

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2024

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

For the transition period from _____ to _____

Commission File No. 001-41866

RICHTECH ROBOTICS INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

88-2870106

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

4175 Cameron St Ste 1
Las Vegas, NV 89103

(Address of principal executive offices) (Zip Code)

(866) 236-3835

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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

Title of Each Class:	Trading Symbol(s):	Name of Each Exchange on Which Registered:
Class B Common Stock, par value \$0.00001 per share	RR	The Nasdaq Stock Market LLC

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

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

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

Accelerated filer
 Smaller reporting company
 Emerging growth company

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

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

As of May 13, 2024, there were 44,353,846 shares of the Company's Class A common stock and 24,330,703 shares of the Company's Class B common stock issued and outstanding.

RICHTECH ROBOTICS INC.
Quarterly Report on Form 10-Q

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this “Report”) contains “forward-looking statements” (as defined in 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”)) that reflect our current expectations and views of future events. The forward-looking statements are contained principally in the section of this Report entitled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*.” Readers are cautioned that significant known and unknown risks, uncertainties and other important factors (including those over which we may have no control and others listed in this Report and in the “*Risk Factors*” section of our Annual Report on Form 10-K for the fiscal year ended September 30, 2023 (“2023 Annual Report”), as filed with the Securities and Exchange Commission (the “SEC”) on January 11, 2024 and amended on March 27, 2024 may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. You can identify some of these forward-looking statements by words or phrases such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “is/are likely to,” “potential,” “continue” or other similar expressions. We have based these forward-looking statements on our current expectations and projections about future events that we believe may affect our financial condition, results of operations, business strategy and financial needs.

Our operations and business prospects are always subject to risks and uncertainties including, among others:

- Our ability to secure raw materials and components to manufacture sufficient quantities of robots to match demand;
- Our ability to secure enterprise clients and deals in the face of growing competition;
- Assumptions around the speed of robotic adoption in service environments;
- Assumptions relating to the size of the market for our products and services;
- Unanticipated regulations of robots and automation that add barriers to adoption and have a negative effect on our business;
- Our ability to obtain and maintain intellectual property protection for our products; and
- Our estimates of expenses, future revenue, capital requirements and our needs for, or ability to obtain, additional financing.

These forward-looking statements involve numerous and significant risks and uncertainties. Although we believe that our expectations expressed in these forward-looking statements are reasonable, our expectations may later be found to be incorrect. Our actual results of operations or the results of other matters that we anticipate herein could be materially different from our expectations. Important risks and factors that could cause our actual results to be materially different from our expectations are generally set forth in the “*Management’s Discussion and Analysis of Financial Condition and Results of Operation*” section contain in this Report and in the “*Risk Factors*” and other sections of the 2023 Annual Report. You should thoroughly read this Report and the documents that we refer to with the understanding that our actual future results may be materially different from, and worse than, what we expect. We qualify all our forward-looking statements by these cautionary statements.

The forward-looking statements made in this Report relate only to events or information as of the date of this Report. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this Report completely and with the understanding that our actual future results may be materially different from what we expect.

PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements
RICHTECH ROBOTICS INC.
UNAUDITED BALANCE SHEETS
(In thousands, except share and per share data)

	<u>March 31,</u> <u>2024</u>	<u>September 30,</u> <u>2023</u>
ASSETS		
Current assets:		
Cash and cash equivalent	\$ 8,195	\$ 433
Accounts receivable, (net of allowance for doubtful accounts)	3,752	5,576
Amount due from related parties, current	171	134
Inventory	292	822
Prepaid expenses and other current assets	1	17
Total current assets	12,411	6,982
Property and equipment, net	24	28
Deferred tax assets, net	518	518
Operating lease right-of-use-assets	258	315
Other assets, non-current	10	10
Total assets	\$ 13,221	\$ 7,853
LIABILITIES, PREFERRED STOCK AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 157	\$ 1,126
Amount due to related parties, current	90	238
Accrued expenses	2	59
Short-term loan	2,053	845
Tax payables	442	461
Operating lease liabilities, current	167	161
Total current liabilities	2,911	2,890
Operating lease liabilities, non-current	91	154
Total liabilities	3,002	3,044
Commitments and contingencies		
Stockholders' equity:		
Class A Common stock, \$0.00001 par, 47,400,000 shares authorized as of March 31, 2024 and September 30, 2023, 44,353,846 shares issued and outstanding as of March 31, 2024 and September 30, 2023, respectively	\$ -	\$ -
Class B Common stock, \$0.00001 par, 60,600,000 shares authorized as of March 31, 2024 and September 30, 2023, 22,283,410 and 17,813,000 shares issued and outstanding as of March 31, 2024 and September 30, 2023, respectively.	-	-
Additional Paid-in Capital	13,886	4,608
Net income from continuing operations	(3,868)	(339)
Retained earnings opening	201	540
Retained earnings	(3,667)	201
Total stockholders' equity	10,219	4,809
Total liabilities, preferred stock and stockholder's equity	\$ 13,221	\$ 7,853

See accompanying Notes to Financial Statements.

RICHTECH ROBOTICS INC.
UNAUDITED STATEMENTS OF OPERATIONS
(In thousands, except share and per share data)

	<u>Six months ended March 31,</u>		<u>Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenue, net	\$ 2,272	2,054	\$ 1,165	1,109
Cost of revenue, net	982	908	485	462
Gross profit	<u>1,290</u>	<u>1,146</u>	<u>680</u>	<u>647</u>
OPERATING EXPENSES				
Research and development	1,247	1,272	413	417
Sales and marketing	787	166	192	88
General and administrative	2,464	1,586	1,020	820
Total operating expenses	<u>4,498</u>	<u>3,024</u>	<u>1,625</u>	<u>1,325</u>
Loss from operations	(3,208)	(1,878)	(945)	(678)
Other income (expense):				
Interest expenses, net	(660)	(1)	(174)	-
Total other expenses	<u>(660)</u>	<u>(1)</u>	<u>(174)</u>	<u>-</u>
Loss before income tax expense	(3,868)	(1,879)	(1,119)	(678)
Income tax benefit/(expense)	-	-	-	-
Net loss	<u>(3,868)</u>	<u>(1,879)</u>	<u>(1,119)</u>	<u>(678)</u>
Net loss attributable to common stockholders	\$ (3,868)	(1,879)	\$ (1,119)	(678)
Basic and diluted net loss per share of common stock	\$ (0.06)	(0.03)	\$ (0.02)	(0.01)
Weighted average shares used to compute basic and diluted net loss per share	66,637,256	62,000,846	66,637,256	62,000,846

See accompanying Notes to Financial Statements.

RICHTECH ROBOTICS INC.
UNAUDITED STATEMENTS OF STOCKHOLDERS' EQUITY
For the six months ended March 31, 2024 and 2023
(In thousands except share data)

	<u>Common stock*</u>				Additional paid-in capital	Retained earnings (Accumulated deficit)	Total Shareholders' equity
	<u>Class A</u>		<u>Class B</u>				
	Shares	Amount	Shares	Amount			
Balances, September 30, 2023	44,353,846	\$ -	17,813,000	\$ -	\$ 4,608	\$ 201	\$ 4,809
Initial public offering related expenses	-	-	-	-	(1,435)	-	(1,435)
Common stock Issurance for initial public offering	-	-	2,142,563	-	10,713	-	10,713
Issurance of new shares	-	-	2,327,847	-	-	-	-
Provision for Future Service issue for common stock	-	-	-	-	-	-	-
Conversion to Class B Common stock**	-	-	-	-	-	-	-
Net loss	-	-	-	-	-	(3,868)	(3,868)
Balances, March 31, 2024	44,353,846	\$ -	22,283,410	\$ -	\$ 13,886	\$ (3,667)	\$ 10,219

	<u>Common stock*</u>				Additional paid-in capital	Retained earnings (Accumulated deficit)	Total Shareholders' equity
	<u>Class A</u>		<u>Class B</u>				
	Shares	Amount	Shares	Amount			
Balances, September 30, 2022	39,400,000	\$ -	600,000	\$ -	\$ 2,378	\$ 540	\$ 2,918
Common stock issued for cash	-	-	9,231,000	-	1,400	-	1,400
Common stock issued for services	6,153,846	-	6,616,000	-	759	-	759
Provision of common stock issued for future services	-	-	-	-	(759)	-	(759)
Conversion from class A to Class B common stock	(1,200,000)	-	1,200,000	-	-	-	-
Net loss	-	-	-	-	-	(1,880)	(1,880)
Balances, March 31, 2023	44,353,846	\$ -	17,647,000	\$ -	\$ 3,778	\$ (1,340)	\$ 2,438

See accompanying Notes to Financial Statements

RICHTECH ROBOTICS INC.
UNAUDITED STATEMENTS OF STOCKHOLDERS' EQUITY
For the three months ended March 31, 2024 and 2023
(In thousands except share data)

	<u>Common stock*</u>				<u>Additional paid-in capital</u>	<u>Retained earnings (Accumulated deficit)</u>	<u>Total Shareholders' equity</u>
	<u>Class A</u>		<u>Class B</u>				
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>			
Balances, December 31, 2023	44,353,846	\$ -	19,955,563	\$ -	\$ 13,894	\$ (2,547)	\$ 11,347
IPO related expenses	-	-	-	-	(9)	-	(9)
Issurance of new shares	-	-	2,327,847	-	-	-	-
Net loss	-	-	-	-	-	(1,119)	(1,119)
Balances, March 31, 2024	44,353,846	\$ -	22,283,410	\$ -	\$ 13,886	\$ (3,667)	\$ 10,219

	<u>Common stock*</u>				<u>Additional paid-in capital</u>	<u>Retained earnings (Accumulated deficit)</u>	<u>Total Shareholders' equity</u>
	<u>Class A</u>		<u>Class B</u>				
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>			
Balances, December 31, 2022	44,353,846	\$ -	17,647,000	\$ -	\$ 3,778	\$ (662)	\$ 3,116
IPO related expenses	-	-	-	-	-	-	-
Issurance of new shares	-	-	-	-	-	-	-
Net loss	-	-	-	-	-	(678)	(678)
Balances, March 31, 2023	44,353,846	\$ -	17,647,000	\$ -	\$ 3,778	\$ (1,340)	\$ 2,438

See accompanying Notes to Financial Statements.

RICHTECH ROBOTICS INC.
UNAUDITED STATEMENTS OF CASH FLOWS
For the six months ended March 31, 2024 and 2023
(In thousands)

	<u>2024</u>	<u>2023</u>
Cash flows from operating Activities:		
Net loss	\$ (3,868)	\$ (1,879)
Adjustments to reconcile net income to net cash provided by operating activities:		
Accounts receivable	1,823	(201)
Inventory	530	584
Prepaid expenses and other current assets	17	41
Right-of-use asset	57	(70)
Accounts payable	(969)	(111)
Tax payable	(18)	(91)
Accrued expenses	(58)	(5)
Operating lease liabilities, current	6	127
Operating lease liabilities, non-current	(63)	(62)
Net cash provided by operating activities	<u>(2,543)</u>	<u>(1,667)</u>
Cash flows from investing activities:		
Sale of property and equipment	3	6
Cash used for lending to related parties	(37)	(24)
Net cash used in investing activities	<u>(34)</u>	<u>(18)</u>
Cash flows from financing activities:		
Payment of short term loans	(939)	-
Loans received from third parties	2,000	459
Payment of related party debt	-	(140)
Proceeds received from related party debt	-	89
Proceeds from issuance of ordinary shares	-	1,400
Proceeds from stockholder capital injection	9,278	-
Net Cash used in financing activities	<u>10,339</u>	<u>1,808</u>
Net change in cash and cash equivalents	<u>7,762</u>	<u>123</u>
Cash, cash equivalents and restricted cash at beginning of the period	433	327
Cash, cash equivalents and restricted cash at end of the period	<u>\$ 8,195</u>	<u>\$ 450</u>

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED MARCH 31, 2024 AND 2023
(Dollars in thousands, unless otherwise stated)

NOTE 1: Nature of Business

Description of Business

Richtech Robotics Inc. (“we”, “us”, “our”, the “Company”, or “Richtech”), is a Nevada C-Corporation registered in Nevada. Richtech was converted from Richtech Creative Displays, LLC on June 22, 2022, the predecessor of Richtech established on July 19, 2016 in Nevada.

We are a pioneer in service robotic solutions, developing and deploying cutting-edge technology that directly tackles the critical labor shortage plaguing the US service industry. Our diverse suite of solutions, encompassing delivery, commercial cleaning, food & beverage service, and custom development, has been transforming operations in over 80 cities across the United States. From bustling restaurants and hotels to dynamic casinos, senior living facilities, factories, and retail centers, our robots are automating repetitive, time-consuming tasks, allowing businesses to reallocate valuable human capital to higher-level roles. Many of our clients consider our solutions essential for their expansion and growth. We are committed to being a long-term partner, continuously innovating and providing a comprehensive range of solutions that remedy specific challenges and propel our clients’ success.

Risk and Uncertainties

The Company’s performance is inherently tied to global business and economic conditions, including interest rates, inflation, capital markets, and overall economic health. These factors, outside of our direct control, can fluctuate significantly and potentially impact our financial results. Adverse changes in these conditions could have a material adverse effect on our business. In addition, we operate in a highly competitive industry with numerous established players boasting extensive resources and well-developed marketing and sales operations. Our ability to compete effectively and gain market share is not guaranteed, and we may struggle against these larger competitors. Our industry is characterized by rapid changes in technology and market demands. As a result, the Company’s products, services, or expertise may become obsolete or unmarketable. Our continued success hinges on our ability to adapt to these technological changes, anticipate evolving market demands, and continuously improve our current technology under development.

Emerging Growth Company Status

We are an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act, until such time as those standards apply to private companies.

We have elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that we are (1) no longer an emerging growth company or (2) 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 the new or revised accounting pronouncements as of public company effective dates.

We will remain an emerging growth company until the earliest of (1) the last day of the first fiscal year (A) following the fifth anniversary of the completion of our offering on November 20, 2028, (B) in which our total annual gross revenue is at least \$1.235 billion or (C) when we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeds \$700.0 million as of our most recently completed second fiscal quarter or (2) the date on which we have issued more than \$1.0 billion in non-convertible debt securities during the prior three-year period.

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED MARCH 31, 2024 AND 2023
(Dollars in thousands, unless otherwise stated)

NOTE 2: Summary of Significant Accounting Policies

Basis of Presentation

These financial statements and accompanying notes have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”), pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Segment Reporting

Operating segments are identified as components of an enterprise about which separate financial information is available for evaluation by the chief operating decision-maker in making decisions regarding resource allocation and assessing performance. We view our operations and manage our business as one operating segment.

Cash and Cash Equivalents

We consider all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. We place our cash and cash equivalents in highly liquid instruments with, and in the custody of, financial institutions with high credit ratings.

Accounts Receivable

Accounts receivable primarily consist of trade receivables presented in net of rebates, price protection and an allowance for credit loss. Accounts receivable also include unbilled receivables, which primarily represent work completed on development services recognized as revenue but not yet invoiced to customers and semi-custom products under non-cancellable purchase orders that have no alternative use to the Company at contract inception, for which revenue has been recognized but not yet invoiced to customers. All unbilled accounts receivable is expected to be billed and collected within twelve months.

We manage our exposure to customer credit risk through credit limits, credit lines, ongoing monitoring procedures and credit approvals. Furthermore, we perform in-depth credit evaluations of all new customers and, at intervals, for existing customers. From this, we may require letters of credit, bank or corporate guarantees or advance payments if deemed necessary. We maintain an allowance for credit loss, consisting of known specific troubled accounts as well as an amount based on historical experience and current credit assessments. We do not believe the receivable balance from its customers represents a significant credit risk.

Inventories

We employ a standard cost valuation approach for our inventory, with adjustments to align with the lower of cost or estimated net realizable value. This estimate considers future demand and market conditions to ensure accurate representation. In determining excess or obsolescence reserves for its products, we consider assumptions such as changes in business and economic conditions, other-than-temporary decreases in demand for its products, and changes in technology or customer requirements. The net realizable value adjustments are informed by recent historical sales activity and selling prices, alongside future price estimations. We fully reserve for inventories and non-cancellable purchase orders for inventory deemed obsolete. We actively manage inventory risk through regular reviews and comparisons of stock levels with anticipated demand. This proactive approach allows for early identification of excess inventory, enabling us to implement corrective actions such as promotional offers. Additionally, we maintain close collaboration with suppliers to ensure inventory acquisition aligns with our actual needs and timing.

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED MARCH 31, 2024 AND 2023
(Dollars in thousands, unless otherwise stated)

NOTE 2: Summary of Significant Accounting Policies (cont.)

Inventory as of March 31, 2024 and September 30, 2023 are as follows:

	March 31, 2024	September 30, 2023
Raw materials	\$ 58	\$ 164
Finished goods	234	658
Total inventories	\$ 292	\$ 822

Property, and Equipment, net

Property and equipment, net, is stated at cost less accumulated depreciation and amortization and is depreciated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives of equipment is two to six years, and leasehold improvements are measured by the shorter of the remaining terms of the leases or the estimated useful economic lives of the improvements.

Property and equipment as of March 31, 2024 and September 30, 2023 are as follows:

	March 31, 2024	September 30, 2023
Furniture, fixtures & equipment	\$ 65	\$ 63
Leasehold improvements	4	4
	69	67
Accumulated depreciation	(45)	(39)
Property and equipment, net	\$ 24	\$ 28

Depreciation expense for the six months ended March 31, 2024 and 2023 was \$6 and \$6, respectively

Stockholders' Equity

According to ASC 505-10-S99-4, changes in the capital structure of a reporting entity due to a stock dividend, stock split or reverse split occurring after the date of the latest reported balance sheet but before the release of the financial statements (or the effective date of the registration statement, whichever is later) should be given retroactive effect in the balance sheet. In such cases, appropriate disclosure should be made of the retrospective treatment and the date the change became effective. For our Statements of Stockholders' Equity, par value per share and the number of shares has been retrospectively restated for the related period in connection with our 4-for-1 forward stock split and concurrent re-designation of our common stock into Class A and Class B common stock in October 2022.

In accounting for the conversion of member units into common stock, we followed the relevant accounting guidance provided by the Financial Accounting Standards Board ("FASB") in accordance with GAAP. According to ASC 805-50-15-6, an entity charters a newly formed entity and then transfers some or all its net assets to that newly chartered entity is an example of common-control transactions. ASC 805-50-15-6 provides guidance on common control transactions, stating that such transactions involve transfers between entities under common control, where the control is not transitory. In the case of the conversion of member units into common stock, the entities involved are under common control by the same parent entity. This relationship satisfies the criteria for a common control transaction, as control is not transitory, and the parent entity exercises noteworthy influence over the entities involved. Financial statements reflect the members' equity and that the reclassification of members' equity during fiscal 2022 to paid-in-capital is properly accounted for, in accordance with ASC 805-50-45-4 and SAB Topic 4.B by analogy.

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED MARCH 31, 2024 AND 2023
(Dollars in thousands, unless otherwise stated)

NOTE 2: Summary of Significant Accounting Policies (cont.)

Revenue Recognition

Our revenue recognition policy adheres to the principle of recognizing revenue when the promised goods or services are transferred to customers, at an amount reflecting the consideration we expect to receive. This principle aligns with the five-step model outlined in the accounting standard ASC 606, we perform the following steps: (i) identification of the promised goods or services in the contract; (ii) determination of whether the promised goods or services are performance obligations, including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) we satisfy each performance obligation. We only apply the five-step model to contracts when it is probable that we will collect the consideration we are entitled to in exchange for the goods or services we transfer to the customer.

Product Revenue

We generate revenue through the direct sale of our branded robotic products to customers. We consider customer purchase orders, which in some cases are governed by master sales agreements, to be the contracts with our customers. Each contract establishes a single performance obligation: the delivery of our product in accordance with the specified payment and shipping terms. The entire transaction price is allocated to this single performance obligation. Product revenue is recognized upon the customer acquiring control of the product, which aligns with either the shipment or delivery date as stipulated in the contract.

Other Revenue Policies

Sales, value add, and other taxes collected on behalf of third parties are excluded from revenue.

We do not assess whether a contract has a significant financing component if the expectation at contract inception is such that the period between payment by the customer and the transfer of the promised products to the customer will be one year or less, which is the case with substantially all customers.

We recognize the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets that we otherwise would have recognized is one year or less. These costs are included in selling expenses.

We account for shipping and handling activities related to contracts with customers as costs to fulfill the promise to transfer the associated products. We record the related costs within the cost of goods sold.

Disaggregation of Revenue

The following table sets forth revenue by product for the six months ended March 31, 2024 and 2023:

	Six months ended March 31,	
	2024	2023
Robotics		
Product revenue	\$ 670	\$ 1,623
Service revenue	899	257
Leasing revenue	489	121
Total Robotics revenue	2,058	2,001
Smart hardware	16	1
Interactive system	40	52
Cloutea*	158	—
Total revenue, net	\$ 2,272	\$ 2,054

Notes:

* Cloutea is the revenue generated from our boba tea store opened in May 2023, to further develop our business model. This is our model store of interactive robot barista by utilizing our ADAM robot.

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED MARCH 31, 2024 AND 2023
(Dollars in thousands, unless otherwise stated)

NOTE 2: Summary of Significant Accounting Policies (cont.)

Research and Development Costs

Research and development costs primarily consist of employee-related expenses, including salaries and benefits, facilities costs, depreciation, and other allocated expenses. Research and development costs are expensed as incurred.

Income Taxes

The Company accounts for income taxes in accordance with income tax accounting guidance (Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, Income Taxes). The income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur. Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not some portion or all of a deferred tax asset will not be realized.

Tax positions are recognized if it is more likely than not, based on the technical merits, the tax position will be realized or sustained upon examination. The term “more likely than not” means a likelihood of more than 50 percent; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances and information available at the reporting date and is subject to management’s judgment.

The Company recognizes interest and penalties on income taxes as a component of income tax expense.

Recent Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-02, *Leases* (“Topic 842”). The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of operations. The standard is effective for public business entities for fiscal years beginning after December 15, 2018. As an emerging growth company, we adopted the new standard on January 1, 2022. We had operating leases for which we were required to recognize a right-of-use asset and lease liability.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740), Simplifying the Accounting for Income Taxes*, which amends the approaches and methodologies in accounting for income taxes during interim periods and makes changes to certain income tax classifications. The new standard allows certain exceptions, including an exception to the use of the incremental approach for intra-period tax allocation, when there is a loss from continuing operations and income or a gain from other items, and to the general methodology for calculating income taxes in an interim period, when a year-to-date loss exceeds the anticipated loss for the year. The standard also requires franchise or similar taxes partially based on income to be reported as income tax and to reflect the effects of enacted changes in tax laws or rates in the annual effective tax rate computation from the date of enactment. Lastly, in any future acquisition, we would be required to evaluate when the step-up in the tax basis of goodwill is part of the business combination and when it should be considered a separate transaction. The standard will be effective for us beginning January 1, 2022, with early adoption of the amendments permitted. The adoption of ASU 2019-12 did not have a material impact on our financial statements and disclosures.

In May 2020, the FASB issued ASU 2021-04, *Earnings Per Share (Topic 260), Debt-Modifications and Extinguishments (Subtopic 470-50), Compensation-Stock Compensation (Topic 718), and Derivatives and Hedging-Contracts in Entity’s Own Equity (Subtopic 815-40): Issuer’s Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options (“ASU 2021-04”)*. ASU 2021-04 provides guidance for a modification or an exchange of a freestanding equity-classified written call option that is not within the scope of another topic. ASU 2021-04 is effective for fiscal years beginning after December 15, 2021. The Company has determined the adoption of ASU 2021-04 did not have a material impact on our financial statements and disclosures.

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED MARCH 31, 2024 AND 2023
(Dollars in thousands, unless otherwise stated)

NOTE 3: Earnings per Share

In the Form 10-Q for the quarter ended December 31, 2023, we excluded potentially dilutive securities from the computation of diluted net loss per share due to the presence of net losses. However, during the quarter ended March 31, 2024, Share grants under the Equity Incentive Plan (“ESOP”) began vesting in February 2024.

	Six Months Ended	
	March 31,	
	2024	2023
Numerator:		
Net loss attributable to common stockholders	\$ (3,868)	\$ (1,879)
Denominator:		
Weighted average shares of common stock used in computing	66,637,256	62,000,846
Basic and diluted net loss per share (in each dollar)	\$ (0.06)	\$ (0.03)

NOTE 4: Income Taxes

We are subject to taxation in the United States and various state jurisdictions in which we conduct our business. Our tax provision for interim periods is determined using an estimate of our annual effective tax rate, adjusted for discrete items arising in that quarter. On a quarterly basis, we update our estimate of the annual effective tax rate, and if the estimated annual tax rate changes, we make a cumulative adjustment in that quarter.

The tax expenses recorded for both six months ended March 31, 2024 and 2023 differ from the U.S. federal statutory tax rate of 21% due primarily to the tax impact of state income taxes, non-deductible officers’ compensation, and transportation fringe benefits. For the six months ended March 31, 2024 and 2023, we recorded zero income tax benefit/(expense) for both periods, and the effective tax rate is not applicable as there were losses from continuing operations before income tax expense for both years presented.

We have no material uncertain tax positions as of March 31, 2024, and 2023. It is our policy to recognize interest, penalties and related expenses on income tax as a component of income tax expense, in our audited condensed consolidated statements of operations and comprehensive income. As of March 31, 2024, and 2023, we have not accrued any interest or penalties associated with uncertain tax positions.

NOTE 5: Short-term Loan

Standby Equity Purchase Agreement

On February 15, 2024, we entered into a Standby Equity Purchase Agreement (the “Purchase Agreement”) with YA II PN, Ltd. (the “Investor”), pursuant to which the Investor has agreed to purchase up to \$50 million of the Company’s shares of Class B common stock over the course of 24 months after the date of the Purchase Agreement. The price of shares to be issued under the Purchase Agreement will be 96% of the lowest volume weighted average price (the “VWAP”) of the Company’s Class B common stock for the three trading days immediately following the delivery of each Advance notice by the Company (the “Pricing Period”). Each issuance and sale by the Company to the Investor under the Purchase Agreement (an “Advance”) is subject to a maximum amount equal to 100% of the daily trading volume of the Company’s Class B common stock, as reported by Bloomberg L.P., during the five trading days immediately preceding an Advance notice.

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED MARCH 31, 2024 AND 2023

(Dollars in thousands, unless otherwise stated)

NOTE 5: Short-term Loan (cont.)

With respect to each Advance, the Company has the option to notify the Investor of a minimum acceptable price (“MAP”) by specifying the amount within an Advance notice. During any trading day within a Pricing Period, two conditions will trigger an automatic reduction to the amount of the Advance by one-third: either (i) the VWAP of the Class B common stock is below the MAP specified in the Advance notice, or (ii) there is no VWAP available (each such day, an “Excluded Day”). On each Excluded Day, an automatic one-third reduction is applied to the specified Advance amount in the Advance notice and that day will be excluded from the Pricing Period.

Each Advance is subject to certain limitations, including that the Investor cannot purchase any shares that would result in it beneficially owning more than 4.99% of the Company’s outstanding voting power of number of shares of Class B common stock at the time of an Advance or acquiring more than 19.99% of the Company’s outstanding shares of Class B common stock as of the date of the Purchase Agreement (the “Exchange Cap”). The Exchange Cap will not apply under certain circumstances, including, where the Company has obtained stockholder approval to issue in excess of the Exchange Cap in accordance with the rules of The Nasdaq Stock Market (“Nasdaq”) or such issuances do not require stockholder approval under Nasdaq’s “minimum price rule.”

The Purchase Agreement will terminate automatically on the earlier of February 16, 2025 or when the Investor has purchased an aggregate of \$50 million of the Company’s shares of Class B common stock. The Company has the right to terminate the Purchase Agreement upon five trading days’ prior written notice to the Investor, subject to certain conditions.

In connection with and subject to the satisfaction of certain conditions set forth in the Purchase Agreement, upon the request of the Company, the Investor will pre-advance to the Company up to \$3,000,000 of the \$50,000,000 commitment amount (a “Pre-Advance”), with each Pre-Advance to be evidenced by a convertible promissory note (each, a “Note”). The first Pre-Advance, in the principal amount of \$1,000,000, was advanced on February 15, 2024. The second Pre-Advance, in the principal amount of \$1,000,000, was advanced on March 18, 2024. The third Pre-Advance, in the principal amount of \$1,000,000, was advanced on April 15, 2024. Each Note is subject to a 4% discount to the principal amount of such Note.

Each Note will accrue interest on the outstanding principal balance at the rate of 8% per annum and has a maturity date of February 15, 2025 (as may be extended at the option of the Investor). Beginning in May 2024, the Company was required to pay, on a monthly basis, one-ninth of the outstanding principal amount of each Note, together with accrued and unpaid interest, either (i) in cash or (ii) by submitting an Advance notice pursuant to the Purchase Agreement and selling the Investor shares, or any combination of (i) or (ii) as determined by the Company. The initial repayment is due 90 days after the issuance of the first Note, followed by subsequent payments due every 30 days after the previous payment. Unless otherwise agreed to by the Investor, any funds received by the Company pursuant to the Purchase Agreement for the sale of shares will first be used to satisfy any payments due under an outstanding Note.

At the election of the Investor, all or a portion of the principal, interest, or other amounts outstanding under each Note (the “Conversion Amount”) may be converted into shares of Common Stock (the “Conversion Shares”), equal to: (x) the Conversion Amount, divided by (y) the Conversion Price. “Conversion Price” is defined as (i) \$6.00 per share of Class B common stock, provided however, on May 28, 2024 (the “Reset Date”), the Conversion Price shall be adjusted (downwards only) to equal the average of the daily VWAPs for the 5 consecutive trading days immediately prior to the Reset Date, if such price is lower than the Conversion Price then in effect. The Conversion Shares are entitled to the registration rights set forth in the Purchase Agreement.

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED MARCH 31, 2024 AND 2023
(Dollars in thousands, unless otherwise stated)

NOTE 5: Short-term Loan (cont.)

On March 14, 2024, the Company and the Investor entered into a letter agreement (the “Letter Agreement”) to amend the terms of each Note as follows: (i) the Company may redeem early a portion or all amounts (including principal and accrued and unpaid interest) outstanding under the Note with at least 10 trading days’ prior written notice by the Company to the Investor. The outstanding principal balance being redeemed by the Company shall be subject to a 10% cash redemption premium. After receipt of the Redemption Notice, the Investor shall have 10 trading days to elect to convert all or any portion of the Note; and (ii) the Conversion Price shall not be lower than \$1.50 per share of Class B common stock.

The Company paid a subsidiary of the Investor a structuring fee in the amount of \$25,000 and in April 2024, issued to the Investor 259,350 shares of Class B common stock (the “Commitment Shares”) as a commitment fee. The Company and the Investor made certain representations and warranties to each other that are customary for transactions similar to this one, subject to specified exceptions and qualifications. Each of the Company and the Investor also agreed to indemnify the other.

The foregoing descriptions of the Purchase Agreement, the Letter Agreement and the Notes and the transactions contemplated thereby are qualified in their entirety by reference to the full text of the Purchase Agreement, the Letter Agreement and the Notes, a copy or a form of which are attached hereto as Exhibits 10.1 through 10.5, respectively, each of which is incorporated herein in its entirety by reference.

Revere Agreements

In connection with the execution of the Purchase Agreement, the Company entered into two agreements with Revere Securities, LLC (“Revere”): (i) a financial services agreement, dated as of January 22, 2024 (the “Financial Services Agreement”), pursuant to which the Company agreed to pay Revere \$25,000 per month on an accrual basis for six months, with payments commencing upon the execution of the Purchase Agreement, for general financial advisory services provided by Revere, and (ii) a finder’s fee agreement, dated as of January 22, 2024 (the “Finder’s Fee Agreement”), pursuant to which the Company agreed to pay Revere (a) cash compensation equal to 7% of total proceeds from Pre-Advances raised under the Purchase Agreement, plus (b) cash compensation equal to 4% of any Advance under the Purchase Agreement, paid upon 3 business days after the closing of such Advance.

The foregoing descriptions of the Financial Services Agreement and the Finder’s Fee Agreement are qualified in their entirety by reference to the full text of the Financial Services Agreement and the Finder’s Fee Agreement, copies of which are attached hereto as Exhibits 10.6 and 10.7, respectively, each of which is incorporated herein in its entirety by reference.

Investor Notes

On February 15, 2024 and March 18, 2024, we issued two Notes to the Investor, each in the principal amount of \$1,000,000, in connection with the Purchase Agreement. Each Note is subject to a 4% discount to the principal amount of such Note. Each Note will accrue interest on the outstanding principal balance at the rate of 8% per annum and has a maturity date of February 15, 2025 (as may be extended at the option of the Investor). Beginning in May 2024, the Company is required to pay, on a monthly basis, one-ninth of the outstanding principal amount of each Note, together with accrued and unpaid interest, either (i) in cash or (ii) by submitting an Advance notice pursuant to the Purchase Agreement and selling the Investor shares, or any combination of (i) or (ii) as determined by the Company. The initial repayment is due 90 days after the issuance of the first Note, followed by subsequent payments due every 30 days after the previous payment. Unless otherwise agreed to by the Investor, any funds received by the Company pursuant to the Purchase Agreement for the sale of shares will first be used to satisfy any payments due under an outstanding Note.

At the election of the Investor, all or a portion of the principal, interest, or other amounts outstanding under each Note may be converted into a number of Conversion Shares equal to: (x) the Conversion Amount, divided by (y) the Conversion Price. “Conversion Price” is defined as (i) \$6.00 per share of Class B common stock, provided however, on May 28, 2024, the Conversion Price shall be adjusted (downwards only) to equal the average of the daily VWAPs for the five consecutive trading days immediately prior to the Reset Date, if such price is lower than the Conversion Price then in effect, provided, however, the Conversion Price shall not be lower than \$1.50 per share of Class B common stock.

The Company may redeem early a portion or all amounts (including principal and accrued and unpaid interest) outstanding under the Note with at least 10 trading days’ prior written notice by the Company to the Investor. The outstanding principal balance being redeemed by the Company shall be subject to a 10% cash redemption premium. After receipt of the redemption notice, the Investor shall have 10 trading days to elect to convert all or any portion of the Note.

We also carried over a \$53 thousand loan balance from Stripe Capital, obtained in 2023. This brought our total short-term loan balance to \$2,053 thousand as of March 31, 2024.

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED MARCH 31, 2024 AND 2023
(Dollars in thousands, unless otherwise stated)

NOTE 6: Related parties and related parties transactions

The group had the following related parties:

- a. Companies controlled by the same controlling stockholders; and
- b. Executive officers, stockholders and companies controlled by executive officers.

Balances

We had the following related party balances:

	<u>Relationship</u>	<u>Notes</u>	<u>As of March 31, 2024</u>	<u>As of September 30, 2023</u>
Amounts due from related parties:				
Uplus Academy LLC	a	(i)	116	118
Uplus Academy NLV LLC	a	(i)	16	16
Zhenwu Huang	b	(v)	39	—
			<u>171</u>	<u>134</u>
	<u>Relationship</u>	<u>Notes</u>	<u>As of March 31, 2024</u>	<u>As of September 30, 2023</u>
Amounts due to related parties:				
Bison Systems LLC	a	(ii)	90	85
Zhenwu Huang	b	(iii)	—	113
Phil Zheng	b	(iv)	—	40
			<u>90</u>	<u>238</u>

Notes:

- (i) Uplus Academy LLC and Uplus Academy NLV LLC were both subsidiaries of Richtech and were disposed on December 31, 2021. Richtech has been making interest-free and non-maturity loans to both companies since their inceptions. On December 31, 2021, Uplus Academy LLC and Uplus Academy NLV LLC, subsidiaries of Richtech have been disposed to Zhenwu Huang, CEO and controlling stockholder of Richtech, to pay off part of Zhenwu Huang's earlier loans to Richtech. The transaction price for Uplus Academy LLC and Uplus Academy NLV LLC were \$120 and \$7, respectively.
- (ii) Bison Systems LLC was 100% owned by Zhenwu Huang, CEO and controlling stockholder of Richtech and Zhenqiang Huang, CFO and major stockholder of Richtech. In 2022 and 2023, Bison Systems LLC made several interest-free and non-maturity loans to Richtech to support its daily operation.
- (iii) Zhenwu Huang, CEO and controlling stockholder of Richtech, made multiple interest-free and non-maturity loans to Richtech since the inception of the business to support Richtech's operation. As of December 31, 2023, Richtech has paid off the remaining balance to Zhenwu Huang.
- (iv) Phil Zheng has served as Richtech's COO since February 2020. Phil made an interest-free and non-maturity loan to Richtech in May 2023. As of December 31, 2023, Richtech has paid off the remaining balance to Phil Zheng.
- (v) We made an interest-free and non-maturity loans for the amount of \$39 to Zhenwu Huang, CEO and controlling shareholder of Richtech in March 2024.

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED MARCH 31, 2024 AND 2023
(Dollars in thousands, unless otherwise stated)

NOTE 7: Commitments and contingencies

Leases

We lease office facilities under noncancelable operating lease agreements. We lease space for our corporate headquarters in Las Vegas, Nevada through August 2027, and a second office space in Austin, Texas through April 2024. In addition, our ClouTea store in Las Vegas currently operates under a lease which expires in January 2025. Afterwards, the lease will be month to month, which allows for ongoing adaptability while guaranteeing our market presence. While this arrangement grants the landlord the option to terminate with a two-month notice, it also affords us similar flexibility to adjust as needed. The landlord may choose to terminate the lease by sending a notice two months in advance.

The components of leases and lease costs are as follows:

	As of March 31, 2024	As of September 30, 2023
Operating leases		
Operating lease right-of-use assets	\$ 258	\$ 315
Operating lease liabilities, current portion	\$ 167	\$ 161
Operating lease liabilities, non-current portion	91	154
Total operating lease liabilities	\$ 258	\$ 315
	Six Months Ended March 31, 2024	Six Months Ended March 31, 2023
Operating leases		
Operating lease cost	\$ 98	\$ 120

Future minimum lease payments under these leases as of March 31, 2024 are approximately as follows:

Fiscal year	Amount
Reminder of 2024	\$ 146
2025	125
2026	22
Total future minimum lease payments	\$ 293

Legal Proceedings

From time to time, in the ordinary course of business, we are subject to litigation and regulatory examinations as well as information gathering requests, inquiries and investigations. As of March 31, 2024, there were no matters which would have a material impact on our financial results.

NOTE 8: Subsequent Events

On April 15, 2024, the Company issued the third Note to the Investor, in the principal amount of \$1,000,000, pursuant to the Purchase Agreement. The Note has a purchase price of \$960,000, representing a 4% original issue discount. The Note has a maturity date of February 15, 2025, and bears interest at 8% per annum on the outstanding principal balance. The terms of the third Note is the same as the first two Notes.

On April 22, 2024, the Company issued 259,350 Commitment Shares to the Investor pursuant to the Purchase Agreement. The potential dilutive effects of these instruments will be reflected in the computation of earnings per share in future periods.

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

The following discussion should be read in conjunction with our consolidated financial statements and the related notes contained elsewhere in this Report and in our other filings with the Securities and Exchange Commission (the “SEC”). The following discussion may contain predictions, estimates, and other forward-looking statements that involve a number of risks and uncertainties, including those discussed under “Risk Factors” in our annual report on form 10-K for the year ended September 30, 2023 filed with the SEC on January 11, 2024 and amended on March 27, 2024 and elsewhere in this Report. These risks could cause our actual results to differ materially from any future performance suggested below.

Overview

We are a leading provider of service robotic solutions by developing, manufacturing, and deploying novel products that address the growing need for automation in the service industry. We develop and provide service automation solutions that directly address the labor shortage problem affecting the US service industry. Our solutions include delivery, commercial cleaning, food & beverage service, and customization and development service, which has been implemented in more than 80 cities across the United States in restaurants, hotels, casinos, senior living homes, factories and retail centers. Our solutions automate repetitive and time-consuming tasks which allows clients to reallocate labor hours to more value-creating roles. Many of our clients see our robotic solutions as crucial to expanding and scaling their businesses.

Our product family was designed to provide labor-intensive businesses with robotic automation solutions. Hospitality is the most labor-intensive industry, which is why we have deployed our robots across restaurants, hotels, casinos, hospitals, bars, event spaces, and senior living homes. The market is currently in the phase where end-users and system integrators are still gaining experience in adoption and implementation of nonindustrial service robots. In North America, the primary driver for adoption will be the ongoing trend to automate menial or non-value-adding-tasks. These tasks include cleaning, transport and delivery, and food preparation.

Standby Equity Purchase Agreement

On February 15, 2024, we entered into a Standby Equity Purchase Agreement (the “Purchase Agreement”) with YA II PN, Ltd. (the “Investor”), pursuant to which the Investor has agreed to purchase up to \$50 million of the Company’s shares of Class B common stock over the course of 24 months after the date of the Purchase Agreement. The price of shares to be issued under the Purchase Agreement will be 96% of the lowest volume weighted average price (the “VWAP”) of the Company’s Class B common stock for the three trading days immediately following the delivery of each Advance notice by the Company (the “Pricing Period”). Each issuance and sale by the Company to the Investor under the Purchase Agreement (an “Advance”) is subject to a maximum amount equal to 100% of the daily trading volume of the Company’s Class B common stock, as reported by Bloomberg L.P., during the five trading days immediately preceding an Advance notice.

With respect to each Advance, the Company has the option to notify the Investor of a minimum acceptable price (“MAP”) by specifying the amount within an Advance notice. During any trading day within a Pricing Period, two conditions will trigger an automatic reduction to the amount of the Advance by one-third: either (i) the VWAP of the Class B common stock is below the MAP specified in the Advance notice, or (ii) there is no VWAP available (each such day, an “Excluded Day”). On each Excluded Day, an automatic one-third reduction is applied to the specified Advance amount in the Advance notice and that day will be excluded from the Pricing Period.

Each Advance is subject to certain limitations, including that the Investor cannot purchase any shares that would result in it beneficially owning more than 4.99% of the Company’s outstanding voting power of number of shares of Class B common stock at the time of an Advance or acquiring more than 19.99% of the Company’s outstanding shares of Class B common stock as of the date of the Purchase Agreement (the “Exchange Cap”). The Exchange Cap will not apply under certain circumstances, including, where the Company has obtained stockholder approval to issue in excess of the Exchange Cap in accordance with the rules of The Nasdaq Stock Market (“Nasdaq”) or such issuances do not require stockholder approval under Nasdaq’s “minimum price rule.”

The Purchase Agreement will terminate automatically on the earlier of February 16, 2025 or when the Investor has purchased an aggregate of \$50 million of the Company's shares of Class B common stock. The Company has the right to terminate the Purchase Agreement upon five trading days' prior written notice to the Investor, subject to certain conditions.

In connection with and subject to the satisfaction of certain conditions set forth in the Purchase Agreement, upon the request of the Company, the Investor will pre-advance to the Company up to \$3,000,000 of the \$50,000,000 commitment amount (a "Pre-Advance"), with each Pre-Advance to be evidenced by a convertible promissory note (each, a "Note"). The first Pre-Advance, in the principal amount of \$1,000,000, was advanced on February 15, 2024. The second Pre-Advance, in the principal amount of \$1,000,000, was advanced on March 18, 2024. The third Pre-Advance, in the principal amount of \$1,000,000, was advanced on April 15, 2024. Each Note is subject to a 4% discount to the principal amount of such Note.

Each Note will accrue interest on the outstanding principal balance at the rate of 8% per annum and has a maturity date of February 15, 2025 (as may be extended at the option of the Investor). Beginning in May 2024, the Company was required to pay, on a monthly basis, one-ninth of the outstanding principal amount of each Note, together with accrued and unpaid interest, either (i) in cash or (ii) by submitting an Advance notice pursuant to the Purchase Agreement and selling the Investor shares, or any combination of (i) or (ii) as determined by the Company. The initial repayment is due 90 days after the issuance of the first Note, followed by subsequent payments due every 30 days after the previous payment. Unless otherwise agreed to by the Investor, any funds received by the Company pursuant to the Purchase Agreement for the sale of shares will first be used to satisfy any payments due under an outstanding Note.

At the election of the Investor, all or a portion of the principal, interest, or other amounts outstanding under each Note (the "Conversion Amount") may be converted into shares of Common Stock (the "Conversion Shares"), equal to: (x) the Conversion Amount, divided by (y) the Conversion Price. "Conversion Price" is defined as (i) \$6.00 per share of Class B common stock, provided however, on May 28, 2024 (the "Reset Date"), the Conversion Price shall be adjusted (downwards only) to equal the average of the daily VWAPs for the 5 consecutive trading days immediately prior to the Reset Date, if such price is lower than the Conversion Price then in effect. The Conversion Shares are entitled to the registration rights set forth in the Purchase Agreement.

On March 14, 2024, the Company and the Investor entered into a letter agreement (the "Letter Agreement") to amend the terms of each Note as follows: (i) the Company may redeem early a portion or all amounts (including principal and accrued and unpaid interest) outstanding under the Note with at least 10 trading days' prior written notice by the Company to the Investor. The outstanding principal balance being redeemed by the Company shall be subject to a 10% cash redemption premium. After receipt of the Redemption Notice, the Investor shall have 10 trading days to elect to convert all or any portion of the Note; and (ii) the Conversion Price shall not be lower than \$1.50 per share of Class B common stock.

The Company paid a subsidiary of the Investor a structuring fee in the amount of \$25,000 and in April 2024, issued to the Investor 259.350 shares of Class B common stock (the "Commitment Shares") as a commitment fee. The Company and the Investor made certain representations and warranties to each other that are customary for transactions similar to this one, subject to specified exceptions and qualifications. Each of the Company and the Investor also agreed to indemnify the other.

The foregoing descriptions of the Purchase Agreement and the Notes and the transactions contemplated thereby are qualified in their entirety by reference to the full text of the Purchase Agreement and the Notes, a copy or a form of which are attached hereto as Exhibits 10.1 and 4.1, respectively, each of which is incorporated herein in its entirety by reference.

Revere Agreements

In connection with the execution of the Purchase Agreement, the Company entered into two agreements with Revere Securities, LLC ("Revere"): (i) a financial services agreement, dated as of January 22, 2024 (the "Financial Services Agreement"), pursuant to which the Company agreed to pay Revere \$25,000 per month on an accrual basis for six months, with payments commencing upon the execution of the Purchase Agreement, for general financial advisory services provided by Revere, and (ii) a finder's fee agreement, dated as of January 22, 2024 (the "Finder's Fee Agreement"), pursuant to which the Company agreed to pay Revere (a) cash compensation equal to 7% of total proceeds from Pre-Advances raised under the Purchase Agreement, plus (b) cash compensation equal to 4% of any Advance under the Purchase Agreement, paid upon 3 business days after the closing of such Advance.

The foregoing descriptions of the Financial Services Agreement and the Finder's Fee Agreement are qualified in their entirety by reference to the full text of the Financial Services Agreement and the Finder's Fee Agreement, copies of which are attached hereto as Exhibits 10.6 and 10.7, respectively, each of which is incorporated herein in its entirety by reference.

Factors and Trends Affecting Our Business and Results of Operations

The following trends and uncertainties either affected our financial performance historically or are likely to impact our results of operations in the future:

- As our robotic products market potential is seen by others, more competitors enter the market, which will lead to price competition and a decline in profit margins;
- A recession will lead to a decline in customer demand in our robotic products and services;
- Some of the products are currently assembled by suppliers in China, which may delay the supply if they are affected by international shipping, epidemic, geopolitical conflicts and other factors;
- We anticipate that our general and administrative expenses will increase in the future because of the increased costs associated with being a public company. These increases will likely include increased costs related to the hiring of additional personnel and fees to outside consultants, attorneys, and accountants, and personnel-related stock-based compensation costs, among other expenses, and, in the case of public company-related expenses, services associated with strengthening our internal control over financial reporting, maintaining compliance with Nasdaq listing and SEC reporting requirements, director and officer liability insurance costs, and investor and public relations costs, among other expenses.
- Inflationary pressures are also a concern as it is difficult to make reliable projections for the cost of components. This means profit margins could be affected, and our pricing would need to be re-evaluated on a regular basis.
- Rising interest rates will lead to higher borrowing costs. It will increase our costs for any potential future borrowing and financing activities. Higher interest rates reduce consumer spending and business investment, causing the economy to contract, which will impact on our business and will reduce our customers' purchasing power.
- We may adopt a new compensation plan that will introduce adjustments to executive compensation packages and will have a new vesting schedule. The potential impact of a new compensation plan may include increased costs associated with higher executive salaries and performance-based incentives. Additionally, a new vesting schedule may impact employee retention and talent acquisition strategies. The ultimate impact of the plan will be decided by the terms of the final plan, which are subject to approval by the Compensation Committee.

Results of Operations

Comparison of the six months ended March 31, 2024 and 2023

The following table summarizes our results of operations (in thousands) for the six months ended March 31, 2024 and 2023, together with the dollar change in those items from period to period:

	Six months ended March 31,		Change
	2024	2023	
Revenue, net	\$ 2,272	\$ 2,054	\$ 218
Cost of revenue, net	982	908	74
Gross profit	<u>1,290</u>	<u>1,146</u>	<u>144</u>
Operating expenses:			
Research and development	1,247	1,272	(25)
Sales and marketing	787	166	621
General and administrative	2,464	1,586	878
Total operating expenses	<u>4,498</u>	<u>3,024</u>	<u>1,474</u>
Loss from operations	(3,208)	(1,878)	(1,330)
Other income (expense):			
Interest expenses, net	(660)	(1)	(659)
Total other expenses	<u>(660)</u>	<u>(1)</u>	<u>(659)</u>
Loss before income tax expense	(3,868)	(1,879)	(1,989)
Income tax benefit/(expense)	-	-	-
Net loss	<u>\$ (3,868)</u>	<u>\$ (1,879)</u>	<u>\$ (1,989)</u>

Revenue

The total revenue for the six months ended March 31, 2024, and 2023, was approximately \$2,272 thousand and \$2,054 thousand, respectively. The approximate \$218 thousand, or 11%, increase in revenue in the six months ended March 31, 2024 was a combined result of our continuous expansion of customer base and changing of our sales mode. Our revenue (in thousands) by product for the six months ended March 31 is shown below:

	Six months ended March 31,		Change
	2024	2023	
Robotics			
Product revenue	\$ 670	\$ 1,623	\$ (953)
Service revenue	899	257	642
Leasing revenue	489	121	368
Total Robotics revenue	<u>2,058</u>	<u>2,001</u>	<u>57</u>
Smart hardware	16	1	15
Interactive system	40	52	(12)
Cloutea*	158	—	158
Total	<u>\$ 2,272</u>	<u>\$ 2,054</u>	<u>\$ 218</u>

Notes:

* Cloutea is the revenue generated from our boba tea store opened in May 2023, in order to further develop our business model. This is our model store of interactive robot barista by utilizing our ADAM robot.

For the six months ended March 31, 2024 and 2023, our overall robotics revenue was approximately \$2,272 thousand and \$2,054 thousand, respectively. The increase of approximately \$218 thousand, or 11%, was brought on primarily by our increased service revenue of approximately \$642 thousand, or 250%, partially offset by the decrease in product revenue of approximately \$953 thousand, or 59%. We are currently upgrading our product line to ensure we remain at the forefront of robotics technology. The RaaS model allows us to build stronger customer relationships, generate recurring revenue streams, and potentially achieve higher margins through premium services. We anticipate a temporary decrease in product sales during this transition, which we expect to last for the remainder of this year. This will be mitigated by the launch of our new product line later this year.

Cost of Revenue, Net

Cost of revenue, net, was approximately \$982 thousand and approximately \$908 thousand for the six months ended March 31, 2024 and 2023, respectively. The approximately \$74 thousand increase, or 8%, was due primarily to the increase of our robotics service revenue in 2024. Robotic service revenue has a higher margin compared to other revenue streams.

Gross Profit

Gross profit as a percentage of total revenue was approximately 57% for the six months ended March 31, 2024 compared to approximately 56% for the six months ended March 31, 2023.

Research and Development Expenses

Research and development expenses were approximately \$1,247 thousand for the six months ended March 31, 2024, representing a decrease of \$25 thousand compared to the same period in 2023. This decrease reflects our ongoing efforts to optimize R&D spending while continuing to invest in developing innovative new products.

Sales and Marketing Expenses

Sales and marketing expenses were approximately \$787 thousand and approximately \$166 thousand for the six months ended March 31, 2024 and 2023, respectively. The increase of approximately \$621 thousand, or 374%, in marketing costs was primarily due to our increased expenditure in large screen advertisement and social media marketing for our products in November and December 2023.

General and Administrative Expenses

General and administrative expenses were approximately \$2,464 thousand and approximately \$1,586 thousand for the six months ended March 31, 2024 and 2023, respectively. The approximately \$878 thousand increase, or 55%, was due primarily to an increase in professional service fees and related expenses to maintain a public company status.

Other Income (Expense)

Total other expenses were approximately \$660 thousand and approximately \$1 thousand for the six months ended March 31, 2024 and 2023, respectively. The approximately \$659 thousand, net increase in total other expenses was primarily due to the interest expense incurred within the six months ended March 31, 2024. In February and March 2024, we issued two Notes with the Investor, totaling \$2,000,000. The Notes were issued in connection with the Purchase Agreement, pursuant to which we issued 259,350 Commitment Shares to the Investor in April 2024. The short-term loan balance was approximately \$2,053 thousand.

Income Tax Benefit/(Expense)

Income tax benefit/(expense) were zero for both six months ended March 31, 2024, and 2023.

Liquidity and Capital Resources

We believe that our existing cash as of the date of this Report will fund our current operating plans through at least the next twelve months from the date of this Report. Although we have operating cash outflows of \$2,543 thousand for the six months ended March 31, 2024 and \$1,667 thousand for the six months ended March 31, 2023, our working capital is in net asset position with \$9,500 thousand as of March 31, 2024 and \$4,092 thousand as of September 30, 2023. In addition, if needed, we expect to finance our future cash needs within the next twelve months from the date of this Report through founder investment, public or private equity or debt financings, the Purchase Agreement, third-party (including government) funding and marketing and distribution arrangements, as well as other collaborations, strategic alliances and licensing arrangements, or any combination of these approaches. If we raise additional funds through further issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences, and privileges superior to those of holders of our common stock, including shares of common stock sold in this offering.

Comparison of the six months ended March 31, 2024 and 2023

The following table summarizes our cash flow information (in thousands) for six months ended March 31, 2024 and 2023, together with the dollar change in those items from period to period:

	Six months ended March 31,		Change
	2024	2023	
Net cash provided by (used in):			
Operating activities	\$ (2,543)	\$ (1,667)	(876)
Investing activities	(34)	(18)	(16)
Financing activities	10,339	1,808	8,531
Net change in cash and cash equivalents	\$ 7,762	\$ 123	7,639

Operating Activities

Net cash used in operating activities for the six months ended March 31, 2024 was approximately \$2,543 thousand, primarily due to a net loss of approximately \$3,868 thousand and an increase of approximately \$1,325 thousand in net operating assets and liabilities. The cash flow impact from changes in net operating assets and liabilities was primarily driven by decreases in accounts receivable of approximately \$1,823 thousand and inventory of approximately \$530 thousand, partially offset by the increase in accounts payable of approximately \$969 thousand.

Net cash used in operating activities for the six months ended March 31, 2023 was approximately \$1,667 thousand, primarily due to a net loss of approximately \$1,879 thousand and an increase of approximately \$212 thousand in net operating assets and liabilities. The cash flow impact from changes in net operating assets and liabilities was primarily driven by increases in inventory of approximately \$584 thousand and an increase in and current operating lease liabilities of approximately \$127 thousand, partially offset by decrease in accounts receivable of approximately \$201 thousand, a decrease in accounts payable of \$111 thousand, and decrease in tax payable of approximately \$91 thousand.

Investing Activities

Net cash used for investing activities was approximately \$34 thousand and approximately \$18 thousand for the six months ended March 31, 2024 and 2023, respectively. These amounts consisted of the cash used for lending to related parties slightly offset by sales of property in both periods.

Financing Activities

Net cash provided by financing activities totaled approximately \$10,339 thousand for the six months ended March 31, 2024. We raised approximately \$9,278 thousand from issuance of Class B common stock and obtained short-term loans in the form of convertible Notes totaling \$2 million from the Investor, as discussed above.

Net cash provided by financing activities totaled approximately \$1,808 thousand for the six months ended March 31, 2023. We raised approximately \$1,400 thousand from issuance of Class B common stock and obtained short-term loans with a net balance of \$459 thousand from third parties, partially offset by approximately \$51 thousand payment of related party debt.

Contractual Obligations

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

Trend Information

Other than as disclosed elsewhere in this registration statement, particularly with respect to government regulations relating to nicotine and cannabis, we are not aware of any trends, uncertainties, demands, commitments, or events that are reasonably likely to have a material effect on our net revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

Seasonality

Seasonality does not materially affect our business or the results of our operations.

Off-Balance Sheet Arrangements

We do not have off-balance sheet arrangements.

Recent Accounting Pronouncements Not Yet Adopted

See Note 2 to our unaudited financial statements included elsewhere in this Form 10-Q for more information.

Critical Accounting Policies and Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Management bases its estimates on historical experience, market and other conditions, and various other assumptions it believes to be reasonable. See Note 2 to our audited financial statements included elsewhere in this Form 10-Q for more information.

JOBS Act

Section 107 of the JOBS Act also provides that an “emerging growth company” can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an “emerging growth company” can delay the adoption of new or revised accounting standards until those standards would otherwise apply to private companies. We have elected to avail ourselves of this extended transition period.

For as long as we remain an “emerging growth company” under the recently enacted JOBS Act, we will, among other things:

- be exempt from the provisions of Section 404(b) of the Sarbanes-Oxley Act, which requires that our independent registered public accounting firm provide an attestation report on the effectiveness of our internal controls over financial reporting;
- be permitted to omit the detailed compensation discussion and analysis from proxy statements and reports filed under the Exchange Act and instead provide a reduced level of disclosure concerning executive compensation; and
- be exempt from any rules that may be adopted by the Public Company Accounting Oversight Board requiring mandatory audit firm rotation or a supplement to the auditor’s report on the financial statements.

Although we are still evaluating the JOBS Act, we currently intend to take advantage of some or all of the reduced regulatory and reporting requirements that will be available to us so long as we qualify as an “emerging growth company,” including the extension of time to comply with new or revised financial accounting standards available under Section 102(b) of the JOBS Act. Among other things, this means that our independent registered public accounting firm will not be required to provide an attestation report on the effectiveness of our internal control over financial reporting so long as we qualify as an emerging growth company, which may increase the risk that weaknesses or deficiencies in our internal control over financial reporting go undetected. Likewise, so long as we qualify as an emerging growth company, we may elect not to provide you with certain information, including certain financial information and certain information regarding compensation of our executive officers, that we would otherwise have been required to provide in filings we make with the SEC, which may make it more difficult for investors and securities analysts to evaluate our company. As a result, investor confidence in our company and the market price of our common stock may be materially and adversely affected.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not required for smaller reporting companies.

Item 4. Controls and Procedures.

(a) Evaluation of disclosure controls and procedures

In preparation for this Report, our management, under the supervision and with the participation of our CEO, CFO, and VP of Finance, assessed the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Exchange Act). Based on this assessment, our CEO and CFO have concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Report. The recent corrective actions addressing a previously disclosed material weakness have significantly improved the reliability of our financial reporting processes.

Management's Report on Internal Controls over Financial Reporting

Our internal control over financial reporting (ICFR) is a process designed by, or under the supervision of, our CEO, CFO, and VP of Finance. It is affected by our Board of Directors, management, and other personnel to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our financial statements in accordance with generally accepted accounting principles (GAAP). The addition of the VP of Finance has significantly strengthened our ICFR framework.

These controls include policies and procedures that:

- Maintain records that accurately and fairly reflect transactions and dispositions of our assets.
- Ensure transactions are recorded as necessary for GAAP-compliant financial statement preparation.
- Authorize receipts and expenditures in accordance with our Board and management directives.
- Provide reasonable assurance regarding the prevention or timely detection of unauthorized actions that could materially affect our financial statements.

Evaluation, Remediation, and Ongoing Improvement :

Under the supervision of our CEO, CFO, and VP of Finance, we evaluated the effectiveness of our ICFR based on the 2013 COSO framework. We took decisive actions to address a previously identified material weakness:

- **Accounting Software Upgrade:** Implemented QuickBooks Online to centralize transaction documentation, automate key accounting processes, and enhance data security.
- **Inventory Management Enhancement:** Integrated QuickBooks' inventory management module, improving real-time visibility, reducing calculation errors, and enhancing accuracy.

Management believes these measures successfully address the previously identified material weakness. We are confident these changes have significantly strengthened our ICFR. Additionally, we have implemented the following remediation actions that further bolster our control environment:

- **Robust Controls for SaaS Reports:** Established more specific controls to effectively address Complementary User Entity Controls arising from SaaS vendor audits.
- **Enhanced IT Governance:** Expanded management oversight and controls within our IT systems.
- **Data Accuracy Focus:** Implemented specific controls to ensure the completeness and accuracy of information produced by the entity (IPE), especially spreadsheets used in financial statement preparation.
- **Improved Access Management:** Implemented enhanced controls for internal user access management, including provisioning, periodic review, and timely removal.

We are committed to ongoing monitoring and improvement. We will continue to assess these measures to ensure a robust control environment. The material weakness will be considered remediated when the controls have operated effectively for a sufficient period and management has performed adequate testing.

Changes in Internal Control over Financial Reporting

As of March 31, 2023, as a privately owned company, we were not subject to the Sarbanes-Oxley Act of 2002, the rules and regulations of the SEC, or other corporate governance requirements applicable to public reporting companies with respect to the establishment of internal controls over financial reporting. As described within the remedial measures above, during the year ended March 31, 2024, we developed and commenced the implementation of internal controls over financial reporting, and we are continuing to develop and implement internal controls over financial reporting.

Inherent Limitations on Internal Controls

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness for future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. No evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

(b) Changes in Internal Control over Financial Reporting

There has not been any change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that occurred during our fiscal quarter ended March 31, 2024 that has materially affected, or is likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

To the knowledge of our management team, there is no litigation currently pending or contemplated against us, any of our officers or directors in their capacity as such or against any of our property.

Item 1A. Risk Factors.

As a smaller reporting company under Rule 12b-2 of the Exchange Act, we are not required to include risk factors in this Report. However, as of the date of this Report, there have been no material changes with respect to those risk factors previously disclosed in our (i) registration statement for our initial public offering and (ii) 2023 Annual Report. Any of these factors could result in a significant or material adverse effect on the results of our operations or financial condition. Additional risks could arise that may also affect our business or ability to consummate an initial business combination. We may disclose changes to such risk factors or disclose additional risk factors from time to time in our future filings with the SEC.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

No.	Description of Exhibit
10.1	Standby Equity Purchase Agreement, dated February 15, 2024, by and between the Company and YA II PN, Ltd. (incorporated by reference to Exhibit 10.13 of the Company's Registration Statement on Form S-1 (No. 333-278013) filed with the SEC on March 18, 2024).
10.2	Form of Promissory Note (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on February 21, 2024).
10.3	Letter Agreement, dated March 14, 2024, by and between the Company and YA II PN, Ltd. (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on March 15, 2024).
10.4	Promissory Note issued to YA II PN, Ltd. dated March 18, 2024 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on March 22, 2024).
10.5	Promissory Note issued to YA II PN, Ltd. dated April 15, 2024 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on April 22, 2024).
10.6	Financial Services Agreement, dated as of January 22, 2024, by and between the Company and Revere Securities, LLC (incorporated by reference to Exhibit 10.15 of the Company's Registration Statement on Form S-1 (No. 333-273628) filed with the SEC on March 18, 2024).
10.7	Finder's Fee Agreement, dated as of January 22, 2024, by and between the Company and Revere Securities, LLC (incorporated by reference to Exhibit 10.16 of the Company's Registration Statement on Form S-1 (No. 333-273628) filed with the SEC on March 18, 2024).
31.1*	Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	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
32.2**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.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.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

RICHTECH ROBOTICS INC.

Date: May 14, 2024

By: /s/ Zhenwu Huang
Name: Zhenwu Huang
Title: Chief Executive Officer
(Principal Executive Officer)

Date: May 14, 2024

By: /s/ Zhenqiang Huang
Name: Zhenqiang Huang
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

**CERTIFICATION OF THE
PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO
RULE 13a-14(a) AND RULE 15d-14(a)
UNDER THE
SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Zhenwu Huang, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Richtech 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 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 subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) (Paragraph intentionally omitted pursuant to SEC Release Nos. 33-8238/34-47986 and 33-8392/34-49313);
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 14, 2024

/s/ Zhenwu Huang

Name: Zhenwu Huang
Title: Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF THE
PRINCIPAL FINANCIAL OFFICER
PURSUANT TO
RULE 13a-14(a) AND RULE 15d-14(a)
UNDER THE
SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Zhenqiang Huang, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Richtech 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 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 subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) (Paragraph intentionally omitted pursuant to SEC Release Nos. 33-8238/34-47986 and 33-8392/34-49313);
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 14, 2024

/s/ Zhenqiang Huang

Name: Zhenqiang Huang
Title: Chief Financial Officer
(Principal Financial Officer)

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

In connection with the Quarterly Report of Richtech Robotics Inc. (the “Company’s Quarterly Report”) on Form 10-Q for the period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Zhenwu Huang, as Chief Executive Officer and principal executive officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of the undersigned’s knowledge and belief, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

/s/ Zhenwu Huang

Zhenwu Huang

Chief Executive Officer and Principal Executive Officer

Dated: May 14, 2024

This certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

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

In connection with the Quarterly Report of Richtech Robotics Inc. (the “Company’s Quarterly Report”) on Form 10-Q for the period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Zhenqiang Huang, as Chief Financial Officer and principal financial officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of the undersigned’s knowledge and belief, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

/s/ Zhenqiang Huang

Zhenqiang Huang

Chief Financial Officer and Principal Financial Officer

Dated: May 14, 2024

This certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.