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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2024

or

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

For the transition period from ______________to _______________.

Commission File Number: **001-38608**

WISA Technologies, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**30-1135279**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

15268 NW Greenbrier Pkwy
Beaverton, OR 97006
(Address of principal executive offices) (Zip Code)

(408) 627-4716
(Registrant's telephone number, including area code)

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

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.0001 per share	WISA	The Nasdaq Capital Market

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

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

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

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

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

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

The number of shares of the registrant's common stock outstanding as of May 17, 2024 is 4,665,559.

WISA TECHNOLOGIES, INC.
QUARTERLY REPORT ON FORM 10-Q
For the quarter ended March 31, 2024

PART I: FINANCIAL INFORMATION

Item 1. Financial Statements

WISA TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	March 31, 2024	December 31, 2023
	(unaudited)	(1)
Assets		
Current Assets:		
Cash and cash equivalents	$ 2,763	$ 411
Accounts receivable	290	294
Inventories	2,579	2,737
Prepaid expenses and other current assets	606	641
Total current assets	6,238	4,083
Property and equipment, net	79	93
Other assets	613	647
Total assets	$ 6,930	$ 4,823
Liabilities, Convertible Redeemable Preferred Stock and Stockholders' Deficit		
Current Liabilities:		
Accounts payable	$ 3,257	$ 2,320
Accrued liabilities	1,088	1,317
Total current liabilities	4,345	3,637
Warrant liabilities	4,621	5,460
Other liabilities	633	636
Total liabilities	9,599	9,733
Commitments and contingencies (Note 8)		
Series B Convertible Redeemable Preferred Stock, par value $0.0001; 375,000 shares authorized; 0 and 38,335 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively	—	247
Stockholders' Deficit:		
Common stock, par value $0.0001; 300,000,000 shares authorized; 1,757,195 and 222,380 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively	1	1
Additional paid-in capital	241,665	241,884
Accumulated deficit	(244,335)	(247,042)
Total stockholders' deficit	(2,669)	(5,157)
Total liabilities, convertible preferred stock and stockholders' deficit	$ 6,930	$ 4,823

(1) The condensed consolidated balance sheet as of December 31, 2023 was derived from the audited consolidated balance sheet as of that date.

Note: Share and per share amounts have been retroactively adjusted to reflect the impact of a 1-for-100 reverse stock split effected in January 2023 as well as a 1-for-150 reverse stock split effected in April 2024, as discussed in Note 1.

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

WISA TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
For the three months ended March 31, 2024 and 2023
(in thousands, except share and per share data)
(unaudited)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Revenue, net	$ 255	$ 469
Cost of revenue	338	1,722
Gross deficit	(83)	(1,253)
Operating Expenses:		
Research and development	1,715	1,893
Sales and marketing	929	1,294
General and administrative	1,431	1,362
Total operating expenses	4,075	4,549
Loss from operations	(4,158)	(5,802)
Interest expense, net	(1,265)	(723)
Change in fair value of warrant liabilities	8,129	5,604
Other expense, net	1	—
Income (loss) before provision for income taxes	2,707	(921)
Provision for income taxes	—	—
Net income (loss)	2,707	(921)
Deemed dividend on conversion of Series B preferred for common stock and repurchase of Series B preferred stock	(5,842)	—
Net loss attributable to common stockholders	$ (3,135)	$ (921)
Net loss per common share - basic and diluted	$ (5.35)	$ (79.84)
Weighted average number of common shares used in computing net loss per common share	585,500	11,536

Note: Share and per share amounts have been retroactively adjusted to reflect the impact of a 1-for-100 reverse stock split effected in January 2023 as well as a 1-for-150 reverse stock split effected in April 2024, as discussed in Note 1.

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

WISA TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
For the three months ended March 31, 2024 and 2023
(in thousands, except share and per share data)
(unaudited)

	Convertible Preferred Stock		Common Shares		Additional	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Paid-in Capital	Deficit	Equity (Deficit)
Balance as of December 31, 2023	38,335	$ 247	222,380	$ 1	$ 241,884	$ (247,042)	$ (5,157)
Stock-based compensation	—	—	4	—	380	—	380
Cumulative effect of ASC 2020-06 adoption	—	116	—	—	(116)	—	(116)
Issuance of Series B preferred stock in connection with warrant exercise, net of discounts	29,322	386	—	—	—	—	—
Issuance of common stock in connection with conversion of Series B preferred stock	(5,000)	(325)	8,038	—	325	—	325
Deemed dividend on conversion of Series B preferred for common stock and repurchase of Series B preferred stock	—	5,842	—	—	(5,842)	—	(5,842)
Repurchase of Series B preferred stock and Series B preferred stock warrants	(62,657)	(6,266)	—	—	824	—	824
Issuance of common stock, pre-funded units and warrants, net of offering costs	—	—	1,442,518	—	4,210	—	4,210
Issuance of common stock in connection with reverse split rounding-up for fractional shares	—	—	84,255	—	—	—	—
Net income	—	—	—	—	—	2,707	2,707
Balance as of March 31, 2024	—	$ —	1,757,195	$ 1	$ 241,665	$ (244,335)	$ (2,669)

	Convertible Preferred Stock		Common Shares		Additional	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Paid-in Capital	Deficit	Equity/(Deficit)
Balance as of December 31, 2022	—	—	4,750	$ 1	$ 226,324	$ (228,321)	$ (1,996)
Stock-based compensation	—	—	—	—	499	—	499
Restricted stock awards cancelled	—	—	(0)	—	—	—	—
Issuance of common stock in connection with convertible promissory note	—	—	450	—	708	—	708
Issuance of common stock in connection with warrant exercise	—	—	5,723	—	8,202	—	8,202
Issuance of common stock and warrants, net of offering costs	—	—	9,470	—	1,271	—	1,271
Net loss	—	—	—	—	—	(921)	(921)
Balance as of March 31, 2023	—	—	20,393	$ 1	$ 237,004	$ (229,242)	$ 7,763

Note: Share and per share amounts have been retroactively adjusted to reflect the impact of a 1-for-100 reverse stock split effected in January 2023 as well as a 1-for-150 reverse stock split effected in April 2024, as discussed in Note 1.

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

WISA TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three months ended March 31, 2024 and 2023
(in thousands)
(unaudited)

	Three Months Ended March 31,	
	2024	2023
Cash flows from operating activities:		
Net income (loss)	$ 2,707	$ (921)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	380	499
Depreciation and amortization	20	33
Amortization of debt discounts	1,260	719
Change in fair value of warrant liabilities	(8,129)	(5,604)
Changes in operating assets and liabilities:		
Accounts receivable	4	47
Inventories	158	1,323
Prepaid expenses and other current assets	35	(271)
Other assets	34	22
Accounts payable	223	137
Accrued liabilities	(229)	(563)
Other liabilities	(3)	(39)
Net cash used in operating activities	(3,540)	(4,618)
Cash flows from investing activities:		
Purchases of property and equipment	(6)	(14)
Net cash used in investing activities	(6)	(14)
Cash flows from financing activities:		
Proceeds from issuance of short-term loan, net of issuance costs	600	—
Proceeds from issuance of common stock and prefunded warrants, net of issuance costs	11,517	6,968
Proceeds from exercise of warrants	714	32
Repurchase of Series B preferred stock and warrants	(6,266)	—
Repayment of finance lease	—	(6)
Repayment of short-term loan	(667)	—
Net cash provided by financing activities	5,898	6,994
Net increase in cash and cash equivalents	2,352	2,362
Cash and cash equivalents as of beginning of period	411	2,897
Cash and cash equivalents as of end of period	$ 2,763	$ 5,259
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 272	$ 2
Cash paid for income taxes	$ —	$ —
Noncash Investing and Financing Activities:		
Issuance of warrant liabilities in connection with financing	$ 8,701	$ 5,600
Deemed dividend on conversion of Series B preferred stock and repurchase of Series B preferred stock	$ 5,842	$ —
Unpaid financings issuance costs	$ 714	$ —
Cashless exercise of warrants	$ 587	$ 8,170
Warrant exercise in connection with loan settlement	$ 333	$ —
Issuance of common stock in connection with Series B preferred stock	$ 325	$ —
Issuance of common stock in connection with convertible promissory note	$ —	$ 708
Deferred offering costs reclassed from prepaid expenses	$ —	$ (97)

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

WISA TECHNOLOGIES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2024 and 2023
(unaudited)

1. Business and Summary of Significant Accounting Policies

WiSA Technologies, Inc. formerly known as Summit Wireless Technologies, Inc. (together with its subsidiaries also referred to herein as "we", "us", "our", or the "Company"), was originally formed as a limited liability company in Delaware on July 23, 2010. Our business is to deliver the best-in-class immersive wireless sound technology for intelligent devices and next generation home entertainment systems through the sale of module components to audio companies as well as audio products to resellers and consumers.

Nasdaq Compliance

On October 5, 2023, the Company received notice from the Listing Qualifications Staff (the "Staff") of Nasdaq that the bid price of its listed securities had closed at less than $1 per share over the previous 30 consecutive business days, and, as a result, did not comply with Nasdaq Listing Rule 5550(a)(2) (the "Minimum Bid Price Requirement"). Therefore, in accordance with Listing Rule 5810(c)(3)(A), the Company was provided 180 calendar days, or until April 2, 2024, to regain compliance with the Minimum Bid Price Requirement.

On November 17, 2023, the Staff notified the Company that it was not in compliance with Nasdaq Listing Rule 5550(b)(1), which requires companies listed on Nasdaq to maintain a minimum of $2,500,000 in stockholders' equity for continued listing (the "Stockholders' Equity Requirement"). The Company reported stockholders' equity (deficit) of ($885,000) in its Quarterly Report on Form 10-Q for the quarter ended September 30, 2023, and, as a result, did not satisfy the Stockholders' Equity Requirement pursuant to Listing Rule 5550(b)(1).

On February 14, 2024, the Company received notice (the "February 14 Letter") from the Staff that the Staff had determined that as of February 14, 2024, the Company's securities had a closing bid price of $0.10 or less for ten consecutive trading days triggering application of Listing Rule 5810 (c)(3)(A)(iii) which states in part: if during any compliance period specified in Rule 5810(c)(3)(A), a company's security has a closing bid price of $0.10 or less for ten consecutive trading days, the Listing Qualifications Department shall issue a Staff Delisting Determination under Rule 5810 with respect to that security (the "Low Priced Stocks Rule"). As a result, the Staff determined to delist the Company's securities from Nasdaq, unless the Company timely requests an appeal of the Staff's determination to a Hearings Panel (the "Panel"), pursuant to the procedures set forth in the Nasdaq Listing Rule 5800 Series.

The Company requested a hearing before the Panel to appeal the February 14 Letter and to address all outstanding matters, including compliance with the Minimum Bid Price Requirement, the Low Priced Stocks Rule and the Stockholders' Equity Requirement, which hearing was held on March 28, 2024. On April 5, 2024, the Panel issued a decision (the "April 2024 Decision") granting the Company's request for continued listing on the Nasdaq Capital Market, subject to the Company regaining compliance with (a) the Minimum Bid Price Requirement pursuant to Listing Rule 5550 (a)(2) by April 28, 2024, and (b) the Stockholders' Equity Requirement pursuant to Listing Rule 5550 (b)(1) by June 28, 2024.

On April 29, 2024, the Company received a letter (the "April 29 Letter") from Nasdaq notifying the Company that it has regained compliance with the Minimum Bid Price Requirement pursuant to Listing Rule 5550 (a)(2), as required by the April 2024 Decision. The Company will be subject to a mandatory panel monitor for a period of one year from April 29, 2024 pursuant to Nasdaq Listing Rule 5815(d)(4)(B). If, within that one-year monitoring period, the Staff finds the Company again out of compliance with the Minimum Bid Price Requirement, notwithstanding Nasdaq Listing Rule 5810(c)(2), the Company will not be permitted to provide the Staff with a plan of compliance with respect to that deficiency and the Staff will not be permitted to grant additional time for the Company to regain compliance with respect to that deficiency, nor will the Company be afforded an applicable cure or compliance period pursuant to Nasdaq Listing Rule 5810 (c)(3). Instead, the Staff will issue a delist determination letter and the Company will have an opportunity to request a new hearing with the initial Panel or a newly convened hearings panel if the initial Panel is unavailable.

WISA TECHNOLOGIES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2024 and 2023
(unaudited)

1. Business and Summary of Significant Accounting Policies, continued

Reverse Stock Splits

April 2024 Reverse Stock Split

On April 4, 2024, the Board approved a 1-for-150 reverse stock split (the "April 2024 Reverse Stock Split") of our outstanding shares of common stock and authorized the filing of a certificate of amendment to our certificate of incorporation, as amended, with the Secretary of State of the State of Delaware (the "Certificate of Amendment") to effect the April 2024 Reverse Stock Split. On April 12, 2024, the April 2024 Reverse Stock Split was effected and the condensed consolidated financial statements have been retroactively adjusted. All common stock share numbers, warrants to purchase common stock, prices and exercise prices have been retroactively adjusted to reflect the April 2024 Reverse Stock Split. The common stock began trading on a split-adjusted basis at the start of trading on April 15, 2024. Unless otherwise indicated, the information presented in this Quarterly Report on Form 10-Q (this "Report") gives effect to the April 2024 Reverse Stock Split.

January 2023 Reverse Stock Split

On January 24, 2023, the Board approved a 1-for-100 reverse stock split (the "January 2023 Reverse Stock Split") of our outstanding shares of common stock and authorized the filing of a certificate of amendment to our certificate of incorporation, as amended, with the Secretary of State of the State of Delaware to effect the January 2023 Reverse Stock Split. On January 26, 2023, the January 2023 Reverse Stock Split was effected and the condensed consolidated financial statements have been retroactively adjusted. All common stock share numbers, warrants to purchase common stock, prices and exercise prices have been retroactively adjusted to reflect the January 2023 Reverse Stock Split. The common stock began trading on a split-adjusted basis at the start of trading on January 27, 2023. Unless otherwise indicated, the information presented in this Report gives effect to the January 2023 Reverse Stock Split.

Basis of Presentation

The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and include all adjustments necessary for the fair presentation of the Company's financial position, results of operations and cash flows for the periods presented. The condensed consolidated financial statements reflect the accounts of WISA Technologies, Inc. and its wholly-owned subsidiaries, WISA Technologies Korea, LTD, a Korean limited company, which was established in September 2022, and WiSA, LLC, a Delaware limited liability company. All intercompany balances and transactions are eliminated.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassification

Certain reclassifications have been made to prior periods' condensed consolidated financial statements to conform to the current period presentation. These reclassifications did not result in any change in previously reported net income (loss), total assets or stockholders' deficit.

1. Business and Summary of Significant Accounting Policies, continued

Concentration of Credit Risk and Other Risks and Uncertainties

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. Cash and cash equivalents are deposited in demand and money market accounts at one financial institution. At times, such deposits may be in excess of insured limits. The Company has not experienced any losses on its deposits of cash and cash equivalents.

The Company's accounts receivable are derived from revenue earned from customers located throughout the world. The Company performs credit evaluations of its customers' financial condition and may, in certain circumstances, require full or partial payment in advance of shipping. As of March 31, 2024 and December 31, 2023, there was no allowance for credit losses. As of March 31, 2024, the Company had three customers accounting for 58%, 16%,and 10% of accounts receivable. As of December 31, 2023, the Company had two customers accounting for 71% and 20% of accounts receivable. The Company had three customers accounting for 35%, 29% and 21% of its net revenue for the three months ended March 31, 2024. The Company had four customers accounting for 25%, 19%, 14% and 13% of its net revenue for the three months ended December 31, 2023.

The Company's future results of operations involve a number of risks and uncertainties. Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, but are not limited to, rapid technological change, continued acceptance of the Company's products, competition from substitute products and larger companies, protection of proprietary technology, strategic relationships and dependence on key individuals.

The Company relies on sole-source suppliers to manufacture some of the components used in its product. The Company's manufacturers and suppliers may encounter problems during manufacturing due to a variety of reasons, any of which could delay or impede their ability to meet demand. The Company is heavily dependent on a single contractor in China for assembly and testing of its products, a single contractor in Japan for the production of its transmit semiconductor chip and a single contractor in China for the production of its receive semiconductor chip.

Cash and Cash Equivalents

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

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are recorded at the invoice amount and are generally not interest bearing. The Company reviews its trade receivables aging to identify specific customers with known disputes or collection issues. The Company exercises judgment when determining the adequacy of these reserves as it evaluates historical bad debt trends and changes to customers' financial conditions.

Fair Value of Financial Instruments

Carrying amounts of certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, prepaid expenses and other current assets, accounts payable and accrued liabilities approximate fair value due to their relatively short maturities. The carrying value of the Company's borrowings and capital lease liabilities approximates fair value based upon borrowing rates currently available to the Company for loans and capital leases with similar terms. The Company's Warrant liabilities are the only financial instrument that is adjusted to fair value on a recurring basis.

WISA TECHNOLOGIES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2024 and 2023
(unaudited)

1. Business and Summary of Significant Accounting Policies, continued

Inventories

Inventories, principally purchased components, are stated at the lower of cost or net realizable value. Cost is determined using an average cost, which approximates actual cost on a first-in, first-out basis. Inventory in excess of salable amounts and inventory which is considered obsolete based upon changes in existing technology is written off. At the point of loss recognition, a new lower cost basis for that inventory is established and subsequent changes in facts and circumstances do not result in the restoration or increase in the new cost basis.

Property and Equipment, Net

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation of property and equipment is computed using the straight-line method over their estimated useful lives of two to five years. Leasehold improvements and assets acquired under capital lease are amortized on a straight-line basis over the shorter of the useful life or term of the lease. Upon retirement or sale, the cost and related accumulated depreciation are removed from the balance sheet and the resulting gain or loss is reflected in operations. Maintenance and repairs are charged to operations as incurred.

Convertible Financial Instruments

The Company bifurcates conversion options and warrants from their host instruments and accounts for them as freestanding derivative financial instruments if certain criteria are met. The criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument. An exception to this rule is when the host instrument is deemed to be conventional, as that term is described under applicable U.S. GAAP.

When the Company has determined that the embedded conversion options and warrants should be bifurcated from their host instruments, discounts are recorded for the intrinsic value of conversion options embedded in the instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the transaction and the effective conversion price embedded in the instrument.

Debt discounts under these arrangements are amortized to interest expense using the interest method over the earlier of the term of the related debt or their earliest date of redemption.

Warrants for Common Shares, Convertible Redeemable Preferred Shares, and Derivative Financial Instruments

Warrants for our common shares, convertible redeemable preferred shares, and derivative financial instruments are classified as equity if the contracts (1) require physical settlement or net-share settlement or (2) give the Company a choice of net-cash settlement or settlement in its own shares (physical settlement or net-share settlement). Contracts which (1) require net-cash settlement (including a requirement to net cash settle the contract if an event occurs and if that event is outside the control of the Company), (2) give the counterparty a choice of net-cash settlement or settlement in shares (physical settlement or net-share settlement), or (3) that contain reset provisions that do not qualify for the scope exception are classified as equity or liabilities. The Company assesses classification of its warrants for shares of common stock and other derivatives at each reporting date to determine whether a change in classification between equity and liabilities is required.

WISA TECHNOLOGIES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2024 and 2023
(unaudited)

1. Business and Summary of Significant Accounting Policies, continued

Product Warranty

The Company's products are generally subject to a one-year warranty, which provides for the repair, rework, or replacement of products (at the Company's option) that fail to perform within the stated specification. The Company has assessed its historical claims and, to date, product warranty claims have not been significant. The Company will continue to assess if there should be a warranty accrual going forward.

Revenue Recognition

The Company generates revenue primarily from two product categories which include the sale of Consumer Audio Products as well as the sale of Components. The Company applies the following five steps: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when a performance obligation is satisfied. The Company considers customer purchase orders to be the contracts with a customer. Revenues, net of expected discounts, are recognized when the performance obligations of the contract with the customer are satisfied and when control of the promised goods are transferred to the customer, typically when products, which have been determined to be the only distinct performance obligations, are shipped to the customer. Expected costs of assurance warranties and claims are recognized as expense.

Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by us from a customer and deposited with the relevant government authority, are excluded from revenue. Our revenue arrangements do not contain significant financing components.

Sales to certain distributors are made under arrangements which provide the distributors with price adjustments, price protection, stock rotation and other allowances under certain circumstances. The Company does not provide its customers with a contractual right of return. However, the Company accepts limited returns on a case-by-case basis. These returns, adjustments and other allowances are accounted for as variable consideration. We estimate these amounts based on the expected amount to be provided to customers and reduce revenue recognized. We believe that there will not be significant changes to our estimates of variable consideration.

If a customer pays consideration, or the Company has a right to an amount of consideration that is unconditional before we transfer a good or service to the customer, those amounts are classified as contract liabilities which are included in other current liabilities when the payment is made or it is due, whichever is earlier.

Practical Expedients and Exemptions

In accordance with Accounting Standards Codification Topic 606, Revenue from Contracts with Customers, we use the following practical expedients: (i) not to adjust the promised amount of consideration for the effects of a significant financing component when we expect, at contract inception, that the period between our transfer of a promised product or service to a customer and when the customer pays for that product or service will be one year or less; (ii) to expense costs as incurred for costs to obtain a contract when the amortization period would have been one year or less; (iii) not to assess whether promised goods or services are performance obligations if they are immaterial in the context of the contract with the customer. In addition, we do not disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less.

WISA TECHNOLOGIES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2024 and 2023
(unaudited)

1. Business and Summary of Significant Accounting Policies, continued

During the three months ended March 31, 2024 and 2023, net revenue consisted of the following:

	For the Three Months Ended March 31,	
(in thousands)	**2024**	**2023**
Components	$ 159	$ 327
Consumer Audio Products	96	142
Total	$ 255	$ 469

Contract Balances

The Company receives payments from customers based on a billing schedule as established in our contracts to partially offset prepayments required by our vendors on long lead time materials. Amounts collected prior to the fulfillment of the performance obligation are considered contract liabilities and classified as customer advances within accrued liabilities on the consolidated balance sheets. Contract assets are recorded when the Company has a conditional right to consideration for our completed performance under the contracts. Accounts receivables are recorded when the right to this consideration becomes unconditional. The Company does not have any material contract assets as of March 31, 2024 and December 31, 2023. During the three month ended March 31, 2024, the Company did not recognize any revenue that was included in the contract liabilities balance as of December 31, 2023.

(in thousands)	**March 31, 2024**	**December 31, 2023**
Contract Liabilities	$ 13	$ 19

Revenue by Geographic Area

In general, revenue disaggregated by geography (See Note 10) is aligned according to the nature and economic characteristics of our business and provides meaningful disaggregation of our results of operations. Since we operate in one segment, all financial segment and product line information can be found in the condensed consolidated financial statements.

Stock-Based Compensation

The Company measures and recognizes the compensation expense for restricted stock units and restricted stock awards granted to employees and directors based on the fair value of the award on the grant date.

Restricted stock units give an employee an interest in Company stock but they have no tangible value until vesting is complete. Restricted stock units and restricted stock awards are equity classified and measured at the fair market value of the underlying stock at the grant date and recognized as expense over the related service or performance period. The Company elected to account for forfeitures as they occur. The fair value of stock awards is based on the quoted price of our common stock on the grant date. Compensation cost for restricted stock units and restricted stock awards is recognized using the straight-line method over the requisite service period.

WISA TECHNOLOGIES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2024 and 2023
(unaudited)

1. Business and Summary of Significant Accounting Policies, continued

Research and Development

Research and development costs are charged to operations as incurred and includes salaries, consulting expenses and an allocation of facility costs.

Advertising Costs

Advertising costs are charged to sales and marketing expenses as incurred. Advertising costs for the three months ended March 31, 2024 and 2023 were $147,000 and $155,000, respectively.

Comprehensive Loss

Comprehensive loss represents the changes in equity of an enterprise, other than those resulting from stockholder transactions. Accordingly, comprehensive loss may include certain changes in equity that are excluded from net loss. For the three months ended March 31, 2024 and 2023, the Company's comprehensive loss is the same as its net loss.

Foreign Currency

The financial position and results of operations of the Company's foreign operations are measured using currencies other than the U.S. dollar as their functional currencies. Accordingly, for these operations all assets and liabilities are translated into U.S. dollars at the current exchange rates as of the respective balance sheet date. Expense items are translated using the weighted average exchange rates prevailing during the period. Cumulative gains and losses from the translation of these operations' financial statements are reported as a separate component of stockholders' equity, while foreign currency transaction gains or losses, resulting from re-measuring local currency to the U.S. dollar are recorded in the condensed consolidated statement of operations in other income (expense), net and were not material for the three months ended March 31, 2024 and 2023.

Net Loss per Common Share

Basic and diluted net loss per common share is presented in conformity with the two-class method required for participating securities. The Company considers all series of convertible preferred stock to be participating securities. Under the two-class method, the net loss attributable to common stockholders is not allocated to the convertible preferred stock as the holders of the convertible preferred stock do not have a contractual obligation to share in the losses of the Company. Under the two-class method, net income would be attributed to common stockholders and participating securities based on their participation rights.

Basic net loss per common share is calculated by dividing the net loss attributable to common stockholders by the weighted average number of shares of common stock outstanding during the period, without consideration for potentially dilutive securities. Diluted net loss per common share is computed by dividing the net loss attributable to common stockholders by the weighted average number of common shares and potentially dilutive common share equivalents outstanding for the period determined using the treasury-stock and if-converted methods. For purposes of the diluted net loss per common share calculation, Series A 8% Senior Convertible Preferred Stock ("Series A Preferred Stock"), warrants exercisable for common stock, restricted stock units and shares issuable upon the conversion of convertible notes payable are considered to be potentially dilutive securities. Net loss is adjusted for any deemed dividends to preferred stockholders to compute income available to common stockholders.

For the three months ended March 31, 2024, warrants to purchase 1,985,138 shares of common stock, 5,362 shares of restricted stock, 17 shares of restricted stock issued under an inducement grant and 14 shares underlying restricted stock units, have been excluded from the calculation of net loss per common share because the inclusion would be antidilutive.

For the three months ended March 31, 2023, warrants to purchase 17,873 shares of common stock, 94 shares of restricted stock, 19 shares of restricted stock issued under an inducement grant and 39 shares underlying restricted stock units have been excluded from the calculation of net loss per common share because the inclusion would be antidilutive.

1. Business and Summary of Significant Accounting Policies, continued

Income Taxes

Deferred taxes are provided on the liability method whereby deferred tax assets are recognized for deductible temporary differences, and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is "more-likely-than-not" that some portion or all of the deferred tax assets will not be realized. The Company has recognized valuation allowances against its deferred tax assets as of March 31, 2024 and December 31, 2023. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company uses a comprehensive model for recognizing, measuring, presenting, and disclosing in the condensed consolidated financial statements tax positions taken or expected to be taken on a tax return. A tax position is recognized as a benefit only if it is "more-likely-than-not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more-likely-than-not" test, no tax benefit is recorded. The Company recognizes interest accrued and penalties related to unrecognized tax benefits in tax expense. As of March 31, 2024 and December 31, 2023, the Company recognized no interest and penalties.

Recently Adopted Accounting Pronouncements

In August 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-06 "Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity". This ASU simplifies accounting for convertible instruments by removing major separation models required under current U.S. GAAP. The Company adopted this standard on January 1, 2024 using the modified retrospective method by applying the ASU to financial instruments outstanding as of January 1, 2024, with the cumulative effect of adoption recognized at that date through an adjustment to the opening balance of retained earnings. As such, the Company adopted the standard by eliminating any unamortized discount to the Series B Preferred Stock for the beneficial conversion feature. The cumulative effect of ASU 2020-06 adoption adjusted against additional paid-in-capital due to the absence of retained earnings on January 1, 2024 amounted to $116,000.

Recently Issued and Not Yet Adopted Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09 – Income Taxes (Topic 740): Improvements to Income Tax Disclosures, to help investors better understand an entity's exposure to potential changes in jurisdictional tax legislation and the ensuing risks and opportunities. Furthermore, the Update improves disclosures used to assess income tax information that affects cash flow forecasts and capital allocation decisions. The Update is effective for public business entities for annual periods beginning after December 15, 2024, on a prospective basis. The Company is currently evaluating the impact of the adoption of this standard on our condensed consolidated financial statements.

In November 2023, the FASB issued ASU 2023-07 "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, aiming to enhance the transparency and relevance of segment information provided in financial statements. The amendments in this Update require that a public entity disclose significant segment expenses, profit or loss and assets, etc. for each reportable segment, on an annual and interim basis. The Update is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The Company is currently evaluating the impact of the adoption of this standard on our condensed consolidated financial statements.

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2. Going Concern

We have reviewed other recent accounting pronouncements and concluded they are either not applicable to the business, or no material effect is expected on the condensed consolidated financial statements as a result of future adoption.

The condensed consolidated financial statements of the Company have been prepared on a going concern basis, which contemplates the realization of assets and the discharge of liabilities in the normal course of business. As of March 31, 2024, the Company had cash and cash equivalents of $2.8 million and reported net cash used in operations of $3.5 million during the three months ended March 31, 2024. The Company expects operating losses to continue in the foreseeable future because of additional costs and expenses related to research and development activities, plans to expand its product portfolio, and increase its market share. The Company's ability to attain profitable operations is dependent upon achieving a level of revenues adequate to support its cost structure.

Based on current operating levels, the Company will need to raise additional funds in the next 12 months by selling additional equity or incurring debt. To date, the Company has funded its operations primarily through sales of its securities in public and private markets, proceeds from the exercise of warrants to purchase common stock and the sale of convertible notes. Additionally, future capital requirements will depend on many factors, including the rate of revenue growth, the selling price of the Company's products, the expansion of sales and marketing activities, the timing and extent of spending on research and development efforts and the continuing market acceptance of the Company's products. These factors raise substantial doubt about the Company's ability to continue as a going concern for the twelve months from the date of this Report.

Management of the Company intends to raise additional funds through the issuance of equity securities or debt. There can be no assurance that, in the event the Company requires additional financing, such financing will be available at terms acceptable to the Company, if at all. Failure to generate sufficient cash flows from operations, raise additional capital and reduce discretionary spending could have a material adverse effect on the Company's ability to achieve its intended business objectives. As a result, the substantial doubt about the Company's ability to continue as a going concern has not been alleviated. The accompanying condensed consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

3. Balance Sheet Components

Inventories (in thousands):

	March 31, 2024	December 31, 2023
Raw materials	$ 608	$ 621
Finished goods	1,971	2,116
Total inventories	$ 2,579	$ 2,737

Property and equipment, net (in thousands):

	March 31, 2024	December 31, 2023
Machinery and equipment	$ 744	$ 741
Tooling	14	11
	758	752
Less: Accumulated depreciation and amortization	(679)	(659)
Property and equipment, net	$ 79	$ 93

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3. Balance Sheet Components, continued

Depreciation and amortization expense for the three months ended March 31, 2024 and 2023 was $20,000 and $33,000, respectively.

Accrued liabilities (in thousands):

	March 31, 2024	December 31, 2023
Accrued vacation	$ 401	$ 418
Accrued rebate	215	215
Accrued audit fees	194	211
Accrued lease liability, current portion	20	—
Accrued compensation	—	127
Accrued other	258	346
Total accrued liabilities	$ 1,088	$ 1,317

4. Borrowings

Convertible Promissory Note

On August 15, 2022, the Company entered into a Securities Purchase Agreement (the "August Purchase Agreement"), by and between the Company and an institutional investor (the "Convertible Note Investor"), pursuant to which the Company agreed to issue to the Investor a senior secured convertible note in the principal amount of $3,600,000 (the "Convertible Note") and a warrant (the "August Warrant") to purchase up to 140 shares of the Company's common stock, at an initial exercise price of $14,955.00 per share (the "Exercise Price"), in consideration for $3,000,000. Pursuant to the August Purchase Agreement, upon the closing of the private placement, pursuant to which Maxim Group LLC ("Maxim") acted as placement agent (the "Private Placement"), the Company received gross proceeds of $3,000,000. After the deduction of banker fees, commitment fees and other expenses associated with the transaction, the Company received net proceeds of $2,483,000. The Company used the net proceeds primarily for working capital and general corporate purposes.

The Convertible Note matured on August 15, 2024, does not bear interest and ranks senior to the Company's existing and future indebtedness and is secured to the extent and as provided in the Security Agreements. The Convertible Note is convertible in whole or in part at the option of the Convertible Note Investor into shares of Common stock (the "Conversion Shares") at the Conversion Price (as defined below) at any time following the date of issuance of the Convertible Note. The Convertible Note defines "Conversion Price" as equal to the lesser of (a) 90% of the average of the five lowest daily VWAPs (as defined in the Convertible Note) during the previous twenty trading days prior to delivery to the Company of the Convertible Note Investor's applicable notice of conversion (the "Conversion Notice") and (b) $13,890.00 (the "Base Conversion Price"). The Base Conversion Price is subject to full ratchet antidilution protection, subject to a floor conversion price of $75.00 per share (the "Floor Price").

In connection with the Private Placement, the Company issued warrants to the Convertible Note Investor and Maxim to purchase common shares of 140 and 13, respectively (see Note 5 – Fair Value Measurements). The sum of the fair value of the warrants, the original issue discount for interest, issuance costs and the derivative liability for the embedded conversion feature for the August 2022 Notes were recorded as debt discounts totaling $2,509,000 to be amortized to interest expense over the respective term using the effective interest method. During the year ended December 31, 2023, the Company recognized $737,000 of interest expense from the amortization of debt discounts and repayment of the convertible note payable in April 2023.

In connection with the Private Placement, the Company entered into a placement agency agreement with Maxim (the "Placement Agency Agreement"), and agreed to issue to Maxim, a warrant to purchase up to an aggregate of 13 shares of Common Stock (the "Maxim Warrant") at an initial exercise price of $14,955.00 per share, which is exercisable at any time on or after the six-month anniversary of the closing date of the Private Placement and will expire on the fifth (5^{th}) anniversary of its date of issuance.

4. Borrowings, continued

Effective August 24, 2022, the Company and the Investor agreed to amend Section 3.1(b) of the Convertible Note to provide that the Conversion Price could not be lower than the Floor Price until stockholder approval has been obtained, after which stockholder approval the Floor Price may be reduced to no lower than $37.50, subject to adjustment pursuant to the terms of the August 2022 Note. The changes were effected by cancellation of the Convertible Note and the issuance of a replacement senior secured convertible note (the “New Convertible Note”) to the Investor. The New Convertible Note contains identical terms as the Convertible Note, except for the amendment to the Section 3.1(b).

On November 21, 2022, the Company and Maxim entered into an agreement to amend the Maxim Warrant (the “Maxim Warrant Amendment”). Specifically, the Maxim Warrant Amendment sets forth certain circumstances in which the lock up restrictions to which the Maxim Warrant is subject would not apply. The Maxim Warrant Amendment also clarifies certain limitations with respect to demand registration rights and provides that Maxim’s piggy-back registration rights expire on the fifth (5th) anniversary of the Maxim Warrant’s date of issuance.

The New Convertible Note contained several embedded conversion features. The Company concluded that those conversion features require bifurcation from the New Convertible Note and subsequent accounting in the same manner as a freestanding derivative. The Company recognized a derivative liability of $286,000 upon execution of the note agreement and such amount was included in the $2,509,000 of debt discounts noted above. Subsequent changes in the fair value of these conversion features are measured at each reporting period and recognized in the consolidated statement of operations.

On November 28, 2022, the Company entered into a waiver of rights (the “Waiver”) with the New Convertible Note Investor, pursuant to which the New Convertible Note Investor agreed to waive certain prohibitions under the August Purchase Agreement with respect to the offering of units in December 2022 in exchange for the issuance by the Company, on the closing date of such offering, of an additional number of Series A warrants to purchase shares of Common Stock (“Series A Warrants”) and an additional number of Series B warrants to purchase shares of Common Stock (“Series B Warrants”) equal to the quotient obtained by dividing $750,000 by the public offering price for the units sold in the offering (such Warrants, the “Waiver Warrants”).

In connection with the public offering the Company consummated on December 1, 2022 (the “December 2022 Offering”), the Company issued 357 Series A Warrants and 357 Series B Warrants to the New Convertible Note Investor (See Note 6). The Company’s obligation to issue shares of common stock underlying the Waiver Warrants is expressly conditioned upon stockholder approval of all of the transactions contemplated by the August Purchase Agreement. At a Special Meeting of Stockholders held on January 24, 2023, the Company received stockholder approval of the transactions contemplated by the August Purchase Agreement. Additionally, as a result of the December 2022 Offering, the Base Conversion Price was adjusted to the Floor Price.

On February 1, 2023, the holder of the New Convertible Note converted approximately $708,000, a portion of the outstanding principal amount into 450 shares of the Company’s common stock.

On April 11, 2023, the Company paid $1,656,744 to the holder of the New Convertible Note which repaid the entirety of the outstanding balance and included the unpaid principal, interest through the payoff date, and a pre-payment premium of $276,000 which was recorded as a component of loss on debt extinguishment.

September 2023 Short-Term Loan Agreement

On September 8, 2023, the Company entered into that certain Loan and Security Agreement with the Meriwether Group Capital Hero Fund LP (“Meriwether Hero Fund”). Pursuant to the Loan and Security Agreement, the Meriwether Hero Fund agreed to provide the Company with bridge financing in the form of a term loan in the original principal amount of $650,000, which term loan will be senior in priority to the Company’s present and future indebtedness (“Meriwether Loan”). The Meriwether Loan matures on November 7, 2023, subject to further extension. In addition, the Company has the right to request additional funding under the Loan and Security Agreement.

4. Borrowings, continued

Borrowings under the Meriwether Loan bore interest at a rate per annum equal to 18%. On the maturity date, subject to any extension, the Company was obligated to make a payment equal to all unpaid principal and accrued interest. Pursuant to Meriwether Loan, the Company shall pay to the Meriwether Hero Fund a fully earned, non-refundable, origination fee in the amount of$50,000. The Company shall also pay to the Meriwether Hero Fund a fully earned, non-refundable, exit fee in the amount of $50,000 due and payable on the maturity date.

The Meriwether Loan also provided that all present and future indebtedness and the obligations of the Company to the Meriwether Hero Fund shall be secured by a first priority security interest in all real and personal property collateral of the Company.

The Meriwether Loan contains customary representations, warranties and affirmative and negative covenants. In addition, the Meriwether Loan contains customary events of default that entitle the Meriwether Hero Fund to cause the Company's indebtedness under the Meriwether Loan to become immediately due and payable, and to exercise remedies against the Company and the collateral securing the term loan.

On October 10, 2023, the Meriwether Hero Fund, agreed to extend the Meriwether Loan maturity date from November 7, 2023 to December 7, 2023, for a fee of $20,000.

On December 7, 2023, the Company repaid the full amount of the Meriwether Loan, including all fees and accrued interest.

January 2024 Short-Term Loan Agreement

On January 19, 2024, the Company entered into promissory notes in the aggregate principal amount of $1,000,000 (the "January 2024 Promissory Notes") and common stock purchase warrants to purchase up to an aggregate of 66,665 shares (the "January 2024 Warrant Shares") of the Company's common stock, at an initial exercise price of $22.23 per share with four accredited investors (each an "Investor" and together the "Investors"). In connection with the January 2024 Promissory Notes, the Company received gross proceeds of $600,000, before fees and other expenses associated with the transaction.

The January 2024 Promissory Note was to mature on the earlier to occur of: (i) July 17, 2024 and (ii) the full or partial exercise of certain Series B Preferred Stock purchase warrants currently held by the Investor, issuable for at least 9,322 shares of the Company's Series B Convertible Preferred Stock, par value $0.0001 per share ("Series B Preferred Stock"), upon such full or partial exercise. The January 2024 Promissory Notes do not bear interest except upon the occurrence of an Event of Default (as defined in the January 2024 Promissory Notes). The January 2024 Promissory Notes were not convertible into shares of Common Stock or Series B Preferred Stock.

Between the dates of January 26, 2024 and February 2, 2024, the January 2024 Promissory Notes were repaid in full following the exercise of certain of the Company's Series B Preferred Stock purchase warrants for a total of 29,322 shares of Series B Preferred Stock. The 2024 Promissory Notes were settled via the payment of $667,000 in cash and a $333,000 offset to the amount due by one of the investor from the exercise of 9,322 Series B Preferred Stock purchase warrants.

In connection with the issuance of the January 2024 Warrant Shares (see Note 5 – Fair Value Measurements), the fair value of the warrants and the original issue discount for interest were recorded as debt discounts totaling $1,260,000. The debt discounts were to be amortized to interest expense over the respective term using the effective interest method. In connection with the full repayment of the January 2024 Promissory Notes, the Company recognized $1,260,000 of interest expense in the three months ended March 31, 2024.

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5. Fair Value Measurements

The Company measures the fair value of financial instruments using a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Each level of input has different levels of subjectivity and difficulty involved in determining fair value.

- Level 1 – Inputs used to measure fair value are unadjusted quoted prices that are available in active markets for the identical assets or liabilities as of the reporting date. Therefore, determining fair value for Level 1 investments generally does not require significant judgment, and the estimation is not difficult.

- Level 2 – Pricing is provided by third-party sources of market information obtained through investment advisors. The Company does not adjust for or apply any additional assumptions or estimates to the pricing information received from its advisors.

- Level 3 – Inputs used to measure fair value are unobservable inputs that are supported by little or no market activity and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management's estimates of market participant assumptions. The determination of fair value for Level 3 instruments involves the most management judgment and subjectivity.

The Company's financial assets and liabilities that are measured at fair value on a recurring basis as of March 31, 2024 and December 31, 2023 by level within the fair value hierarchy, are as follows:

(in thousands)	**March 31, 2024**		
	Quoted prices in active markets (Level 1)	**Significant other observable inputs** (Level 2)	**Significant unobservable inputs** (Level 3)
Liabilities:			
Warrant liabilities	$ —	$ —	$ 4,621

(in thousands)	**December 31, 2023**		
	Quoted prices in active markets (Level 1)	**Significant other observable inputs** (Level 2)	**Significant unobservable inputs** (Level 3)
Liabilities:	—	—	—
Warrant liabilities	$ —	$ —	$ 5,460

There were no transfers between Level 1, 2 or 3 during the three months ended March 31, 2024 or 2023.

Warrant Liabilities

The following table includes a summary of changes in fair value of the Company's warrant liabilities measured at fair value using significant unobservable inputs (Level 3) as of March 31, 2024 and 2023. For March 31, 2024, the fair value of the common warrants was determined using the Black-Scholes Model based on the following key inputs and assumptions: common stock price of $3.15; exercise prices between $4.50 and $1,573.50; expected yield of 0.0%; expected volatility of 119.7%; risk-free interest rate between 4.21% and 4.40% and expected life between 3.4 and 5.0 years.

5. Fair Value Measurements, continued

(in thousands)	For the three month ended March 31, 2024	2023
Beginning balance	$ 5,460	$ 8,945
Additions	8,701	5,600
Change in fair value	(8,129)	(5,604)
Exercise of warrant liabilities	(587)	(8,170)
Repurchase	(824)	—
Ending balance	$ 4,621	$ 771

The changes in fair value of the warrant liabilities are recorded in change in fair value of warrant liabilities in the condensed consolidated statements of operations.

6. Convertible Redeemable Preferred Stock and Stockholders' Equity

Series B Preferred Stock, Series B Preferred Stock Warrants

On October 16, 2023, the Company consummated a public offering (the "October Public Offering") for an aggregate of 87,000 Series B Units ("Series B Units"). Each Series B Unit consists of one share of the Company's Series B Preferred Stock and two warrants, each to purchase one share of Series B Preferred Stock ("Series B Preferred Stock Warrant"). Each share of Series B Preferred Stock is convertible at the holder's option at any time, through a two-year period, into the number of shares of the Company's common stock determined by dividing the $100 stated value per share of the Series B Preferred Stock by a conversion price of $62.205 per share. Each share of Series B Preferred Stock is convertible into 1 share of common stock, and each Series B Preferred Stock Warrant entitles the holder to purchase one share of Series B Preferred Stock at an initial exercise price of $55 per share. Dividends are paid in additional fully paid and nonassessable Series B Preferred Stock, at a 20% dividend rate, non-cumulative. If any shares of Series B Preferred Stock are outstanding at the end of the two-year period, the holder would be entitled to a cash redemption value equal to the $100 stated value per share. The gross proceeds from the sale of Series B Units were $4,785,000, before broker fees and related expenses of approximately $830,000.

Exercise of Series B Preferred Stock Warrants

On December 6, 2023, the Company executed an Inducement Agreement (the "Inducement Agreement") with the holders of Series B Preferred Stock Warrants, modifying the exercise price to $35.72 per warrant. Any holder that exercises Series B Preferred Stock Warrants under the Inducement Agreement received a new Common Stock Warrant ("New Common Stock Warrants") for each Series B Preferred Stock Warrant exercised. Each New Common Stock Warrant entitles the holder to purchase 2 shares of Common Stock at an initial exercise price of $22.23 per New Common Stock Warrant.

Due to certain price protections included with the New Common Stock Warrants, the warrants did not meet the criteria for equity classification and thus are subject to liability treatment. Total proceeds from the exercise of 61,613 Series B Preferred Stock Warrants of $2,264,000 through December 31, 2023, and the remaining fair value of the Series B Preferred Stock Warrant liability immediately prior to the exercise of $1,628,000 resulted in a total of $3,892,000 recorded for the new 61,613 shares of Series B Preferred Stock, of which $3,322,000 was allocated to the Common Stock Warrants liability based on their fair value and $569,000 was allocated to the Series B Preferred Stock using the residual method of allocation. In connection with this new issuance, the Company has recorded additional discounts to the Series B Preferred Stock for a beneficial conversion feature of $196,000, the Common Stock Warrants of $3,322,000 and issuance costs of $146,000. The Company also accretes to Series B Preferred Stock, against additional paid in capital as a deemed dividend, for the difference between the total proceeds of $35.72 per share of Series B Preferred Stock and the full redemption price of $100 per share. The Company uses the effective interest method to calculate the accretion amount for each period. All 61,613 New Common Stock Warrants issued as a result of the exercise of Series B Preferred Stock Warrants were outstanding as of December 31, 2023.

6. Convertible Redeemable Preferred Stock and Stockholders' Equity, continued

Issuance costs of $429,000 and $125,000 were expensed on the date of issuance of the Series B Preferred Stock Warrants and the New Common Stock Warrants, respectively as such warrants were recorded at fair value. Total issuance costs expensed from the issuances were charged to Change in fair value of warrant liabilities and amounted to $554,000.

Through various dates from issuance to December 31, 2023, the holders of 110,278 shares of Series B Preferred Stock converted their shares into 177,282 shares of Common Stock. Unamortized discounts to the Series B Preferred Stock of $6,063,000 were immediately recorded as a deemed dividend as of conversion date. Amortization and accretion of discounts from issuance date through December 31, 2023 amounted to $297,000, which were also recorded as a deemed dividend to the holders of Series B Preferred Stock. The total such deemed dividends amounted to $6,360,000 for the year ended December 31, 2023 and was recorded as a net loss available to common stockholders on the Company's consolidated statement of operations.

The 38,335 shares of Series B Preferred Stock outstanding as of December 31, 2023, were to become mandatorily redeemable on October 15, 2025 in the amount of $3,833,500.

Through various dates during the three months ended March 31, 2024, holders of Series B Preferred Stock warrants exercised their warrants into 29,332 shares of Series B Preferred Stock at an exercise price of $35.72 per warrant. For each exercised Series B Preferred Stock Warrant, the holder received one share of Series B Preferred Stock and one New Common Stock Warrant. Each New Common Stock Warrant entitles the holder to purchase 2 shares of Common Stock at an initial exercise price of $22.23 per New Common Stock Warrant. Due to certain price protections included with the New Common Stock Warrants, the warrants did not meet the criteria for equity classification and thus are subject to liability treatment. Total proceeds from the exercise of the 29,332 Series B Preferred Stock Warrants amounted to $1,047,000, and the remaining fair value of the Series B Preferred Stock Warrant Liability immediately prior to the exercise of $587,000 resulted in a total of $1,634,000 recorded for the new 29,332 shares of Series B Preferred Stock, of which $1,188,000 was allocated to the New Common Stock Warrants liability based on their fair value and $446,000 was allocated to the Series B Preferred Stock using the residual method of allocation. In connection with this new issuance, the Company recorded additional discounts to the Series B Preferred Stock for the New Common Stock Warrants of $1,188,000 and issuance costs of $61,000. The Company also accretes to Series B Preferred Stock, against additional paid-in-capital as a deemed dividend, for the difference between the total proceeds of $35.72 per share of Series B Preferred Stock and the full redemption price of $100 per share. The Company uses the effective interest method to calculate the accretion amount for each period.

Issuance costs of $44,000 were expensed on the date of issuance of the New Common Stock Warrants, as such warrants were recorded at fair value.

Conversion of Series B Preferred Stock

Through various dates during the three months ended March 31, 2024, the holders of 5,000 shares of Series B Preferred Stock converted their shares into 8,038 shares of Common Stock. Unamortized discounts to the Series B Preferred Stock of $269,000 were immediately recorded as a deemed dividend as of conversion date.

February 2024 Series B Preferred Stock and Series B Preferred Stock Warrants Repurchase

On February 13, 2024, the Company and its Series B Preferred Stock and Series B Preferred Stock Warrants holders entered into an arrangement where the Company agreed to repurchase 62,657 Series B Preferred Stock shares and 81,315 Series B Preferred Stock warrants for a total of $6,266,000. Unamortized discounts to the Series B Preferred Stock of $5,381,000 were immediately recorded as a deemed dividend as of repurchase date. The remaining fair value of the Series B Preferred Stock Warrant Liability of $824,000 was adjusted against additional paid-in-capital on repurchase date.

Other Deemed Dividends

Amortization and accretion of discounts for all Series B Preferred Stock during the three months ended March 31, 2024 amounted to $192,000, which were also recorded as a deemed dividend to the holders of Series B Preferred Stock.

6. Convertible Redeemable Preferred Stock and Stockholders' Equity, continued

The total of deemed dividends (as discussed in this section, the Conversion of Series B Preferred Stock and February 2024 Series B Preferred Stock and Series B Preferred Stock Warrants Repurchase sections above) amounted to $5,842,000 for the three months ended March 31, 2024 and was recorded as an adjustment to net loss available to common stockholders on the Company's condensed consolidated statement of operations.

Common Stock

2018 Long Term Stock Incentive Plan

On January 30, 2018, the Company's board of directors approved the establishment of the Company's 2018 Long-Term Stock Incentive Plan (the "LTIP") and termination of its Carve-Out Plan. Under the LTIP, the aggregate maximum number of shares of common stock (including shares underlying options) that may be issued under the LTIP pursuant to awards of Restricted Shares or Options will be limited to 15% of the outstanding shares of common stock, which calculation shall be made on the first trading day of each new fiscal year; provided that, in any year no more than 8% of the common stock or derivative securitization with common stock underlying 8% of the common stock may be issued in any fiscal year. At a Special Meeting of Stockholders on January 24, 2023, the Company's stockholders approved certain amendments to the LTIP to: (i) increase the annual share limit of Common Stock that may be issued in any single fiscal year only for the 2023 fiscal year under the LTIP from 8% of the shares of Common Stock outstanding to 15% of the shares of Common Stock outstanding (which amount equates to the maximum amount that may be issued in the aggregate under the LTIP), and (ii) permit immediately quarterly calculations based on the number of shares of Common Stock outstanding as of the first trading day of each fiscal quarter, rather than solely as of the first trading day of the fiscal year. At a Special Meeting of Stockholders on March 15, 2024, the Company's stockholders further approved an amendment to the LTIP to increase the annual share limit of Common Stock that may be issued only for the 2024 fiscal year under the LTIP from 8% of the shares of Common Stock outstanding to 15% of the shares of Common Stock outstanding (which amount equates to the maximum amount that may be issued in the aggregate under the LTIP). As of March 31, 2024, up to 263,570 shares of common stock are available for participants under the LTIP.

A summary of activity related to restricted stock awards for the three months ended March 31, 2024 is presented below:

Stock Awards	Shares	Weighted-Average Grant Date Fair Value
Non-vested as of January 1, 2024	5,382	$ 374
Granted	—	$ —
Vested	(20)	$ 38,930
Forfeited	—	$ —
Non-vested as of March 31, 2024	5,354	$ 231

As of March 31, 2024, the unamortized compensation costs related to the unvested restricted stock awards was approximately $1,138,000 which is to be amortized on a straight-line basis over a weighted-average period of approximately 0.7 years.

For the three months ended March 31, 2024, 20 shares of restricted stock units were released under the LTIP with an intrinsic value of less than $1,000. For the three months ended March 31, 2023, no shares of restricted stock issued under the LTIP, were released.

6. Convertible Redeemable Preferred Stock and Stockholders' Equity, continued

2020 Stock Incentive Plan

A summary of activity related to restricted stock units under the Company's 2020 Stock Incentive Plan for the three months ended March 31, 2024 is presented below:

Stock Units	Shares		Weighted-Average Grant Date Fair Value
Non-vested as of January 1, 2024	1	$	56,430
Granted	—	$	—
Vested	(1)	$	56,430
Forfeited	—	$	—
Non-vested as of March 31, 2024	—	$	—

As of March 31, 2024, there was no unamortized compensation costs.

For the three months ended March 31, 2024, 1 share of restricted stock units was released under the 2020 Stock Incentive Plan with an intrinsic value of less than $1,000. For the three months ended March 31, 2023, no shares of restricted stock, issued under the 2020 Stock Incentive Plan, were released.

Inducement Grant

On September 13, 2021, the Company issued 21 shares of restricted common stock to Eric Almgren, the Company's Chief Strategist, as an inducement grant ("September 2021 Inducement Grant"). As of March 31, 2024, the unamortized compensation cost related to the unvested September 2021 Inducement Grant was approximately $121,000 which is being amortized on a straight-line basis over a period of approximately 0.5 years. The Company recorded stock-based compensation of $64,000 related to this grant for three months ended March 31, 2024. As of March 31, 2024, 16 shares are unvested.

For the three months ended March 31, 2024, no shares of restricted stock were released under the September 2021 Inducement Grant.

2022 Plan

A summary of activity related to restricted stock units under the Company's Technical Team Retention Plan of 2022 (the "2022 Plan") for the three months ended March 31, 2024 is presented below:

Stock Units	Shares		Weighted-Average Grant Date Fair Value
Non-vested as of January 1, 2024	17	$	7,800
Granted	—	$	—
Vested	(3)	$	7,800
Forfeited	—	$	—
Non-vested as of March 31, 2024	14	$	7,800

As of March 31, 2024, the unamortized compensation cost related to the unvested restricted stock units was approximately $106,000 which is to be amortized on a straight-line basis over a weighted-average period of approximately 2.2 years.

For the three months ended March 31, 2024, 3 shares of restricted stock units were released under the 2022 Plan with an intrinsic value of less than $1,000. For the three months ended March 31, 2023, no shares of restricted stock units were released under the 2022 Plan.

6. Convertible Redeemable Preferred Stock and Stockholders' Equity, continued

February 2023 Offering

On January 31, 2023, the Company entered into a securities purchase agreement with certain institutional investors, pursuant to which the Company agreed to issue and sell to such investors (i) in a registered direct offering, 1,344 shares of common stock and pre-funded warrants (the "February 2023 Pre-Funded Warrants") to purchase up to 2,545 shares of common stock, at an exercise price of $0.015 per share of common stock, and (ii) in a concurrent private placement, common stock purchase warrants, exercisable for an aggregate of up to 5,833 shares of common stock, at an initial exercise price of $1,573.50 per share of common stock (the "February 2023 Offering"). In February and March of 2023, all the February 2023 Pre-Funded Warrants were exercised for cash.

On February 3, 2023, the Company closed the February 2023 Offering, and received net proceeds of approximately $5.3 million after deducting placement agent fees and other offering expenses payable by the Company.

Also, in connection with the February 2023 Offering, on January 31, 2023, the Company entered into a placement agency agreement with Maxim, pursuant to which Maxim agreed to act as placement agent on a "best efforts" basis in connection with the offering and (ii) the Company agreed to pay Maxim an aggregate fee equal to 8.0% of the gross proceeds raised in the offering.

Also in connection with the February 2023 Offering, the Company entered into an amendment (the "Amendment") to the securities purchase agreement, dated as of November 29, 2022, by and between the Company and certain institutional investors (the "November Purchase Agreement") approved by a certain investor (the "November Investor") who purchased at least 50.1% in interest of the shares of Common Stock and the pre-funded warrants to purchase shares of Common Stock, if any, based on the initial subscription amounts under the November Purchase Agreement, pursuant to Section 5.5 of the November Purchase Agreement. Pursuant to the Amendment, Section 4.11 of the November Purchase Agreement, which prohibits the Company's ability to issue shares of Common Stock or Common Stock Equivalents (as defined in the November Purchase Agreement) or filing any registration statement or amendment or supplement thereto under the Securities Act, until ninety (90) days after the closing date of the transactions contemplated by the November Purchase Agreement, was amended to permit the offering discussed above and the issuance and sale of the securities offered and sold in such offering.

March 2023 Offering

On March 27, 2023, the Company entered into a securities purchase agreement with certain institutional investors, pursuant to which the Company agreed to issue and sell to such investors (i) in a registered direct offering, 5,581 shares of common stock of the Company and (ii) in a concurrent private placement, common stock purchase warrants, exercisable for an aggregate of up to 11,163 shares of common stock, at an initial exercise price of $286.50 per share (the "March 2023 Offering").

On March 29, 2023, the Company closed the March 2023 Offering and received net proceeds of approximately $1.6 million, after deducting fees payable to the financial advisor and other offering expenses.

April 2023 Offering

On April 7, 2023, the Company entered into a securities purchase agreement with certain institutional investors, pursuant to which the Company issued and sold to such investors (i) in a registered direct offering, 4,954 shares of common stock of the Company and (ii) in a concurrent private placement, common stock purchase warrants exercisable for an aggregate of up to 9,908 shares of Common Stock, at an initial exercise price of $211.50 per share of Common Stock (the "April 2023 Offering").

On April 12, 2023, the Company closed the April 2023 Offering and received net proceeds of approximately $1.0 million, after deducting fees payable to the financial advisor and other offering expenses.

6. Convertible Redeemable Preferred Stock and Stockholders' Equity, continued

October 2023 Warrant Repurchase

On October 16, 2023, the Company and certain of its common stock warrants holders entered into an arrangement where the Company agreed to repurchase outstanding common stock purchase warrants exercisable for an aggregate of up to 30,978 shares of Common Stock, at an exercise prices ranging from $193.50 to $286.50 per share of Common Stock for a total of $2,323,000. The repurchased warrants were previously classified as equity warrants and at the date of repurchase a charge was recorded to additional paid-in capital.

February 2024 Issuance of Common Stock and Pre-Funded Common Stock Warrants

On February 13, 2024, the Company consummated a public offering (the "February Public Offering") of 158,227 units (the "February Units") and 867,373 pre-funded units (the "February Pre-Funded Units"). Each February Unit was issued at $9.75 per unit and included one share of common stock and one common stock warrant (the "February Common Warrants") exercisable for one share of common stock at a $9.75 exercise price. Each February Pre-Funded Unit was issued at $9.735 per unit and included one pre-funded common stock warrant (the "February Pre-Funded Warrants"), exercisable for one share of common stock at an initial exercise price of $0.015 and one February Common Warrant. The gross proceeds from the issuance of the February Units and the February Pre-Funded Units was $1,543,000 and $8,444,000, respectively, for total aggregate proceeds of $9,987,000 before broker fees and related expenses of approximately $998,000. As a result of certain price protection clauses, the February Common Warrants did not meet the criteria for equity classification and thus are subject to liability treatment. Accordingly, of the $9,987,000 gross proceeds from the February public offering, an amount of $6,308,000, representing the fair value of the February Common Warrants as of the issuance date was allocated to the February Common Warrants liability, with the residual proceeds of $3,679,000 allocated to the Common Stock and February Pre-Funded Warrants, which met the criteria for equity classification.

Of the gross broker fees and related expenses of approximately $998,000, the Company allocated $368,000 to the issued Common Stock and February Pre-Funded Warrants, which were recorded as a reduction of additional paid-in-capital. The remaining issuance cost of $630,000 was allocated to the February Common Warrants and was expensed on the date of issuance as such warrants were recorded at fair value.

March 2024 Issuance of Common Stock, Prefunded Common Stock Warrants and Common Stock Warrants

On March 26, 2024, the Company entered into a Securities Purchase Agreement with certain purchasers where the Company issued 417,833 shares of common stock, 93,342 pre-funded common stock warrants (the "March Pre-Funded Warrants") and common stock warrants (the "March Common Warrants") to purchase up to 511,175 shares of common stock at an initial exercise price of $6.00 per share (known in aggregate as the "March 2024 Offering"). Total proceeds per the Securities Purchase Agreement amounted to $2,299,000 before broker fees and other related expenses of approximately $388,000. As a result of certain price protection clauses, the March Common Warrants did not meet the criteria for equity classification and thus are subject to liability treatment. Accordingly, of the $2,299,000 gross proceeds from the March public offering, an amount of $1,227,000, representing the fair value of the March Common Warrants as of the issuance date was allocated to the March Common Warrants liability, with the residual proceeds of $1,072,000 allocated to the Common Stock and March Pre-Funded Warrants, which met the criteria for equity classification.

Of the gross broker fees and related expenses of approximately $388,000, the Company allocated $181,000 to the issued Common Stock and the March Pre-Funded Warrants, which were recorded as a reduction of additional paid-in-capital. The remaining issuance cost of $207,000 was allocated to the March Common Warrants and was expensed on the date of issuance as such warrants were recorded at fair value.

Warrants for Shares of Common Stock

A summary of the warrant activity and related information for the three months ended March 31, 2024 and the year ended 2023 is provided as follows.

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6. Convertible Redeemable Preferred Stock and Stockholders' Equity, continued

In connection with February 2023 Offering, the Company issued common stock purchase warrants to investors to purchase up to 5,833 shares of the Company's common stock, at an initial exercise price of $1,573.50 per share. The grant date fair value of such warrants was $5,600,000, which was recorded as a liability with the offset recorded to additional paid-in capital on the condensed consolidated balance sheets. The fair value of such warrants was determined using the Black-Scholes Model based on the following weighted average assumption: common stock price on the date of grant of $1,335.00; expected yield of 0.0%; expected volatility of 96%; risk-free interest rate of 3.67% and expected life of 5 years.

In connection with March 2023 Offering, the Company issued common stock purchase warrants to investors to purchase up to 11,163 shares of the Company's common stock, at an initial exercise price of $286.50 per share. The grant date fair value of such warrant was $2,113,000, which was recorded as equity. The fair value of such warrants was determined using the Black-Scholes Model based on the following weighted average assumption: common stock price on the date of grant of $249.00; expected yield of 0.0%; expected volatility of 104%; risk-free interest rate of 3.67% and expected life of 5 years.

May 2023 Warrant Inducement

On May 15, 2023, the Company entered into warrant exercise inducement offer letters (the "May Inducement Letters") with the holders of common stock purchase warrants exercisable for an aggregate of up to 9,907 shares of common stock at an initial exercise price of $211.50 per share issued on April 12, 2023 (the "April Warrants"). The April Warrant holders agreed to exercise for cash April Warrants to purchase up to 9,907 shares of common stock in exchange for the Company's agreement to issue 19,815 new warrants (the "May Inducement Warrants") on substantially the same terms as the April Warrants. The Company received net proceeds of approximately $1.9 million from the exercise of the April Warrants. Each May Inducement Warrant is exercisable at a price per share of common stock of $199.50, which was equal to the Minimum Price (as defined by the Nasdaq Listing Rules).

Each May Inducement Warrant is immediately exercisable upon issuance and will expire on the fifth anniversary of its issuance. The exercise price of the May Inducement Warrants is subject to appropriate adjustment in the event of recapitalization events, stock dividends, stock splits, stock combinations, reclassifications, reorganizations or similar events affecting the Company's common stock. The May Inducement Warrants are callable by the Company at a redemption price of $75.00 per May Inducement Warrant, provided that the resale of the shares of common stock underlying the May Inducement Warrants are then registered or may be resold under Rule 144 under the Securities Act.

July 2023 Warrant Inducement

On July 26, 2023, the Company entered into warrant exercise inducement offer letters (the "July Inducement Letters") with holders of the May Inducement Warrants pursuant to which the Company agreed to issue new inducement warrants (the "July Inducement Warrants") to purchase a number of shares of Common Stock equal to 100% of the number of shares of Common Stock received upon exercise of the May Inducement Warrants during the period provided for in the July Inducement Letters, with such July Inducement Warrants to be issued on substantially the same terms as the May Inducement Warrants. The holders exercised 3,400 May Inducement Warrants pursuant to certain of the July Inducement Letters, and the Company received aggregate gross proceeds of approximately $678,000 from such exercises. In exchange for the exercises of the May Inducement Warrants, the Company issued July Inducement Warrants exercisable for an aggregate of up to 3,400 shares of common stock at an initial exercise price of $193.50 per share. The inducement offering period closed at 5:00 p.m. EDT on August 8, 2023.

6. Convertible Redeemable Preferred Stock and Stockholders' Equity, continued

Each July Inducement Warrant was immediately exercisable upon issuance and will expire on the fifth anniversary of its issuance. The exercise price of the July Inducement Warrants is subject to appropriate adjustment in the event of recapitalization events, stock dividends, stock splits, stock combinations, reclassifications, reorganizations or similar events affecting the Company's common stock. The July Inducement Warrants are callable by the Company at a redemption price of $75.00 per July Inducement Warrant, provided that the resale of the shares of common stock underlying the July Inducement Warrants are then registered or may be resold under Rule 144 under the Securities Act.

During the three months ended March 31, 2023, 18 warrants to purchase common stock were exercised for cash, resulting in proceeds of approximately $32,000. In addition, during the three months ended March 31, 2023, 7,454 warrants were exercised using an alternative cashless exercise provision, resulting in the issuance 5,705 shares of common stock.

In connection with January 2024 Promissory Notes, the Company issued common stock purchase warrants to investors to purchase up to 66,665 shares of the Company's common stock, at an initial exercise price of $22.23 per share. The grant date fair value of such warrant was $860,000, which was recorded as a liability with the offset recorded to additional paid-in capital on the condensed consolidated balance sheets. The fair value of such warrants was determined using the Black-Scholes Model based on the following weighted average assumption: common stock price on the date of grant of $15.99; expected yield of 0.0%; expected volatility of 119%; risk-free interest rate of 4.31% and expected life of 5 years.

In connection with February Public Offering, the Company issued common stock purchase warrants to investors to purchase up to 1,025,600 shares of the Company's common stock, at an initial exercise price of $9.75 per share. The grant date fair value of such warrant was $6,308,000, which was recorded as a liability with the offset recorded to additional paid-in capital on the condensed consolidated balance sheets. The fair value of such warrants was determined using the Black-Scholes Model based on the following weighted average assumption: common stock price on the date of grant of $7.62; expected yield of 0.0%; expected volatility of 119%; risk-free interest rate of 4.31% and expected life of 5 years.

In connection with March 2024 Offering, the Company issued common stock purchase warrants to investors to purchase up to 511,175 shares of the Company's common stock, at an initial exercise price of $6.00 per share. The grant date fair value of such warrant was $1,227,000, which was recorded as a liability with the offset recorded to additional paid-in capital on the condensed consolidated balance sheets. The fair value of such warrants was determined using the Black-Scholes Model based on the following weighted average assumption: common stock price on the date of grant of $3.18; expected yield of 0.0%; expected volatility of 119%; risk-free interest rate of 4.21% and expected life of 5 years.

On March 26, 2024, the Company entered into a warrant amendment agreement (the "Warrant Amendment Agreement") with certain holders of (i) the New Common Stock Warrants, (ii) the common stock purchase warrants dated January 23, 2024 (the "January 2024 Warrants"), and (iii) the February Common Warrants (together with the New Common Stock Warrants and the January 2024 Warrants, the "Original Warrants"), whereby the holders agreed to (i) amend the New Common Stock Warrants and the January 2024 Warrants so such warrants shall not be exercisable until one or more certificates of amendment to the Company's certificate of incorporation, as amended, are filed with the Secretary of State of the State of Delaware to effectuate an increase in authorized shares of capital stock of the Company and a reverse stock split of the Company's outstanding shares of common stock; and (ii) remove certain exercise price reset, right to reprice and/or share adjustment provisions in the Original Warrants, to be effective following the first adjustments following the April 2024 Reverse Stock Split.

During the three months ended March 31, 2024, and excluding the exercise of pre-funded warrants, no warrants to purchase common stock were exercised for cash or using the alternative cashless exercise provision.

6. Convertible Redeemable Preferred Stock and Stockholders' Equity, continued

Information regarding warrants for common stock outstanding and exercisable as of March 31, 2024 is as follows:

Exercise Price	Warrants Outstanding as of March 31, 2024	Weighted Average Remaining Life (years)	Warrants Exercisable as of March 31, 2024
$0.015 - $4.50	442,137	5.0	442,137
$6.00	1,536,938	5.0	163
$1,574.00	5,831	3.8	5,831
$14,955.00	12	3.4	12
$22,800 - $654,000	220	1.3	219
$15.44 *	1,985,138	5.0	448,362

* Weighted average

Warrants exercisable as of March 31, 2024 exclude warrants to purchase 1 share of common stock issued to a marketing firm, which vest upon the achievement of certain milestones and warrants to purchase 1,536,775 shares of common stock issued to investors that participated in the February Public Offering and March 2024 Offering that requires shareholder approval prior to the warrants being exercisable.

Information regarding warrants for common stock outstanding and exercisable as of December 31, 2023 is as follows:

Exercise Price	Warrants Outstanding as of December 31, 2023	Weighted Average Remaining Life (years)	Warrants Exercisable as of December 31, 2023
$22.50	188,025	4.9	467
$1,573.50	5,833	4.1	5,833
$14,955.00	13	3.6	13
$22,800.00	3	3.0	3
$30,000- $654,000	239	1.6	239
$135.00 *	194,113	4.9	6,555

* Weighted Average

Warrants exercisable as of December 31, 2023 exclude warrants to purchase 1 shares of common stock issued to a marketing firm, which vest upon the achievement of certain milestones and warrants to purchase 187,557 shares of common stock issued to investors that participated in the Inducement Agreement that requires shareholder approval prior to the warrants being exercisable.

7. Income Taxes

The Company recorded no provision for income taxes for the three months ended March 31, 2024 and 2023.

The Company's effective tax rate was 0.0% for the three months ended March 31, 2024 and 2023. The difference between the effective tax rate and the federal statutory tax rate for the three months ended March 31, 2024 and 2023 primarily relates to the valuation allowance on the Company's deferred tax assets.

For interim periods, the Company estimates its annual effective income tax rate and applies the estimated rate to the year-to-date income or loss before income taxes. The Company also computes the tax provision or benefit related to items reported separately and recognizes the items net of their related tax effect in the interim periods in which they occur. The Company also recognizes the effect of changes in enacted tax laws or rates in the interim periods in which the changes occur.

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7. Income Taxes, continued

As of March 31, 2024 and December 31, 2023, the Company retains a full valuation allowance on its deferred tax assets. The realization of the Company's deferred tax assets depends primarily on its ability to generate taxable income in future periods. The amount of deferred tax assets considered realizable in future periods may change as management continues to reassess the underlying factors it uses in estimating future taxable income.

The provision for income taxes for the three months ended March 31, 2024 and 2023 was calculated on a jurisdiction basis.

8. Commitments and Contingencies

Operating Leases

The Company leases office space under a non-cancellable operating lease that expires in January 2024 and has an option to renew this lease, with renewal rates to be negotiated. Operating lease rentals are expensed on a straight-line basis over the life of the lease beginning on the date we take possession of the property. At lease inception, we determine the lease term by assuming the exercise of those renewal options that are reasonably assured. The exercise of lease renewal options is at our sole discretion. The lease term is used to determine whether a lease is financing or operating and is used to calculate straight-line rent expense. Additionally, the depreciable life of leasehold improvements is limited by the expected lease term. Leases with an initial term of 12 months or less are not recorded on the condensed consolidated balance sheet; we recognize lease expense for these leases on a straight-line basis over the lease term.

The following table reflects our lease assets and our lease liabilities at March 31, 2024 and December 31, 2023 (in thousands):

	March 31, 2024	December 31, 2023
Assets:		
Operating lease right-of-use assets	$ 595	$ 616
Liabilities:		
Operating lease liabilities, current	$ 20	$ —
Operating lease liabilities, non-current	$ 633	$ 636

Operating lease right-of-use assets are included in other assets. Operating lease liabilities, current, are included in accrued liabilities and Operating lease liabilities, non-current, are include in other liabilities on the condensed consolidated balance sheets.

Lease Costs:

The components of lease costs were as follows (in thousands):

	March 31, 2024
Operating lease cost	$ 53
Short term lease cost	8
Total lease cost	$ 61

8. Commitments and Contingencies, continued

As of March 31, 2024, the maturity of operating lease liabilities was as follows (in thousands):

Payments due in:		
Year ending December 31, 2024 (9 months remaining)	$	59
Year ending December 31, 2025		185
Year ending December 31, 2026		190
Year ending December 31, 2027		196
Year ending December 31, 2028		201
Thereafter		98
Total minimum lease payments		929
Less: Amounts representing interest		(276)
Present value of capital lease obligations	$	653

Lease Term and Discount Rate:

	March 31, 2024
Weighted-average remaining lease term (in years)	5.25
Weighted-average discount rate	13.0 %

The discount rate was calculated by using the Company's estimated incremental borrowing rate.

Other Information:

Supplemental cash flow information related to leases was as follows (in thousands):

	Three Months Ended March 31, 2024	
Operating cash outflows from operating leases	$	3

Contingencies

In the normal course of business, the Company may become involved in legal proceedings. The Company will accrue a liability for such matters when it is probable that a liability has been incurred and the amount can be reasonably estimated. When only a range of a possible loss can be established, the most probable amount in the range is accrued. If no amount within this range is a better estimate than any other amount within the range, the minimum amount in the range is accrued. The accrual for a litigation loss contingency might include, for example, estimates of potential damages, outside legal fees and other directly related costs expected to be incurred.

The Company's management does not believe that any such matters, individually or in the aggregate, will have a materially adverse effect on the Company's condensed consolidated financial statements.

9. Related Parties

Helge Kristensen

Mr. Kristensen has served as a member of the Company's board of directors since 2010. Mr. Kristensen serves as vice president of Hansong Technology, an original device manufacturer of audio products based in China, president of Platin Gate Aps, a company with focus on service-branding in lifestyle products as well as pro line products based in Denmark and co-founder and director of Inizio Capital, an investment company based in the Cayman Islands.

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9. Related Parties, continued

For the three months ended March 31, 2024 and 2023, Hansong Technology purchased modules from the Company of approximately $25,000 and $24,000, respectively, and made no payments to the Company during those same periods. At March 31, 2024 and 2023, Hansong Technology owed the Company approximately $29,000 and $190,000, respectively.

For the three months ended March 31, 2024 and 2023, Hansong Technology sold speaker products to the Company of approximately $0 and $36,000, respectively, and the Company made payments to Hansong Technology of approximately $25,000 and $256,000 respectively. At March 31, 2024 and 2023, the Company owed Hansong Technology approximately $225,000 and $1,118,000, respectively.

As of March 31, 2024 and December 31, 2023, Mr. Kristensen owned less than 1.0% of the outstanding shares of the Company's common stock.

David Howitt

Mr. Howitt has served as a member of the Company's board of directors since December 2021. Mr. Howitt is founder and CEO of Meriwether Group LLC, ("Meriwether"), a strategic consulting firm that works with disruptive consumer brands by integrating their visions, developing growth strategies, scaling their brands, and increasing revenue in order to build enterprise value. Meriwether is the manager of Meriwether Accelerators LLC ("Meriwether Accelerators"). Meriwether which is also majority-owned by Mr. Howitt, owns a 25% general partner interest in Meriwether Group Capital Hero Fund LP ("Meriwether Hero Fund").

On September 8, 2023, the Company entered into a Loan and Security Agreement with Meriwether Hero Fund. Pursuant to the Loan and Security Agreement, Meriwether Hero Fund provided the Company with a term loan in the principal amount of $650,000 that was scheduled to mature on November 7, 2023, subject to further extension. The Company repaid the loan in full on December 7, 2023. See Note 4 Short-Term Loan for additional information.

As of March 31, 2024 and December 31, 2023, Mr. Howitt owned less than 1.0% of the outstanding shares of the Company's common stock.

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10. Segment Information

The Company operates in one business segment. Our chief decision-maker, the President and Chief Executive Officer, evaluates our performance based on company-wide consolidated results.

Net revenue from customers is designated based on the geographic region to which the product is delivered. Net revenue by geographic region for the three months ended March 31, 2024 and 2023 was as follows:

	For the Three Months Ended March 31,	
(in thousands)	2024	2023
North America	$ 88	$ 153
Asia Pacific	87	297
Europe	80	19
Total	$ 255	$ 469

Substantially all of our long-lived assets are located in the United States.

11. Subsequent Events

April 2024 Reverse Stock Split

On April 4, 2024, the Board approved the April 2024 Reverse Stock Split and authorized the filing of the Certificate of Amendment to effect such reverse stock split, which was effected on April 12, 2024.

Share Combination Event Adjustment for Certain Warrants

In connection with the April 2024 Reverse Stock Split and pursuant to the share combination event adjustment provisions of certain of the Company's outstanding warrants, on April 22, 2024, (a) the aggregate number of shares of common stock underlying such warrants increased from an aggregate of up to 1,536,775 to an aggregate of up to 7,139,468, and (b) the exercise price of such warrants was downward adjusted to $1.8302 per share. Such shares will become exercisable upon receipt of stockholder approval for the issuance of such shares.

Nasdaq Decision and Partial Compliance Letter

On April 5, 2024, the Panel issued the April 2024 Decision granting the Company's request for continued listing on the Nasdaq Capital Market, subject to the Company regaining compliance with certain requirements. On April 29, 2024, the Company received the April 29 Letter from Nasdaq notifying the Company that it has regained compliance with the Minimum Bid Price Requirement, as required by the April 2024 Decision. See Note 1 under the heading "Nasdaq Compliance."

Initial April 2024 Registered Direct Offering and Concurrent Private Placement

On April 17, 2024, the Company entered into a securities purchase agreement with certain accredited investors, pursuant to which the Company agreed to issue and sell to such investors (i) in a registered direct offering, 225,834 shares of common stock at $3.321 per share, and (ii) in a concurrent private placement, common stock purchase warrants (the "Initial April 2024 Warrants") exercisable for an aggregate of up to 225,834 shares of common stock, at an initial exercise price of $3.196 per share (the "Initial April 2024 Registered Direct Offering and Concurrent Private Placement").

The Initial April 2024 Warrants contain 4.99/9.99% beneficial ownership limitations, are exercisable upon issuance and expire on the fifth anniversary of the issuance date of such warrants. Issuance of shares of common stock upon "alternative cashless exercise" pursuant to the terms of such warrants is subject to stockholder approval.

11. Subsequent Event, continued

The Initial 2024 Registered Direct Offering and Concurrent Private Placement closed on April 19, 2024 and the Company received gross proceeds of approximately $750,000 before deducting placement agent fees and other offering expenses payable by the Company.

On or about April 19, 2024, the investors in the Initial 2024 Registered Direct Offering and Concurrent Private Placement each entered into a warrant amendment agreement with the Company whereby such investors agreed to amend the “alternative cashless exercise” provision in Section 2(c) of the Initial April 2024 Warrants such that issuance of shares of common stock upon exercise of such “alternative cashless exercise” is subject to stockholder approval.

Second April 2024 Registered Direct Offering and Concurrent Private Placement

On April 19, 2024, the Company entered into a securities purchase agreement with certain accredited investors, pursuant to which the Company agreed to issue and sell to such investors (i) in a registered direct offering, 361,904 shares of common stock at $5.25 per share, and (ii) in a concurrent private placement, common stock purchase warrants (the “Second April 2024 Warrants”) exercisable for an aggregate of up to 542,856 shares of common stock, at an initial exercise price of $5.06 per share (the “Second April 2024 Registered Direct Offering and Concurrent Private Placement”).

The Second April 2024 Warrants contain 4.99/9.99% beneficial ownership limitations, are exercisable upon issuance and expire on the fifth anniversary of the issuance date of such warrants. Issuance of shares of common stock upon “alternative cashless exercise” pursuant to the terms of such warrants is subject to stockholder approval.

The Second 2024 Registered Direct Offering and Concurrent Private Placement closed on April 23, 2024 and the Company received gross proceeds of approximately $1.9 million before deducting placement agent fees and other offering expenses payable by the Company.

Third April 2024 Registered Direct Offering and Concurrent Private Placement

On April 26, 2024, the Company entered into a securities purchase agreement with certain accredited investors, pursuant to which the Company agreed to issue and sell to such investors (i) in a registered direct offering, 418,845 shares of common stock at $5.73 per share, and (ii) in a concurrent private placement, common stock purchase warrants (the “Third April 2024 Warrants”) exercisable for an aggregate of up to 418,845 shares of common stock, at an initial exercise price of $5.60 per share (the “Third April 2024 Registered Direct Offering and Concurrent Private Placement”).

The Third April 2024 Warrants contain 4.99/9.99% beneficial ownership limitations, are exercisable upon issuance and expire on the fifth anniversary of the issuance date of such warrants. Issuance of shares of common stock upon “alternative cashless exercise” pursuant to the terms of such warrants is subject to stockholder approval.

The Third 2024 Registered Direct Offering and Concurrent Private Placement closed on April 30, 2024 and the Company received gross proceeds of approximately $2.4 million before deducting placement agent fees and other offering expenses payable by the Company.

11. Subsequent Event, continued

Initial May 2024 Registered Direct Offering and Concurrent Private Placement

On May 13, 2024, the Company entered into a securities purchase agreement with certain accredited investors, pursuant to which the Company agreed to issue and sell to such investors (i) in a registered direct offering, 785,000 shares of common stock at $3.31 per share, and (ii) in a concurrent private placement, common stock purchase warrants (the “Initial May 2024 Warrants”) exercisable for an aggregate of up to 785,000 shares of common stock, at an initial exercise price of $3.18 per share (the “Initial May 2024 Registered Direct Offering and Concurrent Private Placement”).

The Initial May 2024 Warrants contain 4.99/9.99% beneficial ownership limitations, are exercisable upon issuance and expire on the fifth anniversary of the issuance date of such warrants. Issuance of shares of common stock upon “alternative cashless exercise” pursuant to the terms of such warrants is subject to stockholder approval.

The Initial May 2024 Registered Direct Offering and Concurrent Private Placement closed on May 15, 2024 and the Company received gross proceeds of approximately $2.6 million before deducting placement agent fees and other offering expenses payable by the Company.

Second May 2024 Registered Direct Offering and Concurrent Private Placement

On May 15, 2024, the Company entered into a securities purchase agreement with certain accredited investors, pursuant to which the Company agreed to issue and sell to such investors (i) in a registered direct offering, 675,000 shares of common stock at $3.61 per share, and (ii) in a concurrent private placement, common stock purchase warrants (the “Second May 2024 Warrants”) exercisable for an aggregate of up to 675,000 shares of common stock, at an initial exercise price of $3.48 per share (the “Second May 2024 Registered Direct Offering and Concurrent Private Placement”).

The Second May 2024 Warrants contain 4.99/9.99% beneficial ownership limitations, are exercisable upon issuance and expire on the fifth anniversary of the issuance date of such warrants. Issuance of shares of common stock upon “alternative cashless exercise” pursuant to the terms of such warrants is subject to stockholder approval.

The Second May 2024 Registered Direct Offering and Concurrent Private Placement closed on May 17, 2024 and the Company received gross proceeds of approximately $2.4 million before deducting placement agent fees and other offering expenses payable by the Company.

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

Cautionary Notice Regarding Forward Looking Statements

This Report contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements discuss matters that are not historical facts. Because they discuss future events or conditions, forward-looking statements may include words such as "anticipate," "believe," "estimate," "intend," "could," "should," "would," "may," "seek," "plan," "might," "will," "expect," "predict," "project," "forecast," "potential," "continue," negatives thereof or similar expressions. These forward-looking statements are found at various places throughout this Report and include information concerning possible or assumed future results of WiSA Technologies, Inc.'s ("WiSA", the "Company", "our", "us" or "we") operations; business strategies; future cash flows; financing plans; plans and objectives of management; any other statements regarding future operations, future cash needs, business plans and future financial results, and any other statements that are not historical facts.

From time to time, forward-looking statements also are included in our other periodic reports on Form 10-K, 10-Q and 8-K, in our press releases, in our presentations, on our website and in other materials released to the public. Any or all of the forward-looking statements included in this Report and in any other reports or public statements made by us are not guarantees of future performance and may turn out to be inaccurate. These forward-looking statements represent our intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, including risks related to market, economic and other conditions; WiSA's ability to continue as a going concern; WiSA's ability to manage costs and execute on its operational and budget plans; and, WiSA's ability to achieve its financial goals. Many of those factors are outside of our control and could cause actual results to differ materially from the results expressed or implied by those forward-looking statements. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than we have described. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Report. All subsequent written and oral forward-looking statements concerning other matters addressed in this Report and attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this Report.

Except to the extent required by law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, a change in events, conditions, circumstances or assumptions underlying such statements, or otherwise.

Overview

We are an emerging technology company and our primary business focus is to enable immersive, wireless sound technology for intelligent devices and next-generation home entertainment systems. Our first generation product, which we continue to sell to consumer electronics companies, is based on our proprietary wireless modules. In 2023 we introduced our second generation technology, WiSA E. WiSA E is a proprietary technology that delivers seamless integration across platforms and devices, allowing for interoperable high-quality audio. WiSA E is System-on-Chip (SoC) agnostic, compatible with a wide range of SoCs and Wi-Fi agnostic, functioning efficiently across Wi-Fi compliant chips. Designed to be embedded into various devices, including TVs, mobile devices, set-top boxes, and projectors it provides interoperability between WiSA E audio source devices and playback equipment such as speakers, soundbars, subwoofers, smart speakers, and headphones, ensuring cost-effectiveness without compromising quality or performance.

To date, our operations have been funded through sales of our common and preferred equity, proceeds from the exercise of warrants to purchase common stock, sale of debt instruments, and revenue from the sale of our products. Our condensed consolidated financial statements contemplate the continuation of our business as a going concern. However, we are subject to the risks and uncertainties associated with an emerging business, as noted above we have no established source of capital, and we have incurred recurring losses from operations since inception.

Comparison of the Three Months Ended March 31, 2024 and 2023

Revenue

Revenue for the three months ended March 31, 2024 was $255,000 a decrease of $214,000 or 46%, compared to the revenue for the three months ended March 31, 2023 of $469,000. The decrease was a result of lower Consumer Audio Product sales and Component revenue which decreased by $46,000 and $168,000, respectively compared to the three months ended March 31, 2023. The decrease in overall sales is primarily related to a slow-down in consumer spending on consumer electronics.

Gross Deficit and Operating Expenses

Gross Deficit

Gross deficit for the three months ended March 31, 2024 was ($83,000), an improvement of $1,170,000, compared to ($1,253,000) gross deficit for the three months ended March 31, 2023. The gross margin as a percent of sales was (33%) for the three months ended March 31, 2024, compared to (267%) for the three months ended March 31, 2023. The improvement in gross deficit and gross margin as a percent of sales compared to the prior period is mainly attributable to the fact that the three months ended March 31, 2023 included a $1.3 million increase in inventory reserves as a result of certain excess raw materials, primarily attributable to the out of balance inventory associated with longer lead time semiconductor chips whereas the three months ended March 31, 2024 did not have any increases to inventory reserves.

Research and Development

Research and development expenses for the three months ended March 31, 2024 were $1,715,000, a decrease of $178,000 compared to the research and development expenses for the three months ended March 31, 2023 of $1,893,000. The decrease in research and development expenses is primarily related to decreased consulting expenses of $109,000.

Sales and Marketing

Sales and marketing expenses for the three months ended March 31, 2024 were $929,000, a decrease of $365,000, compared to the sales and marketing expenses for the three months ended March 31, 2023 of $1,294,000. The decrease in sales and marketing expenses is primarily related to decreased salary and benefit expense of $174,000, and decreased consulting expenses and website expenses of $90,000 and $72,000, respectively.

General and Administrative

General and administrative expenses for the three months ended March 31, 2024 were $1,431,000, an increase of $69,000, compared to the general and administrative expenses for the three months ended March 31, 2023 of $1,362,000. The increase in general and administrative expenses is primarily related to increased investor relations expenses of $290,000, offset partially by deceased salary and benefit expense of $89,000 and legal fees of $110,000.

Interest Expense, net

Interest expense, net for the three months ended March 31, 2024 was $1,265,000 an increase of $542,000, compared to the interest expense for the three months ended March 31, 2023 of $723,000. The increase for the three months ended March 31, 2024, was primarily due to the amortization of debt discounts associated with the January 2024 Promissory Note in the principal amount of $1,000,000 that the Company incurred in January 2024 and repaid in full in January 2024.

Change in Fair Value of Warrant Liability

Change in fair value of warrant liability for the three months ended March 31, 2024 was $8,129,000, compared to $5,604,000 for the three months ended March 31, 2023. The change in fair value of the warrant liability for the three months ended March 31, 2024 was due to the issuance of warrants in January 2024 associated with our short term note and the issuance of warrants in connection with our February Public Offering and March 2024 Offering, offset partially by the subsequent decrease in the price of our common stock price at March 31, 2024 compared to the price of our stock on the date of the warrant issuance as well as the decline in our stock price from December 31, 2023, related to existing warrant liabilities.

Liquidity and Capital Resources

Cash and cash equivalents as of March 31, 2024 were $2,763,000, compared to $411,000, as of December 31, 2023.

We recorded net income of $2,707,000 for the three months ended March 31, 2024 and used net cash in operating activities of $3,540,000. We incurred a net loss of $921,000 for the three months ended March 31, 2023 and used net cash in operating activities of $4,618,000. Excluding non-cash adjustments, the primary reasons for the decrease in the use of net cash from operating activities during the three months ended March 31, 2024, was related to a decrease in inventories and prepaid expenses and an increase in accounts payable, partially offset by a decrease in accrued liabilities.

We have financed our operations to date primarily through the issuance of equity securities, proceeds from the exercise of warrants to purchase common stock and sale of debt instruments. In February 2023, we received net proceeds of approximately $5.3 million from the issuance of 3,889 shares of common stock (includes the exercise of 2,545 pre-funded warrants) and the issuance of 5,833 warrants to purchase common stock. In March 2023, we received net proceeds of approximately $1.6 million from the issuance of 5,581 shares of common stock and the issuance of 11,163 warrants to purchase common stock. In April 2023, we received net proceeds of approximately $1.0 million through the issuance of common stock and warrants. In May 2023, we received net proceeds of approximately $1.9 million in connection with a warrant inducement. In July 2023, we received net proceeds of approximately $0.6 million in connection with a warrant inducement. In September 2023, we secured a term loan in the principal amount of $650,000 from a related party. In October 2023, we received gross proceeds of approximately $4.8 million, prior to underwriting discounts, commissions, and offering expenses, from the issuance of 580 shares of preferred stock and the issuance of 1,160 warrants to purchase preferred stock. In December 2023, we received gross proceeds of approximately $2.1 million in connection with the Warrant Inducement Transaction. In January 2024, we received gross proceeds of $600,000 from the issuance of promissory notes and common stock purchase warrants to certain accredited investors. In February 2024, we received gross proceeds of approximately $10.0 million from the public offering of 1,025,600 units, with each unit consisting of one share of common stock (or pre-funded warrant in lieu thereof) and one warrant, each to purchase one (1) share of common stock. In March 2024 we received net proceeds of approximately $2.3 million from the issuance of 417,833 shares of common stock, 93,342 pre-funded common stock warrants and the issuance of 511,175 warrants to purchase common stock. We will need to raise additional proceeds via the issuance of equity securities and/or the sale of debt instruments in the second quarter of 2024 to fund operations for the third and fourth quarters of fiscal year 2024 (See Note 11 – Subsequent Events in Notes to Condensed Consolidated Financial Statements).

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As a smaller reporting company, as defined in Rule 12b-2 of the Exchange Act, we are not required to provide the information required by this Item.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that material information required to be disclosed in our periodic reports filed under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms and to ensure that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer as appropriate, to allow timely decisions regarding required disclosure. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of our disclosure controls and procedures. Based on the foregoing evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2024, our disclosure controls and procedures was effective to provide reasonable assurance that the information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Our management, including our Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer), does not expect that our disclosure controls and procedures will prevent all errors and all fraud. 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. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. 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 our Company have been detected. These inherent limitations include, but are not limited to, the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Changes in Internal Controls

There were no changes in the Company’s internal control over financial reporting that occurred during the three months ended March 31, 2024 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time we may be involved in various claims and legal actions arising in the ordinary course of our business. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our company or any of our subsidiaries, threatened against or affecting our company, or any of our subsidiaries in which an adverse decision could have a material adverse effect upon our business, operating results, or financial condition.

Item 1A. Risk Factors

As a smaller reporting company, the Company is not required to include the disclosure required under this Item 1A.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Information required by Item 701 of Regulation S-K as to all unregistered sales of equity securities of the Company during the period covered by this Report have previously been included in Current Reports on Form 8-K filed with the Securities and Exchange Commission (the “SEC”).

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Description
3.1	Certificate of Amendment to WiSA Technologies, Inc.'s Certificate of Incorporation, filed with the Secretary of State of the State of Delaware on March 25, 2024 (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on March 26, 2024).
3.2	Certificate of Amendment to WiSA Technologies, Inc.'s Certificate of Incorporation, filed with the Secretary of State of the State of Delaware on April 12, 2024 (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on April 12, 2024).
4.1	Form of Promissory Note, dated January 23, 2024 by and between WiSA Technologies, Inc. and certain accredited investors (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on January 25, 2024).
4.2	Form of Common Stock Purchase Warrant, dated January 23, 2024 by and between WiSA Technologies, Inc. and certain accredited investors (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on January 25, 2024).
4.3	Form of Pre-Funded Warrant (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on February 16, 2024).
4.4	Form of Common Stock Purchase Warrant (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on February 16, 2024).
4.5	Form of Pre-Funded Warrant (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on March 27, 2024).
4.6	Form of Common Stock Purchase Warrant (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on March 27, 2024).
10.1	Form of Securities Purchase Agreement, by and among the Company and certain accredited investors, dated January 22, 2024 (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on January 23, 2024).
10.2	Placement Agency Agreement, dated as of February 12, 2024, by and between WiSA Technologies, Inc. and Maxim Group LLC, as placement agent (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on February 16, 2024).
10.3	Form of Securities Purchase Agreement by and among the Company and the investors signatory thereto, dated February 12, 2024 (incorporated by reference to Exhibit 10.79 to Amendment No. 2 to the Registration Statement on Form S-1 (File No. 333-276631), filed with the SEC on February 8, 2024).
10.4	Form of Warrant Agency Agreement (incorporated by reference to Exhibit 10.80 to Amendment No. 1 to the Registration Statement on Form S-1 (File No. 333-276631), filed with the SEC on February 5, 2024).
10.5	Form of Voting Agreement (incorporated by reference to Exhibit 10.81 to Amendment No. 1 to the Registration Statement on Form S-1 (File No. 333-276631), filed with the SEC on February 5, 2024).
10.6	Form of Warrant Amendment Agreement, by and between WiSA Technologies, Inc. and the signatories thereto (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on March 26, 2024).
10.7	Placement Agency Agreement, dated as of March 26, 2024, by and between WiSA Technologies, Inc. and Maxim Group LLC, as placement agent (incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on March 27, 2024).
10.8	Form of Securities Purchase Agreement, by and among the Company and certain purchasers, dated March 26, 2024 (incorporated by reference to the Company's Current Report on Form 8 - K filed with the SEC on March 27, 2024).
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
101	Interactive Data Files (embedded within the Inline XBRL document)
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements 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.

WISA Technologies, Inc.

Date: May 20, 2024	By: /s/ Brett Moyer Brett Moyer Chief Executive Officer (Duly Authorized Officer and Principal Executive Officer)
Date: May 20, 2024	By: /s/ Gary Williams Gary Williams Vice President of Finance and Chief Accounting Officer (Duly Authorized Officer, Principal Financial Officer and Principal Accounting Officer)

Exhibit 31.1

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Brett Moyer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of WiSA Technologies, Inc. (the “registrant”):

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13-a13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures; and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 20, 2024

/s/ Brett Moyer
Name: Brett Moyer
Title: Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Gary Williams, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of WiSA Technologies, Inc. (the “registrant”):

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13-a13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures; and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 20, 2024

/s/ Gary Williams

Name: Gary Williams
Title: Vice President of Finance and Chief Accounting Officer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of WiSA Technologies, Inc. (the "Company") for the period ended March 31, 2024 (the "Report"), I, Brett Moyer, Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 20, 2024

/s/ Brett Moyer
Name: Brett Moyer
Title: Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

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

In connection with the Quarterly Report on Form 10-Q of WiSA Technologies, Inc. (the "Company") for the period ended March 31, 2024 (the "Report"), I, Gary Williams, Vice President of Finance and Chief Accounting Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 20, 2024

/s/ Gary Williams

Name:	Gary Williams
Title:	Vice President of Finance and Chief Accounting Officer (Principal Financial Officer and Principal Accounting Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.