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ENVOY MEDICAL, INC.

FORM 10-Q
(Quarterly Report)

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	WHITE BEAR LAKE, MN, 55110
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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 September 30, 2026

or

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

For the transition period from _____ to _____

Commission File Number 001-40133

ENVOY MEDICAL, INC.
(Exact name of registrant as specified in its charter)

Delaware	**86-1369123**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

4875 White Bear Parkway, White Bear Lake, MN 55110
(Address of principal executive offices)

(877) 900-3277
(Registrant's telephone number, including area code)

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

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Class A Common Stock, par value $0.0001 per share	COCH	The Nasdaq Stock Market LLC
Redeemable Warrants, each exercisable for one share of Class A Common Stock at an exercise price of $115.00 per share	COCHW	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

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

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

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

Large Accelerated Filer	☐	Accelerated Filer	☐
Non-accelerated Filer	☒	Smaller Reporting Company	☒
		Emerging Growth Company	☒

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

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

As of November 5, 2026, the registrant had 7,744,488 shares of Class A Common Stock, par value $0.0001 per share, issued and outstanding.

ENVOY MEDICAL, INC.

Quarterly Report on Form 10-Q
For the Quarterly Period ended September 30, 2026

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ENVOY MEDICAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(In thousands, except share and per share amounts)

	September 30, 2026	December 31, 2025
	(unaudited)	
Current assets:		
Cash	$ 14,570	$ 3,739
Accounts receivable, net	51	34
Other receivable	17	19
Inventories	1,510	1,546
Prepaid expenses and other current assets	1,114	941
Total current assets	17,262	6,279
Property and equipment, net	854	1,035
Operating lease right-of-use asset (related party)	782	886
Prepaid expenses and other assets	260	358
Total assets	$ 19,158	$ 8,558
Liabilities, mezzanine equity, and stockholders' deficit		
Current liabilities:		
Accounts payable	$ 1,583	$ 2,920
Accrued expenses	11,600	7,639
Forward purchase agreement warrant liability	-	24
Product warranty liability, current portion	252	287
Operating lease liability, current portion (related party)	185	174
Other current liabilities	650	518
Total current liabilities	14,270	11,562
Product warranty liability, net of current portion	1,496	1,605
Operating lease liability, net of current portion (related party)	592	745
Private warrant liability	3,467	5,835
Publicly traded warrant liability	446	551
Other liability	27	27
Total liabilities	20,298	20,325
Commitments and contingencies (see Note 14)		
Mezzanine equity		
Warrants issued to placement agent as part of the 2025 Offerings (see Note 9)	391	391
Stockholders' deficit		
Series A Preferred Stock, $0.0001 par value; 100,000,000 shares authorized and 10,000,000 shares designated as of September 30, 2026 and December 31, 2025; 4,126,667 shares issued and outstanding as of September 30, 2026 and December 31, 2025	-	-
Class A Common Stock, $0.0001 par value; 400,000,000 shares authorized as of September 30, 2026 and December 31, 2025; 7,744,488 shares issued and outstanding as of September 30, 2026 and 2,893,495 shares issued and outstanding as of December 31, 2025	8	3
Additional paid-in capital	330,193	301,355
Accumulated deficit	(331,609)	(313,396)
Accumulated other comprehensive loss	(123)	(120)
Total stockholders' deficit	(1,531)	(12,158)
Total liabilities, mezzanine equity, and stockholders' deficit	$ 19,158	$ 8,558

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

ENVOY MEDICAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(UNAUDITED)
(In thousands, except share and per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Net revenues	$ 66	$ 42	$ 156	$ 166
Costs and operating expenses:				
Cost of goods sold	244	203	835	663
Research and development	3,077	2,700	9,851	7,933
Sales and marketing	157	405	502	1,124
General and administrative	2,125	1,999	6,033	5,888
Total costs and operating expenses	5,603	5,307	17,221	15,608
Operating loss	(5,537)	(5,265)	(17,065)	(15,442)
Other income (expense):				
Change in fair value of forward purchase agreement warrant liability	14	64	24	522
Loss on offering and change in fair value of private warrant liability	1,201	(782)	2,368	(782)
Change in fair value of publicly traded warrant liability	259	(33)	105	129
Interest expense (related party)	-	(471)	-	(1,590)
Other income (expense), net	131	5	303	(7)
Total other income (expense), net	1,605	(1,217)	2,800	(1,728)
Net loss	(3,932)	(6,482)	(14,265)	(17,170)
Cumulative preferred dividends	(1,308)	(1,265)	(3,948)	(3,755)
Net loss attributable to common stockholders, basic and diluted	$ (5,240)	$ (7,747)	$ (18,213)	$ (20,925)
Net loss per share attributable to common stockholders, basic and diluted	$ (0.50)	$ (3.55)	$ (1.97)	$ (9.72)
Weighted-average Class A Common Stock and pre-funded warrants outstanding, basic and diluted	10,434,466	2,185,161	9,256,928	2,152,262
Other comprehensive (loss) income:				
Foreign currency translation adjustment	(1)	(1)	(3)	3
Other comprehensive (loss) income	(1)	(1)	(3)	3
Comprehensive loss	$ (3,933)	$ (6,483)	$ (14,268)	$ (17,167)

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

ENVOY MEDICAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN MEZZANINE EQUITY AND STOCKHOLDERS' EQUITY (DEFICIT)
(UNAUDITED)
(In thousands, except share amounts)

	For the Three and Nine Months Ended September 30, 2026									
	Mezzanine Equity		Permanent Equity							
			Series A Preferred Stock		Class A Common Stock					
	Number of Warrants	Amount	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity (Deficit)
Balance at December 31, 2025	**368,694**	**$ 391**	**4,126,667**	**$ -**	**2,893,495**	**$ 3**	**$ 301,355**	**$ (313,396)**	**$ (120)**	**$ (12,158)**
Dividends on the Series A Preferred Stock	-	-	-	-	-	-	-	(1,350)	-	**(1,350)**
Stock-based compensation	-	-	-	-	-	-	239	-	-	**239**
Net proceeds from issuance of Class A Common Stock, Issued Pre-Funded Warrants, and Series A Warrants in February 2026 Offering	-	-	-	-	4,794,615	5	27,777	-	-	**27,782**
Foreign currency translation adjustment	-	-	-	-	-	-	-		(1)	**(1)**
Net loss	-	-	-	-	-	-	-	(4,351)	-	**(4,351)**
Balance at March 31, 2026	**368,694**	**$ 391**	**4,126,667**	**$ -**	**7,688,110**	**$ 8**	**$ 329,371**	**$ (319,097)**	**$ (121)**	**$ 10,161**
Dividends on the Series A Preferred Stock	-	-	-	-	-	-	-	(1,290)	-	**(1,290)**
Stock-based compensation	-	-	-	-	-	-	214	-	-	**214**
Issuance of Common Stock under employee stock purchase plan	-	-	-	-	17,349	-	104	-	-	**104**
Issuance of Class A Common Stock for services	-	-	-	-	14,000	-	97	-	-	**97**
Foreign currency translation adjustment	-	-	-	-	-	-	-		(1)	**(1)**
Net loss	-	-	-	-	-	-	-	(5,982)	-	**(5,982)**
Balance at June 30, 2026	**368,694**	**$ 391**	**4,126,667**	**$ -**	**7,719,459**	**$ 8**	**$ 329,786**	**$ (326,369)**	**$ (122)**	**$ 3,303**
Dividends on the Series A Preferred Stock	-	-	-	-	-	-	-	(1,308)	-	**(1,308)**
Stock-based compensation	-	-	-	-	5,139	-	307	-	-	**307**
Issuance of Class A Common Stock upon exercise of warrants	-	-	-	-	20,000	-	100	-	-	**100**
Reverse Stock Split fractional share adjustment	-	-	-	-	(110)	-	-	-	-	**-**
Foreign currency translation adjustment	-	-	-	-	-	-	-		(1)	**(1)**
Net loss	-	-	-	-	-	-	-	(3,932)	-	**(3,932)**
Balance at September 30, 2026	**368,694**	**$ 391**	**4,126,667**	**$ -**	**7,744,488**	**$ 8**	**$ 330,193**	**$ (331,609)**	**$ (123)**	**$ (1,531)**

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

ENVOY MEDICAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN MEZZANINE EQUITY AND STOCKHOLDERS' EQUITY (DEFICIT)
(UNAUDITED)
(In thousands, except share amounts)

	For the Three and Nine Months Ended September 30, 2025									
	Mezzanine Equity		Permanent Equity							
	Number of Warrants	Amount	Series A Preferred Stock Shares	Series A Preferred Stock Amount	Class A Common Stock Shares	Class A Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity (Deficit)
Balance at December 31, 2024	**-**	**$ -**	**4,126,667**	**$ -**	**2,132,661**	**$ 2**	**$ 266,013**	**$ (284,734)**	**$ (123)**	$ (18,842)
Dividends on the Series A Preferred Stock	-	-	-	-	-	-	-	(1,238)	-	(1,238)
Stock-based compensation	-	-	-	-	-	-	160	-	-	160
Issuance of warrants associated with the Term Loans	-	-	-	-	-	-	688	-	-	688
Foreign currency translation adjustment	-	-	-	-	-	-	-	-	6	6
Net loss	-	-	-	-	-	-	-	(4,998)	-	(4,998)
Balance at March 31, 2025	**-**	**$ -**	**4,126,667**	**$ -**	**2,132,661**	**$ 2**	**$ 266,861**	**$ (290,970)**	**$ (117)**	**$ (24,224)**
Dividends on the Series A Preferred Stock	-	-	-	-	-	-	-	(1,252)	-	**(1,252)**
Stock-based compensation	-	-	-	-	-	-	146	-	-	**146**
Issuance of warrants associated with Term Loans	-	-	-	-	-	-	882	-	-	**882**
Issuance of Common Stock from at-the-market ("ATM") offering	-	-	-	-	13,477	-	204	-	-	**204**
Issuance of Common Stock under employee stock purchase plan	-	-	-	-	5,955	-	77	-	-	**77**
Foreign currency translation adjustment	-	-	-	-	-	-	-	-	(2)	**(2)**
Net loss	-	-	-	-	-	-	-	(5,690)	-	**(5,690)**
Balance at June 30, 2025	**-**	**$ -**	**4,126,667**	**$ -**	**2,152,093**	**$ 2**	**$ 268,170**	**$ (297,912)**	**$ (119)**	**$ (29,859)**
Dividends on the Series A Preferred Stock	-	-	-	-	-	-	-	(1,265)	-	**(1,265)**
Stock-based compensation	-	-	-	-	-	-	172	-	-	**172**
Issuance of Common Stock from ATM offering	-	-	-	-	16,597	-	210	-	-	**210**
Modification of forward purchase agreement warrant	-	-	-	-	-	-	(62)	-	-	**(62)**
Exercise of forward purchase agreement warrant	-	-	-	-	10,500	-	158	-	-	**158**
Issuance of Common Stock from registered direct offering	-	-	-	-	190,840	-	-	-	-	**-**
Issuance of Placement Agent Warrants	143,130	130	-	-	-	-	-	-	-	-
Issuance of Common Stock for services	-	-	-	-	10,967	-	134	-	-	**134**
Modification of Term Loan Warrants	-	-	-	-	-	-	1,455	-	-	**1,455**
Extinguishment of Term Loans	-	-	-	-	-	-	27,879	-	-	**27,879**
Foreign currency translation adjustment	-	-	-	-	-	-	-	-	(1)	**(1)**
Net loss	-	-	-	-	-	-	-	(6,482)	-	**(6,482)**
Balance at September 30, 2025	**143,130**	**$ 130**	**4,126,667**	**$ -**	**2,380,997**	**$ 2**	**$ 298,116**	**$ (305,659)**	**$ (120)**	**$ (7,661)**

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

ENVOY MEDICAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(Dollars in thousands)

	Nine Months Ended September 30,	
	2026	**2025**
Cash flows from operating activities		
Net loss	$ (14,265)	$ (17,170)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	222	222
Interest expense and amortization of debt discount on Term Loans (related party)	-	1,586
Stock-based compensation for services	140	152
Amortization of prepaid insurance	691	738
Stock-based compensation	760	478
Loss on offering and change in fair value of private warrant liability	(2,368)	339
Change in fair value of publicly traded warrant liability	(105)	(129)
Change in fair value of forward purchase agreement warrant liability	(24)	(522)
Net change in operating lease (related party)	167	(39)
Change in inventory reserve	10	68
Changes in operating assets and liabilities:		
Accounts receivable, net	(17)	3
Other receivable	2	761
Inventories	26	1
Prepaid expenses and other assets	(105)	(74)
Accounts payable	(1,345)	973
Operating lease liability (related party)	(205)	1
Accrued expenses	13	216
Product warranty liability	(144)	(120)
Net cash used in operating activities	(16,547)	(12,516)
Cash flows from investing activities		
Purchases of property and equipment	(33)	(7)
Net cash used in investing activities	(33)	(7)
Cash flows from financing activities		
Payments on insurance financing loans	(572)	(636)
Proceeds from the issuance of Term Loans (related party)	-	10,000
Dividends paid to stockholders of Series A Preferred Stock	-	(1,820)
Payment made for extinguishment of Term Loans (related party)	-	(100)
Proceeds from the issuance of Class A Common Stock from ATM offering	-	414
Proceeds from the issuance of Class A Common Stock from exercise of warrants	100	-
Proceeds from issuance of Class A Common Stock under employee stock purchase plan	104	77
Proceeds from exercise of forward purchase agreement warrants	-	158
Proceeds from the issuance of Class A Common Stock and Investor Warrants from registered direct offering	-	2,500
Proceeds from the issuance of Class A Common Stock, Issued Pre-Funded Warrants, and Series A Warrants	29,997	-
Offering costs from the issuance of Class A Common Stock, Issued Pre-Funded Warrants, and Series A Warrants	(2,215)	-
Net cash provided by financing activities	27,414	10,593
Effect of exchange rate changes on cash	(3)	3
Net increase (decrease) in cash	10,831	(1,927)
Cash, beginning of period	3,739	5,483
Cash, end of period	$ 14,570	$ 3,556
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 19	$ 22
Non-cash investing and financing activities:		
Accrued and unpaid dividends on Series A Preferred Stock	$ 3,948	$ 1,935
Financing of prepaid insurance	$ 704	$ 75
Issuance of Term Loan Warrants (related party)	$ -	$ 1,570
Accrued interest capitalized into term loans payable (related party)	$ -	$ 800
Modification of forward purchase agreement warrant	$ -	$ 62
Lease liabilities arising from obtaining right-of-use assets	$ -	$ 121
Property and equipment purchased on account	$ 8	$ 56

Modification of Term Loan Warrants (related party)	$	-	$	1,455
Deemed capital contribution associated with the extinguishment of Term Loans (related party)	$	-	$	27,883
Issuance of Placement Agent Warrants	$	678	$	-

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

ENVOY MEDICAL, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except share and per share data)

1. Nature of the Business and Basis of Presentation

Envoy Medical, Inc. ("Envoy Medical" or the "Company") is a hearing health and neuroprosthetics company focused on providing innovative technologies across the hearing loss spectrum. The Company has developed two fully implanted hearing devices built around the Company's proprietary sensor technology, which is implanted in the middle ear. These fully implanted hearing devices are designed to leverage the ear's natural anatomy to capture sound and eliminate the need for external or subdermal microphones.

The Company's first product, the Esteem® Fully Implanted Active Middle Ear Implant ("Esteem FI-AMEI"), is a fully implanted active middle ear hearing device. The Esteem FI-AMEI received approval from the United States Food and Drug Administration ("FDA") in 2010 and remains the only fully implanted hearing device to successfully receive FDA approval.

The Company has shifted its focus to the Company's second product, the investigational fully implanted Acclaim® Cochlear Implant ("Acclaim CI"), which the Company believes to be a first-of-its-kind first fully implanted cochlear implant not to use a microphone. The Acclaim CI is designed with no external components worn on or behind the ear, does not use an external or subdermal microphone and incorporates an implanted rechargeable battery designed to last several days between charges. The Acclaim CI received the Breakthrough Device Designation from the FDA in 2019. The Acclaim CI is designed to address sensorineural hearing loss that is not adequately addressed by hearing aids. As part of the clinical trial, the Acclaim CI is intended for adults with severe-to-profound sensorineural hearing loss who have been deemed adequate candidates by a qualified physician.

The unaudited condensed consolidated financial statements include the accounts of Envoy Medical and its wholly owned subsidiaries Envoy Medical Corporation and Envoy Medical GmbH (Ansbach) (GmbH), which operates a sales office in Germany. All intercompany accounts and transactions have been eliminated in consolidation.

Certain amounts related to direct offering expenses from the September 2025 Offering (as defined in Note 9) for the prior periods have been reclassified from general and administrative to other income (expense), net and have no corresponding impact on net loss.

All amounts related to the number of shares and per share amounts of Class A Common Stock have been retrospectively restated in these unaudited condensed consolidated financial statements to reflect a one-for-ten Reverse Stock Split that occurred on October 26, 2026 (as defined in Note 9). The Series A Preferred Stock was not affected by the Reverse Stock Split, other than the adjustment to the conversion price, which has been retrospectively restated in Note 10.

2. Summary of Significant Accounting Policies

Liquidity and Going Concern

Since inception, the Company has historically incurred negative operating cash flows and losses from operations as the Company advances the clinical development of its products and the funding process of clinical FDA trials. These matters raise substantial doubt about the Company's ability to continue as a going concern and although management has developed plans intended to support ongoing operations, such plans do not alleviate the substantial doubt. As of September 30, 2026, the Company has an accumulated deficit of $331,609.

On various dates in 2025, the Company received net proceeds of $414 from an at-the-market ("ATM") offering for 30,074 shares of Class A common stock, par value $0.0001 per share ("Class A Common Stock") and $3,111 from the exercise by the Meteora Parties of Shortfall Warrants for 207,401 shares of Class A Common Stock (see Note 9). On September 23, 2025, the Company completed the September 2025 Offering, as defined in Note 9, and received net proceeds of $2,187 for 190,840 shares of Class A Common Stock. On October 9, 2025, the Company completed the October 2025 Offering, as defined in Note 9, and received net proceeds of $3,545 for 300,752 shares of Class A Common Stock. On February 12, 2026, the Company completed the February 2026 Offering, as defined in Note 9, and received net proceeds of $27,782 for an aggregate of (i) 4,794,615 shares of Class A Common Stock and (ii) 27,053,850 pre-funded warrants to purchase 2,705,385 shares of Class A Common Stock. The existing cash of $14,570 as of September 30, 2026 will not be sufficient to fund operations through at least one year from the date the unaudited condensed consolidated financial statements are issued.

Management's plan to alleviate the conditions that raise substantial doubt include potential proceeds from the exercise of outstanding warrants (see Note 9) or other financing sources. Existing cash balances along with any potential proceeds will be used to continue funding operations, including the Acclaim CI clinical trials. However, there can be no assurance that the Company will be successful in achieving its strategic plans, that the Company's cash balances and future capital raises will be sufficient to support its ongoing operations, or that any additional financing will be available in a timely manner or on acceptable terms, if at all. If the Company is unable to raise sufficient financing when needed or events or circumstances occur such that the Company does not meet its strategic plans, the Company may be required to reduce certain of its discretionary spending. The Company may be unable to develop new or enhanced production methods, or be unable to fund capital expenditures, which could have a material adverse effect on the Company's financial position, results of operations, cash flows, and ability to achieve its intended business objectives. The unaudited condensed consolidated financial statements have been prepared assuming the Company will continue as a going concern and do not include adjustments to reflect the possible effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

Unaudited Financial Information

The Company's unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial reporting and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Pursuant to these rules and regulations, they do not include all information and notes required by U.S. GAAP for complete financial statements. In the opinion of management, the unaudited condensed consolidated financial statements reflect all adjustments, consisting of a normal recurring nature, considered necessary for a fair statement of the Company's financial condition and results of operations. Operating results for the periods presented are not necessarily indicative of the results that might be expected for the full year. As such, the information included in this report should be read in conjunction with the Company's audited consolidated financial statements as of and for the year ended December 31, 2025, which are included in the Company's Form 10-K. The condensed consolidated balance sheet as of December 31, 2025 has been derived from the audited consolidated financial statements of the Company, but does not include all the disclosures required by U.S. GAAP.

During the nine months ended September 30, 2026, there were no changes to the Company's significant accounting policies as described in the Company's audited consolidated financial statements as of and for the year ended December 31, 2025.

Use of Estimates

The preparation of unaudited condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and equity; disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates and assumptions reflected in these unaudited condensed consolidated financial statements include but are not limited to the useful lives of property and equipment, the net realizable value of inventory, product warranty liability, stock-based compensation expense, the present value of the lease liability, the fair value of the forward purchase agreement warrant liability, the private warrant liability, and the outcome of litigation. Estimates and assumptions are reviewed periodically and the effect of changes, if any, are reflected in the unaudited condensed consolidated statements of operations and comprehensive loss.

3. Fair Value Measurements

The following tables provide information related to the Company's assets and liabilities measured at fair value on a recurring basis as of September 30, 2026 and December 31, 2025:

	September 30, 2026			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Forward purchase agreement warrant liability	$ -	$ -	$ -	$ -
Private warrant liability	-	3,467	-	3,467
Publicly traded warrant liability	446	-	-	446
	$ 446	$ 3,467	$ -	$ 3,913

	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Forward purchase agreement warrant liability	$ -	$ -	$ 24	$ 24
Private warrant liability	-	5,835	-	5,835
Publicly traded warrant liability	551	-	-	551
	$ 551	$ 5,835	$ 24	$ 6,410

The Company has classified the publicly traded warrant liability within Level 1 of the hierarchy as the warrant is separately listed and traded in an active market. The publicly traded warrant's listed price in an active market was used as the fair value.

The private warrant liability includes the September 2025 Investor Warrants and October 2025 Investor Warrants (both as defined in Note 9), with fair values of $1,340 and $2,127, respectively, as of September 30, 2026 and with fair values of $2,255 and $3,580, respectively, as of December 31, 2025. These fair values were estimated using Black-Scholes option models and based upon observable inputs such as the risk-free rate and the Company's volatility which are considered Level 2 inputs. The following table presents the quantitative information regarding the Level 2 fair value measurements of the private warrant liability as of September 30, 2026 and December 31, 2025:

	September 30, 2026	December 31, 2025
Stock price	$6.80	$6.60
Exercise price	$13.10 - $13.30	$13.10 - $13.30
Expected volatility	120.2% - 123.7%	147.0% -149.0%
Expected term (in years)	1.2 - 1.3	1.9 - 2.0
Risk-free rate	4.59% - 4.62%	3.50%

The fair value of the forward purchase agreement warrant liability is a Level 3 fair value measurement and was estimated using Monte Carlo simulation models. The use of significant unobservable inputs could result in those inputs being different at the reporting dates, which could result in a significantly higher or lower fair value measurement at the reporting dates. The following table presents the quantitative information regarding Level 3 fair value measurements of the forward purchase agreement warrant liability as of September 30, 2026 and December 31, 2025:

	September 30, 2026	December 31, 2025
Stock price	$ 6.80	$ 6.60
Initial exercise price	$ 104.60	$ 104.60
Annual volatility	66.0%	115.0%
Remaining term (in years)	0.3	1.0
Risk-free rate	4.11%	3.42%

The following tables summarize the activity for the Company's Level 3 instrument measured at fair value on a recurring basis:

	Forward Purchase Agreement Warrant Liability
Balance as of December 31, 2025	$ 24
Change in fair value	(24)
Balance as of September 30, 2026	$ -

There were no transfers between Level 1 and Level 2, nor into and out of Level 3, during the periods presented.

4. Inventories

Inventories consisted of the following:

	September 30, 2026	December 31, 2025
Raw materials	$ 1,271	$ 1,262
Work-in-progress	82	88
Finished goods	157	196
Inventories	**$ 1,510**	**$ 1,546**

5. Property and Equipment, Net

Property and equipment, net consisted of the following:

	September 30, 2026	December 31, 2025
Lab equipment	$ 3,113	$ 3,113
Production equipment	2,309	2,276
Computer equipment	656	654
Office equipment	101	101
Total	6,179	6,144
Less: Accumulated depreciation	(5,325)	(5,109)
Property and equipment, net	**$ 854**	**$ 1,035**

Depreciation expense was $222 and $222 for the nine months ended September 30, 2026 and 2025, respectively. Depreciation expense was $75 and $76 for the three months ended September 30, 2026 and 2025, respectively.

6. Accrued Expenses

Accrued expenses consisted of the following:

	September 30, 2026	December 31, 2025
Accrued excise tax	$ 1,678	$ 1,928
Dividends payable	7,726	3,778
Accrued payroll	385	328
Accrued clinical trial	1,507	1,271
Accrued other	304	334
Accrued expenses	**$ 11,600**	**$ 7,639**

7. Product Warranty Liability

Changes in product warranty liability were as follows:

	Warranty Liability
Balance as of December 31, 2025	$ 1,892
Utilization	(50)
Changes in estimates	(94)
Balance as of September 30, 2026	**$ 1,748**

The assumptions utilized in developing the liability as of September 30, 2026 include an estimated cost per unit of $6, an average sound processor / battery assembly ("Battery") life of five years, inflationary increase of 3.8%, and an average patient life calculated based on probabilities outlined in the PRI-2012 mortality tables, published from the Society of Actuaries. Additionally, a discount rate of 5.8% was used in the calculation as of September 30, 2026. No additional battery warranty obligations were assumed during the periods presented.

8. Debt (Related Party) and Interest Expense (Related Party)

February 2024 Term Loan

In February 2024, the Company issued a promissory note (the "February 2024 Term Loan") with a minimum principal amount of $5,000 and up to $10,000 to GAT Funding, LLC ("GAT"), an entity controlled by Glen A. Taylor, then a member of the Company's board of directors and a controlling stockholder of the Company. At closing, the Company drew $5,000 from the February 2024 Term Loan. Provided that no event of default had occurred and the Company submitted a request for funding certifying that the Company had less than $7,500 of net tangible assets, the Company had the ability to draw the remaining $5,000 in $2,500 tranches, as long as each request was made prior to February 1, 2025. In both May 2024 and July 2024, the Company requested and received additional advances of $2,500 under the February 2024 Term Loan. The outstanding balance on the February 2024 Term Loan, net of discount, was $10,369 at the time the debt was extinguished as discussed below.

The February 2024 Term Loan had a five-year term and an original maturity date of February 27, 2029. The principal amount drawn bore interest at a rate of 8.0% per annum and was to be paid quarterly in arrears after the second anniversary of the February 2024 Term Loan. Interest accrued and was not payable for the first two years of the term and was compounded and added to the principal balance of the February 2024 Term Loan both on the first and second anniversary of the February 2024 Term Loan. The Company could prepay the accrued interest and principal of the February 2024 Term Loan without penalty, with 10 days' notice.

August 2024 Term Loan

In August 2024, the Company issued an additional promissory note (the "August 2024 Term Loan") with a principal amount of up to $10,000 to GAT. At closing, the Company drew $5,000 from the August 2024 Term Loan. Provided that no event of default had occurred and the Company submitted a request for funding certifying that the Company had less than $7,500 of net tangible assets, the Company had the ability to draw the remaining $5,000 in $2,500 tranches, as long as each request is made prior to August 1, 2025. In December 2024, the Company requested and received an additional advance of $5,000 under the August 2024 Term Loan. The outstanding balance on the August 2024 Term Loan, net of discount, was $9,334 at the time the debt was extinguished as discussed below.

The August 2024 Term Loan had a five-year term and an original maturity date of August 27, 2029. The principal amount drawn bore interest at a rate of 8.0% per annum and was to be paid quarterly in arrears after the second anniversary of the August 2024 Term Loan. Interest accrued and was not payable for the first two years of the term and was compounded and added to the principal balance of the August 2024 Term Loan both on the first and second anniversary of the August 2024 Term Loan. The Company could prepay the accrued interest and principal of the August 2024 Term Loan without penalty, with 10 days' notice.

As a commitment fee, the Company was required to issue 250,000 warrants to purchase 25,000 shares of its Class A Common Stock for each $2,500 of principal funded under the February 2024 Term Loan and August 2024 Term Loan. The warrants have an exercise price equal to the closing price on the date of funding of the applicable tranche.

Warrants - February 2024 Term Loan and August 2024 Term Loan

At closing of the initial funding of the February 2024 Term Loan, the Company issued 500,000 warrants to purchase 50,000 shares of Class A Common Stock at an exercise price of $12.40 per share. At the time of their initial issuance, these warrants had a contractual expiration date of February 27, 2026. Upon the second draw made in May 2024, the Company issued 250,000 warrants to purchase 25,000 shares of Class A Common Stock at an exercise price of $30.40 per share. At the time of their initial issuances, these warrants had a contractual expiration date of May 28, 2026. Upon the third draw made in July 2024, the Company issued 250,000 warrants to purchase 25,000 shares of Class A Common Stock at an exercise price of $22.50 per share. At the time of their initial issuance, these warrants had a contractual expiration date of July 23, 2026. The expiration dates of each of these warrants issued in connection with the February 2024 Term Loan have been amended as discussed below.

At closing of the initial funding of the August 2024 Term Loan, the Company issued 500,000 warrants to purchase 50,000 shares of Class A Common Stock at an exercise price of $29.70 per share. At the time of their initial issuances, these warrants had a contractual expiration date of August 27, 2026. Upon the second draw made in December 2024, the Company issued 500,000 warrants to purchase 50,000 shares of Class A Common Stock at an exercise price of $22.00 per share. At the time of their initial issuances, these warrants had a contractual expiration date of December 11, 2026. The expiration dates of each of these warrants issued in connection with the August 2024 Term Loan have been amended as discussed below.

March 2025 Term Loan

In March 2025, the Company issued a promissory note (the "March 2025 Term Loan" and, collectively with the February 2024 Term Loan and August 2024 Term Loan, the "Term Loans") with a minimum principal amount of $5,000 and up to $10,000 to GAT. At closing, the Company drew $5,000 from the March 2025 Term Loan. Provided that no event of default had occurred and the Company submitted a request for funding certifying that the Company had less than $7,500 of net tangible assets, the Company had the ability to draw the remaining $5,000 in $2,500 tranches, as long as each request is made prior to March 2026. On June 26, 2025, the Company requested and received an additional advance of $5,000 under the March 2025 Term Loan. The balance outstanding on the March 2025 Term Loan was $8,523, net of discount, at the time the debt was extinguished as discussed below.

The March 2025 Term Loan had a five-year term and an original maturity date of March 6, 2030. The principal amount drawn bore interest at a rate of 8.0% per annum and was to be paid quarterly in arrears after the second anniversary of the March 2025 Term Loan. Interest accrued and was not payable for the first two years of the term and was compounded and added to the principal balance of the March 2025 Term Loan both on the first and second anniversary of the March 2025 Term Loan. The Company could prepay the accrued interest and principal of the March 2025 Term Loan without penalty, with 10 days' notice.

As a commitment fee, the Company was required to issue 375,000 warrants to purchase 37,500 shares of its Class A Common Stock for each $2,500 of principal funded under the March 2025 Term Loan. The warrants have an exercise price equal to the closing price on the date of funding of the applicable tranche. At closing of the initial funding of the March 2025 Term Loan, the Company issued 750,000 warrants to purchase 75,000 shares of Class A Common Stock at an exercise price of $13.50 per share. At the time of their initial issuance, these warrants had a contractual expiration date of March 11, 2027. The expiration date has been amended as discussed below.

Upon the second draw made in June 2025, the Company issued 750,000 warrants to purchase 75,000 shares of Class A Common Stock at an exercise price of $14.80. At the time of their initial issuances, these warrants had a contractual expiration date of June 26, 2027. The expiration date has been amended as discussed below. The warrants issued in conjunction with the Term Loans are referred to as "Term Loan Warrants".

The Term Loans were accounted for as a conventional debt instrument and are accounted for in accordance with ASC 470, *Debt* and ASC 815, *Derivatives and Hedging* ("ASC 815"). As a result of the issuance of the warrants with the February 2024, May 2024 and July 2024 closings of the February 2024 Term Loan, which met the criteria for equity classification under applicable U.S. GAAP, the Company recorded the fair value of the warrants on the issuance date in the amount of $179, $197, and $210, respectively, as a debt discount and additional paid-in capital on the unaudited condensed consolidated balance sheets. Subsequently, the amortization of these debt discounts was recorded to interest expense (related party) over the term of the February 2024 Term Loan.

As a result of the issuance of the warrants with the August 2024 and December 2024 closings of the August 2024 Term Loan, which met the criteria for equity classification under applicable U.S. GAAP, the Company recorded the fair value of the warrants on the issuance date in the amount of $489 and $321, respectively, as a debt discount and additional paid-in capital on the unaudited condensed consolidated balance sheets. Subsequently, the amortization of these debt discounts was recorded to interest expense (related party) over the term of the August 2024 Term Loan.

As a result of the issuance of the warrants with the March 2025 and June 2025 closings of the March 2025 Term Loan, which met the criteria for equity classification under applicable U.S. GAAP, the Company recorded the fair value of the warrants on the issuance date in the amount of $688 and $882, respectively, as a debt discount and additional paid-in capital on the unaudited condensed consolidated balance sheet. Subsequently, the amortization of debt discounts was recorded to interest expense (related party) over the term of the March 2025 Term Loan.

During the three and nine months ended September 30, 2025, the Company recognized $471 and $1,590 of interest expense in relation to the Term Loans. Included within this interest expense total, the Company recognized $95 and $282 of debt discount amortization during the three and nine months ended September 30, 2025.

Debt Extinguishment and Warrant Extension

On August 25, 2025, the Company entered into a satisfaction of promissory notes agreement (the "Satisfaction Agreement") with GAT. Pursuant to the stated terms of the Satisfaction Agreement, GAT agreed to forgive all outstanding principal and accrued interest on the Term Loans in exchange for a $100 payment from the Company.

On September 4, 2025, the Company entered into a voting and warrant extension agreement (the "Voting and Extension Agreement") with Glen A. Taylor, GAT, and another affiliated entity. Pursuant to the Voting and Extension Agreement, the Company agreed to extend the expiration date of the Term Loan Warrants to December 31, 2028. Prior to the extension, the Term Loan Warrants had expiration dates ranging from February 27, 2026 to June 26, 2027. In addition, Glen A. Taylor, GAT, and another affiliated entity agreed to vote in favor of any proposal that is submitted by the Company for approval by its stockholders under Nasdaq Listing Rule 5635 relating to stockholder approval of certain issuances of securities, provided that the proposal is unanimously approved and recommended by the Board of Directors of the Company. The voting obligations are in effect through December 31, 2028 and are binding on any transferees of the Class A Common Stock that is currently held by Glen A. Taylor, GAT or the other affiliated entity. The Voting and Extension Agreement also granted registration rights to Glen A. Taylor, GAT, or the other affiliated entity upon request on or after March 31, 2026.

9. Common Stock

As of September 30, 2026 and December 31, 2025, the Company was authorized to issue 400,000,000 shares of Class A Common Stock. The voting, dividend and liquidation rights of the holders of the Company's Class A Common Stock are subject to and qualified by the rights, powers and preferences of the holders of the Series A Preferred Stock (see Note 10).

Reverse Stock Split

On October 26, 2026, the Company completed a one-for-ten reverse stock split ("Reverse Stock Split"), which reduced the number of shares of the Company's Class A Common Stock that were issued and outstanding immediately prior to the effectiveness of the Reverse Stock Split. The number of shares of the Company's authorized Class A Common Stock was not affected by the Reverse Stock Split and the par value of the Company's Class A Common Stock remained unchanged at $0.0001 per share. No fractional shares were issued in connection with the Reverse Stock Split.

Proportional adjustments were made to the number of shares of Class A Common Stock awarded and available for issuance under the Company's 2023 Equity Incentive Plan (as defined in Note 11), as well as the exercise price and the number of shares issuable upon the exercise or conversion of the Company's outstanding stock options and other equity securities under the Company's equity incentive plans. All outstanding warrants were adjusted in accordance with their terms as a result of the reverse stock split. While the number of warrants outstanding remained unchanged, the number of shares of Class A Common Stock issuable upon exercise of those warrants was adjusted. The discussion below presents both the number of warrants outstanding and the corresponding number of shares of Class A Common Stock underlying those warrants, as adjusted for the reverse stock split. The conversion price of the Series A Preferred Stock (as defined in Note 10) was also adjusted in connection with the Reverse Stock Split in accordance with its terms.

All amounts related to number of shares and per share amounts have been retrospectively restated in these unaudited condensed consolidated financial statements to reflect the Reverse Stock Split.

Outstanding Warrants

The following table summarizes the Company's outstanding warrant activity for the nine months ended September 30, 2026 (*in number of warrant shares*):

	Shortfall Warrants	Publicly Traded Warrants	Term Loan Warrants	September 2025 Offering Warrants	October 2025 Offering Warrants	Issued Pre-Funded Warrants	Series A Warrants & February 2026 Placement Agent Warrants
December 31, 2025	1,135,499	14,166,666	3,500,000	5,868,336	9,248,136	-	-
Issued	-	-	-	-	-	27,053,850	123,750,000
Exercised							(200,000)
September 30, 2026	**1,135,499**	**14,166,666**	**3,500,000**	**5,868,336**	**9,248,136**	**27,053,850**	**123,550,000**

Forward Purchase Agreement Warrant Liability

On April 17, 2023, the Company entered into an agreement (as amended to date, the "Forward Purchase Agreement") with Meteora Special Opportunity Fund I, LP ("MSOF"), Meteora Capital Partners, LP ("MCP"), Meteora Select Trading Opportunities Master, LP ("MSTO") and Meteora Strategic Capital, LLC ("MSC" and, collectively with MSOF, MCP and MSTO, the "Sellers" or "Meteora Parties") for an over-the-counter equity prepaid forward transaction.

Pursuant to the terms of the Forward Purchase Agreement, the Company issued to the Meteora Parties 3,874,394 warrants to purchase 387,439 shares of Class A Common Stock (the "Shortfall Warrants"). As issued, the Shortfall Warrants had an exercise price determined based on the volume weighted average price of the Class A Common Stock, subject to a $40.00 price floor (the "Exercise Price Floor"), which Exercise Price Floor is adjustable for certain issuances of Class A Common Stock at a price below the then-current Exercise Price Floor. The Shortfall Warrants had an expiration date of June 30, 2024 upon issuance. The fair value of the Shortfall Warrants is presented as the forward purchase agreement warrant liability on the unaudited condensed consolidated balance sheets. The change in fair value of the Shortfall Warrants each period is recorded within the change in fair value of forward purchase agreement warrant liability on the unaudited condensed consolidated statements of operations and comprehensive loss.

On June 24, 2024, the Company and the Meteora Parties entered into Amendment No. 1 to the Shortfall Warrants to extend the expiration of the Shortfall Warrants to December 31, 2024. Amendment No. 1 did not have a material effect on the Company's financial statements for the year ended December 31, 2024.

On July 29, 2024, the Company and the Meteora Parties entered into an amendment to the Forward Purchase Agreement to adjust the Exercise Price Floor of certain Shortfall Warrants.

On December 19, 2024, the Company and the Meteora Parties entered into Amendment No. 2 to the Shortfall Warrants to extend the expiration date of the Shortfall Warrants to December 31, 2025.

On July 28, 2025, the Company and the Meteora Parties entered into Amendment No. 3 to the Shortfall Warrants that changed the Exercise Price Floor to $15.00 for the Shortfall Warrants that remained outstanding. The exercise price of the Shortfall Warrants continues to be based on the volume weighted average price of the Class A Common Stock subject to the amended Exercise Price Floor.

On December 18, 2025, the Company and the Meteora Parties entered into Amendment No. 4 to the Shortfall Warrants to extend the expiration date of the Shortfall Warrants to December 31, 2026.

During the three and nine months ended September 30, 2026, the Meteora Parties did not exercise any Shortfall Warrants. During the three and nine months ended September 30, 2025, the Meteora Parties exercised Shortfall Warrants to purchase 10,500 shares of Class A Common Stock for proceeds of $158. As of September 30, 2026, 1,135,499 Shortfall Warrants to purchase 113,550 shares of Class A Common Stock remained outstanding.

Publicly Traded Warrants

The Company has 14,166,666 publicly traded warrants to purchase 1,416,666 shares of its Class A Common Stock ("Publicly Traded Warrants"). The Publicly Traded Warrants have an exercise price of $115.00 and expire on September 29, 2028.

Term Loan Warrants

As of September 30, 2026, 3,500,000 Term Loan Warrants to purchase 350,000 shares of Class A Common Stock, as amended with the Voting and Extension Agreement, remained outstanding (see Note 8).

September 2025 Offering

On September 22, 2025, the Company entered into purchase agreements with certain investors providing for the issuance and sale by the Company of 190,840 shares of Class A Common Stock. The Class A Common Stock was offered at a price of $13.10 per share. As part of the September 2025 Offering, the Company issued 5,725,206 warrants to investors to purchase 572,521 shares of Class A Common Stock with an exercise price of $13.10 (the "September 2025 Investor Warrants") per share with each of the investors acquiring three warrants for every share of Class A Common Stock purchased (the "September 2025 Offering"). The closing of the September 2025 Offering occurred on September 23, 2025.

The September 2025 Investor Warrants include certain provisions that could result in a change in the settlement amount based on variables that are not inputs to a "fixed-for-fixed" model, including certain provisions around a change in control transaction. As a result, the warrants do not meet the criteria for equity classification and are accounted for as liabilities in accordance with ASC 815. The September 2025 Investor Warrants are remeasured at fair value each reporting date until exercised. Changes in the fair value of the September 2025 Investor Warrants are recognized in the loss on offering and change in fair value of private warrant liability on the Company's statements of operations and comprehensive loss. Changes in the fair value of the September 2025 Investor Warrants resulted in a gain of $456 and a gain of $915 for the three and nine months ended September 30, 2026, respectively, related to the fair value remeasurement of the September 2025 Investor Warrants. The loss on offering and change in fair value of the private warrant liability for the three and nine months ended September 30, 2025 was $782. The loss on offering and change in fair value of private warrant liability was driven by $443 of direct offering expenses, including the issuance of the September 2025 Placement Agent Warrants (as defined below) and a $339 of loss from the change in the fair value of the private warrant liability as a result of issuing the warrants on September 23, 2025 and the subsequent remeasurement on September 30, 2025.

An additional 143,130 warrants were issued to the placement agent to purchase 14,313 shares of Class A Common Stock with an exercise price of $16.375 per share (the "September 2025 Placement Agent Warrants" and collectively with the September 2025 Investor Warrants the "September 2025 Offering Warrants"). These warrants have been classified as temporary equity and reported as warrants issued to placement agent as part of the 2025 Offerings (as defined below) in mezzanine equity on the unaudited condensed consolidated balance sheets and are presented at grant date fair value on the unaudited condensed consolidated balances sheets.

The September 2025 Offering Warrants expire on November 26, 2027, which is two years following stockholder approval of the issuance of the Class A Common Stock underlying the September 2025 Offering Warrants.

October 2025 Offering

On October 7, 2025, the Company entered into purchase agreements with certain investors providing for the issuance and sale by the Company of 300,752 shares of Class A Common Stock. The Class A Common Stock was offered at a price of $13.30 per share. As part of the October 2025 Offering, the Company issued 9,022,572 warrants to investors to purchase 902,257 shares of Class A Common Stock with an exercise price of $13.30 (the "October 2025 Investor Warrants" and collectively with the September 2025 Investor Warrants the "Investor Warrants") per share with each of the investors acquiring three warrants for every share of Class A Common Stock purchased (the "October 2025 Offering" and collectively with the September 2025 Offering the "2025 Offerings"). The closing of the October 2025 Offering occurred on October 9, 2025.

The October 2025 Investor Warrants include certain provisions that could result in a change in the settlement amount based on variables that are not inputs to a "fixed-for-fixed" model, including certain provisions around a change in control transaction. As a result, the warrants do not meet the criteria for equity classification and are accounted for as liabilities in accordance with ASC 815. The October 2025 Investor Warrants are remeasured at fair value each reporting date until exercised. Changes in the fair value of the October 2025 Investor Warrants are recognized in the loss on offering and change in fair value of private warrant liability on the Company's statements of operations and comprehensive loss. Changes in the fair value of the October 2025 Investor Warrants resulted in a gain of $745 and a gain of $1,453 for the three and nine months ended September 30, 2026, respectively, related to the fair value remeasurement of the October 2025 Investor Warrants.

An additional 225,564 warrants were issued to the placement agent to purchase 22,557 shares of Class A Common Stock with an exercise price of $16.625 per share (the "October 2025 Placement Agent Warrants" and collectively with the October 2025 Investor Warrants the "October 2025 Offering Warrants"). These warrants have been classified as temporary equity and reported as warrants issued to placement agent as part of the 2025 Offerings in mezzanine equity on the unaudited condensed consolidated balance sheets and are presented at grant date fair value on the unaudited condensed consolidated balances sheets.

The October 2025 Offering Warrants expire on December 30, 2027, which is two years after the effectiveness of the registration statement registering the resale of the October 2025 Offering Warrants.

February 2026 Offering

On February 12, 2026, the Company completed a public offering (the "February 2026 Offering") of an aggregate of (i) 4,794,615 shares of Class A Common Stock, (ii) 27,053,850 pre-funded warrants (the "Issued Pre-Funded Warrants") to purchase 2,705,385 shares of Class A Common Stock, (iii) 45,000,000 Series A-1 Warrants to purchase 4,500,000 shares of Class A Common Stock and/or pre-funded warrants (the "Series A-1 Warrants"), and (iv) 75,000,000 Series A-2 Warrants to purchase 7,500,000 shares of Class A Common Stock and/or pre-funded warrants (the "Series A-2 Warrants" and, together with the Series A-1 Warrants, the "Series A Warrants"). The Series A Warrants and Issued Pre-Funded Warrants are collectively referred to herein as the "February 2026 Offering Warrants," and the shares of Class A Common Stock issuable upon exercise of the February 2026 Offering Warrants are collectively referred to as the "February 2026 Offering Warrant Shares." For each share of Class A Common Stock (or Issued Pre-Funded Warrant in lieu thereof) purchased, the investors received accompanying Series A Warrants in the amount of six-tenths (0.6) of a Series A-1 Warrant and one Series A-2 Warrant. The purchase price for February 2026 Offering was $4.00 per Share (or $3.999 per Issued Pre-Funded Warrant in lieu thereof) and accompanying Series A Warrants.

The Series A-1 Warrants have an exercise price of $4.00 per share, became exercisable beginning on the effective date of stockholder approval of the issuance of the shares upon exercise of the February 2026 Offering Warrants (the "Stockholder Approval Date") and will expire on the earlier of (i) the 24-month anniversary of the Stockholder Approval Date or (ii) 30 days following the date the Company publicly announces that it has submitted a Premarket Approval Application ("PMA") to the FDA for the Acclaim CI. The Series A-2 Warrants have an exercise price of $4.00 per share, became exercisable beginning on the Stockholder Approval Date and will expire on the earlier of (i) the 60-month anniversary of the Stockholder Approval Date or (ii) 30 days following the date the Company publicly announces that it has received FDA approval for the Acclaim CI. Stockholder approval for the issuance of shares upon exercise of the February 2026 Offering Warrants was obtained on May 12, 2026 at the Company's annual shareholder meeting. Should either the Series A-1 Warrants or Series A-2 Warrants be exercised for pre-funded warrants, the exercise price would be $3.999 which is the exercise price of $4.00 per share less $0.001 to eventually exercise the pre-funded warrants.

The aggregate gross proceeds to the Company from the February 2026 Offering were $29,997. After deducting the placement agent's fees and other offering expenses paid in cash, the Company received $27,782 of net proceeds. The potential additional gross proceeds to the Company from the Series A-1 Warrants and Series A-2 Warrants, if fully-exercised on a cash basis following the Stockholder Approval Date, will be approximately $18,000 and $30,000, respectively, or $48,000 in total.

The February 2026 Offering included beneficial ownership limitations preventing the purchaser, together with its affiliates and certain related parties, from beneficially owning more than 4.99% (or, at the election of the investor, 9.99%) of the Company's outstanding Class A Common Stock.

The Company evaluated the February 2026 Offering Warrants under ASC 815 and determined that they met the requirements for equity classification and are classified in stockholders' equity. In the event of certain change-in-control or similar transactions, the Series A Warrants provide for settlement in the same form of consideration received by holders of the Company's Class A Common Stock and do not permit net cash settlement at the option of the holder except in circumstances consistent with equity classification under ASC 815-40. Accordingly, the proceeds were recorded as additional paid-in capital on the unaudited condensed consolidated balance sheets and are not subject to remeasurement on an ongoing basis.

An additional 3,750,000 warrants were issued to the placement agent to purchase 375,000 shares of Class A Common Stock with an exercise price of $5.00 per share (the "February 2026 Placement Agent Warrants"). The February 2026 Placement Agent Warrants become exercisable on the Stockholder Approval Date and expire on the earlier of (i) the 24 month anniversary of the Stockholder Approval Date, (ii) 30 days following the date the Company publicly announces that it has received FDA approval for the Acclaim CI, and (iii) and February 11, 2031.

The February 2026 Placement Agent Warrants were issued with an exercise price equal to 125% of the price per share of the Class A Common Stock issued in the February 2026 Offering and represented 5.0% of the aggregate Class A Common Stock and Issued Pre-Funded Warrants sold in the February 2026 Offering.

The February 2026 Placement Agent Warrants are contingently redeemable in accordance with ASC 718 and include a contingent redemption feature that is solely within the Company's control. As a result, the warrants qualify for equity classification and are included within additional paid-in capital on the unaudited condensed consolidated balance sheets. The February 2026 Placement Agent Warrants are also a direct offering expense that are charged against proceeds of the February 2026 Offering within additional paid-in capital resulting in no impact to shareholders' equity (deficit).

The Company received $100 of proceeds from the exercise of 200,000 February 2026 Placement Agent Warrants during the three and nine months ended September 30, 2026.

Common Stock Issued for Services

On September 3, 2025, the Company issued 10,967 shares of its Class A Common Stock to a vendor in exchange for services. The Company recognized the corresponding $134 of expense over the six-month service period based on the fair value of the stock at the time of issuance. On May 29, 2026, the Company issued 14,000 shares of its Class A Common Stock to a vendor in exchange for services. The Company recognized the corresponding $97 of expense over the three-month service period based on the fair value of the stock at the time of issuance.

At-The-Market Offering

On January 17, 2025, the Company entered into an ATM offering agreement (the "Sales Agreement") to conduct an ATM equity offering program. The Company had authorized the sale, at its discretion, of Class A Common Stock in an aggregate offering amount up to $15,000 under the Sales Agreement. During the three and nine months ended September 30, 2025, the Company sold 16,597 and 30,074 shares, respectively, of its Common Stock pursuant to the ATM equity offering program. The Company received $210 and $414 of net proceeds from the ATM equity offering program during the three and nine months ended September 30, 2025, respectively.

On September 22, 2025 the ATM equity offering program was suspended in connection with the September 2025 Offering and was subsequently terminated on June 24, 2026.

10. Series A Preferred Stock

As of September 30, 2026 and December 31, 2025, the Company's certificate of incorporation, as amended and restated, authorized the Company to issue 100,000,000 shares of $0.0001 par value preferred stock ("Series A Preferred Stock"), of which 10,000,000 shares have been designated as Series A Preferred Stock.

The Company has outstanding an aggregate of 4,126,667 shares of Series A Preferred Stock as of September 30, 2026 and December 31, 2025 to the following investors:

- 1,000,000 shares of Series A Preferred Stock held by GAT;
- 2,126,667 shares of Series A Preferred Stock held by the Sponsor (as defined below) subject to the Sponsor Support Agreement (as defined below); and
- 1,000,000 shares of Series A Preferred Stock held by certain affiliates of the Sponsor.

The holders of the Series A Preferred Stock have the following rights and preferences:

Voting Rights

The holders of the Series A Preferred Stock are not entitled to vote or receive notice of any meeting of stockholders, except in the case that the Company creates any equity or debt instrument that ranks senior or pari passu to the rights of the Series A Preferred Stock or in the case of any adverse change to the powers, preferences or special rights of the Series A Preferred Stock.

Conversion Rights

Each share of Series A Preferred Stock shall be convertible, at the option of the holder, at any time after the date of issuance into such number of shares of Class A Common Stock as determined by dividing the issuance price of the shares of Series A Preferred Stock of $10.00, by the conversion price, which was $115.00 per share as of September 30, 2026 and is adjustable for certain dilutive events.

Redemption

The holders of Series A Preferred Stock are not entitled to any redemption rights, other than those under their liquidation rights discussed below. The Company does not have the option to redeem the Series A Preferred Stock.

Dividend Rights

The holders of Series A Preferred Stock are entitled to a cumulative dividend which accrues at the rate of 12% of the original issuance price of $10.00 per share per annum ("Regular Dividend"). The Regular Dividend accrues on a daily basis from and including the issuance date of such shares, whether or not declared, and will be payable in cash on a quarterly basis. If the Company fails to pay the Regular Dividends on the dividend payment date, then an additional dividend on the amount of the unpaid portion shall automatically accrue at 12%. The Company did not pay Regular Dividends starting in the quarter ended September 30, 2025 or during any following quarters.

Specifically, pursuant to the 2,126,667 shares of Series A Preferred Stock outstanding subject to the sponsor support and forfeiture agreement dated April 17, 2023 by and between the Company and by and between Anzu and Anzu SPAC GP I LLC (the "Sponsor"), as amended or modified from time to time (the "Sponsor Support Agreement"), any dividends arising will accrue and not require timely payment at any time when the Company has less than $10,000 of net tangible assets.

As of September 30, 2026 and December 31, 2025, the Company had accrued unpaid Regular Dividends of $4,541 and $2,628, respectively payable to the Sponsor. As of December 31, 2025, the Company did not satisfy the $10,000 net tangible asset requirement and deferred payment of dividends related to the Series A Preferred Stock held by the Sponsor. As of March 31, 2026, the net tangible asset threshold was met; however, the Company did not pay Regular Dividends for the corresponding period. Accordingly, the Company recognized an additional $79 of dividends for the quarter ended March 31, 2026. The $79 of additional dividends has been accrued on the $2,628 of previously accrued and unpaid dividends payable to the Sponsor as of December 31, 2025, calculated based on the annual dividend rate prorated for the quarter. As of June 30, 2026 and September 30, 2026 the Company did not meet the net tangible asset requirement and deferred payment on dividends related to the Series A Preferred Stock held by the Sponsor. Additionally, the Company is no longer accruing for additional dividends on unpaid dividends as a result of the net tangible asset threshold.

With respect to the holders of the Series A Preferred Stock other than the Series A Preferred Stock subject to the Sponsor Support Agreement, the Company had accrued unpaid Regular Dividends of $2,934 and $1,134 as of September 30, 2026 and December 31, 2025, respectively. As of September 30, 2026 and December 31, 2025, an additional dividend of $172 and $16, respectively, has been accrued for the unpaid Regular Dividends owed to the holders of the Series A Preferred Stock not subject to the Sponsor Support Agreement as described above. The additional dividends will continue to accrue until the dividends are paid.

The holders of Series A Preferred Stock are also entitled to dividends or distributions ("Participating Dividends") senior to Class A Common Stock of the Company when such dividends are declared. There were no Participating Dividends declared as of September 30, 2026.

Liquidation Preference

In the event of any liquidation, deemed liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the holders of the Series A Preferred Stock are entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of any security of the Company that ranks junior to the Series A Preferred Stock, including, but not limited to, the Class A Common Stock, an amount per share of Series A Preferred Stock equal to the greater of i) $10.00 plus any unpaid cash dividends and ii) the amount the holder would have received, if such holder, immediately prior to such involuntary liquidation, dissolution or winding up of Company, had converted such shares of Series A Preferred Stock into Class A Common Stock.

11. Stock-Based Compensation

On September 27, 2023, the stockholders of the Company approved the Envoy Medical Incentive Plan as amended or modified from time to time (the "2023 Equity Incentive Plan"). As of September 30, 2026, an aggregate of 1,000,000 shares of Class A Common Stock are reserved and may be issued under the 2023 Equity Incentive Plan to employees, directors, and consultants and may be through the grant of stock options, stock appreciation rights, restricted stock, restricted stock units, performance awards and other awards.

As of September 30, 2026 there were options to acquire 642,879 shares of Class A Common Stock outstanding under the 2023 Equity Incentive Plan. The Company initially values options at fair value on the grant date. For awards with periodic vesting, the Company recognizes the related expense on a straight-line basis over the requisite service period for the entire award.

Following is a summary of the stock option awards granted during the nine months ended September 30, 2026 under the 2023 Equity Incentive Plan:

	Amount	Weighted-average Exercise Price per Option	Weighted Average Grant Date Fair Value
Stock options	435,207	$ 6.30	$ 4.59

The Company uses the Black-Scholes option model to estimate the fair value of stock options. In applying the Black-Scholes option model, the Company used the following assumptions in the valuation of options granted in 2026:

	2026
Expected volatility	81.8% - 88.0%
Expected dividend yield	-
Expected life (years)	5.8 - 6.1
Risk-free rate	3.86% - 4.49%

As of September 30, 2026, stock-based compensation related to unvested option awards of $2,393 remains unamortized, which is expected to be recognized over a weighted-average period of 3.5 years.

On June 19, 2026, the Company granted 100,000 restricted stock units ("RSUs") that will vest upon official notification by the FDA that it has granted approval, including approval with conditions, for the Company's Acclaim CI provided approval occurs on or before June 18, 2030.

The award contains a performance condition related to FDA approval as well as requires continued employment through FDA approval. Compensation expense for the RSUs is measured based on the grant-date fair value of the award and is recognized when achievement of the performance condition is deemed probable and the related service period has been rendered. If FDA approval is not achieved by June 18, 2030, the RSUs are forfeited.

As of September 30, 2026, the performance condition had not been deemed probable of achievement. Accordingly, no stock-based compensation expense had been recognized related to the RSUs.

As of September 30, 2026, total unrecognized stock-based compensation expense related to the RSUs was $634 and will be recognized when and if the performance condition is determined to be probable of achievement. No RSUs were vested, forfeited, or canceled during the three or nine months ended September 30, 2026.

Additionally, on September 30, 2026, the Company granted 5,139 RSUs to certain members of its Board of Directors in lieu of cash compensation pursuant to their elections to receive director compensation in equity. Because the awards vested immediately upon grant, the Company recognized stock-based compensation expense of $35 during the period, measured based on the grant-date fair value of the awards. The number of RSUs granted in future periods will depend on the amount of director compensation elected to be received in equity and the Company's stock price on the applicable grant date.

12. Segment Reporting

Operating segments are identified as components of an enterprise about which discrete financial information is available for evaluation by the Chief Operating Decision Maker ("CODM") in deciding resource allocation and assessing performance. The Company has determined that its CODM is its Chief Executive Officer.

The Company has one reportable segment: hearing. The hearing segment derives revenue from the sale of the Esteem FI-AMEI implants and replacement components to Esteem FI-AMEI implants. The Company enters into arrangements with patients to provide them with the Esteem FI-AMEI device, personal programmer devices, and Battery replacements.

The Company derives revenue primarily in the United States and manages the business activities on a consolidated basis.

The accounting policies of the hearing segment are the same as those described in the summary of significant accounting policies. The CODM assesses performance for the hearing segment and decides how to allocate resources based on net loss that also is reported on the unaudited condensed consolidated statements of operations and comprehensive loss. The measure of segment assets is reported on the unaudited condensed consolidated balance sheets as total assets.

The CODM uses net loss to evaluate the results generated from segment assets (return on assets) in deciding whether to make investments into the hearing segment or into other parts of the entity, such as for entering into significant contracts, hiring of key management or executive personnel, making significant capital investment decisions, or changing Company-wide strategy.

Net loss is used to monitor budget versus actual results and assist the CODM in understanding the Company's cash flows and liquidity position, which is critical as a development stage entity. This allows the CODM to make the appropriate spending decisions for the Company.

The following table summarizes the significant expense categories regularly reviewed by the CODM for the three and nine months ended September 30, 2026 and 2025.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net revenues	$ 66	$ 42	$ 156	$ 166
Costs and operating expenses:				
Cost of goods sold	244	203	835	663
Research and development	3,077	2,700	9,851	7,933
Sales and marketing	157	405	502	1,124
General and administrative	2,125	1,999	6,033	5,888
Total costs and operating expenses	5,603	5,307	17,221	15,608
Operating loss	(5,537)	(5,265)	(17,065)	(15,442)
Other income (expense):				
Other segment items (a)	1,474	(751)	2,497	(131)
Interest expense (related party)	-	(471)	-	(1,590)
Other income (expense), net	131	5	303	(7)
Total other income (expense), net	1,605	(1,217)	2,800	(1,728)
Net loss	$ (3,932)	$ (6,482)	$ (14,265)	$ (17,170)

(a) Other segment items include the change in fair value of forward purchase agreement warrant liability, loss on offering and change in fair value of private warrant liability and change in fair value of publicly traded warrant liability.

13. Related Party Transactions

The Company had various transactions with a former member of its board of directors and a stockholder of the Company, which is considered a related party.

- The Company leases its headquarters office space in Minnesota from a company owned by the stockholder. The lease is considered a common control leasing arrangement. The lease liability due to the stockholder was $777 and $919 as of September 30, 2026 and December 31, 2025, respectively.

- The Company received Term Loans from GAT during 2025 that were extinguished on August 25, 2025 (see Note 8). The Company incurred related party interest expense prior to the debt extinguishment.

- The Company has a shared services arrangement with a company that is indirectly owned by the stockholder, for certain support services used in the course of business. The Company's expenses related to the shared services arrangement are not material.

14. Commitments and Contingencies

Legal Proceedings

The Company is party to various litigation matters arising from time to time in the ordinary course of business.

On November 14, 2023, the Company, Whitney Haring-Smith (the former chief executive officer and a former director of the Company), Daniel Hirsch (the former chief financial officer of the Company), and Anzu SPAC GP I LLC were named as defendants in a complaint filed by Atlas Merchant Capital SPAC Fund I LP ("Atlas") in the Delaware Court of Chancery. Atlas alleged that it was not allowed to redeem its shares of the Anzu Special Acquisition Corp I class A common stock and that the defendants acted to prevent Atlas's attempt to redeem its shares. The defendants assert that Atlas did not comply with the requirements for redeeming shares set forth in the Company's organizational documents. Atlas asserted damages in the amount of approximately $9,400, pre- and post-judgment interest, costs, and reasonable attorneys' fees. The Company has standard indemnification obligations to Dr. Haring-Smith and Mr. Hirsch. On March 3, 2025, the court partially granted a motion to dismiss which dismissed and reduced some of the Counts and allegations in the amended complaint, which narrowed the theories and facts at issue in this litigation. On October 6, 2026, this matter was settled with no payment by the Company to Atlas under the Dismissal Agreement. See Note 16 for additional information regarding this matter.

The Company has business liability insurance to cover litigation costs exceeding $5,000. As of September 30, 2026 and December 31, 2025, the Company has not recorded accruals for potential losses related to any existing or pending litigation claims as the Company's management determined that there are no matters where a potential loss is probable and reasonably estimable.

Interest Related to an Uncertain Tax Position

The Company timely remitted a tax payment to the IRS, the IRS later refunded those amounts to the Company and has asserted that interest is due retroactive to the original payment date. The Company believes that, because the IRS had possession and use of the funds for a portion of the relevant period and was not the result of a substantive tax underpayment by the Company, any interest computation should be limited to the period, if any, during which the Company had use of the refunded amounts. While the Company does not believe it is probable that interest will ultimately be owed, it is reasonably possible that the IRS could prevail. If so, the Company could be required to pay up to approximately $150 of interest related to this matter. As of September 30, 2026, the Company has not accrued for interest related to the uncertain tax position.

15. Net Loss per Share

The following table sets forth the computation of basic and diluted loss per share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Numerator:				
Net loss	$ (3,932)	$ (6,482)	$ (14,265)	$ (17,170)
Less: Cumulative preferred dividends	(1,308)	(1,265)	(3,948)	(3,755)
Net loss attributable to common stockholders, basic and diluted	$ (5,240)	$ (7,747)	$ (18,213)	$ (20,925)
Denominator:				
Weighted-average Class A Common Stock and pre-funded warrants outstanding, basic and diluted	10,434,466	2,185,161	9,256,928	2,152,262
Net loss per share attributable to common stockholders, basic and diluted	$ (0.50)	$ (3.55)	$ (1.97)	$ (9.72)

Included within the weighted average shares of common stock outstanding for the three and nine months ended September 30, 2026 are 2,705,385 shares of Class A Common Stock issuable upon the exercise of the pre-funded warrants. The pre-funded warrants are exercisable at any time for nominal consideration, and as such, the shares are considered outstanding for the purpose of calculating basic and diluted net loss per share (See Note 9).

The Company's potentially dilutive securities below, presented based on amounts outstanding at each period end and representing the number of shares of Class A Common Stock issuable upon exercise, conversion, or vesting, as applicable, have been excluded from the computation of diluted net loss per share as the effect would be to reduce the net loss per share. Therefore, the weighted-average number of shares of Class A Common Stock outstanding noted above used to calculate both basic and diluted net loss per share attributable to stockholders of Class A Common Stock for these periods is the same.

	September 30,	
	2026	2025
Stock-based compensation	742,879	216,424
Series A Preferred Stock (as converted to Class A Common Stock)	358,841	358,841
Publicly Traded Warrants	1,416,667	1,416,667
Shortfall Warrants	113,550	320,951
Term Loan Warrants	350,000	350,000
September 2025 Offering Warrants	586,834	-
October 2025 Offering Warrants	924,814	-
Series A Warrants & February 2026 Placement Agent Warrants	12,355,000	-

16. Subsequent Events

The Company has evaluated all events occurring through the date on which these unaudited condensed consolidated financial statements were issued, and during which time, nothing has occurred outside the normal course of business operations that would require disclosure, except for the following:

Legal Proceedings

On October 6, 2026, the Company entered into a dismissal agreement (the "Dismissal Agreement") with Atlas regarding the litigation described in Note 14. Pursuant to the Dismissal Agreement, all claims asserted by Atlas were dismissed with prejudice, and the litigation was terminated without any payment by the Company or the other defendants to Atlas under the Dismissal Agreement. Accordingly, the Company has no remaining exposure related to the Atlas litigation.

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

The following analysis of our financial condition and results of operations should be read in conjunction with the unaudited condensed consolidated financial statements and the notes included elsewhere in this Quarterly Report on Form 10-Q (this "Report"), as well as the information contained in the Company's Annual Report on Form 10-K, dated and filed with the Securities and Exchange Commission (the "SEC") on March 23, 2026 (the "Form 10-K"), which is accessible on the SEC's website at www.sec.gov. Unless otherwise indicated or the context otherwise requires, references in this section to the "Company," "Envoy Medical," "we," "us," "our" and other similar terms refer to Envoy Medical, Inc.

Cautionary Note Regarding Forward-Looking Statements

This Report contains certain "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, 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"). All statements other than statements of historical fact contained in this Report, including statements as to future results of operations and financial position, revenue and other metrics, products, business strategy and plans, objectives of management for future operations of the Company, market size and growth, competitive position and technological and market trends, are forward-looking statements. The words "anticipate," "believe," "continue," "could," "estimate," "expect," "intends," "may," "might," "plan," "possible," "potential," "predict," "project," "should," "will," "would" and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. All forward-looking statements are subject to risks, uncertainties, and other factors which could cause actual results to differ materially from those expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to:

- changes in the market price of shares of our Class A Common Stock, par value $0.0001 per share (the "Class A Common Stock");
- unpredictability in the medical device industry, the regulatory process to approve medical devices, and the clinical development process of the Company's products;
- potential need to make design changes to our products to meet desired safety and efficacy endpoints;
- changes in federal or state reimbursement policies that would adversely affect sales of the Company's products;
- introduction of other scientific advancements, including gene therapy or pharmaceuticals, that may impact the need for hearing devices such as cochlear implants or fully implanted active middle ear implants;
- competition in the medical device industry, and the failure to introduce new products and services in a timely manner or at competitive prices to compete successfully against competitors;
- disruptions in relationships with the Company's suppliers, or disruptions in the Company's own production capabilities for some of the key components and materials of its products;
- changes in the need for capital and the availability of financing and capital to fund these needs;
- changes in interest rates or rates of inflation;
- changes in tariff regulations, duties and tax requirements;
- legal, regulatory and other proceedings that could be costly and time-consuming to defend;
- the outcome of litigation to which the Company is a party;
- changes in applicable laws or regulations, or the application thereof on the Company;
- a loss of any of the Company's key intellectual property rights or failure to adequately protect intellectual property rights;
- the Company's ability to maintain the listing of its securities on The Nasdaq Stock Market LLC ("Nasdaq");
- the effects of catastrophic events, including war, terrorism and other international conflicts; and
- other risks and uncertainties indicated in the Company's Form 10-K, including those set forth under the section entitled "Risk Factors."

Should one or more of these risks or uncertainties materialize, or should any of the underlying assumptions prove incorrect, actual results may vary in material respects from those expressed or implied by these forward-looking statements. Nothing in this Report should be regarded as a representation by any person that the forward-looking statements set forth herein will be achieved or that any of the contemplated results of such forward-looking statements will be achieved. You should not place undue reliance on these forward-looking statements. The Company does not give any assurance that it will achieve its expected results and does not undertake any duty to update these forward-looking statements, except as required by law.

You should read the following discussion and analysis of our financial condition and results of operations together with our unaudited condensed consolidated financial statements as of September 30, 2026 and December 31, 2025, and the three and nine months ended September 30, 2026 and 2025, together with the notes thereto included elsewhere in this Report. It should also be read in conjunction with the audited consolidated financial statements as of and for the years ended December 31, 2025 and 2024, together with related notes thereto included in the Form 10-K, which is accessible on the SEC's website at www.sec.gov.

All dollar amounts are expressed in thousands of United States dollars ("$"), unless otherwise indicated.

Overview

We are a hearing health and neuroprosthetics company focused on development of fully implanted hearing solutions and providing innovative technologies across the hearing loss spectrum. Our technologies are designed to shift the paradigm within the hearing industry and bring both providers and patients the hearing devices they desire. We are dedicated to pushing beyond the status quo to provide patients with improved access, usability, independence, and quality of life. We believe leveraging the ear's natural anatomy, rather than an external or sub-dermal artificial microphone, is the ideal way for people to hear. In recent years, we have focused almost exclusively on developing the fully implanted Acclaim® cochlear implant (the "Acclaim CI"), our lead product candidate.

We believe that the Acclaim CI is a first-of-its-kind cochlear implant. Our fully implanted technology includes a sensor designed to leverage the natural anatomy of the ear instead of a microphone to capture sound. The Acclaim CI is designed to address sensorineural hearing loss that is not adequately addressed by hearing aids. As part of the clinical trial, the Acclaim CI is intended for adults with severe-to-profound sensorineural hearing loss who have been deemed adequate candidates by a qualified physician. The Acclaim CI received the Breakthrough Device Designation from the United States Food and Drug Administration (the "FDA") in 2019.

Our first product, the Esteem ® Fully Implanted Active Middle Ear Implant ("Esteem FI-AMEI"), received FDA approval in 2010. The Esteem FI-AMEI is a fully implanted active middle ear hearing device and remains the only FDA approved fully implanted active hearing implant in the U.S. market. Unfortunately, the Esteem FI-AMEI failed to gain commercial traction, primarily due to a lack of reimbursement or insurance coverage from third-party payors.

Despite the commercial challenges, approximately 1,000 Esteem FI-AMEI devices were implanted. Some devices were implanted in the early 2000s during clinical trials, providing Envoy Medical with over two decades of experience with our implantable sensor technology. Throughout our experience, our sensor technology proved a viable alternative and robust option to external or implanted microphones.

In late 2015, we made the decision to shift our focus from the Esteem FI-AMEI to a new product that would leverage our sensor technology and incorporate it into a cochlear implant. As a result, we now have the Acclaim CI, a fully implanted cochlear implant. We believe that Acclaim CI gives us the opportunity to disrupt the existing cochlear implant market. The cochlear implant market is one that already has established market acceptance and reimbursement pathways. In the United States, before we can market a new Class III medical device, like the Acclaim CI, we must first receive FDA approval via the premarket application approval process.

The Investigational Device Exemption ("IDE") to begin a pivotal clinical study on the Acclaim CI was granted by the FDA in October of 2024. Seven investigational sites were selected prior to the end of 2024.

The IDE was approved as a "staged" clinical trial. The first stage allowed for enrollment of 10 study participants ("First Stage") prior to us having to formally request FDA approval to expand enrollment to the full subject cohort of 56 patients ("Second Stage"). Once the First Stage completed their 3-month follow-up visits, we submitted this preliminary clinical data to justify study expansion into the second and final stage. The FDA agreed that this data adequately characterized device effectiveness and our expansion request to the FDA was formally approved by the FDA on October 3, 2025. We completed enrollment of all 56 patients on March 10, 2026 and all 56 patients completed their activation visits, when a patient's device is initially turned on for the first time, by April 16, 2026. On July 21, 2026, we announced that all 56 patients enrolled in the clinical trial have surpassed the 3-month milestone and on October 20, 2026 we announced that we have surpassed the six-month follow-up visit milestone for the clinical trial.

Each implanted study participant will be followed through their 12-month visit. After all 56 patients have been through their 12-month visits, the data will be collected and analyzed in accordance with the clinical study protocol and statistical analysis plan. Upon finalization of the results, we intend to submit a Premarket Approval ("PMA") application to the FDA. The first 10 pivotal trial patients implanted at the start of 2025 reached the 12-month follow-up evaluation point during the second quarter of 2026. We expect all Stage 2 participants to complete their 12-month data collection by early Q2 2027, with a PMA submission to the FDA planned to follow a few months thereafter.

The FDA will have at least 180 days to review the PMA application. The FDA may take longer than 180 actual calendar days for the review if it "pauses the clock" during the 180 day review period (pausing the days counted) or requests a panel review. If a panel review is requested, it may add several months of additional review time to the PMA application. As a result, the earliest we currently anticipate obtaining the FDA's decision on our PMA application is late Q4 of 2027; however, if the FDA pauses the clock or requests a panel review, the FDA's decision could extend to the first half of 2028.

Our PMA application will occur as four modular submissions so that completed modules can be provided to the FDA for review over time, rather than waiting to compile and submit the entire submission at once after the clinical trial is completed. We plan to submit a total of four modules, with the final module containing final clinical trial data. By utilizing the modular PMA pathway, we expect to engage with the FDA throughout the review process, allowing for earlier regulatory feedback while establishing a series of defined development milestones. On June 30, 2026, we announced the submission of the first module of our PMA application. On October 12, 2026, we announced the submission of the second module of our PMA application.

The FDA approval process is uncertain and there can be no guarantees of whether the Acclaim CI will ever successfully receive FDA approval. In addition, we cannot predict the effects that changes to federal regulatory staffing, funding, and policies and procedures will have on the timeline and ultimate FDA approval decision. As a result, we cannot guarantee that we will receive FDA approval on a specific timeline, or at all.

We had net losses of $3,932 and $6,482 for the three months ended September 30, 2026 and 2025, respectively, $14,265 and $17,170 for the nine months ended September 30, 2026 and 2025, respectively, and had an accumulated deficit of $331,609 and $313,396 as of September 30, 2026 and December 31, 2025, respectively. We have funded our operations to date primarily through the issuance of equity securities and debt. We expect to continue to incur net losses for the foreseeable future, and expect our research and development expenses, sales and marketing expenses, general and administrative expenses, and capital expenditures will continue to increase. In particular, we expect our expenses to increase as we continue the clinical trial for the Acclaim CI and seek the necessary regulatory approvals for our product candidate. In addition, if and when we seek and obtain regulatory approval to commercialize the Acclaim CI in the United States, we will also incur increased expenses in connection with commercialization and marketing of such product. Our net losses may fluctuate significantly from quarter-to-quarter and year-to-year, depending on the timing of our clinical trials, if any, and our expenditures on other research and development activities. We anticipate that our expenses will increase significantly in connection with our ongoing activities, if and as we:

- continue our research and development efforts for the Acclaim CI product candidate, including through clinical trials;
- seek additional regulatory and marketing approvals in jurisdictions outside the United States;
- establish a sales, marketing and distribution infrastructure to commercialize our product candidate;
- rely on our third-party suppliers and manufacturers to obtain adequate supply of materials and components for our products;

- seek to identify, assess, acquire, license, and/or develop other product candidates and subsequent generations of our current product candidate;
- seek to maintain, protect, and expand our intellectual property portfolio;
- seek to identify, hire, and retain additional skilled personnel;
- create additional infrastructure to support our operations as a public company and our product candidate development and planned future commercialization efforts; and
- experience any delays or encounter issues with respect to any of the above, including, but not limited to, failed studies, complex results, safety issues or other regulatory challenges that require longer follow-up of existing studies or additional supportive studies in order to pursue marketing approval.

We expect that our financial performance may fluctuate significantly from quarter-to-quarter and year-to-year due to the development status of our Acclaim CI product and our efforts to obtain regulatory approval and commercialize the Acclaim CI product.

The Acclaim CI has not yet been approved for sale. We do not expect to generate any product sales from the Acclaim CI unless and until we successfully complete development and obtain regulatory approval for our product candidate. If we obtain regulatory approval for the Acclaim CI, we expect to incur significant commercialization expenses related to product sales, marketing, manufacturing and distribution. As a result, until such time, if ever, that we can generate substantial product revenue, we expect to finance our cash needs through equity offerings, debt financings or other capital sources, including collaborations, licenses or similar arrangements. However, we may be unable to raise additional funds or enter into such other arrangements when needed or on favorable terms, if at all. Any failure to raise capital as and when needed could have a negative impact on our financial condition and on our ability to pursue our business plans and strategies, including our research and development activities. If we are unable to raise capital, we will need to delay, reduce, or terminate planned activities to reduce costs.

Macroeconomic Conditions

Our business and financial performance are impacted by macroeconomic conditions. Global macroeconomic challenges, such as the effects of the ongoing war between Russia and Ukraine, wars and armed conflicts in the Middle East, supply chain constraints, tariffs and trade wars, market uncertainty, volatility in exchange rates, inflationary trends, interest rates, and evolving dynamics in the global trade environment have impacted our business, financial performance, and our ability to raise capital.

Furthermore, a recession or market correction resulting from macroeconomic factors could materially affect our business and the value of our Class A Common Stock. The occurrence of any such events may lead to reduced disposable income which could adversely affect the number of Esteem FI-AMEI implants and replacement components sold as a result of customer and patient reluctance to seek treatment due to financial considerations.

Adverse macroeconomic conditions, including pandemics or international tensions, could also result in significant disruption of global economic conditions and consumer trends, as well as a significant disruption in financial markets, reducing our ability to access capital, which could in the future negatively affect our liquidity.

Reverse Stock Split

On October 26, 2026, we completed a one-for-ten reverse stock split (“Reverse Stock Split”), which reduced the number of shares of our Class A Common Stock that were issued and outstanding immediately prior to the effectiveness of the Reverse Stock Split. The number of shares of our authorized Class A Common Stock was not affected by the Reverse Stock Split and the par value of our Class A Common Stock remained unchanged at $0.0001 per share. No fractional shares were issued in connection with the Reverse Stock Split.

Proportional adjustments were made to the number of shares of Class A Common Stock awarded and available for issuance under our equity incentive plans, as well as the exercise price and the number of shares issuable upon the exercise or conversion of our outstanding stock options and other equity securities under our equity incentive plans. All outstanding warrants were also adjusted in accordance with their terms.

All share and per share amounts of Class A Common Stock in this Report have been adjusted to reflect the Reverse Stock Split.

Key Components of Our Results of Operations

Revenue

Currently, we derive substantially all our revenue from the sale of the Esteem FI-AMEI implants and replacement components to Esteem FI-AMEI implants. We enter arrangements with patients to provide them with the Esteem FI-AMEI device, personal programmer devices, sound processor / battery assembly ("Battery") replacements, and/or an optional Care Plan, each of which are outputs of our ordinary activities in exchange for consideration. Revenue from product sales is recognized upon transfer of control of the product to a customer, which occurs at a point in time, when we are notified the product has been implanted or used by the customer in a surgical procedure. New implantations of the Esteem FI-AMEI are not expected to be more than a few per year and may be as low as zero. Although we believe it to be unlikely, Esteem FI-AMEI implantations could potentially increase with favorable reimbursement policy and coverage changes. We will continue our efforts to pursue positive reimbursement changes for fully implanted active middle ear implants. There will be continued nominal revenue from replacement of sound processors for patients who need a new Battery.

Upon commercialization of our Acclaim CI product, we expect that Acclaim CI revenues will more than exceed our Esteem FI-AMEI revenue. We are targeting FDA approval on our PMA application for the Acclaim CI late in 2027 or first half of 2028, depending on the FDA's review process and timeline.

Cost of Goods Sold

Cost of goods sold includes direct and indirect costs related to the manufacturing and distribution of the Esteem FI-AMEI, including materials, labor costs for personnel involved in the manufacturing process, distribution-related services, indirect overhead costs, and charges for excess and obsolete inventory reserves and inventory write-offs.

We expect cost of goods sold to increase or decrease in absolute dollars primarily as, and to the extent, our revenue grows or declines, respectively.

Operating Expenses

Research and Development Expenses

Research and development ("R&D") expenses consist of costs incurred for our research activities, primarily our discovery efforts and the development of the Acclaim CI product. We also incur R&D costs related to continuing to support, and improving upon where possible, our Esteem FI-AMEI product. We expense R&D costs as incurred, which include:

- salaries, employee benefits, and other related costs for our personnel engaged in R&D functions;
- service fees incurred under agreements with independent consultants, including their fees and related travel expenses engaged in R&D functions;
- costs of laboratory testing including supplies and acquiring, developing, and manufacturing study materials; and
- facility-related expenses, which include direct depreciation costs and allocated expenses for rent and maintenance of facilities and other operating costs.

Costs for certain development activities are recognized based on an evaluation of the progress to completion of specific tasks using information and data provided to us by our vendors, service providers and our clinical sites.

Our R&D expenses are currently tracked on a project basis. The majority of our R&D expenses incurred during the three and nine months ended September 30, 2026 and 2025 were for the development of the Acclaim CI, including expenses for clinical trial activities and patient enrollment for the Acclaim CI pivotal clinical trial.

Our products require human clinical trials to obtain regulatory approval for commercial sales. We cannot determine with certainty the size, duration, or completion costs of future clinical trials, or if or when they may be completed. Furthermore, we do not know if the clinical trials will show positive or negative results, or what those results will mean for regulatory approval or commercialization efforts.

The duration, costs and timing of future clinical trials and development of our products will depend on a variety of factors, including:

- the scope, rate of progress, and expense of our ongoing, as well as any additional, clinical trials and other R&D activities;
- interest in or demand for both investigational site and subject enrollment;
- future clinical trial results;
- potential changes in government regulation;
- potential changes in the reimbursement landscape; and
- the timing and receipt of any regulatory approvals.

A change in the outcome of any of these variables with respect to the development of our Acclaim CI product could mean a significant change in the costs and timing associated with the development of that implant. If the FDA or another regulatory authority were to require us to conduct clinical trials beyond those that we currently anticipate, or if we experience significant delays in the enrollment in any clinical trials, we could be required to expend significant additional financial resources and time on the completion of clinical development.

R&D activities are central to our business model. We expect that our R&D expenses will continue to increase for the foreseeable future as we continue the clinical trials for the Acclaim CI product and prepare the product for possible commercialization, should it gain regulatory approval(s). If the Acclaim CI product enters later stages of clinical trials and ongoing development, the product will generally incur higher R&D expenses than those in earlier stages of research and development, primarily due to simultaneously running clinical trials while also iterating the product for commercialization and preparing for the needs of commercialization. We will need to determine when we believe the product is ready for commercial production and then certain expenses will no longer be classified as R&D. There are numerous factors associated with the successful commercialization of the Acclaim CI product or any products we may develop in the future, including future trial design and various regulatory requirements, many of which cannot be determined with accuracy at this time based on our stage of development. Additionally, future commercial and regulatory factors beyond our control will impact our clinical development program and plans.

Sales and Marketing Expenses

Sales and marketing expenses consist primarily of salaries, benefits, and other related costs for personnel in our sales and marketing functions. We expect our sales and marketing expenses to increase in the foreseeable future as we increase our sales and marketing personnel to support our continuing growth.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries, benefits, and other related costs for personnel in our executive, operations, legal, human resources, finance, insurance premiums, and administrative functions. Administrative expenses also include professional fees for legal, patent, consulting, accounting, tax and audit services, travel expenses and facility-related expenses, which include direct depreciation costs and allocated expenses for rent and maintenance of facilities, technology, and other operating costs.

We expect our general and administrative expenses to continue to increase in the foreseeable future as we increase our administrative personnel to support our continuing growth, our costs of expanding our operations and operating as a public company. These increases will likely include the hiring of additional personnel and legal, regulatory, and other fees and services associated with maintaining compliance with Nasdaq and SEC requirements, director and officer costs, including insurance, and investor relations costs associated with being a public company.

Change in Fair Value of Forward Purchase Agreement Warrant Liability

We recognize the forward purchase agreement warrant liability at fair value at each reporting period. The liability is subject to re-measurement at each balance sheet date, and any change in fair value is recognized in our unaudited condensed consolidated statements of operations and comprehensive loss during each reporting period.

Loss on Offering and Change in Fair Value of Private Warrant Liability

We recognize the private warrant liability at fair value at each reporting period. The liability is subject to re-measurement at each balance sheet date, and any change in fair value is recognized in our unaudited condensed consolidated statements of operations and comprehensive loss during each reporting period. The loss on offering and change in fair value of the private warrant liability also includes direct offering expenses and the immediate loss recognized upon issuance of the warrants, as the fair value of the warrants exceeded the proceeds received.

Change in Fair Value of Publicly Traded Warrant Liability

We recognize the publicly traded warrant liability at fair value at each reporting period. The liability is subject to re-measurement at each balance sheet date, and any change in fair value is recognized in our unaudited condensed consolidated statements of operations and comprehensive loss during each reporting period.

Interest Expense (Related Party)

Interest expense (related party) consists of accrued interest for the term loans held by a related party (the "Term Loans"), as well as amortization of the debt discount recorded as a result of the warrants issued with the Term Loans. Amortization of the debt discount is recorded over the respective terms of the Term Loans. On August 25, 2025, the Term Loans were extinguished resulting in us no longer recognizing interest expense on the Term Loans.

Other Income (Expense), Net

Other income (expense), net consists of interest income as well as interest incurred on insurance financing loans and other expenses.

Results of Operations

Comparison of the three months ended September 30, 2026 and 2025

	Three Months Ended September 30,		Change in	
(Dollars in thousands)	**2026**	**2025**	**$**	**%**
Net revenues	$ 66	$ 42	$ 24	57.1%
Costs and operating expenses:				
Cost of goods sold	244	203	41	20.2%
Research and development	3,077	2,700	377	14.0%
Sales and marketing	157	405	(248)	(61.2)%
General and administrative	2,125	1,999	126	6.3%
Total costs and operating expenses	5,603	5,307	296	5.6%
Operating loss	(5,537)	(5,265)	(272)	5.2%
Other income (expense):				
Change in fair value of forward purchase agreement warrant liability	14	64	(50)	(78.1)%
Loss on offering and change in fair value of private warrant liability	1,201	(782)	1,983	(253.6)%
Change in fair value of publicly traded warrant liability	259	(33)	292	(884.8)%
Interest expense (related party)	-	(471)	471	(100.0)%
Other income (expense), net	131	5	126	N/M
Total other income (expense), net	1,605	(1,217)	2,822	(231.9)%
Net loss	$ (3,932)	$ (6,482)	$ 2,550	(39.3)%

N/M = Not Meaningful

Net Revenues

Net revenues increased by $24 for the three months ended September 30, 2026, compared to the three months ended September 30, 2025. Revenue was not significant to our results of operations.

Cost of Goods Sold

Cost of goods sold increased by $41 for the three months ended September 30, 2026, compared to the three months ended September 30, 2025. The increase was primarily attributable to higher fees paid to third parties performing work related to our products of $26.

Research and Development Expenses

The following table summarizes the components of our R&D expenses for the three months ended September 30, 2026 and 2025:

	Three Months Ended September 30,		Change in	
(Dollars in thousands)	**2026**	**2025**	**$**	**%**
R&D personnel costs	$ 1,778	$ 1,616	$ 162	10.0%
R&D clinical trial	375	76	299	393.4%
R&D product costs	741	842	(101)	(12.0%)
Other R&D costs	183	166	17	10.2%
Total research and development costs	$ 3,077	$ 2,700	$ 377	14.0%

R&D expenses increased by $377 for the three months ended September 30, 2026, compared to the three months ended September 30, 2025 reflecting the expansion to the Second Stage of the clinical trial following FDA approval in the fourth quarter of 2025. Clinical trial expenses increased by $299 as activities were primarily related to follow-up visits following completion of enrollment in the first quarter of 2026, whereas the comparable 2025 period included follow-up visits from the First Stage of the clinical trial. Personnel costs increased by $162 to support the clinical trial. Product costs decreased by $101 and other R&D costs increased by $17, neither of which was individually significant.

Sales and Marketing Expenses

Sales and marketing expenses decreased by $248 for the three months ended September 30, 2026, compared to the three months ended September 30, 2025. The decrease was primarily attributable to the reallocation of field clinical specialists to research and development activities in support of the clinical trial. During the three months ended September 30, 2025, we incurred $240 of sales and marketing expenses related to these employees, who no longer support sales and marketing activities.

General and Administrative Expenses

General and administrative expenses increased by $126 for the three months ended September 30, 2026, compared to the three months ended September 30, 2025, primarily due to modest increases in compensation, stock-based compensation, and professional services expenses.

Change in Fair Value of Forward Purchase Agreement Warrant Liability

The gain from the change in the fair value of the forward purchase agreement warrant liability was $14 for the three months ended September 30, 2026 compared to a gain of $64 for the three months ended September 30, 2025. The change in fair value during both periods was driven by changes in the probability of the applicable Exercise Price Floor being achieved for the Shortfall Warrants (as defined in Note 9 to the unaudited condensed consolidated financial statements). During both periods, our stock price remained below the applicable Exercise Price Floor. Additionally, the lower number of warrants outstanding during the 2026 period reduced the magnitude of the warrant liability.

Loss on Offering and Change in Fair Value of Private Warrant Liability

The gain from the change in fair value of the private warrant liability was $1,201 for the three months ended September 30, 2026. The gain resulted from the remeasurement of the Investor Warrants (as defined in Note 9 to the unaudited condensed consolidated financial statements), which were issued on September 23, 2025 and October 9, 2025. The exercise price of the Investor Warrants has remained above the market price of the Class A Common Stock underlying the warrants.

The loss from the loss on offering change in fair value of the private warrant liability was $782 for the three months ended September 30, 2025. The loss on offering and change in fair value of private warrant liability was driven by $443 of direct offering expenses, including the issuance of the September 2025 Placement Agent Warrants, associated with the September 2025 Offering (both as defined in Note 9 of the accompanying unaudited condensed consolidated financial statements included elsewhere in this Report) and a $339 of loss from the change in the fair value of the private warrant liability as a result of issuing the warrants on September 23, 2025 and the subsequent remeasurement on September 30, 2025.

Change in Fair Value of Publicly Traded Warrant Liability

The gain from the change in the fair value of the publicly traded warrant liability was $259 for the three months ended September 30, 2026 compared to a loss of $33 for the three months ended September 30, 2025. The change was attributable to a decrease in the trading price of our publicly traded warrants during 2026, compared to an increase during 2025.

Interest Expense, Related Party

Interest expense, related party decreased by $471 for the three months ended September 30, 2026, compared to the three months ended September 30, 2025. The decrease was due to the settlement of the Term Loans on August 25, 2025, after which no further related party interest expense was incurred.

Other Income (Expense), Net

Other income (expense), net increased by $126 for the three months ended September 30, 2026 compared to the three months ended September 30, 2025 primarily due to higher interest income.

Comparison of the nine months ended September 30, 2026 and 2025

	Nine Months Ended September 30,		Change in	
(Dollars in thousands)	**2026**	**2025**	**$**	**%**
Net revenues	$ 156	$ 166	$ (10)	(6.0)%
Costs and operating expenses:				
Cost of goods sold	835	663	172	25.9%
Research and development	9,851	7,933	1,918	24.2%
Sales and marketing	502	1,124	(622)	(55.3)%
General and administrative	6,033	5,888	145	2.5%
Total costs and operating expenses	17,221	15,608	1,613	10.3%
Operating loss	(17,065)	(15,442)	(1,623)	10.5%
Other income (expense):				
Change in fair value of forward purchase agreement warrant liability	24	522	(498)	(95.4)%
Loss on offering and change in fair value of private warrant liability	2,368	(782)	3,150	-
Change in fair value of publicly traded warrant liability	105	129	(24)	(18.6)%
Interest expense (related party)	-	(1,590)	1,590	(100.0)%
Other income (expense), net	303	(7)	310	N/M
Total other income (expense), net	2,800	(1,728)	4,528	(262.0)%
Net loss	$ (14,265)	$ (17,170)	$ 2,905	(16.9)%

N/M = Not Meaningful

Net Revenues

Net revenues decreased by $10 for the nine months ended September 30, 2026, compared to the nine months ended September 30, 2025. Revenue was not significant to our results of operations.

Cost of Goods Sold

Cost of goods sold increased by $172 for the nine months ended September 30, 2026, compared to the nine months ended September 30, 2025. The increase was primarily due to higher fees paid to third parties performing work related to our products of $119 and increased scrap and materials usage of $49.

Research and Development Expenses

The following table summarizes the components of our R&D expenses for the nine months ended September 30, 2026 and 2025:

	Nine Months Ended September 30,		Change in	
(Dollars in thousands)	**2026**	**2025**	**$**	**%**
R&D personnel costs	$ 4,915	$ 4,391	$ 524	11.9%
R&D clinical trial	2,543	955	1,588	166.3%
R&D product costs	1,639	1,962	(323)	(16.5%)
Other R&D costs	754	625	129	20.6%
Total research and development costs	$ 9,851	$ 7,933	$ 1,918	24.2%

R&D expenses increased by $1,918 for the nine months ended September 30, 2026, compared to the nine months ended September 30, 2025 reflecting the expansion of the clinical trial following FDA approval in the fourth quarter of 2025. Clinical trial expenses increased by $1,588 as activities were primarily related to completion of enrollment and follow-up visits, whereas the comparable 2025 period consisted of enrollment and follow-up visits for the First Stage of the clinical trial. Personnel costs increased by $524 to support the clinical trial. The increase of $129 in other R&D costs was primarily due to fees associated with our PMA application. These increases were partially offset by lower product costs of $323 as the product advanced in its development lifecycle during nine months ended September 30, 2026 compared to the prior period.

Sales and Marketing Expenses

Sales and marketing expenses decreased by $622 for the nine months ended September 30, 2026, compared to the nine months ended September 30, 2025. The decrease was primarily due to the reallocation of field clinical specialists to research and development activities in support of the clinical trial. During the nine months ended September 30, 2025, we incurred $575 of sales and marketing expenses related to these employees, who no longer support sales and marketing activities.

General and Administrative Expenses

General and administrative expenses increased by $145 for the nine months ended September 30, 2026, compared to the nine months ended September 30, 2025. The increase is largely attributable to increased stock-based compensation of $125. Increased consulting and professional service fees of $366 in the nine months ended September 30, 2026 were largely offset by a $315 severance accrual related to our former Chief Financial Officer recorded during the nine months ended September 30, 2025.

Change in Fair Value of Forward Purchase Agreement Warrant Liability

The gain from the change in the fair value of the forward purchase agreement warrant liability was $24 for the nine months ended September 30, 2026 compared to a gain of $522 for the nine months ended September 30, 2025. The change in fair value during both periods was driven by the changes in the probability of the applicable Exercise Price Floor being achieved for the Shortfall Warrants (as defined in Note 9 to the unaudited condensed consolidated financial statements). During both periods, our stock price remained below the applicable Exercise Price Floor. Additionally, the lower number of warrants outstanding during the 2026 period reduced the magnitude of the warrant liability.

Loss on Offering and Change in Fair Value of Private Warrant Liability

The gain from the change in fair value of the private warrant liability was $2,368 for the nine months ended September 30, 2026. The gain resulted from the remeasurement of the Investor Warrants (as defined in Note 9 to the unaudited condensed consolidated financial statements), which were issued on September 23, 2025 and October 9, 2025. The exercise price of the Investor Warrants has remained above the market price of the Class A Common Stock underlying the warrants.

The loss from the loss on offering change in fair value of the private warrant liability was $782 for the nine months ended September 30, 2025. The loss on offering and change in fair value of private warrant liability was driven by $443 of direct offering expenses, including the issuance of the September 2025 Placement Agent Warrants, associated with the September 2025 Offering (both as defined in Note 9 of the accompanying unaudited condensed consolidated financial statements included elsewhere in this Report) and a $339 of loss from the change in the fair value of the private warrant liability as a result of issuing the warrants on September 23, 2025 and the subsequent remeasurement on September 30, 2025.

Change in Fair Value of Publicly Traded Warrant Liability

The gain from the change in the fair value of the publicly traded warrant liability was $105 for the nine months ended September 30, 2026 compared to a gain of $129 for the nine months ended September 30, 2025. The change was attributable to a decrease in the publicly traded warrants price during both the 2026 and 2025 periods.

Interest Expense (Related Party)

Interest expense (related party) decreased by $1,590 for the nine months ended September 30, 2026, compared to the nine months ended September 30, 2025. The decrease was due to the settlement of the Term Loans on August 25, 2025, after which no further related party interest expense was incurred.

Other Income (Expense), Net

Other income (expense), net increased by $310 for the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025 primarily due to higher interest income.

Liquidity and Capital Resources

Since inception, we have incurred significant operating losses. We expect to continue to incur significant expenses and operating losses for the foreseeable future as we advance the clinical development of our products and fund the process of clinical FDA trials. We have funded our operations to date primarily with proceeds from issuing equity securities, term loans, convertible notes and proceeds from a 2023 business combination. As of September 30, 2026 and December 31, 2025 we had $14,570 and $3,739 of cash, respectively.

We proactively manage our access to capital to support liquidity and continued growth. Our sources of capital include issuances of our Class A Common Stock, Series A Preferred Stock, warrants, convertible debt, term debt and other financing agreements such as the Forward Purchase Agreement and proceeds from the sales of the Esteem FI-AMEI implants and replacement components.

We may seek to raise any necessary additional capital through a combination of public or private equity offerings, debt financings, collaborations, strategic alliances, licensing arrangements and other marketing and distribution arrangements. There can be no assurance that we will be successful in acquiring additional funding at levels sufficient to fund our operations or on terms favorable to us. Based on our cash position as of September 30, 2026, and assuming there is no additional funding through the exercise of any outstanding warrants and no material change to our operating expenses, we expect to have sufficient funds for our operations into the second quarter of 2027. Proceeds from the exercise of any outstanding warrants or other sources will provide us with funding beyond this timeframe. We have based our estimates as to how long we expect we will be able to fund our operations on assumptions that may prove to be wrong, and we could use our available capital resources sooner than we currently expect, in which case we would be required to obtain additional financing sooner than currently projected, which may not be available to us on acceptable terms, or at all. If we are unable to raise sufficient financing when needed or events or circumstances occur such that we do not meet our strategic plans, we may be required to reduce certain discretionary spending, be unable to develop new or enhanced production methods, or be unable to fund capital expenditures, which could have a material adverse effect on our financial position, results of operations, cash flows, and ability to achieve our intended business objectives. These matters raise substantial doubt about our ability to continue as a going concern. To the extent that we raise additional capital through additional collaborations, strategic alliances, or licensing arrangements with third parties, we may have to relinquish valuable rights to our Acclaim CI, future revenue streams, research programs or to grant licenses on terms that may not be favorable to us. If we do raise additional capital through public or private equity or convertible debt offerings, the ownership interest of our existing stockholders may be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our stockholders' rights. If we raise additional capital through debt financing, we may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures, or declaring dividends.

Our future capital requirements and the adequacy of available funds will depend on many factors, including those set forth in the section of the Form 10-K titled "Risk Factors – Risks Relating to Our Business and Operations."

Cash Flows

The following table presents a summary of our cash flow for the periods indicated:

	Nine Months Ended September 30,	
(Dollars in thousands)	**2026**	**2025**
Net cash (used in) provided by:		
Operating activities	$ (16,547)	$ (12,516)
Investing activities	(33)	(7)
Financing activities	27,414	10,593
Effect of exchange rate changes on cash	(3)	3
Net increase (decrease) in cash	$ 10,831	$ (1,927)

Cash Flows Used in Operating Activities

Net cash used in operating activities for the nine months ended September 30, 2026 was $16,547, primarily reflecting a net loss of $14,265 and $1,775 of cash outflows from changes in operating assets and liabilities. Non-cash income totaled $507.

The $1,775 of cash outflows from net changes in the levels of operating assets and liabilities was primarily due to a decrease of $1,345 in accounts payable and a combined decrease of $349 in the operating lease liability and product warranty liability, as well as other changes in operating assets and liabilities resulting from the timing of cash receipts and disbursements. We will continue to evaluate our capital requirements for both short-term and long-term liquidity needs, which could be affected by various risks and uncertainties, including, but not limited to, the effects of the current inflationary environment, rising interest rates, and other risks detailed in our Form 10-K detailed in the section titled "*Risk Factors*."

Net cash used in operating activities for the nine months ended September 30, 2025 was $12,516. This use of cash was primarily driven by a net loss of $17,170, partially offset by $1,761 of cash inflows from changes in operating assets and liabilities. Non-cash expenses totaled $2,893.

The $1,761 of cash inflows from net changes in the levels of operating assets and liabilities was primarily due to a increase of $973 in accounts payable, a $761 decrease in other receivable due to the receipt of an income tax refund, an increase to a severance accrual of $315, partially offset by changes in operating assets and liabilities resulting from the timing of cash receipts and disbursements.

Cash Flows Used in Investing Activities

Net cash used in investing activities for the nine months ended September 30, 2026 was $33 and consisted of purchases of production equipment.

Net cash used in investing activities for the nine months ended September 30, 2025 was $7 and consisted of purchases of computer equipment.

Cash Flows Provided by Financing Activities

Net cash provided by financing activities for the nine months ended September 30, 2026 was $27,414 and was primarily due to net proceeds of $27,782 from the issuance of securities in the February 2026 Offering (as defined in Note 9 of the unaudited condensed consolidated financial statements), partially offset by payments made on insurance financing loans of $572.

Net cash provided by financing activities for the nine months ended September 30, 2025 was $10,593 and was primarily due to proceeds from the issuance of Term Loans in the amount of $10,000, proceeds from the September 2025 Offering in the amount of $2,500, and proceeds from the ATM equity offering program and Shortfall Warrants (both as defined in Note 9 of the unaudited condensed consolidated financial statements) in the amount of $572, partially offset by dividends paid to preferred stockholders in the amount of $1,820, payments made on insurance financing loans of $636, and $100 of costs related to extinguishing the Term Loans.

Contractual Obligations and Commitments

Our principal commitments consist of our operating leases for office space.

Off-Balance Sheet Arrangements

During the periods presented, we did not have, nor do we currently have, any off-balance sheet arrangements as defined under the rules and regulations of the SEC.

Related Party Arrangements

Our related party arrangements historically consist of receiving term loan financings which have been extinguished, leasing our headquarters office space, and contracting for IT services from a stockholder. For further information on the related party arrangements, refer to Note 8*, "Debt (Related Party) and Interest Expense (Related Party)"* and Note 13, "*Related Party Transactions",* of the accompanying unaudited condensed consolidated financial statements included elsewhere in this Report.

Critical Accounting Policies and Estimates

Our management's discussion and analysis of our financial condition and results of our operations is based on our unaudited condensed consolidated financial statements and accompanying notes, which have been prepared in accordance with accounting principles generally accepted in the United States. Certain amounts included in or affecting the unaudited condensed consolidated financial statements presented in this Report and related disclosure must be estimated, requiring management to make assumptions with respect to values or conditions which cannot be known with certainty at the time the unaudited condensed consolidated financial statements are prepared. Management believes that the accounting policies set forth below comprise the most important "critical accounting policies" for the Company. A "critical accounting policy" is one which is both important to the portrayal of our financial condition and results of operations and that involves difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Management evaluates such policies on an ongoing basis, based upon historical results and experience, consultation with experts and other methods that management considers reasonable in the particular circumstances under which the judgments and estimates are made, as well as management's forecasts as to the manner in which such circumstances may change in the future.

Fair Value Measurements

We determine the fair value of financial assets and liabilities using the fair value hierarchy established in Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurement* ("ASC 820"). ASC 820 identifies fair value as the exchange price, or exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The hierarchy describes three levels of inputs that may be used to measure fair value, as follows:

- **Level 1** - Observable inputs, such as quoted prices in active markets for identical assets and liabilities.
- **Level 2** - Observable inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- **Level 3** - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Management uses valuation techniques in measuring the fair value of financial instruments, where active market quotes are not available.

The following table summarizes the activity for our Level 3 instruments measured at fair value on a recurring basis:

	Forward Purchase Agreement Warrant Liability
Balance as of December 31, 2025	$ 24
Change in fair value	(24)
Balance as of September 30, 2026	$ -

The fair value of the forward purchase agreement warrant liability, which is a Level 3 fair value measurement, was estimated using a Monte Carlo simulation model. Key estimates and assumptions impacting the fair value measurement include (i) the Company's stock price, (ii) the initial exercise price, (iii) volatility, (iv) the remaining term and (v) the risk-free rate.

Research and Development Expenses

We will incur substantial expenses associated with prototyping, improvements, testing and clinical trials. Accounting for clinical trials relating to activities performed by external vendors requires us to exercise significant estimates regarding the timing and accounting for these expenses. We estimate costs of R&D activities conducted by service providers, which include the conduct of sponsored research and contract manufacturing activities. The diverse nature of services being provided for our clinical trials and other arrangements, the different compensation arrangements that exist for each type of service and the lack of timely information related to certain clinical activities complicates the estimation of accruals for services rendered by third parties in connection with clinical trials. We record the estimated costs of R&D activities based upon the estimated amount of services provided but not yet invoiced and include these costs in accrued expenses or prepaid expenses on the unaudited condensed consolidated balance sheets and within R&D expense on the unaudited condensed consolidated statements of operations and comprehensive loss. In estimating the duration of a clinical study, we evaluate the start-up, treatment and wrap-up periods, compensation arrangements and services rendered attributable to each clinical trial and fluctuations are regularly tested against payment plans and trial completion assumptions.

We estimate these costs based on factors such as estimates of the work completed, budgets provided, and in accordance with agreements established with our collaboration partners and third-party service providers. We make significant judgments and estimates in determining the accrued liabilities and prepaid expense balances in each reporting period. As actual costs become known, we adjust our accrued liabilities or prepaid expenses. We have not experienced any material differences between accrued costs and actual costs incurred since our inception.

Our expenses related to clinical trials will be based on estimates of patient enrollment and related expenses at clinical investigator sites as well as estimates for the services received and efforts expended pursuant to contracts with multiple research institutions that may be used to conduct and manage clinical trials on our behalf. We will accrue expenses related to clinical trials based on contracted amounts applied to the level of patient enrollment and activity. If timelines or contracts are modified based upon changes in the clinical trial protocol or scope of work to be performed, we will modify our estimates of accrued expenses accordingly on a prospective basis.

Emerging Growth Company

Section 102(b)(1) of the Jumpstart Our Business Startups Act ("JOBS Act") exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Securities Exchange Act of 1934, as amended) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. We have elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public and private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard, until such time we are no longer considered to be an emerging growth company. At times, we may elect to early adopt a new or revised standard.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to a variety of market risks, including currency risk, credit and counterparty risk, and inflation risk, as set out below. We manage and monitor these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Currency Risk

Foreign currency risk is the risk that the value of a financial instrument fluctuates because of the change in foreign exchange rates. We primarily operate in the United States and Germany with most of the transactions settled in the United States dollar. Our presentation and functional currency is the United States dollar. Certain bank balances, deposits and other payables are denominated in the Euro, which exposes us to foreign currency risk. However, any transactions that may be conducted in foreign currencies are not expected to have a material effect on our results of operations, financial position or cash flows.

Credit and Counterparty Risk

Financial instruments that potentially expose us to concentrations of credit risk consist primarily of cash and accounts receivable, net. Periodically, we maintain deposits in accredited financial institutions in excess of federally insured limits. We maintain cash with financial institutions that management believes to be of high credit quality. We have not experienced any losses on such accounts and do not believe we are exposed to any unusual credit risk beyond the normal credit risk associated with commercial banking relationships.

With respect to accounts receivable, we perform credit evaluations of our customers and do not require collateral. There have been no material losses on accounts receivable. There were no customers that accounted for 10% or more of sales for the three or nine months ended September 30, 2026 and 2025.

Inflation Risk

Inflationary factors, such as increases in our cost of goods sold and selling and operating expenses, may adversely affect our operating results. Although we do not believe that inflation has had a material impact on our financial position or results of operations to date, a high rate of inflation in the future may have an adverse effect on our ability to maintain and increase our gross margin and decrease our selling and marketing and operating expenses as a percentage of our revenue if the selling prices of our products do not increase as much as or more than these increased costs.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Accounting Officer and Vice President of Finance, we evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2026, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on the evaluation of our disclosure controls and procedures as of September 30, 2026, our Chief Executive Officer and Chief Accounting Officer and Vice President of Finance concluded that, as of such date, our disclosure controls and procedures were not effective due to the existence of the material weaknesses in the Company's internal control over financial reporting described below.

Notwithstanding the conclusion by our Chief Executive Officer and Chief Accounting Officer and Vice President of Finance that our disclosure controls and procedures as of September 30, 2026 were not effective, and notwithstanding the material weaknesses in our internal control over financial reporting described below, management believes that the unaudited condensed consolidated financial statements and related financial information included in this Report fairly present in all material respects our financial condition, results of operations and cash flows as of the dates presented, and for the periods ended on such dates, in conformity with accounting principles generally accepted in the United States ("U.S. GAAP").

Material Weaknesses in Internal Control Over Financial Reporting

Management concluded the following material weaknesses existed as of September 30, 2026:

- The Company's management has not yet fully implemented a formal risk assessment process that addresses risks relevant to financial reporting objectives, including cybersecurity and fraud risks.

- The Company has yet to fully design, document and maintain formal accounting policies, procedures and controls over significant accounts and disclosures to achieve complete, accurate and timely financial accounting, reporting and disclosures, including segregation of duties and adequate controls related to the preparation, posting, modification and review of journal entries, and the accounting treatment of complex transactions, including fair value measurements under U.S. GAAP.

- The Company has yet to fully design and maintain effective controls over certain information technology general controls for information systems that are relevant to the preparation of its unaudited condensed consolidated financial statements, including ineffective controls around user access and segregation of duties.

Considering this, the Company performed additional procedures and analyses as deemed necessary to ensure that its financial statements were prepared in accordance with U.S. GAAP.

The Company is working with an outsourced internal audit provider and has conducted a formal risk assessment and implementation of a plan to remediate these material weaknesses. The outsourced internal audit provider is performing testing of control effectiveness as controls are designed, implemented and maintained. A third-party information technology service provider has also been engaged to assist in executing on the implemented information technology controls. These remediation measures are ongoing and include the following steps:

- designing, documenting and implementing formal accounting policies and procedures, and corresponding processes and controls over significant accounts and disclosure;

- designing, documenting, and implementing security management and change management policies and controls over information technology systems, including but not limited to adjusting user access levels and implementing external logging on activity and periodic review of such logs; and

- engaging an accounting advisory firm to assist with the, evaluation, remediation and testing of the Company's internal control over financial reporting based on the criteria established in "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission.

The Company has continued to advance its remediation efforts related to internal control over financial reporting. During the period, the Company substantially completed its assessment of the design of controls related to its financial reporting and business processes and began testing the operating effectiveness of those controls. The Company, with the assistance of third-party service providers, is also conducting walkthroughs and evaluating the design of controls within its information technology environment. The Company expects to continue implementing and evaluating these remediation measures during the remainder of the year ending December 31, 2026.

Changes in Internal Control Over Financial Reporting

The Company is in the process of remediating its material weaknesses in internal control over financial reporting. During the fiscal quarter ended September 30, 2026, the Company engaged a third-party information technology service provider to assist with the implementation of information technology controls designed to enhance the Company's internal control over financial reporting.

In addition, the Company has undertaken a number of remediation initiatives to strengthen its control environment, including the appointment of a Chief Accounting Officer and Vice President of Finance, the engagement of a third-party service provider to assist with remediation of the identified material weaknesses and the development of an effective internal control over financial reporting environment, and the redesign of business processes supporting significant classes of transactions to accommodate enhanced internal controls over financial reporting.

PART II

ITEM 1. Legal Proceedings

From time to time, we may be involved in various claims and legal actions in the ordinary course of business. Except as described below, we are not currently involved in any material legal proceedings outside the ordinary course of our business.

On November 14, 2023, the Company, Whitney Haring-Smith (the former chief executive officer and a former director of the Company), Daniel Hirsch (the former chief financial officer of the Company), and Anzu SPAC GP I LLC were named as defendants in a complaint filed by Atlas Merchant Capital SPAC Fund I LP ("Atlas") in the Delaware Court of Chancery. Atlas alleges that it was not allowed to redeem its shares of the Anzu Special Acquisition Corp I class A common stock and that defendants acted to prevent Atlas's attempt to redeem its shares. Defendants assert that Atlas did not comply with the requirements for redeeming shares set forth in the Company's organizational documents. Atlas asserts damages in the amount of approximately $9.4 million, pre- and post-judgment interest, costs, and reasonable attorneys' fees.

On March 3, 2025, the court partially granted a motion to dismiss which dismissed and reduced some of the counts and allegations in the amended complaint, which narrowed the theories and facts at issue in this litigation.

On October 6, 2026, the Company entered into a dismissal agreement (the "Dismissal Agreement") with Atlas regarding this litigation. Pursuant to the Dismissal Agreement, all claims asserted by Atlas were dismissed with prejudice, and the litigation was terminated without any payment by the Company or the other defendants to Atlas. Accordingly, the Company has no remaining exposure related to the Atlas litigation other than the payment of remaining legal expenses and indemnification obligations.

ITEM 1A. Risk Factors

As a smaller reporting company, we are not required to provide the information called for by this Item. However, for a discussion of the material risks, uncertainties and other factors that could have a material effect on us, please refer to the risk factors disclosed in the section of the Form 10-K titled "Risk Factors," as filed with the SEC on March 23, 2026.

ITEM 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchase of Equity Securities

During the fiscal quarter ended September 30, 2026, there were no unregistered sales of our securities that were not reported in a Current Report on Form 8-K.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 5. Other Information

During the fiscal quarter ended September 30, 2026, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. Exhibits

EXHIBIT INDEX [Updates Pending]

Exhibit Number	Description	Incorporated by Reference			
		Schedule/ Form	File No.	Exhibit	Filing Date
2.1 (+)	Business Combination Agreement, dated as of April 17, 2023, by and among Anzu Special Acquisition Corp I, Envoy Merger Sub, Inc. and Envoy Medical Corporation.	8-K	001-40133	2.1	April 18, 2023
2.2	Amendment No. 1 to the Business Combination Agreement, dated May 12, 2023, by and among Anzu Special Acquisition Corp I, Envoy Merger Sub, Inc. and Envoy Medical Corporation.	S-4	333-271920	2.2	May 15, 2023
2.3	Amendment No. 2 to the Business Combination Agreement, dated August 31, 2023, by and among Anzu Special Acquisition Corp I, Envoy Merger Sub, Inc. and Envoy Medical Corporation.	S-4/A	333-271920	2.3	September 1, 2023
3.1	Second Amended and Restated Certificate of Incorporation of the Company.	8-K	001-40133	3.1	October 5, 2023
3.2	Amended and Restated Bylaws of the Company.	8-K	001-40133	3.2	October 5, 2023
3.3	Certificate of Designation of Series A Preferred Stock of the Company.	8-K	001-40133	3.3	October 5, 2023
3.4	Certificate of Amendment to Second Amended and Restated Certificate of Incorporation of the Company.	8-K	001-40133	3.1	October 27, 2026
4.1	Warrant Agreement, dated March 1, 2021, between Anzu Special Acquisition Corp I and Equiniti Trust Company, LLC (formerly known as American Stock Transfer & Trust Company, LLC), as Warrant Agent.	8-K	001-40133	10.1	March 4, 2021
4.2	Form of Shortfall Warrant.	S-1/A	333-276590	4.2	February 15, 2024
4.3	Description of Securities.	10-K	001-40133	4.3	April 1, 2024
4.4	Form of Private Warrant	10-K	001-0133	4.4	March 31, 2025
4.5	Form of September Private Placement Warrant	8-K	001-0133	4.1	September 23, 2025
4.6	Form of September Placement Agent Warrant	8-K	001-0133	4.2	September 23, 2025
4.7	Form of October Private Placement Warrant	8-K	001-40133	4.1	October 9, 2025
4.8	Form of October Placement Agent Warrant	8-K	001-40133	4.2	October 9, 2025
4.9	Form of Pre-Funded Warrant	S-1/A	333-292260	4.9	February 6, 2026
4.10	Form of Series A-1 Warrant	S-1/A	333-292260	4.10	February 6, 2026
4.11	Form of Series A-2 Warrant	S-1/A	333-292260	4.11	February 6, 2026
4.12	Form of February 2026 Placement Agent Warrant	S-1/A	333-292260	4.12	February 6, 2026
31.1 (*)	Certification of the Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a).				
31.2 (*)	Certification of the Principal Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a).				
32.1 (**)	Certification of Chief 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 (**)	Certification of 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	The following financial information from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2026, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) Unaudited Condensed Balance Sheets; (ii) Unaudited Condensed Statements of Operations; (iii) Unaudited Condensed Statements of Changes in Stockholders' Equity; (iv) Unaudited Condensed Statements of Cash Flows; and (v) Notes to Unaudited Condensed Financial Statements.				
104(#)	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).				

(*) Filed herewith.

(**) Furnished herewith.

(+) Certain schedules and exhibits to this Exhibit have been omitted pursuant to Item 601(a)(5) or Item 601(b)(10)(iv), as applicable, of Regulation S-K. The registrant agrees to furnish supplemental copies of all omitted exhibits and schedules to the Securities and Exchange Commission upon its request.

PART III - SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

ENVOY MEDICAL, INC.

November 5, 2026

/s/ Brent T. Lucas

Name: Brent T. Lucas
Title: Chief Executive Officer
(Principal Executive Officer)

November 5, 2026

/s/ Robert Potashnick

Name: Robert Potashnick
Title: Chief Accounting Officer & Vice President of Finance
(Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a)

UNDER THE SECURITIES EXCHANGE ACT OF 1934
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Brent T. Lucas, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Envoy Medical, 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 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.

/s/ Brent T. Lucas
Brent T. Lucas
Chief Executive Officer
(Principal Executive Officer)
Dated: November 5, 2026

Exhibit 31.2

CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a)

UNDER THE SECURITIES EXCHANGE ACT OF 1934
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert Potashnick, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Envoy Medical, 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 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.

/s/ Robert Potashnick

Robert Potashnick
Chief Accounting Officer & Vice President of Finance
(Principal Financial Officer; Principal Accounting Officer)
Dated: November 5, 2026

Exhibit 32.1

CERTIFICATION OF CEO PURSUANT TO

18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Envoy Medical, Inc. (the "Company") for the quarter ended September 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Brent T. Lucas, as Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Brent T. Lucas
Brent Lucas
Chief Executive Officer
(Principal Executive Officer)
Dated: November 5, 2026

Exhibit 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO

18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Envoy Medical, Inc. (the "Company") for the quarter ended September 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Robert Potashnick, as Chief Accounting Officer & Vice President of Finance of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert Potashnick
Robert Potashnick
Chief Accounting Officer & Vice President of Finance
(Principal Financial Officer; Principal Accounting Officer)
Dated: November 5, 2026