

REFINITIV

DELTA REPORT

10-Q

IPWR - IDEAL POWER INC.

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS 328

█ **CHANGES** 105

█ **DELETIONS** 96

█ **ADDITIONS** 127

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 June 30, 2024

OR

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

For the transition period from _____ to _____

Commission File Number 001-36216

IDEAL POWER INC.

(Exact name of registrant as specified in its charter)

Delaware

14-1999058

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

5508 Highway 290 West, Suite 120

Austin, Texas 78735

(Address of principal executive offices)

(Zip Code)

(512) 264-1542

(Registrant's telephone number, including area code)

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	IPWR	The Nasdaq Capital Market

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

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

As of **May 10, 2024** **August 12, 2024**, the issuer had **7,684,238** **7,693,917** shares of common stock, par value \$0.001, outstanding.

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PART I-FINANCIAL INFORMATION

ITEM 1. UNAUDITED CONDENSED FINANCIAL STATEMENTS

IDEAL POWER INC.

Balance Sheets
(unaudited)

	March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 20,235,410	\$ 8,474,835	\$ 20,064,897	\$ 8,474,835
Accounts receivable, net	140,000	70,000	1,331	70,000
Inventory	109,362	81,450	79,662	81,450
Prepayments and other current assets	271,729	482,890	317,190	482,890
Total current assets	20,756,501	9,109,175	20,463,080	9,109,175
Property and equipment, net	350,195	359,225	351,533	359,225
Intangible assets, net	2,601,308	2,580,066	2,586,359	2,580,066
Right of use asset	170,413	186,570	—	186,570
Other assets	12,757	13,034	18,727	13,034
Total assets	\$ 23,891,174	\$ 12,248,070	\$ 23,419,699	\$ 12,248,070
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	\$ 382,012	\$ 405,098	\$ 230,634	\$ 405,098
Accrued expenses	504,418	455,112	649,186	455,112
Current portion of lease liability	72,263	70,683	—	70,683
Total current liabilities	958,693	930,893	879,820	930,893
Long-term lease liability	113,744	132,304	—	132,304
Other long-term liabilities	1,108,224	1,125,173	1,066,274	1,125,173
Total liabilities	2,180,661	2,188,370	1,946,094	2,188,370
Commitments and contingencies (Note 5)				
Stockholders' equity:				
Common stock, \$0.001 par value; 50,000,000 shares authorized; 7,382,699 shares issued and 7,381,378 shares outstanding at March 31, 2024 and 5,998,018 shares issued and 5,996,697 shares outstanding at December 31, 2023	7,383	5,998		
Common stock, \$0.001 par value; 50,000,000 shares authorized; 7,695,238 shares issued and 7,693,917 shares outstanding at June 30, 2024 and 5,998,018 shares issued and 5,996,697 shares outstanding at December 31, 2023			7,695	5,998
Additional paid-in capital	121,235,416	107,116,362	123,660,261	107,116,362
Treasury stock, at cost, 1,321 shares at March 31, 2024 and December 31, 2023	(13,210)	(13,210)		
Treasury stock, at cost, 1,321 shares at June 30, 2024 and December 31, 2023			(13,210)	(13,210)
Accumulated deficit	(99,519,076)	(97,049,450)	(102,181,141)	(97,049,450)
Total stockholders' equity	21,710,513	10,059,700	21,473,605	10,059,700
Total liabilities and stockholders' equity	\$ 23,891,174	\$ 12,248,070	\$ 23,419,699	\$ 12,248,070

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

IDEAL POWER INC.
Statements of Operations
(unaudited)

	Three Months Ended		Three Months Ended		Six Months Ended	
	March 31,		June 30,		June 30,	
	2024	2023	2024	2023	2024	2023
Commercial revenue	\$ 78,739	\$ —	\$ 1,331	\$ 98,443	\$ 80,070	\$ 98,443
Grant revenue	—	664	—	36,724	—	37,388
Total revenue	78,739	664	1,331	135,167	80,070	135,831
Cost of commercial revenue	68,498	—	17,474	74,013	85,972	74,013
Cost of grant revenue	—	664	—	36,724	—	37,338
Total cost of revenue	68,498	664	17,474	110,737	85,972	111,401
Gross profit	10,241	—				
Gross profit (loss)			(16,143)	24,430	(5,902)	24,430
Operating expenses:						
Research and development	1,366,893	1,440,028	1,562,747	1,206,688	2,929,640	2,646,716
General and administrative	853,688	894,933	947,384	933,993	1,801,072	1,828,926
Sales and marketing	316,611	304,326	359,739	271,900	676,350	576,226
Total operating expenses	2,537,192	2,639,287	2,869,870	2,412,581	5,407,062	5,051,868
Loss from operations	(2,526,951)	(2,639,287)	(2,886,013)	(2,388,151)	(5,412,964)	(5,027,438)
Interest income, net	57,325	111,302	223,948	108,345	281,273	219,647
Net loss	\$ (2,469,626)	\$ (2,527,985)	\$ (2,662,065)	\$ (2,279,806)	\$ (5,131,691)	\$ (4,807,791)
Net loss per share – basic and diluted	\$ (0.39)	\$ (0.41)	\$ (0.31)	\$ (0.37)	\$ (0.69)	\$ (0.78)
Weighted average number of shares outstanding – basic and diluted	6,319,939	6,178,508	8,514,581	6,185,397	7,417,260	6,181,972

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

IDEAL POWER INC.
Statements of Cash Flows
(unaudited)

	Three Months Ended		Six Months Ended	
	March 31,		June 30,	
	2024	2023	2024	2023
Cash flows from operating activities:				
Net loss	\$ (2,469,626)	\$ (2,527,985)	\$ (5,131,691)	\$ (4,807,791)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	81,121	53,198	163,871	121,423

Amortization of right of use asset	16,157	15,178	34,948	30,590
Write-off of capitalized patent			62,073	—
Write-off of fixed assets	10,217	—	14,459	—
Gain on lease termination			(15,319)	—
Stock-based compensation	381,019	609,926	745,600	1,233,207
Decrease (increase) in operating assets:				
Accounts receivable	(70,000)	(664)	68,669	(137,388)
Inventory	(27,912)	—	1,788	—
Prepaid expenses and other assets	211,438	54,710	160,007	49,065
Increase (decrease) in operating liabilities:				
Accounts payable	(23,086)	(61,693)	(174,464)	(18,493)
Accrued expenses and other liabilities	32,357	117,099	135,175	250,414
Lease liability	(16,980)	(15,492)	(36,046)	(31,389)
Net cash used in operating activities	(1,875,295)	(1,755,723)	(3,970,930)	(3,408,492)
Cash flows from investing activities:				
Purchase of property and equipment	(29,611)	(44,995)	(64,036)	(114,025)
Acquisition of intangible assets	(73,939)	(24,455)	(174,968)	(139,838)
Net cash used in investing activities	(103,550)	(69,450)	(239,004)	(253,863)
Cash flows from financing activities:				
Net proceeds from issuance of common stock and pre-funded warrants	13,652,663	—	15,724,818	—
Exercise of options	86,757	—	86,757	—
Payment of taxes related to restricted stock unit vestings			(11,579)	—
Net cash provided by financing activities	13,739,420	—	15,799,996	—
Net increase (decrease) in cash and cash equivalents	11,760,575	(1,825,173)	11,590,062	(3,662,355)
Cash and cash equivalents at beginning of period	8,474,835	16,345,623	8,474,835	16,345,623
Cash and cash equivalents at end of period	\$ 20,235,410	\$ 14,520,450	\$ 20,064,897	\$ 12,683,268

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

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IDEAL POWER INC.
Statements of Stockholders' Equity
For the **Three Three-Month Periods during the Six Months Ended March 31, 2024 June 30, 2024 and 2023**
(unaudited)

	Additional										Additional									
	Common Stock		Paid-In		Treasury Stock		Accumulated		Stockholders' Equity		Common Stock		Paid-In		Treasury Stock		Accumulated			
	Shares	Amount	Capital		Shares	Amount	Deficit		Equity		Shares	Amount	Capital		Shares	Amount	Deficit			
Balances at December 31, 2022	5,926,001	\$ 5,926	\$ 105,011,318		1,321	\$(13,210)	\$ (87,095,430)		\$ 17,908,604		5,926,001	\$ 5,926	\$ 105,011,318		1,321	\$(13,210)	\$ (87,095,430)			
Vesting of restricted stock units	6,889	7	(7)	—	—	—	—	—	—	6,889	7	(7)	—	—	—	—	—			
Stock-based compensation	—	—	609,926	—	—	—	—	—	609,926	—	—	609,926	—	—	—	—	—	—	—	—

Net loss for the three months ended March 31, 2023	—	—	—	—	(2,527,985)	(2,527,985)	—	—	—	—	—	(2,527,985)	
Balances at March 31, 2023	5,932,890	\$ 5,933	\$ 105,621,237	1,321	\$(13,210)	\$(89,623,415)	\$ 15,990,545	5,932,890	5,933	105,621,237	1,321	(13,210)	\$(89,623,415)
Vesting of restricted stock units								6,889	7	(7)	—	—	—
Stock-based compensation								—	—	623,281	—	—	—
Net loss for the three months ended June 30, 2023	—	—	—	—	—	—	—	—	—	—	—	—	(2,279,806)
Balances at June 30, 2023								5,939,779	\$ 5,940	\$ 106,244,511	1,321	\$(13,210)	\$ (91,903,221)
Balances at December 31, 2023	5,998,018	\$ 5,998	\$ 107,116,362	1,321	\$(13,210)	\$(97,049,450)	\$ 10,059,700	5,998,018	\$ 5,998	\$ 107,116,362	1,321	\$(13,210)	\$ (97,049,450)
Issuance of common stock and pre-funded warrants	1,366,668	1,367	13,651,296	—	—	—	13,652,663	1,366,668	1,367	13,651,296	—	—	—
Exercise of options	8,334	8	86,749	—	—	—	86,757	8,334	8	86,749	—	—	—
Vesting of restricted stock units	9,679	10	(10)	—	—	—	—	9,679	10	(10)	—	—	—
Stock-based compensation	—	—	381,019	—	—	—	381,019	—	—	381,019	—	—	—
Net loss for the three months ended March 31, 2024	—	—	—	—	—	(2,469,626)	(2,469,626)	—	—	—	—	—	(2,469,626)
Balances at March 31, 2024	7,382,699	\$ 7,383	\$ 121,235,416	1,321	\$(13,210)	\$(99,519,076)	\$ 21,710,513	7,382,699	7,383	121,235,416	1,321	(13,210)	\$(99,519,076)
Issuance of common stock and pre-funded warrants								300,000	300	2,071,855	—	—	—
Vesting of restricted stock units								12,539	12	(11,591)	—	—	—
Stock-based compensation								—	—	364,581	—	—	—

Net loss for the three months ended June 30, 2024	—	—	—	—	—	(2,662,065)
Balances at June 30, 2024	7,695,238	\$ 7,695	\$ 123,660,261	1,321	\$ (13,210)	\$ (102,181,141)

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

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IDEAL POWER INC.
Notes to Financial Statements
 (unaudited)

Note 1 – Organization and Description of Business

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

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (the "SEC") for Form 10-Q. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. The balance sheet at December 31, 2023 has been derived from the Company's audited financial statements included in its Annual Report on Form 10-K filed with the SEC on April 1, 2024.

In the opinion of management, these financial statements reflect all normal recurring, and other adjustments, necessary for a fair presentation. These financial statements should be read in conjunction with the audited financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. Operating results for interim periods are not necessarily indicative of operating results for an entire fiscal year or any other future periods.

Net Loss Per Share

In accordance with Accounting Standards Codification ("ASC") 260, shares issuable for little or no cash consideration are considered outstanding common shares and included in the computation of basic net loss per share. As such, for the three and six months ended March 31, 2024 June 30, 2024 and 2023, the Company included pre-funded warrants to purchase shares of common stock in its computation of net loss per share. The pre-funded warrants were issued in March 2024 and November 2019 with an exercise price of \$0.001. See Note 8.

In periods with a net loss, no common share equivalents are included in the computation of diluted net loss per share because their effect would be anti-dilutive. At March 31, 2024 June 30, 2024 and 2023, potentially dilutive shares outstanding amounted to 1,630,595 1,763,733 and 1,630,695 1,636,006 shares, respectively, and exclude pre-funded warrants to purchase shares of common stock.

Recent Accounting Pronouncements

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

Note 3 – Intangible Assets

Intangible assets, net consisted of the following:

	March 31, 2024 (unaudited)	December 31, 2023	June 30, 2024 (unaudited)	December 31, 2023
Patents	\$ 1,601,638	\$ 1,530,257	\$ 1,638,663	\$ 1,530,257
Trademarks	18,352	15,794	20,284	15,794
Other intangible assets	1,843,036	1,843,036	1,843,036	1,843,036
	3,463,026	3,389,087	3,501,983	3,389,087
Accumulated amortization - patents	(290,881)	(272,872)	(310,099)	(272,872)
Accumulated amortization - other intangible assets	(570,837)	(536,149)	(605,525)	(536,149)
	\$ 2,601,308	\$ 2,580,066	\$ 2,586,359	\$ 2,580,066

At **March 31, 2024** **June 30, 2024** and December 31, 2023, the Company had capitalized **\$430,287** **\$446,614** and **\$460,890**, respectively, for costs related to patents that have not been awarded. Cost related to patents that have not yet been awarded are not amortized until patent issuance.

Amortization expense amounted to **\$52,697** **\$53,905** and **\$38,226** **\$106,602** for the three and six months ended **March 31, 2024** **June 30, 2024**, respectively, and **2023**, **\$50,178** and **\$88,404** for the three and six months ended **June 30, 2023**, respectively. Amortization expense for the succeeding five years and thereafter is **\$160,934** **\$107,909** (remaining **nine** **six** months of 2024), **\$214,579** **\$215,817** (2025-2028) and **\$1,133,419** **\$1,148,284** (thereafter).

Note 4 – Lease

In March 2021, the Company entered into a lease agreement (the "Original Lease") for 4,070 square feet of office and laboratory space located in Austin, **Texas**, **Texas** ("the Original Suite"). The commencement of the lease occurred on June 1, 2021 and the initial term of the lease was 63 months. The actual base rent in the first year of the lease was \$56,471 and was net of \$18,824 in abated rent over the first three months of the lease term. The annual base rent in the second year of the lease is **was** \$77,330 and **increases** **increased** by \$2,035 in each succeeding year of the lease. In addition, the Company **is** **was** required to pay its proportionate share of operating costs for the building under this triple net lease. The lease **contains** **contained** a 5-year fair market renewal option. It **does** **did** not contain a termination option. The Company recognized a right of use asset of \$339,882 and a corresponding lease liability for this lease upon lease commencement.

For purposes of calculating the right of use asset and lease liability included in the Company's financial statements, the Company estimated its incremental borrowing rate at 6% per annum.

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

For the Year Ended December 31,		
2024 (remaining)	\$	60,711
2025		82,587
2026		56,132
Total lease payments		199,430

Less: imputed interest	(13,423)
Total lease liability	186,007
Less: current portion of lease liability	(72,263)
Long-term lease liability	\$ 113,744

At March 31, 2024, in accordance with ASC 842, the remaining Company accounted for the modification of the lease term was 29 months. contract as a separate lease contract. The lease for the Original Suite terminated on June 30, 2024 and the Company recorded a gain on the termination of the lease for the Original Suite of \$15,319 in general and administrative expenses. As a result of the early termination of the lease for the Original Suite, the Company did not have a right of use asset or lease liability on its balance sheet at June 30, 2024. See Note 9 for a discussion of the lease for the New Suite.

For the three months ended March 31, 2024 June 30, 2024 and 2023, operating cash flows for lease payments totaled \$19,841 \$20,011 and \$19,333, \$19,502, respectively, and for the six months ended June 30, 2024 and 2023, operating cash outflows for lease payments totaled \$39,852 and \$38,835, respectively. For the three months ended March 31, 2024 June 30, 2024 and 2023, operating lease cost, recognized on a straight-line basis, totaled \$19,018 \$19,736 and \$19,018, \$19,017, respectively, and for the six months ended June 30, 2024 and 2023, operating lease cost, recognized on a straight-line bases, totaled \$38,754 and \$38,035, respectively.

Note 5 – Commitments and Contingencies

License Agreements

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

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

At March 31, 2024 June 30, 2024 and December 31, 2023, the other long-term liability for the estimated present value of future payments under the licensing agreements was \$1,108,224 \$1,066,274 and \$1,125,173, respectively. The Company is accruing interest for future payments related to these agreements.

Legal Proceedings

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

Indemnification Obligations

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

Note 6 — Common Stock

In March 2024, the Company issued and sold 1,366,668 shares of its common stock at a price of \$7.50 per share and 633,332 pre-funded warrants to purchase shares of common stock at a price of \$7.499 per pre-funded warrant in an underwritten public offering (the "March 2024 Offering"). The pre-funded warrants have an exercise price of \$0.001 per share. The underwriter has had a 30-day option to purchase up to an additional 300,000 shares of common stock at the offering price, less the underwriting discounts and commissions. In April 2024, the underwriter exercised in full its 30-day option to purchase an additional 300,000 shares of the Company's common stock at the offering price of \$7.50 per share, less underwriting discounts and commissions. The net proceeds to the Company from the March 2024 Offering were \$13.7 million as public offering, including the underwriter's exercise of March 31, 2024 its option to purchase additional shares, was \$15.7 million.

Note 7 — Equity Incentive Plan

In May 2013, the Company adopted the 2013 Equity Incentive Plan (as amended and restated, the "Plan") and reserved shares of common stock for issuance under the Plan, which was last amended in June 2023. The Plan is administered by the Compensation Committee of the Company's Board of Directors. At March 31, 2024 June 30, 2024, 453,839 308,162 shares of common stock were available for issuance under the Plan.

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

	Stock Options	Exercise Price	Weighted Average	Remaining Life (in years)
Outstanding at December 31, 2023	525,948	\$ 7.69		6.6
Exercised	(8,334)	\$ 10.41		
Outstanding at March 31, 2024	517,614	\$ 7.65		5.4
Exercisable at March 31, 2024	479,285	\$ 7.34		5.2

	Stock Options	Exercise Price	Weighted Average	Remaining Life
Outstanding at December 31, 2023	525,948	\$ 7.69		6.6
Exercised	(8,334)	\$ 10.41		
Outstanding at June 30, 2024	517,614	\$ 7.65		5.1
Exercisable at June 30, 2024	487,617	\$ 7.39		5.0

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

	RSUs	PSUs	RSUs	PSUs
Outstanding at December 31, 2023	171,530	114,000	171,530	114,000
Granted	50,710	—	197,594	—
Vested	(9,679)	—	(23,425)	—
Outstanding at March 31, 2022	212,561	114,000		
Outstanding at June 30, 2024			345,699	114,000

During the **three** six months ended **March 31, 2024** **June 30, 2024**, the Company granted 38,710 RSUs to Board members, 125,000 RSUs to executives and 12,000 **33,884** RSUs to employees under the Plan. The estimated fair value of these equity grants was **\$397,803, \$82,362** **\$1,439,058**, of which **\$178,063** was recognized during in stock-based compensation expense totaling **\$745,600** for the **three** six months ended **March 31, 2024** **June 30, 2024**.

At **March 31, 2024** **June 30, 2024**, there was **\$1,895,023** **\$2,561,697** of unrecognized compensation cost related to non-vested equity awards granted under the Plan. That cost is expected to be recognized over a weighted average period of **0.9** **1.1** years.

Note 8 — Warrants

At **March 31, 2024** **June 30, 2024** and December 31, 2023, the Company had 786,420 warrants outstanding with a weighted average exercise price of \$5.19 per share. At **March 31, 2024** **June 30, 2024** and December 31, 2023, the Company had 887,160 and 253,828 pre-funded warrants outstanding, respectively, with an exercise price of \$0.001 per share. The weighted average remaining life, excluding the pre-funded warrants with no expiration date, of the outstanding warrants is **0.9** **0.7** years.

At **March 31, 2024** **June 30, 2024**, all warrants were exercisable, although the warrants held by certain of the Company's warrant holders may be exercised only to the extent that the total number of shares of common stock then beneficially owned by such warrant holder does not exceed 4.99% (or, at the investor's election, 9.99%) of the outstanding shares of the Company's common stock.

Note 9 — Subsequent Events

Public Offering

In April 2024 The Company recognized a right of use asset of \$524,025 and in connection with the March 2024 Offering, the underwriter exercised its 30-day option to purchase an additional 300,000 shares of the Company's common stock at the offering price of \$7.50 per share, less underwriting discounts and commissions. The estimated net proceeds to the Company from the March 2024 Offering, including the underwriter's exercise of its option to purchase additional shares, are \$15.7 million.

Amended Lease

In April 2024, the Company entered into a first amendment and relocation agreement (the "Amended Lease") with our landlord. Under corresponding lease liability for the Amended Lease on the Commencement Date. For purposes of calculating the right of use asset and lease liability, the Company will relocate to another, larger suite in the same office building. The Amended Lease is for 5,775 square feet of office and laboratory space and, upon occupancy, will replace the 4,070 square feet of office and laboratory space currently leased by the Company. The term of estimated its incremental borrowing rate at 8.5% per annum. See Note 4.

Future minimum payments under the Amended Lease will expire sixty-two (62) months from the earliest to occur of July 1, 2024 or the Company's occupancy of all or any part of the new suite. The annual base rent for the first year of the Amended Lease is \$118,388 and the annual base rent increases approximately 2.75% each year during the lease term. As with the current lease, the Company is required to pay its proportionate share of operating costs for the building under this triple net lease. are as follows:

For the Year Ended December 31,

2024 (remaining)	\$	59,194
2025		120,004
2026		123,297
2027		126,703
2028		130,197
2029		88,579
Total lease payments		647,974
Less: imputed interest		(123,949)
Total lease liability		524,025

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

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

- our history of losses;
- our ability to generate revenue;
- our limited operating history;
- the size and growth of markets for our technology;
- regulatory developments that may affect our business;
- our ability to successfully develop new products and the expected performance of those products;

- the performance of third-party consultants and service providers whom we have and will continue to rely on to assist us in development and commercialization of our B-TRAN™ and related packaging and drive circuitry;
- the rate and degree of market acceptance for our B-TRAN™ and current and future B-TRAN™ products;
- the time required for third parties to redesign, test and certify their products incorporating our B-TRAN™;
- our ability to successfully commercialize our B-TRAN™ technology;
- our ability to secure strategic partnerships with semiconductor fabricators and others related to our B-TRAN™ technology;
- our ability to obtain, maintain, defend and enforce intellectual property rights protecting our technology;
- the success of our efforts to manage cash spending, particularly prior to the commercialization of our B-TRAN™ technology at scale;
- general economic conditions and events, including inflation, and the impact they may have on us and our potential partners and licensees;
- our dependence on the global supply chain and impacts of supply chain disruptions;
- our ability to obtain adequate financing in the future, if and when we need it;
- the impact of global health pandemics on our business, financial condition and results of operations;
- our success at managing the risks involved in the foregoing items; and
- other factors discussed in this report.

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

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

ITEM 2. ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q as well as our audited 2023 financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2023. In addition to historical information, the discussion and analysis here and throughout this Form 10-Q contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including, but not limited, to those set forth under "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023.

Overview

Ideal Power Inc. is located in Austin, Texas. We are **solely** focused on the further development and commercialization of our Bidirectional bipolar junction TRANSistor (B-TRAN™) solid-state switch technology.

To date, operations have been funded primarily through the sale of common stock and **pre-funded warrants** and we have generated \$3.7 million in grant revenue for bidirectional power switch development. **Grant** We did not generate grant revenue was \$0 and \$664 in the **three** **six** months ended **March 31, 2024** and **2023**, respectively, **June 30, 2024**. We may pursue additional research and development grants, if and when available, to further develop and/or improve our technology.

We are in the process of commercializing our B-TRAN™ technology and launched our first two commercial products, the SymCool™ SymCool® Power Module and SymCool™ SymCool® IQ Intelligent Power Module, in 2023. We generated \$78,739 \$80,070 in commercial revenue in the three six months ended March 31, 2024 June 30, 2024.

Product Launches

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

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

Development Agreement

During the fourth quarter of 2022, we announced, and began Phase 1 of, a product development agreement with Stellantis, a top 10 global automaker, for a custom B-TRAN™ power module for use in the automaker's EV drivetrain inverters in its next generation EV platform. In Phase 1 of the program, we provided packaged B-TRAN™ devices, test kits and technical data to Stellantis for their evaluation. During the third quarter of 2023, we secured, and began Phase 2 of, this program. In Phase 2 of the program, we collaborated with Stellantis and the program partners, including both the program's packaging company and the organization building the initial drivetrain inverter, to supply B-TRAN™ devices for integration into the custom power module and inverter designs. Also, as part of Phase 2, we provided Stellantis a comprehensive test plan for the testing required to achieve certification to automotive standards for B-TRAN™. The test plan was subsequently approved as submitted. In the first quarter of 2024, we successfully completed Phase 2 of the program. We recorded the remaining revenue under Phase 2 of this program in the first quarter of 2024. We are currently finalizing the scope of work for the next phase of the program with Stellantis.

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Distribution Agreement

In March 2024, we announced a global distribution agreement with Richardson Electronics, Ltd. (RELL). RELL is the first distributor for our products. We commenced shipments of our products to RELL to fulfill initial end customer orders late in the first quarter of 2024.

Test and Evaluation Agreements

Since the middle of 2021, we announced several test and evaluation agreements with prospective customers, including, but not limited to, a second top 10 global automaker, a top 10 global provider of power conversion solutions to the solar industry, two global diverse power management market leaders, a tier 1 automotive supplier and a global power conversion supplier. These companies, along with other current and future participants in our test and evaluation program, intend to test and evaluate the B-TRAN™ for use in their applications. We expect to incorporate the feedback from these customers into our future commercial products. We began B-TRAN™ customer shipments to program participants in mid-2023.

March 2024 Public Offering

In March 2024, we issued and sold 1,366,668 shares of our common stock at a price of \$7.50 per share and 633,332 pre-funded warrants to purchase shares of our common stock at a price of \$7.499 per pre-funded warrant in an underwritten public offering. The pre-funded warrants have an exercise price of \$0.001 per share. The underwriter had a 30-day option to purchase up to an additional 300,000 shares of our common stock at the offering price, less the underwriting discounts and commissions. In April 2024, the underwriter exercised this option in full. The estimated net proceeds to us from the March 2024 Offering are public offering were \$15.7 million, inclusive of the underwriter's exercise of its option to purchase additional shares in full. We intend to use the net proceeds from the March 2024 Offering public offering to fund further commercialization and development of our B-TRAN™ technology and general corporate and working capital purposes.

Results of Operations

Comparison of the three months ended March 31, 2024 June 30, 2024 to the three months ended March 31, 2023 June 30, 2023

Commercial Revenue. Commercial revenue was \$78,739 \$1,331 for the three months ended March 31, 2024 June 30, 2024, compared to \$0 \$98,443 in the three months ended March 31, 2023, as we completed June 30, 2023. Commercial revenue in the three months ended June 30, 2024 related to initial orders from customers evaluating our technology. Commercial revenue in the three months ended June 30, 2023 related to Phase 2 1 of our development agreement with Stellantis. We expect product revenue to increase modestly over the remainder of 2024 and development revenue to resume once Phase 3 of our development agreement with Stellantis and began to fulfill customer orders for our products. is underway. We may also generate development revenue from other customers.

Grant Revenue. Grant We did not generate grant revenue was immaterial for in the three months ended March 31, 2024 and 2023 June 30, 2024. We generated \$36,724 in grant revenue in the three months ended June 30, 2023. We expect to pursue additional government funding that may result in additional grant revenues in the future.

Cost of Commercial Revenue. Cost of commercial revenue was \$68,498 \$17,474 for the three months ended March 31, 2024 June 30, 2024, compared to \$0 \$74,013 in the three months ended March 31, 2023, as we completed June 30, 2023. Cost of commercial revenue in the three months ended June 30, 2024 related to initial low volume shipments of our products. Cost of commercial revenue in the three months ended June 30, 2023 related to Phase 2 of 1 of our development agreement with Stellantis. We expect significant improvement in gross margins as we commence higher volume production and began to fulfill customer orders for our products. shipments in the future.

Cost of Grant Revenue. Cost of grant revenue was immaterial \$0 for the three months ended March 31, 2024 and 2023 June 30, 2024 as we did not have any active grant programs. Cost of grant revenue was \$36,724 in the three months ended June 30, 2023. Cost of grant revenue for the three months ended June 30, 2023 was equal to the associated grant revenue resulting in no gross profit. We expect no gross profit from other grants that we are pursuing or may pursue in the remainder of 2024.

Research and Development Expenses. Research and development expenses decreased increased by \$73,135 \$356,059, or 5% 30%, to \$1,366,893 \$1,562,747 in the three months ended March 31, 2024 June 30, 2024 from \$1,440,028 \$1,206,688 in the three months ended March 31, 2023 June 30, 2023. The decrease increase was due to higher semiconductor fabrication costs of \$331,660, personnel costs of \$130,893 and placement fees and expenses of \$85,478, partly offset by lower stock-based compensation expense of \$168,612, partly offset by higher personnel costs of \$78,863 \$181,827 and other B-TRAN™ development spending of \$16,614 \$10,145. We expect higher research and development expenses in the remainder of 2024 as compared to 2023, partly due to the addition of engineering personnel, as we continue development of our B-TRAN™ technology.

General and Administrative Expenses. General and administrative expenses decreased increased by \$41,245 \$13,391, or 5% 1%, to \$853,688 \$947,384 in the three months ended March 31, 2024 June 30, 2024 from \$894,933 \$933,993 in the three months ended March 31, 2023 June 30, 2023. The decrease was due to lower stock-based compensation expense of \$65,390 and other general and administrative spending of \$6,757, partly offset by higher investor relations spending of \$30,902. We expect slightly to moderately higher general and administrative expenses, exclusive of stock-based compensation, in the remainder of 2024 as compared to 2023.

Sales and Marketing Expenses. Sales and marketing expenses increased by \$12,285 \$87,839, or 4% 32%, to \$316,611 \$359,739 in the three months ended March 31, 2024 June 30, 2024 from \$304,326 \$271,900 in the three months ended March 31, 2023 June 30, 2023. The increase was due to higher personnel costs of \$55,274 \$73,855 and other spending of \$761, partly offset by lower search and placement fees of \$43,750 \$32,243, partly offset by lower other spending of \$18,259. We expect higher sales and marketing expenses in the remainder of 2024 as compared to 2023, partly due to the addition of sales personnel, as we further commercialize our B-TRAN™ technology.

Loss from Operations. Our loss from operations for the three months ended March 31, 2024 June 30, 2024 was \$2,526,951 \$2,886,013, or 4% lower, 21% higher, as compared to the \$2,639,287 \$2,388,151 loss from operations for the three months ended March 31, 2023 June 30, 2023, for the reasons discussed above.

Interest Income, Net. Net interest income was \$57,325 \$223,948 for the three months ended March 31, 2024 June 30, 2024 compared to \$111,302 \$108,345 for the three months ended March 31, 2023 as a result of June 30, 2023 due to the impact of a declining higher cash balance post-public offering on the interest earned from our money market account.

Net Loss. Our net loss for the three months ended March 31, 2024 June 30, 2024 was \$2,469,626 \$2,662,065, or 2% lower, 17% higher, as compared to a net loss of \$2,527,985 \$2,279,806 for the three months ended March 31, 2023 June 30, 2023, for the reasons discussed above.

Comparison of the six months ended June 30, 2024 to the six months ended June 30, 2023

Commercial Revenue. Commercial revenue was \$80,070 for the six months ended June 30, 2024, compared to \$98,443 in the six months ended June 30, 2023. Commercial revenue related primarily to our development agreement with Stellantis.

Grant Revenue. We did not generate grant revenue in the six months ended June 30, 2024. We generated \$37,388 in grant revenue in the six months ended June 30, 2023.

Cost of Commercial Revenue. Cost of commercial revenue was \$85,972 for the six months ended June 30, 2024, compared to \$74,013 in the six months ended June 30, 2023. Cost of commercial revenue related primarily to our development agreement with Stellantis.

Cost of Grant Revenue. Cost of grant revenue was \$0 for the six months ended June 30, 2024 as we did not have any active grant programs. Cost of grant revenue was \$37,388 in the six months ended June 30, 2023. Cost of grant revenue for the six months ended June 30, 2023 was equal to the associated grant revenue resulting in no gross profit.

Research and Development Expenses. Research and development expenses increased by \$282,924, or 11%, to \$2,929,640 in the six months ended June 30, 2024 from \$2,646,716 in the six months ended June 30, 2023. The increase was due to higher semiconductor fabrication costs of \$291,933, personnel costs of \$209,757, placement fees and expenses of \$86,941 and other B-TRAN™ development spending of \$44,732, partly offset by lower stock-based compensation expense of \$350,439.

General and Administrative Expenses. General and administrative expenses decreased by \$27,854, or 2%, to \$1,801,072 in the six months ended June 30, 2024 from \$1,828,926 in the six months ended June 30, 2023.

Sales and Marketing Expenses. Sales and marketing expenses increased by \$100,124, or 17%, to \$676,350 in the six months ended June 30, 2024 from \$576,226 in the six months ended June 30, 2023. The increase was due to higher personnel costs of \$129,129, partly offset by lower consulting fees of \$23,720 and other spending of \$5,285.

Loss from Operations. Our loss from operations for the six months ended June 30, 2024 was \$5,412,964, or 8% higher, as compared to the \$5,027,438 loss from operations for the six months ended June 30, 2023, for the reasons discussed above.

Interest Income, Net. Net interest income was \$281,273 for the six months ended June 30, 2024 compared to \$219,647 for the six months ended June 30, 2023 due to the impact of a higher cash balance post-public offering on interest earned from our money market account.

Net Loss. Our net loss for the six months ended June 30, 2024 was \$5,131,691, or 7% higher, as compared to a net loss of \$4,807,791 for the six months ended June 30, 2023, for the reasons discussed above.

Liquidity and Capital Resources

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

At **March 31, 2024** June 30, 2024, we had cash and cash equivalents of **\$20.2 million** \$20.1 million. Our net working capital at **March 31, 2024** June 30, 2024 was also **\$19.8 million** \$19.6 million. We had no outstanding debt at **March 31, 2024** June 30, 2024.

We believe that our cash and cash equivalents on hand will be sufficient to meet our ongoing liquidity needs for at least the next twelve months from the date of filing this Quarterly Report on Form 10-Q; however, we may require additional funds in the future to fully implement our plan of operation and there can be no assurance that, if needed, we will be able to secure additional debt or equity financing on terms acceptable to us or at all. Although we believe we have adequate sources of liquidity over the long term, the success of our operations, the global economic outlook, and the pace of sustainable growth in our markets could each impact our business and liquidity.

Operating activities in the **three** six months ended **March 31, 2024** June 30, 2024 resulted in cash outflows of **\$1,875,295** \$3,970,930 which were due to the net loss for the period of **\$2,469,626**, **\$5,131,691**, partly offset by stock-based compensation of **\$381,019**, **\$745,600**, depreciation and amortization of **\$163,871**, favorable balance sheet timing of **\$105,817** \$155,129 and other non-cash items of **\$107,495**, **\$96,161**.

Operating activities in the **three** six months ended **March 31, 2023** June 30, 2023 resulted in cash outflows of **\$1,755,723**, **\$3,408,492**, which were due to the net loss for the period of **\$2,527,985**, **\$4,807,791**, partly offset by stock-based compensation of **\$609,926**, **\$1,233,207**, depreciation and amortization of **\$121,423** and favorable balance sheet timing of **\$93,960** and other non-cash items of **\$68,376**, **\$44,669**.

We expect an increase in cash outflows from operating activities in the remainder of 2024 as we further develop and commercialize our B-TRAN™ technology.

Investing activities in the **three** six months ended **March 31, 2024** June 30, 2024 and 2023 resulted in cash outflows of **\$103,550** \$239,004 and **\$69,450**, **\$253,863**, respectively, for the acquisition of intangible assets and fixed assets.

Financing activities in the **three** six months ended **March 31, 2024** June 30, 2024 resulted in cash inflows of **\$13,652,663** \$15,724,818 in net proceeds from the **March 2024 Offering**, as discussed above, public offering of our common stock and pre-funded warrants and \$86,757 from the exercise of stock **options**, options, slightly offset by \$11,579 in tax payments related to the vesting of restricted stock units.

Critical Accounting Estimates

There have been no significant changes during the **three** six months ended **March 31, 2024** June 30, 2024 to the critical accounting estimates disclosed in Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Trends, Events and Uncertainties

There are no material changes from trends, events or uncertainties disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the Company's reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. The Company's disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that this information is accumulated and communicated to management, including the principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. The Company conducted an evaluation (pursuant to Rule 13a-15(b) of the Exchange Act), under the supervision and with the participation of its Chief Executive Officer (principal executive officer) and its Chief Financial Officer (principal financial and accounting officer) of the effectiveness of the Company's disclosure controls and procedures as of **March 31, 2024** **June 30, 2024** and has concluded that, as of **March 31, 2024** **June 30, 2024**, the Company's disclosure controls and procedures are effective.

Changes in Internal Control over Financial Reporting

There have been no material changes in our internal controls over financial reporting that occurred during the quarter ended **March 31, 2024** **June 30, 2024** that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Limitations on the Effectiveness of Controls

Control systems, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control systems' objectives are being met. Further, the design of any system of controls must reflect the fact that there are resource constraints, and the benefits of all controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of error or mistake. Control systems can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

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PART II-OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

There are no material changes from the risk factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

During the three months ended **March 31, 2024** June 30, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

Exhibit Number	Document
4.1	Form of Pre-Funded Warrant (for March 2024 offering) (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed on March 28, 2024)
31.1*	Certification of Principal Executive Officer pursuant to Exchange Act Rule, 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Principal Financial Officer pursuant to Exchange Act Rule, 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification pursuant to 18 U.S.C. 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document and contained in Exhibit 101).

* Filed herewith

** Furnished herewith

SIGNATURES

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

By: /s/ R. Daniel Brdar

R. Daniel Brdar

Chief Executive Officer

By: /s/ Timothy W. Burns

Timothy W. Burns

Chief Financial Officer

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

I, R. Daniel Brdar, certify that:

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

Date: **May 15, 2024** August 14, 2024

/s/ R. Daniel Brdar

R. Daniel Brdar

Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

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

I, Timothy W. Burns, certify that:

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

Date: **May 15, 2024** August 14, 2024

/s/ Timothy W. Burns

Timothy W. Burns
Chief Financial Officer (Principal Financial and
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 periodic report of Ideal Power Inc. (the "Company") on Form 10-Q for the quarter ended **March 31, 2024** **June 30, 2024** as filed with the Securities and Exchange Commission (the "Report"), we, R. Daniel Brdar, Chief Executive Officer (Principal Executive Officer) and Timothy W. Burns, Chief Financial Officer (Principal Financial and Accounting Officer) of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of our knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Date: **May 15, 2024** **August 14, 2024**

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

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

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