

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 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: 001-40867

Volcon, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

84-4882689

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

3121 Eagles Nest Street, Suite 120, Round Rock, TX

(Address of Principal Executive Offices)

78665

(Zip Code)

(512) 400-4271

(Registrant's Telephone Number, Including Area Code)

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---------------------|-------------------|---|
| Common Stock | VLCN | 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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See 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

Non-Accelerated Filer

Accelerated Filer

Smaller Reporting Company

Emerging Growth Company

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

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

The registrant had 4,355,874 shares of common stock outstanding at May 8, 2025.

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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

VOLCON, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2025 AND DECEMBER 31, 2024
(Unaudited)

| | <u>March 31,</u> <u>2025</u> | <u>December 31,</u> <u>2024</u> |
|--|---------------------------------|------------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 17,566,962 | \$ 2,193,573 |
| Restricted cash | 105,000 | 105,000 |
| Accounts receivable, net of allowance for doubtful accounts of \$115,630 and \$99,233 at March 31, 2025 and December 31, 2024, respectively | 104,399 | 88,247 |
| Inventory and inventory deposits | 1,193,176 | 1,646,633 |
| Prepaid expenses and other current assets | 1,482,544 | 1,032,699 |
| Total current assets | <u>20,452,081</u> | <u>5,066,152</u> |
| Long-term assets: | | |
| Property, equipment, and intangible asset, net | 442,098 | 221,836 |
| Other long-term assets | 199,281 | 199,281 |
| Right-of-use assets - operating leases | 635,379 | 739,234 |
| Total assets | <u>\$ 21,728,839</u> | <u>\$ 6,226,503</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 221,357 | \$ 385,326 |
| Accrued liabilities | 1,238,856 | 1,379,191 |
| Vendor settlements - short-term | 1,967,188 | 2,092,975 |
| Current portion of notes payable | 7,389 | 7,181 |
| Warrant liabilities | 83,226 | 111,658 |
| Right-of-use operating lease liabilities - short-term | 456,063 | 443,950 |
| Customer deposits | 47,488 | 216,522 |
| Total current liabilities | <u>4,021,567</u> | <u>4,636,803</u> |
| Notes payable, net of current portion | 26,606 | 28,533 |
| Vendor settlements - long-term | 728,839 | 1,189,184 |
| Right-of-use operating lease liabilities - long-term | 212,607 | 331,222 |
| Total liabilities | <u>4,989,619</u> | <u>6,185,742</u> |
| COMMITMENTS AND CONTINGENCIES | | |
| Stockholders' equity: | | |
| Preferred stock: \$0.00001 par value, 5,000,000 shares authorized, 25,000 shares designated, no shares issued and outstanding as of March 31, 2025 and December 31, 2024 | - | - |
| Common stock: \$0.00001 par value, 250,000,000 shares authorized, 3,850,824 shares issued and outstanding as of March 31, 2025 and 630,865 shares issued and outstanding as of December 31, 2024 | 42 | 7 |
| Treasury stock | (401,806) | - |
| Additional paid-in capital | 185,917,861 | 166,357,201 |
| Accumulated deficit | (168,776,877) | (166,316,447) |
| Total stockholders' equity | <u>16,739,220</u> | <u>40,761</u> |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | <u>\$ 21,728,839</u> | <u>\$ 6,226,503</u> |

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

VOLCON, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Unaudited)

| | March 31, 2025 | March 31, 2024 |
|--|---------------------------|---------------------------|
| Revenue | \$ 736,049 | \$ 1,033,548 |
| Cost of goods sold | (781,383) | (1,621,580) |
| Gross margin | (45,334) | (588,032) |
| Operating expenses | | |
| Sales and marketing | 510,957 | 760,564 |
| Product development | 388,523 | 814,945 |
| General and administrative expenses | 1,561,657 | 2,080,794 |
| Total operating expenses | 2,461,137 | 3,656,303 |
| Loss from operations | (2,506,471) | (4,244,335) |
| Other expense | 54,021 | 12,854 |
| Interest expense | (89,183) | (329,968) |
| Interest income | 52,771 | - |
| Loss from conversion and exchange of convertible notes | - | (1,647,608) |
| Gain (loss) from derivative liabilities | 28,432 | (19,838,987) |
| Total other expense | 46,041 | (21,803,709) |
| Loss before provision for income taxes | (2,460,430) | (26,048,044) |
| Provision for income taxes | - | - |
| Net loss | \$ (2,460,430) | \$ (26,048,044) |
| Net loss per common share – basic | \$ (0.91) | \$ (2,615.00) |
| Net loss per common share – diluted | \$ (0.91) | \$ (2,615.00) |
| Weighted average common shares outstanding – basic | 2,705,880 | 9,961 |
| Weighted average common shares outstanding – diluted | 2,705,880 | 9,961 |

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

VOLCON, INC.
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED March 31, 2025
(Unaudited)

| | Common stock | | Treasury stock | | Additional paid-in capital | Accumulated deficit | Total |
|---|---------------------|--------------|---------------------|---------------------|----------------------------------|-------------------------|----------------------|
| | Number of Shares | Amount | Number of Shares | Amount | | | |
| Balance at January 1, 2025 | 630,865 | \$ 7 | – | \$ – | \$ 166,357,201 | \$ (166,316,447) | \$ 40,761 |
| Issuance of common stock for exercises of pre-funded warrants | 1,408,927 | 14 | – | – | (14) | – | – |
| Issuance of common stock from the At the Money offering, net of issuance costs of \$320,867 | 1,764,113 | 17 | – | – | 8,846,744 | – | 8,846,761 |
| Issuance of common stock and pre-funded warrants, net of issuance costs of \$1,296,118 | 430,000 | 4 | – | – | 10,703,878 | – | 10,703,882 |
| Stock-based compensation | – | – | – | – | 10,052 | – | 10,052 |
| Repurchases of common stock for Treasury Stock | (383,081) | – | 383,081 | (401,806) | – | – | (401,806) |
| Net loss | – | – | – | – | – | (2,460,430) | (2,460,430) |
| Balance at March 31, 2025 | <u>3,850,824</u> | <u>\$ 42</u> | <u>383,081</u> | <u>\$ (401,806)</u> | <u>\$ 185,917,861</u> | <u>\$ (168,776,877)</u> | <u>\$ 16,739,220</u> |

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

VOLCON, INC.
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(Unaudited)

| | Series A Convertible Preferred Stock | | Common stock | | Additional paid-in capital | Accumulated deficit | Total |
|--|--------------------------------------|-------------|------------------|-------------|----------------------------|-------------------------|---------------------|
| | Number of Shares | Amount | Number of Shares | Amount | | | |
| Balance at January 1, 2024 | – | \$ – | 1,291 | \$ – | \$ 101,175,117 | \$ (120,806,138) | \$ (19,631,021) |
| Issuance of common stock for exercise of pre-funded warrants | – | – | 93 | – | 1 | – | 1 |
| Issuance of common stock for exercise of Series A warrants | – | – | 14,839 | – | 17,352,653 | – | 17,352,653 |
| Proceeds received for exercise of buydown warrants | – | – | 10 | – | 3,500 | – | 3,500 |
| Common stock issued for conversion of convertible notes | – | – | 4,971 | – | 7,395,907 | – | 7,395,907 |
| Conversion of Convertible Notes | 24,698 | – | – | – | 24,716,118 | – | 24,716,118 |
| Conversion of preferred stock for common stock | (2,288) | – | 2,150 | – | – | – | – |
| Issuance of common stock for exercise of Series B Warrants | – | – | 88 | – | – | – | – |
| Stock-based compensation | – | – | – | – | (1,922) | – | (1,922) |
| Shares Issued Due to Rounding | – | – | 1 | – | – | – | – |
| Net loss | – | – | – | – | – | (26,048,044) | (26,048,044) |
| Balance at March 31, 2024 | <u>22,410</u> | <u>\$ –</u> | <u>23,433</u> | <u>\$ –</u> | <u>\$ 150,641,374</u> | <u>\$ (146,854,182)</u> | <u>\$ 3,787,192</u> |

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

VOLCON, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Unaudited)

| | March 31, 2025 | March 31, 2024 |
|--|----------------------|---------------------|
| Cash flow from operating activities: | | |
| Net loss | \$ (2,460,430) | \$ (26,048,044) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Loss on conversion of convertible notes to common stock | – | 333,544 |
| Loss on exchange of convertible notes for preferred stock | – | 1,314,064 |
| Loss (gain) on change in fair value of financial liabilities | (28,432) | 20,004,342 |
| Gain on exercise of Series B Warrants | – | (165,355) |
| Stock-based compensation | 10,052 | (1,922) |
| Loss on write down of inventory and inventory deposits | 17,992 | – |
| Bad debt expense | 16,397 | 14,048 |
| Non-cash interest expense | – | 314,838 |
| Amortization of right-of-use assets | 103,855 | 96,588 |
| Depreciation and amortization | 40,754 | 97,720 |
| Loss on disposal of fixed assets | – | 152,255 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (32,549) | (95,696) |
| Inventory and inventory deposits | 376,290 | (467,021) |
| Prepaid assets and other current assets | (449,845) | 497,257 |
| Accounts payable | (163,969) | (506,482) |
| Accrued liabilities and vendor settlements | (726,467) | 284,405 |
| Right-of-use liabilities - operating leases | (106,502) | (95,891) |
| Customer deposits | (169,034) | (269,917) |
| Net cash used in operating activities | <u>(3,571,888)</u> | <u>(4,541,267)</u> |
| Cash flow from investing activities: | | |
| Purchase of property and equipment | (201,841) | (131,718) |
| Proceeds from insurance settlement and sale of equipment | – | 65,488 |
| Net cash used in investing activities | <u>(201,841)</u> | <u>(66,230)</u> |
| Cash flow from financing activities: | | |
| Repayment of notes payable | (1,719) | (43,823) |
| Proceeds from issuance of common stock units and pre-funded warrant units from public offering, net of issuance costs of \$1,296,118 | 10,703,882 | – |
| Proceeds from issuance of common stock issued from the At the Market Offering, net of issuance costs of \$320,867 | 8,846,761 | – |
| Repurchases of common stock | (401,806) | – |
| Proceeds from exercise of Series B Warrants | – | 130,522 |
| Proceeds from exercise of buy down warrants | – | 3,500 |
| Net cash provided by financing activities | <u>19,147,118</u> | <u>90,199</u> |
| NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH | 15,373,389 | (4,517,298) |
| CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF PERIOD | 2,298,573 | 8,193,346 |
| CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD | <u>\$ 17,671,962</u> | <u>\$ 3,676,048</u> |

SUPPLEMENTAL CASH FLOW INFORMATION

| | 2025 | 2024 |
|--|-----------|---------------|
| Supplemental disclosure of cash flow information: | | |
| Cash paid for interest | \$ 88,208 | \$ 13,408 |
| Cash paid for income taxes | \$ – | \$ – |
| Non-cash transactions: | | |
| Issuance of common stock for exercise of pre-funded warrants | \$ 14 | \$ – |
| Transfer of inventory to property & equipment | \$ 59,175 | \$ – |
| Conversion of Convertible Notes for common stock | \$ – | \$ 7,414,025 |
| Exchange of Convertible Notes for Preferred Stock | \$ – | \$ 24,716,118 |
| Reclassification of warrant liability to equity for cashless exercise of Series A Warrants | \$ – | \$ 17,352,653 |

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

VOLCON, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 – ORGANIZATION, NATURE OF OPERATIONS AND GOING CONCERN

Organization and Nature of Operations

Volcon, Inc. (“Volcon” or the “Company”) was formed on February 21, 2020, as a Delaware corporation, under the name Frog ePowersports, Inc. The Company was renamed Volcon, Inc. on October 1, 2020. Volcon designs and sells all-electric off-road powersport vehicles.

On January 5, 2021, the Company created Volcon ePowersports, LLC (“Volcon LLC”), a Colorado wholly-owned subsidiary of the Company, to sell Volcon vehicles and accessories in the United States. Since 2023 Volcon LLC has not been used for selling vehicles and accessories.

Going Concern

The accompanying interim consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company has recurring losses and has generated negative cash flows from operations since inception.

In February and March 2024, certain holders of the May 2023 Convertible Notes issued in May 2023 converted approximately \$7.4 million of principal to common stock. In March 2024, the holders exchanged the remaining May 2023 Convertible Notes of \$24.7 million for Series A Convertible Preferred Stock (“Preferred Stock”) with a \$1,000 per share value and an initial conversation price of \$1,064.00 per share for common stock (see Note 9). All covenants from the Convertible Notes were terminated upon this exchange.

As discussed further in Note 6 below, on May 22, 2024, the Company issued Senior Notes with an aggregate principal amount of \$2,942,170 due May 22, 2025 (the “May 2024 Notes”) for net proceeds of \$2,255,851. The holders of the May 2024 Notes also received fully vested warrants (the “May 2024 Note Warrants”) to purchase 12,686 shares of the Company’s common stock at an exercise price of \$232.00 per share. The May 2024 Note Warrants were exercisable beginning November 23, 2024 and expire November 23, 2029.

On July 12, 2024, the Company sold 102,605 shares of the Company’s common stock at a purchase price of \$29.20 per share and pre-funded warrants to purchase 308,355 shares of common stock at \$29.19992 per pre-funded warrant. The Company received net proceeds of \$10,789,261. Proceeds from this offering were used to repay the May 2024 Notes.

In October 2024, the Company established an At the Market equity offering (“ATM”) whereby the Company can sell up to \$100 million of its common stock. During the three months ended March 31, 2025, the Company has raised net proceeds of \$8,846,761. On February 6, 2025, the Company sold 430,000 common stock units and 5,570,000 pre-funded warrant units at \$2.00 per unit. The Company received net proceeds of \$10,703,882 from this offering.

Management anticipates that our cash on hand as of March 31, 2025 plus the cash expected to be generated from operations will not be sufficient to fund planned operations beyond one year from the date of the issuance of the financial statements as of and for the three months ended March 31, 2025. There can be no assurance that additional funding, if needed, would be available to the Company on acceptable terms, or at all. These factors raise substantial doubt regarding our ability to continue as a going concern. The consolidated financial statements do not include any adjustments that may result should the Company be unable to continue as a going concern.

Nasdaq Compliance

On July 5, 2023, the Company received a notice from Nasdaq that it was not in compliance with Nasdaq's Listing Rule 5550(b)(2), which requires that it maintain a market value of listed securities ("MVLS") of \$35 million. MVLS is calculated by multiplying the Company's shares outstanding by the closing price of its common stock. On December 19, 2023, the Company received a notice from Nasdaq that it was not in compliance with Nasdaq's Listing Rule 5550(a)(2), as the minimum bid price of its common stock had been below \$1.00 per share for 30 consecutive business days.

On December 26, 2023, the Company was notified by Nasdaq that it was not in compliance with Nasdaq's Listing Rule 5810(c)(3)(A)(iii) as the closing bid price of our common stock had been below \$0.10 for ten consecutive trading days from December 11, 2023 through December 22, 2023 and was subject to delisting on January 2, 2024. On January 4, 2024, the Company received notice from Nasdaq that it did not meet the MVLS requirement and it was subject to delisting. The Company submitted a hearing request to Nasdaq's Hearings Department for both of these matters, which stayed the suspension of the Company's common stock. The Company participated in a hearing with Nasdaq's Hearings Department on March 26, 2024 and on April 2, 2024, they informed the Company that the Company had until June 24, 2024 to regain compliance with the above listing rules.

On June 11, 2024, the Company received a notice from the Nasdaq that the Company no longer met the minimum 500,000 publicly held shares requirement for Nasdaq and, as such, it no longer complied with Listing Rule 5550(a)(4). Furthermore, the notice indicated that this matter would serve as an additional basis for delisting the Company's securities from Nasdaq, that the Panel would consider this matter in their decision regarding the Company's continued listing on Nasdaq, and that the Company should present its views with respect to this additional deficiency to the Panel in writing no later than June 18, 2024. On June 18, 2024, the Company submitted a letter to Nasdaq notifying them that the Company was in compliance with Listing Rule 5550(a)(4) due to the issuance of additional shares of common stock from the conversion of preferred stock to common stock by certain Preferred Stockholders.

On July 17, 2024, Nasdaq informed the Company that it had regained compliance with the above listing rules but will continue to be monitored for ongoing compliance.

On March 28, 2025, the Company's common stock closing bid price was \$0.9601 and has remained below \$1.00 since this date. In the event the that the closing bid price does not increase to \$1.00 or greater by May 9, 2025, the Company will not be in compliance with Nasdaq's Listing Rule 5550(a)(2) and may be required to participate in a hearing with Nasdaq's Hearings Department to present a plan to regain compliance, which could include completing another reverse stock split as noted in Note 2 below.

Impact of Tariffs on Imported Goods from China and Vietnam

On April 2, 2025, the U.S. imposed tariffs on goods imported from certain countries including China and Vietnam, where Volcon's vehicles are manufactured, including a 10% base tariff for all imports. On April 9, 2025, the tariffs for China were increased while the tariffs for Vietnam were deferred for 90 days. Further adjustments to these tariffs could occur. These tariffs will significantly increase the cost of the Company's vehicles and parts. The Company is currently evaluating options to import parts and assemble vehicles in the U.S. or continue to import vehicles and pay the higher tariffs and increase the selling price of vehicles.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Interim Unaudited Financial Information

The accompanying interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and should be read in conjunction with the financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2024, which was filed with the Securities and Exchange Commission ("SEC") on March 31, 2025. Certain information and footnote disclosures normally included in the consolidated financial statements prepared in accordance with U.S. GAAP have been omitted from this report on Form 10-Q pursuant to the rules and regulations of the SEC.

Results for the interim periods in this report are not necessarily indicative of future financial results and have not been audited by our independent registered public accounting firm. In the opinion of management, the accompanying unaudited consolidated financial statements include all adjustments necessary to present fairly our interim consolidated financial statements as of March 31, 2025, and for the three months ended March 31, 2025 and 2024. These adjustments are of a normal recurring nature and are consistent with the adjustments recorded to prepare the annual audited consolidated financial statements as of December 31, 2024.

Basis of Presentation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiary. All intercompany accounts, transactions and balances have been eliminated in consolidation.

Per the terms of the 1 for 8 reverse stock split on November 8, 2024, the Company agreed that no fractional shares would be issued in connection with the reverse stock split and that it would issue one full share of the post-reverse stock split common stock to any stockholder who would have been entitled to receive a fractional share as a result of the process. On November 19, 2024, the Company received notice from DTCC on behalf of the brokerage firms that hold the shares of Company common stock held in "street name" that in connection with the foregoing rounding of shares the Company would need to issue 188,950 shares of common stock. The Company did not believe the number of shares being requested was correct based on the historical number of stockholders of its common stock and is aware of similar occurrences in recent months for other companies completing a reverse stock split. As such, the Company made inquiries into the calculations set forth in the request. The Company concluded that the information requested was not going to be provided and therefore on May 5, 2025, these shares were issued. These shares are not included in the shares outstanding as of March 31, 2025 or in the amounts included in the basic and diluted net loss per share amounts. See Note 11 for further discussion of the impact to basic and diluted net loss per share.

Concentration Risk

The Company outsources certain portions of product design and development for its vehicles to third parties. In addition, the Company has outsourced the manufacturing of all of its vehicles to third party manufacturers.

On January 8, 2024, the Company notified the manufacturer of the Volcon Youth motorcycles that it was terminating the co-branding and distribution agreement with them due to lower than anticipated sales of these units. In March 2024, the Company agreed to allow the manufacturer to keep all fully paid for units manufactured and held by the manufacturer, cease selling the Volcon Youth motorcycles as of June 30, 2024, and pay cash of \$2,070,000 which included a payment of \$370,000 in March 2024 and \$100,000 monthly for seventeen months starting April 2024. All Volcon Youth inventory was written off as of June 30, 2024.

The settlement was recorded in the financial statements for the year ended December 31, 2023. On October 2, 2024, the Company and the manufacturer amended the settlement agreement and the Company agreed to pay the manufacturer \$300,000 by October 31, 2024 to fully settle the remaining payments under the March 2024 agreement and to return any remaining spare parts and finished goods held by the Company in its Texas warehouse. The Company recognized a reduction of expense of \$700,000 in cost of goods sold in the year ended December 31, 2024 related to this amendment.

In June 2024, the Company was notified by the manufacturer of a suspension component for the Stag that due to the Company's initial production forecast provided by the third party manufacturer of the Stag, the vendor had acquired raw materials to fulfill several months' worth of this component needed for the forecast. Although the Company had provided updated forecasts to the third party manufacturer of the Stag, the revised forecasts were not provided timely to this vendor. The Company entered into an agreement to pay for the excess raw materials by making weekly payments of \$13,791 through February 2026 and to purchase remaining finished goods. The Company recorded an expense of \$1,091,308 in cost of goods sold for the year ended December 31, 2024. The remaining liability as of March 31, 2025 is \$612,869, which is classified as short-term on the balance sheet.

On December 6, 2024, the Company entered into a Settlement Agreement and Mutual Release ("Agreement") with the manufacturer of the Stag and Grunt EVO, pursuant to which the Company and the manufacturer agreed to terminate the Supplier Agreement dated March 11, 2022 for the development and engineering of the Volcon Stag vehicle prototypes; the Supplier Agreement dated May 29, 2022 for the manufacturing of the Volcon Grunt EVO motorcycle; and the Supplier Agreement dated August 11, 2022 for the manufacturing of the Volcon Stag vehicle (collectively, the "Supplier Agreements"). Pursuant to the Agreement, among other items, the Company and the manufacturer agreed to indemnify each other with respect to certain outstanding vendor payables and the Company agreed to pay the manufacturer a termination fee of \$125,000 per month for a period of twenty-two months. The short-term and long-term liability as of March 31, 2025 is \$1,354,320 and \$728,839, respectively.

Recently Issued Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standard Board or other standard setting bodies that the Company adopts as of the specified effective date. The Company does not believe that the impact of recently issued standards that are not yet effective will have a material impact on the Company's financial position or results of operations upon adoption.

NOTE 3 – SEGMENT REPORTING

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, requiring public companies to disclose information about their reportable segments' significant expenses and other segment items on an interim and annual basis. Public companies with a single report segment are required to apply the disclosure requirements in ASU 2023-07, as well as all existing segment disclosures and reconciliation requirements of ASU 2023-07 during the year ended December 31, 2024. The Company operates as one operating segment and the Company's CEO is the chief operating decision maker ("CODM"). The CODM uses the consolidated statement of operations to assess financial performance, which is based on costs by department, and allocate resources. See the condensed consolidated statement of operations above.

NOTE 4 – NOTES PAYABLE

In March 2023, the Company entered into two financing arrangements to purchase two vehicles. The total principal of these arrangements is \$96,024 with interest rates of 11.44% and 8.63% and monthly payments totaling \$1,923 are due through February 2028 and \$908 per month until February 2029. The vehicles are collateral for these arrangements. In February 2024, one of the vehicles was involved in an accident and was totaled. The note payable associated with this vehicle was paid off with the proceeds received from the insurance carrier.

The following table provides the maturities of notes payable as of March 31, 2025:

| | | |
|-------------------------|----|---------------|
| Remainder of 2025 | \$ | 8,175 |
| 2026 | | 10,898 |
| 2027 | | 10,898 |
| 2028 | | 10,898 |
| 2029 | | 1,816 |
| Total future payments | | 42,685 |
| Less: Interest | | (8,690) |
| Total notes payable | | 33,995 |
| Less current portion | | (7,389) |
| Long-term notes payable | \$ | <u>26,606</u> |

NOTE 5 - CONVERTIBLE NOTES

On May 24, 2023, the Company issued Senior Convertible Notes (the "New Notes") with an aggregate principal amount of \$4,934,783 (debt issuance costs of \$586,698) due February 24, 2024 to the same investors who were issued convertible notes in August 2022 (the "Convertible Notes"). The New Notes had an initial conversion price of \$457,200.00 per share of common stock, which was adjusted to \$135,000.00 upon stockholder approval received on August 3, 2023. The conversion price was also subject to further adjustment if the Company completed an equity or convertible note offering with a price below \$135,000.00, or completed a stock split, reverse stock split or recapitalization where the lowest day's volume weighted average price ("VWAP") of the Company's stock price is below \$135,000.00 in the five days following the stock split, with a floor price of \$0.22 (subject to stockholder approval, which was obtained on August 3, 2023). The conversion price was also subject to further adjustment if the Company completed an equity or convertible note offering with a price below \$135,000.00. The New Notes were issued with an original issue discount of 8.8% and did not bear interest unless an event of default had occurred, upon which interest accrued at 10% per annum.

The holders of the New Notes also received fully vested warrants (the “New Warrants”) to purchase 31 shares of the Company’s common stock at an initial exercise price of \$196,200.00 per share. The New Warrants expire on August 24, 2027.

Concurrent with the issuance of the New Notes, the Company exchanged the Convertible Notes into two new notes, Series A Notes and Series B Notes both due February 24, 2024 (collectively the “Exchange Notes” and collectively with the New Notes the “May 2023 Notes”). The aggregate principal amount of Series A Notes was \$3,690,422 and these were convertible into the Company’s common stock at an initial conversion price of \$135,000.00 per share. The aggregate principal amount of the Series B Notes was \$23,483,491 and were convertible into the Company’s common stock at an initial conversion price of \$196,200.00 which was adjusted to \$135,000.00 upon stockholder approval received on August 3, 2023.

Events of default for the May 2023 Notes were defined in the note agreements and the Company was in compliance with all covenants until the May 2023 Notes were exchanged for Series A Convertible Preferred Stock (“Preferred Stock”) on March 4, 2024 as discussed below.

The Company recognized interest expense of \$314,838 in the three months ended March 31, 2024 for the accretion of the discount and amortization offering costs on the May 2023 Notes.

The Company also exchanged the 51 Note Warrants with an exercise price of \$513,000.00 per share issued with the Convertible Notes in August 2022 for 95 warrants which had an initial exercise price of \$196,200.00 per share (the “Exchange Warrants”) and was adjusted to \$135,000.00 per share upon stockholder approval received on August 3, 2023. The Exchange Warrants expire on August 24, 2027.

The conversion prices of the Exchange Notes, and the exercise prices of the New Warrants and Exchange Warrants (collectively the “May 2023 Warrants”) were subject to further adjustment in the event that the Company issues additional common stock, stock options, warrants or convertible notes with prices below the exercise price in effect at the time of issuance, or completes a stock split, reverse stock split or recapitalization where the lowest day’s VWAP of the Company’s stock price is below the then exercise price in the five days following the stock split with a floor of \$0.22 per share.

In September 2023, the Company and the holders of the Exchange Warrants entered into a warrant inducement agreement whereby the Exchange Warrant holders agreed to exercise 11 Exchange Warrants at a reduced exercise price of \$63,000.00 per share. The Company issued the holders 11 warrants (“Reload Warrants”) with an initial exercise price of \$90,000.00 per share. The Reload Warrants are immediately exercisable for unregistered shares of the Company’s common stock and have the same terms as the May 2023 Warrants and expire August 24, 2027.

The May 2023 Warrants and Reload Warrants contained certain conversion limitations, providing that a holder thereof may not exercise such warrants to the extent that, if after giving effect to such conversion, the holder or any of its affiliates would beneficially own in excess of 4.99% of the outstanding shares of the Company’s common stock immediately after giving effect to such exercise.

During the three months ended March 31, 2024, \$7,414,025 of principal of the May 2023 Notes were converted into 4,971 shares of common stock. The Company recognized a loss of \$333,544 on the conversion including the write off of \$55,490 of unamortized debt issuance costs. On March 4, 2024, the remaining principal of the May 2023 Notes of \$24,716,118 was exchanged for 24,698 shares of Series A convertible Preferred Stock with a stated value of \$1,000 and an initial conversion price of \$1,064.00. The Company recognized a loss on the exchange of the Convertible Notes for Preferred Stock of \$1,314,065.

As a result of the exchange for Preferred Stock in March 2024, the May 2023 Notes are no longer outstanding. The May 2023 Warrants exercise price was reduced to \$1,064.00 as a result of this exchange. See further discussion in Note 9.

NOTE 6 - MAY 2024 SENIOR NOTES

On May 22, 2024, the Company issued Senior Notes with an aggregate principal amount of \$2,942,170 due May 22, 2025 (the “May 2024 Notes”) for proceeds before expenses of \$2,501,001 (issuance costs were \$245,150). The notes were issued with an original issue discount of 15% and do not bear interest unless an event of default occurs, upon which interest will accrue at 10% per annum. Pursuant to the terms of the May 2024 Notes. As discussed further in Note 9, the May 2024 Notes were fully repaid on July 12, 2024 and a loss of \$1,470,554 was recognized in the year ended December 31, 2024 for the early extinguishment of these notes. The holders of the May 2024 Notes also received fully vested warrants (the “May 2024 Note Warrants”) to purchase 12,686 shares of the Company’s common stock at an exercise price of \$232.00 per share. The May 2024 Note Warrants were exercisable beginning November 23, 2024 and expire November 23, 2029. The number of warrants and the exercise price are subject to adjustment if the Company declares a stock dividend, stock split or recapitalization.

NOTE 7 - WARRANT LIABILITIES

Series A and Series B Warrants

As discussed in Note 9 below, the Company issued Series A and Series B Warrants (the “November 2023 Warrants”) in connection with the sale of common units and pre-funded warrant units. Under the terms of the November 2023 Warrants, the number and exercise price are subject to adjustment if the Company completes certain transactions specified in these warrant agreements. In addition, the Series A Warrants have a cashless exercise provision, if approved by stockholders, which would allow holders to cashless exercise one warrant for three shares of the Company’s common stock. Such adjustments were subject to stockholder approval (which was received on January 12, 2024). The Company initially determined that these warrants should be classified as liabilities and used a Monte Carlo simulation to estimate the fair value until stockholder approval of the cashless exercise provision was completed.

Subsequent to the approval by stockholders of the cashless exercise provision of the Series A Warrant, the fair value of each Series A Warrant is the value of three shares of the Company’s common stock. In the three months ended March 31, 2024, the Company recognized a loss of \$12,733,180 for the change in fair value of the Series A Warrants and the Company reclassified the fair value of Series A Warrants exercised on a cashless basis to stockholders equity in the amount of \$17,352,653. Based on the closing price of the Company’s common stock on March 31, 2025 of \$0.892, the fair value of each Series A Warrant is \$1.1465 and based on the total number of warrants outstanding of 31,101, the warrant liability for Series A Warrants is \$83,226 at March 31, 2025.

In the three months ended March 31, 2024, the Company recognized a loss of \$7,271,162 on the change in fair value of the Series B Warrants and a gain of \$165,355 from the exercise of the Series B Warrants. As discussed in Note 9 below, on May 17, 2024, certain terms of the Series B Warrants were amended, including a cashless exercise provision, which resulted in the Series B warrants no longer being liabilities. The fair value of each Series B Warrant is the value of the closing stock price of the Company times 0.81, the cashless exercise exchange ratio. Based on the closing price of the Company’s common stock on May 17, 2024 of \$231.20, the fair value of each Series B Warrant is \$187.27. The fair value of the Series B Warrants of \$ 3,405,662 as of May 17, 2024 was reclassified to equity. As of March 31, 2025, 141 Series B Warrants remain outstanding.

The following represents the activity associated with the Series A Warrants for the three months ended March 31, 2025:

| | | |
|-------------------------------|----|---------------|
| Fair value on January 1, 2025 | \$ | 111,658 |
| Gain on changes in fair value | | (28,432) |
| Balance at March 31, 2025 | \$ | <u>83,226</u> |

NOTE 8 – RELATED PARTY TRANSACTIONS

In March 2025, the Company entered into a consulting agreement with ThankYou Studios, an entity owned by Orn Olason, a member of the Company's board of directors. ThankYou Studios will complete a marketing and brand assessment for the Company and the total fees will be \$45,000.

On January 13, 2024, the Company's Chief Executive Officer ("CEO"), Jordan Davis, resigned his employment with the Company effective February 2, 2024. The Company entered into a 30-day consulting agreement with Mr. Davis and paid him \$12,500.

On January 30, 2024, John Kim, an independent board member of the Company signed an employment agreement with the Company to become the CEO effective February 3, 2024. Mr. Kim's salary is \$800,000 and he has an annual bonus of \$250,000. Mr. Kim will also receive 5% of the gross proceeds or other consideration if the Company completes a sale of substantially all of its assets or otherwise enters into a change of control transaction. Mr. Kim is also entitled to an equity award equal to 10% of the Company's fully diluted equity, subject to stockholder approval of an increase in the shares available under the 2021 Plan or a new equity plan.

On January 30, 2024, Greg Endo, the Company's Chief Financial Officer, signed a new employment agreement with the Company. Mr. Endo's salary will be increased to \$300,000 and he will have an annual bonus of up to 50% of his salary as determined by the compensation committee of the board of directors. The board of directors approved the full amount of Mr. Endo's 2024 bonus. Mr. Endo had agreed to a reduction in the salary to \$238,500 through the end of 2024. On August 23, 2024 the compensation committee of the board of directors resolved that effective August 16, 2024 Mr. Endo's annual salary would be restored to \$300,000. Mr. Endo will also receive 5% of the gross proceeds or other consideration if the Company completes a sale of substantially all of its assets or otherwise enters into a change of control transaction. Mr. Endo is also entitled to an equity award equal to 4% of the Company's fully diluted equity, subject to stockholder approval of an increase in the shares available under the 2021 Plan or a new equity plan.

The Company accrued the above mentioned bonuses payable to Mr. Kim and Mr. Endo in accrued liabilities as of December 31, 2024 and these were paid in April 2025.

On February 23, 2024, Katherine Hale resigned her position as Chief Marketing Officer. Ms. Hale was provided a severance amount of \$112,500 which was paid out in three monthly installments beginning in March 2024.

In December 2022, the Company entered into an employment agreement with Christian Okonsky, one of the Company's founders, former Chairman of the Board, whereby Mr. Okonsky became an employee on January 2, 2023 as Chief Technology Officer with an annual salary of \$170,000 and healthcare and other benefits that are also provided to all Company employees. Mr. Okonsky informed the Company on January 27, 2024 that he would resign his employment and forfeit his salary and benefits effective February 1, 2024.

In March 2024, the Company entered into a consulting agreement with Mr. Okonsky pursuant to which he was entitled to a monthly fee of \$5,000 and payment of 1% of the gross proceeds from any merger, sale or change of control transaction ("Change of Control Payment") (as determined by the board of directors) entered into by the Company for a period of up to 6 months following the termination of the consulting agreement. The consulting agreement had a 24 month term and was cancellable by either party with 30 days notice. This consulting agreement terminates any remaining provisions of a prior consulting agreement entered into in March 2021 with Pink Possum, an entity controlled by Mr. Okonsky, with the exception of the 27 ten year warrants with an exercise price of \$176,400.00 which remain outstanding. On September 9, 2024, Mr. Okonsky resigned from the board of directors of the Company. The consulting agreement was amended and the monthly fee was amended to \$8,333 per month for twelve months and the Change of Control Payment was eliminated. In March 2025, the Company and Mr. Okonsky entered into an agreement to terminate the consulting agreement and the Company paid Mr. Okonsky \$38,000.

On August 28, 2020, the Company entered into a consulting agreement with Highbridge Consultants, LLC ("Highbridge"), an entity controlled by Mr. Adrian James, a co-founder of the Company, pursuant to which Mr. James provided the Company with services in exchange for warrants. The Highbridge warrants were fully exercised on a cashless basis in 2021.

In addition, pursuant to the Highbridge consulting agreement, upon the occurrence of a Fundamental Transaction (as defined below) for an aggregate gross sales price of \$100.0 million or more, the entity will receive a cash payment equal to 1% of such gross sales price. For the purposes of the consulting agreement, “Fundamental Transaction” means any of the following: (i) a consolidation or merger involving the Company if the holders of the voting securities of the Company that are outstanding immediately prior to the consummation of such consolidation or merger do not, immediately after the consummation of such consolidation or merger, hold voting securities that collectively possess at least a majority of the voting power of all the outstanding securities of the surviving entity of such consolidation or merger or such surviving entity’s parent entity; (ii) a transfer or issuance (in a single transaction or series of related transactions) by one or more of the Company and its stockholders to one person or to any group of persons acting in concert, of shares of the Company’s capital stock then collectively possessing 50% or more of the voting power of all then outstanding shares of the Company’s capital stock (computed on an as-converted to common stock basis); or (iii) any sale, license, lease, assignment or other disposition of all or substantially all of the assets of the Company. Furthermore, commencing upon the completion of the Company’s initial public offering of the shares of our common stock, if the Company’s market capitalization exceeds \$300.0 million for a period of 21 consecutive trading days, the entity will receive an additional cash payment equal to \$15.0 million; provided that the Company will have the right, in its sole discretion, to make the foregoing \$15.0 million payment by the issuance of shares of the Company’s common stock. The foregoing amounts will be payable to the entity if the above milestones occur any time prior to the ten-year anniversary of the original consulting agreement, or August 28, 2030.

NOTE 9 – STOCKHOLDERS’ EQUITY

On June 14, 2023, the Company’s stockholders approved an increase in the Company’s authorized shares of common stock from 100,000,000 to 250,000,000. In addition, the Company is authorized to issue 5,000,000 shares of preferred stock with a par value of \$0.00001. The specific rights of the preferred stock, when so designated, shall be determined by the board of directors.

Common Stock

On July 12, 2024, Company sold 102,605 shares of the Company’s common stock at a purchase price of \$29.20 per share and pre-funded warrants to purchase 308,355 shares of common stock at \$29.19992 per pre-funded warrant. The Company received net proceeds of \$10,789,261 and used \$2,942,170 of the net proceeds to repay the May 2024 Notes. Through December 31, 2024, 226,250 pre-funded warrants were exercised and the remaining 82,105 were exercised by February 2025.

On October 15, 2024 the Company and a holder of the Company’s common stock reached an agreement for the return by the holder of 96,822 shares of common stock to the Company. The holder had exceeded the percentage of shares that they were permitted to hold of the Company’s common stock. In exchange for the return of the shares the Company issued a prefunded warrant for 96,822 shares. These prefunded warrants were exercised as of February 2025.

As discussed above, on October 18, 2024, the Company established the ATM under which it can sell its common stock. During the three months ended March 31, 2025, the Company has received net proceeds of \$8,846,761 for the sale of 1,764,113 shares of common stock through the ATM. The Company can not sell additional shares through our ATM for six months due to the equity offering completed on February 6, 2025 as discussed below.

On February 6, 2025, the Company received net proceeds of \$10,703,882 from the sale of 430,000 common stock units, which consisted of 430,000 shares of common stock and 430,000 fully exercisable five year warrants to purchase the Company’s common stock at \$2.00 per share, and 5,570,000 pre funded warrant units, which consisted of 5,570,000 pre-funded fully exercisable warrants with an exercise price of \$0.00001 and 5,570,000 fully exercisable five year warrants to purchase the Company’s common stock at \$2.00 per share. Through March 31, 2025, 1,230,001 pre-funded warrants were exercised and 400,003 pre-funded warrants have been exercised subsequent to March 31, 2025. All of the common stock warrants remain outstanding.

Common Stock Buy Back Program

On March 21, 2025, the Company's board of directors approved a stock buy back program whereby the Company could repurchase up to \$2 million of common stock subject to a limitation that at least 500,000 shares of common stock must be outstanding to meet Nasdaq compliance rules. Through March 31, 2025, the Company has repurchased 383,081 shares of common stock at an average purchase price of \$1.05 per share with cash of \$401,806, including commissions paid of \$12,616. These shares and cash paid are presented as treasury stock in the condensed consolidated balance sheet as of March 31, 2025. Subsequent to March 31, 2025 through May 8, 2025, the Company has repurchased 83,900 shares of common stock at an average purchase price of \$0.80 per share with cash of \$67,143, including commissions paid of \$2,106.

Series A Convertible Preferred Stock

On March 4, 2024, the Company designated 25,000 shares of Preferred Stock as Series A Convertible Preferred Stock with a par value of \$0.00001 per share and exchanged the remaining May 2023 Notes (principal of \$24,694,670) for Preferred Stock. For each \$1,000 of May 2023 Note principal, one share of Preferred Stock was issued with a stated value of \$1,000, and any principal held by an investor below \$1,000 was granted one additional share of Preferred Stock. A total of 24,698 shares were issued in connection with the exchange. The Preferred Stock is initially convertible into share of the Company's common stock at \$1,064.00 per share. Conversion of Preferred Stock to common stock of the Company by the holders of the Preferred Stock is limited based on ownership restrictions of either 4.99% or 9.99%. The conversion price is subject to adjustment for anti-dilution provisions with an initial floor of \$784.00 per share, subject to adjustment to \$400.00 per share if stockholder approval is received. The stockholders approved this adjustment at the 2024 annual meeting held on May 28, 2024.

The Preferred Stock conversion price per share is subject to adjustment in the event of a stock split based on the lowest 5-day daily VWAP in the five days subsequent to the completion of a stock split. As a result of the reverse stock split completed on June 6, 2024, the conversion price of the Preferred Stock was adjusted to \$51.59.

As of December 31, 2024, all of the Preferred Stock (24,698 preferred shares) have been converted for 279,043 shares of common stock.

November 2023 Common Units and Pre-Funded Warrant Units

On November 17, 2023, the Company sold (i) 93 common units ("Common Units"), each consisting of one share of the Company's common stock, a Series A warrant to purchase one share of common stock at an initial exercise price of \$19,800.00 per share or pursuant to an alternative cashless exercise option (described below), which warrant will expire on the five-year anniversary of the original issuance date (the "Series A Warrants") and a Series B warrant to purchase one share of common stock at an initial exercise price of \$30,240.00 per share, which warrant will expire on the five-year anniversary of the original issuance date (the "Series B Warrants" and together with the Series A Warrants, the "Warrants"); and (ii) 1,099 pre-funded units (the "Pre-funded Units" and together with the Common Units, the "Units"), each consisting of one pre-funded warrant to purchase one share of common stock (the "Pre-funded Warrants"), a Series A Warrant and a Series B Warrant. The purchase price of each Common Unit was \$15,120.00, and the purchase price of each Pre-Funded Unit was \$15,119.64. The Pre-Funded Warrants were immediately exercisable and may be exercised at any time until all of the Pre-Funded Warrants are exercised in full. All of the Pre-Funded Warrants were exercised by January 9, 2024.

In addition, the Company granted the underwriter a 45-day option to purchase additional 179 shares of common stock and/or Pre-Funded Warrants, representing up to 15% of the number of common stock and Pre-Funded Warrants sold in the Public Offering, and/or additional 24 Series A Warrants representing up to 15% of the Series A Warrants sold in the Public Offering, and/or additional 24 Series B Warrants representing up to 15% of the Series B Warrants sold in the Public Offering solely to cover over-allotments, if any. The underwriter partially exercised its over-allotment option with respect to 24 Series A Warrants and Series B Warrants. A total of 441 each of Series A and B Warrants were issued in the transaction.

Series A Warrants

Each Series A Warrant had an initial exercise price per share equal to \$19,800.00, was immediately exercisable upon issuance, and expires on the five-year anniversary of the original issuance date, or November 17, 2028.

Share Combination Event Adjustments

Conditioned upon the receipt of the Warrant Stockholder Approval at a required special meeting of stockholders (“Special Meeting”), if at any time on or after the date of issuance there occurs any share split, share dividend, share combination, recapitalization or other similar transaction involving the Company’s common stock (collectively a “Share Event”) and the lowest daily VWAP during the five consecutive trading days prior to the date of such event and the five consecutive trading days after the date of such event is less than the exercise price then in effect, then the exercise price of the Series A Warrant shall be reduced to the lowest daily VWAP during such period and the number of warrant shares issuable shall be increased such that the aggregate exercise price payable thereunder, after taking into account the decrease in the exercise price, shall be equal to the aggregate exercise price on the date of issuance. Approval of this adjustment by the stockholders was made on January 12, 2024.

Cashless Exercise

If at the time a holder exercises its Series A Warrants, a registration statement registering the issuance of the shares of common stock underlying the Series A Warrants under the Securities Act is not then effective or available and an exemption from registration under the Securities Act is not available for the issuance of such shares, then in lieu of making the cash payment otherwise contemplated to be made to us upon such exercise in payment of the aggregate exercise price, the holder may elect instead to receive upon such exercise (either in whole or in part) the net number of shares of common stock determined according to a formula set forth in the Series A Warrants.

Conditioned upon the receipt of the Warrant Stockholder Approval at a required Special Meeting, a holder of Series A Warrants may also provide notice and elect an “alternative cashless exercise” pursuant to which they would receive an aggregate number of shares equal to the product of (x) the aggregate number of shares of common stock that would be issuable upon a cash exercise of the Series A Warrant and (y) 3.0. Approval of this adjustment by the stockholders was made on January 12, 2024.

The number of Series A Warrants were adjusted for the reverse stock splits completed during 2024 and as a result of the February 6, 2025 common stock unit and prefunded warrant unit offering in accordance with the Share Event provision noted above. As of March 31, 2025, 31,101 Series A Warrants remain outstanding.

Series B Warrants

Each Series B Warrant offered had an initial exercise price per share equal to \$30,240.00, was immediately exercisable upon issuance, and will expire on the five-year anniversary of the original issuance date, or November 17, 2028.

The number of Series B Warrants and exercise prices were adjusted for the reverse stock split completed on February 2, 2024 and when the Company exchanged the May 2023 Notes for Series A Convertible Preferred Stock in accordance with the Share Event provisions of the Series B Warrants.

On May 17, 2024, the Company entered into separate warrant amendment agreements (collectively, the “Warrant Amendment”) with the holders of a majority-in-interest of the holders of the Company’s Series B warrants issued November 2023. Pursuant to the Warrant Amendment, all outstanding Series B Warrants were amended to delete the following sections: (i) a provision providing for the adjustment of the exercise price and number of shares issuable pursuant to the Series B Warrants if the Company completed a future offering at a price per share less the exercise price of the Series B Warrants then in effect; and (ii) a provision providing for the adjustment of the exercise price and number of shares issuable pursuant to the Series B Warrants if price of the Company’s common stock after the completion of a share split, share dividend, share combination, recapitalization or other similar transaction is less the exercise price of the Series B Warrants then in effect. In addition, the Warrant Amendment provides that the holders may also exercise the Series B Warrants on a cashless basis and receive an aggregate number of shares equal the product of the aggregate number of shares of common stock that would be issuable upon exercise of the Series B Warrants by means of a cashless exercise rather than a cash exercise, multiplied by 0.81.

On May 17, 2024, after giving effect to the Warrant Amendment, the Company and certain holders of Series B Warrants to purchase an aggregate of 17,222 shares of common stock (the “Holders”) entered into separate exchange agreements (the “Agreements”) pursuant to which the Company agreed to exchange the Series B Warrants held by the Holders for shares of Company common stock (or, at the option of the Holder, pre-funded warrants) at a ratio of 0.81 shares of Company common stock (or, at the option of the Holder, pre-funded warrants) for each whole Series B Warrant. A total of 9,178 pre-funded warrants with an exercise price of \$0.001 and 4,773 shares of common stock were issued to the Holders.

As of March 31, 2025, 141 Series B Warrants remain outstanding and all of the pre-funded warrants were fully exercised in 2024.

Other Warrants

As discussed in Note 5, the Company issued the Note Warrants, which were fully vested, to purchase 51 shares of the Company’s common stock at an initial exercise price of \$513,000.00. The Note Warrants expire August 24, 2027. Also, the Company issued to the placement agent of the Convertible Notes, fully vested warrants to purchase 4 shares of the Company’s common stock at an exercise price of \$641,250.00. The warrants were not exercisable until February 24, 2023 and expire on February 24, 2028. The Company valued all of these warrants using the closing price of the Company’s common stock on August 24, 2022 of \$439,200.00, volatility of 79.81% based on peer companies, risk free interest rate of 3.03%, no dividends and an estimated life of 2.5 years.

In May 2023, all of the Note Warrants to purchase 51 shares of the Company’s common stock were exchanged for Exchange Warrants to purchase 95 shares of the Company’s common stock with an initial exercise price of \$196,200.00 per share (which was adjusted to \$135,000.00 per share upon stockholder approval which was received on August 3, 2023). The Exchange Warrants expire August 24, 2027. In 2023 and 2024 certain holders of the Exchange Warrants exercised warrants to purchase 32 shares of the Company’s common stock. On November 8, 2024, holders of the remaining warrants to purchase 63 shares of the Company’s common stock notified the Company that they were forfeiting these warrants.

Also in May 2023, in connection with the issuance of the New Notes, the Company also issued New Warrants (together with the Exchange Warrants the “May 2023 Warrants”) to purchase 31 shares of common stock at an initial exercise price of \$196,200.00 (which was adjusted to \$135,000.00 per share upon stockholder approval which was received on August 3, 2023). Subsequent to the adjustment of the exercise price for the reverse splits and issuance of Preferred Stock discussed above, on November 8, 2024 the holder of these warrants notified the Company that it was forfeiting these warrants.

As noted below, 11 of the Exchange Warrants were exercised at a price of \$63,000.00 per share and 11 Reload Warrants were issued with an exercise price of \$90,000.00 per share. In October 2023, the Reload warrant exercise price was reduced to \$49,284.00. The Reload warrants expire August 24, 2027. Subsequent to the adjustment of the exercise price for the reverse splits and issuance of Preferred Stock discussed above, on November 8, 2024 the holder of these warrants notified the Company that it was forfeiting these warrants.

Warrant Inducements

On October 29, 2023, in an effort to raise cash, the Company entered into an inducement offer letter agreement (the “Inducement Reprice Letter”) with the Holders of the Company’s May 2023 Warrants. Pursuant to the Inducement Reprice Letter, in exchange for an aggregate cash payment of \$346,500, the Company reduced the exercise price with respect to May 2023 Warrants exercisable into an aggregate of 12 shares of common stock from \$49,284 per share to \$360.00 per share. On January 10, 2024, the Holders exercised these warrants.

As discussed in Note 6, the Company issued the May 2024 Note Warrants on May 22, 2024, which are fully vested, to purchase 12,686 shares of the Company’s common stock at an exercise price of \$232.00. The Note Warrants were initially exercisable on November 23, 2024 and expire on November 23, 2029. The Company valued these warrants using the closing price of the Company’s common stock on May 22, 2024 of \$176.00, volatility of 155.00% the Company’s historical volatility, risk free interest rate of 4.47%, no dividends and a life of 5.5 years.

The following is the activity related to common stock warrants during the three months ended March 31, 2025:

| | Common Stock Warrants | | | |
|--------------------------------|------------------------------|--|---|------------------------|
| | Shares | Weighted Average Exercise Price | Weighted Average Remaining Life in years | Intrinsic Value |
| Outstanding at January 1, 2025 | 200,332 | \$ 91.58 | | |
| Granted | 11,592,576 | \$ 1.04 | | |
| Exercised | (1,408,928) | \$ 0.00002 | | |
| Outstanding at March 31, 2025 | <u>10,383,980</u> | <u>\$ 2.88</u> | <u>4.85</u> | <u>\$ 3,871,236</u> |
| Exercisable at March 31, 2025 | <u>10,383,980</u> | <u>\$ 2.88</u> | <u>4.85</u> | <u>\$ 3,871,236</u> |

NOTE 10 – STOCK-BASED COMPENSATION

In January 2021, the Company’s board of directors adopted the Volcon, Inc. 2021 Stock Plan, (the “2021 Plan”). The 2021 Plan is a stock-based compensation plan that provides for discretionary grants of stock options, stock awards, and restricted stock unit awards to employees, members of the board of directors and consultants (including restricted stock units issued prior to the adoption of the plan as further discussed below). The Company has reserved 39 shares of the Company’s common stock for issuance under the 2021 Plan. To the extent that an award, if forfeitable, expires, terminates or lapses, or an award is otherwise settled in cash without the delivery of shares of common stock to the participant, then any unpaid shares subject to the award will be available for future grant or issuance under the 2021 Plan. There are no shares available for issuance under the 2021 Plan as of March 31, 2025. Awards vest according to each agreement and as long as the employee remains employed with the Company or the consultant continues to provide services in accordance with the terms of the agreement.

In August 2024, as part of the compensation package for the Company’s Chief Sales Officer, the Company granted 6,250 stock options outside of the 2021 Plan with an exercise price of \$13.04. In April 2025, the Company cancelled these stock options.

Stock Options

The following summarizes activity relating to common stock options to employees and consultants for services during the three months ended March 31, 2025:

| | Common Stock Options | | | |
|--------------------------------|-----------------------------|--|---|------------------------|
| | Shares | Weighted Average Exercise Price | Weighted Average Remaining Life in years | Intrinsic Value |
| Outstanding at January 1, 2025 | 6,284 | \$ 1,775.40 | | \$ – |
| Granted | – | | | |
| Forfeited | – | | | |
| Canceled | – | | | |
| Outstanding at March 31, 2025 | <u>6,284</u> | <u>\$ 1,775.40</u> | <u>9.37</u> | <u>\$ –</u> |
| Exercisable at March 31, 2025 | <u>34</u> | <u>\$ 325,739.12</u> | <u>7.40</u> | <u>\$ –</u> |

Total stock-based compensation recorded for the three months ended March 31, 2025 and 2024 for all stock-based compensation awards, has been recorded as follows:

| | Three Months Ended March 31, 2025 | Three Months Ended March 31, 2024 |
|----------------------------|--|--|
| Cost of Goods Sold | \$ – | \$ (10,642) |
| Sales and Marketing | 10,052 | (55,071) |
| Product Development | – | 42,604 |
| General and Administrative | – | 21,187 |
| Total | \$ 10,052 | \$ (1,922) |

The Company does not expect to recognize any future expense related to these options. As stated above, the inducement stock options were cancelled in April 2025.

NOTE 11 – LOSS PER COMMON SHARE

The basic net loss per common share is calculated by dividing the Company's net loss available to common stockholders by the weighted average number of common shares during the year. The diluted net loss per common share is calculated by dividing the Company's net loss available to common stockholders by the diluted weighted average number of common shares outstanding during the year. The diluted weighted average number of common shares outstanding is the basic weighted number of common shares adjusted for any potentially dilutive debt or equity. Diluted net loss per common share is equal to basic net loss per share due to the Company's net loss and any potentially issuable shares are anti-dilutive.

| | Three Months Ended March 31, 2025 | Three Months Ended March 31, 2024 |
|---|--|--|
| Numerator: | | |
| Net loss | \$ (2,460,430) | \$ (26,048,044) |
| Denominator: | | |
| | 2,705,880 | 9,961 |
| Denominator for basic and diluted net loss per common share - weighted average of common shares | \$ (0.91) | \$ (2,615.00) |
| Basic and diluted net loss per common share | \$ (0.91) | \$ (2,615.00) |

As discussed in Note 2 above, the Company received notice from DTCC on behalf of the brokerage firms that hold the shares of Company common stock held in “street name” that in connection with the foregoing rounding of shares the Company would need to issue 188,950 shares of common stock which are not included in the amounts above. These shares were issued on May 5, 2025. If these shares had been issued as of November 19, 2024 when notice from DTCC was received, the amounts for basic and diluted net loss per common share for three months ended March 31, 2025 would be as follows:

| | |
|---|-----------|
| Denominator: | |
| Denominator for basic and diluted net loss per common share - weighted average of common shares | 2,894,830 |
| Basic and diluted net loss per common share | \$ (0.85) |

Common shares consisting of shares potentially dilutive as of March 31, 2025 and 2024 are as follows:

| | March 31, 2025 | March 31, 2024 |
|-----------------|---------------------------|---------------------------|
| Warrants | 10,383,980 | 18,397 |
| Stock options | 6,284 | 19 |
| Preferred Stock | – | 21,063 |
| Total | <u>10,390,264</u> | <u>39,479</u> |

NOTE 12 – INCOME TAXES

Due to losses since inception and for all periods presented, no income tax benefit or expense has been recognized as a full valuation allowance has been established for any tax benefit that would have been recognized for the loss in any period presented.

The Company has recorded no liability for income taxes associated with unrecognized tax benefits at the date of adoption and has not recorded any liability associated with unrecognized tax benefits. Accordingly, the Company has not recorded any interest or penalty in regard to any unrecognized benefit.

NOTE 13 - SUBSEQUENT EVENTS

None other than those disclosed above in other notes to the condensed consolidated financial statements.

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

The following discussion and analysis is intended as a review of significant factors affecting the Company's financial condition and results of operations for the periods indicated. This discussion and analysis should be read in conjunction with the financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and the Company's Annual Report on Form 10-K, which contains audited financial statements of the Company as of and for the year ended December 31, 2024, previously filed with the Securities and Exchange Commission. Results for the three months ended March 31, 2025 are not necessarily indicative of results for the year ending December 31, 2025 or any future period.

Special Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q, together with other statements and information publicly disseminated by the Company, contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and include this statement for purposes of complying with these safe harbor provisions.

In addition, from time to time, we or our representatives may make forward-looking statements orally or in writing. We base these forward-looking statements on our expectations and projections about future events, which we derive from the information currently available to us. Such forward-looking statements relate to future events or our future performance, including: our financial performance and projections; our growth in revenue and earnings; our product development and production releases; and our business prospects and opportunities. You can identify forward-looking statements by those that are not historical in nature, particularly those that use terminology such as "may," "should," "expects," "anticipates," "contemplates," "estimates," "believes," "plans," "projected," "predicts," "potential," or "hopes" or the negative of these or similar terms. In evaluating these forward-looking statements, you should consider various factors, including: our ability to change the direction of the Company; our ability to keep pace with new technology and changing market needs; and the competitive environment of our business. These and other factors may cause our actual results to differ materially from any forward-looking statement. Forward-looking statements are only predictions. The forward-looking events discussed in this document and other statements made from time to time by us or our representatives, may not occur, and actual events and results may differ materially and are subject to risks, uncertainties and assumptions about us. We are not obligated to publicly update or revise any forward-looking statement, whether as a result of uncertainties and assumptions, the forward-looking events discussed in this document and other statements made from time to time by us or our representatives might not occur.

While we believe we have identified material risks, these risks and uncertainties are not exhaustive. Other sections of this Form 10-Q describe additional factors that could adversely impact our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible to predict all risks and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy or completeness of any of these forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. We are under no duty to update any of these forward-looking statements after the date of this Form 10-Q to conform our prior statements to actual results or revised expectations, and we do not intend to do so.

Forward-looking statements include, but are not limited to, statements about:

- our ability to maintain the listing of our common stock on the Nasdaq Stock Market;
- our ability to generate revenues from sales, generate cash from operations, or obtain additional funding to market our vehicles and develop new products;
- our ability to successfully implement and effectively manage our outsourced manufacturing, design and development model and achieve any anticipated benefits;
- the ability of third party manufacturers to produce our vehicles in accordance with our design and quality specifications, with sufficient scale to satisfy customers and within a reasonable cost;
- anticipated timing for the manufacture, design, production, shipping and launch of our vehicles;
- the inability of our suppliers to deliver the necessary components for our vehicles at prices and volumes acceptable to our third party manufacturers;
- our ability to establish a network of dealers and international distributors to sell and service our vehicles on the timeline we expect;
- whether our vehicles will perform as expected;
- our facing product warranty claims or product recalls;
- our facing adverse determinations in significant product liability claims;
- customer adoption of electric vehicles;
- the development of alternative technology that adversely affects our business;
- increased government regulation of our industry;
- tariffs, including future changes and modifications to any tariffs, and currency exchange rates; and
- the conflict with Russia and Ukraine and the potential adverse effect it may have on the availability of materials used in the manufacturing of batteries for our vehicles.

Overview

We are an all-electric, off-road powersports vehicle company selling Volcon electric two-wheeled E-Bikes and motorcycles, utility terrain vehicles, or UTVs, also known as side-by-sides, and golf carts, along with a line of upgrades and accessories. In January 2025, we also entered into a distribution agreement with a golf cart manufacturer, Super Sonic Company Ltd. (“Super Sonic”) located in Vietnam, and a subsidiary of Odes Industry, to supply golf carts to other companies in the United States who sell golf carts.

Two-Wheeled Products

We began selling the Grunt in September 2021 and the Grunt EVO replaced the Grunt in September 2023. Due to the manufacturing cost of the Grunt EVO, we terminated the manufacturing contract for it in December 2024. As of March 31, 2025, we have sold all of the remaining Grunt EVO units.

Beginning in the second quarter of 2024, we began evaluating other potential electric motorcycle offerings. We are determining what features and specifications would be included for new offerings including considering a street legal version that would be dual purpose as an on-road/off-road motorcycle (not highway legal). We have identified one new model which we are working on developing with a third party manufacturer. We received prototypes in February 2025 and we are testing them to evaluate the feasibility to produce and sell them. Provided testing is successful and whether the product cost, including tariffs, allow for us to sell this product, we expect to start selling this product in the second half of 2025.

In the fourth quarter of 2022, we began selling an E-Bike, the Brat which is manufactured by a third party. The Brat is a class 2 E-Bike and can be used on-road or off-road.

We will continue to evaluate other potential two-wheel product offerings throughout 2025.

Utility Terrain Vehicles (UTVs)

Beginning in the second quarter of 2024, the Company began discussions with various third party manufacturers of electric UTVs to identify models that we could purchase. These models would be primarily used for utility purposes, have two or three passenger options, a dump bed or flatbed for hauling cargo, with speeds up to 30 miles per hour. These models may also include an enclosed cab with optional air conditioning.

During 2024, we signed an agreement with a manufacturer to distribute one of these utility UTV models, the VLCN HF1 in North America for five years, which includes a royalty agreement with the manufacturer for them to distribute the vehicle outside of North America. Royalties would commence in the third year of this agreement.

We also signed another agreement with Super Sonic to distribute other light UTV models, the VLCN MN1 in the United States. The VLCN MN1 has two models, the MN1 Adventurer, a golf cart style product, which has four seats with a fold down rear seat to accommodate light cargo and the MN1 Tradesman which has two seats with a dump bed for utility purposes.

Since both the MN1 and HF1 vehicles are manufactured outside of the U.S. we are subject to potential tariffs that could significantly impact our cost to sell these vehicles in the U.S. We are currently evaluating options to sell these vehicles in countries outside the U.S. through distributors.

Distribution and Supplier Agreements

Exclusive Distribution Agreement

In January 2025, we signed an exclusive distribution agreement (the "Distribution Agreement") with the manufacturer of the MN1s to distribute their golf carts in the United States and its territories. Super Sonic appointed us to act as their exclusive distributor of certain of their golf cart products (the "Products"), in the U.S. Super Sonic agreed to recommend us as the sole provider for all Products to all their customers in the U.S. Super Sonic has the right to sell non-Volcon branded Products to other customers and shall pay 5% of the order price to us. Before the end of June 2025, we agreed to provide a procurement plan, and if we fail to meet the minimum purchase requirement described in the procurement plan for two consecutive months, Super Sonic shall have the right to immediately terminate the Distribution Agreement. During the term of the Distribution Agreement, to the extent we sell any Volcon-branded products (the "Volcon Products") that are similar to the Products, we agreed to provide Super Sonic with a right of first refusal to manufacture the Volcon Products. We may be required to issue our common stock, warrants to purchase our common stock and the right to appoint a director to our board of directors if certain golf cart sales volumes are attained.

Supply Agreement

On February 24, 2025, we entered into a supply agreement with Venom-EV LLC ("Venom") to supply Venom with certain golf carts. This agreement was amended and restated on April 25, 2025 (the "Supply Agreement"). The Supply Agreement allows Venom to purchase up to \$2 million of golf carts with payment terms of the earlier of 100 days from the date the golf carts are shipped from the manufacturer's facility or upon sale to Venom's dealers or to consumers. These golf carts will be purchased through a manufacturer specified in the Supply Agreement and we will receive consideration of the cost of the golf carts plus a five percent margin. We received an initial order from Venom for \$2.0 million golf carts and paid a deposit to the manufacturer of \$0.6 million on May 2, 2025. The remaining \$1.4 million will be paid as golf carts are completed and ready for shipment which is expected to be in the second quarter of 2025.

Customers

Dealers

We sell our products through powersports dealers, bicycle retailers, and golf cart dealers. As of May 5, 2025, we have 129 active powersports dealers, 20 active bicycle dealers and 14 golf cart dealers. For dealers who qualify for credit, we offer dealers payment terms of 30 to 90 days to make larger purchases of our vehicles provided their order is within their established credit limit. For dealers that do not qualify for credit, they must pay for their order prior to shipment. Powersports dealers can order any of our available products, bicycle retailers can order the Brat, and golf cart dealers can order either version of the MN1. We have entered into an accounts receivable factoring arrangement to allow us the ability to generate cash for working capital. We have agreements with third party financing companies to provide financing to qualified customers of dealers or customers purchasing from our website. There is no recourse to us or the dealer if the customer defaults on the financing agreement with the third party.

Consumers

Consumers can purchase the Brat from our website and have it delivered to a location of their choosing in the continental U.S.

International Distributors

We also sell our two-wheel products internationally through importers. Each importer buys vehicles by the container and sells vehicles and accessories to local dealers or directly to consumers. Payment for orders is required in advance of shipment, except in a few limited instances. Local dealers or the importer will provide warranty and repair services for vehicles purchased in their country. As of May 5, 2025, we have signed agreements with six importers in Latin America, one importer for the Caribbean Region, collectively referred to herein as the LATAM importers, and one importer each in New Zealand, Australia and Japan to sell our two-wheel vehicles and accessories in their assigned countries/markets. In 2025, we expect to expand our global sales of our vehicles and accessories beyond our current distributor base and offer our four-wheel products to these customers.

Manufacturers

We outsource the manufacturing of all of our vehicles and accessories to third party manufacturers and suppliers. The estimated fulfillment of all two-wheeled and UTV orders we have received, or will receive, assumes that our third party manufacturers can successfully meet our order quantities and deadlines. We have experienced delays due to our third party manufacturers being unable to timely meet our order deadlines, and there is no assurance that we will not experience delays in the future until such time as we are able to source products from multiple manufacturers or from larger, more established manufacturers. If they are unable to satisfy orders on a timely basis, our customers may cancel their orders. Also, due to the limited number of third party manufacturers who manufacture our products, if any one of them experiences financial hardship and cannot manufacture our products, our customers may cancel their orders which will harm our sales. All of our products are manufactured internationally. Due to the change in tariffs announced in April 2025, the cost of our products will increase and could increase further if additional changes in import laws or tariffs occur. We could also experience delays in receiving shipments of our products if there are delays in getting carriers to ship our products or delays at the port of entry.

Results of Operations

The following financial information is for the three months ended March 31, 2025 and 2024.

| | Three Months Ended | |
|-------------------------------------|--------------------|-----------------|
| | March 31, 2025 | March 31, 2024 |
| Revenue | \$ 736,049 | \$ 1,033,548 |
| Cost of goods sold | (781,383) | (1,621,580) |
| Gross margin | (45,334) | (588,032) |
| Operating expenses: | | |
| Sales and marketing | 510,957 | 760,564 |
| Product development | 388,523 | 814,945 |
| General and administrative expenses | 1,561,657 | 2,080,794 |
| Total operating expenses | 2,461,137 | 3,656,303 |
| Loss from operations | (2,506,471) | (4,244,335) |
| Interest and other expense | 46,041 | (21,803,709) |
| Net loss | \$ (2,460,430) | \$ (26,048,044) |

Revenue

Revenue for the three months ended March 31, 2025 was \$736,049 which represents sales of Grunt EVOs of \$304,905, Brats of \$99,458, HF1s of \$142,121, MN1-Adventurers of \$91,717, MN1-Tradesman of \$33,799, and accessories and parts of \$24,345.

Revenue for the three months ended March 31, 2024 was \$1,033,548 which represents sales of Grunt EVOs of \$329,617, Stag of \$39,999, Brats of \$532,806, Volcon Youth of \$93,757, and accessories and parts of \$34,103.

Cost of Goods Sold

Cost of goods sold for the three months ended March 31, 2025 was \$781,383, including payroll costs of \$86,254 for employees performing product fulfillment, logistics management, and service and warranty and facilities costs of \$123,863. Product costs were \$224,281 for Grunt EVOs, \$119,789 for Brats, \$126,101 for HF1s and \$131,437 for MN1s.

Cost of goods sold for the three months ended March 31, 2024 was \$1,621,580, including payroll costs of \$94,320, which was partially offset by a stock-based compensation benefit of \$10,641, for employees performing product fulfillment, logistics management, and service and warranty. Product costs were \$343,981 for Grunt EVOs, \$228,893 for the Stag which included costs for the one Stag sold in the amount of \$43,412 and \$10,429 for customized inventory related to the sale of the Stag, \$582,550 for Brats and \$42,311 for Volcon Youth. Also Included in the Stag product costs is \$95,548 of expense related to accruing a loss on sales of units to a customer who initially ordered models that we will not be producing. The Company offered to substitute additional units of the Stag LTD at no additional charge to replace those units. Also relating to Stag costs is \$52,503 in inbound freight and tariffs for Stag raw materials. Facilities costs for the three months ended March 31, 2024 were \$105,950 for our warehouse facility and third party warehousing costs.

For the remainder of 2025 we expect revenue to increase due to the expected increase in sales of our products. We expect product costs to increase due to increased sales as well as increased tariffs since our products are manufactured outside the U.S. but it is difficult to predict in the current political environment. Product cost savings may be realized if the third party manufacturer for our vehicles can source or manufacture parts at a lower cost.

Sales and Marketing Expense

Sales and marketing expenses relate to costs to increase exposure and awareness for our products and developing our network of U.S. dealers and international distributors.

Sales and marketing expenses were \$510,957 for the three months ended March 31, 2025 and were primarily related to expenses associated with promoting our products and brand of \$101,517 employee payroll costs of \$198,319, and professional fees of \$72,551 for fees paid to a third party distributor, third-party sales consultants and legal fees.

Sales and marketing expenses were \$760,564 for the three months ended March 31, 2024 and were primarily related to expenses associated with promoting our products and brand of \$215,429, employee payroll costs of \$453,191, including \$112,500 for severance costs for our former chief marketing officer (“CMO”), which was partially offset by stock-based compensation benefit of \$55,071 for cancellation of unvested share based awards to the CMO and other marketing employees whose positions were eliminated in the period and the CMO’s unvested share based awards.

For the remainder of 2025 we expect sales expenses to increase as we begin expanding our international distributors and selling commissions for increased sales of our products. We expect marketing expenses to increase to promote the MN1 and HF1 products and to launch the two-wheel motorcycle that will replace the Grunt EVO.

Product Development Expense

Product development expenses relate to the development and testing of our products and process to manufacture these products.

Product development expenses were \$388,523 for the three months ended March 31, 2025 and were primarily related to expenses associated with employee payroll costs of \$249,354, and facilities costs of \$56,782.

Product development expenses were \$814,945 for the three months ended March 31, 2024 and were primarily related to expenses associated with employee payroll costs of \$436,902, stock-based compensation of \$42,604 for share-based awards granted to employees, facilities costs of \$63,856, travel costs primarily related to beginning production of Stag of \$53,326 and prototype costs of \$91,925.

For the remainder of 2025 we expect product development costs related to employee costs to remain consistent with the quarter ended March 31, 2025 and we expect an increase in prototype expenses as we develop the dual sport motorcycle.

General and Administrative Expense

General and administrative expenses relate to costs for our finance, accounting and administrative functions to support the development, manufacturing and sales of our products.

General and administrative expenses were \$1,561,657 for the three months ended March 31, 2025, and were primarily related to expenses associated with employee payroll costs of \$550,402, professional fees of \$260,187 (including auditor fees of \$77,250, legal fees of \$58,697 and consulting fees of \$124,240), software costs of \$123,629, insurance costs of \$450,388, and board compensation expense of \$50,000.

General and administrative expenses were \$2,080,794 for the three months ended March 31, 2024, and were primarily related to expenses associated with employee payroll costs of \$579,363, stock-based compensation of \$21,187 for share-based awards granted to employees, professional fees of \$412,715 (including legal fees of \$195,377, tax and accounting fees of \$23,200 and audit fees of \$146,925), software costs of \$141,551, insurance costs of \$662,927, and public company expense costs of \$102,721.

For the remainder of 2025 we expect general and administrative expenses to remain consistent. Costs such as product liability insurance may increase due to the introduction of new products and increased sales.

Interest and Other Expenses

Interest and other income/expenses for the three months ended March 31, 2025 was insignificant.

Interest and other income/expenses for the three months ended March 31, 2024 was \$21,803,709. Non-cash interest expense of \$314,838 was recognized for the amortization of debt issuance costs and accretion of principal on the May 2023 Notes through the date these notes were exchanged for Preferred Stock. We recorded a loss on the conversion of some of these notes of \$333,544 and a loss from the exchange of these notes for Preferred Stock of \$1,314,064. We recorded a loss on the change in the estimated fair value of the Series A and Series B Warrant liabilities of \$20,004,342 which was partially offset by a gain of \$165,355 from the exercise of some of the Series B Warrants.

Net Loss

Net loss for the three months ended March 31, 2025 was \$2,460,430. Net loss for the three months ended March 31, 2024, was \$26,048,044.

Liquidity and Capital Resources

On March 31, 2025, we had cash, cash equivalents and restricted cash of \$17.7 million, including \$0.1 million of restricted cash, and we had working capital of \$16.4 million. Since inception we have funded our operations from proceeds from debt and equity sales.

Cash used in operating activities

Net cash used in operating activities was \$3.6 million for the three months ended March 31, 2025 and includes all of our operating costs, except non-cash costs of depreciation and amortization, loss on change in derivative financial liabilities and stock-based compensation, all of which were insignificant for the period. Significant uses/contributions of cash used in operating activities includes a decrease of \$0.4 million in inventory and inventory deposits, an increase of \$0.4 million in prepaid assets, a decrease of \$0.2 million in accounts payable, and a decrease of \$0.7 million in accrued liabilities primarily due to payments on vendor settlements, \$0.1 million used to pay our lease liabilities and \$0.2 million for fulfillment of sales where customers had previously placed deposits.

Net cash used in operating activities was \$4.5 million for the three months ended March 31, 2024 and includes all of our operating costs except depreciation and amortization of \$0.1 million, non-cash interest expense for the amortization of debt issuance costs and accretion of principal on the May 2023 Notes of \$0.3 million, loss on change in derivative financial liabilities of \$20.0 million, losses on conversion and exchange of Convertible Notes of \$1.6 million and \$0.2 million from the loss on disposal of fixed assets. Cash used in operating activities includes an increase in accounts receivable of \$0.1 million due to sales to our U.S. dealers, an increase of \$0.5 million in prepaid inventory deposits primarily for purchases of Stag raw materials, a decrease of \$0.5 million in accounts payable, and an increase of \$0.3 million in accrued liabilities. As of March 31, 2024, we have a decrease of \$0.3 million in customer deposits, primarily due to orders being fulfilled for two of our Latin American distributors for shipments of Brats and Grunt EVOs paid for previously.

Cash used in investing activities

Net cash used in investing activities was \$0.2 million for the three months ended March 31, 2025, primarily consisting of purchases of equipment and tooling.

Net cash used in investing activities was \$0.1 million for the three months ended March 31, 2024, primarily consisting of \$0.1 million of purchases of equipment and tooling.

Cash provided by financing activities

Cash provided by financing activities for the three months ended March 31, 2025, was \$19.1 million and was primarily related to proceeds of \$8.8 million from the sale of our common stock from the At the Market offering, proceeds of \$10.7 million from the sale of common stock units and prefunded warrant units, partially offset by share repurchases of \$0.4 million.

Cash provided by financing activities for the three months ended March 31, 2024, was \$0.1 million and was primarily related to proceeds from the exercise of Series B Warrants.

Our continuation as a going concern is dependent upon our ability to attain profitable operations and if necessary, obtain continued financial support from the issuance of debt or equity. As of March 31, 2025, we had incurred an accumulated deficit of \$168.8 million since inception.

Management anticipates that our cash and cash equivalents on hand as of March 31, 2025 will not be sufficient to fund planned operations beyond one year from the date of the issuance of the financial statements as of and for the three months ended March 31, 2025. We do not have any current commitments for future financing, and there can be no assurance that such additional funding would be available to the Company on acceptable terms, or at all. If we are unable to raise additional financing, we will be required to modify or curtail our operations. These factors raise substantial doubt regarding our ability to continue as a going concern.

JOBS Act Accounting Election

The recently enacted JOBS Act provides that an “emerging growth company” can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, for complying with new or revised accounting standards. In other words, an “emerging growth company” can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this extended transition period and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for other public companies.

We have implemented all new accounting pronouncements that are in effect and may impact our financial statements and we do not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on our financial position or results of operations.

Critical Accounting Policies

None.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e)) are designed to ensure that information required to be disclosed by us in reports we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the appropriate time periods, and that such information is accumulated and communicated to our Chief Executive Officer, who serves as our principal executive officer, and Chief Financial Officer, who serves as our principal financial officer, as appropriate, to allow timely discussions regarding required disclosure. We, under the supervision of and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of our disclosure controls and procedures.

Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the design and operation of our disclosure controls and procedures were not effective as of March 31, 2025 to provide assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to management as appropriate, to allow timely decisions regarding disclosures as we have previously missed filing certain forms timely and we have not implemented and tested controls and procedures to conclude that we have remediated this deficiency. Notwithstanding this conclusion, we believe that our unaudited consolidated financial statements contained in this Quarterly Report fairly present our financial position, results of operations and cash flows for the periods covered thereby in all material respects. Management is working to identify corrective actions for the weakness and will periodically re-evaluate the need to add personnel and implement improved review procedures.

Changes in Internal Control over Financial Reporting

There were no changes to our internal control over financial reporting during the three months ended March 31, 2025, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time in the ordinary course of our business, we may be involved in legal proceedings, the outcomes of which may not be determinable. The results of litigation are inherently unpredictable. Any claims against us, whether meritorious or not, could be time consuming, result in costly litigation, require significant amounts of management time and result in diversion of significant resources. We are not able to estimate an aggregate amount or range of reasonably possible losses for those legal matters for which losses are not probable and estimable. We have insurance policies covering potential losses where such coverage is cost effective.

ITEM 1A. RISK FACTORS

Except as set forth below, there have been no material changes to the risk factors included in the Form 10-K filed with the SEC on March 31, 2025, which is accessible on the SEC's website at www.sec.gov.

We have in the past failed to maintain compliance with all applicable continued listing requirements of the Nasdaq Capital Market, and if we fail to maintain compliance with all applicable continued listing requirements of the Nasdaq Capital Market in the future, we will not be afforded traditional cure periods under Nasdaq rules and our common stock will be delisted from Nasdaq, which could have an adverse impact on the liquidity and market price of our common stock.

Since March 28, 2025 our common stock closing bid price has been below \$1.00. If our common stock closing bid price continues to be below \$1.00 for 30 consecutive trading days, we will be out of compliance with Nasdaq's Listing Rule 5550(a)(2). Until July 17, 2025, we are subject to a Nasdaq Discretionary Panel Monitor and due to this Panel Monitor, in the event that we have another deficiency or deficiencies, we will immediately go back into Nasdaq's hearings process. In the event that the Nasdaq Hearings Department does not grant us an extension to demonstrate compliance our common stock would be delisted from Nasdaq and trading of our common stock could be conducted only in the over-the-counter market or on an electronic bulletin board established for unlisted securities such as the Pink Sheets or the OTC Bulletin Board. In such an event, it could become more difficult to dispose of, or obtain accurate price quotations for, our common stock, and there would likely also be a reduction in our coverage by securities analysts and the news media, which could cause the price of our common stock to decline further. Also, it may be difficult for us to raise additional capital if we are not listed on a major exchange.

The new Administration has introduced tariff increases that apply to all our products which are sourced from Asian suppliers.

On April 2, 2025, the U.S. imposed tariffs on goods imported from certain countries including China and Vietnam, where Volcon's vehicles are manufactured, including a 10% base tariff for all imports. On April 9, 2025, the tariffs for China were increased while the tariffs for Vietnam were deferred for 90 days. Further adjustments to these tariffs could occur. These tariffs will significantly increase the cost of the Company's vehicles and parts. The Company is currently evaluating options to import parts and assemble vehicles in the U.S. or continue to import vehicles and pay the higher tariffs and increase the selling price of vehicles.

In the event a mutual trade agreement is not reached between the U.S. and these countries in the short-term and we find it necessary to begin purchasing a significant level of our inventory components from China and Vietnam at post-tariff prices, we would be faced with a decision as to whether we should attempt to pass along such tariff increases to our customers through higher prices for our products or absorbing them internally, or some combination of those two alternatives. Either circumstance would likely materially adversely affect our sales and/or our profitability.

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

Except as previously reported on Form 8-K, we did not sell any equity securities during the period covered by the report that were not registered under the Securities Act.

The following table provides information relating to the purchases of our common stock during the three months ended March 31, 2025 in accordance with Item 703 of Regulation S-K:

| Period | (a) Total Number of Shares (or Units) Purchased | (b) Average Price Paid per Share (or Unit) (\$) | (c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs (1) | (d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plan or Program |
|---------------------------------------|--|--|--|---|
| January 1, 2025 – January 31, 2025 | – | \$ – | – | \$ – |
| February 1, 2025 – February 28, 2025 | – | – | – | – |
| March 1, 2025 – March 31, 2025 | 383,081 | 1.05 | 383,081 | 1,598,194 |
| Quarterly period ended March 31, 2025 | <u>383,081</u> | | <u>383,081</u> | <u>\$ 1,598,194</u> |

(1) On March 17, 2025, the Company's Board of Directors adopted a new stock repurchase program of up to \$2.0 million of shares of its outstanding common stock. This repurchase program expires March 7, 2026.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

During the quarter ended March 31, 2025 no director or officer adopted or terminated any Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement, as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

INDEX TO EXHIBITS

| Exhibit Number | Description |
|-------------------|---|
| 4.1 | Form of Warrants issued in February 2025 (incorporated by reference to exhibit 4.1 of Form 8-K filed on February 6, 2025) |
| 4.2 | Form of Pre-Funded Warrants issued in February 2025 (incorporated by reference to exhibit 4.2 of Form 8-K filed on February 6, 2025) |
| 10.1 | Distribution Agreement, dated January 31, 2025, by and between Volcon, Inc. and Super Sonic Company Limited (incorporated by reference to exhibit 10.1 of Form 8-K filed on February 4, 2025) |
| 10.2 | Underwriting Agreement, dated February 5, 2025, with Aegis Capital (incorporated by reference to exhibit 1.1 of Form 8-K filed on February 6, 2025) |
| 10.3 | Supplier Agreement, dated February 25, 2025, by and between Volcon, Inc. and Venom-EV (incorporated by reference to exhibit 10.1 of Form 8-K filed on February 27, 2025) |
| 31.1* | Certification of the Principal Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934 |
| 31.2* | Certification of the Principal Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934 |
| 32.1*(1) | Certification of the Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 32.2*(1) | Certification of the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 101.INS | Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document) |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document |
| 104 | Cover Page Interactive Data File (formatted in inline XBRL, and included in exhibit 101). |

* Filed herewith.

(1) The certifications on Exhibit 32 hereto are deemed not “filed” for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that Section. Such certifications will not be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

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.

VOLCON, INC.

| SIGNATURE | TITLE | DATE |
|-----------------------------------|---|-------------|
| <u>/s/ John Kim</u> John Kim | Chief Executive Officer and Director (principal executive officer) | May 9, 2025 |
| <u>/s/ Greg Endo</u> Greg Endo | Chief Financial Officer (principal financial and accounting officer) | May 9, 2025 |

CERTIFICATION BY CHIEF EXECUTIVE OFFICER

I, John Kim, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarterly period ended March 31, 2025 of Volcon, 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 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 we 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 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.

May 9, 2025

By: /s/ John Kim
John Kim
Chief Executive Officer
(Principal executive officer)

CERTIFICATION BY CHIEF FINANCIAL OFFICER

I, Greg Endo, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarterly period ended March 31, 2025 of Volcon, 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 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 we 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 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.

May 9, 2025

By: /s/ Greg Endo
Greg Endo
Chief Financial Officer
(Principal financial and accounting officer)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

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)

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), the undersigned officer of Volcon, Inc., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The quarterly report on Form 10-Q for the quarter ended March 31, 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, as amended and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 9, 2025

By: /s/ John Kim
John Kim
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF CHIEF FINANCIAL OFFICER

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)

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), the undersigned officer of Volcon, Inc., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The quarterly report on Form 10-Q for the quarter ended March 31, 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, as amended and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 9, 2025

By: /s/ Greg Endo
Greg Endo
Chief Financial Officer
(Principal financial and accounting officer)