the three months ended March 31, 2025 and 2024, respectively.

**Note 13 – Fair Value Measurements**

The following tables present information about the Company’s assets and liabilities that are measured at fair value on a recurring basis as of March 31, 2025 and December 31, 2024 and indicate the fair value hierarchy of the valuation inputs utilized to determine such fair value (in thousands):

	Balance as of March 31, 2025			
	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Cash equivalents	\$ 10,085	\$ —	\$ —	\$ 10,085
<b>Liabilities:</b>				
Warrant liability	\$ —	\$ —	\$ 91	\$ 91
	Balance as of December 31, 2024			
	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Cash equivalents	\$ 1,353	\$ —	\$ —	\$ 1,353
<b>Liabilities:</b>				
Warrant liability	\$ —	\$ —	\$ 358	\$ 358

There were no transfers among Level 1, Level 2, or Level 3 categories during the periods presented.

**2023 Warrants**

The Company utilizes a Monte Carlo simulation model for the 2023 Warrants at each reporting period, with changes in fair value recognized in the statements of operations. The estimated fair value of the 2023 Warrant liability is determined using Level 3 inputs. Inherent in a Monte Carlo simulation model are assumptions related to expected share-price volatility, expected life, risk-free interest rate, and dividend yield.

The key inputs into the Monte Carlo simulation model for the 2023 Warrants are as follows:

	As of March 31, 2025		As of March 31, 2024	
Share price	\$	0.27	\$	2.03
Exercise price	\$	0.29	\$	1.66
Term (in years)		3.99		5.00
Volatility		100 %		85 %
Risk-free rate		3.9 %		4.2 %
Dividend yield		0 %		0 %

The change in the fair value of the 2023 Warrant liability was a decrease of \$0.3 million during the three months ended March 31, 2025. The change in fair value of the 2023 Warrant liability was an increase of \$0.1 million during the three months ended March 31, 2024 (see Note 12 – Warrant Liability).

(in thousands)	For the three months ended March 31,	
	2025	2024
Beginning value	\$ 358	\$ 620
Change in value of warrant liability	(267)	82
Ending value	\$ 91	\$ 702

**Note 14 – Customer Concentrations**

Three customers accounted for approximately 86% of the Company’s revenue for the three months ended March 31, 2025, and four customers accounted for approximately 87% of the Company’s revenue for the three months ended March 31, 2024. Three customers accounted for approximately 90% of the Company’s accounts receivable balance as of March 31, 2025, and two customers accounted for approximately 99% of the Company’s accounts receivable balance as of December 31, 2024.

**Note 15 – Subsequent Events**

From April 1, 2025 to May 9, 2025, the Company settled sales of 1,742,634 shares of common stock for net proceeds of approximately \$0.5 million under the ATM Program.

On April 16, 2025, the Company's Board approved an amendment and restatement of the 2024 Equity Incentive Plan, which is subject to stockholder approval at the 2025 annual meeting of stockholders, to, among other things, increase the number of shares reserved for issuance for an additional 2,000,000 shares to a total of 2,456,000 shares.

On April 16, 2025, the Company's Board approved an amendment to the Company's second amended and restated certificate of incorporation, which is subject to stockholder approval at the 2025 annual meeting of stockholders, to effect a reverse stock split of the common stock at a ratio ranging from any whole number between 1-for-5 and 1-for-50, as determined by the Board in its discretion.

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

### Forward-Looking Statements

As used in this Quarterly Report on Form 10-Q (this “Report”), unless the context otherwise requires the terms “we,” “us,” “our,” and “Energos” refer to Energos Corporation d/b/a Energos Wireless Power Solutions, a Delaware corporation. This Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), that are intended to be covered by the “safe harbor” created by those sections. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies and expectations, can generally be identified by the use of forward-looking terms such as “believe,” “expect,” “may,” “will,” “would,” “should,” “could,” “seek,” “intend,” “plan,” “continue,” “estimate,” “anticipate” or other comparable terms. All statements other than statements of historical facts included in this report regarding our strategies, prospects, financial condition, operations, costs, plans and objectives are forward-looking statements. Examples of forward-looking statements include, among others, statements we make regarding expectations with respect to future financings; expectations for revenues, liquidity, cash flows and financial performance; and expectations regarding the release of additional wireless power-enabled products. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Forward-looking statements relate to the future and are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and generally outside of our control, so actual results and financial condition may differ materially from those indicated in the forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others: our ability to develop commercially feasible technology; timing of customer implementations of our technology in consumer products; timing and receipt of regulatory approvals in the United States and internationally; our ability to find and maintain contract manufacturing partners; market acceptance of our technology; competition in our industry; our ability to protect our intellectual property; our ability to maintain or improve our financial position, cash flows, and liquidity and our expected financial needs; and other risks and uncertainties described in the Risk Factors and in Management’s Discussion and Analysis sections of our most recently filed Annual Report on Form 10-K and subsequently filed Quarterly Reports on Form 10-Q, including this Report. We undertake no obligation to publicly update any of our forward-looking statements, whether as a result of new information, future developments or otherwise.

### Overview

We have developed a scalable, over-the-air Wireless Power Network (“WPN”) technology that integrates advanced semiconductor chipsets, software controls, hardware designs, and antenna systems to enable radio frequency (“RF”)-based charging for Internet of Things (“IoT”) devices. Our WPN technology provides a comprehensive suite of capabilities designed to power the next generation of wireless energy networks, seamlessly delivering power and data across diverse, battery-free device ecosystems. This innovation enhances operational visibility, control, and intelligent business automation.

With a patent portfolio exceeding 250 patents, our solutions support both near-field and at-a-distance wireless charging, supplying power at multiple levels across varying distances, as well as expertise in advanced receiver technology. By enabling continuous wireless power transmission, our transmitter and receiver technologies facilitate the use of battery-free IoT devices, transforming asset and inventory tracking across multiple industries. Key applications include retail sensors, electronic shelf labels, asset trackers, air quality monitors, motion detectors, and other smart monitoring solutions.

We believe our technology represents a breakthrough in wireless power delivery, offering a differentiated approach to charging IoT devices via RF technology. To date, we have developed and released multiple transmitter and receiver solutions. Our transmitters vary in form factor, power specifications, and operating frequencies, while our receivers are engineered to support a wide range of wireless charging applications across multiple device categories. including:

Device Type	Application
RF Tags	Cold Chain, Asset Tracking, Medical IoT
IoT Sensors	Cold Chain, Logistics, Asset Tracking
Electronic Shelf Labels	Retail and Industrial IoT

The first WPN-enabled end product featuring our technology entered the market in 2019. In the fourth quarter of 2021, we commenced shipments of its first at-a-distance wireless PowerBridge transmitter systems for commercial IoT applications and proof-of-concept deployments. As we continue to innovate our technology applications, we anticipate the release of additional wireless power-enabled products.

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

*Use of Estimates.* The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America (“US GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements as well as the reported expenses during the reporting periods.

Some of these judgments can be subjective and complex, and, consequently, actual results may differ from these estimates. Although we believe that its estimates and assumptions are reasonable, they are based upon information available at the time the estimates and assumptions were made. Actual results could differ from those estimates.

*Going Concern.* Accounting Standards Codification (“ASC”) 205-40 *Presentation of Financial Statements - Going Concern*, requires management to assess our ability to continue as a going concern. In accordance with this guidance, we have evaluated whether there are conditions and events, considered in the aggregate, that raise substantial doubt about our ability to continue as a going concern within one year after the date that the financial statements are issued. We have determined that there was substantial doubt about our ability to continue as a going concern, but it was alleviated based on financing received in 2025, as well as current operating levels and further cost reductions implemented in the first quarter of 2025. We anticipate cash flows generated from operations and our cash and cash equivalents will be sufficient to meet our liquidity needs for at least the next 12 months.

Determining the extent to which conditions or events raise substantial doubt about our ability to continue as a going concern requires significant judgment and estimation by us. Our significant estimates related to this analysis may include identifying business factors used in the forecasted financial results and liquidity. We believe that the estimated values used in our going concern analysis are based on reasonable assumptions. However, such assumptions are inherently uncertain and actual results could differ materially from those estimates.

*Warrants.* We account for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant’s specific terms and applicable authoritative guidance in ASC 480, “Distinguishing Liabilities from Equity” (“ASC 480”), and ASC 815, “Derivatives and Hedging” (“ASC 815”). The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Company’s common stock, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent quarterly period end date while the warrants are outstanding.

For issued or modified warrants that meet all of the criteria for equity classification, the warrants are required to be recorded as a component of additional paid-in capital at the time of issuance. For issued or modified warrants that do not meet all the criteria for equity classification, the warrants are required to be recorded as a liability at their initial fair value on the date of issuance, and each balance sheet date thereafter. Changes in the estimated fair value of the warrants are recognized as a non-cash gain or loss on the statements of operations. The fair value of the warrants is estimated using an appropriate valuation model. Such warrant classification is also subject to re-evaluation at each reporting period.

Offering costs associated with warrants classified as liabilities are expensed as incurred and are presented as offering cost related to warrant liability in the statement of operations. Offering costs associated with the sale of warrants classified as equity are charged against proceeds.

*Revenue Recognition.* We follow ASC 606, “Revenue from Contracts with Customers” (“Topic 606”). In accordance with Topic 606, we recognize revenue using the following five-step approach:

1. Identify the contract with the customer.
2. Identify the performance obligations in the contract.

3. Determine the transaction price of the contract.
4. Allocate the transaction price to the performance obligations of the contract.
5. Recognize revenue when or as the performance obligations are satisfied.

Our revenue consists of its single segment of wireless charging system solutions. The wireless charging system revenue consists of revenue from product development projects and production-level systems.

We record revenue associated with product development projects that we enter into with certain customers. In general, these product development projects are complex, and we do not have certainty about our ability to achieve the project milestones. The achievement of a milestone is dependent on our performance obligation and requires acceptance by the customer. We recognize this revenue at the point in time at which the performance obligation is met. The payment associated with achieving the performance obligation is generally commensurate with our effort or the value of the deliverable and is nonrefundable. Any deferred revenue is recognized upon achievement of the performance obligation or expiration of a support agreement.

During the three months ended March 31, 2025, management believes there have been no significant changes to the items that we disclosed within our critical accounting policies and estimates in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2024.

**Results of Operations**

**Costs and Expenses**

Cost of revenue consists of direct materials, direct labor and overhead for our production-level wireless charging systems. Research and development expenses include costs associated with our efforts to develop our technology, including personnel compensation, consulting, engineering supplies and components, regulatory expense and general office expenses specifically related to the research and development department. Sales and marketing expenses include costs associated with selling and marketing our technology to our customers, including personnel compensation, public relations, graphic design, tradeshow, engineering supplies utilized by the sales team and general office expenses specifically related to the sale and marketing department. General and administrative expenses include costs for general and corporate functions, including personnel compensation, facility fees, travel, telecommunications, insurance, professional fees, consulting fees, general office expenses, and other overhead.

**Comparison of Three Months Ended March 31, 2025 and 2024**

The following table sets forth selected Condensed Statements of Operations data (in thousands):

	For the three months ended March 31,		\$ Change	% Change
	2025	2024		
Revenue	\$ 343	\$ 64	\$ 279	436 %
Cost of revenue	250	109	141	129 %
Gross profit (loss)	93	(45)	138	307 %
Operating expenses:				
Research and development	1,192	2,189	(997)	(46)%
Sales and marketing	589	873	(284)	(33)%
General and administrative	895	1,995	(1,100)	(55)%
Severance expense	372	1,563	(1,191)	(76)%
Expenses from abandoned financing transaction	656	—	656	100 %
Total operating expenses	3,704	6,620	(2,916)	(44)%
Loss from operations	(3,611)	(6,665)	(3,054)	(46)%
Other income (expense), net:				
Change in fair value of warrant liability	267	(82)	349	426 %
Interest income (expense), net	(22)	148	(170)	(115)%
Total other income, net	245	66	179	271 %
Net loss	\$ (3,366)	\$ (6,599)	\$ (3,233)	(49)%

**Revenue.** During the three months ended March 31, 2025 and 2024, we recorded revenue of \$0.3 million and \$0.1 million, respectively. The 436% year over year increase is primarily due to the expansion of commercial sales of PowerBridge Pro transmitters to multinational retailers deploying our WPN technology in connection with their infrastructure modernization initiatives.

**Costs and Expenses and Loss from Operations.** Costs and expenses are made up of cost of revenue, research and development, sales and marketing, general and administrative, severance expense and expenses from the abandoned financing transaction. Loss from operations for the three months ended March 31, 2025 and 2024 were \$3.6 million and \$6.7 million, respectively.

**Cost of Revenue:**

	For the three months ended March 31,		\$ Change	% Change
	2025	2024		
Cost of revenue	\$ 250	\$ 109	\$ 141	129 %
Percent of total revenue	73 %	170 %		

Cost of revenue was \$0.2 million and \$0.1 million, respectively, for the three months ended March 31, 2025 and 2024. The increase is primarily due to higher sales volume of PowerBridge Pro transmitters that were shipped during the first quarter of 2025. With the ramp up of our volume manufacturing during the first quarter of 2025, product margins improved significantly, transitioning from a gross loss in 2024 of \$45,000 to a gross profit in 2025 of approximately \$0.1 million, representing a 307% year over year improvement in gross profit.

**Research and Development Costs:**

	For the three months ended March 31,		\$ Change	% Change
	2025	2024		
Research and development	\$ 1,192	\$ 2,189	\$ (997)	(46)%
Percent of total revenue	348 %	3,420 %		

Research and development costs were \$1.2 million and \$2.2 million, respectively, for the three months ended March 31, 2025 and 2024. The decrease of \$1.0 million is primarily due to a \$0.8 million decrease in personnel-related expenses, consisting of a \$0.7 million decrease in payroll costs and a \$0.1 million decrease in stock-based compensation and a \$0.2 million decrease in third-party software costs.

**Sales and Marketing Costs:**

	For the three months ended March 31,		\$ Change	% Change
	2025	2024		
Sales and marketing	\$ 589	\$ 873	\$ (284)	(33)%
Percent of total revenue	172 %	1,364 %		

Sales and marketing costs for the three months ended March 31, 2025 and 2024 were \$0.6 million and \$0.9 million, respectively. The decrease of \$0.3 million is primarily due to a \$0.1 million decrease in personnel related costs due to reduced headcount, a \$0.1 million decrease in tradeshow, promotional expenses and engineering components used for customer demonstrations and a \$0.1 million decrease in public relations and consulting fees.

**General and Administrative Expenses:**

	For the three months ended March 31,		\$ Change	% Change
	2025	2024		
General and administrative	\$ 895	\$ 1,995	\$ (1,100)	(55)%
Percent of total revenue	261 %	3,117 %		

General and administrative costs for the three months ended March 31, 2025 and 2024 were \$0.9 million and \$2.0 million, respectively. The decrease of \$1.1 million is primarily due to a \$0.5 million decrease in legal fees, a \$0.2 million decrease in consulting, recruiting and third-party fees, a \$0.2 million decrease in annual meeting-related expenses, a \$0.1 million decrease in stock-based compensation and a \$0.1 million decrease in insurance premiums.

**Severance Expense:**

	For the three months ended March 31,		\$ Change	% Change
	2025	2024		
Severance expense	\$ 372	\$ 1,563	\$ (1,191)	(76)%
Percent of total revenue	108 %	2,442 %		

Severance expense for the three months ended March 31, 2025 and 2024 was \$0.4 million and \$1.6 million, respectively. The severance expense for the three months ended March 31, 2025 was related to non-executive employees. The severance expense for the three months ended March 31, 2024 was related to the settlement of the departure by the former Chief Executive Officer.

**Expenses from Abandoned Financing Transaction:**

	For the three months ended March 31,		\$ Change	% Change
	2025	2024		
Expenses from abandoned financing transaction	\$ 656	\$ —	\$ 656	100 %
Percent of total revenue	191 %	0 %		

Expenses related to our abandoned financing transaction were \$0.7 million for the three months ended March 31, 2025, primarily attributable to our decision not to pursue the convertible preferred equity offering under Regulation A. This decision was made because the Company was able to secure less dilutive financing through its ATM Program at a lower cost of capital. There was no such expense during the three months ended March 31, 2024.

**Other income (expense):**

	For the three months ended March 31,		\$ Change	% Change
	2025	2024		
Change in fair value of warrant liability	\$ 267	\$ (82)	\$ 349	426 %
Interest income (expense), net	(22)	148	(170)	(115)%
Total other income (expense), net	\$ 245	\$ 66	\$ 179	(271)%

Other income resulting from the change in fair value of the warrant liability was \$0.3 million for the three months ended March 31, 2025, compared to \$0.1 million in expense for the three months ended March 31, 2024. The change is due to a lower market value of our common stock.

Net interest expense for the three months ended March 31, 2025 was \$22,000, as we incurred \$187,000 in interest expense from a short-term loan, partially offset by \$165,000 in interest earned from our money market account. Interest income for the three months ended March 31, 2024 was \$148,000 from interest earned on our money market account.

**Net Loss.** As a result of the above, net loss for the three months ended March 31, 2025 was \$3.4 million as compared to \$6.6 million for the three months ended March 31, 2024.

**Liquidity and Capital Resources**

During the three months ended March 31, 2025 and 2024, we recorded revenue of \$0.3 million and \$0.1 million, respectively. We incurred net losses of \$3.4 million and \$6.6 million for the three months ended March 31, 2025 and 2024, respectively. Net cash used in operating activities was \$4.7 million and \$5.1 million for the three months ended March 31, 2025 and 2024, respectively. As of March 31, 2025, the Company had cash and cash equivalents of \$10.1 million. We are currently meeting our liquidity requirements through the proceeds of securities offerings that raised net proceeds of \$13.8 million during the first quarter of 2025.

As we gain traction in the market with our new technology and continue to invest capital in transitioning and scaling the business from research and development of new technologies to commercial production, there can be no assurance that our available resources and revenue generated from our business operations will be sufficient to sustain our operations.

Accordingly, we expect to pursue additional financing, which could include offerings of equity or debt securities, bank financings, commercial agreements with customers or strategic partners, and other alternatives, depending upon market conditions. There is no assurance that such financing will be available on terms that we would find acceptable, or at all. If we are unsuccessful in

implementing this plan, we will be required to make further cost and expense reductions or modifications to our on-going and strategic plans.

#### ***ATM Offering Program***

On June 21, 2024, we entered into the At the Market Offering Agreement with H.C. Wainwright & Co., LLC, as sales agent, pursuant to which we could issue and sell of up to \$3.45 million in shares of our common stock (as amended to date, the “ATM Program”). During the year ended December 31, 2024, we sold 6,851,753 shares of our common stock under the ATM Program for net proceeds of approximately \$3.1 million (net of commissions and other related offering expenses of approximately \$0.3 million).

During the three months ended March 31, 2025, we sold 18,703,305 shares of our common stock under the ATM Program for net proceeds of approximately \$13.8 million (net of commissions and other related offering expenses of approximately \$0.9 million). As of March 31, 2025, approximately \$79.3 million in shares of common stock remained available for issuance under the ATM Program, subject to availability of authorized shares.

#### ***Agile Subordinated Loan Agreement***

Effective October 1, 2024, we entered into a subordinated business loan agreement (the “Original Loan Agreement”) with Agile Capital Funding, LLC and Agile Lending, LLC (collectively, the “Lender”), which provided for an initial term loan of \$525,000, with the ability to receive additional term loans of up to \$1.6 million, subject to certain conditions (such loans, the “Original Term Loan”). Principal and interest on the Original Term Loan in the aggregate amount of \$756,000 was to be repaid in weekly payments of \$27,000 commencing on October 14, 2024 and fully repaid on or before the maturity date of April 21, 2025.

Effective November 5, 2024, we entered into an amended subordinated business loan agreement with the Lender (the “Amended Loan Agreement”) to refinance the Original Term Loan. The Amended Loan Agreement provides for a new term loan of \$997,000, with the ability to receive additional term loans of up to \$1.6 million, subject to certain conditions (such new loans, the “New Term Loan”). Principal and interest on the New Term Loan in the aggregate amount of \$1,415,740 will be repaid in weekly payments of approximately \$39,000 and fully repaid on or before the maturity date of July 17, 2025. The proceeds of the New Term Loan were used to repay in full the Original Term Loan, which had a settlement value of \$648,000 on November 5, 2024. The New Term Loan is expressly subordinated to our obligations on certain senior indebtedness of the Company as provided in the Amended Loan Agreement.

#### **Cash Flows**

*Operating Activities* - During the three months ended March 31, 2025, cash flows used in operating activities were \$4.7 million, consisting of a net loss of \$3.4 million, plus adjustments to reconcile net loss to net cash used in operating activities aggregating \$0.1 million (principally change in fair value of warrant liability of \$0.3 million, partially offset by stock-based compensation of \$0.1 million and depreciation and amortization of short-term loan fees totaling approximately \$0.1 million), a \$0.6 million decrease in accounts payable, a \$0.5 million decrease in accrued expenses, a \$0.2 million increase in accounts receivable, a \$0.2 million decrease in operating lease liabilities and a \$0.1 million increase in inventory, partially offset by a \$0.3 million decrease in operating lease right-of-use assets, a \$0.1 million decrease in prepaid expenses and other current assets and a \$0.1 million increase in accrued severance.

During the three months ended March 31, 2024, cash flows used in operating activities were \$5.1 million, consisting of a net loss of \$6.6 million, less adjustments to reconcile net loss to net cash used in operating activities aggregating \$0.5 million (principally stock-based compensation of \$0.4 million and change in fair value of warrant liability of \$0.1 million), a \$0.3 million decrease in accounts payable, a \$0.2 million increase in inventory and a \$0.1 million decrease in accrued expenses, partially offset by a \$1.3 million increase in accrued severance expense, a \$0.2 decrease in prepaid expenses and other current assets and a \$0.1 decrease in accounts receivable.

*Investing Activities* - During the three months ended March 31, 2025 and 2024, cash flows used in investing activities were not material. A small amount of hardware and equipment was purchased during each period.

*Financing Activities* - During the three months ended March 31, 2025, cash flows provided by financing activities were \$13.4 million, which primarily consisted of \$13.8 million in net proceeds from the sale of shares of our common stock under the ATM Program, partially offset by \$0.3 million in repayments of a short-term loan and \$0.1 million in repayments of financed insurance. During the three months ended March 31, 2024, cash flows provided by financing activities were \$1.9 million, which primarily consisted of \$1.8 million in net proceeds from a registered direct offering that included the sale of common stock, pre-funded warrants and warrants.

### **Item 3. Quantitative and Qualitative Disclosure About Market Risk**

As a smaller reporting company, we are not required to provide this information.

### **Item 4. Controls and Procedures**

#### *Evaluation of Disclosure Controls and Procedures*

We have established disclosure controls and procedures to ensure that material information relating to us is made known to the officers who certify our financial reports and the Board. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures as such term is defined under Rule 13a-15(e) and 15d-15(e) under the Exchange Act.

Based on the evaluation, our principal executive officer and principal financial officer concluded that these disclosure controls and procedures were effective as of March 31, 2025 to provide reasonable assurance that information required to be disclosed by us in reports that we file under the Exchange Act is recorded, processed, summarized, and reported, within the time periods specified in the SEC's rules and forms and that information required to be disclosed by us in our reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our interim principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

#### *Changes in Internal Control over Financial Reporting*

For the three months ended March 31, 2025, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II – OTHER INFORMATION**

### **Item 1. Legal Proceedings**

We are not currently a party to any pending legal proceedings that we believe will have a material adverse effect on our business, financial condition or cash flows. We may, however, be subject to various claims and legal actions arising in the ordinary course of business from time to time.

#### **Item 1A. Risk Factors**

Our future performance is subject to a variety of risks and uncertainties that could materially and adversely affect our business, financial condition, results of operations, and the trading price of our common stock. These risks and uncertainties are described in Part I, Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2024. There have been no material changes to these risks and uncertainties described in our Annual Report on Form 10-K for the year ended December 31, 2024.

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

On March 19, 2025, the Company signed an amendment to the existing lease for its office space at its corporate headquarters in San Jose, California, relocating to a smaller suite within the same building, and extending the lease through December 31, 2027. The Company issued 75,000 shares of its common stock (the "Landlord Shares") to the landlord upon signing the amendment as partial consideration for the amended lease. The Landlord Shares were issued in reliance upon the exemptions from the registration requirements of the Securities Act afforded by Section 4(a)(2) of the Securities Act in a privately negotiated transaction not involving any public offering or solicitation.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

During the three months ended March 31, 2025, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

**Item 6. Exhibits**

The following are filed, furnished or incorporated by reference as a part of this Quarterly Report on Form 10-Q:

<b>Exhibit Number</b>	<b>Description</b>
3.1	<a href="#">Second Amended and Restated Certificate of Incorporation of Energoous Corporation, as amended (incorporated by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q filed on August 10, 2020).</a>
3.2	<a href="#">Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of Energoous Corporation (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on August 15, 2023).</a>
3.3	<a href="#">Second Amended and Restated Bylaws of Energoous Corporation (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on April 11, 2025).</a>
31.1†	<a href="#">Certification Pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934.</a>
32.1+	<a href="#">Certification 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 (embedded within the Inline XBRL document and contained in Exhibit 101).

† Filed herewith.

+ Furnished herewith.

**SIGNATURE**

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

**ENERGOUS CORPORATION**  
(Registrant)

Date: May 13, 2025

By: /s/ Mallorie Burak  
Name: Mallorie Burak  
Title: Chief Executive Officer and Chief Financial Officer  
(Principal Executive Officer, Principal Financial  
Officer and Principal Accounting Officer)

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

I, Mallorie Burak, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Energo Corporation;
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. I am 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 my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me 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 my 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 my 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. I have disclosed, based on my 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 13, 2025

/s/ Mallorie Burak

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Name: Mallorie Burak  
Title: Chief Executive Officer and Chief Financial Officer  
(Principal Executive Officer, Principal Financial Officer and Principal Accounting 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 Energous Corporation (the "Company") on Form 10-Q for the period ended March 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mallorie Burak, Chief Executive Officer and Chief Financial Officer, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

A signed original of this written statement required by Section 906 has been provided to Energous Corporation and will be retained by Energous Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Mallorie Burak

Name: Mallorie Burak

Title: Chief Executive Officer and Chief Financial Officer  
(Principal Executive Officer, Principal Financial Officer and Principal  
Accounting Officer)

Date: May 13, 2025

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