
**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 March 31, 2026

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 <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input checked="" type="checkbox"/>
	Emerging Growth Company <input type="checkbox"/>

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 May 8, 2026, there were 3,362,006 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)

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 6,816	\$ 10,810
Note receivable - LION ENERGY, net	3,663	2,069
Interest receivable - LION ENERGY	60	—
Inventory	244	244
Prepaid expenses and other current assets	313	282
Total current assets	<u>11,096</u>	<u>13,405</u>
Non-current assets		
Property and equipment, net	5,566	5,763
Intellectual property, net	61	76
Other assets	397	462
Total non-current assets	<u>6,024</u>	<u>6,301</u>
Total assets	<u>\$ 17,120</u>	<u>\$ 19,706</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities		
Accounts payable	\$ 839	\$ 547
Accrued expenses	2,457	3,570
Lease liability, current portion	321	311
Total current liabilities	<u>3,617</u>	<u>4,428</u>
Non-current liabilities		
Lease liability, non-current portion	197	281
Warrant liability	180	227
Total liabilities	<u>3,994</u>	<u>4,936</u>
Commitments and contingencies (see Note 13)		
Stockholders' equity		
Common stock; \$0.001 par value; 300,000,000 shares authorized; 3,357,289 and 3,350,604, shares issued and outstanding as of March 31, 2026, respectively and 3,004,898 and 2,999,592 shares issued and outstanding as of December 31, 2025, respectively	3	3
Additional paid-in capital	287,525	285,212
Accumulated deficit	(274,370)	(270,416)
Treasury stock, at cost; common shares: 6,685 and 5,306 as of March 31, 2026 and December 31, 2025, respectively	(32)	(29)
Total stockholders' equity	<u>13,126</u>	<u>14,770</u>
Total liabilities and stockholders' equity	<u>\$ 17,120</u>	<u>\$ 19,706</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 March 31,	
	2026	2025
Operating cost and expense		
Plant operations	\$ 501	\$ 724
Research and development cost	282	336
Impairment and loss on disposal of property, plant and equipment	—	5,247
Provision for credit losses	437	—
General and administrative expense	2,920	2,376
Total operating expense	<u>4,140</u>	<u>8,683</u>
Loss from operations	<u>(4,140)</u>	<u>(8,683)</u>
Other income and (expense)		
Interest expense	(8)	(403)
Interest and other income	149	280
Change in fair value of warrant liability	47	491
Total other income, net	<u>188</u>	<u>368</u>
Loss before income tax expense	(3,952)	(8,315)
Income tax expense	<u>2</u>	<u>—</u>
Net loss	<u>(3,954)</u>	<u>(8,315)</u>
Weighted average shares outstanding, basic and diluted	<u>3,236,557</u>	<u>809,571</u>
Basic and diluted net loss per share	<u>\$ (1.22)</u>	<u>\$ (10.27)</u>

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, December 31, 2025	2,999,592	\$ 3	\$ 285,212	\$ (270,416)	5,306	\$ (29)	\$ 14,770
Stock-based compensation	—	—	450	—	—	—	450
Common stock issued to employees and directors, includes RSUs vesting and withholdings to satisfy tax withholdings on RSUs vesting	20,663	—	(53)	—	1,379	(3)	(56)
Common stock issued for employee stock purchase plan sales	131,569	—	621	—	—	—	621
Common stock issued for ATM share sales, net of \$33 transaction costs	198,780	—	1,295	—	—	—	1,295
Net loss	—	—	—	(3,954)	—	—	(3,954)
Balances, March 31, 2026	<u>3,350,604</u>	<u>\$ 3</u>	<u>\$ 287,525</u>	<u>\$ (274,370)</u>	<u>6,685</u>	<u>\$ (32)</u>	<u>\$ 13,126</u>
Balances, December 31, 2024	773,084	\$ 1	\$ 264,205	\$ (247,770)	2,942	\$ (192)	\$ 16,244
Stock-based compensation	—	—	455	—	—	—	455
Common stock issued to employees and directors, includes RSUs vesting and withholdings to satisfy tax withholdings on RSUs vesting	3,522	—	(192)	—	(294)	125	(67)
Common stock issued for ATM share sales, net of \$34 transaction costs	59,648	—	1,214	—	—	—	1,214
Net loss	—	—	—	(8,315)	—	—	(8,315)
Balances, March 31, 2025	<u>836,254</u>	<u>\$ 1</u>	<u>\$ 265,682</u>	<u>\$ (256,085)</u>	<u>2,648</u>	<u>\$ (67)</u>	<u>\$ 9,531</u>

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)

	Three Months Ended March 31,	
	2026	2025
Cash flows from operating activities:		
Net loss	\$ (3,954)	\$ (8,315)
Reconciliation of net loss to net cash used in operating activities		
Depreciation and ROU asset amortization	261	280
Amortization of intellectual property	15	18
Stock-based compensation	450	701
Change in fair value of warrant liability	(47)	(491)
Amortization of deferred financing costs	—	243
Impairment and loss on disposal of property, plant and equipment	—	5,247
Non-cash interest (income) expense	(60)	74
Non-cash note receivable contribution	(31)	—
Provision for credit losses	437	—
Changes in operating assets and liabilities		
Accounts receivable	—	(128)
Inventory	—	6
Prepaid expenses and other current assets	(31)	(43)
Accounts payable	292	(136)
Accrued expenses	(1,113)	(650)
Other assets and liabilities	(63)	441
Net cash used in operating activities	(3,844)	(2,753)
Cash flows from investing activities:		
Payments for note receivable - LION ENERGY	(2,000)	—
Purchases of property, plant and equipment	—	(289)
Proceeds from note receivable - LINICO	—	100
Proceeds from refund of equipment deposit	—	(186)
Net cash used in investing activities	(2,000)	(375)
Cash flows from financing activities:		
Proceeds from employee stock purchase plan	621	—
Principal payments on notes payable	—	(500)
Principal payments on finance leases	(10)	—
Cash paid cash in lieu of fractional shares reverse split	—	(10)
Cash paid for tax withholdings on RSUs vesting	(56)	(66)
Proceeds from ATM, net	1,295	1,214
Net cash provided by financing activities	1,850	638
Net decrease in cash and cash equivalents	(3,994)	(2,490)
Cash and cash equivalents at beginning of period	10,810	4,079
Cash and cash equivalents at end of period	<u>\$ 6,816</u>	<u>\$ 1,589</u>

	Three Months Ended March 31,	
	2026	2025
Supplemental disclosure of cash flows information		
Cash paid for income taxes	\$ 2	\$ —
Cash paid for interest	\$ 8	\$ 86
Supplemental disclosure of non-cash transactions		
Acquisitions of property, plant and equipment included in accounts payable	\$ —	\$ 181

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 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 three months ended March 31, 2026 and 2025, the Company reported a net loss of \$3,954,000 and \$8,315,000, respectively, and negative cash from operations of \$3,844,000 and \$2,753,000, respectively. As of March 31, 2026, the Company had cash and cash equivalents of approximately \$6,816,000, working capital of approximately \$7,479,000 and an accumulated deficit of \$274,370,000. The decrease in net loss during the three months ended March 31, 2026 was due mainly to a non-cash impairment expense of \$5,247,000 related to construction-in-progress for the facility located at TRIC. The Company has not generated revenues from commercial operations and expects to continue incurring losses for the foreseeable future.

As an additional liquidity source, the Company maintains an At-the-Market (“ATM”) offering program. Under the ATM Sales Agreement with The Benchmark Company, LLC (“Benchmark”), the Company was permitted to offer and sell shares of its common stock, par value \$0.001 per share, from time to time through Benchmark, acting as sales agent, with an aggregate offering price of up to \$30,000,000, later increased to \$50,000,000. 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 three months ended March 31, 2026, the Company sold an aggregate of 198,780 shares of common stock for net proceeds of approximately \$1,295,000, after deducting commissions and offering expenses. As of March 31, 2026, \$48,600,000 remains available for issuance under the ATM program. Further details of the agreement are included in Note 11 – 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. However, pursuant to the securities purchase agreement entered into in connection with the Company’s October 2025 registered direct offering, the Company is restricted from entering into certain variable rate transactions, which limits the Company’s ability to utilize the Lincoln Park facility for a period of twelve months following the closing of that transaction. The Company may issue additional shares under the facility in the future, subject to the terms of the agreement and applicable registration requirements. Further details of the agreement and accounting treatment are included in Note 11 – 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, 2025, and the notes thereto, which are included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2025, as filed with the Securities and Exchange Commission, or the SEC, on March 31, 2026. There have been no material changes in the Company’s significant accounting policies during the three months ended March 31, 2026.

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, 2025, which are included on Form 10-K filed with the Securities and Exchange Commission on March 31, 2026. 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 March 31, 2026, the condensed consolidated statements of operations for the three months ended March 31, 2026 and March 31, 2025, the condensed consolidated statements of stockholders’ equity for the three months ended March 31, 2026 and March 31, 2025 and the condensed consolidated statements of cash flows for the three months ended March 31, 2026 and March 31, 2025, as applicable, have been made. The condensed consolidated balance sheet as of December 31, 2025 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 months ended March 31, 2026 are not necessarily indicative of results that may be expected for the year ending December 31, 2026.

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.

Allowance for credit losses

The Company follows the provisions of Accounting Standards Codification (“ASC”) 326, Financial Instruments - Credit Losses, to estimate expected credit losses for financial assets measured at amortized cost, including notes receivable and participation interests. ASC 326 requires the use of a current expected credit loss (“CECL”) methodology, which requires management to estimate lifetime expected credit losses based on historical experience, current conditions, and reasonable and supportable forecasts.

The Company evaluates collectability by considering available information relevant to the collectability of the asset, including the financial condition of the borrower, underlying collateral values, expected repayment structure, current economic conditions, and other relevant factors. Financial assets are presented net of the allowance for credit losses in the condensed consolidated balance sheets, with changes in the allowance recognized in the condensed consolidated statements of operations. Financial assets are evaluated for expected credit losses on an individual basis when similar risk characteristics do not exist. The Company reassesses the adequacy of the allowance for credit losses at each reporting period and adjusts the allowance as necessary based on changes in facts and circumstances.

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 March 31, 2026 and December 31, 2025, 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 three months ended March 31, as indicated below:

Excluded potentially dilutive weighted average securities (1):	Three Months Ended March 31,	
	2026	2025
Unvested restricted stock units	261,381	20,832
Financing warrants to purchase common stock	1,316,180	182,386
Total potential dilutive weighted average securities	1,577,561	203,218

(1) Securities are presented on a weighted average outstanding calculation as required if the securities were dilutive and adjusted to give effect to the 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 12 - Segment reporting.

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 or 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 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.

In December 2025, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2025-12, Codification Improvements. Among other items, the update includes amendments to Topic 260, Earnings Per Share, which clarify the calculation of diluted earnings per share when an entity reports a loss from continuing operations and has contracts that may be settled in cash or stock and are classified as assets or liabilities. Under the amended guidance, entities are required to evaluate whether including potential common shares would have a dilutive effect by considering the combined impact on both the numerator and denominator of the diluted earnings per share calculation. The amendments in ASU 2025-12 are effective for annual reporting periods beginning after December 15, 2026, including interim periods within those fiscal years, and are required to be applied retrospectively. Early adoption is permitted. The Company is currently evaluating the impact of this ASU and does not expect a material effect on its consolidated financial statements upon adoption.

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

3. Note receivable, net

On December 1, 2025, the Company entered into an agreement with Lion Energy, LLC (“Lion Energy”) pursuant to which the Company provided \$2,069,000 of short-term financing to Lion Energy. Under the arrangement, repayment was due no later than December 30, 2025. As of December 31, 2025, the entire amount remained outstanding and was recorded as a note receivable in the condensed consolidated balance sheet.

On February 6, 2026, the Company entered into a non-binding term sheet contemplating a potential acquisition of Lion Energy and purchased a subordinated participation interest in Lion Energy’s senior secured credit facility, which finances Lion Energy’s working capital needs. Lion Energy was in default under the underlying credit facility as of March 31, 2026. As a result of the default provisions under the underlying revolving credit facility, the participation interest has been classified as a current asset in the accompanying condensed consolidated balance sheet.

In connection with this arrangement, the Company contributed \$2,100,000 which includes the original note receivable balance and approximately \$31,000 of accrued interest and related costs and advanced an additional \$2,000,000 to acquire the participation interest. The participation interest is subordinated to the senior secured lender and is subject to the terms and conditions of the underlying credit facility. The note accrues interest at a rate equal to the adjusted term SOFR rate plus an applicable margin and is subject to increased rates upon the occurrence of an event of default. For the three months ended March 31, 2026, we accrued approximately \$60,000 in interest receivable. On May 11, 2026, we elected to terminate the Lion Energy term sheet, although we continue to pursue discussions with Lion Energy concerning a business combination on different terms. There can be no assurance we will be able to successfully conclude any agreement with Lion Energy.

The Company evaluates the Lion Energy exposure individually due to its borrower-specific credit characteristics. The Company monitors credit quality based on Lion Energy’s operating performance, liquidity, compliance with its senior secured credit facility, collateral coverage, lender priority, and available credit support. The Company estimated expected credit losses using a probability-weighted scenario analysis that considered potential recovery outcomes, expected collateral recoveries, the senior lender’s priority claim, estimated costs to realize collateral, and available credit support. Based on this analysis, the Company recorded an allowance for credit losses of approximately \$437,000 as of March 31, 2026. The estimate is sensitive to changes in assumptions and future developments, including the enforceability of available credit support and recoverability of Lion Energy’s inventory and accounts receivable.

The table below summarizes the allowance for credit loss balance for the three months ended March 31, 2026 (in thousands):

	Amount
Balance as of January 1, 2026	\$ -
Provision for credit losses	437
Balance as of March 31, 2026	\$ 437

4. Inventory

Inventory consisted of the following (in thousands):

	March 31, 2026	December 31, 2025
Raw materials	\$ 244	\$ 244
Total inventory	\$ 244	\$ 244

5. Property and equipment, net

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

Asset Class	Useful Life (Years)	March 31, 2026	December 31, 2025
Operational equipment	3 - 10	\$ 3,456	\$ 3,456
Lab equipment	5	1,031	1,031
Computer equipment	3	107	107
Office furniture and equipment	3	87	87
Leasehold improvements	2.5	80	80
Equipment under construction		3,990	3,990
		8,751	8,751
Less: accumulated depreciation		(3,185)	(2,988)
Total property and equipment, net		\$ 5,566	\$ 5,763

Property and equipment depreciation expense was \$197,000 and \$221,000 for the three months ended March 31, 2026 and March 31, 2025, 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.

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

6. Other assets

Other assets consist of the following (in thousands):

	March 31, 2026	December 31, 2025
Nevada facilities Right of Use Assets (1)	\$ 377	\$ 442
Other assets	20	20
Total other assets, non-current	\$ 397	\$ 462

(1) See Footnote 8.

7. Accrued expenses

Accrued expenses consist of the following (in thousands):

	March 31, 2026	December 31, 2025
Property and equipment related	\$ 560	\$ 560
Payroll related	681	2,060
Professional services	1,153	825
Other	63	125
Total accrued expenses	\$ 2,457	\$ 3,570

8. Leases

As of March 31, 2026, 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 December 9, 2025, 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 9.26%, which resulted in an increase of the ROU asset of \$147,000 and an increase in the operating lease liabilities of \$159,000.

Based on the present value of the lease payments for the remaining lease term of the Company's existing operating leases, as of March 31, 2026, total right-of-use assets were approximately \$377,000, and operating lease liabilities were approximately \$386,000.

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. The Company's obligation to make finance lease payments are included in "Lease liability, current portion" and "Lease liability, non-current portion" on the Company's consolidated balance sheets. As of March 31, 2026 total finance lease liabilities were \$132,000.

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

	Three Months Ended	
	2026	2025
Cash paid for operating lease liabilities	\$ 74	\$ 73
Operating lease cost	\$ 75	\$ 72
Cash paid for finance lease liabilities	\$ 12	\$ 12
Interest expense	\$ 2	\$ 2
	March 31, 2026	March 31, 2025
Weighted-average remaining lease term (years) - operating leases	1.4	1.9
Weighted-average discount rate - operating leases	10.23%	10.50%
Weighted-average remaining lease term (years) - finance leases	3.0	4.0
Weighted-average discount rate - finance leases	4.85%	4.85%

AQUA METALS, INC.
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Future maturities of lease liabilities as of March 31, 2026 are as follows (in thousands):

Due in 12-month period ended March 31,	Operating Leases	Finance Leases
2026	\$ 304	\$ 47
2027	111	47
2028	—	47
Less imputed interest	(29)	(9)
Total lease liabilities	\$ 386	\$ 132
Current lease liabilities	\$ 279	\$ 42
Non-current lease liabilities	107	90
Total lease liabilities	\$ 386	\$ 132

9. Warrant liability.

The Company accounted for the warrants to purchase 75,000 shares, issued in connection with the December 18, 2024 Securities Purchase Agreement, in accordance with applicable accounting guidance. 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 March 31, 2026 and December 31, 2025, included:

	As of March 31, 2026	As of December 31, 2025
Expected life of the options to convert	3.72	3.97
Risk-free rate	3.78%	3.58%
Historical volatility	124.62%	123.69%
Valuation date stock price	\$ 4.28	\$ 4.80
Strike price	\$19.30/\$19.20	\$19.30/\$19.20
Probability of completing a change in control	5%	5%
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, 2025 and March 31, 2026, (in thousands):

	Warrant liability
Fair value as of December 31, 2025	\$ 227
Change in fair value of warrant liabilities	(47)
Fair value as of March 31, 2026	\$ 180

10. 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 quarter ended March 31, 2025, the Company recorded government grant income of \$223,000, related to the employee retention credit and \$34,000 related to interest income, as interest and other income on the Condensed Consolidated Statements of Operations.

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11. 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 and later increased to \$50,000,000. Under the ATM 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 three months ended March 31, 2026, the Company sold 198,780 shares of common stock under the ATM program for net proceeds of approximately \$1,295,000, after deducting sales commissions and offering costs.

As of December 31, 2025, the Company is subject to the limitations of Form S-3 (the "baby shelf" rules), which limit the amount of securities it may offer and sell pursuant to its Form S-3 registration statement. However, in March 2026, the staff of the SEC issued interpretive guidance indicating that a company that filed a prospectus supplement for an at-the-market offering while eligible to use Form S-3 pursuant to General Instruction I.B.1 may continue to offer and sell securities covered by such prospectus supplement following a Section 10(a)(3) update, even if the company subsequently becomes subject to the limitations of General Instruction I.B.6. As of March 31, 2026, \$48,600,000 remains available for issuance under the ATM program.

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.

However, pursuant to the securities purchase agreement entered into in connection with the Company's October 2025 registered direct offering, the Company is restricted from entering into certain variable rate transactions, which may limit the Company's ability to utilize the Lincoln Park facility for a period of twelve months following the closing of that transaction. The Company may issue additional shares under the facility in the future, subject to the terms of the agreement and applicable registration requirements.

Shares issued

During the three months ended March 31, 2026, the Company issued 28,106 shares of common stock upon vesting of Restricted Stock Units ("RSUs") granted by the Company to management and employees, including 10,413 of reissued treasury stock. We withheld 11,792 shares to satisfy approximately \$56,000 of employees' tax obligations during the three months ended March 31, 2026. 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 three months ended March 31, 2026, the Company issued 4,349 shares of common stock upon vesting of RSUs granted to Board members.

During the three months ended March 31, 2025, the Company issued 5,835 shares of common stock upon vesting of Restricted Stock Units ("RSUs") granted by the Company to management and employees, including 2,942 of reissued treasury stock. We withheld 2,648 shares to satisfy approximately \$67,000 of employees' tax obligations during the three months ended March 31, 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 three months ended March 31, 2025, the Company issued 335 shares of common stock upon vesting of RSUs granted to Board members.

During the three months ended March 31, 2025, the Company issued 59,648 shares of common stock pursuant to the at the market issuance sales agreement for net proceeds of \$1,214,000.

AQUA METALS, INC.
Notes to Condensed Consolidated Financial Statements
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Stock-based compensation

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

	Three Months Ended March 31,	
	2026	2025
Plant operations	\$ 1	\$ 8
Research and development cost	32	38
General and administrative expense	417	655
Total	\$ 450	\$ 701

2019 Stock Incentive Plan

In 2019, our board of directors adopted the Aqua Metals, Inc. 2019 Stock Incentive Plan (the “2019 Plan”). Initially, 140,000 shares of common stock were authorized for issuance under 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, 2025	37,749	11,878	235,600
Granted	(53,385)	—	53,385
Released	—	—	(32,455)
Forfeited	19,032	(11,878)	(7,154)
Returned to Plan	11,792	—	—
Balances, March 31, 2026	15,188	—	249,376

Restricted stock units

During the first quarter of 2026, the Company granted 53,385 RSUs to employees, all of which were subject to vesting, with a grant date fair value of \$296,000. The shares vest in six equal semi-annual installments over a three-year period.

During the first quarter of 2026, the NEOs voluntarily agreed to forfeit and cancel all outstanding PSUs previously granted under the Company’s 2019 Stock Incentive Plan. In accordance with ASC 718, Compensation—Stock Compensation, the Company recognized approximately \$121,000 remaining unamortized compensation expense associated with the cancelled PSUs.

AQUA METALS, INC.
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12. 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.

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 our growth continues, 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 evaluate such matters in accordance with ASC 450 - Contingencies, and record a liability when it is probable that a loss has been incurred and the amount can be reasonably estimated. If a loss is reasonably possible but not probable, or if the amount cannot be reasonably estimated, we disclose the nature of the contingency and an estimate of the possible loss or range of loss, if such an estimate can be made.

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. 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 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, such outcome could have a material adverse effect on our liquidity and may require us to raise additional capital or liquidate assets to satisfy any such obligation. Based on the assessment of legal counsel, management concluded that a loss is not probable and, accordingly, no liability has been recorded.

14. Subsequent events

On May 11, 2026, we elected to terminate the Lion Energy term sheet, although we continue to pursue discussions with Lion Energy concerning a business combination on different terms. There can be no assurance we will be able to successfully conclude any agreement with Lion Energy.

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, 2025 filed with the SEC on March 31, 2026, or our 2025 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.

General

Aqua Metals is engaged in the development and commercialization of clean, water-based recycling technologies designed to provide cost-efficient solutions for the recycling of both lead and lithium-ion ("Li") batteries. The Company's core technology, AquaRefining, is a patented hydrometallurgical and electrochemical process that uses electricity to recover high-purity metals from spent batteries. This process is designed to reduce emissions, eliminate the need for high-temperature furnaces, and minimize waste compared to conventional recycling methods. AquaRefining was initially applied to the lead-acid battery ("LAB") recycling industry.

The Company is applying its AquaRefining technology to lithium-ion battery recycling, with a focus on developing a cost-efficient process to recover critical minerals such as lithium, nickel, cobalt, and copper. The Company believes its process has the potential to produce higher quality materials with lower environmental impact compared to conventional recycling methods.

In 2021, the Company expanded its focus to lithium-ion battery recycling, including the establishment of its Innovation Center located at the Tahoe Reno Industrial Center ("TRIC"), which supports research, development, and pilot-scale operations. In 2022, the Company demonstrated the ability to recover key battery materials from lithium-ion battery black mass at bench scale and subsequently constructed a fully integrated pilot system at its Innovation Center. In late 2022, the Company began operating its initial lithium-ion battery recycling system, and in early 2023, it recovered its first recycled metals using its Li AquaRefining process. The Company is evaluating alternative, lower-cost locations for future development and is exploring potential co-location opportunities with strategic partners to reduce capital expenditures and operating costs.

In February 2025, the Company refined its development strategy to focus on increasing lithium carbonate production by deferring the plating of nickel and cobalt into metal form. This approach is intended to simplify the initial product mix to lithium carbonate and mixed hydroxide precipitate ("MHP"), reduce capital requirements, improve scalability, and enhance projected operating margins and return on investment. The Company continues to seek financing to construct its first commercial lithium-ion battery recycling facility.

During the third quarter of 2025, the Company expanded its feedstock diversification strategy by evaluating the application of its AquaRefining technology to polymetallic deep-sea nodules as a potential additional source of critical minerals. In September 2025, the Company entered into a memorandum of understanding ("MOU") with Impossible Metals Inc. to collaborate on the development of a domestic 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 entered into an additional MOU with MOBY Robotics Inc. to explore 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 process to nodule-derived feedstocks.

During the three months ended March 31, 2026, we issued 198,780 shares of common stock pursuant to an at the market, or ATM, sales agreement for net proceeds of \$1,295,000 and 131,569 shares of common stock pursuant to the 2026 employee stock purchase plan for the net proceeds of \$621,000.

During the three months ended March 31, 2025, we issued 59,648 shares of common stock pursuant to the ATM facility for net proceeds of \$1,214,000.

The Company's current focus is site selection, construction, and operation of an initial lithium-ion battery recycling facility utilizing electricity-based processes in place of conventional high-temperature or chemical-based methods. The Company is also pursuing potential partnerships, joint ventures, and licensing arrangements as its Li AquaRefining technology continues to develop. The Company believes its technology may provide an environmentally and economically competitive approach to critical minerals recovery and may support opportunities for strategic collaborations and potential government funding.

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 continuing to validate and optimize 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.

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.

Results of Operations

We did not engage in commercial operations in 2026 or 2025. Our operations have been devoted to developing our Li AquaRefining battery recycling technology. During the three months ended March 31, 2026, 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 months ended March 31, 2026 and 2025. The following table summarizes our results of operations with respect to the items set forth below for the three months ended March 31, 2026 and 2025 together with the dollar and percentage changes in those items (in thousands).

	Three Months Ended March 31,			
	2026	2025	Favorable (Unfavorable)	Change
Plant operations	\$ 501	\$ 724	\$ 223	(30.8)%
Research and development cost	282	336	54	(16.1)%
Impairment and loss on disposal of property, plant and equipment	—	5,247	5,247	(100.0)%
Provision for credit losses	437	—	(437)	100.0%
General and administrative expense	2,920	2,376	(544)	22.9%
Total operating expense	<u>\$ 4,140</u>	<u>\$ 8,683</u>	<u>\$ 4,543</u>	<u>(52.3)%</u>

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 \$223,000, or 30.8%, for the three months ended March 31, 2026 as compared to the three months ended March 31, 2025. The decrease in plant operations for the three months ended March 31, 2026 was primarily driven by a reduction in payroll and related costs of approximately \$166,000, resulting from continued workforce reductions implemented during the first quarter of 2025. Additionally, supplies, materials, inventory adjustments and other overhead expenses decreased by \$188,000 offset by professional fees increased by approximately \$131,000.

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 March 31, 2026, research and development expenses decreased \$54,000, or approximately 16.1%, compared to the three months ended March 31, 2025. This decrease was primarily due to lower payroll and related costs of approximately \$56,000, offset by an increase in supplies, materials, and other overhead expenses of approximately \$2,000.

For the three months ended March 31, 2025, the Company recognized a non-cash impairment expense of \$5,247,000 related to construction-in-progress for the facility located at TRIC. The impairment was the result of a strategic shift and revised capital allocation priorities, which led management to discontinue development of the facility for its originally intended use. As a result, the carrying amount of the facility was reduced to reflect its fair value.

For the three months ended March 31, 2026, the Company recognized a non-cash provision for credit losses of \$437,000 related to the Lion Energy participation interest and related note receivable. The provision reflects management's estimate of expected credit losses under ASC 326 based on a probability-weighted analysis of potential recovery scenarios, including expected collateral recoveries, estimated costs to realize collateral, and the senior lender's priority claim.

General and administrative expense increased \$544,000, or approximately 22.9%, for the three months ended March 31, 2026 compared to the three months ended March 31, 2025. The increase was primarily due to an increase of approximately \$625,000 in professional fees related to due diligence for our proposed acquisition of Lion Energy, partially offset by reductions in payroll and related costs of approximately \$51,000 and other overhead expense of approximately \$30,000.

The following table summarizes our other income and interest expense for the three months ended March 31, 2026 and 2025 together with the dollar and percentage changes in those items (in thousands).

	Three Months Ended March 31,			
	2026	2025	Favorable (Unfavorable)	Change
Interest expense	\$ (8)	\$ (403)	\$ 395	(98.0)%
Interest and other income	149	280	(131)	(46.8)%
Change in fair value of warrant liability	47	491	(444)	90.4%
Total other income, net	<u>\$ 188</u>	<u>\$ 368</u>	<u>\$ (180)</u>	<u>(48.9)%</u>

The decrease in interest expense for the three months ended March 31, 2026, is due to the decrease in the notes payable outstanding balance.

We recognized approximately \$149,000 in interest and other income during the three months ended March 31, 2026, a decrease of \$131,000 or 46.8%, compared to the three months ended March 31, 2025. The decrease was primarily due to the recognition of a payroll tax employee retention credit in the first quarter of 2025.

For the three months ended March 31, 2026, the Company recognized a \$47,000 change in the fair value of its warrant liability, primarily due to the remeasurement of warrants issued in December 2024.

Liquidity and Capital Resources

As of March 31, 2026, we had cash and cash equivalents of approximately \$6,816,000, current liabilities of \$3,617,000 and working capital of approximately \$7,479,000. 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.

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 and continue utilizing cash in operations for the foreseeable future, the Company 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 to support commercialization.

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

	Three Months Ended March 31,	
	2026	2025
Net cash used in operating activities	\$ (3,844)	\$ (2,753)
Net cash used in investing activities	\$ (2,000)	\$ (375)
Net cash provided by financing activities	\$ 1,850	\$ 638

Net cash used in operating activities

Net cash used in operating activities for the three months ended March 31, 2026 and three months ended March 31, 2025 was \$3,844,000 and \$2,753,000, 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, provision for credit losses, stock-based compensation, impairment and loss on disposal of property, plant and equipment, as well as net changes in working capital. During the three months ended March 31, 2025, we recognized approximately \$5,247,000 non-cash impairment expense related to the construction-in-progress for the facility located at TRIC.

Net cash used in investing activities

Net cash used in investing activities for the three months ended March 31, 2026 was \$2,000,000 and consisted mainly of cash advanced to acquire a subordinated participation interest in Lion Energy's senior secured credit facility. Net cash used in investing activities for the three months ended March 31, 2025 was \$375,000 and consisted mainly of cash utilized towards equipment deposits of \$186,000 and purchases of fixed assets related to the build out of our commercial facility of \$289,000, offset by \$100,000 of cash received related to our note receivable.

Net cash provided by financing activities

Net cash provided by financing activities was \$1,850,000 for the three months ended March 31, 2026, consisting of \$1,295,000 in net proceeds from the sale of Aqua Metals shares pursuant to the at-the-market offering, or ATM, and \$621,000 of net proceeds from the sale of Aqua Metals shares pursuant to the 2026 employee stock purchase plan agreement, or ESPP, offset by \$56,000 related to tax withholdings to cover RSU vesting and \$10,000 principal payments on finance leases. Net cash provided by financing activities of \$638,000 for the three months ended March 31, 2025 consisted of \$1,214,000 in net proceeds from the sale of Aqua Metals shares pursuant to the at-the-market offering, or ATM, offset by \$66,000 related to tax withholdings to cover RSU vesting and \$500,000 principal payments on notes payable.

Critical Accounting Estimates

Allowance for Credit Losses on Lion Energy Exposure

The Company's estimate of expected credit losses on its \$4,100,000 exposure to Lion Energy requires significant management judgment due to the borrower-specific nature of the exposure, the Company's subordinated position relative to the senior secured lender, and the uncertainty regarding future recovery outcomes. Management identified changes in facts and circumstances during the three months ended March 31, 2026, because the equity transaction originally contemplated is no longer expected to proceed as originally structured. As a result, the Company's recovery may be dependent on collateral realization, inventory monetization, accounts receivable collections, available credit support, and ongoing discussions regarding alternative transaction structures. Management estimated the allowance using a probability-weighted scenario analysis that considered multiple recovery outcomes, expected collateral recoveries, the senior lender's priority claim, estimated costs to realize collateral, and available credit support. The most sensitive assumptions in the analysis are the probability assigned to each recovery scenario and the related estimated collateral recoveries. Based on information available as of March 31, 2026, management recorded an allowance for credit losses of approximately \$437,000. However, the estimate remains highly judgmental and subject to change as facts and circumstances evolve. Although management believes its estimate reflects the best information currently available, actual recoveries and realized credit losses could differ materially from the recorded allowance if collateral recoveries are lower than expected, costs to realize collateral increase, market conditions deteriorate, or available credit support becomes unavailable or unenforceable.

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 March 31, 2026.

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 March 31, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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, 2025 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 March 31, 2026, we had cash and cash equivalents of approximately \$6,816,000, current liabilities of \$3,617,000 and working capital of \$7,479,000. As of the date of this report, 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, 2025 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.

Our allowance for credit losses related to our Lion Energy exposure may not be adequate to cover actual credit losses, which could adversely affect our financial condition and results of operations. As of March 31, 2026, we had approximately \$4,100,000 of exposure related to Lion Energy through a subordinated participation interest and related note receivable. Lion Energy was in default under its senior secured revolving credit facility as of March 31, 2026, and our participation interest is subordinated to the senior secured lender.

In accordance with U.S. generally accepted accounting principles (“GAAP”), we maintain an allowance for expected credit losses under the current expected credit loss (“CECL”) model. As of March 31, 2026, we recorded an allowance for credit losses of approximately \$437,000 related to the Lion Energy exposure. Our allowance for credit losses requires significant management judgment and is based on a number of factors, including Lion Energy’s operating performance and liquidity, the value and recoverability of underlying collateral, expected inventory recoveries, accounts receivable collections, and management’s estimate of the probability of various recovery outcomes.

There are many factors that could result in actual credit losses exceeding the recorded allowance. For example, collateral values may decline, inventory recoveries may be lower than expected, customer demand may deteriorate, costs to realize collateral may increase, or accounts receivable collections may be lower than anticipated. In addition, our recovery assumptions depend in part on the outcome of ongoing discussions regarding alternative transaction structures involving Lion Energy and its senior secured lender. These efforts may not be successful.

The amount of future credit losses is also susceptible to changes in economic, operating, market, and other conditions beyond management’s control. As a result, our allowance for credit losses may not be adequate to cover actual losses, and we may be required to record additional material provisions for credit losses in future periods. Any such additional provisions could materially adversely affect our financial condition, results of operations, and liquidity.

Item 5 Other Information

During the quarter ended March 31, 2026, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

Exhibit 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
10.1	Subordinated, Last-Out Participation Agreement, dated as of February 6, 2026, by and between the Company and GRC SPV Investments, LLC	Incorporated by reference from the Registrant's Current Report on Form 8-K filed on February 11, 2026
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).	

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: May 14, 2026

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

Date: May 14, 2026

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: May 14, 2026

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: May 14, 2026

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 March 31, 2026, 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: May 14, 2026
Stephen Cotton

Title: President and CEO (Principal Executive Officer)

By: /s/ Eric West Dated: May 14, 2026
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.