

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, 2025

Or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

COMMISSION FILE NUMBER 001-42023

SERVE ROBOTICS INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of  
incorporation or organization)

85-3844872

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

730 Broadway  
Redwood City, CA 94063

(Address of principal executive offices) (Zip Code)

(818) 860-1352

(Registrant's telephone number, including area code)

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

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, par value \$0.0001 per share	SERV	The Nasdaq Capital Market

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

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

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

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

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

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

As of November 10, 2025, the registrant had 74,483,482 shares of its common stock, par value \$0.0001 per share, outstanding.

**SERVE ROBOTICS INC.  
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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of the 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”). We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends impacting the financial condition of our business. Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made and/or management’s good faith belief as of that time with respect to future events and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements.

Forward-looking statements include all statements that are not historical facts. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “could,” “would,” “expect,” “intend,” “seek,” “plan,” “anticipate,” “believe,” “estimate,” “project,” “predict,” “potential,” “might,” “forecast,” “continue,” or the negative of those terms, and similar expressions and comparable terminology intended to reference future periods. Forward-looking statements include, but are not limited to, statements about:

- our ability to protect and enforce our intellectual property and the scope and duration of such protection;
- our reliance on third parties, including suppliers, delivery platforms, brand sponsors, software providers and service providers;
- our ability to operate in public spaces and any errors caused by human supervisors, network connectivity or automation;
- our robots’ reliance on sophisticated software technology that incorporates third-party components and networks to operate, and our ability to maintain licenses for this software technology;
- our ability to commercialize our products at a large scale;
- the competitive industry in which we operate which is subject to rapid technological change;
- our ability to raise additional capital to develop our technology and scale our operations;
- developments and projections relating to our competitors and our industry;
- our ability to adequately control the costs associated with our operations;
- the impact of current and future laws and regulations, especially those related to personal delivery devices;
- changes in general economic and financial conditions, inflationary pressures, the potential for economic recession in the U.S., tariffs and trade restrictions, including the imposition of new and higher tariffs on imported goods and retaliatory tariffs implemented by other countries on U.S. goods, and the potential effects on our financial condition or results of operations;
- potential cybersecurity risks to our operational systems, infrastructure and integrated software which may arise from our environment or third-party vendors;
- the development of a market for our common stock;
- the Company’s ability to continue as a going concern; and
- other risks and uncertainties, including those listed in our Annual Report on Form 10-K for the year ended December 31, 2024, including the factors described in the section entitled “*Item 1A – Risk Factors.*”

Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended or planned.

Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We cannot guarantee future results, levels of activity, performance or achievements. Accordingly, the

forward-looking statements in this Quarterly Report on Form 10-Q should not be regarded as representations that the plans, intentions, expectations, results or conditions described in such statements will occur or that our objectives and plans will be achieved, and the forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, or investments we may make. Therefore, you should not place undue reliance on our forward-looking statements.

**PART I**

**Item 1. Financial Statements**

**Serve Robotics Inc.**  
**Condensed Consolidated Balance Sheets**  
**(In thousands, except share and per share data)**  
**(unaudited)**

	September 30, 2025	December 31, 2024
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 116,839	\$ 123,266
Short-term marketable securities	93,608	-
Accounts receivable, net	805	87
Inventory	-	310
Prepaid expenses	7,626	1,397
Other receivables	688	192
Other current assets	133	-
Total current assets	219,699	125,252
Property and equipment, net	30,057	11,963
Intangible assets, net	32,871	-
Goodwill	11,839	-
Operating lease right-of-use assets	4,021	1,808
Other non-current assets	612	578
Total assets	\$ 299,099	\$ 139,601
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Current liabilities:		
Accounts payable	\$ 7,748	\$ 4,902
Accrued liabilities	3,343	655
Deferred revenue	3	20
Operating lease liabilities, current	1,669	666
Financing lease liabilities, current	-	564
Total current liabilities	12,763	6,807
Operating lease liabilities, non-current	2,478	1,113
Total liabilities	15,241	7,920
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Preferred stock, \$0.0001 par value, 10,000,000 shares authorized, no shares issued or outstanding as of both September 30, 2025 and December 31, 2024	-	-
Common stock, \$0.0001 par value; 300,000,000 shares authorized, 67,811,201 and 51,396,574 shares issued and 67,761,023 and 51,288,566 shares outstanding as of September 30, 2025 and December 31, 2024, each respectively.	7	5
Additional paid-in capital	458,398	239,201
Accumulated other comprehensive income	65	-
Accumulated deficit	(174,612)	(107,525)
Total stockholders' equity	283,858	131,681
Total liabilities and stockholders' equity	\$ 299,099	\$ 139,601

See accompanying notes to the unaudited condensed consolidated financial statements.

**Serve Robotics Inc.**  
**Condensed Consolidated Statements of Operations**  
(In thousands, except share and per share data)  
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Revenues	\$ 687	\$ 222	\$ 1,769	\$ 1,637
Cost of revenues	5,066	378	10,476	1,056
Gross profit (loss)	(4,379)	(156)	(8,707)	581
Operating expenses:				
General and administrative	13,153	1,980	25,981	4,861
Operations	2,987	917	6,780	2,330
Research and development	13,414	5,008	29,414	17,434
Sales and marketing	883	384	1,585	668
Total operating expenses	30,437	8,289	63,760	25,293
Loss from operations	(34,816)	(8,445)	(72,467)	(24,712)
Other income (expense):				
Interest income	1,707	483	5,293	789
Interest expense	-	(34)	(3)	(1,926)
Realized gain on foreign currency translation	4	-	4	-
Realized gain on investments	85	-	85	-
Change in fair value of derivative liability	-	-	-	(222)
Total other income (expense)	1,796	449	5,379	(1,359)
Provision for income taxes	—	—	—	—
Net loss	\$ (33,020)	\$ (7,996)	\$ (67,088)	\$ (26,071)
Other comprehensive income (loss):				
Unrealized loss on foreign currency translation	(343)	-	-	-
Unrealized gain on investments	110	-	65	-
Comprehensive income (loss)	\$ (33,253)	\$ (7,996)	\$ (67,023)	\$ (26,071)
Weighted average common shares outstanding - basic and diluted	61,343,218	40,586,781	58,472,679	33,267,589
Net loss per common share - basic and diluted	\$ (0.54)	\$ (0.20)	\$ (1.15)	\$ (0.78)

See accompanying notes to the unaudited condensed consolidated financial statements.

**Serve Robotics Inc.**  
**Condensed Consolidated Statements of Changes in Stockholders' Equity (Deficit)**  
(In thousands, except share and per share data)  
(unaudited)

	Common Stock		Additional Paid-in Capital	Subscription Receivable	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity (Deficit)
	Shares	Amount					
<b>Balances at December 31, 2023</b>	24,508,795	\$ 2	\$ 64,468	\$ (170)	\$ (68,334)	\$ -	\$ (4,033)
Exercise of warrants	125,000	- *	6	-	-	-	6
Interest on recourse loan	-	-	-	4	-	-	4
Stock-based compensation	-	-	4,255	-	-	-	4,255
Net loss	-	-	-	-	(9,038)	-	(9,038)
<b>Balances at March 31, 2024</b>	24,633,795	2	68,729	(166)	(77,372)	—	(8,806)
Issuance of common stock pursuant to offering	10,000,000	1	39,999	-	-	-	40,000
Offering costs	-	-	(4,150)	-	-	-	(4,150)
Conversion of convertible note and derivative liability into common stock	2,104,562	- *	6,803	-	-	-	6,803
Exercise of warrants	18,341	- *	-	-	-	-	-
Exercise of options	17,936	- *	9	-	-	-	9
Restricted Stock Awards Repurchased	(245,060)	- *	-	-	-	-	-
Interest and forgiveness on recourse loans	-	-	-	166	-	-	166
Stock-based compensation	-	-	3,480	-	-	-	3,480
Net Loss	-	-	-	-	(9,038)	-	(9,038)
<b>Balances at June 30, 2024</b>	36,529,574	4	114,870	—	(86,410)	—	28,464
Issuance of pre-funded warrants to purchase common stock in connection with private placement, net of issuance costs	3,055,555	- *	17,116	-	-	-	17,116
Exercise of warrants	3,182,765	- *	16,319	-	-	-	16,319
Exercise of options	10,442	- *	78	-	-	-	78
Vested restricted stock units	66,768	- *	-	-	-	-	-
Restricted stock awards repurchased	(148)	- *	-	-	-	-	-
Stock-based compensation	-	-	2,195	-	-	-	2,195
Net Loss	-	-	-	-	(7,996)	-	(7,996)
<b>Balances at September 30, 2024</b>	42,844,956	4	150,578	—	(94,406)	—	56,176

	Common Stock		Additional Paid-in Capital	Subscription Receivable	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity (Deficit)
	Shares	Amount					
<b>Balances at December 31, 2024</b>	51,288,566	\$ 5	\$ 239,201	\$ -	\$ (107,525)	\$ -	\$ 131,681
Issuance of common stock, net of offering costs	4,210,525	- *	75,847	-	-	-	75,847
Short-swing profit disgorgement	-	-	48	-	-	-	48
Vested restricted stock units	121,660	- *	-	-	-	-	-
Exercise of warrants	1,164,644	- *	11,787	-	-	-	11,787
Exercise of options	60,120	- *	138	-	-	-	138
Stock-based compensation	-	-	3,879	-	-	-	3,879
Net loss	-	-	-	-	(13,216)	-	(13,216)
<b>Balances at March 31, 2025</b>	56,845,515	6	330,900	—	(120,742)	—	210,164
Issuance of common stock under the 2025 Equity Distribution Agreement, net of offering costs	1,125,706	- *	13,521	-	-	-	13,521
Vested restricted stock units	216,685	- *	-	-	-	-	-
Exercise of warrants	1,092,542	- *	(411)	-	-	-	(411)
Exercise of options	52,884	- *	86	-	-	-	86
Stock-based compensation	-	-	4,398	-	-	-	4,398
Other comprehensive income	-	-	-	-	-	298	298
Net loss	-	-	-	-	(20,850)	-	(20,850)
<b>Balances at June 30, 2025</b>	59,333,332	6	348,494	—	(141,592)	298	207,206
Issuance of common stock under the 2025 Equity Distribution Agreement, net of offering costs	5,374,229	1	65,246	-	-	-	65,247
Vayu Acquisition	1,539,906	- *	37,830	-	-	-	37,830
Vested restricted stock units	1,421,532	- *	-	-	-	-	-
Exercise of warrants	17,187	- *	5	-	-	-	5
Exercise of options	74,837	- *	181	-	-	-	181
Stock-based compensation	-	-	6,642	-	-	-	6,642
Other comprehensive loss	-	-	-	-	-	(233)	(233)
Net loss	-	-	-	-	(33,020)	-	(33,020)
<b>Balances at September 30, 2025</b>	67,761,023	7	458,398	—	(174,612)	65	283,858

\*The change in common stock is less than \$1,000

See accompanying notes to the unaudited condensed consolidated financial statements

**Serve Robotics Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
(In thousands)  
(unaudited)

	Nine Months Ended September 30,	
	2025	2024
<b>Cash flows from operating activities:</b>		
Net loss	\$ (67,088)	\$ (26,071)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation & amortization	3,387	37
Stock-based compensation	14,919	9,930
Accretion of discount on available-for-sale securities	(548)	-
Amortization of debt discount	-	1,678
Change in fair value of derivative liability	-	222
Changes in operating assets and liabilities, net of effects of business acquired:		
Accounts receivable, net	(718)	(10)
Inventory	-	447
Prepaid expenses	(6,229)	(2,776)
Other receivables	(496)	(180)
Other current assets	(133)	-
Accounts payable	3,479	1,556
Accrued liabilities	2,688	(111)
Deferred revenue	(17)	14
Operating lease liabilities, net	155	(15)
Net cash used in operating activities	<u>(50,601)</u>	<u>(15,279)</u>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(20,831)	(5,395)
Purchases of short-term marketable securities	(107,485)	-
Proceeds from maturity of marketable securities	14,200	-
Security deposits	(119)	-
Acquisition, net of cash acquired	(7,504)	-
Capitalized software	(405)	-
Net cash used in investing activities	<u>(122,144)</u>	<u>(5,395)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of common stock, net of offering costs	75,847	35,849
Proceeds from issuance of common stock under the 2025 Equity Distribution Agreement, net of offering costs	78,767	-
Proceeds from issuance of prefunded warrants to purchase common stock in connection with private placement, net of issuance costs	-	17,116
Proceeds from exercise of warrants	11,381	16,325
Proceeds from exercise of options	405	87
Proceeds from short-swing profit disgorgement	48	-
Payments of deferred offering costs	-	-
Repayment of financing lease liability	(186)	(1,322)
Proceeds from convertible notes payable, net of offering costs	-	4,845
Repayments of notes payable, related party	-	(70)
Repayments of note payable	-	(1,250)
Net cash provided by financing activities	<u>166,262</u>	<u>71,580</u>
Effect of exchange rate changes on cash and cash equivalents	56	-
<b>Net change in cash and cash equivalents</b>	<b>(6,427)</b>	<b>50,906</b>
Cash and cash equivalents at beginning of period	123,266	7
<b>Cash and cash equivalents at end of period</b>	<b>\$ 116,839</b>	<b>\$ 50,913</b>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for income taxes	\$ -	\$ -
Cash paid for interest	\$ 93	\$ 50
<b>Supplemental disclosure of non-cash investing and financing activities:</b>		
Purchases of property and equipment, accrued but not paid	\$ 1,339	\$ -
Conversion of convertible notes and derivative into common stock	\$ -	\$ 6,804

See accompanying notes to the unaudited condensed consolidated financial statements



**Serve Robotics Inc.**  
**Notes to the Unaudited Condensed Consolidated Financial Statements**

## **1. NATURE OF OPERATIONS, HISTORY, ORGANIZATION AND BUSINESS**

Serve Operating Co. (formerly known as Serve Robotics Inc.) (“Serve”) is a corporation formed on January 15, 2021 under the laws of the State of Delaware and a wholly-owned subsidiary of Serve Robotics Inc. (formerly known as Patricia Acquisition Corp.) (the “Company”). The Company is developing next-generation robots for last-mile delivery services. The Company is headquartered in Redwood City, California.

On July 31, 2023, Serve Acquisition Corp., a corporation formed in the State of Delaware on July 10, 2023 (“Acquisition Sub”) and a wholly-owned subsidiary of Patricia Acquisition Corp., a Delaware corporation incorporated on November 9, 2020 (“Patricia”), merged with and into Serve. Pursuant to this transaction (the “Merger”), Serve was the surviving corporation and became Patricia’s wholly-owned subsidiary, and all of the outstanding stock of Serve was converted into shares of Patricia’s common stock. All of Serve’s outstanding warrants and options were assumed by Patricia. In addition, on July 31, 2023, the board of directors of Patricia and all of its pre-Merger stockholders approved a restated certificate of incorporation, which was effective upon its filing with the Secretary of State of the State of Delaware on July 31, 2023, and through which Patricia changed its name to “Serve Robotics Inc.” Following the consummation of the Merger, Serve changed its name to “Serve Operating Co.”

As a result of the Merger, Patricia acquired the business of Serve and continued the existing business operations of Serve as a public reporting company under the name Serve Robotics Inc. In accordance with “reverse merger” or “reverse acquisition” accounting treatment, Serve was determined to be the accounting acquirer. Patricia’s historical financial statements before the Merger have been replaced with the historical financial statements of Serve before the Merger in filings with the Securities and Exchange Commission (the “SEC”) since the Merger unless otherwise noted.

### *Public Offering and Uplisting to Nasdaq*

On April 17, 2024, the Company entered into an underwriting agreement (the “Underwriting Agreement”) with an underwriter (the “Underwriter”) in connection with the public offering of 10,000,000 shares of the Company’s common stock, par value \$0.0001, at a public offering price of \$4.00 per share (the “Offering”). The Company’s net proceeds from the Offering, after deducting the underwriting discount and other estimated offering expenses payable by the Company, were approximately \$35.8 million. As a result of the Offering, the Company’s common stock was approved for listing on The Nasdaq Capital Market and commenced trading under the ticker symbol “SERV” beginning on April 18, 2024. See Note 9.

### *Enactment of the One Big Beautiful Bill Act*

On July 4, 2025, the U.S. government enacted into law the One Big Beautiful Bill Act (“OBBBA”), which includes significant changes to federal tax law, including modifications to bonus depreciation, research and development expensing and international tax regimes. As the legislation was enacted after the end of the Company’s reporting period, the effects are not reflected in these unaudited condensed consolidated financial statements. While the Company continues to evaluate the impact of the legislation on its unaudited condensed consolidated financial statements, it does not currently expect the tax provisions of the OBBBA to have a material impact within its unaudited condensed consolidated statements of operations.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### *Basis of Presentation and Principles of Consolidation*

The unaudited condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation. The unaudited condensed consolidated financial statements have been prepared in accordance with the rules and regulations of the SEC applicable to interim period financial statements and do not include all of the information and disclosures required by accounting principles generally accepted in the United States (“GAAP”) for complete financial statements. In the opinion of management, the unaudited condensed consolidated financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the financial position and the results of operations for the periods presented.

These unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited financial statements and the notes thereto for the year ended December 31, 2024 included our Annual Report on Form 10-K. Interim results are not necessarily indicative of the results that may be expected for a full year.

### ***Segment Information***

Operating segments are defined as components of an entity for which discrete financial information is available that is regularly reviewed by the Chief Operating Decision Maker ("CODM") in deciding how to allocate resources and in assessing performance. The Company's Chief Executive Officer serves as the Company's CODM. The CODM reviews financial information on a consolidated basis for purposes of making operating decisions, allocating resources, and evaluating financial performance. As such, the Company has one operating and reportable segment. See further information in Note 12.

### ***Liquidity and Going Concern***

As of September 30, 2025 our principal sources of liquidity were cash and cash equivalents and marketable securities of \$210.4 million, which consisted of unrestricted cash and cash equivalents on hand of \$116.8 million and \$93.6 million in marketable securities. Although the Company has incurred recurring losses each year since its inception, the Company expects it will be able to fund its operations for at least the next twelve months from the issuance of these unaudited condensed consolidated financial statements. We believe we will meet longer term expected future cash requirements and obligations through available cash balances. However, our projections of future cash needs and cash flows may differ from historical results. If current cash on hand, cash equivalents, and cash that may be generated from our business operations are insufficient to continue to operate our business, or if we elect to invest in or acquire a company or companies or new technology or technologies that are synergistic with or complementary to our technologies, we may be required to obtain more working capital. We have and may continue to seek to obtain working capital during our fiscal year 2025 or thereafter through sales of our equity securities or convertible debt or through public or private debt facilities from various financial institutions where possible, though the availability of such funding, and applicable terms, will be dependent on prevailing market conditions.

If we do identify sources for additional funding, the sale of additional equity securities or convertible debt will result in dilution to our stockholders. We can give no assurance that we will generate sufficient cash flows in the future to satisfy our liquidity requirements or sustain future operations, or that other sources of funding, such as sales of equity or debt, would be available or would be approved by our securityholders, if needed, on favorable terms or at all. If we fail to obtain additional working capital as and when needed, such failure could have a material adverse impact on our business, results of operations and financial condition. Furthermore, such lack of funds may inhibit our ability to respond to competitive pressures or unanticipated capital needs, or may force us to reduce operating expenses, which would significantly harm the business and development of operations.

The Company's unaudited condensed consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates, among other things, the realization of assets and satisfaction of liabilities in the normal course of business.

### ***Use of Estimates***

The preparation of the Company's unaudited condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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. Significant estimates and assumptions reflected in these financial statements include, but are not limited to, estimated useful lives of property and equipment and intangible assets, impairment of long-lived assets, allocation of overhead costs between cost of revenue and operating expenses, valuation of stock-based compensation, and valuation of acquired intangible assets and goodwill. The Company bases its estimates on historical experience, known trends and other market-specific or other relevant factors that it believes to be reasonable under the circumstances. On an ongoing basis, management evaluates its estimates when there are changes in circumstances, facts and experience. Changes in estimates are recorded in the period in which they become known. Actual results could differ from those estimates.

### ***Concentrations of Credit Risk***

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and marketable securities. The Company generally maintains balances in various operating accounts at financial institutions that management believes to be credit worthy, in amounts that may exceed federally insured limits. The Company has not experienced any losses related to its cash and cash equivalents and does not believe that it is subject to unusual credit risk beyond the normal credit risk associated with commercial banking relationships.

#### ***Concentrations***

A significant portion of our revenue is concentrated with three customers, Customer A, Customer B, and Customer C.

For the three months ended September 30, 2025 and 2024, sales to Customer A accounted for 43% and 78% of our total revenue, respectively. For the nine months ended September 30, 2025 and 2024, sales to Customer A accounted for 34% and 22% of our total revenue, respectively.

For the three months ended September 30, 2025 and 2024, sales to Customer B accounted for 27% and none of our total revenue, respectively. For the nine months ended September 30, 2025 and 2024, sales to Customer B accounted for 10% and none of our total revenue, respectively.

For the three months ended September 30, 2025 and 2024, sales to Customer C accounted for < 10% and 17% of our total revenue, respectively. For the nine months ended September 30, 2025 and 2024, sales to Customer C accounted for 27% and 72% of our total revenue, respectively.

A significant portion of our Accounts Receivable balance is concentrated with four customers, Customer A, Customer B, Customer C, and Customer D.

As of September 30, 2025, Customer C and Customer B accounted for 55% and 20% of our accounts receivable, respectively. As of December 31, 2024, Customer D and Customer A accounted for 86% and 12% of our accounts receivable, respectively.

There are inherent risks whenever a large percentage of total revenues and accounts receivable are concentrated with a limited number of customers. The loss of any or all of these customers could have a negative impact on our planned operations.

#### ***Business Combinations***

The Company accounts for business combinations using the acquisition method of accounting, which requires, among other things, allocation of the fair value of purchase consideration to the tangible and intangible assets acquired and liabilities assumed at their estimated fair values on the acquisition date. The excess of the fair value of purchase consideration over the values of these identifiable assets and liabilities is recorded as goodwill. When determining the fair value of assets acquired and liabilities assumed, management makes significant estimates and assumptions, especially with respect to the valuation of intangible assets. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. During the measurement period, not to exceed one year from the date of acquisition, the Company may record adjustments to the assets acquired and liabilities assumed, with a corresponding offset to goodwill if new information is obtained related to facts and circumstances that existed as of the acquisition date. Upon the conclusion of the measurement period or final determination of the fair value of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are reflected in the consolidated statements of operations. Acquisition costs, such as legal and consulting fees, are expensed as incurred.

#### ***Cash and Cash Equivalents***

The Company considers all highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents.

#### ***Marketable Securities***

Marketable securities primarily consist of certificates of deposit, commercial paper, U.S. government agency securities, U.S. Treasury securities, corporate bonds and mutual funds. The Company invests in a diversified portfolio of marketable securities and limits the concentration of its investment in any particular security. Securities with maturities greater than three months but less than one year are included in current assets, and securities with maturities greater than one year are included in non-current assets on the consolidated balance sheets. All marketable securities are classified as available-for-sale and reported at fair value.

If the estimated fair value of an available-for-sale debt security is below its amortized cost basis, then the Company evaluates the security for impairment. The Company considers its intent to sell the security or whether it is more likely than not that it will be required to sell the security before recovery of its amortized basis. If either of these criteria are met, the debt security's amortized cost basis is written down to fair value through other expense, net in the consolidated statements of operations. If neither of these criteria are met, the Company evaluates whether unrealized losses have resulted from a credit loss or other factors. The factors considered in determining whether a credit loss exists can include the extent to which fair value is less than the amortized cost basis, changes to the rating of the security by a rating agency, any adverse conditions specifically related to the security, as well as other factors. An impairment relating to credit losses is recorded through an allowance for credit losses reported in other expense, net in the unaudited condensed consolidated statements of operations. The allowance is limited by the amount that the fair value of the debt security is below its amortized cost basis. When a credit loss exists, the Company compares the present value of cash flows expected to be collected from the debt security with the amortized cost basis of the security to determine what allowance amount, if any, should be recorded. Unrealized losses not resulting from credit losses are recorded in accumulated other comprehensive income (loss).

### ***Fair Value Measurements***

Certain assets and liabilities of the Company are carried at fair value under GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. Financial assets and liabilities carried at fair value are to be classified and disclosed in one of the following three levels of the fair value hierarchy, of which the first two are considered observable and the last is considered unobservable:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs (other than Level 1 quoted prices), such as quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data.
- Level 3—Unobservable inputs that are supported by little or no market activity that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies and similar techniques.

The carrying values of the Company's accounts receivable, prepaid expenses and accounts payable and accrued expenses approximate their fair values due to the short-term nature of these assets and liabilities.

See Note 5 for fair value disclosures.

### ***Accounts Receivable***

Accounts receivable are derived from services delivered to customers and reported net of allowance. Each month, the Company reviews its receivables on a customer-by-customer basis and evaluates whether an allowance for credit loss is necessary based on any known or perceived collection issues. Any balances that are eventually deemed uncollectible are written off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. As of September 30, 2025 and December 31, 2024, the Company determined there was an immaterial amount of allowance for credit losses.

### ***Property and Equipment***

Property and equipment are stated at cost less accumulated depreciation. Depreciation expense is recognized using the straight-line method over the estimated useful life of the asset, which is two to four years for office equipment and two to

four years for the Company's robot assets, and the shorter of remaining lease term or estimated useful life for leasehold improvements. Estimated useful lives are periodically assessed to determine if changes are appropriate. Maintenance and repairs are charged to expense as incurred. When assets are retired or otherwise disposed of, the cost of these assets and related accumulated depreciation or amortization are eliminated from the balance sheets and any resulting gains or losses are included in the statements of operations in the period of disposal. As of September 30, 2025, certain amounts previously categorized as inventory have been reclassified as Property and Equipment. The reclassification had an immaterial impact on our unaudited condensed consolidated balance sheets.

### ***Leases***

The Company accounts for leases under ASC 842 – Leases. The Company does not apply the recognition requirements for leases with a term of twelve months or less.

The Company determines if an arrangement is a lease, or includes an embedded lease, at inception for each contract or agreement. A contract is or contains an embedded lease if the contract meets all of the below criteria:

- (i) there is an identified asset;
- (ii) the Company obtains substantially all of the economic benefits of the asset; and
- (iii) the Company has the right to direct the use of the asset.

The Company's operating lease agreements include office and warehouse space, and cargo vans. "ROU assets" represent the right to use an underlying asset for the lease term and operating lease liabilities represent the obligation to make payments arising from the lease or embedded lease. Operating lease ROU assets and operating lease liabilities are recognized at commencement date based on the present value of the future minimum lease payments over the lease term. As most leases do not provide an implicit rate, the Company uses an incremental borrowing rate that is based on the estimated rate of interest for a collateralized borrowing of a similar asset, using a similar term as the lease payments at the commencement date. Indirect capital costs are capitalized and included in the ROU assets at commencement.

The operating lease ROU assets and operating lease liabilities include any lease payments made, including any variable amounts that are based on an index or rate, and exclude lease incentives. Variability that is not due to an index or rate, such as payments made based on hourly rates, are excluded from the lease liability. Lease terms may include options to extend or terminate the lease.

Renewal option periods are included within the lease term and the associated payments are recognized in the measurement of the operating ROU asset and operating lease liability when they are at our discretion and considered reasonably certain of being exercised. Over the lease term, the Company uses the effective interest rate method to account for the lease liability as lease payments are made and the ROU asset is amortized in a manner that results in straight-line expense recognition.

### ***Intangible Assets, Net***

Intangible assets are recorded at fair value as of the date of acquisition and amortized on a straight-line basis over their estimated useful lives. The Company reviews identifiable amortizable intangible assets for impairment under the long-lived asset model described under "Impairment of Long-Lived Assets" below.

### ***Goodwill***

Goodwill represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired in a business combination. Goodwill is not amortized but is tested for impairment at least annually or more frequently if events or changes in circumstances indicate that the asset may be impaired. The Company's impairment tests are based on a single operating segment and reporting unit structure. If the carrying value of the reporting unit exceeds its fair value, an impairment charge is recognized for the excess of the carrying value of the reporting unit over its fair value.

### ***Impairment of Long-Lived Assets***

The Company accounts for long-lived assets in accordance with the provisions of ASC 360 – Property, Plant and Equipment. The Company continually monitors events and changes in circumstances that could indicate carrying amounts of long-lived assets may not be recoverable. When such events or changes in circumstances are present, the Company

assesses the recoverability of long-lived assets by determining whether the carrying value of such assets will be recovered through undiscounted expected future cash flows. If the total of the future cash flows is less than the carrying amount of those assets, the Company recognizes an impairment loss based on the excess of the carrying amount over the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell.

#### ***Deferred Offering Costs***

The Company complies with the requirements of ASC 340-10-S99-1 with regards to offering costs. Prior to the completion of an offering, offering costs are capitalized. The deferred offering costs are charged to additional paid-in capital or as a discount to debt, as applicable, upon the completion of an offering or to expense if the offering is not completed.

#### ***Convertible Instruments***

The Company evaluates its convertible instruments, options, warrants or other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for under ASC 815 – Derivatives and Hedging (“ASC 815”). The result of this accounting treatment is that the fair value of the derivative is marked-to-market each balance sheet date and recorded as a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded in the statements of operations as other income (expense). Upon conversion or exercise of a derivative instrument, the instrument is marked to fair value at the conversion date and then that fair value is reclassified to equity. Equity instruments that are initially classified as equity that become subject to reclassification under ASC 815 are reclassified to liabilities at the fair value of the instrument on the reclassification date. GAAP requires companies to bifurcate conversion options from their host instruments and account for them as free-standing derivative financial instruments according to certain criteria. The criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument. An exception to this rule is when the host instrument is deemed to be conventional as that term is described under applicable GAAP.

#### ***Accounting for Preferred Stock***

ASC 480 – Distinguishing Liabilities from Equity, includes standards for how an issuer of equity (including equity shares issued by consolidated entities) classifies and measures on its consolidated balance sheet certain financial instruments with characteristics of both liabilities and equity.

Management is required to determine the presentation for the preferred stock as a result of the redemption and conversion provisions, among other provisions in the agreement. Specifically, management is required to determine whether the embedded conversion feature in the preferred stock is clearly and closely related to the host instrument, and whether the bifurcation of the conversion feature is required and whether the conversion feature should be accounted for as a derivative instrument. If the host instrument and conversion feature are determined to be clearly and closely related (both more akin to equity), derivative liability accounting under ASC 815 is not required. Management determined that the host contract of the preferred stock is more akin to equity, and accordingly, liability accounting is not required by the Company. The Company has presented preferred stock within stockholders’ equity.

Costs incurred directly for the issuance of the preferred stock are recorded as a reduction of gross proceeds received by the Company, resulting in a discount to the preferred stock. The discount is not amortized.

#### ***Accumulated Other Comprehensive Income (Loss)***

Accumulated other comprehensive income (loss) primarily consists of foreign currency translation adjustments and unrealized gains and losses on available-for-sale marketable securities. The financial statements of the Company’s non-U.S. subsidiaries are translated from their functional currency, into U.S. dollars.

Assets and liabilities are translated from the functional currency into U.S. dollars at period end rates of exchange, and revenue and expenses are translated using average monthly exchange rates. The resulting gain or loss is included in accumulated other comprehensive income (loss) on the consolidated balance sheets.

Available-for-sale securities are reported at fair value, with unrealized gains and losses included as a separate component of stockholders' equity within accumulated other comprehensive income (loss).

### ***Stock-Based Compensation***

The Company accounts for stock-based compensation in accordance with ASC 718 – Compensation – Stock Compensation (“ASC 718”). The Company measures all stock-based awards granted to employees, directors and non-employee consultants based on the fair value on the date of the grant and recognizes compensation expense for those awards over the requisite service period, which is generally the vesting period of the respective award. For awards with service-based vesting conditions, the Company records the expense for using the straight-line method. For awards with performance-based vesting conditions, the Company records the expense if and when the Company concludes that it is probable that the performance condition will be achieved.

The Company classifies stock-based compensation expense in its statements of operations in the same manner in which the award recipient's payroll costs are classified or in which the award recipient's service payments are classified.

The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model. The Company historically was a private company and lacks company-specific historical and implied volatility information for its stock. Therefore, it estimates its expected stock price volatility based on the historical volatility of publicly traded peer companies and expects to continue to do so until such time as it has adequate historical data regarding the volatility of its own traded stock price. The expected term of the Company's stock options has been determined utilizing the “simplified” method for awards that qualify as “plain-vanilla” options. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award. Expected dividend yield is based on the fact that the Company has never paid cash dividends on common stock and does not expect to pay any cash dividends in the foreseeable future. Forfeitures are recognized as incurred. Determining the appropriate fair value of stock-based awards requires the input of subjective assumptions. The assumptions used in calculating the fair value of stock-based awards represent management's best estimates and involve inherent uncertainties and the application of management's judgment. As a result, if factors change and management uses different assumptions, stock-based compensation expense could be materially different for future awards.

### ***Revenue Recognition***

The Company accounts for revenue under ASC 606 – Revenue from Contracts with Customers. The Company determines revenue recognition through the following steps:

- Identification of a contract with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when or as the performance obligations are satisfied.

Revenue is recognized when control of the promised goods or services is transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. As a practical expedient, the Company does not adjust the transaction price for the effects of a significant financing component if, at contract inception, the period between customer payment and the transfer of goods or services is expected to be one year or less.

The Company recognizes revenue on its fleet services when the performance obligation is satisfied. The fleet performs delivery services, branding services, and unit sales. The Company's performance obligation on a delivery is satisfied when the delivery is complete, which is the point in time control of the delivered product transfers to the customer. The Company's performance obligation on branding services is to continually promote a brand over the duration of the contractual term, which is typically less than one year. The Company primarily recognizes revenue in the amount that it has the right to invoice as advertising services are rendered.

The Company recognizes revenue on its software services over time based on the contract term. The Company determines measurable performance obligations, which are assessed on a contract by contract basis. The Company develops certain measures to estimate the progress of the performance obligation at each reporting period end. Software service fees that have been invoiced or paid but performance obligations have not been met are recorded as deferred revenue.

### ***Disaggregation of Revenue***

The disaggregation of revenue is as follows (in thousands):

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Software services	\$ 254	\$ 39	\$ 795	\$ 1,186
Fleet services	433	183	974	451
	<u>\$ 687</u>	<u>\$ 222</u>	<u>\$ 1,769</u>	<u>\$ 1,637</u>

### ***Cost of Revenue***

Cost of revenue consists primarily of allocations of depreciation on robot assets used for revenue producing activities, personnel time related to revenue-producing activities, and costs related to data, software and similar costs that allow the robots to function as intended and for the Company to communicate with the robots while in service.

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

Sales and marketing expenses include personnel costs. Advertising costs are expensed as incurred and included in sales and marketing expenses.

### ***Operations***

Operations expenses consist of lease expense for facilities and certain field operations personnel to support fleet services. The Company considers these expenses to be indirect costs to deliver fleet services.

### ***General and Administrative Expenses***

General and administrative expenses primarily consist of personnel-related expenses for executive management and administrative functions, including finance and accounting, legal, and human resources, as well as general corporate expenses and general insurance. General and administrative expenses also include depreciation on property and equipment and facility costs. These costs are expensed as incurred.

### ***Research and Development Costs***

Costs incurred in the research and development of the Company's products are expensed as incurred. Research and development costs include product design, hardware and software costs. Per ASC 730 – Research and Development, the Company recognizes all research and development costs in the statements of operations as they occur. Assets with alternative future uses are capitalized and depreciated over their useful lives, with the depreciation expense reported under research and development costs.

### ***Income Taxes***

The Company accounts for income taxes using the liability method in accordance with ASC 740 – Income Taxes. Under this method, deferred income tax assets and liabilities are recognized for temporary differences between the financial reporting and tax bases of assets and liabilities, using tax rates expected to be in effect when these differences reverse.

A valuation allowance is established when, in management's estimate, it is more-likely-than-not that the deferred tax asset will not be realized. The Company evaluates its income tax positions in accordance with ASC 740-10. For tax positions where it is more likely than not that a benefit will be sustained, the Company recognizes the largest amount of tax benefit

that is greater than 50% likely to be realized upon ultimate settlement with a taxing authority having full knowledge of all relevant information.

### ***Net Loss per Share***

Net earnings or loss per share is computed by dividing net income or loss by the weighted-average number of common shares outstanding during the period, excluding shares subject to redemption or forfeiture. The Company presents basic and diluted net earnings or loss per share. Diluted net earnings or loss per share reflect the actual weighted average of common shares issued and outstanding during the period, adjusted for potentially dilutive securities outstanding. Potentially dilutive securities are excluded from the computation of the diluted net loss per share if their inclusion would be anti-dilutive. As all potentially dilutive securities are anti-dilutive as of September 30, 2025 and 2024, diluted net loss per share is the same as basic net loss per share for each period. Potentially dilutive items outstanding as of September 30, 2025 and 2024 are as follows:

	September 30,	
	2025	2024
Common stock warrants	5,079,294	4,474,524
Stock options	866,268	1,521,585
Shares related to recourse and non-recourse loans	50,178	112,490
Unvested restricted stock units and performance restricted stock units	8,984,403	4,814,060
Total potentially dilutive shares	14,980,143	10,922,659

### ***Recently Adopted Accounting Pronouncements***

In November 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2023-07, Segment Reporting (Topic 280), Improvements to Reportable Segment Disclosures to enable investors to better understand an entity’s overall performance through enhanced disclosures about significant segment expenses. The guidance enhances interim disclosure requirements, clarifies circumstances in which an entity can disclose multiple segment measures of profit or loss, and provide new segment disclosure requirements for entities with a single reportable segment. The Company adopted the provisions of ASU No. 2023-07 during the fourth quarter of December 31, 2024. Refer to Note 12 for further information.

### ***New Accounting Pronouncements Not Yet Adopted***

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740) - Improvements to Income Tax Disclosures, which requires greater disaggregation of income tax disclosures related to the income tax reconciliation and income taxes paid. The amendments improve the transparency of income tax disclosures by requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. The new standard is effective for annual periods beginning after December 15, 2024, and early adoption is permitted. The Company expects to adopt ASU 2023-09 in its consolidated financial statements for the year ended December 31, 2025. The adoption will require certain additional disclosure in the notes to the Company’s consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, which requires the disaggregation of certain expenses in the notes of the financial statements to provide enhanced transparency into the expense captions presented on the face of the statements of operations. ASU 2024-03 is effective for annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027, and may be applied either prospectively or retrospectively. Early adoption is permitted. The adoption will require certain additional disclosure in the notes to the Company’s consolidated financial statements.

In July 2025, the FASB issued ASU No. 2025-05, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets (ASU 2025-05), which provides a practical expedient for entities to estimate expected credit losses on current accounts receivable and current contract assets arising from revenue transactions accounted for under ASC 606. ASU 2025-05 is effective for the Company for annual periods beginning after December 15, 2025, and interim periods within those annual periods. Early adoption is permitted. The Company is evaluating the impact of this standard on its financial statements and related disclosures.

In September 2025, the FASB issued ASU 2025-06, Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software (“ASU 2025-06”), which removes all references to prescriptive and sequential software development stages and establishes new criteria for the capitalization of internal-use software costs. ASU 2025-06 is effective for fiscal years beginning after December 15, 2027, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact of the adoption of this guidance on its consolidated financial statements and disclosures.

### 3. ACQUISITION

#### *Voysys AB Acquisition*

On April 1, 2025, (the “Voysys Closing Date”), the Company acquired from Phantom Auto Inc., a Delaware corporation (“Phantom”) (i) all of the issued and outstanding equity of Voysys AB, a limited liability company duly incorporated and organized under the laws of Sweden (“Voysys”) and (ii) certain intellectual property, including registered patents, of Phantom, which was accounted for under the acquisition method of accounting. Voysys is a Swedish pioneer in ultra-low latency video streaming, connectivity, and teleoperation technology. The Company’s acquisition of Voysys enhances Serve’s technology stack to support its rapidly growing fleet of autonomous delivery robots.

The Company allocated the fair value of the purchase price consideration to the tangible assets, liabilities, and intangible assets acquired, based on estimated fair values. The excess purchase price over those fair values is recorded as goodwill. The Company’s valuation assumptions of acquired assets and assumed liabilities require significant estimates with respect to intangible assets. In determining the fair value of intangible assets acquired, the Company must make assumptions about the future performance of the acquired business, including among other things, the forecasted revenue growth attributable to the asset group and projected operating expenses. The acquired company’s intangible assets are comprised of customer relationships, trade names and developed technology. The estimated fair value of the customer relationships, trade names and developed technology are determined using the multi-period excess earnings method and relief from royalty method. Both methods require forward-looking estimates that are discounted to determine the fair value of the intangible asset using a risk-adjusted discount rate that is reflective of the level of risk associated with future estimates associated with the asset group that could be affected by future economic and market conditions. The estimated fair value of the developed technology is also dependent on the selection of the royalty rate used in the valuation method.

The total purchase consideration was approximately \$5.75 million of cash consideration. The preliminary goodwill of \$4.33 million arising from the acquisition is attributed to the expected synergies, including future cost savings, and other benefits expected to be generated. Substantially all of the goodwill recognized is not expected to be deductible for tax purposes.

The Company recorded an insignificant amount of acquisition related costs in the nine months ended September 30, 2025, representing professional fees and other direct acquisition costs. These costs are recorded within selling, general, and administrative expense in our unaudited condensed consolidated statements of operations.

Certain data necessary to complete the purchase price allocation remains preliminary. The Company expects to complete the purchase price allocation within 12 months of the Voysys Closing Date, at which time the purchase price allocation set forth herein may be revised. Any such revisions or changes may be material. The Company utilized widely accepted income-based, market-based, and cost-based valuation approaches to perform the preliminary purchase price allocation.

The Company’s preliminary allocation of the purchase price, based on the estimated fair value of the assets acquired and liabilities assumed as of the Voysys Closing Date, is as follows (in thousands):

	<b>Preliminary: April 1, 2025</b>
Cash consideration paid	\$ 5,170
Escrow amount	575
Purchase price	<u>5,745</u>
<b>Assets acquired:</b>	
Cash and cash equivalents	111
Other current assets	73
Other assets	17
Intangible assets	<u>1,370</u>
Total identifiable assets acquired	1,571
<b>Liabilities assumed:</b>	
Current liabilities	<u>(153)</u>
Total identifiable liabilities assumed	(153)
Fair value of identifiable assets, net of identifiable liabilities assumed	\$ 1,418
Goodwill	<u>\$ 4,327</u>

The following table summarizes the preliminary fair values of the identified intangible assets acquired (in thousands):

<b>Intangible Assets</b>	<b>Useful life (in years)</b>	<b>Preliminary fair value at acquisition</b>
Developed technology	15 \$	980
Customer relationships	25	255
Trade names	10	135
	16 \$	1,370

### ***Vayu Acquisition***

On August 14, 2025, the Company entered into an Agreement and Plan of Merger by and among the Company, Valencia Merger Sub I Inc., a Delaware corporation and the Company's direct wholly-owned subsidiary ("Merger Sub I"), Valencia Merger Sub II LLC, a Delaware limited liability company and the Company's direct wholly-owned subsidiary ("Merger Sub II"), Vayu Robotics, Inc., a Delaware corporation ("Vayu") and certain of Vayu's securityholders (the "Vayu Merger Agreement").

Pursuant to the Vayu Merger Agreement, on August 15, 2025 (the "Vayu Closing Date"), (i) Merger Sub I merged with and into Vayu, with Vayu surviving as a direct wholly-owned subsidiary of the Company and (ii) Vayu subsequently merged with and into Merger Sub II, with Merger Sub II surviving the merger. In connection with the closing of the transactions contemplated by the Vayu Merger Agreement, the Company acquired all of the issued and outstanding equity of Vayu, which was accounted for under the acquisition method of accounting. Vayu is a pioneer in urban robot navigation using large-scale AI models, and the Company's acquisition of Vayu supports the adoption of advanced AI-driven autonomy by integrating Vayu's foundation model technology and simulation capabilities.

The total fair value of consideration paid in connection with the acquisition of Vayu consisted of the following (in thousands):

	Shares	Per Share	Total Consideration
Cash paid for outstanding shares of Vayu common and preferred stock, as adjusted for working capital			\$ 2,278
Company common shares issued to Vayu common and preferred stockholders	1,539,906	\$ 9.71	14,952
Company warrants issued to Vayu SAFE holder, Khosla Ventures	4,000,000	\$ 5.41	21,640
Replacement equity awards attributable to pre-combination service			734
			<u>\$39,604</u>

The Company allocated the fair value of the purchase price consideration to the tangible assets acquired and liabilities assumed, based on estimated fair values. The excess purchase price over those fair values is recorded as goodwill. The Company's valuation assumptions of acquired assets and assumed liabilities require significant estimates with respect to intangible assets. The acquired company's intangible assets are comprised of developed technology. The estimated fair value of the developed technology was determined using the cost method, which estimates the value of an asset based on the current cost to replace or reproduce it, adjusted for physical deterioration, functional obsolescence, and economic factors. This method reflects the amount a market participant would need to invest to create an asset of comparable utility, considering current technology and development costs.

The total purchase consideration was approximately \$39.60 million of cash, common stock, warrant, and replacement equity awards. The preliminary goodwill of \$7.51 million arising from the acquisition is attributed to the expected synergies, including innovation synergies, and other benefits expected to be generated. Substantially all of the goodwill recognized is not expected to be deductible for tax purposes. The estimated fair value of the warrants was determined using the black-scholes model. The estimated fair value of the replacement equity awards attributable to pre-combination service was determined using the binomial lattice model.

In connection with Vayu Merger Agreement, the Company granted performance-based RSUs ("PRsUs"). 880,001 PRsUs were granted to certain employees and 560,000 PRsUs were granted to certain shareholders. All PRsUs will vest or commence vesting upon achievement of a specified operational target (the "Milestone") by December 31, 2026 (the "Milestone Date"). In addition, the PRsUs may be subject to a continuous service condition.

The Company recorded \$1.28 million of acquisition related costs in the nine months ended September 30, 2025, representing professional fees and other direct acquisition costs. These costs are recorded within selling, general, and administrative expense in our unaudited condensed consolidated statements of operations.

Certain data necessary to complete the purchase price allocation remains preliminary. The Company expects to complete the purchase price allocation within 12 months of the Vayu Closing Date, at which time the purchase price allocation set forth herein may be revised. Any such revisions or changes may be material. The Company utilized widely accepted income-based, market-based, and cost-based valuation approaches to perform the preliminary purchase price allocation.

The Company's preliminary allocation of the purchase price, based on the estimated fair value of the assets acquired and liabilities assumed as of the Vayu Closing Date, is as follows (in thousands):

	<b>Preliminary: August 15, 2025</b>
Total purchase price consideration	39,604
Assets acquired:	
Cash and cash equivalents	6
Other current assets	57
Intangible assets	32,439
Total identifiable assets acquired	32,502
Liabilities assumed:	
Accounts payable	(366)
Other current liabilities	(44)
Total identifiable liabilities assumed	(410)
Fair value of identifiable assets, net of identifiable liabilities assumed	\$ 32,092
Goodwill	\$ 7,512

The following table summarizes the preliminary fair values of the identified intangible assets acquired (in thousands):

	<b>Useful life (in years)</b>	<b>Preliminary fair value at acquisition</b>
Developed technology	5	\$ 32,439

#### 4. GOODWILL AND INTANGIBLE ASSETS, NET

The changes in the carrying amount of goodwill during the nine months ended September 30, 2025 were as follows (in thousands):

	<b>Total</b>
Balance as of December 31, 2024	\$ —
Acquisitions	11,839
Balance as of September 30, 2025	<u>\$ 11,839</u>

Goodwill represents the excess of the cost over the net tangible and identifiable intangible assets of acquired businesses.

Intangible assets, net consisted of the following as of September 30, 2025 (in thousands):

	<b>Weighted-Average Remaining Useful Life (in years)</b>	<b>Gross Carrying Value</b>	<b>Accumulated Amortization</b>	<b>Net Carrying Value</b>
Developed technology	5.1	\$ 33,419	\$ 927	\$ 32,492
Customer relationships	24.5	255	5	250
Trade names	9.5	135	6	129
Balance as of September 30, 2025		<u>\$ 33,809</u>	<u>\$ 938</u>	<u>\$ 32,871</u>

Amortization expense related to intangible assets was \$915 thousand and zero for the three months ended September 30, 2025 and 2024, respectively, and \$938 thousand and zero for the nine months ended September 30, 2025 and 2024, respectively.

The technology intangible assets are being amortized over five to 15 years, customer relationships over 25 years, and trade names over 10 years.

The estimated future amortization expense of intangible assets as of September 30, 2025 is as follows (in thousands):

<b>Year Ending December 31,</b>	<b>Amortization Expense</b>
Remainder of 2025	\$ 1,644
2026	6,577
2027	6,577
2028	6,577
2029	6,577
Thereafter	4,919
Total estimated future amortization expense	<u>\$ 32,871</u>

#### 5. FAIR VALUE MEASUREMENTS

##### Assets Measured at Fair Value on a Recurring Basis

The following table sets forth the Company's cash equivalents and short-term marketable securities that were measured at fair value on a recurring basis by level within the fair value hierarchy as of September 30, 2025 (in thousands):

	<b>Fair Value Measurements as of September 30, 2025:</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Cash equivalents</b>				
Money market funds	\$ 71,296	\$ —	\$ —	\$ 71,296
Certificates of deposit	10,004	—	—	10,004
U.S. Treasury securities	12,960	—	—	12,960
<b>Short-term marketable securities</b>				
Certificates of deposit	—	20,037	—	20,037
Commercial paper	—	34,090	—	34,090
Corporate notes/bonds	—	32,548	—	32,548
U.S. Treasury securities	—	6,933	—	6,933
<b>Total</b>	<b>\$ 94,260</b>	<b>\$ 93,608</b>	<b>\$ —</b>	<b>\$ 187,868</b>

There were no Level 1, 2 or 3 assets or liabilities as of December 31, 2024.

The fair value of the Company's Level 1 financial instruments is based on quoted market prices for identical instruments in active markets. The fair value of the Company's Level 2 fixed income securities is obtained from independent pricing services, which may use quoted market prices for identical or comparable instruments in less active markets or model driven valuations using observable market data or inputs corroborated by observable market data.

#### **Assets Measured at Fair Value on a Non-Recurring Basis**

##### ***Derivative Liability***

In connection with the issuance of the Company's convertible notes, the Company recorded a derivative liability (see Note 8). The estimated fair value of the derivative liability was recorded using significant unobservable measures and other fair value inputs and is therefore classified as a Level 3 financial instrument.

The fair value of the derivative liability was valued using a probability-weighted scenario analysis utilizing the terms of the notes under the with-or-without method. The Company determined a 100% probability of conversion into equity as the notes were converted into shares of the Company's common stock upon the Offering in April 2024.

Upon the consummation of the Offering in April 2024, all the convertible notes, including principal and accrued interest, were converted into 2,104,562 shares of the Company's common stock. Accordingly, the related derivative liability was converted into additional paid-in capital.

## **6. MARKETABLE SECURITIES**

The following tables summarize the cost or amortized cost, gross unrealized gain, gross unrealized loss, and fair value of the Company's cash equivalents and marketable securities (in thousands):

September 30, 2025				
	Cost or Amortized Cost	Unrealized		Estimated Fair Value
		Gains	Losses	
<b>Cash equivalents</b>				
Money market funds	\$ 71,296	\$ —	\$ —	\$ 71,296
Certificates of deposit	10,000	4	—	10,004
U.S. Treasury securities	12,960	—	—	12,960
<b>Short-term marketable securities</b>				
Certificates of deposit	20,000	37	—	20,037
Commercial paper	34,077	13	—	34,090
Corporate notes/bonds	32,536	12	—	32,548
U.S. Treasury securities	6,934	—	(1)	6,933
Total	\$ 187,803	\$ 66	\$ (1)	\$ 187,868

For marketable securities with unrealized loss positions, the Company does not intend to sell these securities, and it is more likely than not that the Company will hold these securities until maturity or a recovery of the cost basis. No allowance for credit losses was recorded for these securities as of September 30, 2025.

## 7. PROPERTY AND EQUIPMENT, NET

The following is a summary of property and equipment, net (in thousands):

	September 30, 2025	December 31, 2024
Office equipment	\$ 375	\$ 332
Leasehold improvement	66	—
Robot assets	26,764	4,610
Construction-in-progress	5,791	7,826
Tooling	2,111	1,799
Total	35,107	14,567
Less: accumulated depreciation	(5,050)	(2,604)
Property and equipment, net	\$ 30,057	\$ 11,963

Depreciation expense was \$1.1 million and \$9 thousand for the three months ended September 30, 2025 and 2024, respectively, and \$2.4 million and \$37 thousand for the nine months ended September 30, 2025 and 2024, respectively.

## 8. NOTE PAYABLE

### *Note Payable – Related Party*

In December 2023, the Company issued a senior secured promissory note to its Chief Executive Officer for which Serve received \$70 thousand in proceeds. The note bore interest at 7.67% per annum. The note was fully repaid on January 3, 2024.

### *January 2024 Convertible Note Payable*

At various dates in January 2024, the Company issued to certain accredited investors convertible promissory notes in an aggregate amount of \$5.0 million, for which the Company received \$4.8 million in net proceeds (the “January Notes”). As a result, the Company incurred fees of \$170 thousand which was recorded as a debt discount. The January Notes bore interest at a rate of 6.00% per year, compounded annually, and were due and payable upon request by each investor on or after the 12-month anniversary of the original issuance date of each note. The Company could not prepay or repay the

January Notes in cash without the consent of the investors. The January Notes were to convert upon a qualified offering into the Company's common stock at the lesser of the price paid per share multiplied by 75% or the quotient resulting from dividing \$80.0 million by the outstanding shares of the Company's common stock on a fully diluted basis prior to the financing (the "Conversion Price"). Upon the closing of the Offering in April 2024, the January Notes, including accrued interest, were converted into 2,104,562 shares of the Company's common stock at a conversion price of \$2.42 per share.

The Company evaluated the terms of the conversion features of the January Notes as noted above in accordance with ASC 815-40 – Derivatives and Hedging – Contracts in Entity's Own Stock, and determined they are not indexed to the Company's common stock and that the conversion feature, which is akin to a redemption feature, meets the definition of a liability. The January Notes contain an indeterminate number of shares to settle with conversion options outside of the Company's control. Therefore, the Company bifurcated the conversion feature and accounted for it as a separate derivative liability. Upon issuance of the January Notes, the Company recognized a derivative liability at a fair value of \$1.5 million, which was recorded as a debt discount and was amortized over the life of the January Notes. Upon the closing of the Offering, the derivative liability had a fair value of \$1.7 million, which was reclassified to additional paid-in capital in connection with the conversion of the underlying January Notes.

During the three and nine months ended September 30, 2025, the Company incurred no interest expense or aggregate debt discount pertaining to the January Notes, all of which were converted into shares of the Company's common stock in April 2024.

Upon the closing of the Offering in April 2024, the outstanding principal and accrued interest of the January Notes converted into 2,104,562 shares of the Company's common stock. Accordingly, the related derivative liability was recorded into additional paid-in capital.

In connection with the issuance of the January Notes, the Company granted to the placement agent warrants (the "Convertible Promissory Notes Offering Warrants") to purchase shares of the Company's common stock equal to 10% of the number of shares of the Company's common stock into which the January Notes sold to investors introduced by the placement agent were initially convertible. The Convertible Promissory Notes Offering Warrants are exercisable at the same price as the Conversion Price. Upon the closing of the Offering, the Company issued the Convertible Promissory Notes Offering Warrants to purchase up to 63,479 shares of the Company's common stock at an exercise price of \$2.42 per share. The Convertible Promissory Notes Offering Warrants expire on April 17, 2029 and include customary anti-dilution provisions. As of September 30, 2025, 63,479 of 63,479 warrants have been exercised into shares of the Company's common stock.

## **9. STOCKHOLDERS' EQUITY (DEFICIT)**

Each share of the Company's common stock entitles the holder to one vote on all matters submitted to a vote of the Company's stockholders. Common stockholders are not entitled to receive dividends, unless declared by the Company's board of directors (the "Board").

The Company is authorized to issue 10,000,000 and 300,000,000 shares of preferred stock, par value \$0.0001 per share, and common stock, par value \$0.0001 per share, respectively.

### ***Dividend Rights***

Subject to applicable law and the rights and preferences, if any, of any holders of any outstanding series of preferred stock, the holders of the Company's common stock are entitled to receive dividends if our Board, in its discretion, determines to issue dividends and then only at the times and in the amounts that our Board may determine, payable either in cash, in property or in shares of capital stock.

### ***Transactions***

In April 2024, the Company issued 10,000,000 shares of the Company's common stock for gross proceeds of \$40.0 million, or \$4.00 per share, pursuant to the Offering. In connection with the Offering, the Company incurred \$4.2 million in offering costs. In connection with the Offering, the Company issued to the underwriter warrants to purchase 500,000 shares of the Company's common stock (the "Representative's Warrant"). The Representative's Warrant is exercisable at a per share exercise price equal to \$5.00 and became exercisable at any time and from time to time, in whole or in part, on October 14, 2024. The Representative's Warrant expires on April 17, 2029. As of September 30, 2025, the Representative's Warrant has been fully exercised into shares of the Company's common stock.

Upon the closing of the Offering, the January Notes converted into 2,104,562 shares of the Company's common stock based upon a conversion price of \$2.42 per share.

On July 23, 2024, the Company entered into a Securities Purchase Agreement (the "July Purchase Agreement") with a certain accredited and institutional investor for a private placement offering of pre-funded warrants (the "July Pre-Funded Warrants") to purchase shares of the Company's common stock and warrants exercisable for shares of the Company's common stock (the "July Investor Warrants"). Pursuant to the July Purchase Agreement, the Company sold 2,500,000 July Pre-Funded Warrants, with each July Pre-Funded Warrant exercisable for one share of the Company's common stock, together with July Investor Warrants to purchase up to 2,500,000 shares of the Company's common stock. Each July Pre-Funded Warrant and accompanying July Investor Warrant were sold together at a combined offering price of \$5.9999. As of September 30, 2025, the July Pre-Funded Warrants and July Investor Warrants have been fully exercised into shares of the Company's common stock. The Company received net proceeds of \$13.7 million pursuant to the July Purchase Agreement.

On August 27, 2024, the Company entered into a Securities Purchase Agreement (the "August Purchase Agreement") with a certain accredited and institutional investor for a private placement offering of pre-funded warrants (the "August Pre-Funded Warrants") to purchase shares of the Company's common stock and warrants exercisable for shares of the Company's common stock (the "August Investor Warrants"). Pursuant to the August Purchase Agreement, the Company sold 555,555 August Pre-Funded Warrants, exercisable for one share of the Company's common stock, together with the August Investor Warrants to purchase up to 555,555 shares of the Company's common stock. Each August Pre-Funded Warrant and accompanying August Investor Warrant were sold together at a combined offering price of \$8.9999. In connection with the transaction, July Investor Warrants were exercised in full for 2,500,000 shares of the Company's common stock. In consideration for the immediate exercise in full of the existing warrants, the exercising holder received new warrants (the "August Exchange Warrants") to purchase 2,200,000 shares of the Company's common stock with an exercise price of \$10.00 per share. As of September 30, 2025, the August Pre-Funded Warrants and August Investor Warrants have been fully exercised into shares of the Company's common stock, and 1,200,000 out of 2,200,000 of the August Exchange Warrants have been exercised into shares of the Company's common stock. The Company received net proceeds of \$18.6 million pursuant to the August Purchase Agreement.

On January 7, 2025, the Company entered into a securities purchase agreement with a certain institutional investor pursuant to which the Company agreed to issue and sell, in a registered direct offering an aggregate of 4,210,525 shares of the Company's common stock at a price of \$19.00 per share (the "January 2025 Registered Direct Offering"). The gross proceeds to the Company from the January 2025 Registered Direct Offering were approximately \$80 million, before deducting the placement agents' fees and other offering expenses payable by the Company.

On August 15, 2025, the Company entered into the Vayu Merger Agreement. The Company issued initial upfront consideration of 1,696,069 shares of its common stock, which is subject to customary purchase price adjustments. Additionally, the Company granted future earnout consideration consisting of up to 560,000 shares of common stock, contingent on the achievement of certain performance milestones. The Company also issued warrants to purchase 4,000,000 shares of common stock, with an exercise price of \$10.36 per share (which amount is equal to the 10-day volume weighted average price of the Company's common stock prior to the closing of the transaction), issued to a certain Vayu securityholder. As of September 30, 2025, 1,539,906 out of the 6,256,069 shares have been issued and are outstanding related to the deal consideration.

#### ***Restricted Common Stock and Restricted Stock Units***

During 2023, the Company issued 338,121 shares of restricted common stock for recourse notes totaling \$164 thousand. The shares were issued with a corresponding note receivable, a recourse loan that was collateralized by the underlying shares. The Company planned to enforce the recourse terms for the holders. As such, in accordance with ASC 505-10-45-2, the Company recognized a subscription receivable of \$166 thousand, inclusive of interest on the note, which was included as a contra-equity on the consolidated balance sheets. The Company recorded a corresponding restricted stock award liability of \$163 thousand for the potential settlement if the call right for the shares of restricted common stock is exercised and unvested shares repurchased. The Company reduced the liability and increased additional paid-in capital for the value of the note associated with vested shares no longer subject to the call right. In June 2024, the Company forgave one recourse loan, and due to the lack of enforcement, the remaining loans were deemed non-recourse. Accordingly, the Company extinguished restricted stock award liability and the related subscription receivable related to loans previously classified as recourse loans. In accordance with ASC 718, these actions were deemed award modifications. The Company recognized \$204 thousand in stock-based compensation related to the incremental value of the award and an additional \$12 thousand related to the change in classification; all of which was included in general and administrative expense in the consolidated statements of operations.

As of September 30, 2025, there were 50,178 shares of the Company's common stock issued, that are subject to the non-recourse note and deemed not outstanding.

In connection with the transactions contemplated by the Vayu Merger Agreement ("Vayu Acquisition"), in August 2025, the Company granted 493,970 RSUs to certain employees as a retention equity award ("Retention RSUs"). The Retention RSUs vest over 4 years from the date of the consummation of the Vayu Acquisition with 25% of the Retention RSUs vesting on first anniversary of the grant date.

During the nine months ended September 30, 2025, the Company issued 3,562,125 of restricted stock units ("RSUs") with vesting periods ranging one month to four years. As of September 30, 2025, 1,759,877 RSUs vested and 7,544,402 RSUs remained outstanding and will vest over approximately 3.15 years.

During the three months ended September 30, 2025 and 2024, the Company recorded stock-based compensation pertaining to vesting of restricted common stock and RSUs of \$6.60 million and \$1.00 million, respectively. During the nine months ended September 30, 2025 and 2024, the Company recorded stock-based compensation pertaining to vesting of restricted common stock and RSUs of \$14.46 million and \$1.92 million, respectively.

The following table summarizes restricted common stock and RSU activity for the nine months ended September 30, 2025:

	Restricted Common Stock		Restricted Stock Units	
	Number of Shares	Weighted Average Grant Date Fair Value Per Share	Number of Shares	Weighted Average Grant Date Fair Value Per Share
Nonvested as of December 31, 2024	996,799	\$ 0.38	5,362,326	\$ 7.49
Granted	-	-	3,562,125	10.45
Assumed in Vayu Acquisition	-	-	493,970	9.71
Vested	(539,915)	0.01	(1,759,877)	6.64
Forfeited	(50,946)	-	(114,142)	9.43
Nonvested as of September 30, 2025	405,938	\$ 0.06	7,544,402	\$ 8.93

#### *Performance-Based Restricted Stock Units*

In August 2025, the Company granted PRSUs. The PRSUs will vest or commence vesting upon achievement of the Milestone by the Milestone Date. In addition, the PRSUs may also subject to a continuous service condition. On the Milestone Date, approximately 66% of the PRSUs will vest, and the remaining 34% of PRSUs will vest over 2.5 years following the Milestone Date. The total grant date fair value of the PRSUs was \$13.98 million, which is expected to be recognized at a point in time when achievement of the Milestone is considered probable, using management's best estimates, which consider the inherent risk and uncertainty regarding the future outcomes of the performance conditions.

As of September 30, 2025, the components that comprise the Milestone have not been fully established, and therefore, probability is unable to be reasonably determined. Thus, the Company does not consider the achievement of the Milestone to be probable as of September 30, 2025. Accordingly, as of September 30, 2025, the Company does not recognize stock-based compensation expense, as defined by ASC 718. As of September 30, 2025, 1,440,001 shares of the PRSUs were unvested and outstanding.

The Company will reassess the probability and re-measure the compensation expense associated with the performance-based RSUs at each reporting date.

A summary of the Company's PRSU activity for the nine months ended September 30, 2025 is as follows:

	Performance-Based Restricted Stock	
	Number of Shares	Weighted Average Grant Date Fair Value
Nonvested as of December 31, 2024	-	\$ -
Granted	1,440,001	\$ 9.71
Nonvested as of September 30, 2025	1,440,001	\$ 9.71

### ***Warrants***

The following is a summary of warrants for the nine months ended September 30, 2025:

	Warrants	Weighted Average Exercise Price
Outstanding as of December 31, 2024	3,340,011	\$ 6.56
Granted	4,000,000	10.36
Exercised	(2,260,717)	5.12
Forfeited	—	—
Outstanding as of September 30, 2025	5,079,294	\$ 10.18
Exercisable as of September 30, 2025	5,079,294	\$ 10.18

The weighted-average remaining term of the warrants outstanding was 7.44 years as of September 30, 2025.

### ***Magna Warrant***

On February 1, 2024, Serve entered into a Master Services Agreement (the “MSA”) with Magna, retroactively effective as of January 15, 2024.

In connection with the strategic partnership with Magna, on February 7, 2024, the Company issued to Magna a warrant (the “Magna Warrant”) to purchase up to 2,145,000 shares of the Company’s common stock (the “Magna Warrant Shares”), subject to at an exercise price of \$0.01 per share. The Magna Warrant was issued pursuant to a production agreement executed in connection with the MSA between the parties in April 2024 whereby Magna will assist the Company in assembly of robotic delivery vehicles.

The Magna Warrant is exercisable in two equal tranches: (i) the first tranche became exercisable in May 2024; and (ii) the second tranche became exercisable in December 2024. As of June 30, 2025, the Magna Warrant has been fully exercised into shares of the Company’s common stock. All warrants were fully vested and the Company recognized \$8.6 million in stock-based compensation expense pertaining to these warrants as of December 31, 2024, based on the vesting conditions noted above. The Company recorded the expense to research and development expense in the consolidated statements of operations for the year ended December 31, 2024.

### ***KV Warrants***

In accordance with the terms of the Vayu Merger Agreement, upon the closing of the transaction, the Company also issued 4,000,000 warrants to a certain Vayu securityholder (the “Warrants”). Each Warrant entitles the holder to purchase one share of the Company’s common stock, subject to adjustment thereunder, at an exercise price of \$10.36 per share (which amount is equal to the 10-day volume weighted average price of the common stock prior to the closing of the transaction). The Warrants contain customary terms and are exercisable at any time on or after August 15, 2029, and terminate on August 15, 2031. The Warrants were issued pursuant to an exemption from registration under Section 4(a)(2) of the Securities Act.

### ***At-the-Market Offerings***

On November 7, 2024, the Company entered into an Equity Distribution Agreement (the “2024 Distribution Agreement”) with Northland Securities, Inc., B. Riley Securities, Inc. and Ladenburg Thalmann & Co. Inc. (collectively, the “2024 ATM Agents”) under which the Company may offer and sell, from time to time in its sole discretion, shares of the Company’s common stock, with aggregate gross sales proceeds of up to \$100,000,000 through an “at the market” equity offering program. Under the 2024 Distribution Agreement, the Company will set the parameters for the sale of shares. Subject to the terms and conditions of the 2024 Distribution Agreement, the 2024 ATM Agents may sell the shares by methods deemed to be an “at the market” offering as defined in Rule 415 promulgated under the Securities Act. The 2024 Distribution Agreement provides that the Company will pay the 2024 ATM Agents a commission of up to 3% of the gross proceeds of any shares of the Company’s common stock sold through the 2024 ATM Agents under the 2024 Distribution Agreement.

During the twelve months ended December 31, 2024, the Company sold a total of 5,698,992 shares of the Company’s common stock under the 2024 Distribution Agreement at a weighted-average price of \$14.04 per share and raised approximately \$80 million of gross proceeds. After deducting approximately \$2.4 million of commissions and offering costs incurred by the Company, the net proceeds from sales of the Company’s common stock was \$77.6 million during the twelve months ended December 31, 2024. On March 5, 2025 the Company terminated the 2024 Distribution Agreement.

On March 6, 2025, the Company entered into a Controlled Equity Offering<sup>SM</sup> Agreement (the “2025 Distribution Agreement”) with Cantor Fitzgerald & Co., Wedbush Securities Inc., Northland Securities, Inc., Ladenburg Thalmann & Co. Inc. and Seaport Global Securities LLC (collectively, the “2025 ATM Agents”) under which the Company may offer and sell, from time to time in its sole discretion, shares of the Company’s common stock with aggregate gross sales proceeds of up to \$150,000,000 through an “at the market” equity offering program. Under the 2025 Distribution Agreement, the Company will set the parameters for the sale of shares. Subject to the terms and conditions of the 2025 Distribution Agreement, the 2025 ATM Agents may sell the shares by methods deemed to be an “at the market” offering as defined in Rule 415 promulgated under the Securities Act. The 2025 Distribution Agreement provides that the Company will pay the Agents a commission of up to 3% of the gross proceeds of any shares of common stock sold through the 2025 ATM Agents under the 2025 Distribution Agreement.

During the nine months ended September 30, 2025, the Company sold a total of 6,499,935 shares of the Company’s common stock under the 2025 Distribution Agreement at a weighted-average price of \$12.49 per share and raised \$81.2 million of gross proceeds. After deducting approximately \$2.4 million of commissions and offering costs incurred by the Company, the net proceeds from sales of the Company’s common stock was \$78.8 million during the nine months ended September 30, 2025. As of September 30, 2025, the Company had approximately \$69 million of remaining capacity to sell the Company’s common stock under the 2025 Distribution Agreement.

## **10. STOCK-BASED COMPENSATION**

### ***2023 Equity Incentive Plan***

The Company’s 2023 Equity Incentive Plan (the “2023 Plan”) permits the grant of incentive stock options, nonstatutory stock options, stock appreciation rights (“SARs”), restricted stock, RSUs and stock bonus awards (all such types of awards, collectively, “stock awards”).

Subject to adjustments as set forth in the 2023 Plan, the maximum aggregate number of shares of the Company’s common stock that may be issued under the 2023 Plan will not exceed 9,767,029 shares. As of September 30, 2025, there were approximately 230,321 shares available to be issued, including forfeited shares from predecessor plans.

In June 2025, the 2023 Plan was amended, and the number of shares authorized under the 2023 Plan was increased by 2,280,000 additional shares.

In October 2025, the number of shares authorized under the 2023 Plan was increased by 3,289,146 additional shares, pursuant to the evergreen provisions under the 2023 Plan.

The shares may be authorized, but unissued, or reacquired common stock. Furthermore, subject to adjustments as set forth in the 2023 Plan, in no event shall the maximum aggregate number of shares that may be issued under the 2023 Plan

pursuant to incentive stock options exceed the number set forth above plus, to the extent allowable under Section 422 of the Internal Revenue Code and the regulations promulgated thereunder, any shares that again become available for issuance pursuant to the 2023 Plan.

The number of shares available for issuance under the 2023 Plan may, at the discretion of our Board or a committee thereof, which committee will be constituted to satisfy applicable laws (“Plan Administrator”), be increased on October 1st of each fiscal year beginning with the 2023 fiscal year until the 2023 Plan terminates, in each case, in an amount equal to the lesser of (i) 4% of the shares of the Company’s common stock issued and outstanding on the last day of the immediately preceding month on a fully-diluted and as-converted basis and (ii) such other number of shares as determined by our Board.

To the extent stock awards or awards or shares issued under the 2021 Plan that were assumed by the Company upon the closing of the Merger (“Existing Plan Awards”) are exercised in full or are surrendered pursuant to an exchange program (as defined in the 2023 Plan), the unissued shares that were subject thereto shall continue to be available under the 2023 Plan for issuance pursuant to future stock awards. In addition, any shares which are retained by us upon exercise of a stock award or Existing Plan Award in order to satisfy the exercise or purchase price for such stock award or Existing Plan Award or any withholding taxes due with respect to such stock award or Existing Plan Award shall be treated as not issued and shall continue to be available under the 2023 Plan for issuance pursuant to future stock awards. Shares issued under the 2023 Plan or an Existing Plan Award and later forfeited to us due to the failure to vest or repurchased by us at the original purchase price paid to us for the shares (including without limitation upon forfeiture to or repurchase by us in connection with a participant ceasing to be a service provider) shall again be available for future grant under the 2023 Plan. To the extent a stock award under the 2023 Plan or Existing Plan Award is paid out in cash rather than shares, such cash payment will not result in reducing the number of shares available for issuance under the 2023 Plan.

#### *Vayu 2022 Equity Incentive Plan*

In connection with the Company’s acquisition of Vayu, the Company assumed the Vayu 2022 Equity Incentive Plan (the “2022 Vayu Plan”) including the options outstanding immediately prior to the acquisition and the number of shares that remain available for issuance pursuant to the 2022 Vayu Plan, as adjusted by the exchange ratio for which such shares are exchangeable pursuant to the Vayu Merger Agreement. The 2022 Vayu Plan permits the grant of incentive stock options, nonstatutory stock options, SARs, restricted stock, RSUs, and stock bonus awards.

Subject to adjustments as set forth in the 2022 Vayu Plan, the maximum aggregate number of shares of the Company’s common stock that may be issued under the 2022 Vayu Plan will not exceed 5,344,275 shares. Subject to adjustments as set forth in the 2022 Vayu Plan, the maximum aggregate number of shares that may be issued under the 2022 Vayu Plan pursuant to incentive stock options may not exceed the number set forth above plus, to the extent allowable under Section 422 of the Internal Revenue Code and the regulations promulgated thereunder, any shares that again become available for issuance pursuant to the 2022 Vayu Plan. As of September 30, 2025, there were approximately 175,112 shares available to be issued under the 2022 Vayu Plan.

To the extent a stock award under the 2022 Vayu Plan should expire or be forfeited or become unexercisable for any reason without having been exercised in full, or is surrendered pursuant to an exchange program, the unissued shares that were subject thereto will continue to be available under the 2022 Vayu Plan for issuance pursuant to future stock awards. In addition, any shares which are retained by the Company upon exercise of a stock award in order to satisfy the exercise or purchase price for such stock award or any withholding taxes due with respect to such stock award will be treated as not issued and continue to be available under the 2022 Vayu Plan for issuance pursuant to future stock awards. Shares issued under the 2022 Vayu Plan and later forfeited to the Company due to the failure to vest or repurchased by the Company at the original purchase price paid to the Company for the shares (including, without limitation, upon forfeiture to or repurchase by the Company in connection with a participant ceasing to be a service provider) will be available for future grant under the 2022 Vayu Plan. To the extent a stock award under the 2022 Vayu Plan is paid out in cash rather than shares, such cash payment will not result in reducing the number of shares available for issuance under the 2022 Vayu Plan.

The 2022 Vayu Plan is administered by the Company’s board of directors or a committee thereof (the “2022 Vayu Plan Administrator”). The 2022 Vayu Plan Administrator has the authority to determine the terms and conditions of stock awards granted under the 2022 Vayu Plan, including the recipients, type of award, number of shares subject to each award, exercise or purchase price, vesting schedule, and other terms and conditions. Stock awards may be granted to employees, directors, and independent contractors of the Company and its affiliates. The 2022 Vayu Plan also provides for adjustments

in the event of certain corporate transactions, such as stock splits, mergers, or other changes in capitalization, and includes customary provisions regarding the administration, amendment, and termination of the plan.

#### *Vayu 2025 Equity Incentive Plan*

In connection with the Company's acquisition of Vayu, the Company assumed certain equity awards that had been issued pursuant to the Vayu 2025 Equity Incentive Plan (the "2025 Vayu Plan"). In accordance with the Vayu Merger Agreement, the 2025 Vayu Plan was adopted and approved, and stockholder approval was obtained, prior to the closing of the acquisition. Prior to the closing, Vayu granted restricted stock units ("New Restricted Stock Units") covering an equivalent of an aggregate of 1,373,971 shares of the Company's common stock to certain individuals who were expected to become continuing employees of the Company, pursuant to forms of award agreement reasonably approved by the Company. The New Restricted Stock Units were only effective for those individuals who accepted their awards by timely executing and returning the applicable award agreement prior to the closing date and who became continuing employees.

Immediately following the issuance of the New Restricted Stock Units and the closing of the acquisition, the 2025 Vayu Plan was terminated in accordance with the Vayu Merger Agreement, and no further awards will be granted under the 2025 Vayu Plan. The 2025 Vayu Plan permitted the grant of incentive stock options, nonstatutory stock options, restricted stock, restricted stock units, stock appreciation rights, and stock bonus awards. Subject to adjustments as set forth in the 2025 Vayu Plan, the maximum aggregate number of shares of the Company's common stock that could have been issued under the 2025 Vayu Plan did not exceed 1,400,000 shares. Any shares subject to awards under the 2025 Vayu Plan that expired, were forfeited, or became unexercisable without having been exercised in full, or were surrendered pursuant to an exchange program, would have continued to be available for issuance under the plan prior to its termination. After the termination of the 2025 Vayu Plan, no further awards may be granted under the plan, and any shares underlying awards that are forfeited or canceled will not become available for future issuance.

#### *2021 Stock Plan*

Serve's 2021 Stock Plan (the "2021 Plan") provides for the grant of stock options, SARs and restricted common shares to employees, non-employee directors, and non-employee consultants. The option exercise price generally may not be less than the underlying stock's fair market value at the date of the grant and generally have a term of ten years. The amount granted each calendar year to an employee or non-employee is limited depending on the type of award. Stock options granted under the 2021 Plan typically vest over a four-year period, with a one-year cliff, as well as via specified milestones.

A summary of information related to stock options for the nine months ended September 30, 2025 is as follows:

	<b>Options</b>	<b>Weighted Average Exercise Price</b>	<b>Intrinsic Value</b>
Outstanding as of December 31, 2024	1,022,291	\$ 0.94	\$ 12,843
Granted	89,438	5.49	\$ 1,040
Exercised	(198,032)	0.99	\$ 2,303
Forfeited	(47,429)	1.98	\$ 552
Outstanding as of September 30, 2025	<u>866,268</u>	\$ 1.03	\$ 10,068
Exercisable as of September 30, 2025	670,132	\$ 1.21	\$ 7,794
Exercisable and expected to vest at September 30, 2025	866,268	\$ 1.03	\$ 10,068

As of September 30, 2025, the weighted average duration to expiration of outstanding options was 6.73 years.

Stock-based compensation expense for stock options of \$8 thousand and \$69 thousand was recognized for the three months ended September 30, 2025 and 2024, respectively. Stock-based compensation expense for stock options of \$462 thousand and \$284 thousand was recognized for the nine months ended September 30, 2025 and 2024, respectively. Total

unrecognized compensation cost related to non-vested stock option awards amounted to approximately \$126 thousand as of September 30, 2025, which will be recognized over a weighted average period of 1.17 years.

### Classification

Stock-based compensation expense for stock options and restricted common stock and restricted stock units (Note 9) was classified in the statements of operations as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
General and administrative	\$ 3,712	\$ 386	\$ 7,597	\$ 820
Operations	147	47	323	191
Research and development	2,680	1,741	6,767	8,842
Sales and marketing	103	21	232	77
	<u>\$ 6,642</u>	<u>\$ 2,195</u>	<u>\$ 14,919</u>	<u>\$ 9,930</u>

## 11. COMMITMENTS AND CONTINGENCIES

### Operating Leases – Right of Use Asset and Liability

The Company has leases for office, warehouse space, and cargo vans.

Operating lease costs by financial statement line item are as follows (in thousands):

Type	Financial Statement Line Item	Three Months Ended September 30,		Nine Months Ended September 30,	
		2025	2024	2025	2024
Operating lease	General and administrative	26	9	54	26
Operating lease	Operations	770	340	1,456	503
Operating lease	Research and development	2	63	76	133
Total lease costs		<u>\$ 798</u>	<u>\$ 412</u>	<u>\$ 1,586</u>	<u>\$ 662</u>

Supplemental cash flow information related to leases is as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Cash paid for operating lease liabilities	\$ 485	\$ 141	\$ 1,019	\$ 420
Right-of-use assets obtained in exchange for operating lease obligations	\$ 1,873	\$ 275	\$ 3,045	\$ 275

Supplemental balance sheet information related to leases is as follows:

	September 30, 2025	December 31, 2024
Weighted-average remaining lease term (in years)	3.03	2.65
Weighted-average discount rate	7.34 %	7.24 %

Future annual minimum payments under operating leases as of September 30, 2025, are as follows (in thousands):

Remainder of 2025	\$	591
2026		1,692
2027		1,338
2028		473
2029		192
Thereafter		336
Total undiscounted future cash flows		4,622
Less: imputed interest		(475)
Total operating lease liabilities	\$	4,147

#### *Finance Lease – Failed Sales-Leaseback*

In November 2022, the Company entered into a lease agreement with Farnam Capital for its robot assets. As per ASC 842-40-25, the transaction was considered a failed sales-leaseback and therefore the lease was accounted for as a financing agreement. There was no outstanding liability at September 30, 2025. In April 2025, the Company exercised the option to purchase the assets at the end of the lease for \$2.25 million.

#### *Legal Proceedings*

From time to time, the Company is a party to litigation and subject to claims incidental to its business. Although the results of litigation and claims cannot be predicted with certainty, the Company currently believes that the final outcome of ongoing matters will not have a material adverse effect on its business. Regardless of the outcome, litigation can have an adverse impact on the Company because of judgment, defense and settlement costs, diversion of management resources, and other factors. At each reporting period, the Company evaluates whether or not a potential loss amount or a potential range of loss is probable and reasonably estimable, requiring recognition of a loss accrual, or whether the potential loss is reasonably possible, requiring potential disclosure. Legal fees are expensed as incurred.

In December 2024, a class action complaint was filed in the Superior Court of California, County of Los Angeles, alleging that the Company is in violation of the California Labor Code, among other allegations. This action is seeking restitutionary damages. It is a reasonable possibility that a loss may be incurred; however, the possible range of losses is not estimable given the status of the case.

## **12. SEGMENT INFORMATION**

The Company has one operating and reportable segment. A description of how the Company derives revenues is included in Note 2. The Company's Chief Executive Officer serves as the Company's CODM, who reviews financial information on a consolidated basis for purposes of making operating decisions, allocating resources, and evaluating financial performance. The CODM uses consolidated net loss as the sole measure of segment profit or loss to make key operating decisions such as the allocation of the budget and monitoring budget versus actual results. The CODM does not evaluate operating segments using asset information.

Significant expenses within net loss include cost of revenue, general and administrative, operations, research and development, sales and marketing, which are each separately presented on the Company's consolidated statements of operations. Stock-based compensation expense is also a significant expense within net loss. Refer to Note 10 for additional information about the Company's stock-based compensation expense. Other segment items include interest income, interest expense, and provision for (benefit from) income taxes on the consolidated statements of operations.

## **13. SUBSEQUENT EVENTS**

On October 10, 2025, the Company entered into a securities purchase agreement with certain institutional investors pursuant to which the Company agreed to issue and sell, in a registered direct offering of an aggregate of 6,250,000 shares of the Company's common stock at a price of \$16.00 per share (the "October 2025 Registered Direct Offering"). The gross proceeds to the Company from the October 2025 Registered Direct Offering were approximately \$100 million, before deducting the placement agents' fees and other offering expenses payable by the Company.

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

*The following discussion of the financial condition and results of operations of the Company should be read in conjunction with the financial statements and the notes to those statements included in this Quarterly Report on Form 10-Q and our audited consolidated financial statements and related notes disclosed in our Annual Report on Form 10-K for the year ended December 31, 2024. Some of the information contained in this discussion and analysis including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risk, uncertainties and assumptions. You should read Part II, Item 1A. Risk Factors of this report for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis. Please also see the note entitled "Cautionary Note Regarding Forward-Looking Statements" elsewhere in this Quarterly Report on Form 10-Q.*

### **Our Company**

We are on a mission to deliver a sustainable future by transforming how goods move among people. Serve has developed an advanced, AI-powered robotics mobility platform, with last-mile delivery in cities as its first application. We are an operating company which has experienced losses since our inception. Our primary sources of cash to date have been capital investments by stockholders.

The following discussion contains forward-looking statements, as discussed elsewhere in this Quarterly Report on Form 10-Q. Please see the section entitled "Cautionary Note Regarding Forward-Looking Statements" in this Quarterly Report on Form 10-Q for a discussion of the uncertainties, risks and assumptions associated with these forward-looking statements.

Our principal offices are located at 730 Broadway, Redwood City, CA 94063, our telephone number is (818) 860-1352 and our corporate website (which does not form part of this Quarterly Report on Form 10-Q) is located at [www.serverobotics.com](http://www.serverobotics.com).

### **Overview**

On July 31, 2023, the Company, Acquisition Sub, and Serve entered into an Agreement and Plan of Merger (the "Merger Agreement"). Pursuant to the terms of the Merger Agreement, Acquisition Sub merged with and into Serve, with Serve continuing as the surviving corporation and our wholly-owned subsidiary. As a result of the Merger, we acquired the business of Serve and continued the existing business operations of Serve as a public reporting company under the name Serve Robotics Inc. Upon the closing of the Merger, Serve's predecessor was renamed Serve Operating Co.

The Merger was treated as a recapitalization and reverse acquisition for us for financial reporting purposes, and Serve is considered the acquirer for accounting purposes. As a result of the Merger and the change in our business and operations, a discussion of the past financial results of Patricia is not pertinent, and under applicable accounting principles, the historical financial results of Serve, the accounting acquirer prior to the Merger, are considered our historical financial results.

Our discussion and analysis are organized as follows:

- *Executive Summary – Summary analysis of financial and other highlights to provide context for the discussion and analysis.*
- *Results of Operations – An analysis of our financial results.*
- *Liquidity, and Capital Resources – An analysis of changes in our balance sheets and cash flows and a discussion of our financial condition and potential sources of liquidity.*
- *Critical Accounting Estimates – Accounting estimates that management believes are the most important to understanding the assumptions and judgments incorporated in our financial results and forecasts and involve a significant level of estimation uncertainty.*

### **Serve Robotics**

Serve is shaping the future of sustainable, self-driving delivery. We design, develop, and operate low-emissions robots that serve people in public spaces, starting with food delivery. Starting in 2017, our core technology was developed by our co-founders and a majority of our product and engineering team in San Francisco, California as a special project within Postmates, one of the pioneering food delivery startups in the United States.

Because we started this project within a food delivery company, our team comes with a depth of combined expertise in food delivery, automation, and robotics.

Our expertise positions us to service the growing on-demand delivery market, including food delivery, where approximately half of all deliveries are less than 2.5 miles and well-suited to delivery by sidewalk robots. We provide a robotic delivery experience that delights customers, improves reliability for merchants, and reduces traffic congestion and eliminates vehicle emissions. At scale, our delivery robots can complete deliveries at lower cost than human couriers, making on-demand delivery more affordable and accessible in areas we operate.

## **Recent Developments**

### *Acquisition of Vayu Robotics, Inc.*

On August 15, 2025, the Company acquired all of the issued and outstanding equity of Vayu Robotics, Inc., which was accounted for under the acquisition method of accounting. Refer to the “Liquidity and Capital Resources” section for discussion on the purchase price and the Acquisition's impact on Serve's liquidity.

### *Acquisition of Voysys AB*

On April 1, 2025, the Company acquired all of the issued and outstanding equity of Voysys AB, which was accounted for under the acquisition method of accounting. Refer to the “Liquidity and Capital Resources” section for discussion on the purchase price and the Acquisition's impact on Company's liquidity.

### *Securities Purchase Agreement*

On January 7, 2025, we entered into a securities purchase agreement with a certain institutional investor, pursuant to which the Company agreed to issue and sell, in a registered direct offering an aggregate of 4,210,525 shares of the Company's common stock at a price of \$19.00 per share. The gross proceeds to the Company from the January 2025 Registered Direct Offering were approximately \$80 million, before deducting the placement agents' fees and other offering expenses payable by the Company.

### *Public Offering and Uplisting to Nasdaq*

On April 17, 2024, we entered into the Underwriting Agreement with the Underwriter in connection with the Offering. The Company's net proceeds from the Offering, after deducting the underwriting discount and other estimated offering expenses payable by the Company, were approximately \$35.8 million. As a result of the Offering, the Company's common stock was approved for listing on The Nasdaq Capital Market and commenced trading under the ticker symbol “SERV” beginning on April 18, 2024.

### *License and Services Agreement*

On February 20, 2024, Serve entered into a License and Services Agreement (the “LSA”) with Magna as a part of a strategic partnership with Magna. Pursuant to the LSA, Serve, as an independent contractor of Magna, agreed to (i) grant a non-exclusive royalty-free license to the Serve AMR Technology in the Licensed Fields of Use (each as defined in the LSA) to Magna and its affiliates and (ii) provide all reasonable engineering, technical and related support services that Magna may request from time to time in writing and in furtherance of commercialization of the Serve AMR Technology and products (including software) using, practicing, or incorporating the Serve AMR Technology, and manufactured using, practicing or incorporating the Serve AMR Technology (such services and support, the “Development Services”). Except as expressly set forth in the LSA, any Development Services shall be provided under the MSA (as defined below) and, if expired or terminated, under terms and conditions that are consistent with the terms therein. The term of the LSA will continue unless terminated by either party pursuant to and in accordance with the terms and conditions set forth in the LSA.

### *Master Services Agreement*

On February 1, 2024, Serve entered into the MSA with Magna, retroactively effective as of January 15, 2024 (the “Effective Date”). Pursuant to the MSA, Serve agreed to provide certain services to Magna as described in one or more statements of work (“SOWs”). Such SOWs will contain a description of the scope, the time to be spent on performance, the fees to be paid to Serve, the functional requirements and technical specifications and, to the extent applicable, the timetable, schedule or milestones for the performance of the requested services. Serve and Magna entered into the first

SOW on the Effective Date. The term of the MSA commenced on the Effective Date and will continue for a term of three months, unless terminated earlier or mutually extended in accordance with its terms.

In connection with the strategic partnership with Magna, on February 7, 2024, we issued the Magna Warrant to purchase up to 2,145,000 shares of the Company's common stock, subject to adjustments as provided therein, at an exercise price of \$0.01 per share. The Magna Warrant was issued pursuant to a production agreement executed in connection with the MSA between the parties in April 2024 whereby Magna will assist the Company in assembly of robotic delivery vehicles.

The Magna Warrant is exercisable in two equal tranches: (i) the first tranche became exercisable in May 2024; and (ii) the second tranche became exercisable in December 2024.

The Magna Warrant Shares that may be issued pursuant to the exercise of the Magna Warrant were offered and sold in a transaction exempt from registration under the Securities Act in reliance on Section 4(a)(2) of the Securities Act.

### ***Outlook And Challenges Facing Our Business***

There are a number of industry factors that affect our business which include, among others:

#### *Overall Demand for Last-Mile Delivery on Partner Platforms.*

Our potential for growth depends significantly on continued demand for last-mile delivery of food and other items on our partner platforms. This demand can fluctuate based on various market cycles and weather and local community health conditions, as well as evolving competitive dynamics. Our largest stream of projected revenue comes from maximizing utilization of our robots to perform deliveries on our partner platforms. Matching algorithms on these platforms as well as the extent of their merchant and end-customer participation in robotic delivery directly impacts the utilization rate of our robots, both of which can be challenging to predict. These uncertainties make demand difficult to forecast for us and our partners.

#### *Customer Concentration.*

A significant portion of our revenue is concentrated with three customers, Customer A, Customer B, and Customer C.

For the three months ended September 30, 2025 and 2024, sales to Customer A accounted for 43% and 78% of our total revenue, respectively. For the nine months ended September 30, 2025 and 2024, sales to Customer A accounted for 34% and 22% of our total revenue, respectively.

For the three months ended September 30, 2025 and 2024, sales to Customer B accounted for 27% and none of our total revenue, respectively. For the nine months ended September 30, 2025 and 2024, sales to Customer B accounted for 10% and none of our total revenue, respectively.

For the three months ended September 30, 2025 and 2024, sales to Customer C accounted for < 10% and 17% of our total revenue, respectively. For the nine months ended September 30, 2025 and 2024, sales to Customer C accounted for 27% and 72% of our total revenue, respectively.

A significant portion of our accounts receivable is concentrated with three customers, Customer A, Customer B, Customer C, and Customer D.

As of September 30, 2025, Customer C and Customer B accounted for 55% and 20% of our accounts receivable, respectively. As of December 31, 2024, Customer D and Customer A accounted for 86% and 12% of our accounts receivable, respectively.

There are inherent risks whenever a large percentage of total revenues and accounts receivable are concentrated with a limited number of customers. The loss of any or all of these customers could have a negative impact on our planned operations.

#### *Inflation and Market Considerations; Availability of Materials, Labor & Services.*

We consider most on-demand purchases as discretionary spending for consumers, and we are therefore susceptible to changes in discretionary spending patterns and economic slowdowns in the geographic areas in which merchants on our

partners' platforms operate and in the economy at large. Discretionary consumer spending can be impacted by general economic conditions, unemployment, consumer debt, inflation, gasoline prices, interest rates, consumer confidence and other macroeconomic factors. Inflation can lead to increased cost of material and labor for restaurants and merchants who may in turn raise prices on the items they sell and result in a reduction in demand for those items. To the extent inflation reduces economic activity and consumer demand for items we deliver, it could negatively impact our financial results. Continued uncertainty in or a worsening of the economy, generally or in a number of our markets, and consumers' reactions to these trends could adversely affect our business and cause us to, among other things, reduce the number and frequency of new market openings or cease operations in existing markets. It is important to note, however, that inflation can also serve as a tailwind that would accelerate the adoption of automated robotic last-mile delivery as labor becomes more expensive and drives up the cost of delivery by humans.

#### *Intellectual Property.*

We rely on patented and non-patented proprietary information relating to product development, manufacturing capabilities, and other core competencies of our business. Protection of intellectual property is critical. Therefore, steps such as additional patent applications, confidentiality, and non-disclosure agreements, as well as other security measures are important. While we believe we have a strong patent portfolio and there is no actual or, to our knowledge, threatened litigation against us for patent-related matters, litigation or threatened litigation is a common method to effectively enforce or protect intellectual property rights. Such action may be initiated by or against us and would require significant management time and expenses.

#### *Supply Chain Constraints.*

We cannot be sure whether global supply chain shortages will impact our future robot build plans. In order to mitigate supply chain risks, we may need to incur higher costs to secure available inventory and place non-cancelable purchase commitments with our suppliers, which could introduce inventory risk if our forecasts and assumptions prove inaccurate. Higher costs of components would impact our cash runway and delays in the manufacturing of our robots would push out our revenue forecasts.

#### *Governmental and Regulatory Conditions.*

Our potential for growth depends on continued permission and acceptance by local governments and municipalities where our robots perform deliveries. Changes in regulations such as the imposition of a cap on the number of robots or technical requirements such as robot size and weight restrictions or limitations on autonomy within a certain geographic area could reduce or limit our ability to generate revenues and/or impact our unit economics in those markets.

### **Components of Results of Operations**

#### ***Revenue***

Our revenue currently consists of software services revenues and fleet services revenues.

#### ***Cost of Revenue and Operating Expenses***

***Cost of revenue.*** Cost of revenue consists primarily of allocations of depreciation on robot assets used for revenue producing activities, personnel time related to revenue activities and costs related to data, software and similar costs that allow the robots to function as intended and for the Company to communicate with its robots while in service.

***Operations.*** Operations consist of lease expense for facilities and certain field operations personnel to support fleet services. The Company considers these expenses to be indirect costs to deliver fleet services.

***Research and Development.*** Costs incurred in the research and development of the Company's products are expensed as incurred. Research and development costs include product design, hardware and software costs.

***Sales and Marketing.*** Sales and marketing expenses include personnel costs and public relations expenses. Advertising costs are expensed as incurred and included in sales and marketing expenses.

***General and Administrative.*** General and administrative expenses primarily consist of personnel-related expenses for executive management and administrative functions, including finance and accounting, legal and human resources, as well

as general corporate expenses and general insurance. General and administrative expenses also include depreciation on property and equipment as well as amortization of right of use assets.

**Interest Income.** Interest income consists of interest earned on our cash and cash equivalents, restricted cash and cash equivalents and marketable securities.

**Interest Expense.** Interest expense consists of stated rates of interest on financing instruments, fees incurred related to financing instruments or accretion of debt discounts.

## Financial Overview

For the three months ended September 30, 2025 and 2024, we generated revenues of \$687 thousand and \$222 thousand, respectively, and reported net losses of \$33.0 million and \$8.0 million, respectively.

As noted in our unaudited condensed consolidated financial statements, as of September 30, 2025, we had an accumulated deficit of \$174.6 million.

## Results of Operations

### Comparison of Results of Operations for the three months ended September 30, 2025 and 2024

The following table summarizes our operating results as reflected in our unaudited statements of operations during the three months ended September 30, 2025 and 2024, respectively, and provides information regarding the dollar and percentage increase (or decrease) during such periods (in thousands).

	Three Months Ended September 30,		Change	Change %
	2025	2024		
Revenues	\$ 687	\$ 222	\$ 465	209 %
Cost of revenues	5,066	378	4,688	1240 %
Gross profit (loss)	(4,379)	(156)	(4,223)	2707 %
Operating expenses:				
General and administrative	13,153	1,980	11,173	564 %
Operations	2,987	917	2,070	226 %
Research and development	13,414	5,008	8,406	168 %
Sales and marketing	883	384	499	130 %
Total operating expenses	30,437	8,289	22,148	267 %
Loss from operations	(34,816)	(8,445)	(26,371)	312 %
Other income (expense):				
Interest income	1,707	483	1,224	253 %
Interest expense	-	(34)	34	(100)%
Realized gain on foreign currency translation	4	-	4	— %
Realized gain on investments	85	-	85	— %
Total other income (expense)	1,796	449	1,347	300 %
Provision for income taxes	-	-	-	— %
Net loss	\$ (33,020)	\$ (7,996)	\$ (25,024)	313 %

Revenues increased \$0.47 million to \$0.69 million for the three months ended September 30, 2025, compared to \$0.22 million for the same period in 2024. This increase was primarily due to a larger fleet, which resulted in fleet services

revenues increasing by \$0.25 million to \$0.43 million for the three months ended September 30, 2025, compared to \$0.18 million for the same period in 2024. The additional increase was due to software services revenue increasing by \$0.22 million to \$0.25 million for the three months ended September 30, 2025, compared to \$0.04 million for the same period in 2024.

Cost of revenues increased \$4.69 million to \$5.07 million for the three months ended September 30, 2025, compared with \$0.38 million for the same period in 2024, due to costs related to scale-up of our fleet and launch related costs in new markets of \$3.96 million.

General and administrative expenses increased \$11.17 million to \$13.15 million for the three months ended September 30, 2025, from \$1.98 million for the same period in 2024, due primarily to an increase of \$2.92 million in professional fees that largely included acquisition related transaction costs and corporate expansion related fees, stock-based compensation expense of \$3.71 million, and \$1.82 million due to increased employee headcount. The remaining \$2.73 million is primarily the result of increased incremental operating expenses as we scale for expanded locations and workforce.

Operations expenses increased \$2.07 million to \$2.99 million for the three months ended September 30, 2025, from \$0.92 million for the same period in 2024, \$1.10 million due to increased employee headcount, and facility costs of \$0.35 million from expansion locations.

Research and development expenses increased \$8.41 million to \$13.41 million for the three months ended September 30, 2025, from \$5.01 million for the same period in 2024, due primarily to an increase of headcount expenses of \$4.75 million.

Sales and marketing expenses increased \$0.50 million to \$0.88 million for the three months ended September 30, 2025, from \$0.38 million for the same period in 2024, due to an increase in headcount expenses of \$0.28 million.

Interest income increased \$1.22 million to \$1.71 million for the three months ended September 30, 2025, from income of \$0.48 million for the same period in 2024 as a result of interest earned from cash on hand and marketable securities.

Interest expense and amortization decreased \$0.03 million to zero for the three months ended September 30, 2025, from the expense of \$0.03 million for the same period in 2024, as the prior period expense was related to amortization of debt discount.

Realized gain on foreign currency translation had a negligible increase from the translation of the Company's non-U.S. transactions to U.S. dollars.

Realized gain on investments increased \$0.09 million to \$0.09 million for the three months ended September 30, 2025, from income of zero for the same period in 2024 as a result of recognized gains from marketable securities.

*Comparison of Results of Operations for the nine months ended September 30, 2025 and 2024*

The following table summarizes our operating results as reflected in our unaudited statements of operations during the nine months ended September 30, 2025 and 2024, respectively, and provides information regarding the dollar and percentage increase (or decrease) during such periods (in thousands).

	<b>Nine Months Ended September 30,</b>		<b>Change</b>	<b>Change %</b>
	<b>2025</b>	<b>2024</b>		
Revenues	\$ 1,769	\$ 1,637	\$ 132	8 %
Cost of revenues	10,476	1,056	9,420	892 %
Gross profit (loss)	(8,707)	581	(9,288)	(1599)%
<b>Operating expenses:</b>				
General and administrative	25,981	4,861	21,120	434 %
Operations	6,780	2,330	4,450	191 %
Research and development	29,414	17,434	11,980	69 %
Sales and marketing	1,585	668	917	137 %
Total operating expenses	63,760	25,293	38,467	152 %
Loss from operations	(72,467)	(24,712)	(47,755)	193 %
<b>Other income (expense):</b>				
Interest income	5,293	789	4,504	571 %
Interest expense	(3)	(1,926)	1,923	(100)%
Realized gain on foreign currency translation	4	-	4	— %
Realized gain on investments	85	-	85	— %
Change in fair value of derivative liability	-	(222)	222	(100)%
Total other income (expense)	5,379	(1,359)	6,738	(496)%
Provision for income taxes	-	-	-	— %
Net loss	\$ (67,088)	\$ (26,071)	\$ (41,017)	— %

Revenues increased \$0.13 million to \$1.77 million for the nine months ended September 30, 2025, compared to \$1.64 million for the same period in 2024. As a result of a larger fleet, the Company recognized increases in fleet services revenues of \$0.52 million to \$0.97 million for the nine months ended September 30, 2025, compared to \$0.45 million for the same period in 2024. Offsetting this increase was a decrease in software services revenue.

Cost of revenues increased \$9.42 million to \$10.48 million for the nine months ended September 30, 2025, compared with \$1.06 million for the same period in 2024, due to costs related to scale-up of our fleet and launch related costs in new markets of \$7.58 million.

General and administrative expenses increased \$21.12 million to \$25.98 million for the nine months ended September 30, 2025, from \$4.86 million for the same period in 2024, due to an increase in stock-based compensation expense of \$6.70 million, increase in headcount expenses of \$3.99 million, and \$2.83 million in professional fees that largely included acquisition related transaction costs and corporate expansion related fees, and \$2.25 million finance lease purchases. The remaining \$5.35 million is primarily the result of increased incremental operating expenses as we scale for expanded locations and workforce.

Operations expenses increased \$4.45 million to \$6.78 million for the nine months ended September 30, 2025, from \$2.33 million for the same period in 2024, due to an increase in headcount expenses of \$1.84 million, increase in stock-based compensation expense of \$0.32 million, and an increase in facility costs of \$0.81 million from expansion locations.

Research and development expenses increased \$11.98 million for the nine months ended September 30, 2025 to \$29.41 million, compared to \$17.43 million for the same period in 2024, due primarily to an increase of headcount expenses of \$8.94 million.

Sales and marketing expenses increased \$0.92 million to \$1.59 million for the nine months ended September 30, 2025, from \$0.67 million for the same period in 2024, due to an increase in headcount expenses of \$0.51 million and marketing expenses of \$0.11 million.

Interest income increased \$4.50 million to \$5.29 million for the nine months ended September 30, 2025, from \$0.79 million for the same period in 2024 as a result of interest earned from cash on hand and marketable securities.

Interest expense and amortization decreased \$1.92 million to zero for the nine months ended September 30, 2025, from the expense of \$1.93 million for the same period in 2024, as the prior period expense was related to amortization of debt discount.

Realized gain on foreign currency translation had a negligible increase from the translation of the Company's non-U.S. transactions to U.S. dollars.

Realized gain on investments increased \$0.09 million to \$0.09 million for the three months ended September 30, 2025, from income of zero for the same period in 2024 as a result of recognized gains from marketable securities.

### **Key Metrics**

We regularly review the following key business metrics to evaluate our business, measure our performance, identify trends affecting our business, formulate business plans and make strategic decisions:

	Three Months Ended		Nine Months Ended	
	September 2025	September 2024	September 2025	September 2024
Key Metrics	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Daily Active Robots	312	59	182	49
Daily Supply Hours	3,781	465	2,062	384

*Daily Active Robots:* We define daily active robots as the average number of robots performing daily deliveries during the period. Daily active robots reflect our operation team's capacity to have active robots in the field performing deliveries and/or generating branding revenues. We closely monitor and strive to increase our daily active robots efficiently as we improve our autonomy and resultant human-to-robot ratios and increase the number of merchants and brand advertisers on our platform.

*Daily Supply Hours:* We define daily supply hours as the average number of hours our robots are ready to accept offers and perform daily deliveries during the period. Supply hours represent the aggregate number of robot hours per day during which we can utilize our robots for delivery. Supply hours increase as we add active robots and increase the operating window of those robots in a day. We closely monitor and strive to efficiently increase our fleet's daily supply hours.

### **Liquidity and Capital Resources**

As of September 30, 2025, our principal sources of liquidity were cash and cash equivalents, and marketable securities of \$210.45 million, which consisted of \$116.84 million in cash and cash equivalents and \$93.61 million in marketable securities. Cash and cash equivalents consisted of cash on deposit with banks as well as an institutional money market

account. Marketable securities consisted of commercial paper, corporate bonds, U.S. government agency securities and U.S. Treasury securities.

We have generated significant operating losses from our operations as reflected in our accumulated deficit of \$174.61 million as of September 30, 2025. We have historically funded our operations from issuance of equity and debt securities, including our initial public offering in April 2024 and subsequent equity issuances. To execute on our strategic initiatives to continue to grow our business, we may incur operating losses and generate negative cash flows from operations in the future, and as a result, we may require additional capital resources. We believe our existing cash and cash equivalents and marketable securities will be sufficient to meet our working capital and capital expenditures needs for at least the next 12 months.

Our future capital expenditures will depend on many factors, including, but not limited to our growth, our ability to attract and retain customers, the continuing market acceptance of our offerings, the time and extent of spending to support our efforts to develop our platform, and the expansion of sales and marketing activities, the timing and extent of spending for policy initiatives. Further, we may in the future enter into arrangements to acquire or invest in businesses, products, services, and technologies. We may be required to seek additional equity or debt financing. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, financial condition, and results of operations could be adversely affected.

The following table shows a summary of our cash flows for the periods (in thousands):

	Nine Months Ended September 30,		
	2025	2024	Change
Net cash (used in) provided by:			
Operating activities	\$ (50,601)	\$ (15,279)	\$ (35,322)
Investing activities	(122,144)	(5,395)	(116,749)
Financing activities	166,262	71,580	94,682
Increase (decrease) in cash and cash equivalents	\$ (6,483)	\$ 50,906	\$ (57,389)

#### *Operating Activities*

Net cash used in operating activities was \$50.60 million and \$15.28 million for the nine months ended September 30, 2025 and 2024, respectively. The increase of \$35.32 million primarily consisted of an increased net loss of \$41.02 million, adjusted for certain non-cash items, which primarily includes an increase of \$3.35 million of depreciation and amortization expense and \$4.99 million of non-cash stock-based compensation expense, offset by a decrease of \$1.68 million of amortization of debt discount.

#### *Investing Activities*

Net cash used in investing activities was \$122.14 million and \$5.40 million for the nine months ended September 30, 2025 and 2024, respectively. The increase of \$116.75 million was primarily due to the purchase of short-term marketable securities of \$107.49 million, incremental robot build construction in-process of \$15.4 million, and the purchase of a newly acquired businesses for \$7.5 million, offset by proceeds of marketable securities of \$14.20 million.

#### *Financing Activities*

Net cash provided by financing activities was \$166.26 million and \$71.58 million for the nine months ended September 30, 2025 and 2024, respectively. The increase of \$94.68 million primarily consisted of proceeds from the issuance of the Company's common stock pursuant to 2025 Equity Distribution Agreement, net of offering costs of \$78.8 million, and

proceeds from issuance of the Company's common stock pursuant to securities purchases, net of offering costs, resulting in an increase of \$40.00 million.

### ***Indebtedness***

In March 2022, we entered into a term loan with Silicon Valley Bank for gross proceeds of \$2.50 million and the loan was repaid in full as of September 30, 2024.

In June 2022, we entered into an equipment financing lease agreement with Farnam Street commencing November 2022, for the cost of building robots, calling for 24 monthly payments of approximately \$0.19 million based on an expected total cost of \$4.46 million of robot parts and manufacturing costs. In December 2023, the agreement was modified to require three monthly repayments of approximately \$0.03 million each and 12 monthly repayments of approximately \$0.19 million each, subject to certain terms and effective in January 2024. There was no outstanding liability as of September 30, 2025. In April 2025, the Company exercised the option to purchase the assets at the end of the lease for \$2.25 million.

### ***Off-Balance Sheet Transactions***

We did not have during the periods presented, and we do not currently have, any off-balance sheet financing arrangements or any relationships with unconsolidated entities or financial partnerships, such as structured finance or special purpose entities that were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

### **Critical Accounting Estimates**

There have been no material changes in our critical accounting policies from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2024.

### **Emerging Growth Company and Smaller Reporting Company Status**

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). The JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This provision allows an emerging growth company to either early adopt or delay the adoption of some accounting standards until those standards would otherwise apply to private companies. We have elected to use the extended transition period under the JOBS Act until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

We are also a "smaller reporting company" meaning that the market value of our stock held by non-affiliates is less than \$700 million and our annual revenue was less than \$100 million during the most recently completed fiscal year. We may continue to be a smaller reporting company if either (i) the market value of our stock held by non-affiliates is less than \$250 million or (ii) our annual revenue was less than \$100 million during the most recently completed fiscal year and the market value of our stock held by non-affiliates is less than \$700 million. If we are a smaller reporting company at the time we cease to be an emerging growth company, we may continue to rely on exemptions from certain disclosure requirements that are available to smaller reporting companies. Specifically, as a smaller reporting company we may choose to present only the two most recent fiscal years of audited financial statements in our Annual Report on Form 10-K and, similar to emerging growth companies, smaller reporting companies have reduced disclosure obligations regarding executive compensation.

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

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

### **ITEM 4. CONTROLS AND PROCEDURES**

#### ***Disclosure Controls and Procedures***

Under the supervision of and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of September 30, 2025. The term “disclosure controls and procedures,” as set forth in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to provide reasonable assurance that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company’s management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

In designing and evaluating our disclosure controls and procedures, management recognizes that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a control system, misstatements due to error or fraud may occur and not be detected.

Based upon our evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective because of the material weaknesses in our internal control over financial reporting described below.

### ***Material Weaknesses in Internal Control Over Financial Reporting***

Management has identified the following material weaknesses in the Company’s internal control over financial reporting that exist as of September 30, 2025. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company’s annual or interim financial statements will not be prevented or detected on a timely basis.

- The Company did not design and maintain an effective control environment as our size has prevented us from being able to employ sufficient resources. This material weakness contributed to the following additional material weaknesses.
- The Company did not design and maintain effective controls to verify appropriate segregation of duties.
- The Company did not design and maintain effective controls related to substantially all accounts and disclosures. Specifically, the Company did not design and maintain comprehensive and formalized accounting and financial reporting policies and procedures that detail the information needed for our financial reporting process, including a robust review process by which management monitors for technical accounting requirements.
- The Company did not design and maintain effective controls over information technology (IT) general controls over information systems that are relevant to the preparation of the Company’s financial statements. Specifically, the Company did not design and maintain: (i) user access controls to ensure appropriate segregation of duties and to adequately restrict user and privileged access to appropriate personnel; (ii) program change management controls to ensure that program and data changes are identified, tested, authorized and implemented appropriately, (iii) computer operations controls to ensure that processing and transfer of data, and data backups and recovery are monitored; and (iv) program development controls to ensure that new software development is tested, authorized and implemented appropriately.

These material weaknesses did not result in a misstatement to any of the Company’s previously issued consolidated financial statements. However, these material weaknesses could result in a misstatement of substantially all account balances or disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

### ***Status of Remediation Plan***

In response to the identification of the material weaknesses, our management team has established a remediation plan to address the material weaknesses. Our remediation plan during 2025 includes, but is not limited to, establishing more robust processes to support our internal control over financial reporting, which includes designing and implementing controls and processes to facilitate effective financial reporting, along with accurate documentation and timely support.

The Company is committed to remediating the material weaknesses and the actions the Company is taking are subject to ongoing senior management review, as well as oversight from the Company's Audit Committee. The Company will not be able to fully remediate these material weaknesses until these steps have been completed and operate effectively for a sufficient period of time. The Company may also identify additional measures that may be required to remediate the material weaknesses in the Company's internal control over financial reporting, necessitating further action.

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

During the quarter ended September 30, 2025, there have been no changes in our internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15(d)-15(f) promulgated under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

There are no pending, threatened or actual material legal proceedings to which the Company or any of its subsidiaries is a party.

### ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors as disclosed in Part I, Item 1A. "Risk Factors" beginning on page 8 of our Annual Report on Form 10-K for the year ended December 31, 2024.

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

#### *Unregistered Sales of Equity Securities*

In connection with the transactions contemplated by the Vayu Merger Agreement, the Company issued 1,410,469 shares of its common stock. The shares of common stock were issued pursuant to an exemption from registration under Section 4(a)(2) of the Securities Act and/or Regulation D promulgated thereunder.

In accordance with the terms of the Vayu Merger Agreement, upon the closing of the transaction, the Company also issued 4,000,000 warrants to a certain Vayu securityholder. Each Warrant entitles the holder to purchase one share of the Company's common stock, subject to adjustment thereunder, at an exercise price of \$10.36 per share (which amount is equal to the 10-day volume weighted average price of the common stock prior to the closing of the transaction). The Warrants contain customary terms and are exercisable at any time on or after August 15, 2029, and terminate on August 15, 2031. The Warrants were issued pursuant to an exemption from registration under Section 4(a)(2) of the Securities Act.

#### *Issuer Purchases of Equity Securities*

None.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

### ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

### ITEM 5. OTHER INFORMATION

On September 24, 2025, Brian Read, our Chief Financial Officer, entered into a Rule 10b5-1 trading plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act with respect to the potential sale of up to 60,000 shares of the Company's common stock. The arrangement has a termination date of the earlier of (i) September 23, 2026 or (ii) the date on which an aggregate of 60,000 shares of the Company's common stock have been sold under the Rule 10b5-1 trading plan. In no event shall shares of the Company's common stock be sold under the trading plan prior to December 24, 2025. As of the date of this report, none of the shares were sold and no other adjustments were made to the trading plan during the quarterly period covered by this report.

On September 29, 2025, David Goldberg, a member of our Board, entered into a Rule 10b5-1 trading plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act with respect to the potential sale of up to 20,000 shares of the Company's common stock. The arrangement has a termination date of the earlier of (i) September 29, 2026 or (ii) the date on which an aggregate of 20,000 shares of the Company's common stock have been sold under the Rule 10b5-1 trading plan. In no event shall shares of the Company's common stock be sold under the trading plan prior to December 30, 2025. As of the date of this report, none of the shares were sold and no other adjustments were made to the trading plan during the quarterly period covered by this report.

Other than as disclosed above, during the three months ended September 30, 2025, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement” (in each case, as defined in Item 408 of Regulation S-K).

ITEM 6. EXHIBITS

<b>Exhibit No.</b>	<b>Description</b>
4.1	<a href="#">Common Stock Purchase Warrant, dated as of August 15, 2025 (incorporated by reference to the Company's Form 8-K filed with the SEC on August 18, 2025).</a>
31.1*	<a href="#">Certification of Principal Executive Officer 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.</a>
31.2*	<a href="#">Certification of Principal Financial Officer 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.</a>
32.1**	<a href="#">Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2**	<a href="#">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.</a>
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

\* Filed herewith.

\*\* Furnished in accordance with Item 601(b)(32)(ii) of Regulation S-K.

**SIGNATURES**

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

**SERVE ROBOTICS INC.**

Dated: November 14, 2025

By: /s/ Ali Kashani  
Ali Kashani  
Chief Executive Officer  
(Principal Executive Officer)

Dated: November 14, 2025

By: /s/ Brian Read  
Brian Read  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

**Certification of Principal Executive Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a) as Adopted  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Ali Kashani, certify that:

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

Date: November 14, 2025

/s/ Ali Kashani

Ali Kashani

Chief Executive Officer

(Principal Executive Officer)

**Certification of Principal Financial Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a) as Adopted  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Brian Read, certify that:

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

Date: November 14, 2025

/s/ Brian Read

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Brian Read

Chief Financial Officer

(Principal Financial and Accounting Officer)

**Certification of Principal Executive 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 Serve Robotics Inc. (the "Company") for the quarter ended September 30, 2025, as filed with the Securities and Exchange Commission (the "Report"), I, Ali Kashani, Chief Executive Officer (Principal Executive Officer) of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, 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 at the dates and for the periods indicated.

Date: November 14, 2025

/s/ Ali Kashani

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Ali Kashani

Chief Executive Officer

(Principal Executive Officer)

**Certification of Principal Executive 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 Serve Robotics Inc. (the "Company") for the quarter ended September 30, 2025, as filed with the Securities and Exchange Commission (the "Report"), I, Brian Read, Chief Financial Officer (Principal Financial and Accounting Officer) of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

3. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and
4. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Date: November 14, 2025

/s/ Brian Read

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Brian Read

Chief Financial Officer

(Principal Financial and Accounting Officer)