

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2025

OR

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

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 of principal executive offices)
(Zip Code)

(512) 264-1542

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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

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

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

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

Large accelerated filer ☐

Accelerated filer ☐

Non-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 issuer is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 12, 2025, the issuer had 8,348,420 shares of common stock, par value \$0.001, outstanding.

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PART I-FINANCIAL INFORMATION

ITEM 1. CONDENSED FINANCIAL STATEMENTS

IDEAL POWER INC. **Balance Sheets** **(unaudited)**

	March 31, 2025	December 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 13,696,852	\$ 15,842,850
Accounts receivable, net	8,535	692
Inventory	89,337	96,406
Prepayments and other current assets	313,034	356,658
Total current assets	14,107,758	16,296,606
Property and equipment, net	389,579	415,232
Intangible assets, net	2,615,852	2,611,998
Right of use asset	462,621	483,497
Other assets	18,570	19,351
Total assets	\$ 17,594,380	\$ 19,826,684
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 155,707	\$ 104,117
Accrued expenses	455,219	374,012
Current portion of lease liability	85,270	82,681
Total current liabilities	696,196	560,810
Long-term lease liability	381,128	403,335
Other long-term liabilities	989,667	1,007,375
Total liabilities	2,066,991	1,971,520
Commitments and contingencies (Note 5)		
Stockholders' equity:		
Common stock, \$0.001 par value; 50,000,000 shares authorized; 8,349,291 shares issued and 8,347,970 shares outstanding at March 31, 2025 and 8,336,812 shares issued and 8,335,491 shares outstanding at December 31, 2024	8,349	8,337
Additional paid-in capital	125,702,537	125,327,300
Treasury stock, at cost, 1,321 shares at March 31, 2025 and December 31, 2024	(13,210)	(13,210)
Accumulated deficit	(110,170,287)	(107,467,263)
Total stockholders' equity	15,527,389	17,855,164
Total liabilities and stockholders' equity	\$ 17,594,380	\$ 19,826,684

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

IDEAL POWER INC.
Statements of Operations
(unaudited)

	Three Months Ended	
	March 31,	
	2025	2024
Revenue	\$ 12,003	\$ 78,739
Cost of revenue	30,862	68,498
Gross profit (loss)	(18,859)	10,241
Operating expenses:		
Research and development	1,567,992	1,366,893
General and administrative	899,821	853,688
Sales and marketing	338,160	316,611
Total operating expenses	2,805,973	2,537,192
Loss from operations	(2,824,832)	(2,526,951)
Interest income, net	121,808	57,325
Net loss	\$ (2,703,024)	\$ (2,469,626)
Net loss per share – basic and diluted	\$ (0.30)	\$ (0.39)
Weighted average number of shares outstanding – basic and diluted	9,101,851	6,319,939

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

IDEAL POWER INC.
Statements of Cash Flows
(unaudited)

	Three Months Ended March 31,	
	2025	2024
Cash flows from operating activities:		
Net loss	\$ (2,703,024)	\$ (2,469,626)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	90,476	81,121
Amortization of right of use asset	20,876	16,157
Write-off of property and equipment	1,201	10,217
Stock-based compensation	384,595	381,019
Decrease (increase) in operating assets:		
Accounts receivable	(7,843)	(70,000)
Inventory	7,069	(27,912)
Prepaid expenses and other assets	44,405	211,438
Increase (decrease) in operating liabilities:		
Accounts payable	51,590	(23,086)
Accrued expenses and other liabilities	63,499	32,357
Lease liability	(19,618)	(16,980)
Net cash used in operating activities	<u>(2,066,774)</u>	<u>(1,875,295)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(11,324)	(29,611)
Acquisition of intangible assets	(58,554)	(73,939)
Net cash used in investing activities	<u>(69,878)</u>	<u>(103,550)</u>
Cash flows from financing activities:		
Payment of taxes upon vesting of restricted stock units	(9,346)	—
Net proceeds from issuance of common stock and pre-funded warrants	—	13,652,663
Exercise of options	—	86,757
Net cash provided by (used in) financing activities	<u>(9,346)</u>	<u>13,739,420</u>
Net increase (decrease) in cash and cash equivalents	(2,145,998)	11,760,575
Cash and cash equivalents at beginning of period	15,842,850	8,474,835
Cash and cash equivalents at end of period	<u>\$ 13,696,852</u>	<u>\$ 20,235,410</u>

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

IDEAL POWER INC.
Statements of Stockholders' Equity
For the Three Months Ended March 31, 2025 and 2024
(unaudited)

	Common Stock		Additional Paid-In Capital	Treasury Stock		Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount		Shares	Amount		
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	1,366,668	1,367	13,651,296	—	—	—	13,652,663
Exercise of options	8,334	8	86,749	—	—	—	86,757
Vesting of restricted stock units	9,679	10	(10)	—	—	—	—
Stock-based compensation	—	—	381,019	—	—	—	381,019
Net loss for the three months ended March 31, 2024	—	—	—	—	—	(2,469,626)	(2,469,626)
Balances at March 31, 2024	<u>7,382,699</u>	<u>\$ 7,383</u>	<u>\$ 121,235,416</u>	<u>1,321</u>	<u>\$ (13,210)</u>	<u>\$ (99,519,076)</u>	<u>\$ 21,710,513</u>
Balances at December 31, 2024	8,336,812	\$ 8,337	\$ 125,327,300	1,321	\$ (13,210)	\$ (107,467,263)	\$ 17,855,164
Vesting of restricted stock units	12,479	12	(9,358)	—	—	—	(9,346)
Stock-based compensation	—	—	384,595	—	—	—	384,595
Net loss for the three months ended March 31, 2025	—	—	—	—	—	(2,703,024)	(2,703,024)
Balances at March 31, 2025	<u>8,349,291</u>	<u>\$ 8,349</u>	<u>\$ 125,702,537</u>	<u>1,321</u>	<u>\$ (13,210)</u>	<u>\$ (110,170,287)</u>	<u>\$ 15,527,389</u>

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

IDEAL POWER INC.
Notes to Condensed Financial Statements
(unaudited)

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 in 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 Policies

Basis of Presentation

The accompanying unaudited condensed financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (the “SEC”) for Form 10-Q. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. The balance sheet at December 31, 2024 has been derived from the Company’s audited financial statements included in its Annual Report on Form 10-K filed with the SEC on March 28, 2025.

In the opinion of management, these financial statements reflect all normal recurring, and other adjustments, necessary for a fair presentation. These condensed financial statements should be read in conjunction with the audited financial statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024. Operating results for interim periods are not necessarily indicative of operating results for an entire fiscal year or any other future periods.

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 three months ended March 31, 2025 and 2024, the Company did not generate material international revenues and as of March 31, 2025 and December 31, 2024, the Company did not have material assets located outside of the United States.

Net Loss Per Share

In accordance with Accounting Standards Codification 260, shares issuable for little or no cash consideration are considered outstanding common shares and included in the computation of basic net loss per share. As such, for the three months ended March 31, 2025 and 2024, the Company included pre-funded warrants to purchase shares of common stock in its computation of net loss per share. The pre-funded warrants were issued in March 2024 and November 2019 with an exercise price of \$0.001. See Note 7.

In periods with a net loss, no common share equivalents are included in the computation of diluted net loss per share because their effect would be anti-dilutive. At March 31, 2025 and 2024, potentially dilutive shares outstanding amounted to 1,330,380 and 1,630,595 shares, respectively, and exclude pre-funded warrants to purchase shares of common stock.

Recent Accounting Pronouncements

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

Note 3 – Intangible Assets

Intangible assets, net consisted of the following:

	March 31, 2025	December 31, 2024
Patents	\$ 1,828,834	\$ 1,770,374
Trademarks	22,861	22,767
Other intangible assets	1,843,036	1,843,036
	3,694,731	3,636,177
Accumulated amortization - patents	(369,291)	(349,279)
Accumulated amortization - other intangible assets	(709,588)	(674,900)
	<u>\$ 2,615,852</u>	<u>\$ 2,611,998</u>

At March 31, 2025 and December 31, 2024, the Company capitalized \$586,649 and \$541,081, respectively, for costs related to patents that have not been awarded. Cost related to patents that have not yet been awarded are not amortized until patent issuance.

At March 31, 2025 and December 31, 2024, the Company capitalized \$22,861 and \$22,767, 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 \$54,700 and \$52,697 for the three months ended March 31, 2025 and 2024, respectively. Amortization expense for the succeeding five years and thereafter is \$164,099 (remaining nine months of 2025), \$218,798 (2026-2029) and \$967,051 (thereafter).

Note 4 – 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 (remaining)	\$ 90,407
2026	123,297
2027	126,703
2028	130,197
2029	88,579
Total lease payments	559,183
Less: imputed interest	(92,785)
Total lease liability	466,398
Less: current portion of lease liability	(85,270)
Long-term lease liability	<u>\$ 381,128</u>

At March 31, 2025, the remaining lease term was 53 months.

For the three months ended March 31, 2025 and 2024, operating cash flows for lease payments totaled \$29,597 and \$19,841, respectively. For the three months ended March 31, 2025 and 2024, operating lease cost, recognized on a straight-line basis, totaled \$30,856 and \$19,018, respectively.

Note 5 – Commitments and Contingencies

License 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, included in intangible assets, 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, included in intangible assets, associated with semiconductor drive circuitry which enhances its intellectual property portfolio. The Company pays \$50,000 annually under this agreement.

At March 31, 2025, the estimated present value of future payments under the licensing agreements was \$1,139,667 with \$150,000 due and payable in the next twelve months. 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 long as an executive's actions were taken in good faith and in furtherance of the Company's business and within the scope of the executive's duties and authority.

Note 6 — 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. At March 31, 2025, 210,777 shares of common stock were available for issuance under the Plan.

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

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Life (in years)
Outstanding at December 31, 2024	509,414	\$ 7.56	4.6
Outstanding at March 31, 2025	509,414	\$ 7.56	4.3
Exercisable at March 31, 2025	501,414	\$ 7.48	4.3

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

	RSUs	PSUs
Outstanding at December 31, 2024	331,715	114,000
Granted	46,676	—
Vested	(13,665)	—
Outstanding at March 31, 2025	364,726	114,000

During the three months ended March 31, 2025, the Company granted 38,660 RSUs to Board members and 8,016 RSUs to employees under the Plan. The estimated fair value of these equity grants was \$340,001, \$75,251 of which was recognized during the three months ended March 31, 2025.

At March 31, 2025, there was \$2,238,092 of unrecognized compensation cost related to non-vested equity awards granted under the Plan. That cost is expected to be recognized over a weighted average period of 1.0 years.

Note 7 — Warrants

At March 31, 2025 and December 31, 2024, the Company had 342,240 warrants outstanding with a weighted average exercise price of \$8.90 per share. At March 31, 2025 and December 31, 2024, the Company had 763,827 pre-funded warrants outstanding, respectively, with an exercise price of \$0.001 per share. The weighted average remaining life, excluding the pre-funded warrants with no expiration date, of the outstanding warrants is 0.3 years.

At March 31, 2025, all warrants were exercisable, although the warrants held by certain of the Company's warrant holders may be exercised only to the extent that the total number of shares of common stock then beneficially owned by such warrant holder does not exceed 4.99% (or, at the investor's election, 9.99%) of the outstanding shares of the Company's common stock.

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. These statements include, but are not limited to, statements regarding our future financial performance and expenses, business condition and results of operations, future business plans, expectations regarding design wins and other business developments, and pursuing additional government funding. 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 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 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 pandemics on our business, financial condition 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.

Unless otherwise stated or the context otherwise requires, the terms “Ideal Power,” “we,” “us,” “our” and the “Company” refer to Ideal Power Inc.

ITEM 2. 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 financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q as well as our audited 2024 financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2024. In addition to historical information, the discussion and analysis here and throughout this Form 10-Q contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including, but not limited to, those set forth under "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2024.

Overview

Ideal Power Inc. is located in Austin, Texas. 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.

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 \$12,003 and \$78,739 in revenue in the three months ended March 31, 2025 and 2024, respectively.

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.

Upon product launch, we design and build initial prototypes for testing and to solicit customer feedback. Based on the results of testing and customer feedback, we incorporate any necessary changes into the product design, build final prototypes and complete additional testing prior to full commercial release. To date, our customers have purchased prototypes in small quantities for evaluation and provided us feedback that has been incorporated into our final product designs. We expect significantly higher volume orders from customers once we secure a design win from them, and they start to build inventory in advance of launching their OEM product. For the product launches described above, we would expect the time from announcing a design win to the sale of the related OEM product to be roughly one year, although it may vary considerably depending on the customer. We would expect a significantly longer design cycle for automotive applications. Design wins are expected to result in significant revenue growth for us over time as product life cycles tend to be relatively long for power electronics products as changing to another technology would require an OEM to redesign their product. See "First Design Win" below.

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 are 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 was targeted for completion in the second quarter of 2025, to be followed by commercial sales later in the year. We completed our deliverables under the agreement in the first quarter of 2025, three months ahead of schedule. We expect to announce additional design wins and/or custom development agreements in 2025.

Results of Operations

Comparison of the three months ended March 31, 2025 to the three months ended March 31, 2024

Revenue. Revenue was \$12,003 for the three months ended March 31, 2025, compared to \$78,739 for the three months ended March 31, 2024. For the three months ended March 31, 2025, our revenue included product sales and development revenue related to our first design win. For the three months ended March 31, 2024, our revenue was from the completion of the second phase of our development agreement with Stellantis.

Cost of Revenue. Cost of commercial revenue was \$30,862 for the three months ended March 31, 2025, compared to \$68,498 for the three months ended March 31, 2024. For the three months ended March 31, 2025, our cost of revenue included cost of product sales and development expenses related to our first design win. For the three months ended March 31, 2024, our cost of revenue related to the completion of the second phase of our development agreement with Stellantis.

Research and Development Expenses. Research and development expenses increased by \$201,099, or 15%, to \$1,567,992 in the three months ended March 31, 2025 from \$1,366,893 in the three months ended March 31, 2024. The increase was due to higher personnel costs of \$160,005 and semiconductor fabrication costs of \$51,288, partly offset by lower other B-TRAN® development spending of \$10,194. We expect higher quarterly research and development expenses in the remainder of 2025 as compared to the first quarter of 2025 as we continue development of our B-TRAN® technology. There will also be quarter-to-quarterly variability to research and development expenses due to the timing of semiconductor fabrication runs and other development activities.

General and Administrative Expenses. General and administrative expenses increased by \$46,133, or 5%, to \$899,821 in the three months ended March 31, 2025 from \$853,688 in the three months ended March 31, 2024. The increase was due to higher personnel costs of \$57,394, stock-based compensation expense of \$14,076 and other spending of \$18,746, partly offset by lower investor relations spending of \$44,083. We expect slightly to modestly higher quarterly general and administrative expenses, exclusive of stock-based compensation, in the remainder of 2025 as compared to the first quarter of 2025.

Sales and Marketing Expenses. Sales and marketing expenses increased by \$21,549, or 7%, to \$338,160 in the three months ended March 31, 2025 from \$316,611 in the three months ended March 31, 2024. The increase was due to higher personnel costs of \$35,896, partly offset by lower stock-based compensation expense of \$13,768 and other spending of \$579. We expect higher quarterly sales and marketing expenses in the remainder of 2025 as compared to the first quarter of 2025 as we further commercialize our B-TRAN® technology.

Loss from Operations. Our loss from operations for the three months ended March 31, 2025 was \$2,824,832, or 12% higher, as compared to the \$2,526,951 loss from operations for the three months ended March 31, 2024, for the reasons discussed above.

Interest Income, Net. Net interest income was \$121,808 for the three months ended March 31, 2025, compared to \$57,325 for the three months ended March 31, 2024, primarily as a result of the impact of increased interest from a higher cash balance on our money market account.

Net Loss. Our net loss for the three months ended March 31, 2025 was \$2,703,024, or 9% higher, as compared to a net loss of \$2,469,626 for the three months ended March 31, 2024, for the reasons discussed above.

Liquidity and Capital Resources

We have incurred losses since inception. We have funded our operations to date primarily through the sale of common stock and pre-funded warrants.

At March 31, 2025, we had cash and cash equivalents of \$13.7 million. Our net working capital at March 31, 2025 was \$13.4 million. We had no outstanding debt at March 31, 2025.

We believe that our cash and cash equivalents on hand will be sufficient to meet our ongoing liquidity needs for at least the next twelve months from the date of filing this Quarterly Report on Form 10-Q; however, we may require additional funds in the future to fully implement our plan of operation 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.

Operating activities in the three months ended March 31, 2025 resulted in cash outflows of \$2,066,774 which were due to the net loss for the period of \$2,703,024, partly offset by stock-based compensation of \$384,595, favorable balance sheet timing of \$139,102 and other non-cash items of \$112,553.

Operating activities in the three months ended March 31, 2024 resulted in cash outflows of \$1,875,295 which were due to the net loss for the period of \$2,469,626, partly offset by stock-based compensation of \$381,019, favorable balance sheet timing of \$105,817 and other non-cash items of \$107,495.

We expect an increase in cash outflows from operating activities in the remainder of 2025 as we further develop and commercialize our B-TRAN® technology.

Investing activities in the three months ended March 31, 2025 and 2024 resulted in cash outflows of \$69,878 and \$103,550, respectively, for the acquisition of intangible assets and fixed assets.

Financing activities in the three months ended March 31, 2025 resulted in cash outflows of \$9,346 from the payment of withholding taxes upon the vesting of restricted stock units.

Financing activities in the three months ended March 31, 2024 resulted in cash inflows of \$13,652,663 from issuance of common stock and pre-funded warrants in a public offering and \$86,757 from the exercise of stock options.

Critical Accounting Estimates

There have been no significant changes during the three months ended March 31, 2025 to the critical accounting estimates disclosed in Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

Trends, Events and Uncertainties

There are no material changes from trends, events or uncertainties disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the Company's reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. The Company's disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that this information is accumulated and communicated to management, including the principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. The Company conducted an evaluation (pursuant to Rule 13a-15(b) of the Exchange Act), under the supervision and with the participation of its Chief Executive Officer (principal executive officer) and its Chief Financial Officer (principal financial and accounting officer) of the effectiveness of the Company's disclosure controls and procedures as of March 31, 2025 and has concluded that, as of March 31, 2025, the Company's disclosure controls and procedures are effective.

Changes in Internal Control over Financial Reporting

There have been no material changes in our internal controls over financial reporting that occurred during the quarter ended March 31, 2025 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Limitations on the Effectiveness of Controls

Control systems, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control systems' objectives are being met. Further, the design of any system of controls must reflect the fact that there are resource constraints, and the benefits of all controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of error or mistake. Control systems 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 also based in part upon 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. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

PART II-OTHER INFORMATION

ITEM 1. 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 1A. RISK FACTORS

There are no material changes from the risk factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2024.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

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

ITEM 6. EXHIBITS

Exhibit Number	Document
31.1*	Certification of Principal Executive Officer pursuant to Exchange Act Rule, 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Principal Financial Officer pursuant to Exchange Act Rule, 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification pursuant to 18 U.S.C. 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document and contained in Exhibit 101).

* Filed herewith

** Furnished herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: May 15, 2025

IDEAL POWER INC.

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

By: /s/ Timothy W. Burns
Timothy W. Burns
Chief Financial Officer

**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 quarterly report on Form 10-Q 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: May 15, 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 quarterly report on Form 10-Q 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: May 15, 2025

/s/ Timothy W. Burns

Timothy W. Burns

Chief Financial Officer (Principal Financial Officer)

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

In connection with the periodic report of Ideal Power Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2025 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 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: May 15, 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 Officer)