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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2017**

**OR**

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

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**COMMISSION FILE NUMBER 001-36379**

**ENERGOUS CORPORATION**

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

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

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

**3590 North First Street, Suite 210, San Jose, CA 95134**

*(Address of principal executive office) (Zip code)*

**(408) 963-0200**

*(Registrant's telephone number, including area code)*

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes  No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if smaller reporting company)

Smaller reporting company

Emerging growth company

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

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

As of August 4, 2017, there were 21,899,941 shares of our Common Stock, par value \$0.00001 per share, outstanding.

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**ENERGOUS CORPORATION**  
**FORM 10-Q**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2017**

**INDEX**

<u>PART I - FINANCIAL INFORMATION</u>	3
<u>Item 1. Financial Statements</u>	3
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	23
<u>Item 3. Quantitative and Qualitative Disclosure About Market Risk</u>	27
<u>Item 4. Controls and Procedures</u>	28
<u>PART II – OTHER INFORMATION</u>	28
<u>Item 1. Legal Proceedings</u>	28
<u>Item 1A. Risk Factors</u>	28
<u>Item 2. Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities</u>	28
<u>Item 3. Defaults Upon Senior Securities</u>	28
<u>Item 4. Mine Safety Disclosures.</u>	28
<u>Item 5. Other Information</u>	28
<u>Item 6. Exhibits</u>	28

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**PART I - FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**Energous Corporation  
CONDENSED BALANCE SHEETS**

	As of	
<b>ASSETS</b>	June 30, 2017 (unaudited)	December 31, 2016
<b>Current assets:</b>		
Cash and cash equivalents	\$ 13,084,360	\$ 31,258,637
Accounts receivable	250,500	149,500
Prepaid expenses and other current assets	819,300	1,374,585
Prepaid rent, current	80,784	80,784
Total current assets	14,234,944	32,863,506
Property and equipment, net	1,944,157	2,209,475
Prepaid rent, non-current	97,060	137,452
Other assets	38,888	48,507
Total assets	\$ 16,315,049	\$ 35,258,940
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 2,377,871	\$ 4,707,763
Accrued expenses	1,645,696	1,867,995
Deferred revenue	29,136	131,959
Total current liabilities	4,052,703	6,707,717
<b>Commitments and contingencies</b>		
<b>Stockholders' equity</b>		
Preferred Stock, \$0.00001 par value, 10,000,000 shares authorized at June 30, 2017 and December 31, 2016; no shares issued or outstanding	-	-
Common Stock, \$0.00001 par value, 50,000,000 shares authorized at June 30, 2017 and December 31, 2016; 20,862,152 and 20,367,929 shares issued and outstanding at June 30, 2017 and December 31, 2016, respectively.	207	202
Additional paid-in capital	162,178,863	153,075,595
Accumulated deficit	(149,916,724)	(124,524,574)
Total stockholders' equity	12,262,346	28,551,223
Total liabilities and stockholders' equity	\$ 16,315,049	\$ 35,258,940

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

**Energous Corporation**  
**CONDENSED STATEMENTS OF OPERATIONS**  
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
Revenue	\$ 299,506	\$ 181,818	\$ 874,874	\$ 318,182
Operating expenses:				
Research and development	8,692,003	7,462,360	17,045,187	15,136,453
Sales and marketing	1,187,313	646,177	2,782,765	1,453,244
General and administrative	3,341,563	2,360,453	6,444,314	4,816,066
Total operating expenses	<u>13,220,879</u>	<u>10,468,990</u>	<u>26,272,266</u>	<u>21,405,763</u>
Loss from operations	(12,921,373)	(10,287,172)	(25,397,392)	(21,087,581)
Other income:				
Loss on sales of property and equipment, net	-	-	(726)	-
Interest income	2,363	2,617	5,968	6,483
Total	<u>2,363</u>	<u>2,617</u>	<u>5,242</u>	<u>6,483</u>
Net loss	<u>\$ (12,919,010)</u>	<u>\$ (10,284,555)</u>	<u>\$ (25,392,150)</u>	<u>\$ (21,081,098)</u>
Basic and diluted loss per common share	<u>\$ (0.63)</u>	<u>\$ (0.62)</u>	<u>\$ (1.23)</u>	<u>\$ (1.27)</u>
Weighted average shares outstanding, basic and diluted	<u>20,643,261</u>	<u>16,721,332</u>	<u>20,564,561</u>	<u>16,563,780</u>

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

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

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>			
Balance at January 1, 2017	20,367,929	\$ 202	\$153,075,595	\$(124,524,574)	\$ 28,551,223
Stock-based compensation - stock options	-	-	491,982	-	491,982
Stock-based compensation - restricted stock units ("RSUs")	-	-	6,022,165	-	6,022,165
Stock-based compensation - employee stock purchase plan ("ESPP")	-	-	187,352	-	187,352
Stock-based compensation - performance share units ("PSUs")	-	-	1,201,293	-	1,201,293
Stock-based compensation - deferred stock units ("DSUs")	-	-	1,362	-	1,362
Issuance of shares for RSUs	281,703	3	(3)	-	-
Issuance of shares for DSUs	14,953	-	-	-	-
Exercise of stock options	155,478	2	727,651	-	727,653
Cashless exercise of warrants	8,469	-	-	-	-
Shares purchased from contributions to the ESPP	33,620	-	471,466	-	471,466
Net loss	-	-	-	(25,392,150)	(25,392,150)
Balance, June 30, 2017 (unaudited)	<u>20,862,152</u>	<u>\$ 207</u>	<u>\$162,178,863</u>	<u>\$(149,916,724)</u>	<u>\$ 12,262,346</u>

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

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

	For the Six Months Ended June 30,	
	2017	2016
<b>Cash flows from operating activities:</b>		
Net loss	\$ (25,392,150)	\$ (21,081,098)
<b>Adjustments to reconcile net loss to:</b>		
Net cash used in operating activities:		
Depreciation and amortization	681,985	374,572
Stock based compensation	7,904,154	3,545,211
Amortization of prepaid rent from stock issuance to landlord	40,392	40,392
Loss on sales of property and equipment, net	726	
<b>Changes in operating assets and liabilities:</b>		
Accounts receivable	(101,000)	(30,000)
Prepaid expenses and other current assets	555,285	(97,334)
Other assets	9,619	2,823
Accounts payable	(2,329,892)	931,282
Accrued expenses	(222,299)	155,493
Deferred revenue	(102,823)	211,818
Net cash used in operating activities	<u>(18,956,003)</u>	<u>(15,946,841)</u>
<b>Cash flows used in investing activities:</b>		
Purchases of property and equipment	(420,193)	(325,732)
Proceeds from the sale of property and equipment	2,800	-
Net cash used in investing activities	<u>(417,393)</u>	<u>(325,732)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from the exercise of stock options	727,653	252,641
Proceeds from contributions to employee stock purchase plan	471,466	338,680
Net cash provided by financing activities	<u>1,199,119</u>	<u>591,321</u>
Net decrease in cash and cash equivalents	(18,174,277)	(15,681,252)
Cash and cash equivalents - beginning	31,258,637	29,872,564
Cash and cash equivalents - ending	<u>\$ 13,084,360</u>	<u>\$ 14,191,312</u>
<b>Supplemental disclosure of non-cash financing activities:</b>		
Common stock issued for RSUs	<u>\$ 3</u>	<u>\$ 2</u>

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

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

Energous Corporation (“Company”) was incorporated in Delaware on October 30, 2012. The Company has developed a technology called WattUp® that consists of proprietary semiconductor chipsets, software, hardware designs and antennas that can enable RF-based wire-free charging for electronic devices, providing power at a distance and ultimately enabling charging with mobility under full software control. Pursuant to a Strategic Alliance Agreement with Dialog Semiconductor plc (“Dialog”), Dialog will manufacture and distribute products (“Integrated Circuits” or “ICs”) incorporating the Company’s RF-based wire-free charging technology. Dialog will be the exclusive supplier of these ICs for the general market. The Company believes its proprietary technology can potentially be utilized in a variety of devices, including wearables, Internet of Things (“IoT”) devices, smartphones, tablets, e-book readers, keyboards, mice, remote controls, rechargeable lights, cylindrical batteries and any other device with similar charging requirements that would otherwise need a battery or a connection to a power outlet.

The Company is using its WattUp technology to develop solutions that charge electronic devices by surrounding them with a contained three-dimensional (“3D”) radio frequency (“RF”) energy pocket (“RF energy pocket”). The Company is engineering solutions that are expected to enable the wire-free transmission of energy from multiple WattUp transmitters to multiple WattUp receiving devices within a range of up to fifteen (15) feet in radius or in a circular charging envelope of up to thirty (30) feet. The Company is also developing a transmitter technology to seamlessly mesh, much like a network of WiFi routers, to form a wire-free charging network that will allow users to charge their devices as they walk from room-to-room or throughout a large space. To date, the Company has developed multiple transmitter prototypes in various form factors and power capabilities. The Company has also developed multiple receiver prototypes supporting smartphone battery cases, toys, fitness trackers, Bluetooth headsets and tracking devices, as well as stand-alone receivers.

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

During the three and six months ended June 30, 2017, the Company recorded revenue of \$299,506 and \$874,874, respectively, and during the three and six months ended June 30, 2016, the Company recorded revenue of \$181,818 and \$318,812, respectively. During the three and six months ended June 30, 2017, the Company recorded a net loss of \$12,919,010 and \$25,392,150, respectively, and during the three and six months ended June 30, 2016, the Company recorded a net loss of \$10,284,555 and \$21,081,098, respectively. Net cash used in operating activities was \$18,956,003 and \$15,946,841 for the six months ended June 30, 2017 and 2016, respectively. The Company is currently meeting its liquidity requirements through the sales of shares to three different private investors during August 2016, November 2016 and December 2016, which raised net proceeds of \$34,788,311, and payments received under product development projects.

As of June 30, 2017, the Company had cash on hand of \$13,084,360. The Company expects that cash on hand as of June 30, 2017, together with funds from a sale of shares to Dialog, which closed in July 2017 (see Note 8 – Subsequent Events) and anticipated revenues, will be sufficient to fund the Company’s operations into the third quarter of 2018.

Research and development of new technologies is, by its nature, unpredictable. Although the Company will undertake development efforts with commercially reasonable diligence, there can be no assurance that its available resources including the net proceeds from the Company’s IPO, secondary offering, shelf registration and strategic investor financings will be sufficient to enable it to develop and obtain regulatory approval of its technology to the extent needed to create future revenues sufficient to sustain its operations. The Company expects to pursue additional financing, which could include follow-on equity offerings, debt financings, co-development agreements or other alternatives, depending upon the market conditions. Should the Company choose to pursue additional financing, there is no assurance that the Company would be able to do so on terms that it would find acceptable.

### **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 (“US GAAP”), and pursuant to the accounting and disclosure rules and regulations of the U.S. Securities and Exchange Commission (the “SEC”).

These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements and notes thereto for the fiscal year ended December 31, 2016 included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2016, filed with the SEC on March 16, 2017. The accounting policies used in preparing these unaudited condensed interim financial statements are consistent with those described in the Company’s December 31, 2016 audited financial statements.

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

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

The Company’s significant estimates and assumptions include the valuation of stock-based compensation instruments, recognition of revenue, the useful lives of long-lived assets, and income tax expense. 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 recognizes revenue when all of the following criteria have been met: persuasive evidence of an arrangement exists, services have been rendered, collection of the revenue is reasonably assured, and the fees are fixed or determinable.

The Company records revenue associated with product development projects that it enters into with certain customers. In general, these projects are associated with complex technology development, and as such the Company does not have certainty about its ability to achieve the program milestones. Achievement of the milestone is dependent on the Company’s performance typically requires acceptance by the customer. The payment associated with achieving the milestone 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 projects, generally included in research and development expense, in the periods incurred.

The Company also receives nonrefundable payments, typically at the beginning of a customer relationship, for which there are no milestones. The Company recognizes this revenue ratably over the initial engineering product development period. The Company records the expenses related to these projects, generally included in research and development expense, in the periods incurred.



### **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, 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 \$8,692,003 and \$7,462,360 for the three months ended June 30, 2017 and 2016, respectively, and the Company incurred research and development costs of \$17,045,187 and \$15,136,453 for the six months ended June 30, 2017 and 2016, 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.

On April 10, 2015, the Company's board of directors approved the Energoous Corporation Employee Stock Purchase Plan (the "ESPP"), under which 600,000 shares of common stock were 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. Under the plan, employees may purchase a limited number of shares of the Company's common stock at a 15% discount from the lower of the closing market prices measured on the first and last days of each half-year period. The Company recognizes 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 June 30, 2017, 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 three and six months ended June 30, 2017 and 2016.

#### ***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"), performance stock units ("PSUs") and deferred stock units ("DSUs") and the enrollment of employees in the ESPP. The computation of diluted loss per share excludes potentially dilutive securities of 7,532,800 and 4,493,120 for the three months ended June 30, 2017 and 2016, respectively, and 7,532,800 and 4,493,120 for the six months ended June 30, 2017 and 2016, respectively, because their inclusion would be anti-dilutive.

### 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 Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
Consulting Warrant to purchase common stock	-	34,778	-	34,778
Financing Warrant to purchase common stock	13,889	81,779	13,889	81,779
IPO Warrants to purchase common stock	11,600	233,475	11,600	233,475
Investor Relations Consulting Warrant	7,950	36,000	7,950	36,000
Investor Relations Incentive Warrant	15,000	15,000	15,000	15,000
Warrant issued to private investors	2,381,675	-	2,381,675	-
Options to purchase common stock	1,153,966	1,340,007	1,153,966	1,340,007
RSUs	2,795,103	1,581,757	2,795,103	1,581,757
PSUs	1,153,617	1,155,371	1,153,617	1,155,371
DSUs	-	14,953	-	14,953
Total potentially dilutive securities	<u>7,532,800</u>	<u>4,493,120</u>	<u>7,532,800</u>	<u>4,493,120</u>

#### Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers" (Topic 606) ("ASU 2014-09"), which supersedes the revenue recognition requirements in ASU Topic 605, "Revenue Recognition," and most industry-specific guidance. ASU 2014-09 is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments, and assets recognized from costs incurred to obtain or fulfill a contract. Originally, ASU 2014-09 would be effective for the Company starting January 1, 2017 using either of two methods: (i) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within ASU 2014-09; or (ii) retrospective with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application and providing certain additional disclosures as defined per ASU 2014-09. In July 2015, FASB voted to amend ASU 2014-09 by approving a one-year deferral of the effective date as well as providing the option to early adopt the standard on the original effective date. The Company will evaluate the effects, if any, that adoption of this guidance will have on its financial statements.

In August 2014, FASB issued ASU No. 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern. This standard is intended to define management's responsibility to evaluate whether there is substantial doubt about an organization's ability to continue as a going concern and to provide related footnote disclosures. Under US GAAP, financial statements are prepared under the presumption that the reporting organization will continue to operate as a going concern, except in limited circumstances. Financial reporting under this presumption is commonly referred to as the going concern basis of accounting.

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

#### ***Recent Accounting Pronouncements, continued***

The going concern basis of accounting is critical to financial reporting because it establishes the fundamental basis for measuring and classifying assets and liabilities. Currently, US GAAP lacks guidance about management's responsibility to evaluate whether there is substantial doubt about the organization's ability to continue as a going concern or to provide related footnote disclosures. This ASU provides guidance to an organization's management, with principles and definitions that are intended to reduce diversity in the timing and content of disclosures that are commonly provided by organizations today in the financial statement footnotes. The amendments are effective for annual periods ending after December 15, 2016, and interim periods within annual periods beginning after December 15, 2016. The Company adopted ASU 2014-15 and management has made the appropriate evaluations and disclosures in Note 2 – Liquidity and Management Plans.

In April 2015, the FASB issued ASU No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs." This standard amends existing guidance to require the presentation of debt issuance costs in the balance sheet as a deduction from the carrying amount of the related debt liability instead of a deferred charge. It is effective for annual reporting periods beginning after December 15, 2015. The Company has adopted ASU 2015-03, and the adoption of this standard did not have a material impact on the Company's financial position and results of operations.

In August 2015, the FASB issued ASU No. 2015-15, "Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements" – Amendments to SEC Paragraphs Pursuant to Staff Announcement at June 18, 2015, which clarified the SEC staff's position on presenting and measuring debt issuance costs incurred in connection with line-of-credit arrangements. ASU 2015-15 should be adopted concurrently with the adoption of ASU 2015-03. The Company has adopted ASU 2015-15, and the adoption of this standard did not have a material impact on the Company's financial position and results of operations.

In November 2015, the FASB issued ASU No. 2015-17, "Balance Sheet Classification of Deferred Taxes" ("ASU 2015-17"). The standard requires that deferred tax assets and liabilities be classified as noncurrent in a classified statement of financial position. ASU 2015-17 is effective for fiscal years and interim periods within those years, beginning after December 15, 2016. Early adoption is permitted. ASU 2015-17 may be applied either prospectively, for all deferred tax assets and liabilities, or retrospectively. The Company has early adopted ASU 2015-17 effective December 31, 2015, retrospectively. The adoption of this standard had no impact on the results of operations.

In January 2016, the FASB issued ASU No. 2016-01, "Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities" ("ASU 2016-01"). The standard addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. ASU 2016-01 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. The Company is currently evaluating the impact the adoption of this new standard will have on its financial statements.

In January 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)" ("ASU 2016-02"). This standard requires that a lessee recognize the assets and liabilities that arise from operating leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. ASU 2016-02 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. The Company is currently evaluating the impact the adoption of this new standard will have on its financial statements.

In March 2016, the FASB issued ASU No. 2016-08, "Revenue from Contracts with Customers (Topic 606) – Principal versus Agent Considerations (Reporting Revenue Gross versus Net)" ("ASU 2016-08"). ASU No. 2016-08 maintains the core principles of Topic 606 on revenue recognition, but clarifies whether an entity is a principal or an agent in a contract and the appropriate revenue recognition principles under each of these circumstances. The amendments in ASU 2016-08 affect the guidance of ASU 2014-09 which is not yet effective. The Company will evaluate the effects, if any, that adoption of this guidance will have on its financial statements.

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

#### ***Recent Accounting Pronouncements, continued***

In March 2016, the FASB issued ASU No. 2016-09, “Compensation — Stock Compensation (Topic 718) — Improvements to Employee Share-Based Payment Accounting.” ASU No. 2016-09 includes provisions to simplify certain aspects related to the accounting for share-based awards and the related financial statement presentation. This ASU includes a requirement that the tax effect related to the settlement of share-based awards be recorded in income tax benefit or expense in the statements of earnings. This change is required to be adopted prospectively in the period of adoption. In addition, the ASU modifies the classification of certain share-based payment activities within the statements of cash flows and these changes are required to be applied retrospectively to all periods presented, or in certain cases prospectively, beginning in the period of adoption. ASU No. 2016-09 is effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. The Company adopted ASU 2016-09 effective January 1, 2017. The adoption of this standard did not have a material impact on the results of operations.

In April 2016, the FASB issued ASU No. 2016-10, “Revenue from Contracts with Customers (Topic 606) – Identifying Performance Obligations and Licensing.” ASU No. 2016-10 maintains the core principles of Topic 606 on revenue recognition, but clarifies identification of performance obligations and licensing implementation guidance. The amendments in ASU 2016-10 affect the guidance of ASU 2014-09 which is not yet effective. The Company will evaluate the effects, if any, that adoption of this guidance will have on its financial statements.

In May 2016, the FASB issued ASU No. 2016-12, “Revenue from Contracts with Customers (Topic 606) – Narrow- Scope Improvements and Practical Expedients.” ASU No. 2016-12 maintains the core principles of Topic 606 on revenue recognition, but addresses collectability, sales tax presentation, noncash consideration, contract modifications at transition and completed contracts at transition. The amendments in ASU 2016-12 affect the guidance of ASU 2014-09 which is not yet effective. The Company will evaluate the effects, if any, that adoption of this guidance will have on its financial statements.

In June 2016, the FASB issued ASU No. 2016-13, “Financial Instruments – Credit Losses (Topic 326) – Measurement of Credit Losses on Financial Instruments.” ASU No. 2016-13 provides financial statement reader more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. It is effective for annual reporting periods beginning after December 15, 2019. The Company will evaluate the effects, if any, that adoption of this guidance will have on its financial statements.

In August 2016, the FASB issued ASU No. 2016-15, “Statement of Cash Flows (Topic 230) – Classification of Certain Cash Receipts and Cash Payments.” ASU No. 2016-15 addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. It is effective for annual reporting periods beginning after December 15, 2017. The Company is currently evaluating the impact this standard will have on its financial statements.

In November 2016, the FASB issued ASU No. 2016-18, “Statement of Cash Flows (230) – Restricted Cash.” ASU No. 2016-18 requires an entity to include amounts described as restricted cash and restricted cash equivalents with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. It is effective for annual reporting periods beginning after December 15, 2018. The adoption of this standard is not expected to have a material impact on the Company’s financial position and results of operations.

In December 2016, the FASB issued ASU No. 2016-20, “Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers.” ASU No. 2016-20 amends certain aspects of ASU No. 2014-09 and clarifies, rather than changes, the core revenue recognition principles in ASU No. 2014-09. It is effective for annual reporting periods beginning after December 15, 2018. The adoption of this standard is not expected to have a material impact on the Company’s financial position and results of operations.

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

#### *Recent Accounting Pronouncements, continued*

In May 2017, the FASB issued ASU No. 2017-09, “Compensation – Stock Compensation (Topic 718) – Scope of Modification Accounting.” ASU No. 2017-09 provides clarity and reduces complexity when applying the guidance in Topic 718 for changes in terms or conditions of share-based payment awards. It is effective for annual reporting periods beginning after December 15, 2017. The Company is currently evaluating the impact the adoption of this new standard will have on its financial statements.

#### *Management’s Evaluation of Subsequent Events*

The Company evaluates events that have occurred after the balance sheet date of June 30, 2017, through the date which the financial statements are issued. Based upon the review, other than events disclosed in Note 8 – Subsequent Events, the Company did not identify any subsequent events that would have required adjustment or disclosure in the financial statements.

### Note 4 – Commitments and Contingencies

#### *Operating Leases*

On September 10, 2014, the Company entered into a Lease Agreement (“Lease”) with Balzer Family Investments, L.P. (“Landlord”) related to space located at Northpointe Business Center, 3590 North First Street, San Jose, California. The initial term of the lease is 60 months, with initial monthly base rent of \$36,720 and the lease is subject to certain annual escalations as defined in the agreement. On October 1, 2014, the Company relocated its headquarters to this new location. The Company issued to the Landlord 41,563 shares of the Company’s common stock valued at \$500,000, of which \$400,000 will be applied to reduce the Company’s monthly base rent obligation by \$6,732 per month and of which \$100,000 was for certain tenant improvements. The Company recorded \$400,000 as prepaid rent on its balance sheet, which is being amortized over the term of the lease and recorded \$100,000 as leasehold improvements.

On February 26, 2015, the Company entered into a sub-lease agreement for additional space in the San Jose area. The agreement has a term which expires on June 30, 2019 and an initial monthly rent of \$6,109 per month. On August 25, 2015, the Company entered into an additional amended sub-lease agreement for additional space in San Jose, California. The agreement has a term which expires on June 30, 2019 and an initial monthly rent of \$4,314 per month. These leases are subject to certain annual escalations as defined in the agreements.

On July 9, 2015, the Company entered into a sub-lease agreement for additional space in Costa Mesa, CA. The agreement has a term which expires on September 30, 2017 and a monthly rent of \$6,376 per month. On May 31, 2017, the Company entered into a lease agreement for the same space in Costa Mesa, CA. The agreement has a term which will begin on October 1, 2017 and expires on September 30, 2019. The initial monthly rent will be \$9,040.

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

For the Years Ended December 31,	Amount
2017 (Six Months)	\$ 305,702
2018	640,202
2019	457,585
Total	<u>\$ 1,403,489</u>

## **Note 4 – Commitments and Contingencies, continued**

### ***Development and Licensing Agreements***

In 2015, the Company signed a development and licensing agreement with a consumer electronics company to embed WattUp wire-free charging receiver technology in various products including, but not limited to, certain mobile consumer electronics and related accessories. On March 31, 2016, the Company received payment of \$500,000 pursuant to the February 15, 2016 commencement of the second phase described in the third amendment of this agreement, of which the Company recorded \$4,956 and \$181,818 in revenue during the three months ended

June 30, 2017 and 2016, respectively, and \$79,824 and \$318,182 in revenue during the six months ended June 30, 2017 and 2016, respectively. During the three months ended June 30, 2017 and 2016, the Company also recognized revenue of \$250,000 and \$0, respectively, and during the six months ended June 30, 2017 and 2016, the Company also recognized revenue of \$750,000 and \$0, respectively, upon the achievement of additional milestones under the second phase of the agreement.

In 2016, the Company entered into an agreement with a commercial and industrial supply company, under which the Company will develop wire-free charging solutions. The Company recognized \$44,550 from this agreement during the three and six months ended June 30, 2017.

### ***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 13, 2015, the Company is required to remit quarterly payments in the amount of \$100,568 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 \$198,105.

### ***Amended Employee 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 has an effective date of January 1, 2015 and an initial term of four years (the "Initial Employment Period"). The Employment Agreement provides for an annual base salary of \$365,000, and Mr. Rizzone is eligible to receive quarterly cash bonuses with a total target amount equal to 100% of his base salary based upon achievement of performance-based objectives established by the Company's board of directors.

Pursuant to Mr. Rizzone's prior employment agreement, on December 12, 2013 Mr. Rizzone was granted a ten year option to purchase 275,689 shares of common stock at an exercise price of \$1.68 vesting over four years in 48 monthly installments beginning October 1, 2013 ("First Option"). Mr. Rizzone was also granted a second option award to purchase 496,546 shares of common stock at an exercise price of \$6.00 ("Second Option"). The Second Option vests over the same vesting schedule as the First Option.

Effective May 21, 2015, with the approval by the Company's stockholders of its new performance-based equity plan, the Employment Agreement provided and Mr. Rizzone received, a grant of 639,075 Performance Share Units (the "PSUs"). The PSUs, which represent the right to receive shares of common stock, shall be earned based on the Company's achievement of market capitalization growth between the effective date of the Employment Agreement and the end of the Initial Employment Period. If the Company's market capitalization is \$100 million or less, no PSUs will be earned. If the Company reaches a market capitalization of \$1.1 billion or more, 100% of the PSUs will be earned. For market capitalization between \$100 million and \$1.1 billion, the percentage of PSUs earned will be determined on a quarterly basis based on straight line interpolation. PSUs earned as of the end of a calendar quarter will be paid 50% immediately and 50% will be deferred until the end of the Initial Employment Period subject to Mr. Rizzone's continued employment with the Company (See Note 6).

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

#### **Note 4 – Commitments and Contingencies, continued**

##### ***Amended Employee Agreement – Stephen Rizzone, continued***

The Employment Agreement provides that if Mr. Rizzone's employment is terminated due to his death or disability, if Mr. Rizzone's employment is terminated by the Company without cause or if he resigns for good reason, twenty-five percent (25%) of the shares subject to the First Option and the Second Option shall immediately vest and become exercisable, he will have a period of one year post-termination to exercise the First Option and the Second Option, and if a Liquidation Event (as defined in the Employment Agreement) shall occur prior to the termination of the First Option and the Second Option, one hundred percent (100%) of the shares subject to the First Option and Second Option shall immediately vest and become exercisable effective immediately prior to the consummation of the Liquidation Event. In addition, any outstanding deferred PSUs shall be immediately vested and paid, but any remaining unearned portion of the PSUs shall immediately be canceled and forfeited.

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

In November 2016, the Company and Dialog Semiconductor plc ("Dialog") 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 Strategic 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 Dialog Exclusivity Requirement will terminate if no Licensed Products have received the necessary Federal Communications Commission approvals within specified timeframes.

In addition to the Alliance Agreement, the Company and Dialog entered into a securities purchase agreement (see Note 5 – Stockholders' Equity).

#### **Note 5 – 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.

##### ***Filing of registration statement***

On April 24, 2015, the Company filed a "shelf" registration statement on Form S-3, which became effective on April 30, 2015. The "shelf" registration statement allows the Company from time to time to sell any combination of debt or equity securities described in the registration statement up to aggregate proceeds of \$75,000,000.

Pursuant to the shelf registration, on November 17, 2015, the Company consummated an offering of 3,000,005 shares of common stock at \$6.90 per share and received from the underwriters' net proceeds of \$19,333,032 (net of underwriters' discount of \$1,242,002 and underwriters' offering expenses of \$125,000). The Company incurred additional offering expenses of \$284,576, yielding net proceeds from the offering under shelf registration of \$19,048,456.

## **Note 5 – Stockholders’ Equity, continued**

### ***Private Placements***

On August 9, 2016, the Company entered into a securities purchase agreement with Ascend Legend Master Fund, Ltd. pursuant to which the Company agreed to sell to Ascend Legend Master Fund, Ltd., and its affiliates, 1,618,123 shares of common stock at a price of \$12.36 per share and a warrant to purchase up to 1,618,123 shares of common stock at an exercise price of \$23.00 per share. The aggregate proceeds from the sale of shares of common stock was \$20,000,000.

On November 7, 2016, the Company and Dialog entered into a securities purchase agreement pursuant to which the Company agreed to sell to Dialog 763,552 shares of common stock at a price of \$13.0967 per share and a warrant to purchase up to 763,552 shares of common stock that may be exercised only on a cashless basis at a price of \$17.0257 per share, and may be exercised at any time between the date that is six months and a day after the closing date of the transaction and the three-year anniversary of the Closing Date. The aggregate proceeds from the sale of shares of common stock was \$10,000,011.

On December 30, 2016, the Company and JT Group entered into a securities purchase agreement pursuant to which the Company agreed to sell to JT Group 292,056 shares of common stock at a price of \$17.12 per share. The aggregate proceeds from the sale of shares of common stock was \$4,999,975.

## **Note 6 – Stock Based Compensation**

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

#### **2013 Equity Incentive Plan**

In December 2013, the Company’s board and stockholders approved the 2013 Equity Incentive Plan, providing for the issuance of equity-based instruments covering up to an initial total of 1,042,167 shares of common stock.

Effective on March 10, 2014, the Company’s board of directors and stockholders approved the First Amendment to the 2013 Equity Incentive Plan which provided for an increase in the aggregate number of shares of common stock that may be issued pursuant to the 2013 Equity Incentive Plan to equal 18% of the total number of shares of common stock outstanding immediately following the completion of the IPO (assuming for this purpose the issuance of all shares issuable under the Company’s equity plans, the conversion into common stock of all outstanding securities that are convertible by their terms into common stock and the exercise of all options and warrants exercisable for shares of common stock and including shares and warrants issued to the underwriters for such IPO upon exercise of its over-allotment options).

Effective March 27, 2014, the aggregate total number of shares which may be issued under the 2013 Equity Incentive Plan was increased to 2,335,967.

Effective on May 19, 2016, 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 2,150,000 shares, bringing the total number of approved shares to 4,485,967 under the 2013 Equity Incentive Plan.

As of June 30, 2017, 925,993 shares of common stock remain available to be issued through equity-based instruments under the 2013 Equity Incentive Plan.



## **Note 6 – Stock Based Compensation, continued**

### ***Equity Incentive Plans, continued***

#### 2014 Non-Employee Equity Compensation Plan

On March 6, 2014, the Company's board of directors and stockholders approved the 2014 Non-Employee Equity Compensation Plan for the issuance of equity-based instruments covering up to 250,000 shares of common stock to directors and other non-employees.

Effective on May 19, 2016, the Company's stockholders approved the amendment and restatement of the 2014 Equity Incentive Plan to increase the number of shares reserved for issuance thereunder by 350,000 shares, bringing the total number of approved shares to 600,000 under the 2014 Non-Employee Equity Compensation Plan.

As of June 30, 2017, 292,655 shares of common stock remain available to be issued through equity-based instruments under the 2014 Non-Employee Equity Compensation Plan.

#### 2015 Performance Share Unit Plan

On April 10, 2015, the Company's board of directors approved the Energois Corporation 2015 Performance Share Unit Plan (the "Performance Share Plan"), under which 1,310,104 shares of common stock became available for issuance as PSUs to a select group of employees and directors, subject to approval by the stockholders. On May 21, 2015, the Company's stockholders approved the Performance Share Plan.

As of June 30, 2017, 31,951 shares of common stock remain available to be issued through equity-based instruments under the Performance Share Unit Plan.

#### Employee Stock Purchase Plan

On April 10, 2015, the Company's board of directors 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. Employees may designate an amount not less than 1% but not more than 10% of their annual compensation, but for not more than 7,500 shares 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 June 30, 2017, 435,001 shares of common stock remain available to be issued under the ESPP. As of June 30, 2017, employees contributed \$471,466 through payroll withholdings to the ESPP for the current eligibility period. A total of 33,620 shares were purchased during the six months ended June 30, 2017.

## Note 6 – Stock Based Compensation, continued

### Stock Option Award Activity

The following is a summary of the Company's stock option activity during the six months ended June 30, 2017:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life In Years	Intrinsic Value
Outstanding at January 1, 2017	1,309,444	\$ 4.55	7.1	\$ 16,107,929
Granted	-	-	-	-
Exercised	(155,478)	4.68	-	-
Forfeited	-	-	-	-
Outstanding at June 30, 2017	<u>1,153,966</u>	<u>\$ 4.53</u>	<u>6.7</u>	<u>\$ 13,534,936</u>
Exercisable at January 1, 2017	1,057,187	\$ 4.55	7.1	\$ 12,988,601
Vested	159,134	4.53	-	-
Exercised	(155,478)	4.68	-	-
Forfeited	-	-	-	-
Exercisable at June 30, 2017	<u>1,060,843</u>	<u>\$ 4.53</u>	<u>6.7</u>	<u>\$ 12,440,373</u>

As of June 30, 2017, the unamortized value of options was \$237,751. As of June 30, 2017, the unamortized portion will be expensed over a weighted average period of 0.3 years.

### Restricted Stock Units ("RSUs")

During the first quarter of 2017, the compensation committee of the board of directors ("Compensation Committee") granted various directors RSUs under which the holders have the right to receive an aggregate of 48,844 shares of the Company's common stock. These awards were granted under the 2014 Non-Employee Equity Compensation Plan. The awards granted vest fully on the first anniversary of the grant date.

During the first quarter of 2017, the Compensation Committee granted employees inducement RSU awards under which the holders have the right to receive an aggregate of 246,000 shares of the Company's common stock. The awards vest over four years beginning on the anniversary of the employee hire dates.

During the first quarter of 2017, the Compensation Committee granted various employees RSU awards under the 2013 Equity Incentive Plan under which the holders have the right to receive an aggregate of 351,080 shares of the Company's common stock. The awards have various vesting schedules.

## Note 6 – Stock Based Compensation, continued

### *Restricted Stock Units (“RSUs”), continued*

During the second quarter of 2017, the compensation committee of the board of directors (“Compensation Committee”) granted various consultants RSUs under which the holders have the right to receive an aggregate of 8,400 shares of the Company’s common stock. These awards were granted under the 2014 Non-Employee Equity Compensation Plan. The awards have various vesting schedules.

During the second quarter of 2017, the Compensation Committee granted employees inducement RSU awards under which the holders have the right to receive an aggregate of 120,000 shares of the Company’s common stock. A majority of the awards vest over four years beginning on the anniversary of the employee hire dates.

During the second quarter of 2017, the Compensation Committee granted various employees RSU awards under the 2013 Equity Incentive Plan under which the holders have the right to receive an aggregate of 308,059 shares of the Company’s common stock. The awards have various vesting schedules.

The Company accounts for RSUs granted to consultants using the accounting guidance included in ASC 505-50 “Equity-Based Payments to Non-Employees” (“ASC 505-50”). In accordance with ASC 505-50, the Company estimates the fair value of the unvested portion of the RSU award each reporting period using the closing price of the Company’s common stock.

At June 30, 2017, the unamortized value of the RSUs was \$30,193,264. The unamortized amount will be expensed over a weighted average period of 2.9 years. A summary of the activity related to RSUs for the six months ended June 30, 2017 is presented below:

	Total	Weighted Average Grant Date Fair Value
Outstanding at January 1, 2017	2,052,223	\$ 11.58
RSUs granted	1,082,383	\$ 15.42
RSUs forfeited	(57,800)	\$ 12.91
RSUs vested	(281,703)	\$ 10.44
Outstanding at June 30, 2017	<u>2,795,103</u>	<u>\$ 13.07</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 market capitalization or market share price of the common stock.

The PSUs originally issued during 2015 to certain board members and senior management shall be earned based on the Company’s achievement of market capitalization growth between the effective date of the Employment Agreement and the end of the Initial Employment Period. If the Company’s market capitalization is \$100 million or less, no PSUs will be earned. If the Company reaches a market capitalization of \$1.1 billion or more, 100% of the PSUs will be earned. For market capitalization between \$100 million and \$1.1 billion, the percentage of PSUs earned will be determined on a quarterly basis based on straight line interpolation.

The Company determined that the PSUs were equity awards with both market and service conditions. The Company utilized a Monte Carlo simulation to determine the fair value of the market condition, as described below. Grantees of PSUs are required to be employed through December 31, 2018 in order to earn the entire award, if and when vested. No PSUs were granted during the six months ended June 30, 2017.

## Note 6 – Stock Based Compensation, continued

### Performance Share Units (“PSUs”), continued

	Performance Share Units (PSUs) Granted During the Six Months Ended June 30, 2016	
Market capitalization	\$	102,600,000
Dividend yield		0%
Expected volatility		75%
Risk-free interest rate		1.04%

The fair value of the grants of PSUs to purchase a total of 1,342,061 shares of common stock (including 1,278,153 PSUs granted under the 2015 Performance Share Unit Plan and 63,908 granted as an inducement) was determined to be approximately \$3,218,000, and is amortized over the service period of May 21, 2015 through December 31, 2018, on a straight-line basis.

On October 24, 2016, the Compensation Committee granted Mr. Rizzone a PSU award under the 2013 Equity Incentive Plan under which Mr. Rizzone has the right to receive 150,000 shares of the Company’s common stock. The shares of this award vest upon the Company’s stock price meeting specific targets.

For the PSU award grant issued to Stephen Rizzone, Chief Executive Officer, a Monte Carlo simulation was used to determine the fair value at each of the five target prices of the Company’s common stock, using a market capitalization of \$298,857,000, dividend yield of 0%, expected volatility of 75% and a risk-free interest rate of 0.66%.

The fair value of the PSUs granted to Mr. Rizzone under the 2013 Equity Incentive Plan was determined to be \$2,332,000, and is amortized over the estimated service period from October 24, 2016 through October 30, 2017.

Amortization for all PSU awards was \$587,433 and \$228,664 for the three months ended June 30, 2017 and 2016, respectively, and \$1,201,293 and \$443,129 for the six months ended June 30, 2017 and 2016, respectively.

At June 30, 2017, the unamortized value of all PSUs was approximately \$1,573,213. The unamortized amount will be expensed over a weighted average period of 1.3 years. A summary of the activity related to PSUs for the six months ended June 30, 2017 is presented below:

	Total	Weighted Average Grant Date Fair Value
Outstanding at January 1, 2017	1,153,617	\$ 3.66
PSUs granted	-	\$ -
PSUs forfeited	-	\$ -
PSUs vested	-	\$ -
Outstanding at June 30, 2017	<u>1,153,617</u>	<u>\$ 3.66</u>

## Note 6 – Stock Based Compensation, continued

### *Deferred Stock Units (“DSUs”)*

On January 4, 2016, the Compensation Committee granted to John Gaulding, Director and Chairman of the Board, DSUs under the 2014 Non-Employee Equity Compensation Plan for which Mr. Gaulding has the right to receive 14,953 shares of the Company’s common stock. These shares were issued to Mr. Gaulding in lieu of \$125,000 of his anticipated compensation for his services on the board, including \$75,000 worth of RSUs and \$50,000 of his regular board stipends. The award granted vested fully on the first anniversary of the grant date. Amortization was \$0 and \$30,996 for the three months ended June 30, 2017 and 2016, respectively and \$1,362 and \$60,970 for the six months ended June 30, 2017 and 2016, respectively.

At June 30, 2017, the DSUs were fully amortized. A summary of the activity related to DSUs for the six months ended June 30, 2017 is presented below:

	Total	Weighted Average Grant Date Fair Value
Outstanding at January 1, 2017	14,953	\$ 8.36
DSUs granted	-	\$ -
DSUs forfeited	-	\$ -
DSUs vested	14,953	\$ 8.36
Outstanding at June 30, 2017	-	\$ -

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

The recently completed offering period for the ESPP was January 1, 2017 through June 30, 2017. During the year ended December 31, 2016, there were two offering periods for the ESPP. The first offering period started on January 1, 2016 and concluded on June 30, 2016. The second offering period started on July 1, 2016 and concluded on December 31, 2016.

The weighted-average grant-date fair value of the purchase option for each designated share purchased under this plan was approximately \$5.88 and \$2.57 for the six months ended June 30, 2017 and 2016, respectively, which represents the fair value of the option, consisting of three main components: (i) the value of the discount on the enrollment date, (ii) the proportionate value of the call option for 85% of the stock and (iii) the proportionate value of the put option for 15% of the stock. The Company recognized compensation expense for the plan of \$93,541 and \$187,352 for the three and six months ended June 30, 2017, respectively, and \$59,779 and \$122,716 for the three and six months ended June 30, 2016, respectively.

The Company estimated the fair value of options granted during the six months ended June 30, 2017 and 2016 using the Black-Scholes option pricing model. The fair values of stock options granted were estimated using the following assumptions:

	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Stock price	\$ 17.59	\$ 8.36
Dividend yield	0%	0%
Expected volatility	66%	56%
Risk-free interest rate	0.62%	0.49%
Expected life	6 months	6 months

## Note 6 – Stock Based Compensation, continued

### Stock-Based Compensation Expense

The following tables summarize total stock-based compensation costs recognized for the three and six months ended June 30, 2017 and 2016:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Stock options	\$ 265,599	\$ 123,235	\$ 491,982	\$ 546,297
RSUs	3,419,390	1,149,003	6,022,165	2,372,099
PSUs	587,433	228,664	1,201,293	443,129
ESPP	93,541	59,779	187,352	122,716
DSUs	-	30,996	1,362	60,970
Total	<u>\$ 4,365,963</u>	<u>\$ 1,591,677</u>	<u>\$ 7,904,154</u>	<u>\$ 3,545,211</u>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Research and development	\$ 2,326,720	\$ 757,250	\$ 4,084,622	\$ 1,668,093
Sales and marketing	279,015	68,452	500,848	124,769
General and administrative	1,760,228	765,975	3,318,684	1,752,349
Total	<u>\$ 4,365,963</u>	<u>\$ 1,591,677</u>	<u>\$ 7,904,154</u>	<u>\$ 3,545,211</u>

### Note 7 – Related Party Transactions

On July 14, 2014, the Company's Board of Directors appointed Howard Yeaton as the Company's Interim Chief Financial Officer. Howard Yeaton is the Managing Principal of Financial Consulting Strategies LLC ("FCS"). During the three and six months ended June 30, 2017, the Company did not incur any fees for services provided by FCS. During the three and six months ended June 30, 2016, the Company incurred \$2,675 and \$13,306, respectively, in fees for other financial advisory and accounting services provided by FCS. None of these fees were incurred in connection with Mr. Yeaton's services as Interim Chief Financial Officer.

### Note 8 – Subsequent Events

In July 2017, the Company issued to Dialog 976,139 shares of common stock at a price of \$15.3666 per share and a warrant to purchase up to 654,013 shares of common stock that may be exercised only on a cashless basis at a price of \$19.9766 per share, and may be exercised at any time between the date that is six months and a day after the closing date of the transaction and the three-year anniversary of the Closing Date. The aggregate proceeds from the sale of shares of common stock was \$14,999,935.

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

### Forward-Looking Statements

As used in this Form 10-Q, unless the context otherwise requires the terms “we,” “us,” “our,” and “Energous” refer to Energous Corporation, a Delaware corporation. This Quarterly Report on Form 10-Q 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 Quarterly Report on Form 10-Q regarding our strategies, prospects, financial condition, operations, costs, plans and objectives are forward-looking statements. Examples of forward-looking statements include, among others, statements we make regarding expectations for revenues, cash flows and financial performance, the utilization of our proprietary technology, the anticipated results of our development efforts, our investments in Integrated Circuits, the timing for receipt of required regulatory approvals and product launches, and other statements regarding our future operations, financial condition and prospects and business strategies. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Forward-looking statements are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and generally outside of our control, so actual results and financial condition may differ materially from those indicated in the forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others: our ability to develop a commercially feasible technology, and timing of customer implementations of that technology in consumer products; timing of regulatory approvals, particularly the Federal Communications Commission’s approval of transmitting power at a distance; our ability to find and maintain development partners; our ability to protect our intellectual property; competition; and other risks and uncertainties described in the Risk Factors and in Management's Discussion and Analysis sections of our most recently filed Annual Report on Form 10-K and any subsequently filed Quarterly Reports on Form 10-Q, including this report. We undertake no obligation to publicly update any written or oral forward-looking statement that we may make, whether as a result of new information, future developments or otherwise.

### Overview

We have developed a technology called WattUp® that consists of proprietary semiconductor chipsets, software, hardware designs and antennas that enables RF-based charging for electronic devices, providing wire-free charging solutions for contact-based charging as well as at a distance charging, ultimately enabling charging with mobility under full software control. Pursuant to our Strategic Alliance Agreement with Dialog Semiconductor plc (Dialog), Dialog will manufacture and distribute products (“Integrated Circuits” or “ICs”) incorporating our RF-based wire-free charging technology. Dialog will be our exclusive supplier of these ICs for the general market. We believe our proprietary technology can be utilized in a variety of devices, including wearables, hearing aids, earbuds, Bluetooth headsets, Internet of Things (“IoT”) devices, smartphones, tablets, e-book readers, keyboards, mice, remote controls, rechargeable lights, cylindrical batteries, medical devices and any other device with similar charging requirements that would otherwise need a battery or a connection to a power outlet.

We believe our technology is novel in its approach, in that we are developing a solution that charges electronic devices by surrounding them with a focused, three-dimensional (“3D”) radio frequency (“RF”) energy pocket (“RF energy pocket”). We are developing engineering solutions that we expect to enable the wire-free transmission of energy for contact-based applications and for far field applications in a circular charging envelope of up to 15 feet in radius. We are also developing our far field transmitter technology to seamlessly mesh (much like a network of WiFi routers) to form a wire-free charging network that will allow users to charge their devices as they walk from room-to-room or throughout a large space. To date, we have developed multiple transmitter prototypes in various form factors and power capabilities, and multiple receiver prototypes, including smartphone battery cases, toys, fitness trackers, Bluetooth headsets, tracking devices and stand-alone receivers.

When we were first founded, we recognized the need to build and design an enterprise-class network management and control system (“NMS”) that was integral to the architecture and development of our wire-free charging technology. Our NMS system can be scaled up to control an enterprise consisting of thousands of devices or scaled down to work in a home or IoT environment.

The power, distance and mobility capabilities of the WattUp technology were validated independently by an internationally recognized independent testing lab in October 2015, and the results are published on our website.

Our technology solution consists principally of transmitter and receiver ICs and novel antenna designs driven through innovative algorithms and software applications. We submitted our first IC design for wafer fabrication in November 2013 and have since been developing multiple generations of transmitter and receiver ICs, multiple antenna designs, as well as algorithms and software designs that we believe, in the aggregate, will optimize our technology by reducing size and cost, while increasing performance to a level that will enable our technology to be integrated into a broad spectrum of devices. We have developed a “building block” approach which allows us to scale our product implementations by combining multiple transmitter building blocks and/or multiple receiver building blocks to provide the power, distance, size and cost performance necessary to meet application requirements. While the technology is very scalable, in order to provide us the necessary strategic focus to grow effectively, we have defined our market as devices that require 10 watts or less of power to charge. We will continue to invest in IC development as well as in the other components of the WattUp system to improve product performance, efficiency, cost-performance and miniaturization as required to grow the business and expand the ecosystem, while also distancing us from any potential competition.

We believe that if our development, regulatory and commercialization efforts are successful, our transmitter and receiver technology will support a broad spectrum of charging solutions ranging from contact-based charging or charging at distances of a few millimeters (“near field”) to charging at distances of up to 15 feet (“far field”).

In January 2015, we signed a Development and License Agreement with one of the top consumer electronic companies in the world based on total worldwide revenues. The agreement is milestone-based and while there are no guarantees that the WattUp® technology will ever be integrated into our strategic partner’s consumer devices, we have achieved some milestones, as reflected in our 2016 and 2017 Engineering Services revenues. We expect to make continued progress toward achievement of significant new milestones that we expect will result in additional Engineering Services Revenue. Ultimately, if the customer chooses to incorporate our technology into one or more of its consumer electronic products, we expect to recognize significant revenues based on the WattUp® technology.

In February 2016, we delivered evaluation kits to potential licensees to allow their engineering and product management departments to test and evaluate our technology. We expect that the testing and evaluation currently taking place will lead to products being shipped to consumers beginning in the second half of 2017.

In November 2016, we entered into a Strategic Alliance Agreement with Dialog, pursuant to which Dialog will manufacture and distribute integrated circuit (“IC”) products incorporating our wire-free charging technology. Dialog will be our exclusive supplier of these products for the general market. Our WattUp technology will use Dialog’s SmartBond® Bluetooth low energy solution as the out-of-band communications channel between the wireless transmitter and receiver. In most cases Dialog’s power management technology will be used to distribute power from the WattUp receiver IC to the rest of the device while Dialog’s AC/DC Rapid Charge™ power conversion technology delivers power to the wireless transmitter.

We have implemented an aggressive intellectual property strategy and are continuing to pursue patent protection for new innovations. As of June 30, 2017, we had in excess of 230 pending patent and provisional patent applications in the United States and abroad. Additionally, the U.S. Patent and Trademark Office (“PTO”) has issued granted us 27 patents and notified us of the allowance of 27 additional patent applications. In addition to the inventions covered by these patents and patent applications, we have identified a significant number of additional specific inventions we believe are novel and patentable. We intend to file for patent protection for the most valuable of these, as well as for other new inventions that we expect to develop. Our strategy is to continually monitor the costs and benefits of each patent application and pursue those that will best protect our business and extend our value proposition.

We have recruited and hired a seasoned management team with both private and public company experience and relevant industry experience to develop and execute our operating plan. In addition, we have identified and hired key engineering resources 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 as well as meet the support requirements of our licensees.



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

### ***Revenue Recognition***

We recognize revenue when the following criteria have been met: persuasive evidence of an arrangement exists, services have been rendered, collection of the revenue is reasonably assured, and the fees are fixed or determinable.

We record revenue associated with product development projects that we enter into with certain customers, including one of the top consumer electronic companies in the world. In general, these projects involve complex technology development and milestone-based payments, and our ability to achieve the program milestones is uncertain. Achievement of a milestone depends on our performance and requires customer acceptance. Payments associated with achieving the milestone are generally commensurate with our effort or the value of the deliverable, and are nonrefundable. We record the expenses related to these projects, generally included in research and development expense, in the periods incurred.

At the beginning of a customer relationship, we often receive nonrefundable payments, for which there are no milestones. We recognize this revenue ratably over the initial engineering product development period. We record the expenses related to these projects, which are generally included in research and development expense, in the periods incurred.

### ***Results of Operations***

#### ***Three Months Ended June 30, 2017 and 2016***

***Revenues.*** During the three months ended June 30, 2017 and 2016, we recorded revenue of \$299,506 and \$181,818, respectively. The increase was due to the achievement of development milestones.

***Operating Expenses and Loss from Operations.*** Operating expenses are made up of research and development, sales and marketing and general and administrative expenses. Loss from operations for the three months ended June 30, 2017 and 2016 was \$12,921,373 and \$10,287,172, respectively.

***Research and Development Costs.*** Research and development costs, which include costs for developing our technology, were \$8,692,003 and \$7,462,360, respectively, for the three months ended June 30, 2017 and 2016. The increase in research and development costs of \$1,229,643 is primarily due to a \$2,279,324 increase in compensation, which includes a \$1,569,470 increase in stock-based compensation and a \$709,854 increase in payroll related compensation, primarily from an increase in headcount within the department, partially offset by a \$743,232 decrease in chip design, manufacturing and component costs and a \$301,970 decrease in engineering software expense.

***Sales and Marketing Costs.*** Sales and marketing costs for the three months ended June 30, 2017 and 2016 were \$1,187,313 and \$646,177, respectively. The increase in sales and marketing costs of \$541,136 is primarily due to an increase of \$464,378 in compensation, which includes a \$210,563 in stock-based compensation, primarily from an increase in headcount within the department, and a \$23,841 increase in travel costs.

***General and Administrative Expenses.*** General and administrative expenses include costs for general and corporate functions, including facility fees, travel, telecommunications, insurance, professional fees, consulting fees and other overhead. General and administrative costs for the three months ended June 30, 2017 and 2016 were \$3,341,563 and \$2,360,453, respectively. The increase in general administrative costs of \$981,110 is primarily due to a \$1,071,137 increase in compensation, which includes an increase in stock-based compensation of \$994,253, partially offset by minor decreases in other administrative expenses.

***Interest Income, Net.*** Interest income for the three months ended June 30, 2017 was \$2,363 as compared to interest income of \$2,617 for the three months ended June 30, 2016.

***Net Loss.*** As a result of the above, net loss for the three months ended June 30, 2017 was \$12,919,010 as compared to \$10,284,555 for the three months ended June 30, 2016.

### ***Six Months Ended June 30, 2017 and 2016***

*Revenues.* During the six months ended June 30, 2017 and 2016, we recorded revenue of \$874,874 and \$318,182, respectively. The increase was due to the achievement of development milestones.

*Operating Expenses and Loss from Operations.* Operating expenses are made up of research and development, sales and marketing and general and administrative expenses. Loss from operations for the six months ended June 30, 2017 and 2016 was \$25,397,392 and \$21,087,581, respectively.

*Research and Development Costs.* Research and development costs, which include costs for developing our technology, were \$17,045,187 and \$15,136,453, respectively, for the six months ended June 30, 2017 and 2016. The increase in research and development costs of \$1,908,734 is primarily due to a \$3,932,160 increase in compensation, which includes a \$2,416,529 increase in stock-based compensation and a \$1,515,631 increase in payroll related compensation, primarily from an increase in headcount within the department, and a \$279,540 increase in depreciation expense, partially offset by a \$1,880,237 decrease in chip design, manufacturing and component costs and a \$464,992 decrease in engineering software expense.

*Sales and Marketing Costs.* Sales and marketing costs for the six months ended June 30, 2017 and 2016 were \$2,782,765 and \$1,453,244, respectively. The increase in sales and marketing costs of \$1,329,521 is primarily due to an increase of \$987,938 in compensation, due to an increased headcount within the department, which includes a \$376,079 in stock-based compensation, primarily from an increase in headcount within the department, and a \$252,157 increase in tradeshow expenses.

*General and Administrative Expenses.* General and administrative expenses include costs for general and corporate functions, including facility fees, travel, telecommunications, insurance, professional fees, consulting fees and other overhead. General and administrative costs for the six months ended June 30, 2017 and 2016 were \$6,444,314 and \$4,816,066, respectively. The increase in general administrative costs of \$1,628,248 is primarily due to a \$1,709,436 increase in compensation, which includes an increase in stock-based compensation of \$1,566,335, partially offset by minor decreases in other administrative expenses.

*Interest Income, Net.* Interest income for the six months ended June 30, 2017 was \$5,968 as compared to interest income of \$6,483 for the six months ended June 30, 2016.

*Net Loss.* As a result of the above, net loss for the six months ended June 30, 2017 was \$25,392,150 as compared to \$21,081,098 for the six months ended June 30, 2016.

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

We incurred net losses of \$25,392,150 and \$21,081,098 for the six months ended June 30, 2017 and 2016, respectively. Net cash used in operating activities was \$18,956,003 and \$15,946,481 for the six months ended June 30, 2017 and 2016, respectively. We are currently meeting our liquidity requirements through the sales of shares to three different private investors during August 2016, November 2016 and December 2016, which raised net proceeds of \$34,788,311, and payments received under product development projects.

As of June 30, 2017, we had cash and cash equivalents of \$13,084,360.

We believe our current cash on hand, together with funding from a private investment by Dialog Semiconductor that was completed in July 2017 (see Note 8 - Subsequent Events), and anticipated payments received under current and future product development projects entered into with customers, will be sufficient to fund our operations into the third quarter of 2018. However, depending on how soon we are able to achieve meaningful commercial revenues, we may require additional financing to fully implement our business plan, the ultimate goal of which is to license our technology to device manufacturers, wireless service providers and other commercial partners to make wire-free charging an affordable, ubiquitous and convenient option for end users. Potential financing sources could include follow-on equity offerings, debt financing, co-development agreements or other alternatives. Depending upon market conditions, we may choose to pursue additional financing to, among other reasons, accelerate our product development efforts, regulatory activities and business development and support functions with a view to capitalizing on the market opportunity we see for our wire-free charging technology. On April 24, 2015, we filed a "shelf" registration statement on Form S-3, which became effective on April 30, 2015. The "shelf" registration statement allows us from time to time to sell any combination of debt or equity securities described in the registration statement up to aggregate proceeds of \$75,000,000. In November 2015, we consummated an offering under the shelf registration of 3,000,005 shares of common stock through which we raised net proceeds of \$19,048,456. In August 2016, we sold shares in a private placement in which we raised net proceeds of \$19,890,644. In November 2016, we sold shares in a private placement in which we raised net proceeds of \$9,925,755. In December 2016, we sold shares in a private placement in which we raised net proceeds of \$4,971,912.

During the six months ended June 30, 2017, cash flows used in operating activities were \$18,956,003, consisting of a net loss of \$25,392,150, less non-cash expenses aggregating \$8,627,257 (representing principally stock-based compensation of \$7,904,154 and depreciation expense of \$681,985), a \$101,000 increase in accounts receivable, a \$2,329,892 decrease in accounts payable, a \$222,299 decrease in accrued expenses and a \$102,823 decrease in deferred revenue, partially offset by a \$555,285 decrease in prepaid expenses and other current assets. During the six months ended June 30, 2016, cash flows used in operating activities were \$15,946,841, consisting of a net loss of \$21,081,098, less non-cash expenses aggregating \$3,960,175 (representing principally stock-based compensation of \$3,545,211 and depreciation expense of \$374,572), a \$931,282 increase in accounts payable from the timing of invoice payments, a \$155,493 increase in accrued expenses and a \$211,818 increase in deferred revenue.

During the six months ended June 30, 2017 and 2016, cash flows used in investing activities were \$417,393 and \$325,732, respectively. The cash used in investing activities for the six months ended June 30, 2017 primarily consisted of the purchase of laboratory equipment and engineering software, offset by \$2,800 in proceeds from the sales of property and equipment. The increase for the six months ended June 30, 2016 consisted of the purchase of laboratory equipment and building fixtures.

During the six months ended June 30, 2017, cash flows provided by financing activities were \$1,199,119, which consisted of \$727,653 in proceeds from the exercise of stock options and \$471,466 in proceeds from contributions to the ESPP. During the six months ended June 30, 2016, cash flows provided by financing activities were \$591,321, which consisted of \$338,680 in proceeds from contributions to the ESPP and \$252,641 in proceeds from the exercise of stock options.

Research and development of new technologies is, by its nature, unpredictable. Although we will undertake development efforts with commercially reasonable diligence, there can be no assurance that our available resources including the net proceeds from our public offerings will be sufficient to enable us to develop our technology to the extent needed to create future revenues to sustain our operations.

We cannot assure that our technology will be adopted, that we will ever earn revenues sufficient to support our operations, or that we will ever be profitable. 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.

#### ***Off Balance Sheet Transactions***

As of June 30, 2017, we did not have any off-balance sheet transactions.

#### ***Material Changes in Specified Contractual Obligations***

A table of our specified contractual obligations was provided in the *Management's Discussion and Analysis of Financial Condition and Results of Operation* of our most recent Annual Report on Form 10-K. There were no material changes outside the ordinary course of our business in the specified contractual obligations during the three and six months ended June 30, 2017.

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

There has been no material change in our exposure to market risk during the six months ended June 30, 2017. Please refer to "Quantitative and Qualitative Disclosures about Market Risk" contained in Part II, Item 7A of our Form 10-K for the year ended December 31, 2016 for a discussion of our exposure to market risk.

## Item 4. Controls and Procedures

### *Evaluation of Disclosure Controls and Procedures*

We have established disclosure controls and procedures to ensure that material information relating to us is made known to the officers who certify our financial reports and the board of directors.

Based on their evaluation as of June 30, 2017, our principal executive and principal financial and accounting 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 June 30, 2017 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 information required to be disclosed by us in our reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our principal executive officer and our principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

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

For the quarter ended June 30, 2017, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II – OTHER INFORMATION

### Item 1. Legal Proceedings

We are not currently a party to any pending legal proceedings that we believe will have a material adverse effect on our business 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 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed under “Risk Factors” in our annual report on Form 10-K as filed with the Securities and Exchange Commission on March 16, 2017. These factors could materially adversely affect our business, financial condition, liquidity, results of operations and capital position, and could cause our actual results to differ materially from our historical results or the results contemplated by any forward-looking statements contained in this report.

### Item 2. Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities

In the quarter ended June 30, 2017, the Company granted restricted stock unit awards to certain new hire employees as inducement grants to enter into employment with the Company. These awards cover a total of 120,000 shares of the Company’s common stock. These awards vest in four equal annual installments beginning on the first anniversary of each employee’s employment anniversary date. These new hire inducement awards were granted pursuant to NASDAQ Listing Rule 5635(c)(4) and Section 4(a)(2) of the Securities Act of 1933.

### Item 3. Defaults Upon Senior Securities

Not applicable.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

Not applicable.

### Item 6. Exhibits

Exhibit Number	Description of Document	Incorporated by Reference			Filed Herewith
		Form	File No.	Filing Date	
10.1	Securities Purchase Agreement, by and between the Company and Dialog Semiconductor plc, dated June 28, 2017.				X
31.1	Certification of Periodic Report by Chief Executive Officer pursuant to Rule 13a-14(a)				X
31.2	Certification of Periodic Report by Chief Financial Officer pursuant to Rule 13a-14(a)				X

32.1*	Certification of Periodic Report by Chief Executive Officer and Chief Financial Officer pursuant to U.S.C. Section 1350	X
101.INS	XBRL Instance Document.	X
101.SCH	XBRL Taxonomy Extension Schema Document.	X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.	X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.	X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.	X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	X

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\*This certification is deemed not filed for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

**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**  
(Registrant)

Date: August 9, 2017

By: /s/ Stephen R. Rizzone

Name: Stephen R. Rizzone

Title: President, Chief Executive Officer and Director  
(Principal Executive Officer)

Date: August 9, 2017

By: /s/ Brian Sereda

Name: Brian Sereda

Title: Senior Vice President and Chief Financial Officer  
(Principal Financial and Accounting Officer)

## EXHIBIT INDEX

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\*This certification is deemed not filed for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

**SECURITIES PURCHASE AGREEMENT**

**THIS SECURITIES PURCHASE AGREEMENT** (the “**Agreement**”), is dated as of July 5, 2017, by and between Energois Corporation, a Delaware corporation (the “**Company**”) and Dialog Semiconductor plc., a public limited company organized under the laws of England and Wales (the “**Investor**”).

**BACKGROUND**

- A. The Company and the Investor are executing and delivering this Agreement in reliance upon the exemption from registration afforded by Section 4(a)(2) of the Securities Act of 1933, as amended (the “**Securities Act**”), and/or Rule 506 of Regulation D (“**Regulation D**”) as promulgated by the United States Securities and Exchange Commission (the “**SEC**”) under the Securities Act.
- B. The Investor wishes to purchase, and the Company wishes to sell and issue to the Investor, upon the terms and subject to the conditions stated in this Agreement, (i) an aggregate of up to 976,139 shares of Common Stock at a purchase price of \$15.3666 per share (as adjusted by any stock split, dividend or other distribution, recapitalization or similar event, the “**Shares**”) and (ii) warrants to purchase an aggregate of up to 654,013 shares (subject to adjustment as described in the Warrants) of Common Stock (the “**Warrants**”) in the form attached hereto as Exhibit B, which Warrants shall have an exercise price equal to \$19.9766 per share (subject to adjustment as described Warrants) and a term of exercise of three (3) years from and after the Closing.

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants contained in this Agreement, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Company and the Investor agree as follows:

**ARTICLE I  
DEFINITIONS**

1.1 Definitions. In addition to the terms defined elsewhere in this Agreement, the following terms have the meanings indicated:

“**Affiliate**” means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 144 under the Securities Act.

“**Agreement**” has the meaning set forth in the Preamble.

“**Applicable Law**” collectively means any and all laws, rules, regulations, and governmental, judicial or administrative decrees, orders and decisions that are applicable to the Company or any of its Subsidiaries, this Agreement, the other Transaction Documents, including the U.S. Gramm-Leach-Bliley Act of 1999, as amended, and the regulations promulgated under such Act, the U.S. Fair Credit Reporting Act of 1970, as amended, or any regulations or guidelines promulgated under such Act, the U.S. Bank Secrecy Act, orders and guidelines of the Office of Foreign Assets Control and the USA Patriot Act, and any other applicable data protection, privacy, consumer protection or confidentiality laws or regulations (including the rules and regulations of any self-regulatory organization to which the Company or its securities are subject, including The Nasdaq Stock Market or comparable securities trading market).

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“**Board**” has the meaning set forth in Section 2.2.

“**Business Day**” means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by Applicable Law to remain closed.

“**Change of Control of the Company**” means a change in ownership or control of the Company effected through any of the following transactions: (a) a merger, consolidation or other reorganization approved by the Company’s stockholders, unless securities representing more than fifty percent (50%) of the total combined voting power of the voting securities of the successor corporation are immediately thereafter beneficially owned, directly or indirectly and in substantially the same proportion, by the Persons who beneficially owned the Company’s outstanding voting securities immediately prior to such transaction; (b) a stockholder-approved sale, transfer or other disposition of all or substantially all of the Company’s assets; or (c) the closing of any transaction or series of transactions to which any Person or any group of Persons comprising a “group” within the meaning of Rule 13d-5(b)(1) of the Exchange Act becomes directly or indirectly the beneficial owner (within the meaning of Rule 13d-3 or the Exchange Act) of securities possessing (or convertible into or exercisable for securities possessing) more than fifty percent (50%) of the total combined voting power of the Company’s securities (as measured in terms of the power to vote with respect to the election of Board members) outstanding immediately after the consummation of such transaction or series of transactions, whether such transaction involves a directly issuance from the Company or the acquisition of outstanding securities held by one or more of the Company’s existing stockholders.

“**Closing**” means the closing of the purchase and sale of the Securities pursuant to Section 2.1.

“**Closing Date**” means the date and time of the Closing and shall be a date no later than July 5, 2017 or such other date and time as is mutually agreed to by the Company and the Investor.

“**Common Stock**” means the common stock of the Company, par value \$0.00001 per share.

“**Company**” has the meaning set forth in the Preamble.

“**Disclosure Letter**” has the meaning set forth in the lead-in paragraph to Article III.

“**Disclosure Materials**” has the meaning set forth in Section 3.1(h).

“**Effectiveness Period**” has the meaning set forth in Section 6.1(b).

“**Environmental Laws**” means any and all federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including but not limited to those related to Hazardous Materials.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

“**GAAP**” has the meaning set forth in Section 3.1(h).

“**Hazardous Material**” means any and all pollutants, toxic or hazardous wastes or other substances that might pose a hazard to health and safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage or filtration of which is or shall be restricted, prohibited or penalized by any applicable law, including, without limitation, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum, petroleum products, lead based paint, radon gas or similar restricted, prohibited or penalized substances.

“**Indemnified Party**” has the meaning set forth in Section 6.4(c).

“**Indemnifying Party**” has the meaning set forth in Section 6.4(c).

“**Insolvent**” has the meaning set forth in Section 3.1(i).

“**Investor**” has the meaning set forth in the Preamble.

“**Investor Controlled Entity**” shall mean an entity of which the Investor collectively owns or controls, directly or indirectly, not less than a majority of the outstanding voting power entitled to vote in the election of directors of such entity (or, in the event the entity is not a corporation, the governing members, board or other similar body of such entity).

“**Lien**” means, with respect to any asset, any pledge, lien, collateral assignment, security interest, encumbrance, right of first refusal, mortgage, deed of trust, title retention, conditional sale or other security arrangement, or adverse claim of title.

“**Losses**” means any and all losses, claims, damages, liabilities, settlement costs and expenses, including, without limitation, reasonable attorneys’ fees.

“**Material Adverse Effect**” means (i) a material adverse effect on the legality, validity, or enforceability of any of the Transaction Documents, (ii) a material adverse effect on the results of operations, assets, business or financial condition of the Company and the Subsidiaries, taken as a whole on a consolidated basis, or (iii) a material adverse effect on the Company’s ability to perform on a timely basis its obligations under any of the Transaction Documents.

“**Material Permits**” has the meaning set forth in Section 3.1(m).

“**Non-Voting Convertible Securities**” means any securities of the Company that are convertible into, exchangeable for or otherwise exercisable to acquire Voting Stock of the Company, including convertible securities, warrants, rights or options to purchase Voting Stock of the Company.

“**Person**” means any individual, corporation, limited liability company, partnership, joint venture, trust, incorporated or unincorporated association, joint stock company, unincorporated organization, a government or any department, subdivision or agency thereof, or other entity of any kind.

“**Preferred Stock**” means the preferred stock of the Company, par value \$0.00001 per share.

“**Prior Securities Purchase Agreement**” means that Securities Purchase Agreement dated as of November 6, 2016 by and between the Company and the Investor pursuant to which the Investor purchased 763,552 shares of Common Stock (the “**Prior Shares**”) and a warrant to purchase an aggregate of up to 763,552 shares of Common Stock (subject to adjustment) (the “**Prior Warrant**,” and any shares of Common Stock to be issued on exercise of the Prior Warrant, the “**Prior Warrant Shares**”).

“**Proceeding**” means an action, claim, suit, investigation or proceeding (including, without limitation, or a partial proceeding, such as a deposition), whether commenced or threatened in writing.

“**Prospectus**” means the prospectus included in a Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated under the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by a Registration Statement, and all other amendments and supplements to the Prospectus including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

“**Purchase Price**” has the meaning set forth in Section 2.1.

“**Registrable Securities**” means the Shares and the Warrant Shares issued or issuable pursuant to the Transaction Documents and the Prior Shares and Prior Warrant Shares, together with any securities issued or issuable upon any stock split, dividend or other distribution, recapitalization or similar event with respect to the foregoing.

“**Registration Statement**” means each registration statement filed under Article VI, including (in each case) the Prospectus, amendments and supplements to such registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto, and all material incorporated by reference or deemed to be incorporated by reference in such registration statement.

“**Regulation D**” has the meaning set forth in the Background.

“**Rule 144**,” “**Rule 144(c)**,” “**Rule 415**,” and “**Rule 424**” means Rule 144, Rule 144(c), Rule 415 and Rule 424, respectively, promulgated by the SEC pursuant to the Securities Act, as such Rules may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC having substantially the same effect as such Rule.

“**SEC**” has the meaning set forth in the Background.

“**SEC Reports**” has the meaning set forth in Section 3.1(h).

“**Securities**” means, collectively, the Shares purchased hereunder, the Warrants and the Warrant Shares.

“**Securities Act**” has the meaning set forth in the Background.

“**Shares**” has the meaning set forth in the Background.

“**Strategic Alliance Agreement**” means that certain Strategic Alliance Agreement between the Company and Dialog Semiconductor (UK) Ltd., dated as of November 6, 2016.

“**Subsidiary**” means any direct or indirect subsidiary of the Company.

“**Trading Day**” means (a) any day on which the Securities are listed or quoted and traded on The Nasdaq Stock Market or comparable securities trading market, or (b) if trading ceases to occur on any such market, any Business Day.

“**Transaction Documents**” means this Agreement, the schedules and exhibits attached hereto, and the Warrants.

“**Transfer Agent**” means Wells Fargo or any successor transfer agent for the Company.

“**Voting Period**” means the period beginning on the Closing Date and ending on the earlier of (i) the three year anniversary of the Closing Date or (ii) the effective date of the termination of the Strategic Alliance Agreement.

“**Voting Stock**” means shares of Common Stock and any other securities of the Company having the ordinary power to vote in the election of members of the Board.

“**Warrants**” has the meaning set forth in the Background.

“**Warrant Shares**” means the shares of Common Stock to be issued upon exercise of the Warrants (as adjusted by any stock split, dividend or other distribution, recapitalization or similar event).

“**13D Group**” means any group of Persons that would be required under Section 13(d) of the Exchange Act, and the rules and regulations promulgated thereunder, to file a statement on Schedule 13D or Schedule 13G with the SEC as a “person” within the meaning of Section 13(d)(3) of the Exchange Act if such group beneficially owned Voting Stock representing more than 5% of any class of Voting Stock then outstanding.

**ARTICLE II  
PURCHASE AND SALE**

2.1 Purchase and Sale of the Shares and Warrants. Subject to the terms and conditions of this Agreement, the Investor hereby agrees to purchase, and the Company hereby agrees to sell and issue to the Investor, the Shares and Warrants as set forth opposite the Investor's name on Exhibit A for the aggregate purchase price (the "**Purchase Price**") set forth opposite the Investor's name on Exhibit A.

2.2 Closing.

(a) At the Closing, the Company shall deliver to the Investor (i) the Shares and Warrants, registered in the name of the Investor as indicated on Exhibit A and (ii) a certificate, in the form set forth on Exhibit C, executed by the secretary of the Company and dated as of the Closing Date, as to the Certificate of Incorporation, by-laws, foreign qualification, incumbency of the Company's officers and good standing of the Company and the resolutions adopted by the Company's Board of Directors (the "**Board**") authorizing the transactions contemplated by the Transaction Documents.

(b) At the Closing, the Investor shall deliver to the Company the Purchase Price to the Company by wire transfer of immediately available funds to an account specified by the Company in writing.

**ARTICLE III  
REPRESENTATIONS AND WARRANTIES**

3.1 Representations and Warranties of the Company. Except as disclosed in the SEC Reports filed since March 27, 2014 (but excluding all disclosures contained in the exhibits to such SEC Reports and the schedules to such exhibits, excluding the "Risk Factors" section contained in such SEC Reports, and excluding forward-looking statements identifying risks and uncertainties that are not historical facts contained in such SEC Reports) or the Disclosure Letter delivered by the Company to the Investor concurrently with the execution hereof (the "**Disclosure Letter**"), the Company hereby represents and warrants to the Investor as follows:

(a) Subsidiaries. The Company has no Subsidiaries other than those listed on Section 3.1(a) of the Disclosure Letter. Except as disclosed in Section 3.1(a) of the Disclosure Letter, the Company owns, directly or indirectly, all of the capital stock or comparable equity interests of each Subsidiary free and clear of any Lien and all the issued and outstanding shares of capital stock or comparable equity interest of each Subsidiary are validly issued and are fully paid, non-assessable and free of preemptive and similar rights.

(b) Organization and Qualification. Each of the Company and its Subsidiaries is an entity duly organized, validly existing and in good standing under the Applicable Laws of the jurisdiction of its incorporation or organization (as applicable), with the requisite legal authority to own or lease and use its properties and assets and to carry on its business as currently conducted. Neither the Company nor any Subsidiary is in violation of any of the provisions of its respective certificate or articles of incorporation or by-laws or other organizational or charter documents. Each of the Company and its Subsidiaries is duly qualified to do business and is in good standing as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, has not had and would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(c) Authorization; Enforcement. The Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by each of the Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of each of the Transaction Documents by the Company and the consummation by it of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action on the part of the Company and no further consent or action is required by the Company, its officers, the Board or its stockholders. The issuance of the Shares, the Warrants and the Warrant Shares do not require the approval of the stockholders of the Company. Each of the Transaction Documents has been (or upon delivery will be) duly executed by the Company and is, or when delivered in accordance with the terms hereof, will constitute, the valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as may be limited by (i) applicable bankruptcy, insolvency, reorganization or other Applicable Laws of general application relating to or affecting the enforcement of creditors rights generally; and (ii) the effect of rules of law governing the availability of specific performance and other equitable remedies.

(d) No Conflicts. The execution, delivery and performance by the Company of the Transaction Documents and the consummation by the Company of the transactions contemplated hereby and thereby do not and will not (i) conflict with or violate any provision of the Company's or any Subsidiary's certificate or articles of incorporation, by-laws or other organizational or charter documents; (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing a Company or Subsidiary debt or otherwise) to which the Company or any Subsidiary is a party or by which any property or asset of the Company or any Subsidiary is bound or affected; or (iii) result in a violation of any Applicable Law, except, in the case of clause (ii) or (iii), to the extent that such conflict or violation has not had and would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(e) Filings, Consents and Approvals. The Company is not required to obtain any consent, waiver, authorization or order of, give notice to, or make any filing or registration with, any court or other federal, state, local or other governmental authority or other Person in connection with the execution, delivery and performance by the Company of the Transaction Documents or the consummation of the transactions contemplated hereby and thereby, other than (i) the filings required to comply with the Company's registration obligations hereunder, (ii) the application(s) to The Nasdaq Stock Market for the listing of the shares of Common Stock purchased pursuant to this Agreement and the Warrant Shares for trading thereon in the time and manner required thereby, and (iii) filings required under applicable U.S. federal and state securities laws.

(f) The Securities. The Securities are duly authorized and, when issued and paid for in accordance with the Transaction Documents, will be duly and validly issued, fully paid and nonassessable, free and clear of all Liens and will not be subject to preemptive rights, rights of first refusal, or similar rights of stockholders. The Company has reserved from its duly authorized capital stock the maximum number of shares of Common Stock issuable pursuant to this Agreement and upon exercise of the Warrants.

(g) Capitalization. As of June 23, 2017, the aggregate number of shares and type of all authorized, issued and outstanding classes of capital stock, options and other securities of the Company (whether or not presently convertible into or exercisable or exchangeable for shares of capital stock of the Company) consists of (i) 50,000,000 authorized shares of Common Stock, with 20,820,190 shares of Common Stock outstanding; (ii) 10,000,000 shares of Preferred Stock, none of which are outstanding; (iii) 2,430,114 shares of Common Stock, on a diluted basis, reserved for issuance upon the exercise of outstanding warrants; and (iv) 5,011,811 shares of Common Stock, reserved for issuance upon the exercise of outstanding employee stock options and/or restricted stock units. Since June 23, 2017, the Company has not issued or granted, as applicable, any capital stock, options or other securities of the Company (whether or not presently convertible into or exercisable or exchangeable for shares of capital stock of the Company). All outstanding shares of capital stock are duly authorized, validly issued, fully paid and nonassessable and have been issued in compliance with all applicable securities laws and regulations. Except as disclosed in this Section 3.1(g) or in Section 3.1(g) of the Disclosure Letter, the Company does not have outstanding any other options, warrants, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities, rights or obligations convertible into or exercisable or exchangeable for, or entered into any agreement giving any Person any right to subscribe for or acquire, any shares of Preferred Stock or Common Stock, or securities or rights convertible or exchangeable into shares of Preferred Stock or Common Stock. There are no anti-dilution or price adjustment provisions contained in any security issued by the Company (or in any agreement providing rights to security holders) and the issuance and sale of the Securities will not obligate the Company to issue shares of Common Stock or other securities to any Person (other than the Investor) and will not result in a right of any holder of securities to adjust the exercise, conversion, exchange or reset price under such securities. To the knowledge of the Company, based solely on an examination of Schedules 13D and Schedules 13G on file with the SEC, except pursuant to this Agreement, no Person or group of related Persons beneficially owns (as determined pursuant to Rule 13d-3 under the Exchange Act) or has the right to acquire, by agreement with or by obligation binding upon the Company, beneficial ownership of in excess of five percent (5%) of the outstanding Common Stock.

(h) SEC Reports; Financial Statements. The Company has filed all reports required to be filed by it under the Securities Act and the Exchange Act since March 27, 2014, including pursuant to Sections 13(a) or 15(d) of the Exchange Act, or has received a valid extension of such time of filing and has filed any such SEC Reports prior to the expiration of any such extension. Such reports required to be filed by the Company under the Securities Act and the Exchange Act, including pursuant to Section 13(a) or 15(d) of the Exchange Act, together with any materials filed or furnished by the Company under the Securities Act and the Exchange Act, whether or not any such reports were required being collectively referred to herein as the “**SEC Reports**” and, together with this Agreement and the Disclosure Letter, the “**Disclosure Materials**”. As of their respective dates, the SEC Reports filed by the Company complied in all material respects with the requirements of the Securities Act and the Exchange Act, as applicable, and the rules and regulations of the SEC promulgated thereunder, and none of the SEC Reports, when filed by the Company, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The financial statements of the Company included in the SEC Reports comply in all material respects with applicable accounting requirements and the rules and regulations of the SEC with respect thereto as in effect at the time of filing. Such financial statements have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis during the periods involved (“**GAAP**”), except as may be otherwise specified in such financial statements or the notes thereto and except that unaudited financial statements may not contain all footnotes required by GAAP, and fairly present in all material respects the consolidated financial position of the Company and its consolidated Subsidiaries taken as a whole as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, immaterial, year-end audit adjustments. All material agreements to which the Company or any Subsidiary is a party or to which the property or assets of the Company or any Subsidiary are subject that are required to be filed with the SEC or identified on the SEC Reports are included as part of or identified in the SEC Reports. The Company is eligible to use Form S-3 to register the resale of the Registrable Securities. The Company has not received any comments from the SEC or the staff of the SEC Division of Corporation Finance on the Company’s SEC Reports (or any Company filings with the SEC during the years ended December 31, 2014, 2015 and 2016) that remain unresolved.

(i) No Change. Except as otherwise disclosed in the SEC Reports, since March 27, 2014, (A) there has been no event, occurrence or development that, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect, (B) the Company has not incurred any liabilities (contingent or otherwise) other than those arising from operations in the ordinary course of business consistent with past practice, and (C) the Company has not declared or made any dividend or distribution of cash or other property to its stockholders, or purchased, redeemed, or made any agreements to purchase or redeem any shares of its capital stock other than pursuant to the Company’s stock repurchase plan described in the SEC Reports. The Company has not taken any steps to seek protection pursuant to any bankruptcy law nor does the Company believe that its creditors intend to initiate involuntary bankruptcy Proceedings or have any actual knowledge of any fact which would reasonably lead a creditor to do so. The Company is not Insolvent (as hereinafter defined) as of the date hereof, and will not be Insolvent after giving effect to the transactions contemplated hereby to occur at the applicable Closing. For purposes of this Section 3.1(i), “**Insolvent**” means (i) the present fair saleable value of the Company’s assets is less than the amount required to pay the Company’s total indebtedness, (ii) the Company is unable to pay its debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured or (iii) the Company has unreasonably small capital with which to conduct the business in which it is engaged as such business is now conducted and is proposed to be conducted.



(j) Litigation. Except as disclosed in Section 3.1(j) of the Disclosure Letter or the SEC Reports, there is no Proceeding pending or, to the knowledge of the Company, threatened against the Company or any Subsidiary or any of its properties that has or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Neither the Company, nor, to the knowledge of the Company, any director or officer thereof, is or has been the subject of any Proceeding involving a claim of violation of or liability under federal or state securities laws or a claim of breach of fiduciary duty. There has not been, and to the knowledge of the Company, there is not pending or contemplated, any investigation involving the Company or, to the knowledge of the Company, any current or former director or officer of the Company. Except as disclosed in the Disclosure Letter, neither the Company nor any Subsidiary is a party or subject to the provisions of any order, writ, injunction, judgment or decree of any court or government agency or instrumentality that has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. There is no Proceeding by the Company or any Subsidiary currently pending or which the Company or any Subsidiary intends to initiate that would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Since March 27, 2014, (i) the Common Stock has been designated for quotation on The Nasdaq Stock Market, (ii) trading in the Common Stock has not been suspended by the SEC or The Nasdaq Stock Market and (iii) the Company has received no communication, written or oral, from the SEC or The Nasdaq Stock Market regarding the suspension or delisting of the Common Stock.

(k) Key Employees. There are no currently effective employment contracts, offer letters containing economic terms, consulting agreements, deferred compensation arrangements, bonus plans, incentive plans, profit sharing plans, retirement agreements or other employee compensation plans or agreements containing terms and conditions that would result in the material payment to any employee or former employee of the Company or any of its Subsidiaries of any material money or other property or the acceleration, vesting or provision of any other material rights or benefits to any employee or former employee of the Company or any of its Subsidiaries by virtue of the issuance of the Securities pursuant to this Agreement (either alone or upon the occurrence of any other event).

(l) Registration Rights and Voting Rights. Except as disclosed in Section 3.1(l) of the Disclosure Letter or required pursuant to Article VI of this Agreement, the Company is presently not under any obligation, and has not granted any rights, to register any of the Company's presently outstanding securities or any of its securities that may hereafter be issued that have not expired or been satisfied. To the knowledge of the Company, no stockholder of the Company has entered into any agreement with respect to the voting of equity securities of the Company.

(m) Compliance with Laws; Permits. Neither the Company nor any of its Subsidiaries is, or since March 27, 2014 has been, in violation of any Applicable Law in respect of the conduct of its business or the ownership of its properties, which violation has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. The Company and its Subsidiaries possess all certificates, authorizations and permits issued by the appropriate federal, state, local or foreign regulatory authorities necessary to conduct their respective businesses as described in the SEC Reports ("**Material Permits**"), except where the failure to possess such permits has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, and neither the Company nor any Subsidiary has received any notice of Proceedings relating to the revocation or modification of any Material Permit, the revocation or modification of which has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(n) Foreign Assets Control Regulations, Etc.

(i) Neither the sale of the Securities by the Company hereunder nor its use of the proceeds thereof will violate the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto.

(ii) Neither the Company nor any Subsidiary (i) is a Person described or designated in the Specially Designated Nationals and Blocked Persons List of the Office of Foreign Assets Control or in Section 1 of the Anti-Terrorism Order or (ii) engages in any dealings or transactions with any such Person. The Company and its Subsidiaries are in compliance, in all material respects, with the USA Patriot Act.

(iii) No part of the proceeds from the sale of the Securities hereunder will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended, assuming in all cases that such Act applies to the Company.

(o) Status under Certain Statutes. Neither the Company nor any Subsidiary is subject to regulation under the Investment Company Act of 1940, as amended, the ICC Termination Act of 1995, as amended, or the Federal Power Act, as amended.

(p) Environmental Matters.

(i) Neither the Company nor any Subsidiary has knowledge of any claim or has received any notice of any claim, and no proceeding has been instituted raising any claim against the Company or any of its Subsidiaries or any of their respective real properties now or formerly owned, leased or operated by any of them or other assets, alleging any damage to the environment or violation of any Environmental Laws, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect.

(ii) Neither the Company nor any Subsidiary has knowledge of any facts which would give rise to any claim, public or private, of violation of Environmental Laws or damage to the environment emanating from, occurring on or in any way related to real properties now or formerly owned, leased or operated by any of them or to other assets or their use, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect.

(iii) Neither the Company nor any Subsidiary has stored any Hazardous Materials on real properties now or formerly owned, leased or operated by any of them and has not disposed of any Hazardous Materials in a manner contrary to any Environmental Laws in each case in any manner that could reasonably be expected to result in a Material Adverse Effect.

(iv) All buildings on all real properties now owned, leased or operated by the Company or any Subsidiary are in compliance with applicable Environmental Laws, except where failure to comply could not reasonably be expected to result in a Material Adverse Effect.

(q) Title to Property; Leases. The Company and its Subsidiaries have good and sufficient title to their respective properties that individually or in the aggregate are material, including all such properties reflected in the most recent audited balance sheet or purported to have been acquired by the Company or any Subsidiary after said date (except as sold or otherwise disposed of in the ordinary course of business), in each case free and clear of Liens. All leases that individually or in the aggregate are material are valid and subsisting and are in full force and effect in all material respects.

(r) Offering Valid. Assuming the accuracy of the representations and warranties of the Investor contained in Section 3.2 hereof, the offer, sale and issuance of the Common Stock, the Warrants, and the Warrant Shares will be exempt from the registration requirements of the Securities Act, and will have been registered or qualified (or are exempt from registration and qualification) under the registration, permit or qualification requirements of all applicable state securities laws.

(s) Private Placement. Neither the Company, nor any of its Affiliates, nor any Person acting on its or their behalf, has engaged in any form of general solicitation or general advertising (within the meaning of Regulation D) in connection with the offer or sale of the Securities. Neither the Company nor any of its Affiliates nor, any Person acting on the Company's behalf has, directly or indirectly, at any time within the past six (6) months, made any offer or sale of any security or solicitation of any offer to buy any security under circumstances that would (i) eliminate the availability of the exemption from registration under Regulation D in connection with the offer and sale by the Company of the Securities as contemplated hereby or (ii) cause the offering of the Securities pursuant to the Transaction Documents to be integrated with prior offerings by the Company for purposes of any Applicable Law or stockholder approval provisions, including, without limitation, under the rules and regulations of The Nasdaq Stock Market, in a manner which would require any stockholder approval.

(t) Transfer Taxes. On the Closing Date, all documentary, stamp, issue, stock transfer and other taxes (other than income taxes) required to be paid in connection with the sale and transfer of the shares of Common Stock to be sold to the Investor hereunder will be, or will have been, fully paid or provided for by the Company, and all Applicable Laws imposing such taxes will be or will have been complied with fully.

(u) Placement Agent's Fees. The Company has not employed any broker, investment banker, finder or other Person in a similar capacity and has not incurred any liability for any financial advisory fees, brokerage fees, commissions or finder's fees, and no broker, investment banker, finder or other Person in a similar capacity has acted, directly or indirectly, for the Company or any of its Subsidiaries, in connection with this Agreement or the transactions contemplated hereby. The Company shall pay, and hold the Investor harmless against, any liability, loss or expense (including, without limitation, reasonable attorney's fees and out-of-pocket expenses) arising in connection with any such claim for fees arising out of the issuance of the Securities pursuant to this Agreement and the Transaction Documents.

(v) Application of Takeover Protections. Except as described in Section 3.1(v) of the Disclosure Letter, there is no control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or other similar anti-takeover provision under the Company's charter documents or the Applicable Laws of its state of incorporation or otherwise, that is or could become applicable to the Investor as a result of the Investor and the Company fulfilling their obligations or exercising their rights under the Transaction Documents, including, without limitation, as a result of the Company's issuance of the Securities (including the issuance of the Warrant Shares) and the Investor's ownership of the Securities.

3 . 2 Representations, Warranties and Covenants of the Investor. The Investor hereby represents and warrants to the Company as follows:

(a) Organization; Authority. The Investor is an entity duly organized, validly existing and in good standing under the Applicable Laws of the jurisdiction of its organization with the requisite corporate, partnership or other power and authority to enter into and to consummate the transactions contemplated by the Transaction Documents and otherwise to carry out its obligations thereunder. The purchase by the Investor of the Securities hereunder has been duly authorized by all necessary corporate, partnership or other action on the part of the Investor. This Agreement has been duly executed and delivered by the Investor and constitutes the valid and binding obligation of the Investor, enforceable against it in accordance with its terms, except as may be limited by (i) applicable bankruptcy, insolvency, reorganization or other Applicable Laws of general application relating to or affecting the enforcement of creditors rights generally, and (ii) the effect of rules of law governing the availability of specific performance and other equitable remedies. The Investor is not required to obtain any consent, waiver, authorization or order of, give notice to, or make any filing or registration with, any court or other federal, state, local or other governmental authority or other Person in connection with the execution, delivery and performance by the Investor of the Transaction Documents or the consummation of the transactions contemplated hereby and thereby, other than filings required under applicable U.S. federal and state securities laws.

(b) No Public Sale or Distribution. The Investor is (i) acquiring the Common Stock and the Warrants and (ii) upon exercise of the Warrants will acquire the Warrant Shares issuable upon exercise thereof, not with a view towards, or for resale in connection with, the public sale or distribution thereof, except pursuant to sales registered under the Securities Act or under an exemption from such registration and in compliance with applicable federal and state securities laws, and the Investor does not have a present arrangement to effect any distribution of the Securities to or through any person or entity; provided, however, that by making the representations herein, the Investor does not agree to hold any of the Securities for any minimum or other specific term and reserves the right to dispose of the Securities at any time in accordance with or pursuant to a registration statement or an exemption under the Securities Act.

(c) Investor Status. At the time the Investor was offered the Securities, it was, and at the date hereof it is, an “accredited investor” as defined in Rule 501(a) under the Securities Act or a “qualified institutional buyer” as defined in Rule 144A(a) under the Securities Act.

(d) Experience of the Investor. The Investor, either alone or together with its representatives, has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Securities, and has so evaluated the merits and risks of such investment. The Investor understands that it must bear the economic risk of this investment in the Securities, and is able to bear such risk and is able to afford a complete loss of such investment.

(e) Access to Information. The Investor acknowledges that it has had access to the Disclosure Materials and information about the Company and the Subsidiaries and their respective financial condition, results of operations, business, properties, management and prospects sufficient to enable it to evaluate its investment. No information, inquiry, or investigation conducted by or on behalf of the Investor or its representatives or counsel shall modify, amend or affect the Investor’s right to rely on the truth, accuracy and completeness of the Disclosure Materials and the Company’s representations and warranties contained in the Transaction Documents.

(f) Restricted Securities. The Investor understands that the Securities are characterized as “restricted securities” under the U.S. federal securities laws inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under such laws and applicable regulations such securities may be resold without registration under the Securities Act only in certain limited circumstances. The Investor has been advised or is aware that it may be deemed to be an “affiliate” of the Company within the meaning of the Securities Act following the execution of this Agreement.

(g) Placement Agent’s Fees. The Investor has not employed any broker, investment banker, finder or other Person in a similar capacity or incurred any liability for any financial advisory fees, brokerage fees, commissions or finder’s fees, and no broker, investment banker, finder or other Person in a similar capacity has acted, directly or indirectly, for the Company or any of its Subsidiaries, in connection with this Agreement or the transactions contemplated hereby. The Investor shall pay, and hold the Company harmless against, any liability, loss or expense (including, without limitation, reasonable attorney’s fees and out-of-pocket expenses) arising in connection with any such claim for any such fees described in the preceding sentence arising out of the purchase of the Securities pursuant to this Agreement.

(h) Litigation. There is no Proceeding pending or, to the Investor’s knowledge, threatened against the Investor or any subsidiary or any of its properties which in any manner challenge or seek to prevent, enjoin, alter or materially delay the transactions contemplated by this Agreement.

(i) No Ownership of Company Securities. Except for the Prior Shares, the Prior Warrant and the Prior Warrant Shares, as of the date of this Agreement, neither the Investor, nor any Investor Controlled Entity or Affiliate of the Investor (other than any officer or director of the Investor) beneficially owns any shares of Common Stock, or any other equity securities of the Company, or any options, warrants or other rights to acquire equity securities of the Company or any other securities convertible into equity securities of the Company. Except for the Prior Shares, the Prior Warrant and the Prior Warrant Shares, since March 27, 2014, neither the Investor, nor any Investor Controlled Entity, or Affiliate of the Investor (other than any officer or director of the Investor), has purchased, sold, transferred, made any short sale of, granted any option for the purchase of, or entered into any hedging or similar transaction with the same economic effect as a sale of, any equity securities or any options, warrants or other rights to acquire equity securities of the Company.

**ARTICLE IV  
OTHER AGREEMENTS OF THE PARTIES**

4.1 Transfer Restrictions.

(a) The Investor covenants that the Securities will only be disposed of pursuant to an effective registration statement under, and in compliance with the requirements of, the Securities Act, to the Company or pursuant to an available exemption from the registration requirements of the Securities Act, and in compliance with any applicable state securities laws. In connection with any transfer of Securities other than pursuant to an effective registration statement or to the Company, the Company may require the transferor to provide to the Company an opinion of counsel selected by the transferor, the form and substance of which opinion shall be reasonably satisfactory to the Company, to the effect that such transfer does not require registration under the Securities Act. Notwithstanding the foregoing, the Company hereby consents to and agrees to register on the books of the Company and with its Transfer Agent, without any such legal opinion, except to the extent that the Transfer Agent requests such legal opinion, any transfer of Securities by the Investor to an Affiliate of the Investor, provided, that (i) the transferee certifies to the Company that it is an “accredited investor,” as defined in Rule 501(a) under the Securities Act and (ii) the transferee agrees in writing to be subject to the terms and conditions of this Agreement.

(b) The Investor agrees to the imprinting, so long as is required by this Section 4.1(b), of the following legends on any certificate evidencing any of the Securities:

THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR ANY APPLICABLE STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS OR BLUE SKY LAWS.

THESE SECURITIES ARE SUBJECT TO TRANSFER RESTRICTIONS AS SET FORTH IN A CERTAIN SECURITIES PURCHASE AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER.

Certificates evidencing Securities shall not be required to contain the legends set forth above (i) following any sale of such Securities pursuant to a Registration Statement covering the resale of the Securities is effective under the Securities Act; (ii) following any sale of such Securities pursuant to Rule 144 if the holder provides the Company with a legal opinion reasonably acceptable to the Company to the effect that the Securities have been sold under Rule 144; (iii) if the Securities are eligible for sale under Rule 144(b)(1); or (iv) if the holder provides the Company with a legal opinion reasonably acceptable to the Company to the effect that the legend is not required under applicable requirements of the Securities Act (including controlling judicial interpretations and pronouncements issued by the staff of the SEC). The Company may not make any notation on its records or give instructions to the Transfer Agent that enlarge the restrictions on transfer set forth in this Section 4.1(b) unless required by Applicable Law.

(c) Notwithstanding the foregoing provisions of this Section 4.1, during the Voting Period, Investor agrees that it shall not sell, transfer or dispose of, directly or indirectly, any Securities, other than pursuant to an effective registration statement, pursuant to Rule 144, pursuant to another available exemption from the registration requirements of the Securities Act in an unregistered block trade executed on behalf of Investor, to the Company, in response to a Change of Control (or agreement related to a Change of Control), or a tender or exchange offer for the Common Stock, as part of a merger or other transaction in which all outstanding shares of Common Stock of the Company are converted into or exchanged for other consideration and is approved by the stockholders of the Company, or with prior Board approval, unless the transferee agrees in writing to be bound by and subject to the terms and conditions of this Agreement.

4.2 Furnishing of Information. During the time a Registration Statement is required to be effective, the Company covenants to timely file (or obtain extensions in respect thereof and file within the applicable grace period) all reports required to be filed by the Company after the date hereof pursuant to the Exchange Act. Upon the request of the Investor, the Company shall deliver to the Investor a written certification of a duly authorized officer as to whether it has complied with the preceding sentence. As long as the Investor owns Securities, if the Company is not required to file reports pursuant to the Exchange Act, it will prepare and furnish to the Investor and make publicly available in accordance with Rule 144(c) such information as is required for the Investor to sell the Securities under Rule 144. The Company further covenants that it will take such further action as the Investor may reasonably request, all to the extent necessary from time to time to enable such Person to sell such Securities without registration under the Securities Act within the limitation of the exemptions provided by Rule 144.

4.3 Integration. The Company shall not, and shall use its commercially reasonable efforts to ensure that no Affiliate thereof shall, sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in Section 2 of the Securities Act) that would be integrated with the offer or sale of the Securities in a manner that would require the registration under the Securities Act of the sale of the Securities to the Investor or that would be integrated with the offer or sale of the Securities such that approval of the stockholders of the Company would be required pursuant to the rules and regulations of The Nasdaq Stock Market or a comparable securities trading market.

4.4 Reservation of Securities. The Company shall maintain a reserve from its duly authorized shares of Common Stock for issuance pursuant to the Transaction Documents in such amount as may be required to fulfill its obligations to issue Warrant Shares under the Transaction Documents. In the event that at any time the then authorized shares of Common Stock are insufficient for the Company to satisfy its obligations to issue such Warrant Shares under the Transaction Documents, the Company shall promptly take such actions as may be required to increase the number of authorized shares.

4.5 Listing of Common Stock. The Company hereby agrees to use best efforts to maintain the listing of the Common Stock on The Nasdaq Stock Market or a comparable securities trading market, and promptly following the Closing (but not later than the 30 day anniversary of the Closing) to list the Shares and Warrant Shares on The Nasdaq Stock Market. The Company further agrees, if the Company applies to have the Common Stock traded on any other securities trading market, it will include in such application the Shares and the Warrant Shares, and will take such other action as is necessary or desirable in the reasonable opinion of the Investor to cause the Shares and Warrant Shares to be listed on such other securities trading market as promptly as possible. The Company will take all action reasonably necessary to continue the listing and trading of its Common Stock on The Nasdaq Stock Market or comparable securities trading market and will comply in all material respects with the Company's reporting, filing and other obligations under the by-laws or rules of such market.

4.6 Anti-Takeover Provisions. If any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or other similar anti-takeover provision under the Company's charter documents or the Applicable Laws of its state of incorporation or otherwise, that is or would reasonably be expected to become applicable to the Investor as a result of the Investor and the Company fulfilling their obligations or exercising their rights under the Transaction Documents, including, without limitation, as a result of the Company's issuance of the Securities and/or Investor's exercise of Warrants and the Investor's ownership of the Securities, shall become applicable to the transactions contemplated by the Transaction Documents, the Company and the Board shall use best efforts to grant such approvals and take such actions as are necessary so that the transactions contemplated by the Transaction Documents may be consummated as promptly as practicable on the terms contemplated hereby and otherwise act to minimize the effects of any such statute or regulation on the transactions contemplated hereby.

4.7 [Reserved].

4.8 Voting Agreement.

(a) During the Voting Period, each of the Investor, any Investor Controlled Entity or any Affiliate of the Investor (other than any officer or director of the Investor) (the "**Investor Group**") shall:



(i) vote all Securities in each vote of the Company's stockholders in the manner recommended by the Board; provided that this Section 4.8(a) shall not apply to proposals (i) seeking approvals of the Company's stockholders with respect to amendments to the Company's Certificate of Incorporation or by-laws that directly conflict with the rights of the Investor under this Agreement, (ii) that directly affect the Investor by naming the Investor specifically in such amendment or (iii) that seek approval of, or are otherwise made in connection with, any transaction, offer or proposal that would, if consummated, result in a Change of Control of the Company; and

(ii) with respect to votes of the Company's stockholders relating to the election of members of the Board, vote all Securities in favor of individuals recommended by the Board for election to the Board.

(b) During the Voting Period, the Investor shall take such actions as may be reasonably necessary to ensure that any Securities held by any member of the Investor Group are present for any vote of the Company's stockholders for purposes of establishing a quorum with respect to such vote.

#### 4.9 Standstill.

(a) Subject to Section 20.11 of the Strategic Alliance Agreement, the Investor agrees that prior to November 6, 2019, no member of the Investor Group shall directly or indirectly:

(i) act, alone or in concert with others, to seek to control the management, Board or policies of the Company;

(ii) enter into any joint venture, securities lending or option agreement, put or call, guarantee of loans, guarantee of profits or division of losses or profits, contract, arrangement or understanding with any Person with respect to any securities of the Company or any Subsidiary of the Company;

(iii) acquire additional shares of Voting Stock without the consent of the Board, except for the Warrant Shares and the Prior Warrant Shares;

(iv) solicit or participate in the solicitation of proxies with respect to any Voting Stock, or seek to advise or influence any person with respect to the voting of any Voting Stock (other than as otherwise provided or contemplated by this Agreement);

(v) deposit any Voting Stock in a voting trust or, except as otherwise provided or contemplated herein, subject any Voting Stock to any arrangement or agreement with any third party with respect to the voting of such Voting Stock;

(vi) join a 13D Group (other than a group comprising solely of the Investor and its Affiliates) for the purpose of acquiring, holding, voting or disposing of Voting Stock or Non-Voting Convertible Securities;

- (vii) take any action which would reasonably be expected to require the Company to make a public announcement regarding the possibility of a business combination or merger involving the Company or any of its Subsidiaries;
- (viii) publicly disclose any intention, plan or arrangement inconsistent with the foregoing;
- (ix) knowingly advise, assist or encourage any other Persons in connection with any of the foregoing; or
- (x) request that the Company (or its respective directors, officers, affiliates, employees or agents), directly or indirectly, amend or waive any provision of this Section 4.9(a) in a manner that requires public disclosure of such request.

Notwithstanding anything to the contrary in this Agreement, (i) the prohibitions in this Article IV shall not affect the Investor's ability to hold the Shares, the Warrants, the Warrant Shares, the Prior Shares, the Prior Warrant or the Prior Warrant Shares, (ii) the provisions of Section 4.8 and this Section 4.9 shall not prohibit any member of the Investor Group from making or disclosing any offer or proposal on a confidential basis to the Board (and, if the Board rejects that offer or proposal or fails to enter onto a binding agreement with respect to such offer or proposal within 30 days, making a public announcement regarding such offer or proposal) in connection with a potential business combination or merger transaction with Investor that would result in a Change of Control of the Company, (iii) if a Change of Control of the Company has occurred, then the provisions of Section 4.7, Section 4.8 and this Section 4.9 shall immediately terminate without further force or effect and the Company and the Investor shall be released from compliance therewith, (iv) if (x) the Company has entered into any agreement to effect a Change of Control of the Company or (y) a third party has made a public offer or proposal (including a tender or exchange offer) or publicly announced an intention to make any such offer or proposal that would, if consummated, result in a Change of Control of the Company, then, in each case in this clause (iv), the Company and the Investor shall be released from the provisions of Section 4.7, Section 4.8 and this Section 4.9 for the pendency of such agreement, offer or proposal, and (v) the provisions of Section 4.8 and this Section 4.9 shall not prohibit the Investor from disclosing the acquisition of the Shares, Warrants and Warrant Shares hereunder on Schedule 13D or Schedule 13G, provided that the Investor shall give the Company prior notice of such filing.

4.10 Lock-Up. The Investor hereby agrees not to sell, transfer or otherwise dispose of, directly or indirectly, any Shares or Warrant Shares or enter into any swap or other arrangement that transfers to another Person any of the economic consequences of ownership of Shares or Warrant Shares until the six month anniversary of the Closing, except (i) to the Company, (ii) in response to a Change of Control (or agreement related to a Change of Control), or a tender or exchange offer for the Common Stock (other than a tender or exchange offer by any member of the Investor Group), (iii) as part of a merger or other transaction in which all outstanding shares of Common Stock of the Company are converted into or exchanged for other consideration and is approved by the stockholders of the Company, (iv) a transfer to an Affiliate of the Investor, provided such Affiliate agrees in writing to be bound by the terms of Section 4.1, Section 4.8, Section 4.9, and this Section 4.10, or (v) with prior Board approval. From and after the six month anniversary of the Closing Date through the end of the Voting Period, the Investor hereby agrees not to sell, transfer or otherwise dispose of Shares or Warrant Shares in any calendar week in an amount in excess of 1% of the total outstanding shares of the Company, other than (i) in any transaction provided for in clauses (i) – (v) of the immediately preceding sentence or (ii) pursuant to an underwritten offering or a block trade executed on behalf of Investor.

4.11 Press Releases. No later than the Trading Day immediately following the execution of this Agreement, the Company will issue a press release disclosing the transactions contemplated by the Agreement, and the Company shall file a Form 8-K relating to the Transaction Documents. The Company shall provide the Investor with a reasonable opportunity to review and provide comments on the drafts of such press release and Form 8-K. The Company and the Investor shall consult with each other in issuing any subsequent press releases with respect to the transactions contemplated hereby, and the Company and the Investor shall not issue any such subsequent press release or otherwise make any such public statement without the prior consent of the other party, which consent shall not be unreasonably withheld, conditioned or delayed, except if such disclosure is required by Applicable Law, in which case the disclosing party shall if possible promptly provide the other party with prior notice of such public statement or communication.

4.12 Antitrust Filings. If the exercise of the Warrants requires any antitrust filings under Applicable Law, then the Investor and the Company agree to make any such required filings and to cooperate with each other in making any such filings.

4.13 Information Rights; Nondisclosure. So long as the Investor holds in the aggregate at least 876,281 shares of Common Stock (including for such calculation, any shares of Common Stock underlying the Warrant or the Prior Warrant), (i) the Company will furnish, or cause to be furnished, to the Investor such additional information regarding the Investor's investment in the Company as the Investor may reasonably request, including such information as is necessary or appropriate to permit the Investor Group to comply on a timely basis with their financial reporting obligations in respect of the Investor's investment in the Company and (ii) the Company agrees to provide best efforts to keep the Investor reasonably informed on a prompt basis regarding any negotiations that have reached the stage where specific terms are being discussed with any third parties regarding potential investments or acquisitions involving the Company or any of its Subsidiaries. All such information, and all other confidential information that the Company provides to Investor, will be subject to the provisions of, and treated as "Confidential Information" under, the Strategic Alliance Agreement.

## **ARTICLE V CONDITIONS PRECEDENT**

5 . 1 Conditions Precedent to the Obligations of the Investor. The obligation of the Investor to acquire Securities at the Closing is subject to the satisfaction or waiver by the Investor, at the Closing, of each of the following conditions:

(a) Representations and Warranties. The representations and warranties of the Company contained herein shall be true and correct in all material respects (other than those representations and warranties that are qualified by materiality or Material Adverse Effect qualifiers, which shall be true and correct in all respects) as of the date when made and as of the Closing as though made on and as of such date.

(b) Performance. The Company shall have performed, satisfied and complied in all material respects with all covenants, agreements and conditions required by the Transaction Documents to be performed, satisfied or complied with by it at or prior to the Closing.

(c) No Stockholder Approval Required. No approval on the part of the stockholders of the Company shall be required in connection with the execution and delivery by the Company of this Agreement and the other Transaction Documents and the consummation of the transactions to be performed by the Company contemplated by the Transaction Documents.

(d) Regulatory Approvals. All material approvals, authorizations and consents of any governmental entity or Person required to consummate the transactions contemplated by this Agreement and the other Transaction Documents (including any such approvals, authorizations and consents under applicable foreign antitrust laws) shall have been obtained and remain in full force and effect, and all statutory waiting periods relating to such approvals, authorizations and consents shall have expired or been terminated.

(e) Qualification Under State Securities Laws. All registrations, qualifications, permits and approvals, if any, required to be obtained prior to the Closing under applicable state securities laws shall have been obtained for the lawful execution, delivery and performance of this Agreement and the other Transaction Documents, including, without limitation, the offer and sale of the Securities.

(f) No Litigation. No litigation, order, writ, injunction, judgment, decree or other claim shall be pending or, to the knowledge of the Investor, threatened that questions the validity of this Agreement or the other Transaction Documents or the right of the Company or the Investor to enter into such agreements or to consummate the transactions contemplated hereby and thereby.

(g) No Violation. No statute, rule, regulation, order, or interpretation shall have been enacted, entered or deemed applicable by any domestic or foreign government or governmental or administrative agency or court which would make the transactions contemplated by the Agreement or the other Transaction Documents illegal.

5.2 Conditions Precedent to the Obligations of the Company. The obligation of the Company to sell the Securities at the Closing is subject to the satisfaction or waiver by the Company, at the Closing, of each of the following conditions:

(a) Representations and Warranties. The representations and warranties of the Investor contained herein shall be true and correct in all material respects as of the date when made and as of the Closing Date as though made on and as of such date.

(b) Performance. The Investor shall have performed, satisfied and complied in all material respects with all covenants, agreements and conditions required by this Agreement and the other Transaction Documents to be performed, satisfied or complied with by the Investor at or prior to the Closing.

(c) Regulatory Approvals. All material approvals, authorizations and consents of any governmental entity or Person required to consummate the transactions contemplated by this Agreement and the other Transaction Documents (including any such approvals, authorizations and consents under applicable foreign antitrust laws) shall have been obtained and remain in full force and effect, and all statutory waiting periods relating to such approvals, authorizations and consents shall have expired or been terminated.

(d) Qualification Under State Securities Laws. All registrations, qualifications, permits and approvals, if any, required to be obtained prior to the Closing under applicable state securities laws shall have been obtained for the lawful execution, delivery and performance of this Agreement and the other Transaction Documents, including, without limitation, the offer and sale of the Securities.

(e) No Litigation. No litigation, order, writ, injunction, judgment, decree or other claim shall be pending or, to the knowledge of the Company, threatened that questions the validity of this Agreement or the other Transaction Documents or the right of the Company or the Investor to enter into such agreements or to consummate the transactions contemplated hereby and thereby.

(f) No Violation. No statute, rule, regulation, order, or interpretation shall have been enacted, entered or deemed applicable by any domestic or foreign government or governmental or administrative agency or court which would make the transactions contemplated by this Agreement or the other Transaction Documents illegal.

## **ARTICLE VI REGISTRATION RIGHTS**

### 6.1 Registration Statement.

(a) Until such time as the date that all Registrable Securities have been sold or can be sold publicly under Rule 144 without volume limitation and without volume limitations under Section 4.10 of this Agreement or Section 4.10 of the Prior Securities Purchase Agreement, upon written request by the Investor, the Company shall, as soon as reasonably practicable following Investor's request, prepare and file with the SEC a registration statement under the Securities Act covering the resale of such portion of the Registrable Securities requested by the Investor in an offering to be made on a continuous basis pursuant to Rule 415. Each Registration Statement shall be on Form S-3 or any successor form thereto (except if the Company is not then eligible to register for resale the Registrable Securities on Form S-3 or any successor form thereto, in which case such registration shall be on another appropriate form in accordance with the Securities Act). The Company shall not be obligated to file and have declared effective more than two (2) Registration Statements per year pursuant to this Section 6.1 and any other agreement between the Company and the Investor, and each registration hereunder shall include Registrable Securities consisting of not less than 100,000 shares of Common Stock (as adjusted by any stock split, dividend or other distribution, recapitalization or similar event).

(b) The Company shall use its best efforts to cause each Registration Statement to be declared effective by the SEC as promptly as practical after the filing thereof (but in no event sooner than six (6) months after the Closing Date of this Agreement), and, subject to Section 6.1(e), shall use its best efforts to keep each Registration Statement continuously effective under the Securities Act for all Registrable Securities for a period up to the earlier of seventy five (75) days or until the date that all Registrable Securities covered by such Registration Statement have been sold or can be sold publicly under Rule 144 on a single day (the “**Effectiveness Period**”).

(c) The Company shall notify the Investor in writing promptly (and in any event within two (2) Trading Days) after receiving notification from the SEC that a Registration Statement has been declared effective.

(d) The Company may require the Investor to provide such information regarding the Investor as may be required under the Securities Act to effect the registration contemplated hereunder.

(e) If at any time after a Registration Statement has become effective, the Company is engaged in any plan, proposal or agreement with respect to any financing, acquisition, recapitalization, reorganization or other material transaction or development the public disclosure of which would be detrimental to the Company, then the Company may direct that such request be delayed or that use of the Prospectus contained in such Registration Statement be suspended, as applicable, for a period of up to forty-five (45) days. The Company will notify the Investor of the delay or suspension. In the case of notice suspending an effective Registration Statement, the Investor will immediately discontinue any sales of Registrable Securities pursuant to such Registration Statement until the Investor has received copies of a supplemented or amended Prospectus or until the Investor is advised in writing by the Company that the then-current Prospectus may be used and has received copies of any additional or supplemental filings that are incorporated or deemed incorporated by reference in such Prospectus. The Company may exercise the rights provided by this Section 6.1(e) for an aggregate of ninety (90) days within any 365-day period.

(f) The Company will use its best efforts to cooperate with the Investor in the disposition of the Registrable Securities covered by a Registration Statement.

6.2 Registration Procedures. In connection with the Company’s registration obligations hereunder, the Company shall:

(a) (i) Prepare and file with the SEC such amendments, including post-effective amendments, to each Registration Statement and the Prospectus used in connection therewith as may be necessary to keep each Registration Statement continuously effective, as to the applicable Registrable Securities for the Effectiveness Period and prepare and file with the SEC such additional Registration Statements in order to register for resale under the Securities Act all of the Registrable Securities during the Effectiveness Period; (ii) cause the related Prospectus to be amended or supplemented by any required Prospectus supplement, and as so supplemented or amended to be filed pursuant to Rule 424; (iii) respond as promptly as reasonably practical, to any comments received from the SEC with respect to each Registration Statement or any amendment thereto; and (iv) comply in all material respects with the provisions of the Securities Act and the Exchange Act applicable to the Company with respect to the disposition of all Registrable Securities covered by a Registration Statement during the applicable period in accordance with the intended methods of disposition by the Investor thereof set forth in a Registration Statement as so amended or in such Prospectus as so supplemented.

(b) Notify the Investor as promptly as reasonably practical, and confirm such notice in writing no later than two (2) Trading Days thereafter, of any of the following events: (i) any Registration Statement or any post-effective amendment is declared effective; (ii) the Company becomes aware that the SEC has issued any stop order suspending the effectiveness of any Registration Statement or initiates any Proceedings for that purpose; (iii) the Company receives notice of any suspension of the qualification or exemption from qualification of any Registrable Securities for sale in any jurisdiction, or the initiation or threat of any Proceeding for such purpose; or (iv) the financial statements included in any Registration Statement become ineligible for inclusion therein or any Registration Statement or Prospectus or other document contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(c) Use its best efforts to avoid the issuance of or, if issued, obtain the withdrawal of (i) any order suspending the effectiveness of any Registration Statement, or (ii) any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction, as soon as possible.

(d) If requested by the Investor, promptly provide the Investor, without charge, at least one conformed copy of each Registration Statement and each amendment thereto, including financial statements and schedules, and all exhibits to the extent requested by the Investor (including those previously furnished or incorporated by reference) promptly after the filing of such documents with the SEC.

(e) Promptly deliver to the Investor, without charge, as many copies of the Prospectus or Prospectuses (including each form of prospectus) and each amendment or supplement thereto as the Investor may reasonably request. The Company hereby consents to the use of such Prospectus and each amendment or supplement thereto by the Investor in connection with the offering and sale of the Registrable Securities covered by such Prospectus and any amendment or supplement thereto to the extent permitted by federal and state securities laws and regulations.

(f) Prior to any public offering of Registrable Securities, use its best efforts to register or qualify or cooperate with the Investor in connection with the registration or qualification (or exemption from such registration or qualification) of such Registrable Securities for offer and sale under the securities or Blue Sky laws of such jurisdictions within the United States as the Investor requests in writing, to keep each such registration or qualification (or exemption therefrom) effective for so long as required, but not to exceed the duration of the Effectiveness Period, and to do any and all other acts or things reasonably necessary or advisable to enable the disposition in such jurisdictions of the Registrable Securities covered by a Registration Statement; provided, however, that the Company shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it would not otherwise be required to qualify but for this Section 6.2(f) or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject.

(g) Upon sale of such Registrable Securities pursuant to an effective Registration Statement, cooperate with the Investor to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be delivered to a transferee, which certificates shall be free, to the extent permitted by this Agreement and under Applicable Law, of all restrictive legends, and to enable such Registrable Securities to be in such denominations and registered in such names as any the Investor may reasonably request.

(h) Promptly upon the occurrence of any event described in Section 6.2(b)(iv), prepare a supplement or amendment, including a post-effective amendment, to a Registration Statement or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, and file any other required document so that, as thereafter delivered, neither such Registration Statement nor such Prospectus will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) Comply with all rules and regulations of the SEC applicable to the Company in connection with the registration of the Securities.

(j) The Company shall comply with all applicable rules and regulations of the SEC under the Securities Act and the Exchange Act, including, without limitation, Rule 172 under the Securities Act, file any final Prospectus, including any supplement or amendment thereof, with the SEC pursuant to Rule 424 under the Securities Act, promptly inform the holders in writing if, at any time during the Effectiveness Period, the Company does not satisfy the conditions specified in Rule 172 and, as a result thereof, the holders are required to make available a Prospectus in connection with any disposition of Registrable Securities and take such other actions as may be reasonably necessary to facilitate the registration of the Registrable Securities hereunder.

6.3 Registration Expenses. The Company shall pay all fees and expenses incident to the performance of or compliance with Article VI of this Agreement, including, without limitation, (a) all registration and filing fees and expenses, including without limitation those related to filings with the SEC, The Nasdaq Stock Market or comparable securities trading market and in connection with applicable state securities or Blue Sky laws, (b) printing expenses (including without limitation expenses of printing certificates for Registrable Securities), (c) messenger, telephone and delivery expenses incurred by the Company, (d) fees and disbursements of counsel for the Company, (e) fees and expenses of all other Persons retained by the Company in connection with the consummation of the transactions contemplated by this Agreement, (f) reasonable fees and expenses of one special counsel for the Investor (not to exceed \$25,000 per registration or \$100,000 in the aggregate for all registrations pursuant to this Agreement); and (g) all listing fees to be paid by the Company to The Nasdaq Stock Market or comparable securities trading market; provided, however, that the Company shall not be responsible for underwriting discounts and commissions of the Investor.



6.4 Indemnification.

(a) Indemnification by the Company. The Company shall, notwithstanding any termination of this Agreement, indemnify and hold harmless the Investor, the officers, directors, partners, members, agents and employees of each of them, each Person who controls the Investor (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, partners, members, agents and employees of each such controlling Person, to the fullest extent permitted by Applicable Law, from and against all Losses arising out of or relating to any untrue or alleged untrue statement of a material fact contained in any Registration Statement, any Prospectus or any form of Company prospectus or in any amendment or supplement thereto or in any Company preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or form of prospectus or supplement thereto, in the light of the circumstances under which they were made) not misleading, provided, however, that the Company shall not be liable in any such case to the extent that such Losses arise out of, or are based upon, an untrue statement or omission or alleged untrue statement or omission made in such Registration Statement in reliance upon and in conformity with information that relates solely to the Investor or the Investor's proposed method of distribution of Registrable Securities and was provided by the Investor in writing for use in such Registration Statement, such Prospectus or such form of Prospectus or in any amendment or supplement thereto.

(b) Indemnification by the Investor. The Investor shall, notwithstanding any termination of this Agreement, indemnify and hold harmless the Company, its officers, directors, partners, members, agents and employees of each of them, each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the officers, directors, partners, members, agents and employees of each such controlling Person, to the fullest extent permitted by Applicable Law, from and against all Losses arising out of any untrue statement of a material fact contained in any Registration Statement, any Prospectus or any form of Company prospectus or in any amendment or supplement thereto or in any Company preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or form of prospectus or supplement thereto, in the light of the circumstances under which they were made) not misleading, in each case, on the effective date thereof, but only to the extent that such untrue statement or omission is based solely upon information regarding the Investor furnished to the Company by the Investor in writing expressly for use therein, or to the extent that such information solely relates to the Investor or the Investor's proposed method of distribution of Registrable Securities and was provided by the Investor for use in such Registration Statement, such Prospectus or such form of Prospectus or in any amendment or supplement thereto. In no event shall the liability of the Investor under this Article VI be greater in amount than the dollar amount of the net proceeds received by the Investor upon the sale of the Registrable Securities giving rise to such indemnification obligation.

(c) Conduct of Indemnification Proceedings. If any Proceeding shall be brought or asserted against any Person entitled to indemnity hereunder (an “**Indemnified Party**”), such Indemnified Party shall promptly notify the Person from whom indemnity is sought (the “**Indemnifying Party**”) in writing, and the Indemnifying Party shall assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all reasonable fees and expenses incurred in connection with defense thereof; provided, that the failure of any Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that such failure shall have materially and adversely prejudiced the Indemnifying Party. An Indemnified Party shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (i) the Indemnifying Party has agreed in writing to pay such fees and expenses; (ii) the Indemnifying Party shall have failed promptly to assume the defense of such Proceeding; or (iii) the named parties to any such Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and such Indemnified Party shall have been advised by counsel that a conflict of interest is likely to exist if the same counsel were to represent such Indemnified Party and the Indemnifying Party or that additional or different defenses may be available to the Indemnified Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense thereof and the reasonable fees and expenses of separate counsel shall be at the expense of the Indemnifying Party), it being understood, however, that the Indemnifying Party shall not, in connection with any one such Proceeding (including separate Proceedings that have been or will be consolidated before a single judge) be liable for the fees and expenses of more than one separate firm of attorneys at any time for all Indemnified Parties. The Indemnifying Party shall not be liable for any settlement of any such Proceeding effected without its written consent, unless such consent is unreasonably withheld or delayed. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding. All reasonable fees and expenses of the Indemnified Party (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such Proceeding in a manner not inconsistent with this Section 6.4(c)) shall be paid to the Indemnified Party, as incurred, within twenty (20) Trading Days of written notice thereof to the Indemnifying Party (regardless of whether it is ultimately determined that an Indemnified Party is not entitled to indemnification hereunder; provided, that the Indemnifying Party shall reimburse all such fees and expenses to the extent it is finally judicially determined that such Indemnified Party is not entitled to indemnification hereunder).

(d) Contribution. If a claim for indemnification under Section 6.4(a) or (b) is unavailable to an Indemnified Party (by reason of public policy or otherwise), then each Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in Section 6.4(c), any reasonable attorneys' or other reasonable fees or expenses incurred by such party in connection with any Proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this Section 6.4(d) was available to such party in accordance with its terms. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 6.4(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 6.4(d), the Investor shall not be required to contribute, in the aggregate, any amount in excess of the amount by which the net proceeds actually received by the Investor from the sale of the Registrable Securities subject to the Proceeding exceeds the amount of any damages that the Investor has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

6.5 Dispositions. The Investor agrees that it will comply with the prospectus delivery requirements of the Securities Act as applicable to it in connection with sales of Registrable Securities pursuant to a Registration Statement and shall sell its Registrable Securities in accordance with the Plan of Distribution set forth in the Prospectus. The Investor further agrees that, upon receipt of a notice from the Company of the occurrence of any event of the kind described in Sections 6.2(b)(ii), (iii) or (iv), the Investor will use best efforts to discontinue disposition of Registrable Securities under a Registration Statement until the Investor is advised in writing by the Company that the use of the Prospectus, or amended Prospectus, as applicable, may be used. The Investor acknowledges and agrees that the provisions of Section 4.9 of this Agreement shall apply with respect to any proposed disposition pursuant to a Registration Statement filed pursuant to this Article VI. The Company may provide appropriate stop orders to enforce the provisions of this paragraph.

6.6 [Reserved.]

6 . 7 Assignment of Registration Rights. The registration rights under this Article VI of this Agreement with respect to applicable shares transferred by Investor pursuant to this agreement shall be automatically transferred to any transferee of all or any portion of Investor's Registrable Securities, to the extent of such shares transferred, if (a) Investor agrees in writing with the transferee or assignee to assign such rights and a copy of such agreement is furnished to the Company within a reasonable time after such assignment; (b) the Company is furnished with written notice of (i) the name and address of such transferee and (ii) the securities with respect to which such registration rights are being transferred; (c) following such transfer or assignment, the further disposition of such securities by the transferee is restricted under this Agreement, the Securities Act and applicable state securities laws; (d) at or before the time the Company receives the written notice contemplated by clause (b) of this sentence the transferee agrees in writing to be bound by all of the provisions of this Agreement; and (e) such transfer shall have been made in accordance with the applicable requirements of this Agreement.

**ARTICLE VII  
MISCELLANEOUS**

7.1 Termination. This Agreement may be terminated by the Company or the Investor, by written notice to the other, if the Closing has not been consummated by the third Business Day following the date of this Agreement; provided, that no such termination will affect the right of any party to sue for any breach by the other party (or parties).

7.2 Fees and Expenses. The Company shall pay all Transfer Agent fees, documentary, stamp, issue and transfer taxes and other taxes and duties levied in connection with the sale, issuance and transfer of the Securities.

7.3 Entire Agreement. The Transaction Documents, the Strategic Alliance Agreement and the Prior Securities Purchase Agreement, together with the exhibits and schedules thereto, contain the entire understanding of the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents, exhibits and schedules.

7.4 Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of (a) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number specified in this Section 7.4 prior to 6:30 p.m. (New York City time) on a Trading Day, (b) the next Trading Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number specified in this Section 7.4 on a day that is not a Trading Day or later than 6:30 p.m. (New York City time) on any Trading Day, (c) the Trading Day following the date of deposit with a nationally recognized overnight courier service, or (d) upon actual receipt by the party to whom such notice is required to be given. The addresses, facsimile numbers for such notices and communications are as follows:

Notices for the Company:

Energous Corporation, Inc.  
3590 North First Street, Suite 210  
San Jose, CA 95134  
Attention: Brian Sereda  
Telephone No.: (408) 963-0200

With a copy to:

Fenwick & West LLP  
801 California Street  
Mountain View, CA 94041  
Attention: Mark Leahy and Horace Nash  
Telephone No.: (650) 988-8500  
Facsimile No.: (650) 938-5200

Notices for the Investor:

Dialog Semiconductor plc  
100 Longwater Avenue  
Green Park  
Reading, RG2 6GP  
Attn: Legal Department  
Telephone No.: +44 (0) 1793 757700

7 . 5 Amendments; Waivers. No provision of this Agreement may be waived or amended except in a written instrument signed, in the case of an amendment, by the Company and the Investor or in the case of a waiver, by the party against whom the waiver is to be effective. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of either party to exercise any right hereunder in any manner impair the exercise of any such right.

7.6 Construction. The headings herein are for convenience only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party.

7 . 7 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. The Company shall not assign this Agreement or any rights or obligations hereunder without the prior written consent of the Investor. Notwithstanding the foregoing, nothing in this Section 7.7 shall prevent any assignment of this Agreement by the Company or the Investor that is deemed to occur in connection with a Change of Control of the Company. The Investor may assign some or all of its rights hereunder in connection with transfer of any of its Securities without the consent of the Company, in which event such assignee shall be deemed to be an Investor hereunder with respect to such assigned rights.

7 . 8 No Third-Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other Person, except that each Indemnified Party is an intended third party beneficiary of Section 6.4 and (in each case) may enforce the provisions of such Section 6.4 directly against the parties with obligations thereunder.

7 . 9 Governing Law; Venue; Service of Process; Waiver of Jury Trial. ALL QUESTIONS CONCERNING THE CONSTRUCTION, VALIDITY, ENFORCEMENT AND INTERPRETATION OF THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THAT BODY OF LAWS PERTAINING TO CONFLICT OF LAWS. EACH PARTY HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS SITTING IN THE CITY OF NEW YORK, BOROUGH OF MANHATTAN, FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION HERewith OR WITH ANY TRANSACTION CONTEMPLATED HEREBY OR DISCUSSED HEREIN (INCLUDING WITH RESPECT TO THE ENFORCEMENT OF ANY OF THE TRANSACTION DOCUMENTS), AND HEREBY IRREVOCABLY WAIVES, AND AGREES NOT TO ASSERT IN ANY SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF ANY SUCH COURT AND THAT SUCH SUIT, ACTION OR PROCEEDING IS IMPROPER. EACH PARTY HEREBY IRREVOCABLY WAIVES PERSONAL SERVICE OF PROCESS AND CONSENTS TO PROCESS BEING SERVED IN ANY SUCH SUIT, ACTION OR PROCEEDING BY MAILING A COPY THEREOF VIA REGISTERED OR CERTIFIED MAIL OR OVERNIGHT DELIVERY (WITH EVIDENCE OF DELIVERY) TO SUCH PARTY AT THE ADDRESS IN EFFECT FOR NOTICES TO IT UNDER THIS AGREEMENT AND AGREES THAT SUCH SERVICE SHALL CONSTITUTE GOOD AND SUFFICIENT SERVICE OF PROCESS AND NOTICE THEREOF. NOTHING CONTAINED HEREIN SHALL BE DEEMED TO LIMIT IN ANY WAY ANY RIGHT TO SERVE PROCESS IN ANY MANNER PERMITTED BY LAW. THE COMPANY AND INVESTOR HEREBY WAIVE ALL RIGHTS TO A TRIAL BY JURY.

7.10 Survival. The representations and warranties contained herein shall survive the Closing. The agreements and covenants contained herein shall survive the Closing in accordance with their respective terms.

7.11 Execution. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or email attachment, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or email-attached signature page were an original thereof.

7.12 Severability. If any provision of this Agreement is held to be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this Agreement shall not in any way be affected or impaired thereby and the parties will attempt to agree upon a valid and enforceable provision that is a reasonable substitute therefor, and upon so agreeing, shall incorporate such substitute provision in this Agreement.

7.13 Replacement of Securities. If any certificate or instrument evidencing any Securities is mutilated, lost, stolen or destroyed, the Company shall promptly issue or cause to be issued in exchange and substitution for and upon cancellation thereof, or in lieu of and substitution therefor, a new certificate or instrument, and the Investor will pay only those costs and expenses that are customarily charged by or on behalf the Company or the Transfer Agent to any stockholder of the Company in connection therewith. The Company may require the execution by the holder thereof of a customary lost certificate affidavit of that fact and a customary agreement to indemnify and hold harmless the Company (and Transfer Agent, if applicable) for any losses in connection therewith.

7.14 Remedies. In addition to being entitled to exercise all rights provided herein or granted by Applicable Law, including recovery of damages, the Investor and the Company will be entitled to seek specific performance under the Transaction Documents. The parties agree that monetary damages may not be adequate compensation for any loss incurred by reason of any breach of obligations described in the foregoing sentence and hereby agrees to waive in any action for specific performance of any such obligation (other than in connection with any action for temporary restraining order) the defense that a remedy at law would be adequate.

7.15 Adjustments in Share Numbers and Prices. In the event of any stock split, subdivision, dividend or distribution payable in shares of Common Stock (or other securities or rights convertible into, or entitling the holder thereof to receive directly or indirectly shares of Common Stock), combination or other similar recapitalization or event occurring after the date hereof and prior to the Closing, each reference in any Transaction Document to a number of shares or a price per share shall be amended to appropriately account for such event.

**[SIGNATURE PAGES TO FOLLOW]**

IN WITNESS WHEREOF, the parties hereto have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

**COMPANY:**  
**ENERGOUS CORPORATION, INC.**

By: \_\_\_\_\_  
Name: Stephen R. Rizzone  
Title: President and Chief Executive Officer

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*Signature Page to Securities Purchase Agreement*



**INVESTOR:  
DIALOG SEMICONDUCTOR PLC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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*Signature Page to Securities Purchase Agreement*

**Exhibits:**

- A Securities Purchased
  - B Form of Warrant
  - C Form of Secretary's Certificate - Company
-

**EXHIBIT A**  
**SECURITIES PURCHASED**

<u>Investor</u>	<u>Common Stock</u>	<u>Warrants</u>	<u>Purchase Price</u>
Dialog Semiconductor plc.	976,139	654,013	\$14,999,934.92

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**EXHIBIT B**  
**FORM OF WARRANT**

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NEITHER THESE SECURITIES NOR THE SECURITIES FOR WHICH THESE SECURITIES ARE EXERCISABLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS. THESE SECURITIES AND THE SECURITIES ISSUABLE UPON EXERCISE OF THESE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES IN ACCORDANCE WITH THE PURCHASE AGREEMENT (AS DEFINED BELOW).

ENERGIOUS CORPORATION

WARRANT

Warrant No. 003

Dated: July 5, 2017

Energous Corporation, a Delaware corporation (the "**Company**"), hereby certifies that, for value received, Dialog Semiconductor plc., a public limited company organized under the laws of England and Wales ("**Dialog**"), or its successors or assigns (the "**Holder**"), is entitled to purchase from the Company up to a total of 654,013 shares of common stock, \$.00001 par value per share (the "**Common Stock**"), of the Company (each such share, a "**Warrant Share**" and all such shares, the "**Warrant Shares**") at an exercise price initially equal to \$19.9766 per share (as adjusted from time to time as provided in Section 9, the "**Exercise Price**"), at any time on or after date which is six months and one day after the date hereof (the "**Earliest Exercise Date**") and through and including July 5, 2020 (the "**Expiration Date**"), subject to the following terms and conditions. This Warrant (this "**Warrant**") is issued pursuant to that certain Securities Purchase Agreement, dated as of the date hereof, by and among the Company and the Investor named therein (as amended from time to time, the "**Purchase Agreement**").

1. Definitions. In addition to the terms defined elsewhere in this Warrant, capitalized terms that are not otherwise defined herein have the meanings given to such terms in the Purchase Agreement.

2. Registration of Warrant. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "**Warrant Register**"), in the name of the Holder of record hereof. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary. The Warrant Shares shall be afforded the registration rights set forth in Article VI of the Purchase Agreement.

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3. Exercise and Duration of Warrant.

(a) This Warrant shall be exercisable by the Holder at any time and from time to time on or after the Earliest Exercise Date to and including the Expiration Date. At 6:30 P.M., New York City time, on the Expiration Date, the portion of this Warrant not exercised prior thereto shall be and become void and of no value.

(b) The Holder may exercise this Warrant by delivering to the Company an exercise notice, in the form attached hereto (the “**Exercise Notice**”), appropriately completed and duly signed, and the date such items are delivered to the Company (as determined in accordance with the notice provisions hereof) is an “**Exercise Date**.” The Holder shall be required to deliver the original Warrant in order to effect an exercise hereunder unless the Holder shall deliver an affidavit of loss or such other documentation reasonably requested by the Company in lieu of such original Warrant in connection with any such exercise. Execution and delivery of the Exercise Notice in respect of less than all the Warrant Shares issuable upon exercise of this Warrant shall have the same effect as cancellation of the original Warrant and issuance of a new warrant to purchase Common Stock, in substantially the form of this Warrant (any such new warrant, a “**New Warrant**”), evidencing the right to purchase the remaining number of Warrant Shares.

(c) This Warrant shall not be exercisable through the making of a cash payment of the Exercise Price, but instead the Holder may only exercise this Warrant by converting this Warrant into shares of Common Stock, in which event the Company will issue to the Holder the number of shares of Common Stock equal to the amount resulting from the following equation:

$$X = \frac{(A - B) \times C}{A} \text{ where:}$$

X = the number of shares of Common Stock issuable upon exercise pursuant to this Section 3(d);

A = the Current Market Price Per Common Share (as defined in Section 10) on the date on which the Holder delivers an Exercise Notice to the Company pursuant to Section 3(b);

B = the Exercise Price; and

C = the number of shares of Common Stock as to which this Warrant is being exercised pursuant to Section 3(b).

If the foregoing calculation results in zero or a negative number, then no shares of Common Stock shall be issued upon exercise pursuant to this Section 3(d).

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4. Delivery of Warrant Shares.

(a) Upon exercise of this Warrant, the Company shall promptly issue or cause to be issued and cause to be delivered to or upon the written order of the Holder and in such name or names as the Holder may designate, a certificate for the Warrant Shares issuable upon such exercise (i) free of restrictive legends if (x) sold under a registration statement covering the resale of the Warrant Shares and naming the Holder as a selling stockholder or (y) if such shares are freely transferable without volume restrictions pursuant to Rule 144 under the Securities Act, or (ii) if such shares are not freely transferable without volume restrictions pursuant to Rule 144 under the Securities Act, such certificate will bear the legends set forth in Section 4.1(b) of the Purchase Agreement. The Holder, or any Person so designated by the Holder to receive Warrant Shares, shall be deemed to have become the holder of record of such Warrant Shares as of the Exercise Date. The Company shall, upon request of the Holder, use best efforts to deliver, or to cause its transfer agent to deliver, Warrant Shares hereunder electronically through The Depository Trust Company or another established clearing corporation performing similar functions.

(b) This Warrant is exercisable, either in its entirety or, from time to time, for a portion of the number of Warrant Shares. Upon surrender of this Warrant following one or more partial exercises, the Company shall issue or cause to be issued, at its expense, a New Warrant evidencing the right to purchase the remaining number of Warrant Shares.

(c) The Company's obligations to issue and deliver Warrant Shares in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by the Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by the Holder or any other Person of any obligation to the Company or any violation or alleged violation of law by the Holder or any other Person, and irrespective of any other circumstance which might otherwise limit such obligation of the Company to the Holder in connection with the issuance of Warrant Shares. Nothing herein shall limit the Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing shares of Common Stock upon exercise of this Warrant as required pursuant to the terms hereof.

5. Exchange, Transfer or Assignment of Warrant.

(a) Each taker and holder of this Warrant, by taking or holding the same, consents and agrees that the registered holder hereof may be treated by the Company and all other Persons dealing with this Warrant as the absolute owner hereof for any purpose and as the Person entitled to exercise the rights represented hereby.

(b) Subject to compliance with applicable securities laws and the Purchase Agreement, the Holder shall be entitled, without obtaining the consent of the Company, to assign and transfer this Warrant, at any time in whole or from time to time in part, to an Affiliate of the Holder, provided such Affiliate agrees in writing to be bound by the terms of Section 4.1, Section 4.8, Section 4.9, and Section 4.10 of the Purchase Agreement. The Holder may not otherwise sell, assign or transfer this Warrant, in whole or part. Subject to the preceding sentence, upon surrender of this Warrant to the Company, together with the form of warrant assignment attached hereto (the "**Warrant Assignment**") duly executed, the Company shall, as promptly as practicable and without charge, execute and deliver a new Warrant in the name of the assignee or assignees named in such Warrant Assignment and, if the Holder's entire interest is not being assigned, in the name of the Holder and this Warrant shall promptly be canceled.

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6. Charges, Taxes and Expenses. The Company shall pay any and all documentary, stamp, issue, transfer and other similar taxes that may be payable upon the initial issuance of the Warrants hereunder. Issuance and delivery of certificates for shares of Common Stock upon exercise of this Warrant shall be made without charge to the Holder for any documentary, stamp, issue, transfer and other similar tax, withholding tax, transfer agent fee or other incidental tax or expense in respect of the issuance of such certificates upon the exercise of the Warrants hereunder, all of which taxes and expenses shall be paid by the Company; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance, delivery or registration of any certificates for Warrant Shares or Warrant in a name other than that of the Holder.

7. Replacement of Warrant. If this Warrant is mutilated, lost, stolen or destroyed, the Company, at no cost to Holder, shall issue or cause to be issued in exchange and substitution for and upon cancellation hereof, or in lieu of and substitution for this Warrant, a New Warrant, but only upon receipt of an affidavit of such loss, theft or destruction and customary indemnity, if requested.

8. Reservation of Warrant Shares. The Company covenants that it will at all times reserve and keep available out of the aggregate of its authorized but unissued and otherwise unreserved Common Stock, solely for the purpose of enabling it to issue Warrant Shares upon exercise of this Warrant as herein provided, the number of Warrant Shares which are then issuable and deliverable upon the exercise of this entire Warrant, free from preemptive rights or any other contingent purchase rights of persons other than the Holder (after giving effect to the adjustments and restrictions of Section 9, if any). The Company covenants that all Warrant Shares so issuable and deliverable shall, upon issuance and the payment of the applicable Exercise Price in accordance with the terms hereof, be duly and validly authorized, issued, fully paid and nonassessable and free and clear of all liens, security interests, charges and other encumbrances or restrictions on sale, except to the extent created by the Holder. The Company will use reasonable commercial efforts to take all such action to assure that such shares of Common Stock may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of any securities exchange or automated quotation system upon which the Common Stock may be listed, in each case, applicable to the Company.

9. Certain Adjustments. The Exercise Price and number of Warrant Shares issuable upon exercise of this Warrant are subject to adjustment from time to time as set forth in this Section 9.

(a) Stock Dividends, Splits and Combinations. If the Company, at any time while this Warrant is outstanding, (i) pays a stock dividend on its Common Stock or otherwise makes a distribution on its Common Stock that is payable in shares of Common Stock, (ii) subdivides outstanding shares of Common Stock into a larger number of shares, or (iii) combines outstanding shares of Common Stock into a smaller number of shares, then in each such case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to clause (i) of this paragraph shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution, and any adjustment pursuant to clause (ii) or (iii) of this paragraph shall become effective immediately after the effective date of such dividend, distribution, subdivision or combination.

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(b) Fundamental Transactions. If any capital reorganization, reclassification of the capital stock of the Company, consolidation or merger of the Company with another corporation, or sale, transfer or other disposition of all or substantially all of the Company's assets to another corporation shall be effected (all such transactions being hereinafter referred to as a "**Fundamental Transaction**"), then the Company shall ensure that lawful and adequate provision shall be made whereby the Holder shall thereafter have the right to purchase and receive upon the basis and upon the terms and conditions herein specified and in lieu of the Warrant Shares immediately theretofore issuable upon exercise of this Warrant, such shares of stock, securities or assets as would have been issuable or payable with respect to or in exchange for a number of Warrant Shares equal to the number of Warrant Shares immediately theretofore issuable upon exercise of this Warrant, had such reorganization, reclassification, consolidation, merger, sale, transfer or other disposition not taken place, and in any such case appropriate provision shall be made with respect to the rights and interests of the Holder to the end that the provisions hereof (including, without limitation, provision for adjustment of the Exercise Price) shall thereafter be applicable, as nearly equivalent as may be practicable in relation to any share of stock, securities or assets thereafter deliverable upon the exercise thereof. The Company shall not effect any such consolidation, merger, sale, transfer or other disposition unless prior to or simultaneously with the consummation thereof the successor corporation (if other than the Company) resulting from such consolidation or merger, or the corporation purchasing or otherwise acquiring such assets or other appropriate corporation or entity shall assume the obligation to deliver to the Holder, at the last address of the Holder appearing on the books of the Company, such shares of stock, securities or assets as, in accordance with the foregoing provisions, the Holder may be entitled to purchase, and the other obligations under this Warrant. The provisions of this Section 9(b) shall similarly apply to successive reorganizations, reclassifications, consolidations, mergers, sales, transfers or other dispositions, each of which transactions shall also constitute a Fundamental Transaction.

(c) Number of Warrant Shares. Simultaneously with any adjustment to the Exercise Price pursuant to this Section 9, the number of Warrant Shares that may be purchased upon exercise of this Warrant shall be increased or decreased (as the case may be), proportionately, so that after such adjustment the aggregate Exercise Price payable hereunder for the decreased or increased (as the case may be) number of Warrant Shares shall be the same as the aggregate Exercise Price in effect immediately prior to such adjustment.

(d) Calculations. All calculations under this Section 9 shall be made to the nearest cent or the nearest 1/100th of a share, as applicable. The number of shares of Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Company, and the disposition of any such shares shall be considered an issue or sale of Common Stock. No adjustment in the Exercise Price or the number of Warrant Shares issuable upon exercise of the Warrant, as the case may be, shall be required if the amount of such adjustment would be less than 1/10th of a cent or 1/100th of a share, as the case may be; provided, however, that any adjustments which by reason of this Section 9(d) are not required to be made shall be carried forward and taken into account in any subsequent adjustment.

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(e) Notice of Adjustments. Upon the occurrence of each adjustment pursuant to this Section 9, the Company at its expense will promptly compute such adjustment in accordance with the terms of this Warrant and prepare a certificate setting forth such adjustment, including a statement of the adjusted Exercise Price and adjusted number or type of Warrant Shares or other securities issuable upon exercise of this Warrant (as applicable), describing the transactions giving rise to such adjustments and showing in detail the facts upon which such adjustment is based. Upon any such occurrence and/or otherwise upon written request by or on behalf of the Holder, the Company will promptly deliver a copy of each such certificate to the Holder and to the Transfer Agent.

(f) Notice of Corporate Events. If the Company (i) declares a dividend or any other distribution of cash, securities or other property in respect of its Common Stock, including without limitation any granting of rights or warrants to subscribe for or purchase any capital stock of the Company, (ii) enters into any agreement contemplating, or solicits stockholder approval for, any Fundamental Transaction or Change of Control or (iii) authorizes the voluntary dissolution, liquidation or winding up of the affairs of the Company, then the Company shall deliver to the Holder a notice describing the material terms and conditions of such transaction, including the effect on the Exercise Price and the number, kind or class of securities or other property issuable upon exercise of this Warrant, at least fifteen calendar days prior to the applicable record or effective date on which a Person would need to hold Common Stock in order to participate in or vote with respect to such transaction, and the Company will take all steps reasonably necessary to facilitate the exercise of the Warrant pursuant to Section 3(b) (which exercise may be conditioned upon the occurrence of such event); provided, however, that the failure to deliver such notice or any defect therein shall not affect the validity of the corporate action required to be described in such notice.

10. Fractional Shares. The Company shall not be required to issue or cause to be issued fractional Warrant Shares on the exercise of this Warrant. If any fraction of a Warrant Share would, except for the provisions of this Section 10, be issuable upon exercise of this Warrant, then the number of Warrant Shares to be issued will be rounded down to the nearest whole share.

11. Notices. Any and all notices or other communications or deliveries hereunder (including without limitation any Exercise Notice) shall be in writing and shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number specified in the Purchase Agreement prior to 6:30 p.m. (New York City time) on a Trading Day, (ii) the next Trading Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number specified in the Purchase Agreement on a day that is not a Trading Day or later than 6:30 p.m. (New York City time) on any Trading Day, (iii) the Trading Day following the date of delivery to the courier service, if sent by nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given. The address for such notices or communications shall be as set forth in the Purchase Agreement.

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12. Warrant Agent. The Company shall serve as warrant agent under this Warrant. Upon thirty (30) days' notice to the Holder, the Company may appoint a new warrant agent. Any corporation into which the Company or any new warrant agent may be merged or any corporation resulting from any consolidation to which the Company or any new warrant agent shall be a party or any corporation to which the Company or any new warrant agent transfers substantially all of its corporate trust or stockholder services business shall be a successor warrant agent under this Warrant without any further act. Any such successor warrant agent shall promptly cause notice of its succession as warrant agent to be mailed (by first class mail, postage prepaid) to the Holder at the Holder's last address as shown on the Warrant Register.

13. Miscellaneous.

(a) The Company shall not, by amendment of its Certificate of Incorporation or Bylaws, or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, and will at all times in good faith carry out all the provisions of this Warrant. Without limiting the generality of the foregoing, the Company (i) will not increase the par value of any Warrant Shares above the amount payable therefor on such exercise and (ii) will not, and will not permit its transfer agent to, close its stockholder books or records in any manner which interferes with the timely exercise of this Warrant.

(b) GOVERNING LAW; VENUE; SERVICE OF PROCESS; WAIVER OF JURY TRIAL. ALL QUESTIONS CONCERNING THE CONSTRUCTION, VALIDITY, ENFORCEMENT AND INTERPRETATION OF THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THAT BODY OF LAWS PERTAINING TO CONFLICT OF LAWS. EACH PARTY HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS SITTING IN THE CITY OF NEW YORK, BOROUGH OF MANHATTAN, FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION HERewith OR WITH ANY TRANSACTION CONTEMPLATED HEREBY OR DISCUSSED HEREIN (INCLUDING WITH RESPECT TO THE ENFORCEMENT OF ANY OF THE TRANSACTION DOCUMENTS), AND HEREBY IRREVOCABLY WAIVES, AND AGREES NOT TO ASSERT IN ANY SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF ANY SUCH COURT AND THAT SUCH SUIT, ACTION OR PROCEEDING IS IMPROPER. EACH PARTY HEREBY IRREVOCABLY WAIVES PERSONAL SERVICE OF PROCESS AND CONSENTS TO PROCESS BEING SERVED IN ANY SUCH SUIT, ACTION OR PROCEEDING BY MAILING A COPY THEREOF VIA REGISTERED OR CERTIFIED MAIL OR OVERNIGHT DELIVERY (WITH EVIDENCE OF DELIVERY) TO SUCH PARTY AT THE ADDRESS IN EFFECT FOR NOTICES TO IT UNDER THIS AGREEMENT AND AGREES THAT SUCH SERVICE SHALL CONSTITUTE GOOD AND SUFFICIENT SERVICE OF PROCESS AND NOTICE THEREOF. NOTHING CONTAINED HEREIN SHALL BE DEEMED TO LIMIT IN ANY WAY ANY RIGHT TO SERVE PROCESS IN ANY MANNER PERMITTED BY LAW. EACH OF THE COMPANY AND THE HOLDER HEREBY WAIVES ALL RIGHTS TO A TRIAL BY JURY.

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(c) The headings herein are for convenience only, do not constitute a part of this Warrant and shall not be deemed to limit or affect any of the provisions hereof.

(d) In case any one or more of the provisions of this Warrant shall be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this Warrant shall not in any way be affected or impaired thereby and the parties will attempt in good faith to agree upon a valid and enforceable provision which shall be a commercially reasonable substitute therefor, and upon so agreeing, shall incorporate such substitute provision in this Warrant.

(e) No course of dealing or any delay or failure to exercise any right hereunder on the part of the Holder shall operate as a waiver of such right or otherwise prejudice the Holder's rights, powers or remedies, notwithstanding all rights hereunder terminate on the Expiration Date.

(f) No provision hereof, in the absence of any affirmative action by the Holder to exercise this Warrant or purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

(g) The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive the defense in any action for specific performance that a remedy at law would be adequate.

(h) Any term of this Warrant may be amended and the observance of any term of this Warrant may be waived with the written consent of the Company and the Holder.

[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed by its authorized officer as of the date first indicated above.

**ENERGOUS CORPORATION**

By: \_\_\_\_\_  
Name:  
Title:

\_\_\_\_\_

FORM OF EXERCISE NOTICE

(To be executed by the Holder to exercise the right to purchase shares of Common Stock under the foregoing Warrant)

To: Energos Corporation

The undersigned is the Holder of Warrant No. \_\_\_\_\_ (the “**Warrant**”) issued by Energos Corporation, a Delaware corporation (the “**Company**”). Capitalized terms used herein and not otherwise defined herein have the respective meanings set forth in the Warrant.

1. The Warrant is currently exercisable to purchase a total of \_\_\_\_\_ Warrant Shares.
2. The undersigned Holder hereby exercises its right to purchase \_\_\_\_\_ Warrant Shares pursuant to the Warrant.
3. Following this exercise, the Warrant shall be exercisable to purchase a total of \_\_\_\_\_ Warrant Shares.

Dated: \_\_\_\_\_, \_\_\_\_\_

Name of Holder:

(Print) \_\_\_\_\_

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

(Signature must conform in all respects to name of holder as specified on the face of the Warrant)

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FORM OF WARRANT ASSIGNMENT

Dated \_\_\_\_\_, \_\_\_\_\_

FOR VALUE RECEIVED, \_\_\_\_\_ hereby sells, assigns and  
transfers unto \_\_\_\_\_ (the "Assignee"),  
(please type or print in block letters)

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(insert address)

its right to purchase up to \_\_\_\_\_ shares of Common Stock represented by this Warrant and does hereby irrevocably constitute  
and appoint \_\_\_\_\_ Attorney, to transfer the same on the books of the Company, with full power of substitution in the  
premises.

Signature: \_\_\_\_\_

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**EXHIBIT C**  
**FORM OF SECRETARY'S CERTIFICATE - COMPANY**

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**Energous Corporation**  
**Secretary's Certificate**

I, Brian Sereda, certify that I am the Secretary of Energous Corporation, a Delaware corporation (the "**Company**"), and that, as such, I am authorized to execute this certificate on behalf of the Company and in connection with that certain Securities Purchase Agreement, dated as of July 5, 2017 (the "**Purchase Agreement**"), by and among the Company and the Investor named therein (the "**Investor**"), and do hereby further certify that:

1. Attached hereto as Exhibit A is a true and complete copy of the Second Amended and Restated Certificate of Incorporation of the Company dated and effective March 26, 2014 filed with the Secretary of State of the State of Delaware (the "**Certificate of Incorporation**"), as amended by that Certificate of Amendment dated March 26, 2014 and effective March 27, 2014; no other amendments to the Certificate of Incorporation have been adopted, the Company has not filed any amendments to the Certificate of Incorporation with the Secretary of State of the State of Delaware, and no action has been taken by the Company, its shareholders, directors or officers in contemplation of the filing of any such amendment or other document; the Certificate of Incorporation remains in full force and effect on the date hereof;

2. Attached hereto as Exhibit B is a certificate of good standing certified by the Secretary of State of the State of Delaware;

3. Attached hereto as Exhibit C is a certificate of foreign qualification certified by the Secretary of State of the State of California;

4. Attached hereto as Exhibit D is a true and complete copy of the By-laws of the Company; such By-laws have not been amended and are in full force and effect as of the date hereof;

5. Attached hereto as Exhibit E are true and complete copies of the resolutions adopted by the Board of Directors of the Company, either at a meeting or meetings properly held or by the unanimous written consent of the Board of Directors, relating to the issuance, offering and sale of the shares of the Company's common stock (the "**Common Stock**") and the warrants to purchase shares of Common Stock (the "**Warrants**") pursuant to the Purchase Agreement; all of such resolutions were duly adopted, have not been amended, modified or rescinded and remain in full force and effect; and such resolutions are the only resolutions adopted by the Board of Directors with respect to the issuance, offering and sale of the Common Stock and Warrants pursuant to the Purchase Agreement;

6. Attached hereto as Exhibit F is a true and complete copy of an incumbency certificate of the Company's officers.

[Signature page follows]

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In witness whereof, I have hereunto signed my name this fifth day of July, 2017.

By: \_\_\_\_\_  
Brian Sereda, Secretary

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**Exhibit A**  
**Certificate of Incorporation**

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**Exhibit B**  
**Delaware Good Standing**

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**Exhibit C**  
**Foreign Qualification**

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**Exhibit D**  
**By-laws**

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**Exhibit E**  
**Board of Director Resolutions**

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**Exhibit F**  
**Incumbency Certificate**

The undersigned individuals of Energous Corporation, a Delaware corporation (the "Corporation"), are designated as appropriate parties with the power and authority to enter into contracts, agreements and to provide written directions pertaining to services associated with stock transfer and registrar needs:

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Stephen R. Rizzone	President and Chief Executive Officer	_____
Brian Sereda	Chief Financial Officer and Secretary	_____

IN WITNESS WHEREOF I have hereunto set my hand and the Corporate Seal of the Corporation this fifth day of July, 2017.

\_\_\_\_\_  
Name: Brian Sereda  
Title: Secretary

  
  

\_\_\_\_\_



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

I, Stephen R. Rizzone, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Energos 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: August 9, 2017

/s/ Stephen R. Rizzone

Name: Stephen R. Rizzone

Title: President, Chief Executive Officer and Director

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

I, Brian Sereda, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Energous 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: August 9, 2017

/s/ Brian Sereda

Name: Brian Sereda

Title: Senior Vice President and Chief Financial Officer

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

In connection with the Quarterly Report of Energous Corporation, (the "Company") on Form 10-Q for the period ended June 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Stephen R. Rizzone, President and Chief Executive Officer of the Company, and Brian Sereda, Senior Vice President and 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 Energous Corporation and will be retained by Energous Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Stephen R. Rizzone  
Name: Stephen R. Rizzone  
Title: President, Chief Executive Officer and Director  
Date: August 9, 2017

/s/ Brian Sereda  
Name: Brian Sereda  
Title: Senior Vice President and Chief Financial Officer  
Date: August 9, 2017

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