

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

FORM 10-K

(Mark One)

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

For the Fiscal Year Ended **December 31, 2020**

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

For the transition period from _____ to _____

Commission file number: **001-36379**

ENERGOUS CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of Incorporation or Organization)

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

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

95134
(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.00001 par value	WATT	The Nasdaq Stock Market

Securities registered pursuant to Section 12 (g) of the Act: Common Stock, par value \$0.001 per share

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

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

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

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

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

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

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

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

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter was \$110,145,117. Solely for the purposes of this calculation, shares held by directors, executive officers and 10% owners of the registrant have been excluded. Such exclusion should not be deemed a determination or an admission by the registrant that such individuals are, in fact, affiliates of the registrant.

As of March 18, 2021, there were 61,812,285 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The registrant intends to file a definitive proxy statement pursuant to Regulation 14A within 120 days after the end of the fiscal year ended December 31, 2020. Portions of such proxy statement are incorporated by reference into Part III of this Annual Report on Form 10-K.

ENERGOUS CORPORATION
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PART I

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

FORWARD-LOOKING STATEMENTS

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

Item 1. Business

Overview

We have developed our WattUp® wireless power technology, consisting of proprietary semiconductor chipsets, software controls, hardware designs and antennas, that enables radio frequency (“RF”) based charging for electronic devices. The WattUp technology has a broad spectrum of capabilities, including near field wireless charging and at-a-distance wireless charging at various distances. In November 2016 we entered into a Strategic Alliance Agreement with Dialog Semiconductor plc (“Dialog”), an industry leader in Bluetooth low energy semiconductors and power management semiconductors. In conjunction with the Strategic Alliance Agreement, Dialog manufactures and is the exclusive distributor of integrated circuit (“IC”) products that incorporate our designs and provides sales and logistic support to customers on a global basis. We believe our proprietary WattUp technologies are well suited for many applications, including home automation, surface and implanted medical devices, electronic shelf labels, industrial IoT sensors, tracking devices, hearables, wearables, consumer electronics, public safety and military applications. Potential future applications include smartphones, commercial and industrial robotics, as well as automotive solutions and other devices with charging requirements that would otherwise require battery replacement or a wired power connection.

We believe our technology is innovative in its approach, in that we are developing solutions that charge electronic devices with an RF energy zone. We are developing solutions that deliver wire-free energy for near field charging applications and are also developing at-a-distance charging at distances up to approximately three feet, as well as low-power charging for distances up to 15 feet and beyond, some of which involve mobility charging.

To-date, we have developed multiple transmitters and receivers, including prototypes as well as partner production designs. The transmitters vary based on form factor, power specifications and frequencies, while the receivers are designed for applications including Bluetooth tracking tags, IoT sensors, hearing aids, electronic shelf

labels, fitness bands, health sensors and devices, smartwatches, smartphones, smartglasses, industrial applications, keyboards, mice, headsets, earbuds, headphones, and more.

We have engagements with companies in the consumer electronics (CE), industrial, military and medical device markets that are in the both evaluation and product cycle pre-production stages of integrating WattUp-technology into devices being developed for the end-user. The first end product featuring our technology entered the market in 2019 and we expect additional WattUp enabled products to be announced and launched in 2021. We are also in discussions with potential customers in the consumer and industrial spaces that are considering our solutions to supply low power distance charging for products that could enter the market in 2022.

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

Our technology solution consists principally of transmitter controller ICs, power amplifier ICs and receiver ICs, as well as novel antenna designs, application prototypes and proprietary software algorithms. We submitted our first IC design for wafer fabrication in 2013 and since then have developed subsequent generations of transmitter and receiver ICs, antenna designs, and software algorithms. We have endeavored to optimize our technology by reducing size and cost, while at the same time increasing performance which enables our designs to be integrated into a broad range of devices. We have developed a “building block” approach that allows us to scale our product implementations by combining multiple transmitter building blocks or multiple receiver building blocks to meet the power, distance, size and cost requirements of customer applications requirements. Our technology is readily scalable because the same ICs that are used for contact-based charging can be used for distance-based charging solutions. We have developed two classes of chip solutions, a CMOS-based technology focused on low cost, small footprint and low power (less than 5 watts) and a GaAs/GaN-based technology capable of delivering higher power with greater efficiency. We intend to continue to invest in research and development with high power capabilities of 20 watts and beyond at high levels of efficiency. We also intend to continue to invest in improving product performance, efficiency, cost-performance, integration and miniaturization as required to reach multiple markets and expand the power-at-a-distance ecosystem, while maintaining a technology lead on potential competitors.

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

We maintain exclusive rights to all intellectual property in our technology. We have implemented an aggressive intellectual property strategy and are continuing to pursue patent protection for new innovations. As of March 1, 2021, the Energous IP portfolio contained 231 awarded patents organized along five (5) critical paths to implementation that we believe a competitor may have to navigate to commercialize WPT technology. The paths are: Processing Algorithms, Antenna Designs, Transmitter and Receiver ASICs, Other Software Controls (e.g., Bluetooth Management and Hardware (e.g., Board Layout). Further, the company has more than 65 pending patent applications in the U.S. and abroad. In addition to the inventions covered by these patents, we have also identified specific inventions that we believe are novel and patentable. We intend to file for patent protection for the most valuable of these, and for other inventions that we expect to develop. This is a significant annual expense and we continually monitor the costs and benefits of each patent application and pursue those that we believe are most protective for our business and expand the core value of the Company.

Our seasoned management team has both private and public company experience, as well as relevant industry experience. 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 and to meet our customers’ support requirements.

Our common stock is quoted on The Nasdaq Stock Market under the symbol “WATT”.As of February 28, 2021, we had 54 full-time employees, 43 of whom were engineers. We were incorporated in Delaware in 2012. Our corporate headquarters is located at 3590 North First Street, Suite 210, San Jose, CA 95134. Our website can be accessed at www.energous.com. The information contained on, or that may be obtained from our website, is not, and shall not be deemed to be, part of this Annual Report on Form 10-K.

Our Technology

The wire-free charging technology we are developing employs transmitter technology that creates an RF energy zone around a fixed or mobile receiving device.

Figure 1 below shows a basic conceptual design of a mid-field wireless charging solution based on our technology. Today this technology is able to send RF energy from the transmitter to single receiving device, or to multiple receiving devices.

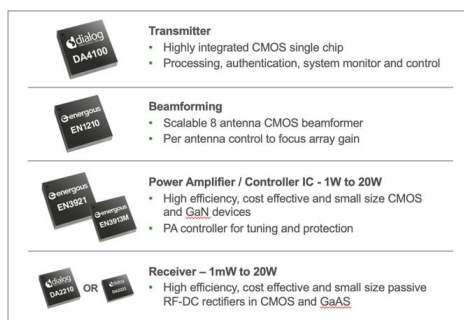
Figure 1: Concept of a Mid Field Wire-Free Charging Solution



First, our proprietary transmitter technology locates the target receiver(s) using standard Bluetooth® communications and our proprietary technology. Our software controls then cause the transmitter to generate a controlled RF-waveform. Receivers equipped with our antennas and ICs, and controlled by our software, are able to harvest power from the RF energy zone. We believe that our receiver technology will be incorporated into devices such as Bluetooth tracking tags, IoT sensors, hearing aids, electronic shelf labels, fitness bands, health sensors and devices, smartwatches, smartphones, smartglasses, industrial applications, keyboards, mice, headsets, earbuds, headphones, and other small electronics that contain embedded batteries or super capacitors.

Our small form factor antennas and one transmitter to many receivers capabilities represent significant advantages over larger, costly coils required for first generation inductive based, contact WPT implementations. The one to many capabilities of the WattUp technology can be of significant benefit to OEM's with broad product lines like hearing aid manufacturers where a single transmitter can support multiple SKUs for behind the ear, in the ear and in the canal devices substantially reducing development, manufacturing and support costs.

Full power spectrum of regulatory-approved, production ready, wireless charging 2.0 technology



Our current generation ICs have significantly reduced the size and cost of both transmitter technology and our receiver technology, and products under development are designed to further reduce size and cost. In addition, our ICs are designed for both lower-power and higher-power applications, efficiency and faster synchronization, while working within the constraints of multiple international regulatory environments.

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

Our Competition

Competing methods for charging battery-powered devices include wall plug-in charging, inductive charging, magnetic resonance charging, charging stations and more. To our knowledge, almost all consumer electronics equipped with a rechargeable battery come bundled with a charging method, such as a power cord. Studies indicate that consumers prefer wire-free, or untethered, charging solutions such as our WattUp technology. We believe the advantages of our WattUp technology including size, cost, mobility, foreign object detection and portability coupled with the unique capability to charge devices both on contact as well as at-a-distance in a fully compatible ecosystem will foster broad adoption of the technology over time.

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

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

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

Conductive. Conductive charging uses conductive power transfer to eliminate wires between the charger (often a charging mat) and the charging device. It requires the use of a charging board as the power transmitter to deliver the power, and a charging device, with a built-in receiver, to receive the power. This technology requires direct metal contact between the charging board and the receiver. Once the charging board recognizes the receiver, the charging begins.

RF Harvesting. Harvesting RF energy is at the core of our WattUp technology. Radio Frequency wireless charging is unique in that it sends radio waves over the air to a receiver that harvests the waves and converts them to power, thereby enabling the device to operate in its intended fashion without the need to connect directly to a power source. RF harvesting typically utilizes directional antennas to target and deliver energy.

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

Ultrasound. Ultrasound charging technology converts electric energy into acoustic energy in the form of ultrasound waves. It then reconverts those waves through an “energy-harvesting” receiver.

Our Business Strategy

Pursuant to our Strategic Alliance Agreement, Dialog manufactures and distributes IC products incorporating our wire-free charging technology. Dialog is the exclusive supplier of these products, which we believe may be useful in several vertical markets with large volumes of potential annual sales. Our strategy is to support the development and proliferation of our WattUp® technology to form a ubiquitous wire-free charging ecosystem.

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

- Build multiple ICs to advance the technology;
- Partner with leading product companies;
- Develop reference designs to reduce early adopter risks, enable easier integration at lower costs and foster adoption;
- Provide game-changing benefits to the consumer in terms of utility and convenience;
- Design initial iterations of the technology to be small but scalable implementations that are compatible on both a local and enterprise scale;
- Invest in ease of use;
- Develop a strategy to build out the ecosystem in consumer, enterprise, industrial and military;
- Implement a plan to initially sell ICs migrating to a combination of selling ICs and integrating our device libraries into third-party silicon such as Bluetooth Low Energy and Power Management Chips;
- Develop and execute on a strategy to gain global regulatory approval for both contact-based charging and distance charging; and
- Support the AirFuel™ Alliance (AFA) that is expected to lead to a qualification process to ensure compatibility of our WattUp technology across vendors and develop a common user experience at the application level.

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

We believe our strategic relationship with Dialog has the potential to enable us to accelerate and increase the breadth of penetration in multiple markets rather than by manufacturing and distributing products ourselves. We believe this relationship allows us to resolve supply chain problems for consumer electronics and IoT companies as well as leverage Dialog's sales force while we concentrate our efforts and resources on engineering, development and commercialization projects to accelerate the introduction and adoption of WattUp solutions.

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

To validate our technology, we originally sought out customers that were smaller, more nimble early adopters with relatively short product cycles and the ability to ship fully integrated WattUp enabled devices to the consumer as quickly as possible. At the same time, we began to engage with larger, top tier customers with the ability to ship WattUp enabled consumer and IoT devices in mass quantities. We are also engaged with companies that have much longer product cycles in multiple vertical markets. As our partnership with Dialog enters its fifth year, the majority of new customer introductions are made through Dialog, comprised of companies diverse in size and end markets.

Since we are developing a new electronics charging paradigm for consumers, we expect many operational details of our strategy to continue to evolve as our technology matures, engineering breakthroughs occur and our engagements with our strategic partner Dialog and our top tier customers advance and mature.

Our Target Markets

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

Transmitter Target Markets

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

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

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

WattUp Near Field Transmitters:

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

WattUp Mid Field Transmitter

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

WattUp Far Field Transmitters:

Transmitters based on WattUp Far Field technology are expected to provide low power charging for multiple devices within a radius of up to 15 feet or greater depending on application. We expect that Far Field WattUp transmitters will have the ability to both “target” receivers at-a-distance as well as broadcast wireless power creating a sphere of power within which WattUp enabled receiving devices can be charged. Far Field WattUp transmitters may play a significant role in the charging low power IoT devices in fixed locations – such as security cameras and sensors.

Transmitters Integrated into Third Party Devices:

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

Wi-Fi Routers

We see the combination of the wire-free power router and the Wi-Fi router as a natural integration point and a synergistic application of both technologies. A WattUp transmitter shares a number of technical characteristics with Wi-Fi routers in that both devices operate in the airwaves in the unlicensed industrial, scientific and medical bands, both devices owe their success to the utility and convenience they bring to the consumer, both devices rely on antennas, and both devices “pair” or provide hand off capabilities which allow for mesh networks to provision large sites. We believe that our technology is applicable to both the commercial and residential Wi-Fi router markets.

As part of our go-to-market strategy under the Strategic Alliance Agreement, we are currently working with Dialog to identify potential customers to offer consumer and commercial applications of our transmitter technology.

Receiver Target Markets

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

- Wearables
- Hearing aids
- IOT devices including asset trackers, sensors, retail displays, security devices
- Smartphones
- Peripheral devices such as computer mice and keyboards
- Remote controls
- Rechargeable lights
- Gaming consoles and controllers
- Smart Home, Medical, Industrial, Military and other Sensors

- Rechargeable batteries
- Automotive accessories
- Smart textiles
- Electronic shelf labeling
- Logistics and asset tracking tags and sensors
- Hand-held industrial devices (such as scanners and keypads)
- Military and Public Safety devices
- Medical devices

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

Key Strategic Relationship

In November 2016, we entered into a Strategic Alliance Agreement with Dialog for the manufacture and distribution of IC products incorporating our wire-free charging technology. Dialog is our exclusive supplier of these products for specified fields of use. Our WattUp chipsets are ordered through and manufactured by Dialog, carry the Dialog brand and are shipped and supported by Dialog. Dialog agreed to not distribute, sell or work with any third party to develop any competing products without our approval. Energous and Dialog agreed on a revenue sharing arrangement and will collaborate on the commercialization of licensed products based on a mutually-agreed upon plan.

Our WattUp technology uses Bluetooth solutions, including Dialog's SmartBond® Bluetooth low energy solution, as the out-of-band communications channel between the wireless transmitter and receiver. Dialog's power management technology is 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.

Our Intellectual Property

As a company primarily focused on licensing, we expect that our most valuable asset will be our intellectual property. This includes U.S. and foreign patents, patent applications and know-how. We have implemented an aggressive intellectual property strategy and are continuing to pursue patent protection for new innovations. As of March 1, 2021, the Energous IP portfolio contained 231 awarded patents organized along five (5) critical paths to implementation that we believe a competitor may have to navigate to commercialize WPT technology. The paths are: Processing Algorithms, Antenna Designs, Transmitter and Receiver ASICs, Other Software Controls (e.g., Bluetooth Management and Hardware (e.g., Board Layout)). Further, the company has more than 65 pending patent applications in the U.S. and abroad. 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. This is a significant annual expense and we continually monitor the costs and benefits of each patent application and pursue those that we believe are most protective for our business and expand the core value of the Company.

Government Regulation

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

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

Current FCC Approvals for WattUp Technology

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

Current FCC Approvals for Customer Products

<u>FCC ID</u>	<u>Description</u>	<u>Grant Date</u>
VAW-NF910	SK Telesys Co., Ltd, based on Energo ID: 2ADNG-NF230	12/27/2018
2AI4Q-SBW	Xiamen New Sound Technology Co., Ltd	10/27/2020
2ARVX-PT20C	Gokhale Method Enterprise	12/15/2020

In February 2020, we announced completion of the regulatory process for our WattUp near-field wireless charging technology in Japan, a critical market in the Asia Pacific region for our customers and partners. As of March 2, 2021, products integrating WattUp® technology had received international regulatory approvals and were approved to ship into 112 countries.

Human Capital

As of February 28, 2021, we had 54 full-time employees, 43 of whom are engineers. None of these employees are covered by a collective bargaining agreement, and we believe our relationship with our employees is good. We also employ consultants, including technical advisors, on an as-needed basis to supplement existing staff. Consultants and technical advisors provide us with expertise in electrical engineering, software development and other specialized areas of engineering and science.

Available Information

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

Item 1A. Risk Factors

We are subject to many risks that may harm our business, prospects, results of operations and financial condition. This discussion highlights some of the risks that might adversely affect our future operating results in material ways. We believe these are the risks and uncertainties that are the most important ones we face. We cannot be certain that we will successfully address these risks, and if we are unable to address them, our business may not grow, our stock price may suffer and you could lose the value of your investment in our company. Other risks and uncertainties that we do not currently recognize as material risks, or that are similar to risks faced by other companies in our industry, may also impair our business, prospects, results of operations and financial condition. The risks discussed below include forward-looking statements, and our actual results may differ substantially from what is in these forward-looking statements.

Risks Related to Our Financial Condition

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

We have a limited operating history upon which investors may rely in evaluating our business and prospects. We have generated limited revenues to date, and as of December 31, 2020, we had an accumulated deficit of approximately \$295 million. Our ability to generate revenues and achieve profitability will depend on our ability to execute our business plan, complete the development and approval of our technology, incorporate the technology into products that customers wish to buy, and if necessary, secure additional financing. There can be no assurance that our technology will be adopted widely, that we will ever earn revenues sufficient to support our operations, or that we will ever be profitable. Furthermore, there can be no assurance that we will be able to raise capital as and when we need it to continue our operations. If we are unable to raise sufficient additional capital, we may be required to delay, reduce or severely curtail our research and development or other operations, which could have a material adverse effect on our business, operating results, financial condition, long-term prospects and ability to continue as a viable business. If we are unable to generate revenues of significant scale to cover our costs of doing business, our losses will continue and we may not achieve profitability, which could negatively impact the value of your investment in our securities.

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

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

Risks Related to Our Technology and Products

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

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

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

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

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

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

Any outbreaks of contagious diseases and other adverse public health developments in countries where we, our customers and suppliers operate could have a material and adverse effect on our business, results of operations and financial condition. For example, the outbreak of COVID-19, which was declared by the World Health Organization as a pandemic, has resulted in significant governmental measures being implemented to control the spread of the virus, including quarantines, travel restrictions, manufacturing restrictions, declarations of states of emergency, business shutdown and restrictions on the movement of employees in China, the United States and many other countries. A majority of our potential customers have a significant dependence on the Chinese manufacturing and supply chain infrastructure. We believe the outbreak of COVID-19 has delayed adoption of our technology by potential customers who temporarily shut down their workforce and supply chain based in China. In the United States, COVID-19 has resulted in travel and other restrictions in order to reduce the spread of the disease, including executive orders in California and several other state and local orders across the country, which, among other things, direct individuals to shelter at their places of residence, direct businesses and governmental agencies to cease non-essential operations at physical locations, prohibit certain non-essential gatherings, and order cessation of non-essential travel. As a result of these developments, we have implemented work-from-home policies for our employees that will likely be in place until at least the second half of 2021. The effects of state executive orders, local shelter-in-place orders, government-imposed quarantines and our work-from-home policies could negatively impact productivity, disrupt our research and development or other operations and delay the planned launch of our customers' new products that incorporate our technology, the magnitude of which will depend, in part, on the length and severity of the continuing restrictions and other limitations on our ability to conduct our business in the ordinary course. Due to the continuing developments and fluidity of this situation, the magnitude and duration of the pandemic and its impact on our operations and liquidity are still uncertain as of the date of this report.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Our competitive position also depends on our ability to:

- generate widespread awareness, acceptance and adoption by the consumer and enterprise markets of our technology under development and future products;

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

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

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

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

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

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

We depend upon our strategic relationship with Dialog Semiconductor, a provider of electronics products, and there can be no assurance that we will achieve the expected benefits of this relationship.

We have entered into a strategic alliance agreement with Dialog Semiconductor, a provider of electronics products, pursuant to which we licensed our WattUp technology to Dialog and it became the exclusive provider of our technology. We intend to leverage Dialog's sales and distribution channels and its operational capabilities to accelerate market adoption of our technology, while we focus our resources on research and development of our technology. There can be no assurance that Dialog will promote our technology successfully, or that it will be successful in producing and distributing related products to our customers' specifications. Dialog may have other priorities or may encounter difficulties in its own business that interfere with the success of our relationship. If this strategic relationship does not work as we intend, then we may be required to seek an arrangement with another strategic partner, or to develop internal capabilities, which will require a commitment of management time and our financial resources to identify a replacement strategic partner, or to develop our own production and distribution capabilities. As a result, we may be unable without undue expense to replace this agreement with one or more new strategic relationships to promote and provide our technology which could increase our costs and delay revenues.

Risks Related to Our Intellectual Property and Other Legal Risks

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Risks Related to Regulation of Our Business

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

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

Risks Related to Personnel

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

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

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

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

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

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

Risks Related to Ownership of Our Common Stock

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

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

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

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

As a public company, we are required to maintain internal control over financial reporting and to report any material weaknesses in such internal controls. Although our management has determined that our internal control over financial reporting was effective as of December 31, 2020, we cannot assure you that we will not identify any material weakness in our internal control in the future.

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

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

You might lose all of your investment.

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

Our stock price is likely to continue to be volatile.

The market price of our common stock has fluctuated significantly since our initial public offering in 2014. Our common stock has experienced an intra-day trading high of \$7.69 per share and a low of \$0.61 per share on The Nasdaq Stock Market over the last 52 weeks, as of March 1, 2021. The price of our common stock is likely to continue to fluctuate significantly in response to many factors that are beyond our control, including:

- regulatory announcements;
- actual or anticipated variations in operating results;
- general economic conditions and perceptions of future economic growth prospectus in the economy at large, including as a result of the impact of the COVID-19 pandemic;
- the limited number of holders of our common stock;
- changes in the economic performance and/or market valuations of other technology companies;
- our announcements of significant strategic partnerships, regulatory developments and other events;
- announcements by other companies in our industry;
- articles published or rumors circulated by third parties regarding our business, technology or development partners;
- additions or departures of key personnel; and
- sales or other transactions involving our capital stock.

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

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

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

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

Concentration of ownership among our existing executive officers, directors and significant stockholders may prevent new investors from influencing significant corporate decisions.

All decisions with respect to the management of our company are made by our board of directors and our officers, who beneficially own approximately 3.9% of our common stock collectively as of February 28, 2021. As a result, these stockholders will be able to exercise a significant level of control over all matters requiring stockholder approval, including the election of directors, amendment of our certificate of incorporation and approval of significant corporate transactions. This control could have the effect of delaying or preventing a change of control of our company or changes in management and will make the approval of certain transactions difficult or impossible without the support of these stockholders.

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

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

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

As of December 31, 2020, we had a Federal net operating loss (“NOL”) carryforward of approximately \$205,474,000. Under the U.S. Tax Code, NOLs arising in tax years ending on or before December 31, 2017 can generally be carried forward to offset future taxable income for a period of 20 years, and NOLs arising in tax years ending after December 31, 2017 can generally be carried forward indefinitely. Our ability to use our NOLs will be dependent on our ability to generate taxable income, and the NOLs that arose in tax years ending on or before December 31, 2017 could expire before we generate sufficient taxable income to take advantage of the NOLs. As of December 31, 2020, based on our history of operating losses it is possible that a portion of our NOLs will not be fully realizable.

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

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

stockholders might otherwise deem to be in their best interests. The provisions in our certificate of incorporation and bylaws:

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

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

General Risk Factors

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

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

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

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

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

In 2014, we entered into a lease agreement for our corporate headquarters located at Northpointe Business Center, 3590 North First Street in San Jose, California. A new lease on this same property was signed in July 2019 for a term of three years starting from October 1, 2019. This space, with a total of 21,188 square feet, is used for our headquarters and for research and development efforts. In May 2017, we entered into a lease agreement for office space in Costa Mesa, CA which is utilized by our engineers residing in Southern California. A new lease on this property was signed in July 2019 for a term of two years starting from October 1, 2019 and has a total of 3,054 square feet.

Item 3. Legal Proceedings

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

Item 4. Mine Safety Disclosures

Not applicable.

PART II

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

As of December 31, 2020, there were 11 stockholders of record of our common stock, and we believe we have significantly more beneficial holders of our common stock. Our common stock is listed on The Nasdaq Stock Market under the symbol "WATT."

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

The information regarding the Securities Authorized for issuance under our equity compensation plans will be included in an amendment to this Annual Report on Form 10-K or incorporated by reference from our Proxy Statement to be filed with the SEC for our 2021 Annual Meeting of Stockholders.

Item 6. Selected Financial Data

Not applicable.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

We have developed our WattUp® wireless power technology, consisting of proprietary semiconductor chipsets, software controls, hardware designs and antennas, that enables radio frequency ("RF") based charging for electronic devices. The WattUp technology has a broad spectrum of capabilities, including near field wireless charging and at-a-distance wireless charging at various distances. In November 2016 we entered into a Strategic Alliance Agreement with Dialog Semiconductor plc ("Dialog"), an industry leader in Bluetooth low energy semiconductors and power management semiconductors. In conjunction with the Strategic Alliance Agreement, Dialog manufactures and is the exclusive distributor of integrated circuit ("IC") products that incorporate our designs and provides sales and logistic support to customers on a global basis. We believe our proprietary WattUp technologies are well suited for many applications, including home automation, surface and implanted medical devices, electronic shelf labels, industrial IoT sensors, tracking devices, hearables, wearables, consumer electronics, public safety and military applications. Potential future applications include smartphones, commercial and industrial robotics, as well as automotive solutions and other devices with charging requirements that would otherwise require battery replacement or a wired power connection.

We believe our technology is innovative in its approach, in that we are developing solutions that charge electronic devices with an RF energy zone. We are developing solutions that deliver wire-free energy for near field charging applications and are also developing at-a-distance charging at distances up to approximately three feet, as well as low-power charging for distances up to 15 feet and beyond, some of which involve mobility charging.

To-date, we have developed multiple transmitters and receivers, including prototypes as well as partner production designs. The transmitters vary based on form factor, power specifications and frequencies, while the receivers are designed for applications including Bluetooth tracking tags, IoT sensors, hearing aids, electronic shelf labels, fitness bands, health sensors and devices, smartwatches, smartphones, smartglasses, industrial applications, keyboards, mice, headsets, earbuds, headphones, and more.

We have engagements with companies in the consumer electronics (CE), industrial, military and medical device markets that are in the both evaluation and product cycle pre-production stages of integrating WattUp-technology into devices being developed for the end-user. The first end product featuring our technology entered the market in 2019 and we expect additional WattUp enabled products to be announced and launched in 2021. We are also in discussions with potential customers in the consumer and industrial spaces that are considering our solutions to supply low power distance charging for products that could enter the market in 2022.

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

Our technology solution consists principally of transmitter controller ICs, power amplifier ICs and receiver ICs, as well as novel antenna designs, application prototypes and proprietary software algorithms. We submitted our first IC design for wafer fabrication in 2013 and since then have developed subsequent generations of transmitter and receiver ICs, antenna designs, and software algorithms. We have endeavored to optimize our technology by reducing size and cost, while at the same time increasing performance which enables our designs to be integrated into a broad range of devices. We have developed a "building block" approach that allows us to scale our product implementations by combining multiple transmitter building blocks or multiple receiver building blocks to meet the power, distance, size and cost requirements of customer applications requirements. Our technology is readily scalable because the same ICs that are used for contact-based charging can be used for distance-based charging solutions. We have developed two classes of chip solutions, a CMOS-based technology focused on low cost, small footprint and low power (less than 5 watts) and a GaAs/GaN-based technology capable of delivering higher power with greater efficiency. We intend to continue to invest in research and development with high power capabilities of 20 watts and beyond at high levels of efficiency. We also intend to continue to invest in improving product performance, efficiency, cost-performance, integration and miniaturization as required to reach multiple markets and expand the power-at-a-distance ecosystem, while maintaining a technology lead on potential competitors.

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

We maintain exclusive rights to all intellectual property in our technology. We have implemented an aggressive intellectual property strategy and are continuing to pursue patent protection for new innovations. As of March 1, 2021, the Energous IP portfolio contained 231 awarded patents organized along five (5) critical paths to implementation that we believe a competitor may have to navigate to commercialize WPT technology. The paths are: Processing Algorithms, Antenna Designs, Transmitter and Receiver ASICs, Other Software Controls (e.g., Bluetooth Management and Hardware (e.g., Board Layout). Further, the company has more than 65 pending patent applications in the U.S. and abroad. In addition to the inventions covered by these patents, we have also identified specific inventions that we believe are novel and patentable. We intend to file for patent protection for the most valuable of these, and for other inventions that we expect to develop. This is a significant annual expense and we continually monitor the costs and benefits of each patent application and pursue those that we believe are most protective for our business and expand the core value of the Company.

Our seasoned management team has both private and public company experience, as well as relevant industry experience. 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 and to meet our customers' support requirements.

Critical Accounting Estimates and Policies

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

Basis of Presentation. The accompanying audited financial statements and footnotes for the years ended December 31, 2020 and 2019 have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") and applicable rules and regulations of the SEC regarding financial information.

Revenue Recognition. On January 1, 2018, we adopted Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers" (Topic 606).

In accordance with Topic 606, we recognize revenue using the following five-step approach:

1. Identify the contract with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price of the contract.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognize revenue when the performance obligations are met or delivered.

Our revenue currently consists of product development projects revenue and royalty revenue from Dialog. We also provide contract services for Dialog.

We record revenue associated with product development projects that we enter into with certain customers. In general, these product development projects are complex, and we do not have certainty about our ability to achieve the project milestones. The achievement of a milestone is dependent on our performance obligation and requires acceptance by the customer. We recognize this revenue at a point in time based on when the performance obligation is met. The payment associated with achieving the performance obligation is generally commensurate with our effort or the value of the deliverable and is nonrefundable. We record the expenses related to these product development projects in research and development expense, in the periods such expenses were incurred.

We record royalty revenue from our manufacturing partner, Dialog, and such royalty revenue is recognized at a point in time based on shipments from Dialog to its customers.

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

During 2020 and 2019, we recorded revenue of \$327,350 and \$200,143, respectively.

Research and Development. Research and development expenses are charged to operations as incurred. For internally developed patents, all patent application costs are expensed as incurred as research and development expense. Patent application costs, generally legal costs, are expensed as research and development costs until such time as the future economic benefits of such patents become more certain. Also included in research and development costs are payroll costs and stock-based compensation for employees within the department. We incurred research and development costs of \$17,066,122 and \$23,228,810 for 2020 and 2019, respectively.

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

For 2020 and 2019, we had \$12,848,719 and \$17,137,156, respectively, of research and development expenses capitalized for federal income tax purposes, with amortization commencing upon our receiving an economic benefit from the related research. As of December 31, 2020, we had approximately \$205,474,000 gross federal net operating loss carryforwards ("NOLs") and a federal research and development tax credit carryforward of approximately \$5,092,000. As of December 31, 2020 and 2019, deferred tax assets consisted principally of net operating loss and tax credit carryforwards, the research and development costs and stock-based compensation, and such deferred tax assets were fully reserved. Accordingly, our effective tax rate for 2020 and 2019 was nil.

Internal Revenue Code Section 382 imposes limitations on the use of net operating loss carryforwards when the stock ownership of one or more 5% stockholders (stockholders owning 5% or more of our outstanding capital stock) has increased on a cumulative basis by more than 50 percentage points. Accordingly, an ownership change could trigger a limitation of the use of the loss carryforward. We completed a Section 382 analysis as of December 31, 2020 and determined that none of our federal net operating loss carryforwards or federal research and development tax credits are limited.

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

Tax benefits are recognized only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely to be realized upon settlement. A liability for "unrecognized tax benefits" is recorded for any tax benefits claimed in our tax returns that do not meet these recognition and measurement standards. As of December 31, 2020 and 2019, no liability for unrecognized tax benefits was required to be reported. The guidance also discusses the classification of related interest and penalties on income taxes. Our policy is to record interest and penalties on uncertain tax positions as a component of income tax expense. No interest or penalties were recorded for 2020 and 2019.

Common Stock Purchase Warrants and Other Derivative Financial Instruments. We classify as equity any contracts that (i) require physical settlement or net-share settlement or (ii) provide a choice of net-cash settlement or settlement in our shares (physical settlement or net-share settlement) providing that such contracts are indexed to our shares as defined in ASC 815-40 "Contracts in Entity's Own Equity" ("ASC 815-40"). We classify as assets or liabilities any contracts that (i) require net-cash settlement (including a requirement to net cash settle the contract if an event occurs and if that event is outside our control) or (ii) give the counterparty a choice of net-cash settlement or settlement in shares (physical settlement or net-share settlement). We assess classification of common stock purchase warrants and other free-standing derivatives at each reporting date to determine whether a change in classification between assets and liabilities or equity is required.

Leases. We have adopted the new lease standard as of January 1, 2019, ASU No. 2016-02, "Leases (Topic 842)." The new lease standard requires the recognition on the balance sheet of right-of-use assets and operating lease liabilities. We elected the optional transition method and adopted the new guidance on January 1, 2019 on a modified retrospective basis with no restatement of prior period amounts.

Results of Operations

Operating Expenses

Research and development expenses include costs associated with our efforts to develop our technology, including personnel compensation, consulting, engineering supplies and components, intellectual property costs, regulatory expense and general office expenses specifically related to the research and development department. Sales and marketing expenses include costs associated with selling and marketing our technology to our customers, including personnel compensation, public relations, graphic design, tradeshow, engineering supplies utilized by the sales team and general office expenses specifically related to the sale and marketing department. General and administrative expenses include costs for general and corporate functions, including personnel compensation, facility fees, travel, telecommunications, insurance, professional fees, consulting fees, general office expenses, and other overhead.

For the Years Ended December 31, 2020 and 2019

Revenues. During 2020 and 2019, we recorded revenue of \$327,350 and \$200,143, respectively.

Operating Expenses and loss from operations. Operating expenses are made up of research and development, sales and marketing, general and administrative expenses and cost of services revenue. Operating expenses for 2020 and 2019 were \$32,226,514 and \$39,008,043, respectively.

Research and Development Expenses. Research and development costs for 2020 and 2019 were \$17,066,122 and \$23,228,810, respectively. The \$6,162,688 decrease in research and development expenses is primarily due to a \$3,364,132 decrease in compensation, including a \$1,877,798 decrease in payroll costs and a \$1,486,335 decrease in

stock-based compensation due to a lower headcount, a \$1,941,453 decrease in chip development, manufacturing and engineering component costs due to reduced project costs, a \$354,880 decrease in depreciation, a \$196,701 decrease in regulatory testing fees, a \$161,636 decrease in legal fees pertaining to patents and intellectual property and a \$104,127 decrease in consulting fees, partially offset by an \$88,458 increase in legal fees pertaining to regulatory matters

Sales and Marketing Expenses. Sales and marketing expenses for 2020 and 2019 were \$5,880,350 and \$5,418,967, respectively. The \$461,383 increase in sales and marketing expenses is primarily due to a \$487,500 increase in compensation, including a \$544,095 increase in payroll costs due to a higher headcount, partially offset by a \$56,595 decrease in stock-based compensation, a \$435,930 increase in consulting and third party services, a \$64,771 increase in rent expense and a \$64,126 increase in recruiting costs, partially offset by a \$369,356 decrease in travel, meals and entertainment as a result of COVID-19 restrictions, a \$136,115 decrease in tradeshow expenses and an \$88,628 decrease in engineering supplies and components used by sales and marketing staff.

General and Administrative Expenses. General and administrative costs for 2020 and 2019 were \$9,153,503 and \$10,360,266, respectively. The \$1,206,763 decrease in general and administrative expense is primarily due to a \$1,284,794 decrease in compensation, including a \$1,205,680 decrease in stock-based compensation due to certain equity awards becoming fully amortized during 2020 and also forfeited awards as a result of the retirement of certain board members and a \$79,114 decrease in payroll costs, a \$209,216 decrease in recruiting costs, a \$184,914 decrease in travel, meals and entertainment as a result of COVID-19 restrictions and \$134,110 decrease in general office expenses, partially offset by a \$334,368 increase in insurance premiums, a \$149,317 increase in consulting fees, a \$114,030 increase in general corporate legal expense and a \$71,442 increase in accounting and auditing fees.

Cost of Services Revenue. During 2020 and 2019, we recorded cost of services revenue of \$126,539 and \$0, respectively. These costs are related to our contract services performed for Dialog.

Loss from Operations. Loss from operations for 2020 and 2019 was \$31,899,164 and \$38,807,900, respectively.

Interest Income. Interest income for 2020 was \$71,212, compared to \$416,274 for 2019, primarily due to lower interest rates for the savings account.

Net Loss. As a result of the above, net loss for 2020 was \$31,832,086, compared to \$38,399,089 for 2019.

Liquidity and Capital Resources

During 2020 and 2019, we recorded revenue of \$327,350 and \$200,143, respectively. We incurred a net loss of \$31,832,086 and \$38,399,089 for 2020 and 2019, respectively. Net cash used in operating activities was \$24,791,545 and \$26,621,145 for 2020 and 2019, respectively. We are currently meeting our liquidity requirements through the proceeds of securities offerings that raised net proceeds of \$53,556,202 during 2020 and \$4,557,693 during the fourth quarter of 2019, along with payments received from customers.

We believe our current cash on hand, together with anticipated revenues and funds raised from the at-the-market (“ATM”) finance offering will be sufficient to fund our operations into March 2022. Although we intend to continue our research and development activities, there can be no assurance that our available resources will be sufficient to enable us to generate revenues sufficient to sustain operations. Accordingly, we may pursue additional financing, which could include offerings of equity or debt securities, bank financings, commercial agreements with customers or strategic partners, and other alternatives, depending upon market conditions. There is no assurance that such financing would be available on terms that we would find acceptable, or at all.

During 2020, cash flows used in operating activities were \$24,791,545, consisting of a net loss of \$31,832,086, less non-cash expenses aggregating \$9,044,076 (representing principally stock-based compensation of \$7,897,970, decrease in right-of-use lease assets of \$764,285 and depreciation and amortization expense of \$356,310), a \$722,291 decrease in operating lease liabilities, a \$574,680 decrease in accounts payable, a \$486,810 decrease in accrued expenses and a \$186,471 increase in prepaid expenses and other current assets. During 2019, cash flows used in operating activities were \$26,621,145, consisting of a net loss of \$38,399,089, less non-cash

expenses aggregating \$12,256,613 (representing principally stock-based compensation of \$10,646,580, increase in right-of-use lease assets of \$786,342 and depreciation and amortization expense of \$781,228), a \$284,748 increase in accrued expenses and a \$130,809 decrease in prepaid expenses and other current assets, partially offset by a \$662,766 increase in operating lease liabilities and a \$189,866 decrease in accounts payable.

During 2020 and 2019, cash flows used in investing activities were \$136,631 and \$196,199, respectively. The cash used in 2020 primarily consisted of the purchases of new lab equipment. The cash used in 2019 primarily consisted of purchased leasehold improvements related to the construction of a regulatory testing chamber within our office space.

During 2020, cash flows provided by financing activities were \$53,973,748, which consisted of \$53,556,202 in net proceeds from the sale of shares of our common stock to the public in ATM offerings and proceeds from contributions to the employee stock purchase program ("ESPP") of \$417,546. During 2019, cash flows provided by financing activities were \$28,394,948, which consisted of \$23,319,156 in net proceeds from an offering of shares and warrants pursuant to a shelf registration statement, \$4,557,693 in net proceeds from the sales of shares to the public in ATM offerings, proceeds from contributions to the ESPP of \$457,362 and proceeds from the exercise of stock options of \$400,103, offset by \$339,366 in shares withheld for the payment of payroll taxes for the delivery of RSUs and PSUs.

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

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

Off-Balance Sheet Transactions

We do not have any off-balance sheet transactions.

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

In the ordinary course of business, we may be exposed to certain market risks, such as interest rates. The annual impact of our results of operations of a 100 basis point interest rate change on December 31, 2020 would be minimal. After an assessment of these risks to our operations, we believe that the primary market risk exposures (within the meaning of Regulation S-K Item 305) are not material and are not expected to have any material adverse impact on our financial position, results of operations or cash flows for the next fiscal year.

Item 8. Financial Statements and Supplementary Data.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of Energeous Corporation

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Energeous Corporation (the "Company") as of December 31, 2020 and 2019, the related statements of operations, changes in stockholders' equity and cash flows for each of the two years in the period ended December 31, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

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

Critical Audit Matter

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

Capital Transactions

Description of the Matter

As discussed in Note 7 to the financial statements, the Company sold shares and raised net proceeds of \$53,556,202. The Company will rely on these proceeds to fund the Company's operations for the near future.

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

How We Addressed the Matter in Our Audit

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

/s/ Marcum llp

Marcum llp

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

Melville, NY
March 24, 2021

Energous Corporation
BALANCE SHEETS

	As of	
	December 31, 2020	December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 50,729,661	\$ 21,684,089
Accounts receivable, net	75,850	63,144
Prepaid expenses and other current assets	636,702	450,231
Total current assets	<u>51,442,213</u>	<u>22,197,464</u>
Property and equipment, net	402,711	626,524
Right-of-use lease assets	1,293,291	2,057,576
Other assets	1,610	2,410
Total assets	<u>\$ 53,139,825</u>	<u>\$ 24,883,974</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,096,839	\$ 1,671,519
Accrued expenses	1,576,287	2,063,097
Operating lease liabilities, current portion	825,431	722,291
Deferred revenue	12,000	12,000
Total current liabilities	<u>3,510,557</u>	<u>4,468,907</u>
Long-term liabilities:		
Operating lease liabilities, long-term portion	576,762	1,402,193
Total liabilities	<u>4,087,319</u>	<u>5,871,100</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred Stock, \$0.00001 par value, 10,000,000 shares authorized at December 31, 2020 and December 31, 2019; no shares issued or outstanding	—	—
Common Stock, \$0.00001 par value, 200,000,000 and 50,000,000 shares authorized at December 31, 2020 and December 31, 2019, respectively; 61,292,412 and 33,203,806 shares issued and outstanding at December 31, 2020 and December 31, 2019, respectively.	614	333
Additional paid-in capital	344,024,638	282,153,201
Accumulated deficit	(294,972,746)	(263,140,660)
Total stockholders' equity	<u>49,052,506</u>	<u>19,012,874</u>
Total liabilities and stockholders' equity	<u>\$ 53,139,825</u>	<u>\$ 24,883,974</u>

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

Energous Corporation
STATEMENTS OF OPERATIONS

	For the Year Ended December 31,	
	2020	2019
Revenue	\$ 327,350	\$ 200,143
Operating expenses:		
Research and development	17,066,122	23,228,810
Sales and marketing	5,880,350	5,418,967
General and administrative	9,153,503	10,360,266
Cost of services revenue	126,539	—
Total operating expenses	32,226,514	39,008,043
Loss from operations	(31,899,164)	(38,807,900)
Other income (expense):		
Interest income, net	71,212	416,274
Loss on disposal of property and equipment	(4,134)	(7,463)
Total other income	67,078	408,811
Net loss	\$ (31,832,086)	\$ (38,399,089)
Basic and diluted loss per common share	\$ (0.76)	\$ (1.27)
Weighted average shares outstanding, basic and diluted	41,639,916	30,262,642

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

Energous Corporation
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balance, January 1, 2019	26,526,303	\$ 265	\$ 243,111,741	\$ (224,741,571)	\$ 18,370,435
Stock-based compensation - restricted stock units ("RSUs")	—	—	10,190,211	—	10,190,211
Stock-based compensation - employee stock purchase plan ("ESPP")	—	—	368,021	—	368,021
Stock-based compensation - performance share units ("PSUs")	—	—	88,348	—	88,348
Issuance of shares for RSUs	1,110,817	11	(11)	—	—
Shares withheld for payroll tax on RSUs	(1,329)	—	(10,207)	—	(10,207)
Shares withheld for payroll tax on PSUs	(44,481)	—	(329,159)	—	(329,159)
Shares returned	(38,666)	—	—	—	—
Exercise of stock options	80,201	1	400,102	—	400,103
Shares purchased from contributions to the ESPP	178,003	2	457,360	—	457,362
Issuance of shares and warrants in a private placement, net of \$ 1,680,844 in issuance costs	3,333,333	33	23,319,123	—	23,319,156
Issuance of shares in an at-the-market ("ATM") placement, net of \$ 339,081 in issuance costs	2,059,625	21	4,557,672	—	4,557,693
Net loss	—	—	—	(38,399,089)	(38,399,089)
Balance, December 31, 2019	33,203,806	333	282,153,201	(263,140,660)	19,012,874
Stock-based compensation - restricted stock units ("RSUs")	—	—	7,656,857	—	7,656,857
Stock-based compensation - employee stock purchase plan ("ESPP")	—	—	329,461	—	329,461
Stock-based compensation - performance share units ("PSUs")	—	—	(88,348)	—	(88,348)
Issuance of shares for RSUs	1,194,439	12	(12)	—	—
Shares purchased from contributions to the ESPP	275,312	3	417,543	—	417,546
Issuance of shares in an at-the-market ("ATM") placement, net of \$ 1,545,139 in issuance costs	26,618,855	266	53,555,936	—	53,556,202
Net loss	—	—	—	(31,832,086)	(31,832,086)
Balance, December 31, 2020	<u>61,292,412</u>	<u>\$ 614</u>	<u>\$ 344,024,638</u>	<u>\$ (294,972,746)</u>	<u>\$ 49,052,506</u>

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

Energous Corporation
STATEMENTS OF CASH FLOWS

	For the Year Ended December 31,	
	2020	2019
Cash flows from operating activities:		
Net loss	\$ (31,832,086)	\$ (38,399,089)
Adjustments to reconcile net loss to:		
Net cash used in operating activities:		
Depreciation and amortization	356,310	781,228
Stock based compensation	7,897,970	10,646,580
Change in operating lease right-of-use assets	764,285	786,342
Bad debt expense	21,377	35,000
Loss on disposal of property and equipment	4,134	7,463
Changes in operating assets and liabilities:		
Accounts receivable	(34,083)	(53,594)
Prepaid expenses and other current assets	(186,471)	130,809
Other assets	800	—
Accounts payable	(574,680)	(189,866)
Accrued expenses	(486,810)	284,748
Operating lease liabilities	(722,291)	(662,766)
Deferred revenue	—	12,000
Net cash used in operating activities	<u>(24,791,545)</u>	<u>(26,621,145)</u>
Cash flows used in investing activities:		
Purchases of property and equipment	(136,631)	(196,199)
Net cash used in investing activities	<u>(136,631)</u>	<u>(196,199)</u>
Cash flows from financing activities:		
Net proceeds from the sales of common stock	—	23,319,156
Net proceeds from an at-the-market ("ATM") offerings	53,556,202	4,557,693
Proceeds from the exercise of stock options	—	400,103
Proceeds from contributions to employee stock purchase plan	417,546	457,362
Shares repurchased for tax withholdings on vesting of RSUs	—	(10,207)
Shares repurchased for tax withholdings on vesting of PSUs	—	(329,159)
Net cash provided by financing activities	<u>53,973,748</u>	<u>28,394,948</u>
Net increase in cash and cash equivalents	29,045,572	1,577,604
Cash and cash equivalents - beginning	21,684,089	20,106,485
Cash and cash equivalents - ending	<u>\$ 50,729,661</u>	<u>\$ 21,684,089</u>
Supplemental disclosure of non-cash financing activities:		
Common stock issued for RSUs	<u>\$ 12</u>	<u>\$ 11</u>

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

ENERGOUS CORPORATION
Notes to Financial Statements

Note 1 – Business Organization, Nature of Operations

Energous Corporation (the “Company”) was incorporated in Delaware on October 30, 2012. The Company has developed its WattUp® technology, consisting of proprietary semiconductor chipsets, software, hardware designs and antennas, that enables radio frequency (“RF”) based charging for electronic devices, providing wire-free contact and non-contact charging solutions, with the potential to enable charging with mobility. The Company believes its proprietary WattUp technology can be utilized in consumer electronics such as 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 other devices with charging requirements that would otherwise require battery replacement or wired power connection.

Note 2 – Liquidity and Management Plans

During the years ended December 31, 2020 and 2019, the Company has recorded revenue of \$27,350 and \$200,143, respectively. The Company incurred a net loss of \$31,832,086 and \$38,399,089 for the years ended December 31, 2020 and 2019, respectively. Net cash used in operating activities was \$4,791,545 and \$26,621,145 for the years ended December 31, 2020 and 2019, respectively. The Company is currently meeting its liquidity requirements through the proceeds of securities offerings that raised net proceeds of \$53,556,202 during 2020 and \$4,557,693 during the fourth quarter of 2019, along with payments received under product development projects.

As of December 31, 2020, the Company had cash on hand of \$50,729,661. The Company expects that cash on hand as of December 31, 2020, together with anticipated revenues, will be sufficient to fund the Company’s operations into March 2022.

Research and development of new technologies is by its nature unpredictable. Although the Company intends to continue its research and development activities, there can be no assurance that its available resources and revenue generated from its business operations will be sufficient to sustain its operations. Accordingly, the Company expects to pursue additional financing, which could include offerings of equity or debt securities, bank financings, commercial agreements with customers or strategic partners, and other alternatives, depending upon market conditions. There is no assurance that such financing would be available on terms that the Company would find acceptable, or at all.

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

Note 3 – Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements are presented in U.S. dollars and have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), and pursuant to the accounting and disclosure rules and regulations of the U.S. Securities and Exchange Commission (the “SEC”).

Use of Estimates

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

Note 3 – Summary of Significant Accounting Policies, continued

Use of Estimates continued

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

Cash and Cash Equivalents

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

Revenue Recognition

On January 1, 2018, the Company adopted Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers" (Topic 606).

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

1. Identify the contract with the customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price of the contract.
4. Allocate the transaction price to the performance obligations of the contract.
5. Recognize revenue when the performance obligations are met or delivered.

The Company's revenue primarily consists of product development projects revenue and royalty revenue from Dialog. The Company also provides contract services for Dialog. During the year ended December 31, 2020, the Company recognized \$197,350 in product development projects revenue, \$0 in royalty revenue and \$130,000 in contract services revenue. During the year ended December 31, 2019, the Company recognized \$193,043 in product development projects revenue, \$7,100 in royalty revenue and \$0 in contract services revenue.

The Company records revenue associated with product development projects that it enters into with certain customers. In general, these product development projects are complex, and the Company does not have certainty about its ability to achieve the project milestones. The achievement of a milestone is dependent on the Company's performance obligation and requires acceptance by the customer. The Company recognizes this revenue at a point in time based on when the performance obligation is met. The payment associated with achieving the performance obligation is generally commensurate with the Company's effort or the value of the deliverable and is nonrefundable. The Company records the expenses related to these product development projects in research and development expense, in the periods such expenses were incurred.

The Company records royalty revenue from its manufacturing partner, Dialog, and such royalty revenue is recognized at a point in time based on shipments from Dialog to its customers.

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

Note 3 – Summary of Significant Accounting Policies, continued

Research and Development

Research and development expenses are charged to operations as incurred. For internally developed patents, all patent application costs are expensed as incurred as research and development expense. Patent application costs, which are generally legal costs, are expensed as research and development costs until such time as the future economic benefits of such patents become more certain. The Company incurred research and development costs of \$17,066,122 and \$23,228,810 for the years ended December 31, 2020 and 2019, respectively.

Stock-Based Compensation

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

Under the Company's Employee Stock Purchase Plan ("ESPP"), employees may purchase a limited number of shares of the Company's stock at a 5% discount from the lower of the closing market prices measured on the first and last days of each half-year period. The Company recognizes stock-based compensation expense for the fair value of the purchase options, as measured on the grant date.

Income Taxes

Tax benefits are recognized only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely to be realized upon settlement. A liability for "unrecognized tax benefits" is recorded for any tax benefits claimed in the Company's tax returns that do not meet these recognition and measurement standards. As of December 31, 2020, no liability for unrecognized tax benefits was required to be reported. The guidance also discusses the classification of related interest and penalties on income taxes. The Company's policy is to record interest and penalties on uncertain tax positions as a component of income tax expense. No interest or penalties were recorded during the years ended December 31, 2020 and 2019. The Company files income tax returns with the United States and California governments.

Net Loss Per Common Share

Basic net loss per share is computed by dividing net loss available to common stockholders by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is computed using the weighted average number of common shares and, if dilutive, potential common shares outstanding during the period. Potential common shares consist of the incremental common shares issuable upon the exercise of stock options and warrants (using the treasury stock method), the vesting of restricted stock units ("RSUs") and performance stock units ("PSUs") and the enrollment of employees in the ESPP. The computation of diluted loss per share excludes potentially dilutive securities of 5,256,942 and 6,739,639 for the years ended December 31, 2020 and 2019, respectively, because their inclusion would be antidilutive.

Note 3 – Summary of Significant Accounting Policies, continued**Net Loss Per Common Share continued**

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

	For the Years Ended December 31,	
	2020	2019
Warrants issued to private investors	3,284,789	3,938,802
Options to purchase common stock	550,985	550,985
RSUs	1,421,168	1,821,852
PSUs	—	428,000
Total potentially dilutive securities	5,256,942	6,739,639

Leases

As of January 1, 2019, the Company determines if an arrangement is a lease at the inception of the arrangement. The Company applies the short-term lease recognition exemption and recognizes lease payments in profit or loss at lease commencement for facility or equipment leases that have a lease term of 12 months or less and do not include a purchase option whose exercise is reasonably certain. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities.

ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are measured and recorded at the later of the adoption date, January 1, 2019, or the service commencement date based on the present value of lease payments over the lease term. The Company uses the implicit interest rate when readily determinable; however, most leases do not establish an implicit rate, so the Company uses an estimate of the incremental borrowing rate based on the information available at the time of measurement. Lease expense for lease payments is recognized on a straight-line basis over the lease term. See Note 6 – Commitments and Contingencies, *Operating Leases* for further discussion of the Company's operating leases.

Recent Accounting Pronouncements

In December 2019, the FASB issued ASU No. 2019-12, "Income Taxes (Topic 740)," *Simplifying the Accounting for Income Taxes*. ASU 2019-12 removes certain exceptions under Topic 740 and improves consistent application by clarifying and amending existing guidance. This standard is effective for annual reporting periods beginning after December 15, 2020. The Company does not believe adoption of this standard will have a material impact on its financial statements.

Management's Evaluation of Subsequent Events

The Company evaluates events that have occurred after the balance sheet date of December 31, 2020, through the date which the financial statements are issued.

Note 4 – Property and Equipment

Property and equipment are as follows:

	As of December 31,	
	2020	2019
Computer software	\$ 862,343	\$ 917,499
Computer hardware	2,012,041	2,442,369
Furniture and fixtures	508,371	517,864
Leasehold improvements	776,563	776,563
	4,159,318	4,654,295
Less – accumulated depreciation	(3,756,607)	(4,027,771)
Total property and equipment, net	\$ 402,711	\$ 626,524

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

The Company disposed of \$631,608 and \$1,205,962 in property and equipment during the years ended December 31, 2020 and 2019, respectively. Total depreciation and amortization expense of the Company's property and equipment was \$356,310 and \$781,228 for the years ended December 31, 2020 and 2019, respectively.

Note 5 – Accrued Expenses

Accrued expenses consist of the following:

	As of December 31,	
	2020	2019
Accrued compensation	\$ 1,246,151	\$ 1,097,997
Accrued research and development	—	524,861
Accrued legal expenses	205,579	253,730
Other accrued expenses	124,557	186,509
Total	\$ 1,576,287	\$ 2,063,097

Note 6 – Commitments and Contingencies

Operating Leases

San Jose Lease

On July 1, 2019, the Company signed a new lease agreement for the lease of its office space at its corporate headquarters in San Jose, California for an additional three years. The lease agreement includes space on the first floor of the building that had been previously subleased. Upon expiration of the original lease on September 30, 2019, the new monthly lease payment starting October 1, 2019 was \$52,970 and is subject to annual escalations up to a maximum monthly lease payment of \$64,941.

Note 6 – Commitments and Contingencies, continued

Operating Leases, continued

Costa Mesa Lease

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

Operating Lease Commitments

In February 2016, the FASB issued its final standard on lease accounting, ASU No. 2016-02, “Leases (Topic 842),” which superseded Topic 840, “Leases,” which was further modified in ASU No. 2018-10, “Codification Improvements” to clarify the implementation guidance. The new accounting standard was effective for the Company beginning on January 1, 2019 and required the recognition on the balance sheet of right-of-use assets and lease liabilities. The Company elected the optional transition method and adopted the new guidance on January 1, 2019 on a modified retrospective basis with no restatement of prior period amounts. The Company’s adoption of the new standard resulted in the recognition of right-of-use assets of \$414,426 and operating lease liabilities of \$485,747, with no material cumulative effect adjustment to equity as of the date of adoption. The Company anticipates having future total lease payments of \$1,447,668 during the period from the first quarter of 2021 to the third quarter of 2022. As of December 31, 2020, the Company has total operating lease right-of-use assets of \$1,293,291, current portion operating lease liabilities of \$825,431 and long-term portion of operating lease liabilities of \$576,762. The weighted average remaining lease term is 1.7 years as of December 31, 2020.

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

<u>For the Year Ended December 31,</u>	<u>Amount</u>
2021	\$ 863,199
2022	584,469
Total future lease payments	1,447,668
Present value discount (4% weighted average)	(45,475)
Total operating lease liabilities	<u>\$ 1,402,193</u>

Hosted Design Solution Agreement

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

Note 6 – Commitments and Contingencies, continued

Litigations, Claims, and Assessments

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

MBO Bonus Plan

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

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

During the years ended December 31, 2020 and 2019, the Company recognized a total of \$1,305,723 and \$1,048,375, respectively, in expense under the Bonus Plan. As of December 31, 2020, \$438,745 of the 2020 amount was not yet paid and is included in accrued expenses.

Severance and Change in Control Agreement

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

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

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

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

Note 6 – Commitments and Contingencies, continued

Strategic Alliance Agreement

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

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

Note 7 – Stockholders’ Equity

Authorized Capital

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

Financing

On August 9, 2018, the Company filed a shelf registration statement on Form S-3, which became effective on August 17, 2018. This shelf registration statement allows the Company to sell, from time to time, any combination of debt or equity securities described in the registration statement up to aggregate proceeds of \$75,000,000. Pursuant to this registration statement, in March 2019 the Company raised \$23,319,156 (net of \$1,680,844 in issuance costs) from an offering of shares of its common stock and warrants to purchase 1,666,666 shares of common stock at an exercise price of \$0.00 per share. The Company also raised \$4,557,693 (net of \$339,081 in issuance costs) during the fourth quarter of 2019, \$5,506,880 (net of \$141,322 in issuance costs) during the first quarter of 2020 and \$9,216,611 (net of \$236,528 in issuance costs) during the second quarter of 2020, pursuant to this shelf registration statement.

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

Note 7 – Stockholders’ Equity continued***Common Stock Outstanding***

Our outstanding common shares typically include shares that are deemed delivered under US GAAP. Shares that are deemed delivered currently include shares that have vested, but have not yet been delivered, under tax-deferred equity awards, as well as shares purchased under our Employee Stock Purchase Program (“ESPP”) where actual transfer of shares normally occurs a few days after the completion of the purchase periods. There are no voting rights for shares that are deemed delivered under US GAAP until the actual delivery of shares takes place. On July 24, 2020, the stockholders of the Company approved an increase of common shares authorized from 50,000,000 shares to 200,000,000 shares.

In August 2019, an aggregate of 38,666 shares of common stock were returned to the Company and retired in connection with the rescission of restricted stock unit agreements.

Note 8 – Stock Based Compensation***Equity Incentive Plans*****2013 Equity Incentive Plan**

Effective on May 26, 2020, the Company’s stockholders approved the amendment and restatement of the 2013 Equity Incentive Plan to increase the number of shares reserved for issuance thereunder by 1,200,000 shares, bringing to 7,285,967 the total number of shares approved for issuance under that plan.

As of December 31, 2020, 1,867,169 shares of common stock remain eligible to be issued through equity-based instruments under the 2013 Equity Incentive Plan.

2014 Non-Employee Equity Compensation Plan

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

As of December 31, 2020, 998,971 shares of common stock remain eligible to be issued through equity-based instruments under the 2014 Non-Employee Equity Compensation Plan.

2015 Performance Share Unit Plan

Effective on May 26, 2020, the Company’s stockholders approved the amendment and restatement of the 2015 Performance Share Unit Plan to increase the number of shares reserved for issuance through equity-based instruments thereunder by 700,000 shares, bringing to 3,410,104 the total number of shares approved for issuance under that plan.

As of December 31, 2020, 2,131,951 shares of common stock remain eligible to be issued through equity-based instruments under the 2015 Performance Share Unit Plan.

Note 8 – Stock Based Compensation, continued

Equity Incentive Plans, continued

2017 Equity Inducement Plan

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

As of December 31, 2020, 139,276 shares of common stock remain available to be issued through equity-based instruments under the 2017 Equity Inducement Plan.

Employee Stock Purchase Plan

In April 2015, the Company's Board approved the ESPP, under which 600,000 shares of common stock have been reserved for purchase by the Company's employees, subject to approval by the stockholders. On May 21, 2015, the Company's stockholders approved the ESPP. Effective on May 26, 2020, the Company's stockholders approved the amendment and restatement of the Employee Stock Purchase Plan to increase the number of shares reserved for issuance through equity-based instruments thereunder by 250,000 shares, bringing to 850,000 the total number of shares approved for issuance under that plan. Under the ESPP, employees may designate an amount not less than 1% but not more than 10% of their annual compensation for the purchase of Company shares. No more than 7,500 shares may be purchased by an employee under the ESPP during an offering period. An offering period shall be six months in duration commencing on or about January 1 and July 1 of each year. The exercise price of the option will be the lesser of 85% of the fair market of the common stock on the first business day of the offering period and 85% of the fair market value of the common stock on the applicable exercise date.

As of December 31, 2020, 140,438 shares of common stock remain eligible to be issued under the ESPP. For the year ended December 31, 2020, eligible employees contributed \$417,546 through payroll deductions to the ESPP and 275,312 shares were deemed delivered for the year ended December 31, 2020. For the year ended December 31, 2019, eligible employees contributed \$457,362 through payroll deductions to the ESPP and 178,003 shares were deemed delivered for the year ended December 31, 2019.

Stock Option Award Activity

The following is a summary of the Company's stock option activity during the year ended December 31, 2020:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life In Years	Intrinsic Value
Outstanding at January 1, 2020	550,985	\$ 5.67	4.3	\$ 2,538
Granted	—	—	—	—
Exercised	—	—	—	—
Forfeited	—	—	—	—
Outstanding at December 31, 2020	550,985	\$ 5.67	3.2	\$ 3,384
Exercisable at December 31, 2020	550,985	\$ 5.67	3.2	\$ 3,384

As of December 31, 2020, the unamortized value of options was \$0.

The aggregate intrinsic value of options exercised was \$0 and \$55,940 for the years ended December 31, 2020 and 2019, respectively.

No options were granted during the years ended December 31, 2020 and 2019.

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

During the year ended December 31, 2020, the Compensation Committee of the Board (“Compensation Committee”) granted various employees RSUs under which the holders have the right to receive an aggregate 674,656 shares of common stock. The majority of these awards, granted under the 2013 Equity Incentive Plan, vest over terms ranging from two to four years.

During the year ended December 31, 2020, the Compensation Committee granted various directors and consultants RSUs under which the holders have the right to receive an aggregate 142,953 shares of common stock. These awards were granted under the 2014 Non-Employee Equity Compensation Plan. The awards granted vest over terms from one to three years.

During the year ended December 31, 2020, the Compensation Committee granted employees RSUs under which the holders have the right to receive 187,500 shares of common stock. The awards, granted under the 2017 Equity Inducement Plan, vest over four years beginning on the anniversary of the grant date.

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 December 31, 2020, the unamortized value of the RSUs was \$4,467,049. The unamortized amount will be expensed over a weighted average period of 1.3 years. A summary of the activity related to RSUs for the year ended December 31, 2020 is presented below:

	Total	Weighted Average Grant Date Fair Value
Outstanding at January 1, 2020	1,821,852	\$ 10.05
RSUs granted	1,005,109	\$ 1.68
RSUs forfeited	(211,354)	\$ 7.82
RSUs vested	(1,194,439)	\$ 7.71
Outstanding at December 31, 2020	<u>1,421,168</u>	<u>\$ 6.43</u>

Performance Share Units (“PSUs”)

Performance share units (“PSUs”) are grants that vest upon the achievement of certain performance goals. The goals are commonly related to the Company’s revenue, market capitalization or market share price of the common stock.

During the year ended December 31, 2020, the Compensation Committee granted various employees PSUs under which the holders have the right to receive an aggregate 267,677 shares of common stock. These awards were granted under the 2015 Performance Share Unit Plan. The awards granted vest upon achievement of Company-wide revenue goals.

Compensation expense amortization for all PSU awards was \$(88,348) and \$88,348 for the years ended December 31, 2020 and 2019, respectively.

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

At December 31, 2020, the unamortized value of all PSUs was \$0. A summary of the activity related to PSUs for the year ended December 31, 2020 is presented below:

	Total	Weighted Average Grant Date Fair Value
Outstanding at January 1, 2020	428,000	\$ 2.09
PSUs granted	267,677	\$ 1.27
PSUs forfeited	(695,677)	\$ 1.77
PSUs vested	—	\$ —
Outstanding at December 31, 2020	—	\$ —

Employee Stock Purchase Plan (“ESPP”)

During the years ended December 31, 2020 and 2019, there were two offering periods per year for the ESPP. The first offering period started on January 1 of each year and concluded on June 30 of each year. The second offering period started on July 1 of each year and concluded on December 31 of each year.

The weighted-average grant-date fair value of the purchase option for each designated share purchased under this plan was approximately \$1.18 and \$2.02 during the years ended December 31, 2020 and 2019, respectively, which represents the fair value of the option, consisting of three main components: (i) the value of the discount on the enrollment date, (ii) the proportionate value of the call option for 85% of the stock and (iii) the proportionate value of the put option for 15% of the stock. The Company recognized stock-based compensation expense for the plan of \$329,461 and \$368,021 for the years ended December 31, 2020 and 2019, respectively.

The Company estimated the fair value of the purchase options granted during the years ended December 31, 2020 and 2019 using the Black-Scholes option pricing model. The fair values of the purchase options granted were estimated using the following assumptions:

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

	For the Year Ended December 31, 2019
Stock price range	\$ 4.27 – 5.79
Dividend yield	0 %
Expected volatility range	83 – 96 %
Risk-free interest rate range	2.10 – 2.53 %
Expected life	6 months

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

The following tables summarize total stock-based compensation costs recognized for years ended December 31, 2020 and 2019:

	For the Years Ended December 31,	
	2020	2019
RSUs	\$ 7,656,857	\$ 10,190,211
PSUs	(88,348)	88,348
ESPP	329,461	368,021
Total	<u>\$ 7,897,970</u>	<u>\$ 10,646,580</u>

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

	For the Years Ended December 31,	
	2020	2019
Research and development	\$ 3,933,292	\$ 5,419,627
Sales and marketing	1,504,724	1,561,319
General and administrative	2,459,954	3,665,634
Total	<u>\$ 7,897,970</u>	<u>\$ 10,646,580</u>

Note 9 – Income Taxes

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

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

Note 9 – Income Taxes, continued

As of December 31, 2020 and 2019, the Company's deferred tax assets (liabilities) consisted of the effects of temporary differences attributable to the following:

	December 31,	
	2020	2019
Deferred tax assets:		
Research and development tax credits	\$ 8,371,302	\$ 7,390,441
Net operating loss carryovers	57,563,810	47,460,988
Property and equipment	219,461	241,000
Research and development costs	12,578,612	15,083,114
Start-up and organizational costs	540	618
Stock-based compensation	4,041,136	3,420,667
Operating lease liability	245,811	594,507
Other accruals	270,912	276,512
Total gross deferred tax assets	83,291,584	74,467,847
Less: valuation allowance	(82,929,675)	(73,892,063)
Total deferred tax assets	361,909	575,784
Deferred tax liabilities:		
Operating lease right-of-use asset	(361,909)	(575,784)
Total deferred tax liabilities	(361,909)	(575,784)
Total deferred taxes, net	\$ —	\$ —

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

	2020	2019
January 1,	\$ 73,892,063	\$ 63,349,287
Increase in valuation allowance	9,037,612	10,542,776
December 31,	\$ 82,929,675	\$ 73,892,063

The Company has federal and state net operating loss carryforwards of approximately \$205,474,000 and \$206,403,000, respectively, available to offset future taxable income. The federal and state NOL carryforwards will expire at various dates beginning in 2034. The Company has federal and state research and development tax credit carryforwards of approximately \$5,092,000 and \$4,151,000, respectively. The federal R&D credit carryforwards will expire beginning in 2033 and state R&D credit carryforwards do not expire. The ultimate realization of the net operating loss is dependent upon future taxable income, if any, of the Company. Although management believes that the Company may have sufficient future taxable income to absorb the net operating loss carryforwards and research and development tax credit carryforwards before the expiration of the carryforward period, there may be circumstances beyond the Company's control that limit such utilization. Accordingly, management has determined that a full valuation allowance of the deferred tax asset is appropriate at December 31, 2020 and 2019.

Note 9 – Income Taxes, continued

Internal Revenue Code Section 382 imposes limitations on the use of net operating loss carryforwards when the stock ownership of one or more 5% stockholders (stockholders owning 5% or more of the Company's outstanding capital stock) has increased on a cumulative basis by more than 50 percentage points. Management cannot control the ownership changes occurring as a result of public trading of the Company's Common Stock. Accordingly, there is a risk of an ownership change beyond the control of the Company that could trigger a limitation of the use of the loss carryforward. The Company completed a Section 382 analysis as of December 31, 2020 and determined that none of its NOLs or R&D credits would be limited.

	For the Year Ended December 31,	
	2020	2019
Tax benefit at federal statutory rate	(21.0)%	(21.0)%
State income taxes	(6.7)	(5.7)
Permanent differences:		
Stock-based compensation	3.6	3.1
Meals and entertainment	—	0.1
Executive compensation	(1.2)	1.0
True-up of federal deferred taxes	—	(1.3)
True-up of state deferred taxes	0.1	(0.1)
Change in effective tax rate	(0.1)	—
Research and development tax credit, federal	(2.0)	(2.1)
Research and development tax credit, state	(1.3)	(1.4)
Increase in valuation allowance, federal	20.6	20.2
Increase in valuation allowance, state	8.0	7.2
Effective income tax rate	<u>0.0%</u>	<u>0.0%</u>

Note 10 – Related Party Transactions

In November 2016, the Company and Dialog entered into an alliance agreement for the manufacture, distribution and commercialization of products incorporating the Company's wire-free charging technology (See Note 6 – Commitments and Contingencies, *Strategic Alliance Agreement*). On November 7, 2016 and June 28, 2017, the Company and Dialog entered into securities purchase agreements under which Dialog acquired a total of 1,739,691 shares and received warrants to purchase up to 1,417,565 shares. As of December 31, 2020, none of the warrants remain outstanding. Dialog presently owns approximately 2.8% of the Company's outstanding common shares. The Company recorded \$0 and \$7,100 in royalty revenue for the years ended December 31, 2020 and 2019, respectively, pursuant to the Strategic Alliance Agreement. Additionally, the Company recorded \$130,000 and \$0 in contract services revenue during the years ended December 31, 2020 and 2019, respectively. The Company also recorded related expenses of \$126,539 and \$0 in cost of services revenue during the years ended December 31, 2020 and 2019, respectively.

Note 11 – Unaudited Quarterly Financial Information

Summarized quarterly information for the years ended December 31, 2020 and 2019 is listed below:

	For the quarter ended			
	March 31	June 30	September 30	December 31
2020				
Revenue	\$ 61,475	\$ 114,375	\$ 61,500	\$ 90,000
Operating expenses	\$ 8,715,150	\$ 8,327,015	\$ 7,621,558	\$ 7,562,791
Net loss	\$ (8,597,736)	\$ (8,204,666)	\$ (7,556,837)	\$ (7,472,847)
Loss per share, basic and diluted	\$ (0.25)	\$ (0.20)	\$ (0.18)	\$ (0.15)
2019				
Revenue	\$ 66,500	\$ 47,500	\$ 40,500	\$ 45,643
Operating expenses	\$ 11,162,041	\$ 9,994,156	\$ 8,342,569	\$ 9,509,277
Net loss	\$ (11,019,468)	\$ (9,803,996)	\$ (8,184,227)	\$ (9,391,398)
Loss per share, basic and diluted	\$ (0.39)	\$ (0.32)	\$ (0.27)	\$ (0.29)

Note 12 – Customer Concentration

Three customers accounted for approximately 66% of the Company's revenue for the year ended December 31, 2020 and four customers accounted for approximately 52% of the Company's revenue for the year ended December 31, 2019. Four customers accounted for approximately 92% of the Company's accounts receivable balance as of December 31, 2020. Four customers accounted for nearly 100% of the Company's accounts receivable balance as of December 31, 2019.

Note 13 – Subsequent Event

On February 8, 2021, Renesas Electronics Corporation announced the planned acquisition of Dialog Semiconductor Corporation. The Company has a strategic agreement with Dialog (see Note 6 – Commitments and Contingencies, *Strategic Alliance Agreement*).

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

None.

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

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

Based on their evaluation as of December 31, 2020, 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 December 31, 2020 to provide reasonable assurance that information required to be disclosed by us in reports that we file under the Exchange Act is recorded, processed, summarized, and reported, within the time periods specified in Securities and Exchange Commission rules and forms and that material information relating to the Company is accumulated and communicated to management, including our principal executive officer and our principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

Management's Report on Internal Control Over Financial Reporting

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

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

The Company's management, under the supervision of and with the participation of the principal executive and principal financial and accounting officers, have assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2020 based on criteria for effective control over financial reporting described in Internal Control — *Integrated Framework* (2013) created by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, the Company's management concluded that the Company's internal control over financial reporting was effective as of December 31, 2020.

Changes in Internal Control Over Financial Reporting

For the year ended December 31, 2020, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls

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

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required under this item is incorporated by reference to the following sections of our proxy statement for our 2021 Annual Meeting of Stockholders: “Executive Compensation,” “Executive Officers,” “Delinquent Section 16(a) Reports,” “Corporate Governance Principles and Board Matters,” and “The Board of Directors and its Committees.”

Item 11. Executive Compensation

Additional information required under this item is incorporated by reference to the following sections of our proxy statement for our 2021 Annual Meeting of Stockholders: “Executive Compensation,” and “The Board of Directors and its Committees.”

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

The information required under this item is incorporated by reference to the following sections of our proxy statement for our 2021 Annual Meeting of Stockholders: “Executive Compensation” and “Securities Ownership of Certain Beneficial Owners and Management.”

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

The information required under this item is incorporated by reference to the following sections of our proxy statement for our 2021 Annual Meeting of Stockholders: “Certain Relationships and Related Person Transactions” and “Corporate Governance Principles and Board Matters.”

Item 14. Principal Accountant Fees and Services

The information required under this item is incorporated by reference to the following sections of our proxy statement for our 2021 Annual Meeting of Stockholders: “Independent Registered Public Accounting Firm Fees and Services” and “Pre-Approval Policies and Procedures.”

PART IV

Item 15. Exhibits, Financial Statements and Schedules

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

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

EXHIBIT INDEX

Exhibit No.	Description of Document
3.1	<u>Second Amended and Restated Certificate of Incorporation of Energois Corporation, as amended (incorporated by reference to Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q filed on August 10, 2020)</u>
3.2	<u>Amended and Restated Bylaws of Energois Corporation (incorporated by reference to Exhibit 3.1 to Amendment No. 1 to the Registrant's Registration Statement on Form S-1/A (File No. 333-193522) filed on March 13, 2014)</u>
4.1	<u>Specimen Certificate representing shares of common stock of Energois Corporation (incorporated by reference to Exhibit 4.1 to Amendment No. 2 to the Registrant's Registration Statement on Form S-1/A (File No. 333-193522) filed on March 21, 2014)</u>
4.2	<u>Common Stock Purchase Warrant (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed on May 10, 2019)</u>
4.3	<u>Description of The Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 (incorporated by reference to Exhibit 4.5 to the Registrant's Annual Report on Form 10-K filed on March 13, 2020)</u>
10.1	<u>Form of Indemnification Agreement (incorporated by reference to Exhibit 10.10 to the Registrant's Registration Statement on Form S-1 (File No. 333-193522) filed on January 24, 2014)*</u>
10.2	<u>Energois Corporation 2013 Equity Incentive Plan, as amended May 26, 2020 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on May 28, 2020)*</u>
10.3	<u>Form of stock option award under 2013 Equity Incentive Plan (incorporated by reference to Exhibit 10.17 to the Registrant's Registration Statement on Form S-1 (File No. 333-193522) filed on January 24, 2014)*</u>
10.4	<u>Form of Non-Statutory Option Award (incorporated by reference to Exhibit 10.19 to Amendment No. 1 to the Registrant's Registration Statement on Form S-1/A (File No. 333-193522) filed on March 13, 2014)*</u>
10.5	<u>2014 Non-Employee Equity Compensation Plan, as amended May 26, 2020 (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on May 28, 2020)*</u>
10.6	<u>Form of stock option award under 2014 Non-Employee Equity Compensation Plan (incorporated by reference to Exhibit 10.22 to Amendment No. 2 to the Registrant's Registration Statement on Form S-1/A (File No. 333-193522) filed on March 21, 2014)*</u>
10.7	<u>Offer Letter effective as of July 14, 2014 between Energois Corporation and Cesar Johnston (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed on November 10, 2014)*</u>
10.8	<u>Form of Restricted Stock Unit Award Agreement effective as of August 14, 2014 between Energois Corporation and Cesar Johnston (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed on November 10, 2014)*</u>
10.9	<u>Form of Restricted Stock Unit Award Agreement under 2013 Equity Incentive Plan (incorporated by reference to Exhibit 10.21 to the Registrant's Annual Report on Form 10-K filed on March 30, 2015)*</u>
10.10	<u>Form of Inducement Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.22 to the Registrant's Annual Report on Form 10-K filed on March 30, 2015)*</u>
10.11	<u>Amended and Restated Executive Employment Agreement dated as of April 3, 2015 between the Company and Stephen R. Rizzone (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on April 9, 2015)*</u>

Exhibit No.	Description of Document
10.12	<u>Energous Corporation Employee Stock Purchase Plan, as amended May 26, 2020 (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed on May 28, 2020)*</u>
10.13	<u>Energous Corporation Performance Share Unit Plan, as amended May 26, 2020 (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed on May 28, 2020)*</u>
10.14	<u>Energous Corporation Director Compensation Policy (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q filed on August 13, 2015)</u>
10.15	<u>Brian Sereda Offer Letter (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on July 14, 2015)*</u>
10.16	<u>Securities Purchase Agreement between the Company and Ascend Legend Master Fund, Ltd., dated August 9, 2016± (incorporated by reference to Exhibit 10.22 to the Registrant's Annual Report on Form 10-K filed on March 16, 2017)</u>
10.17	<u>Amendment No. 1 to Securities Purchase Agreement between the Company and Ascend Legend Master Fund, Ltd., dated August 12, 2016** (incorporated by reference to Exhibit 10.22 to the Registrant's Annual Report on Form 10-K filed on March 16, 2017)</u>
10.18	<u>Strategic Alliance Agreement between the Company and Dialog Semiconductor (UK) Ltd., dated November 6, 2016** (incorporated by reference to Exhibit 10.24 to the Registrant's Annual Report on Form 10-K filed on March 16, 2017)</u>
10.19	<u>Securities Purchase Agreement between the Company and Dialog Semiconductor (UK) Ltd., dated November 6, 2016 (incorporated by reference to Exhibit 10.25 to the Registrant's Annual Report on Form 10-K filed on March 16, 2017)</u>
10.20	<u>Securities Purchase Agreement between the Company and Dialog Semiconductor (UK) Ltd., dated June 28, 2017 (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed on August 9, 2017)</u>
10.21	<u>Amended and Restated Warrant to Purchase Common Stock between the Company and Emily T Fairbairn Roth IRA, dated October 6, 2017 (incorporated by reference to Exhibit 10.27 to the Registrant's Annual Report on Form 10-K filed on March 16, 2018)</u>
10.22	<u>Amended and Restated Warrant to Purchase Common Stock between the Company and Malcom P Fairbairn Roth IRA, dated October 6, 2017 (incorporated by reference to Exhibit 10.28 to the Registrant's Annual Report on Form 10-K filed on March 16, 2018)</u>
10.23	<u>Energous Corporation 2017 Equity Inducement Plan (incorporated by reference to Exhibit 10.29 to the Registrant's Annual Report on Form 10-K filed on March 16, 2018)</u>
10.24	<u>Offer Letter effective as of October 9, 2014 between Energous Corporation and Neeraj Sahejpal* (incorporated by reference to Exhibit 10.30 to the Registrant's Annual Report on Form 10-K filed on March 16, 2018)</u>
10.25	<u>Form of Severance and Change in Control Agreement* (incorporated by reference to Exhibit 10.31 to the Registrant's Annual Report on Form 10-K filed on March 16, 2018)</u>
10.26	<u>Energous Corporation MBO Plan* (incorporated by reference to Exhibit 10.32 to the Registrant's Annual Report on Form 10-K filed on March 16, 2018)</u>
10.27	<u>Service Continuation Agreement between Energous Corporation and Michael Leabman (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed on May 10, 2018)</u>
10.28	<u>Non-Employee Director Compensation Policy, as amended October 9, 2020* (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed on November 9, 2020)</u>

Exhibit No.	Description of Document
10.29	Form of Securities Purchase Agreement among Energous Corporation and certain investors (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on February 27, 2019)
21.1	Subsidiaries of the Registrant (incorporated by reference to Exhibit 21.1 to the Registrant's Annual Report on Form 10-K filed on March 16, 2018)
23.1	Consent of Marcum LLP ±
24.1	Power of Attorney (included on signature page) ±
31.1	Certification Pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 ±
31.2	Certification Pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 ±
32.1	Certification Pursuant to 18 U.S.C Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ±
101.INS	Inline XBRL Instance Document +
101.SCH	Inline XBRL Taxonomy Extension Schema Document +
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document +
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document +
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document +
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document +
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibit 101)

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

+ Filed herewith.

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

SIGNATURES

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

Energous Corporation

Dated: March 24, 2021

By: /s/ Stephen R. Rizzone
Stephen R. Rizzone
President, Chief Executive Officer (Principal Executive Officer) and
Director

Dated: March 24, 2021

By: /s/ Brian Sereda
Brian Sereda
Senior Vice President and Chief Financial Officer (Principal Financial
Officer and Principal Accounting Officer)

POWER OF ATTORNEY

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

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

<u>Signatures</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Stephen R. Rizzone</u> Stephen R. Rizzone	President, Chief Executive Officer (Principal Executive Officer) and Director	March 24, 2021
<u>/s/ Dan Fairfax</u> Dan Fairfax	Director and Chairman	March 24, 2021
<u>/s/ Reynette Au</u> Reynette Au	Director	March 24, 2021
<u>/s/ Michael Noonan</u> Michael Noonan	Director	March 24, 2021
<u>/s/ Rahul Patel</u> Rahul Patel	Director	March 24, 2021
<u>/s/ Sheryl Wilkerson</u> Sheryl Wilkerson	Director	March 24, 2021
<u>/s/ Brian Sereda</u> Brian Sereda	Senior Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 24, 2021

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the incorporation by reference in the Registration Statement of Energoous Corporation on Forms S-3 (No. 333-226739 and 333-248832) and Forms S-8 (No. 333-196360, 333-204690, 333-214785, 333-223747, 333-225396 and 333-248536) of our report dated March 24, 2021 with respect to our audits of the financial statements of Energoous Corporation as of December 31, 2020 and 2019 and for the years ended December 31, 2020 and 2019, which report is included in this Annual Report on Form 10-K of Energoous Corporation for the year ended December 31, 2020.

/s/ Marcum llp

Marcum llp
Melville, NY
March 24, 2021

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

Date: March 24, 2021

/s/ Stephen R. Rizzone

Name: Stephen R. Rizzone

Title: President, Chief Executive Officer and Director

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

I, Brian Sereda, certify that:

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

Date: March 24, 2021

/s/ Brian Sereda

Name: Brian Sereda

Title: Senior Vice President and Chief Financial Officer

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

In connection with the Annual Report of Energos Corporation (the "Company") on Form 10-K for the year ended December 31, 2020 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, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Stephen R. Rizzone

Name: Stephen R. Rizzone
Title: President, Chief Executive Officer and Director
Date: March 24, 2021

/s/ Brian Sereda

Name: Brian Sereda
Title: Senior Vice President and Chief Financial Officer
Date: March 24, 2021