

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-K**

(Mark One)

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

For the Fiscal Year Ended **December 31, 2021**

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: **001-36379**

**ENERGOUS CORPORATION**

(Exact Name of Registrant as Specified in Its Charter)

Delaware  
(State or Other Jurisdiction of Incorporation or Organization)

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

3590 North First Street, Suite 210, San Jose, CA  
(Address of Principal Executive Offices)

95134  
(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<br>Symbol(s) | Name of each exchange on which registered |
|-----------------------------------|----------------------|---|
| Common Stock, \$0.00001 par value | WATT                 | The Nasdaq Stock Market                   |

Securities registered pursuant to Section 12 (g) of the Act: Common Stock, par value \$0.00001 per share

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See 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   
Non-accelerated filer

Accelerated filer   
Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter was \$174,934,763. Solely for the purposes of this calculation, shares held by directors, executive officers and 10% owners of the registrant have been excluded. Such exclusion should not be deemed a determination or an admission by the registrant that such individuals are, in fact, affiliates of the registrant.

As of March 14, 2022, there were 77,035,381 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The registrant intends to file a definitive proxy statement pursuant to Regulation 14A within 120 days after the end of the fiscal year ended December 31, 2021. Portions of such proxy statement are incorporated by reference into Part III of this Annual Report on Form 10-K.

**ENERGOUS CORPORATION**  
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## PART I

As used in this Annual Report on Form 10-K, unless the context otherwise requires the terms “we,” “us,” “our,” and “Energoous” refer to Energoous Corporation, a Delaware corporation.

### FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (“Report”) contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, 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,” “should,” “could,” “seek,” “intend,” “plan,” “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 proposed business strategy; market opportunities; regulatory approval; expectations for current and potential business relationships; expectations for revenues, cash flows and financial performance; and anticipated results of research and development efforts. These forward-looking statements are based on our current information and beliefs. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are unpredictable and many of which are outside of our control. Actual results may differ materially from what is anticipated, so you should not rely on these forward-looking statements. Important factors that could cause actual outcomes to differ materially from those indicated in the forward-looking statements include, among others, the following: our ability to develop a commercially feasible technology; receipt of necessary regulatory approval; our ability to find and maintain development partners, market acceptance of our technology; competition in our industry; protection of our intellectual property; and other risks and uncertainties described in the Risk Factors and in Management’s Discussion and Analysis of Financial Condition and Results of Operations sections of this Report and our subsequently filed Quarterly Reports on Form 10-Q. We undertake no obligation to update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

#### Item 1. Business

##### Overview

We have developed our WattUp® wireless power technology, consisting of semiconductor chipsets, software controls, hardware designs and antennas, that enables radio frequency (“RF”) based charging for electronic devices. The WattUp technology has a broad spectrum of capabilities to enable the next generation of wireless power networks, delivering power and data in a seamless device portfolio. This includes near field and at-a-distance wireless charging with multiple power levels at various distances. We believe our WattUp technologies will help facilitate the deployment of the growing IoT applications. According to the recent report of the International Data Corporation, or the IDC, titled “Worldwide Global DataSphere IoT Device and Data Forecast, 2021–2025,” the IoT market is forecasted to grow to 39.3 billion devices by 2025. The initial IoT applications that we are targeting are in the area of RF tags and electronic shelf labeling (“ESL”) for retail, industrial and healthcare markets.

We believe our technology is innovative in its approach, in that we are developing solutions that charge electronic devices using RF. To-date, we have developed multiple transmitters and receivers, including prototypes as well as partner production designs. The transmitters vary based on form factor, power specifications and frequencies, while the receivers support a myriad of applications including Bluetooth tracking tags, IoT sensors, ESLs, beacons, stock management devices, security cameras, handheld devices, smart automation, wearables, hearables, and more.

The first end product featuring our technology entered the market in 2019. We started shipping our first at-a-distance WattUp PowerBridge enabled transmitters for commercial IoT applications in the fourth quarter of 2021, and we expect additional WattUp-enabled products to be announced as we move our business forward.

In December 2017, we announced the Federal Communications Commission, or the FCC certification of our first-generation WattUp Mid Field transmitter, which simultaneously powers multiple devices at a distance of up to three feet. This transmitter underwent rigorous, multi-month testing to verify that it met consumer safety and regulatory requirements. We believe this was the first certification of a Part 18 FCC-approved non-contact wireless charging transmitter, and that it establishes engineering design precedents that can streamline future regulatory approvals for our technology and for our customers' end-products that employ our technology. In addition, in December 2021, we received FCC certification for unlimited distance charging.

Our technology solution consists principally of transmitter controller integrated circuits, or ICs, power amplifier ICs and receiver ICs, as well as novel antenna designs, application prototypes and proprietary software algorithms. We submitted our first IC design for wafer fabrication in 2013 and since then have developed subsequent generations of transmitter and receiver ICs, antenna designs, and software algorithms. We have endeavored to optimize our technology by reducing size and cost, while at the same time increasing performance which enables our designs to be integrated into a broad range of devices. We have developed a "building block" approach that allows us to scale our product implementations by combining multiple transmitter building blocks or multiple receiver building blocks to meet the power, distance, size and cost requirements of customer applications requirements. Our technology is readily scalable because the same ICs that are used for contact-based charging can be used for distance-based charging solutions. We have developed two classes of chip solutions, a CMOS-based technology focused on low cost, small footprint and low power (1 watt) and a GaAs/GaN-based technology capable of delivering higher power (greater than 1 watt) with greater efficiency. We intend to continue to invest in improving product performance, efficiency, cost-performance, integration, regulatory approval and miniaturization as required to reach multiple markets and expand the power-at-a-distance ecosystem, while maintaining a technology lead on potential competitors.

We sell evaluation kits to potential customers of our technology, to allow their respective engineering and product management departments to test and evaluate the technology. Our customers' product development, technology integration and product introduction cycles occur over multiple quarters and generally span a period of more than a year to two years and can elapse before first evaluation and final shipment of the customer's product. Once our customers begin to sell products to end customers that incorporate our technology, we would expect the commercialization cycle to shorten over time as the technology matures and market acceptance grows.

We maintain the rights to all intellectual property in our technology. We have implemented a comprehensive intellectual property strategy and are continuing to pursue patent protection for all key innovations. As of December 31, 2021, the Energous IP portfolio contained over 200 awarded patents in the United States, which are organized along five (5) critical paths to implementation that we believe a competitor may have to navigate to commercialize WPT technology. The paths are: Processing Algorithms, Antenna Designs, Transmitter and Receiver ASICs, Other Software Controls (e.g., Bluetooth Management and Hardware (e.g., Board Layout). In addition to the inventions covered by these patents, we have also identified specific inventions that we believe are novel and patentable. We intend to file for patent protection for the most valuable of these, and for other inventions that we expect to develop. This is a significant annual expense, and we continually monitor the costs and benefits of each patent application and pursue and maintain those that we believe are most protective for our business and expand our core value.

Our seasoned management team has both private and public company experience, as well as relevant industry experience. In addition, our team consists of key engineering talents in the areas of IC development, antenna development, hardware, software and firmware engineering as well as integration and testing, which will allow us to continue to expand our technology and intellectual property and to meet our customers' support requirements.

In November 2016 we entered into a Strategic Alliance Agreement with Dialog Semiconductor plc ("Dialog"), an industry leader in Bluetooth low energy semiconductors and power management semiconductors. In conjunction with the Strategic Alliance Agreement, Dialog was the exclusive distributor of our integrated circuit ("IC") products and provided sales and chip operations support to customers on a global basis.

On September 20, 2021, we were notified by Dialog, that it was recently acquired by Renesas Electronics Corporation and that it was terminating the Strategic Alliance Agreement, or the Alliance Agreement, between us and Dialog. The Alliance Agreement allows for a transition and separation period which will conclude in or prior to September 2024. During the wind down period, the Alliance Agreement's terms will continue to apply to the Company's products that are covered by certain existing customer relationships, except that the parties' respective exclusivity rights have terminated. As a result of the termination, we have been developing our own internal capabilities, as well as developing a network of contract manufacturers.

Our common stock is quoted on The Nasdaq Stock Market under the symbol "WATT". We were incorporated in Delaware in 2012. Our corporate headquarters is located at 3590 North First Street, Suite 210, San Jose, CA 95134. Our website can be accessed at [www.energous.com](http://www.energous.com). The information contained on, or that may be obtained from our website, is not, and shall not be deemed to be, part of this Annual Report on Form 10-K.

## **Our Business Strategy**

We believe that a large market opportunity lies in wire-free low-power charging at-a-distance, which might develop as the Wi-Fi ecosystem developed. The goal is to ensure interoperability between transmitters and receivers that are based on our technology, regardless of who made them, installed them into finished goods, or marketed them. The implementation of previous ubiquitous solutions, such as Wi-Fi and Bluetooth, illustrates our goal. For example, Wi-Fi routers, regardless of their designer or manufacturer, work with Wi-Fi receivers installed in consumer electronics, regardless of manufacturer. We endeavor to:

- Build multiple ICs to advance the technology;
- Develop, license and manufacture a complete Transmitter solution to enable WPN growth;
- Develop reference designs to reduce early adopter risks, enable easier integration at lower costs and foster adoption;
- Continue to build additional value by converging networking, power and data to provide smarter vertical solution in retail, industrial and healthcare through our WattUp PowerBridge products designed for powering next generation IoT. First target applications include electronic shelf labels (ESLs) and RF tags;
- Partner with leading technology and systems companies;
- Provide game-changing benefits to the consumer in terms of utility and convenience;
- Develop and execute on a strategy to gain global regulatory approval for ubiquitous unlimited distance charging; and
- Support the AirFuel™ Alliance (AFA) that is expected to lead to a qualification process to ensure compatibility of our WattUp technology across vendors and develop a common user experience at the application level.

For our technology to become a ubiquitous solution for charging at-a-distance, we intend to pursue an ecosystem strategy for our technology, engaging not only potential customers for our transmitter, receiver and power amplifier IC's but also their upstream and downstream value chain partners. We intend to capitalize on our first-to-market advantage and prioritize protection of our intellectual property portfolio, as we believe this strategy will make it less likely that a competing platform will be able to gain a solid foothold in the RF-based wireless charging market and compete with our technology in a meaningful way.

To engage with potential customers of the WattUp IC's, we offer the Developer Kits consisting of a transmitter and a receiver along with the enabling software to allow potential strategic partners to test the technology in their labs. The kits form a base "building block" component that is scalable to meet the needs of specific applications. We are developing processes and support capabilities to assist potential customers as they evaluate the technology and develop specific designs to incorporate it.

To validate our technology, we originally sought out customers that were smaller, more nimble early adopters with relatively short product cycles and the ability to ship fully integrated WattUp enabled devices to the consumer as quickly as possible. At the same time, we began to engage with larger, top tier customers with the ability to ship WattUp enabled consumer and IoT devices in mass quantities. We are also engaged with companies that have much longer product cycles in multiple vertical markets.

Since we are developing a new electronics charging paradigm, we expect many operational details of our strategy to continue to evolve as our technology matures, engineering breakthroughs occur and new partner collaborations are formed.

### **Impact of COVID-19 on Our Business**

In March 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic. The pandemic continues to affect the United States and the world. We are monitoring the ongoing effects of COVID-19 (including continued outbreaks) and the related business and travel restrictions and changes to behavior intended to reduce its spread, and its impact on our operations, financial position, cash flows, inventory, supply chains, global regulatory approvals, purchasing trends, customer payments, and the industry in general, in addition to the impact on our employees.

The COVID-19 pandemic has delayed adoption of our technology by potential customers who have experienced workforce and supply chain disruptions, and who continue to evaluate their future prospects and business models, including partnerships with us. Further delays in this or other products could result from the ongoing pandemic. These changes are due in part to changes in how business is conducted as a result of the pandemic, including state executive orders, local shelter-in-place orders, government-imposed quarantines and work-from-home policies in China, the United States, and elsewhere around the world. We have implemented moderated work-from-home policies for our employees that will likely be in place through the end of 2022 and possibly longer. The effects of state executive orders, local shelter-in-place orders, government-imposed quarantines and our work-from-home policies could negatively impact productivity, disrupt our research and development or other operations, and delay the planned launch of our customers' new products that incorporate our technology, the magnitude of which will depend, in part, on the length and severity of the continuing restrictions and other limitations on our ability to conduct our business in the ordinary course. Several vaccines have been approved for use since the fourth quarter of 2020, with vaccination rates increasing over 2021 and through early 2022. Several new variants of COVID-19 have emerged, and were reported by health authorities to be more transmissible than other earlier variants. Vaccines approved to date have lower efficacy in combating the transmission of some of these new variants, though vaccines appear to protect against severe illness. Due to the continuing developments and fluidity of this situation, the magnitude and duration of the pandemic and its impact on our operations and liquidity, mainly due to supply chain shortages, are still uncertain as of the date of this report.

### **Our Technology**

The WattUp® technology enables wireless charging at contact as well as charging over the air, depending on application. An award-winning, RF-based, scalable technology, WattUp transforms the way electronic devices are charged and powered. WattUp® differs from older, rigid wireless charging systems because it supports charging in a variety of ways depending on the device and application.

Figure 1 below shows the current IC product line for Energon:

**Energous Chips & Modules for Wireless Power Networks**

|  |  |
|--|--|
|   | <b>EN4100 Transmitter</b> <ul style="list-style-type: none"><li>• EN4100 is a highly integrated System-on-Chip WattUp® RF-transmitter IC designed to provide optimal charging of WattUp® receiver devices</li></ul>  |
|  OR  | <b>EN 2210 &amp; EN2223 Receivers</b> <ul style="list-style-type: none"><li>• EN2210 and EN2223 feature four RF-to-DC receiver paths, allowing connection of 1 to 4 antennas dependent upon desired power and antenna area available</li></ul>   |
|   | <b>EN3210 Power Amplifier</b> <ul style="list-style-type: none"><li>• EN3210 is a high power, high efficiency CMOS RF power amplifier that, together with the WattUp® wireless power transmitter EN4100, is designed to provide optimal charging of WattUp® receiver devices</li></ul>         |
|      | <b>EN3913M Power Amplifier Module &amp; EN3921 Power Amplifier Controller</b> <ul style="list-style-type: none"><li>• EN3913M is a highly efficient, GaN power amplifier that delivers up to 38dBm of output power</li><li>• EN3921 supports biasing, monitoring and dynamic control</li></ul> |

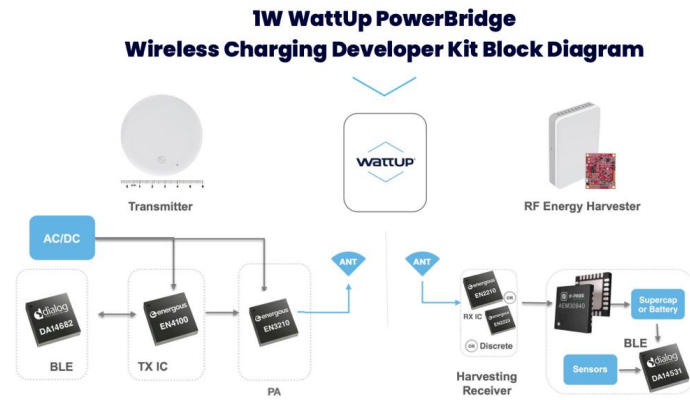


By Energon Corporation

Our small form factor antennas and one transmitter to many receivers capabilities represent significant advantages over RF-beamforming transmitters, which are larger, and higher cost WPT implementations. Our current generation ICs have significantly reduced the size and cost of both transmitter technology and our receiver technology, and products under development are designed to further reduce size and cost. In addition, our ICs are designed for both lower-power and higher-power applications, efficiency and faster synchronization, while working within the constraints of multiple international regulatory environments.

In 2021 we began to leverage the growing ecosystem of investments made by a number of IoT leaders. While participating at the CES 2022, we demonstrated the world's first IoT Wireless power network connecting Juniper Mist WiFi Access Points to multiple WattUp PowerBridge transmitters at 1W and 5W. We showed charging receiver device interoperability by simultaneously powering RF tags from Wiliot controlled by their Sensing as a Service Cloud Software, ESL tags using e-Peas devices, an IoT Device using Atmotic's BLE chips, and network edge computing, driven by Syntiant's Artificial Intelligence voice recognition technology all of which were managed by WattUp Software.

Figure 2 below shows the block diagram for our 1W WattUp PowerBridge Transmitter



In 2020, we released our WattUp PowerHub Developer Kit, which enables manufacturers to easily integrate charging-over-the-air technology into their products such as smart speakers, gaming consoles, access points and other devices to enable over-the-air charging of devices such as fitness bands, smartwatches, hearables, smart glasses, medical devices and more.

Figure 3 below shows the WattUp PowerHub



In 2016, we introduced our WattUp Near Field Transmitter Technology and a small form factor receiver, which were developed as a result of our efforts to reduce cost and size. This contact-based charging solution, for which we have received FCC approval, allowed for low power charging at up to five millimeters. In 2017, we announced a higher-power version of our WattUp Near Field Transmitter technology, with the ability to charge on contact at levels of up to 10 watts. In February 2019, we announced that our latest WattUp Near Field High Power transmitter technology supports up to 20 watts of charging power. Due to its low cost and small size, the miniature transmitter can be bundled in-box with WattUp-enabled receiver devices, replacing alternative charging solutions like power adapters and charging cables. We expect adoption of our low cost, portable charging solution for receiver devices to continue to advance.

### Our Competition

Competing methods for charging battery-powered devices include wall plug-in charging, inductive charging, magnetic resonance charging and more. To our knowledge, almost all consumer electronics equipped with a rechargeable battery come bundled with a charging method, such as a power cord. Studies indicate that consumers prefer wire-free, or untethered, charging solutions such as our WattUp technology. We believe the advantages of our WattUp technology including size, cost, mobility, foreign object detection and portability coupled with the unique



capability to charge devices both on contact as well as at-a-distance in a fully compatible ecosystem will foster broad adoption of the technology over time.

A variety of wireless charging technologies are on the market or under development today. These competitive technologies fall into the following categories:

Inductive Coil Charging. Inductive coil charging uses a magnetic coil to create resonance, which can transmit energy over very short distances. Essentially this is a contact technology whereby the transmitter and receiver need to be closely aligned to charge. Power is delivered as a function of coil size (the larger the coil, the more power), and coils must be directly paired (one receiver coil to one transmitter coil = directly coupled pair). Products utilizing magnetic induction have been available for 10+ years in products such as rechargeable electronic toothbrushes.

Magnetic Resonance. Magnetic resonance is similar to magnetic induction, as it uses magnetic coils to transmit energy. This technology uses coils that range in size depending on the power levels being transmitted. It has the ability to transmit power at distances up to ~11 inches (30cm) which can be increased with the use of resonance repeaters. It also has more flexibility of placement than Magnetic.

Energy Harvesting. There are multiple companies looking at harvesting energy that may be present in certain environments. The energy harvested may come from a variety of sources, including Solar, Kinetic and Passive RF. Passive RF harvesting refers to using antennas and devices to harvest RF that may already be present in an environment, such as Wi-Fi, mobile phones, cordless phones and other RF emitting devices.

Laser. Laser charging technology uses very short wavelengths of light to create a collimated beam that maintains its size over distance, using what is described as distributed resonance to deliver power to an optical receiver.

## **Our Target Markets**

We categorize our target markets as transmitter markets and receiver markets.

### Transmitter Target Markets

Transmitters are devices that broadcast RF energy that can be accessed by WattUp-enabled receivers in consumer electronics. We believe our transmitter technology will be developed and released in three basic categories:

- Stand-alone transmitters that are either sold independently or bundled as part of a pairing with WattUp-enabled receiver devices;
- Transmitters that are integrated into third party industrial, medical and enterprise devices; and
- Transmitters that could be integrated into Bridge and Wi-Fi routers to form a single device that provides both connectivity and wire-free power for a particular area.

We plan to release stand-alone and integrated transmitter technology in three categories:

#### *WattUp Near Field Transmitters:*

Because of its advantages over other forms of contact-based wireless charging, including incorporation into multiple form factors and potential compatibility with future distance transmitters, we expect transmitters using our WattUp Near Field technology to be the first WattUp enabled transmitter products on the market. These contact-based charging solutions are ideally suited for many electronic devices in both consumer and industrial markets such as wearables, IoT devices and other small electronics that require a small form factor receiver and a low-cost charging solution. They are also suitable for larger, more power-hungry devices such as smart watches and tablets. Initially these transmitters will be one-to-one (one transmitter to one receiver), with future versions being single transmitters for multiple receivers.

#### *WattUp Mid Field Transmitter*

We expect that transmitters using our WattUp Mid Field technology, which we refer to as the WattUp PowerHub, will be geared to consumer desktop and industrial and medical markets and for charging at a range of a few centimeters to one meter. We also intend for the WattUp PowerHub transmitters to have tracking ability to support mobile applications and multiple receiving devices. WattUp PowerHub transmitters may include small transmitters designed to power industrial, medical, consumer electronics and IoT devices. The same technology may also be integrated into third party devices such as smart speakers, computer monitors, nightstand consumer electronics, accessories such as low voltage portable battery chargers and integrated automotive applications, as well as additional industrial, medical, and public safety applications.

#### *WattUp Far Field Transmitters:*

Transmitters based on WattUp Far Field technology, which we refer to as the WattUp PowerBridge, are expected to provide low power charging for multiple devices with the capability of extending the range through the deployment of multiple WattUp PowerBridges. We expect that WattUp PowerBridge transmitters will have the ability to broadcast wireless power creating a sphere of power within which WattUp enabled receiving devices can be charged. WattUp PowerBridge transmitters may play a significant role in the charging low power IoT devices in fixed locations – such as electronic shelf labels, RF tags, security cameras and sensors.

#### *Transmitters Integrated into Third Party Devices:*

The “building block” core architecture developed for the WattUp technology is suited to a broad range of third party devices in both industrial and consumer markets. The flexibility of the architecture in terms of size, power, distance, and cost affords Energeous customers the opportunity to match our technology with specific requirements and limitations typically found with complex integrations. For example, the WattUp transmit technology could be integrated into a WiFi router on the ceiling of a manufacturing floor or hospital ward providing both internet connectivity and wireless power to any devices within range.

#### *WattUp PowerBridges:*

We see the combination of wireless power router and the wireless bridges as a natural integration point and a synergistic application of both technologies. WattUp PowerBridges provide the bridge to Wi-Fi, 5G and other Wide Area network technologies while also providing wireless power to in-range receiver devices. WattUp PowerBridges share a number of technical characteristics with Wi-Fi routers in that; (1) both devices operate in the airwaves in the unlicensed industrial, scientific and medical bands, (2) both devices owe their success to the utility and convenience they bring to the consumer, (3) both devices rely on antennas, and (4) both devices “pair” or provide hand off capabilities which allow for networks to provision large sites.

#### Receiver Target Markets

We believe there are many potential uses for our receiver technology, including:

- IOT devices including asset trackers, sensors, retail displays, security devices
- Smart Home, Medical, Industrial, and other Sensors
- Electronic shelf labels
- Logistics and asset tracking tags and sensors
- Peripheral devices such as computer mice and keyboards
- Remote controls
- Rechargeable lights
- Gaming consoles and controllers
- Hearing aids
- Rechargeable batteries
- Automotive accessories

- Smart textiles
- Wearables
- Medical devices

This list is meant to be illustrative only; we cannot guarantee that we will address any of these markets, and we may decide to address a market that is not on the list. We intend to continue to evaluate our target markets and choose new markets based on factors including (but not limited to) time-to-market, market size and growth, and the strength of our value proposition for a specific application.

#### **Our Intellectual Property**

Our most valuable asset is our intellectual property. This includes U.S. and foreign patents, patent applications and know-how. We have implemented an aggressive intellectual property strategy and are continuing to pursue patent protection for new innovations. As of March 10, 2022, the Energous IP portfolio contained over 200 issued patents organized along five (5) critical paths to implementation that we believe a competitor may have to navigate to commercialize WPT technology. The paths are: Processing Algorithms, Antenna Designs, Transmitter and Receiver ASICs, Other Software Controls (e.g., Bluetooth Management and Hardware (e.g., Board Layout). Further, we have additional pending patent applications in the U.S. and abroad. We intend to file for patent protection for the most valuable of our inventions, as well as for other new inventions that we expect to develop. This is a significant annual expense and we continually monitor the costs and benefits of each patent application and issued patent to ensure we pursue those that we believe are most protective for our business and expand our core value. So long as we make the business decision to continue paying maintenance and/or annuity fees, our issued patents have terms that would not expire earlier than 2030.

#### **Government Regulation**

Our wire-free charging technology involves the transmission of power using RF energy, which is subject to regulation by the FCC, international regulators and may be subject to regulation by other federal, state, local and international agencies. Our technology has been tested against U.S. and international safety requirements which has consistently demonstrated that our technology is safe. We continue to work with regulatory bodies to establish processes, standards and spectrum allocation to ensure devices incorporating WattUp technology can secure required domestic and international approvals.

As part of the regulatory approval process, devices incorporating the WattUp technology must obtain approvals under FCC Part 15 and/or FCC Part 18 in the U.S., depending on the specific application. Energous has received Part 15 and Part 18 FCC approvals for WattUp enabled products and has received regulatory approvals from many international agencies.

## Current FCC Approvals for WattUp Technology

| <u>FCC ID</u> | <u>Description</u>   | <u>Grant Date</u> |
|---------------|--|-------------------|
| 2ADNG-MLA1599 | Digital Transmission System Bluetooth Accessory 2.4GHz         | 12/30/2014        |
| 2ADNG-MT100   | Close Coupled 5.8 GHz Charger Pad                              | 05/24/2016        |
| 2ADNG-NF130   | RF Wireless Charger and Receiver 5.8 GHz                       | 05/02/2017        |
| 2ADNG-NF130   | Digital Transmission System for Bluetooth 2.4 GHz              | 05/02/2017        |
| 2ADNG-MS300   | Wireless Charger 913 MHz                                       | 12/26/2017        |
| 2ADNG-MS300   | Digital Transmission System for Bluetooth 2.4 GHz              | 12/26/2017        |
| 2ADNG-MS300A  | WPT Client Device 913 MHz                                      | 01/05/2018        |
| 2ADNG-MS300A  | Digital Transmission System WPT Client Device with BLE 2.4 GHz | 01/05/2018        |
| 2ADNG-NF230   | RF Wireless Charger 918 MHz                                    | 04/09/2018        |
| 2ADNG-NF230   | Digital Transmission System for Bluetooth 2.4 GHz              | 04/09/2018        |
| 2ADNG-NF330   | RF Wireless Charger 918MHz                                     | 07/29/2019        |
| 2ADNG-NF330   | Digital Transmission System for Bluetooth 2.4 GHz              | 07/29/2019        |
| 2ADNG-MS550   | RF Wireless Charger 918MHz                                     | 04/21/2020        |
| 2ADNG-MS550   | Digital Transmission System for Bluetooth 2.4 GHz              | 04/21/2020        |
| 2ADNG-MS550   | RF Wireless Charger 918MHz                                     | 09/30/2020        |
| 2ADNG-MS550   | Digital Transmission System for Bluetooth 2.4 GHz              | 09/30/2020        |
| 2ADNG-VN15    | RF Wireless Charger 918MHz                                     | 10/19/2021        |
| 2ADNG-VN15    | Digital Transmission System for Bluetooth 2.4 GHz              | 10/19/2021        |
| 2ADNG-VN1810  |  | 11/30/2021        |
|               | RF Wireless Charger 918MHz                                     |                   |
| 2ADNG-VN1810  | Digital Transmission System for Bluetooth 2.4 GHz              | 11/30/2021        |
| 2ADNG-VN25    | RF Wireless Charger 918MHz                                     | 01/14/2022        |
| 2ADNG-VN25    | Digital Transmission System for Bluetooth 2.4 GHz              | 01/14/2022        |

In 2021, we announced completion of the regulatory process for our WattUp PowerBridge wireless charging technology in US, Canada, Europe and India, for unlimited distance wireless charging. As of March 10, 2022, products integrating WattUp® technology had received international regulatory approvals in 112 countries.

### Manufacturing

As a fabless semiconductor company in the research and development stage, we foresee our manufacturing strategy to follow an outsourced manufacturing process. We are engaged with contract manufacturing partners in the United States and internationally.

### Human Capital

As of March 10, 2022, we had 48 full-time employees, 38 of whom are Engineers. None of these employees are covered by a collective bargaining agreement, and we believe our relationship with our employees is good. We also employ consultants, including technical advisors, on an as-needed basis for their technical expertise. Consultants and technical advisors provide us with expertise in electrical engineering, software development, market research and accounting.

We are committed to maintaining a workplace free from discrimination and harassment on the basis of color, race, gender, age, disability, sexual orientation, religion, expression, or any other status protected by applicable law. Our management and employees are expected to exhibit and promote honest, ethical and respectful conduct in the workplace.

### Seasonality

The industrial markets for which we are involved have minimal seasonal impact. The consumer markets for the commercial products that we anticipate our technology can be used in vary in their seasonal impact. Overall, we do not foresee a material seasonal impact to our revenue at this time.

### Available Information

We file annual, quarterly and current reports, proxy statements and other documents with the Securities and Exchange Commission, or SEC, under the Securities Exchange Act of 1934, as amended, or Exchange Act. The SEC maintains an Internet website that contains reports, proxy and information statements, and other information regarding issuers, including us, that file electronically with the SEC. The public can obtain any documents that we file with the SEC at [www.sec.gov](http://www.sec.gov). Copies of each of our filings with the SEC can also be viewed and downloaded free of charge at our website, <https://ir.energous.com/>, after the reports and amendments are electronically filed with or furnished to the SEC.

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

*Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information set forth in this Annual Report on Form 10-K. We are subject to many risks and uncertainties that may harm our business, prospects, results of operations and financial condition. This discussion highlights some of the risks and uncertainties that might adversely affect our business, prospects, results of operations and financial condition in material ways. We believe that these are the most important risks and uncertainties that we face. We cannot be certain that we will successfully address these risks and uncertainties, and if we are unable to address them, our business may not grow, our stock price may suffer and you could lose all or part of your investment in us. Other risks and uncertainties that we have not yet identified, that we do not currently consider to be material, or that are similar to risks faced by other companies in our industry may also impair our business, prospects, results of operations and financial condition. The risks discussed below include forward-looking statements, and our actual results may differ substantially from what is in these forward-looking statements.*

#### **Risks Related to Our Financial Condition**

***We have no history of generating meaningful product revenue, and we may never achieve or maintain profitability.***

We have a limited operating history upon which investors may rely in evaluating our business and prospects. We have generated limited revenues to date, and as of December 31, 2021, we had an accumulated deficit of approximately \$336 million. Our ability to generate revenues and achieve profitability will depend on our ability to execute our business plan, complete the development and approval of our technology, incorporate the technology into products that customers wish to buy, and, if necessary, secure additional financing. There can be no assurance that our technology will be adopted widely, that we will ever earn revenues sufficient to support our operations, or that we will ever be profitable. Furthermore, there can be no assurance that we will be able to raise capital as and when we need it to continue our operations. If we are unable to raise sufficient additional capital, we may be required to delay, reduce or severely curtail our research and development or other operations, which could have a material adverse effect on our business, operating results, financial condition, long-term prospects and ability to continue as a viable business. If we are unable to generate revenues of sufficient scale to cover our costs of doing business, our losses will continue and we may not achieve profitability, which could negatively impact the value of your investment in our securities.

***We will likely need additional financings to achieve our long-term business plans, and there is no guarantee that it will be available on acceptable terms, or at all.***

We may not have sufficient funds to fully implement our long-term business plans. It is likely that we will need to raise additional capital through new financings, even if we begin to generate meaningful commercial revenue. For example, new product development for business partners may require considerable expense in advance of any substantial revenue being earned for such products. Such financings could include equity financing, which may be dilutive to our current stockholders, and debt financing, which could restrict our ability to borrow from other sources. In addition, such securities may contain rights, preferences or privileges senior to those of current stockholders. As a result of economic conditions, general global economic uncertainty (including as a result of actual or perceived disruption caused by COVID-19, including the “delta”, “omicron” or any other variants, or other infectious diseases), political change, and other factors, we do not know whether additional capital will be available when needed, or that, if available, we will be able to obtain additional capital on reasonable terms. If we are unable to raise additional capital due to the volatile global financial markets, general economic uncertainty or other factors, we may be required to curtail development of our technology or reduce operations as a result, or to sell or dispose of assets. Any inability to raise adequate funds on commercially reasonable terms could have a material adverse effect on our business, results of operations and financial condition, including the possibility that a lack of funds could cause our business to fail and liquidate with little or no return to investors.

## Risks Related to Our Technology and Products

### *We may not be able to develop all the features we seek to include in our technology.*

We have developed commercial products, as well as working prototypes, that utilize our technology. Additional features and performance specifications we seek to include in our technology have not yet been developed. For example, some customer applications may require specific combinations of cost, footprint, efficiencies and capabilities at various frequencies, charging power levels and distances. We believe our research and development efforts will yield additional functionality and capabilities over time. However, there can be no assurance that we will be successful in achieving all the features we are targeting, and our inability to do so may limit the appeal of our technology to consumers.

### *We may be unable to demonstrate the commercial feasibility of the full capability of our technology.*

We have developed both commercial products and working prototypes that use our technology at differing power levels and charging distances, but additional research and development is required to realize the potential of our technology for applications at increasing power levels and distances that can be successfully integrated into commercial products. Research and development of new technologies is, by its nature, unpredictable. We could encounter unanticipated technical problems, the inability to identify products utilizing our technology that will be in demand with customers, getting our technology designed into those products, designing new products for manufacturability, regulatory hurdles and achieving acceptable price points for final products. Although we intend to undertake development efforts with commercially reasonable diligence, there can be no assurance that our available resources will be sufficient to enable us to develop our technology to the extent needed to create future revenues to sustain our operations.

Our technology must satisfy customer expectations and be suitable for use in consumer applications. Any delays in developing our technology that arise from factors of this sort would aggravate our exposure to the risk of having inadequate capital to fund the research and development needed to complete development of these products. Technical problems leading to delays would cause us to incur additional expenses that would increase our operating losses. If we experience significant delays in developing our technology and products based on it for use in potential commercial applications, particularly after incurring significant expenditures, our business may fail, and you could lose all or part of the value of your investment in our Company. If we fail to develop practical and economical commercial products based on our technology, our business may fail and you could lose all or part of the value of your investment in our stock.

### *The outbreak of health epidemics, such as COVID-19, has and may further adversely affect our business, results of operations and financial condition.*

Any outbreaks of contagious diseases and other adverse public health developments in countries where we, our customers and suppliers operate could have a material and adverse effect on our business, results of operations and financial condition. For example, the COVID-19 pandemic has resulted in significant governmental measures being implemented to control the spread of the virus, including quarantines, travel restrictions, manufacturing restrictions, declarations of states of emergency, business shutdown and restrictions on the movement of employees in China, the United States and many other countries. A majority of our potential customers have a significant dependence on the Chinese manufacturing and supply chain infrastructure. We believe the COVID-19 pandemic has delayed adoption of our technology by potential customers who temporarily shut down their workforces and supply chains based in China or elsewhere around the world. In the United States, COVID-19 has resulted in travel and other restrictions in order to reduce the spread of the disease, including executive orders in California and several other state and local orders across the country, which, among other things, direct individuals to shelter at their places of residence, direct businesses and governmental agencies to cease non-essential operations at physical locations, prohibit certain non-essential gatherings, and order cessation of non-essential travel. As a result of these developments, we have implemented work-from-home policies for our employees. The effects of state executive orders, local shelter-in-place orders, government-imposed quarantines and our work-from-home policies could negatively impact productivity, disrupt our research and development or other operations and delay the planned launch of our customers' new products that incorporate our technology, the magnitude of which will depend, in part, on the length and severity of the continuing restrictions and other limitations on our ability to conduct our business in the ordinary course. Several vaccines have been approved for use since the fourth quarter of 2020, with vaccination rates increasing through the first quarter of 2022. Several new variants of COVID-19 have emerged and may be more transmissible than other variants. Vaccines approved to date have lower efficacy in combating the transmission of some of these new variants, though vaccines appear to protect against severe illness. Due to the

continuing developments and fluidity of this situation, the magnitude and duration of the pandemic and its impact on our operations and liquidity are still uncertain as of the date of this report.

In addition, COVID-19 and any variants thereof, has resulted and may continue to result in a widespread health crisis that could contribute to increased market volatility and adversely affect the economies and financial markets of many countries, resulting in a global economic downturn that could affect interest in our products or demand by potential customers. Any of these events could materially and adversely affect our business, results of operations and financial condition. The extent of the impact will depend on future developments, which are highly uncertain and cannot be predicted.

***Expanding our business operations as we intend will impose new demands on our financial, technical, operational and management resources.***

To date we have operated primarily in the research and development phase of our business. If we are successful, we will need to expand our business operations, which will impose new demands on our financial, technical, operational and management resources. If we do not upgrade our technical, administrative, operating and financial control systems, or if unexpected expansion difficulties arise, including issues relating to our research and development activities, then retention of experienced scientists, managers and engineers could become more challenging and have a material adverse effect on our business, results of operations and financial condition.

***If products incorporating our technology are launched commercially but do not achieve widespread market acceptance, we will not be able to generate the revenue necessary to support our business.***

Market acceptance of a RF-based charging system as a preferred method for charging electronic devices will be crucial to our success. The following factors, among others, may affect the level of market acceptance of products in our industry:

- the price of products incorporating our technology relative to other products or competing technologies;
- user perceptions of the convenience, safety, efficiency and benefits of our technology;
- the effectiveness of sales and marketing efforts of our commercialization partners;
- the support and rate of acceptance of our technology and solutions with our development partners;
- press and blog coverage, social media coverage, and other publicity factors that are not within our control; and
- regulatory developments.

If we are unable to achieve or maintain market acceptance of our technology, and if related products do not win widespread market acceptance, our business will be significantly harmed.

***If products incorporating our technology are launched commercially, we may experience seasonality or other unevenness in our financial results in consumer markets or a long and variable sales cycle in enterprise markets.***

Our strategy depends on our customers developing successful commercial products using our technology and selling them into the consumer, enterprise and commercial markets. We need to understand procurement and buying cycles to be successful in licensing our technology. We anticipate it is possible that demand for our technology may vary in different segments of the consumer electronics market, such as hearing aids, wearables, toys, watches, accessories, laptops, tablet, mobile phones and gaming systems. Such consumer markets are often seasonal, with peaks in and around the December holiday season and the August-September back-to-school season. Enterprises and commercial customers may have annual or other budgeting and buying cycles that could affect us, and, particularly if we are designated as a capital improvement project, we may have a long or unpredictable sales cycle.

***Future products based on our technology may require the user to purchase additional products to use with existing devices. To the extent these additional purchases are inconvenient, the adoption of our technology under development or other future products could be slowed, which would harm our business.***

For rechargeable devices that utilize our receiver technology, the technology may be embedded in a sleeve, case or other enclosure. For example, products such as remote controls or toys equipped with replaceable AA size or other batteries would need to be outfitted with enhanced batteries and other hardware enabling the devices to be

rechargeable by our system. In each case, an end user would be required to retrofit the device with a receiver and may be required to upgrade the battery technology used with the device (unless, for example, compatible battery technology and a receiver are built into the device). These additional steps and expenses may offset the convenience of our products for users and discourage customers from licensing our technology. Such factors may inhibit adoption of our technology, which could harm our business. We have not developed an enhanced battery for use in devices with our technology, and our ability to enable use of our technology with devices that require an enhanced battery will depend on our ability to develop a commercial version of such a battery that could be manufactured at a reasonable cost. If a commercially practicable enhanced battery of this nature is not developed, our business could be harmed, and we may need to change our strategy and target markets.

***Laboratory conditions differ from field conditions, which could reduce the effectiveness of our technology under development or other future products. Failures to move from laboratory to the field effectively would harm our business.***

When used in the field, our technology may not perform as expected based on performance under controlled laboratory conditions. For example, in the case of distance charging, a laboratory configuration of transmission obstructions will be arranged for testing, but in consumer use receivers may be obstructed in many different and unpredictable ways. These conditions may significantly diminish the power received at the receiver or the effective range of the transmitter. The failure of products using our technology to meet the expectations of users in the field could harm our business.

***Safety concerns and legal action by private parties may affect our business.***

We believe that our technology is safe. However, it is possible that we could discover safety issues with our technology or that third-parties may raise concerns relating to RF-based charging in a similar manner as has occurred with some other wireless technologies as they were put into residential and commercial use, such as the safety concerns that were raised by some regarding the use of cellular telephones and other devices to transmit data wirelessly in close proximity to the human body. In addition, while we believe our technology is safe, users of our technology under development or other future products who suffer from medical ailments may blame the use of products incorporating our technology for the triggering or worsening of those ailments, as occurred with a small number of users of cellular telephones. A discovery of safety issues relating to our technology could have a material adverse effect on our business and any legal action against us claiming that our technology caused harm could be expensive, divert management attention and adversely affect us or cause our business to fail, whether or not such legal actions were ultimately successful.

***Our industry is subject to intense competition and rapid technological change, which may result in technology that is superior to ours. If we do not keep pace with changes in the marketplace and the direction of technological innovation and customer demands, our technology and products may become less useful or obsolete and our operating results will suffer.***

The consumer electronics industry in general, and the charging segments in particular, are subject to intense competition and rapidly evolving technologies. Because products incorporating our technology are expected to have long development cycles, we must anticipate changes in the marketplace and the direction of technological innovation and customer demands. To compete successfully, we will need to demonstrate the advantages of our products and technologies over established alternatives and other emerging methods of power delivery. Traditional wall plug-in recharging remains an inexpensive alternative to our technology. Directly competing technologies such as inductive charging, magnetic resonance charging, conductive charging, ultrasound and other yet unidentified solutions may have greater consumer acceptance than the technology we have developed. Furthermore, some competitors may have greater resources than we have and may be better established in the market than we are. We cannot be certain which other companies may have already decided to or may in the future choose to enter our markets. For example, consumer electronics products companies may invest substantial resources in wireless power or other recharging technologies and may decide to enter our target markets. Successful developments of competitors that result in new approaches for recharging could reduce the attractiveness of our products and technologies or render them obsolete.



Our future success will depend in large part on our ability to establish and maintain a competitive position in current and future technologies. Rapid technological development may render our technology or future products based on our technology obsolete. Many of our competitors have more corporate, financial, operational, sales and marketing resources than we have, as well as more experience in research and development. We cannot assure you that our competitors will not develop or market technologies that are more effective or commercially attractive than our products or that would render our technologies and products obsolete. We may not have the financial resources, technical expertise, marketing, distribution or support capabilities to compete successfully in the future. Our success will depend in large part on our ability to maintain a competitive position with our technologies.

Our competitive position also depends on our ability to:

- generate widespread awareness, acceptance and adoption by the consumer and enterprise markets of our technology under development and future products;
- design a product that may be sold at an acceptable price point;
- develop new or enhanced technologies or features that improve the convenience, efficiency, safety or perceived safety, and productivity of our technology under development and future products;
- properly identify customer needs and deliver new products or product enhancements to address those needs;
- limit the time required from proof of feasibility to routine production;
- limit the timing and cost of regulatory approvals;
- attract and retain qualified personnel;
- protect our inventions with patents or otherwise develop proprietary products and processes; and
- secure sufficient capital resources to expand both our continued research and development, and sales and marketing efforts.

If our technology does not compete well based on these or other factors, our business could be harmed.

***Our business is subject to data security risks, including security breaches.***

We collect, process, store and transmit substantial amounts of information, including information about our customers. We take steps to protect the security and integrity of the information we collect, process, store and transmit, but there is no guarantee that inadvertent or unauthorized use or disclosure will not occur or that third parties will not gain unauthorized access to this information despite such efforts. Security breaches, computer malware, computer hacking attacks and other compromises of information security measures have become more prevalent in the business world and may occur on our systems or those of our vendors in the future. Large Internet companies and websites have from time to time disclosed sophisticated and targeted attacks on portions of their websites, and an increasing number have reported such attacks resulting in breaches of their information security. We and our third-party vendors are at risk of suffering from similar attacks and breaches. Although we take steps to maintain confidential and proprietary information on our information systems, these measures and technology may not adequately prevent security breaches and we rely on our third-party vendors to take appropriate measures to protect the security and integrity of the information on those information systems. Because techniques used to obtain unauthorized access to or to sabotage information systems change frequently and may not be known until launched against us, we may be unable to anticipate or prevent these attacks. In addition, a party that is able to illicitly obtain a customer's identification and password credentials may be able to access our customer's accounts and certain account data.

Any actual or suspected security breach or other compromise of our security measures or those of our third-party vendors, whether as a result of hacking efforts, denial-of-service attacks, viruses, malicious software, break-ins, phishing attacks, social engineering or otherwise, could harm our reputation and business, damage our brand and make it harder to retain existing customers or acquire new ones, require us to expend significant capital and other resources to address the breach, and result in a violation of applicable laws, regulations or other legal obligations. Our insurance policies may not be adequate to reimburse us for direct losses caused by any such security breach or indirect losses due to resulting customer attrition.

We rely on email and other electronic means on communication to connect with our existing and potential customers. Our customers may be targeted by parties using fraudulent spoofing and phishing emails to misappropriate passwords, payment information or other personal information or to introduce viruses through Trojan horse programs or otherwise through our customers' computers, smartphones, tablets or other devices. Despite our efforts to mitigate the effectiveness of such malicious email campaigns through product improvements, spoofing and phishing may damage our brand and increase our costs. Any of these events or circumstances could materially adversely affect our business, financial condition and operating results.

*Our strategic relationship with Dialog Semiconductor, a provider of electronics products, has been terminated, and there can be no assurance that we will find a suitable replacement or be able to conduct the same activities internally.*

We were historically party to a strategic alliance agreement with Dialog Semiconductor, a provider of electronics products, pursuant to which we licensed our WattUp technology to Dialog and it became the exclusive provider of our technology. In November 2021, we were informed that Dialog Semiconductor was acquired by the Japanese chipmaker, Renesas Electronics, and that Dialog, under the control of Renesas Electronics would not be continuing our relationship. We have been developing our own internal capabilities, as well as developing a network of contract manufacturers and as a result of the termination we will be enhancing those capabilities. However, such development may take time which could result in manufacturing delays, increases in manufacturing or sales costs or reduced revenues.

### **Risks Related to Our Intellectual Property and Other Legal Risks**

*It is difficult and costly to protect our intellectual property and our proprietary technologies, and we may not be able to ensure their protection.*

Our success depends significantly on our ability to obtain, maintain and protect our proprietary rights to the technologies used in products incorporating our technologies. Patents and other proprietary rights provide uncertain protections, and we may be unable to protect our intellectual property. For example, we may be unsuccessful in defending our patents and other proprietary rights against third party challenges. If we do not have the resources to defend our intellectual property, the value of our intellectual property and our licensed technology will decline. In addition, some companies that integrate our technology into their products may acquire rights in the technology that limit our business or increase our costs. If we are not successful in protecting our intellectual property effectively, our financial results may be adversely affected and the price of our common stock could decline.

***We depend upon a combination of patent, trade secrets, copyright and trademark laws to protect our intellectual property and technology.***

We rely on a combination of patents, trade secrets, copyright and trademark laws, nondisclosure agreements and other contractual provisions and technical security measures to protect our intellectual property rights. These measures may not be adequate to safeguard our technology. If they do not protect our rights adequately, third parties could use our technology, and our ability to compete in the market would be reduced. Although we are attempting to obtain patent coverage for our technology where available and where we believe appropriate, there are aspects of the technology for which patent coverage may never be sought or received. We may not possess the resources to or may not choose to pursue patent protection outside the United States or any or every country other than the United States where we may eventually decide to sell our future products. Our ability to prevent others from making or selling duplicate or similar technologies will be impaired in those countries in which we would have no patent protection. Although we have patent applications on file in the United States and elsewhere, the patents might not issue, might issue only with limited coverage, or might issue and be subsequently successfully challenged by others and held invalid or unenforceable.

Similarly, even if patents are issued based on our applications or future applications, any issued patents may not provide us with any competitive advantages. Competitors may be able to design around our patents or develop products that provide outcomes comparable or superior to ours. Our patents may be held invalid or unenforceable as a result of legal challenges or claims of prior art by third parties, and others may challenge the inventorship or ownership of our patents and pending patent applications. In addition, if we secure protection in countries outside the United States, the laws of some foreign countries may not protect our intellectual property rights to the same extent as do the laws of the United States. In the event a competitor infringes upon our patent or other intellectual property rights, enforcing those rights may be difficult and time consuming. Even if successful, litigation to enforce our intellectual property rights or to defend our patents against challenge could be expensive and time consuming and could divert our management's attention. We may not have sufficient resources to enforce our intellectual property rights or to defend our patents against a challenge.

Our strategy is to deploy our technology into the market by licensing patent and other proprietary rights to third parties and customers. Disputes with our licensees may arise regarding the scope and content of these licenses. Further, our ability to expand into additional fields with our technologies may be restricted by existing licenses or licenses we may grant to third parties in the future.

The policies we use to protect our trade secrets might not be effective in preventing misappropriation of our trade secrets by others. In addition, confidentiality agreements executed by our customers, employees, consultants and advisors might not be enforceable or might not provide meaningful protection for our trade secrets or other proprietary information in the event of unauthorized use or disclosure. Litigating a trade secret claim is expensive and time consuming, and the outcome is unpredictable. Moreover, our competitors may independently develop equivalent knowledge methods and know-how. If we are unable to protect our intellectual property rights, we may be unable to prevent competitors from using our own inventions and intellectual property to compete against us, and our business may be harmed.

***We may be subject to patent infringement or other intellectual property lawsuits that could be costly to defend.***

Because our industry is characterized by competing intellectual property, we may become involved in litigation based on claims that we have violated the intellectual property rights of others. Determining whether a product infringes a patent involves complex legal and factual issues, and the outcome of patent litigation actions is often uncertain. No assurance can be given that third party patents containing claims covering our products, parts of our products, technology or methods do not exist, have not been filed, or could not be filed or issued. Because of the number of patents issued and patent applications filed in our technical areas or fields (including some pertaining specifically to wireless charging technologies), our competitors or other third parties may assert that our products and technology and the methods we employ in the use of our products and technology are covered by United States or foreign patents held by them. In addition, because patent applications can take many years to issue and because publication schedules for pending applications vary by jurisdiction, there may be applications now pending which may result in issued patents that our technology under development or other future products would infringe. Also, because the claims of published patent applications can change between publication and patent grant, there may be published patent applications that may ultimately issue with claims that we infringe. There could also be existing patents that one or more of our technologies, products or parts may infringe and of which we are unaware. As the number of competitors in the market for wire-free power and alternative recharging solutions increases, and as the

number of patents issued in this area grows, the possibility of patent infringement claims against us increases. Some of our competitors may be able to sustain the costs of complex patent litigation more effectively than we can because they have substantially greater resources. In addition, any uncertainties resulting from the initiation and continuation of any litigation could have a material adverse effect on our ability to raise the funds necessary to continue our operations.

If we become subject to a patent infringement or other intellectual property lawsuit and if the relevant patents or other intellectual property are upheld as valid and enforceable and we are found to have infringed or violated the terms of a license to which we are a party, we could be prevented from selling any infringing products of ours unless we could obtain a license or were able to redesign the product to avoid infringement. If we are unable to obtain a license or successfully redesign, we might be prevented from selling our technology under development or other future products. If there is a determination that we have infringed the intellectual property rights of a competitor or other person, we may be required to pay damages, pay a settlement, or pay ongoing royalties, or be enjoined. In these circumstances, we may be unable to sell our products or license our technology at competitive prices or at all, and our business and operating results could be harmed.

*We could become subject to product liability claims, product recalls, and warranty claims that could be expensive, divert management's attention and harm our business.*

Our business exposes us to potential liability risks that are inherent in the marketing and sale of products used by consumers. We may be held liable if our technology causes injury or death or is found otherwise unsuitable. While we believe our technology is safe, users could allege or possibly prove defects (some of which could be alleged or proved to cause harm to users or others) because we design our technology to perform complex functions involving RF energy, possibly in close proximity to users. A product liability claim, regardless of its merit or eventual outcome, could result in significant legal defense costs. The coverage limits of the insurance policies we may choose to purchase to cover related risks may not be adequate to cover future claims. If sales of products incorporating our technology increase or we suffer future product liability claims, we may be unable to maintain product liability insurance in the future at satisfactory rates or with adequate amounts. A product liability claim, any product recalls or excessive warranty claims, whether arising from defects in design or manufacture or otherwise, could negatively affect our sales or require a change in the design or manufacturing process, any of which could harm our reputation, harm our relationship with licensors of our products, result in a decline in revenue and harm our business.

In addition, if a product that we or a strategic partner design is defective, whether due to design or manufacturing defects, improper use of the product or other reasons, we or our strategic partner may be required to notify regulatory authorities and/or to recall the product. A required notification to a regulatory authority or recall could result in an investigation by regulatory authorities into the products incorporating our technology, which could in turn result in required recalls, restrictions on the sale of such products or other penalties. The adverse publicity resulting from any of these actions could adversely affect the perceptions of our customers and potential customers. These investigations or recalls, especially if accompanied by unfavorable publicity, could result in our incurring substantial costs, losing revenues and damaging our reputation, each of which would harm our business.

*If we are not able to secure advantageous license agreements for our technology, our business and results of operations will be adversely affected.*

We pursue the licensing of our technology as a primary means of revenue generation. Creating a licensing business relationship often takes substantial effort, as we expect to have to convince the counterparty of the efficacy of our technology, meet design and manufacturing requirements, satisfy marketing and product needs, and comply with selection, review, and contracting requirements. There can be no assurance that we will be able to gain access to potential licensing partners, or that they will ultimately decide to integrate our technology with their products. We may not be able to secure license agreements with customers on advantageous terms, and the timing and volume of revenue earned from license agreements will be outside of our control. If the license agreements we enter into do not prove to be advantageous to us, our business and results of operations will be adversely affected.

#### **Risks Related to Regulation of Our Business**

*Domestic and international regulators may deny approval for our technology, and future legislative or regulatory changes may impair our business.*

Our charging technology involves power transmission using radio frequency (RF) energy, which is subject to regulation by the Federal Communications Commission in the United States and by comparable regulatory agencies worldwide. It may also be subject to regulation by other agencies. Regulatory concerns include whether human exposure to radio frequency emissions falls below specified thresholds. Higher levels of exposure require separate approval. For example, transmitting more power over a certain distance or transmitting power over a greater distance may require separate regulatory approvals. In addition, we design our technology to operate in a RF band that is also used for Wi-Fi routers and other wireless consumer electronics, and we also design it to operate at different frequencies as demanded for some customer applications. Applications at different frequencies may require separate regulatory approvals. Efforts to obtain regulatory approval for devices using our technology are costly and time consuming, and there can be no assurance that requisite regulatory approvals will be forthcoming. If approvals are not obtained in a timely and cost-efficient manner, our business and operating results could be materially adversely affected. In addition, legal or regulatory developments could impose additional restrictions or costs on us that could require us to redesign our technology or future products, or that are difficult or impracticable to comply with, all of which would adversely affect our revenues and financial results.

## **Risks Related to Personnel**

***We are highly dependent on key members of our executive management team. Our inability to retain these individuals could impede our business plan and growth strategies, which could have a negative impact on our business and the value of your investment.***

Our ability to implement our business plan depends, to a critical extent, on the continued efforts and services of a very small number of key executives. If we lose the services of any of these persons, we could be required to expend significant time and money in the pursuit of replacements, which may result in a delay in the implementation of our business plan and plan of operations. If necessary, we can give no assurance that we could find satisfactory permanent replacements for these individuals at all or on terms that would not be unduly expensive or burdensome to us. We do not currently carry any key-person life insurance that would help us recoup our costs in the event of the death or disability of any of these executives.

***Our success and growth depend on our ability to attract, integrate and retain high-level engineering talent.***

Because of the highly specialized and complex nature of our business, our success depends on our ability to attract, hire, train, integrate and retain high-level engineering talent. Competition for such personnel is intense because we compete for talent against many large profitable companies and our inability to adequately staff our operations with highly qualified and well-trained engineers could render us less efficient and impede our ability to develop and deliver a commercial product. Such a competitive market could put upward pressure on labor costs for engineering talent. We may incur significant costs to attract and retain highly qualified talent, and we may lose new employees to our competitors or other technology companies before we realize the benefit of our investment in recruiting and training them. Volatility or lack of performance in our stock price may also affect our ability to attract and retain qualified personnel.

***We are subject to risks associated with our utilization of engineering consultants.***

To improve productivity and accelerate our development efforts while we build out our own engineering team, we may use experienced consultants to assist in selected development projects. We take steps to monitor and regulate the performance of these independent third parties. However, arrangements with third party service providers may make our operations vulnerable if these consultants fail to satisfy their obligations to us as a result of their performance, changes in their own operations, financial condition, or other matters outside of our control. Effective management of our consultants is important to our business and strategy. The failure of our consultants to perform as anticipated could result in substantial costs, divert management's attention from other strategic activities, or create other operational or financial problems for us. Terminating or transitioning arrangements with key consultants could result in additional costs and a risk of operational delays, potential errors and possible control issues as a result of the termination or during the transition.

## Risks Related to Ownership of Our Common Stock

*We are a “smaller reporting company,” and the reduced disclosure requirements applicable to smaller reporting companies could make our common stock less attractive to investors.*

We are a “smaller reporting company,” meaning that we are not an investment company, an asset-backed issuer, or a majority-owned subsidiary of a parent company that is not a “smaller reporting company,” and have either: (i) a public float of less than \$250 million or (ii) annual revenues of less than \$100 million during the most recently completed fiscal year and a public float of less than \$700 million. As a “smaller reporting company,” we are subject to reduced disclosure obligations in our SEC filings compared to other issuers, including with respect to disclosure obligations regarding executive compensation in our periodic reports and proxy statements. Until such time as we cease to be a “smaller reporting company,” such reduced disclosure in our SEC filings may make it harder for investors to analyze our operating results and financial prospects.

If some investors find our common stock less attractive as a result of any choices to reduce future disclosure we may make, there may be a less active trading market for our common stock and our stock price may be more volatile.

*If we are unable to maintain effective internal control over financial reporting, investors may lose confidence in the accuracy of our financial reports.*

As a public company, we are required to maintain internal control over financial reporting and to report any material weaknesses in such internal controls. Although our management has determined that our internal control over financial reporting was effective as of December 31, 2021, we cannot assure you that we will not identify any material weakness in our internal control in the future.

We qualify as a “smaller reporting company” under new SEC rules such that we are not required to file an auditor attestation report. If we experience a material weakness in our internal controls, we may fail to detect errors in our financial accounting, which may require a financial statement restatement or otherwise harm our operating results, cause us to fail to meet our SEC reporting obligations or listing requirements of The Nasdaq Stock Market, or Nasdaq, adversely affect our reputation, cause our stock price to decline or result in inaccurate financial reporting or material misstatements in our annual or interim financial statements. Further, if there are material weaknesses or failures in our ability to meet any of the requirements related to the maintenance and reporting of our internal controls over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports and that could cause the price of our common stock to decline. We could become subject to investigations by Nasdaq, the SEC or other regulatory authorities, which could require additional management attention and which could adversely affect our business.

In addition, our internal control over financial reporting will not prevent or detect all errors and fraud. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected.

*You might lose all or part of your investment.*

Investing in our common stock involves a high degree of risk. As an investor, you might never recoup all, or even part of, your investment and you may never realize any return on your investment. You must be prepared to lose all your investment.

*Our stock price is likely to continue to be volatile.*

The market price of our common stock has fluctuated significantly since our initial public offering in 2014. The price of our common stock is likely to continue to fluctuate significantly in response to many factors that are beyond our control, including:

- regulatory announcements;
- actual or anticipated variations in operating results;

- general economic conditions and perceptions of future economic growth prospectus in the economy at large, including as a result of the impact of the COVID-19 pandemic, including in particular the “delta” and “omicron” variants or global economic repercussions such as the Russia-Ukraine conflict and sanctions imposed by the United States and other countries;
- the limited number of holders of our common stock;
- changes in the economic performance and/or market valuations of other technology companies;
- our announcements of significant strategic partnerships, regulatory developments and other events;
- announcements by other companies in our industry;
- articles published or rumors circulated by third parties regarding our business, technology or development partners;
- additions or departures of key personnel; and
- sales or other transactions involving our capital stock.

***We have not paid dividends in the past and have no immediate plans to pay dividends.***

We plan to reinvest all of our earnings, to the extent we have earnings, in order to market our products and technology and to cover operating costs and to otherwise become and remain competitive. We do not plan to pay any cash dividends with respect to our securities in the foreseeable future. We cannot assure you that we would, at any time, generate sufficient surplus cash that would be available for distribution to the holders of our common stock as a dividend.

***We expect to continue to incur significant costs as a result of being a public reporting company and our management will be required to devote substantial time to meet our compliance obligations.***

As a public reporting company, we incur significant legal, accounting and other expenses. We are subject to reporting requirements of the Securities Exchange Act of 1934, as amended, and rules subsequently implemented by the Securities and Exchange Commission that require us to establish and maintain effective disclosure controls and internal controls over financial reporting, as well as some specific corporate governance practices. Our management and other personnel are expected to devote a substantial amount of time to compliance initiatives associated with our public reporting company status. Those costs can be expected to increase as we emerged from emerging growth company status and will increase significantly if we no longer qualify as a smaller reporting company.

***We may be subject to securities litigation, which is expensive and could divert management attention.***

Our stock price has fluctuated in the past, reacting to news such as our past announcements of FCC approvals and it may be volatile in the future. In the past, companies that have experienced volatility in the market price of their securities have been subject to securities class action litigation, and we may be the target of litigation of this sort in the future. Securities litigation is costly and can divert management attention from other business concerns, which could seriously harm our business and the value of your investment in our company.

***Our ability to use Federal net operating loss carry forwards to reduce future tax payments may be limited if our taxable income does not reach sufficient levels.***

As of December 31, 2021, we had a Federal net operating loss (“NOL”) carryforward of approximately \$241,988,000. Under the U.S. Tax Code, NOLs arising in tax years ending on or before December 31, 2017 can generally be carried forward to offset future taxable income for a period of 20 years, and NOLs arising in tax years ending after December 31, 2017 can generally be carried forward indefinitely. Our ability to use our NOLs will be dependent on our ability to generate taxable income, and the NOLs that arose in tax years ending on or before December 31, 2017 could expire before we generate sufficient taxable income to take advantage of the NOLs. As of December 31, 2021, based on our history of operating losses it is possible that a portion of our NOLs will not be fully realizable.



***Our charter documents and Delaware law may inhibit a takeover that stockholders consider favorable.***

Provisions of our certificate of incorporation and bylaws, and applicable Delaware law, may delay or discourage transactions involving an actual or potential change in control or change in our management, including transactions in which stockholders might otherwise receive a premium for their shares, or transactions that our stockholders might otherwise deem to be in their best interests. The provisions in our certificate of incorporation and bylaws:

- authorize our board of directors to issue preferred stock without stockholder approval and to designate the rights, preferences and privileges of each class; if issued, such preferred stock would increase the number of outstanding shares of our capital stock and could include terms that may deter an acquisition of us;
- limit who may call stockholder meetings;
- do not permit stockholders to act by written consent;
- do not provide for cumulative voting rights; and
- provide that all vacancies may be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum.

In addition, Section 203 of the Delaware General Corporation Law may limit our ability to engage in any business combination with a person who beneficially owns 15% or more of our outstanding voting stock unless certain conditions are satisfied. This restriction lasts for a period of three years following the share acquisition. These provisions may have the effect of entrenching our management team and may deprive you of the opportunity to sell your shares to potential acquirers at a premium over prevailing prices. This potential inability to obtain a control premium could reduce the price of our common stock.

**General Risk Factors**

***An active trading market for our common stock may not be maintained.***

Our stock is currently traded on Nasdaq, but we can provide no assurance that we will be able to maintain an active trading market on Nasdaq or any other exchange in the future, including if we no longer meet the applicable listing standards of Nasdaq. If an active market for our common stock is not maintained, or if we no longer qualify to be listed on Nasdaq, it may be difficult for our stockholders to sell or purchase shares on such a national securities exchange, or otherwise. An inactive market may also impair our ability to raise capital to continue to fund operations by selling shares and impair our ability to acquire other companies or technologies by using our shares as consideration.

***If securities or industry analysts do not publish research or reports about our business, or publish negative reports about our business, our stock price and trading volume could decline.***

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. There can be no assurance that analysts will continue to cover us or provide favorable coverage. If one or more of the analysts who cover us downgrade our stock or change their opinion of our stock, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our stock price or trading volume to decline.

**Item 1B. Unresolved Staff Comments**

Not applicable.

**Item 2. Properties**

In 2014, we entered into a lease agreement for our corporate headquarters located at Northpointe Business Center, 3590 North First Street in San Jose, California. A new lease on this same property was signed in July 2019 for a term of three years starting from October 1, 2019. This space, with a total of 21,188 square feet, is used for our headquarters and for research and development efforts. In September 2021, we entered into a lease agreement for office space in Costa Mesa, CA which is utilized by our engineers residing in Southern California, starting from October 1, 2021 and has a total of 1,387 square feet.

**Item 3. 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 or financial conditions. We may, however, be subject to various claims and legal actions arising in the ordinary course of business from time to time.

**Item 4. Mine Safety Disclosures**

Not applicable.

## PART II

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

#### Market Information for Common Stock

Our common stock began trading on The Nasdaq Stock Market under the symbol "WATT" on March 31, 2014. Prior to that date, there was no public trading market for our common stock.

#### Holders of Record

As of March 10, 2022, there were 11 stockholders of record of our common stock, and we believe we have significantly more beneficial holders of our common stock.

#### Dividend Policy

We have never paid cash dividends on our securities and we do not anticipate paying any cash dividends on our shares of common stock in the foreseeable future. We intend to retain any future earnings for reinvestment in our business. Any future determination to pay cash dividends will be at the discretion of our board of directors, and will be dependent upon our financial condition, results of operations, capital requirements and such other factors as our board of directors deems relevant.

#### Securities Authorized for Issuance under Equity Compensation Plans

The information regarding the securities authorized for issuance under our equity compensation plans will be included in an amendment to this Annual Report on Form 10-K or incorporated by reference from our Proxy Statement to be filed with the SEC for our 2022 Annual Meeting of Stockholders.

#### Item 6. Reserved

## **Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

### **Overview**

We have developed our WattUp® wireless power technology, consisting of semiconductor chipsets, software controls, hardware designs and antennas, that enables radio frequency (“RF”) based charging for electronic devices. The WattUp technology has a broad spectrum of capabilities to enable the next generation of wireless power networks, delivering power and data in a seamless device portfolio. This includes near field and at-a-distance wireless charging with multiple power levels at various distances. We believe our WattUp technologies will help facilitate the deployment of the growing IoT applications. According to the recent report of the International Data Corporation, or the IDC, titled “Worldwide Global DataSphere IoT Device and Data Forecast, 2021–2025,” the IoT market is forecasted to grow to 39.3 billion devices by 2025. The initial IoT applications that we are targeting are in the area of RF tags and electronic shelf labeling (“ESL”) for retail, industrial and healthcare markets.

We believe our technology is innovative in its approach, in that we are developing solutions that charge electronic devices using RFTo-date, we have developed multiple transmitters and receivers, including prototypes as well as partner production designs. The transmitters vary based on form factor, power specifications and frequencies, while the receivers support a myriad of applications including Bluetooth tracking tags, IoT sensors, ESLs, beacons, stock management devices, security cameras, handheld devices, smart automation, wearables, hearables, and more.

The first end product featuring our technology entered the market in 2019. We started shipping our first at-a-distance WattUp PowerBridge enabled transmitters for commercial IoT applications in the fourth quarter of 2021, and we expect additional WattUp-enabled products to be announced as we move our business forward.

### **Impact of COVID-19 on Our Business**

We are monitoring the ongoing effects of COVID-19 (including continued outbreaks) and the related business and travel restrictions and changes to behavior intended to reduce its spread, and its impact on our operations, financial position, cash flows, inventory, supply chains, global regulatory approvals, purchasing trends, customer payments, and the industry in general, in addition to the impact on our employees.

The COVID-19 pandemic has delayed adoption of our technology by potential customers who have experienced workforce and supply chain disruptions, and who continue to evaluate their future prospects and business models, including partnerships with us. Further delays in this or other products could result from the ongoing pandemic. We have implemented moderated work-from-home policies for our employees that will likely be in place through the end of 2022 and possibly longer. Due to the continuing developments and fluidity of this situation, the magnitude and duration of the pandemic and its impact on our operations and liquidity, mainly due to supply chain shortages, are still uncertain as of the date of this report.

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

The following discussion and analysis of financial condition and results of operations is based upon our financial statements, which have been prepared in conformity with accounting principles generally accepted in the United States of America. Certain accounting policies and estimates are particularly important to the understanding of our financial position and results of operations and require the application of significant judgment by our management or can be materially affected by changes from period to period in economic factors or conditions that are outside of our control. As a result, they are subject to an inherent degree of uncertainty. In applying these policies, our management uses their judgment to determine the appropriate assumptions to be used in the determination of certain estimates. Those estimates are based on our historical operations, our future business plans and projected financial results, the terms of existing contracts, our observance of trends in the industry, information provided by our customers and information available from other outside sources, as appropriate. Please see Note 3 to our financial statements for a more complete description of our significant accounting policies.

*Basis of Presentation.* The accompanying audited financial statements and footnotes for the years ended December 31, 2021 and 2020 have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") and applicable rules and regulations of the SEC regarding financial information.

*Revenue Recognition.* We follow Accounting Standards Update No. 2014-09, "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 a 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 in the contract.
5. Recognize revenue when the performance obligations are met or delivered.

Our revenue primarily consists of product development projects revenue. We also provided contract services revenue for Dialog in 2020.

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 a point in time based on when 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. We record the expenses related to these product development projects in research and development expense, in the periods such expenses were incurred.

We recognized contract services revenue from Dialog over a period of time as the services are performed. The costs associated with this revenue were recognized as the services were performed and were included in cost of services revenue.

During 2021 and 2020, we recorded revenue of \$756,793 and \$327,350, respectively.

*Research and Development.* Research and development expenses are charged to operations as incurred. For internally developed patents, all patent application costs are expensed as incurred as research and development expense. Patent application costs, generally legal costs, are expensed as research and development costs until such time as the future economic benefits of such patents become more certain. Also included in research and development costs are payroll costs and stock-based compensation for employees within the department. We incurred research and development costs of \$20,572,580 and \$17,066,122 for 2021 and 2020, respectively.

*Income Taxes.* We recognize deferred tax assets and liabilities for the expected future tax consequences of items that have been included in or excluded from our financial statements or tax returns. Deferred tax assets and liabilities are determined on the basis of the difference between the tax basis of assets and liabilities and their respective financial reporting amounts ("temporary differences") at enacted tax rates in effect for the years in which the temporary differences are expected to reverse.

For 2021 and 2020, we had \$13,820,144 and \$12,848,719, respectively, of research and development expenses capitalized for federal income tax purposes, with amortization commencing upon our receiving an economic benefit from the related research. As of December 31, 2021, we had approximately \$241,988,000 gross federal net operating loss carryforwards ("NOLs") and federal and state research and development tax credit carryforwards of approximately \$5,748,000 and \$4,718,000, respectively. As of December 31, 2021 and 2020, deferred tax assets consisted principally of net operating loss and tax credit carryforwards, the research and development costs and stock-based compensation, and such deferred tax assets were fully reserved. Accordingly, our effective tax rate for 2021 and 2020 was nil.

Internal Revenue Code Section 382 imposes limitations on the use of net operating loss carryforwards when the stock ownership of one or more 5% stockholders (stockholders owning 5% or more of our outstanding capital stock) has increased on a cumulative basis by more than 50 percentage points. Accordingly, an ownership change could trigger a limitation of the use of the loss carryforward. We completed a Section 382 analysis as of December 31, 2021 and determined that none of our federal net operating loss carryforwards or federal research and development tax credits are limited.

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that all or some portion of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the future generation of taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and taxing strategies in making this assessment. Based on this assessment, management has established a full valuation allowance against all of the net deferred tax assets for each period, since it is more likely than not that all of the deferred tax assets will not be realized.

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 our tax returns that do not meet these recognition and measurement standards. As of December 31, 2021 and 2020, no liability for unrecognized tax benefits was required to be reported. The guidance also discusses the classification of related interest and penalties on income taxes. Our policy is to record interest and penalties on uncertain tax positions as a component of income tax expense. No interest or penalties were recorded for 2021 and 2020.

## **Results of Operations**

### ***Operating Expenses***

Research and development expenses include costs associated with our efforts to develop our technology, including personnel compensation, consulting, engineering supplies and components, intellectual property costs, 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.

### ***For the Years Ended December 31, 2021 and 2020***

*Revenues.* During 2021 and 2020, we recorded revenue of \$756,793 and \$327,350, respectively. The increase in revenue is primarily from an increase in non-recurring engineering revenue and the sales of transmitters.

*Operating Expenses and loss from operations.* Operating expenses are made up of research and development, sales and marketing, general and administrative expenses and cost of services revenue. Operating expenses for 2021 and 2020 were \$42,189,578 and \$32,226,514, respectively.

*Research and Development Expenses.* Research and development costs for 2021 and 2020 were \$20,572,580 and \$17,066,122, respectively. The \$3,506,458 increase in research and development expenses is primarily due to a \$2,642,449 increase in compensation, primarily due to a \$2,649,581 increase in stock-based compensation from PSU awards being granted and earned, an \$825,569 increase in engineering supplies, components and chip development due to project timing, a \$132,309 increase in regulatory testing and a \$116,125 increase in consulting and third-party services expense, partially offset by a \$126,552 decrease in rent expense and a \$116,810 decrease in depreciation expense.

*Sales and Marketing Expenses.* Sales and marketing expenses for 2021 and 2020 were \$8,598,343 and \$5,880,350, respectively. The \$2,717,993 increase in sales and marketing expenses is primarily due to a \$2,167,906 increase in compensation, consisting of a \$1,594,508 increase in stock-based compensation from PSU awards being granted and earned and a \$573,398 increase in payroll costs from a higher headcount within the department, a \$194,579 increase in marketing and promotional costs, a \$118,394 increase in legal fees pertaining to marketing and trademarks, a \$77,994 increase in engineering supplies and components used by sales and marketing staff for customer demonstrations and a \$70,163 increase in public relations, consulting and third-party services expense.

*General and Administrative Expenses.* General and administrative costs for 2021 and 2020 were \$9,001,483 and \$9,153,503, respectively. The \$152,020 decrease in general and administrative expense is primarily due to a \$539,218 decrease in compensation, including a \$495,865 decrease in stock-based compensation from equity awards becoming fully vested during the previous year and a \$43,353 decrease in payroll costs, a \$133,516 decrease in accounting and audit fees, an \$87,057 decrease in board stipends and a \$50,547 decrease in annual meeting costs, partially offset by a \$280,900 increase in recruiting expense, a \$247,208 increase in insurance premiums, an \$87,033 increase in general corporate legal fees and a \$44,706 increase in training, dues and subscriptions.

*Severance Expense.* Severance expense for 2021 was \$4,017,172 from the separation agreement of former President and Chief Executive Officer, Stephen Rizzone, consisting of expected cash payments and estimated payroll taxes of \$3,732,178 and stock-based compensation of \$284,994 from the extension of the exercise period for his stock options.

*Cost of Services Revenue.* During 2021 and 2020, we recorded cost of services revenue of \$0 and \$126,539, respectively. These costs were related to our contract services performed for Dialog.

*Loss from Operations.* Loss from operations for 2021 and 2020 was \$41,432,785 and \$31,899,164, respectively.

*Interest Income.* Interest income for 2021 was \$5,492, compared to \$71,212 for 2020, primarily due to lower interest rates for the savings account.

*Net Loss.* As a result of the above, net loss for 2021 was \$41,427,293, compared to \$31,832,086 for 2020.

### ***Liquidity and Capital Resources***

During 2021 and 2020, we recorded revenue of \$756,793 and \$327,350, respectively. We incurred a net loss of \$41,427,293 and \$31,832,086 for 2021 and 2020, respectively. Net cash used in operating activities was \$28,720,389 and \$24,791,545 for 2021 and 2020, respectively. We are currently meeting our liquidity requirements through the proceeds of securities offerings that raised net proceeds of \$53,556,202 during 2020 and \$27,043,751 during the fourth quarter of 2021, proceeds from contributions to the employee stock purchase plan ("ESPP"), along with payments received from customers.

We believe our current cash on hand, together with anticipated revenues, will be sufficient to fund our operations through March 2023. Although we intend to continue our research and development activities, there can be no assurance that our available resources will be sufficient to enable us to generate revenues sufficient to sustain operations. Accordingly, we may 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 would be available on terms that we would find acceptable, or at all.

During 2021, cash flows used in operating activities were \$28,720,389, consisting of a net loss of \$41,427,293, less non-cash expenses aggregating \$12,874,593 (representing principally stock-based compensation of \$11,931,188, decrease in right-of-use lease assets of \$674,306 and depreciation and amortization expense of \$258,249), a \$733,473 decrease in operating lease liabilities, a \$238,184 increase in prepaid expenses and other current assets and a \$218,602 increase in accounts receivable, partially offset by a \$975,439 increase in accrued severance expense and a \$109,118 increase in accounts payable. During 2020, cash flows used in operating activities were \$24,791,545, consisting of a net loss of \$31,832,086, less non-cash expenses aggregating \$9,044,076 (representing principally stock-based compensation of \$7,897,970, decrease in right-of-use lease assets of \$764,285

and depreciation and amortization expense of \$356,310), a \$722,291 decrease in operating lease liabilities, a \$574,680 decrease in accounts payable, a \$486,810 decrease in accrued expenses and a \$186,471 increase in prepaid expenses and other current assets.

During 2021 and 2020, cash flows used in investing activities were \$365,735 and \$136,631, respectively. The cash used in 2021 primarily consisted of the purchases of components to build new testing equipment, new lab equipment purchases, as well as costs incurred for designing a new corporate website. The cash used in 2020 primarily consisted of the purchases of new lab equipment.

During 2021, cash flows provided by financing activities were \$27,427,877, which consisted of \$27,043,751 in net proceeds from the sale of shares of our common stock to the public in an at-the-market (“ATM”) offering and proceeds from contributions to the employee stock purchase program (“ESPP”) of \$384,126. During 2020, cash flows provided by financing activities were \$53,973,748, which consisted of \$53,556,202 in net proceeds from the sale of shares of our common stock to the public in ATM offerings and proceeds from contributions to the employee stock purchase program (“ESPP”) of \$417,546.

Research and development of new technologies is, by its nature, unpredictable. Although we intend to continue our research and undertake development activities, there can be no assurance that our available resources will be sufficient to enable us to generate revenues sufficient to sustain operations.

Furthermore, since we have no committed source of financing, there can be no assurance that we will be able to raise capital as and when we need it to continue our operations.

**Item 7A. Quantitative and Qualitative Disclosures About Market Risk.**

In the ordinary course of business, we may be exposed to certain market risks, such as interest rates. The annual impact of our results of operations of a 100 basis point interest rate change on December 31, 2021 would be minimal. After an assessment of these risks to our operations, we believe that the primary market risk exposures (within the meaning of Regulation S-K Item 305) are not material and are not expected to have any material adverse impact on our financial position, results of operations or cash flows for the next fiscal year.

**Item 8. Financial Statements and Supplementary Data.**



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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of Energous Corporation

### Opinion on the Financial Statements

We have audited the accompanying balance sheets of Energous Corporation (the "Company") as of December 31, 2021 and 2020, the related statements of operations, changes in stockholders' equity and cash flows for each of the two years in the period ended December 31, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

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

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

### Critical Audit Matter

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

### Capital Transactions

#### *Description of the Matter*

As discussed in Note 7 to the financial statements, the Company sold shares and raised net proceeds of \$27,043,751. The Company will rely on these proceeds to fund the Company's operations for the near future.

Based on the significant dollar amount, significant disclosures and use of capital raises to fund its operations, capital transactions is considered to be a critical audit matter.

*How We Addressed the Matter in Our Audit*

The primary procedures we performed to address this critical audit matter included the following. We reviewed terms and provisions of the At Market Issuance Sales Agreement. We tested the net proceeds raised, shares sold to underlying stock transfer documents and confirmed share amounts to stock transfer agent.

/s/ Marcum llp

Marcum llp

We have served as the Company's auditor since 2013.

Melville, NY  
March 22, 2022

**Energous Corporation**  
**BALANCE SHEETS**

|  | As of                |                      |
|--|----------------------|----------------------|
|  | December 31,<br>2021 | December 31,<br>2020 |
| <b>ASSETS</b>  |                      |                      |
| Current assets:  |                      |                      |
| Cash and cash equivalents  | \$ 49,071,414        | \$ 50,729,661        |
| Accounts receivable, net   | 283,602              | 75,850               |
| Prepaid expenses and other current assets  | 874,886              | 636,702              |
| Total current assets   | <u>50,229,902</u>    | <u>51,442,213</u>    |
| Property and equipment, net  | 510,197              | 402,711              |
| Operating right-of-use lease assets  | 618,985              | 1,293,291            |
| Other assets   | 11,991               | 1,610                |
| Total assets   | <u>\$ 51,371,075</u> | <u>\$ 53,139,825</u> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>  |                      |                      |
| Current liabilities:   |                      |                      |
| Accounts payable   | \$ 1,205,957         | \$ 1,096,839         |
| Accrued expenses   | 1,523,317            | 1,576,287            |
| Accrued severance  | 975,439              | —                    |
| Operating lease liabilities, current portion   | 628,307              | 825,431              |
| Deferred revenue   | 13,364               | 12,000               |
| Total current liabilities  | <u>4,346,384</u>     | <u>3,510,557</u>     |
| Long-term liabilities:   |                      |                      |
| Operating lease liabilities, long-term portion   | 40,413               | 576,762              |
| Total liabilities  | <u>4,386,797</u>     | <u>4,087,319</u>     |
| Commitments and contingencies  |                      |                      |
| Stockholders' equity:  |                      |                      |
| Preferred Stock, \$0.00001 par value, 10,000,000 shares authorized at December 31, 2021 and December 31, 2020; no shares issued or outstanding   | —                    | —                    |
| Common Stock, \$0.00001 par value, 200,000,000 shares authorized at December 31, 2021 and December 31, 2020; 76,667,205 and 61,292,412 shares issued and outstanding at December 31, 2021 and December 31, 2020, respectively. | 767                  | 614                  |
| Additional paid-in capital   | 383,383,550          | 344,024,638          |
| Accumulated deficit  | <u>(336,400,039)</u> | <u>(294,972,746)</u> |
| Total stockholders' equity   | <u>46,984,278</u>    | <u>49,052,506</u>    |
| Total liabilities and stockholders' equity   | <u>\$ 51,371,075</u> | <u>\$ 53,139,825</u> |

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

**Energous Corporation**  
**STATEMENTS OF OPERATIONS**

|  | For the Year Ended December 31, |                 |
|--|---------------------------------|-----------------|
|  | 2021                            | 2020            |
| Revenue  | \$ 756,793                      | \$ 327,350      |
| Operating expenses:                                    |                                 |                 |
| Research and development                               | 20,572,580                      | 17,066,122      |
| Sales and marketing                                    | 8,598,343                       | 5,880,350       |
| General and administrative                             | 9,001,483                       | 9,153,503       |
| Severance expense                                      | 4,017,172                       | —               |
| Cost of services revenue                               | —                               | 126,539         |
| Total operating expenses                               | 42,189,578                      | 32,226,514      |
| Loss from operations                                   | (41,432,785)                    | (31,899,164)    |
| Other income (expense):                                |                                 |                 |
| Interest income  | 5,492                           | 71,212          |
| Loss on disposal of property and equipment             | —                               | (4,134)         |
| Total other income                                     | 5,492                           | 67,078          |
| Net loss   | \$ (41,427,293)                 | \$ (31,832,086) |
| Basic and diluted loss per common share                | \$ (0.64)                       | \$ (0.76)       |
| Weighted average shares outstanding, basic and diluted | 64,926,524                      | 41,639,916      |

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

**Energous Corporation**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**

|   | Common Stock |        | Additional<br>Paid-in<br>Capital | Accumulated<br>Deficit | Total<br>Stockholders'<br>Equity |
|---|--------------|--------|----------------------------------|------------------------|----------------------------------|
|   | Shares       | Amount |                                  |                        |                                  |
| Balance, January 1, 2020  | 33,203,806   | \$ 333 | \$ 282,153,201                   | \$ (263,140,660)       | \$ 19,012,874                    |
| Stock-based compensation - restricted stock units ("RSUs")                                      | —            | —      | 7,656,857                        | —                      | 7,656,857                        |
| Stock-based compensation - employee stock purchase plan ("ESPP")                                | —            | —      | 329,461                          | —                      | 329,461                          |
| Stock-based compensation - performance share units ("PSUs")                                     | —            | —      | (88,348)                         | —                      | (88,348)                         |
| Issuance of shares for RSUs   | 1,194,439    | 12     | (12)                             | —                      | —                                |
| Shares purchased from contributions to the ESPP   | 275,312      | 3      | 417,543                          | —                      | 417,546                          |
| Issuance of shares in an at-the-market ("ATM") placement, net of \$ 1,545,139 in issuance costs | 26,618,855   | 266    | 53,555,936                       | —                      | 53,556,202                       |
| Net loss  | —            | —      | —                                | (31,832,086)           | (31,832,086)                     |
| Balance, December 31, 2020  | 61,292,412   | 614    | 344,024,638                      | (294,972,746)          | 49,052,506                       |
| Stock-based compensation - stock options  | —            | —      | 284,994                          | —                      | 284,994                          |
| Stock-based compensation - restricted stock units ("RSUs")                                      | —            | —      | 5,561,698                        | —                      | 5,561,698                        |
| Stock-based compensation - employee stock purchase plan ("ESPP")                                | —            | —      | 252,568                          | —                      | 252,568                          |
| Stock-based compensation - performance share units ("PSUs")                                     | —            | —      | 5,831,928                        | —                      | 5,831,928                        |
| Issuance of shares for RSUs   | 1,431,532    | 14     | (14)                             | —                      | —                                |
| Issuance of shares for PSUs   | 1,420,938    | 14     | (14)                             | —                      | —                                |
| Shares purchased from contributions to the ESPP   | 292,890      | 3      | 384,123                          | —                      | 384,126                          |
| Issuance of shares in an at-the-market ("ATM") placement, net of \$ 868,122 in issuance costs   | 12,229,433   | 122    | 27,043,629                       | —                      | 27,043,751                       |
| Net loss  | —            | —      | —                                | (41,427,293)           | (41,427,293)                     |
| Balance, December 31, 2021  | 76,667,205   | \$ 767 | \$ 383,383,550                   | \$ (336,400,039)       | \$ 46,984,278                    |

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

**Energous Corporation**  
**STATEMENTS OF CASH FLOWS**

|  | For the Year Ended December 31, |                      |
|--|---------------------------------|----------------------|
|  | 2021                            | 2020                 |
| <b>Cash flows from operating activities:</b>                     |                                 |                      |
| Net loss   | \$ (41,427,293 )                | \$ (31,832,086 )     |
| <b>Adjustments to reconcile net loss to:</b>                     |                                 |                      |
| <b>Net cash used in operating activities:</b>                    |                                 |                      |
| Depreciation and amortization                                    | 258,249                         | 356,310              |
| Stock based compensation   | 11,931,188                      | 7,897,970            |
| Change in operating lease right-of-use assets                    | 674,306                         | 764,285              |
| Bad debt expense   | 10,850                          | 21,377               |
| Loss on disposal of property and equipment                       | —                               | 4,134                |
| <b>Changes in operating assets and liabilities:</b>              |                                 |                      |
| Accounts receivable  | (218,602 )                      | (34,083 )            |
| Prepaid expenses and other current assets                        | (238,184 )                      | (186,471 )           |
| Other assets   | (10,381 )                       | 800                  |
| Accounts payable   | 109,118                         | (574,680 )           |
| Accrued expenses   | (52,970 )                       | (486,810 )           |
| Accrued severance expense  | 975,439                         | —                    |
| Operating lease liabilities                                      | (733,473 )                      | (722,291 )           |
| Deferred revenue   | 1,364                           | —                    |
| <b>Net cash used in operating activities</b>                     | <b>(28,720,389 )</b>            | <b>(24,791,545 )</b> |
| <b>Cash flows used in investing activities:</b>                  |                                 |                      |
| Purchases of property and equipment                              | (365,735 )                      | (136,631 )           |
| <b>Net cash used in investing activities</b>                     | <b>(365,735 )</b>               | <b>(136,631 )</b>    |
| <b>Cash flows from financing activities:</b>                     |                                 |                      |
| Net proceeds from an at-the-market ("ATM") offerings             | 27,043,751                      | 53,556,202           |
| Proceeds from contributions to employee stock purchase plan      | 384,126                         | 417,546              |
| <b>Net cash provided by financing activities</b>                 | <b>27,427,877</b>               | <b>53,973,748</b>    |
| <b>Net (decrease) increase in cash and cash equivalents</b>      | <b>(1,658,247 )</b>             | <b>29,045,572</b>    |
| Cash and cash equivalents - beginning                            | 50,729,661                      | 21,684,089           |
| Cash and cash equivalents - ending                               | <u>\$ 49,071,414</u>            | <u>\$ 50,729,661</u> |
| <b>Supplemental disclosure of non-cash financing activities:</b> |                                 |                      |
| Common stock issued for RSUs                                     | \$ 14                           | \$ 12                |
| Common stock issued for PSUs                                     | \$ 14                           | \$ —                 |

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

**ENERGOUS CORPORATION**  
**Notes to Financial Statements**

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

Energous Corporation (the “Company”) was incorporated in Delaware on October 30, 2012. The Company has developed its WattUp® wireless power technology, consisting of proprietary semiconductor chipsets, software controls, hardware designs and antennas, that enables radio frequency (“RF”) based charging for electronic devices. The WattUp technology has a broad spectrum of capabilities, including near field wireless charging and at-a-distance wireless charging at various distances. The Company believes its proprietary WattUp technologies are well suited for many applications, including building and home automation, electronic shelf labels, industrial IoT sensors, surface and implanted medial devices, tracking devices, hearables, wearables, consumer electronics and public safety applications. Potential future applications include smartphones, commercial and industrial robotics, as well as automotive solutions and other devices with charging requirements that would otherwise require battery replacement or a wired power connection.

**Note 2 – Liquidity and Management Plans**

During the years ended December 31, 2021 and 2020, the Company has recorded revenue of \$756,793 and \$327,350, respectively. The Company incurred a net loss of \$41,427,293 and \$31,832,086 for the years ended December 31, 2021 and 2020, respectively. Net cash used in operating activities was \$8,720,389 and \$24,791,545 for the years ended December 31, 2021 and 2020, respectively. The Company is currently meeting its liquidity requirements through the proceeds of securities offerings that raised net proceeds of \$53,556,202 during 2020 and \$27,043,751 during the fourth quarter of 2021, proceeds from contributions to the employee stock purchase plan (“ESPP”), along with payments received from customers.

As of December 31, 2021, the Company had cash on hand of \$49,071,414. The Company expects that cash on hand as of December 31, 2021, together with anticipated revenues, will be sufficient to fund the Company’s operations into March 2023.

Research and development of new technologies is by its nature unpredictable. Although the Company intends to continue its research and development activities, 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 financings, commercial agreements with customers or strategic partners, and other alternatives, depending upon market conditions. There is no assurance that such financing would be available on terms that the Company would find acceptable, or at all.

The market for products using the Company’s technology is broad and evolving, but remains nascent and unproven, 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 financial statements are presented in U.S. dollars and have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), and pursuant to the accounting and disclosure rules and regulations of the U.S. Securities and Exchange Commission (the “SEC”).

***Use of Estimates***

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



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

#### ***Use of Estimates, continued***

The Company's significant estimates and assumptions include the valuation of stock-based compensation instruments, recognition of revenue, the useful lives of long-lived assets and valuation of 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 and Cash Equivalents***

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.

#### ***Revenue Recognition***

The Company follows Accounting Standards Update No. 2014-09, "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 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 the performance obligations are met or delivered.

The Company's revenue primarily consists of product development projects revenue. The Company also provided contract services revenue for Dialog in 2020. During the years ended December 31, 2021 and 2020, the Company recognized \$756,793 and \$197,350 in product development projects revenue, respectively. During the years ended December 31, 2021 and 2020, the Company recognized \$0 and \$130,000 in contract services revenue.

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 a point in time based on when 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. The Company records the expenses related to these product development projects in research and development expense, in the periods such expenses were incurred.

The Company recognized contract services revenue from Dialog over the period of time that the services are performed. The costs associated with this revenue were recognized as the services are performed and were included in cost of services revenue.

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

#### ***Research and Development***

Research and development expenses are charged to operations as incurred. For internally developed patents, all patent application costs are expensed as incurred as research and development expense. Patent application costs, which are generally legal costs, are expensed as research and development costs until such time as the future economic benefits of such patents become more certain. The Company incurred research and development costs of \$20,572,580 and \$17,066,122 for the years ended December 31, 2021 and 2020, respectively.

#### ***Stock-Based Compensation***

The Company accounts for equity instruments issued to employees in accordance with accounting guidance that requires awards to be recorded at their fair value on the date of grant and are amortized over the vesting period of the award. The Company recognizes 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 Company's Employee Stock Purchase Plan ("ESPP"), employees may purchase a limited number of shares of the Company's stock at a 5% discount from the lower of the closing market prices measured on the first and last days of each half-year period. The Company recognizes stock-based compensation expense for the fair value of the purchase options, as measured on the grant date.

#### ***Income Taxes***

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. As of December 31, 2021, no liability for unrecognized tax benefits was required to be reported. The guidance 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. No interest or penalties were recorded during the years ended December 31, 2021 and 2020. The Company files income tax returns with the United States and California governments.

#### ***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), the vesting of restricted stock units ("RSUs") and performance stock units ("PSUs") and the enrollment of employees in the ESPP. The computation of diluted loss per share excludes potentially dilutive securities of 5,519,068 and 5,256,942 for the years ended December 31, 2021 and 2020, respectively, because their inclusion would be antidilutive.

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

#### Net Loss Per Common Share continued

Potentially dilutive securities outlined in the table below have been excluded from the computation of diluted net loss per share because the effect of their inclusion would have been anti-dilutive.

|                                       | For the Years Ended December 31, |           |
|---------------------------------------|----------------------------------|-----------|
|                                       | 2021                             | 2020      |
| Warrants issued to private investors  | 3,284,789                        | 3,284,789 |
| Options to purchase common stock      | 525,006                          | 550,985   |
| RSUs                                  | 1,709,273                        | 1,421,168 |
| Total potentially dilutive securities | 5,519,068                        | 5,256,942 |

The table above includes 1,618,123 warrants expiring October 6, 2022, with an exercise price of \$23.00 and 1,666,666 warrants expiring March 1, 2024, with an exercise price of \$10.00.

#### 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 6 – Commitments and Contingencies, *Operating Leases* for further discussion of the Company's operating leases.

#### Recent Accounting Pronouncements

In May 2021, the FASB issued ASU No. 2021-04, "Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options (a consensus of the FASB Emerging Issues Task Force)." ASU 2021-04 clarifies accounting for modifications or exchanges of equity-classified warrants. This standard is effective for annual reporting periods beginning after December 15, 2021. The Company is currently evaluating the impact the planned adoption of this standard will have on its financial statements.

In November 2021, the FASB issued ASU No. 2021-10, "Government Assistance (Topic 832), Disclosures by Business Entities about Government Assistance. ASU 2021-10 requires business entities to disclose certain types of government assistance they receive in the notes to the financial statements. This standard is effective for annual reporting periods beginning after December 15, 2021. The Company does not believe the adoption of this standard will have a material impact on its financial statements.

#### Management's Evaluation of Subsequent Events

The Company evaluates events that have occurred after the balance sheet date of December 31, 2021, through the date which the financial statements are issued.

**Note 4 – Property and Equipment**

Property and equipment are as follows:

|                                   | As of December 31, |                   |
|-----------------------------------|--------------------|-------------------|
|                                   | 2021               | 2020              |
| Computer software                 | \$ 916,498         | \$ 862,343        |
| Computer hardware                 | 2,211,490          | 2,012,041         |
| Furniture and fixtures            | 484,186            | 508,371           |
| Leasehold improvements            | 782,538            | 776,563           |
|                                   | <u>4,394,712</u>   | <u>4,159,318</u>  |
| Less – accumulated depreciation   | (3,884,515)        | (3,756,607)       |
| Total property and equipment, net | <u>\$ 510,197</u>  | <u>\$ 402,711</u> |

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 – remaining life of the lease.

The Company disposed of \$130,341 and \$631,608 in property and equipment during the years ended December 31, 2021 and 2020, respectively. Total depreciation and amortization expense of the Company’s property and equipment was \$258,249 and \$356,310 for the years ended December 31, 2021 and 2020, respectively.

**Note 5 – Accrued Expenses**

Accrued expenses consist of the following:

|                        | As of December 31,  |                     |
|------------------------|---------------------|---------------------|
|                        | 2021                | 2020                |
| Accrued compensation   | \$ 1,217,176        | \$ 1,246,151        |
| Accrued legal expenses | 178,236             | 205,579             |
| Other accrued expenses | 127,905             | 124,557             |
| Total                  | <u>\$ 1,523,317</u> | <u>\$ 1,576,287</u> |

**Note 6 – Commitments and Contingencies*****Operating Leases*****San Jose Lease**

On July 1, 2019, the Company signed a new lease agreement for the lease of its office space at its corporate headquarters in San Jose, California for an additional three years. Upon expiration of the original lease on September 30, 2019, the new monthly lease payment starting October 1, 2019 was \$2,970 and is subject to annual escalations up to a maximum monthly lease payment of \$64,941.

## Note 6 – Commitments and Contingencies, continued

### Operating Leases, continued

#### Costa Mesa Lease

On July 15, 2019, the Company signed a new lease agreement for the lease of office space in Costa Mesa, California for an additional two years. Upon expiration of the original lease on September 30, 2019, the new monthly lease payment starting October 1, 2019 was \$9,773 and is subject to an annual escalation up to a maximum monthly lease payment of \$10,200.

On September 22, 2021, the Company signed a new Costa Mesa lease to lease a new, distinct office space in a different building with the same landlord. Per the lease, the stated commencement date was October 1, 2021 and concludes on September 30, 2023, and the Company did not take control of the new office space until October 2021, at which time the Company recorded a new right-of-use asset of \$104,563 and operating lease liability of \$104,563. The new Costa Mesa lease had an initial monthly lease payment of \$4,369 which started on October 1, 2021 and is subject to an annual escalation up to a maximum monthly lease payment of \$4,522.

#### Operating Lease Commitments

In February 2016, the FASB issued its updated standard on lease accounting, ASU No. 2016-02, “Leases (Topic 842),” which superseded Topic 840, “Leases,” which was further modified in ASU No. 2018-10, “Codification Improvements” to clarify the implementation guidance. The new accounting standard was effective for the Company beginning on January 1, 2019 and required the recognition on the balance sheet of right-of-use assets and lease liabilities. The Company elected the optional transition method and adopted the new guidance on January 1, 2019 on a modified retrospective basis with no restatement of prior period amounts. The Company’s adoption of the new standard resulted in the recognition of right-of-use assets of \$414,426 and operating lease liabilities of \$485,747, with no material cumulative effect adjustment to equity as of the date of adoption. The Company anticipates having future total lease payments of \$678,050 during the period from the first quarter of 2022 to the third quarter of 2023. As of December 31, 2021, the Company has total operating lease right-of-use assets of \$618,985, current portion operating lease liabilities of \$628,307 and long-term portion of operating lease liabilities of \$40,413. The weighted average remaining lease term is 0.9 years as of December 31, 2021.

The future minimum lease payments for leased locations are as follows:

| <u>For the Year Ended December 31,</u>         | <u>Amount</u>     |
|--|-------------------|
| 2022   | \$ 637,355        |
| 2023   | 40,695            |
| Total future lease payments                    | 678,050           |
| Present value discount (3.7% weighted average) | (9,330)           |
| Total operating lease liabilities              | <u>\$ 668,720</u> |

#### Hosted Design Solution Agreement

On June 25, 2015, the Company entered into a three-year agreement to license electronic design automation software in a hosted environment. Pursuant to the agreement, under which services began July 2015, the Company is required to remit quarterly payments in the amount of approximately \$101,000 with the last payment due March 30, 2018. On December 18, 2015, the agreement was amended to redefine the hardware and software configuration and the quarterly payments increased to approximately \$198,000. In July 2018, the Company renewed the agreement for an additional three years, and the Company is required to remit quarterly payments of approximately \$218,000. In June 2021, the Company renewed the agreement for an additional three years, and the Company is required to remit quarterly payments of approximately \$233,000 through the second quarter of 2024.

**Note 6 – Commitments and Contingencies, continued**

***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***

On March 15, 2018, the Company's Board of Directors ("Board"), on the recommendation of the Board's Compensation Committee ("Compensation Committee"), approved the Energen Corporation MBO Bonus Plan ("Bonus Plan") for executive officers of the Company. To be eligible to receive a bonus under the Bonus Plan, an executive officer must be continuously employed throughout the applicable performance period, and in good standing, and achieve the performance objectives selected by the Compensation Committee.

Under the Bonus Plan, the Compensation Committee is responsible for selecting the amounts of potential bonuses for executive officers, the performance metrics used to determine whether any such bonuses will be paid and determining whether those performance metrics have been achieved.

During the years ended December 31, 2021 and 2020, the Company recognized a total of \$1,433,990 and \$1,305,723, respectively, in expense under the Bonus Plan. As of December 31, 2021, \$346,457 of the 2021 amount was not yet paid and is included in accrued expenses. The expense under the Bonus Plan is recorded under operating expenses on the Company's Statement of Operations within each executive's department.

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

On March 15, 2018, the Compensation Committee approved a form of Severance and Change in Control Agreement ("Severance Agreement") that the Company may enter into with executive officers ("Executive").

Under the Severance Agreement, if an Executive is terminated in a qualifying termination, the Company agrees to pay the Executive six to 12 months of that Executive's monthly base salary. If Executive elects continued coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA") the Company will pay the full amount of Executive's premiums under the Company's health, dental and vision plans, including coverage for the Executive's eligible dependents, for the six to 12 month period following the Executive's termination.

## Note 6 – Commitments and Contingencies, continued

### Executive Employee Agreement – Cesar Johnston

On December 9, 2021, the Company announced that Cesar Johnston had been appointed as the Company's Chief Executive Officer. In connection with Mr. Johnston's appointment as Chief Executive Officer, the Company and Mr. Johnston executed an offer letter dated as of December 6, 2021.

Under the offer letter, Mr. Johnston will receive an annual base salary of \$400,000 per year. Beginning in year 2022, he will be eligible to receive a discretionary annual bonus of up to 100% of his base salary, at the recommendation of the Company's Compensation Committee, with the approval of the Company's Board of Directors. In addition, as an inducement to accept his appointment as Chief Executive Officer, Mr. Johnston will receive, subject to continued employment, (a) a special one-time sign-on bonus in the amount of \$120,000, payable in two equal installments of \$60,000 each on the first payroll date in 2022 and the first payroll date after December 6, 2022, (b) a grant of 150,000 restricted stock units to acquire shares of the Company's common stock, one third of which will vest on December 6, 2022 and the remaining two thirds of which will vest in eight equal installments of 12,500 each on each quarterly anniversary thereafter and (c) a grant of an option to purchase 300,000 shares of the Company's common stock at an exercise price equal to the fair market value of the Company's common stock on the grant date, half of which shall vest on December 31, 2023, a quarter of which shall vest on December 31, 2024 and the remainder of which shall vest on December 31, 2025.

Mr. Johnston will further be eligible for (a) an additional equity award in the amount of 287,000 performance share units to acquire shares of the Company's common stock, which will vest up to one third per year over a three year period commencing January 1, 2022 and ending December 31, 2024, upon the achievement of performance criteria to be mutually established by Mr. Johnston and the Compensation Committee, and (b) an additional equity award of up to 25,000 performance share units per calendar year for 2022, 2023 and 2024, respectively, based on outperformance per calendar year, as determined by the Compensation Committee with approval of the Board of Directors.

In connection with Mr. Johnston's appointment as Chief Executive Officer, the Company and Mr. Johnston additionally entered into an amended and restated severance and change in control agreement, dated as of December 6, 2021. In the event of a termination that is not a change-in-control qualifying termination, Mr. Johnston is entitled to (a) a one-time lump sum payment by the Company in an amount equal to 18 months of his monthly base salary plus an amount equal to 100% of his target bonus plus, if agreed by the Compensation Committee, a discretionary bonus for the year in which the termination occurs, (b) any outstanding unvested equity awards held by Mr. Johnston that would vest in the next 18 months of continuing employment (other than any equity awards that vest upon satisfaction of performance criteria) will accelerate and become vested and (c) if Mr. Johnston timely elects continued coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), the Company or its successor will pay the full amount of Mr. Johnston's COBRA premiums on his behalf for 18 months.

The Johnston A&R CIC Agreement additionally provides that, in the event of a change-in-control qualifying termination, Mr. Johnston is entitled to (a) a one-time lump sum payment by the Company in an amount equal to 18 months of his monthly base salary plus an amount equal to 150% of his target bonus plus a prorated bonus for the year in which the termination occurs, (b) any outstanding unvested equity awards held by Mr. Johnston (including any equity awards that vest upon satisfaction of performance criteria) will accelerate in full and become vested and (c) if Mr. Johnston timely elects continued coverage under COBRA, the Company or its successor will pay the full amount of Mr. Johnston's COBRA premiums on his behalf for 18 months.

Mr. Johnston is also eligible to receive all customary and usual benefits generally available to senior executives of the Company.

**Note 6 – Commitments and Contingencies, continued**

***Executive Transition Agreement – Stephen Rizzone***

On April 3, 2015, the Company entered into an Amended and Restated Executive Employment Agreement with Stephen R. Rizzone, the Company's President and Chief Executive Officer ("Employment Agreement").

The Employment Agreement effective as of January 1, 2015, has an initial term of four years and automatically renews each year after the initial term. The Employment Agreement provides for an annual base salary of \$365,000, and Mr. Rizzone is eligible to receive quarterly cash bonuses from the MBO Bonus Plan with a total target amount equal to 100% of his base salary based upon achievement of performance-based objectives established by the Board.

On July 9, 2021, the Company announced that Stephen R. Rizzone has retired from his position as the Company's President and Chief Executive Officer and as a member of the Board.

In connection with Mr. Rizzone's retirement, the Company and Mr. Rizzone entered into an Executive Transition Agreement ("Separation Agreement"), providing for continued employment through August 31, 2021. Upon his termination of employment, the Separation Agreement provides severance payments and benefits to Mr. Rizzone consistent with the terms of his existing employment agreement with the Company, including without limitation: compensation-based payments of \$1,460,000 in the aggregate, payable under a certain payment scheme as set forth therein, an additional lump sum cash payment of \$2,000,000, a pro-rated bonus payment for the two months of employment during the current quarterly bonus period payable at the same time bonus payments are made to other executives of the Company, settlement of deferred vested restricted stock units and an extension of the exercise periods of all stock options held by Mr. Rizzone until the one year anniversary of his termination date, and additional benefits related to Mr. Rizzone's medical insurance. In addition, the Company will pay-off all amounts owed under a lease agreement relating to a Company Car and Mr. Rizzone will receive the title to the vehicle. All compensation under the Separation Agreement will be subject to applicable withholding.

During the year ended December 31, 2021, the Company recognized \$4,017,172 in severance expense associated with the separation agreement, including \$284,994 in additional stock-based compensation as a result of the extension of the exercise periods on the stock options. As of December 31, 2021, the Company had unpaid accrued severance expense of \$975,439.



## **Note 6 – Commitments and Contingencies, continued**

### ***Strategic Alliance Agreement***

In November 2016, the Company and Dialog Semiconductor plc (“Dialog”), a related party (see Note 10—Related Party Transactions), entered into a Strategic Alliance Agreement (“Alliance Agreement”) for the manufacture, distribution and commercialization of products incorporating the Company’s wire-free charging technology (“Licensed Products”). Pursuant to the terms of the Alliance Agreement, the Company agreed to engage Dialog as the exclusive supplier of the Licensed Products for specified fields of use, subject to certain exceptions (the “Company Exclusivity Requirement”). Dialog agreed to not distribute, sell or work with any third party to develop any competing products without the Company’s approval (the “Dialog Exclusivity Requirement”). In addition, both parties agreed on a revenue sharing arrangement and will collaborate on the commercialization of Licensed Products based on a mutually-agreed upon plan. Each party will retain all of its intellectual property.

The Alliance Agreement has an initial term of seven years and will automatically renew annually thereafter unless terminated by either party upon 180 days’ prior written notice. The Company may terminate the Alliance Agreement at any time after the third anniversary of the Agreement upon 180 days’ prior written notice to Dialog, or if Dialog breaches certain exclusivity obligations. Dialog may terminate the Alliance Agreement if sales of Licensed Products do not meet specified targets. The Company Exclusivity Requirement will terminate upon the earlier of January 1, 2021 or the occurrence of certain events relating to the Company’s pre-existing exclusivity obligations. The Company Exclusivity Requirement renews automatically on an annual basis unless the Company and Dialog agree to terminate the requirement.

On September 20, 2021, the Company was notified by Dialog, recently acquired by Renesas Electronics Corporation, that it was terminating the Alliance Agreement between the Company and Dialog. There is a wind down period included in the Alliance Agreement which will conclude in September 2024. During the wind down period, the Alliance Agreement’s terms will continue to apply to the Company’s products that are covered by certain existing customer relationships, except that the parties’ respective exclusivity rights have terminated.

## **Note 7 – Stockholders’ Equity**

### ***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 of directors 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.

## **Note 7 – Stockholders' Equity, continued**

### ***Financing***

On August 9, 2018, the Company filed a shelf registration statement on Form S-3, which became effective on August 17, 2018. This shelf registration statement allows 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 \$75,000,000. Pursuant to this registration statement, in March 2019 the Company raised \$23,319,156 (net of \$1,680,844 in issuance costs) from an offering of shares of its common stock and warrants to purchase 1,666,666 shares of common stock at an exercise price of \$10.00 per share. The Company also raised \$4,557,693 (net of \$339,081 in issuance costs) during the fourth quarter of 2019, \$5,506,880 (net of \$141,322 in issuance costs) during the first quarter of 2020 and \$9,216,611 (net of \$236,528 in issuance costs) during the second quarter of 2020, pursuant to this shelf registration statement.

On September 15, 2020, the Company filed a shelf registration statement on Form S-3 with the SEC, which became effective on September 24, 2020, and contains two prospectuses: a base prospectus, which covers the offering, issuance and sale by the Company of up to \$75,000,000 of its common stock, preferred stock, debt securities, warrants to purchase our common stock, preferred stock or debt securities, subscription rights to purchase its common stock, preferred stock or debt securities and/or units consisting of some or all of these securities; and a sales agreement prospectus covering the offering, issuance and sale by the Company of up to a maximum aggregate offering price of \$40,000,000 of its common stock that may be issued and sold under a sales agreement. The \$40,000,000 of common stock that may be offered, issued and sold under the sales agreement prospectus is included in the \$75,000,000 of securities that may be offered, issued and sold by the Company under the base prospectus. Pursuant to this shelf registration statement, the Company sold shares which raised net proceeds of \$38,832,711 (net of \$1,167,289 in issuance costs) during the third and fourth quarter of 2020. On October 4, 2021, the Company filed a prospectus supplement covering the issuance and sale of shares of the Company's common stock having an additional aggregate offering price of \$35,000,000 pursuant to the Company's at-the-market ("ATM") securities offering. The Company raised net proceeds of \$27,043,751 (net of \$868,122 in issuance costs), during the fourth quarter of 2021 under the ATM.

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 allows 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 \$100,000,000.

### ***Common Stock Outstanding***

Our outstanding common shares typically include shares that are deemed delivered under U.S. 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 our Employee Stock Purchase Program ("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 U.S. GAAP until the actual delivery of shares takes place. On July 24, 2020, the stockholders of the Company approved an increase of common shares authorized from 50,000,000 shares to 200,000,000 shares.

## **Note 8 – Stock Based Compensation**

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

#### 2013 Equity Incentive Plan

Effective on June 16, 2021, the Company's stockholders approved the amendment and restatement of the 2013 Equity Incentive Plan to increase the number of shares reserved for issuance thereunder by 1,500,000 shares, bringing to 8,785,967 the total number of shares approved for issuance under that plan.

As of December 31, 2021, 1,779,806 shares of common stock remain eligible to be issued through equity-based instruments under the 2013 Equity Incentive Plan.

#### 2014 Non-Employee Equity Compensation Plan

Effective on May 26, 2020, the Company's stockholders approved the amendment and restatement of the 2014 Non-employee Equity Compensation Plan to increase the number of shares reserved for issuance through equity-based instruments thereunder by 800,000 shares, bringing to 1,650,000 the total number of shares approved for issuance under that plan.

As of December 31, 2021, 872,422 shares of common stock remain eligible to be issued through equity-based instruments under the 2014 Non-Employee Equity Compensation Plan.

#### 2015 Performance Share Unit Plan

Effective on June 16, 2021, the Company's stockholders approved the amendment and restatement of the 2015 Performance Share Unit Plan to increase the number of shares reserved for issuance through equity-based instruments thereunder by 1,700,000 shares, bringing to 5,110,104 the total number of shares approved for issuance under that plan.

As of December 31, 2021, 2,411,013 shares of common stock remain eligible to be issued through equity-based instruments under the 2015 Performance Share Unit Plan.

## Note 8 – Stock Based Compensation, continued

### Equity Incentive Plans, continued

#### 2017 Equity Inducement Plan

On December 28, 2017, the Board approved the 2017 Equity Inducement Plan. Under the plan, the Board reserved 600,000 shares for the grant of RSUs. These grants will be administered by the Board or a committee of the Board. These awards will be granted to individuals who (a) are being hired as an Employee by the Company or any Subsidiary and such Award is a material inducement to such person being hired; (b) are being rehired as an Employee following a bona fide period of interruption of employment with the Company or any Subsidiary; or (c) will become an Employee of the Company or any Subsidiary in connection with a merger or acquisition.

As of December 31, 2021, 133,551 shares of common stock remain available to be issued through equity-based instruments under the 2017 Equity Inducement Plan.

#### Employee Stock Purchase Plan

In April 2015, the Company's Board approved the ESPP, under which 600,000 shares of common stock have been reserved for purchase by the Company's employees, subject to approval by the stockholders. On May 21, 2015, the Company's stockholders approved the ESPP. Effective on June 16, 2021, the Company's stockholders approved the amendment and restatement of the Employee Stock Purchase Plan to increase the number of shares reserved for issuance through equity-based instruments thereunder by 700,000 shares, bringing to 1,550,000 the total number of shares approved for issuance under that plan. Under the ESPP, employees may designate an amount not less than 1% but not more than 10% of their annual compensation for the purchase of Company shares. No more than 7,500 shares may be purchased by an employee under the ESPP during an offering period. An offering period shall be six months in duration commencing on or about January 1 and July 1 of each year. The exercise price of the option will be the lesser of 85% of the fair market 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.

As of December 31, 2021, 547,548 shares of common stock remain eligible to be issued under the ESPP. For the year ended December 31, 2021, eligible employees contributed \$384,126 through payroll deductions to the ESPP and 292,890 shares were deemed delivered for the year ended December 31, 2020. For the year ended December 31, 2020, eligible employees contributed \$417,546 through payroll deductions to the ESPP and 275,312 shares were deemed delivered for the year ended December 31, 2020.

#### Stock Option Award Activity

The following is a summary of the Company's stock option activity during the year ended December 31, 2021:

|                                  | Number of<br>Options | Weighted<br>Average<br>Exercise<br>Price | Weighted<br>Average<br>Remaining<br>Life In<br>Years | Intrinsic<br>Value |
|----------------------------------|----------------------|--|--|--------------------|
| Outstanding at January 1, 2021   | 550,985              | \$ 5.67                                  | 3.2  | \$ 3,384           |
| Granted                          | —                    | —  | —  | —                  |
| Exercised                        | —                    | —  | —  | —                  |
| Forfeited                        | (25,979)             | 3.63                                     | —  | —                  |
| Outstanding at December 31, 2021 | 525,006              | \$ 5.77                                  | 0.7  | \$ —               |
| Exercisable at December 31, 2021 | 525,006              | \$ 5.77                                  | 0.7  | \$ —               |

As of December 31, 2021, the unamortized value of options was \$0.

The aggregate intrinsic value of options exercised was \$0 for the years ended December 31, 2021 and 2020.

No options were granted during the years ended December 31, 2021 and 2020.

**Note 8 – Stock Based Compensation, continued****Restricted Stock Units (“RSUs”)**

During the year ended December 31, 2021, the Compensation Committee of the Board (“Compensation Committee”) granted various employees RSUs under which the holders have the right to receive an aggregate 1,849,985 shares of common stock. The majority of these awards, granted under the 2013 Equity Incentive Plan, vest over terms ranging from two to four years.

During the year ended December 31, 2021, the Compensation Committee granted various directors and consultants RSUs under which the holders have the right to receive an aggregate 179,591 shares of common stock. These awards were granted under the 2014 Non-Employee Equity Compensation Plan. The awards granted vest over terms from one year to four years.

During the year ended December 31, 2021, the Compensation Committee granted employees RSUs under which the holders have the right to receive 38,500 shares of common stock. The awards, granted under the 2017 Equity Inducement Plan, vest over four years beginning on the anniversary of the grant date.

At December 31, 2021, the unamortized value of the RSUs was \$3,626,770. The unamortized amount will be expensed over a weighted average period of 1.8 years. A summary of the activity related to RSUs for the year ended December 31, 2021 is presented below:

|                                  | Total            | Weighted<br>Average Grant<br>Date Fair Value |
|----------------------------------|------------------|--|
| Outstanding at January 1, 2021   | 1,421,168        | \$ 6.43                                      |
| RSUs granted                     | 2,068,076        | \$ 2.95                                      |
| RSUs forfeited                   | (348,439)        | \$ 3.97                                      |
| RSUs vested                      | (1,431,532)      | \$ 5.24                                      |
| Outstanding at December 31, 2021 | <u>1,709,273</u> | <u>\$ 3.72</u>                               |

**Performance Share Units (“PSUs”)**

Performance share units (“PSUs”) are grants that vest upon the achievement of certain performance goals. The goals are commonly related to the Company’s revenue and achievement of sales and marketing goals.

During the year ended December 31, 2021, the Compensation Committee granted various employees PSUs under which the holders have the right to receive an aggregate 1,465,713 shares of common stock. These awards were granted under the 2015 Performance Share Unit Plan.

Compensation expense amortization for all PSU awards was \$5,831,928 and \$(88,348) for the years ended December 31, 2021 and 2020, respectively.

**Note 8 – Stock Based Compensation, continued****Performance Share Units (“PSUs”), continued**

At December 31, 2021, the unamortized value of all PSUs was \$0. A summary of the activity related to PSUs for the year ended December 31, 2021 is presented below:

|                                  | Total       | Weighted<br>Average Grant<br>Date Fair Value |
|----------------------------------|-------------|--|
| Outstanding at January 1, 2021   | —           | \$ —   |
| PSUs granted                     | 1,617,601   | \$ 4.22                                      |
| PSUs forfeited                   | (196,663)   | \$ 4.11                                      |
| PSUs vested                      | (1,420,938) | \$ 4.24                                      |
| Outstanding at December 31, 2021 | —           | \$ —   |

**Employee Stock Purchase Plan (“ESPP”)**

During the years ended December 31, 2021 and 2020, there were two offering periods per year for the ESPP. The first offering period started on January 1 of each year and concluded on June 30 of each year. The second offering period started on July 1 of each year and concluded on December 31 of each year.

The weighted-average grant-date fair value of the purchase option for each designated share purchased under this plan was approximately \$1.10 and \$1.18 during the years ended December 31, 2021 and 2020, 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 stock-based compensation expense for the plan of \$252,568 and \$329,461 for the years ended December 31, 2021 and 2020, respectively.

The Company estimated the fair value of the purchase options granted during the years ended December 31, 2021 and 2020 using the Black-Scholes option pricing model. The fair values of the purchase options granted were estimated using the following assumptions:

|                               | For the Year Ended<br>December 31, 2021 |
|-------------------------------|---|
| Stock price range             | \$ 1.80 – 2.78                          |
| Dividend yield                | 0 %                                     |
| Expected volatility range     | 95 – 143 %                              |
| Risk-free interest rate range | 0.05 – 0.09 %                           |
| Expected life                 | 6 months                                |

|                               | For the Year Ended<br>December 31, 2020 |
|-------------------------------|---|
| Stock price range             | \$ 1.77 – 2.96                          |
| Dividend yield                | 0 %                                     |
| Expected volatility range     | 61 – 182 %                              |
| Risk-free interest rate range | 0.17 – 1.57 %                           |
| Expected life                 | 6 months                                |

**Note 8 – Stock Based Compensation, continued****Stock-Based Compensation Expense**

The following tables summarize total stock-based compensation costs recognized for years ended December 31, 2021 and 2020:

|         | For the Years Ended December 31, |                     |
|---------|----------------------------------|---------------------|
|         | 2021                             | 2020                |
| Options | \$ 284,994                       | \$ —                |
| RSUs    | 5,561,698                        | 7,656,857           |
| PSUs    | 5,831,928                        | (88,348)            |
| ESPP    | 252,568                          | 329,461             |
| Total   | <u>\$ 11,931,188</u>             | <u>\$ 7,897,970</u> |

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

|                            | For the Years Ended December 31, |                     |
|----------------------------|----------------------------------|---------------------|
|                            | 2021                             | 2020                |
| Research and development   | \$ 6,582,873                     | \$ 3,933,292        |
| Sales and marketing        | 3,099,232                        | 1,504,724           |
| General and administrative | 1,964,089                        | 2,459,954           |
| Severance expense          | 284,994                          | —                   |
| Total                      | <u>\$ 11,931,188</u>             | <u>\$ 7,897,970</u> |

**Note 9 – Income Taxes**

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law. The CARES Act includes provisions relating to refundable payroll tax credits, net operating loss carryback periods, alternative minimum tax refunds, modifications to the net interest deduction limitations and technical corrections to the tax depreciation methods for qualified improvement property. The CARES Act has an immaterial impact on the Company's income taxes.

The Company accounts for income taxes in accordance with ASC 740, "Income Taxes" ("ASC 740"). ASC 740 requires an asset and liability approach for financial accounting and reporting for income taxes and establishes for all entities a minimum threshold for financial statement recognition of the benefit of tax positions and requires certain expanded disclosures. The provision for income taxes is based upon income or loss after adjustment for those permanent items that are not considered in the determination of taxable income. Deferred income taxes represent the tax effects of differences between the financial reporting and tax bases of the Company's assets and liabilities at the enacted tax rates in effect for the years in which the differences are expected to reverse. As of December 31, 2021 and 2020, deferred tax assets consisted principally of net operating loss and tax credit carryforwards, research and development costs and stock-based compensation, and such deferred tax assets were fully reserved. The Company evaluates the recoverability of deferred tax assets and establishes a valuation allowance when it is more likely than not that some portion, or all, of the deferred tax assets will not be realized. As of December 31, 2021, the Company has recorded a full valuation allowance.

**Note 9 – Income Taxes, continued**

As of December 31, 2021 and 2020, the Company's deferred tax assets (liabilities) consisted of the effects of temporary differences attributable to the following:

|                                      | December 31, |              |
|--------------------------------------|--------------|--------------|
|                                      | 2021         | 2020         |
| <b>Deferred tax assets:</b>          |              |              |
| Research and development tax credits | \$ 9,475,588 | \$ 8,371,302 |
| Net operating loss carryovers        | 67,785,680   | 57,563,810   |
| Property and equipment               | 189,271      | 219,461      |
| Research and development costs       | 10,923,959   | 12,578,612   |
| Start-up and organizational costs    | 462          | 540          |
| Stock-based compensation             | 4,659,555    | 4,041,136    |
| Operating lease liability            | 187,132      | 245,811      |
| Other accruals                       | 670,065      | 270,912      |
| Total gross deferred tax assets      | 93,891,712   | 83,291,584   |
| Less: valuation allowance            | (93,718,497) | (82,929,675) |
| Total deferred tax assets            | 173,215      | 361,909      |
| <b>Deferred tax liabilities:</b>     |              |              |
| Operating lease right-of-use asset   | (173,215)    | (361,909)    |
| Total deferred tax liabilities       | (173,215)    | (361,909)    |
| Total deferred taxes, net            | <u>\$ 0</u>  | <u>\$ —</u>  |

The change in the Company's valuation allowance is as follows:

|                                 | 2021                 | 2020                 |
|---------------------------------|----------------------|----------------------|
| January 1,                      | \$ 82,929,675        | \$ 73,892,063        |
| Increase in valuation allowance | 10,788,822           | 9,037,612            |
| December 31,                    | <u>\$ 93,718,497</u> | <u>\$ 82,929,675</u> |

The Company has federal and state net operating loss carryforwards of approximately \$241,988,000 and \$242,972,000, respectively, available to offset future taxable income. The federal and state NOL carryforwards will expire at various dates beginning in 2033. The Company has federal and state research and development tax credit carryforwards of approximately \$5,748,000 and \$4,718,000, respectively. The federal R&D credit carryforwards will expire beginning in 2032 and state R&D credit carryforwards do not expire. The ultimate realization of the net operating loss is dependent upon future taxable income, if any, of the Company. Although management believes that the Company may have sufficient future taxable income to absorb the net operating loss carryforwards and research and development tax credit carryforwards before the expiration of the carryforward period, there may be circumstances beyond the Company's control that limit such utilization. Accordingly, management has determined that a full valuation allowance of the deferred tax asset is appropriate at December 31, 2021 and 2020.



**Note 9 – Income Taxes, continued**

Internal Revenue Code Section 382 imposes limitations on the use of net operating loss carryforwards when the stock ownership of one or more 5% stockholders (stockholders owning 5% or more of the Company's outstanding capital stock) has increased on a cumulative basis by more than 50 percentage points. Management cannot control the ownership changes occurring as a result of public trading of the Company's Common Stock. Accordingly, there is a risk of an ownership change beyond the control of the Company that could trigger a limitation of the use of the loss carryforward. The Company completed a Section 382 analysis as of December 31, 2021 and determined that none of its NOLs or R&D credits would be limited.

|  | For the Year Ended December 31, |             |
|--|---------------------------------|-------------|
|  | 2021                            | 2020        |
| Tax benefit at federal statutory rate        | (21.0)%                         | (21.0)%     |
| State income taxes                           | (5.8)                           | (6.7)       |
| Permanent differences:                       |                                 |             |
| Stock-based compensation                     | 1.8                             | 3.6         |
| Executive compensation                       | 1.6                             | (1.2)       |
| True-up of state deferred taxes              | —                               | 0.1         |
| Change in effective tax rate                 | —                               | (0.1)       |
| Research and development tax credit, federal | (1.6)                           | (2.0)       |
| Research and development tax credit, state   | (1.1)                           | (1.3)       |
| Increase in valuation allowance, federal     | 19.2                            | 20.6        |
| Increase in valuation allowance, state       | 6.9                             | 8.0         |
| Effective income tax rate                    | <u>0.0%</u>                     | <u>0.0%</u> |

**Note 10 – Related Party Transactions**

In November 2016, the Company and Dialog entered into an alliance agreement for the manufacture, distribution and commercialization of products incorporating the Company's wire-free charging technology (See Note 6 – Commitments and Contingencies, *Strategic Alliance Agreement*). On November 7, 2016 and June 28, 2017, the Company and Dialog entered into securities purchase agreements under which Dialog acquired a total of 1,739,691 shares and received warrants to purchase up to 1,417,565 shares. As of December 31, 2021, none of the warrants remain outstanding. Dialog presently owns approximately 2.3% of the Company's outstanding common shares. The Company recorded \$0 in royalty revenue for the each of the years ended December 31, 2021 and 2020, pursuant to the Strategic Alliance Agreement. Additionally, the Company recorded \$0 and \$130,000 in contract services revenue during the years ended December 31, 2021 and 2020, respectively. The Company also recorded related expenses of \$0 and \$126,539 in cost of services revenue during the years ended December 31, 2021 and 2020, respectively. Additionally, the Company incurred \$08,000 and \$0 in chip development expense from Dialog during the years ended December 31, 2021 and 2020, respectively.

On September 20, 2021, the Company was notified by Dialog, recently acquired by Renesas Electronics Corporation, that it was terminating the strategic alliance agreement between the Company and Dialog.

**Note 11 – Customer Concentration**

Three customers accounted for approximately 42% of the Company's revenue for the year ended December 31, 2021 and three customers accounted for approximately 66% of the Company's revenue for the year ended December 31, 2020. Four customers accounted for approximately 68% of the Company's accounts receivable balance as of December 31, 2021. Four customers accounted for approximately 92% of the Company's accounts receivable balance as of December 31, 2020.

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

None.

**Item 9A. Controls and Procedures.****Evaluation of Disclosure Controls and Procedures**

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 of directors.

Based on their evaluation as of December 31, 2021, our principal executive and principal financial officers have concluded that these disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were effective as of December 31, 2021 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 Securities and Exchange Commission rules and forms and that material information relating to the Company is accumulated and communicated to management, including our principal executive officer and our principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

**Management's Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Exchange Act Rule 13a-15(f). Internal control over financial reporting is a process used to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our financial statements for external purposes in accordance with generally accepted accounting principles in the United States. Internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of our financial statements in accordance with generally accepted accounting principles in the United States, and that our receipts and expenditures are being made only in accordance with the authorization of our board of directors and management; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

An internal control system over financial reporting has inherent limitations and may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

The Company's management, under the supervision of and with the participation of the principal executive and principal financial officers, have assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2021 based on criteria for effective control over financial reporting described in Internal Control — *Integrated Framework* (2013) created by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, the Company's management concluded that the Company's internal control over financial reporting was effective as of December 31, 2021.

**Changes in Internal Control Over Financial Reporting**

For the year ended December 31, 2021, 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.

**Limitations on the Effectiveness of Controls**

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving its objectives. Our principal executive and principal financial and accounting officer concluded that our disclosure controls and procedures are effective at that reasonable assurance level.

**Item 9B. Other Information.**

None.

**Item 9C. [Disclosures](#) Regarding Foreign Jurisdictions That Prevent Inspections.**

Not Applicable.

## PART III

### **Item 10. Directors, Executive Officers and Corporate Governance.**

The information required by Item 10 will be included in our definitive proxy statement relating to our 2022 Annual Meeting of Stockholders, to be filed no later than 120 days after December 31, 2021, and is incorporated herein by reference.

### **Item 11. Executive Compensation**

The information required by Item 11 will be included in our definitive proxy statement relating to our 2022 Annual Meeting of Stockholders, to be filed no later than 120 days after December 31, 2021, and is incorporated herein by reference.

### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholders Matters.**

The information required by Item 12 will be included in our definitive proxy statement relating to our 2022 Annual Meeting of Stockholders, to be filed no later than 120 days after December 31, 2021, and is incorporated herein by reference.

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

The information required by Item 13 will be included in our definitive proxy statement relating to our 2022 Annual Meeting of Stockholders, to be filed no later than 120 days after December 31, 2021, and is incorporated herein by reference.

### **Item 14. Principal Accountant Fees and Services**

The information required by Item 14 will be included in our definitive proxy statement relating to our 2022 Annual Meeting of Stockholders, to be filed no later than 120 days after December 31, 2021, and is incorporated herein by reference.

**PART IV**

**Item 15. Exhibits, Financial Statements and Schedules**

(a) List of documents filed as part of this report:

1. Financial Statements (see “Financial Statements and Supplementary Data” at Part II, Item 8 and incorporated herein by reference).
2. Financial Statement Schedules (Schedules to the Financial Statements have been omitted because the information required to be set forth therein is not applicable or is shown in the accompanying Financial Statements or notes thereto)
3. Exhibit Index.

## EXHIBIT INDEX

| Exhibit No. | Description of Document  |
|-------------|--|
| 3.1         | <a href="#">Second Amended and Restated Certificate of Incorporation of Energois Corporation, as amended (incorporated by reference to Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q filed on August 10, 2020)</a>   |
| 3.2         | <a href="#">Amended and Restated Bylaws of Energois Corporation (incorporated by reference to Exhibit 3.1 to Amendment No. 1 to the Registrant's Registration Statement on Form S-1/A (File No. 333-193522) filed on March 13, 2014)</a>   |
| 4.1         | <a href="#">Specimen Certificate representing shares of common stock of Energois Corporation (incorporated by reference to Exhibit 4.1 to Amendment No. 2 to the Registrant's Registration Statement on Form S-1/A (File No. 333-193522) filed on March 21, 2014)</a>                  |
| 4.2         | <a href="#">Common Stock Purchase Warrant (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed on May 10, 2019)</a>  |
| 4.3         | <a href="#">Description of The Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 (incorporated by reference to Exhibit 4.5 to the Registrant's Annual Report on Form 10-K filed on March 13, 2020)</a>                                  |
| 10.1        | <a href="#">Form of Indemnity Agreement (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed on August 10, 2021)*</a>  |
| 10.2        | <a href="#">Energois Corporation 2013 Equity Incentive Plan, as amended and restated June 16, 2021 (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed on August 10, 2021)*</a>   |
| 10.3        | <a href="#">Form of stock option award under 2013 Equity Incentive Plan, as amended and restated on June 16, 2021 (incorporated by reference to Exhibit 10.17 to the Registrant's Registration Statement on Form S-1 (File No. 333-193522) filed on January 24, 2014)*</a>             |
| 10.4        | <a href="#">Form of Non-Statutory Option Award (incorporated by reference to Exhibit 10.19 to Amendment No. 1 to the Registrant's Registration Statement on Form S-1/A (File No. 333-193522) filed on March 13, 2014)*</a>   |
| 10.5        | <a href="#">2014 Non-Employee Equity Compensation Plan, as amended and restated May 26, 2020 (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on May 28, 2020)*</a>   |
| 10.6        | <a href="#">Form of stock option award under 2014 Non-Employee Equity Compensation Plan (incorporated by reference to Exhibit 10.22 to Amendment No. 2 to the Registrant's Registration Statement on Form S-1/A (File No. 333-193522) filed on March 21, 2014)*</a>                    |
| 10.7        | <a href="#">Offer Letter effective as of December 6, 2021 between Energois Corporation and Cesar Johnston (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on December 9, 2021)*</a>  |
| 10.8        | <a href="#">Form of Restricted Stock Unit Award Agreement effective as of August 14, 2014 between Energois Corporation and Cesar Johnston (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed on November 10, 2014)*</a>                |
| 10.9        | <a href="#">Energois Corporation Form of Restricted Stock Unit Award Agreement under the 2013 Equity Incentive Plan, as amended and restated on June 16, 2021 (incorporated by reference to Exhibit 10.21 to the Registrant's Annual Report on Form 10-K filed on March 30, 2015)*</a> |
| 10.10       | <a href="#">Form of Inducement Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.22 to the Registrant's Annual Report on Form 10-K filed on March 30, 2015)*</a>  |
| 10.11       | <a href="#">Energois Corporation Employee Stock Purchase Plan, as amended June 16, 2021 (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed on August 10, 2021)*</a>  |

| Exhibit No. | Description of Document  |
|-------------|--|
| 10.12       | <a href="#"><u>Energous Corporation Performance Share Unit Plan, as amended June 16, 2021 (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q filed on August 10, 2021)*</u></a>  |
| 10.13       | <a href="#"><u>Energous Corporation Director Compensation Policy (incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q filed on August 13, 2015)</u></a>  |
| 10.14       | <a href="#"><u>Securities Purchase Agreement between the Company and Dialog Semiconductor plc, dated November 6, 2016 (incorporated by reference to Exhibit 10.25 to the Registrant's Annual Report on Form 10-K filed on March 16, 2017)</u></a>  |
| 10.15       | <a href="#"><u>Securities Purchase Agreement between the Company and Dialog Semiconductor plc, dated June 28, 2017 (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed on August 9, 2017)</u></a>   |
| 10.16       | <a href="#"><u>Amended and Restated Warrant to Purchase Common Stock between the Company and Emily T Fairbairn Roth IRA, dated October 6, 2017 (incorporated by reference to Exhibit 10.27 to the Registrant's Annual Report on Form 10-K filed on March 16, 2018)</u></a>                           |
| 10.17       | <a href="#"><u>Amended and Restated Warrant to Purchase Common Stock between the Company and Malcom P Fairbairn Roth IRA, dated October 6, 2017 (incorporated by reference to Exhibit 10.28 to the Registrant's Annual Report on Form 10-K filed on March 16, 2018)</u></a>                          |
| 10.18       | <a href="#"><u>Energous Corporation 2017 Equity Inducement Plan (incorporated by reference to Exhibit 10.29 to the Registrant's Annual Report on Form 10-K filed on March 16, 2018)</u></a>  |
| 10.19       | <a href="#"><u>Offer Letter effective as of October 9, 2014 between Energous Corporation and Neeraj Sahepal* (incorporated by reference to Exhibit 10.30 to the Registrant's Annual Report on Form 10-K filed on March 16, 2018)</u></a>   |
| 10.20       | <a href="#"><u>Form of Severance and Change in Control Agreement*(incorporated by reference to Exhibit 10.31 to the Registrant's Annual Report on Form 10-K filed on March 16, 2018)</u></a>   |
| 10.21       | <a href="#"><u>Energous Corporation MBO Bonus Plan*(incorporated by reference to Exhibit 10.32 to the Registrant's Annual Report on Form 10-K filed on March 16, 2018)</u></a>   |
| 10.22       | <a href="#"><u>Securities Purchase Agreement among Energous Corporation and certain purchaser identified on the signature pages thereto, dated as of February 27, 2019 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on February 27, 2019)</u></a> |
| 10.23       | <a href="#"><u>Second Amendment to lease dated September 22, 2021 by and between Energous Corporation and the Irvine Company, LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on November 15, 2021)</u></a>                                      |
| 21.1        | <a href="#"><u>Subsidiaries of the Registrant (incorporated by reference to Exhibit 21.1 to the Registrant's Annual Report on Form 10-K filed on March 16, 2018)</u></a>   |
| 23.1        | <a href="#"><u>Consent of Marcum LLP<sup>±</sup></u></a>   |
| 24.1        | <a href="#"><u>Power of Attorney (included on signature page)<sup>±</sup></u></a>  |
| 31.1        | <a href="#"><u>Certification Pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934<sup>±</sup></u></a>   |
| 31.2        | <a href="#"><u>Certification Pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934<sup>±</sup></u></a>   |
| 32.1        | <a href="#"><u>Certification Pursuant to 18 U.S.C Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002<sup>±</sup></u></a>   |
| 101.INS     | Inline XBRL Instance Document <sup>+</sup>   |
| 101.SCH     | Inline XBRL Taxonomy Extension Schema Document <sup>+</sup>  |
| 101.CAL     | Inline XBRL Taxonomy Extension Calculation Linkbase Document <sup>+</sup>  |

| <b>Exhibit<br/>No.</b> | <b>Description of Document</b>  |
|------------------------|---|
| 101.DEF                | Inline XBRL Taxonomy Extension Definition Linkbase Document <sup>+</sup>  |
| 101.LAB                | Inline XBRL Taxonomy Extension Label Linkbase Document <sup>+</sup>   |
| 101.PRE                | Inline XBRL Taxonomy Extension Presentation Linkbase Document <sup>+</sup>  |
| 104                    | Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibit 101) |

\* Indicates a management contract or any compensatory plan, contract or arrangement.

+ Filed herewith.

\*\* Registrant has omitted portions of the referenced exhibit and submitted such exhibit separately with a request for confidential treatment under Rule 24b-2 promulgated under the Exchange Act.

**Item 16. Form 10-K Summary**

None.



**SIGNATURES**

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

Energous Corporation

Dated: March 22, 2022

By: /s/ Cesar Johnston  
Cesar Johnston  
Chief Executive Officer (Principal Executive Officer)

Dated: March 22, 2022

By: /s/ William Mannina  
William Mannina  
Acting Chief Financial Officer (Principal Financial Officer and  
Principal Accounting Officer)

## POWER OF ATTORNEY

**KNOW ALL PERSONS BY THESE PRESENTS**, that the undersigned officers and directors of Energous Corporation, a Delaware corporation, do hereby constitute and appoint Cesar Johnston and William Mannina, and each of them individually, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them individually, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming that all said attorneys-in-fact and agents, or any of them or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

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

| <u>Signatures</u>                               | <u>Title</u>  | <u>Date</u>    |
|---|---|----------------|
| <u>/s/ Cesar Johnston</u><br>Cesar Johnston     | Chief Executive Officer (Principal Executive Officer)   | March 22, 2022 |
| <u>/s/ William Mannina</u><br>William Mannina   | Acting Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer) | March 22, 2022 |
| <u>/s/ Daniel Fairfax</u><br>Daniel Fairfax     | Director and Chairman   | March 22, 2022 |
| <u>/s/ Reynette Au</u><br>Reynette Au           | Director  | March 22, 2022 |
| <u>/s/ Rahul Patel</u><br>Rahul Patel           | Director  | March 22, 2022 |
| <u>/s/ Sheryl Wilkerson</u><br>Sheryl Wilkerson | Director  | March 22, 2022 |
| <u>/s/ Kathleen Bayless</u><br>Kathleen Bayless | Director  | March 22, 2022 |

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the incorporation by reference in the Registration Statement of Energois Corporation on Forms S-3 (No. 333-226739, 333-248832 and 333-261087) and Forms S-8 (No. 333-196360, 333-204690, 333-214785, 333-223747, 333-225396, 333-248536 and 333-259621) of our report dated March 22, 2022 with respect to our audits of the financial statements of Energois Corporation as of December 31, 2021 and 2020 and for the years ended December 31, 2021 and 2020, which report is included in this Annual Report on Form 10-K of Energois Corporation for the year ended December 31, 2021.

/s/ Marcum llp

Marcum llp  
Melville, NY  
March 22, 2022

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

I, Cesar Johnston, certify that:

1. I have reviewed this Annual Report on Form 10-K of Energeous 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. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 22, 2022

/s/ Cesar Johnston

Name: Cesar Johnston  
Title: Chief Executive Officer

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

I, William Mannina, certify that:

1. I have reviewed this Annual Report on Form 10-K of Energeous 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. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 22, 2022

/s/ William Mannina

Name: William Mannina

Title: Acting Chief Financial Officer

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

In connection with the Annual Report of Energos Corporation (the "Company") on Form 10-K for the year ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Cesar Johnston, Chief Executive Officer of the Company, and William Mannina, Acting Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Cesar Johnston

Name: Cesar Johnston  
Title: Chief Executive Officer  
Date: March 22, 2022

/s/ William Mannina

Name: William Mannina  
Title: Acting Chief Financial Officer  
Date: March 22, 2022