

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

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended September 30, 2025

OR
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to .

Commission file number: 001-37515

Aqua Metals, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

47-1169572
(I.R.S. Employer
Identification no.)

5370 Kietzke Lane, Suite 201
Reno, Nevada 89511
(Address of principal executive offices, including zip code)

(775) 446-4418
(Registrant’s telephone number, including area code)

Not Applicable
(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 of stock:	Trading symbol	Name of each exchange on which registered:
Common Stock	AQMS	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 (as defined in Rule 12b-2 of the 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 ☒

As of November 7, 2025, there were 2,979,263 outstanding shares of the common stock of Aqua Metals, Inc.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

AQUA METALS, INC. Condensed Consolidated Balance Sheets - Unaudited (in thousands, except share and per share amounts)

	September 30, 2025	December 31, 2024
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,586	\$ 4,079
Note receivable - LINICO	—	100
Inventory	244	251
Prepaid expenses and other current assets	137	214
Total current assets	<u>3,967</u>	<u>4,644</u>
Non-current assets		
Property and equipment, net	5,911	16,473
Intellectual property, net	93	146
Other assets	533	5,102
Total non-current assets	<u>6,537</u>	<u>21,721</u>
Total assets	<u>\$ 10,504</u>	<u>\$ 26,365</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 718	\$ 1,227
Accrued expenses	2,506	3,130
Lease liability, current portion	235	289
Notes payable related-party, current portion	—	306
Note payable, current portion	—	3,230
Total current liabilities	<u>3,459</u>	<u>8,182</u>
Non-current liabilities		
Lease liability, non-current portion	285	446
Warrant liability	238	1,493
Total liabilities	<u>3,982</u>	<u>10,121</u>
Commitments and contingencies (see Note 13)		
Stockholders' equity		
Common stock; \$0.001 par value; 300,000,000 shares authorized; 1,856,815 and 1,848,968, shares issued and outstanding as of September 30, 2025, respectively and 776,026 and 773,084 shares issued and outstanding as of December 31, 2024, respectively	2	1
Additional paid-in capital	272,527	264,205
Accumulated deficit	(265,976)	(247,770)
Treasury stock, at cost; common shares: 7,847 and 2,942 as of September 30, 2025 and December 31, 2024, respectively	(31)	(192)
Total stockholders' equity	<u>6,522</u>	<u>16,244</u>
Total liabilities and stockholders' equity	<u>\$ 10,504</u>	<u>\$ 26,365</u>

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

AQUA METALS, INC.
Condensed Consolidated Statements of Operations - Unaudited
(in thousands, except share and per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Operating cost and expense				
Plant operations	\$ 576	\$ 1,617	\$ 2,076	\$ 6,198
Research and development cost	328	398	960	1,349
Impairment and loss on disposal of property, plant and equipment	25	448	9,037	448
General and administrative expense	2,136	2,748	6,707	9,170
Total operating expense	3,065	5,211	18,780	17,165
Loss from operations	(3,065)	(5,211)	(18,780)	(17,165)
Other income and (expense)				
Interest expense	(12)	(83)	(659)	(273)
Loss on extinguishment of debt	—	—	(825)	—
Interest and other income	28	84	805	329
Change in fair value of warrant liability	(72)	—	1,255	—
Total other income, net	(56)	1	576	56
Loss before income tax expense	(3,121)	(5,210)	(18,204)	(17,109)
Income tax expense	—	—	2	3
Net loss	(3,121)	(5,210)	(18,206)	(17,112)
Weighted average shares outstanding, basic and diluted	1,426,216	681,619	1,049,376	617,151
Basic and diluted net loss per share	\$ (2.19)	\$ (7.64)	\$ (17.35)	\$ (27.73)

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

AQUA METALS, INC.
Condensed Consolidated Statements of Stockholders' Equity - Unaudited
(in thousands, except share amounts)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Treasury Stock		Total Stockholders' Equity
	Shares	Amount			Shares	Amount	
Balances, June 30, 2025	1,027,701	\$ 1	\$ 268,039	\$ (262,855)	2,648	\$ (67)	\$ 5,118
Stock-based compensation	—	—	548	—	—	—	548
Common stock issued to employees and directors, includes RSUs vesting and withholdings to satisfy tax withholdings on RSUs vesting	34,700	—	(77)	—	5,199	36	(41)
Common stock issued for ATM share sales, net of \$95 transaction costs	621,745	1	3,185	—	—	—	3,186
Common stock issued for ELOC share sales, net of \$25 transaction costs	165,283	—	834	—	—	—	834
Common stock cancelled for cash in lieu of fractional shares reverse split	(461)	—	(2)	—	—	—	(2)
Net loss	—	—	—	(3,121)	—	—	(3,121)
Balances, September 30, 2025	1,848,968	\$ 2	\$ 272,527	\$ (265,976)	7,847	\$ (31)	\$ 6,522
Balances, December 31, 2024	773,084	\$ 1	\$ 264,205	\$ (247,770)	2,942	\$ (192)	\$ 16,244
Stock-based compensation	—	—	1,509	—	—	—	1,509
Common stock issued to employees and directors, includes RSUs vesting and withholdings to satisfy tax withholdings on RSUs vesting	43,126	—	(269)	—	4,905	161	(108)
Common stock issued for ATM share sales, net of \$165 transaction costs	833,219	1	5,920	—	—	—	5,921
Common stock issued for ELOC share sales, net of \$28 transaction costs	177,283	—	903	—	—	—	903
Common stock cancelled for cash in lieu of fractional shares reverse split	(461)	—	(2)	—	—	—	(2)
Common stock issued for broker fees	22,717	—	261	—	—	—	261
Net loss	—	—	—	(18,206)	—	—	(18,206)
Balances, September 30, 2025	1,848,968	\$ 2	\$ 272,527	\$ (265,976)	7,847	\$ (31)	\$ 6,522
Balances, June 30, 2024	669,003	\$ 1	\$ 260,687	\$ (235,117)	2,283	\$ (360)	\$ 25,211
Stock-based compensation	—	—	638	—	—	—	638
Common stock issued to employees and directors, includes RSUs vesting and withholdings to satisfy tax withholdings on RSUs vesting	5,718	—	(359)	—	659	168	(191)
Common stock issued for consulting fees	2,011	—	150	—	—	—	150
Common stock issued for ATM share sales, net of \$34 transaction costs	5,408	—	277	—	—	—	277
Common stock issued for director fees	517	—	23	—	—	—	23
Net loss	—	—	—	(5,210)	—	—	(5,210)
Balances, September 30, 2024	682,657	\$ 1	\$ 261,416	\$ (240,327)	2,942	\$ (192)	\$ 20,898
Balances, December 31, 2023	539,401	\$ 1	\$ 249,794	\$ (223,215)	2,143	\$ (516)	\$ 26,064
Stock-based compensation	—	—	2,163	—	—	—	2,163
Common stock issued to employees and directors, includes RSUs vesting and withholdings to satisfy tax withholdings on RSUs vesting	9,154	—	(875)	—	799	324	(551)
Common stock issued for employee stock purchase plan sales	344	—	35	—	—	—	35
Common stock issued for consulting fees	2,011	—	150	—	—	—	150
Common stock and warrants issued for public offering, net of \$744 transaction costs	100,625	—	7,306	—	—	—	7,306
Common stock issued for ATM share sales, net of \$87 transaction costs	30,605	—	2,820	—	—	—	2,820
Common stock issued for director fees	517	—	23	—	—	—	23
Net loss	—	—	—	(17,112)	—	—	(17,112)
Balances, September 30, 2024	682,657	\$ 1	\$ 261,416	\$ (240,327)	2,942	\$ (192)	\$ 20,898

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

AQUA METALS, INC.
Condensed Consolidated Statements of Cash Flows - Unaudited
(in thousands)

	Nine Months Ended September 30,	
	2025	2024
Cash flows from operating activities:		
Net loss	\$ (18,206)	\$ (17,112)
Reconciliation of net loss to net cash used in operating activities		
Depreciation and ROU asset amortization	801	867
Amortization of intellectual property	53	117
Fair value of common stock issued for director fees	—	23
Fair value of common stock issued for consulting services	261	150
Stock-based compensation	1,499	2,163
Change in fair value of warrant liability	(1,255)	—
Amortization of deferred financing costs	336	29
Loss on extinguishment of debt	639	—
Impairment and loss on disposal of property, plant and equipment	9,037	448
Inventory net realizable value adjustment	—	268
Write off of debt issuance costs	—	563
Changes in operating assets and liabilities		
Accounts receivable	—	(419)
Inventory	7	330
Prepaid expenses and other current assets	77	33
Accounts payable	(96)	(43)
Accrued expenses	(624)	1,030
Other assets and liabilities	(177)	(84)
Net cash used in operating activities	(7,648)	(11,637)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(421)	(7,452)
Proceeds from sale of property, plant and equipment	4,382	15
Proceeds from note receivable	100	350
Proceeds from refund of equipment deposit	1,141	—
Equipment deposits	(231)	(3,975)
Net cash provided by (used in) investing activities	4,971	(11,062)
Cash flows from financing activities:		
Proceeds from issuance of common stock and warrants, net of transaction costs	—	7,306
Proceeds from employee stock purchase plan	—	35
Principal payments on notes payable	(4,500)	—
Principal payments on finance leases	(30)	(58)
Cash paid cash in lieu of fractional shares reverse split	(2)	—
Cash paid for tax withholdings on RSUs vesting	(108)	(552)
Debt issuance costs	—	(424)
Proceeds from ELOC, net	903	—
Proceeds from ATM, net	5,921	2,820
Net cash provided by financing activities	2,184	9,127
Net decrease in cash and cash equivalents	(493)	(13,572)
Cash and cash equivalents at beginning of period	4,079	16,522
Cash and cash equivalents at end of period	\$ 3,586	\$ 2,950

	Nine Months Ended September 30,	
	2025	2024
<u>Supplemental disclosure of cash flows information</u>		
Cash paid for income taxes	\$ 2	\$ 3
Cash paid for interest	\$ 520	\$ 249
<u>Supplemental disclosure of non-cash transactions</u>		
Acquisitions of property, plant and equipment included in accounts payable	\$ 413	\$ 758
Acquisitions of property, plant and equipment included in accrued expenses	\$ —	\$ 646
Acquisitions of property, plant and equipment paid by prior-period deposits	\$ 1,616	\$ —

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

AQUA METALS, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Organization

Aqua Metals (NASDAQ: AQMS) is engaged in the business of applying its commercialized clean, water-based recycling technology principles to develop the clean and cost-efficient recycling solutions for lithium-ion (“Li”) batteries. Our recycling process is a hydro- and electrometallurgical technology that is an innovative, proprietary and patented process we developed and named AquaRefining. AquaRefining is a low-emissions, closed-loop recycling technology that replaces polluting furnaces and hazardous chemicals with electricity-powered chemical regeneration and electroplating to recover valuable metals and materials from spent batteries with higher purity, lower emissions, and with minimal waste. The modular “Aqualyzers” cleanly generate ultra-pure metal one atom at a time, closing the sustainability loop for the rapidly growing energy storage economy.

We are in the process of demonstrating that Li AquaRefining, which is fundamentally non-polluting, can create the highest quality and highest yields of recovered minerals from lithium-ion batteries with lower waste streams and lower costs than existing alternatives.

Our focus for the lead market is providing equipment and licensing of our lead acid battery recycling technologies in an enabler model which allows us to work with anyone in the industry globally and address the entire marketplace. Our focus for the lithium market includes operating our first-of-a-kind lithium battery recycling facility, utilizing electricity to recycle instead of intensive chemical processes, fossil fuels, or high-temperature furnaces and licensing.

Reverse Stock Splits

Effective November 5, 2024, the Company effected a one-for-20 reverse stock split of its issued and outstanding common shares. Subsequently on August 4, 2025, the Company effected a one-for-10 reverse stock split of its issued and outstanding common shares. All share and share price information set forth in this report has been adjusted retrospectively to reflect these reverse stock splits.

Liquidity and Going Concern Assessment

For the nine months ended September 30, 2025 and 2024, the Company reported a net loss of \$18,206,000 and \$17,112,000, respectively, and negative cash from operations of \$7,648,000 and \$11,637,000, respectively. As of September 30, 2025, the Company had cash and cash equivalents of approximately \$3,586,000, current liabilities of \$3,459,000 and an accumulated deficit of \$265,976,000. The increase in net loss during the nine months ended September 30, 2025 reflects a non-cash impairment and loss on disposal of property, plant, and equipment of \$9,037,000 associated with the sale of the TRIC facility. During the nine months ended September 30, 2025, the Company paid off the note payable with Summit Investment Services, LLC in the amount of approximately \$3,000,000, and notes payable with eight accredited investors in the amount of approximately \$1,500,000 as disclosed in Note 10 - Notes payable. The Company has not generated revenues from commercial operations and expects to continue incurring losses for the foreseeable future.

On October 16, 2025, the Company closed a registered direct offering and a concurrent private placement with an institutional investor. After the deduction of the placement and legal fees payable by us, the aggregate net proceeds from the registered direct offering and warrant placement were approximately \$12,000,000. Additional information regarding this transaction is disclosed in Note 16 - Subsequent events.

As an additional liquidity source, the Company maintains an At-the-Market (“ATM”) offering program as a potential source of liquidity. Under the ATM Sales Agreement (the “Sales Agreement”) with The Benchmark Company, LLC (“Benchmark”), the Company may offer and sell shares of its common stock, par value \$0.001 per share, having an aggregate offering price of up to \$30,000,000 million, from time to time through Benchmark, acting as sales agent. Sales of common stock, if any, under the ATM program are deemed to be “at-the-market” offerings as defined in Rule 415(a)(4) of the Securities Act of 1933, as amended. During the nine months ended September 30, 2025, the Company sold an aggregate of 833,219 shares of common stock under the ATM program for net proceeds of approximately \$5,921,000, after deducting commissions and offering expenses. As of September 30, 2025, no additional capacity remains available for issuance under the ATM program. Further details of the agreement are included in Note 12 – Stockholders’ Equity.

In addition to the ATM, the Company also maintains an equity line of credit with Lincoln Park Capital Fund, LLC (“ELOC”) providing for aggregate sales of up to \$10,000,000 of common stock. Through September 30, 2025, the Company had sold approximately \$903,000 under the facility, leaving \$9,097,000 of capacity available for future issuances. Further details of the agreement and accounting treatment are included in Note 12 – Stockholders’ Equity.

Management believes that there is substantial doubt about the entity’s ability to continue as a going concern within one year after the date the financial statements are issued. Given the Company’s continuing losses and expected cash requirements, additional capital will be necessary to fund ongoing operations. While the Company intends to pursue such funding opportunities, including through the ATM, ELOC, and other potential financing arrangements, there can be no assurance that these efforts will be successful.

The accompanying condensed consolidated financial statements have been prepared under the assumption the Company will continue to operate as a going concern, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. The condensed consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts of liabilities that may result from uncertainty related to the Company’s ability to continue as a going concern.

2. Summary of significant accounting policies

The significant accounting policies and estimates used in preparation of the condensed consolidated financial statements are described in the Company’s audited consolidated financial statements as of and for the year ended December 31, 2024, and the notes thereto, which are included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the Securities and Exchange Commission, or the SEC, on March 31, 2025. There have been no material changes in the Company’s significant accounting policies during the three and nine months ended September 30, 2025.

AQUA METALS, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Basis of presentation

The accompanying unaudited condensed consolidated financial statements of Aqua Metals, Inc. and subsidiaries (collectively, the “Company” or “Aqua Metals”) have been prepared in accordance with the interim reporting requirements of Form 10-Q, pursuant to the rules and regulations of the United States Securities and Exchange Commission (the “SEC”) and should be read in conjunction with the Company's audited consolidated financial statements for the period ended December 31, 2024, which are included on Form 10-K filed with the Securities and Exchange Commission on March 31, 2025. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles in the United States of America (“U.S. GAAP”) for annual consolidated financial statements.

In the opinion of management, all adjustments (which include normal recurring adjustments) considered necessary to present fairly each of the condensed consolidated balance sheet as of September 30, 2025, the condensed consolidated statements of operations for the three and nine months ended September 30, 2025 and September 30, 2024, the condensed consolidated statements of stockholders' equity for the three and nine months ended September 30, 2025 and September 30, 2024 and the condensed consolidated statements of cash flows for the nine months ended September 30, 2025 and September 30, 2024, as applicable, have been made. The condensed consolidated balance sheet as of December 31, 2024 has been derived from the Company's audited consolidated financial statements as of such date, but it does not include all disclosures required by U.S. GAAP for annual presentation.

The results of operations for the three and nine months ended September 30, 2025 are not necessarily indicative of results that may be expected for the year ending December 31, 2025.

Principles of consolidation

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly-owned subsidiaries. Inter-company accounts and transactions have been eliminated in consolidation.

Use of estimates

The preparation of the consolidated financial statements requires management of the Company to make a number of estimates and assumptions relating to the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of expenses during the period. Significant items subject to such estimates and assumptions include the carrying amount and valuation of long-lived assets, valuation allowances for deferred tax assets, the determination of stock option expense and the determination of the fair value of stock warrants issued. Actual results could differ from those estimates.

Fair value measurements

The carrying amounts of cash and cash equivalents, accounts receivable, inventory, prepaid expenses and other current assets, accounts payable, and accrued expenses approximate fair value due to the short-term nature of these instruments. The carrying value of short and long-term debt, and lease liabilities also approximates fair value since these instruments bear market rates of interest or are calculated using market rates of interest. None of these instruments are held for trading purposes.

Fair value is defined as an exit price, representing the amount that would be received upon the sale of an asset or payment to transfer a liability in an orderly transaction between market participants. Fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or liability. A three-tier fair value hierarchy is used to prioritize the inputs in measuring fair value as follows:

Level 1. Quoted prices in active markets for identical assets or liabilities.

Level 2. Quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3. Significant unobservable inputs that cannot be corroborated by market data.

The asset or liability's fair value measurement within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement.

As of September 30, 2025 and December 31, 2024, the Company had a Level 3 warrant liability related to freestanding warrants issued in connection with a private placement transaction that is measured at fair value on a recurring basis.

AQUA METALS, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Net loss per share

Basic net loss per share is computed by dividing net loss by the weighted average number of common shares outstanding during the period. Diluted net loss per share is computed by dividing the net loss by the weighted average number of common share equivalents outstanding for the period determined using the treasury-stock method or the if-converted method, as applicable. For purposes of this calculation, stock options, restricted stock units (RSUs) and warrants to purchase common stock are considered to be common stock equivalents and are only included in the calculation of diluted net loss per share when their effect is dilutive. The following shares underlying outstanding convertible notes, stock options, RSUs and warrants to purchase common stock were anti-dilutive due to a net loss in the periods presented and, therefore, were excluded from the dilutive weighted average securities computation for the nine months ended September 30, as indicated below:

Excluded potentially dilutive weighted average securities (1):	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Unvested restricted stock units	158,250	28,202	101,635	34,030
Financing warrants to purchase common stock	182,386	107,386	182,386	56,264
Total potential dilutive weighted average securities	340,636	135,588	284,021	90,294

(1) Securities are presented on a weighted average outstanding calculation as required if the securities were dilutive and adjusted to give effect to the November 4, 2024 and August 4, 2025 reverse stock splits.

Segment and geographic information

Our chief operating decision maker (“CODM”) is the Chief Executive Officer. Operating segments are defined as components of an enterprise engaging in business activities for which discrete financial information is available and regularly reviewed by the CODM in deciding how to allocate resources and in assessing performance. The CODM views its operations and manages its business in one operating segment. For further discussion related to segment reporting, please refer to Note 14 - Segment reporting.

Concentration of credit risk

The Company did not generate revenue during the three and nine months ended September 30, 2025 and 2024, respectively. The Company had no trade receivables as of September 30, 2025 and December 31, 2024.

Recent accounting pronouncements*Recently issued accounting pronouncements not yet adopted*

In November 2024, the FASB issued ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, which introduced new guidance on disclosures of specified information about certain costs and expenses included within expenses presented on the face of the income statements, such as purchases of inventory and employee compensation. This guidance is effective for the Company for annual reporting periods beginning January 1, 2027 and interim reporting periods beginning January 1, 2028. The Company is currently evaluating the impact that the adoption of this pronouncement will have on the Company's consolidated financial statements and disclosures.

In December 2023, the FASB issued ASU No. 2023-09, Improvements to Income Tax Disclosures (Topic 740). The ASU requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as additional information on income taxes paid. The ASU is effective on a prospective basis for annual periods beginning after December 15, 2024. Early adoption is also permitted for annual financial statements that have not yet been issued or made available for issuance. This ASU will result in the required additional disclosures being included in our consolidated financial statements, once adopted.

In September 2025, the Financial Accounting Standards Board (“FASB”) issued ASU 2025-06, Intangibles — Goodwill and Other — Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software. The ASU amends certain aspects for the accounting and disclosure of internal-use software by replacing prescriptive project-stage guidance with a principles-based capitalization model that applies to all development approaches. Capitalization begins when management authorizes and commits to fund a project and it is probable the software will be completed and used as intended, while development uncertainty defers capitalization until resolved. The ASU also integrates website-development guidance, aligns software disclosures with those for property, plant and equipment. The amendments are effective for fiscal years beginning after December 15, 2027, including interim periods, with early adoption permitted. The Company is evaluating the impact of this ASU and does not expect a material effect on its consolidated financial statements upon adoption.

3. Revenue recognition

The Company has historically generated revenues by recycling lead acid batteries (“LABs”) and selling the recovered lead to its customers.

The Company was not in commercial production during the three and nine months ended September 30, 2025 and 2024, respectively. Historically, Company products transferred to customers at a single point in time accounted for 100% of its revenue.

4. Note receivable

During the year ended December 31, 2023, the Company sold its \$2,000,000 stock investment in LINICO and recorded an impairment of \$1,400,000 and a note receivable of \$600,000. The note was payable over a 12-month installment which began in January 2024. The balance of the note receivable was \$100,000 as of December 31, 2024, and was fully collected during the first quarter of 2025. The Company accounted for the LINICO investment under ASC 321, Investments-Equity Securities, using the measurement alternative of recording at cost as the investment in LINICO did not have a readily determinable fair value.

AQUA METALS, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

5. Inventory

Inventory consisted of the following (in thousands):

	September 30, 2025	December 31, 2024
Raw materials	\$ 244	\$ 251
Total inventory	<u>\$ 244</u>	<u>\$ 251</u>

6. Property and equipment, net

Property and equipment, net, consisted of the following (in thousands):

Asset Class	Useful Life (Years)	September 30, 2025	December 31, 2024
Operational equipment	3 - 10	\$ 3,456	\$ 3,551
Lab equipment	5	1,031	1,128
Computer equipment	3	107	107
Office furniture and equipment	3	87	87
Leasehold improvements	2.5	80	80
Land	-	—	1,141
Building	39	—	3,131
Equipment under construction		3,941	9,726
		8,702	18,951
Less: accumulated depreciation		(2,791)	(2,478)
Total property and equipment, net		<u>\$ 5,911</u>	<u>\$ 16,473</u>

Property and equipment depreciation expense was \$197,000 and \$618,000 for the three and nine months ended September 30, 2025 and \$229,000 and \$682,000 three and nine months ended September 30, 2024, respectively. Equipment under construction is comprised of our lithium-ion battery recycling commercial equipment along with various components being manufactured or installed by the Company.

In April 2025, the Company's Board of Directors approved a plan to sell a facility located at TRIC that was under construction and intended for the Company's Li AquaRefining recycling campus. The decision was driven by a change in the Company's priorities and capital allocation plans. The facility included the building structure, the underlying land, and various permanent improvements, and was previously classified as construction-in-progress within property, plant, and equipment on the Company's consolidated balance sheet as of December 31, 2024. In accordance with ASC 360-10-45-13, the Company determined that the assets met the criteria to be classified as held for sale in April 2025. During the first quarter of 2025, the Company recognized an impairment charge of \$5,247,000, to write down the assets held for sale to their estimated fair value of \$4,100,000, which represented a Level 3 measurement based on a market analysis of comparable properties recently sold.

The sale of the facility was completed in June 2025 for total net proceeds of approximately \$4,064,000. During the nine months ended September 30, 2025, the Company also sold additional equipment for total net proceeds of approximately \$318,000. In connection with these sales, the Company recognized an additional impairment and loss on disposal of property, plant, and equipment of \$3,790,000.

7. Other assets

Other assets consist of the following (in thousands):

	September 30, 2025	December 31, 2024
Equipment deposits (1)	\$ 154	\$ 4,540
Nevada facilities Right of Use Assets (2)	359	542
Other assets	20	20
Total other assets, non-current	<u>\$ 533</u>	<u>\$ 5,102</u>

(1) Deposits for equipment to be acquired.

(2) See Footnote 9.

AQUA METALS, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

8. Accrued expenses

Accrued expenses consist of the following (in thousands):

	September 30, 2025	December 31, 2024
Property and equipment related	\$ 560	\$ 560
Payroll related	1,003	1,576
Professional services	892	884
Other	51	110
Total accrued expenses	<u>\$ 2,506</u>	<u>\$ 3,130</u>

9. Leases

As of September 30, 2025, the Company maintained one finance lease for equipment and two operating leases for real estate. The operating leases had terms of 36 and 37 months and included one or more options to extend the duration of the agreements. These operating leases are included in "Other assets" on the Company's condensed consolidated balance sheets and represent the Company's right to use the underlying assets for the term of the leases. The Company's obligation to make lease payments are included in "Lease liability, current portion" and "Lease liability, non-current portion" on the Company's condensed consolidated balance sheets.

On March 14, 2024, the Company extended its operating lease for its headquarters located at 5370 Kietzke Lane, Reno, NV. The lease extension was determined to be a lease modification that qualified as a change of accounting on the existing lease and not a separate contract. As such, the Right-of-Use ("ROU") assets and operating lease liabilities were remeasured using an incremental borrowing rate at the date of modification of 9.61%, which resulted in an increase of the ROU asset of \$170,000 and an increase in the operating lease liabilities of \$166,000.

On June 9, 2024, the Company extended its operating lease for its Innovation Center located at 160 Denmark Dr, McCarran, NV. The lease extension was determined to be a lease modification that qualified as a change of accounting on the existing lease and not a separate contract. As such, the Right-of-Use ("ROU") assets and operating lease liabilities were remeasured using an incremental borrowing rate at the date of modification of 9.52%, which resulted in an increase of the ROU asset of \$347,000 and an increase in the operating lease liabilities of \$324,000.

The Company currently maintains one finance lease for equipment. On April 1, 2024 the Company entered into a finance lease for laboratory equipment which expires in 2029. In November 2021, the Company entered into a finance lease for a modular laboratory which expired in October 2024.

Information related to the Company's right-of-use assets and related lease liabilities were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Cash paid for operating lease liabilities	\$ 72	\$ 68	\$ 217	\$ 204
Operating lease cost	\$ 73	\$ 72	\$ 218	\$ 210
Cash paid for finance lease liabilities	\$ 12	\$ 25	\$ 36	\$ 64
Interest expense	\$ 2	\$ 2	\$ 6	\$ 6

	September 30, 2025	September 30, 2024
Weighted-average remaining lease term (years) - operating leases	1.5	2.4
Weighted-average discount rate - operating leases	10.54%	10.48%
Weighted-average remaining lease term (years) - finance leases	3.5	2.3
Weighted-average discount rate - finance leases	4.85%	4.59%

Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ —	\$ 600

Future maturities of lease liabilities as of September 30, 2025 are as follows (in thousands):

Due in 12-month period ended September 30,

	Operating Leases	Finance Leases
2025	\$ 218	\$ 47
2026	148	47
2027	37	47
2028	—	25
Less imputed interest	(36)	(13)
Total lease liabilities	<u>\$ 367</u>	<u>\$ 153</u>
Current lease liabilities	\$ 194	\$ 41
Non-current lease liabilities	173	112
Total lease liabilities	<u>\$ 367</u>	<u>\$ 153</u>

AQUA METALS, INC.
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10. Notes payable

On February 1, 2023, Aqua Metals Reno, Inc., our wholly-owned subsidiary, entered into a Loan Agreement with Summit Investment Services, LLC, a Nevada limited liability company (the “Lender”), pursuant to which the Lender provided us with a loan in the amount of \$3,000,000. The loan proceeds were used to purchase a building located at 2999 Waltham Way McCarran, NV 89434 (the “Building”). The loan accrued interest at a fixed annual rate of 9.50%. Interest-only payments were due monthly for the first twenty-four months and the principal and all unpaid interest was due on February 1, 2025. We had the right to prepay the loan at any time, provided that we pay guaranteed minimum interest of \$213,750 (9-months of interest). During 2025, we extended the existing maturity date to April 27, 2025 and later on to July 27, 2025. In connection with the July 27, 2025 extension, the loan accrued interest at a fixed annual rate of 10.50%. Interest-only payments were due monthly and we had the right to prepay the loan at any time, provided that we must pay guaranteed minimum interest of \$76,125 (3-months of interest). The Loan Agreement included representations, warranties, and affirmative and negative covenants that are customary of institutional loan agreements. The loan was collateralized by a first priority lien on the building and site improvements, and is guaranteed by Aqua Metals, Inc. During February 2025, Eric Gangloff, founder and CEO of Summit Investment Services, LLC was appointed as a member of the Board of Directors of the Company. On June 11, 2025, in connection with the sale of the building, the Company paid off the outstanding principal balance of \$3,000,000 along with the guaranteed minimum interest balance due of \$49,000.

On December 18, 2024, the Company entered into a Securities Purchase Agreement with eight accredited investors, including executives and related parties of the Company, in connection with a private placement of secured promissory notes (“Notes”) in the aggregate principal amount of \$1,500,000 and common stock purchase warrants (“Warrants”) to purchase 75,000 shares of the Company’s common stock. The Securities Purchase Agreement included customary representations, warranties, and covenants by the investors and the Company. Certain officers and directors of the Company purchased Notes in the aggregate amount of \$1,250,000, including \$400,000 related to a holder who was appointed as a director of the Company in February 2025. The Notes accrued interest at the rate of 20% per annum, subject to a payment of a minimum of 12 months interest in the event of prepayment. The entire principal amount evidenced by the Notes plus all accrued and unpaid interest was due on December 31, 2025. We had the right to prepay the loan at any time, subject to our payment of 12 months interest. Additionally, upon the occurrence of an event of default, the note holders may declare the Notes to be forthwith due and payable, whereupon the principal and all accrued and unpaid interest thereon, plus all costs of enforcement and collection (including court costs and reasonable attorney’s fees), shall immediately become and be forthwith due and payable. The Company’s obligations under the Notes are secured by a first lien on the Company’s strategic metal inventory and a second lien on all other assets of the Company. Each Note purchaser received a Warrant to purchase share of the Company’s common stock in an amount equal to the principal amount of the investor’s Note divided by two, for a total of 75,000 shares of common stock. The Warrants are exercisable over a five-year period at an exercise price of \$19.20 and \$19.30 per share and are convertible to shares of common stock of the Company upon a change in control of the Company.

The private placement closed on December 19, 2024 for the gross proceeds of \$1,500,000. Proceeds from the transaction were first allocated to the warrants and then to the notes on a residual basis resulting in \$986,000 allocated to liability-classified warrants and \$514,000 to the notes, creating a discount on the notes. Any subsequent changes to the fair value of the Warrant Liability will be recorded in current period earnings. The Company incurred issuance costs of \$58,000, which were proportionally allocated between the notes and warrants. Costs related to the warrants were immediately expensed, while costs associated with the notes were included in the note discount and are amortized as interest expense over the loan term. The notes payable are presented net of discount, and the amortization of the discount is recorded as interest expense in the Company’s consolidated financial statements. As of December 31, 2024, the outstanding principal balance on the secured notes was \$1,500,000. During the first quarter of 2025, we made a principal payment of \$500,000 and on May 5, 2025, the Company repaid in full the outstanding balance of \$1,000,000, plus 12 months of interest totaling \$300,000. As part of the extinguishment, the Company recorded an \$825,000 loss on extinguishment of debt related to the write-off of unamortized financing costs and the remaining unaccrued portion of the guaranteed interest.

Notes payable is comprised of the following (in thousands):

	September 30, 2025	December 31, 2024
Notes payable, current portion		
Summit Investment Services, LLC	\$ —	\$ 3,000
Notes related-party	—	856
Notes	—	654
Less issuance costs	—	(974)
Total notes payable, current portion	<u>\$ —</u>	<u>\$ 3,536</u>

AQUA METALS, INC.
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11. Warrant liability

The Company accounted for the warrants to purchase 75,000 shares, issued in connection with the Securities Purchase Agreement in Note 10 - Notes payable, in accordance with the guidance contained in ASC Topic 815 “Derivatives and Hedging”. These warrants contain provisions—such as a mandatory conversion feature upon a change in control—that preclude equity classification and were recorded as a liability. Accordingly, the Company classified the warrants as a liability at fair value and adjusts them to fair value at each reporting period. This liability is re-measured at each balance sheet date until the warrants are exercised or expire, and any change in fair value will be recognized in the Company’s statement of operations. The fair value of the warrants was estimated using the Monte-Carlo option pricing model to determine the fair value of its liability-classified warrants. These instruments are classified within Level 3 of the fair value hierarchy due to the use of unobservable inputs. Key assumptions used in the valuation as of September 30, 2025 and December 31, 2024, included:

	As of September 30, 2025	As of December 31, 2024
Expected life of the options to convert	4.22	4.97
Risk-free rate	3.63%	4.29%
Historical volatility	93.42%	96.71%
Valuation date stock price	\$ 6.40	\$ 25.20
Strike price	\$19.30/\$19.20	\$19.30/\$19.20
Probability of completing a change in control	5%	20%
Volatility if change in control occurs	100%	100%
Dividend yield	0%	0%

The following table provides a roll forward of the Level 3 warrant liability as of December 31, 2024 and September 30, 2025, (in thousands):

	Warrant liability
Fair value as of December 31, 2024	\$ 1,493
Change in fair value of warrant liabilities	(1,255)
Fair value as of September 30, 2025	\$ 238

AQUA METALS, INC.
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12. Stockholders' equity

At-the-Market ("ATM") Offering Program

On August 22, 2024, the Company filed a prospectus supplement under its effective shelf registration statement on Form S-3 authorizing an At-the-Market ("ATM") offering program for the sale of up to \$30,000,000 of the Company's common stock. Under the ATM Sales Agreement (the "Sales Agreement") with The Benchmark Company, LLC ("Benchmark"), acting as sales agent, the Company may offer and sell shares of its common stock from time to time in transactions that are deemed to be "at-the-market" offerings as defined in Rule 415(a)(4) of the Securities Act of 1933, as amended. Benchmark is entitled to compensation at a rate of 2.5% of the gross proceeds from each sale of common stock under the Sales Agreement. The Company has also agreed to provide customary indemnification and contribution to Benchmark with respect to certain liabilities, including liabilities under the Securities Act. During the nine months ended September 30, 2025, the Company sold 833,219 shares of common stock under the ATM program for net proceeds of approximately \$5,921,000, after deducting sales commissions and offering costs. As of September 30, 2025, the Company had utilized the full amount permitted under its Form S-3 "baby shelf" limitations, and therefore had no remaining capacity to issue additional shares under the ATM program until such limitations are refreshed or additional availability becomes eligible.

Equity Line of Credit and Derivative

On May 15, 2025, the Company entered into an equity purchase agreement granting it the right, but not the obligation, to sell up to \$10,000,000 of common stock to Lincoln Park Capital Fund, LLC over 24 months, at a discounted purchase price. On June 6, 2025, the Company registered 177,283 shares of common stock that the Company may elect to issue and sell under the ELOC. Additionally, on July 22, 2025, the Company's shareholders voted to approve, for purposes of complying with Nasdaq Listing Rule 5635(d), the potential issuance and sale of up to \$10,000,000 of common stock under the ELOC. Sales under the agreement are solely at the Company's election and subject to various additional limitations, including pricing formulas, volume caps, and ownership percentage restrictions. The contract was concluded to be a purchased put option equity derivative which does not meet the indexation guidance for the scope exception for contracts in a company's own equity under ASC 815-40. As the shares are sold at fair value less a discount the Company has concluded the derivative asset does not have material fair value. During the nine months ended September 30, 2025, the Company issued 177,283 shares of common stock pursuant to the ELOC with Lincoln Park Capital Fund, LLC for net proceeds of \$903,000, with approximately \$9,097,000 remaining available for future issuance. On October 1, 2025, the Company filed a registration statement on Form S-1 covering the offer and sale, from time to time, of up to 1,000,000 shares of common stock to Lincoln Park under the agreement. During the nine months ended September 30, 2025, the Company also issued 22,717 shares of common stock to Lincoln Park Capital Fund, LLC related to a commitment fee under the ELOC.

Shares issued

During the nine months ended September 30, 2025, the Company issued 46,082 shares of common stock upon vesting of Restricted Stock Units ("RSUs") granted by the Company to management and employees, including 7,636 of reissued treasury stock. We withheld 12,541 shares to satisfy approximately \$108,000 of employees' tax obligations during the nine months ended September 30, 2025. We treat shares of common stock withheld for tax purposes on behalf of our employees in connection with the vesting of RSUs in a similar manner as common stock repurchases and reported as treasury stock.

During the nine months ended September 30, 2025, the Company issued 5,017 shares of common stock upon vesting of RSUs granted to Board members and 4,568 shares of common stock to Board members related to director fees.

During the nine months ended September 30, 2025, the Company issued 22,717 shares of common stock to Lincoln Park Capital Fund, LLC related to broker fees.

During the nine months ended September 30, 2024, the Company issued 12,986 shares of common stock upon vesting of Restricted Stock Units ("RSUs") granted by the Company to management and employees, including 4,426 of reissued treasury stock. We withheld 5,225 shares to satisfy approximately \$552,000 of employees' tax obligations during the nine months ended September 30, 2024. We treat shares of common stock withheld for tax purposes on behalf of our employees in connection with the vesting of RSUs in a similar manner as common stock repurchases and reported as treasury stock.

During the nine months ended September 30, 2024, the Company issued 2,011 shares of common stock for consulting services.

During the nine months ended September 30, 2024, the Company issued 733 shares of common stock upon vesting of RSUs granted to Board members.

During the nine months ended September 30, 2024, the Company issued 660 shares of common stock to a former employee related to a severance agreement.

During the nine months ended September 30, 2024, the Company issued 344 shares of common stock pursuant to the employee stock purchase plan.

During the nine months ended September 30, 2024, the Company issued 517 shares of common stock to Board members related to director fees.

During the nine months ended September 30, 2024, the Company issued 30,605 shares of common stock pursuant to the at the market issuance sales agreement for net proceeds of \$2,820,000.

In May 2024, the Company completed a public offering of 100,625 shares of its common stock at the public offering price of \$78 per share. In connection with the sale of common stock, the Company issued warrants to purchase shares of common stock at the rate of one warrant for every share of purchased common stock, at the offering price of \$2 per warrant. After the deduction of the underwriter's discount and expenses payable by us, we received net proceeds of \$7,306,000. The Company used the relative fair value method to allocate the net proceeds of approximately \$7,306,000 between the common stock and the warrants. As presented below, the Company recorded the fair value of the warrants of \$3,081,000 and common stock of \$4,225,000.

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Warrant issued

In connection with the above-described May 2024 public offering, the Company issued a warrant to purchase 3,912 shares of the Company's common stock to the underwriter of the Company's public offering, equal to 2% of the shares and the number of shares underlying the warrants sold in the offering, for relative fair value of \$0.1 million. The warrants are exercisable at \$97.50 per share on the closing date, May 14, 2024. The warrants have an expiration date of 5 years from the date of issuance and will expire on May 14, 2029. The relative fair value of the warrants was recorded in the condensed consolidated balance sheet in additional paid-in capital in stockholders' equity as the warrants are indexed to the Company's common stock and meet the conditions for equity classification.

In May 2024, in conjunction with the Company's public offering, the Company issued a warrant to purchase up to 100,625 shares of the Company's common stock, for the relative fair value of \$3 million. The warrants are exercisable at \$78 per share. The warrants have an expiration date of 5 years from the date of issuance and will expire on May 14, 2029. The relative fair value of the warrants was recorded in the condensed consolidated balance sheet in additional paid-in capital in stockholders' equity as the warrants are indexed to the Company's common stock and meet the conditions for equity classification.

Stock-based compensation

The stock-based compensation expense was allocated as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Plant operations	\$ 7	\$ 28	\$ 20	\$ 213
Research and development cost	30	6	99	42
General and administrative expense	415	604	1,380	1,908
Total	<u>\$ 452</u>	<u>\$ 638</u>	<u>\$ 1,499</u>	<u>\$ 2,163</u>

2019 Stock Incentive Plan

In 2019, our board of directors adopted the Aqua Metals, Inc. 2019 Stock Incentive Plan (the "2019 Plan"). On May 23, 2024, 47,500 shares of common stock were authorized and added to the plan. A total of 140,000 shares of common stock was authorized for issuance pursuant to the 2019 Plan. Subsequently, on July 22, 2025, 260,000 shares of common stock were authorized and added to the plan, bringing the total shares authorized for issuance under the 2019 Plan to 400,000 shares. The 2019 Plan provides for the following types of stock-based awards: incentive stock options; non-statutory stock options; restricted stock; restricted stock units, or RSUs; and performance stock units, or PSUs. The 2019 Plan, under which options may be granted to employees and directors under incentive and non-statutory agreements, requires that the option price may not be less than the fair value of the stock at the date the option is granted. Option awards are exercisable until their expiration, which may not exceed 10 years from the grant date.

	Number of Shares Available for Grant	Number of PSUs Outstanding	Number of RSUs Outstanding
Balances, December 31, 2024	(23,244)	18,018	87,410
Authorized	260,000	—	—
Granted	(162,248)	—	162,248
Released	—	—	(55,667)
Forfeited	27,407	—	(27,407)
Returned to Plan	12,541	—	—
Balances, September 30, 2025	<u>114,456</u>	<u>18,018</u>	<u>166,584</u>

Restricted stock units

During the first quarter of 2025, the Company granted 535 RSUs to an employee, all of which were subject to vesting, with a grant date fair value of \$10,000. The shares vest in three equal installments over a three-year period.

On October 3, 2024, the Company approved a supplemental retention program designed to retain business-critical resources essential to ongoing operations and strategic initiatives. Participation in the program is contingent upon management achieving specified fundraising targets and subject to the continued service of eligible employees. The program established specific funding tranches tied to cumulative fundraising milestones, which must be achieved on or before March 7, 2025. The grant terms included a fixed dollar, variable share, structure with potential settlement valued from \$0 to \$925,014 dependent upon satisfaction of performance conditions. Once performance conditions are met, the shares to be granted are fixed and subject to an additional six-month service condition. During the first quarter of 2025, the first funding tranche was achieved, triggering the issuance of 11,847 RSUs to qualified employees in accordance with the program's terms. These shares have been granted subject to continued service requirements.

During the first quarter of 2025, the Company granted 2,500 RSUs to an employee, all of which were subject to vesting, with a grant date fair value of \$49,000. The shares vest over a six-month period.

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During the second quarter of 2025, the Company granted 10,204 RSUs to an employee, all of which were subject to vesting, with a grant date fair value of \$100,000. The shares vest in three equal installments over a three-year period.

During the second quarter of 2025, the Company granted 21,739 RSUs all of which were subject to vesting, with a grant date fair value of \$250,000 to Board Members. The shares vest in four equal installments over a twelve-month period.

During the second quarter of 2025, the Company granted 4,567 RSUs to Board Members as compensation for board services. These RSUs vested immediately upon grant and had an aggregate grant-date fair value of \$85,000, which was recognized as stock-based compensation expense in the period.

During the third quarter of 2025, the Company granted 99,606 RSUs to employees, all of which were subject to vesting, with a grant date fair value of \$377,000. The shares vest in three equal installments over a three-year period.

During the third quarter of 2025, the Company granted 11,250 RSUs to an employee, all of which were vested immediately, with a grant date fair value of \$46,350.

13. Commitments and contingencies

We may, from time to time, be party to litigation and subject to claims incident to the ordinary course of business. As we grow, we may become party to an increasing number of litigation matters and claims. The outcome of litigation and claims cannot be predicted with certainty, and the resolution of any future matters could materially affect our future financial position, results of operations or cash flows. We are not party to any legal proceedings that, if determined adversely to us, would individually or taken together have a material adverse effect on our business, results of operations, financial condition or cash flows.

In October 2021, we filed an action against Johnson Controls Fire Protections, LP (“Defendant”) relating to its involvement in the November 2019 fire at our former TRIC facility (Aqua Metals, Inc., et. al v. Johnson Controls Fire Protections, LP, Second Judicial District of the State of Nevada CV21-01891). Our complaint alleged Defendant’s liability for a portion of the fire loss based on Defendant’s negligence, breach of contract and other causes of action in connection with Defendant’s failure to properly inspect, maintain and repair the fire suppression system in the TRIC facility. On March 25, 2025, the Court dismissed our complaint in response to a motion for summary judgment filed by Defendant. On May 12, 2025, Defendant filed a Memorandum for Costs seeking approximately \$300,000 in litigation-related costs and on May 29, 2025, Defendant filed a motion to recover its attorney’s fees and costs in the aggregate approximate amount of \$3.5 million, including approximately \$300,000 of costs (the same costs identified in Defendant’s Memorandum of Costs) and approximately \$3.2 million of legal fees. While it is reasonably possible that a future loss may be incurred, we believe that we have a strong defense to Defendant’s claim for recovery of fees and costs, especially with regard to Defendant’s claim for legal fees, and we intend to vigorously defend against Defendant’s motion. However, should Defendant be successful in obtaining an award for all or a substantial portion of the requested amount, we may be unable to satisfy any such award without raising additional capital either through the issuance of our equity or debt securities or and/or liquidation of some or all of our assets. We have not recorded any liability related to this matter in the condensed consolidated balance sheet as of September 30, 2025.

14. Segment reporting

Aqua Metals, Inc. has one operating segment: sustainable metals recycling. The Company’s operations are focused on the development and commercialization of AquaRefining technology for the clean and efficient recovery of valuable metals from lead-acid and lithium-ion batteries. The Company’s chief operating decision maker (“CODM”) is the Chief Executive Officer. The CODM evaluates financial performance at a consolidated, entity-wide level and does not assess operating results by individual business unit or product line. Financial results are reviewed in line with the Company’s condensed consolidated financials, and resource allocation decisions are made based on overall Company performance.

The CODM assesses performance for the segment based on net loss, which is reported on the statement of operations as net loss. The measure of segment assets is reported on the balance sheet as total assets. Significant expenses within net loss, include plant operations, research and development cost, impairment expense, loss (gain) on disposal of property, plant and equipment, and general and administrative expenses, which are each separately presented on the Company’s Condensed Consolidated Statements of Operations.

15. Employee Retention Credit

The Coronavirus Aid, Relief, and Economic Security (CARES) Act provided an employee retention tax credit to certain employers that either (1) fully or partially suspend operations because of government orders associated with COVID-19 or (2) experience a substantial decline in income but continue to pay employees their wages. The credit is equal to 50% of qualified wages paid in 2020, up to a maximum of \$10,000 in qualified wages per employee for the year, and 70% of qualified wages paid in 2021 (through the third quarter), up to a maximum of \$10,000 in qualified wages per employee per quarter and can be applied against payroll taxes, with any excess tax credit eligible for a cash refund. The Company’s policy is to recognize these credits based on ASC 450-30, Gain Contingencies, when all uncertainties are resolved, and the income is realized. During the nine months ended September 30, 2025, the Company recorded government grant income of \$643,000, related to the employee retention credit, and interest income \$99,000. These amounts are presented within interest and other income on the Condensed Consolidated Statements of Operations.

16. Subsequent events

On October 15, 2025, the Company entered into a Securities Purchase Agreement with an institutional investor pursuant to which it agreed to issue and sell, in a registered direct offering, (a) 205,213 shares of common stock at an offering price of \$11.34 per share and (b) 928,581 pre-funded warrants at an offering price of \$11.339 per warrant, for aggregate net proceeds of approximately \$12,000,000. In a concurrent private placement, the Company also sold 1,133,794 common stock purchase warrants at an offering price of \$0.125 per warrant, with each warrant exercisable for one share of common stock at an exercise price of \$11.34 per share. The offering closed on October 16, 2025. The Pre-Funded Warrants are immediately exercisable at \$0.001 per share until exercised in full. The Private Placement Warrants are exercisable upon issuance, may be exercised on a cashless basis under certain circumstances, and expire five years from the date of issuance. The Company intends to use the net proceeds from the offering for working capital and general corporate purposes.

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

Cautionary Statement

The following discussion and analysis should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes thereto contained elsewhere in this report. The information contained in this quarterly report on Form 10-Q is not a complete description of our business or the risks associated with an investment in our common stock. We urge you to carefully review and consider the various disclosures made by us in this report and in our other filings with the Securities and Exchange Commission, or SEC, including our Annual Report on Form 10-K for the year ended December 31, 2024 filed with the SEC on March 31, 2025, or our 2024 Annual Report.

In this report we make, and from time to time we otherwise make written and oral statements regarding our business and prospects, such as projections of future performance, statements of management's plans and objectives, forecasts of market trends, and other matters that are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Statements containing the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimates," "projects," "believes," "expects," "anticipates," "intends," "target," "goal," "plans," "objective," "should" or similar expressions identify forward-looking statements, which may appear in our documents, reports, filings with the SEC, and news releases, and in written or oral presentations made by officers or other representatives to analysts, stockholders, investors, news organizations and others, and in discussions with management and other of our representatives.

Our future results, including results related to forward-looking statements, involve a number of risks and uncertainties, including those risks included below in Part II, Item 1 "Risk Factors". No assurance can be given that the results reflected in any forward-looking statements will be achieved. Any forward-looking statement speaks only as of the date on which such statement is made. Our forward-looking statements are based upon assumptions that are sometimes based upon estimates, data, communications and other information from suppliers, government agencies and other sources that may be subject to revision. Except as required by law, we do not undertake any obligation to update or keep current either (i) any forward-looking statement to reflect events or circumstances arising after the date of such statement or (ii) the important factors that could cause our future results to differ materially from historical results or trends, results anticipated or planned by us, or which are reflected from time to time in any forward-looking statement.

Reverse Stock Split

Effective August 4, 2025, the Company effected a one-for-10 reverse stock split of its issued and outstanding common shares. Accordingly, all common share, stock option, per common share and warrant amounts for all periods presented in the condensed consolidated financial statements and notes thereto have been adjusted retroactively to reflect this reverse stock split.

General

Aqua Metals is engaged in the business of applying its commercialized clean, water-based, recycling technology principles to develop cost-efficient recycling solutions for lithium-ion ("Li") batteries. Our recycling process is a hydro and electrometallurgical technology that is an innovative, proprietary and patented process we developed and named AquaRefining. AquaRefining is a low-emissions, closed-loop recycling technology that has the potential to replace polluting furnaces and hazardous chemicals with electricity-powered chemical regeneration and electroplating to recover valuable metals and materials from spent batteries with higher purity, lower emissions, and with minimal waste. The modular "Aqualyzers" cleanly generate ultra-pure metal one atom at a time, closing the sustainability loop for the rapidly growing energy storage economy.

This breakthrough technology was initially applied in the lead acid battery (LAB) recycling industry, building the first integrated recycling system for breaking LAB and recovering pure metal. In 2019, we operated our demonstration AquaRefinery at commercial quantity production levels and produced over 35,000 AquaRefined' ingots operating twenty-four hours a day, seven days a week for sustained periods of time.

Since 2021, the Company has focused on applying our commercialized clean, water-based recycling technology principles with the goal of developing the cleanest and most cost-efficient recycling solution for lithium-ion batteries. We believe our process has the potential to produce higher quality products at a lower operating cost without the damaging effects of furnaces and traditional hydro processes and greenhouse emissions.

In February 2021, we announced our entry into the lithium-ion battery (LiB) recycling market through a key provisional patent we filed that applies the same innovative AquaRefining approach. In August 2021, we announced we had established our Innovation Center in TRIC focused on applying our proven technology to LiB recycling research and development and prototyping. Our strategic decision to apply our proven clean, closed-loop hydrometallurgical and electrochemical recycling experience to lithium-ion battery recycling is designed to meet the growing demand for critical metals driven by the global transition to electric vehicles; growth in internet data centers; and alternative energy applications including solar, wind, and grid-scale storage.

During the first half of 2022, we announced our ability to recover copper, lithium hydroxide, nickel, and cobalt from lithium-ion battery 'black mass' at bench scale at the Company's Innovation Center. During 2022, we built our fully-integrated pilot system, located within the Company's Innovation Center, which is designed to allow Aqua Metals to be the first company in North America to recycle battery minerals from black mass, sell them in the U.S. and position the Company as the first LiB recycler in North America to align with the U.S. government's goal of retaining strategic battery minerals within the domestic supply chain.

During 2022, we conducted environmental comparisons based on Argonne National Lab's modeling of lithium battery supply chains – called EverBatt. The initial results indicate that AquaRefining is a cleaner approach to LiB recycling, producing far less CO₂ waste streams than smelting or chemical-driven hydrometallurgical processes currently on the market. In December 2022, we completed equipment installation and began to operate our first-of-a-kind LiB recycling facility, utilizing electricity as the catalyst to recycle instead of intensive chemical processes, fossil fuels, or high-temperature furnaces. In January 2023, Aqua Metals recovered its first metals from recycling lithium batteries using the patent-pending Li AquaRefining process.

AQUA METALS, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

In February 2023, we acquired a five-acre parcel of land with an existing building to begin development of our Li AquaRefining recycling campus at TRIC. During the second quarter of 2025, we sold the Sierra ARC property. The action retired all debt, added cash to the balance sheet and reduced holding costs. The company will now evaluate more cost-efficient locations for future development. We are working closely with prospective strategic materials and financial partners to explore co-location opportunities near feedstock and offtake sources, which could lower capital expenditures and future operating expenses.

In February 2025, the Company announced its expanded vision to more than double the output of lithium carbonate by deferring the plating of nickel and cobalt to metal form until the next phase. This allows for several improvements to the early years of scaling – reduced capital expenditures by simplifying the product set to lithium carbonate and MHP (Mixed Hydroxide Precipitates), more volume of product due to the simplification, further de-risk with the simplified product set, more revenue and overall operating margins with a much improved payback on remaining capital to be financed. The Company continues to seek the funding to build its first commercial plant.

During the third quarter of 2025, the Company expanded its feedstock diversification strategy by extending its proprietary AquaRefining™ technology to evaluate polymetallic deep-sea nodules as an additional potential source of critical minerals. In September 2025, the Company announced the signing of a Memorandum of Understanding (“MOU”) with Impossible Metals Inc. to collaborate on the development of a domestic, environmentally responsible supply chain for essential minerals—including nickel, cobalt, copper, manganese, and rare earth elements—recovered from deep-sea nodules and refined through the AquaRefining™ process.

In November 2025, the Company further broadened its collaboration framework by entering into an MOU with MOBY Robotics Inc. to explore the use of robotic harvesting and precision sorting of nodules and to conduct bench-scale testing of AquaRefining™ for these materials. These initiatives remain exploratory and are intended to assess the technical and economic feasibility of applying the Company’s clean, water-based recycling process to nodule-derived feedstocks.

During the nine months ended September 30, 2025, we issued 833,219 shares of common stock pursuant to an at the market, or ATM, sales agreement for net proceeds of \$5,921,000, and 177,283 shares of common stock pursuant to the equity-line-of-credit purchase agreement, or ELOC for the net proceeds of \$903,000. On October 16, 2025, we closed a registered direct offering of 205,213 shares of common stock at an offering price of \$11.34 per share and 928,581 pre-funded warrants at an offering price of \$11.339 per pre-funded warrant. In a concurrent private placement, we also sold 1,133,794 common stock purchase warrants at an offering price of \$0.125 per warrant, with each warrant exercisable over a five year period for one share of common stock at an exercise price of \$11.34 per share. After the deduction of the placement and legal fees payable by us, the aggregate net proceeds from the registered direct offering and warrant placement were approximately \$12,000,000.

During the year ended December 31, 2024, we issued 119,503 shares of common stock pursuant to the ATM facility for net proceeds of \$5,014,000. In May 2024, we completed a public offering of 100,625 shares of our common stock, at the public offering price of \$78 per share. In connection with the sale of common stock, we issued warrants to purchase shares of common stock at the rate of one warrant for every share of purchased common stock, at the price of \$2 per share. After the deduction of the underwriter’s discount and expenses payable by us, we received net proceeds of \$7,306,000.

Our current focus is building and operating our first-of-a-kind lithium battery recycling facility, utilizing electricity to recycle instead of intensive chemical processes, fossil fuels, or high-temperature furnaces. We are also pursuing potential partnership and/or joint ventures agreements and licensing agreements, particularly as our Li AquaRefining continues to develop and improve. We believe that Aqua Metals is in a position to become one of the few critical minerals recovery players for which our environmental and economic value proposition should generate both great commercial wins and potentially government grants to accelerate our credibility and progress.

Effective November 5, 2024, we effected a one-for-20 reverse stock split of our issued and outstanding common shares. Subsequently, on August 4, 2025, we effected a one-for-10 reverse stock split of our issued and outstanding common shares. All share and share price information set forth in this report has been adjusted retrospectively to reflect these reverse stock splits.

Plan of Operations

Our business strategy is based on the pursuit of building, operating and licensing Li AquaRefining recycling capacity to meet the growing demand for critical battery metals in lithium-ion batteries driven by innovations in automobile batteries, growth in internet data centers being rapidly accelerated by artificial intelligence (AI), and alternative energy applications, including solar, wind, and grid-scale storage.

We are in the process of demonstrating that Li AquaRefining, which is fundamentally non-polluting, can create the highest quality and highest yields of recovered minerals from lithium-ion batteries with lower waste streams and lower costs than existing alternatives. Throughout 2023 and 2024, we have demonstrated at our pilot facility our ability to recover key valuable minerals in lithium-ion batteries, such as lithium hydroxide or lithium carbonate, copper, nickel, cobalt, and other compounds. These demonstrations ran for 24 hours x 5 days a week for many weeks in 2024 and an extended 24 hours x 7 days a week endurance run in November-December of 2024 that produced the results the Company believes makes the process commercial scale ready. Our next goal for lithium AquaRefining is to process commercial quantities of nickel, cobalt, and copper in a pure metal form that can be sold to the general metals and superalloy markets and can be made into battery precursor compound materials with known processes already used in the mining industry. The location for the pilot demonstration facility is in our Innovation Center in Tahoe-Reno Industrial Center. Our next phase is constructing our first commercial ARC and we are actively working with multiple potential supply, off-take, and funding partners to determine the optimal timing and location. The construction of the first commercial facility is subject to our receipt of additional financing.

Our focus for the critical battery minerals market includes operating our first-of-a-kind lithium battery recycling facility, utilizing electricity to recycle instead of traditional approaches involving intensive and dangerous and expensive one time use chemical processes, fossil fuels, or high-temperature furnaces which also produce very large gas (CO2) and solid (sodium sulfate) waste streams our process avoids. Because of the cost savings (labor, chemical, waste streams, footprint), the Company believes it is the low cost producer giving a material economic advantage to lithium AquaRefining compared to other processes. We are also exploring partnership and/or joint venture agreements, particularly as our Li AquaRefining matures. We believe that Aqua Metals is in a position to become one of the few critical minerals recovery players for which our environmental and economic value proposition should generate both great commercial wins and potentially government grants and support to accelerate our expansion and progress.

AQUA METALS, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Results of Operations

We did not engage in commercial operations in 2025 or 2024. Our operations have been devoted to developing our Li AquaRefining battery recycling technology. During the nine months ended September 30, 2025, we focused on the continued operation of the pilot facility and advancing the underlying processes that support our recycling capabilities. We did not earn any revenue during the three and nine months ended September 30, 2025 and 2024. The following table summarizes our results of operations with respect to the items set forth below for the three and nine months ended September 30, 2025 and 2024 together with the dollar and percentage changes in those items (in thousands).

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2025	2024	Favorable (Unfavorable)	% Change	2025	2024	Favorable (Unfavorable)	% Change
Plant operations	\$ 576	\$ 1,617	\$ 1,041	(64.4)%	\$ 2,076	\$ 6,198	\$ 4,122	(66.5)%
Research and development cost	328	398	70	(17.6)%	960	1,349	389	(28.8)%
Impairment and loss on disposal of property, plant and equipment	25	448	423	(94.4)%	9,037	448	(8,589)	1917.2%
General and administrative expense	2,136	2,748	612	(22.3)%	6,707	9,170	2,463	(26.9)%
Total operating expense	\$ 3,065	\$ 5,211	\$ 2,146	(41.2)%	\$ 18,780	\$ 17,165	\$ (1,615)	9.4%

Plant operations include materials, supplies related costs, salaries and benefits, consulting, outside services costs, inventory adjustments, depreciation, amortization, insurance, travel and overhead costs. Plant operations decreased approximately \$1,041,000, or 64.4%, and \$4,122,000, or 66.5%, for the three and nine months ended September 30, 2025 as compared to the three and nine months ended September 30, 2024. The decrease in plant operations for the three months ended September 30, 2025 was primarily driven by a reduction in payroll and related costs of approximately \$634,000, resulting from workforce reductions implemented in August 2024 and continued reductions during the first quarter of 2025. Additionally, professional fees decreased by approximately \$153,000 and supplies, materials, inventory adjustments and other overhead expenses decreased by \$254,000. The decrease in plant operations for the nine month ended September 30, 2025 was primarily due to a decrease in payroll and payroll related fees of approximately \$2,570,000 resulting from workforce reductions, professional fees decreased by approximately \$697,000 and a decrease of \$855,000 in other overhead expenses, including supplies, materials and inventory adjustments. Management does not expect the reduction in force to materially impact its current pilot operations or continuing research and development. However, until additional funding is secured, employee-related and overhead expenses are expected to remain at the reduced levels throughout the remainder of 2025.

Research and development cost includes expenditures related to the continued enhancement of the AquaRefining technology and the development of our lithium-ion battery recycling process. During the three months ended September 30, 2025, research and development expenses decreased \$70,000, or approximately 17.6%, compared to the three months ended September 30, 2024, and \$389,000, or approximately 28.8%, for the nine months ended September 30, 2025 compared to the nine months ended September 30, 2024. This decrease over the nine months ended September 30, 2025 compared to the nine months ended September 30, 2024 was primarily due to lower payroll and related costs of approximately \$297,000, as well as a reduction in supplies, materials, and other overhead expenses of approximately \$116,000 offset by an increase in professional fees of approximately \$24,000.

For the three and nine months ended September 30, 2025, we recognized a non-cash impairment and loss on disposal of property, plant and equipment of \$25,000 and \$9,037,000, respectively, in connection with the sale of the facility located at TRIC and related equipment. During the three and nine months ended September 30, 2024, we recognized a loss on disposal of property, plant and equipment of \$448,000.

General and administrative expense decreased \$612,000, or approximately 22.3%, for the three months ended September 30, 2025 compared to the three months ended September 30, 2024 and \$2,463,000, or approximately 26.9%, for the nine months ended September 30, 2025 compared to the nine months ended September 30, 2024. The decrease for the three months ended September 30, 2025 was primarily due to a reduction in payroll and related costs of approximately \$366,000 due to workforce reductions and restructuring and \$277,000 decrease in professional fees offset by an increase of approximately \$31,000 in other overhead expenses. The decrease for the nine month ended September 30, 2025, was primarily attributable to a reduction in payroll and related expenses of approximately \$1,960,000 due to workforce reductions, a \$47,000 decrease in director fees, a \$459,000 decrease in professional fees offset by an increase of \$3,000 in other overhead expenses.

The following table summarizes our other income and interest expense for the three and nine months ended September 30, 2025 and 2024 together with the dollar and percentage changes in those items (in thousands).

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2025	2024	Favorable (Unfavorable)	% Change	2025	2024	Favorable (Unfavorable)	% Change
Interest expense	\$ (12)	\$ (83)	\$ 71	(85.5)%	\$ (659)	\$ (273)	\$ (386)	141.4%
Loss on extinguishment of debt	—	—	—	0.0%	(825)	—	(825)	(100.0)%
Interest and other income	28	84	(56)	(66.7)%	805	329	476	144.7%
Change in fair value of warrant liability	(72)	—	(72)	(100.0)%	1,255	—	1,255	100.0%
Total other income, net	\$ (56)	\$ 1	\$ (57)	(5700.0)%	\$ 576	\$ 56	\$ 520	928.6%

The decrease in interest expense for the three months ended September 30, 2025, is due to the decrease in the notes payable outstanding balance. The increase in interest expense for the nine months ended September 30, 2025, is due to the increase in the notes payable outstanding balance and an increase in the amortization of the related debt discount.

AQUA METALS, INC.
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(Unaudited)

On May 5, 2025, the Company repaid its \$1,500,000 bridge loan prior to the December 31, 2025 maturity. As part of the agreement, the Company was required to pay a guaranteed interest amount of \$300,000 regardless of early repayment. For the nine months ended September 30, 2025, the Company recognized \$435,000 in interest expense (including amortization of issuance costs), and recorded a \$825,000 loss on extinguishment of debt related to the write-off of unamortized financing costs and the remaining unaccrued portion of the guaranteed interest.

We recognized approximately \$28,000 and \$805,000 in interest and other income during the three and nine months ended September 30, 2025, a decrease of \$56,000 for the three months ended September 30, 2025 and an increase of \$476,000 for the nine months ended September 30, 2025. The increase was primarily driven by the approval of a payroll tax employee retention credit during the first six months of the 2025.

For the three and nine months ended September 30, 2025, the Company recognized a change in fair value of warrant liability of \$72,000 and \$1,255,000, which was primarily due to the remeasurement of the warrants issued in December 2024.

Liquidity and Capital Resources

As of September 30, 2025, we had cash and cash equivalents of approximately \$3,586,000, current liabilities of \$3,459,000 and a working capital of approximately \$508,000. However, on October 16, 2025, we closed a registered direct offering of 205,213 shares of common stock at an offering price of \$11.34 per share and 928,581 pre-funded warrants at an offering price of \$11.339 per pre-funded warrant. In a concurrent private placement, we also sold 1,133,794 common stock purchase warrants at an offering price of \$0.125 per warrant, with each warrant exercisable over a five year period for one share of common stock at an exercise price of \$11.34 per share. After the deduction of the placement and legal fees payable by us, the aggregate net proceeds from the registered direct offering and warrant placement were approximately \$12,000,000. The Company has not generated revenues from commercial operations and expects to continue incurring losses for the foreseeable future. In order to satisfy our capital requirements, the Company will need to improve its liquidity position through equity or debt financings and/or reductions in operating costs, in order to satisfy its liquidity needs. Management is devoting significant efforts to increasing liquidity, raising capital and developing its business.

Even after giving effect to the October 2025 registered direct offering and concurrent warrant placement, management believes that the Company's capital resources remain insufficient to sustain operations through at least the next twelve months from the date of this filing. Additionally, in view of the Company's expectation to incur significant losses for the foreseeable future, and its current working capital level, it will be required to raise additional capital resources in order to fund its operations, although the availability of, and the Company's access to such resources, is not assured. Accordingly, management believes that there is substantial doubt regarding the Company's ability to continue operating as a going concern through the next twelve months from the date of this filing.

Looking ahead, Aqua Metals plans to continue pilot operations, advance site selection and permitting for its first commercial AquaRefining facility and pursue additional strategic partnerships and grant opportunities to accelerate commercialization. Management believes the Company's validated technology, new capital resources, and expanding partner ecosystem position Aqua Metals to play a key role in building a resilient, low-carbon domestic supply chain for critical minerals.

The following table summarizes our cash provided by (used in) operating, investing and financing activities (in thousands):

	Nine Months Ended September 30,	
	2025	2024
Net cash used in operating activities	\$ (7,648)	\$ (11,637)
Net cash provided by (used in) investing activities	\$ 4,971	\$ (11,062)
Net cash provided by financing activities	\$ 2,184	\$ 9,127

Net cash used in operating activities

Net cash used in operating activities for the nine months ended September 30, 2025 and nine months ended September 30, 2024 was \$7,648,000 and \$11,637,000, respectively. Net cash used in operating activities during each of these periods consisted primarily of our net loss adjusted for non-cash items such as depreciation, amortization, amortization of deferred financing costs, loss on extinguishment of debt, stock-based compensation, impairment and loss on disposal of property, plant and equipment, as well as net changes in working capital. During the nine months ended September 30, 2025, we recognized approximately \$9,037,000 expense for impairment and loss on disposal of property, plant, and equipment related to the sale of the facility located at TRIC.

Net cash provided by (used in) investing activities

Net cash provided by investing activities for the nine months ended September 30, 2025 was \$4,971,000 and consisted mainly of \$4,382,000 cash received from the sale of the building and equipment, \$1,141,000 from equipment deposits, the payment of our \$100,000 related to our note receivable, offset by cash utilized towards equipment deposits of \$231,000 and purchases of fixed assets of \$421,000. Net cash used in investing activities for the nine months ended September 30, 2024 was \$11,062,000 and consisted mainly of cash utilized towards equipment deposits of \$3,975,000 and purchases of fixed assets related to the build out of our commercial facility of \$7,452,000, offset by \$350,000 of cash received related to our note receivable.

Net cash provided by financing activities

Net cash provided by financing activities was \$2,184,000 for the nine months ended September 30, 2025, consisting of \$5,921,000 in net proceeds from the sale of Aqua Metals shares pursuant to the at-the-market offering, or ATM, and \$903,000 of net proceeds from the sale of Aqua Metals shares pursuant to the equity-line-of-credit purchase agreement, or ELOC, with Lincoln Park Capital Fund, LLC offset by \$108,000 related to tax withholdings to cover RSU vesting and \$4,500,000 principal payments on notes payable. Net cash provided by financing activities of \$9,127,000 for the nine months ended September 30, 2024 consisted of \$2,820,000 in net proceeds from the sale of Aqua Metals shares pursuant to the at-the-market offering, or ATM, and \$7,306,000 in net proceeds from our May 2024 public offering, offset by \$552,000 related to tax withholdings to cover RSU vesting and \$424,000 related to debt issuance costs.

AQUA METALS, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Critical Accounting Estimates

No material changes from what was reported in the 2024 Annual Report.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not applicable.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15 of the Securities Exchange Act of 1934. Based on that evaluation, management, including our chief executive officer and chief financial officer, concluded that our disclosure controls and procedures were effective as of September 30, 2025.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the three month period ended September 30, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

AQUA METALS, INC.
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PART II - OTHER INFORMATION

Item 1A. Risk Factors

Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2024 includes certain risk factors that could materially affect our business, financial condition or future results. There have been no material changes to those risk factors, except as described below:

We will need additional financing to execute our business plan and fund operations, which additional financing may not be available on reasonable terms or at all. As of September 30, 2025, we had cash and cash equivalents of approximately \$3,586,000, current liabilities of \$3,459,000 and a working capital of \$508,000. As of the date of this report and after giving effect to the October 2025 registered direct offering and concurrent warrant placement for the gross proceeds of approximately \$13,000,000, we believe that we will require additional capital in order to fund our current level of ongoing costs and our proposed business plan over the next 12 months as we move forward with our business strategy. We intend to acquire the necessary capital through debt financing, sale of assets or through the sale of equity. Funding that includes the sale of our equity may be dilutive. If such funding is not available on satisfactory terms, we may be unable to further pursue our business plan and we may be unable to continue operations, in which case you may lose your entire investment.

The report of our independent registered public accounting firm for the year ended December 31, 2024 states that there is substantial doubt about our ability to continue as a going concern within one year after the date that the financial statements are issued.

We are the subject of a claim that could have a material adverse effect on our financial condition. In October 2021, we filed an action against Johnson Controls Fire Protections, LP (“Defendant”) relating to its involvement in the November 2019 fire at our former TRIC facility (Aqua Metals, Inc., et. al v. Johnson Controls Fire Protections, LP, Second Judicial District of the State of Nevada CV21-01891). Our complaint alleged Defendant’s liability for a portion of the fire loss based on Defendant’s negligence, breach of contract and other causes of action in connection with Defendant’s failure to properly inspect, maintain and repair the fire suppression system in the TRIC facility. On March 25, 2025, the Court dismissed our complaint in response to a motion for summary judgment filed by Defendant. On May 12, 2025, Defendant filed a Memorandum for Costs seeking approximately \$300,000 in litigation-related costs and on May 29, 2025, Defendant filed a motion to recover its attorney’s fees and costs in the aggregate approximate amount of \$3.5 million, including approximately \$300,000 of costs (the same costs identified in Defendant’s Memorandum of Costs) and approximately \$3.2 million of legal fees. We believe that we have a strong defense to Defendant’s claim for recovery of fees and costs, especially with regard to Defendant’s claim for legal fees, and we intend to vigorously defend against Defendant’s motion. However, should Defendant be successful in obtaining an award for all or a substantial portion of the requested amount, we may be unable to satisfy any such award without raising additional capital either through the issuance of our equity or debt securities or and/or liquidation of some or all of our assets. There can be no assurance that Defendant’s motion for fees and costs will not have a material adverse effect on our financial condition.

Item 5 Other Information

During the quarter ended September 30, 2025, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

AQUA METALS, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Item 6. Exhibits

Exhibit No.	Description	Method of Filing
3.1	First Amended and Restated Certificate of Incorporation of the Registrant	Incorporated by reference from the Registrant's Registration Statement on Form S-1 filed on June 9, 2015.
3.2	Third Amended and Restated Bylaws of the Registrant	Incorporated by reference from the Registrant's Current Report on Form 8-K filed on January 21, 2022.
3.3	Certificate of Amendment to First Amended and Restated Certificate of Incorporation of the Registrant	Incorporated by reference from the Registrant's Registration Statement on Form S-1 filed on June 25, 2015.
3.4	Certificate of Amendment to the First Amended and Restated Certificate of Incorporation	Incorporated by reference from the Registrant's Quarterly Report on Form 10-Q filed on May 9, 2019
3.5	Certificate of Amendment to the First Amended and Restated Certificate of Incorporation	Incorporated by reference from the Registrant's Quarterly Report on Form 10-Q filed on July 21, 2022
3.6	Certificate of Amendment to the First Amended and Restated Certificate of Incorporation	Incorporated by reference from the Registrant's Quarterly Report on Form 10-Q filed on August 13, 2025
4.1	Form of October 2025 Pre-Funded Warrant	Incorporated by reference from the Registrant's Current Report on Form 8-K filed on October 16, 2025
4.2	Form of October 2025 Common Stock Purchase Warrant	Incorporated by reference from the Registrant's Current Report on Form 8-K filed on October 16, 2025
10.1	Securities Purchase Agreement, dated as of October 15, 2025, by and between Aqua Metals, Inc. and the Investor	Incorporated by reference from the Registrant's Current Report on Form 8-K filed on October 16, 2025
31.1	Certifications Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed electronically herewith
31.2	Certifications Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed electronically herewith
32.1	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)	Filed electronically herewith
101.INS	Inline XBRL Instance Document	Filed electronically herewith
101.SCH	Inline XBRL Taxonomy Extension Schema Document	Filed electronically herewith
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	Filed electronically herewith
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	Filed electronically herewith
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	Filed electronically herewith
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	Filed electronically herewith
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).	

AQUA METALS, INC.
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(Unaudited)

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AQUA METALS, INC.

Date: November 12, 2025

By: /s/ Stephen Cotton

Stephen Cotton,
President, Chief Executive Officer and Director
(Principal Executive Officer)

Date: November 12, 2025

By: /s/ Eric West

Eric West,
Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

Section 302 Certification

I, Stephen Cotton, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Aqua Metals, Inc.;
- 2) Based on my knowledge, this quarterly 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 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 fiscal quarter presented in this 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 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 data 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: November 12, 2025

By: /s/ Stephen Cotton
Stephen Cotton, President and CEO
(Principal Executive Officer)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

Section 302 Certification

I, Eric West, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Aqua Metals, Inc.;
- 2) Based on my knowledge, this quarterly 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 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 fiscal quarter presented in this 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 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 data 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: November 12, 2025

By: /s/ Eric West
Eric West, CFO (Principal Financial Officer)

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Aqua Metals, Inc. (the “Company”) on Form 10-Q for the quarterly period ended September 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), we, Stephen Cotton, President and CEO, and Eric West, CFO, of the Company, 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) 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 result of operations of the Company.

By: /s/ Stephen Cotton Dated: November 12, 2025
Stephen Cotton
Title: President and CEO (Principal Executive Officer)

By: /s/ Eric West Dated: November 12, 2025
Eric West
Title: CFO (Principal Financial Officer)

This certification is made solely for the purposes of 18 U.S.C. Section 1350, subject to the knowledge standard contained therein, and not for any other purpose.