

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, 2024

OR

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

For the transition period from to

Commission File Number 001-36216

IDEAL POWER INC.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

14-1999058
(I.R.S. Employer Identification No.)

5508 Highway 290 West, Suite 120
Austin, Texas 78735

(Address and zip code of principal executive offices)

(512) 264-1542

(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, par value \$0.001 per share	IPWR	The Nasdaq Capital Market

Securities registered pursuant to Section 12(g) of the Act: None.

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.

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark whether 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.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant was approximately \$53.5 million as of June 30, 2024, the last business day of the registrant's most recently completed second fiscal quarter, based upon the last sales price reported for such date on The Nasdaq Capital Market. For purposes of the foregoing calculation, all directors and executive officers of the registrant and holders of more than 10% of the registrant's common equity are assumed to be affiliates of the registrant. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of March 26, 2025, the issuer had 8,338,305 shares of common stock, par value \$0.001, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information required by Part III of this Annual Report on Form 10-K is incorporated herein by reference from the registrant's definitive proxy statement relating to the 2025 annual meeting of stockholders, which shall be filed with the Securities and Exchange Commission within 120 days after the end of the registrant's fiscal year ended December 31, 2024.

TABLE OF CONTENTS

PART I.	4
ITEM 1: BUSINESS	4
ITEM 1A: RISK FACTORS	8
ITEM 1B: UNRESOLVED STAFF COMMENTS	16
ITEM 1C: CYBERSECURITY	16
ITEM 2: PROPERTIES	16
ITEM 3: LEGAL PROCEEDINGS	16
ITEM 4: MINE SAFETY DISCLOSURES	17
PART II.	17
ITEM 5: MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES	17
ITEM 6: [RESERVED]	17
ITEM 7: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	17
ITEM 7A: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	22
ITEM 8: FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA	22
ITEM 9: CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE	37
ITEM 9A: CONTROLS AND PROCEDURES	37
ITEM 9B: OTHER INFORMATION	37
ITEM 9C: DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.	38
PART III.	38
ITEM 10: DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE	38
ITEM 11: EXECUTIVE COMPENSATION	38
ITEM 12: SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS	38
ITEM 13: CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE	38
ITEM 14: PRINCIPAL ACCOUNTANT FEES AND SERVICES	38
PART IV.	39
ITEM 15: EXHIBITS, FINANCIAL STATEMENT SCHEDULES	39
ITEM 16: FORM 10-K SUMMARY	41
Signatures	42

**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS AND
OTHER INFORMATION CONTAINED IN THIS REPORT**

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and the provisions of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Forward-looking statements give our current expectations or forecasts of future events. You can identify these statements by the fact that they do not relate strictly to historical or current facts. You can find many (but not all) of these statements by looking for words such as “approximates,” “believes,” “hopes,” “expects,” “anticipates,” “estimates,” “projects,” “intends,” “plans,” “would,” “should,” “could,” “may” or other similar expressions in this report. In particular, these include statements relating to future actions, prospective products, applications, customers, technologies, future performance or results of anticipated products, expenses, and financial results. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or projections. Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to:

- our history of losses;
- our ability to generate revenue;
- our limited operating history;
- the size and growth of markets for our technology;
- regulatory developments that may affect our business;
- our ability to successfully develop new products and the expected and actual performance of those products;
- the performance of third-party consultants and service providers whom we have and will continue to rely on to assist us in development and commercialization of our B-TRAN® and related packaging and drive circuitry;
- the rate and degree of market acceptance for our B-TRAN® and current and future B-TRAN® products;
- the time required for third parties to redesign, test and certify their products incorporating our B-TRAN®;
- our ability to successfully commercialize our B-TRAN® technology;
- our ability to secure strategic partnerships with semiconductor fabricators and others related to our B-TRAN® technology;
- our ability to obtain, maintain, defend and enforce intellectual property rights protecting our technology;
- the success of our efforts to manage cash spending, particularly prior to the commercialization of our B-TRAN® technology at scale;
- trade protectionism, tariffs, and other barriers to trade that impact the availability or cost of the raw materials and components used in our products;
- general economic conditions and events, including inflation, and the impact they may have on us and our potential partners and licensees;
- our dependence on the global supply chain and the impacts of supply chain disruptions;
- our ability to obtain adequate financing in the future, if and when we need it;
- the impact of global health pandemic on our business, financial conduction and results of operations;
- our success at managing the risks involved in the foregoing items; and
- other factors discussed in this report.

The forward-looking statements are based upon management’s beliefs and assumptions and are made as of the date of this report. We undertake no obligation to publicly update or revise any forward-looking statements included in this report, except as required by applicable law. You should not place undue reliance on these forward-looking statements.

PART I

ITEM 1: BUSINESS

Our Company

Ideal Power Inc. was formed in Texas on May 17, 2007 and converted to a Delaware corporation on July 15, 2013. Unless otherwise stated or the context otherwise requires, the terms “Ideal Power,” “we,” “us,” “our” and the “Company” refer to Ideal Power Inc.

We are solely focused on the further development and commercialization of our Bidirectional bipolar junction TRANSistor (“B-TRAN®”) solid-state switch technology.

To date, operations have been funded primarily through the sale of common stock and pre-funded warrants and we have generated \$3.7 million in grant revenue for bidirectional power switch development. We may pursue additional research and development grants, if and when available, to further develop and/or improve our technology.

We are in the process of commercializing our B-TRAN® technology and have launched our first two commercial products, the SymCool® Power Module and SymCool® IQ Intelligent Power Module. We generated \$86,032 and \$161,483, respectively, in commercial revenue in the years ended December 31, 2024 and 2023.

Product Launches

In early 2023, we launched our first commercial product, the SymCool® Power Module. This multi-die B-TRAN® module is designed to meet the very low conduction loss needs of the solid-state circuit breaker (“SSCB”) market. We commenced shipment of SymCool® Power Modules to fulfill customer orders in 2024.

In late 2023, we launched our second commercial product, the SymCool® IQ Intelligent Power Module (“IPM”). The SymCool® IQ IPM builds on the multi-die packaging design of our SymCool® Power Module and adds an integrated intelligent driver optimized for bidirectional operation. This product targets several markets including renewable energy, energy storage, electric vehicle (“EV”) charging and other industrial applications. We announced our first order for this product in late 2024.

Development Agreement

In 2022, we announced, and began the first phase of, a product development agreement with Stellantis, a top 10 global automaker, for a custom B-TRAN® power module for use in the automaker’s EV drivetrain inverters in its next generation EV platform. In the first phase of the program, we provided packaged B-TRAN® devices, test kits and technical data to Stellantis for their evaluation. In 2023, we secured, and began the second phase of, this program. In the second phase of the program, we collaborated with Stellantis and the program partners, including both the program’s packaging company and the organization building the initial drivetrain inverter, to supply B-TRAN® devices for integration into the custom power module and inverter designs. Also, as part of the second phase of the program, we provided Stellantis a comprehensive test plan for the testing required to achieve certification to automotive standards for B-TRAN®. The test plan was subsequently approved as submitted. In 2024, we successfully completed the second phase of the program. The next phase of the program builds on the completion of deliverables from the prior two program phases and transitions to Stellantis’ production team. We are currently finalizing the scope of work for the next phase of the program with Stellantis. This phase is expected to include the extensive testing of the custom B-TRAN® module to meet automotive certification standards enabling B-TRAN® to be the core of the powertrain inverter for the automaker’s next-generation EVs.

Customer Engagements

We have announced several engagements and/or initial orders with large companies, including a second top 10 global automaker, a third global automaker, a top 10 global provider of power conversion solutions to the solar industry, two global diverse power management market leaders, three tier 1 automotive suppliers, a global power conversion supplier and others. These companies intend to test and evaluate, or already in the process of testing and evaluating, our technology for use in their applications. These engagements could lead to future design wins or custom development agreements. We also announced agreements with three distribution partners. We may add other distribution partners in the future.

First Design Win

In late 2024, we announced our first design win for SSCBs with one of the largest circuit protection equipment manufacturers in Asia serving the industrial and utility markets. In connection with this design win, we entered into a joint development agreement for a SSCB product incorporating multiple B-TRAN® devices. The agreement includes the product design, prototype builds and testing of the SSCB, which is targeted for completion in the second quarter of 2025, to be followed by commercial sales later in the year. We expect to announce additional design wins and/or custom development agreements in 2025.

Public Offering

In March and April 2024, we issued and sold 1,666,668 shares of our common stock at a price of \$7.50 per share and 633,332 pre-funded warrants to purchase shares of our common stock at a price of \$7.499 per pre-funded warrant in an underwritten public offering (the “Public Offering”). The pre-funded warrants have an exercise price of \$0.001 per share. The net proceeds to us from the Public Offering were \$15.7 million. We intend to use the net proceeds from the Public Offering to fund further commercialization and development of our B-TRAN® technology and general corporate and working capital purposes.

Industry Background

A semiconductor material is a substance that is characterized for “conducting” electricity easily, while at the same time, working as an insulator to prevent the flow of electricity. By using semiconductors, it becomes possible to perform rectification for the unidirectional flow of electricity, amplification for increasing electrical signals, and switching to open and close the flow of electricity.

Power semiconductors possess a structure that is different from regular semiconductors, enabling them to handle high voltages and large currents without damage. Failures may occur due to a rise in temperature resulting from heat generated from handling large amounts of power. Therefore, methods have been developed to reduce the amount of power semiconductor loss, which is the cause of the heat generation, while also effectively releasing the generated heat to the outside.

These semiconductor devices are primarily used in power conversion such as in changing voltages and frequencies, as well as changing direct current (“DC”) to alternating current (“AC”) and AC to DC. They play an indispensable role in accurately driving motors from low to high speeds, controlling the voltage and flow of electricity in electric and hybrid electric vehicles, supplying power grids with power generated from solar cells or wind turbines with less power loss, and providing a stable source of electricity to various home appliances and electrical equipment. In recent years, there has been greater demand for energy-savings and power consumption reductions and growing demand for renewable energy and electric vehicles and, as a result, the need for power semiconductors that minimize power loss has been increasing.

Power semiconductors are solid-state devices that act as a switch without any mechanical movement. Solid-state devices are completely made from a solid material, typically silicon, and their flow of charges is confined within this solid material. The term solid-state is often used to show a difference from the earlier technologies of vacuum and gas-discharge tube devices and also to exclude conventional electromechanical devices such as relays, switches, hard drives and other devices with moving parts. Solid-state devices are typically smaller, lighter and faster acting than electromechanical devices.

The global power semiconductor market may be categorized by component, material, end-use and geography. Based on component, the market includes power metal-oxide semiconductor field-effect transistors (“MOSFETs”), thyristors, rectifiers, bipolar junction transistors, insulated gate bipolar transistors (“IGBTs”) and power diodes. With respect to material, the power semiconductor market is split several ways into silicon, silicon carbide and gallium nitride.

The end-use market is classified into automotive, industrial, renewable energy, telecommunication, consumer electronics, aerospace and defense, data centers and others. Among these, automotive electronics accounts for significant consumption of power semiconductors. The number of semiconductors in vehicles has surged in recent years with the rising adoption of electric vehicles and hybrid electric vehicles. Further, the advent of drive-by-wire or x-by-wire technologies has led to a rise in number of electric components in vehicles over mechanical vehicle parts. This rise helps reduce vehicle weight which is directly related to improved fuel efficiency and reduced vehicular emissions. The heavy consumption of power semiconductors across several end-use markets such as industrial, automotive and renewable energy is a key growth driver of the power semiconductor market.

Geographically, Asia Pacific accounts for the leading consumption of power semiconductors among other key regions. The region is also one of the leading exporters of power semiconductors in the world. The growth in the region is mainly attributed to China, which is the leading automotive and passenger vehicle market in the world. China is currently the leading consumer of power semiconductors. Furthermore, demand for power semiconductors is increasing from renewable energy sectors in the region. Europe and North America are also leading consumers of power semiconductors among others in the global market.

Leading players in the global power semiconductor market include Infineon Technologies AG, Texas Instruments, ON Semiconductor, Fuji Electric Co. Ltd., ST Microelectronics N.V., Mitsubishi Electric Group, Semikron International GmbH, and Toshiba Corporation. While these companies are potential competitors, they are also potential licensees for our B-TRAN® technology as there is not, to our knowledge, a high-efficiency bidirectional design available in the market. See “—Competition.”

Our Technology

To further improve the performance of bidirectional technologies and products, we identified the need for a true bidirectional power switch and applied for and, in 2012, received a grant from the U.S. Department of Energy's Advanced Research Projects Agency-Energy ("ARPA-E") to develop a bidirectional solid-state power switch. At the outset, our efforts under the ARPA-E grant were focused on the development of, including the manufacturing process development for, a bidirectional insulated gate bipolar transistor ("BD-IGBT"). Although work on BD-IGBTs had previously been done by others in research labs, it was a technology that had not been commercialized.

A bidirectional circuit incorporates multiple IGBTs, which are power switches used in the process to convert power from one current form to another. IGBTs switch current in only one direction and require the use of a blocking diode to prevent current from flowing back through the device. To enable a product to perform bidirectional power conversion, for each IGBT and diode used in a circuit, a second IGBT and diode must also be utilized. These additional components add voltage drops that affect the electrical efficiency of end-use products and generate heat that must be dissipated. To eliminate the need to utilize four devices to create one bidirectional switch and to improve the performance of bidirectional switching, a true bidirectional switch is necessary. While we initially focused on the development of a BD-IGBT under the ARPA-E grant, we shifted our focus under the grant to the development of a new, highly efficient power switch called a bidirectional bipolar junction transistor, or B-TRAN®, that would allow product manufacturers to substitute one B-TRAN® for two pairs of IGBTs and diodes used in bidirectional circuits in their products and, more importantly, be a potential replacement for conventional power switches, such as IGBTs, in the broader power semiconductor market. The B-TRAN® leverages many of the same processing steps we had developed for the BD-IGBT while also providing certain key advantages including patentability, reduced component count and higher efficiency compared to a BD-IGBT.

Based on discrete B-TRAN® device and SymCool® power module testing, we believe that the B-TRAN® can significantly improve electrical efficiency in power converters and many other power conversion applications. Compared to conventional power switches, such as IGBTs, B-TRAN® can reduce power losses by 50% or more depending on the application. This higher efficiency will substantially reduce the heat generated by the operation of products utilizing this technology. As a result, products incorporating B-TRAN® have lower thermal management requirements. This in turn requires a significantly smaller surface area for heat dissipation which enables increased power density, or power per pound, and potentially smaller original equipment manufacturer, or OEM, products. In addition, B-TRAN®'s symmetric bidirectional operation reduces the number of components by 75% as compared to a conventional bidirectional switch utilizing IGBTs and diodes. This highly efficient and, we believe, unique symmetric operation should provide a strong competitive advantage in bidirectional applications which are growing at rapid rates due to the electrification of transportation, the shift to renewable energy coupled with energy storage and utility grid modernization.

We have qualified two high-volume production foundries that both successfully fabricated B-TRAN® wafers, validating the ability to make B-TRAN® semiconductor power switches using conventional silicon semiconductor fabrication equipment and processes. Test results measured B-TRAN® electrical losses at less than 50% that of conventional power switches such as silicon IGBTs.

As part of the B-TRAN® development and commercialization process and in partnership with our semiconductor fabrication partners, we continue with additional B-TRAN® wafer runs, incorporating the results of prior runs and subsequent testing into the B-TRAN® wafer fabrication. With the double-sided transistor behavior and low conduction losses validated and upgrades and improvements in the manufacturing process implemented, we began shipping packaged B-TRAN® devices to large companies in mid-2023. In early 2024, we commenced shipments of our SymCool® power module to fulfill customer orders.

The primary raw material used in the fabrication of B-TRAN® devices is silicon wafers. Silicon is abundant and the production of silicon wafers is a large, global business with most manufacturers in Europe and Asia.

Business Strategy and Target Markets

We utilize a strategic partnership model focused on leveraging the existing silicon processing infrastructure, allowing us to focus on the further development and commercialization of our B-TRAN® technology.

Target markets for current and future B-TRAN®-based products include, but are not limited to, solid-state circuit breakers, electric and hybrid electric vehicles, electric vehicle charging, renewable energy and energy storage system power converters, uninterruptible power supplies ("UPS") for data centers, industrial motor drives, distribution and transmission switches and controls and other industrial and military markets. These markets typically utilize IGBTs for power switching in their applications. According to Mordor Intelligence, the power electronics market is forecasted to grow to \$37.7 billion by 2028. We are initially targeting markets where B-TRAN® is an enabling technology, such as solid-state circuit breakers and contactors, and large and growing segments of the IGBT market, such as electric and hybrid electric vehicles, electric vehicle charging, renewable energy and energy storage. We believe that B-TRAN® provides a competitive advantage in several IGBT markets due to its higher efficiency and inherent bidirectionality, the growth in bidirectional applications such as electric vehicles and energy storage, and as it seems the IGBT has almost reached its technological limit. We began to commercialize our B-TRAN® technology in 2021 as we reached agreements with several potential customers and partners to participate in our B-TRAN® test and evaluation program. We delivered multiple packaged B-TRAN™ devices, a device driver, and a power test board housed in a safety enclosure to the large companies in our test and evaluation program in mid-2023. In late 2022, we entered into our first product development agreement and, in 2023, we launched our first two commercial products. In late 2024, we secured our first design win for SSCBs. See "Development Agreement", "Product Launches" and "First Design Win" above.

Intellectual Property

We rely on a combination of patents, trade secrets, laws that protect intellectual property, confidentiality procedures and contractual restrictions with our employees and others to establish and protect our intellectual property rights. As of December 31, 2024, we had 49 U.S. and 43 foreign issued patents as well as 55 additional pending U.S. and international patent applications on our B-TRAN® technology. Our first B-TRAN® patent issued in 2015 and our patents generally have a 20-year life from the date of initial filing prior to expiration. We expect to continue to build our patent estate for our B-TRAN® technology and other technological developments that broaden the scope of our technology platform. In addition, we treat the proprietary dual-sided wafer fabrication process we developed to produce B-TRAN® wafers as a trade secret.

License Agreements

In 2015, we entered into a licensing agreement which expires in February 2033. Per the agreement, we have an exclusive royalty-free license associated with semiconductor power switches which enhances our intellectual property portfolio. We pay \$100,000 annually under this agreement.

In 2023, we amended a 2021 license agreement which expires in February 2034. Per the agreement, we have an exclusive royalty-free license associated with semiconductor drive circuitry which enhances our intellectual property portfolio. We pay \$50,000 annually under this agreement.

At December 31, 2024, the estimated present value of future payments under these licensing agreements was \$1,157,375 with \$150,000 due and payable in 2025. We are accruing interest for future payments related to these agreements.

Competition

We compete against well-established incumbent power semiconductor device suppliers, including companies that already operate at a large scale in the single-sided (unidirectional) power switch market with IGBTs and MOSFETs, including silicon carbide MOSFETs. Many of these suppliers are now selling modules that utilize multiple conventional power switches to form a bidirectional circuit. We continue to monitor the competitive landscape for offerings or potential offerings based on new technologies with inherent bidirectionality. Many, if not all of our competitors, have greater financial resources, more comprehensive product offerings, broader market presence, longer standing relationships with business partners, longer operating histories, greater manufacturing capabilities, stronger brand recognition, and greater marketing resources than we have. To date, we are not aware of any offerings or potential offerings based on a true high efficiency bidirectional design other than potential products based on our B-TRAN® technology.

Power semiconductor device providers typically compete based on voltage, current and frequency capabilities with the larger providers offering a broad range of standard products, including discrete devices and modules. Smaller providers generally take a niche approach focused on a unique or customized device capability. Customers for these devices are typically looking for demonstrable product or system level improvements in efficiency and/or power density for their applications. Power semiconductor device providers utilize direct and indirect sales teams focused on capturing customer design wins.

Government Approval and Regulation

Government approval is not required for us to license our B-TRAN® technology or sell B-TRAN® devices or products. However, government support for semiconductors and certain of our target markets including electric and hybrid electric vehicles, electric vehicle charging infrastructure, renewable energy, grid storage and improved grid resiliency may impact the size and growth rate of semiconductors and these potential target markets. In recent years, there has been a trend in both the United States and abroad to support the adoption of electric vehicles and renewable energy due to increased concern regarding the effects of climate change. Under the Trump administration, government support for semiconductors and certain of our potential target markets may or may not continue or may continue at lower levels than seen with the prior administration. Government support for semiconductors and our potential target markets could have a material and positive impact on our business if our B-TRAN® technology is successfully commercialized, particularly in these markets. A lack of government support, on the other hand, may have a material and negative impact on our business if this lack of support results in slower adoption of products in our target markets, like electric vehicles, until such time that the cost and performance improve for these products enough that government support is unnecessary for mass adoption. Regardless of the administration in the U.S., the market for semiconductors and our target markets is global and we believe there continues to be strong macro-trends regarding the adoption of electric vehicles and associated charging systems, renewable energy, energy storage and electrification, including grid modernization.

Employees

As of February 28, 2025, we had 16 full-time employees. None of these employees are covered by a collective bargaining agreement, and we believe our relationship with our employees is good.

Available Information

Our Internet address is www.idealpower.com and our investor relations website is located at ir.idealpower.com. We make available free of charge on our investor relations website under the heading “SEC Filings” our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports and our Proxy Statement as soon as reasonably practicable after such materials are electronically filed with (or furnished to) the SEC. These reports are also available free of charge via EDGAR through the Securities and Exchange Commission’s (“SEC”) website (www.sec.gov) as soon as reasonably practicable after such materials are electronically filed with (or furnished to) the SEC. We also make available on our website, our corporate governance documents, including our code of conduct and ethics. Information contained on our website (or any other website referred to in this Annual Report on Form 10-K) is not incorporated by reference into this Annual Report on Form 10-K.

ITEM 1A: RISK FACTORS

We are subject to various risks that may materially harm our business, prospects, financial condition and results of operations. An investment in our common stock is speculative and involves a high degree of risk. In evaluating an investment in shares of our common stock, you should carefully consider the risks described below, together with the other information included in this report.

The risks described below are not the only risks we face. If any of the events described in the following risk factors actually occurs, or if additional risks and uncertainties later materialize that are not currently known to us or that we currently deem immaterial, then our business, prospects, results of operations and financial condition could be materially adversely affected. In that event, the trading price of our common stock could decline, and you may lose all or part of your investment in our shares. The risks discussed below include forward-looking statements, and our actual results may differ substantially from those discussed herein.

Risks Related to the Company

We lack an established operating history on which to evaluate our business and determine if we will be able to execute our business plan. We have also incurred losses in prior periods, expect to incur losses in the future, currently generate limited commercial revenue and we may not achieve or maintain profitability in the future.

We have a limited operating history that makes it difficult to evaluate our business. Our focus is on the development and commercialization of our B-TRAN® technology. We cannot say with certainty when we will successfully commercialize our B-TRAN® technology, if ever, and thus we may not generate significant commercial revenue in the near future, or ever.

Since inception, we have sustained approximately \$107.5 million in net losses and we had net losses for the years ended December 31, 2024 and 2023 of approximately \$10.4 million and \$10.0 million, respectively. We expect to incur losses and negative cash flows from operating activities at least until such time as we have commercialized our B-TRAN™ technology and developed a substantial and stable revenue base. We cannot assure you that we can develop a substantial and stable revenue base or achieve or sustain profitability in the future.

We have been funding operations primarily through the sale of common stock and pre-funded warrants. We currently generate limited commercial revenue, and, in order to fund our operations until we are profitable, we may need to raise additional funds and such funds may not be available on commercially acceptable terms, if at all. If we are unable to raise funds on acceptable terms if and as needed, we may not be able to execute our business plan and generate sustainable revenue. This may seriously harm our business, financial condition and results of operations. In the event we are not able to continue operations, you will likely suffer a complete loss of your investment in our securities.

Product development and commercialization is an inherently uncertain process, and we may encounter unanticipated development and/or commercialization challenges and may not be able to meet our product design and/or commercialization milestones.

Prototype and product development and testing may be subject to unanticipated and significant delays, expenses and technical or other problems. We cannot guarantee that we will successfully achieve our milestones within our planned timeframe or ever. We have developed and tested discrete B-TRAN® devices and SymCool® power modules. We cannot predict whether future prototypes of, or actual, B-TRAN® products will achieve results consistent with our expectations, third-party simulations or the expectations of our potential customers and/or licensees. A prototype or product could cost significantly more than expected or the prototype or product design fabrication process could uncover problems that are not consistent with our expectations. Prototypes of B-TRAN® devices and new product introductions are a material part of our business plan, and if they are not proven to be successful, our business and prospects would be harmed. In addition, for both testing and commercialization purposes, the B-TRAN® needs to be packaged and paired with an efficient double-sided driver. Driver development is subject to similar risks as B-TRAN® prototype and product development including being subject to unanticipated and significant delays, expenses and technical or other problems.

More generally, the commercialization of products using our technology and designs may also be adversely affected by many factors not within our control, including:

- the willingness of market participants to try new products incorporating our technology and the perceptions of these market participants of the safety, reliability, functionality and cost effectiveness of these products;
- the emergence of newer, possibly more effective technologies;
- the cost and availability of the raw materials and components needed to manufacture and use products incorporating our technology; and
- the adoption of new regulatory or industry standards that may adversely affect the use or cost of products incorporating our technology.

Accordingly, we cannot predict that products incorporating our technology will be accepted on a scale sufficient to support the development of mass markets for them.

Our semiconductor fabrication partners may be unable to successfully and cost-effectively develop and implement new process steps necessary for bidirectional semiconductor device fabrication at scale.

While the fabrication of B-TRAN® wafers uses conventional equipment and process steps, there is heightened risk in the fabrication process due to the handling and processing of both sides of the wafer and achieving the required front to back alignment of the features. Two-sided wafer processing and handling is necessary as the B-TRAN®, unlike conventional power semiconductor devices, is a two-sided bidirectional device. In addition, the cost to manufacture a B-TRAN® will be impacted by the number of process steps, the processing time and the size of the wafer. B-TRAN® fabrication currently utilizes smaller 6-inch diameter wafers resulting in fewer die per wafer. As a result, the cost per die is higher than if larger diameter wafers were utilized. For example, if an 8-inch wafer was used it would have almost two and one half times the area and produce almost two and one half times as many die as a 6-inch wafer, resulting in a lower cost per die. If we, in partnership with our semiconductor fabrication partners, are unable to successfully and cost-effectively develop and implement new process steps necessary for bidirectional semiconductor device fabrication at scale or encounter unforeseen issues in transitioning to larger diameter wafers, our business, financial condition and results of operations would be materially and adversely affected.

There are a limited number of semiconductor fabrication development facilities in the United States and abroad. Furthermore, from time to time there has been insufficient fabrication capacity for, and shortages of, certain semiconductor devices and related electronic components. Disruptions to the supply chain for semiconductors and related electronic components could delay our critical development and commercialization activities and/or result in significantly higher costs for us for semiconductor components and/or semiconductor foundry and related services. This risk is magnified for us as a small company as we are at a disadvantage relative to larger, more established companies in securing semiconductor fabrication capacity as we do not have longstanding relationships with semiconductor foundries and, as a new technology, it will take time to scale to the volume necessary to attract and retain certain semiconductor foundries. There are also a limited number of well-capitalized semiconductor fabricators working with the smaller diameter wafers currently utilized by us for development and production. Our inability to engage such partners in a cost-effective manner, the loss of any fabrication partner once engaged or industry supply chain disruptions may materially delay our development efforts and may have a materially adverse effect on our business, financial condition and results of operations.

We, or our potential future licensees, must achieve design wins to obtain customers, although design wins achieved may not necessarily result in substantial sales or licensing revenue to us.

We anticipate that our current and future designs will typically be integrated into systems by our current and potential customers. This may result in the need to customize our designs, generally the packaging and/or driver rather than the B-TRAN® die, for certain applications or customers. We will need to work with semiconductor partners and/or manufacturers early in their design cycles to ensure that our designs will meet the requirements of their systems. Manufacturers typically choose one or two vendors to provide the components for use in their systems. Selection as one of these vendors is called a design win. It is critical that we, or our licensees, achieve these design wins in order to obtain customers and generate sales and/or licensing revenue. We can provide no assurance that customer engagements whereby potential customers evaluate and test our products will result in a design win. Although we secured our first design win in late 2024, we also can provide no assurance that we will secure additional design wins in a timely manner or at all or that any such design wins will result in significant revenue growth for us.

We believe that equipment manufacturers often select their suppliers based on factors including long-term relationships and end user demand. Accordingly, we may have difficulty achieving design wins from equipment manufacturers as our products are, and new products will be, new entrants into the market. Our efforts to achieve design wins or assist our potential future licensees in achieving design wins may be time consuming and expensive and may not be successful. If we or our potential future licensees are not successful in achieving design wins, or if we or our potential future licensees do achieve design wins but the customers' systems that utilize our designs are not successful, our business, financial condition, and results of operations could be materially and adversely impacted.

Even if we, or our potential future licensees, achieve design wins, the timing of generation of sales and/or licensing revenue will be dependent on the customer's product design cycle. There may be significant time between when we, or our potential future licensees, achieve design wins and when we generate initial sales and/or licensing revenue from these design wins. Significant delays in our customers' product design cycles, or long product design cycles by these customers, could materially and adversely affect our business, financial condition and result of operations.

Once a manufacturer chooses a component for use in a particular system, it is likely to retain that component for the life of that system. In addition, the sales cycle into certain of our target markets, such as the automotive market, is typically very long. Our future growth could experience material and prolonged adverse effects if we fail to achieve design wins or if the design wins do not result in substantial revenue for us within a reasonable timeframe.

We previously received grant funds from the United States for the development of a bidirectional switch. In certain instances, the United States may obtain title to inventions related to this effort. If we were to lose title to those inventions, we may have to pay to license them from the United States in order to manufacture the inventions. If we were unable to license those inventions from the United States, it could slow down our product development.

In conjunction with the ARPA-E grant we received from the Department of Energy, we granted to the United States a non-exclusive, nontransferable, irrevocable, paid-up license to practice or have practiced for or on behalf of the United States inventions related to a bidirectional switch and made within the scope of the grant. If we failed to disclose to the Department of Energy an invention made with grant funds that we disclosed to patent counsel or for publication, or if we elect not to retain title to the invention, the United States may request that title to the subject invention be transferred to it.

We also granted "march-in-rights" to the United States in connection with any bidirectional switch inventions in which we choose not to retain title, if those inventions were made under the ARPA-E grant. Pursuant to the march-in-rights, the United States has the right to require us, any person to whom we have assigned our rights, or any exclusive licensee to grant a non-exclusive, partially exclusive, or exclusive license in any field of use to a responsible applicant upon terms that are reasonable. If the license is not granted as requested, the United States has the right to grant the license if it determines that we have not achieved practical application of the invention in the field of use, the action is necessary to alleviate health or safety needs, the action is necessary to meet requirements for public use specified by Federal regulations and such requirements have not been satisfied, or the action is necessary because an agreement to manufacture the invention in the United States has not been obtained or waived or because any such agreement has been breached.

If we lost title to the United States as a result of any of these events, we would have to pay to license the inventions, if needed, from the United States to manufacture the applicable bidirectional switch. If we were unable to license those inventions from the United States, it could materially and adversely impact our business, financial condition and results of operations.

As we continue to grow and to develop our intellectual property, we could attract threats from patent monetization firms or competitors alleging infringement or competitors could infringe upon our intellectual property. We may incur substantial costs as a result of litigation or other proceedings relating to patent and other intellectual property rights.

As we continue to grow and to develop our intellectual property, we could attract threats from patent monetization firms or competitors alleging infringement of intellectual property rights. In that event, we may incur significant costs to defend against such a claim even if the claim proves to have no merit. In addition, some of our future competitors will be able to sustain the costs of complex patent litigation more effectively than we can because they have substantially greater resources. If we do not prevail in this type of litigation, we may be required to: pay monetary damages; stop commercial activities relating to our technology; obtain one or more licenses in order to secure the rights to manufacturing or marketing certain future products incorporating our technology; or attempt to compete in the market with substantially similar products. Uncertainties resulting from the initiation and continuation of any litigation could limit our ability to continue some or all of our operations. We may face significant expenses and liability in connection with the protection of our intellectual property and, if we are unable to successfully protect our rights or resolve intellectual property conflicts with others, our business or financial condition could be adversely affected.

Our success depends in large part on our proprietary technology for which we seek protection under patent, copyright, trademark and trade secret laws in the United States and abroad. Such protection is also maintained in part using proprietary information and inventions agreements and non-disclosure agreements. The agreements we use in an effort to protect our intellectual property, confidential information, and other unpatented proprietary information may be ineffective or insufficient to prevent unauthorized use or disclosure of such trade secrets and information. A party to one of these agreements may breach the agreement and we may not have adequate remedies for such breach. As a result, our trade secrets, confidential information, and other unpatented proprietary rights and information may become known to others, including our competitors. Using third-party manufacturers, both domestically and abroad, may increase the risk of misappropriation of our trade secrets, confidential information and other unpatented proprietary information. Protection of our technology is important to us so that we may offer our future customers proprietary products unavailable from our competitors, and so that we may prevent our competitors from using technology that we have developed or exclusively licensed. If we are unable to effectively protect our intellectual property, our business and competitive position may be adversely affected.

We may license our technology in the future; however the terms of any such agreements may not prove to be advantageous to us. If the license agreements we may enter into do not prove to be advantageous to us, our business and results of operations will be adversely affected.

Although we are initially employing a product sales strategy for products incorporating our B-TRAN® technology, we also expect to employ a licensing strategy for the production and potentially the sale of our B-TRAN® products in certain instances. However, we may not be able to secure license agreements with semiconductor fabrication partners or other strategic partners at all or on terms that are advantageous to us. Furthermore, the timing and volume of revenue earned from license agreements will be outside of our control. If the license agreements we may enter in the future do not prove to be advantageous to us, our business and results of operations will be adversely affected.

Future revenue may rely on the marketing and sales efforts of third parties whom we do not control.

The marketing and sale of our future products to end user customers may be conducted by us, distributors, sales representatives, future licensees of our technology or likely a combination thereof. Consequently, the commercial success of our products may depend, to a great extent, on the efforts of others. We may not be able to identify, maintain or establish appropriate relationships in the future. We can give no assurance that any such third parties will focus adequate resources on selling our products or will be successful in selling them. In addition, these third parties may require customization of our designs or other concessions that could reduce the potential profitability of these relationships. Failure to develop favorable licensing relationships in our target markets may adversely affect our commercialization schedule and, to the extent we enter into such relationships, the failure of our licensees to focus adequate resources on selling our products or be successful in selling them or to meet their monetary obligations to us may adversely affect our financial condition and results of operations. In 2024, we added three distribution partners. We can provide no assurance that these distributors will be successful in selling our products or that we will be able to secure additional distribution partners in the future.

A material part of our success depends on our ability to manage third-party resources. Our failure to properly select, manage and retain qualified third-party resources could materially and adversely affect our results of operations and relations with our partners and future customers.

Our development efforts are highly dependent on third-party resources for semiconductor expertise and manufacturing. These third-party resources include experts in power semiconductor switches and drivers, semiconductor fabrication suppliers, and other resources within the power switch ecosystem. The loss of one or more of our third-party resources could have a material adverse effect on the timing of our development and/or commercialization efforts which could, in turn, result in our business and results of operations being adversely affected. We also rely on our semiconductor fabrication partners and packaging firms to develop commercial devices and modules. There can be no assurance that these manufacturing partners will provide devices and/or modules in a timely and cost-efficient manner, provide quality devices and/or modules or otherwise meet our needs and expectations. Our ability to manage such relationships and timely replace such partners, if necessary, is critical to our success. The loss of and our failure to timely replace third-party resources, fabrication partners and other suppliers within the power switch ecosystem, should that become necessary, could materially and adversely affect our results of operations and relations with our partners and future customers. See also “—Our semiconductor fabrication partners may be unable to successfully and cost-effectively develop and implement new process steps necessary for bidirectional semiconductor device fabrication at scale.”

Supply chain disruptions and barriers to trade, such as tariffs, could interrupt product manufacturing and global logistics and increase product costs.

We currently rely upon the facilities of our semiconductor fabricator and packaging partners in the United States and abroad to support our development and production as well as vendors throughout the United States and abroad to supply silicon wafers and other materials and processing and engineering capabilities and expertise. In recent years, there have been global industry-wide logistics challenges. While these logistics challenges have caused some disruption in our business, these disruptions were manageable and their impact on us was not significant. Future facility closures and/or disruptions may occur if additional pandemic breakouts or geopolitical events occur in areas where we rely on third parties. Also, if tariffs are imposed on raw materials and components utilized in our products, the costs of our products could increase and, as a result, our products could become less competitive. In that situation, we may need to identify other sources for these raw materials and components resulting in a temporary disruption to our business or reduce margins if we are unable to identify and engage alternative lower cost suppliers.

We and certain of our suppliers also rely on international shipping to transport wafers, circuit boards and other electronic components to us and our other suppliers. Delays in shipping may cause us or our suppliers to have to use more expensive air freight or other more costly methods. In addition, global inflation has contributed to already higher incremental freight and component costs and such inflation may continue to result in higher costs. Logistics delays could result in delays to critical development and commercialization activities. Further, failure to adequately fabricate and timely ship our products to customers could lead to delays in their testing and evaluation and/or adoption of our technology, lost potential revenue, failure to meet customer demand and strained relationships with customers.

Changes in U.S. trade policies, the imposition of tariffs by the U.S. and retaliatory responses from other countries may significantly increase our costs of production and materially and adversely affect our business.

We import raw materials and components required to manufacture our products primarily from suppliers outside of the U.S., including Asia. While we are working to mitigate risk through alternate sourcing in disparate geographies, any imposition by the U.S. of new or increased tariffs applicable to these imported materials or components or other restrictive trade policies or import regulations could increase our manufacturing costs, limit our ability to procure raw materials or components, make our products less competitive, cause adverse financial impacts due to volatility in foreign exchange rates, increase inflationary pressures on raw materials and energy, and negatively impact our financial condition. New or increased tariffs could also negatively affect U.S. national or regional economies, which could affect demand for our products in the U.S. Further, in response to evolving U.S. trade policies and new and increased tariffs, foreign governments, including China, may respond by imposing or increasing tariffs, duties and/or trade restrictions on U.S. goods, and may consider other measures. Such trading conflicts and related escalating governmental actions that result in additional tariffs, duties and/or trade restrictions could increase our production costs further, cause disruptions or shortages in our supply chains, impede or slow the movement of our products across borders, negatively impact the U.S., regional or local economies, and, individually or in the aggregate, materially and adversely affect our business, ability to successfully commercialize our products, and future sales and operating results.

Our ability to successfully commercialize our products and future operating results depend on the continued growth of our target markets and related technologies.

We are in the process of developing and commercializing products for use in our target markets, which include, among others, electric and hybrid electric vehicles, electric vehicle charging infrastructure, renewable energy, grid storage and improved grid resiliency. Governmental support for these markets and technologies may impact the size and growth rate of these markets and, as a result, our business. In recent years, the federal government and many states adopted regulations and established incentives to accelerate a transition to electric vehicles and promote the development and use of renewable energy in the United States. However, after the new U.S. administration took office in January 2025, the federal government has signaled that there could be less support for these markets and technologies at the federal level going forward and that priorities may be shifting to other areas. For example, in January 2025, the new U.S. administration took action to revoke the prior administration's order that EVs make up half of all new cars sold in the U.S. by 2030, repealed certain tax credit programs for EV purchases and paused funding under the Inflation Reduction Act for a network of EV charging stations. While it is too early to determine how the new U.S. administration and its actions with respect to our target markets will impact the growth and scaling of those markets and related technologies, reduced government support could cause growth in these markets to slow or contract, which could have a material adverse effect on our prospects, business, future operating results and financial condition.

In addition, our ability to successfully develop and commercialize our products may be negatively impacted by any change in consumer interests or preferences that results in reduced demand for our products. For example, if electric or hybrid vehicle sales growth slows or contracts or certain car manufacturers determine to cease or reduce production of electric or hybrid models, we may have fewer opportunities to commercialize our products within these markets and the opportunities that continue to exist may become more competitive. If shifts in consumer interests or preferences or other factors result in slowed growth or contraction of any of our target markets, our efforts to commercialize our products in these markets may be unsuccessful or fall short of our current expectations and our business, prospects, future results of operations and financial condition may be materially and adversely affected.

We may need additional financing to execute our business plan and fund operations, which additional financing may not be available on commercially reasonable terms or at all.

We have and, prior to profitable commercialization at scale, may continue to rely on raising funds from investors and/or other sources to support our research and development activities and execute our business plan. Macro-economic conditions in the United States and abroad, like those currently in effect, may result in a tightening of the credit markets and/or less capital available for small public companies, which may make it more difficult for us to raise capital on commercially reasonable terms or at all. If we are unable to raise funds on acceptable terms if and as needed, we may be forced to curtail our operations or even cease operating altogether. Therefore, unfavorable macroeconomic conditions, particularly in the United States, including as a result of inflation, and any recession or slowed economic growth, could have an outsized negative impact on us. This may seriously harm our business, financial condition and results of operations.

A failure to obtain additional government grants could have a material adverse effect on our development efforts and our ability to fund operations and execute on our business plan.

We expect to fund a portion of our development efforts with funds received under government grants. However, we may not be awarded any such grants in the future, any such grant awards may be insufficient to fund a meaningful portion of our development spending and/or the timing of the receipt of any such award or awards may not coincide with the planned timing of our development efforts. Grants are subject to long procurement cycles, typically 6 to 12 months, and there may not be open grant solicitations for topics relevant to our B-TRAN® technology. Grant topics are typically identified 1 to 2 years prior to the opening of the grant solicitation and the windows to submit proposals are discrete time periods. Further, the award of grants is a subjective process and government agencies often do not provide detailed feedback on why a grant was not received.

A factor that could negatively impact our ability to obtain government grants is that our technology is in the early stages of commercialization. If, in the future, grant agencies determine that our technological readiness is not sufficiently advanced for a funded demonstration incorporating B-TRAN® or potential partners determine that our technological readiness is not sufficient to partner with us on grant proposals, we may be unable to obtain additional government grants. Overall, there is a high degree of uncertainty in obtaining grants and we can provide no assurance that we will be able to obtain additional government grants to offset a significant, or any, portion of our development spending. If we do not obtain additional grants or our efforts to obtain additional grants take longer than expected to be successful, we will need to rely on other means to fund our development.

We are highly dependent on the services of key members of our management and technical teams. 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 key members of our management and technical teams. If we unexpectedly lose the services of any of these persons during this important time in the development and commercialization of our B-TRAN® technology, the loss may result in a delay in the implementation of our business plan and plan of operations. We can give no assurance that we could find satisfactory replacements for these individuals within a reasonable time or on terms that would not be unduly expensive or burdensome to us. We do not currently carry a key-man life insurance policy that would assist us in recouping our costs in the event of the death or disability of any of these persons.

In addition, as a small team we will need additional commercial and semiconductor expertise to successfully develop products and further commercialize our technology. We can give no assurance that we will be able to identify and secure the necessary expertise at the appropriate time or at all.

Our operating results for any quarterly reporting period may fluctuate significantly depending on the timing and pace of our development spending and costs to commercialize our technology.

Our research and development costs may vary significantly from quarter to quarter depending on the current phase of development and commercialization of our technology and the timing of semiconductor fabrication, commercial production and revenue generation and negotiations with potential strategic partners. We also may intentionally accelerate our development and/or commercialization costs or may be faced with unexpected delays or challenges with development and/or commercialization that could significantly impact our operating results. Significant adverse fluctuations in our research and development spending and other operating costs from period to period could adversely affect the market price for our common stock.

New technologies in the power semiconductor switch industry may supplant our technology in this market, which would harm our business and operations, and we may not be able to compete effectively in this industry and with any such new technologies.

The power semiconductor switch industry is subject to significant technological change. Our future success will depend on the cutting-edge relevance of our technology, and thereafter on our ability to appropriately respond to changing technologies and changes in function of products and product quality. If new technologies supplant our technology, our business would be adversely affected and we will have to revise our plan of operation.

We or our potential licensees could be competing against large power semiconductor device suppliers with substantially greater resources than us, financial and otherwise. These competitors may also have more comprehensive product lines, broader market presence, longer standing relationships with customers, longer operating histories, greater manufacturing and/or product development capabilities, stronger brand recognition, and greater marketing resources than we and/or our licensees have. If any of these competitors develop products to compete with our technology, we may not be able to successfully commercialize our technology and our technology may not result in sufficient product revenue and/or sufficient, or any, licensing revenue.

We may not be able to use some or all of our net operating loss carryforwards to offset future income.

We have net operating loss carryforwards due to prior period losses generated before January 1, 2025 which if not utilized will begin to expire in 2031 for net operating loss carryforwards prior to 2018 and which do not expire for net operating loss carryforwards for 2018 and thereafter. If we are unable to generate sufficient taxable income to utilize our net operating loss carryforwards, pre-2018 carryforwards could expire unused and be unavailable to offset future income tax liabilities.

In addition, under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, a corporation that undergoes an “ownership change” (generally defined as a greater than 50% change (by value) in its equity ownership over a three-year period) is subject to limitation on its ability to utilize its pre-change net operating loss and credit carry-forwards, or net operating losses, to offset future taxable income. We may have experienced one or more ownership changes under these Sections in connection with our initial public offering and one or more subsequent financings. However, we do not anticipate performing a complete analysis of the limitation on the annual use of the net operating loss and tax credit carryforwards until such time we project we will be able to utilize these tax attributes. In addition, future changes in our stock ownership, which may be outside of our control, may trigger an ownership change, as may future equity offerings or acquisitions that have equity as a component of the purchase price. If an ownership change has occurred or does occur in the future, our ability to utilize our net operating losses to offset income if we attain profitability may be limited.

Risks Related to Owning Our Common Stock

The public market for our common stock may be volatile. This may affect the ability of our investors to sell their shares as well as the price at which they sell their shares.

The market price for our shares has experienced significant price and volume fluctuations. We cannot predict whether the price of our common stock will rise or fall. Our stock price may be significantly affected by factors such as, among others:

- variations in the volume of trading activity;
- actual or anticipated fluctuations in our liquidity, financial condition and operating results;
- quarterly and yearly operating results compared to market expectations;
- quarterly and yearly operating results of other companies in our industry compared to market expectations;
- general trends in markets we expect to serve;
- competition from existing products or new products that may emerge;
- future announcements concerning our business or our competitors’ businesses;
- additions or departures of key management or other technical personnel;
- the public’s reaction to our press releases, other public announcements and filings with the SEC;
- issuances or sales, or expected issuances or sales, of our capital stock;
- disputes or other developments related to proprietary rights, including patents, litigation matters and our ability to obtain patent protection for our technologies;
- litigation involving us, our general industry or both; and
- changes in state or federal regulations affecting us and our industry.

Furthermore, in recent years the stock market has experienced extreme price and volume fluctuations that are unrelated or disproportionate to the operating performance of the affected companies. Such broad market fluctuations may adversely affect the market price of our common stock. In addition, price volatility may be greater if the public float and trading volume of our common stock is low. As a result, you may suffer a loss on your investment.

We have the right to issue, and have in the past issued, shares of preferred stock. If we were to issue additional preferred stock, it may have rights, preferences and privileges that may adversely affect the common stock.

We are authorized to issue 10,000,000 shares of “blank check” preferred stock, with such rights, preferences and privileges as may be determined from time-to-time by our Board of Directors (“Board”). Our Board is empowered, without stockholder approval, to issue preferred stock in one or more series, and to fix for any series the dividend rights, dissolution or liquidation preferences, redemption prices, conversion rights, voting rights, and other rights, preferences and privileges for the preferred stock. The issuance of shares of preferred stock, depending on the rights, preferences and privileges attributable to the preferred stock, could reduce the voting rights and powers of our common stock and the portion of our assets allocated for distribution to common stockholders in a liquidation event, and could also result in dilution in the book value per share of our common stock. The preferred stock could also be utilized, under certain circumstances, as a method for raising additional capital or discouraging, delaying or preventing a change in control of the Company, to the detriment of the investors in our common stock. We cannot assure you that we will not, under certain circumstances, issue shares of our preferred stock. At December 31, 2024, we had no shares of preferred stock outstanding.

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 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. As a result, only appreciation in the price of our common stock, which may never occur, will provide a return to stockholders. 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. Therefore, you should not expect to receive cash dividends on our common stock.

Shares eligible for future sale, including warrants and options exercisable into shares of our common stock, may cause dilution to our existing stockholders and may adversely affect the market for our common stock.

Sales of substantial amounts of our common stock in the public market, or the perception that these sales could occur, could cause the market price of our common stock to decline. These sales could also make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate.

At December 31, 2024, we had 8,335,491 shares of common stock outstanding and 763,827 pre-funded warrants with an exercise price of \$0.001 that are included in our computation of basic earnings per share. Shares beneficially owned by our affiliates, if any, and employees are subject to volume and other restrictions under Rules 144 and 701 under the Securities Act, various vesting agreements, our insider trading policy and/or any applicable 10b5-1 trading plan. Shares that are not beneficially owned by our affiliates and employees generally can be freely sold in the public market, potentially subject in some cases to restrictions under Rule 144.

At December 31, 2024, we had 1,297,369 potentially dilutive shares outstanding, exclusive of pre-funded warrants to purchase shares of common stock that are considered outstanding common shares and included in our computation of basic earnings per share, and we may grant additional options, restricted stock units, performance stock units, other stock-based awards and/or warrants in the future. The holders of vested options or warrants, including pre-funded warrants, may exercise their options and/or warrants and sell a large number of shares. Any sale of a substantial number of shares of our common stock may have a material adverse effect on the market price of our common stock.

Raising additional capital, if necessary, may cause dilution to our existing stockholders, restrict our operations or require us to relinquish rights to our technologies.

We may seek additional capital through a combination of public and private equity offerings, debt financings, strategic partnerships and licensing arrangements. To the extent that we raise additional capital through the sale or issuance of equity, warrants or convertible debt securities, the ownership interest of our existing stockholders will be diluted, and the terms of such securities may include liquidation or other preferences that adversely affect your rights as a stockholder. If we raise capital through debt financing, it may involve agreements that include covenants limiting or restricting our ability to take certain actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise additional funds through strategic partnerships or licensing agreements with third parties, we may have to relinquish valuable rights to our technologies, or grant licenses on terms that are not favorable to us. If we are unable to raise additional funds if and when needed, we may be required to delay, limit, reduce or terminate our development and commercialization efforts.

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

Our certificate of incorporation (as amended and restated to date, our “certificate”) and our bylaws (as amended and restated to date, our “bylaws”) and applicable provisions of 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 and bylaws:

- authorize our Board 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.

If securities or industry analysts do not publish or do not continue to publish research or reports about our business, or if they issue an adverse or misleading opinion regarding our stock, our stock price and trading volume could decline.

The trading market for our common stock may be influenced by the research and reports that industry or securities analysts publish about us or our business. As of December 31, 2024, no securities analyst published reports on us. If no research analysts initiate coverage on us in 2025, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. In addition, if one or more analysts initiate coverage on us but issues an adverse opinion regarding our stock, our stock price would likely decline.

ITEM 1B: UNRESOLVED STAFF COMMENTS

None.

ITEM 1C: CYBERSECURITY

Our Board oversees our comprehensive cybersecurity program. Our cybersecurity program is managed by our Chief Financial Officer in collaboration with a specialized third-party service provider. Our Chief Financial Officer has over ten years' experience managing information technology ("IT"), including cybersecurity, and is the designated Chief Information Officer under our Information Resources Policy. As of the date of this Annual Report on Form 10-K, we know of no cybersecurity incident that has or is likely to materially affect us, our business strategy, our results of operations, or our financial condition. We employ a robust, multi-layer approach to identify and mitigate cybersecurity risks, such as anti-virus and content filtering to protect against malware and inappropriate content, weekly patch management, network firewall monitoring to detect and prevent unauthorized access, off-site email back-ups to safeguard data integrity and availability, endpoint threat detection and threat hunting to identify and respond to potential threats, and multi-factor authentication and security hardening to reinforce system defenses. In December 2023, we conducted a thorough cybersecurity assessment with our third-party service provider. Based on their recommendations, we implemented several cybersecurity enhancements in 2024. To date and to our knowledge, no external entity has successfully breached our systems. If a breach were to be discovered, our Chief Financial Officer would promptly inform our Chief Executive Officer, who would then communicate the details to our Board.

In addition to our cybersecurity program, we have implemented operational improvements intended to streamline business processes, reduce certain risks, and fuel growth. Led by a Senior Engineer, our third-party service provider proactively assesses security, risk, and productivity to ensure optimal coverage and investment in the rapidly changing IT industry. Our IT partner's responsible IT architecture program aims to:

- Create a network of defense against hacks
- Protect against outages, disasters, and data loss
- Continuously patch, monitor, and remediate vulnerabilities
- Meet and align with cyber risk insurance requirements
- Implement proper authentication and access protocols
- Secure all endpoints
- Install content filtering and quarantine tools
- Calibrate backups to match usage and data needs

This program also helps to identify system gaps and provides solutions to align us with best practices and security measures against any cybersecurity threats.

ITEM 2: PROPERTIES

Our principal office is located at 5508 Highway 290 West, Suite 120, Austin, Texas 78735. We lease 5,775 square feet of office and laboratory space. The lease, as amended, commenced on July 1, 2024 and, as of December 31, 2024, the remaining term of the lease is 56 months.

ITEM 3: LEGAL PROCEEDINGS

We may be subject to litigation from time to time in the ordinary course of business. We are not currently party to any legal proceedings.

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

Our common stock is listed on the Nasdaq Capital Market under the symbol “IPWR.” As of March 26, 2025, we had 22 shareholders of record.

Dividends

We have not paid any cash dividends on our common stock since our inception and do not anticipate paying any cash dividends in the foreseeable future. We plan to retain our earnings, if any, to provide funds for the expansion of our business. The payment of future dividends, if any, will be at the discretion of our Board and will depend on our financial condition, results of operations, capital requirements, restrictions contained in future financing agreements, provisions of applicable law and any other factors our Board deems relevant.

Performance Graph

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

Recent Sales of Unregistered Securities

None.

Purchases of Equity Securities by the Issuer

None.

ITEM 6: [Reserved]

ITEM 7: MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the audited financial statements and related notes included elsewhere in this Annual Report on Form 10-K. In addition to historical information, this discussion and analysis here and throughout this Form 10-K contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements.

Overview

Ideal Power is located in Austin, Texas. We are solely focused on the further development and commercialization of our B-TRAN® solid-state switch technology.

To date, operations have been funded primarily through the sale of common stock and pre-funded warrants.

From inception, we have generated \$3.7 million in grant revenue for bidirectional power switch development. Grant revenue was \$0 and \$37,388, respectively, in the years ended December 31, 2024 and 2023. We may pursue additional research and development grants, if and when available, to further develop and/or improve our technology.

We are in the process of commercializing our B-TRAN® technology and have launched our first two commercial products, the SymCool® Power Module and SymCool® IQ Intelligent Power Module. We generated \$86,032 and \$161,483, respectively, in commercial revenue in the years ended December 31, 2024 and 2023.

Product Launches

In early 2023, we launched our first commercial product, the SymCool® Power Module. This multi-die B-TRAN® module is designed to meet the very low conduction loss needs of the solid-state circuit breaker market. We commenced shipment of SymCool® Power Modules to fulfill customer orders in early 2024.

[Table of Contents](#)

In late 2023, we launched our second commercial product, the SymCool® IQ Intelligent Power Module. The SymCool® IQ IPM builds on the bidirectional B-TRAN® multi-die packaging design of our SymCool® Power Module and adds an integrated intelligent driver optimized for bidirectional operation. This product targets several markets including renewable energy, energy storage, EV charging and other industrial applications. We announced our first order for this product in late 2024.

Development Agreement

In late 2022, we announced, and began the first phase of, a product development agreement with Stellantis, a top 10 global automaker, for a custom B-TRAN® power module for use in the automaker's EV drivetrain inverters in its next generation EV platform. In the first phase of the program, we provided packaged B-TRAN® devices, test kits and technical data to Stellantis for their evaluation. In 2023, we secured, and began the second phase of, this program. In the second phase of the program, we collaborated with Stellantis and the program partners, including both the program's packaging company and the organization building the initial drivetrain inverter, to supply B-TRAN® devices for integration into the custom power module and inverter designs. Also, as part of the second phase of the program, we provided Stellantis a comprehensive test plan for the testing required to achieve certification to automotive standards for B-TRAN®. The test plan was subsequently approved as submitted. In 2024, we successfully completed the second phase of the program. The next phase of the program is expected to build on the prior phases and transition to Stellantis' production team. We are currently finalizing the scope of work for the next phase of the program with Stellantis. This phase is expected to include the extensive testing of the custom B-TRAN® module to meet automotive certification standards enabling B-TRAN® to be the core of the powertrain inverter for the automaker's next-generation EVs.

Customer Engagements

We announced several engagements and/or initial orders with large companies, including a second top 10 global automaker, a third global automaker, a top 10 global provider of power conversion solutions to the solar industry, two global diverse power management market leaders, three tier 1 automotive suppliers, a global power conversion supplier and others. These companies intend to test and evaluate the B-TRAN® for use in their applications and these engagements could lead to future design wins or custom development agreements. We also announced agreements with three distribution partners. We may add other distribution partners in the future.

First Design Win

In late 2024, we announced our first design win for solid-state circuit breakers (SSCBs) with one of the largest circuit protection equipment manufacturers in Asia serving the industrial and utility markets. In connection with this design win, we entered into a joint development agreement for a SSCB product incorporating multiple B-TRAN® devices. The agreement includes the product design, prototype builds and testing of the SSCB which is targeted for completion in the second quarter of 2025 to be followed by commercial sales later in the years. We expect to announce additional design wins and/or custom development agreements in 2025.

Trends, Events and Uncertainties

Research and Development

Research and development of new technologies is, by its nature, unpredictable. We cannot assure you that our research and development will be successful, our technology will be adopted, that we will ever earn revenues sufficient to support our operations or that we will ever be profitable. Furthermore, since we have no committed source of financing, we cannot assure you that we will be able to raise additional capital if and when we need it to continue our operations. If we cannot raise funds if and when we need them, we may be required to severely curtail, or even to cease, our operations.

Public Offering

In March and April 2024, we issued and sold 1,666,668 shares of our common stock at a price of \$7.50 per share and 633,332 pre-funded warrants to purchase shares of our common stock at a price of \$7.499 per pre-funded warrant in an underwritten public offering. The pre-funded warrants have an exercise price of \$0.001 per share. The net proceeds to us from the public offering were \$15.7 million. We intend to use the net proceeds from the public offering to fund further commercialization and development of our B-TRAN® technology and general corporate and working capital purposes.

Critical Accounting Estimates

The following discussion and analysis of our 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 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. As a result, they are subject to an inherent degree of uncertainty. In applying these policies, we use our judgment to determine the appropriate assumptions to be used in the determination of certain estimates. Those estimates may be 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/or information available from other outside sources, as appropriate. Please see Footnote 2 to our financial statements for a summary of our significant accounting policies.

Stock-Based Compensation. We apply FASB ASC 718, “Stock Compensation,” when recording stock-based compensation. Grants to non-employees are also accounted for under ASC 718. The fair value of each stock option award is estimated on the date of grant using the commonly used Black-Scholes option valuation model. The assumptions used in the Black-Scholes model are as follows:

Grant Price — The grant price is determined based on the closing share price on the date of grant.

Risk-free interest rate — The risk-free interest rate is based on the implied yield available on US Treasury securities at the time of grant with an equivalent term of the expected life of the award.

Expected lives — As permitted by SAB 107, due to our insufficient history of option activity, we utilize the simplified approach to estimate the options’ expected term, calculated as the midpoint between the vesting period and the contractual life of the award.

Expected volatility — Volatility is estimated based on the historical volatilities of comparable companies.

Expected dividend yield — Dividend yield is based on current yield at the grant date or the average dividend yield over the historical period. We have never declared or paid dividends and have no plans to do so in the foreseeable future.

The fair value for performance stock units, which contain market conditions, is estimated on the date of grant using a Monte Carlo analysis utilizing the same expected volatility assumption as utilized in the Black-Scholes model for stock options.

We did not grant any stock option or performance stock unit awards in the year ended December 31, 2024.

Intangible Assets. Our intangible assets are composed of patents and trademarks, which are recorded at cost, and other intangible assets, which are recorded at cost plus the estimated present value of all future payments associated with the other intangible assets. We capitalize third-party legal costs and filing fees, if any, associated with obtaining patents, trademarks or other intangible assets. Once the patent asset has been placed in service, we amortize these costs over the shorter of the asset’s legal life, generally 20 years from the initial filing date, or its estimated economic life using the straight-line method. Trademarks are not amortized as they have an indefinite useful life. For the other intangible assets, we amortize the asset over the 17-year term of the underlying agreements.

Impairment of Long-Lived Assets. The long-lived assets, consisting of property and equipment and intangible assets, held and used by us are reviewed for impairment no less frequently than annually or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In the event that facts and circumstances indicate that the cost of any long-lived assets may be impaired, an evaluation of recoverability is performed. We determined that there was a \$77,444 impairment in the value of long-lived assets during the year ended December 31, 2024, and no impairment in the value of long-lived assets during the year ended December 31, 2023.

Income Taxes. We account for income taxes using an asset and liability approach which allows for the recognition and measurement of deferred tax assets based upon the likelihood of realization of tax benefits in future years. Under the asset and liability approach, deferred taxes are provided for the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. A valuation allowance is provided for deferred tax assets if it is more likely than not these items will either expire before we are able to realize their benefits, or that future deductibility is uncertain. Tax benefits from an uncertain tax position are recognized only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position.

We have concluded that it is more likely than not that we will not have sufficient foreseeable taxable income within the carryforward period as applicable and permitted by current law to allow for the utilization of certain of the deductible amounts generating the deferred tax assets; therefore, a full valuation allowance has been established to reduce the net deferred tax assets to zero at December 31, 2024 and 2023.

Results of Operations

Comparison of the year ended December 31, 2024 to the year ended December 31, 2023

Commercial Revenue. Commercial revenue was \$86,032 in the year ended December 31, 2024 compared to \$161,483 in the year ended December 31, 2023. In the year ended December 31, 2024, our commercial revenue related to development agreements and product sales. In the year ended December 31, 2023, our commercial revenue consisted of development revenue including the sale of packaged B-TRAN® devices. We expect to recognize modest commercial revenue from both product sales and development agreements in 2025 with product sales increasing in the second half of the year.

[Table of Contents](#)

Grant Revenue. We did not recognize any grant revenue in the year ended December 31, 2024. Grant revenue was \$37,388 in the year ended December 31, 2023 as we completed our \$1.2 million subcontract with Diversified Technologies, Inc. (“DTI”) to supply B-TRAN® devices as part of a contract awarded to DTI by the United States Naval Sea Systems Command for the development and demonstration of a B-TRAN® enabled high efficiency direct current solid-state circuit breaker. Although our primary focus is the commercialization of our B-TRAN® technology and initial products, we are pursuing additional government funding opportunities that may result in additional grant revenue in the future.

Cost of Commercial Revenue. Cost of commercial revenue was \$93,409 and \$123,225 for the years ended December 31, 2024 and 2023, respectively.

Cost of Grant Revenue. We did not recognize any cost of grant revenue in the year ended December 31, 2024. Cost of grant revenue was \$37,388 for the year ended December 31, 2023. The cost of grant revenue in 2023 was equal to the associated grant revenue resulting in no gross profit. We expect no gross profit from other grants that we are pursuing, or may pursue, in 2025.

Gross Profit (Loss). Our gross loss was \$7,377 for the year ended December 31, 2024 due to the higher costs associated with initial low volume production. Gross profit was \$38,258 in the year ended December 31, 2023 as commercial revenue from our development agreement with Stellantis exceeded the associated program costs. We do not expect to recognize a gross profit from commercial revenue in 2025 due to the higher costs associated with initial low volume production.

Research and Development Expenses. Research and development expenses increased by \$464,007, or 8%, to \$6,207,218 in the year ended December 31, 2024 from \$5,743,211 in the year ended December 31, 2023. The increase was due to higher personnel costs of \$623,688, engineering services, primarily packaging costs, of \$123,760, search and placement fees and expenses of \$110,754 and other B-TRAN® spending of \$105,497, partly offset by lower stock-based compensation expense of \$499,692. We expect higher research and development expenses in 2025 as we further develop our B-TRAN® technology and related drive circuitry.

General and Administrative Expenses. General and administrative expenses increased by \$75,153, or 2%, to \$3,608,536 in the year ended December 31, 2024 from \$3,533,383 in the year ended December 31, 2023. We expect slightly higher general and administrative expenses, exclusive of stock-based compensation, in 2025.

Sales and Marketing Expenses. Sales and marketing expenses increased by \$134,292, or 12%, to \$1,248,044 in the year ended December 31, 2024 from \$1,113,752 in the year ended December 31, 2023. The increase was due primarily to higher personnel costs of \$220,998 and other costs of \$23,287, partly offset by lower stock-based compensation expense of \$63,557 and professional fees of \$46,436. We expect higher sales and marketing expenses in 2025 as we expand our engagement with prospective customers, continue to build our sales pipeline and further commercialize our B-TRAN® technology and related products.

Loss from Operations. Our loss from operations for the year ended December 31, 2024 was \$11,071,175 or 7% higher than the \$10,352,088 loss from operations for the year ended December 31, 2023, driven by the factors discussed above.

Interest Income, Net. Interest income, net increased by \$255,294 to \$653,362 for the year ended December 31, 2024 from \$398,068 for the year ended December 31, 2023 due primarily to a higher average balance on our money market account in 2024 as a result of our public offering.

Net Loss. Our net loss increased by \$463,793 or 5%, to \$10,417,813 for the year ended December 31, 2024 from a net loss of \$9,954,020 for the year ended December 31, 2023 for the reasons discussed above.

Liquidity and Capital Resources

In 2024, we generated commercial revenue of \$86,032. In 2025, we expect growth in commercial revenue from product sales and product development agreements. While we do not have any active government programs, we are pursuing government funding opportunities that may result in additional grant revenue in the future. We have incurred losses since our inception. We have funded our operations to date primarily through the sale of common stock and common stock equivalents.

As of December 31, 2024 and 2023, we had cash and cash equivalents of \$15,842,850 and \$8,474,835, respectively. Our net working capital and long-term debt at December 31, 2024 were \$15,735,796 and \$0, respectively.

We believe that our cash and cash equivalents on hand will be sufficient to meet our ongoing liquidity needs for at least the next 12 months. Additional future financing may be necessary to fund our operations and there can be no assurance that, if needed, we will be able to secure additional debt or equity financing on terms acceptable to us or at all. Although we believe we have adequate sources of liquidity over the long term, the success of our operations, the global economic outlook, and the pace of sustainable growth in our markets could each impact our business and liquidity.

[Table of Contents](#)

Operating activities in the year ended December 31, 2024 resulted in cash outflows of \$8,742,580, which were due to the net loss for the period of \$10,417,813, unfavorable balance sheet timing of \$399,667 and a non-cash gain on lease termination of \$15,319, partly offset by other non-cash items including stock-based compensation of \$1,596,254, depreciation and amortization of \$341,045, the write-off of long-lived assets of \$77,444 and amortization of right of use asset of \$75,476.

Operating activities in the year ended December 31, 2023 resulted in cash outflows of \$7,131,578, which were due to the net loss for the period of \$9,954,020, partly offset by other non-cash items including stock-based compensation of \$2,321,380, depreciation and amortization of \$271,746, amortization of right of use asset of \$62,150 and favorable balance sheet timing of \$167,116.

We expect an increase in cash outflows from operating activities in 2025 as we further commercialize our B-TRAN™ technology.

Investing activities in the years ended December 31, 2024 and 2023 resulted in cash outflows of \$506,428 and \$522,946, respectively. For the year ended December 31, 2024, cash outflows for the acquisition of intangible assets were \$309,162 and capital expenditures were \$197,266. For the year ended December 31, 2023, cash outflows for the acquisition of intangible assets were \$282,121 and capital expenditures were \$240,825. Our capital expenditures in both years were primarily for lab testing equipment.

Financing activities in the year ended December 31, 2024 resulted in a net cash inflow of \$16,617,023 due to net proceeds from our public offering of \$15,724,818 and proceeds from warrant and stock option exercises of \$1,120,513, slightly offset by \$228,308 for the payment of withholding taxes on the vesting of restricted stock units. Financing activities in the year ended December 31, 2023 resulted in a cash outflow of \$216,264 for the payment of withholding taxes on the vesting of restricted stock units.

Public Offering

In March and April 2024, we issued and sold 1,666,668 shares of our common stock at a price of \$7.50 per share and 633,332 pre-funded warrants to purchase shares of our common stock at a price of \$7.499 per pre-funded warrant in an underwritten public offering. The pre-funded warrants have an exercise price of \$0.001 per share. The net proceeds to us from the public offering were \$15.7 million. We intend to use the net proceeds from the public offering to fund further commercialization and development of our B-TRAN™ technology and general corporate and working capital purposes.

Contractual Obligations and Commitments

Lease

In March 2021, we entered into a lease agreement (the “Original Lease”) for 4,070 square feet of office and laboratory space located in Austin, Texas (the “Original Suite”). The commencement of the lease occurred on June 1, 2021 and the initial term of the lease was 63 months. The actual base rent in the first year of the lease was \$56,471 and was net of \$18,824 in abated rent over the first three months of the lease term. The annual base rent in the second year of the lease was \$77,330 and increased by \$2,035 in each succeeding year of the lease. In addition, we were required to pay our proportionate share of operating costs for the building under this triple net lease.

In April 2024, we entered into a first amendment and relocation agreement (the “Amended Lease”) with our landlord. Under the Amended Lease, we relocated to another, larger suite in the same office building. The Amended Lease is for 5,775 square feet of office and laboratory space (the “New Suite”) and, upon occupancy, replaced the 4,070 square feet of office and laboratory space previously leased by us. The term of the Amended Lease expires sixty-two (62) months from July 1, 2024, the commencement date. The annual base rent for the first year of the Amended Lease is \$118,388 and the annual base rent increases approximately 2.75% each year during the lease term. We are required to pay our proportionate share of operating costs for the building under this triple net lease.

In accordance with ASC 842, we accounted for the modification of the lease contract as a separate lease contract. The lease for the Original Suite terminated on June 30, 2024 and we recorded a gain on the termination of the lease for the Original Suite of \$15,319 in general and administrative expenses. We recognized a right of use asset of \$524,025 and a corresponding lease liability for the Amended Lease on the commencement date. For purposes of calculating the right of use asset and lease liability, we estimated our incremental borrowing rate at 8.5% per annum.

[Table of Contents](#)

Future minimum payments under the Amended Lease are as follows:

For the Year Ended December 31,

2025	\$	120,004
2026		123,297
2027		126,703
2028		130,197
2029		88,579
Total lease payments		588,780
Less: imputed interest		(102,764)
Total lease liability		486,016
Less: current portion of lease liability		(82,681)
Long-term lease liability	\$	<u>403,335</u>

Licensing Agreements

In 2015, we entered into a licensing agreement which expires in February 2033. Per the agreement, we have an exclusive royalty-free license associated with semiconductor power switches which enhances our intellectual property portfolio. We pay \$100,000 annually under this agreement.

In 2023, we amended a 2021 license agreement which expires in February 2034. Per the agreement, we have an exclusive royalty-free license associated with semiconductor drive circuitry which enhances our intellectual property portfolio. We pay \$50,000 annually under this agreement.

At December 31, 2024, the estimated present value of future payments under these licensing agreements was \$1,157,375 with \$150,000 due and payable in 2025. We are accruing interest for future payments related to these agreements.

ITEM 7A: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

ITEM 8: FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Ideal Power Inc.

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Ideal Power Inc. (the “Company”) as of December 31, 2024 and 2023, and the related statements of operations, stockholders’ equity and cash flows for each of the two years in the period ended December 31, 2024, 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, 2024 and 2023, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2024, 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 audit. 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit 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 audit, 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 audit 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 audit 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 audit provides a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter 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 critical audit matters 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 matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which they relate.

Carrying Value of Intangible Assets

As described in Note 2 to the financial statements, the Company’s intangible asset, net balance was \$2.6 million as of December 31, 2024. The Company capitalizes third-party legal costs and filing fees, if any, associated with obtaining patents or other intangible assets. Once the patent asset has been placed in service, the Company amortizes these costs over the shorter of the asset’s legal or estimated economic life using the straight-line method. The Company also evaluates for potential impairment of long-lived assets, including intangible assets composed of patents, no less frequently than annually or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The principal considerations for our determination that performing procedures relating to the carrying value of intangible assets is a critical audit matter are the significant amount of judgment by management in developing the assumptions of future economic benefit in an impairment analysis, which in turn led to significant auditor judgment, subjectivity and effort in performing audit procedures and evaluating audit evidence relating to the analysis.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the financial statements. These procedures included, among others, reviewing current and forecasted operating conditions for indication of impairment. We also reviewed board minutes, news, and industry reports for indications of impairment. Last, we obtained an understanding of potential future customers indicating future recoverability.

/s/ BPM LLP

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

San Jose, California
March 28, 2025

IDEAL POWER INC.

Balance Sheets

	December 31,	
	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 15,842,850	\$ 8,474,835
Accounts receivable, net	692	70,000
Inventory	96,406	81,450
Prepayments and other current assets	356,658	482,890
Total current assets	16,296,606	9,109,175
Property and equipment, net	415,232	359,225
Intangible assets, net	2,611,998	2,580,066
Right of use asset	483,497	186,570
Other assets	19,351	13,034
Total assets	\$ 19,826,684	\$ 12,248,070
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 104,117	\$ 405,098
Accrued expenses	374,012	455,112
Current portion of lease liability	82,681	70,683
Total current liabilities	560,810	930,893
Long-term lease liability	403,335	132,304
Other long-term liabilities	1,007,375	1,125,173
Total liabilities	1,971,520	2,188,370
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Preferred stock, \$0.001 par value; 10,000,000 shares authorized; 0 shares issued and outstanding at December 31, 2024 and 2023	—	—
Common stock, \$0.001 par value; 50,000,000 shares authorized; 8,336,812 shares issued and 8,335,491 shares outstanding at December 31, 2024 and 5,998,018 shares issued and 5,996,697 shares outstanding at December 31, 2023	8,337	5,998
Additional paid-in capital	125,327,300	107,116,362
Treasury stock, at cost; 1,321 shares at December 31, 2024 and 2023, respectively	(13,210)	(13,210)
Accumulated deficit	(107,467,263)	(97,049,450)
Total stockholders' equity	17,855,164	10,059,700
Total liabilities and stockholders' equity	\$ 19,826,684	\$ 12,248,070

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

IDEAL POWER INC.
Statements of Operations

	For the Year Ended December 31,	
	2024	2023
Commercial revenue	\$ 86,032	\$ 161,483
Grant revenue	—	37,388
Total revenue	<u>86,032</u>	<u>198,871</u>
Cost of commercial revenue	93,409	123,225
Cost of grant revenue	—	37,388
Total cost of revenue	<u>93,409</u>	<u>160,613</u>
Gross profit (loss)	<u>(7,377)</u>	<u>38,258</u>
Operating expenses:		
Research and development	6,207,218	5,743,211
General and administrative	3,608,536	3,533,383
Sales and marketing	1,248,044	1,113,752
Total operating expenses	<u>11,063,798</u>	<u>10,390,346</u>
Loss from operations	(11,071,175)	(10,352,088)
Interest income, net	653,362	398,068
Net loss	<u>\$ (10,417,813)</u>	<u>\$ (9,954,020)</u>
Net loss per share – basic and diluted	<u>\$ (1.28)</u>	<u>\$ (1.61)</u>
Weighted average number of shares outstanding – basic and diluted	<u>8,165,485</u>	<u>6,190,746</u>

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

IDEAL POWER INC.

Statement of Stockholders' Equity
For the Years Ended December 31, 2024 and 2023

	Common Stock		Additional Paid-In Capital	Treasury Stock		Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount		Shares	Amount		
Balances at December 31, 2022	5,926,001	\$ 5,926	\$ 105,011,318	1,321	\$ (13,210)	\$ (87,095,430)	\$ 17,908,604
Vesting of restricted stock units	72,017	72	(216,336)	—	—	—	(216,264)
Stock-based compensation	—	—	2,321,380	—	—	—	2,321,380
Net loss for the year ended December 31, 2023	—	—	—	—	—	(9,954,020)	(9,954,020)
Balances at December 31, 2023	5,998,018	5,998	107,116,362	1,321	(13,210)	(97,049,450)	10,059,700
Issuance of common stock and pre-funded warrants	1,666,668	1,667	15,723,151	—	—	—	15,724,818
Exercise of options and warrants	575,829	576	1,119,938	—	—	—	1,120,514
Vesting of restricted stock units	96,297	96	(228,405)	—	—	—	(228,309)
Stock-based compensation	—	—	1,596,254	—	—	—	1,596,254
Net loss for the year ended December 31, 2024	—	—	—	—	—	(10,417,813)	(10,417,813)
Balances at December 31, 2024	<u>8,336,812</u>	<u>\$ 8,337</u>	<u>\$ 125,327,300</u>	<u>1,321</u>	<u>\$ (13,210)</u>	<u>\$ (107,467,263)</u>	<u>\$ 17,855,164</u>

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

IDEAL POWER INC.

Statements of Cash Flows

	For the Year Ended December 31,	
	2024	2023
Cash flows from operating activities:		
Net loss	\$ (10,417,813)	\$ (9,954,020)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	341,045	271,746
Amortization of right of use asset	75,476	62,150
Write-off of capitalized patents	62,073	—
Write-off of property and equipment	15,371	—
Gain on lease termination	(15,319)	—
Stock-based compensation	1,596,254	2,321,380
Decrease (increase) in operating assets:		
Accounts receivable	69,308	(4,064)
Inventory	(14,956)	(81,450)
Prepaid expenses and other assets	119,915	6,630
Increase (decrease) in operating liabilities:		
Accounts payable	(300,981)	274,595
Accrued expenses and other liabilities	(198,898)	36,052
Lease liability	(74,055)	(64,597)
Net cash used in operating activities	(8,742,580)	(7,131,578)
Cash flows from investing activities:		
Purchase of property and equipment	(197,266)	(240,825)
Acquisition of intangible assets	(309,162)	(282,121)
Net cash used in investing activities	(506,428)	(522,946)
Cash flows from financing activities:		
Net proceeds from issuance of common stock and pre-funded warrants	15,724,818	—
Exercise of options and warrants	1,120,514	—
Payment of taxes upon vesting of restricted stock units	(228,309)	(216,264)
Net cash provided by (used in) financing activities	16,617,023	(216,264)
Net increase (decrease) in cash and cash equivalents	7,368,015	(7,870,788)
Cash and cash equivalents at beginning of year	8,474,835	16,345,623
Cash and cash equivalents at end of year	\$ 15,842,850	\$ 8,474,835

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

Ideal Power Inc.**Notes to Financial Statements****Note 1 — Organization and Description of Business**

Ideal Power Inc. (the “Company”) was incorporated in Texas in May 2007 under the name Ideal Power Converters, Inc. The Company changed its name to Ideal Power Inc. and re-incorporated in Delaware on July 2013. With headquarters in Austin, Texas, the Company is focused on the further development and commercialization of its Bidirectional bipolar junction TRANSistor (B-TRAN®) solid-state switch technology.

Since its inception, the Company has financed its research and development efforts and operations primarily through the sale of common stock and pre-funded warrants. The Company’s continued operations are dependent upon, among other things, its ability to obtain adequate sources of funding through future revenues, follow-on stock offerings, issuances of warrants, debt financing, co-development agreements, government grants, sale or licensing of developed intellectual property or other alternatives.

Note 2 — Summary of Significant Accounting PoliciesBasis of Presentation

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Trade accounts receivable are stated net of a provision for credit losses. The provision for credit losses represents an estimate of the lifetime expected credit losses inherent in trade receivables as of the balance sheet date. The Company assesses the adequacy of the provision for credit losses on a quarterly basis based on historical information and current economic conditions and forecasts. Subsequent changes in the provision for credit losses are recorded in current earnings and reversal of previous losses are permitted under the current guidance. While the Company believes it has exercised prudent judgment and applied reasonable assumptions, there can be no assurance that in the future, changes in economic conditions or other factors will not cause changes in the financial health of its customers. If the financial health of customers deteriorates, the timing and level of payments received could be impacted and therefore, could result in a change to the Company’s estimated losses.

Trade accounts receivable at December 31, 2024 relate to product sales. At December 31, 2024, the provision for credit losses was \$0.

Property and Equipment

Property and equipment are stated at historical cost less accumulated depreciation and amortization. Major additions and improvements are capitalized while maintenance and repairs that do not improve or extend the useful life of the respective asset are expensed. Depreciation and amortization of property and equipment is computed using the straight-line method over their estimated useful lives. Leasehold improvements are amortized over the shorter of the life of the asset or the related leases. Estimated useful lives of the principal classes of assets are as follows:

	Shorter of lease term or useful life (in years)
Leasehold improvements	
Machinery and equipment and furniture and fixtures	5
Software and IT equipment	3

Intangible Assets

The Company’s intangible assets are composed of patents and trademarks, which are recorded at cost, and other intangible assets, which are recorded at cost plus the estimated present value of all future payments associated with the other intangible assets. The Company capitalizes third-party legal costs and filing fees, if any, associated with obtaining patents, trademarks or other intangible assets. Once the patent asset has been placed in service, the Company amortizes these costs over the shorter of the asset’s legal life, generally 20 years from the initial filing date, or its estimated economic life using the straight-line method. Trademarks are not amortized as trademarks have an indefinite useful life. For the other intangible assets, the Company amortizes the assets over the 11-year and 17-year terms of the underlying agreements.

Impairment of Long-Lived Assets

The long-lived assets, consisting of property and equipment and intangible assets, held and used by the Company are reviewed for impairment no less frequently than annually or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In the event that facts and circumstances indicate that the cost of any long-lived assets may be impaired, an evaluation of recoverability is performed. Management has determined that there was an impairment in the value of long-lived assets in the amount of \$77,444 during the year ended December 31, 2024. There were no impairments in the value of long-lived assets during the year ended December 31, 2023.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities measured at fair value are categorized based on whether or not the inputs are observable in the market and the degree that the inputs are observable. The categorization of financial assets and liabilities within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of inputs used to establish fair value are the following:

- Level 1 — Quoted prices in active markets for identical assets or liabilities;
- Level 2 — Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

The Company's financial instruments primarily consist of cash and cash equivalents, accounts payable and long-term liabilities. As of the balance sheet dates, the estimated fair values of the financial instruments were not materially different from their carrying values as presented on the balance sheets. This is primarily attributed to the short-term nature of these instruments.

In 2015, the Company recorded a long-term liability for the estimated present value of future payments under licensing agreements. In 2021, the Company recorded an adjustment to increase the long-term liability due to an increase in the future payments due under these licensing agreements. In 2023, the Company recorded a long-term liability for the estimated present value of future payments under a separate licensing agreement. The Company determined the discount rate to estimate the present value of the future payments based on the applicable treasury rates. The Company's long-term liability is classified within Level 3. See Note 5 and Note 8 for more details regarding the licensing agreements. The Company did not identify any other assets and liabilities that are required to be presented in the balance sheets at fair value.

Revenue Recognition

The Company recognizes revenue and related cost of revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606, "Revenue from Contracts with Customers" and, as applicable, with the guidance issued by the FASB in June 2018 for the recipients of grants.

Commercial revenue relates to either the development agreements with customers or product sales. Commercial revenue under development agreements is generally recognized upon the completion of contractual deliverables. Commercial revenue from product sales is generally recognized upon shipment of products. Grant revenue relates to government contracts. Government contracts are agreements that generally provide the Company with cost reimbursement for certain types of development activities over a contractually defined period. Grant revenue is recognized in the period during which the Company incurs the related costs, provided that the Company has incurred the cost in accordance with the specifications and work plans determined between the Company and the government entity.

For the year ended December 31, 2024, the Company recognized \$86,032 in commercial revenue and no grant revenue. For the year ended December 31, 2023, the Company recognized \$161,483 of commercial revenue and \$37,388 of grant revenue.

Research and Development

Research and development costs are presented as a line item under operating expenses and are expensed as incurred. Research and development costs include costs to further develop the Company's B-TRAN® technology and related products and include, but are not limited to, the cost of engineering personnel, wafer fabrication, contract labor, driver design and fabrication, device packaging, product development, testing and other engineering services, stock-based compensation for engineering personnel, consulting and materials and supplies.

Income Taxes

The Company accounts for income taxes using an asset and liability approach which allows for the recognition and measurement of deferred tax assets based upon the likelihood of realization of tax benefits in future years. Under the asset and liability approach, deferred taxes are provided for the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. A valuation allowance is provided for deferred tax assets if it is more likely than not these items will either expire before the Company is able to realize their benefits, or that future deductibility is uncertain. At December 31, 2024 and 2023, the Company established a full reserve against all the net deferred tax assets.

Tax benefits from an uncertain tax position are recognized only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate resolution.

Net Loss Per Share

The Company applies FASB ASC 260, "Earnings per Share." Basic earnings (loss) per share is computed by dividing earnings (loss) available to common stockholders by the weighted-average number of common shares outstanding. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the denominator is increased to include additional common shares available upon exercise of equity awards and warrants using the treasury stock method. In periods with a net loss, no common share equivalents are included because their effect would be anti-dilutive.

In accordance with ASC 260, shares issuable for little or no cash consideration are considered outstanding common shares and included in the computation of basic earnings per share. As such, the Company includes pre-funded warrants to purchase shares of common stock in its computation of earnings per share. The pre-funded warrants were issued in March 2024 and November 2019 with an exercise price of \$0.001. See Note 11.

At December 31, 2024 and 2023, potentially dilutive shares outstanding amounted to 1,297,369 and 1,597,898 shares, respectively, and exclude pre-funded warrants to purchase shares of common stock.

Segment Information

Operating segments are defined as components of an entity for which separate financial information is available and that is regularly reviewed by the Chief Operating Decision Maker ("CODM") in deciding how to allocate resources to an individual segment and in assessing performance. The Company's Chief Executive Officer is the Company's CODM. The CODM reviews financial information presented on a company-wide basis for purposes of making operating decisions, allocating resources, and evaluating financial performance. As such, the Company has determined that it operates as one operating segment. The Company has concluded that net income (loss) is the measure of segment profitability. The CODM assesses performance for the Company, monitors budget versus actual results, and determines how to allocate resources based on net income (loss) as reported in the statements of operations. There are no other expense categories regularly provided to the CODM that are not already included in the financial statements herein.

During the years ended December 31, 2024 and 2023, the Company did not generate material international revenues and as of December 31, 2024 and 2023, the Company did not have material assets located outside of the United States.

Stock Based Compensation

The Company applies FASB ASC 718, "Stock Compensation," when recording stock-based compensation. Grants to non-employees are also accounted for under ASC 718. The fair value of each stock option award is estimated on the date of grant using the Black-Scholes option valuation model. The fair value of each performance stock unit award is estimated on the date of grant using a Monte Carlo simulation. The fair value of each restricted stock unit award is the closing pricing of the Company's stock on the date of grant.

The Company issues common stock upon exercise of equity awards and warrants and upon the vesting of performance stock units and restricted stock units.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents. The Company maintains its cash with a major financial institution located in the United States. Balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Company maintains balances in excess of federally insured limits. The Company has not experienced losses in such accounts and believes it is not exposed to significant credit risk regarding its cash and cash equivalents.

Recent Accounting Pronouncements

Management does not believe that any recently issued, but not yet effective, accounting standards, if adopted, would have a material impact on the Company's financial statements.

Note 3 — Prepayments and Other Current Assets

Prepayments and other current assets consisted of the following:

	December 31,	
	2024	2023
Prepaid insurance	\$ 165,590	\$ 204,572
Prepaid software	103,256	64,082
Prepaid semiconductor fabrication costs	10,000	88,150
Prepaid inventory	—	58,200
Other	77,812	67,886
	<u>\$ 356,658</u>	<u>\$ 482,890</u>

Note 4 — Property and Equipment

Property and equipment, net consisted of the following:

	December 31,	
	2024	2023
Machinery and equipment	\$ 494,683	\$ 392,395
Software and IT equipment	142,474	150,745
Furniture and fixtures	66,807	24,848
Building leasehold improvements	18,984	10,245
	<u>722,948</u>	<u>578,233</u>
Accumulated depreciation and amortization	(307,716)	(219,008)
	<u>\$ 415,232</u>	<u>\$ 359,225</u>

Depreciation expense amounted to \$125,888 and \$81,703 for the years ended December 31, 2024 and 2023, respectively. During the year ended December 31, 2024, the Company wrote off \$52,551 in property and equipment and related accumulated depreciation of \$37,180 for a net write-off of \$15,371 of which \$10,293 is included in research and development expenses and \$5,078 is included in general and administrative expenses in the accompanying statement of operations. During the year ended December 31, 2023, the Company wrote off \$5,061 in fully depreciated property and equipment.

Note 5 — Intangible Assets

Intangible assets, net consisted of the following:

	December 31,	
	2024	2023
Patents	\$ 1,770,374	\$ 1,530,257
Trademarks	22,767	15,794
Other intangible assets	1,843,036	1,843,036
	<u>3,636,177</u>	<u>3,389,087</u>
Accumulated amortization - patents	(349,279)	(272,872)
Accumulated amortization – other intangible assets	(674,900)	(536,149)
	<u>\$ 2,611,998</u>	<u>\$ 2,580,066</u>

At December 31, 2024 and 2023, the Company had capitalized \$541,081 and \$460,890, respectively, for costs related to patents that have not been awarded. Costs related to patents that have not been awarded are not amortized until patent issuance. For the year ended December 31, 2024, the Company wrote-off a capitalized patent of \$62,073 included in general and administrative expenses in the accompanying statement of operations.

[Table of Contents](#)

At December 31, 2024 and 2023, the Company had capitalized \$22,767 and \$15,794, respectively, for costs related to trademarks. Costs related to indefinite life trademarks are not amortized but are subject to evaluation for potential impairment.

Amortization expense amounted to \$215,157 and \$190,043 for the years ended December 31, 2024 and 2023, respectively. Amortization expense for the succeeding five years and thereafter is \$218,053 (2025-2029) and \$957,885 (thereafter).

Note 6 — Accrued Expenses

Accrued expenses consisted of the following:

	December 31,	
	2024	2023
Accrued compensation	\$ 118,443	\$ 185,494
Accrued licensing fees	100,000	100,000
Accrued professional fees	80,410	79,156
Accrued Board fees	62,500	62,500
Other	12,659	27,962
	<u>\$ 374,012</u>	<u>\$ 455,112</u>

Note 7 — Lease

In March 2021, the Company entered into a lease agreement (the “Original Lease”) for 4,070 square feet of office and laboratory space located in Austin, Texas (the “Original Suite”). The commencement of the lease occurred on June 1, 2021 and the initial term of the lease was 63 months. The actual base rent in the first year of the lease was \$56,471 and was net of \$18,824 in abated rent over the first three months of the lease term. The annual base rent in the second year of the lease was \$77,330 and increased by \$2,035 in each succeeding year of the lease. In addition, the Company was required to pay its proportionate share of operating costs for the building under this triple net lease.

In April 2024, the Company entered into a first amendment and relocation agreement (the “Amended Lease”) with its landlord. Under the Amended Lease, the Company relocated to another, larger suite in the same office building. The Amended Lease is for 5,775 square feet of office and laboratory space (the “New Suite”) and, upon occupancy, replaced the 4,070 square feet of office and laboratory space previously leased by the Company. The term of the Amended Lease expires sixty-two (62) months from July 1, 2024, the commencement date. The annual base rent for the first year of the Amended Lease is \$118,388 and the annual base rent increases approximately 2.75% each year during the lease term. The Company is required to pay its proportionate share of operating costs for the building under this triple net lease.

In accordance with ASC 842, the Company accounted for the modification of the lease contract as a separate lease contract. The lease for the Original Suite terminated on June 30, 2024 and the Company recorded a gain on the termination of the lease for the Original Suite of \$15,319 in general and administrative expenses. The Company recognized a right of use asset of \$524,025 and a corresponding lease liability for the Amended Lease on the commencement date. For purposes of calculating the right of use asset and lease liability, the Company estimated its incremental borrowing rate at 8.5% per annum.

Future minimum payments under the Amended Lease are as follows:

For the Year Ended December 31,

2025	\$ 120,004
2026	123,297
2027	126,703
2028	130,197
2029	88,579
Total lease payments	588,780
Less: imputed interest	(102,764)
Total lease liability	486,016
Less: current portion of lease liability	(82,681)
Long-term lease liability	<u>\$ 403,335</u>

For the year ended December 31, 2024, operating cash outflows for lease payments totaled \$99,046 and the operating lease cost, recognized on a straight-line basis, totaled \$100,466. For the year ended December 31, 2023, operating cash outflows for lease payments totaled \$78,517 and the operating lease cost, recognized on a straight-line basis, totaled \$76,070. At December 31, 2024, the remaining lease term was 56 months.

Note 8 — Commitments and Contingencies

Licensing Agreements

In 2015, the Company entered into a licensing agreement which expires in February 2033. Per the agreement, the Company has an exclusive royalty-free license associated with semiconductor power switches which enhances its intellectual property portfolio. The Company pays \$100,000 annually under this agreement.

In 2023, the Company amended a 2021 license agreement which expires in February 2034. Per the agreement, the Company has an exclusive royalty-free license associated with semiconductor drive circuitry which enhances its intellectual property portfolio. The Company pays \$50,000 annually under this agreement.

At December 31, 2024, the estimated present value of future payments under these licensing agreements was \$1,157,375 with \$150,000 due and payable in 2025. The Company is accruing interest for future payments related to these agreements.

Legal Proceedings

The Company may be subject to litigation from time to time in the ordinary course of business. The Company is not currently party to any legal proceedings.

Indemnification Obligations

The employment agreements of Company executives include an indemnification provision whereby the Company shall indemnify and defend, at the Company's expense, its executives so as long as an executive's actions were taken in good faith and in furtherance of Company's business and within the scope of executive's duties and authority.

Note 9 — Equity

All shares of common stock have a par value of \$0.001. Each holder of common stock is entitled to one vote per share outstanding.

Public Offering

In March 2024, the Company issued and sold 1,366,668 shares of its common stock at a price of \$7.50 per share and 633,332 pre-funded warrants to purchase shares of common stock at a price of \$7.499 per pre-funded warrant in an underwritten public offering. The pre-funded warrants have an exercise price of \$0.001 per share. The underwriter had a 30-day option to purchase up to an additional 300,000 shares of common stock at the offering price, less the underwriting discounts and commissions. In April 2024, the underwriter exercised in full its 30-day option to purchase an additional 300,000 shares of the Company's common stock at the offering price of \$7.50 per share, less underwriting discounts and commissions. The net proceeds to the Company from the public offering, including the underwriter's exercise of its option to purchase additional shares, were \$15.7 million.

Note 10 — Equity Incentive Plan

In May 2013, the Company adopted the 2013 Equity Incentive Plan (as amended and restated, the "Plan") and reserved shares of common stock for issuance under the Plan, which was last amended in June 2023. The plan is administered by the Compensation Committee of the Company's Board of Directors (the "Board"). At December 31, 2024, there were 256,267 shares of common stock available for issuance under the Plan.

During the year ended December 31, 2024, the Company granted 38,710 restricted stock units to Board members, 125,000 restricted stock units to executives and 128,922 restricted stock units to employees under the Plan. The estimated fair value of these equity grants was \$2,072,676, of which \$541,957 was recognized in the respective department expenses in the accompanying statement of operations for the year ended December 31, 2024.

During the year ended December 31, 2023, the Company granted 12,000 stock options to employees, 27,550 restricted stock units to Board members and 60,200 restricted stock units to employees under the Plan. During the year ended December 31, 2023, the Company granted no awards to executives under the Plan. The estimated fair value of these equity grants, calculated using the Black-Scholes option valuation model for the stock options, was \$915,789, of which \$363,563 was recognized in the respective department expenses in the accompanying statement of operations for the year ended December 31, 2023.

[Table of Contents](#)

As permitted by SAB 107, management utilizes the simplified approach to estimate the expected term of stock options, which represents the period of time that options granted are expected to be outstanding. The risk-free interest rate for periods within the contractual life of the option is based on the U.S. treasury yield in effect at the time of grant. The volatility is estimated based on the historical volatilities of comparable companies. The Company has never declared or paid dividends and has no plans to do so in the foreseeable future.

The assumptions used in the Black-Scholes model for the year ended December 31, 2023 are as follows:

Average risk-free interest rate	4.13%
Expected dividend yield	—%
Expected life (in years)	6.00
Expected volatility	90%

No stock options were granted in the year ended December 31, 2024.

A summary of the Company's stock option activity and related information is as follows:

	2024			2023		
	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Life (in years)	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Life (in years)
Outstanding at January 1	525,948	\$ 7.69	5.7	513,948	\$ 7.59	6.6
Granted	—	\$ —		12,000	\$ 11.96	
Exercised	(8,334)	\$ 10.41		—	\$ —	
Forfeited / Expired	(8,200)	\$ 12.95		—	\$ —	
Outstanding at December 31	<u>509,414</u>	\$ 7.56	4.6	<u>525,948</u>	\$ 7.69	5.7
Exercisable at December 31	<u>497,414</u>	\$ 7.44	4.5	<u>475,287</u>	\$ 7.18	5.4

The following table sets forth additional information about stock options outstanding at December 31, 2024:

Range of Exercise Prices	Options Outstanding	Weighted Average Remaining Life (in years)	Weighted Average Exercise Price	Options Exercisable
\$1.99 – \$2.85	181,557	3.2	\$ 2.52	181,557
\$4.25 – \$9.31	176,736	5.5	\$ 7.33	176,736
\$10.41 – \$17.25	146,968	5.2	\$ 12.96	134,968
\$31.50 – \$79.40	4,153	1.7	\$ 47.08	4,153
	<u>509,414</u>			<u>497,414</u>

Stock options granted under the Plan have ten-year terms and generally vest annually over a three-year vesting period except for option grants to independent directors that generally vest quarterly over a one-year vesting period.

The estimated aggregate pretax intrinsic value (the difference between the Company's stock price on the last day of the year ended December 31, 2024 and the exercise prices, multiplied by the number of in-the-money options) is \$1.0 million for both outstanding and vested options. This amount changes based on the fair value of the Company's stock.

A summary of the Company's restricted stock unit ("RSU") and performance stock unit ("PSU") activity is as follows:

	2024		2023	
	RSUs	PSUs	RSUs	PSUs
Outstanding at January 1	171,530	114,000	183,666	114,000
Granted	292,632	—	87,750	—
Vested	(130,447)	—	(99,886)	—
Forfeited	(2,000)	—	—	—
Outstanding at December 31	<u>331,715</u>	<u>114,000</u>	<u>171,530</u>	<u>114,000</u>

[Table of Contents](#)

In the year ended December 31, 2024, 130,447 restricted stock units vested of which 34,150 restricted stock units were forfeited to cover employee and executive payroll tax withholding obligations. In the year ended December 31, 2023, 99,886 restricted stock units vested of which 27,869 restricted stock units were forfeited to cover employee and executive payroll tax withholding obligations. The payment of the taxes on the vesting of the restricted stock units is shown as a financing activity on the accompanying statement of cash flow.

As of December 31, 2024, there was \$2,282,686 of unrecognized compensation cost related to non-vested share-based compensation arrangements. That cost is expected to be recognized over a weighted average period of 1.1 years.

Note 11 — Warrants

During the year ended December 31, 2024, the Company issued 633,332 pre-funded warrants with an exercise price of \$0.001 and no expiration date. See Note 9.

During the year ended December 31, 2024, warrant holders exercised 444,180 warrants with a weighted average exercise price of \$2.33 and 123,333 pre-funded warrants with an exercise price of \$0.001.

At December 31, 2024, there were 342,240 warrants outstanding at an exercise price of \$8.90 and 763,827 pre-funded warrants outstanding at an exercise price of \$0.001. At December 31, 2023, there were 786,420 warrants outstanding at a weighted average exercise price of \$5.19 and 253,828 pre-funded warrants outstanding at an exercise price of \$0.001.

All warrants were exercisable at December 31, 2024 although warrants may generally be exercised only to the extent that the total number of shares of common stock then beneficially owned by these shareholders does not exceed 4.99% (or, at the investor's election, 9.99%) of the outstanding shares of the Company's stock.

The remaining life, excluding the 763,827 pre-funded warrants with no expiration date, of the outstanding warrants is 0.6years.

The estimated aggregate pre-tax intrinsic value (the difference between the Company's stock price on the last day of the year ended December 31, 2024 and the exercise prices, multiplied by the number of in-the-money warrants) is \$5.8 million.

Note 12 — Income Taxes

Income taxes are disproportionate to income due to net operating loss carryforwards, which are fully reserved. As of December 31, 2024, the Company has federal net operating loss carryforwards of approximately \$76 million. The federal net operating loss carryforward for years prior to 2018 expire from 2031 through 2038. Federal net operating loss carryforwards for year 2018 and thereafter do not expire.

Pursuant to Internal Revenue Code Sections 382 and 383, use of the Company's net operating loss and credit carryforwards may be limited if a cumulative change in ownership of more than 50% occurs within any three-year period since the last ownership change. The Company may have had one or more changes in control under these Sections. However, the Company does not anticipate performing a complete analysis of the limitation on the annual use of the net operating loss and tax credit carryforwards until the time that it projects it will be able to utilize these tax attributes.

Management has concluded that it is more likely than not that the Company will not have sufficient foreseeable taxable income within the carryforward period as applicable and permitted by current law to allow for the utilization of certain of the deductible amounts generating the deferred tax assets; therefore, a full valuation allowance has been established to reduce the net deferred tax assets to zero at December 31, 2024 and 2023.

The following is a summary of the significant components of the Company's net deferred income tax assets and liabilities as of December 31, 2024 and 2023:

	For the Year Ended December 31,	
	2024	2023
Current deferred income tax assets:		
Accrued compensation and other	\$ 8,000	\$ 31,000
Less: valuation allowance	(8,000)	(31,000)
	<u>\$ —</u>	<u>\$ —</u>
Non-current deferred income tax assets and (liabilities):		
Net operating loss	\$ 16,049,000	\$ 14,686,000
Research and development credit	18,000	18,000
Research and experimental costs	2,018,000	1,207,000
Warrants issued for services	—	45,000
Depreciation and amortization	6,000	227,000
Exercise of options and warrants	(49,000)	(36,000)
Stock based compensation	1,968,000	1,718,000
Intangibles and other	(561,000)	(787,000)
Less: valuation allowance	(19,449,000)	(17,078,000)
Net non-current deferred tax assets	<u>\$ —</u>	<u>\$ —</u>

[Table of Contents](#)

The Company has applied the provisions of FASB ASC 740, *Income Tax*, which clarifies the accounting for uncertainty in tax positions. FASB ASC 740 requires the recognition of the impact of a tax position in the financial statements if that position is more likely than not of being sustained on a tax return upon examination by the relevant taxing authority, based on the technical merits of the position. At December 31, 2024 and 2023, the Company had no unrecognized tax benefits.

The Company recognizes interest and penalties related to income tax matters in interest expense and operating expenses, respectively. As of December 31, 2024 and 2023, the Company has no accrued interest and penalties related to uncertain tax positions.

The Company is subject to tax in the United States (“U.S.”) and files tax returns in the U.S. federal and certain state jurisdictions. The Company is generally no longer subject to U.S. federal, state and local income tax examinations by tax authorities for all tax years since inception due to the carryover of unused net operating losses and tax credits. The Company currently is not under examination by any tax authority.

The reconciliation between the statutory income tax rate and the effective tax rate is as follows:

	For the Year Ended	
	December 31,	
	2024	2023
Statutory federal income tax rate	(21)%	(21)%
Other	(2)	—
Valuation allowance	23	21
	—%	—%

ITEM 9: CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A: CONTROLS AND PROCEDURES

Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer ("CEO"), our principal executive officer, and our Chief Financial Officer ("CFO"), our principal financial and accounting officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. The evaluation was undertaken in consultation with our accounting personnel. Based on that evaluation, our CEO and CFO concluded that, as of December 31, 2024, our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Internal control over financial reporting is a process designed by, or under the supervision of, our CEO and CFO and effected by our Board, management and other personnel, 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. Our management, under the supervision and with the participation of our CEO and CFO, conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations (COSO). Our management engaged a third-party firm to assist them in the testing and assessment of our internal controls over financial reporting. Based on such evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2024.

This Annual Report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation requirements by our independent registered public accounting firm pursuant to rules of the SEC that permit us to provide only management's report in this Annual Report.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in management's evaluation pursuant to Rule 13a-15(d) or 15d-15(d) of the Act during the three months ended December 31, 2024 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our CEO and CFO, do not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, 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, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of a simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of control effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

ITEM 9B: OTHER INFORMATION

During the three months ended December 31, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 9C: DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None.

PART III**ITEM 10: DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

The information required by this item is incorporated herein by reference from our definitive proxy statement relating to the 2025 annual meeting of stockholders to be filed no later than 120 days after the end of our fiscal year ended December 31, 2024.

ITEM 11: EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference from our definitive proxy statement relating to the 2025 annual meeting of stockholders to be filed no later than 120 days after the end of our fiscal year ended December 31, 2024.

ITEM 12: SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS

The following table provides information as of December 31, 2024, concerning shares of our common stock authorized for issuance under our equity compensation plans, which consists only of our 2013 Plan.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights ⁽¹⁾	Weighted Average Exercise Price of Outstanding Options, Warrants, and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in the First Column) ⁽²⁾
Equity compensation plans approved by security holders	509,414	\$ 7.56	256,267
Equity compensation plans not approved by security holders	—	—	—
Total	509,414	\$ 7.56	256,267

- (1) Does not include 445,715 unvested shares outstanding as of December 31, 2024 in the form of restricted stock units or performance-based restricted stock units under our 2013 Plan, which do not require the payment of any consideration by the recipients.
- (2) The 2013 Plan provides for the grant of stock options, restricted stock, restricted stock units, performance shares, performance units and other share-based awards.

ITEM 13: CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference from our definitive proxy statement relating to the 2025 annual meeting of stockholders to be filed no later than 120 days after the end of our fiscal year ended December 31, 2024.

ITEM 14: PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated by reference from our definitive proxy statement relating to the 2025 annual meeting of stockholders to be filed no later than 120 days after the end of our fiscal year ended December 31, 2024.

PART IV

ITEM 15: EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Documents Filed with Report

(1) *Financial Statements.*

[Report of Independent Registered Accounting Firm \(PCAOB ID: 207\)](#)

[23](#)

[Balance Sheets as of December 31, 2024 and 2023](#)

[24](#)

[Statements of Operations for the years ended December 31, 2024 and 2023](#)

[25](#)

[Statement of Stockholders' Equity for the years ended December 31, 2024 and 2023](#)

[26](#)

[Statements of Cash Flows for the years ended December 31, 2024 and 2023](#)

[27](#)

(2) *Schedules.*

All financial statement schedules have been omitted because they are not required, are not applicable or the information is included in the consolidated financial statements or related notes thereto.

(3) *Exhibits.*

The following exhibits are filed as part of this Annual Report on Form 10-K or incorporated by reference, as indicated:

EXHIBIT INDEX

Exhibit No.	Description of Document
3.1	Delaware Certificate of Conversion including Certificate of Incorporation of Ideal Power Inc. (1)
3.2	Certificate of Amendment of the Certificate of Incorporation of Ideal Power Inc. (2)
3.3	Certificate of Designation of Preferences, Rights and Limitations of Series A Convertible Preferred Stock (3)
3.4	Second Amended and Restated Bylaws of Ideal Power Inc. (4)
4.1	Specimen Common Stock Certificate (5)
4.2	Form of Series B Pre-Funded Common Stock Warrant (6)
4.3	Form of Series C Common Stock Purchase Warrant (7)
4.4	Form of Pre-Funded Warrant (8)
4.5	Description of Registrant's Securities *
10.1	Ideal Power Inc. Amended and Restated 2013 Equity Incentive Plan (9) +
10.2	Second Revised and Restated Employment Agreement between the Company and R. Daniel Brdar dated April 8, 2020 (10) +
10.3	Employment Agreement between the registrant and Timothy W. Burns dated September 16, 2014 (11) +
19	Insider Trading Policy*
23.1	Consent of BPM LLP, Independent Registered Public Accounting Firm*
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
31.2	Certification of Principal Financial and Accounting Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
32.1	Certification of Principal Executive Officer and Principal Financial and Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**
97	Incentive Compensation Recovery Policy (12)
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document*
101.SCH	Inline XBRL Taxonomy Extension Schema*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase*
104	Cover Page Interactive Data File (embedded within the Inline XBRL document and contained in Exhibit 101).

* Filed herewith

** Furnished herewith

+ Indicates a management contract or compensatory agreement

- (1) Incorporated by reference to Exhibit 3.1 to the registrant's registration statement on Form S-1, file no. 333-190414, originally filed with the Securities and Exchange Commission on August 6, 2013, as amended.
- (2) Incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 20, 2019.
- (3) Incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 27, 2017.
- (4) Incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 17, 2022.
- (5) Incorporated by reference to Exhibit 4.1 to the registrant's Quarterly Report on Form 10-Q, filed with the Securities and Exchange Commission on May 14, 2021.
- (6) Incorporated by reference to Exhibit 4.2 to the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 13, 2019.
- (7) Incorporated by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 3, 2020.

[Table of Contents](#)

- (8) Incorporated by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 28, 2024.
- (9) Incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 16, 2023.
- (10) Incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 14, 2020.
- (11) Incorporated by reference to Exhibit 10.2 to the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 19, 2014.
- (12) Incorporated by reference to Exhibit 97 to the registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 1, 2024.

ITEM 16: FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Austin, State of Texas, on this 28th day of March 2025.

IDEAL POWER INC.

By: /s/ R. Daniel Brdar
R. Daniel Brdar,
Chief Executive Officer

By: /s/ Timothy Burns
Timothy Burns,
Chief Financial Officer

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.

Dated: March 28, 2025

/s/ R. Daniel Brdar
R. Daniel Brdar,
Chief Executive Officer
(principal executive officer),
President and Director

Dated: March 28, 2025

/s/ Timothy Burns
Timothy Burns,
Chief Financial Officer
(principal financial and accounting officer),
Secretary and Treasurer

Dated: March 28, 2025

/s/ Michael Turmelle
Michael C. Turmelle, Chairman of the Board

Dated: March 28, 2025

/s/ Drue Freeman
Drue Freeman, Director

Dated: March 28, 2025

/s/ Greg Knight
Greg Knight, Director

Dated: March 28, 2025

/s/ Ted Lesster
Ted Lesster, Director

DESCRIPTION OF SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

Ideal Power (the “Company,” “we,” “our,” or “us”) has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended: our common stock, par value \$0.001 per share (our “common stock”).

DESCRIPTION OF CAPITAL STOCK

The following description of our capital stock is intended as a summary only. This description is based upon, and is qualified by reference to, our certificate of incorporation, as amended to date (our “certificate of incorporation”), our certificate of designation of preferences, rights and limitations of Series A convertible preferred stock (our “certificate of designation”), our second amended and restated bylaws (our “bylaws”), and applicable provisions of the General Corporation Law of the State of Delaware (the “DGCL”). This summary is not complete. You should read our certificate of incorporation (including the certificate of amendment thereto), our certificate of designation and our bylaws, which are incorporated by reference as exhibits to our Annual Report on Form 10-K.

Authorized Capital Stock

Our certificate of incorporation provides that we may issue up to 50,000,000 shares of common stock, par value \$0.001 per share, and 10,000,000 shares of preferred stock, par value \$0.001 per share. 3,000,000 shares of our authorized preferred stock have been designated as Series A Convertible Preferred Stock, par value \$0.001 per share (the “Series A Preferred Stock”).

Common Stock

Each holder of our common stock is entitled to one vote for each such share outstanding in the holder’s name. No holder of common stock is entitled to cumulate votes in voting for directors, which means that the holders of a majority of the outstanding shares of our common stock will be entitled to elect all of the directors standing for election.

Holders of our common stock are entitled to such dividends as may be declared by our board of directors (our “Board”) out of funds legally available for such purpose, subject to any preferential dividend rights of any then outstanding preferred stock.

In the event of our liquidation, dissolution or winding up, the holders of our common stock are entitled to receive pro rata our assets, which are legally available for distribution, after payments of all debts and other liabilities and subject to the prior rights of any holders of preferred stock then outstanding.

The shares of common stock are neither redeemable nor convertible. Holders of common stock have no preemptive or subscription rights to purchase any of our securities. The shares of common stock are not subject to further calls or assessment by us. There are no redemption or sinking fund provisions applicable to the common stock. All of the outstanding shares of our common stock are fully paid and non-assessable.

Preferred Stock***General***

Our certificate of incorporation provides that our Board has the authority, without any further action by our stockholders, to designate and issue up to 10,000,000 shares of preferred stock in one or more classes or series and to fix the powers, rights, preferences, and privileges of each class or series of preferred stock, including dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences and the number of shares constituting any class or series, which may be greater than the rights of the holders of the common stock.

Series A Preferred Stock

On February 23, 2017, we filed a certificate of designation with the Secretary of State of the State of Delaware creating our Series A Preferred Stock and establishing the designations, preferences, and other rights of the Series A Preferred Stock, which became effective upon filing.

Our Series A Preferred Stock ranks senior to our common stock with respect to dividend rights and rights on liquidation, winding-up and dissolution. Our Series A Preferred Stock has a stated value of \$2.535. Holders of Series A Preferred Stock are entitled to receive dividends declared or paid on our common stock. The holders of the Series A Preferred Stock do not have the right to vote on any matter except to the extent required by Delaware law. There were no shares of Series A Preferred Stock outstanding.

Warrants

Pre-Funded Warrants issued in March and April 2024

The following is a summary of certain terms and provisions of the pre-funded warrants issued in March and April 2024 and is not complete and is subject to, and qualified in its entirety by, the provisions of pre-funded warrants, the form of which are filed as an exhibit to our Annual Report on Form 10-K.

Duration and Exercise Price

Each pre-funded warrant has an exercise price of \$0.001 per share. The pre-funded warrants were exercisable commencing on the date of issuance and may be exercised until they are exercised in full.

Exercise Price Adjustments

The exercise price of the pre-funded warrants is subject to adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting our common stock.

Exercisability

The pre-funded warrants are exercisable, at the option of the holder, in whole or in part, by delivering to us a duly executed exercise notice accompanied by payment in full for the number of shares of our common stock purchased upon such exercise (except in the case of a cashless exercise as discussed below). The holder (together with its affiliates) may not exercise any portion of such holder's pre-funded warrants to the extent that the holder would own more than 4.99% (or, at the election of the holder prior to the issuance of any pre-funded warrants, 9.99%) of the outstanding common stock immediately after exercise, except that upon at least 61 days' prior notice from the holder to us, the holder may increase the amount of ownership of outstanding stock after exercising the holder's pre-funded warrants up to 9.99% of the number of shares of our common stock outstanding immediately after giving effect to the exercise, as such percentage ownership is determined in accordance with the terms of the pre-funded warrants.

Cashless Exercise

In lieu of making the cash payment otherwise contemplated to be made to us upon such exercise in payment of the aggregate exercise price, the holder may elect instead to receive upon such exercise (either in whole or in part) the net number of shares of common stock determined according to a formula set forth in the pre-funded warrants.

Fundamental Transactions

In the event of a fundamental transaction, as described in the pre-funded warrants and generally including any reorganization, recapitalization or reclassification of our shares of common stock, the sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of our assets, our consolidation or merger with or into another person, the acquisition of 50% or more of our outstanding shares of our common stock or 50% or more of the voting power of our common equity, any purchase offer, tender offer or exchange offer that has been accepted by the holders of 50% or more of our outstanding common stock or 50% or more of the voting power of our common equity, then upon any subsequent exercise of a pre-funded warrant, the holder will have the right to receive as alternative consideration, for each share of our common stock that would have been issuable upon such exercise immediately prior to the occurrence of such fundamental transaction, the number of shares of common stock of the successor or acquiring corporation or of our company, if it is the surviving corporation, and any additional consideration receivable as a result of such transaction by a holder of the number of shares of our common stock for which the pre-funded warrant is exercisable immediately prior to such event.

Transferability

Subject to applicable laws, a pre-funded warrant may be transferred at the option of the holder upon surrender of the pre-funded warrant to us together with the appropriate instruments of transfer.

Fractional Shares

No fractional shares of common stock will be issued upon the exercise of the pre-funded warrants. Rather, the number of shares of common stock to be issued will, at our election, either be rounded up to the next whole share or we will pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the exercise price.

Trading Market

There is no established public trading market for the pre-funded warrants, and we do not expect such a market to develop. We do not intend to apply to list the pre-funded warrants on any securities exchange or other nationally recognized trading system.

Right as a Stockholder

Except as otherwise provided in pre-funded warrants or by virtue of a holder's ownership of shares of our common stock, such holder of pre-funded warrants does not have the rights or privileges of a holder of our common stock, including any voting rights, until such holder exercises such holder's pre-funded warrants. The pre-funded warrants provide that the holders of the pre-funded warrants have the right to participate in distributions or dividends paid on our shares of common stock.

Waivers and Amendments

The pre-funded warrants may be modified or amended or the provisions of such pre-funded warrants waived with the written consent of the Company and the holder of the applicable pre-funded warrants.

Common Stock Purchase Warrants issued in August 2020

The terms and provisions of the warrants issued in August 2020 (the "August 2020 Warrants") are substantially the same as the terms of the pre-funded warrants described above, except as set forth below. This summary is not complete and is subject to, and qualified in its entirety by, the provisions of warrants, the form of which are filed as an exhibit to our Annual Report on Form 10-K.

Duration and Exercise Price

Each August 2020 Warrant has an exercise price of \$8.90 per share. The August 2020 Warrant were exercisable commencing on the date of issuance and may be exercised until August 4, 2025 (the "Termination Date").

Cashless Exercise

Subject to the terms of the warrant, a cashless exercise of the August 2020 Warrants may be used if at the time of exercise of such warrants, there is no effective registration statement registering, or the prospectus contained in the applicable registration statement, is not available for the resale of the shares underlying the August 2020 Warrants.

Fundamental Transactions

In the event of a fundamental transaction, as described in the August 2020 Warrants and generally including any reorganization, recapitalization or reclassification of our shares of common stock, the sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of our assets, our consolidation or merger with or into another person, the acquisition of 50% or more of our outstanding shares of our common stock, or any purchase offer, tender offer or exchange offer that has been accepted by the holders of 50% or more of our outstanding common stock, then upon any subsequent exercise of a August 2020 Warrant, the holder will have the right to receive as alternative consideration, for each share of our common stock that would have been issuable upon such exercise immediately prior to the occurrence of such fundamental transaction, the number of shares of common stock of the successor or acquiring corporation or of our company, if it is the surviving corporation, and any additional consideration receivable as a result of such transaction by a holder of the number of shares of our common stock for which the August 2020 Warrant is exercisable immediately prior to such event. Alternatively, the holders may request the Company, or any successor entity, purchase warrants from such holders for an amount in cash determined as provided in the warrants.

Pre-Funded Warrants issued in November 2019

The terms and provisions of the pre-funded warrants issued in November 2019 are substantially the same as the terms of the pre-funded warrants described above, except as set forth below. This summary is not complete and is subject to, and qualified in its entirety by, the provisions of the pre-funded warrants, the form of which are filed as an exhibit to our Annual Report on Form 10-K.

Fundamental Transactions

In the event of a fundamental transaction, as described in the pre-funded warrants and generally including any reorganization, recapitalization or reclassification of our shares of common stock, the sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of our assets, our consolidation or merger with or into another person, the acquisition of 50% or more of our outstanding shares of our common stock, or any purchase offer, tender offer or exchange offer that has been accepted by the holders of 50% or more of our outstanding common stock, then upon any subsequent exercise of a pre-funded warrant, the holder will have the right to receive as alternative consideration, for each share of our common stock that would have been issuable upon such exercise immediately prior to the occurrence of such fundamental transaction, the number of shares of common stock of the successor or acquiring corporation or of our company, if it is the surviving corporation, and any additional consideration receivable as a result of such transaction by a holder of the number of shares of our common stock for which the pre-funded warrant is exercisable immediately prior to such event.

Transferability

Subject to applicable laws and certain conditions stated in the pre-funded warrants, a pre-funded warrant may be transferred at the option of the holder upon surrender of the pre-funded warrant to us together with the appropriate instruments of transfer.

Anti-Takeover Effects of Certain Provisions of Delaware Law and Our Charter Documents

Provisions of Delaware law and our charter documents could have the effect of delaying or preventing a third party from acquiring us, even if the acquisition would benefit our stockholders. These provisions may delay, defer or prevent a tender offer or takeover attempt of our Company that a stockholder might consider in his, her or its best interest, including those attempts that might result in a premium over the market price for the shares held by our stockholders. These provisions are intended to enhance the likelihood of continuity and stability in the composition of our Board and in the policies formulated by the Board and to discourage types of transactions that may involve our actual or threatened change of control. These provisions are designed to reduce our vulnerability to an unsolicited proposal for a takeover that does not contemplate the acquisition of all of our outstanding shares, or an unsolicited proposal for the restructuring or sale of all or part of us.

Effect of Delaware Anti-Takeover Statute. We are subject to Section 203 of the DGCL, an anti-takeover law. In general, Section 203 prohibits a Delaware corporation from engaging in any business combination (as defined below) with any interested stockholder (as defined below) for a period of three years following the date that the stockholder became an interested stockholder, unless:

- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares of voting stock outstanding (but not the voting stock owned by the interested stockholder) those shares owned by persons who are directors and officers and by excluding employee stock plans in which employee participants do not have the right to determine whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- on or subsequent to that date, the business combination is approved by the board of directors of the corporation and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock that is not owned by the interested stockholder.

Section 203 defines “business combination” to include the following:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, lease, exchange, mortgage, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;
- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;
- subject to limited exceptions, any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

In general, Section 203 defines an “interested stockholder” as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation, or who beneficially owns 15% or more of the outstanding voting stock of the corporation at any time within a three-year period immediately prior to the date of determining whether such person is an interested stockholder, and any entity or person affiliated with or controlling or controlled by any of these entities or persons.

Our Charter Documents.

Effects of authorized but unissued common stock and blank check preferred stock. One of the effects of the existence of authorized but unissued common stock and undesignated preferred stock may be to enable our Board to make more difficult or to discourage an attempt to obtain control of our Company by means of a merger, tender offer, proxy contest or otherwise, and thereby to protect the continuity of management. If, in the due exercise of its fiduciary obligations, the Board were to determine that a takeover proposal was not in our best interest, such shares could be issued by the Board without stockholder approval in one or more transactions that might prevent or render more difficult or costly the completion of the takeover transaction by diluting the voting or other rights of the proposed acquirer or insurgent stockholder group, by putting a substantial voting block in institutional or other hands that might undertake to support the position of the incumbent Board, by effecting an acquisition that might complicate or preclude the takeover, or otherwise.

In addition, our certificate of incorporation grants our Board broad power to establish the rights and preferences of authorized and unissued shares of preferred stock. The issuance of additional shares of preferred stock could decrease the amount of earnings and assets available for distribution to holders of shares of common stock. The issuance also may adversely affect the rights and powers, including voting rights, of those holders and may have the effect of delaying, deterring or preventing a change in control of our Company.

Cumulative Voting. Our certificate of incorporation does not provide for cumulative voting in the election of directors, which would allow holders of less than a majority of the stock to elect some directors.

Blank Check Preferred Stock. As noted above, our certificate of incorporation allows our Board to fix the designation, powers, preferences and rights of the shares of each series of preferred stock and any of their qualifications, limitations or restrictions, in each case without further vote or action by our stockholders.

No Stockholder Action by Written Consent. Our certificate of incorporation expressly prohibits stockholders from acting by written consent. This means that stockholders may only act at annual or special meetings.

Vacancies. Our certificate of incorporation and bylaws 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.

Special Meeting of Stockholders. A special meeting of stockholders may only be called by the chairman of the Board, the chief executive officer, or the Board at any time and for any purpose or purposes as shall be stated in the notice of the meeting, and shall be called by the secretary upon the written request of the holders of record of at least 25% of the outstanding shares of common stock. This provision could prevent stockholders from calling a special meeting because, unless certain significant stockholders were to join with them, they might not obtain the percentage necessary to request the meeting. Therefore, stockholders holding less than 25% of the issued and outstanding common stock, without the assistance of management, may be unable to propose a vote on any transaction that would delay, defer or prevent a change of control, even if the transaction were in the best interests of our stockholders.

Requirements for Advance Notification of Stockholder Nominations and Proposals. Our certificate of incorporation and bylaws have advance notice procedures with respect to stockholder proposals and nominations of candidates for election as directors, other than nominations made by or at the direction of our Board or a committee of our Board. The business to be conducted at a meeting will be limited to business properly brought before the meeting, in accordance with our certificate of incorporation and bylaws. Failure to follow the procedures set forth in our certificate of incorporation and bylaws will result in the chairman of the meeting disregarding the nomination or declaring that the proposed business will not be transacted.

Transfer Agent and Registrar

Our transfer agent and registrar for our common stock is EQ Shareowner Services.

Listing

Our common stock is listed on The Nasdaq Capital Market under the symbol "IPWR."

IDEAL POWER INC.**INSIDER TRADING POLICY**

(as adopted on April 23, 2020)

Background

The board of directors of Ideal Power Inc. (the “*Company*”) has adopted this Insider Trading Policy (this “*Policy*”) for directors, officers, employees and consultants of the Company and its subsidiaries with respect to the trading of the Company’s securities, as well as the securities of publicly traded companies with whom we have a business relationship.

Federal and state securities laws prohibit the purchase or sale of a company’s securities by persons who are aware of material information about that company that is not generally known or available to the public. These laws also prohibit persons who are aware of such material nonpublic information from disclosing this information to others who may trade. Companies and their controlling persons are also subject to liability if they fail to take reasonable steps to prevent insider trading by company personnel.

It is important that you understand the breadth of activities that constitute illegal insider trading and the consequences, which can be severe. Both the U.S. Securities and Exchange Commission (the “*SEC*”) and the Financial Industry Regulatory Authority investigate and are very effective at detecting insider trading. The SEC, together with the U.S. Attorneys, pursue insider trading violations vigorously. Cases have been successfully prosecuted against trading by employees through foreign accounts, trading by family members and friends, and trading involving only a small number of shares.

This Policy is designed to prevent insider trading or allegations of insider trading, and to protect the Company’s reputation for integrity and ethical conduct. It is your obligation to understand and comply with this Policy. Should you have any questions regarding this Policy, please contact the Company’s Chief Financial Officer.

Penalties for Noncompliance

Civil and Criminal Penalties. Potential penalties for insider trading violations include (1) imprisonment for up to 20 years, (2) criminal fines of up to \$5 million, and (3) civil fines of up to three times the profit gained or loss avoided.

Company Sanctions. Failure to comply with this Policy may also subject you to Company-imposed sanctions, including dismissal for cause, whether or not your failure to comply with this Policy results in a violation of law.

Controlling Person Liability. If the Company fails to take appropriate steps to prevent illegal insider trading, the Company may have “controlling person” liability for a trading violation, with civil penalties of up to the greater of \$2,140,973 (subject to adjustment for inflation) and three times the profit gained or loss avoided, as well as a criminal penalty of up to \$25 million. The civil penalties can extend personal liability to the Company’s directors, officers and other supervisory personnel if they fail to take appropriate steps to prevent insider trading.

Scope of Policy

Persons Covered. As a director, officer, employee or consultant of the Company or its subsidiaries, this Policy applies to you. The same restrictions that apply to you apply to your family members who reside with you, anyone else who lives in your household and any family members who do not live in your household but whose transactions in Company securities are directed by you or are subject to your influence or control (such as parents or children who consult with you before they trade in Company securities). This Policy does not, however, apply to personal securities transactions by the foregoing individuals where the purchase or sale decision is made by a third party not controlled by, influenced by or related to you or any of the foregoing individuals.

In addition, this Policy applies to any entities that you influence or control (including corporations, limited liability companies, partnerships or trusts). For entities that are venture or similar investment funds, you have influence or control of the shares held by those funds if you can vote or dispose of them. Any transactions by entities that you have influence or control over should be treated for purposes of this Policy and applicable securities laws as if they were for your own account.

You are responsible for making sure that the purchase or sale of any security by any such person or entity covered by this Policy complies with this Policy.

Companies Covered. The prohibition on insider trading in this Policy is not limited to trading in the Company's securities. It includes trading in the securities of other firms, such as customers or suppliers of the Company and those with which the Company may be negotiating major transactions, such as an acquisition, investment or sale. Information that is not material to the Company may nevertheless be material to one of those other firms.

Transactions Covered. "Trading" includes purchases and sales of stock, derivative securities such as put and call options, warrants and convertible debentures or preferred stock, and debt securities (debentures, bonds and notes). "Trading" also includes certain transactions under Company equity plans, as described below:

- *Stock Option Exercises.* This Policy's trading restrictions generally do not apply to the exercise and hold of shares purchased under a stock option. The trading restrictions do apply, however, to any market sale of the underlying stock, including through a cashless exercise of the option through a broker as this entails selling a portion of the underlying stock to cover the costs of exercise.
- *Restricted Stock Awards or Restricted Stock Units.* This Policy's trading restrictions generally do not apply to the vesting of restricted stock or restricted stock units or the Company's withholding of shares of stock to satisfy tax withholding requirements upon the vesting of any restricted stock or restricted stock units (assuming such withholding is permitted by the Company). The trading restrictions do apply, however, to any market sale of stock received upon vesting of such awards.

- *Employee Stock Purchase Plan.* This Policy’s trading restrictions generally do not apply to the purchase of the Company’s stock in an employee stock purchase plan resulting from your periodic payroll contributions to the plan under an election you made at the time of enrollment in the plan (or as otherwise permitted by the plan). The trading restrictions do apply, however, to your election to participate in the plan for any enrollment period and to any market sale of stock acquired under the plan.

In addition, *bona fide gifts* are not transactions subject to this Policy, unless the person making the gift has reason to believe that the recipient intends to sell the Company securities while the donor is aware of material nonpublic information, or the person making the gift is subject to the trading restrictions described below under the section “Statement of Policy—Pre-Clearance Procedures.”

Statement of Policy

The following restrictions apply to all directors, officers, employees and consultants of the Company and its subsidiaries.

No Trading on Inside Information. You may not trade in the securities of the Company, directly or through family members or other persons or entities, if you are aware of material nonpublic information relating to the Company. Similarly, you may not trade in the securities of any other company if you are aware of material nonpublic information about that company which you obtained in the course of your employment with the Company.

No Tipping. You may not pass material nonpublic information on to others or recommend to anyone the purchase or sale of any securities when you are aware of such information. This practice, known as “tipping,” also violates the securities laws and can result in the same civil and criminal penalties that apply to insider trading, even though you did not trade and did not gain any benefit from another’s trading.

Quarterly Blackout Periods. To help prevent inadvertent violations of the federal securities laws and to avoid even the appearance of trading on the basis of inside information, all directors, officers and employees of the Company are prohibited from trading in the Company’s securities during quarterly blackout periods that begin on the fifteenth (15th) day of the last month of a fiscal quarter and end after the second full business day following the public release of the Company’s earnings for that quarter. Individuals also may be prohibited from trading in the Company’s securities during certain event-specific blackout periods.

Event-Specific Blackouts. From time to time, an event may occur that is material to the Company and is known by only a few directors, officers or other employees. So long as the event remains material and nonpublic, the persons who are aware of the event, as well as any other persons the Company deems appropriate, may not trade in the Company’s securities. The existence of an event-specific blackout generally will not be announced, other than to those who are aware of the event giving rise to the blackout. If, however, a person whose trades are subject to pre-clearance requests permission to trade in the Company’s securities during an event-specific blackout, the Company’s Chief Financial Officer (the “**Compliance Officer**”) will inform the requesting person of the existence of a blackout period, without disclosing the reason for the blackout. Any person made aware of the existence of an event-specific blackout should not disclose the existence of the blackout to any other person. The failure of the Compliance Officer to designate a person as being subject to an event-specific blackout will not relieve that person of the obligation not to trade while aware of material nonpublic information.

No Exception for Hardship. The existence of a personal financial emergency does not excuse you from compliance with this Policy. One limited exception is that an employee or other person who is subject to the quarterly earnings blackout period and who has an unexpected and urgent need to sell Company stock in order to generate cash may, in appropriate circumstances, be permitted to sell Company stock even during the quarterly blackout period. Hardship exceptions may be granted only by the Compliance Officer and must be requested at least two business days in advance of the proposed transaction. A hardship exception may be granted only if the Compliance Officer concludes that the Company's earnings information for the applicable quarter does not constitute material nonpublic information. Under no circumstance will a hardship exception be granted during an event-specific blackout period to a director, executive officer or other person to whom an event-specific blackout period applies. A hardship exception does not relieve any person of the obligation not to trade while aware of material nonpublic information.

Pre-Clearance Procedures. In addition to this Policy, the Company's board of directors has adopted an Addendum to Insider Trading Policy Regarding Pre-Clearance and Blackout Procedures (the "*Addendum*") that applies to directors, executive officers subject to Section 16 of the Securities Exchange Act of 1934 ("*executive officers*"), and certain designated employees and consultants of the Company and its subsidiaries who have access to material nonpublic information about the Company. The Company will notify you if you are subject to the Addendum.

The Addendum generally prohibits persons covered by it from trading in the Company's securities during the quarterly blackout periods identified above. In addition, the Addendum requires that the Company's directors and executive officers pre-clear all transactions in the Company's securities.

Exception for Approved Rule 10b5-1 Trading Plans

Transactions in the Company's securities that are executed pursuant to a compliant Rule 10b5-1 trading plan are not subject to the prohibition on trading on the basis of material nonpublic information contained in this Policy or to the restrictions set forth above relating to blackout periods and, if applicable, pre-clearance procedures.

Rule 10b5-1 provides an affirmative defense from insider trading liability under the federal securities laws for trading plans that meet certain requirements specified in the rule. In general, a Rule 10b5-1 trading plan must be entered into at a time when the person is not aware of material nonpublic information and generally may not be adopted during a blackout period. Once the Rule 10b5-1 trading plan is adopted, the person must not exercise any influence over the amount of securities to be traded under the plan, the price at which they are to be traded or the date of the trade. The plan must either specify (including by formula) the amount, pricing and timing of transactions in advance or delegate discretion on those matters to an independent third party.

The Company requires that all Rule 10b5-1 trading plans be pre-cleared in writing in advance by the Compliance Officer and satisfy the requirements of the Company's then-current "Guidelines for Rule 10b5-1 Plans," which may be obtained from the Compliance Officer. Rule 10b5-1 trading plans may be further subject to additional policies or guidelines adopted by the Company, which may be obtained from the Compliance Officer. Please consult the Company's Compliance Officer if you have any questions about entering into a Rule 10b5-1 trading plan.

Definition of Material Nonpublic Information

Note that inside information has two important elements - materiality and public availability.

Material Information. Information is material if there is a substantial likelihood that a reasonable investor would consider it important in deciding whether to buy, hold or sell a security. Any information that could reasonably be expected to affect the price of the security is material. While it is not possible to define all categories of material information, common examples of material information are:

- Projections of financial performance, including future earnings or losses or other earnings guidance.
- Financial results of a completed period.
- Earnings that are inconsistent with the consensus expectations of the investment community.
- A pending or proposed merger, acquisition or tender offer or an acquisition or disposition of significant assets.
- A pending or proposed joint venture.
- A Company restructuring.
- A change in management.
- Major events regarding the Company's securities, including the declaration of a stock split, the offering of additional securities or a stock repurchase program.
- Financial liquidity problems.
- Actual or threatened major litigation, or the resolution of such litigation.
- A cybersecurity risk or incident involving the Company's business, including relating to customer, employee or Company data, or a product or service.
- New major contracts, orders, suppliers, customers or finance sources, or the loss thereof.
- Development of a significant new product, process or service.

Both positive and negative information can be material. Because trading that receives scrutiny will be evaluated after the fact with the benefit of hindsight, questions concerning the materiality of particular information should be resolved in favor of materiality, and trading should be avoided.

Nonpublic Information. Nonpublic information is information that is not generally known or available to the public. One common misconception is that material information loses its “nonpublic” status as soon as a press release is issued disclosing the information. In fact, information is considered to be available to the public only when it has been released broadly to the marketplace (such as by a press release or an SEC filing that is available on the SEC’s website) *and the investing public has had time to absorb the information fully*. As a general rule, information should not be considered fully absorbed by the marketplace until the end of the second full trading day after the information is released. For example, if the Company announces financial earnings before trading begins on a Tuesday, the first time you can buy or sell Company securities is the opening of the market on Thursday (assuming you are not aware of other material nonpublic information at that time). However, if the Company announces earnings after trading begins on that Tuesday, the first time you can buy or sell Company securities is the opening of the market on Friday. Depending on the particular circumstances, the Company may determine that a longer or shorter period should apply to the release of specific material nonpublic information.

Additional Guidance

The Company considers it improper and inappropriate for those employed by or associated with the Company to engage in short-term or speculative transactions in the Company’s securities or in other transactions in the Company’s securities that may lead to inadvertent violations of the insider trading laws. Accordingly, your trading in Company securities is subject to the following additional restrictions.

Short Sales. Short sales (the sale of a security that the seller does not own) may evidence an expectation on the part of the seller that the securities will decline in value, and therefore have the potential to signal to the market that the seller lacks confidence in the Company’s prospects. In addition, short sales may reduce a seller’s incentive to improve the Company’s performance. For these reasons, you may not engage in short sales of the Company’s securities, including a “sale against the box” (a sale with delayed delivery).

Publicly Traded Options. Given the relatively short term of publicly traded options, you may not engage in transactions in publicly traded options, such as puts, calls and other derivative securities, on an exchange or in any other organized market.

Standing Orders and Limit Orders. Standing orders and limit orders (excluding standing and limit orders under pre-cleared Rule 10b5-1 trading plans) should be used only for a very brief period of time. A standing order placed with a broker to sell or purchase stock at a specified price leaves you with no control over the timing of the transaction. As a result, a standing order transaction executed by the broker when you are aware of material nonpublic information may result in unlawful insider trading. The Company discourages such standing order transactions on Company securities.

Hedging Transactions. Certain forms of hedging or monetization transactions, such as zero-cost collars and forward sale contracts, allow a person to lock in much of the value of his or her stock holdings, often in exchange for all or part of the potential for upside appreciation in the stock. These transactions allow the person to continue to own the covered securities, but without the full risks and rewards of ownership. When that occurs, the person may no longer have the same objectives as the Company’s other shareholders. Therefore, all directors, officers, employees and consultants of the Company are prohibited from engaging in such transactions.

Margin Accounts and Pledges. Securities held in a margin account or pledged as collateral for a loan may be sold without your consent by the broker if you fail to meet a margin call or by the lender in foreclosure if you default on the loan. Because a margin or foreclosure sale may occur at a time when you are aware of material nonpublic information or otherwise are not permitted to trade in Company securities, you are prohibited from holding Company securities in a margin account or pledging Company securities as collateral for a loan. An exception to this prohibition may be granted where you wish to pledge Company securities as collateral for a loan (not including margin debt) and clearly demonstrate the financial capacity to repay the loan without resort to the pledged securities. If you wish to pledge Company securities as collateral for a loan, you must submit a request for approval to the Compliance Officer at least two weeks prior to the proposed execution of the documents evidencing the proposed pledge.

Post-Termination Transactions

This Policy continues to apply to your transactions in Company securities even after you have terminated employment or other services to the Company or a subsidiary. If you are aware of material nonpublic information when your employment or service relationship terminates, you may not trade in Company securities until that information has become public or is no longer material.

Unauthorized Disclosure

Maintaining the confidentiality of Company information is essential for competitive, security and other business reasons, as well as to comply with securities laws. You should treat all information you learn about the Company or its business plans in connection with your employment as confidential and proprietary to the Company. You may not disclose material nonpublic information to anyone outside the Company, including but not limited to, family, friends, business associates, investors and expert consulting firms, unless such disclosure is made in accordance with the Company's policies regarding the protection or authorized external disclosure of information regarding the Company.¹ Inadvertent disclosure of confidential or inside information may expose the Company and you to significant risk of investigation and litigation.

The timing and nature of the Company's disclosure of material information to outsiders is subject to legal rules, the breach of which could result in substantial liability to you, the Company and its management. Accordingly, it is important that responses to inquiries about the Company by the press, investment analysts or others in the financial community be made on the Company's behalf only through authorized individuals.

¹ This restriction does not prevent the Company's directors from sharing Company material nonpublic information with such directors' affiliates (including any stockholder of the Company affiliated with such director or management company of such stockholder) and representatives, provided that such affiliates and representatives agree to (1) maintain the confidentiality of any such material nonpublic information, and (2) refrain from trading in the Company's securities while in the possession of such material nonpublic information.

Please contact the Compliance Officer or consult the Company's internal disclosure policy for more details regarding the Company's policy on speaking to the media, financial analysts and investors.

Personal Responsibility

You should remember that the ultimate responsibility for adhering to this Policy and avoiding improper trading rests with you. This includes making sure that any family members who reside with you, household members and other affiliated individuals or entities whose transactions are subject to this Policy also comply with this Policy. If you violate this Policy, the Company may take disciplinary action, including dismissal for cause. Any action on the part of the Company, the Compliance Officer or any other employee or director pursuant to this Policy or the Addendum thereto does not in any way constitute legal advice or insulate an individual from liability under applicable securities laws.

The Company may change or otherwise revise the terms of this Policy and the Addendum from time to time to respond to developments in law and practice. The Company will take steps to inform all affected persons of any material changes or revisions to this Policy or the Addendum.

Company Assistance

Your compliance with this Policy is of the utmost importance both for you and for the Company. If you have any questions about this Policy or its application to any proposed transaction, you may obtain additional guidance from the Company's Compliance Officer. Do not try to resolve uncertainties on your own, as the rules relating to insider trading are often complex, not always intuitive and carry severe consequences.

Certification

All employees and consultants must certify their understanding of, and intent to comply with, this Policy. A copy of the certification that employees and consultants must sign is enclosed with this Policy. Directors, executive officers and certain employees and consultants are subject to an Addendum to Insider Trading Policy Regarding Pre-Clearance and Blackout Procedures. Persons who are covered by the Addendum should sign the certification attached to the Addendum instead of the one enclosed with this Policy.

IDEAL POWER INC.

ADDENDUM TO INSIDER TRADING POLICY REGARDING PRE-CLEARANCE AND BLACKOUT PROCEDURES

(Dated as of April 23, 2020)

To help prevent inadvertent violations of the federal securities laws and to avoid even the appearance of trading on inside information, the board of directors of Ideal Power Inc. (the "**Company**") has adopted this Addendum to Insider Trading Policy Regarding Pre-Clearance and Blackout Procedures (this "**Addendum**"). This Addendum applies to directors, executive officers subject to Section 16 of the Securities Exchange Act of 1934, as amended ("**executive officers**"), and certain designated employees and consultants of the Company and its subsidiaries who have access to material nonpublic information about the Company (collectively, "**covered persons**"). The positions of the covered persons subject to this Addendum are listed on the attached Schedule I. The Company may from time to time designate other categories of individuals who are subject to this Addendum and will amend Schedule I from time to time as necessary to reflect such changes.

This Addendum is in addition to and supplements the Company's Insider Trading Policy (the "**Policy**").

Directors and executive officers are also subject to additional procedures designed to address the two-day Form 4 filing requirements under Section 16 of the Securities Exchange Act of 1934.

Pre-Clearance Procedures

The Company's covered persons are subject to the following pre-clearance procedures.

Covered persons, together with their family members and other members of their household, and any entities that a person covered by this Addendum influences or controls, may not engage in any transaction involving the Company's securities (including a stock plan transaction such as an option exercise, or a gift, loan, pledge, contribution to a trust or any other transfer) without first obtaining pre-clearance of the transaction from the Company's Chief Financial Officer (the "**Compliance Officer**").

A request for pre-clearance should be submitted to the Compliance Officer at least two business days in advance of the proposed transaction. The Compliance Officer is under no obligation to approve a trade submitted for pre-clearance and may determine not to permit the trade. The Chief Executive Officer has the sole discretion to decide whether to clear transactions by the Chief Financial Officer or persons or entities subject to this Addendum as a result of their relationship with the Chief Financial Officer, and the Chief Financial Officer has the sole discretion to decide whether to clear transactions by the Chief Executive Officer or persons or entities subject to this Addendum as a result of their relationship with the Chief Executive Officer.

If, upon requesting pre-clearance, a covered person is advised that a transaction in the Company's securities may take place, the covered person may enter into a transaction within two business days thereafter. If, for any reason, a transaction is not completed within the two business days, pre-clearance must be obtained again before a transaction may occur. Any person who has requested pre-clearance may not disclose the approval or denial of the request to any other person.

Blackout Procedures

All covered persons are subject to the following blackout procedures.

Quarterly Blackout Periods. The Company's announcement of its quarterly financial results almost always has the potential to have a material effect on the market for the Company's securities. Therefore, to avoid even the appearance of trading on the basis of material nonpublic information, you may not trade in the Company's securities during the period beginning on the fifteenth (15th) day of the last month of a fiscal quarter and ending after the second full business day following the release of the Company's earnings for that quarter.

Interim Earnings Guidance and Event-Specific Blackouts. The Company may on occasion issue interim earnings guidance or other potentially material information by means of a press release, SEC filing of a current report on Form 8-K or other means designed to achieve widespread dissemination of the information. You should anticipate that trading will be blacked out while the Company is in the process of assembling the information to be released and until the information has been released and fully absorbed by the market.

From time to time, an event may occur that is material to the Company and is known by only a few directors or executives. So long as the event remains material and nonpublic, the persons who are aware of the event, as well as the persons covered by this Addendum, may not trade in the Company's securities. The existence of an event-specific blackout generally will not be announced, other than to those who are aware of the event giving rise to the blackout. If, however, a person whose trades are subject to pre-clearance requests permission to trade in the Company's securities during an event-specific blackout, the Compliance Officer will inform the requesting person of the existence of a blackout period, without disclosing the reason for the blackout. Any person made aware of the existence of an event-specific blackout should not disclose the existence of the blackout to any other person. The failure of the Compliance Officer to designate a person as being subject to an event-specific blackout will not relieve that person of the obligation not to trade while aware of material nonpublic information.

Covered persons may also be subject to event-specific blackouts pursuant to the U.S. Securities and Exchange Commission's Regulation Blackout Trading Restriction, which prohibits certain sales and other transfers by insiders during certain pension plan blackout periods.

Even if a blackout period is not in effect, at no time may you trade in Company securities if you are aware of material nonpublic information about the Company.

Exception for Approved Rule 10b5-1 Trading Plans

Transactions by covered persons in the Company's securities that are executed pursuant to a Rule 10b5-1 trading plan that is pre-cleared by the Company are not subject to the prohibition on trading on the basis of material nonpublic information contained in the Policy or to the restrictions set forth above relating to pre-clearance procedures and blackout periods. Please refer to the Policy for additional information about entering into a Rule 10b5-1 trading plan.

Company Assistance

Your compliance with this Addendum and the Policy is of the utmost importance both for you and for the Company. If you have any questions about this Addendum, the Policy or their application to any proposed transaction, you may obtain additional guidance from the Compliance Officer.

Certification

All covered persons subject to the procedures set forth in this Addendum must certify their understanding of, and intent to comply with, the Policy and this Addendum on the form attached to this Addendum.

Schedule I

Covered Persons

(Subject to Pre-Clearance and Blackout Procedures)

All members of the Board of Directors

Executives:

Chief Executive Officer and President

Chief Financial Officer

Any other executive officer subject to Section 16 of the Securities Exchange Act of 1934, as amended

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in Registration Statements on Form S-8 (Nos. 333-278432, 333-261024, 333-239270, 333-205627 and 333-201337) and Form S-3 (Nos. 333-269060, 333-248466, 333-235500 and 333-217088) of Ideal Power Inc. of our report dated March 28, 2025 relating to the financial statements, which appears in this Annual Report on Form 10-K.

/s/ BPM LLP

March 28, 2025
San Jose, California

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

I, R. Daniel Brdar, certify that:

1. I have reviewed this annual report on Form 10-K of Ideal Power Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15-d-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 28, 2025

/s/ R. Daniel Brdar

R. Daniel Brdar

Chief Executive Officer (Principal Executive Officer)

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

I, Timothy W. Burns, certify that:

1. I have reviewed this annual report on Form 10-K of Ideal Power Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15-d-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 28, 2025

/s/ Timothy W. Burns

Timothy W. Burns

Chief Financial Officer (Principal Financial and Accounting 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 Ideal Power Inc. (the “Company”) on Form 10-K for the year ended December 31, 2024 as filed with the Securities and Exchange Commission (the “Report”), we, R. Daniel Brdar, Chief Executive Officer (Principal Executive Officer) and Timothy W. Burns, Chief Financial Officer (Principal Financial and Accounting Officer) of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of our knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, 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 at the dates and for the periods indicated.

Date: March 28, 2025

/s/ R. Daniel Brdar

R. Daniel Brdar
Chief Executive Officer (Principal Executive Officer)

/s/ Timothy W. Burns

Timothy W. Burns
Chief Financial Officer (Principal Financial and Accounting Officer)