

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

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended **June 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: **001-34643**

**AYRO, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**98-0204758**

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

**1185 Avenue of the Americas,  
New York, NY**

(Address of principal executive offices)

**10036**

(Zip Code)

**(512) 994-4917**

(Registrant's telephone number, including area code)

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

<b>Title of each Class</b>	<b>Trading Symbol(s)</b>	<b>Name of each exchange on which registered</b>
Common Stock, par value \$0.0001 per share	AYRO	The NASDAQ Stock Market LLC

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 during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer	<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 August 13, 2025, the registrant had 675,399 shares of common stock outstanding.

**AYRO, INC.**  
**QUARTER ENDED JUNE 30, 2025**

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**PART I - FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)  
AYRO, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b>June 30, 2025</b>	<b>December 31, 2024</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 5,132,867	\$ 16,035,475
Restricted cash	109,576	164,682
Marketable securities	3,291,450	4,089,832
Prepaid expenses and other current assets	296,823	972,245
Total current assets	8,830,716	21,262,234
Operating lease – right-of-use asset	331,341	429,819
Deposits and other assets	32,759	46,665
<b>Total assets</b>	<b>\$ 9,194,816</b>	<b>\$ 21,738,718</b>
<b>LIABILITIES, MEZZANINE EQUITY AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,034,721	\$ 1,863,045
Accrued expenses and other current liabilities	431,308	793,819
Accrued preferred stock redemption payable (H-7)	5,900,153	1,285,680
Current portion lease obligation – operating lease	234,376	219,085
Total current liabilities	7,600,558	4,161,629
Derivative liability	-	2,661,000
Warrant liability	14,537,000	2,362,900
Lease obligation - operating lease, net of current portion	162,336	283,742
<b>Total liabilities</b>	<b>22,299,894</b>	<b>9,469,271</b>
<b>Mezzanine equity:</b>		
Redeemable Series H-7 Convertible Preferred Stock (\$0.0001 par value per share and \$1,000 face value per share; authorized - 22,000 shares; issued and outstanding – 0 and 10,167 shares, at June 30, 2025 and December 31, 2024, respectively).		
Liquidation preference of \$0 as of June 30, 2025.	—	7,587,518
<b>Stockholders' equity:</b>		
Preferred Stock, (\$0.0001 par value per share; authorized – 20,000,000 shares)	—	—
Series H Convertible Preferred Stock (\$0.0001 par value per share; authorized – 8,500 shares; issued and outstanding – 8 shares as of June 30, 2025 and December 31, 2024, respectively)		
Liquidation preference of \$0 as of June 30, 2025.	—	—
Convertible Preferred Stock Series H-3 (\$0.0001 par value; authorized – 8,461 shares; issued and outstanding – 1,234 shares as of June 30, 2025 and December 31, 2024, respectively)		
Liquidation preference of \$59 as of June 30, 2025.	—	—
Series H-6 Convertible Preferred Stock (\$0.0001 par value per share; authorized – 50,000 shares; issued and outstanding – 50 shares as of June 30, 2025 and December 31, 2024, respectively)		
Liquidation preference of \$287 as of June 30, 2025.	—	—
Common Stock (\$0.0001 par value; authorized – 1,200,000,000 and 200,000,000 shares as of June 30, 2025, and December 31, 2024, respectively; issued and outstanding – 590,181 and 533,842 shares as of June 30, 2025, and December 31, 2024, respectively)	59	53
Additional paid-in capital	117,278,388	121,767,394
Accumulated deficit	(130,383,525)	(117,085,518)
<b>Total stockholders' equity</b>	<b>(13,105,078)</b>	<b>4,681,929</b>
<b>Total liabilities, mezzanine equity and stockholders' equity</b>	<b>\$ 9,194,816</b>	<b>\$ 21,738,718</b>

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

**AYRO, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(UNAUDITED)**

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Revenue	\$ —	\$ —	\$ —	\$ 58,351
Cost of goods sold	239,040	1,074,896	239,040	2,258,103
Gross loss	(239,040)	(1,074,896)	(239,040)	(2,199,752)
Operating expenses:				
Research and development	349,951	622,567	657,681	1,382,984
Sales and marketing	—	285,035	—	553,390
General and administrative	1,199,323	1,977,358	2,865,145	5,039,684
Total operating expenses	1,549,274	2,884,960	3,522,826	6,976,058
Loss from operations	(1,788,314)	(3,959,856)	(3,761,866)	(9,175,810)
Other income (expense):				
Interest income	7,961	140,567	34,201	293,865
Change in fair value - warrant liability	(13,254,700)	7,937,500	(12,174,100)	9,010,300
Change in fair value - derivative liability	1,130,000	2,618,000	2,661,000	2,627,000
Unrealized gain (loss) on marketable securities	(7,457)	301,921	(79,164)	266,902
Realized gain on marketable securities	94,492	74,998	305,554	452,121
Consent and waiver fee – Series H-7	(350,000)	—	(350,000)	—
Other income (expense), net	25,000	(198,510)	66,368	(198,510)
Total other income (expense), net	(12,354,704)	10,874,476	(9,536,141)	12,451,678
Net income (loss) prior to provision for income taxes	\$ (14,143,018)	\$ 6,914,620	\$ (13,298,007)	\$ 3,275,868
Provision for income taxes	—	—	—	—
Net income (loss)	\$ (14,143,018)	\$ 6,914,620	\$ (13,298,007)	\$ 3,275,868
Dividends earned on Series H-7 convertible preferred stock	(870,461)	(546,648)	(1,704,194)	(998,734)
Accretion of discounts to redemption value of Series H-7 convertible preferred stock	(1,562,047)	(1,999,136)	(3,248,901)	(5,094,609)
Net income (loss) attributable to common stockholders	\$ (16,575,526)	\$ 4,368,836	\$ (18,251,102)	\$ (2,817,475)
Net income (loss) per share basic	\$ (29.87)	\$ 12.45	\$ (33.52)	\$ (8.55)
Net income (loss) per share diluted	\$ (29.87)	\$ 2.17	\$ (33.52)	\$ (8.55)
Basic weighted average Common Stock outstanding	554,989	350,983	544,474	329,422
Diluted weighted average Common Stock outstanding	554,989	1,039,922	544,474	329,422

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

**AYRO, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN MEZZANINE EQUITY AND STOCKHOLDERS' EQUITY**  
**(UNAUDITED)**

Three and Six Months Ended June 30, 2025													
	Series H-7 Preferred Stock		Series H Preferred Stock		Series H-3 Preferred Stock		Series H-6 Preferred Stock		Common Stock		Additional	Accumulated	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Paid-in Capital	(Deficit)	
<b>Balance, January 1, 2025</b>	10,167	\$ 7,587,518	8	\$ —	1,234	\$ —	50	\$ —	533,842	\$ 53	\$121,767,394	\$(117,085,518)	\$ 4,681,929
Preferred stock redemptions and conversions including cash premium	(5,500)	(6,404,587)	—	—	—	—	—	—	—	—	—	—	—
Deemed dividend	—	—	—	—	—	—	—	—	—	—	(338,915)	—	(338,915)
Preferred stock dividends	—	494,818	—	—	—	—	—	—	—	—	(494,818)	—	(494,818)
Accretion of discounts to redemption value of Series H-7 convertible preferred stock	—	1,686,854	—	—	—	—	—	—	—	—	(1,686,854)	—	(1,686,854)
Net income	—	—	—	—	—	—	—	—	—	—	—	845,011	845,011
<b>Balance, March 31, 2025</b>	4,667	\$ 3,364,603	8	\$ —	1,234	\$ —	50	\$ —	533,842	\$ 53	\$119,246,807	\$(116,240,507)	\$ 3,006,353
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	69,480	—	69,480
Preferred stock redemptions and conversions including cash premium	(4,667)	(5,473,475)	—	—	—	—	—	—	56,215	6	394,609	—	394,615
Deemed dividend	—	—	—	—	—	—	—	—	—	—	(323,636)	—	(323,636)
Preferred stock dividends	—	546,825	—	—	—	—	—	—	—	—	(546,825)	—	(546,825)
Accretion of discounts to redemption value of Series H-7 convertible preferred stock	—	1,562,047	—	—	—	—	—	—	—	—	(1,562,047)	—	(1,562,047)
Issuance of round up shares	—	—	—	—	—	—	—	—	124	—	—	—	—
Net loss	—	—	—	—	—	—	—	—	—	—	—	(14,143,018)	(14,143,018)
<b>Balance, June 30, 2025</b>	—	\$ —	8	\$ —	1,234	\$ —	50	\$ —	590,181	\$ 59	\$117,278,388	\$(130,383,525)	\$(13,105,078)

Three and Six Months Ended June 30, 2024													
	Series H-7 Preferred Stock		Series H Preferred Stock		Series H-3 Preferred Stock		Series H-6 Preferred Stock		Common Stock		Additional	Accumulated	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Paid-in Capital	(Deficit)	
<b>Balance, January 1, 2024</b>	22,000	\$11,193,939	8	\$ —	1,234	\$ —	50	\$ —	307,119	\$ 31	\$129,467,735	\$(115,330,039)	\$14,137,727
Stock based compensation	—	—	—	—	—	—	—	—	—	—	12,398	—	12,398
Vested restricted stock	—	—	—	—	—	—	—	—	1,486	—	48,314	—	48,314
Dividends (Accrued Series H-7 Preferred)	—	452,086	—	—	—	—	—	—	—	—	(452,086)	—	(452,086)
Accretion of discounts to redemption value of Series H-7 convertible preferred stock	—	3,095,473	—	—	—	—	—	—	—	—	(3,095,473)	—	(3,095,473)
Net loss	—	—	—	—	—	—	—	—	—	—	—	(3,638,752)	(3,638,752)
<b>Balance, March 31, 2024</b>	22,000	\$14,741,498	8	\$ —	1,234	\$ —	50	\$ —	308,605	\$ 31	\$125,980,888	\$(118,968,791)	\$ 7,012,128
Stock based compensation	—	—	—	—	—	—	—	—	—	—	(4,319)	—	(4,319)
Preferred stock redemptions and conversion including cash premium	(2,667)	(3,065,973)	—	—	—	—	—	—	102,184	10	1,454,894	—	1,454,904

Deemed dividend	—	—	—	—	—	—	—	—	—	—	(80,553)	—	(80,553)
Preferred stock dividends	—	466,095	—	—	—	—	—	—	—	—	(466,095)	—	(466,095)
Accretion of discounts to redemption value of Series H-7 convertible preferred stock	—	1,999,136	—	—	—	—	—	—	—	—	(1,999,136)	—	(1,999,136)
Net Income	—	—	—	—	—	—	—	—	—	—	—	6,914,620	6,914,620
<b>Balance, June 30, 2024</b>	<b><u>19,333</u></b>	<b><u>\$14,140,756</u></b>	<b><u>8</u></b>	<b><u>\$ —</u></b>	<b><u>1,234</u></b>	<b><u>\$ —</u></b>	<b><u>50</u></b>	<b><u>\$ —</u></b>	<b><u>410,789</u></b>	<b><u>\$ 41</u></b>	<b><u>\$124,885,679</u></b>	<b><u>\$(112,054,171)</u></b>	<b><u>\$12,831,549</u></b>

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

**AYRO, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**

	<b>Six Months Ended June 30,</b>	
	<b>2025</b>	<b>2024</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income (loss)	\$ (13,298,007)	\$ 3,275,868
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	6,703	895,627
Stock-based compensation	69,480	56,393
Series H-7 preferred stock waiver	350,000	—
Change in fair value - derivative liability	(2,661,000)	(2,627,000)
Change in fair value - warrant liability	12,174,100	(9,010,300)
Amortization of right-of-use asset	98,478	102,105
Bad debt expense	—	76,819
Unrealized loss on marketable securities	79,164	(266,902)
Realized gain on marketable securities	(305,554)	(452,121)
Impairment of inventory	—	1,622,609
Change in operating assets and liabilities:		
Accounts receivable	—	12,879
Inventory	—	(1,704,756)
Prepaid expenses and other current assets	785,631	587,476
Deposits and other assets	7,203	12,967
Accounts payable	(828,324)	1,115,255
Accrued expenses and other current liabilities	(472,719)	(434,295)
Lease obligations - operating leases	(106,115)	(96,690)
Net cash used in operating activities	(4,100,960)	(6,834,066)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of marketable securities	24,282,063	35,838,686
Purchase of marketable securities	(23,257,290)	(57,991,814)
Net provided by (cash used in) investing activities	1,024,773	(22,153,128)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payment of preferred stock redemption (Series H-7)	(7,881,527)	(362,573)
Net cash used in financing activities	(7,881,527)	(362,573)
Net change in cash, cash equivalents and restricted cash	(10,957,714)	(29,349,767)
Cash, cash equivalents and restricted cash, beginning of period	16,200,157	43,440,867
Cash, cash equivalents and restricted cash, end of period	\$ 5,242,443	\$ 14,091,100
<b>Supplemental disclosure of cash and non-cash transactions:</b>		
Fixed asset additions included in accounts payable and accrued expenses	\$ —	\$ 70,597
Accrual of Series H-7 convertible preferred stock dividends	\$ 1,041,643	\$ 918,181
Deemed dividend Series H-7 warrants	\$ 662,551	\$ —
Accretion of discounts to redemption value of H-7 convertible preferred stock	\$ 3,248,901	\$ 5,094,609
Accrued Series H-7 preferred stock redemption payable	\$ 11,878,064	\$ 1,329,047
Non-cash redemption of Series H-7 preferred stock	\$ 394,614	\$ 1,454,904
Accrued waiver fee related to Series H-7 preferred stock	\$ 350,000	\$ —
Prepaid insurance financed through accrued expenses	\$ 110,208	\$ 286,955
<b>Supplemental disclosure of restricted cash:</b>		
Cash and cash equivalents	\$ 5,132,867	\$ 14,091,100
Restricted cash	109,576	—
Total cash, cash equivalents and restricted cash	\$ 5,242,443	\$ 14,091,100

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

**AYRO, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

**NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS**

AYRO, Inc. (“AYRO” or the “Company”), is a Delaware corporation headquartered in New York, New York. The Company, and its wholly-owned subsidiary, have historically been engaged in manufacturing and sales of environmentally conscious, minimal-footprint electric vehicles. The all-electric vehicles are typically sold both directly to customers and to dealers in the United States. Recently, the Company began a digital asset-based treasury strategy, involving the deployment of corporate treasury assets for the acquisition of crypto tokens that are directly capitalizing on the rapid growth of the stablecoin industry.

***Reverse Stock Split***

The Company effected a 1-for-16 reverse stock split (“Reverse Stock Split”) of the Company’s common stock, par value \$0.0001 per share (“common stock”) on June 25, 2025, which began trading on a split-adjusted basis on June 26, 2025, pursuant to which every 16 shares of the Company’s issued and outstanding common stock were reclassified as one share of common stock. The Reverse Stock Split had no impact on the par value of the Company’s common stock or the authorized number of shares of common stock. Unless otherwise indicated, all share and per share information prior to the Reverse Stock Split, in these unaudited condensed consolidated financial statements are retroactively adjusted to reflect the Reverse Stock Split, prior to the rounding of any fractional shares. Any fractional shares resulting from the Reverse Stock Split were rounded up to the next whole number of shares, upon which 124 shares of common stock were issued in June 2025.

**NOTE 2. LIQUIDITY AND GOING CONCERN**

The unaudited condensed consolidated financial statements have been prepared in conformity with generally accepted accounting principles in the United States (“GAAP”), which contemplates continuation of the Company as a going concern. The Company is subject to a number of risks similar to those of earlier stage commercial companies, including dependence on key individuals and products, the difficulties inherent in the development of a commercial market, the potential need to obtain additional capital, competition from larger companies, other technology companies and other technologies. The Company has a limited operating history and the sales and income potential of its business and market are unproven.

The Company had net loss of \$13,298,007 and negative cash flow used in operations of \$4,100,960 for the six months ended June 30, 2025. In addition, overall working capital decreased by \$15,870,447 during the six months ended June 30, 2025. These factors raise substantial doubt about the Company’s ability to continue as a going concern for a period of twelve months from the issuance of these unaudited condensed consolidated financial statements.

Management believes that the existing cash as of June 30, 2025 and as of the date of filing of this Form 10-Q will not be sufficient to fund operations for at least the next twelve months following the issuance of these unaudited condensed consolidated financial statements. In order to have sufficient cash to fund the Company’s operations in the future, the Company will need to raise additional equity or debt capital and cannot provide any assurance that the Company will be successful in doing so. If the Company is unable to raise sufficient capital to fund the Company’s operations, the Company may need to sell some or all of its assets or merge with another entity. As a result of these factors, management has concluded that there is substantial doubt about the Company’s ability to continue as a going concern for a period of twelve months from the date of these financial statements. The Company’s unaudited condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.



NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with GAAP and in conformity with the instructions on Form 10-Q and Rule 8-03 of Regulation S-X and the related rules and regulations of the Securities and Exchange Commission (the “SEC”). The unaudited condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. All significant intercompany accounts and transactions have been eliminated in consolidation. The unaudited condensed consolidated financial statements reflect all adjustments consisting of normal recurring accruals, which are, in the opinion of management, necessary for a fair presentation of such statements. The results of operations for the three and six months ended June 30, 2025, are not necessarily indicative of the results that may be expected for the entire year. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the accompanying notes for the fiscal year ended December 31, 2024, which are included in the Company’s Annual Report on Form 10-K, filed with the SEC on March 31, 2025.

Reclassification

Certain line items in the unaudited condensed consolidated statements of cashflows for the six months ended June 30, 2024, have been reclassified to conform to the comparative period presentation for the six months ended June 30, 2025, primarily the presentation on the proceeds and purchases of marketable securities, which were previously presented net as change in marketable securities, net, are now shown gross as proceeds from sale of marketable securities and purchase of marketable securities. These reclassifications have no effect on net cash provided by (used in) investing activities or on total cash flows.

NOTE 4. BASIC AND DILUTED NET LOSS PER SHARE

The following potentially dilutive securities have been excluded from the computation of diluted weighted average shares outstanding as they would be anti-dilutive:

	Three Months Ended June 30,	
	2025	2024
Options to purchase Common Stock	14,542	584
Warrants outstanding	3,635,974	724,130
Preferred stock outstanding	47	-
Totals	3,650,563	724,714
	Six Months Ended June 30,	
	2025	2024
Options to purchase Common Stock	14,542	584
Warrants outstanding	3,635,974	724,130
Preferred stock outstanding	47	688,939
Totals	3,650,563	1,413,653

The following table presents the calculation of basic and diluted earnings per common share from continuing operations:

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<b>Earnings per share - Basic</b>				
Net income (loss) attributable to common stockholders	\$ (16,575,526)	\$ 4,368,836	\$ (18,251,102)	\$ (2,817,475)
Basic weighted average Common Stock outstanding	<u>554,989</u>	<u>350,983</u>	<u>544,474</u>	<u>329,422</u>
Net income (loss) per share basic	<u>\$ (29.87)</u>	<u>\$ 12.45</u>	<u>\$ (33.52)</u>	<u>\$ (8.55)</u>
	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<b>Earnings per share - Diluted</b>				
Net income (loss) attributable to common stockholders	\$ (16,575,526)	\$ 4,368,836	\$ (18,251,102)	\$ (2,817,475)
Add: Accretion of discounts to redemption value of H-7 convertible preferred stock	—	1,999,136	—	—
Less: Change in fair value – derivative liability	—	(2,618,000)	—	—
Less: Make-whole dividends Series H-7 convertible preferred tock	—	(1,494,350)	—	—
Earnings from continuing operations available to common shareholders - Diluted	<u>\$ (16,575,526)</u>	<u>\$ 2,255,622</u>	<u>\$ (18,251,102)</u>	<u>\$ (2,817,475)</u>
Number of shares used in basic computation	<u>554,989</u>	<u>350,983</u>	<u>544,474</u>	<u>329,422</u>
Weighted-average effect of dilutive securities				
Add: Conversion of Series-H convertible preferred stock	—	688,939	—	—
Add: Incremental shares from assumed conversion	—	—	—	—
Number of shares used in the dilutive per share computation	<u>554,989</u>	<u>1,039,922</u>	<u>544,474</u>	<u>329,422</u>
Net income (loss) per share diluted	<u>\$ (29.87)</u>	<u>\$ 2.17</u>	<u>\$ (33.52)</u>	<u>\$ (8.55)</u>

**NOTE 5. PREPAID EXPENSES AND OTHER CURRENT ASSETS**

Prepaid expenses and other current assets consisted of the following:

	June 30, 2025	December 31, 2024
Prepayments for inventory	\$ —	\$ 401,675
Prepayments for insurance	113,671	172,221
Prepayments for software	76,390	93,316
Prepaid other	106,762	305,033
Total prepaid expenses and other current assets	<u>\$ 296,823</u>	<u>\$ 972,245</u>

**NOTE 6. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

Accrued expenses and other current liabilities consisted of the following:

	June 30, 2025	December 31, 2024
Accrued professional and consulting fees	\$ 41,085	\$ 40,009
Accrued severance	247,333	277,126
Accrued cash-settled restricted stock tax withholding	12,493	285,250
Accrued expenses other	51,587	122,565
Accrued current liabilities	78,810	68,869
Total accrued expenses and other current liabilities	<u>\$ 431,308</u>	<u>\$ 793,819</u>

**NOTE 7. STOCKHOLDERS' EQUITY*****Common Stock******Increase of Authorized Shares of Common Stock***

On May 23, 2025, the Company amended its Amended and Restated Certificate of Incorporation to increase the number of authorized shares of common stock, from 200,000,000 to 1,200,000,000.

***Series H-7 Warrants***

In June 2023, the Company issued certain warrants to purchase common stock (the "Series H-7 Warrants") pursuant to the Series H-7 Purchase Agreement (as defined below). The Series H-7 Warrants are entitled to certain anti-dilution adjustments, if the Company issues shares of its common stock at a lower price per share than the applicable exercise price. The exercise price of the Series H-7 Warrants is subject to adjustments for stock dividends, stock splits, reclassifications and the like, and subject to price-based adjustment in the event of any issuances of common stock, or securities convertible, exercisable or exchangeable for common stock, at a price below the then-applicable exercise price. Pursuant to the share combination event adjustment provisions in the Series H-7 warrant the Reverse Stock Split adjusted the exercise price from \$32.00 per share to \$6.1933 per share and the number of shares of common stock issuable upon the exercise of the Series H-7 Warrants was adjusted proportionally to an additional 2,922,020 shares of common stock, for an aggregate of 3,623,270 Series H-7 Warrants outstanding.

The additional Series H-7 Warrants were determined to be subject to liability classification as they are considered to be indexed to the Company's own stock but fail to meet the requirements for equity classification. In accordance with ASC 815, As such, the Company recorded the Series H-7 Warrants as a liability at fair value with subsequent changes in fair value recognized in earnings. See Note 10, Fair Value Measurements for inputs related to the Company's use of the Black-Scholes Model to calculate the value of the Series H-7 Warrants.

A summary of the Company's warrants to purchase common stock activity is as follows:

	Shares Underlying Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)
Outstanding at December 31, 2024	722,761	\$ 51.04	3.44
Granted	2,922,020	6.19	—
Expired	(8,807)	\$ 107.44	—
Outstanding at June 30, 2025	3,635,974	\$ 9.88	3.02

#### *Series H-7 Preferred Stock*

The shares of Series H-7 Preferred Shares ("Series H-7 Preferred Stock") are convertible into common stock at the election of the holder at any time with an initial conversion price of \$128.00 per share, which pursuant to a Stock Combination Event, was subsequently reduced to \$32.00 per share. On April 30, 2025, in connection with the issuance of stock options to certain officers of the Company and pursuant to the full ratchet and anti-dilution provisions contained in the Series H-7 Certificate of Designations and the Series H-7 Warrants, (i) the Series H-7 Conversion Price was adjusted from \$32.00 per share to \$7.616 per share and (ii) the exercise price of the Series H-7 Warrants was adjusted from \$32.00 per share to \$7.616 per share and the number of shares of common stock issuable upon exercise of such warrants was adjusted proportionally. On June 25, 2025, in connection with the Reverse Stock Split and pursuant to the pursuant to the stock combination event adjustment provisions contained in the Series H-7 Certificate of Designations, (i) the Series H-7 Conversion Price was adjusted from \$7.616 per share to \$6.1933 per share and (ii) the exercise price of the Series H-7 Warrants was adjusted from \$7.616 per share to \$6.1933 per share and the number of shares of common stock issuable upon exercise of such warrants was adjusted proportionally.

On March 30, 2025, the Company entered into an Omnibus Waiver and Amendment Agreement ("Waiver and Amendment Agreement") with the Required Holders (as defined in the Certificate of Designations (the "Series H-7 Certificate of Designations") for the Series H-7 Preferred Stock, pursuant to which, the Required Holders agreed (A) to amend (i) the Series H-7 Certificate of Designations, as described below, by filing a Certificate of Amendment to the Series H-7 Certificate of Designations with the Secretary of State of the State of Delaware (the "March 2025 Certificate of Amendment"), and (ii) that certain Securities Purchase Agreement, dated as of August 7, 2023 (the "Series H-7 Purchase Agreement") to (A) amend the definition of "Excluded Securities" such that the definition includes the issuance of common stock issued after the date of the Series H-7 Purchase Agreement pursuant to an Approved Stock Plan (as defined in the Series H-7 Purchase Agreement), which in the aggregate does not exceed more than 2% of the shares of common stock issued and outstanding on the date immediately prior to the date of the Series H-7 Purchase Agreement (the "Excluded Securities Modification"), and (B) to waive certain restrictive covenants contained in the Series H-7 Purchase Agreement as described therein.

In addition, the March 2025 Certificate of Amendment amends the Series H-7 Certificate of Designations to (i) amend the restrictive covenant of the Series H-7 Certificate of Designations such that the Company is required from January 1, 2025, until no shares of Series H-7 Preferred Stock are outstanding, to maintain unencumbered, unrestricted cash and cash equivalents on hand in amount equal to at least 120% of the aggregate Stated Value (as defined in the Series H-7 Certificate of Designations) of the Series H-7 Preferred Stock then outstanding, (ii) amend the definition of "Excluded Securities" substantially similar to the Excluded Securities Modification, and (iii) remove the restrictive covenant provision relating to the Segregated Cash (as defined in the Series H-7 Certificate of Designations) requirement. The March 2025 Certificate of Amendment was filed with the Secretary of State of the State of Delaware, effective as of March 31, 2025.

On May 13, 2025, the Required Holders (as defined in the Series H-7 Certificate of Designations) executed and delivered a waiver (the “May 2025 Waiver”) to the Company, pursuant to which, the Required Holders agreed to waive any Equity Conditions Failure (as defined in the Series H-7 Certificate of Designations) including, without limitation, any rights or remedies in connection with such Equity Conditions Failure, effective as of March 31, 2025, and as of the date of the May 2025 Waiver.

On August 4, 2025, the Company entered into an Omnibus Waiver, Consent, Notice and Amendment (the “Series H-7 Agreement”) with the Required Holders (as defined in the Series H-7 Certificate of Designations). Pursuant to the Series H-7 Agreement, the Required Holders agreed to (i) amend the Series H-7 Purchase Agreement to amend the definition of “Excluded Securities” as set forth in the Series H-7 Amendment, (ii) waive certain rights under the Series H-7 Purchase Agreement, Series H-7 Warrants and Series H-7 Certificate of Designations in respect of the issuance of the Company’s Series I Convertible Preferred Stock (“Series I Preferred Stock”), and (iii) consent to the issuance of the Series I Preferred Stock, as required pursuant to certain terms of the Series H-7 Certificate of Designations, the Series H-7 Purchase Agreement and the Series H-7 Warrants, as applicable. In consideration of the foregoing, the Company agreed to pay to the Required Holders an aggregate of \$350,000 by September 30, 2025, which may be paid in the form of cash, or, at the Holders’ sole election, added to the outstanding aggregate stated value of the Series H-7 Preferred Stock. Accordingly, the Company recorded the \$350,000 in consent and waiver fee – Series H-7 on the unaudited condensed consolidated statements of operations for the three and six months ended June 30, 2025, and recorded the \$350,000 in accrued preferred stock redemption payable (H-7) as on the unaudited condensed consolidated balance sheets as of June 30, 2025.

The Company and the Required Holders further agreed pursuant to the Series H-7 Agreement to amend the Series H-7 Certificate of Designations by filing a Certificate of Amendment to the Series H-7 Certificate of Designations (the “Certificate of Amendment”) with the Secretary of State of the State of Delaware. The Certificate of Amendment amends the Series H-7 Certificate of Designations to (i) extend the maturity date to February 4, 2027, (ii) revise the applicable payment dates and corresponding payable amounts of Dividends and Installment Amounts (each as defined in the Series H-7 Certificate of Designations), (iii) modify the definition of “Excluded Securities” and (iv) modify the schedule of Installment Dates (as defined in the Series H-7 Certificate of Designations). The Certificate of Amendment to the Series H-7 Certificate of Designations was filed with the Secretary of State for the State of Delaware on August 6, 2025.

During the three and six months ended June 30, 2025, the Company recognized \$870,461 and \$1,704,194, respectively, of net preferred dividends which is comprised of \$546,825 and \$1,041,643, respectively, of preferred dividends at the stated dividend rate recorded in mezzanine equity and stockholders’ equity, and \$323,636 and \$662,551, respectively, accrued deemed dividends recorded in stockholders’ equity, for cash premium on installment redemptions ultimately settled in shares of common stock.

As of June 30, 2025, the following table sets forth a summary of the change in the accrued preferred stock redemption payable (H-7):

	<b>Accrued preferred stock redemption payable (H-7)</b>
Beginning balance at January 1, 2025	\$ 1,285,680
New redemptions and cash premiums	12,146,000
Waiver consideration	350,000
Cash payments	(7,881,527)
Ending balance at June 30, 2025	<u>\$ 5,900,153</u>

### Stock Options

On April 30, 2025, the Company's Board of Directors granted fully vested options to purchase an aggregate of 14,063 shares of the Company's common stock with an exercise price of \$8.08 per share and a term of 10 years. The fair value of the options was estimated using the Black-Scholes option pricing model with the following assumptions: expected volatility of 110.48%, expected term of 5 years, risk-free rate of 3.73%, and no expected dividends. The Company recognized the full fair value of \$69,480 of stock-based compensation expense in selling, general and administrative expenses for the three and six months ended June 30, 2025.

The following table reflects a summary of stock option activity:

	Number of Shares	Weighted Average Exercise Price	Contractual Life (Years)
Outstanding at December 31, 2024	479	\$ 5,250	3.45
Grants	14,063	8.08	—
Exercised	—	—	—
Forfeitures	—	—	—
Outstanding at June 30, 2025	14,542	\$ 181.80	9.61

Of the outstanding options to purchase up to 14,542 were vested and exercisable as of June 30, 2025. At June 30, 2025, the aggregate intrinsic value of stock options vested and exercisable was \$0.

The Company recognized \$69,480 and \$(4,319) of stock option expense for the three months ended June 30, 2025, and 2024, respectively, and \$69,480 and \$56,393 of stock option expense for the six months ended June 30, 2025, and 2024, respectively.

Stock-based compensation is included in the unaudited condensed consolidated statement of operations as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Research and development	\$ 69,480	\$ (2,395)	\$ 69,480	\$ 3,810
Sales and marketing	—	—	—	454
General and administrative	—	(1,924)	—	52,129
Total	\$ 69,480	\$ (4,319)	\$ 69,480	\$ 56,393

### NOTE 8. CONCENTRATIONS AND CREDIT RISK

#### Purchases

There were no significant supplier concentrations for the three and six months ended June 30, 2025 and 2024.

## NOTE 9. COMMITMENTS AND CONTINGENCIES

### *Manufacturing Agreement*

On August 27, 2024, the Company partnered with Lithion Battery Inc. (“Lithion”), a manufacturer of certain iron phosphate and lithium-ion battery cells, modules and battery packs, and entered into a purchase agreement with Lithion (the “Lithion Purchase Agreement”), pursuant to which, the Company agreed to purchase batteries from Lithion for an aggregate of \$1,211,150 through 2025. As of June 30, 2025, \$541,160 under the Lithion Purchase Agreement remained outstanding. On June 17, 2025, Lithion filed a complaint with the Supreme Court of the State of New York Country of New York, pursuant to which, Lithion claimed the Company was in breach of contract of the Lithion Purchase Agreement for failure to pay amounts owed under the Lithion Purchase Agreement in connection with the order of certain batteries. Lithion sought damages equal to \$717,120 plus interest. On July 28, 2025, the Company entered into a Settlement Agreement (as defined herein) with Lithion, pursuant to which the Company paid Lithion \$540,000 on July 30, 2025, and upon payment, the Company took possession of the remaining battery cells, modules, and battery packs. Pursuant to the Settlement Agreement, all causes of action, counterclaims, and claims that were asserted or could have been asserted by the parties against each other in connection with the Lithion Purchase Agreement were settled in full, with no party having continuing liability to the other party.

### *Litigation*

The Company is subject to various legal proceedings and claims, either asserted or unasserted, which arise in the ordinary course of business, that it believes are incidental to the operation of its business. While the outcome of these claims cannot be predicted with certainty, other than the matters noted above, management does not believe that the outcome of any of these legal matters will have a material adverse effect on its results of operations, financial positions, or cash flows.

## NOTE 10. FAIR VALUE MEASUREMENTS

Fair value measurements discussed herein are based upon certain market assumptions and pertinent information available to management as of and during the three and six months ended June 30, 2025. The carrying amounts of cash equivalents, accounts receivable, other current assets, other assets, accounts payable, and accrued expenses approximated their fair values as of the six months ended June 30, 2025, due to their short-term nature. The fair value of the bifurcated embedded derivative related to the convertible preferred stock was estimated using a Monte Carlo simulation model, which uses as inputs the fair value of the Company’s common stock and estimates for the equity volatility and traded volume volatility of the Company’s common stock, the time to maturity of the convertible preferred stock, the risk-free interest rate for a period that approximates the time to maturity, dividend rate, a penalty dividend rate, and the Company’s probability of default. The fair value of the warrant liability was estimated using the Black Scholes Model which uses as inputs the following weighted average assumptions, as noted above: dividend yield, expected term in years, equity volatility, and risk-free interest rate.

### *Fair Value on a Recurring Basis*

The Company follows the guidance in ASC 820 for its financial assets and liabilities that are re-measured and reported at fair value at each reporting period, and non-financial assets and liabilities that are re-measured and reported at fair value at least annually. The estimated fair value of marketable securities and money market accounts represents a Level 1 measurement. The estimated fair value of the warrant liability and bifurcated embedded derivatives represent Level 3 measurements. The following table presents information about the Company’s liabilities that are measured at fair value on a recurring basis as of June 30, 2025, and December 31, 2024, and indicates the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value:

The following table sets forth a summary of the Company's assets and liabilities that are measured at fair value on a recurring basis:

	June 30, 2025		December 31, 2024	
	Cash Equivalents	Marketable Securities	Cash Equivalents	Marketable Securities
<b>Fair Value Level 1</b>				
U.S Government securities	\$ 4,750,366	\$ 3,291,450	\$ 13,891,997	\$ 4,089,832
Total debt investments	\$ 4,750,366	\$ 3,291,450	\$ 13,891,997	\$ 4,089,832
	Warrant Liability	Derivative Liability	Warrant Liability	Derivative Liability
<b>Fair Value Level 3</b>				
Derivative financial instruments	\$ 14,537,000	\$ -	\$ 2,362,900	\$ 2,661,000
Total financial derivatives	\$ 14,537,000	\$ -	\$ 2,362,900	\$ 2,661,000

The following table sets forth a summary of the change in the fair value of the warrant liability, which is considered a Level 3 investment, which is measured at fair value on a recurring basis:

	June 30, 2025
Balance on December 31, 2024	\$ 2,362,900
Change in fair value of warrant liability	12,174,100
Balance on June 30, 2025	\$ 14,537,000

During the three and six months ended June 30, 2025, the Company recorded a loss of \$13,254,700 and \$12,174,100, respectively, related to the change in fair value of the Series H-7 Warrant liability which is recorded in other income (expense) on the unaudited condensed consolidated statements of operations. The fair value of the Series H-7 Warrants of \$14,537,000 and \$2,362,900 were estimated at June 30, 2025 and December 31, 2024, respectively, utilizing the Black Scholes Model, with the following inputs:

	June 30, 2025	December 31, 2024
Stock price	\$ 7.37	\$ 0.68
Exercise price	\$ 6.19	\$ 2.00
Dividend yield	0.0%	0.0%
Remaining terms	3.11	3.61
Equity volatility	71.0%	75.0%
Risk-free interest rate	3.7%	4.3%

The following table sets forth a summary of the change in the fair value of the derivative liability, which is considered a Level 3 investment, that is measured at fair value on a recurring basis:

	June 30, 2025
Balance on December 31, 2024	\$ 2,661,000
Change in fair value of derivative liability	(2,661,000)
Balance on June 30, 2025	\$ -

As of June 30, 2025, the Company's Series H-7 Preferred Stock had been fully noticed and, as a result, the corresponding derivative liability had been extinguished.



During the three and six months ended June 30, 2025, the Company recorded income of approximately \$1,130,000 and \$2,661,000, respectively, related to the change in fair value of the derivative liability which is recorded in other income (expense) on the unaudited condensed consolidated statements of operations. The Company estimated the \$0 and \$2,661,000 fair value of the bifurcated embedded derivative at June 30, 2025 and December 31, 2024, respectively, using a Monte Carlo simulation model, with the following inputs:

	<b>December 31, 2024</b>
Volatility	70.0%
Time to maturity	0.58
Discounted market interest	9.1%
Dividend rate	8.0%
Penalty dividend rate	15.0%
Probability of default	15.1%

#### NOTE 11. SEGMENT REPORTING

The Company currently operates as one business segment, which is also the sole reportable segment, focusing on the manufacturing and sales of environmentally-conscious, minimal-footprint EVs. The Company's business offerings have similar economic and other characteristics, including the nature of products, manufacturing, types of customers, and distribution methods. The determination of a single business segment is consistent with the consolidated financial information regularly provided to the Company's chief operating decision maker ("CODM"). The Company's CODM is its Executive Chairman and Principal Executive Officer, who reviews and evaluates consolidated profit and loss and total assets for the purpose of assessing performance, making operating decision, allocating resources, and planning and forecasting for future periods.

In addition to the significant expense categories included within net loss presented on the Company's Unaudited Condensed Consolidated Statements of Operations, see below for disaggregated amounts that comprise consulting and personnel expenses:

	<b>Three Months Ended June 30,</b>	
	<b>2025</b>	<b>2024</b>
Consulting expenses	\$ 862,023	\$ 1,542,297
Personnel expenses	291,764	377,544
Other expenses*	395,487	965,119
Total operating expenses	<u>\$ 1,549,274</u>	<u>\$ 2,884,960</u>

\* Other expenses materially comprised of rent, property taxes, insurance, depreciation, licenses and business taxes, software subscription fees, issuance cost, bad debt, dues and subscriptions, travel and entertainment, and marketing.

	<b>Six Months Ended June 30,</b>	
	<b>2025</b>	<b>2024</b>
Consulting expenses	\$ 1,898,841	\$ 2,883,330
Personnel expenses	699,682	2,292,695
Other expenses*	924,303	1,800,033
Total operating expenses	<u>\$ 3,522,826</u>	<u>\$ 6,976,058</u>

\* Other expenses materially comprised of rent, property taxes, insurance, depreciation, licenses and business taxes, software subscription fees, issuance cost, bad debt, dues and subscriptions, travel and entertainment, and marketing.

**NOTE 12. RELATED-PARTY TRANSACTIONS**

Gilbert Villarreal, the president of the Company’s subsidiary, Ayro Operating Company, Inc. (“AYRO Operating”), through GLV Ventures and Electric Power, entities owned and controlled by Mr. Villarreal, has been providing consulting services to the Company in connection with the reengineering of the Company’s Vanish at a rate of \$30,000 per month. In addition to the compensation paid to Mr. Villarreal as president of AYRO Operating, see below for related-party incurred expenses and liabilities:

**Related-Party Incurred Expenses**

Related Party	Classification	Three Months Ended June 30,	
		2025	2024
Electric Power Energy	Research and development	\$ 216,039	\$ —
Electric Power Energy	General and administrative	243,549	—
Total		\$ 459,588	\$ —

Related Party	Classification	Six Months Ended June 30,	
		2025	2024
Electric Power Energy	Research and development	\$ 390,204	\$ —
Electric Power Energy	General and administrative	475,294	—
Total		\$ 865,498	\$ —

**Related-Party Liabilities**

Related Party	Classification	June 30, 2025	December 31, 2024
Electric Power Energy	Accounts Payable	\$ 31,526	\$ —
Electric Power Energy	Accrued expenses and other current liabilities	21,437	—
Total		\$ 52,963	\$ —

### NOTE 13. SUBSEQUENT EVENTS

On July 28, 2025, the Company entered into a Settlement Agreement and General Release (the “Settlement Agreement”) with Lithion pursuant to which, the Company paid Lithion \$540,000 as settlement in full of all causes of action, counterclaims and claims that were asserted or could be asserted by the parties against each other. Pursuant to the Settlement Agreement, all causes of action, counterclaims, and claims that were asserted or could have been asserted by the parties against each other in connection with the Lithion Purchase Agreement were settled in full, with no party having continuing liability to the other party (see Note 9, Commitments and Contingencies).

On July 31, 2025, the Board of Directors of the Company declared a dividend of one preferred share purchase right (a “Right”) for each outstanding share of Company Stock (as defined in the Rights Agreement (as defined below)). The dividend was paid on August 11, 2025, to the stockholders of record at the close of business on August 11, 2025. Each Right initially entitles the registered holder to purchase from the Company one one-thousandth of a share of Series A Junior Participating Preferred Stock, par value \$0.0001 per share, of the Company (the “Series A Preferred Stock”) at a price of \$30 per one one-thousandth of a share of Series A Preferred Stock, subject to adjustment. The description and terms of the Rights are set forth in a Rights Agreement, dated as of July 31, 2025, as the same may be amended from time to time (the “Rights Agreement”), between the Company and Equiniti Trust Company LLC, as Rights Agent. The terms of the Series A Preferred Stock are as set forth in the form of Certificate of Designations of the Series A Preferred Stock, which was filed with the Secretary of State for the State of Delaware on August 1, 2025. One hundred thousand (100,000) shares of Series A Preferred Stock have been reserved for issuance upon the exercise of the Rights.

#### *August 2025 Financing*

On August 4, 2025, the Company entered into a Securities Purchase Agreement (the “Series I Purchase Agreement”) with certain accredited investors, pursuant to which it agreed to sell (i) an aggregate of 7,000 shares of the Company’s newly-designated Series I Convertible Preferred Stock, with a par value of \$0.0001 per share and a stated value of \$1,000 per share (“Stated Value”), initially convertible into up to 875,000 shares of the Company’s common stock at an initial conversion price of \$8.00 per share and (ii) warrants to acquire up to an aggregate of 875,000 shares of common stock (the “Series I Warrants”) at an exercise price of \$8.00 per share (collectively, the “Private Placement”). The closing of the Private Placement occurred on August 8, 2025. The aggregate gross proceeds from the Private Placement were \$7,000,000.

In connection with the Private Placement, pursuant to (A) an engagement letter (the “GPN Agreement”) with GP Nurmenkari Inc. (“GPN”) and (B) an engagement letter (the “Palladium Agreement,” and collectively with the GPN Agreement, the “Engagement Letters”) with Palladium Capital Group, LLC (“Palladium,” and collectively with GPN, the “Placement Agents”), the Company engaged the Placement Agents to act as non-exclusive placement agents in connection with the Private Placement, pursuant to which, the Company agreed to (i) pay each Placement Agent a cash fee equal to 4% of the gross proceeds of the Private Placement (including any cash proceeds realized by the Company from the exercise of any outstanding warrants of the Company), (ii) reimbursement and payment of certain expenses, and (iii) issue to each of the Placement Agents on the closing date, warrants to purchase up to an aggregate number of shares of common stock equal to 4% of the aggregate number of shares of common stock underlying the securities issued in the Private Placement, including upon exercise of any outstanding warrants of the Company, with terms identical to the Series I Warrants.

In connection with the Purchase Agreement, the Company and the investors entered into a Registration Rights Agreement (the “Registration Rights Agreement”), pursuant to which the Company is required to file a resale registration statement (the “Registration Statement”) with the SEC to register for resale 200% of the shares of common stock issuable upon conversion of the Series I Preferred Stock and upon exercise of the Series I Warrants promptly following the closing date, but in no event later than 30 calendar days after the closing date, and to have such Registration Statement declared effective by the Effectiveness Deadline (as defined in the Registration Rights Agreement).

#### *Consulting Agreement*

On August 4, 2025, the Company entered into a consulting agreement (the “Altucher Consulting Agreement”) with James Altucher and Z-List Media, Inc. (the “Consultant”), pursuant to which, the Consultant agreed to provide certain consulting services to the Company, including fund raising, crypto portfolio management, investor relations, strategic planning, deal flow analysis, introductions to further its business goals, advice related to sector growth initiatives and any other consulting or advisory services which the Company reasonably requests that Consultant provide to the Company. The Altucher Consulting Agreement has a term of two years unless earlier terminated pursuant to the terms of the Altucher Consulting Agreement or upon the mutual written consent of the Company and the Consultant in accordance with the terms of the Altucher Consulting Agreement.

Pursuant to the Altucher Consulting Agreement, the Company issued to the Consultant warrants to purchase up to an aggregate of 1,000,000 shares of common stock, consisting of: (i) a warrant to purchase up to 300,000 shares of common stock at an exercise price of \$8.00 per share, which are immediately exercisable upon issuance (the “First Tranche Warrant”), (ii) a warrant to purchase up to 200,000 shares of common stock at an exercise price of \$12.00 per share, which will be exercisable six months from the date of issuance (the “Second Tranche Warrant”), (iii) a warrant to purchase up to 200,000 shares of common stock at an exercise price of \$15.00 per share (the “Third Tranche Warrant”), which will be exercisable twelve months from the date of issuance, and (iv) a warrant to purchase up to 300,000 shares of common stock at exercise price of \$17.50 per share (the “Fourth Tranche Warrant” and together the First Tranche Warrant, the Second Tranche Warrant and the Third Tranche Warrant, the “Consultant Warrants”), which will be exercisable eighteen months from the date of issuance, in each case, with each Consultant Warrant subject to exercisability, forfeiture and such other terms as set forth therein.

### Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q (this “Form 10-Q”) contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of forward-looking terms such as “anticipates,” “assumes,” “believes,” “can,” “could,” “estimates,” “expects,” “forecasts,” “guides,” “intends,” “is confident that,” “may,” “plans,” “seeks,” “projects,” “targets,” “would” and “will” or the negative of such terms or other variations on such terms or comparable terminology. Such forward-looking statements include, but are not limited to, future financial and operating results, the company’s plans, objectives, expectations and intentions, statements concerning the strategic review of our product development strategy, the development and launch of the AYRO Vanish (the “Vanish”), the Company’s expectations regarding its transition to a Stablecoin-focused cryptocurrency treasury model and other statements that are not historical facts. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition, and results of operations. These forward-looking statements speak only as of the date of this Form 10-Q and are subject to a number of risks, uncertainties, and assumptions that could cause actual results to differ materially from our historical experience and our present expectations, or projections described under the sections in this Form 10-Q and our other reports filed with the SEC titled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

For a more detailed discussion of other factors that may affect our business and that could cause our actual results to differ materially from those projected in these forward-looking statements, see the risk factors and uncertainties set forth in Part II, Item 1A of this Form 10-Q and in Part I, Item 1A of our Annual Report on Form 10-K as filed with the SEC on March 31, 2025. Any one or more of these uncertainties, risks and other influences could materially affect our results of operations and whether forward-looking statements made by us ultimately prove to be accurate. We undertake no obligation to publicly update or revise any forward-looking statements, whether from new information, future events or otherwise, except as required by law.

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

*The following management’s discussion and analysis should be read in conjunction with our historical consolidated financial statements and the related notes thereto. This management’s discussion and analysis contains forward-looking statements, such as statements of our plans, objectives, expectations, and intentions. Any statements that are not statements of historical fact are forward-looking statements. When used, the words “believe,” “plan,” “intend,” “anticipate,” “target,” “estimate,” “expect” and the like, and/or future tense or conditional constructions (“will,” “may,” “could,” “should,” etc.), or similar expressions, identify certain of these forward-looking statements. These forward-looking statements are subject to risks and uncertainties, including those under “Risk Factors” in our filings with the Securities and Exchange Commission (“SEC”) that could cause actual results or events to differ from those expressed or implied by the forward-looking statements. Our actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of several factors. See “Cautionary Note Regarding Forward-Looking Statements.”*

*References in this management’s discussion and analysis to “we,” “us,” “our,” “the Company,” “our Company,” or “AYRO” refer to AYRO, Inc. and its subsidiary.*

### **Overview**

We have historically designed and manufactured compact, sustainable electric vehicles for closed campus mobility, low speed urban and community transport, local on-demand and last mile delivery and government use. Recently, the Company began a digital asset-based treasury strategy, involving the deployment of corporate treasury assets for the acquisition of crypto tokens that are directly capitalizing on the rapid growth of the stablecoin industry. The strategy intends to target tokens that support stablecoin issuance and infrastructure, combining the potential for long-term capital appreciation with consistent yield generation. Many of these assets are expected to deliver returns from both embedded yields and long-term price appreciation, as adoption of stablecoin is expected to accelerate globally.

### ***Business Strategy***

Historically, our goal has been to develop and commercialize automotive-grade, sustainable electric transportation solutions for the markets and use cases that we believe can be well served by our purpose-built, street legal low speed electric vehicles. Our business strategy includes, evaluating our operations to align with anticipated market conditions for electric vehicles, identifying defined markets and use cases which are currently under-served but represent sizable market opportunity sub-sets of the electric vehicle market and focus development efforts on purpose-built electric vehicles to address such markets, and investing in research and development and qualification of sensors, cameras, software and mobility services, seeking to enhance the value of using our electric vehicles and to derive incremental potential revenue streams for us and our partner ecosystem

### **Product Development and Future Strategy**

## Recent Developments

### *The Company's Business Strategy*

The Company has historically been engaged in the design, manufacture and commercialization of electric vehicles. In July 2025, the Company commenced a strategic transition toward a new business model focused on digital asset initiatives, with a focus on targeting the acquisition of crypto tokens that are directly capitalizing on the rapid growth of the stablecoin industry. The Company views the stablecoin ecosystem as a rapidly growing segment of the global financial infrastructure and believes that the entry into this market can provide a complementary revenue stream and enhance stockholder value. The Company's approach is intended to focus on acquiring and holding crypto assets within the stablecoin space and deploying them in a manner designed to generate yield while managing associated risks. In connection with this strategic shift, the Company announced a target goal of acquiring up to \$100 million in crypto assets, subject to available capital, market conditions and regulatory considerations.

### *Manufacturing Agreement*

On August 27, 2024, the Company partnered with Lithion Battery Inc. ("Lithion"), a manufacturer of certain iron phosphate and lithium-ion battery cells, modules and battery packs, and entered into a purchase agreement with Lithion (the "Lithion Purchase Agreement"), pursuant to which, the Company agreed to purchase batteries from Lithion for an aggregate of \$1,211,150 through 2025. As of June 30, 2025, \$541,160 under the Lithion Purchase Agreement remained outstanding. On June 17, 2025, Lithion filed a complaint with the Supreme Court of the State of New York County of New York, pursuant to which, Lithion claimed the Company was in breach of contract of the Lithion Purchase Agreement for failure to pay amounts owed under the Lithion Purchase Agreement in connection with the order of certain batteries. Lithion seeks damages equal to \$717,120 plus interest. On July 28, 2025, the Company entered into a Settlement Agreement (as defined herein) with Lithion, pursuant to which the Company paid Lithion \$540,000 on July 30, 2025, and upon payment, the Company took possession of the remaining battery cells, modules, and battery packs. Pursuant to the Settlement Agreement, all causes of action, counterclaims, and claims that were asserted or could have been asserted by the parties against each other in connection with the Lithion Purchase Agreement were settled in full, with no party having continuing liability to the other party.

### *Termination of GM Partnership*

On August 8, 2025, General Motors LLC cancelled its development projects with the Company effective as of such date. Accordingly, no further obligations will arise between the parties pursuant to their prior partnership.

### *Consulting Agreement with James Altucher and Z-List Media*

In connection with the Company's strategic transition toward a new business model focused on digital asset initiatives, on August 4, 2025, the Company entered into a consulting agreement (the "Altucher Consulting Agreement") with James Altucher and Z-List Media, Inc. (the "Consultant"), pursuant to which, the Consultant agreed to provide certain consulting services to the Company, including fund raising, crypto portfolio management, investor relations, strategic planning, deal flow analysis, introductions to further its business goals, advice related to sector growth initiatives and any other consulting or advisory services which the Company reasonably requests that Consultant provide to the Company. The Altucher Consulting Agreement has a term of two years unless earlier terminated pursuant to the terms of the Altucher Consulting Agreement or upon the mutual written consent of the Company and the Consultant in accordance with the terms of the Altucher Consulting Agreement.

Pursuant to the Altucher Consulting Agreement, the Company issued to the Consultant warrants to purchase up to an aggregate of 1,000,000 shares of common stock, consisting of: (i) a warrant to purchase up to 300,000 shares of common stock at an exercise price of \$8.00 per share, which are immediately exercisable upon issuance (the "First Tranche Warrant"), (ii) a warrant to purchase up to 200,000 shares of common stock at an exercise price of \$12.00 per share, which will be exercisable six months from the date of issuance (the "Second Tranche Warrant"), (iii) a warrant to purchase up to 200,000 shares of common stock at an exercise price of \$15.00 per share (the "Third Tranche Warrant"), which will be exercisable twelve months from the date of issuance, and (iv) a warrant to purchase up to 300,000 shares of common stock at exercise price of \$17.50 per share (the "Fourth Tranche Warrant" and together the First Tranche Warrant, the Second Tranche Warrant and the Third Tranche Warrant, the "Consultant Warrants"), which will be exercisable eighteen months from the date of issuance, in each case, with each Consultant Warrant subject to exercisability, forfeiture and such other terms as set forth therein.

### *Authorized Share Increase*

On May 29, 2025, at the Company's annual meeting of stockholders ("Annual Meeting"), the Company's stockholders approved an amendment to the Company's Amended and Restated Certificate of Incorporation (the "Share Increase Amendment") to increase the number of authorized shares of the Company's common stock, par value \$0.0001 per share ("common stock") from 200,000,000 shares to 1,200,000,000 shares and to make a corresponding change to the number of authorized shares of the Company's capital stock. Following the Annual Meeting, on May 23, 2025, the Company filed the Share Increase Amendment with the Secretary of State of the State of Delaware.

#### *Reverse Stock Split*

On June 23, 2025, the Company filed a Certificate of Amendment to the Company's Amended and Restated Certificate of Incorporation with the Secretary of State of Delaware to effect a 1-for-16 reverse stock split of the shares of the Company's common stock, either issued and outstanding or held by the Company as treasury stock, effective as of 4:05 p.m. (New York time) on June 25, 2025 (the "Reverse Stock Split") and began trading on a Reverse Stock Split-adjusted basis on Nasdaq on June 26, 2025. All share amounts have been retroactively adjusted for the Reverse Stock Split.

#### *August 2025 Financing*

On August 4, 2025, the Company entered into a Securities Purchase Agreement (the "Series I Purchase Agreement") with certain accredited investors, pursuant to which it agreed to sell (i) an aggregate of 7,000 shares of the Company's newly-designated Series I Convertible Preferred Stock, with a par value of \$0.0001 per share and a stated value of \$1,000 per share ("Stated Value"), initially convertible into up to 875,000 shares of the Company's common stock at an initial conversion price of \$8.00 per share and (ii) warrants to acquire up to an aggregate of 875,000 shares of common stock (the "Series I Warrants") at an exercise price of \$8.00 per share (collectively, the "Private Placement"). The closing of the Private Placement occurred on August 8, 2025. The aggregate gross proceeds from the Private Placement were \$7,000,000.



## **Components of Results of Operations**

### ***Revenue***

The Company continues to work on engineering of the Vanish while the Company evaluates the commercialization of the product. Going forward, the Company expects to recognize revenue upon successful re-engineering of the Vanish and is exploring strategic partnerships to support scaling.

### ***Cost of Goods Sold***

Cost of goods sold primarily consists of costs of materials and personnel costs associated with manufacturing operations, and an accrual for post-sale warranty claims. Personnel costs consist of wages and associated taxes and benefits. The cost of goods sold also includes adjustments to inventory, freight and changes to our warranty reserves. Allocated overhead costs consist of certain facilities and utility costs.

### ***Operating Expenses***

Our operating expenses consist of general and administrative and research and development expenses. Third party consulting services is the most significant component of each category of operating expenses. Operating expenses also include allocated overhead costs for facilities and utility costs.

### ***Research and Development Expense***

Research and development expense consists primarily of prototype expenses, product strategic advisory fees, and third-party engineering and contractor support costs, including costs related to the Company's relationship with GLV Ventures. The Company expects research and development expenses to increase in absolute dollars as investments in new and existing products continue, particularly in the reengineering of the Vanish to optimize its design and reduce manufacturing costs.

### ***Sales and Marketing Expense***

Sales and marketing expenses consist primarily of personnel and related expenses, marketing programs, travel and entertainment expenses, and bad debt expense. Marketing programs consist of advertising, trade shows, events, corporate communications, and brand-building activities. Sales and marketing efforts and related expenses have been put on hold pending the outcome of the reengineering of the Vanish, as the Company focuses resources on optimizing the design and reducing manufacturing costs of this product.

### ***General and Administrative Expense***

General and administrative expenses consist primarily of consulting fees and related expenses, legal, audit and tax, third-party professional services, and allocated overhead.

### ***Other (Expense) Income***

Other (expense) income consists of income received or expenses incurred for activities outside of our core business. Other (expense) income consists primarily of interest expense, unrealized gain/loss on marketable securities, the changes in fair value of the warrant and the derivative liability.

### ***Provision for Income Taxes***

Provision for income taxes consists of estimated income taxes due to the United States government and to the state tax authorities in jurisdictions in which we conduct business. In the case of a tax deferred asset, we reserve the entire value for future periods.

### **Results of Operations**

#### ***Six months ended June 30, 2025, compared to six months ended June 30, 2024***

The following table sets forth our results of operations for each of the periods set forth below:

	For the Six Months Ended June 30,		
	2025	2024	Change
Revenue	\$ —	\$ 58,351	\$ (58,351)
Cost of goods sold	239,040	2,258,103	(2,019,063)
Gross loss	(239,040)	(2,199,752)	1,960,712
Operating expenses:			
Research and development	657,681	1,382,984	(725,303)
Sales and marketing	—	553,390	(553,390)
General and administrative	2,865,145	5,039,684	(2,174,539)
Total operating expenses	3,522,826	6,976,058	(3,453,232)
Loss from operations	(3,761,866)	(9,175,810)	5,413,944
Other income (expense):			
Interest income	34,201	293,865	(259,664)
Change in fair value - warrant liability	(12,174,100)	9,010,300	(21,184,400)
Change in fair value - derivative liability	2,661,000	2,627,000	34,000
Unrealized gain (loss) on marketable securities	(79,164)	266,902	(346,066)
Realized gain on marketable securities	305,554	452,121	(146,567)
Consent and waiver fee – Series H-7	(350,000)	—	(350,000)
Other income (expense), net	66,368	(198,510)	264,878
Total other income (expense), net	(9,536,141)	12,451,678	(21,987,819)
Net income (loss)	\$ (13,298,007)	\$ 3,275,868	\$ (16,573,875)

### ***Revenue***

Revenue was \$0 for the six months ended June 30, 2025, as compared to \$58,351 for the same period in 2024, a decrease of 100%, or \$58,351. The decrease in revenue was primarily due to a reduction of \$37,775 in product sales and a \$18,249 decrease in service revenue, mainly due to the pause in manufacturing of the Vanish as the Company focuses on re-engineering the vehicle to optimize its design and improve manufacturing efficiencies.

### ***Cost of goods sold and gross loss***

Cost of goods decreased by \$2,019,063 or 89% for the six months ended June 30, 2025, as compared to the same period in 2024. The decrease in cost of goods sold was mainly due to the decrease of \$887,922 and \$167,187 in impairment of inventory adjustments and a decrease in materials purchases, respectively, related to the Vanish, a decrease in overhead allocations of \$432,843, and a decrease of \$511,803 adjustments to inventory stock counts that were the result of inventory write downs during the six months ended June 30, 2024.

### ***Research and development expense***

Research and development (“R&D”) expense was \$657,681 for the six months ended June 30, 2025, as compared to \$1,382,984 for the same period in 2024, a decrease of \$725,303 or 52%. For the six months ended June 30, 2025, as compared to the same period in 2024, the Company had a decrease of \$538,151 and \$352,524 in salaries and related personnel costs and R&D design, respectively, offset by an increase in other consulting of \$149,350. The decrease was primarily due to the Company being substantially completed with the R&D on the Vanish in 2024, offset by the increase in re-engineering work and design changes in the current year associated with the Company’s objective of lowering the bill of material and overall manufacturing expenses of the Vanish.

### ***Sales and marketing expense***

Sales and marketing expense was \$0 for the six months ended June 30, 2025, as compared to \$553,390 for the same period in 2024, a decrease of \$553,390, or 100%. For the six months ended June 30, 2025, as compared to the same period in 2024, the Company had a decrease of \$200,121 in depreciation expense of their fleet vehicles and a decrease of \$162,701 in personnel expenses. The decrease primarily resulted from no depreciation of the vehicles during 2025 due to the impairment of the vehicles by the end of the year 2024.

### ***General and administrative expenses***

The majority of our operating losses from continuing operations resulted from general and administrative expenses. General and administrative expenses consist primarily of costs associated with our overall operations and with being a public company. These costs include personnel, legal and financial professional services, insurance, investor relations, and compliance related fees.

General and administrative expense was \$2,865,145 for the six months ended June 30, 2025, compared to \$5,039,684 for the same period in 2024, a decrease of \$2,174,539, or 43%. The decrease was primarily attributable to cost reduction initiatives completed in late 2024 and early 2025.

Salaries and related expenses decreased by \$892,160 for the six months ended June 30, 2025, compared to the same period in 2024, due to the decrease in headcount associated with the internal restructuring. Legal expenses decreased by \$506,433 for the six months ended June 30, 2025, compared to the same period in 2024, due to the finalization and settlement of legal issues during 2024. Depreciation decreased by \$342,664 for the six months ended June 30, 2025, compared to the same period in 2024, due to assets being fully impaired and written down to zero at the end of 2024. Consultants and professional services decreased by \$181,330 for the six months June 30, 2025, compared to the same period in 2024, primarily due to fewer engagements that required external professional services.

### ***Other income and expense***

For the six months ended June 30, 2025, the Company recorded a \$21,987,819 decrease of net other income. The Company recognized a loss of \$12,174,100 and a gain of \$9,010,300 for the six months ended June 30, 2025 and 2024, respectively, for the change in fair value - warrant liability, a decrease of \$21,184,400 primarily due to the increase in the trading price of the Company’s common stock and the decrease in the exercise price. For the six months ended June 30, 2025, the Company recorded a \$259,664 decrease in interest income primarily due to a \$259,664 decrease in interest income on cash accounts, a decrease in realized gains of \$146,567 on marketable securities, and a decrease of \$346,066 in the unrealized gain on marketable securities. For the six months ended June 30, 2025, the Company recorded a \$350,000 increase in consent and waiver fees related to the Series H-7 Preferred Stock. For the six months ended June 30, 2025, the Company recorded an \$264,878 increase in other income and expense primarily due to a decrease in vendor settlements of \$131,798 and an increase of \$101,664 in miscellaneous income and expense.

**Three months ended June 30, 2025, compared to three months ended June 30, 2024**

The following table sets forth our results of operations for each of the periods set forth below:

	For the Three Months Ended June 30,		
	2025	2024	Change
Revenue	\$ —	\$ —	\$ —
Cost of goods sold	239,040	1,074,896	(835,856)
Gross loss	(239,040)	(1,074,896)	835,856
Operating expenses:			
Research and development	349,951	622,567	(272,616)
Sales and marketing	—	285,035	(285,035)
General and administrative	1,199,323	1,977,358	(778,035)
Total operating expenses	1,549,274	2,884,960	(1,335,686)
Loss from operations	(1,788,314)	(3,959,856)	2,171,542
Other income (expense):			
Interest income	7,961	140,567	(132,606)
Change in fair value - warrant liability	(13,254,700)	7,937,500	(21,192,200)
Change in fair value - derivative liability	1,130,000	2,618,000	(1,488,000)
Unrealized gain (loss) on marketable securities	(7,457)	301,921	(309,378)
Realized gain on marketable securities	94,492	74,998	19,494
Consent and waiver fee – Series H-7	(350,000)	—	(350,000)
Other income (expense), net	25,000	(198,510)	223,510
Total other income (expense), net	(12,354,704)	10,874,476	(23,229,180)
Net income (loss)	\$ (14,143,018)	\$ 6,914,620	\$ (21,057,638)

**Cost of goods sold and gross loss**

Cost of goods decreased by \$835,856 or 80% for the three months ended June 30, 2025, as compared to the same period in 2024. The decrease in cost of goods sold was mainly due to the decrease of \$121,672 in impairment of inventory adjustments related to the Vanish, a decrease in overhead allocations of \$214,293, and a decrease of \$476,340 adjustments to inventory stock counts that were the result of inventory write downs during the six months ended June 30, 2024.

**Research and development expense**

Research and development (“R&D”) expense was \$349,951 for the three months ended June 30, 2025, as compared to \$622,567 for the same period in 2024, a decrease of \$272,616 or 44%. For the three months ended June 30, 2025, as compared to the same period in 2024, the Company had a decrease of \$287,850 and \$93,702 in R&D design and salaries and related personnel costs, respectively, offset by an increase in other consulting of \$71,525. The decrease was primarily due to the Company being substantially completed with the R&D on the Vanish in 2024, offset by the increase in re-engineering work and design changes in the current year associated with the Company’s objective of lowering the bill of material and overall manufacturing expenses of the Vanish.

**Sales and marketing expense**

Sales and marketing expense was \$0 for the three months ended June 30, 2025, as compared to \$285,035 for the same period in 2024, a decrease of \$285,035, or 100%. For the three months ended June 30, 2025, as compared to the same period in 2024, the Company had a decrease of \$200,121 in depreciation expense of their fleet vehicles. The decrease primarily resulted from no depreciation of the vehicles during 2025 due to the impairment of the vehicles by the end of the year 2024.

### ***General and administrative expenses***

The majority of our operating losses from continuing operations resulted from general and administrative expenses. General and administrative expenses consist primarily of costs associated with our overall operations and with being a public company. These costs include personnel, legal and financial professional services, insurance, investor relations, and compliance related fees.

General and administrative expense was \$1,199,323 for the three months ended June 30, 2025, compared to \$1,977,358 for the same period in 2024, a decrease of \$778,035, or 39%. The decrease was primarily attributable to cost reduction initiatives completed in late 2024 and early 2025.

Legal expenses decreased by \$426,656 for the three months ended June 30, 2025, compared to the same period in 2024, due to the finalization and settlement of legal issues during 2024. Depreciation decreased by \$232,170 for the three months ended June 30, 2025, compared to the same period in 2024, due to assets being fully impaired and written down to zero at the end of 2024. Consultants and professional services decreased by \$137,190 for the three months June 30, 2025, compared to the same period in 2024, primarily due to fewer engagements that required external professional services. Insurance decreased by \$47,357 for the three months ended June 30, 2025, compared to the same period in 2024, due to meaningful reductions across both Directors and Officers liability and broader casualty property programs.

### ***Other income and expense***

For the three months ended June 30, 2025, the Company recorded a \$23,229,180 decrease of net other income. For the three months ended June 30, 2025 and 2024, the Company recognized a gain of \$1,130,000 and \$2,618,000, respectively, for the change in fair value - derivative liability, a decrease of \$1,488,000, mainly due to the final installment notice of the Series H-7 Preferred Stock redemption. The Company recognized a loss of \$13,254,700 and a gain of \$7,937,500 for the three months ended June 30, 2025 and 2024, respectively, for the change in fair value - warrant liability, a decrease of \$21,192,200 primarily due to the increase in the trading price of the Company's common stock and the decrease in the exercise price. For the three months ended June 30, 2025, the Company recorded a \$132,606 decrease in interest income primarily due to a \$132,606 decrease in interest income on cash accounts, an increase in realized gains of \$19,494 on marketable securities, and a decrease of \$309,378 in the unrealized gain on marketable securities. For the three months ended June 30, 2025, the Company recorded a \$350,000 increase in consent and waiver fees related to the Series H-7 Preferred Stock. For the three months ended June 30, 2025, the Company recorded a \$223,510 increase in other income and expense primarily due to a decrease in vendor settlements of \$131,798 and an increase of \$66,712 in miscellaneous income and expense.

### **Off-Balance Sheet Commitments and Arrangements**

The Company has not entered into any off-balance sheet financial guarantees or other off-balance sheet commitments to guarantee the payment obligations of any third parties. The Company has not entered into any derivative contracts that are indexed to the Company's shares and classified as stockholder's equity or that are not reflected in the Company's financial statements included in this Quarterly Report on Form 10-Q. Furthermore, the Company does not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. The Company does not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

## **Liquidity and Capital Resources**

The Company has incurred recurring losses from operations and has insufficient liquidity to fund its future operations. As of June 30, 2025, we had \$5,132,867 in cash and cash equivalents, \$109,576 in restricted cash, \$3,291,450 in marketable securities, and working capital of \$1,230,158. As of December 31, 2024, we had \$16,035,475 in cash and cash equivalents, \$164,682 in restricted cash, \$4,089,832 in marketable securities and working capital of \$17,100,605. The decrease in cash and cash equivalents and working capital was primarily a result of the payment of Series H-7 Preferred Stock redemptions. Our sources of cash since inception have been predominately from the sale of equity and debt, including the issuance of the Series H-7 Preferred Stock and Series I Preferred Stock.

Our future liquidity requirements or future capital needs will depend on, among other things, capital required to manufacture our products and the operational staffing and support requirements, as well as the timing and amount of future revenue and product costs. Our business is capital-intensive, and future capital requirements will depend on many factors, including our growth rate, the timing and extent of spending to support development efforts, the results of our strategic review, the timing of new product introductions and the continuing market acceptance of our products and services. We are working to control expenses and deploy our capital in the most efficient manner.

We are evaluating other options for the strategic deployment of capital beyond our ongoing strategic initiatives. We anticipate being opportunistic with our capital, and we intend to explore potential partnerships and acquisitions that could be synergistic with our competitive stance in the market.

We are also implementing a multi-token investment strategy, pursuant to which we intend to use capital in excess of working capital requirements to invest in one or more alternative investments or assets, which may include digital assets linked to stablecoin. We intend to target \$100 million in crypto tokens that capitalize on the stablecoin industry and we will continue to monitor market conditions in determining whether to engage in additional financings to purchase such crypto tokens. This overall strategy also contemplates that we may (i) periodically sell the crypto tokens we purchase for general corporate purposes, including to generate cash for treasury management (which may include debt repayment), or in connection with strategies that generate tax benefits in accordance with applicable law, (ii) enter into additional capital raising transactions that are collateralized by our potential digital asset holdings, and (iii) consider pursuing additional strategies to create income streams or otherwise generate funds using potential digital asset holdings.

We are subject to a number of risks similar to those of earlier stage commercial companies, including dependence on key individuals and products, the difficulties inherent in the development of a commercial market, the potential need to obtain additional capital, and competition from larger companies, other technology companies and other technologies. Based on the foregoing, management believes that the existing cash and cash equivalents and marketable securities at June 30, 2025 will not be sufficient to fund operations for at least the next twelve months following the date of this report.

### ***Series H-7 Preferred Stock***

On August 7, 2023, the Company entered into the Securities Purchase Agreement with certain accredited investors (the “Investors”), pursuant to which it agreed to sell to the Investors (i) an aggregate of 22,000 Series H-7 Preferred Stock with a stated value of \$1,000 per share, initially convertible into up to 171,875 shares of the Company’s common stock at an initial conversion price of \$128.00 per share, and (ii) warrants (“Warrants”) initially exercisable for up to an aggregate of 171,875 shares of common stock.

The shares of Series H-7 Preferred Stock are convertible into common stock (the “Conversion Shares”) at the election of the holder at any time at an initial conversion price of \$128.00 (the “Conversion Price”), which, and pursuant to the stock combination event adjustment provisions in the Certificate of Designations, was subsequently reduced to \$32.00. The Conversion Price is subject to adjustments for stock dividends, stock splits, reclassifications and the like, and subject to price-based adjustment in the event of any issuances of common stock, or securities convertible, exercisable or exchangeable for common stock, at a price below the then-applicable Conversion Price (subject to certain exceptions). The Company is required to redeem the Series H-7 Preferred Stock in 12 equal monthly installments from, and including, the applicable Installment Date (as defined in the Certificate of Designations). On February 9, 2024, the Company filed with the Secretary of State of the State of Delaware a Certificate of Amendment of Certificate of Designations of Series H-7 Preferred Stock, which became effective upon filing, which amended the commencement of the monthly installment dates, to be between May 7, 2024, and August 7, 2025. The first such installment date was May 7, 2024 and August 7, 2024, as elected by the applicable investor. On June 25, 2025, in connection with the Reverse Stock Split and pursuant to the stock combination event adjustment provisions, (i) the Series H-7 Conversion Price was adjusted from \$7.616 per share to \$6.1933 per share and (ii) the exercise price of the Series H-7 Warrants was adjusted from \$7.616 per share to \$6.1933 per share and the number of shares of common stock issuable upon exercise of such warrants was adjusted proportionally.

The amortization payments due upon redemption of the Series H-7 Preferred Stock are payable, at the Company’s election, in cash at 105% of the Installment Redemption Amount (as defined in the Certificate of Designations), or subject to certain limitations, in shares of common stock valued at the lower of (i) the Conversion Price then in effect and (ii) the greater of (A) 80% of the average of the three lowest closing prices of the Company’s common stock during the thirty consecutive trading day period immediately prior to the date the amortization payment is due and (B) \$11.90 (as adjusted for the Company’s Reverse Stock Split and subject to adjustment for stock splits, stock dividends, stock combinations, recapitalizations or other similar events) or, in any case, such lower amount as permitted, from time to time, by the Nasdaq Stock Market. The holders of the Series H-7 Preferred Stock have the option to defer amortization payments or, subject to certain limitations as specified in the Certificate of Designations, can elect to accelerate installment conversion amounts.

The holders of the Series H-7 Preferred Stock are entitled to dividends of 8.0% per annum, compounded monthly, which are payable in cash or shares of common stock at the Company’s option, in accordance with the terms of the Certificate of Designations. Upon the occurrence and during the continuance of a Triggering Event (as defined in the Certificate of Designations), the Series H-7 Preferred Stock will accrue dividends at the rate of 15% per annum. Upon conversion or redemption, the holders of the Series H-7 Preferred Stock are also entitled to receive a dividend make-whole payment.

The Certificate of Designations provides that, except as required by applicable law, the holders of the Series H-7 Preferred Stock will be entitled to vote with holders of the common stock on an as converted basis, with the number of votes to which each holder of Series H-7 Preferred Stock is entitled to be determined by dividing the Stated Value by a conversion price equal to \$92.16 per share (as adjusted for the Reverse Stock Split), which was the “Minimum Price” (as defined in Nasdaq Listing Rule 5635(d)) applicable immediately before the execution and delivery of the Purchase Agreement, subject to certain beneficial ownership limitations and adjustments for any stock splits, stock dividends, stock combinations, recapitalizations or other similar transactions, as set forth in the Certificate of Designations.

Notwithstanding the foregoing, the Company’s ability to settle conversions and make amortization and dividend make-whole payments using shares of common stock is subject to certain limitations set forth in the Certificate of Designations. Further, the Certificate of Designations contains a certain beneficial ownership limitation after giving effect to the issuance of shares of common stock issuable upon conversion of, or as part of any amortization payment or dividend make-whole payment under, the Certificate of Designations or Warrants.

The Certificate of Designations includes certain triggering events including, among other things, the suspension from trading or the failure of the common stock to be trading or listed (as applicable) on an eligible market for a period of five (5) consecutive trading days, the Company's failure to pay any amounts due to the holders of the Series H-7 Preferred Stock when due. In connection with a triggering event, each holder of Series H-7 Preferred Stock will be able to require the Company to redeem in cash any or all of the holder's Series H-7 Preferred Stock at a premium set forth in the Certificate of Designations.

On March 30, 2025, the Company entered into an Omnibus Waiver and Amendment Agreement ("Waiver and Amendment Agreement") with the Required Holders (as defined in the Certificate of Designations (the "Series H-7 Certificate of Designations") for the Series H-7 Convertible Preferred Stock ("Series H-7 Preferred Stock"), pursuant to which, the Required Holders agreed (A) to amend (i) the Series H-7 Certificate of Designations, as described below, by filing a Certificate of Amendment to the Series H-7 Certificate of Designations with the Secretary of State of the State of Delaware (the "March 2025 Certificate of Amendment"), and (ii) that certain Securities Purchase Agreement, dated as of August 7, 2023 (the "Series H-7 Purchase Agreement") pursuant to which the Company issued the Series H-7 Preferred Stock and related warrants to amend the definition of "Excluded Securities" such that the definition includes the issuance of common stock, par value \$0.0001 per share ("common stock"), issued after the date of the Series H-7 Purchase Agreement pursuant to an Approved Stock Plan (as defined in the Series H-7 Purchase Agreement), which in the aggregate does not exceed more than 2% of the shares of common stock issued and outstanding on the date immediately prior to the date of the Series H-7 Purchase Agreement (the "Excluded Securities Modification"), and (B) to waive certain restrictive covenants contained in the Series H-7 Purchase Agreement as described therein.

The March 2025 Certificate of Amendment amends the Series H-7 Certificate of Designations to (i) amend the restrictive covenant of the Series H-7 Certificate of Designations such that the Company is required from January 1, 2025, until no shares of Series H-7 Preferred Stock are outstanding, to maintain unencumbered, unrestricted cash and cash equivalents on hand in amount equal to at least 120% of the aggregate Stated Value (as defined in the Series H-7 Certificate of Designations) of the Series H-7 Preferred Stock then outstanding, (ii) amend the definition of "Excluded Securities" substantially similar to the Excluded Securities Modification, and (iii) remove the restrictive covenant provision relating to the Segregated Cash (as defined in the Series H-7 Certificate of Designations) requirement. The March 2025 Certificate of Amendment was filed with the Secretary of State of the State of Delaware, effective as of March 31, 2025.

On May 13, 2025, the Required Holders (as defined in the Series H-7 Certificate of Designations) executed and delivered a waiver (the "May 2025 Waiver") to the Company, pursuant to which, the Required Holders agreed to waive any Equity Conditions Failure (as defined in the Series H-7 Certificate of Designations) including, without limitation, any rights or remedies in connection with such Equity Conditions Failure, effective as of March 31, 2025, and as of the date of the May 2025 Waiver.



On August 4, 2025, the Company entered into an Omnibus Waiver, Consent, Notice and Amendment (the “Series H-7 Agreement”) with the Required Holders. Pursuant to the Series H-7 Agreement, the Required Holders agreed to (i) amend the Series H-7 Purchase Agreement to amend the definition of “Excluded Securities” as set forth in the Series H-7 Amendment, (ii) waive certain rights under the Series H-7 Purchase Agreement, Series H-7 Warrants and Series H-7 Certificate of Designations in respect of the issuance of the Preferred Stock and entrance by the Company into the Purchase Agreement, and (iii) consent to the issuance of the Preferred Stock, as required pursuant to certain terms of the Series H-7 Certificate of Designations, the Series H-7 Purchase Agreement and the Series H-7 Warrants, as applicable. In consideration of the foregoing, the Company agreed to pay to the Required Holders an aggregate of \$350,000 by September 30, 2025, which may be paid in the form of cash, or, at the holders’ sole election, added to the outstanding aggregate stated value of the Series H-7 Preferred Stock.

The Company and the Required Holders further agreed pursuant to the Series H-7 Agreement to amend the Series H-7 Certificate of Designations by filing a Certificate of Amendment to the Series H-7 Certificate of Designations (the “Certificate of Amendment”) with the Secretary of State of the State of Delaware. The Certificate of Amendment amends the Series H-7 Certificate of Designations to (i) extend the maturity date to February 4, 2027, (ii) revise the applicable payment dates and corresponding payable amounts of Dividends and Installment Amounts (each as defined in the Series H-7 Certificate of Designations), (iii) modify the definition of “Excluded Securities” and (iv) modify the schedule of Installment Dates (as defined in the Series H-7 Certificate of Designations). The Certificate of Amendment to the Series H-7 Certificate of Designations was filed with the Secretary of State for the State of Delaware on August 6, 2025.

#### ***Series I Preferred Stock***

On August 4, 2025, the Company entered into the Series I Securities Purchase Agreement with certain accredited investors, pursuant to which it agreed to sell (i) an aggregate of 7,000 shares of the Company’s newly-designated Series I Convertible Preferred Stock, with a par value of \$0.0001 per share and a stated value of \$1,000 per share, initially convertible into up to 875,000 shares of the Company’s common stock at an initial conversion price of \$8.00 per share and (ii) warrants to acquire up to an aggregate of 875,000 Series I Warrants at an exercise price of \$8.00 per share. The closing of the Private Placement occurred on August 8, 2025. The aggregate gross proceeds from the Private Placement were \$7,000,000.

Among other covenants, the Series I Purchase Agreement requires the Company to hold a meeting of its stockholders not later than October 3, 2025, to seek approval for the issuance of shares of common stock in excess of 19.99% of the Company’s issued and outstanding shares of common stock at prices below the “Minimum Price” (as defined in Rule 5635 of the Rules of the Nasdaq Stock Market) on the date of the Series I Purchase Agreement pursuant to the terms of the Series I Preferred Stock and the applicable Series I Warrants.

In connection with the Private Placement, pursuant to (A) an engagement letter (the “GPN Agreement”) with GP Nurmenkari Inc. (“GPN”) and (B) an engagement letter (the “Palladium Agreement,” and collectively with the GPN Agreement, the “Engagement Letters”) with Palladium Capital Group, LLC (“Palladium,” and collectively with GPN, the “Placement Agents”), the Company engaged the Placement Agents to act as non-exclusive placement agents in connection with the Private Placement, pursuant to which, the Company agreed to (i) pay each Placement Agent a cash fee equal to 4% of the gross proceeds of the Private Placement (including any cash proceeds realized by the Company from the exercise of any outstanding warrants of the Company), (ii) reimbursement and payment of certain expenses, and (iii) issue to each of the Placement Agents on the closing date, warrants to purchase up to an aggregate number of shares of common stock equal to 4% of the aggregate number of shares of common stock underlying the securities issued in the Private Placement, including upon exercise of any outstanding warrants of the Company, with terms identical to the Series I Warrants

In connection with the Purchase Agreement, the Company and the investors entered into a Registration Rights Agreement (the “Registration Rights Agreement”), pursuant to which the Company is required to file a resale registration statement (the “Registration Statement”) with the SEC to register for resale 200% of the shares of common stock issuable upon conversion of the Series I Preferred Stock and upon exercise of the Series I Warrants promptly following the closing date, but in no event later than 30 calendar days after the closing date, and to have such Registration Statement declared effective by the Effectiveness Deadline (as defined in the Registration Rights Agreement).

The terms of the Series I Preferred Stock are as set forth in the form of Certificate of Designations of the Series I Convertible Preferred Stock (“Series I Certificate of Designations”) which was filed with the Secretary of State for the State of Delaware on August 6, 2025. All shares of capital stock of the Company rank junior to shares of the Series I Preferred Stock, with respect to the preferences as to dividends, distributions and payments upon the liquidation, dissolution and winding up of the Company. Further to the foregoing, the shares of Series I Preferred Stock rank junior to shares of Series H-7 Convertible Preferred Stock with respect to the preferences as to dividends, distributions and payments upon the liquidation, dissolution and winding up of the Company.

The shares of Series I Preferred Stock are convertible into shares of common stock at the election of the holder at any time at an initial conversion price of \$8.00 per share (the “Series I Conversion Price”). The Series I Conversion Price is subject to customary adjustments for stock dividends, stock splits, reclassifications, stock combinations and the like and dilutive issuances (in each case, subject to certain exceptions). The Company is required to redeem the Series I Preferred Stock in equal installments, commencing on November 30, 2025, and thereafter on the last trading day of the third calendar month immediately following the previous Installment Date, until the maturity date of February 4, 2027.

The Installment Amount (as defined in the Series I Certificate of Designations) due upon such redemption are payable, at the Company’s election, in cash at 107% of the applicable Installment Redemption Price (as defined in the Series I Certificate of Designations).

The holders of the Series I Preferred Stock are entitled to dividends of 7% per annum, compounded each calendar quarter, which are payable in arrears (i) quarterly on each Installment Date (as defined in the Series I Certificate of Designations), in cash out of funds legally available therefor and, (ii) prior to the first Installment Date, payable by way of inclusion of the dividends in the Conversion Amount (as defined in the Series I Certificate of Designations) on each conversion date occurring prior to the first Installment Date. Upon the occurrence and during the continuance of a Triggering Event (as defined in the Series I Certificate of Designations), the Series I Preferred Stock accrue dividends at the rate of 15% per annum. The holders of the Series I Preferred Stock are entitled to vote with holders of the common stock on an as-converted basis, with the number of votes to which each holder of Series I Preferred Stock is entitled to be calculated assuming a conversion price of \$7.628 per share, which was the Minimum Price (as defined in Rule 5635 of the Rules of the Nasdaq Stock Market) applicable immediately before the execution and delivery of the Series I Purchase Agreement, subject to certain beneficial ownership limitations as set forth in the Series I Certificate of Designations.

Notwithstanding the foregoing, the Company’s ability to settle conversions using shares of common stock is subject to certain limitations set forth in the Series I Certificate of Designations, including a limit on the number of shares that may be issued until the time, if any, that the Company has obtained the Stockholder Approval. Further, the Series I Certificate of Designations contains a certain beneficial ownership limitation after giving effect to the issuance of shares of Series I Common Stock issuable upon conversion of the Series I Preferred Stock under the Series I Certificate of Designations.

The Series I Certificate of Designations includes certain Triggering Events, including, among other things, the Company’s failure to pay any amounts due to the holders of the Series I Preferred Stock when due. In connection with a Triggering Event, each holder of Series I Preferred Stock will be able to require the Company to redeem in cash any or all of the holder’s Series I Preferred Stock at a premium set forth in the Series I Certificate of Designations.

The Company is subject to certain affirmative and negative covenants regarding the incurrence of indebtedness, the existence of liens, the repayment of indebtedness, the payment of cash in respect of dividends (other than dividends pursuant to the Series I Certificate of Designations), distributions or redemptions, and the transfer of assets, among other matters. In addition, the Company is required to maintain at all times unencumbered, unrestricted cash and cash equivalents on hand in amount equal to at least 50% of the aggregate Stated Value of the outstanding shares of Series I Preferred Stock then outstanding.

The Series I Warrants are exercisable for shares of common stock immediately, at an exercise price of \$8.00 per share and expire five years from the date of issuance. The exercise price of each Series I Warrant is subject to customary adjustments for stock dividends, stock splits, reclassifications, stock combinations and the like and dilutive issuances (in each case, subject to certain exceptions).

### ***Summary of Cash Flows***

The following table summarizes our cash flows:

	<b>For the Six Months Ended June 30,</b>	
	<b>2025</b>	<b>2024</b>
<b>Cash Flows:</b>		
Net cash used in operating activities	\$ (4,100,960)	\$ (6,834,066)
Net provided by (cash used in) investing activities	\$ 1,024,773	\$ (22,153,128)
Net cash used in financing activities	\$ (7,881,527)	\$ (362,573)

### ***Operating Activities***

During the six months ended June 30, 2025, we used \$4,100,960 in cash from operating activities, a decrease in use of \$2,733,106 compared to the cash used in operating activities of \$6,834,066 during the same period in 2024. The decrease in cash used in operating activities was primarily a result of the decrease in net income adjusted for non-cash items. During the six months ended June 30, 2025, the Company recognized net loss after non-cash adjustments of \$3,486,636, a \$2,840,266 improvement compared with a \$6,326,902 adjusted net loss during the same period in 2024. During the six months ended June 30, 2025, cash used in inventory was \$0 as compared to \$1,704,756 for the same period in 2024, a decrease of \$1,704,756, mainly due to the temporary pause on procurement of materials and manufacturing activities while re-engineering the Vanish. For the six months ended June 30, 2025, cash provided by prepaid expenses and other assets was \$785,631 as compared to cash provided of \$587,476 for the same period in 2024, an increase in cash provided of \$198,155, mainly due to advance purchases of inventory that has been received and expensed, and insurance premiums amortized over the policy period. During the six months ended June 30, 2025, cash used in accounts payable was \$828,324 as compared to cash provided by of \$1,115,255 for the same period in 2024, a decrease in cash provided of \$1,943,579. During the six months ended June 30, 2025, cash used in accrued expenses and other current liabilities was \$472,719 as compared to cash used of \$434,295 for the same period in 2024, an increase in cash provided of \$38,424.

Our ability to generate cash from operations in future periods will depend in large part on profitability, the rate and timing of collections of our accounts receivable, inventory turnovers and our ability to manage other areas of working capital.

### ***Investing Activities***

During the six months ended June 30, 2025, the Company had \$1,024,773 in cash provided by investing activities as compared to \$22,153,128 of cash used in investing activities during the same period in 2024, an increase of \$23,177,901. During the six months ended June 30, 2025, the Company used \$23,257,290 to invest in marketable securities as compared to \$57,991,814 cash used for the same period in 2024, and received \$24,282,063 in proceeds from the sale of marketable securities as compared to \$35,838,686 in proceeds during the same period in 2024.

### ***Financing Activities***

During the six months ended June 30, 2025, the Company used cash of \$7,881,527 from financing activities as compared to \$362,573 cash used in financing activities for the same period in 2024, an increase of \$7,518,954. The increase in cash used was due to cash redemptions of the Series H-7 Preferred Stock.

### ***Known Trends, Events, and Uncertainties***

The emergence and effects of public health crises, such as pandemics and epidemics, along with geopolitical conflicts, including the consequences of the ongoing war between Russia and Ukraine and between Israel and various factors in the Middle East, including related sanctions and countermeasures, are difficult to predict, and could adversely impact geopolitical and macroeconomic conditions, the global economy, and contribute to increased market volatility, which may in turn adversely affect our business and operations.

Stablecoin and other digital assets are relatively novel and are subject to various risks and uncertainties that may adversely impact their price. For example, the application of securities laws and other regulations to such assets is unclear in many respects, and it is possible that regulators in the United States or foreign countries may create new regulations or interpret laws in a manner that adversely affects the price of stablecoin. The growth of the digital assets industry in general, and the use and acceptance of stablecoin in particular, may also impact the price of stablecoin and is subject to a high degree of uncertainty. The pace of worldwide growth in the adoption and use of stablecoin may depend, for instance, on public familiarity with digital assets, ease of buying and accessing stablecoin, institutional demand for stablecoin as an investment asset, consumer demand for stablecoin as a means of payment, and the availability and popularity of alternatives to stablecoin. Even if growth in stablecoin adoption occurs in the near or medium-term, there is no assurance that stablecoin usage will continue to grow over the long-term. Because stablecoins have no physical existence beyond the record of transactions on the stablecoin blockchain, a variety of technical factors related to the stablecoin blockchain could also impact the price of stablecoin. For example, malicious attacks by “miners” who validate stablecoin transactions, inadequate mining fees to incentivize validating of stablecoin transactions, hard “forks” of the stablecoin blockchain into multiple blockchains, and advances in quantum computing could undercut the integrity of the stablecoin blockchain and negatively affect the price of stablecoin.

Digital assets are relatively novel and are subject to significant uncertainty, which could adversely impact their price. The application of state and federal securities laws and other laws and regulations to digital assets is unclear in certain respects, and it is possible that regulators in the United States or foreign countries may interpret or apply existing laws and regulations in a manner that adversely affects the price of stablecoin.

Other than as discussed above and elsewhere in this report, we are not aware of any trends, events or uncertainties that are likely to have a material effect on our financial condition.

### ***Critical Accounting Estimates***

Our management’s discussion and analysis of our financial condition and results of operations is based on our unaudited condensed consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles, or GAAP. The preparation of our unaudited condensed consolidated financial statements and related disclosures requires us to make estimates, assumptions and judgments that affect the reported amount of assets, liabilities, revenue, costs and expenses and related disclosures. We base our assumptions, estimates and judgments on historical experience, current trends, and other factors that management believes to be relevant at the time our unaudited condensed consolidated financial statements are prepared. Accordingly, we evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions and conditions.

We consider an accounting estimate to be critical if: (1) the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and (2) changes in the estimate that are reasonably likely to occur from period to period, or use of different estimates that we reasonably could have used in the current period, would have a material impact on our financial condition or results of operations.

Our critical accounting estimates have not changed materially from those previously reported in our Form 10-K.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

### ITEM 4. CONTROLS AND PROCEDURES

Under the supervision and with the participation of management, including our principal executive and principal financial officers, we evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2025. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on the evaluation of our disclosure controls and procedures as of June 30, 2025, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were ineffective due to the material weakness in internal control over financial reporting discussed below.

A material weakness is a significant deficiency or a combination of significant deficiencies in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

#### ***Management’s Report on Internal Control Over Financial Reporting***

Our management performed an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2024 and concluded our internal control over financial reporting was not effective as of December 31, 2024, due to the fact that (i) we were unable to document, formalize, implement and revise where necessary controls, policies and procedure documentation to evidence a system of controls, inclusive of IT controls, including testing of such controls that is consistent with our current personnel and available resources; (ii) we failed to document, maintain and test effective control activities over our control environment, risk assessment, information technology and monitoring components; and (iii) we had insufficient segregation of duties, oversight of work performed and lack of compensating controls in our finance and accounting functions, including, without limitation, the processing, review and authorization of all routine and non-routine transactions, due to limited personnel and resources.

#### ***Material Weakness and Remediation Plan***

As previously reported on our Annual Report on Form 10-K for the period ended December 31, 2024, we identified a material weakness in our internal control over financial reporting due to the fact that (i) we were unable to document, formalize, implement and revise where necessary controls, policies and procedure documentation to evidence a system of controls, inclusive of IT controls, including testing of such controls that is consistent with our current personnel and available resources; (ii) we failed to document, maintain and test effective control activities over our control environment, risk assessment, information technology and monitoring components; and (iii) we had insufficient segregation of duties, oversight of work performed and lack of compensating controls in our finance and accounting functions, including, without limitation, the processing, review and authorization of all routine and non-routine transactions, due to limited personnel and resources. This material weakness continues to exist as of June 30, 2025.

Our management has been engaged in developing and implementing remediation plans to address the material weaknesses described above. Until we have sufficient technical accounting resources, we have engaged external consultants to provide support and to assist us in our evaluation of more complex applications of GAAP to aid in the remediation efforts of the material weakness.

We continue to enhance corporate oversight over process-level controls and structures to ensure that there is appropriate assignment of authority, responsibility, and accountability to enable remediation of our material weaknesses. As we continue to evaluate, and work to improve, our internal control over financial reporting, management may determine that additional measures to address control deficiencies or modifications to the remediation plan are necessary.

#### ***Changes in Internal Control over Financial Reporting***

Other than as described above, there were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II - OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

From time to time, we may be involved in certain claims and litigation arising out of the ordinary course and conduct of business. Management assesses such claims and, if it considers that it is probable that an asset had been impaired or a liability had been incurred and the amount of loss can be reasonably estimated, provisions for loss are made based on management's assessment of the most likely outcome.

The information set forth in Note 9 Commitments and Contingencies of the Notes to unaudited condensed consolidated financial statements of this Quarterly Report on Form 10-Q is incorporated by reference herein.

There are no other material proceedings in which any of our directors, officers, affiliates, any registered or beneficial stockholder of more than 5% of our common stock, or any associate of any of the foregoing is an adverse party or has a material interest adverse to our interest.

### ITEM 1A. RISK FACTORS

The following description of risk factors includes any material changes to, and supersedes the description of, risk factors associated with our business, financial condition and results of operations previously disclosed in "Item 1A. Risk Factors" of our Annual Report for the year ended December 31, 2024 on Form 10-K, as filed with the SEC on March 31, 2025. Our business, financial condition and operating results can be affected by a number of factors, whether currently known or unknown, including but not limited to those described below, any one or more of which could, directly or indirectly, cause our actual financial condition and operating results to vary materially from past, or from anticipated future, financial condition and operating results. Any of these factors, in whole or in part, could materially and adversely affect our business, financial condition, operating results and stock price.

The following discussion of risk factors contains forward-looking statements. These risk factors may be important to understanding other statements in this Form 10-Q. The following information should be read in conjunction with the unaudited condensed consolidated financial statements and related notes in Part I, Item 1, "Financial Statements" and Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-Q.

***The Company's financial statements have been prepared on a going concern basis and do not include adjustments that might be necessary if the Company is unable to continue as a going concern. Management has substantial doubt about the Company's ability to continue as a going concern.***

The Company's unaudited condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. During the six months ended June 30, 2025, the Company's cash used in operations was \$4,100,960 leaving a cash and cash equivalents balance of \$5,132,867 as of June 30, 2025. Because the Company does not have sufficient resources to fund its operations for the next twelve months from the date of this filing, management has substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset amounts or the classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company will need to raise additional capital to finance its losses and negative cash flows from operations and may continue to be dependent on additional capital raising as long as our products do not reach commercial profitability. There are no assurances that the Company would be able to raise additional capital on terms favorable to it. If the Company is unsuccessful in commercializing its products and raising capital, it will need to reduce activities, curtail or cease operations.

***Our multi-token investment strategy targeting the stablecoin industry exposes us to significant risks, including market volatility, regulatory uncertainty, and technological vulnerabilities, any of which could materially and adversely affect our business, financial condition and results of operations.***

We have begun a new business strategy focusing on a pureplay, multi-token investment strategy targeting the acquisition of digital assets that directly benefit from the growth of the stablecoin industry. This strategy involves substantial risks that differ significantly from those associated with our historical operations. Digital assets, including stablecoins and tokens tied to the stablecoin ecosystem, are subject to extreme price volatility, liquidity constraints and rapid shifts in market sentiment. These factors could result in significant fluctuations in the value of our holdings over short periods of time.

The regulatory environment for digital assets, and stablecoins in particular, is rapidly evolving and subject to significant uncertainty in the United States and abroad. Changes in laws, regulations, or government policy, such as restrictions on stablecoin issuance, trading, or use, could adversely impact the viability and value of our investments. Additionally, stablecoins are dependent on the continued maintenance of their pegged value to a reference currency. Loss of such a peg, operational failures of issuers, or adverse market perceptions could impair the value of related investments.

Our strategy also involves risks related to custody, cybersecurity and technology. Digital asset holdings are subject to the risk of theft, hacking, or loss of access due to private key mismanagement or third-party service provider failures. Unlike bank deposits or many traditional investments, digital assets are generally not insured, and we may have no recourse if our holdings are lost or compromised.

There can be no assurance that our multi-token investment strategy will generate positive returns or preserve our capital. If we are unable to effectively manage the risks associated with digital assets, our business, financial condition, and results of operations could be materially harmed.

***There are volatility risks related to stablecoin.***

There are volatility risks related to stablecoins, which are designed to have a relatively stable price relative to an underlying physical asset, most commonly a fiat currency, such as U.S. dollars, or an exchange-traded commodity. The stability of a stablecoin results from the underlying assets backing the stablecoin that are held by the stablecoin's issuer in reserve accounts, among other factors such as the ability of a holder to redeem the stablecoin from its issuer at par. The issuers of certain stablecoins currently retain broad discretion to determine the composition and amounts of assets held in the issuers' accounts backing those stablecoins, and to substitute assets other than the fiat currency that is initially deposited. The composition of backing assets varies considerably across popular stablecoins, with some stablecoins backed entirely by off-chain assets including cash or short-term, highly liquid assets, and others backed by assets significantly less liquid than cash or cash equivalents. A lack of applicable law and regulation has afforded discretion to certain stablecoin issuers to determine the composition and amounts of assets backing those stablecoins. There is a risk that an issuer may be unable to liquidate enough backing assets if it were to face mass redemptions of its stablecoin, which could cause the price of the stablecoin to deviate from the price of the underlying fiat currency or other asset with which the stablecoin is designed to align in price. In extreme cases, such as a request to immediately redeem all or substantially all of a particular stablecoin in circulation, even stablecoins backed by reserves comprised primarily of cash and cash equivalents may be subject to instability or an inability of the stablecoin issuer to meet all redemption requests, as the market for short-dated U.S. government obligations might not be sufficiently price stable. Market participants have increasingly shown concern about the actual underlying liquidity and reserves for dollar stablecoins such as USDT and USDC. If a stablecoin issuer were to fail to honor its redemption obligations, this could undermine public confidence in stablecoins and in digital assets more broadly, which could have a widespread impact on the cryptoeconomy, causing the prices of other stablecoins and digital assets to become more volatile.

***Political or economic crises may motivate large-scale sales of digital assets, which would result in a reduction in values and materially and adversely affect us.***

Cryptocurrencies, as an alternative to fiat currencies that are backed by central governments, are subject to supply and demand forces based upon the desirability of an alternative, decentralized means of buying and selling goods and services, and it is unclear how such supply and demand will be impacted by geopolitical events. For example, political or economic crises could motivate large-scale acquisitions or sales of digital assets either globally, regionally or locally. Large-scale sales of certain digital assets would result in a reduction in their value and could materially and adversely affect our investment and trading strategies, the value of our assets and our value.

***The U.S. federal income tax treatment of transactions in digital assets is unclear.***

Due to the new and evolving nature of digital assets and the absence of comprehensive guidance with respect to digital assets, many significant aspects of the U.S. federal income tax treatment of digital assets are uncertain. Our operations and dealings, in or in connection with digital assets, as well as transactions in digital assets generally, could be subject to adverse tax consequences in the United States, including as a result of development of the legal regimes surrounding digital assets, and our operating results, as well as the price of digital assets, could be adversely affected thereby.

Many significant aspects of the U.S. federal income tax treatment of digital assets (including with respect to the amount, timing and character of income recognition) are uncertain. In 2014, the U.S. Internal Revenue Service (the “IRS”) released a notice (the “Notice”) discussing certain aspects of digital assets for U.S. federal income tax purposes and, in particular, stating that such digital assets (1) are “property,” (2) are not “currency” for purposes of the rules relating to foreign currency gain or loss and (3) may be held as a capital asset. In 2019, the IRS released a revenue ruling and a set of “Frequently Asked Questions” (the “Ruling & FAQs”) that provide some additional guidance, including guidance to the effect that, under certain circumstances, hard forks of digital assets are taxable events giving rise to ordinary income and guidance with respect to the determination of the tax basis of digital assets. The Notice and the Ruling & FAQs, however, do not address other significant aspects of the U.S. federal income tax treatment of digital assets. We do not intend to request a ruling from the IRS on these issues, and we will take positions on these and other U.S. federal income tax issues relating to digital assets that we believe to be reasonable. There can be no assurance that the IRS will agree with the positions we take, and it is possible that the IRS will successfully challenge our positions.

There can be no assurance that the IRS will not alter its position with respect to digital assets in the future or that a court would uphold the treatment set forth in the Notice and the Ruling & FAQs. It is also unclear what additional guidance on the treatment of digital assets for U.S. federal income tax purposes may be issued in the future. Any such alteration of the current IRS positions or additional guidance could result in adverse tax consequences for us and could have an adverse effect on the value of bitcoin or other digital assets. Because of the evolving nature of digital assets, it is not possible to predict potential future developments that may arise with respect to digital assets. Such developments may increase the uncertainty with respect to the treatment of digital assets for U.S. federal income tax purposes. For example, the Notice addresses only digital assets that are “convertible virtual currency,” and it is conceivable that we will hold certain types of digital assets that are not within the scope of the Notice.

On November 15, 2021, former President Biden signed into law the Infrastructure Investment and Jobs Act (the “IIJA”). The IIJA implements a set of comprehensive tax information reporting rules that will apply to persons, including digital asset trading platforms and custodians, that regularly effect transfers of digital assets on behalf of other persons. In particular, these rules will require digital asset trading platforms and custodians to report certain digital asset transactions (including sales, exchanges and other transfers) effected on behalf of other persons on an annual return, in a manner similar to the current reporting rules for brokers that effect stock and other securities transactions on behalf of customers. In addition, the IIJA extends the reporting requirements for businesses that receive more than \$10,000 in cash in a transaction (or related transactions) to transactions involving the receipt of digital assets with a fair market value of more than \$10,000.

In July 2024, the IRS and the U.S. Department of the Treasury released final regulations to implement certain of these reporting rules (the “July final regulations”). The July final regulations’ definition of the term “broker” is broad and, in a number of respects, is unclear in scope, but generally requires custodial brokers and brokers acting as principals to perform information reporting and backup withholding functions. Under the July final regulations and a notice released contemporaneously by the IRS and the U.S. Department of the Treasury, such reporting of cost basis information and backup withholding generally will apply in respect of transactions occurring on or after January 1, 2025, but certain transitional relief may be available for transactions occurring prior to January 1, 2026. The July final regulations do not address all aspects of the IIJA information reporting regime and their application is uncertain in a number of respects, including with respect to the collection and reporting of cost basis information for digital assets and the scope of transactions subject to reporting. In December 2024, the IRS and the U.S. Department of the Treasury issued separate final regulations describing information reporting rules for non-custodial industry participants (the “December final regulations”), including the requirement to file information returns and furnish payee statements reporting gross proceeds on dispositions of digital assets effected for customers in certain sale or exchange transactions. The December final regulations were repealed on April 10, 2025, under the Congressional Review Act. Regulations repealed under the Congressional Review Act generally may not be reissued in substantially the same form, and a new rule that is substantially the same as such a rule may not be issued, unless the reissued or new rule is specifically authorized by a law subsequently enacted. The impact on the IIJA information reporting regime of the repeal of the December final regulations is unclear and there can be no assurance that the same or similar regulations will not be authorized by future law.

The effects of the IIJA reporting regime and its application to us may depend in significant part on future Congressional action and further regulatory or other guidance from the IRS and could create significant compliance burdens and uncertainties for us and our customers, and could affect the price of digital assets, which could have an adverse effect on our business.

***The state, local and non-U.S. tax treatment of digital assets is unclear.***

The taxing authorities of certain states (i) have announced that they will follow the Notice with respect to the treatment of digital assets for state income tax purposes and/or (ii) have issued guidance exempting the purchase and/or sale of digital assets for fiat currency from state sales tax. It is unclear what further guidance on the treatment of digital assets for state tax purposes may be issued in the future. Any future guidance on the treatment of digital assets for state or local tax purposes could result in adverse tax consequences to us and could adversely affect the price of digital assets.

The treatment of digital assets for tax purposes by non-U.S. jurisdictions may differ from the treatment of digital currency for U.S. federal, state or local tax purposes. It is possible, for example, that a non-U.S. jurisdiction would impose sales tax or value-added tax on purchases and sales of digital assets for fiat assets.



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

None.

## ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

## ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

## ITEM 5. OTHER INFORMATION

On August 14, 2025, the board of directors of the Company appointed Joshua Silverman, who serves as the Company's Executive Chairman, to the position of Chief Executive Officer, effective immediately. For the information required by Items 401(b), (d), and (e) of Regulation S-K of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), see the Company's definitive proxy statement, filed with the Securities and Exchange Commission on April 21, 2025, the relevant portions of which are incorporated herein by reference.

In connection with Mr. Silverman's position as Chief Executive Officer, on August 14, 2025, the Company entered into an executive compensation agreement (the "Employment Agreement") with Mr. Silverman setting forth the terms and conditions of Mr. Silverman's employment as the Company's Chief Executive Officer. The Employment Agreement has a three-year initial term commencing on August 14, 2025, which term automatically renews each year for successive one-year terms, unless earlier terminated by either party in accordance with the terms of the Employment Agreement.

The Employment Agreement provides that Mr. Silverman will be entitled to receive an annual base salary of three hundred thousand dollars (\$300,000) ("Base Salary") effective as of January 1, 2025, payable in accordance with the Company's normal payroll practices. For each fiscal year during the employment period, Mr. Silverman is eligible to receive an annual bonus upon achievement of target objectives and performance criteria, payable on or before March 15 of the fiscal year following the fiscal year to which the bonus relates. The Employment Agreement also entitles Mr. Silverman to receive customary benefits and reimbursement for ordinary business expenses.

In connection with Mr. Silverman's appointment, the Company agreed to grant Mr. Silverman long-term incentive awards under the Company's long-term equity incentive plan (the "LTIP") on such terms and conditions as determined by the Board and the Compensation Committee in their sole discretion. For each fiscal year during the employment period, Mr. Silverman shall receive annual long-term incentive awards under the LTIP of up to 300% of his Base Salary upon achievement of target objectives and performance criteria established by the Board in their sole discretion, subject to and governed by the terms and provisions of the LTIP as in effect from time to time and the award agreements evidencing such awards.

In the event Mr. Silverman's employment is terminated by the Company for Cause (as defined in the Employment Agreement) or by Mr. Silverman without Good Reason (as defined in the Employment Agreement), Mr. Silverman will be entitled to: (i) any earned but unpaid Base Salary earned during his employment and applicable to all pay periods prior to the termination date, and (ii) any unpaid expense reimbursements and vested amounts and benefits in accordance with the terms of any applicable plan, program, corporate governance document, policy, agreement or arrangement of the Company (collectively, "Accrued Compensation").

If Mr. Silverman's employment is terminated prior to the end of the term by the Company without Cause or by Mr. Silverman for Good Reason, then, subject to certain conditions set forth in the Employment Agreement (including the execution and non-revocation of a general release of claims), Mr. Silverman will be entitled to: (i) Accrued Compensation; (ii) severance equal to two times the sum of (A) Mr. Silverman's Base Salary in effect at the time his employment terminates and (B) the target bonus for the year of termination prorated based upon the number of days worked for the year of termination; and (iii) accelerated vesting of the unvested portion of any outstanding equity awards.

If Mr. Silverman's employment is terminated prior to the end of the term by the Company without Cause or by Mr. Silverman for Good Reason within two (2) years after a Change in Control (as defined in the Employment Agreement) or within six (6) months prior to a Change in Control, Mr. Silverman will be entitled to: (i) Accrued Compensation; (ii) severance equal to three times the sum of (A) Mr. Silverman's Base Salary in effect at the time his employment terminates and (B) the target bonus for the year of termination prorated based upon the number of days worked for the year of termination; and (iii) accelerated vesting of the unvested portion of any outstanding equity awards.

The Employment Agreement also contains customary provisions relating to, among other things, confidentiality and non-disparagement.

There is no arrangement or understanding between Mr. Silverman and any other person pursuant to which he was appointed as Chief Executive Officer. There are no family relationships between Mr. Silverman and any of the Company's directors, executive officers or persons nominated or chosen by the Company to become a director or executive officer of the Company. There are no transactions between Mr. Silverman and the Company that would be required to be reported under Item 404(a) of Regulation S-K of the Exchange Act.

## ITEM 6. EXHIBITS

Exhibit No.	Description
3.1	<a href="#"><u>Certificate of Amendment to the Amended and Restated Certificate of Incorporation of AYRO, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 23, 2025).</u></a>
3.2	<a href="#"><u>Certificate of Amendment to the Amended and Restated Certificate of Incorporation of AYRO, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 27, 2025).</u></a>
3.3	<a href="#"><u>Certificate of Amendment to the Amended and Restated Certificate of Incorporation of AYRO, Inc. (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 5, 2025).</u></a>
3.4	<a href="#"><u>Form of Certificate of Designations of Series I Convertible Preferred Stock (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 5, 2025).</u></a>
3.5	<a href="#"><u>Certificate of Designations of Series A Junior Participating Preferred Stock (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 1, 2025).</u></a>
4.1	<a href="#"><u>Form of Warrant (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 5, 2025).</u></a>
4.2	<a href="#"><u>Form of Consulting Warrant (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 5, 2025).</u></a>
4.3	<a href="#"><u>Rights Agreement, dated as of July 31, 2025, between AYRO, Inc. and Equiniti Trust Company LLC, as Rights Agent (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 5, 2025).</u></a>
10.1	<a href="#"><u>Form of Purchase Agreement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 5, 2025).</u></a>
10.2	<a href="#"><u>Form of Registration Rights Agreement (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 5, 2025).</u></a>
10.3	<a href="#"><u>Consulting Services Agreement, dated as of August 4, 2025, by and between the Company, James Altucher and Z-List Media, Inc (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 5, 2025).</u></a>
10.4	<a href="#"><u>Form of Omnibus Waiver, Consent, Notice and Amendment, by and among AYRO, Inc. and the investors party thereto (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 5, 2025).</u></a>
10.5†	<a href="#"><u>Employment Agreement, by and between Ayro, Inc. and Joshua Silverman, dated as of August 14, 2025.</u></a>
31.1**	<a href="#"><u>Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>
31.2**	<a href="#"><u>Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>
32.1*	<a href="#"><u>Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>
32.2*	<a href="#"><u>Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>
101 INS**	Inline XBRL Instance Document
101 SCH**	Inline XBRL Taxonomy Extension Schema Document
101 CAL**	Inline XBRL Taxonomy Calculation Linkbase Document
101 DEF**	Inline XBRL Taxonomy Extension Definition Linkbase Document
101 LAB**	Inline XBRL Taxonomy Labels Linkbase Document
101 PRE**	Inline XBRL Taxonomy Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)
**	Filed herewith.
*	Furnished herewith.
†	Management or compensatory plan or arrangement

## SIGNATURES

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

### AYRO, INC.

Dated: August 14, 2025

By: /s/ Joshua Silverman  
Joshua Silverman  
Chief Executive Officer  
(Principal Executive Officer)

Dated: August 14, 2025

By: /s/ Joseph Ramelli  
Joseph Ramelli  
Chief Financial Officer  
(Principal Financial Officer and Principal Accounting Officer)

## EXECUTIVE COMPENSATION AGREEMENT

This Executive Compensation Agreement ("Agreement") is entered into as of August 14, 2025 (the "Effective Date"), by and between AYRO, Inc. a Delaware corporation (together with its successors and assigns, "Company"), and Josh Silverman ("Executive"). The Company and Executive are each referred to in this Agreement as a "Party" and collectively as "Parties."

## RECITALS

**WHEREAS**, the Company currently employs Executive as its Interim Executive Chairman; and

**WHEREAS**, the Company desires to continue to employ Executive, and Executive desires to serve, as the Company's Chief Executive Officer in accordance with the terms and conditions of this Agreement.

**NOW, THEREFORE**, in consideration of the promises, mutual covenants, the above recitals, and the agreements herein set forth, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

**1. TERM.** This Agreement shall be for a term commencing on the Effective Date and ending on the third anniversary of the Effective Date (such period of employment "Initial Term"), followed by automatic renewals of one (1) year thereafter (each a "Renewal Term" and, together with the Initial Term, "Term") unless the Company or Executive provides written notice of termination to the other Party at least ninety (90) days prior to the end of the Initial Term or any Renewal Term. For the purposes hereof, the termination of this Agreement due to the Company providing written notice of termination pursuant to this Section 1 at least ninety (90) days prior to the end of the Initial Term or any Renewal Term will be deemed to be a termination of Executive's employment by Company without Cause.

**2. POSITION; DUTIES.** Executive shall be employed as: Chief Executive Officer of the Company and shall have the authorities and responsibilities customarily associated with the status of such positions at Nasdaq listed companies of the same size as the Company. In his capacity as Chief Executive Officer, Executive shall report directly to the Board of Directors of the Company (the "Board") and shall have ultimate responsibility for all the Company's current and future operations in the U.S. and abroad. In addition, the Board agrees to nominate Executive for a position on the Board, subject always to shareholder approval in accordance with the Articles of Incorporation and bylaws of the Company. Upon termination of Executive's employment for any reason, if and to the extent requested by the Company, Executive shall remain on the Board for the balance of his then current term but shall promptly resign from all other positions that Executive then holds with the Company or any affiliate and promptly execute all documentation for such resignations.

Executive shall devote a reasonable amount of his business time, effort and energies to the business of the Company as is necessary to fulfill his duties and responsibilities hereunder; provided, however, that notwithstanding the foregoing, Executive may: (i) serve as an officer or director of any of the entities for whom he serves as such on the Effective Date or any other entity that engages Executive as an officer or director in the future; (ii) engage in civic, charitable, public service and community activities and affairs; (iii) accept and fulfill a reasonable number of speaking engagements; and (iv) manage his personal investments and affairs, as long as such activities do not, in the Board's reasonable and good faith judgment, interfere, individually or in the aggregate, with his obligations and the proper performance his duties and responsibilities to the Company under this Agreement in any material respect.

**3. COMPENSATION AND BENEFITS.** Subject in each case to the provisions of Section 4 of this Agreement in the event that his employment hereunder terminates, Executive shall be entitled to the following compensation and benefits during the Term.

(A) Base Salary. Effective as of January 1, 2025, the Company will pay Executive a base salary at an annual rate of \$300,000 payable in accordance with the Company's usual payroll practices. The Compensation Committee of the Board may increase the base salary annually in its discretion. The annual rate of Executive's base salary as in effect from time to time is referred to herein as "Base Salary."

(B) Bonus. With respect to each calendar year during the Term, Executive shall be eligible to earn an annual performance-based bonus pursuant to the terms of the applicable annual bonus plan established by the Company (the "Annual Bonus"). Any earned Annual Bonus with respect to any calendar year during the Term shall be paid to Executive between January 1st and March 15th of the immediately following calendar year, provided that, Executive is employed by the Company on the date such Annual Bonus is paid. The payment of any Annual Bonus shall be subject to all federal, state and withholding taxes, social security deductions and other general withholding obligations. Award of an Annual Bonus with respect to a particular calendar year does not guarantee the award of an Annual Bonus in any subsequent calendar year.

(C) Equity Compensation. As soon as administratively practicable following the Effective Date (and, in any event, no later than 30 days following the Effective Date), the Company shall grant to Executive long-term incentive awards under the Company's long-term equity incentive plan (the "LTIP") on such terms and conditions as the Board and the Compensation Committee of the Board shall determine and approve in their sole discretion. In addition, with respect to each calendar year during the Term, provided that Executive is employed by the Company on the applicable date of grant, Executive shall receive annual long-term incentive awards under the LTIP on such terms and conditions as the Board and the Compensation Committee of the Board shall determine in their sole discretion, with Executive's target annual equity award grant date fair value to equal 300% of Executive's Base Salary (based on the strike price of any option or the price of any restricted shares). All awards granted to Executive under the LTIP shall be subject to and governed by the terms and provisions of the LTIP as in effect from time to time and the award agreements evidencing such awards.

(D) Board Fees. Executive will not be entitled to any cash fees or other payments or equity grants for service as a director.

(E) Expense Reimbursement. The Company will reimburse Executive for business expenses reasonably incurred by him in the performance of his duties with the Company, in accordance with the Company's usual practices.

(F) Other Benefits. Executive will be entitled to participate in the Company's incentive and employee benefit plans and programs applicable to senior executives generally as in effect from time to time, including, without limitation, medical, dental, vision and term life insurance, and on a basis no less favorable than those provided to other senior executives. Executive will also be entitled to participate in the Company's 401(k) plan, if any.

(G) Vacation. Executive will be entitled to five (5) weeks of vacation annually (or such greater amount provided in applicable Company policies or as may be provided to any other senior executive of the Company) to be taken at times determined by Executive; provided, however, that unused vacation for one (1) year may be carried over to the next year if and to the extent that the unused vacation is attributable to business exigencies of the Company. Executive will also be entitled to two (2) weeks of paid sick leave subject to the Company's paid sick leave policy as in effect from time to time. Unused vacation or sick leave shall expire upon the termination of employment and shall not accrue as a liability to the Company in the event of termination.

**4. CONSEQUENCES OF TERMINATION.** The payments under this Section 4 are the only termination payments to which Executive is entitled upon termination of his employment prior to the end of the Term regardless of the date during the Term in which employment is terminated.

(A) Termination by Company for Cause or Termination by Executive without Good Reason. If Executive's employment under this Agreement is terminated prior to the end of the Term by the Company for Cause (as defined below) or by Executive without Good Reason (as defined below), Executive will be entitled to receive the following (promptly following such termination in the case of clause (i)):

(i) Base Salary earned through the date that Executive's employment hereunder terminates ("Termination Date"); and

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(ii) unpaid expense reimbursements and vested amounts and benefits, if any, in accordance with the terms of any applicable plan, program, corporate governance document, policy, agreement or arrangement of the Company other than the additional benefits provided to Executive under the terms of this Agreement (collectively, "Accrued Compensation").

"Cause" shall mean: a good faith determination by the Board, that any of the following has occurred: (i) Executive's conviction of, or plea of guilty or nolo contendere to, a felony; (ii) Executive's theft of material Company property; (iii) willful misconduct or an act of moral turpitude which is materially injurious to the Company, monetarily or otherwise; or (iv) Executive's material breach of this Agreement, including, without limitation, the confidentiality obligations set forth in Section 5 below. No termination of Executive's employment will be treated as for "Cause" unless, prior to such termination, Executive has been provided written notice from a majority of the Board setting forth in reasonable detail the basis on which the Company is terminating his employment for "Cause" and, if the condition is curable, Executive will then have fifteen (15) days from receipt of such notice during which he may remedy the condition. If full cure is made by Executive within such fifteen (15) day cure period, Cause shall be deemed not to have occurred and Executive's employment will be deemed to have continued under and subject to the provisions of this Agreement.

(B) Termination by the Company without Cause or Termination by Executive for Good Reason. If Executive's employment under this Agreement is terminated prior to the end of the Term by the Company without Cause or by Executive for Good Reason, Executive will be entitled to receive the following:

(i) Accrued Compensation;

(ii) Severance equal to two times the sum of (A) Executive's Base Salary in effect at the time his employment terminates and (B) the target bonus for the year of termination prorated based upon the number of days worked for the year of termination (collectively, "Severance Payment"); and

(iii) Accelerated vesting of the unvested portion of any outstanding equity awards.

Subject to satisfaction of the release requirements set forth in the immediately following paragraph, as applicable, any compensation payable pursuant to clause (i) and (iii) of this paragraph (B) shall be paid promptly after the Termination Date. Subject to satisfaction of the release requirements set forth in the immediately following paragraph, as applicable, any amounts payable pursuant to clause (ii) of this paragraph (B) shall be paid ratably for a period of twenty-four (24) months following termination of employment as if it were salary, payable in accordance with the Company's normal payroll practices, provided, however, that the initial installment will begin on the 60<sup>th</sup> day following the Termination Date and will include the payments that would otherwise have been made during such sixty (60) day period; provided that, to the extent necessary to prevent Executive from being subject to adverse tax consequences under Section 409A of the Internal Revenue Code and the regulations promulgated thereunder ("Section 409A"), the first six (6) months of the continued Severance Payment shall not be paid until, and shall be paid in a single sum payment on, the first day after the six (6) month anniversary of the Termination Date, with the remaining monthly payments to begin on the first day of the seventh month following the Termination Date. For the purposes hereof, if the Company elects not to extend the Term pursuant to Section 1 above, Executive's employment will be deemed to have been terminated by the Company without Cause.

In order to receive any payments or benefits under clauses (ii) and (iii) of this paragraph (B), Executive must execute and deliver to the Company a mutual release of claims provided by the Company in substantially the form of Exhibit A annexed hereto and such release must become irrevocable on or before the 60<sup>th</sup> day following the Termination Date.

As of the Termination Date, except as set forth herein, Executive shall not be entitled to any further payments or benefits from the Company.

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“Good Reason” shall mean the occurrence of any of the following events without Executive’s express written consent: (i) a material diminution in Executive’s position, title, authority, duties, working conditions or responsibilities, except for a salary reduction implemented as part of across the board salary reductions affecting all similarly situated executives; (ii) a material breach of this Agreement by the Company; or (iii) in connection with a Change of Control, the failure or refusal by the successor or acquiring company (or parent thereof) to expressly assume the obligations of the Company under this Agreement. Executive must provide written notice to the Company of the existence of the condition constituting the Good Reason within thirty (30) days of Executive’s having actual knowledge of the existence of the condition and, if the condition is curable, the Company will then have fifteen (15) days from receipt of such notice during which the Company may remedy the condition and not be required to pay the amounts set forth in this Section 4(B). If full cure is made by the Company within such fifteen (15) day cure period, Good Reason shall be deemed not to have occurred and Executive’s employment will be deemed to have continued under and subject to the provisions of this Agreement.

(C) Termination on Disability or Death. In the event that the employment of Executive terminates prior to the end of the Term by reason of Disability (as defined below), Executive shall be entitled to the payments set forth in clauses (i), (ii), and (vi) of Section 4(B) including payments under the Company’s long term disability insurance plan to the extent provided for therein. The Company may terminate Executive’s employment by reason of “Disability” if (and only if) Executive is absent from work for at least one-hundred eighty (180) consecutive days or for one-hundred eighty (180) days (whether or not consecutive) in any calendar year by reason of a physical or mental illness or injury. In the event that the employment of Executive terminates before the end of the Term by reason of death, the amounts set forth in clauses (i), (iii), (iv) and (v) of Section 4(B) shall be paid to his estate and the death benefit under the Company’s life insurance program, if any, shall be paid to his designated beneficiary, or estate in the absence of designated beneficiary.

In addition, if Executive’s employment under this Agreement is terminated prior to the end of the Term by reason of Disability or death, any unvested equity compensation and any additional option awards that are granted to Executive shall become immediately vested and non-forfeitable on the Termination Date and shall be transferable or exercisable for the remainder of their terms.

(D) Change of Control. If Executive’s employment under this Agreement is terminated prior to the end of the Term by the Company without Cause or by Executive for Good Reason within two (2) years after a Change in Control or within six (6) months prior to a Change in Control, Executive will be entitled to the payments and benefits set forth in Section 4(B), provided that the term “two times” in Section 4(B)(ii) shall be changed to “three times”, and such amounts under Section 4(B)(ii) shall be paid in a single sum cash payment on the 60<sup>th</sup> day following his termination of employment, and otherwise subject to the terms thereof (including, without limitation, acceleration of vesting and continuing exercisability of any equity awards).

“Change in Control” means any of the following:

(i) any one person or more than one person acting as a group directly or indirectly acquires ownership of shares of the Company that, together with the shares of the Company held by such person or group, constitutes more than thirty percent (30%) of the total fair market value or total voting power of the shares of the Company; provided, however, that if any one person or more than one person acting as a group is considered to own more than thirty percent (30%) of the total fair market value or total voting power of the shares of the Company, the acquisition of additional shares by the same person or persons shall not constitute a Change of Control under this clause (i). An increase in the percentage of shares of the Company owned by any one person or persons acting as a group as a result of a transaction in which the Company acquires its own shares in exchange for property will be treated as an acquisition of shares of the Company by such person or persons for purposes of this clause (i);

(ii) a majority of the members of the Company’s Board are replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the Company’s Board prior to the date of such appointment or election; or

(iii) the sale of all or substantially all of the Company’s assets.

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Notwithstanding the foregoing, a Change in Control shall not occur unless such transaction constitutes a change in the ownership of the Company, a change in effective control of the Company or a change in the ownership of a substantial portion of the Company's assets under Section 409A.

(E) No Mitigation. In the event of any termination of the employment of Executive hereunder prior to the end of the Term, Executive shall be under no obligation to seek other employment, and there shall be no offset against any amounts due him on account of any remuneration attributable to any subsequent employment that he may obtain.

**5. CONFIDENTIALITY.** Executive recognizes and acknowledges that the continued success of the Company and its affiliates ("Company Group") depends upon the use and protection of a large body of confidential and proprietary information and that Executive will have access to certain Confidential Information (as defined below) of the Company Group, and that such Confidential Information constitutes valuable, special and unique property of the Company Group. "Confidential Information" will be interpreted to include, without limitation, with respect to the Company Group: (i) inventions, technology, know-how, documentation, devices, methods, algorithms, processes, designs, manuals, analyses, improvements, research and development, non-public scientific and medical data and methods, clinical plans, trials and strategies, technical procedures and products; (ii) computer software (including operating systems, applications and program listings); (iii) identities and lists of, individual requirements of, specific contractual arrangements with and information about, employees, customers, vendors, distributors, independent contractors or other business relations and their confidential information; (iv) existing or future products and services (including those under development) and related costs and pricing structures; (v) financial data, accounting and business methods and practices, marketing information and business strategies and operations; (vi) non-public information concerning legal and professional dealings, real property, tangible property and investment activities, and (vii) similar and related confidential information and sensitive information and trade secrets. "Confidential Information" shall not include information that: (i) was in the possession of or known by Executive free of any obligation prior to disclosure by the Company; (ii) is or becomes generally known to the public through disclosure in a printed publication (without breach of any of Executive's obligations hereunder); (iii) was acquired by Executive from a third party who independently generated such information; or (iv) is disclosed pursuant to judicial or governmental order, provided that Executive promptly notifies the Company so that the Company has an adequate opportunity to respond to such order.

Executive shall, during and after his employment by the Company and except in connection with performing services on behalf of (or for the benefit of) the Company or the Company Group, keep secret and retain in the strictest confidence all Confidential Information and shall not disclose such information to any person, entity or any federal, state or local agency or authority, except as may be required by law. Notwithstanding the foregoing, nothing contained herein shall prohibit Executive from filing a charge with, reporting possible violations of federal law or regulation to, participating in any investigation by, or cooperating with any governmental agency or entity or making other disclosures that are protected under the whistleblower provisions of applicable law or regulation.

Upon termination of his employment with the Company, Executive shall return to the Company all confidential, proprietary and non-public materials, and any other property of the Company, in his possession. The personal property of Executive, including documents relating to his benefits, compensation, tax liabilities, personal obligations (e.g., restrictive covenants) and the like, shall not be subject to return pursuant to the preceding sentence.

**6. NONDISPARAGEMENT.** Executive agrees that the Company's goodwill and reputation are assets of great value to the Company which have been obtained and maintained through great costs, time and effort. Therefore, Executive agrees that during Executive's employment and after the termination of Executive's employment, Executive shall not in any way disparage, libel or defame the Company, its business or business practices, its products or services, or its employees, officers or directors. A violation or threatened violation of this prohibition may be enjoined by the courts. The rights afforded the Company under this provision are in addition to any and all rights and remedies otherwise afforded by law. Nothing in this provision shall prohibit (i) Executive from making truthful statements in good faith in connection with any litigation, arbitration, governmental proceeding or similar proceeding, to defend or prosecute any claim or to the extent required by applicable law, legal process, subpoena, court order or similar requirement; and (ii) Executive from engaging in any criticism or other statements made internally within the Company on a need-to-know basis, and provided such criticism or other statement is not presented in a disruptive or insubordinate manner, concerning the Company's or any employee's or other service provider's performance or nonperformance.

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**7. COOPERATION.** Following any termination of employment, Executive shall reasonably cooperate with the Company in the winding up of pending work on behalf of the Company and the orderly transfer of work to other employees. Executive shall also cooperate with the Company in the defense of any action brought by any third party against the Company that relates to Executive's employment by the Company. In the event that Executive is subpoenaed in connection with any litigation or investigation relating to the Company or its affiliates, Executive will promptly notify the Company. For the avoidance of doubt, Executive will be reimbursed for Executive's reasonable costs and expenses incurred by Executive in complying with the terms of this Section 8. Executive acknowledges that Executive's agreement to provide cooperation as set forth in this Section 8 is material to the Company.

**8. REMEDY FOR BREACH AND MODIFICATION.** The Parties acknowledge that the provisions of this Agreement are reasonable and necessary for the protection of the Parties and that a Party may be irreparably damaged if these provisions are not specifically enforced. Accordingly, each Party agrees that, in addition to any other relief or remedies available to the Parties, the each Party shall be entitled to obtain appropriate temporary, preliminary and permanent injunctive or other equitable relief for the purposes of restraining the other Party from any actual or threatened breach of or otherwise enforcing these provisions and no bond or security will be required in connection therewith.

**9. SEVERABILITY; BLUE PENCIL.** If any provision of this Agreement is deemed invalid or unenforceable, such provision shall be deemed modified and limited to the extent necessary to make it valid and enforceable. Executive and the Company agree that the covenants contained in Sections 5 and 6 are reasonable covenants under the circumstances and further agree that if, in the opinion of any court of competent jurisdiction such covenants are not reasonable in any respect, such court shall have the right, power and authority to excise or modify such provision or provisions of these covenants to such narrower scope as it determines to be enforceable and to enforce the remainder of these covenants as so amended. Executive and the Company further agree that if any provision of this Agreement is determined to be unenforceable for any reason, and such provision cannot be reformed by the court as anticipated above, such provision shall be deemed separate and severable and the unenforceability of any such provision shall not invalidate or render unenforceable any of the remaining provisions hereof.

**10. COUNTERPARTS; FACSIMILES.** This Agreement may be executed in two (2) or more counterparts, each of which shall be considered an original, but all of which together shall constitute the same instrument. Signatures delivered by facsimile or email shall be effective for all purposes.

**11. GOVERNING LAW; JURISDICTION.**

(A) As a corporation with headquarters in New York, the Company has an interest in having New York law applied to contracts with its employees, as well as disputes with them. Applying New York law in this fashion affords the parties predictability as to the law to be applied, as well as uniformity across the Company's workforce. Consequently, this Agreement and the legal relations thus created between the Parties shall be governed by, and construed and interpreted in accordance with its express terms, and otherwise in accordance with the laws of the State of New York, without regard to its choice of laws or conflicts of laws principles (whether of the State of New York or any other jurisdiction) that would cause the application of the law of any jurisdiction other than the State of New York.

(B) Either Party may seek to enforce this Agreement in the courts of the State of New York. Each Party hereby consents to the non-exclusive jurisdiction of such courts (and the appropriate appellate courts) and waives any objection to lack of jurisdiction or improper or inconvenient venue of any such court. Process in any action or proceeding referred to in the preceding sentence may be served on either Party anywhere in the world, whether within or without the State of New York. By signing below, Executive acknowledges that the Company has advised Executive to obtain legal counsel in negotiating the terms of this Agreement including without limitation this Section 12.

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**12. NOTICES.** Any notice or other communication made or given in connection with this Agreement may be given by counsel, shall be in writing, and, if to a Party, shall be deemed to have been duly given when: (i) delivered to the appropriate address by hand or by nationally recognized overnight courier service (costs prepaid); (ii) sent by electronic mail or facsimile with confirmation of transmission by the transmitting equipment; or (iii) received or rejected by the addressee, if sent by certified mail, return receipt requested, in each case to a Party at his or its address or facsimile number set forth below or at such other address or facsimile number as a Party may specify by notice to the other Party:

To Executive:

Joshua Silverman  
Email: jsilverman@parkfieldfund.com

To the Company:

AYRO, Inc.  
1185 Avenue of the Americas  
New York, NY 10036

**13. ENTIRE AGREEMENT; AMENDMENT.** This Agreement supersedes all prior agreements between the Parties with respect to its subject matter and cannot be changed or terminated orally. Any amendment thereof must be in writing and signed by the Parties.

**14. WAIVER.** The failure of any Party or person to insist upon strict adherence to any term of this Agreement (including all attachments) on any occasion shall not be considered a waiver or deprive that Party or person of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement (including all attachments). Any waiver must be in writing and must specifically identify the provision(s) of this Agreement (including all attachments) being affected.

**15. END OF TERM.** The provisions of Sections 4, 5, 6, 7, 10, 11, 12, 13 and 20 shall continue after the end of the Term.

**16. ASSIGNMENT.** Except as otherwise provided in this Section 17, this Agreement shall inure to the benefit of and be binding upon the Parties and their respective heirs, representatives, successors and assigns. This Agreement shall not be assignable by Executive, and shall be assignable by the Company only to any corporation or other entity that succeeds to all, or substantially all, of the Company's business or assets, and that expressly assumes (or assumes by operation of law in any merger or consolidation) the Company's obligations hereunder; provided, however, that no such assignment shall invalidate or negate the rights of Executive pursuant to the provisions hereof, including, without limitation, any such rights relating to a Change of Control. In any such event, the term "Company," as used herein shall mean the Company, as defined above, and any such successor or assignee. In the event of Executive's death or a judicial determination of his incapacity, references in this Agreement (including its attachments) to the "Executive" shall be deemed to include, as appropriate, his estate, heirs and/or legal representatives.

**17. CODES.** The Board has adopted a Code of Business Conduct and Ethics. Executive is expected to require compliance with those codes by the Company's employees and to comply himself.

**18. DEDUCTIONS.** The Company may deduct from the compensation described herein any applicable Federal, state and/or city withholding taxes, any applicable social security contributions, and any other amounts which may be required to be deducted or withheld by the Company pursuant to any Federal, state or city laws, rules or regulations or any election he shall have made.

**19. SECTION 409A.** Anything in this Agreement to the contrary notwithstanding:

(A) It is intended that any amounts payable under this Agreement will either be exempt from or comply with Section 409A and all regulations, guidance and other interpretive authority issued thereunder so as not to subject Executive to payment of any additional tax penalty or interest imposed under Section 409A, and this Agreement will be interpreted on a basis consistent with such intent. References to Termination Date or termination of employment herein mean a termination of employment that constitutes a "separation from service" within the meaning of Section 409A.

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(B) To the extent that the reimbursement of any expenses or the provision of any in-kind benefits under this Agreement is subject to Section 409A: (i) the amount of such expenses eligible for reimbursement, or in-kind benefits to be provided during any one (1) calendar year shall not affect the amount of such expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year (provided that this clause (i) will not be violated with regard to expenses reimbursed under any arrangement covered by Internal Revenue Code Section 105(b) solely because such expenses are subject to a limit related to the period the arrangement is in effect); (ii) reimbursement of any such expense shall be made by no later than December 31 of the year following the calendar year in which such expense is incurred; and (iii) Executive's right to receive such reimbursements or in-kind benefits shall not be subject to liquidation or exchange for another benefit.

(C) Whenever payments under this Agreement are to be made in installments, each such installment shall be deemed to be a separate payment for purposes of Section 409A. Whenever a payment under this Agreement specifies a payment period with reference to a number of days, the actual date of payment within the specified period shall be within the sole discretion of the Company.

(D) To the extent any amount payable to Executive is subject to his entering into a release of claims with the Company and any such amount is a deferral of compensation under Section 409A and which amount could be payable to Executive in either of two (2) taxable years, and the timing of such payment is not subject to terms and conditions under another plan, program or agreement of the Company that otherwise satisfies Section 409A, such payments shall be made or commence, as applicable, on January 15 (or any later date that is not earlier than eight (8) days after the date that the release becomes irrevocable) of such later taxable year and shall include all payments that otherwise would have been made before such date.

**20. CLAWBACK.** To the extent required by Company policy, applicable law, government regulation or any applicable securities exchange listing standards, amounts paid or payable under this Agreement or under any equity plan or any incentive plan of the Company shall be subject to the provisions of any applicable clawback policies or procedures adopted by the Company and applicable to executives of the Company generally, including pursuant to applicable law, government regulation or applicable securities exchange listing requirements, which clawback policies or procedures may provide for forfeiture and/or recoupment of amounts paid or payable under this Agreement or under any equity plan or any incentive plan of the Company in the event of material misstatements, financial restatements, other bad acts (or inaction), or other events or occurrences consistent with any government regulation or securities exchange listing requirement. The Company reserves the right, without the consent of Executive, to adopt any such clawback policies and procedures that are consistent with the immediately preceding sentence, including such policies and procedures applicable to this Agreement and under any equity plan or any incentive plan of the Company with retroactive effect.

**22. CAPTIONS.** The captions in this Agreement are for convenience of reference only and shall not be given any effect in the interpretation of this Agreement.

*[Balance of this page left blank intentionally]*

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IN WITNESS WHEREOF, Executive and the Company have signed this Agreement as of the date first set forth above.

AYRO, INC

By: /s/ Zvi Joseph  
Name: Zvi Joseph  
Title: Director

EXECUTIVE

By: /s/ Josh Silverman  
Josh Silverman

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**Exhibit A**

**GENERAL RELEASE**

**1. MUTUAL RELEASE OF ALL CLAIMS**

The undersigned individual ("Executive") hereby irrevocably releases and forever discharges any and all known and unknown liabilities, debts, obligations, causes of action, demands, covenants, contracts, liens, controversies and any other claim of whatsoever kind or nature that Executive ever had, now has or may have in the future against AYRO, Inc. ("Company"), its shareholders, subsidiaries, affiliates, successors, assigns, officers, directors, attorneys, fiduciaries, representatives, employees, licensees, agents and assigns ("Releasees"), to the extent arising out of or related to the performance of any services to or on behalf of the Company or the termination of those services and, other than claims for payments, benefits or entitlements preserved by Section 4 and claims for indemnification, advancement of expenses or coverage under the Company's directors and officers liability insurance, of the Executive Compensation Agreement dated as of \_\_\_\_\_, 2025, between the Company and Executive ("Employment Agreement"), including without limitation: (i) any such claims arising out of or related to any federal, state and/or local labor or civil rights laws including, without limitation, the federal Civil Rights Acts of 1866, 1871, 1964, the Equal Pay Act, the Older Workers Benefit Protection Act, the Rehabilitation Act, the Jury Systems Improvement Act, the Uniformed Services Employment and Reemployment Rights Act, the Vietnam Era Veterans Readjustment Assistance Act, the National Labor Relations Act, the Worker Adjustment and Retraining Notification Act, the Family and Medical Leave Act of 1993, the Employee Retirement Income Security Act of 1974, the Age Discrimination in Employment Act, the Americans with Disabilities Act of 1990, the Fair Labor Standards Act of 1938, the New York City and State Human Rights Laws, the California Fair Employment and Housing Act, the California Labor Code, the California Constitution, the California Family Rights Act, the Nevada Fair Employment Practices Act, the Maryland Fair Employment Practices Act, the Health Care Worker Whistleblower Protection Act, the Maryland False Claims Act, the Maryland Parental Leave Act, the Maryland Health Working Families Act, the Maryland Wage and Hour Law, the Maryland Wage Payment and Collection Law and the Maryland Equal Pay for Equal Work Law, all including any amendments and their respective implementing regulations; (ii) any and all other such claims arising out of or related to any contract, any and all other federal, state or local constitutions, statutes, rules, regulations or executive orders; or (iii) any and all such claims arising from any common law right of any kind whatsoever, including, without limitation, any claims for any kind of tortious conduct, promissory or equitable estoppel, defamation, breach of the Company's policies, rules, regulations, handbooks or manuals, breach of express or implied contract or covenants of good faith, wrongful discharge or dismissal, and/or failure to pay, in whole or part, any compensation of any kind whatsoever (collectively, "Executive's Claims").

Executive is not releasing any unemployment claims, workers' compensation claims, right to COBRA benefits, or any other claim which as a matter of law. To the extent any local, state or federal administrative agency files any claims on Executive's behalf arising out of or related to Executive's employment, Executive waives, to the fullest extent permitted by law, to any right to any monetary or other recovery as a result of such action, with the exception of monetary recovery on whistleblower awards.

The Company hereby irrevocably releases and forever discharges any and all known and unknown liabilities, debts, obligations, causes of action, demands, covenants, contracts, liens, controversies and any other claim of whatsoever kind or nature that the Company ever had, now has or may have in the future against Executive (collectively, the "Company's Claims"). Notwithstanding the foregoing, the Company is not releasing any claims hereunder with respect to (a) the Company's rights with respect to this Agreement, (b) any claims of fraud, fraudulent activity, or otherwise illegal conduct, or (c) any claims that are not otherwise waivable under applicable law.

Execution of this Release by each party operates as a complete bar and defense against any and all of Executive's Claims and the Company's Claims. If either party should hereafter assert any Executive's Claims or the Company's Claims in any action or proceeding against the other, as applicable, in any forum, this Release may be raised as and shall constitute a complete bar to any such action or proceeding and the applicable party shall be entitled to recover from the other asserting party all costs incurred, including attorneys' fees, in defending against any such claims.

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For the purpose of implementing a full and complete release, each party expressly acknowledges that the release given in this Agreement is intended to include, without limitation, claims that such party did not know or suspect to exist in such party's favor at the time of execution of the Agreement, regardless of whether the knowledge of such claims, or the facts upon which they might be based, would materially have affected the settlement in this matter, and that the consideration provided under this Agreement is also for the release of those claims and contemplates extinguishment of any such unknown claims. Executive further waives and relinquishes any rights and benefits which he has or may have under California Civil Code § 1542 to the fullest extent that he may lawfully waive all such rights and benefits pertaining to the subject matter of this Release. Civil Code § 1542 provides that a general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor. Each party acknowledges that he or it is aware that he or it may later discover facts in addition to or different from those which he or it now knows or believes to be true with respect to the subject matter of this Release, but it is his and its intention to fully and finally forever settle and release any and all claims, matters, disputes, and differences, known or unknown, suspected and unsuspected, which now exist, may later exist or may previously have existed between the parties to the extent set forth herein, and that in furtherance of this intention this Release shall be and remain in effect as a full and complete general release to the extent set forth in herein, notwithstanding discovery or existence of any such additional or different facts.

**2. OPPORTUNITY FOR REVIEW**

This Agreement constitutes a voluntary waiver and release of any and all rights and claims Employee may have under the Age Discrimination in Employment Act (ADEA). Executive acknowledges that he has had a reasonable opportunity to review and consider the terms of this Release for a period of at least twenty-one (21) days, that the Company has advised Executive, in writing, to consult an attorney prior to signing this Agreement and that Executive has had the opportunity to receive counsel regarding his/ her respective rights, obligations and liabilities under this Release and that to the extent that Executive has taken less than twenty-one (21) days to consider this Release, Executive acknowledges that he has had sufficient time to consider this Release and to consult with counsel and that he does not desire additional time to consider this Release. As long as Executive signs and delivers this Release within such twenty- one (21) daytime period, he will have seven (7) days after such delivery to revoke his decision by delivering written notice of such revocation to the Company to [Physical or Email Address]. If Executive does not revoke his decision during that seven (7) day period, then this Release shall become effective on the eighth (8<sup>th</sup>) day after being delivered by Executive.

**3. COVENANT NOT TO SUE.**

To the maximum extent permitted by law, each party covenants not to sue or to institute or cause to be initiated, or maintain, any action in federal, state or local agency or court against the other, including, but not limited to, any of the claims released above.

**4. BINDING EFFECT.**

This Release is binding on Executive's heirs and personal representative and the Company's successors and assigns.

**5. NO ASSIGNMENT OF CLAIMS**

Executive represents and warrants that Executive has not assigned or otherwise transferred or subrogated, or purported to assign, transfer, or subrogate, to any person or entity, any claim or portion thereof or interest therein that Executive may have against the Releasees.

**6. GOVERNING LAW; MISCELLANEOUS**

The provisions of Sections 8, 9, 10, 11 and 13 of the Employment Agreement shall be deemed incorporated into this Release as if fully set forth herein. Any claim or dispute arising under or relating to this Release, or the breach, termination or validity of this Release, shall be subject to Section 11 of the Employment Agreement.

AYRO, INC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXECUTIVE

By: \_\_\_\_\_  
Josh Silverman

\_\_\_\_\_

**CERTIFICATIONS UNDER SECTION 302**

I, Joshua Silverman, certify that:

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

Dated: August 14, 2025

/s/ Joshua Silverman

Joshua Silverman  
Chief Executive Officer  
(Principal Executive Officer)

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## CERTIFICATIONS UNDER SECTION 302

I, Joseph Ramelli, certify that:

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

Dated: August 14, 2025

/s/ Joseph Ramelli

Joseph Ramelli

Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

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**CERTIFICATIONS UNDER SECTION 906**

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of AYRO, Inc., a Delaware corporation (the “Company”), does hereby certify, to such officer’s knowledge and in the capacity of an officer, that:

The Quarterly Report for the quarter ended June 30, 2025 (the “Form 10-Q”) of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in the Form 10-Q.

Dated: August 14, 2025

By: /s/ Joseph Ramelli

Joseph Ramelli

Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

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**CERTIFICATIONS UNDER SECTION 906**

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of AYRO, Inc., a Delaware corporation (the “Company”), does hereby certify, to such officer’s knowledge and in the capacity of an officer, that:

The Quarterly Report for the quarter ended June 30, 2025 (the “Form 10-Q”) of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in the Form 10-Q.

Dated: August 14, 2025

By: /s/ Joshua Silverman

Joshua Silverman

Chief Executive Officer

(Principal Executive Officer)

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