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Energous Corp
Form 10-K
February 28, 2019

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, 2018

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

For the transition period from to

Commission file number: 001-36379

ENERGOUS CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Delaware	46-1318953
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

3590 North First Street, Suite 210, San Jose, CA	95134
(Address of Principal Executive Offices)	(Zip Code)

(408) 963-0200

(Registrant's telephone number, including area code)

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

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

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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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company
	Emerging growth company

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

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter was \$364,922,818. Solely for the purposes of this calculation, shares held by directors, executive officers and 10% owners of the registrant have been excluded. Such exclusion should not be deemed a determination or an admission by the registrant that such individuals are, in fact, affiliates of the registrant.

As of February 22, 2019, there were 26,683,458 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The registrant intends to file a definitive proxy statement pursuant to Regulation 14A within 120 days after the end of the fiscal year ended December 31, 2018. Portions of such proxy statement are incorporated by reference into Part III of this Annual Report on Form 10-K.

ENERGOUS CORPORATION

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PART I

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

FORWARD-LOOKING STATEMENTS

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

Item 1. Business

Overview

We have developed our WattUp® wireless power technology, consisting of proprietary semiconductor chipsets, software controls, hardware designs and antennas, that enables radio frequency (“RF”) based charging for electronic devices. The WattUp technology has a broad spectrum of capabilities, including contact-based wireless charging and wireless charging at various distances, and in some use cases mobility charging. In November 2016 we entered into a Strategic Alliance Agreement with Dialog Semiconductor plc (“Dialog”), an industry leader in Bluetooth low energy semiconductors and power management semiconductors. In conjunction with the Strategic Alliance Agreement, Dialog manufactures and is the exclusive distributor of integrated circuit (“IC”) products of our design and provides sales and logistic support on a global basis. We believe our proprietary WattUp technology can be utilized in consumer electronics such as wearables, hearing aids, earbuds, Bluetooth headsets, Internet of Things (“IoT”) devices, smartphones, tablets, smartwatches, fitness bands, keyboards, mice, remote controls, rechargeable lights, batteries, medical devices, and other devices with charging requirements that would otherwise require battery replacement or an external power connection.

We believe our technology is innovative in its approach, in that we are developing solutions that charge electronic devices by surrounding them with a focused RF energy pocket. We are engineering solutions that we expect to enable

the wire-free transmission of energy, initially for contact-based charging applications, and potentially for non-contact charging at distances up to approximately three feet, and even low-power charging at up to 15 feet. For non-contact applications, our transmitter technology is able to mesh into a wire-free charging network that will allow users to charge their devices as they move about some space. To date, we have developed multiple transmitter prototypes and multiple receiver prototypes. The transmitters vary in terms of their form factor, power specification, and frequency. The receivers can be used in a variety of applications, such as smartphone battery cases, toys, fitness trackers, Bluetooth headsets, tracking devices, and stand-alone receivers. We are engaged in pre-

production and initial production activity with several consumer electronic, medical device and industrial companies to introduce our contact-based near field transmitters and receivers in products going to market in 2019. We are also in discussion with potential customers in the consumer and industrial spaces that are considering our solutions for low power distance charging for products that could enter the market in 2019.

When the company was founded in 2012, we recognized the need to design and build an enterprise-class network management and control software (“NMS”) system that would be integral to the architecture and development of our wire-free charging technology. Our NMS system is robust enough to scale up to control thousands of devices across an enterprise, or scaled down to meet the needs of a home or IoT environment.

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

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

In 2015, we entered into a Development and License Agreement with one of the top consumer electronics companies in the world based on total worldwide revenues. The agreement is milestone-based and while there are no guarantees that our WattUp technology will ever be integrated into this company’s products, the relationship has helped to drive our innovation and provided financial benefits in the form of engineering services revenues. The relationship has also been beneficial to Energous because the consumer electronics company has provided insight and direction that accelerated our technology development and our regulatory initiatives. We expect this relationship to continue, and possibly to result in additional engineering services revenue. If our technology is ultimately incorporated into products sold by this consumer electronics company, significant revenues is possible based on our WattUp® technology integrated into those products.

In February 2016, we began delivering evaluation kits to potential licensees of our technology, to allow their respective engineering and product management departments to test and evaluate the technology. Our customers’ product development, technology integration and product introduction cycles occur over multiple quarters and generally more than a year elapses before first evaluation and final shipment of the customer’s product. We expect this commercialization cycle to shorten over time as the technology matures.

With the exception of our 2015 Development and Licensing Agreement with a top-tier consumer electronics company, we maintain exclusive rights to all intellectual property in our technology. Our intellectual property strategy includes pursuing patent protection for new innovations. As of February 19, 2019, we had more than 125 pending patent and provisional patent applications. As of that date, the U.S. Patent and Trademark Office and international patent offices had issued 176 patents and had notified us of the allowance of 26 additional patents. In addition to the inventions covered by these patents and patent applications, we have also identified specific inventions that we believe are novel and patentable. We intend to file for patent protection for the most valuable of

these, and for other inventions that we expect to develop. This is a significant annual expense and we continually monitor the costs and benefits of each patent application and pursue those that we believe are most protective for our business and expand the core value of the Company.

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

Our common stock is quoted on The Nasdaq Stock Market under the symbol "WATT". As of February 14, 2019, we had 69 full-time employees, 60 of whom were engineers. We were incorporated in Delaware in 2012. Our corporate headquarters is located at 3590 North First Street, Suite 210, San Jose, CA 95134. Our website can be accessed at www.energous.com. The information contained on, or that may be obtained from our website, is not, and shall not be deemed to be, part of this Annual Report on Form 10-K.

Our Technology

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

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

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

First, our proprietary transmitter technology locates the target receivers using standard Bluetooth® communications and our proprietary technology. Our software controls then cause the transmitter to generate a controlled and focused RF-waveform that creates a RF energy pocket around the receivers. Receivers equipped with our antennas and ICs, and controlled by our software, are able to harvest power from the focused RF energy pocket. We believe that these receivers will be incorporated into future devices such as smartphones, wearables, fitness trackers, keyboards and mice, cameras, tablets, toys, IoT devices, sensors, remote controls, medical devices and other small electronics that contain embedded batteries. The transmitter uses proprietary software algorithms to dynamically direct, focus and control our RF waveform as it transmits energy to a moving object, such as a user holding a mobile device while walking around a room. Our small form factor antennas use the existing device's printed circuit board, eliminating the need for larger, more expensive coils. This enables broader adoption of wireless charging in a larger range of battery-powered devices, such as smartphones, tablets, IoT devices, small form factor wearables, gaming and Virtual Reality (VR)/Augmented Reality (AR) devices.

Our initial demonstration system was capable of transmitting energy to multiple devices within a radius of 15 feet. Our current generation ICs has significantly reduced the size and cost of both transmitters and our receivers, and products under development are designed to further reduce size and cost. In addition, our ICs are designed for lower-power and higher-power applications, efficiency and faster synchronization, while working within the constraints of multiple international regulatory environments.

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

Our Competition

Competing methods for charging battery-powered devices include wall plug-in charging, inductive charging, magnetic resonance charging, charging stations and more. To our knowledge, almost all consumer electronics equipped with a rechargeable battery come bundled with a charging method, such as a power cord. Studies indicate that consumers prefer wire-free, or untethered, charging solutions such as our WattUp technology. We believe the advantages of our WattUp technology include size, cost, mobility, foreign object detection and portability. Further, our technology allows us to target, track and charge a device as it moves, and it enables devices to be designed without removable batteries or the need to plug in to charge. Over time, charging at greater distances could become a further competitive advantage.

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

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

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

Conductive. Conductive charging uses conductive power transfer to eliminate wires between the charger (often a charging mat) and the charging device. It requires the use of a charging board as the power transmitter to

deliver the power, and a charging device, with a built-in receiver, to receive the power. This technology requires direct metal contact between the charging board and the receiver. Once the charging board recognizes the receiver, the charging begins.

RF Harvesting. Harvesting RF energy is at the core of our WattUp technology. RF harvesting typically utilizes directional antennas to target and deliver energy. To our knowledge, there are two other companies attempting to utilize a directional pocket of energy similar to our WattUp technology.

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

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

Our Business Strategy

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

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

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

In order for our technology to become an ubiquitous solution for charging at a distance, we intend to pursue an ecosystem strategy for our technology, engaging not only potential licensees for our transmitter and receiver technologies, but also their upstream and downstream value chain partners. We intend to capitalize on our first-to-market advantage and prioritize protection of our intellectual property portfolio, as we believe this strategy will

make it less likely that a competing platform will be able to gain a solid foothold in the RF-based wireless charging market and compete with our technology in a meaningful way.

We believe our strategic relationship with Dialog will enable us to reap the benefits of our technology faster and with greater penetration than by manufacturing and distributing products ourselves. We believe this relationship allows us to resolve supply chain problems for consumer electronics and IoT companies as well as leverage Dialog's sales force while we concentrate our efforts and resources on engineering, development and commercialization projects to accelerate the introduction and adoption of WattUp solutions.

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

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

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

Our Target Markets

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

Transmitter Target Markets

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

- Stand-alone transmitters that are either sold independently or bundled as part of a pairing with WattUp-enabled receiver devices;
- Transmitters that are integrated into third party devices such as smart speakers, televisions, computer monitors, sound bars, refrigerator doors; and
- Transmitters that are integrated into Wi-Fi routers to form a single device that provides both connectivity and wire-free power for a particular area.

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

WattUp Near Field Transmitters:

Because of its advantages over other forms of contact-based wireless charging, including ease of manufacturing and relative ease of regulatory approval, we expect transmitters using our WattUp Near Field technology to be the first WattUp enabled transmitter products on the market. These contact-based charging solutions are ideally suited for

many electronic devices, such as wearables, IoT devices and other small electronics that require a small form factor receiver and a low-cost charging solution. They are also suitable for larger, more power-hungry devices such as smartphones, smart watches and tablets. Initially these transmitters will be one-to-one (one transmitter to one receiver), with future versions being single transmitters for multiple receivers.

WattUp Mid Field Transmitters:

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

WattUp Far Field Transmitters:

Transmitters based on WattUp Far Field technology are expected to provide low power charging for multiple devices within a radius of up to 15 feet. We expect that Far Field WattUp transmitters will have the ability to “pair” with other Far Field WattUp transmitters, creating a mesh of charging that could be used for different rooms or large spaces while seamlessly providing charging to mobile devices that move through the space. Far Field WattUp transmitters may play a significant role in the charging low power IoT devices in fixed locations – such as security cameras and sensors.

Transmitters Integrated into Third Party Devices:

The “building block” core architecture developed for the WattUp technology is suited to a broad spectrum of third party devices like smart speakers, televisions and refrigerator doors. The flexibility of the architecture in terms of size, power, distance, and cost affords Energous licensees the opportunity to match our technology with specific requirements and limitations typically found with complex integrations. For example, the WattUp transmit technology could be integrated into the door of a small refrigerator typically found in college dorm rooms, to provide charging capabilities to mobile devices anywhere in the room.

Wi-Fi Routers

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

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

Receiver Target Markets

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

- Wearables
- Hearing aids
- IoT devices
- Smartphones
- Tablets
- E-book Readers

Peripheral devices such as computer mice and keyboards

Remote controls

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- Rechargeable lights
- Gaming consoles and controllers
- Sensors (such as thermostats)
- Toys
- Rechargeable batteries
- Automotive accessories
- Personal care products (such as toothbrushes and shavers)
- Retail inventory management (such as RFID tags)
- Hand-held industrial devices (such as scanners and keypads)
- Medical devices

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

As part of our go-to-market strategy under the Strategic Alliance Agreement, we are currently working with Dialog to enhance solutions for our current customers and to identify new customers for our technology.

Key Customer Relationship

In January 2015, we entered into a Development and License Agreement with one of the top consumer electronics companies in the world based on total worldwide revenues, to explore application of our WattUp wire-free charging receiver technology in various products.

This Development and License Agreement, as amended, specifies invention and development milestones, achievement of which entitles us to receive development payments under the agreement. These milestones are dynamic and modified from time to time by our customer to suit its evolving product application requirements. Development payments do not necessarily fully recoup our upfront investment in materials and financial and human resources, and our work on this relationship involves opportunity costs for us due to our limited resources.

Under this agreement, during the development phase and until one year after the customer's first shipment of any WattUp-enabled product within the customer's portfolio of products, we will afford this customer a time to market advantage in the licensed product categories. We believe this relationship has helped to drive our innovation and provided financial benefits in the form of engineering services revenues. The relationship has also been beneficial to Energous because the consumer electronics company has provided insight and direction that accelerated our technology development and our regulatory initiatives. We also believe partners are the key to adoption and critical mass distribution of transmitters and receivers in other consumer electronics products.

Key Strategic Relationship

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

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

management technology is used to distribute power from the WattUp receiver IC to the rest of the device while Dialog's AC/DC Rapid Charge™ power conversion technology delivers power to the wireless transmitter.

Research and Development

Research and development costs accounted for approximately 64% and 66% of our total operating expenses for 2018 and 2017, respectively. Our total research and development expenses were \$32.9 million and \$33.2 million for 2018 and 2017, respectively. Research and development expenses are expected to increase in the future as we concentrate our efforts and resources on the commercialization of our technology. While our current prototypes and products focus on near-field and mid-field charging solutions, we continue to make R&D investments into far-field innovations that we anticipate will lead to products that provide low power charging for multiple devices within a radius of up to 15 feet.

Our Intellectual Property

As a company primarily focused on licensing, we expect that our most valuable asset will be our intellectual property. This includes U.S. and foreign patents, patent applications and know-how. We have implemented an aggressive intellectual property strategy and are continuing to pursue patent protection for new innovations. As of February 19, 2019, we had more than 125 pending patent applications in the U.S. and abroad. Additionally, the U.S. Patent and Trademark Office and international patent offices have issued 176 patents and notified us of the allowance of 26 additional patents applications. In addition to the inventions covered by these patents and patent applications, we have identified a significant number of additional specific inventions we believe are novel and patentable. We intend to file for patent protection for the most valuable of these, as well as for other new inventions that we expect to develop. Our strategy is to continually monitor the costs and benefits of each patent application and pursue those that will best protect our business and expand the core value of the Company.

Government Regulation

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

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

Current FCC Approvals for WattUp Technology

FCC ID	Description	Grant Date
2ADNG-MLA1599	Digital Transmission System Bluetooth Accessory 2.4GHz	12/30/2014
2ADNG-MT100	Close Coupled 5.8 GHz Charger Pad	05/24/2016
2ADNG-NF130	RF Wireless Charger and Receiver 5.8 GHz	05/02/2017
2ADNG-NF130	Digital Transmission System for Bluetooth 2.4 GHz	05/02/2017

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2ADNG-MS300	Wireless Charger 913 MHz	12/26/2017
2ADNG-MS300	Digital Transmission System for Bluetooth 2.4 GHz	12/26/2017
2ADNG-MS300A	WPT Client Device 913 MHz	01/05/2018
2ADNG-MS300A	Digital Transmission System WPT Client Device with BLE 2.4 GHz	01/05/2018
2ADNG-NF230	RF Wireless Charger 918 MHz	04/09/2018
2ADNG-NF230	Digital Transmission System for Bluetooth 2.4 GHz	04/09/2018

Current FCC Approvals for
Customer Products

FCC ID Description Grant Date

Current FCC Approvals for Customer Products

FCC ID	Description	Grant Date
VAW-NF910	SK Telesys Co., Ltd, based on Energous ID: 2ADNG-NF230	12/27/2018

As of December 31, 2018, products integrating WattUp® technology had received international regulatory approvals and were approved to ship into 111 countries.

Employees

As of February 14, 2019, we had 69 full-time employees. None of these employees are covered by a collective bargaining agreement, and we believe our relationship with our employees is good. We also employ consultants, including technical advisors, on an as-needed basis to supplement existing staff. Consultants and technical advisors provide us with expertise in electrical engineering, software development and other specialized areas of engineering and science.

Item 1A. Risk Factors

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

Risks Related to Our Business

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

We have a limited operating history upon which investors may rely in evaluating our business and prospects. We have generated limited revenues to date, and as of December 31, 2018, we had an accumulated deficit of approximately \$225 million. Our ability to generate revenues more reliably and on a larger scale, and to achieve profitability, will depend on our ability to execute our business plan, complete the development and approval of our technology, incorporate the technology into products that customers wish to buy, and, to secure financing to enable us to do all this. There can be no assurance that our technology will be adopted widely, that we will ever earn revenues sufficient to support our operations, or that we will ever be profitable. Furthermore, there can be no assurance that we will be able to raise capital as and when we need it to continue our operations. If we are unable to raise sufficient additional capital, we may be required to delay, reduce or severely curtail our research and development or other operations, which could have a material adverse effect on our business, operating results, financial condition, long-term prospects and ability to continue as a viable business. If we are unable to generate revenues of significant scale to cover our costs of doing business, our losses will continue and we may not achieve profitability, which could negatively impact the value of your investment in our securities.

Terms of our Development and License Agreement with a tier-one consumer electronics company could inhibit potential licensees from working with us in specific markets.

We have entered into a Development and License Agreement with a tier-one consumer electronics company to embed our WattUp wire-free charging transmitter and receiver technology in various products. There is no assurance our technology will be adopted by this company for use in any of its products, and our investment in research and development in connection with this relationship may not be fruitful. This agreement provides the consumer electronics company with a time-to-market advantage during the development and until one year after the first customer shipment for specified WattUp-enabled consumer products. This may inhibit other potential licensees

of our technology from engaging with us on some consumer products and may cause them to seek solutions offered by other companies, which could have a negative impact on our revenue opportunities and financial results.

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

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

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

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

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

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

We have entered into a strategic cooperation agreement with Dialog Semiconductor, a provider of electronics products, pursuant to which we licensed our WattUp technology to Dialog and it became the exclusive provider of our technology. We intend to leverage Dialog's sales and distribution channels and its operational capabilities to accelerate market adoption of our technology, while we focus our resources on research and development of our technology. There can be no assurance that Dialog will promote our technology successfully, or that it will be successful in

producing and distributing related products to our customers' specifications. Dialog may have other priorities or may encounter difficulties in its own business that interfere with the success of our relationship. If this strategic relationship does not work as we intend, then we may be required to seek an arrangement with another strategic partner, or to develop internal capabilities, which will require a commitment of management time and our financial resources to identify a replacement strategic partner, or to develop our own production and distribution

capabilities. As a result, we may be unable without undue expense to replace this agreement with one or more new strategic relationships to promote and provide our technology.

The majority of our revenues are associated with a single customer.

One customer currently accounts for the majority of our revenues, and our current business strategy focuses on developing our technology to meet the specific requirements of this customer. While our technology development efforts are in process, there is no assurance that they will be successful or that any revenues we may receive from this or other customers will offset the expenses associated with our development efforts. There is also no assurance that our efforts to develop our technology for this customer will result in revenues from other customers.

We may require additional financing in order to achieve our business plans, and there is no guarantee that it will be available on acceptable terms, or at all.

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

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

To date we have operated primarily in the research and development phase of our business. If we are successful, we will need to expand our business operations, which will impose new demands on our financial, technical, operational and management resources. If we do not upgrade our technical, administrative, operating and financial control systems, or the unexpected expansion difficulties arise, including issues relating to our research and development activities and retention of experienced scientists, managers and engineers, could have a material adverse effect on our business, results of operations and financial condition, and our ability to timely execute our business plan. If we are unable to implement these actions in a timely manner, our results may be adversely affected.

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

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

- the price of products incorporating our technology relative to other products or competing technologies;
- user perceptions of the convenience, safety, efficiency and benefits of our technology;
- the effectiveness of sales and marketing efforts of our commercialization partners;

the support and rate of acceptance of our technology and solutions with our development partners;
press and blog coverage, social media coverage, and other publicity factors that are not within our control; and
regulatory developments.

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

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

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

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

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

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

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

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

When used in the field, our technology may not perform as expected based on performance under controlled laboratory conditions. For example, in the case of distance charging, a laboratory configuration of transmission obstructions will be arranged for testing, but in the field receivers may be obstructed in many different and

unpredictable ways. These conditions may significantly diminish the power received at the receiver or the effective range of the transmitter. The failure of products using our technology to meet the expectations of users in the field could harm our business.

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

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

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

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

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

Our competitive position also depends on our ability to:

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

• design a product that may be sold at an acceptable price point;

• develop new or enhanced technologies or features that improve the convenience, efficiency, safety or perceived safety, and productivity of our technology under development and future products;

• properly identify customer needs and deliver new products or product enhancements to address those needs;

• limit the time required from proof of feasibility to routine production;

• limit the timing and cost of regulatory approvals;

• attract and retain qualified personnel;

protect our inventions with patents or otherwise develop proprietary products and processes; and secure sufficient capital resources to expand both our continued research and development, and sales and marketing efforts.

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

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

Our success depends significantly on our ability to obtain, maintain and protect our proprietary rights to the technologies used in products incorporating our technologies. Patents and other proprietary rights provide uncertain protections, and we may be unable to protect our intellectual property. For example, we may be unsuccessful in defending our patents and other proprietary rights against third party challenges. If we do not have the resources to defend our intellectual property, the value of our intellectual property and our licensed technology will decline, threatening our potential revenue and results of operations.

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

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

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

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

The policies we use to protect our trade secrets may not be effective in preventing misappropriation of our trade secrets by others. In addition, confidentiality agreements executed by our employees, consultants and advisors may

not be enforceable or may not provide meaningful protection for our trade secrets or other proprietary information in the event of unauthorized use or disclosure. Litigating a trade secret claim is expensive and time consuming, and the outcome is unpredictable. Moreover, our competitors may independently develop equivalent knowledge methods and know-how. If we are unable to protect our intellectual property rights, we may be unable to

prevent competitors from using our own inventions and intellectual property to compete against us, and our business may be harmed.

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

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

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

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

Our business exposes us to potential liability risks that are inherent in the marketing and sale of products used by consumers. We may be held liable if our technology causes injury or death or is found otherwise unsuitable. While we believe our technology is safe, users could allege or possibly prove defects (some of which could be alleged or proved to cause harm to users or others) because we design our technology to perform complex functions involving RF energy, possibly in close proximity to users. A product liability claim, regardless of its merit or eventual outcome, could result in significant legal defense costs. The coverage limits of our insurance policies we may choose to purchase to cover related risks may not be adequate to cover future claims. If sales of products incorporating our

technology increase or we suffer future product liability claims, we may be unable to maintain product liability insurance in the future at satisfactory rates or with adequate amounts. A product liability claim, any product recalls or excessive warranty claims, whether arising from defects in design or manufacture or otherwise, could negatively affect our sales or require a change in the design or manufacturing process, any of which could harm our reputation and business, harm our relationship with licensors of our products, result in a decline in revenue and harm our business.

In addition, if a product that we or a strategic partner design is defective, whether due to design or manufacturing defects, improper use of the product or other reasons, we or our strategic partner may be required to

notify regulatory authorities and/or to recall the product. A required notification to a regulatory authority or recall could result in an investigation by regulatory authorities of products incorporating our technology, which could in turn result in required recalls, restrictions on the sale of such products or other penalties. The adverse publicity resulting from any of these actions could adversely affect the perception of our customers and potential customers. These investigations or recalls, especially if accompanied by unfavorable publicity, could result in our incurring substantial costs, losing revenues and damaging our reputation, each of which would harm our business.

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

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

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

We pursue the licensing of our technology as a primary means of revenue generation. We believe there are many companies that would be interested in implementing our technology into their devices. We have entered into one product development and license agreement with a tier-one consumer electronics company that has the potential to yield license revenue. We have also entered into a number of evaluation and joint development agreements with potential strategic partners. However, these agreements do not commit either party to a long-term relationship and any of these parties may disengage with us at any time. Creating a licensing business relationship often takes a substantial effort, as we expect to have to convince the counterparty of the efficacy of our technology, meet design and manufacturing requirements, satisfy marketing and product needs, and comply with selection, review and contracting requirements. There can be no assurance that we will be able to gain access to potential licensing partners, or that they will ultimately decide to integrate our technology with their products. We may not be able to secure license agreements with customers on advantageous terms, and the timing and volume of revenue earned from license agreements will be outside of our control. If the license agreements we enter into do not prove to be advantageous to us, our business and results of operations will be adversely affected.

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

We, or our third-party vendors on our behalf, collect, process, store and transmit substantial amounts of information, including information about our customers. We take steps to protect the security and integrity of the information we collect, process, store or transmit, but there is no guarantee that inadvertent or unauthorized use or disclosure will not occur or that third parties will not gain unauthorized access to this information despite such efforts. Security breaches, computer malware, computer hacking attacks and other compromises of information security measures have become more prevalent in the business world and may occur on our systems or those of our vendors in the future. Large Internet companies and websites have from time to time disclosed sophisticated

and targeted attacks on portions of their websites, and an increasing number have reported such attacks resulting in breaches of their information security. We and our third-party vendors are at risk of suffering from similar attacks and breaches. Although we take steps to maintain confidential and proprietary information on our information systems, these measures and technology may not adequately prevent security breaches and we rely on our third-party vendors to take appropriate measures to protect the security and integrity of the information on those information systems. Because techniques used to obtain unauthorized access to or to sabotage information systems change frequently and may not be known until launched against us, we may be unable to anticipate or prevent these attacks. In addition, a party who is able to illicitly obtain a customer's identification and password credentials may be able to access the customer's account and certain account data.

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

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

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

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

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

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

to our competitors or other technology companies before we realize the benefit of our investment in recruiting and training them. Volatility or lack of performance in our stock price may also affect our ability to attract and retain qualified personnel.

Risks Related to Ownership of Our Common Stock

You may lose all of your investment.

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

Our stock price is likely to continue to be volatile.

The market price of the common stock has fluctuated significantly since our initial public offering in 2014. Our common stock has experienced an intra-day trading high of \$26.88 per share and a low of \$4.41 per share on The Nasdaq Stock Market over the last 52 weeks. The price of our common stock is likely to continue to fluctuate significantly in response to many factors that are beyond our control, including:

- regulatory announcements, such as the recent Federal Communications Commission approval of our Mid-Field range transmitter and receiver technology;
- actual or anticipated variations in operating results;
- the limited number of holders of the common stock;
- changes in the economic performance and/or market valuations of other technology companies;
- our announcements of significant strategic partnerships, regulatory developments and other events;
- announcements by other companies in the wire-free charging space;
- articles published or rumors circulated by third parties regarding our business, technology or development partners;
- additions or departures of key personnel; and
- sales or other transactions involving our capital stock.

We are an “emerging growth company,” and can take advantage of reduced disclosure requirements, which could make our common stock less attractive to investors.

We are an “emerging growth company,” and, for as long as we continue to be an emerging growth company, we intend to take advantage of exemptions from various reporting requirements, including, but not limited to, not being required to provide auditor attestation of our internal controls, reduced disclosure about executive compensation, and exemption from the requirement to hold a nonbinding advisory vote on executive compensation. However, we chose not to delay compliance with new or revised financial accounting standards. We will be an emerging growth company until December 31, 2018. For fiscal year 2019, we will be subject to auditor attestation of our internal controls and other Sarbanes-Oxley requirements. If investors find our common stock less attractive as a result of reduced disclosure of this sort, there may be a less active trading market for our common stock and our stock price may decline.

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

As a public company, we are required to maintain internal control over financial reporting and to report any material weaknesses in such internal controls. Although our management has determined that our internal control over financial reporting was effective as of December 31, 2018, we cannot assure you that we will not identify a material weakness in our internal control in the future.

If we have a material weakness in our internal controls, we may fail to detect errors in our financial accounting, which may require a financial restatement or otherwise harm our operating results, cause us to fail to meet our SEC reporting obligations or Nasdaq listing requirements, adversely affect our reputation, cause our stock price to decline or result in inaccurate financial reporting or material misstatements in our annual or interim financial statements. Further, if there are material weaknesses or failures in our ability to meet any of the requirements related to the maintenance and reporting of our internal controls such as Section 404 of the Sarbanes-Oxley Act, investors may lose confidence in the accuracy and completeness of our financial reports and that could cause the price of our common stock to decline. We could become subject to investigations by Nasdaq, the SEC or other regulatory authorities, which could require additional management attention and which could adversely affect our business.

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

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

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

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

All decisions with respect to the management of our company are made by our board of directors and our officers, who beneficially own approximately 7.7% of our common stock collectively. In addition, our greater than 5% stockholders such as Dialog Semiconductor plc, Emily and Malcolm Fairbairn, DvineWave Holdings LLC and BlackRock Inc. beneficially owned approximately 11.3%, 6.6%, 5.9% and 5.6%, respectively, of our common stock as of December 31, 2018. As a result, these stockholders will be able to exercise a significant level of control over all matters requiring stockholder approval, including the election of directors, amendment of our certificate of incorporation and approval of significant corporate transactions. This control could have the effect of delaying or preventing a change of control of our company or changes in management and will make the approval of certain transactions difficult or impossible without the support of these stockholders.

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

As a public reporting company, we incur significant legal, accounting and other expenses. We are subject to reporting requirements of the Securities Exchange Act of 1934 and rules subsequently implemented by the Securities and Exchange Commission ("SEC") that require us to establish and maintain effective disclosure controls and financial controls, as well as some specific corporate governance practices. Our management and other personnel are expected to devote a substantial amount of time to compliance initiatives associated with our public reporting company status.

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

Our stock price has fluctuated in the past, most recently following our announcement of FCC approval of our Mid-Field transmitter technology, and it may be volatile in the future. In the past, companies that have experienced volatility in the market price of their securities have been subject to securities class action litigation, and we may be the target of litigation of this sort in the future. Securities litigation is costly and can divert management attention from other business concerns, which could seriously harm our business and the value of your investment in our company.

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

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

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

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

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

As of December 31, 2018, we had a Federal net operating loss (“NOL”) carryforward of approximately \$130,590,000. Under the U.S. Tax Code, NOL can generally be carried forward to offset future taxable income for a period of 20 years. Our ability to use our NOL during this period will be dependent on our ability to generate taxable income, and the NOL could expire before we generate sufficient taxable income. As of December 31, 2018, based on our history of operating losses it is possible that a portion of our NOL is not fully realizable.

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

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

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

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

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

In 2014, we entered into a lease agreement for our corporate headquarters located at Northpointe Business Center, 3590 North First Street in San Jose, California. The lease will expire in August 2019. This space is used for our headquarters and for research and development efforts. In 2015, we entered into two sub-lease agreements for additional laboratory space in San Jose, CA, both of which expire in June 2019. In May 2017, we entered into a lease agreement for office space in Costa Mesa, CA which is utilized by our engineers residing in Southern California, which will expire in September 2019. We are currently negotiating renewals of our main operating leases.

Item 3. Legal Proceedings

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

Item 4. Mine Safety Disclosures

Not applicable.

PART II

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

As of December 31, 2018, there were 13 of record of our common stock, and we believe we have significantly more beneficial holders of our common stock.

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

The information regarding the Securities Authorized for issuance under our equity compensation plans will be included in an amendment to this Annual Report on Form 10-K or incorporated by reference from our Proxy Statement to be filed with the SEC for our 2019 Annual Meeting of Stockholders.

Item 6. Selected Financial Data

The data set forth below should be read in conjunction with Item 7 – “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the Company’s financial statements and notes thereto.

	2018	2017
Selected data from the Statements of		
Operations:		
Revenue	\$514,823	\$1,154,009
Loss from operations	\$(50,929,410)	\$(49,387,828)
Net loss	\$(50,840,122)	\$(49,376,875)
Basic and diluted loss per common share	\$(1.99)	\$(2.31)
Selected data from Balance Sheets:		
Total Assets	\$22,010,169	\$15,405,445

The Company has had no long-term liabilities, preferred stock or dividends declared.

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

Overview

We have developed our WattUp® wireless power technology, consisting of proprietary semiconductor chipsets, software controls, hardware designs and antennas, that enables radio frequency ("RF") based charging for electronic devices. The WattUp technology has a broad spectrum of capabilities, including contact-based wireless charging and wireless charging at various distances, and in some use cases mobility charging. In November 2016 we entered into a Strategic Alliance Agreement with Dialog Semiconductor plc ("Dialog"), an industry leader in Bluetooth low energy semiconductors and power management semiconductors. In conjunction with the Strategic Alliance Agreement, Dialog manufactures and is the exclusive distributor of integrated circuit ("IC") products of our design and provides sales and logistic support on a global basis. We believe our proprietary WattUp technology can be utilized in consumer electronics such as wearables, hearing aids, earbuds, Bluetooth headsets, Internet of Things ("IoT") devices, smartphones, tablets, smartwatches, fitness bands, keyboards, mice, remote controls, rechargeable lights, batteries, medical devices, and other devices with charging requirements that would otherwise require battery replacement or an external power connection.

We believe our technology is innovative in its approach, in that we are developing solutions that charge electronic devices by surrounding them with a focused RF energy pocket. We are engineering solutions that we expect to enable the wire-free transmission of energy, initially for contact-based charging applications, and potentially for non-contact charging at distances up to approximately three feet, and even low-power charging at up to 15 feet. For non-contact applications, our transmitter technology is able to mesh into a wire-free charging network that will allow users to charge their devices as they move about some space. To date, we have developed multiple transmitter prototypes and multiple receiver prototypes. The transmitters vary in terms of their form factor, power specification, and frequency. The receivers can be used in applications as diverse as smartphone battery cases, toys, fitness trackers, Bluetooth headsets, tracking devices, and stand-alone receivers. We are engaged in pre-production and initial production activity with several consumer electronic, medical device and industrial companies to introduce our contact-based and near field transmitters and receivers in products going to market in 2019. We are also in discussion with potential customers in the consumer and industrial spaces that are considering our solutions for low power distance charging for products that could enter the market in 2019.

In 2015, we entered into a Development and License Agreement with one of the top consumer electronics companies in the world based on total worldwide revenues. The agreement is milestone-based and while there are no guarantees that our WattUp technology will ever be integrated into this company's products, the relationship has helped to drive our innovation and provided financial benefits in the form of engineering services revenues. The relationship has also been beneficial to Energous because the consumer electronics company has provided insight and direction that accelerated our technology development and our regulatory initiatives. We expect this relationship to continue, and possibly to result in additional engineering services revenue. If our technology is ultimately incorporated into products sold by this consumer electronics company, significant revenues is possible based on our WattUp® technology integrated into those products.

In February 2016, we began delivering evaluation kits to potential licensees of our technology, to allow their respective engineering and product management departments to test and evaluate the technology. Our customers' product development, technology integration and product introduction cycles occur over multiple quarters and generally more than a year elapses before first evaluation and final shipment of the customer's product. We expect this commercialization cycle to shorten over time as the technology matures.

With the exception of our 2015 Development and Licensing Agreement with a top-tier consumer electronics company, we maintain exclusive rights to all intellectual property in our technology. Our intellectual property

strategy includes pursuing patent protection for new innovations. As of February 19, 2019, we had more than 125 pending patent and provisional patent applications. As of that date, the U.S. Patent and Trademark Office and international patent offices had issued 176 patents and had notified us of the allowance of 26 additional patents. In addition to the inventions covered by these patents and patent applications, we have also identified specific inventions that we believe are novel and patentable. We intend to file for patent protection for the most valuable of these, and for other inventions that we expect to develop. This is a significant annual expense and we continually

monitor the costs and benefits of each patent application and pursue those that we believe are most protective for our business and expand the core value of the Company.

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

The market for products using our technology is nascent and unproven, so the Company's success is sensitive to many factors, including technological feasibility, regulatory approval, customer acceptance, competition and global market fluctuations.

Critical Accounting Estimates and Policies

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

Basis of Presentation. The accompanying audited financial statements and footnotes for the years ended December 31, 2018 and 2017 have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") and applicable rules and regulations of the SEC regarding financial information.

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

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

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

We record revenue associated with product development projects that it enters into with certain customers. In general, these development projects are complex, and we do not have certainty about its ability to achieve the project milestones. The achievement of a milestone is dependent on our performance obligation, and requires acceptance by the customer. We recognize revenue based on when the performance obligation is met. However, we do not recognize

revenue in excess of an accepted milestone, as there would be uncertainty of payment for work that has not been accepted. The payment associated with achieving the performance obligation is generally commensurate with the our effort or the value of the deliverable and is nonrefundable. We record the expenses related to these projects in research and development expense, in the periods such expenses were incurred.

We record royalty revenue from its manufacturing partner, Dialog, based on shipments from Dialog to its customers.

During 2018 and 2017, we recorded revenue of \$514,823 and \$1,154,009, respectively.

Research and Development. Research and development expenses are charged to operations as incurred. For internally developed patents, all patent application costs are expensed as incurred as research and development expense. Patent application costs, generally legal costs, are expensed as research and development costs until such time as the future economic benefits of such patents become more certain. We incurred research and development costs of \$32,871,685 and \$33,230,668 for 2018 and 2017, respectively.

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

For 2018 and 2017, we had \$22,248,651 and \$23,601,688, respectively, of research and development expenses capitalized for federal income tax purposes, with amortization commencing upon our receiving an economic benefit from the related research. As of December 31, 2018, we had approximately \$130,590,000 gross federal net operating loss carryforwards (“NOLs”) and a federal tax credit carryforward of approximately \$3,669,000. As of December 31, 2018 and 2017, deferred tax assets consisted principally of net operating loss and tax credit carryforwards, the research and development costs and stock-based compensation, and such deferred tax assets were fully reserved. Accordingly, our effective tax rate for 2018 and 2017 was nil.

Internal Revenue Code Section 382 imposes limitations on the use of net operating loss carryforwards when the stock ownership of one or more 5% shareholders (shareholders owning 5% or more of our outstanding capital stock) has increased on a cumulative basis by more than 50 percentage points. Accordingly, an ownership change could trigger a limitation of the use of the loss carryforward. We completed a Section 382 analysis as of December 31, 2018 and determined that none of our net operating loss carryforwards or research and development tax credits are limited.

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

Tax benefits are recognized only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely to be realized upon settlement. A liability for “unrecognized tax benefits” is recorded for any tax benefits claimed in our tax returns that do not meet these recognition and measurement standards. As of December 31, 2018 and 2017, no liability for unrecognized tax benefits was required to be reported. The guidance also discusses the classification of related interest and penalties on income taxes. Our policy is to record interest and penalties on uncertain tax positions as a component of income tax expense. No interest or penalties were recorded for 2018 and 2017.

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

other free standing derivatives at each reporting date to determine whether a change in classification between assets and liabilities or equity is required.

Results of Operations

For the Years Ended December 31, 2018 and 2017

Revenues. During 2018 and 2017, we recorded revenue of \$514,823 and \$1,154,009, respectively, upon the achievement of milestones under a development and licensing agreement. The decrease in revenue of \$639,186 is due to the timing of the achievement of these milestones.

Operating Expenses. Operating expenses consist of research and development, sales and marketing, and general and administrative expenses. Operating expenses for 2018 and 2017 were \$51,444,233 and \$50,541,837, respectively.

Research and Development Expenses. Research and development expenses include costs for developing our technology, such as IC design costs, salaries, software and facility costs. Research and development costs for 2018 and 2017 were \$32,871,685 and \$33,230,668, respectively. The \$358,983 decrease in research and development expenses is primarily due to a \$1,066,525 decrease in payroll and related compensation expense, as a result of lower average headcount, an \$806,233 decrease in chip development, manufacturing and engineering component costs, due to more chip development work being done in-house, and a \$426,296 decrease in legal patent costs, partially offset by a \$1,153,358 increase in stock-based compensation, due to equity awards granted during the year, a \$493,378 increase in regulatory and testing fees from increased efforts to secure domestic and international regulatory approvals and a \$234,014 increase in term-based engineering software licenses.

Sales and Marketing Expenses. Sales and marketing expenses for 2018 and 2017 were \$6,185,159 and \$5,207,746, respectively. The \$977,413 increase in sales and marketing expenses is primarily due to an increase of \$997,461 in compensation, including a \$694,445 increase in payroll and related compensation expense and a \$303,016 increase in stock-based compensation, due to a higher average headcount and the issuance of additional equity awards granted during the year, a \$141,236 increase in travel expense, a \$138,403 increase in promotional, design and website costs and a \$116,900 increase in consulting expense, partially offset by a \$315,213 decrease in tradeshow expense.

General and Administrative Expenses. General and administrative expenses include costs for general and corporate functions, including facility fees, travel, telecommunications, insurance, professional fees, consulting fees and other overhead. General and administrative costs for 2018 and 2017 were \$12,387,389 and \$12,103,423, respectively. The \$283,966 increase in general and administrative expense is primarily due to a \$358,160 increase in consulting and third-party costs, a \$317,150 increase in legal and accounting fees and a \$201,124 increase in payroll and related compensation expense, partially offset by a \$505,439 decrease in stock-based compensation due to the cost of an executive performance award becoming fully amortized during 2017 and a \$96,450 decrease in depreciation expense.

Loss from Operations. Loss from operations for 2018 and 2017 was \$50,929,410 and \$49,387,828, respectively.

Interest Income. Interest income for 2018 was \$89,288, compared to \$11,679 for 2017.

Net Loss. As a result of the above, net loss for 2018 was \$50,840,122, compared to \$49,376,875 for 2017.

Liquidity and Capital Resources

During 2018 and 2017, we recorded revenue of \$514,823 and \$1,154,009, respectively. We incurred a net loss of \$50,840,122 and \$49,376,875 for 2018 and 2017, respectively. Net cash used in operating activities was \$32,527,023 and \$34,430,298 for 2018 and 2017, respectively. Since inception, we have met our liquidity requirements through private placements of convertible notes, our initial public offering of common stock, sale of common stock to a strategic investor, issuance of common stock to our landlord to reduce monthly base rent obligations and pay for

tenant improvements, sale of common stock in follow-on public offerings, private placements of common stock to investors, an “at-the-market” equity offering of our common stock, and revenue received under product development projects with customers.

As of December 31, 2018, we had cash and cash equivalents of \$20,106,485.

We believe our current cash on hand, together with anticipated payments under product development projects with customers, will be sufficient to fund our operations into the second quarter of 2020. However, we may require additional financing to implement our business plan. Potential financing sources could include follow-on offerings of equity or debt securities, bank financings, commercial agreements with customers or strategic partners, and other alternatives. On August 9, 2018, we filed a “shelf” registration statement on Form S-3, which became effective on August 17, 2018. The “shelf” registration statement allows us from time to time to sell any combination of debt or equity securities described in the registration statement up to aggregate proceeds of \$75,000,000. Pursuant to the “shelf” registration statement, on February 27, 2019, we have a firm commitment to raise \$23.3 million, net of underwriters’ discount and offering fees of \$1.7 million.

During 2018, cash flows used in operating activities were \$32,527,023, consisting of a net loss of \$50,840,122, less non-cash expenses aggregating \$17,889,258 (representing principally stock-based compensation of \$16,753,754 and depreciation expense of \$1,054,720), a \$163,305 decrease in accounts payable, partially offset by a \$445,270 decrease in prepaid expenses and other current assets and a \$156,324 increase in accrued expenses. During 2017, cash flows used in operating activities were \$34,430,298, consisting of a net loss of \$49,376,875, less non-cash expenses aggregating \$17,194,309 (representing principally stock-based compensation of \$15,802,819 and depreciation expense of \$1,309,980), a \$2,683,073 decrease in accounts payable, partially offset by a \$348,275 decrease in prepaid expenses and other current assets and a \$149,500 decrease in accounts receivable.

During 2018 and 2017, cash flows used in investing activities were \$859,819 and \$814,648, respectively. The cash used in 2018 consisted of purchases of computer hardware and software for chip development. The cash used in 2017 consisted of purchases of laboratory equipment and software to help with chip development and testing.

During 2018, cash flows provided by financing activities were \$40,698,073, which consisted of \$38,846,815 in net proceeds from the sale of shares to the public, proceeds from the exercise of stock options of \$1,319,461 and proceeds from contributions to the employee stock purchase program (“ESPP”) of \$531,797. During 2017, cash flows provided by financing activities were \$16,781,563, which consisted of net proceeds of \$14,932,547 from the issuance of shares to private investors, proceeds from the exercise of stock options of \$979,950 and proceeds from contributions to the ESPP of \$869,066.

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

There can be no assurance that our technology will be adopted widely, that we will ever earn revenues sufficient to support our operations, or that we will ever be profitable. Furthermore, since we have no committed source of financing, there can be no assurance that we will be able to raise capital as and when we need it to continue our operations. If we are unable to raise sufficient additional capital, we may be required to delay, reduce or severely curtail our research and development or other operations, which could have a material adverse effect on our business, operating results, financial condition, long-term prospects and ability to continue as a viable business.

Contractual Obligations

In the ordinary course of business, we routinely enter into purchase commitments for various aspects of our operations, such as purchases of engineering supplies, lab equipment, chip design engineering, engineering consulting services and software licenses. We do not believe these commitments will have a material effect on our financial

condition, results of operations or cash flows.

The following table summarizes our contractual obligations at December 31, 2018 and the effect such obligations are expected to have on our liquidity and cash flows in future periods:

		Less than 1	1 to 3	More than 3
	Total	Year	Years	Years
Operating leases	\$457,585	\$457,585	\$—	\$ —
Engineering software commitment	2,175,130	870,052	1,305,078	—
Total	\$2,632,715	\$1,327,637	\$1,305,078	\$ —

Off-Balance Sheet Transactions

We do not have any off-balance sheet transactions.

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

In the ordinary course of business, we may be exposed to certain market risks, such as interest rates. The annual impact of our results of operations of a 100 basis point interest rate change on December 31, 2018 would be minimal. After an assessment of these risks to our operations, we believe that the primary market risk exposures (within the meaning of Regulation S-K Item 305) are not material and are not expected to have any material adverse impact on our financial position, results of operations or cash flows for the next fiscal year.

Item 8. Financial Statements and Supplementary Data.

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Energous Corporation

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors

of Energous Corporation

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Energous Corporation (the “Company”) as of December 31, 2018 and 2017, the related statements of operations, changes in stockholders’ equity and cash flows for each of the two years in the period ended December 31, 2018, 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, 2018 and 2017, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

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

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

/S/ Marcum LLP

Marcum LLP

Melville, NY

February 27, 2019

Energous Corporation

BALANCE SHEETS

	As of	
	December 31,	December 31,
	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$20,106,485	\$12,795,254
Accounts receivable	44,550	—
Prepaid expenses and other current assets	581,040	1,026,310
Prepaid rent, current	56,668	80,784
Total current assets	20,788,743	13,902,348
Property and equipment, net	1,219,016	1,413,917
Prepaid rent, non-current	—	56,668
Other assets	2,410	32,512
Total assets	\$22,010,169	\$15,405,445
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$1,861,385	\$2,024,690
Accrued expenses	1,778,349	1,622,025
Total current liabilities	3,639,734	3,646,715
Commitments and contingencies		
Stockholders' equity:		
Preferred Stock, \$0.00001 par value, 10,000,000 shares authorized at		
December 31, 2018 and December 31, 2017; no shares issued or		
Outstanding	—	—
Common Stock, \$0.00001 par value, 50,000,000 shares authorized at		
December 31, 2018 and December 31, 2017; 26,526,303 and		
22,584,588 shares issued and outstanding at December 31, 2018		
and December 31, 2017, respectively.	265	225
Additional paid-in capital	243,111,741	185,659,954
Accumulated deficit	(224,741,571)	(173,901,449)
Total stockholders' equity	18,370,435	11,758,730
Total liabilities and stockholders' equity	\$22,010,169	\$15,405,445

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

Energous Corporation

STATEMENTS OF OPERATIONS

	For the Year Ended December 31,	
	2018	2017
Revenue	\$ 514,823	\$ 1,154,009
Operating expenses:		
Research and development	32,871,685	33,230,668
Sales and marketing	6,185,159	5,207,746
General and administrative	12,387,389	12,103,423
Total operating expenses	51,444,233	50,541,837
Loss from operations	(50,929,410)	(49,387,828)
Other income (expense):		
Interest income, net	89,288	11,679
Loss on sale of property and equipment	—	(726)
Total	89,288	10,953
Net loss	\$(50,840,122)	\$(49,376,875)
Basic and diluted loss per common share	\$(1.99)	\$(2.31)
Weighted average shares outstanding, basic and diluted	25,486,270	21,343,001

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

Energous Corporation

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock		Additional	Accumulated	Total
	Shares	Amount	Paid-in Capital	Deficit	Stockholders' Equity
Balance, January 1, 2017	20,367,929	\$ 202	\$153,075,595	\$(124,524,574)	\$28,551,223
Stock-based compensation - stock options	—	—	764,723	—	764,723
Stock-based compensation - restricted stock units ("RSUs")	—	—	13,043,171	—	13,043,171
Stock based compensation - deferred stock units ("DSUs")	—	—	1,362	—	1,362
Stock-based compensation - employee stock purchase plan ("ESPP")	—	—	331,913	—	331,913
Stock-based compensation - performance share units ("PSUs")	—	—	1,661,650	—	1,661,650
Issuance of shares for RSUs	781,051	8	(8)	—	—
Issuance of shares for DSUs	14,953	—	—	—	—
Issuance of shares for PSUs	90,000	1	(1)	—	—
Exercise of stock options	272,205	3	979,947	—	979,950
Cashless exercise of warrants	19,611	—	—	—	—
Shares purchased from contributions to the ESPP	62,700	1	869,065	—	869,066
Issuance of shares and warrants in private placements, net of issuance costs of \$67,388	976,139	10	14,932,537	—	14,932,547
Net loss	—	—	—	(49,376,875)	(49,376,875)
Balance, December 31, 2017	22,584,588	225	185,659,954	(173,901,449)	11,758,730
Stock-based compensation - restricted stock units ("RSUs")	—	—	15,359,011	—	15,359,011
Stock-based compensation - employee stock purchase plan ("ESPP")	—	—	574,927	—	574,927
Stock-based compensation - performance share units ("PSUs")	—	—	819,816	—	819,816
Issuance of shares for RSUs	963,019	10	(10)	—	—
Issuance of shares for PSUs	294,969	3	(3)	—	—
Exercise of stock options	380,745	4	1,319,457	—	1,319,461
Cashless exercise of warrants	19,359	—	—	—	—
Shares purchased from contributions to the ESPP	62,168	1	531,796	—	531,797

Issuance of shares in an at-the-market
("ATM") placement, net

of issuance costs of \$1,153,715	2,221,455	22	38,846,793	—	38,846,815
Net loss	—	—	—	(50,840,122)	(50,840,122)
Balance, December 31, 2018	26,526,303	\$ 265	\$243,111,741	\$(224,741,571)	\$ 18,370,435

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

Energous Corporation

STATEMENTS OF CASH FLOWS

	For the Year Ended December 31,	
	2018	2017
Cash flows from operating activities:		
Net loss	\$(50,840,122)	\$(49,376,875)
Adjustments to reconcile net loss to:		
Net cash used in operating activities:		
Depreciation and amortization	1,054,720	1,309,980
Stock based compensation	16,753,754	15,802,819
Loss on sale of property and equipment	—	726
Amortization of prepaid rent from stock issuance		
to landlord	80,784	80,784
Changes in operating assets and liabilities:		
Accounts receivable	(44,550)	149,500
Prepaid expenses and other current assets	445,270	348,275
Other assets	30,102	15,995
Accounts payable	(163,305)	(2,683,073)
Accrued expenses	156,324	53,530
Deferred revenue	—	(131,959)
Net cash used in operating activities	(32,527,023)	(34,430,298)
Cash flows from investing activities:		
Purchases of property and equipment	(859,819)	(817,448)
Proceeds from the sale of property and equipment	—	2,800
Net cash used in investing activities	(859,819)	(814,648)
Cash flows from financing activities:		
Net proceeds from the sales of common stock	38,846,815	—
Net proceeds from issuance of shares to private investors	—	14,932,547
Proceeds from the exercise of stock options	1,319,461	979,950
Proceeds from contributions to employee stock purchase		
Plan	531,797	869,066
Net cash provided by financing activities	40,698,073	16,781,563
Net increase (decrease) in cash and cash equivalents	7,311,231	(18,463,383)
Cash and cash equivalents - beginning	12,795,254	31,258,637
Cash and cash equivalents - ending	\$20,106,485	\$12,795,254
Supplemental disclosure of non-cash financing activities:		
Common stock issued for RSUs	\$10	\$8
Common stock issued for PSUs	\$3	\$1

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

ENERGOUS CORPORATION

Notes to Financial Statements

Note 1 – Business Organization, Nature of Operations

Energous Corporation (the “Company”) was incorporated in Delaware on October 30, 2012. The Company has developed its WattUp® technology, consisting of proprietary semiconductor chipsets, software, hardware designs and antennas, that enables radio frequency (“RF”) based charging for electronic devices, providing wire-free contact and non-contact charging solutions, with the potential to enable charging with mobility. The Company believes its proprietary WattUp technology can be utilized in consumer electronics such as wearables, hearing aids, earbuds, Bluetooth headsets, Internet of Things (“IoT”) devices, smartphones, tablets, e-book readers, keyboards, mice, remote controls, rechargeable lights, cylindrical batteries, medical devices and other devices with charging requirements that would otherwise require a battery or external power connection.

Note 2 – Liquidity and Management Plans

During the year ended December 31, 2018, the Company has recorded revenue of \$514,823. The Company incurred a net loss of \$50,840,122 and \$49,376,875 for the years ended December 31, 2018 and 2017, respectively. Net cash used in operating activities was \$32,527,023 and \$34,430,298 for the years ended December 31, 2018 and 2017, respectively. The Company is currently meeting its liquidity requirements through an at-the-market (“ATM”) sale of common stock in January 2018, which raised net proceeds of \$38,846,815, and payments received under product development projects.

As of December 31, 2018, the Company had cash on hand of \$20,106,485. The Company expects that cash on hand as of December 31, 2018, together with anticipated revenues, together with potential new financing activities, including potential sales of stock, will be sufficient to fund the Company’s operations into the first quarter of 2020. As noted in Note 13 – Subsequent Events, the Company has a firm commitment to raise \$23.3 million (net of underwriters’ discount of \$1.5 million and offering expenses of \$200,000) from the sale of stock in February 2019.

Research and development of new technologies is by its nature unpredictable. Although the Company will undertake development efforts with commercially reasonable diligence, there can be no assurance that its available resources, including the net proceeds from the Company’s financings to date, will be sufficient to enable it to develop and obtain regulatory approval of its technology to the extent needed to create future revenues sufficient to sustain its operations. The Company intends to pursue additional financing, which could include follow-on offerings of equity or debt securities, bank financings, commercial agreements with customers or strategic partners, and other alternatives., depending upon market conditions. Should the Company choose to pursue additional financing, there is no assurance that such financing would be available on terms that it would find acceptable, or at all.

The market for products using the Company’s technology is broad, but is nascent and unproven, so the Company’s success is sensitive to many factors, including technological feasibility, regulatory approval, customer acceptance, competition and global market fluctuations.

ENERGOUS CORPORATION

Notes to Financial Statements

Note 3 – Summary of Significant Accounting Policies

Basis of Presentation

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

Use of Estimates

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

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

Cash and Cash Equivalents

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

Revenue Recognition

On January 1, 2018, the Company adopted Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers" (Topic 606), which is described below in Recent Accounting Pronouncements.

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

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

The Company records revenue associated with product development projects that it enters into with certain customers. In general, these development projects are complex, and the Company does not have certainty about its

ability to achieve the project milestones. The achievement of a milestone is dependent on the Company's performance obligation, and requires acceptance by the customer. The Company recognizes revenue based on when the performance obligation is met. However, the Company does not recognize revenue in excess of an accepted milestone, as there would be uncertainty of payment for work that has not been accepted. The payment associated with achieving the performance obligation is generally commensurate with the Company's effort or the value of the deliverable and is nonrefundable. The Company records the expenses related to these projects in research and development expense, in the periods such expenses were incurred.

The Company also records royalty revenue from its manufacturing partner, Dialog, based on shipments from Dialog to its customers.

Research and Development

Research and development expenses are charged to operations as incurred. For internally developed patents, all patent application costs are expensed as incurred as research and development expense. Patent application costs, which are generally legal costs, are expensed as research and development costs until such time as the future economic benefits of such patents become more certain. The Company incurred research and development costs of \$32,871,685 and \$33,230,668 for the years ended December 31, 2018 and 2017, respectively.

ENERGOUS CORPORATION

Notes to Financial Statements

Note 3 – Summary of Significant Accounting Policies, continued

Stock-Based Compensation

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

Under the Company’s Employee Stock Purchase Plan (“ESPP”), employees may purchase a limited number of shares of the Company’s stock at a 15% discount from the lower of the closing market prices measured on the first and last days of each half-year period. The Company recognizes stock-based compensation expense for the fair value of the purchase options, as measured on the grant date.

Income Taxes

Tax benefits are recognized only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely to be realized upon settlement. A liability for “unrecognized tax benefits” is recorded for any tax benefits claimed in the Company’s tax returns that do not meet these recognition and measurement standards. As of December 31, 2018, no liability for unrecognized tax benefits was required to be reported. The guidance also discusses the classification of related interest and penalties on income taxes. The Company’s policy is to record interest and penalties on uncertain tax positions as a component of income tax expense. No interest or penalties were recorded during the years ended December 31, 2018 and 2017. The Company files income tax returns with the United States and California governments.

Net Loss Per Common Share

Basic net loss per share is computed by dividing net loss available to common stockholders by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is computed using the weighted average number of common shares and, if dilutive, potential common shares outstanding during the period. Potential common shares consist of the incremental common shares issuable upon the exercise of stock options and warrants (using the treasury stock method), the vesting of restricted stock units (“RSUs”) and performance stock units (“PSUs”) and the enrollment of employees in the ESPP. The computation of diluted loss per share excludes potentially dilutive securities of 6,161,356 and 7,324,400 for the years ended December 31, 2018 and 2017, respectively, because their inclusion would be antidilutive.

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

For the Years Ended	
December 31,	
2018	2017

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Financing Warrant to purchase common stock	—	13,889
IPO Warrants to purchase common stock	—	11,600
Warrants issued to private investors	3,035,688	3,035,688
Options to purchase common stock	656,494	1,037,239
RSUs	2,469,174	2,274,327
PSUs	—	951,657
Total potentially dilutive securities	6,161,356	7,324,400

ENERGOUS CORPORATION

Notes to Financial Statements

Note 3 – Summary of Significant Accounting Policies, continued

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update No. 2014-09, “Revenue from Contracts with Customers” (Topic 606) (“ASU 2014-09”), which supersedes the revenue recognition requirements in ASU Topic 605, “Revenue Recognition,” and most industry-specific guidance. ASU 2014-09 is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments, and assets recognized from costs incurred to obtain or fulfill a contract. Originally, ASU 2014-09 would be effective for the Company starting January 1, 2017 using either of two methods: (i) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within ASU 2014-09; or (ii) retrospective with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application and providing certain additional disclosures as defined per ASU 2014-09. In July 2015, FASB voted to amend ASU 2014-09 by approving a one-year deferral of the effective date as well as providing the option to early adopt the standard on the original effective date. The Company used the modified retrospective implementation method for all contracts and did not need to record a cumulative effect adjustment to retained earnings as of the date of initial application.

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

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

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

In August 2016, the FASB issued ASU No. 2016-15, “Statement of Cash Flows (Topic 230) – Classification of Certain Cash Receipts and Cash Payments.” ASU No. 2016-15 addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. It is effective for annual reporting periods beginning after December 15, 2017. The adoption of the new standard did not have a material impact on the Company’s financial statements.

ENERGOUS CORPORATION

Notes to Financial Statements

Note 3 – Summary of Significant Accounting Policies, continued

Recent Accounting Pronouncements, continued

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

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

In May 2017, the FASB issued ASU No. 2017-09, “Compensation – Stock Compensation (Topic 718) – Scope of Modification Accounting.” ASU No. 2017-09 provides clarity and reduces complexity when applying the guidance in Topic 718 for changes in terms or conditions of share-based payment awards. It is effective for annual reporting periods beginning after December 15, 2017. The adoption of the new standard did not have a material impact on the Company’s financial statements.

In July 2017, the Financial Accounting Standards Board (“FASB”) issued a two-part Accounting Standards Update (“ASU”) No. 2017-11, I. Accounting for Certain Financial Instruments With Down Round Features and II. Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests With a Scope Exception (“ASU 2017-11”). ASU 2017-11 amends guidance in FASB ASC 260, Earnings Per Share, FASB ASC 480, Distinguishing Liabilities from Equity, and FASB ASC 815, Derivatives and Hedging. The amendments in Part I of ASU 2017-11 change the classification analysis of certain equity-linked financial instruments (or embedded features) with down round features. The amendments in Part II of ASU 2017-11 re-characterize the indefinite deferral of certain provisions of Topic 480 that now are presented as pending content in the Codification, to a scope exception. Those amendments do not have an accounting effect. ASU 2017-11 is effective for public business entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Early adoption is permitted. The Company is currently evaluating the impact the adoption of this new standard will have on its financial statements.

In June 2018, the FASB issued ASU No. 2018-07, “Compensation – Stock Compensation (Topic 718): Improvements to Nonemployee Share-based Payment Accounting.” ASU 2018-07 aligns accounting for share-based payments issued to nonemployees to that of employees under the existing guidance of Topic 718, with certain exceptions. This update supersedes previous guidance for equity-based payments to nonemployees under Subtopic 505-50, “Equity – Equity-based Payments to Nonemployees.” It is effective for annual reporting periods beginning after December 15, 2018. The Company is currently evaluating the impact the adoption of this new standard will have on its financial statements.

Management’s Evaluation of Subsequent Events

The Company evaluates events that have occurred after the balance sheet date of December 31, 2018, through the date which the financial statements are issued. Based upon the review, other than the event disclosed in Note 13 – Subsequent Events, the Company did not identify any subsequent events that would have required adjustment or disclosure in the financial statements.

ENERGOUS CORPORATION

Notes to Financial Statements

Note 4 – Property and Equipment

Property and equipment are as follows:

	As of December 31,	
	2018	2017
Computer software	\$ 1,797,454	\$ 1,418,457
Computer hardware	2,709,072	2,289,687
Furniture and fixtures	544,421	529,287
Leasehold improvements	613,111	613,111
	5,664,058	4,850,542
Less – accumulated depreciation	(4,445,042)	(3,436,625)
Total property and equipment, net	\$ 1,219,016	\$ 1,413,917

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

Total depreciation and amortization expense of the Company's property and equipment was \$1,054,720 and \$1,309,980 for the years ended December 31, 2018 and 2017, respectively.

Note 5 – Accrued Expenses

Accrued expenses consist of the following:

	As of December 31,	
	2018	2017
Accrued compensation	\$990,988	\$948,935
Accrued legal expenses	524,685	445,684
Other accrued expenses	262,676	227,406
Total	\$ 1,778,349	\$ 1,622,025

Note 6 – Commitments and Contingencies

Operating Leases

On September 10, 2014, the Company entered into a Lease Agreement with Balzer Family Investments, L.P. (the "Landlord") related to space located at Northpointe Business Center, 3590 North First Street, San Jose, California. The initial term of the lease is 60 months, with initial monthly base rent of \$36,720 and the lease is subject to certain

annual escalations as defined in the agreement. The Company issued to the Landlord 41,563 shares of the Company's common stock valued at \$500,000, of which \$400,000 will be applied to reduce the Company's monthly base rent obligation by \$6,732 per month and of which \$100,000 was for certain tenant improvements. The Company recorded \$400,000 as prepaid rent on its balance sheet, which is being amortized over the term of the lease and recorded \$100,000 as leasehold improvements.

On February 26, 2015, the Company entered into a sub-lease agreement for additional space in the San Jose, California area. The agreement has a term which expires on June 30, 2019 and a current monthly rent of \$6,668 per month. On August 25, 2015, the Company entered into an additional amended sub-lease agreement for additional space in San Jose, California. The agreement has a term which expires on June 30, 2019 and a current monthly rent of \$4,578 per month. These leases are subject to certain annual escalations as defined in the agreements.

ENERGOUS CORPORATION

Notes to Financial Statements

Note 6 – Commitments and Contingencies, continued

Operating Leases, continued

On May 31, 2017, the Company renewed a lease agreement for the Company's space in Costa Mesa, California. The agreement has a term that expires on September 30, 2019 with a current monthly rent of \$9,437 and is subject to certain annual escalations as defined in the agreement.

The Company is currently negotiating a renewal of its main operating leases.

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

For the Year Ended December 31,	Amount
2019	\$457,585
Total	\$457,585

Hosted Design Solution Agreement

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

Litigations, Claims, and Assessments

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

MBO Bonus Plan

On March 15, 2018, the Company's Board of Directors ("Board"), on the recommendation of the Board's Compensation Committee ("Compensation Committee"), approved the Energous Corporation MBO Bonus Plan ("Bonus Plan") for executive officers of the Company. To be eligible to receive a bonus under the Bonus Plan, an executive officer must

be continuously employed throughout the applicable performance period, and in good standing, and achieve the performance objectives selected by the Compensation Committee.

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

During the year ended December 31, 2018, the Company recognized a total of \$1,440,671 in expense under the Bonus Plan. As of December 31, 2018, \$234,675 of this amount was not yet paid and is included under accrued expenses.

Severance and Change in Control Agreement

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

Under the Severance Agreement, if an Executive is terminated in a qualifying termination, the Company agrees to pay the Executive six to 12 months of that Executive’s monthly base salary. If Executive elects continued

ENERGOUS CORPORATION

Notes to Financial Statements

coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (“COBRA”) the Company will pay the full amount of Executive’s premiums under the Company’s health, dental and vision plans, including coverage for the Executive’s eligible dependents, for the six to 12 month period following the Executive’s termination.

Amended Employee Agreement – Stephen Rizzone

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

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

ENERGOUS CORPORATION

Notes to Financial Statements

Note 6 – Commitments and Contingencies, continued

Amended Employee Agreement – Stephen Rizzone, continued

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

Effective May 21, 2015, with the approval by the Company's stockholders of its new performance-based equity plan, the Employment Agreement provided and Mr. Rizzone received, a grant of 639,075 Performance Share Units (the "PSUs"). The PSUs, which represent the right to receive shares of common stock, shall be earned based on the Company's achievement of market capitalization growth between the effective date of the Employment Agreement and the end of the Initial Employment Period. If the Company's market capitalization is \$100 million or less, no PSUs will be earned. If the Company reaches a market capitalization of \$1.1 billion or more, 100% of the PSUs will be earned. For market capitalization between \$100 million and \$1.1 billion, the percentage of PSUs earned will be determined on a quarterly basis based on straight line interpolation. PSUs earned as of the end of a calendar quarter will be paid 50% immediately and 50% will be deferred until the end of the Initial Employment Period subject to Mr. Rizzone's continued employment with the Company (See Note 8).

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

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

Strategic Alliance Agreement

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

The Alliance Agreement has an initial term of seven years and will automatically renew annually thereafter unless terminated by either party upon 180 days' prior written notice. The Company may terminate the Alliance Agreement at any time after the third anniversary of the Agreement upon 180 days' prior written notice to Dialog, or if Dialog breaches certain exclusivity obligations. Dialog may terminate the Alliance Agreement if sales of Licensed Products do not meet specified targets. The Company Exclusivity Requirement will terminate upon the earlier of January 1, 2021 or the occurrence of certain events relating to the Company's pre-existing exclusivity obligations. The Dialog Exclusivity Requirement will terminate if no Licensed Products have received the necessary Federal Communications Commission approvals within specified timeframes.

ENERGOUS CORPORATION

Notes to Financial Statements

Note 7 – Stockholders' Equity

Authorized Capital

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

Filing of Registration Statement

Pursuant to a shelf registration statement on Form S-3 filed on April 24, 2015, in January 2018, the Company raised \$38,846,815 (net of \$1,153,715 in underwriter's discount and issuance costs) from the sale of stock in an "at-the-market" equity offering of its common stock.

On August 9, 2018, the Company filed a shelf registration statement on Form S-3, which became effective on August 17, 2018. This shelf registration statement allows the Company to sell, from time to time, any combination of debt or equity securities described in the registration statement up to aggregate proceeds of \$75,000,000.

Private Placements

On June 28, 2017, the Company and Dialog Semiconductor, a related party (see Note 10 – Related Party Transactions), entered into a securities purchase agreement pursuant to which the Company agreed to sell Dialog 976,139 shares of common stock at a price of \$15.3666 per share and a warrant to purchase up to 654,013 shares of common stock that may be exercised only on a cashless basis at a price of \$19.9766 per share, and may be exercised at any time between the date that is six months and one day after the closing date of the transaction and the three-year anniversary of the closing date. The aggregate proceeds from the sale of these shares, which were issued on July 5, 2017, was \$14,999,935.

ENERGOUS CORPORATION

Notes to Financial Statements

Note 8 – Stock Based Compensation

Equity Incentive Plans

2013 Equity Incentive Plan

In December 2013, the Company's board of directors and stockholders approved the Company's 2013 Equity Incentive Plan, providing for the issuance of equity-based instruments covering up to, as amended, a total of 4,485,967 shares of common stock.

Effective on May 16, 2018, the Company's stockholders approved the amendment and restatement of the 2013 Equity Incentive Plan to increase the number of shares reserved for issuance thereunder by 1,600,000 shares, bringing the total number of approved shares to 6,085,967 under the 2013 Equity Incentive Plan.

As of December 31, 2018, 1,707,485 shares of common stock remain eligible to be issued through equity-based instruments under the 2013 Equity Incentive Plan.

2014 Non-Employee Equity Compensation Plan

In March 2014, the Company's board of directors and stockholders approved the 2014 Non-Employee Equity Compensation Plan for the issuance of equity-based instruments covering up to, as amended, a total of 600,000 shares of common stock to directors and other non-employees.

Effective on May 16, 2018, the Company's shareholders approved the amendment and restatement of the 2014 Equity Incentive Plan to increase the number of shares reserved for issuance thereunder by 250,000 shares, bringing the total number of shares to 850,000 under the 2014 Non-employee Equity Compensation Plan.

As of December 31, 2018, 366,829 shares of common stock remain eligible to be issued through equity-based instruments under the 2014 Non-Employee Equity Compensation Plan.

2015 Performance Share Unit Plan

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

Effective on May 16, 2018, the Company's shareholders approved the amendment and restatement of the 2015 Performance Share Plan to increase the number of shares reserved for issuance thereunder by 1,400,000 shares, bringing the total number of approved shares to 2,710,104 under the 2015 Performance Share Unit Plan.

As of December 31, 2018, 1,431,951 shares of common stock remain eligible to be issued through equity-based instruments under the Performance Share Unit Plan.

ENERGOUS CORPORATION

Notes to Financial Statements

Note 8 – Stock Based Compensation, continued

Equity Incentive Plans, continued

2017 Equity Inducement Plan

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

As of December 31, 2018, 271,000 shares of common stock remain available to be issued through equity-based instruments under the 2017 Equity Inducement Plan.

Employee Stock Purchase Plan

In April 2015, the Company's board of directors approved the ESPP, under which 600,000 shares of common stock have been reserved for purchase by the Company's employees, subject to approval by the stockholders. On May 21, 2015, the Company's stockholders approved the ESPP. Employees may designate an amount not less than 1% but not more than 10% of their annual compensation, but for not more than 7,500 shares during an offering period. An offering period shall be six months in duration commencing on or about January 1 and July 1 of each year. The exercise price of the option will be the lesser of 85% of the fair market of the common stock on the first business day of the offering period and 85% of the fair market value of the common stock on the applicable exercise date.

As of December 31, 2018, 343,753 shares of common stock remain eligible to be issued through equity based instruments under the ESPP. For the year ended December 31, 2018, eligible employees contributed \$531,797 through payroll deductions to the ESPP and 62,168 shares were deemed delivered for the year ended December 31, 2018. For the year ended December 31, 2017, eligible employees contributed \$869,066 through payroll deductions to the ESPP and 62,700 shares were deemed delivered for the year ended December 31, 2017.

Stock Option Award Activity

The following is a summary of the Company's stock option activity during the year ended December 31, 2018:

Number of	Weighted	Weighted	Intrinsic
Options	Average	Average	Value
	Exercise	Remaining	

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		Price	Life In	
			Years	
Outstanding at January 1, 2018	1,037,239	\$ 4.80	6.4	\$15,198,044
Granted	—	—	—	—
Exercised	(380,745)	3.47	—	—
Forfeited	—	—	—	—
Outstanding at December 31, 2018	656,494	\$ 5.57	4.6	\$252,887
Exercisable at December 31, 2018	656,494	\$ 5.57	4.6	\$252,887

As of December 31, 2018, the unamortized value of options was \$0.

The aggregate intrinsic value of options exercised was \$4,570,515 and \$2,864,845 for the years ended December 31, 2018 and 2017, respectively.

No options were granted during the years ended December 31, 2018 and 2017.

ENERGOUS CORPORATION

Notes to Financial Statements

Note 8 – Stock Based Compensation, continued

Restricted Stock Units (“RSUs”)

During the year ended December 31, 2018, the Compensation Committee of the Board (“Compensation Committee”) granted various directors and consultants RSUs under which the holders have the right to receive an aggregate 175,826 shares of common stock. These awards were granted under the 2014 Non-Employee Equity Compensation Plan. The awards granted vest over terms from one to four years.

During the year ended December 31, 2018, the Compensation Committee granted various employees RSUs under which the holders have the right to receive an aggregate 856,975 shares of common stock. The majority of these awards, granted under the 2013 Equity Incentive Plan, vest over terms ranging from one to four years.

During the year ended December 31, 2018, the Compensation Committee granted employees RSUs under which the holders have the right to receive 345,500 shares of common stock. The awards, granted under the 2017 Equity Inducement Plan, vest over four years beginning on the anniversary of the grant date.

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

At December 31, 2018, the unamortized value of the RSUs was \$25,810,914. The unamortized amount will be expensed over a weighted average period of 2.3 years. A summary of the activity related to RSUs for the year ended December 31, 2018 is presented below:

	Weighted Average Grant	
	Total	Date Fair Value
Outstanding at January 1, 2018	2,274,325	\$ 13.75
RSUs granted	1,378,301	\$ 15.89
RSUs forfeited	(220,433)	\$ 14.36
RSUs vested	(963,019)	\$ 13.30
Outstanding at December 31, 2018	2,469,174	\$ 15.07

ENERGOUS CORPORATION

Notes to Financial Statements

Note 8 – Stock Based Compensation, continued

Performance Share Units (“PSUs”)

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

The PSUs originally issued during 2015 to certain board members and senior management were earned based on the Company’s achievement of market capitalization growth between the effective date of the grant agreement and December 31, 2018. If the Company’s market capitalization was \$100 million or less, no PSUs were earned. If the Company reached a market capitalization of \$1.1 billion or more, 100% of the PSUs would have been earned. For market capitalization between \$100 million and \$1.1 billion, the percentage of PSUs earned was determined on a quarterly basis based on straight line interpolation.

The Company determined that the PSUs were equity awards with both market and service conditions. Grantees of PSUs were required to be employed through December 31, 2018 in order to earn the entire award, if and when vested. No PSUs were granted during the years ended December 31, 2018 and 2017.

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

Amortization for all PSU awards was \$819,816 and \$1,661,650 for the years ended December 31, 2018 and 2017, respectively.

ENERGOUS CORPORATION

Notes to Financial Statements

Note 8 – Stock Based Compensation, continued

Performance Share Units (“PSUs”), continued

At December 31, 2018, the unamortized value of all PSUs was \$0. A summary of the activity related to PSUs for the year ended December 31, 2018 is presented below:

		Weighted Average Grant Date Fair Value
	Total	
Outstanding at January 1, 2018	951,657	\$ 2.65
PSUs granted	—	\$ —
PSUs forfeited	(656,688)	\$ 2.65
PSUs vested	(294,969)	\$ 2.65
Outstanding at December 31, 2018	—	\$ —

Employee Stock Purchase Plan (“ESPP”)

During the years ended December 31, 2018 and 2017, there were two offering periods per year for the ESPP. The first offering period started on January 1 of each year and concluded on June 30 of each year. The second offering period started on July 1 of each year and concluded on December 31 of each year.

The weighted-average grant-date fair value of the purchase option for each designated share purchased under this plan was approximately \$9.25 and \$5.42 during the years ended December 31, 2018 and 2017, respectively, which represents the fair value of the option, consisting of three main components: (i) the value of the discount on the enrollment date, (ii) the proportionate value of the call option for 85% of the stock and (iii) the proportionate value of the put option for 15% of the stock. The Company recognized stock-based compensation expense for the plan of \$574,927 and \$331,913 for the years ended December 31, 2018 and 2017, respectively.

ENERGOUS CORPORATION

Notes to Financial Statements

Note 8 – Stock Based Compensation, continued

Employee Stock Purchase Plan (“ESPP”), continued

The Company estimated the fair value of the purchase options granted during the years ended December 31, 2018 and 2017 using the Black-Scholes option pricing model. The fair values of the purchase options granted were estimated using the following assumptions:

	For the Year Ended	
	December 31, 2018	
Stock price range	\$ 14.48 – 22.34	
Dividend yield	0	%
Expected volatility range	72 – 177	%
Risk-free interest rate range	1.61 – 2.14	%
Expected life	6 months	

	For the Year Ended	
	December 31, 2017	
Stock price range	\$ 16.08 – 17.59	
Dividend yield	0	%
Expected volatility range	56 – 66	%
Risk-free interest rate range	0.62 – 1.11	%
Expected life	6 months	

Stock-Based Compensation Expense

The following tables summarize total stock-based compensation costs recognized for years ended December 31, 2018 and 2017:

	For the Years Ended	
	December 31,	
	2018	2017
Stock options	\$—	\$764,723
RSUs	15,359,011	13,043,171
PSUs	819,816	1,661,650
DSUs	—	1,362
ESPP	574,927	331,913

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Total \$ 16,753,754 \$ 15,802,819

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

	For the Years Ended December 31,	
	2018	2017
Research and development	\$9,676,156	\$8,522,798
Sales and marketing	1,416,136	1,113,120
General and administrative	5,661,462	6,166,901
Total	\$ 16,753,754	\$ 15,802,819

ENERGOUS CORPORATION

Notes to Financial Statements

Note 9 – Income Taxes

In December 2017, the SEC issued Staff Accounting Bulletin No. 118 (“SAB 118”), which provides guidance on accounting for the income tax effects of the TCJA. SAB 118 provides a measurement period that should not extend beyond one year from the TCJA enactment date for companies to complete the accounting relating to the TCJA under Accounting Standards Codification Topic 740, “Income Taxes” (“ASC 740”). In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the TCJA for which the accounting under ASC 740 is complete. To the extent that a company’s accounting for TCJA-related income tax effects is incomplete, but the company is able to determine a reasonable estimate, it must record a provisional estimate in its financial statements. If a company cannot determine a provisional estimate to be included in its financial statements, it should continue to apply ASC 740 on the basis of the provisions of the tax laws that were in effect immediately before the enactment of the TCJA. The Company completed its analysis of the TCJA’s income tax effects. In accordance with SAB 118, the TCJA-related income tax effects that the Company initially reported as provisional estimates were refined as additional analysis was performed. There was no material impact to the Company’s financial statements recorded when its analysis was completed in the 2018 fourth quarter.

As of December 31, 2018 and 2017, the Company’s deferred tax assets (liabilities) consisted of the effects of temporary differences attributable to the following:

	December 31,	
	2018	2017
Deferred tax assets (liabilities):		
Tax credit	\$5,994,401	\$4,335,394
Net operating loss carryforwards	36,578,319	23,630,008
Property and equipment	144,833	99,756
Research and development costs	16,303,445	15,372,328
Start-up and organizational costs	696	774
Stock-based compensation	4,000,781	2,473,591
Other accruals	326,812	260,113
Total gross deferred tax assets	63,349,287	46,171,964
Less: valuation allowance	(63,349,287)	(46,171,964)
Deferred tax assets, net	\$—	\$—

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

	2018	2017
January 1,	\$46,171,964	\$39,719,606
Increase in valuation allowance	17,177,323	6,452,358
December 31,	\$63,349,287	\$46,171,964

ENERGOUS CORPORATION

Notes to Financial Statements

Note 9 – Income Taxes, continued

The Company has federal and state net operating loss carryforwards of approximately \$130,590,000 and \$131,084,000, respectively, available to offset future taxable income. The federal and state NOL carryforwards will expire at various dates beginning in 2033. The Company has federal and state research and development tax credit carryforwards of approximately \$3,669,000 and \$2,944,000, respectively. The federal R&D credit carryforwards will expire beginning in 2032 and state R&D credit carryforwards do not expire. The ultimate realization of the net operating loss is dependent upon future taxable income, if any, of the Company. Although management believes that the Company may have sufficient future taxable income to absorb the net operating loss carryforwards and research and development tax credit carryforwards before the expiration of the carryforward period, there may be circumstances beyond the Company's control that limit such utilization. Accordingly, management has determined that a full valuation allowance of the deferred tax asset is appropriate at December 31, 2018 and 2017.

Internal Revenue Code Section 382 imposes limitations on the use of net operating loss carryforwards when the stock ownership of one or more 5% shareholders (shareholders owning 5% or more of the Company's outstanding capital stock) has increased on a cumulative basis by more than 50 percentage points. Management cannot control the ownership changes occurring as a result of public trading of the Company's Common Stock. Accordingly, there is a risk of an ownership change beyond the control of the Company that could trigger a limitation of the use of the loss carryforward. The Company completed a Section 382 analysis as of December 31, 2018 and determined that none of its NOLs or R&D credits would be limited.

	For the Year Ended December 31,	
	2018	2017
Tax benefit at federal statutory rate	(21.0)%	(34.0)%
State income taxes	(7.7)	(10.2)
Permanent differences:		
Stock-based compensation	(2.2)	(2.5)
Meals and entertainment	0.1	0.1
Executive compensation	0.2	—
True-up of federal deferred taxes	0.1	(2.8)
Change in effective tax rate	—	39
Research and development tax credit, federal	(1.9)	(1.4)
Research and development tax credit, state	(1.4)	(1.6)
Increase in valuation allowance, federal	24.7	1.3
Increase in valuation allowance, state	9.1	11.7
Effective income tax rate	0.0 %	0.0 %

Note 10 – Related Party Transactions

In November 2016, the Company and Dialog entered into an alliance agreement for the manufacture, distribution and commercialization of products incorporating the Company's wire-free charging technology (See Note 6 – Commitments and Contingencies, Strategic Alliance Agreement). On November 7, 2016 and June 28, 2017, the Company and Dialog entered into securities purchase agreements under which Dialog acquired a total of 1,739,691 shares and received warrants to purchase up to 1,417,565 shares (See Note 5 – Stockholders' Equity, Private Placements). Dialog presently owns approximately 6.6% of the Company's outstanding common shares and could potentially own 11.3% of the Company's outstanding common shares if it exercised all of its warrants for common shares. For the twelve months ended December 31, 2018 and 2017, the Company paid \$79,550 and \$516,725, respectively, to Dialog for chip development costs incurred, which is recorded under research and development expense. Pursuant to the Strategic Alliance Agreement in Note 6 – Commitments and Contingencies, we recorded \$5,773 and \$0 in revenue for the years ended December 31, 2018 and 2017, respectively.

ENERGOUS CORPORATION

Notes to Financial Statements

Note 11 – Unaudited Quarterly Financial Information

Summarized quarterly information for the years ended December 31, 2018 and 2017 is listed below:

	For the quarter ended			
	March 31	June 30	September 30	December 31
2018				
Revenue	\$25,000	\$205,773	\$228,000	\$56,050
Operating expenses	\$13,474,163	\$12,510,139	\$12,879,961	\$12,579,970
Net loss	\$(13,443,457)	\$(12,298,371)	\$(12,645,291)	\$(12,453,003)
Loss per share, basic and diluted	\$(0.55)	\$(0.48)	\$(0.49)	\$(0.48)
2017				
Revenue	\$575,368	\$299,506	\$250,000	\$29,135
Operating expenses	\$13,051,387	\$13,220,879	\$13,001,623	\$11,267,948
Net loss	\$(12,473,140)	\$(12,919,010)	\$(12,748,248)	\$(11,236,477)
Loss per share, basic and diluted	\$(0.61)	\$(0.63)	\$(0.58)	\$(0.50)

Note 12 – Customer Concentration

One customer accounted for approximately 92% and 96% of the Company's revenue for the years ended December 31, 2018 and 2017, respectively. The same customer accounted for approximately 56% of the Company's accounts receivable balance as of December 31, 2018. As of December 31, 2017, the Company did not have an accounts receivable balance.

Note 13 – Subsequent Events

On February 27, 2019, the Company has a firm commitment to raise \$23.3 million, net of underwriter's discount and offering expenses of \$1.7 million.

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

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

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

Based on their evaluation as of December 31, 2018, our principal executive and principal financial and accounting officers have concluded that these disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were effective as of December 31, 2018 to provide reasonable assurance that information required to be disclosed by us in reports that we file under the Exchange Act is recorded, processed, summarized, and reported, within the time periods specified in Securities and Exchange Commission rules and forms and that material information relating to the Company is accumulated and communicated to management, including our principal executive officer and our principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

Management's Report on Internal Control Over Financial Reporting

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

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

The Company's management, under the supervision of and with the participation of the principal executive and principal financial and accounting officers, have assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2018 based on criteria for effective control over financial reporting described in Internal Control — Integrated Framework (2013) created by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, the Company's management concluded that the Company's internal control over financial reporting was effective as of December 31, 2018.

This Annual Report on Form 10-K does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting as such report is not required at this time under the

Jumpstart Our Business Startups Act of 2012.

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Changes in Internal Control Over Financial Reporting

For the year ended December 31, 2018, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls

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

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required under this item is incorporated by reference to the following sections of our proxy statement for our 2019 Annual Meeting of Stockholders: “Executive Compensation,” “Information Concerning Executive Officers,” “Section 16(a) Beneficial Ownership Reporting Compliance,” “Corporate Governance Principles and Board Matters,” and “The Board of Directors and its Committees.”

Item 11. Executive Compensation

Additional information required under this item is incorporated by reference to the following sections of our proxy statement for our 2019 Annual Meeting of Stockholders: “Executive Compensation,” and “The Board of Directors and its Committees.”

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

The information required under this item is incorporated by reference to the following sections of our proxy statement for our 2019 Annual Meeting of Stockholders: “Executive Compensation” and “Securities Ownership of Certain Beneficial Owners and Management.”

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

The information required under this item is incorporated by reference to the following sections of our proxy statement for our 2019 Annual Meeting of Stockholders: “Certain Relationships and Related Transactions” and “Corporate Governance Principles and Board Matters.”

Item 14. Principal Accountant Fees and Services

The information required under this item is incorporated by reference to the following sections of our proxy statement for our 2019 Annual Meeting of Stockholders: “Independent Registered Public Accounting Firm” and “Pre-Approval

Policies and Procedures.”

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PART IV

Item 15. Exhibits, Financial Statements and Schedules

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

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

EXHIBIT INDEX

Exhibit

No. Description of Document

- 3.1 Second Amended and Restated Certificate of Incorporation of Energous Corporation (incorporated by reference to Exhibit 3.1 to Amendment No. 1 to the Registrant's Registration Statement on Form S-1/A (File No. 333-193522) filed on March 13, 2014)
- 3.2 Amendment No. 1 to the Second Amended and Restated Certificate of Incorporation of Energous Corporation (incorporated by reference to Exhibit 3.2 to the Registrant's Quarterly Report on Form 10-Q filed on May 14, 2014)
- 3.3 Amended and Restated Bylaws of Energous Corporation (incorporated by reference to Exhibit 3.1 to Amendment No. 1 to the Registrant's Registration Statement on Form S-1/A (File No. 333-193522) filed on March 13, 2014)
- 4.1 Specimen Certificate representing shares of common stock of Energous Corporation (incorporated by reference to Exhibit 4.1 to Amendment No. 2 to the Registrant's Registration Statement on Form S-1/A (File No. 333-193522) filed on March 21, 2014)
- 4.2 Form of Underwriter's Warrant (incorporated by reference to Exhibit 4.2 to Amendment No. 2 to the Registrant's Registration Statement on Form S-1/A (File No. 333-193522) filed on March 21, 2014)
- 4.3 Form of Amendment to Warrant to Purchase Common Stock Dated June 25, 2014 (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed on August 13, 2014)
- 10.1 Form of Indemnification Agreement (incorporated by reference to Exhibit 10.10 to the Registrant's Registration Statement on Form S-1 (File No. 333-193522) filed on January 24, 2014)*
- 10.2 Energous Corporation 2013 Equity Incentive Plan (incorporated by reference to Exhibit 10.16 to the Registrant's Registration Statement on Form S-1 (File No. 333-193522) filed on January 24, 2014)*
- 10.3 Form of stock option award under 2013 Omnibus Equity Incentive Plan (incorporated by reference to Exhibit 10.17 to the Registrant's Registration Statement on Form S-1 (File No. 333-193522) filed on January 24, 2014)*
- 10.4 Form of Non-Statutory Option Award (incorporated by reference to Exhibit 10.19 to Amendment No. 1 to the Registrant's Registration Statement on Form S-1/A (File No. 333-193522) filed on March 13, 2014)*
- 10.5 First Amendment to Energous Corporation 2013 Equity Incentive Plan (incorporated by reference to Exhibit 10.2 to Amendment No. 1 to the Registrant's Registration Statement on Form S-1/A (File No. 333-193522) filed on March 13, 2014)*
- 10.6 2014 Non-Employee Equity Compensation Plan (incorporated by reference to Exhibit 10.21 to Amendment No. 1 to the Registrant's Registration Statement on Form S-1/A (File No. 333-193522) filed on March 13,

2014)*

- 10.7 Form of stock option award under 2014 Non-Employee Equity Compensation Plan (incorporated by reference to Exhibit 10.22 to Amendment No. 2 to the Registrant's Registration Statement on Form S-1/A (File No. 333-193522) filed on March 21, 2014)*
- 10.8 Offer Letter effective as of July 14, 2014 between Energous Corporation and Cesar Johnston (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed on November 10, 2014)*
- 10.9 Form of Restricted Stock Unit Award Agreement effective as of August 14, 2014 between Energous Corporation and Cesar Johnston (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed on November 10, 2014)*

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Exhibit

No.	Description of Document
10.10	<u>Lease Agreement dated as of September 10, 2014 between the Company and Balzer Family Investments, L.P. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on September 16, 2014)</u>
10.11	<u>Form of Restricted Stock Unit Award Agreement under 2013 Omnibus Equity Incentive Plan (incorporated by reference to Exhibit 10.21 to the Registrant's Annual Report on Form 10-K filed on March 30, 2015)*</u>
10.12	<u>Form of Inducement Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.22 to the Registrant's Annual Report on Form 10-K filed on March 30, 2015)*</u>
10.13	<u>Amended and Restated Executive Employment Agreement dated as of April 3, 2015 between the Company and Stephen R. Rizzone (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on April 9, 2015)*</u>
10.14	<u>Energous Corporation Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on May 22, 2015)*</u>
10.15	<u>Energous Corporation 2015 Performance Unit Share Plan (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on May 22, 2015)*</u>
10.16	<u>Amendment No. 1 to Energous Corporation 2015 Performance Unit Share Plan (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed on May 22, 2015)*</u>
10.17	<u>Energous Corporation Director Compensation Policy (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q filed on August 13, 2015)</u>
10.18	<u>Brian Sereda Offer Letter (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on July 14, 2015)*</u>
10.19	<u>Non-Employee Director Compensation Policy, dated December 17, 2015 (incorporated by reference to Exhibit 10.21 to Registrant's Annual Report on Form 10-K filed on March 15, 2016)</u>
10.20	<u>Securities Purchase Agreement between the Company and Ascend Legend Master Fund, Ltd., dated August 9, 2016 + (incorporated by reference to Exhibit 10.22 to the Registrant's Annual Report on Form 10-K filed on March 16, 2017)</u>
10.21	<u>Amendment No. 1 to Securities Purchase Agreement between the Company and Ascend Legend Master Fund, Ltd., dated August 12, 2016 ** (incorporated by reference to Exhibit 10.22 to the Registrant's Annual Report on Form 10-K filed on March 16, 2017)</u>
10.22	<u>Strategic Alliance Agreement between the Company and Dialog Semiconductor (UK) Ltd., dated November 6, 2016 ** (incorporated by reference to Exhibit 10.22 to the Registrant's Annual Report on Form 10-K filed on March 16, 2017)</u>
10.23	<u>Securities Purchase Agreement between the Company and Dialog Semiconductor (UK) Ltd., dated November 6, 2016 (incorporated by reference to Exhibit 10.22 to the Registrant's Annual Report on Form</u>

10-K filed on March 16, 2017)

- 10.24 Securities Purchase Agreement between the Company and Dialog Semiconductor (UK) Ltd., dated June 28, 2017 (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed on August 9, 2017)
- 10.25 Amended and Restated Warrant to Purchase Common Stock between the Company and Emily T Fairbairn Roth IRA, dated October 6, 2017 (incorporated by reference to Exhibit 10.27 to the Registrant's Annual Report on Form 10-K filed on March 16, 2018)
- 10.26 Amended and Restated Warrant to Purchase Common Stock between the Company and Malcom P Fairbairn Roth IRA, dated October 6, 2017 (incorporated by reference to Exhibit 10.28 to the Registrant's Annual Report on Form 10-K filed on March 16, 2018)

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Exhibit

No.	Description of Document
10.27	<u>Energous Corporation 2017 Equity Inducement Plan (incorporated by reference to Exhibit 10.29 to the Registrant's Annual Report on Form 10-K filed on March 16, 2018)</u>
10.28	<u>Offer Letter effective as of October 9, 2014 between Energous Corporation and Neeraj Sahejpal* (incorporated by reference to Exhibit 10.30 to the Registrant's Annual Report on Form 10-K filed on March 16, 2018)</u>
10.29	<u>Form of Severance and Change in Control Agreement* (incorporated by reference to Exhibit 10.31 to the Registrant's Annual Report on Form 10-K filed on March 16, 2018)</u>
10.30	<u>Energous Corporation MBO Plan* (incorporated by reference to Exhibit 10.32 to the Registrant's Annual Report on Form 10-K filed on March 16, 2018)</u>
10.31	<u>Non-Employee Director Compensation Policy, as amended December 28, 2018 (incorporated by reference to Exhibit 10.33 to the Registrant's Annual Report on Form 10-K filed on March 16, 2018)</u>
10.32	<u>Service Continuation Agreement between Energous Corporation and Michael Leabman (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed on May 10, 2018)</u>
10.33	<u>Amended and Restated Energous Corporation 2013 Equity Incentive Plan* (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 10-Q filed on August 9, 2018)</u>
10.34	<u>Amended and Restated Energous Corporation 2014 Non-Employee Equity Compensation Plan* (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed on August 9, 2018)</u>
10.35	<u>Amended and Restated Performance Share Unit Plan* (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed on November 9, 2018)</u>
21.1	<u>Subsidiaries of the Registrant (incorporated by reference to Exhibit 21.1 to the Registrant's Annual Report on Form 10-K filed on March 16, 2018)⁺</u>
23.1	<u>Consent of Marcum LLP ⁺</u>
24.1	<u>Power of Attorney (included on signature page) ⁺</u>
31.1	<u>Certification Pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 ⁺</u>
31.2	<u>Certification Pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 ⁺</u>
32.1	<u>Certification Pursuant to 18 U.S.C Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ⁺</u>
101.INS	XBRL Instance Document ⁺
101.SCH	XBRL Taxonomy Schema ⁺

101.CAL XBRL Taxonomy Extension Calculation Linkbase +

101.DEF XBRL Taxonomy Extension Definition Linkbase +

101.LAB XBRL Taxonomy Extension Label Linkbase +

101.PRE XBRL Taxonomy Extension Presentation Linkbase +

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

+Filed herewith.

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

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SIGNATURES

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

Energous Corporation

Dated: February 27, 2019 By: /s/ Stephen R. Rizzone

Stephen R. Rizzone
President, Chief Executive Officer (Principal Executive Officer) and Director

Dated: February 27, 2019 By: /s/ Brian Sereda

Brian Sereda
Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the undersigned officers and directors of Energous Corporation, a Delaware corporation, do hereby constitute and appoint Stephen R. Rizzone and Brian Sereda, or each of them individually, the lawful attorneys-in-fact and agents with full power and authority to do any and all acts and things and to execute any and all instruments which said attorneys and agents, and any one of them, determine may be necessary or advisable or required to enable said corporation to comply with the Securities Act of 1933, as amended, and any rules or regulations or requirements of the Securities and Exchange Commission in connection with this Registration Statement. Without limiting the generality of the foregoing power and authority, the powers granted include the power and authority to sign the names of the undersigned officers and directors in the capacities indicated below to this Registration Statement, to any and all amendments, both pre-effective and post-effective, and supplements to this Registration Statement, and to any and all instruments or documents filed as part of or in conjunction with this Registration Statement or amendments or supplements thereof, and each of the undersigned hereby ratifies and confirms that all said attorneys and agents, or any one of them, shall do or cause to be done by virtue hereof.

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

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Signatures	Title	Date
/s/ Stephen R. Rizzone Stephen R. Rizzone	President, Chief Executive Officer and Director	February 27, 2019
/s/ Robert J. Griffin Robert J. Griffin	Director and Chairman	February 27, 2019
/s/ John R. Gaulding John R. Gaulding	Director and Chairman Emeritus	February 27, 2019
/s/ Martin Cooper Martin Cooper	Director	February 27, 2019
/s/ Carol Lindstrom Carol Lindstrom	Director	February 27, 2019
/s/ Nicolaos Alexopoulos Nicolaos Alexopoulos	Director	February 27, 2019
/s/ Rex S. Jackson Rex S. Jackson	Director	February 27, 2019

