

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 10-K**

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(Mark One)

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

For the fiscal year ended December 31, 2020

OR

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

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

Commission file number 001-36467

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**RESONANT INC.**

(Exact Name of Registrant as Specified in Its charter)

**Delaware**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**45-4320930**  
(I.R.S. Employer  
Identification No.)

**10900 Stonelake Blvd, Suite 100, Office 02-130, Austin, Texas 78759**

(Address of Principal Executive Offices) (Zip Code)

**(805) 308-9803**

(Registrant's Telephone Number, Including Area Code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value	RESN	The NASDAQ Stock Market LLC

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes  No

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

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

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

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

As of June 30, 2020, the aggregate market value of the voting and non-voting common equity held by non-affiliates was \$15 million, based on the closing price on that date. As of March 10, 2021, the registrant had 60,119,538 shares of common stock issued and outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's Proxy Statement for the registrant's 2021 Annual Meeting of Stockholders are incorporated by reference in Part III of this Annual Report on Form 10-K. Such Proxy Statement will be filed with the Securities and Exchange Commission within 120 days of December 31, 2020, the last day of the fiscal year covered by this Annual Report on Form 10-K.

**RESONANT INC.  
FORM 10-K  
TABLE OF CONTENTS**

	<u>Page</u>
<a href="#">Special Note Regarding Forward-Looking Statements</a>	<a href="#">4</a>
 <b><u>PART I</u></b>	
<a href="#">Item 1. Business</a>	<a href="#">6</a>
<a href="#">Item 1A. Risk Factors</a>	<a href="#">15</a>
<a href="#">Item 1B. Unresolved Staff Comments</a>	<a href="#">29</a>
<a href="#">Item 2. Properties</a>	<a href="#">29</a>
<a href="#">Item 3. Legal Proceedings</a>	<a href="#">29</a>
<a href="#">Item 4. Mine Safety Disclosures</a>	<a href="#">29</a>
 <b><u>PART II</u></b>	
<a href="#">Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</a>	<a href="#">30</a>
<a href="#">Item 6. Selected Financial Data</a>	<a href="#">31</a>
<a href="#">Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations</a>	<a href="#">32</a>
<a href="#">Item 7A. Quantitative and Qualitative Disclosures about Market Risk</a>	<a href="#">36</a>
<a href="#">Item 8. Financial Statements and Supplementary Data</a>	<a href="#">37</a>
<a href="#">Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</a>	<a href="#">64</a>
<a href="#">Item 9A. Controls and Procedures</a>	<a href="#">64</a>
<a href="#">Item 9B. Other Information</a>	<a href="#">64</a>
 <b><u>PART III</u></b>	
<a href="#">Item 10. Directors, Executive Officers and Corporate Governance</a>	<a href="#">66</a>
<a href="#">Item 11. Executive Compensation</a>	<a href="#">66</a>
<a href="#">Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</a>	<a href="#">66</a>
<a href="#">Item 13. Certain Relationships and Related Transactions and Director Independence</a>	<a href="#">66</a>
<a href="#">Item 14. Principal Accountant Fees and Services</a>	<a href="#">66</a>
 <b><u>PART IV</u></b>	
<a href="#">Item 15. Exhibits and Financial Statement Schedules</a>	<a href="#">67</a>
<a href="#">Item 16. Form 10-K Summary</a>	<a href="#">70</a>
<a href="#">Signatures</a>	<a href="#">S-1</a>

### SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. The words “believe,” “may,” “will,” “potentially,” “estimate,” “continue,” “anticipate,” “intend,” “could,” “would,” “project,” “plan,” “expect” and similar expressions that convey uncertainty of future events or outcomes are intended to identify forward-looking statements. These forward-looking statements include, but are not limited to, statements concerning the following:

- *our ability to fund our planned operations and implement our business plan;*
- *the status of filter designs under development;*
- *the prospects for licensing filter designs upon completion of development;*
- *plans for other filter designs not currently in development;*
- *potential customers for our designs;*
- *the timing and amount of future royalty streams;*
- *our plans regarding the use of proceeds from our financings and the expected duration of our capital resources;*
- *our plans regarding future financings;*
- *our hiring plans;*
- *the impact of our designs on the mobile device market;*
- *our business strategy;*
- *our intentions, expectations and beliefs regarding anticipated growth, market penetration and trends in our business;*
- *the timing and success of our plan of commercialization;*
- *our dependence on growth in our customers’ businesses;*
- *our customers’ success in marketing products incorporating our designs to their customers;*
- *the effects of market conditions on our stock price and operating results;*
- *our ability to maintain our competitive technological advantages against competitors in our industry and the related costs associated with defending intellectual property infringement and other claims;*
- *our ability to timely and effectively adapt our existing technology and have our technology solutions gain market acceptance;*
- *our ability to introduce new filter designs and bring them to market in a timely manner;*
- *our ability to maintain, protect and enhance our intellectual property;*
- *our expectations concerning our relationships with our customers and other third parties and our customers’ relationships with their manufacturers and customers;*
- *the attraction and retention of qualified employees and key personnel;*
- *future acquisitions of or investments in complementary companies or technologies; and*
- *our ability to comply with evolving legal standards and regulations, particularly concerning requirements for being a public company and United States export regulations.*

These forward-looking statements speak only as of the date of this Form 10-K and are subject to uncertainties, assumptions and business and economic risks. As such, our actual results could differ materially from those set forth in the forward-looking statements as a result of the factors set forth below in Part I, Item 1A, “Risk Factors,” and in our other reports filed with the Securities and Exchange Commission, or SEC. Moreover, we operate in a very competitive and rapidly changing

environment, and new risks emerge from time to time. It is not possible for us to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Form 10-K may not occur, and actual results could differ materially and adversely from those anticipated or implied in our forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in our forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances described in the forward-looking statements will be achieved or occur. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. We undertake no obligation to update publicly any forward-looking statements for any reason after the date of this Form 10-K to conform these statements to actual results or to changes in our expectations, except as required by law.

You should read this Annual Report on Form 10-K and the documents that we reference in this Annual Report on Form 10-K and have filed with the SEC as exhibits thereto with the understanding that our actual future results and circumstances may be materially different from what we expect.

## PART I

### ITEM 1. BUSINESS

#### Overview

Resonant is a late-stage development company that has created an innovative software, intellectual property, or IP, and services platform that has the ability to increase designer efficiency, reduce the time to market and lower unit costs in the designs of filters for radio frequency, or RF, front-ends for the mobile device, automotive, medical, internet-of-things and related industries. The RF front-end, or RFFE, is the circuitry in a device responsible for analog signal processing and is located between the device's antenna and its digital circuitry. The software platform we continue to develop is based on fundamentally new technology that we call Infinite Synthesized Networks®, or ISN®, to configure and connect resonators, the building blocks of RF filters. Filters are a critical component of the RF front-end used to select desired radio frequency signals and reject unwanted signals. Our ISN® platform allows us to develop unique, custom designs that address the increasing complexity of the RFFE due to increasing bandwidth requirements, such as by using carrier aggregation (the combining of multiple frequencies into a single data stream to increase throughput through higher data rates), or CA, by both reducing the size of the filter and improving performance. Our goal is to utilize our ISN® platform to support our customers in reducing their time to develop complex filter and module designs, to access new classes of filter designs, and to do it more cost effectively. Additionally, our ISN® platform has allowed us to expand our customer focus beyond just filter manufacturers by enabling a new class of customer - fabless filter manufacturers. These companies do not have their own internal filter fabrication facility, or fab, and typically already would be supplying other products in the RFFE to the original equipment manufacturers (OEMs), and, as a result do not require a protracted new vendor qualification process in order to supply parts. Through our existing customer relationships, we are able to leverage our ISN® tools to deliver cutting edge filter designs to these fabless filter manufacturers.

We are commercializing our technology through the creation of filter designs that address the problems in the high growth RFFE industry created by the growing number of frequency bands in mobile and other RFFE enabled devices. The worldwide adoption of Long Term Evolution, or LTE, as the global standard, the transition to 5G, and the use of mobile devices to access the Internet, has resulted in massive proliferation of frequency bands which, when combined with CA for higher data rates and multiple input multiple output, or MIMO, has resulted in an ever-increasing number and complexity of filters in the RFFE. We have developed and continue to expand a series of single-band designs for frequency bands presently dominated by larger and more expensive bulk acoustic wave, or BAW, filters. We are also developing multiplexer filter designs for two or more bands to address the CA requirements of our customers. We are using our ISN® platform to efficiently integrate these designs into RF modules for our module customers. Currently, we are leveraging ISN® to develop these designs targeted for either the Surface Acoustic Wave (SAW) or Temperature Compensated, Surface Acoustic Wave (TC-SAW) manufacturing processes. In 2018 we further extended ISN® for BAW designs, which has resulted in our invention of a resonator structure based on a combination of interdigital transducer (IDT) and piezoelectric membrane, which we call XBAR®, which exhibits performance parameters suitable for 5G and WiFi applications - high frequency operation, large bandwidth and high power reliability. Our success with XBAR® is dependent on our ability to develop high frequency filters utilizing these resonator structures that are successfully adopted by our targeted customers, which will be determined by our ability to show improved performance over competing products or significantly reduce the size and cost of their products.

We believe licensing our designs, either as prepaid royalties or royalties paid as products ship, is the most direct and effective means of validating our ISN® platform and IP to address this rapidly growing market. Our target customers make part or all of the RFFE. We intend to retain ownership of our designs, and we expect to be compensated through license fees and royalties based on sales of RFFE filters that incorporate our designs and leverage our ISN® platform.

Our customer engagement process typically begins with the execution of a Joint Development Agreement, or JDA, and License Agreement, or LA, for specific bands. Depending on the complexity of the design, we estimate that initial samples of products to OEMs, will occur typically within nine to thirty-six months following execution of a license agreement. We classify these new designs as either ISN® Ready (9-12 months), ISN® Pilot (12-18 months), ISN® Advanced (18-36 months) or ISN® Development (Custom). Following these development cycles, designs are manufactured, qualified by our customers and sampled to OEM customers. Our customers can take from three to six months to qualify a design and then the OEMs can take an additional three to six months, or longer, to qualify a design as fit for use, reliable and ready for mass production. The point at which an OEM begins taking product from our customers in mass production is typically when royalty revenues would begin. Our customer agreements typically provide for upfront design fees and royalty payments for each unit sold using our filter designs and typically last for a minimum of two years, but may be renewed for a longer period. More recently our agreements have included pre-paid royalties, which can be fully paid-up for a design, or a partial pre-pay with subsequent royalties when the part begins shipping.

In 2017, in order to further facilitate our fabless filter program, and to provide manufacturing stability across the supply chain, we embarked on the creation of our Foundry Program. Foundries joining Resonant's program first complete a foundry evaluation process to ensure alignment with our customers for filter performance, manufacturing quality and capacity, and business practices. Once the evaluation is completed, the foundry runs a characterization lot, used to create a foundry process design kit, after which we are ready to start designs for manufacture in the foundry. Packaging/Back-end vendors can also join the program by completing a back-end evaluation process to match their capabilities with foundry partners and our customers. Through this program we enable a secure supply chain for all our customers.

In 2019, we began development of Filter IP Standard Library designs to enable faster time to market for our customers. Further, the first Filter IP Library design was incorporated into Cadence Design Systems, Inc.'s AWR design suite, allowing module designers access to Resonant filter designs. At Mobile World Congress we showed the first 5G filter based upon XBAR® technology - an n79 filter. Subsequently, we accepted a \$7.0 million investment and signed a commercial agreement for the development and license of filters for four bands based on XBAR® technology, with the industry's largest provider of filters for the RFFE. The commercial agreement provides for our receipt of up to an aggregate of \$9.0 million of contract consideration in the form of "pre-paid royalties" for the licensed designs and certain other intellectual property developed in the collaboration, payable in installments over a multi-year development period, with each installment conditioned upon our achievement of certain milestones and deliverables acceptable to our customer in its discretion. During 2020, we continued the development of filters under the commercial agreement, resulting in completion of the second milestone ahead of schedule in October. This milestone is significant as it recognizes achieving predetermined target performance, packaging and initial reliability. Completion of the milestone also resulted in the second payment from this customer. We have received a total of \$4.5 million from this customer as of December 31, 2020. In accounting for this contract under ASC 606, we have determined the total contract consideration is to be recognized over time as the intellectual property is developed.

Early in 2020 we signed multiple new license agreements with a major foundry focused on the China market, further enhancing our foundry program. These agreements include both pre-paid royalties and royalty payments due upon shipment of parts for the licensed designs. In August of 2020 we demonstrated that XBAR® based filters could be manufactured using standard SAW foundry processing, a much simpler and lower cost process than is used for other BAW filter manufacturing. During the year we expanded our patent portfolio and ended the year with more than 300 issued and pending patents, with more than 150 patents protecting our XBAR® technology. The combination of progress developing XBAR®-based filters, advances in our foundry program and increasing shipments of our legacy designs resulted in record annual revenues in 2020 and more than 50 million filters shipped using ISN® designs since our inception.

We plan to continue to pursue filter design projects with existing and potential customers and other strategic partners. These types of arrangements offer complementary technology and market intelligence. In addition, we will continue to help develop a fabless filter eco-system to support the growth in filter volumes for our customers. We are also investigating the potential of licensing part or all of our ISN® software design suite to potential customers in the RFFE industry. We will continue to develop XBAR® technology for both mobile and non-mobile applications, including 5G, WiFi and Ultra-WideBand (UWB) applications, forming strategic partnerships with filter manufacturers and customers to bring the technology to market as quickly as possible. We intend to retain ownership of our technology, software, designs and related improvements. Our goal is to establish and leverage alliances with new and existing customers, who will help grow the market for our designs by integrating them with their own proprietary technology and products, or by using our software products for their own designs, thus combining their own particular strengths with ours to provide an extensive array of solutions.

#### **Our History**

Our inception date is May 29, 2012. We commenced business on July 6, 2012 and completed our initial public offering, or IPO, on May 29, 2014.

In July 2016, we acquired GVR Trade S.A., or GVR, a Swiss-based company specializing in the consultation and design of SAW and BAW devices. GVR is a wholly-owned direct subsidiary of Resonant.

In the fourth quarter of 2020, we moved our corporate headquarters to Austin, Texas to facilitate greater access to a technical and highly skilled workforce, while we continue to maintain facilities in Goleta and Burlingame, California where today the majority of our engineering talent resides. Our principal executive offices are located at 10900 Stonelake Blvd., Suite 100, Office 02-120, Austin, Texas 78759, and our telephone number is 805-308-9803.

## Industry Background

### Glossary

The following is a glossary of useful terms:

- *4G*—4<sup>th</sup> Generation is a mobile communications standard intended to replace 3G, allowing wireless Internet access at a much higher speed.
- *5G*—5<sup>th</sup> Generation is a mobile communications standard and is the latest iteration of cellular technology, engineered to greatly increase the speed and responsiveness of wireless networks.
- *Band, channel or frequency band*—a designated range of radio wave frequencies used to communicate with a mobile device.
- *Bulk acoustic wave (BAW)*—an acoustic wave traveling through a material exhibiting elasticity.
- *Duplexer*—a bi-directional device that connects the antenna to the transmitter and receiver of a wireless device and simultaneously filters both the transmit signal and receive signal.
- *Carrier Aggregation (CA)*—the aggregation, or adding together, of multiple carriers (frequency bands) to meet the LTE-Advanced specification requirements, allowing for increased transmission bandwidth delivery of higher data rates, improved capacity and more efficient use of a carriers fragmented spectrum.
- *Filter*—a series of interconnected resonators designed to pass (or select) a desired radio frequency signal and block unwanted signals.
- *Resonator*—a device that naturally oscillates (or resonates) at specific frequencies. The oscillations in a resonator can be either electromagnetic or mechanical (including acoustic). Resonators are the building blocks for filters.
- *RF front-end (RFFE)*—the circuitry in a mobile device responsible for the analog signal processing which is located between the antenna and the digital baseband.
- *Surface acoustic wave (SAW)*—an acoustic wave traveling along the surface of a material exhibiting elasticity, with an amplitude that typically decays exponentially with depth into the substrate.
- *Temperature-Compensated SAW (TC-SAW)*—a SAW device which has additional material alterations to reduce its variation with changes in temperature.
- *WiFi*—a wireless networking technology that allows devices to interface to the Internet.
- *Ultra-wideband (UWB)*—a radio technology that uses very low energy signal for short-range, high-bandwidth communications over a large portion of the radio spectrum.

### The Mobile Internet

The need for multiplexers, duplexers and other filters in the RFFE of mobile devices continues to grow rapidly due to rising consumer demand for always-on wireless broadband. Mobile devices such as smartphones and tablets are quickly becoming the primary means of accessing the Internet. According to Cisco, there were 8.8 billion wireless devices in 2018, predicted to grow to 13.1 billion by 2023. To accommodate the increase in data usage, Cisco also predicts that WiFi hotspots will increase from 169 million in 2018 to 628 million by 2023.

The exponential growth in mobile data traffic is testing the limits of existing wireless bandwidth. Carriers and regulators have responded by opening new RF spectrum, driving up the number of frequency bands in mobile devices, with many of the most recent allocations being at higher frequencies than in the past, and of much wider bandwidths, thus pushing mobile phone designers to make more efficient use of spectrum.

According to Navian Inc., the market for RFFE filters in mobile devices was 45.5 billion filters in 2019 and will grow to an estimated 72.0 billion filters by 2024.

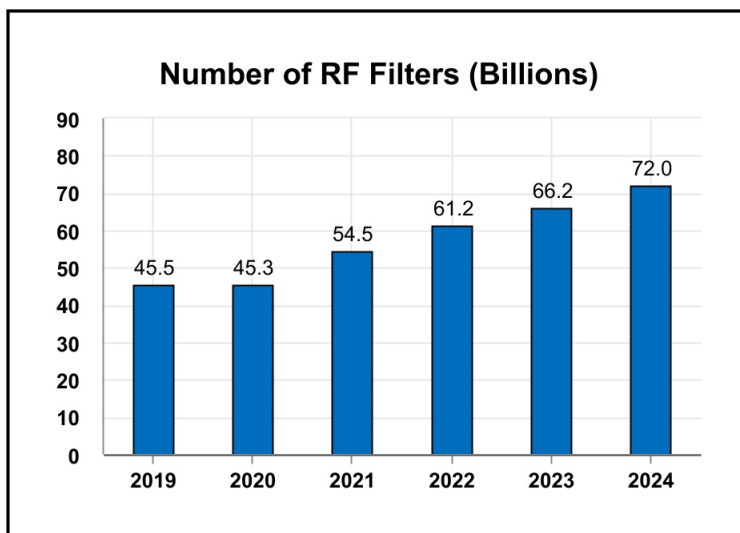


Figure 1—Projected growth of the market for RFFE filters including duplexers and multiplexers in mobile devices from 2019 through 2024 (in billions of filters). *Source: Navian Inc.*

In addition to RFFE filter unit growth, filter sales growth is expected to follow and was estimated to be \$8.0 billion in 2019 and is forecasted to reach \$12.2 billion by 2024, according to Navian.

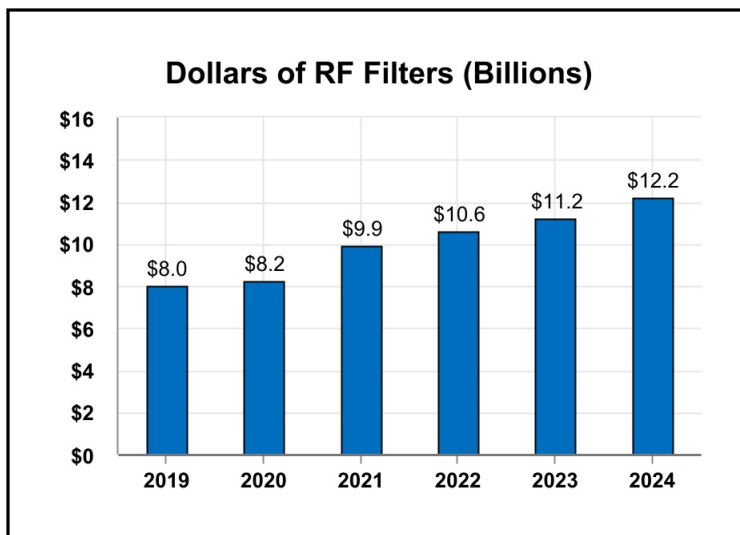


Figure 2—Projected growth of the market for RF front-end filters, including duplexers and multiplexers, in mobile devices from 2019 through 2024 (in billions of dollars). *Source: Navian Inc.*

Adding RF spectrum to increase capacity and data-rate is not a complete solution. The added spectrum for 4G does not come in large contiguous blocks, but rather in small channels or bands of varying size and frequency. Thus, more data means more bands, and the result is a rapid and substantial increase in the number of bands in mobile devices. 5G introduces new challenges for filter performance and complexity, by adding much larger blocks of spectrum at higher frequencies (above 3GHz).



### ***Challenges Faced by the Mobile Device Industry***

The world is progressing toward ubiquitous RF coverage in which almost all devices will be connected, most wirelessly. Technology experts predict that by 2023 there will be over 29.3 billion connected devices operating worldwide and we will be measuring mobile usage in Exabytes. This overwhelming demand for wireless data has driven the carriers and regulators to open new spectrum bands.

This substantial and rapid increase in bands has created several significant problems, including a corresponding increase in the number of filters and duplexers in mobile devices. Traditional RF front-end solutions typically require one duplexer for each frequency band. The most recent iPhones support coverage for 22 FDD-LTE and 8 TDD-LTE bands, in addition to support for previous wireless technology generations, 3G and 2G, and most recently 5G coverage for sub-6GHz and mmWave. Each band requires a filter, either as an individual filter, a duplexer or a multiplexer, depending upon the spectrum and CA requirements. This increase in number and complexity of filters is dramatically driving up the cost of RF front-ends. In the latest global smartphones, filters, duplexers and multiplexers comprise more than half of the cost to the RF front-end, according to Mobile Experts. The dramatic increase in the number of filters required, which includes Chip Scale Package, or CSP, Wafer Level Package, or WLP, filters, duplexers, multiplexers, with multiple sizes and multiple packaging substrates, each requiring a new design, requires an increase in design capacity, or improved design efficiency. ISN<sup>®</sup> improves the design efficiency by accurately modeling the performance of acoustic wave filters.

The growing number of filters is also increasing the total size of the RF front-end. In some cases, size constraints require the OEM to fragment its product offering into multiple versions, each with a limited set of filters customized for a particular geographic region. Multiple versions of a mobile product increases manufacturing, inventory and distribution costs. In addition, consumers can find it difficult to roam between carriers and/or countries due to this splintering of bands and phone models. Phone OEMs would prefer to make one version of a product containing a full set of filters that can be electronically selected as required for a particular carrier network.

In addition, the higher frequency 4G bands tend to use relatively expensive BAW technology. Phone OEMs would prefer to use SAW manufacturing processes because of its lower cost and smaller size. However, conventional filter designs using SAW technology do not perform adequately in high frequency bands or in bands with closely spaced receive and transmit channels, typical of many new bands. With the introduction of 5G, which uses even higher frequencies and wider bandwidths, this problem is further exacerbated.

Adding to the complexity of the industry, mobile devices must now be capable of receiving from two, to as many as five, downlink bands simultaneously, known as downlink CA. This CA requirement creates the need for complex multiplexing filters, or multiplexers, which are significantly more complex than duplexers and effectively require four filters for each CA combination. In addition, during the transition to 5G, dual connectivity to both LTE and New Radio (NR) networks is required. 3rd Generation Partnership Project has identified over 400 worldwide band combinations, creating increased complexity and cost to RFFEs. In the case of a quadplexer, with four different frequency bands, within each band the signal loss must be minimized, while rejecting three bands often in close proximity. Duplexers must only reject a single band. Mobile Experts predicts that more than 2 billion terminals will be shipped supporting CA in 2024. This rising complexity in the industry is also aggravating the constraints on design capacity and resources.

In addition to the challenges described above, 5G will further exacerbate the problems of more demand for filters, filter designs, and more complexity and integration in the RFFE. 5G comprises three distinct segments:

- Enhanced mobile broadband: Increased bandwidth for extreme data-rates and capacity to support wireless video everywhere;
- Mission critical services: High reliability, low latency and high security for automotive, health and government; and
- Massive Internet-of-Things: Low cost, low energy, long life for wearables, smart home devices and interconnected devices.

All three of these segments require filters and will further accelerate the already substantial growth in the filter market.

### **Our Technology**

RFFE module companies currently produce filters internally or purchase filters from third-party manufacturers, such as Broadcom, Murata, Taiyo-Yuden and RF360. These module companies and filter manufacturers design filters using their own

internal resources, which we believe are proving insufficient to meet the explosive growth in both total global filter demand and unique filter designs, as well as the increasingly complex filter requirements necessitated in part by crowded spectrum and carrier aggregation. We believe that our patented ISN<sup>®</sup> technology will enable us to design complex filter products with shortened design times and help our customers benefit from the use of more cost-effective manufacturing processes. ISN<sup>®</sup> can be summarized as a two-step process:

***We use circuit models to optimize initial designs.*** Most of the filter industry models acoustic wave filters using a coupling-of-modes, or COM, model. In contrast, we use circuit models derived from the actual physics of acoustic wave filters. Circuit models are computationally much faster, which allows for very quick optimization of the many possible solutions that result from the synthesis process. We can quickly compare large numbers of different, optimized solutions before commencing the third step - lengthy but highly accurate simulations based on fundamental methods.

***We use fundamental models to simulate final designs.*** Our highly accurate models are based entirely on fundamental material properties and dimensions, again unlike the common practice in the industry today. The precision and accuracy of our models allows for far fewer turns through the fab to reach the desired product performance. Because our models are fundamental, integration with our foundry and fab customers is eased due to the understanding of the basic material properties and dimensions of the fab.

Using our ISN<sup>®</sup> design platform, in 2018 we invented a new resonator technology, XBAR<sup>®</sup>, with fundamental properties matching the new wireless requirements of higher frequency, wider bandwidth and higher power operation, when compared to previous wireless generations. At Mobile World Congress in 2019 we demonstrated a 5G (n79) filter prototype with the required bandwidth to support 5G operation across the entire band. XBAR<sup>®</sup> technology is applicable to many current and projected wireless technologies which operate above 3GHz. Hence we are developing designs for both mobile and non-mobile applications for 5G and WiFi, and fully expect to extend this to UWB and 6G. In addition to the fundamental advantages of XBAR<sup>®</sup>, the straightforward processing for this BAW resonator, lends itself to low cost manufacturing.

### **Our Commercialization Plan**

We will continue to pursue filter design projects with existing and potential customers and other strategic partners, and we believe licensing our designs is the most direct and effective means of delivering our solutions to the market and validating the technical advantages of our tools, IP and team. In addition, we will continue to help develop a fabless filter eco-system to support the growth in the filter volumes for our customers. We will continue to develop XBAR<sup>®</sup> technology for both mobile and non-mobile applications, including 5G, WiFi and Ultra-WideBand (UWB) applications, forming strategic partnerships with filter manufacturers and customers to bring the technology to market as quickly as possible. We intend to retain ownership of our technology, designs and related improvements and charge royalties based on sales of filters that incorporate our designs. We do not intend to manufacture or sell any physical products or operate as a contract design company developing designs for a fee. Our strategy is to establish and leverage alliances with customers, who will help grow the market for our designs by integrating them with their own proprietary technology and products, thus combining their own particular strengths with ours to provide an extensive array of solutions and to develop and license filter designs that offer improvements in the time to develop, cost, size and performance of RFFEs. The goal for our designs is to improve profit margins and increase market share for our customers.

Our customers are filter manufacturers, RFFE module manufacturers, RF active and passive component suppliers and potentially mobile handset OEMs. Currently, for most of our customers, we license specific, custom designs. In the fourth quarter of 2018 we introduced and announced the first customer for our standard IP filter library of products. In these cases we develop a standard design at one of our qualified foundries and customers can then license this design without paying for or waiting for completion of development, hence minimizing their cost and reducing time to market. We charge royalties at a fixed amount per filter or as a percentage of sales price. In October 2019, we announced a commercial agreement with the industry's largest provider of filters for the RFFE to develop and license filters based on XBAR<sup>®</sup> technology. In this case, we determined the total amount of royalties expected to result from the licenses being designed and discounted the rate in exchange for prepayment of the amount in advance. The customer agreed to pay up to an aggregate of \$9.0 million for the licensed designs and certain other intellectual property developed in the collaboration, payable in installments over a multi-year development period, with each installment conditional upon our achievement of certain milestones and deliverables acceptable to our customer in its discretion. We expect to generate substantially all of our near-term revenues with these types of licensing arrangements. Each filter design and related royalty stream is expected to have a finite commercial life as mobile devices continue to evolve. Our plan is to offer our customers replacement designs as existing designs become obsolete. Revenue from our contracts may be recognized over time or at a point-in-time depending on the facts and circumstances of each contract.

Our products will be designed for manufacture with existing high-volume fabrication processes allowing rapid time to market, but we do not plan to manufacture or sell any physical components. Unlike a manufacturing company, we intend to

create designs for manufacturers, eliminating for us the costs and problems associated with manufacturing and inventory. This allows us to concentrate on our unique expertise, leaving the hardware manufacturers to drive their own economies of scale.

### ***Single Band Designs***

We continue to develop a series of SAW filter designs for RF frequency bands presently dominated by the larger and more expensive BAW filters. In 2020, we continued to develop single band, SAW filter designs for customers. Some of these filter designs are for duplexers that have historically been TC-SAWs or BAWs while others are for discrete SAW filters that may need improvements in performance, size or cost. The single band designs included WiFi Co-Existence filters, which pass licensed wireless frequencies, while protecting WiFi from interference, and designs for module applications which require wafer-level packaging (WLP) and modeling of the module board. We believe that, using our ISN<sup>®</sup> technology, combined with our experience and know-how, we can design innovative SAW filters that meet the performance requirements for many of these bands but at significantly less cost than that of BAW filters they would replace. These single band filter designs were the earliest opportunity for royalty revenues, and represented the nominal royalty revenues in 2018. Since 2018, we have continued to develop single band designs using TC-SAW processes in order to take advantage of the improved temperature stability.

### ***Multiplexer Designs***

Wireless carriers worldwide are experiencing increasing demand for higher data speeds. CA allows multiple data streams from different frequencies to be added together to provide increased data rate for the mobile users. However, CA further complicates the required filter characteristics. Quadplexers, (4-RF path multiplexer) as described above, enable CA on both receive and transmit paths and reduce the RFFE complexity by reducing the number of switches, but the complexity of the filters themselves increases dramatically. During 2018, we expanded our capability to optimize the performance of quadplexers on OEM phone-boards in order to help our customers demonstrate "real world" performance. During 2019, we expanded our capability to produce TC-SAW and high power quadplexer designs. We believe that our ISN<sup>®</sup> technology is ideally suited to these difficult filter design problems that cover a wide frequency range with much more demanding performance requirements.

Although some band combinations for aggregation will not require multiplexers, we believe that multiplexers are the best solution for bands in close frequency proximity. We are developing high performance multiplexer designs to address this growing market.

### ***XBAR<sup>®</sup> Filters***

Our ISN<sup>®</sup> technology enabled us to invent a new resonator technology, XBAR<sup>®</sup>. Large instantaneous bandwidth filters at high frequency (above 3GHz) are required for next generation wireless technologies, such as 5G, WiFi 6E and UWB, to support high data-rates. Filters using XBAR<sup>®</sup> resonators are ideally suited for these applications. During 2020, we continued to develop XBAR<sup>®</sup> filter designs for our partner, focused on the mobile market. In addition, we designed and had fabricated through our foundries XBAR<sup>®</sup> designs for 5G and WiFi non-mobile applications

Our immediate focus is to address the problems in the RFFE with innovative single-band and multiplex designs made possible with our ISN<sup>®</sup> technology. These designs present the greatest near-term potential for commercialization of our technology. We expect the trend towards spectrum proliferation, particularly with new 5G spectrum, in addition to CA and MIMO, will require complex filters and multiplexing. We believe our ISN<sup>®</sup> and XBAR<sup>®</sup> technology will enable cost effective designs for these applications.

We also believe that the power of Resonant ISN<sup>®</sup> tools and methodology will continue to enable fabless customers and filter foundries to newly enter or expand their participation in the supply chain for RF filters. In late 2016, we expanded our customer focus to include fabless filter manufacturers, which are companies that do not have their own internal filter fabrication facility. Typically, these companies already are supplying other products in the RFFE to the OEM, and as a result, do not require a protracted new vendor qualification process in order to supply parts. In 2017, to further facilitate our fabless filter program and to provide manufacturing stability across the supply chain to our fully integrated filter customers, we created our Foundry Program. Foundries joining the Foundry Program first complete a foundry evaluation process to ensure alignment with our customers for filter performance, manufacturing quality and capacity, and business practices. Once the evaluation is completed, the foundry runs a characterization lot, used to create a foundry process design kit, after which we are ready to start designs for manufacture in the foundry. Packaging/Back-end vendors also can join the program by completing a back-end evaluation process to match their capabilities with foundry partners and our customers. It is through this program that we can enable a secure supply chain for all our customers.

## Intellectual Property

We have an active program protecting our proprietary technology. In protecting our technology, we make use of patent protection, trade secret protection, trademark protection and mask works protection. To maximize these protections, we maintain active intellectual property development and protection programs, including with respect to patents, trade secrets, trademarks and mask works.

Our patent portfolio reflects both the initial technology originated at and contributed to us by Superconductor Technologies Inc., or STI, as well as our own patent filings since our founding, and continues to be the result of an active and ongoing program to identify, protect and commercialize our intellectual property. This program includes the development of a comprehensive patent strategy. We engage in a thorough process of patent landscaping that provides an in-depth analysis of not only the markets we are addressing, but also adjacent markets, so that we can tactically and strategically protect our position in the market through patent filings. We also routinely use specialized outside firms to assist in these endeavors. These firms assist with invention identification, intellectual property strategy and competitive landscape analysis. Through our landscaping and advanced product development processes we have plans to file additional patents in 2021.

Our patent portfolio comprises more than 300 issued and pending U.S. and foreign patents, with more than 150 targeting 5G. This patent portfolio relates primarily to the following subject matters:

- Physical Implementation
- Design Synthesis and Optimization Speed
  - Network Synthesis
  - Image Design
  - Circuit Designs
- Simulation Accuracy
- Next Generation Designs/Architectures
  - Simplifying the RFFE
  - XBAR
- Circuit Structure
- Critical Design Requirements
  - Power handling and linearity
  - Temperature dependence
  - Yield Analysis

We have a formal trade secret program to identify and protect technologies and know-how that derive significant economic value from being secret. This program is managed to provide the optimal levels of protection and competitive advantage to us. We protect our trade secrets and other proprietary information by maintaining the secrecy of such information, including by requiring confidentiality agreements from all our employees, consultants and third parties having access to such information. We have a number of trade secrets already protected in this program and we expect to add more such trade secrets into the program in 2021.

We have also registered U.S. trademarks for “Resonant®”, “ISN®”, “Infinite Synthesized Networks®”, “XBAR®” and “PMTx®”.

There can be no assurance that our pending patent applications or any future patent applications will be approved or will not be challenged successfully by third parties, that any issued patents will protect our technology or will not be challenged by third parties, or that the patents of others will not have an adverse effect on our ability to do business. Furthermore, there can be no assurance that others will not independently develop similar or competing technology or design around any patents that have been or may be issued to us.

Despite our efforts to maintain the secrecy of our trade secrets, there also can be no assurance that others will not gain access to our trade secrets, or that we can meaningfully protect our technology. Nor can there be assurances that we will succeed in enforcing our trade secrets in the event others improperly gain access to them. In addition, effective trademark, copyright and trade secret protection may be unavailable or limited in certain foreign countries. Although we intend to protect our rights vigorously, there can be no assurance that such measures will be successful.

## Competition

To our knowledge, we have no direct competitors in the electronic design automation or licensing business that are exclusively focused on RFFEs. We have spent many years developing ISN®, and our own patented suite of design tools created specifically for this purpose. No comparable acoustic wave filter design tool exists in the market today to our knowledge. In

combination with our experienced design team, we believe we offer our customers a novel solution to the need for increasingly complex filter designs developed by an independent, stand-alone company that is not presently offered by any other company.

We have advantages that we believe present significant barriers to entry for potential competitors that desire to replicate our business model:

- a large and growing portfolio of patents and trade secrets;
- a suite of proprietary software design tools;
- a growing number of customers;
- a highly experienced design team; and
- a multi-year technology lead.

We do compete with the existing filter designs and design capabilities of the design teams at our customers and target customers and their filter manufacturers. We must demonstrate to our customers, target customers and their filter manufacturers, that switching to our designs will give them a competitive advantage by providing market entry or sufficiently improving the cost, size, and performance of their current products to justify our royalty rates.

The use of our patented ISN<sup>®</sup> tools, not only enables lower cost and smaller size SAW solutions for single band and multiplexer designs but also enables development of creative filter solutions for next generation RFFE architectures that, if successful will offer new, highly competitive solutions to many of the challenges facing the manufacturers of RFFE modules.

#### **Human Capital Resources**

We have 67 employees as of December 31, 2020, 48 of which are on our technical staff and 19 of which are devoted to finance, sales, marketing and administration matters. We compete for the limited number of highly talented RF filter engineers and work to attract and retain technical talent through offering competitive compensation and benefit packages. We are focused on retaining key contributors, developing our staff, and cultivating their commitment to our Company. We have three primary locations, in California and Texas, where our employees provide services. We also use several outside consultants.

#### **Where You Can Find Other Information**

Our principal executive offices are located at 10900 Stonelake Blvd., Suite 100, Office 02-120, Austin, Texas 78759, and our telephone number is 805-308-9803. We also have development offices in Goleta, California, Burlingame, California and Neuchatel, Switzerland and lease office space in Anyang, South Korea. Our website address is [www.resonant.com](http://www.resonant.com). The information contained on, or that can be accessed through, our website is not a part of this report. Information we furnish or file with the SEC, including our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to or exhibits included in these reports are available for download, free of charge, on our website soon after such reports are filed with or furnished to the SEC. Our SEC filings, including exhibits filed therewith, are also available at the SEC's website at [www.sec.gov](http://www.sec.gov).

## ITEM 1A. RISK FACTORS

*Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Form 10-K, including our consolidated financial statements and related notes, before investing in our common stock. If any of the following risks materialize, our business, financial condition, results of operations and prospects could be materially and adversely affected. In that event, the price of our common stock could decline, and you could lose part or all of your investment.*

### Risks Specific to our Company

***We may require additional capital to continue operations in the future, which capital may not be available on terms acceptable to us, if at all.***

As of December 31, 2020, our accumulated deficit totaled \$150.9 million. During 2020 our net loss totaled \$28.4 million and we used \$23.2 million of cash and investments for operating activities, the purchase of property and equipment and expenditures for patents. To date we have not generated significant revenues to enable profitability. We expect to continue to incur significant losses. These factors raise substantial doubt regarding our ability to continue as a going concern. At December 31, 2020 we had cash and cash equivalents of \$25.0 million. Subsequent to December 31, 2020, but prior to publication of the financial statements included in this Form 10-K, we raised \$4.1 million of cash from sales of common stock using our At-The-Market Equity Offering Sales Agreement. In the absence of a significant revenue increase we project these cash resources will provide sufficient funding into the first quarter of 2022. We are subject to the risks and uncertainties associated with a new business. Our continuance as a going concern is dependent on future profitability. We are actively pursuing expanding our technology portfolio, increasing our revenue opportunities by completing deliverables under current customer contracts and entering into new customer contracts, and efficiently managing operations and exploring cost saving opportunities. We may not be successful in these efforts. We may need to seek to raise additional capital from the sale of equity securities or incurrence of indebtedness. There can be no assurance that additional financing will be available to us on acceptable terms, or at all in which case we might be forced to make substantial reductions in our operating expenses which could adversely affect our ability to implement our business plan and ultimately our viability as a company. Even if available, such capital may be dilutive to existing stockholders. Our consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of this uncertainty.

***We have a history of operating losses and we may never achieve or maintain profitability or positive cash flows.***

We have a limited operating history and utilize planned milestones for investors to evaluate our progress. We have generated minimal revenues and we have a history of losses from operations with an accumulated deficit as of December 31, 2020 of \$150.9 million. Our operations have been funded with initial capital contributions, proceeds from the sale of equity securities and debt. We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges, including the need to refine existing technology, develop new technology, improve our operating infrastructure or acquire complementary businesses and technologies. Our ability to generate revenues and achieve profitability and, ultimately, positive cash flows, may depend on whether we can obtain additional capital when we need it and will depend on whether we continue to refine our technology and find additional customers who will license our designs. There can be no assurance that we will ever generate meaningful revenues, or that the revenues we do generate will be sufficient to achieve profitability and positive cash flows.

***Our business model is based on licensing filter designs, which is unproven. Historically, our target customers have relied on their own filter designs or purchased finished filters from a manufacturer, and have not licensed third-party designs. Consequently, we may not succeed in our licensing strategy, which would require us to adopt a new business model and would have a material adverse effect on our ability to generate revenues and potentially threaten our viability.***

Our business model is based on licensing our proprietary filter designs. We do not intend to manufacture or sell any physical products or operate as a contract design company developing designs for a fee. We believe licensing our designs is the most direct and effective means of delivering our solutions to the market. We intend to retain ownership of our designs and charge royalties based on sales of filters and RFFE modules that incorporate our designs.

Our target customers either make part or all of the RFFE. These customers have historically used their own filter designs or purchased finished filters from a manufacturer. Our business model is new to the filter industry and remains unproven, as we have yet to receive meaningful royalty payments from our licensed designs. The failure to scale our business model would have a material adverse effect on our ability to generate revenues and potentially threaten our viability.

***We may not be able to complete some of our designs because they do not meet our customers' expectations. Even if we succeed in developing a design that meets all of a customer's requirements, the customer could decline to use our design in their products. Further, our customer's product could fail in the marketplace. Any of these events would have a material adverse effect on our business and potentially threaten our viability.***

We develop filter designs to meet our customers' stringent performance specifications. Our customers often ship pre-production samples of our designed filters to their customers for further evaluation. For some designs, mass production may commence. However, the filter qualification process is demanding and some designs will not result in volume production. If successfully developed and selected by our customer, our designs will compete against other technologies for inclusion in our customers' products. Our customers' final products will then compete against other products and technologies for inclusion in mobile devices in the marketplace. There can be no assurance that we can complete our designs, that our final designs will have acceptable performance and meet our customers' specifications, or if our pre-production sample filter shipments will be selected for production. Even if our filter designs have acceptable performance, there are a number of other considerations influencing the customer's decision whether to use our design, such as packaging type and manufacturing cost, many of which are beyond our control. The decision to use our designs is solely within our customers' discretion. Further, if our filter design is selected by a customer for inclusion in its design or product, there is no guarantee that the customer's design or product will be selected for inclusion in mobile devices or, even if selected, result in high-volume sales and meaningful revenues. The failure of a significant number of our designs to be selected at the design stage or the device stage would have a material adverse effect on our business and potentially threaten our viability.

***We are not a filter manufacturer, and thus we are reliant on filter fabricators or manufacturers to manufacture filters from our designs. For some of our customers that will not themselves manufacture filters from our designs, we may be required to have our customer approve the filter manufacturer, and the customer will not license our design unless the manufacturer can demonstrate the ability to economically produce the filter in large volumes.***

We are a filter design company and will not commercially manufacture any products. Our business model is to license our designs to customers, who will manufacture our designs themselves or rely on third party manufacturers, commonly referred to as foundries, to fabricate our designs for integration into the customer's overall product. We are dependent on foundries' filter fabrication processes and capabilities for our filter designs. Even with a fully compliant filter design, the customer may not license our design unless the manufacturer can demonstrate the ability to economically produce the design in large volumes. We do not have any control over the manufacturer and cannot provide assurances that the manufacturer will have the necessary technology, skills and resources to successfully manufacture filters from our designs in commercial quantities. Additionally, foundries may refuse to manufacture filters from our designs. Many foundries offer potentially competitive filter technology as part of their standard product line or offer the services of in-house design teams which may consider us competition. In this case, our customers may face resistance by their foundries to manufacture our designs. The reluctance of foundries to manufacture our designs could adversely affect the market acceptance of our designs.

***Our designs are complex, may contain latent defects, and may prove difficult to manufacture in commercial quantities. We will be relying on our customers and filter fabricators or manufacturers to build filters from our designs. Our business could fail if they encounter difficulties manufacturing filters in commercial quantities.***

We develop complex filter designs, which is inherently challenging. Only a small number of our designed filters are currently in production, and therefore we cannot be certain our methods and testing procedures are adequate to detect latent design defects. If any of our designs contain latent defects, we may be unable to correct these problems. Additionally, we rely on our customers and filter fabricators or manufacturers to manufacture our designed filters. They will need to manufacture filters in commercial quantities at an acceptable cost, and we have little or no control over the manufacturing process. They must also operate and maintain sophisticated manufacturing equipment, and equipment failures can have adverse consequences on production volumes, yields and schedules. They may encounter difficulties in scaling up production, including problems with quality control, raw material and component supply shortages, low manufacturing yields, increased costs, shortages of qualified personnel and/or difficulties associated with compliance with regulatory requirements. Any of these problems may adversely affect the timing and amount of our future revenues. Additionally, if our customers and their suppliers encounter difficulties manufacturing filters from our designs in commercial quantities, our business could fail.

***We develop and test our designs under laboratory conditions using low volume production samples. Once in production, our designs may not perform as well, or prove unreliable, due to manufacturing variations and operating conditions. This could adversely affect our business.***

We develop and test our designs under laboratory conditions using low volume production samples. The transition from product development to commercial production requires high volume manufacturing which introduces product variations.

These variations can adversely affect performance and reliability. Similarly, our designs may not perform as well or prove sufficiently reliable under actual operating conditions. This could adversely affect our business.

***Failures in the products or services of our customers, including those resulting from defects or errors, could result in decreased sales and harm our business.***

Our success depends in large part on the demand for mobile wireless devices and other products that incorporate our proprietary filter designs. Our customers' products are inherently complex and may contain defects or errors unrelated to our designs that are detected only when the products are in use. Any defects or errors in the products of our customers could result in product recalls or the discontinuation of those products, which could have an adverse impact on our operating results due to a delay or decrease in demand for our designs. Further, security failures, defects or errors in mobile wireless devices, such as the issues with the Galaxy Note 7 in 2016 that caused Samsung to discontinue that product, have led to increased scrutiny of component suppliers. If our customers do not perceive our designs to be of high quality, or if mobile device manufacturers do not perceive the products of our customers to be of high quality, or if we or our customers are unable or unwilling to comply with heightened quality assurance requirements of mobile device manufacturers, we may be unsuccessful in having our designed filters incorporated into finished products. In certain instances we perform failure analysis and reliability testing of our customers' parts. If our analysis and testing prove to be faulty or insufficient, including due to failure of our laboratory equipment or human error, and our customers rely upon the results we provide, our reputation may be damaged, and customers may be reluctant to utilize our services or license our designs. This could harm our ability to attract customers and negatively impact our financial results, and may result in claims against us by our customers or others.

***We have completed and continue to actively work on filter designs with, and expect to derive all of our revenues from, a small number of customers. Our failure to retain or expand customer relationships will have an adverse effect on our revenues.***

We expect to derive our revenues from a small number of customers. Our failure to retain or expand customer relationships, or any problems we experience in collecting receivables from them, would harm our financial condition and results of operations. Additionally, our industry is experiencing consolidation among suppliers and manufacturers of RF front-end components and modules, including activities of module suppliers who vertically integrate by acquiring component suppliers and fabs. This may lead to fewer customers, reduced demand for our designs and replacement of our designed products by the consolidated company. Any of these possibilities could adversely affect our business, financial condition and results of operations.

***We are a solutions company, providing designs based on our ISN<sup>®</sup> software platform, intellectual property and design team. We license our designs to manufacturers of RFFEs, RFFE sub-systems and components for mobile devices. If our designs do not achieve widespread market acceptance among RFFE manufacturers, we will not be able to generate the revenue necessary to support our business.***

Achieving additional acceptance among RFFE manufacturers of our designs will be crucial to our continued success. We have a limited history of marketing designs and we may fail to generate significant interest in our designs. These and other factors may affect the rate and level of market acceptance, including our royalty fees and the cost of our designed filters relative to other competing designs and technologies, perception by RF front-end manufacturers and mobile device manufacturers, press and blog coverage, social media coverage and other publicity and public relations factors which are not within our control and regulatory developments related to manufacturing, marketing and selling our designs. If we are unable to achieve or maintain market acceptance, our business would be harmed.

***Our designs may not gain widespread acceptance unless they offer greater benefits to our customers than offered by competing RF filter designs.***

RF front-end manufacturers are primarily concerned with the cost, size and performance of RF filters. Our designs may not gain widespread acceptance unless, as compared to competing RF filter designs, they are smaller in size, can be fabricated at reduced cost or designed in less time, or improve performance. There can be no assurance that our SAW or TC-SAW filter designs will cost sufficiently less to manufacture than existing BAW filters, or can be designed in less time, to prove economically attractive to RF front-end manufacturers or that our filter designs will be smaller in size or perform better.

***Our development cycles are long and our final designs may no longer remain competitive upon completion.***

We operate in an industry which is subject to rapidly evolving technologies. Because our designs are expected to have long development cycles, we must anticipate changes in the marketplace and the direction of technological innovation and customer demands. To compete successfully, we will need to demonstrate the advantages of our designs and technologies.



***Our intellectual property rights may not be adequate to protect our business***

Our success depends significantly on our ability to obtain, maintain and protect our proprietary rights to the technologies used in products incorporating our technologies. We currently hold patents related to various elements of our technology and we also have patent applications currently pending before the United States Patent and Trademark Office and other patent offices around the world. No assurances can be given that any patent will be issued on our pending patent applications or any other application that we may file in the future or that, if such patents are issued, they will be sufficiently broad to adequately protect our technology. In addition, we cannot assure you that any patents that may be issued to us will not be challenged, invalidated, or circumvented.

Additionally, as we continue to expand our business in China, the application and interpretation of China's intellectual property right laws and the procedures and standards for granting trademarks, patents, copyrights, know-how or other intellectual property rights in China will become more important to our business. Historically, China's protection of intellectual property rights has been less stringent and robust compared to other countries such as the United States, and consequently intellectual property rights and confidentiality protections in China may not be as effective as in the United States or other countries. Monitoring and preventing unauthorized use is also difficult and the measures we take to protect our intellectual property rights may not be adequate. Accordingly, infringement of our intellectual property rights poses a serious risk of doing business in China.

***If we are unable to protect the confidentiality of our proprietary information and know-how, the value of our technology, products and services could be harmed significantly.***

In addition to seeking patents for some of our technologies, we also rely on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain our competitive position. We seek to protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements with parties who have access to them, such as our employees, consultants, collaborators, advisors, independent contractors and other third parties. We also enter into confidentiality, non-competition, non-solicitation, and invention assignment agreements with our employees and consultants that obligate them to assign to us any inventions developed in the course of their work for us. However, we cannot guarantee that we have executed these agreements with each party that may have or have had access to our trade secrets or that the agreements we have executed will provide adequate protection. Additionally, we also seek to preserve the integrity and confidentiality of our technologies and trade secrets by maintaining physical and electronic security of our premises and information technology systems. While we have confidence in these individuals, organizations and systems, agreements or security measures may be breached, and we may not have adequate remedies for such breaches. Furthermore, competitors may otherwise gain access to our trade secrets or independently develop substantially equivalent information and techniques. As a result, we may be forced to bring claims against third parties, or defend claims that they bring against us, to determine ownership of what we regard as our intellectual property. Monitoring unauthorized disclosure is difficult and we do not know whether the procedures that we have followed to prevent such disclosure are or will be adequate. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable. In addition, some courts inside and outside the United States may be less willing or unwilling to protect trade secrets. If any of the technology or information that we protect as trade secrets were to be lawfully obtained or independently developed by a competitor, we would have no right to prevent them from using that technology or information to compete with us. If any of our trade secrets were to be disclosed to, or independently developed by, a competitor, our competitive position would be harmed.

***Our proprietary rights may be difficult to enforce, which could enable others to copy or use aspects of our intellectual property without compensating us, thereby eroding our competitive advantages and harming our business.***

Our success depends, in part, on our ability to protect proprietary methods and technologies that we develop under the intellectual property laws of the United States, so that we can prevent others from using our inventions and proprietary information. If we fail to protect our intellectual property rights adequately, our competitors might gain access to our technology, and our business might be adversely affected. We rely on trademark, copyright, mask works, trade secret and patent laws, confidentiality procedures and contractual provisions to protect our proprietary methods and technologies. We currently hold patents and have pending patent applications related to our technology solutions. Valid patents may not be issued from our pending applications, and the claims allowed on any issued patents may not be sufficiently broad to protect our technology or offerings and services. Any patents we currently hold or that may be issued to us in the future may be challenged, invalidated or circumvented, and any rights granted under these patents may not actually provide us with adequate defensive protection or competitive advantages. Additionally, the process of obtaining patent protection is expensive and time-consuming, and we may not be able to prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner.

Policing unauthorized use of our technology is difficult. Additional uncertainty may result from changes to intellectual property legislation enacted in the United States, including the America Invents Act, and other countries and from interpretations of the intellectual property laws of the United States and other countries by applicable courts and agencies. In addition, the laws of some foreign countries may not be as protective of intellectual property rights as those of the United States, and mechanisms for enforcement of our proprietary rights in such countries may be inadequate. From time to time, legal action by us may be necessary to enforce our intellectual property rights, to protect our trade secrets, to determine the validity and scope of the proprietary rights of others, or to defend against claims of infringement. Such litigation could result in substantial costs and the diversion of limited resources and could negatively affect our business, operating results and financial condition. If we are unable to protect our proprietary rights (including aspects of our technology platform) we may find ourselves at a competitive disadvantage to others who have not incurred the same level of expense, time and effort to create and protect their intellectual property.

Furthermore, we acquired some of the patents we currently hold from Superconductor Technologies, Inc., or STI. Although we believe we have obtained valid assignments of patent rights from STI and STI has obtained valid assignments of patent rights from all inventors, if an inventor did not adequately assign his or her patent right to STI or STI did not adequately assign its patent rights to us, a third party could obtain a license to the patent from such inventor or STI. This could preclude us from enforcing the patent against such third party. In addition, because we acquired our patents from STI, some of the inventors of our patents are not our employees and they are not obligated to assist us in prosecuting, maintaining, defending and enforcing such patents. Without the cooperation of the inventors of our patents, it may be difficult for us to prevail in any legal action involving the intellectual property rights under our patents. Additionally, the inventors may have information, trade secrets and know-how learned while at STI that is not our property and if disclosed could provide competitors with insights that allow them to invent around our patented technology.

Accordingly, despite our efforts, we may be unable to obtain adequate patent protection, or to prevent third parties from infringing upon, misappropriating or inventing around our intellectual property.

***We may be subject to intellectual property rights claims by third parties, which are extremely costly to defend, could require us to pay significant damages and could limit our ability to use certain technologies.***

Third parties may assert claims of infringement of intellectual property rights in proprietary technology against us for which we may be liable or have an indemnification obligation. Any claim of infringement by a third party, even those without merit, could cause us to incur substantial costs defending against the claim and could distract our management from our business.

Although third parties may offer a license to their technology, the terms of any offered license may not be acceptable and the failure to obtain a license or the costs associated with any license could cause our business, results of operations or financial condition to be materially and adversely affected. In addition, some licenses may be non-exclusive, and therefore our competitors may have access to the same technology licensed to us. Alternatively, we may be required to develop non-infringing technology, which could require significant effort and expense and ultimately may not be successful. Furthermore, a successful claimant could secure a judgment or we may agree to a settlement that prevents us from licensing certain designs or performing certain services or that requires us to pay substantial damages, including treble damages if we are found to have willfully infringed the claimant's patents or copyrights, royalties or other fees. Any of these events could seriously harm our business, operating results and financial condition.

***We may be unsuccessful in monetizing our intellectual property portfolio.***

We have dedicated substantial resources to the development and protection of technology innovations essential to our business, and we expect these activities to continue for the foreseeable future. We also intend to aggressively pursue monetization avenues for our intellectual property portfolio, potentially including licensing, royalty or other revenue-producing arrangements. However, our revenues are currently generated in part by licensing our technology and we may never be successful in generating a revenue stream from our intellectual property, in which case our investments of time, capital and other resources into our intellectual property portfolio may not provide adequate, or any, returns.

***Our customer agreements include indemnity provisions and may expose us to substantial liability for intellectual property infringement and other losses.***

Our customer agreements include indemnification provisions under which we agree to indemnify third parties for losses suffered or incurred as a result of claims of intellectual property infringement, damages caused by us to property or persons, or other liabilities relating to or arising from our designs, services, or other contractual obligations. The term of these

indemnity provisions generally survives termination or expiration of the applicable agreement. Large indemnity payments could harm our business, operating results and financial condition.

***We use highly specialized proprietary software as well as commercially available software pursuant to annual licenses, and the failure of this software or inability to renew any of these licenses could adversely affect our ability to design new RF filters and thus our potential for generating revenues.***

We have developed and use highly specialized proprietary computer software in our design process. The failure of any of this software to perform as expected could adversely affect our ability to produce new RF filter designs and thus our potential for generating revenues. In addition to our proprietary software, we also use highly specialized but commercially available computer software in our design process. We do not own this software and use it under the terms of licenses. These licenses are made available to us at prices and on terms generally available to any customer. If we were unable to renew any of these software licenses, we would have to locate or develop alternative software. We cannot assure you that suitable alternative software would be available on commercially reasonable terms or could be developed by us at reasonable cost. The loss of any one of these software licenses could adversely affect our ability to produce new RF filter designs and thus our potential for generating revenues.

#### **Risks Related to Our Industry**

***Our industry is subject to intense competition and rapid technological change, which may result in designs, products or new solutions that are superior to our designs under development. If we are unable to anticipate or keep pace with changes in the marketplace and the direction of technological innovation and customer demands, our designs may become less useful or obsolete and our operating results will suffer.***

We operate in an industry which is subject to intense and increasing competition. Our future success will depend in large part on our ability to establish and maintain a competitive position in current and future technologies. Rapid technological development may render our designs and technologies obsolete. Many of our competitors have or may have greater engineering, sales, marketing, operational, corporate and financial resources, and more experience in research and development than we have. We cannot assure you that our competitors will not succeed in developing or marketing technologies or products that are more effective or commercially attractive than our designs or that would render our technologies and designs obsolete. We may not have or be able to raise or develop the financial resources, technical expertise, or support capabilities to compete successfully in the future. Our success will depend in large part on our ability to maintain a competitive position with our technologies.

***The markets in which we compete are cyclical and any future downturn may delay or reduce the demand for our designs and resulting royalty revenue.***

Historically, the markets in which we compete have experienced significant downturns, often connected with, or in anticipation of, declines in consumer demand for end-user products, the maturation of product cycles and declining general economic conditions. These downturns have been characterized by diminished product demand, production overcapacity, high inventory levels, accelerated erosion of average selling prices, bad debt, inventory charges, restructuring charges, and asset impairment charges. Any future downturn in the markets in which we compete, or changes in demand for our designs from our customers, could result in a significant delay in our realization of or reduction in our revenue and may also increase the volatility of the price of our common stock.

***If our principal end markets fail to grow or experience declines, our revenue may not meet our business plan expectations.***

Our initial designs are being incorporated into mobile wireless devices. Accordingly, demand for our designs is dependent on the ability of mobile wireless device manufacturers to successfully sell wireless devices that incorporate our designs. We cannot be certain whether these manufacturers will be able to create or sustain demand for their wireless devices that contain our designs or how long they will remain competitive in their business, if at all. The success of these mobile wireless device manufacturers and the demand for their wireless devices can be affected by a number of factors, including, but not limited to:

- market acceptance of their mobile wireless devices that contain our designs;
- the impact of slowdowns or declines in sales of mobile wireless devices in general;
- their ability to design products with features that meet the evolving tastes and preferences of consumers;
- fluctuations in foreign currency;
- relationships with wireless carriers in particular markets;

- the implementation of, or changes to, mobile wireless device certification standards and programs;
- technological advancements in the functionality and capabilities of mobile wireless devices;
- the imposition of restrictions, tariffs, duties, or regulations by foreign governments on mobile wireless device manufacturers;
- failure to comply with governmental restrictions or regulations;
- cost and availability of components for their products; and
- inventory levels in the sales channels into which mobile wireless device manufacturers sell their products.

***Security breaches and improper access to or disclosure of our proprietary information, or other hacking attacks on our systems, could adversely affect our business.***

Our industry is prone to cyber-attacks, with third parties seeking unauthorized access to our proprietary information and technology. Computer malware, viruses, and hacking and phishing attacks by third parties have become more prevalent in our industry and may occur on our systems in the future. We believe such attempts are increasing in number and in technical sophistication, and in some instances we may be unable to anticipate these techniques or to implement adequate preventative measures. Additionally, we may be unaware of an incident or its magnitude and effects. Although we have developed systems and processes that are designed to protect our proprietary information and to prevent other cybersecurity breaches, we cannot guarantee that such measures will provide absolute security.

Any failure to prevent or mitigate security breaches and improper access to or disclosure of our proprietary information could result in the loss or misuse of such proprietary information, which could harm our business and diminish our competitive position. Such attacks may also create system disruptions or cause shutdowns. Publicity about vulnerabilities and attempted or successful incursions could damage our reputation with customers and reduce demand for our products and services.

Affected private parties or government authorities could initiate legal or regulatory actions against us in connection with any security breaches, which could cause us to incur significant expense and liability or result in orders or consent decrees forcing us to modify our business practices. Any of these events could have a material and adverse effect on our business, reputation, and operating results.

**Risks Related to Government Regulation**

***Our failure to comply with U.S. laws and regulations relating to the export and import of goods, technology, and software could subject us to penalties and other sanctions and restrict our ability to license and develop our filter designs.***

We are obligated by law to comply with all U.S. laws and regulations governing the export and import of goods, technology, and services, including the International Traffic in Arms Regulations, or ITAR, the Export Administration Regulations, or EAR, regulations administered by the Department of Treasury's Office of Foreign Assets Control, and regulations administered by the Bureau of Alcohol Tobacco Firearms and Explosives governing the importation of items on the U.S. Munitions Import List. Pursuant to these regulations, we are responsible for determining the proper licensing jurisdiction and export classification of our filter designs, and obtaining all necessary licenses or other approvals, if required, for exports and imports of technical data, and software, or for the provision of technical assistance or other defense services to or on behalf of foreign persons. We are also required to obtain export licenses, if required, before employing or otherwise utilizing foreign persons in the performance of our contracts if the foreign person will have access to export-controlled technical data or software. The violation of any of the applicable laws and regulations could subject us to administrative, civil, and criminal penalties.

These regulations could restrict our ability to license existing filter designs and develop new designs. For example, as a result of ITAR requirements, we are unable to supply certain products to China satellite companies or end users, which comprise a significant part of the overall satellite market. Changes in our designs or changes in export and import regulations may create delays in the introduction of our designs in international markets, prevent our customers with international operations from deploying products incorporating our designs throughout their global systems or, in some cases, prevent the export or import of product including our designs to certain countries altogether. Any change in export or import regulations or related legislation, shift in approach to the enforcement or scope of existing regulations, or change in the countries, persons, or technologies targeted by such regulations, could result in decreased use of our designs by, or our ability to export or license our designs to, existing or potential customers with international operations and decreased revenue. For example, in late 2020 the U.S. Bureau of Industry and Security of the U.S. Department of Commerce placed a China-based customer of ours on the Bureau's Entity List, which resulted in our suspending exports of our technologies to this customer while we seek a limited export license from the U.S. Department of Commerce. Any failure to comply with these laws could result in sanctions by the

U.S. government, including substantial monetary penalties, denial of export privileges, and debarment from government contracts.

***Changes in China's economic, political or social conditions or government policies, including rising tensions between China and the United States, could have a material adverse effect on our business and results of operations.***

Our business, prospects, financial condition and results of operations may be significantly affected by the political, economic and social climate in China, including without limitation the rising tensions in the relationships between China, surrounding Asian countries, and the United States. As a result, our customers may incur increases in costs due to changes in tariffs, import or export restrictions (or other trade barriers), or unexpected changes in regulatory requirements, which could harm our business. Given the relatively fluid regulatory environment in China, there could be additional tax or other regulatory changes in the future. Such actions in the future, as well as other changes in Chinese laws and regulations, including actions in furtherance of China's stated policy of reducing its dependence on foreign semiconductor manufacturers, could increase the cost of doing business in China, foster the emergence of Chinese-based competitors, decrease the demand for our customers' products in China, or reduce the supply of critical materials for our customers' products, which could have a material adverse effect on our business and results of operations.

***If we fail to comply with anti-bribery laws, including the U.S. Foreign Corrupt Practices Act, or FCPA, we could be subject to civil and/or criminal penalties.***

As a result of our international operations, we may be subject to anti-bribery laws, including the FCPA, which prohibits companies from making improper payments to foreign officials for the purpose of obtaining or keeping business. If we fail to comply with these laws, the U.S. Department of Justice, the SEC, or other U.S. or foreign governmental authorities could seek civil and/or criminal sanctions, including monetary fines and penalties against us or our employees, as well as additional changes to our business practices and compliance programs, which could have a material adverse effect on our business, results of operations, or financial condition.

***Developments stemming from changes in Government administrations, both foreign and domestic, including the imposition of tariffs and export restrictions and other changes in government trade policies, could limit our ability to license our designs, which could adversely affect our business.***

Changes in Government administration could result in changes to political, regulatory and economic laws, policies and conditions that could severely and negatively impact our business. For example, the Trump administration negotiated a new North American trade pact to replace the North American Free Trade Agreement, withdrew the United States from the Trans-Pacific Partnership (TPP), and has imposed tariffs on goods imported into the United States, including from China, which has imposed retaliatory tariffs affecting certain products manufactured in the United States. Our customers are located around the world, and we expect that international sales will comprise a substantial portion of total sales in the future. In addition, we expect that products utilizing our designs will be produced, assembled and tested at third-party manufacturing facilities located primarily in Asia. Changes in U.S. political, regulatory and economic conditions or laws and policies governing U.S. tax laws, foreign trade, manufacturing, and development and investment in the countries where we or our customers operate could adversely affect our operating results and our business. For example, imposition of tariffs on our customers' products that are imported from China to the United States could harm sales of such products, which would harm our business. We cannot predict what actions may ultimately be taken with respect to tariffs or trade relations between the United States and China or other countries, what products may be subject to such actions, or what actions may be taken by the other countries in retaliation.

***Changes in current laws or regulations or the imposition of new laws or regulations could impede the license of our designs or otherwise harm our business.***

Wireless networks can only operate in the frequency bands, or spectrum, allowed by regulators and in accordance with rules governing how the spectrum can be used. The Federal Communications Commission, or the FCC, in the United States, as well as regulators in foreign countries, have broad jurisdiction over the allocation of frequency bands for wireless networks. We therefore will rely on the FCC and international regulators to provide sufficient spectrum and usage rules. For example, countries such as China, Japan or Korea heavily regulate all aspects of their wireless communication industries, and may restrict spectrum allocation or usage. If this were to occur elsewhere, it would make it difficult for us to license our designs for use in mobile devices in that region.

#### **Risks Related to Ownership of our Stock**

***The price of our common stock may be volatile and the value of your investment could decline***

Technology stocks have historically experienced high levels of volatility. The trading price of our common stock may fluctuate substantially, depending on many factors, some of which are beyond our control and may not be related to our operating performance. These fluctuations could cause you to lose all or part of your investment in our common stock. Factors that could cause fluctuations in the trading price of our common stock include, but are not limited to, the following:

- the progress, completion or failure of efforts to design our commercial products;
- a customer decision regarding incorporation of our designs into a commercial product;
- the loss of any customer relationship;
- the addition of a new customer relationship;
- mergers and acquisitions involving us, our customers or our competitors;
- price and volume fluctuations in the overall stock market from time to time;
- significant volatility in the market price and trading volume of technology companies in general;
- fluctuations in the trading volume of our shares or the size of our public float;
- actual or anticipated changes or fluctuations in our results of operations;
- whether our results of operations meet the expectations of securities analysts or investors;
- actual or anticipated changes in the expectations of investors or securities analysts;
- litigation involving us, our industry, or both;
- regulatory developments in the United States, foreign countries, or both;
- general economic conditions and trends;
- major catastrophic events;
- lockup releases, sales of large blocks of our common stock;
- departures of key employees; or
- an adverse impact on the company from any of the other risks cited herein.

In addition, if the market for technology stocks or the stock market in general, experience a loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business, results of operations or financial condition. The trading price of our common stock might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Securities class action litigation has often been instituted against companies following periods of volatility in the overall market and in the market price of a company's securities. Two putative class action lawsuits were filed in March 2015 against the Company and certain members of the Board of Directors and executives and subsequently settled. We may be the target of securities-related litigation in the future. Such litigation could divert our management's attention and resources, result in substantial costs, and have an adverse effect on our business, results of operations and financial condition.

***If we raise additional capital in the future, your ownership in us could be diluted.***

Any issuance of equity we may undertake in the future to raise additional capital could cause the price of our common stock to decline, or require us to issue shares at a price that is lower than that paid by holders of our common stock in the past, which would result in those newly issued shares being dilutive. Any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. Any debt financing that we secure in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, including the ability to pay dividends, which could impair the value of our common stock. This may make it more difficult for us to obtain additional capital and to pursue business opportunities.

***Our limited operating history makes it difficult to evaluate our business and prospects and may increase the risks associated with your investment.***

We have only a limited operating history upon which our business and future prospects may be evaluated. We have encountered and will continue to encounter risks and difficulties frequently experienced by companies in rapidly developing and changing industries, including challenges related to recruiting, integrating and retaining qualified employees; making effective use of our limited resources; achieving market acceptance of our existing and future solutions; competing against companies with greater financial and technical resources; and developing new solutions. Our current operational infrastructure may require changes for us to scale our business efficiently with additional technical personnel and effectively to keep pace with demand for our solutions, and achieve long-term profitability. If we fail to implement these changes on a timely basis or are unable to implement them effectively, our business may suffer. We cannot assure you that we will be successful in addressing these and other challenges we may face in the future. As a company in a rapidly evolving industry, our business prospects depend in large part on our ability to:

- build a reputation for a superior solution and create trust and long-term relationships with our customers;

- distinguish ourselves from competitors in our industry;
- develop and offer competitive technologies that meet our customers' needs as they change;
- respond to evolving industry standards and government regulations that impact our business;
- expand our business internationally; and
- attract, hire, integrate and retain qualified and motivated employees.

If we are unable to meet one or more of these objectives or otherwise adequately address the risks and difficulties that we face, our business may suffer, our revenue may decline and we may not be able to achieve growth or long-term profitability.

***Our limited visibility into future demand for products incorporating our finished filter designs makes it difficult to forecast royalty revenue.***

Our customers have had difficulty accurately forecasting their product sales volumes and the timing of new product introductions, which ultimately affects the royalties we expect to receive for sales of products incorporating our finished filter designs. Our limited visibility into the demand for our customers' products makes it difficult for us to accurately forecast royalty revenues, which we expect will continue for the foreseeable future.

***If securities or industry analysts do not publish research or reports about our business, or publish inaccurate or unfavorable research reports about our business, our share price and trading volume could decline.***

The trading market for our common stock will, to some extent, depend on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. If one or more of the analysts who cover us should downgrade our shares or change their opinion of our business prospects, our share price would likely decline. If one or more of these analysts ceases coverage of our company or fails to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline.

***We do not intend to pay dividends for the foreseeable future and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock.***

We have never declared or paid any dividends on our common stock. We intend to retain any earnings to finance the operation and expansion of our business, and we do not anticipate paying any cash dividends in the future. As a result, you may only receive a return on your investment in our common stock if the market price of our common stock increases.

***Our ability to use our net operating loss carryforwards ("NOLs") and other tax attributes to offset future taxable income may be limited.***

We have significant NOLs and R&D tax credits available to offset our future United States federal and state taxable income. Under Sections 382 and 383 of Internal Revenue Code of 1986, as amended, if a corporation undergoes an "ownership change," the corporation's ability to use its pre-change NOLs and other pre-change tax attributes, such as R&D tax credits, to offset its post-change income and taxes may be limited. In general, an "ownership change" occurs if there is a cumulative change in our ownership by "5% shareholders" that exceeds 50 percentage points over a rolling three-year period. Similar rules may apply under state tax laws. In 2014 and 2017 ownership changes, as defined in Section 382 of the Internal Revenue Code, occurred which resulted in annual limitations on our federal net operating loss carryforwards; however, we believe it is more likely than not that none of the federal net operating loss carryforwards will expire as a result of the of limitations under Section 382. If we experience additional ownership changes as a result of future transactions in our stock, then we may be further limited in our ability to use our NOLs and other tax assets to reduce taxes owed on the net taxable income that we earn. Any such limitations on the ability to use our NOLs and other tax assets could adversely impact our business, financial condition and operating results. In addition, California and certain states have suspended use of NOLs for certain taxable years and other states are considering similar measures. As a result, we may incur higher state income tax expense in the future. Depending on our future tax position, continued suspension of our ability to use NOLs in states in which we are subject to income tax could have an adverse impact on our operating results and financial condition.

***Our charter documents and Delaware law could discourage takeover attempts and lead to management entrenchment.***

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that could delay or prevent a change in control of our company. These provisions could also make it difficult for stockholders to elect directors that are not nominated by the current members of our board of directors or take other corporate actions, including effecting changes in our management. These provisions include:

- the ability of our board of directors to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- the exclusive right of our board of directors to elect a director to fill a vacancy created by the expansion of our board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- the requirement that a special meeting of stockholders may be called only by the chairman of our board of directors, the chief executive officer, the president (in the absence of a chief executive officer) or a majority vote of our board of directors, which could delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors;
- the requirement for the affirmative vote of holders of at least 66-2/3% of the voting power of all of the then-outstanding shares of the voting stock, voting together as a single class, to amend the provisions of our amended and restated certificate of incorporation relating to the management of our business or our amended and restated bylaws, which may inhibit the ability of an acquirer to effect such amendments to facilitate an unsolicited takeover attempt;
- the ability of our board of directors, by majority vote, to amend our amended and restated bylaws, which may allow our board of directors to take additional actions to prevent an unsolicited takeover and inhibit the ability of an acquirer to amend our amended and restated bylaws to facilitate an unsolicited takeover attempt; and
- advance notice procedures with which stockholders must comply to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of us.

In addition, as a Delaware corporation, we are subject to Section 203 of the Delaware General Corporation Law. These provisions may prohibit large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us for a certain period of time.

### General Risks

*The ongoing, global coronavirus pandemic has significantly and adversely affected, and may continue to adversely affect, our business, financial position, results of operations and cash flows.*

The outbreak of the novel coronavirus (which causes the disease now known as COVID-19) was first identified in December 2019 in Wuhan, China, and has since spread rapidly across the world, including in all or most of the countries in which we, our customers, and our suppliers operate. The COVID-19 pandemic has caused, and is expected to continue to cause, a global slowdown in economic activity, a decrease in demand for a broad variety of goods and services, disruptions in global supply chains, and significant volatility and disruption of financial markets. Because the severity, magnitude and duration of the pandemic and its economic consequences are uncertain, vary by region, are rapidly changing and difficult to predict, its full impact on our operations and financial performance, as well as its impact on our near-term ability to successfully execute our strategic objectives, remains similarly uncertain and difficult to predict. Further, the pandemic's ultimate impact depends in part on many factors not within our control and which may vary by region (heightening the uncertainty as to the ultimate impact COVID-19 may have on our operations and financial performance), including, without limitation: restrictive governmental and business actions that have been and continue to be taken in response (including travel restrictions, work from home requirements, and other workforce limitations); economic stimulus, funding and relief programs and other governmental economic responses; the effectiveness of governmental actions; economic uncertainty in key global markets and financial market volatility; levels of economic contraction or growth; the impact of the pandemic on health and safety; the pace of recovery if and when the pandemic subsides; and how significantly the number of cases increases as economies reopen and restrictive governmental and business actions are relaxed.

Further, the COVID-19 pandemic has recently subjected our operations and financial performance to several risks, including those discussed below:

- *Operations-related risks:* Our business is facing increased operational challenges including a heightened need to protect employee health and safety, office shutdowns, workplace disruptions, and restrictions on the movement of people, both at our own offices and at those of our clients and suppliers. We are also experiencing, and expect to continue experiencing, client requests for engagement deferrals and other factors related directly and indirectly to the



COVID-19 pandemic that adversely impact our business. We expect that the longer the period of economic disruption continues, the more severe the negative impact will be on our operations and financial performance.

- *Client-related risks:* Our customers have been and will continue to be disrupted by quarantines and restrictions on employees' ability to work and office closures. Such disruptions have and may continue to restrict our ability to provide products and services to our clients and have also and may continue to reduce demand for our products and services. In addition, COVID-19 has adversely affected the global economy and the economies and financial markets of many countries, which may result in further economic downturn that could affect demand for our products and services and impact our operations.
- *Employee-related risks:* We have experienced and expect to continue to experience disruptions to our operations resulting from quarantines, self-isolations, or other movement and restrictions on the ability of our employees to perform their jobs that may impact our ability to deliver our products and services in a timely manner or meet milestones or customer commitments.

The full extent of the effect of the pandemic on us, our customers, our supply chain and our business will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration and severity of the outbreak or subsequent outbreaks. We may continue to experience the effects of the pandemic even after it has waned, and our business, results of operations and financial condition could continue to be affected. In particular, if COVID-19 continues to spread or re-emerges, particularly in the United States, Japan and China where our operations are most concentrated, resulting in a prolonged period of travel, commercial, social and other similar restrictions, we could experience, among other things:

- Adverse impacts on our operations and financial results caused by government and regulatory measures to contain or mitigate the spread of the virus, temporary closures of our facilities or the facilities of our customers or suppliers, which could impact our ability to timely meet our customers' orders or negatively impact our supply chain;
- The failure of third parties on which we rely, including our suppliers, customers and external business partners, to meet their respective obligations to us, or significant disruptions in their ability to do so, which may be caused by their own financial or operational difficulties including bankruptcy or default;
- Disruptions or restrictions on our employees' ability to work effectively, due to illness, quarantines, travel bans, shelter-in-place orders or other limitations;
- Interruptions to the operations of our business if the health of our executives, management personnel and other employees are affected, particularly if a significant number of individuals are impacted;
- Any accident, COVID-19 illness, or injury to our employees could result in litigation, development delays and harm to our reputation, which could negatively affect our business, results of operations and financial condition;
- Changes in prices of products and services may be impacted by worldwide demand and by the ongoing COVID-19 pandemic, and such price increases could materially increase our operating costs and adversely affect our profit margin;
- Increased cybersecurity and privacy risks and risks related to the reliability of technology to support remote operations;
- Sudden and/or severe declines in the market price of our common stock; and
- Costs incurred and revenues lost during and from the effects of the COVID-19 pandemic likely will not be recoverable.

The COVID-19 pandemic may also affect our operations and financial results in a manner that is not presently known to us or that we currently do not expect to present significant risks to our operations or financial results.

***Our worldwide operations are subject to political, legal and economic risks and catastrophic events, such as natural disasters, war, acts of terrorism and epidemics that could disrupt the business of our customers or harm our facilities, which could have a material adverse effect on us.***

Our customers are located around the world, including in the United States and Asia, and we expect that international sales will comprise a significant portion of total sales in the future. In addition, products utilizing our designs will be produced,

assembled and tested at third-party manufacturing facilities located primarily in Asia. Consequently, we are subject to political, legal and economic risks associated with operations in foreign countries, including, without limitation:

- expropriation;
- changes in a specific country's or region's political or economic conditions;
- changes in tax laws, trade protection measures and import or export licensing requirements;
- difficulties in protecting our intellectual property;
- difficulties in managing staffing and exposure to different employment practices and labor laws;
- changes in foreign currency exchange rates;
- restrictions on transfers of funds and other assets of our subsidiaries between jurisdictions;
- changes in freight and interest rates;
- disruption in air transportation between the United States and overseas facilities;
- loss or modification of exemptions for taxes and tariffs; and
- compliance with U.S. laws and regulations related to international operations, including export control and economic sanctions laws and regulations and the Foreign Corrupt Practices Act.

In addition, our worldwide operations (or those of our business partners) could be subject to natural disasters such as earthquakes, tsunamis, flooding, typhoons and volcanic eruptions, war, acts of terrorism, pandemic events and the spread of disease, all of which are outside of our control and could disrupt manufacturing or other operations. For example, our Goleta and Burlingame operations are located near major earthquake fault lines in California. Any conflict or uncertainty in the countries in which we operate, including public health issues, safety issues, natural disasters, disruptions of service from utilities, nuclear power plant accidents or general economic or political factors, could have a material adverse effect on our business. Any of the above risks, should they occur, could result in an increase in the cost of components, production delays, general business interruptions, delays from difficulties in obtaining export licenses for certain technology, tariffs and other barriers and restrictions, longer payment cycles, increased taxes, restrictions on the repatriation of funds and the burdens of complying with a variety of foreign laws, any of which could ultimately have a material adverse effect on our business.

***Our future revenue is inherently unpredictable. As a result, as our revenues increase our operating results are likely to fluctuate from period to period, and we may fail to meet the expectations of our analysts and investors, which may cause volatility in our stock price and may cause our stock price to decline.***

As we generate revenue, we expect our quarterly and annual operating results to fluctuate significantly due to a variety of factors, some of which are outside of our control. Factors that could cause our quarterly or annual operating results to fluctuate include:

- a downturn in the markets for our customers' products;
- disruptions or delays in the manufacture of our designed filters, our customers' products, or the products into which our customers' products are incorporated, or in the supply of raw materials or product components used to produce such filters or products;
- a failure to anticipate changing customer product requirements;
- market acceptance of our designs;
- cancellations or postponements of previously placed orders for our customers' products;
- increased financing costs or any inability to obtain necessary financing;
- the impact on our business of any cost reduction measures;
- a loss of key personnel or the shortage of available skilled workers;
- economic conditions in various geographic areas where we or our customers do business;
- the impact of political uncertainties, such as government sequestration and uncertainties surrounding the federal budget, customer spending and demand for products incorporating our designs;
- other conditions affecting the timing of orders of our customers' products incorporating our designs;
- reductions in the royalty rates for our designs occasioned by a reduction in the prices for our customers' products, increases in the costs of raw materials used to produce our customers' products, or other factors;
- effects of competitive pricing pressures, including decreases in average selling prices of RF filters that compete with our filter designs, resulting in reduced royalty revenue;
- obsolescence of our designs;
- research and development expenses incurred with respect to new filter design introductions;
- natural disasters, such as hurricanes, earthquakes, fires, and floods;
- the emergence of new industry standards;
- the loss or gain of significant customers;
- the introduction of new designs and manufacturing processes;
- changes in technology;

- intellectual property disputes;
- customs (including tariffs imposed on products, or components thereof, into which our filter designs are incorporated, or the equipment used in the production of such products), import/export, and other regulations of the countries in which we do business;
- the occurrence of M&A activities; and
- acts of terrorism or violence and international conflicts or crises, including pandemic events and the spread of disease.

***If we choose to acquire new businesses, products or technologies, we may experience difficulty in the identification or integration of any such acquisition, and our business may suffer.***

Our commercial success depends on our ability to continually enhance and broaden our product offerings in response to changing customer demands, competitive pressures and technologies. Accordingly, we may in the future pursue the acquisition of complementary businesses, products or technologies instead of developing them ourselves. We do not know if we will be able to identify or complete any future acquisitions, or whether we will be able to successfully integrate any acquired business, product or technology or retain key employees. Integrating any business, product or technology we acquire could be expensive and time consuming, disrupt our ongoing business and distract our management. Moreover, we may fail to realize the anticipated benefits of any acquisition. If we are unable to integrate any acquired businesses, products or technologies effectively, our business will suffer. In addition, any amortization or charges resulting from acquisitions could adversely affect our operating results.

***The loss of the services of our key management and personnel or the failure to attract additional key personnel could adversely affect our ability to operate our business.***

A loss of one or more of our current officers or key employees could severely and negatively impact our operations. We have no present intention of obtaining key-man life insurance on any of our executive officers or management. Additionally, competition for highly skilled technical, managerial and other personnel is intense. As our business develops, we might not be able to attract, hire, train, retain and motivate the highly skilled managers and employees we need to be successful. If we fail to attract and retain the necessary technical and managerial personnel, our business may not grow, may suffer and might fail.

***If our estimates or judgments relating to our critical accounting policies are based on assumptions that change or prove to be incorrect, our operating results could fall below the expectations of securities analysts and investors, resulting in a decline in our stock price.***

The preparation of financial statements in conformity with generally accepted accounting principles, or GAAP, requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in *Item 7--Management's Discussion and Analysis of Financial Condition and Results of Operations*, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. Our operating results may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our operating results to fall below the expectations of securities analysts and investors, resulting in a decline in our stock price. Significant assumptions and estimates used in preparing our consolidated financial statements include those related to the fair values of equity instruments, other financial instruments and income taxes.

***Changes in U.S. tax laws and regulations may have a material adverse effect on our business, cash flow, operating results, and financial condition.***

Changes in tax laws and regulations, or changes in the interpretation of tax laws and regulations by federal or state authorities, may have a material adverse effect on our business, cash flows, operating results or financial condition. Changes in corporate tax rates and the deductibility of expenses included in future tax reform legislation could have a material impact on the future value of our deferred tax assets, could result in significant one-time costs or expenses in the current or future taxable years, and could increase our future U.S. tax expense. In addition, foreign governments or U.S. states may enact tax laws, or make changes to tax laws, that could result in further changes to taxation applicable to us and materially affect our operating results and financial condition.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 2. PROPERTIES**

We maintain our principal office in Austin, Texas. We lease approximately 27,000 square feet of office and laboratory space, in Goleta, California under a lease that expires in November 2024 and provides us with one option to renew for an additional five years. We lease an additional 5,250 square feet of office space in Burlingame, California under a lease that expires in January 2022 and provides us with an option for an additional two years. This facility is used by members of our technical team resident in the San Francisco Bay area. We also lease space for our international operations in Anyang, South Korea. We believe our current facilities are sufficient for our current operations, and that suitable additional space will be available to accommodate our anticipated growth.

**ITEM 3. LEGAL PROCEEDINGS**

We are not party to any legal proceedings. We may, from time to time, be party to litigation and subject to claims incident to the ordinary course of business. As our growth continues, we may become party to an increasing number of litigation matters and claims. The outcome of litigation and claims cannot be predicted with certainty, and the resolution of any future matters could materially affect our future financial position, results of operations or cash flows.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**PART II**

**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

**Market Information for Common Stock**

Our common stock is listed on The Nasdaq Capital Market under the symbol "RESN".

**Holders of Record**

As of December 31, 2020, we had 33 holders of record of our common stock. The actual number of stockholders is greater than this number of record holders and includes stockholders who are beneficial owners but whose shares are held in street name by brokers and other nominees.

**Dividend Policy**

We have never declared or paid cash dividends on our common stock. We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not anticipate paying any dividends on our common stock in the foreseeable future, if at all. Any future determination to declare dividends will be made at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, general business conditions and other factors that our board of directors may deem relevant.

**Recent Sales of Unregistered Securities**

None.

**Use of Proceeds**

Not applicable.

**ITEM 6. SELECTED FINANCIAL DATA**

Not applicable.

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the consolidated financial statements and the related notes to the consolidated financial statements included later in this Annual Report on Form 10-K. In addition to historical financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, beliefs and expectations that involve risks and uncertainties. Our actual results and the timing of events could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Annual Report on Form 10-K, particularly in "Risk Factors" and "Special Note Regarding Forward-Looking Statements."*

### Overview

We are a late-stage development company that develops technology for the RF front-end market. Our focus is on continuing to create innovative technology, engage new customers, expand the number of license contracts for filter designs and build the necessary infrastructure to support anticipated growth.

We plan to continue to develop IP associated with high frequency/high-wide bandwidth filters (XBAR<sup>®</sup>-based filters), to expand our IP and trade secret libraries, and further the development of our ISN<sup>®</sup> multi-physics EDA platform. While we remain a filter design licensing company, we are also investigating the potential of licensing part or all of our ISN<sup>®</sup> software design suite and certain patents, including IP associated with our XBAR<sup>®</sup> filters, to potential customers in the RFFE industry. During the third quarter of 2019, we completed an investment and commercial agreement with Murata Manufacturing Co., Ltd., the first collaboration agreement leveraging our XBAR<sup>®</sup> IP. In all licensing arrangements with our customers we intend to retain ownership of our technology, software, designs and related improvements. Our goal is to establish and leverage alliances with new and existing customers, who will help grow the market for our designs by integrating them with their own proprietary technology and products, or by using our software products for their own designs, thus combining their own particular strengths with ours to provide an extensive array of solutions. We continue to expand our foundry program, which allows fabless companies to enter into the filter business quickly and efficiently. It is through this foundry program that we expect to engage OEM's and Independent Design House's (IDH's) directly to provide a significant cost and time to market advantage.

Our costs include employee salaries and benefits, compensation paid to consultants, capital costs for research and other equipment, costs associated with development activities including travel and administration, legal expenses, sales and marketing costs, general and administration expenses, and other costs associated with a late-stage development, publicly-traded technology company. We continue to add employees, as needed, to support the development of our ISN<sup>®</sup> platform, applications and system test, research and development, as well as sales, marketing and administration functions, to support our efforts.

The amounts that we actually spend for any specific purpose may vary significantly and will depend on a number of factors including, but not limited to, our expected cash resources, the pace of progress of our commercialization and development efforts, actual needs with respect to product testing, research and development, market conditions, and changes in or revisions to our marketing strategies. In addition, we may invest in complementary products, technologies or businesses.

### Recent Developments

*COVID-19*--The coronavirus ("COVID-19") pandemic continues to spread in the United States, Asia and Europe, the major markets in which we operate. The pandemic's ultimate impact on our operations and financial performance depends in part on many factors not within our control and that vary by region (heightening the uncertainty of COVID-19's ultimate impact), including, without limitation: restrictive governmental and business actions that have been and continue to be taken in response (including travel restrictions, work from home requirements, and other workforce limitations); economic stimulus, funding and relief programs and other governmental economic responses; the effectiveness of governmental actions; economic uncertainty in key global markets and financial market volatility; levels of economic contraction or growth; the impact of the pandemic on health and safety; the pace of recovery if and when the pandemic subsides; and how significantly the number of cases increases as economies reopen and restrictive governmental and business actions are relaxed.

Restrictions on travel and the imposition of stay-at-home or work remote conditions have impacted our operations and those of our customers. While we have not experienced major disruptions, customers have requested engagement deferrals and our employees ability to deliver our products and services has been impacted. We continue to actively communicate with and listen to our customers to best ensure that we are responding to their needs in the current environment with innovative solutions that will not only be beneficial now but also over the long-term. However, our ability to interact with customers has been impacted by the current environment. For example, we believe that our inability to meet in-person with current or prospective

customers, as well as the cancellation or postponement of Company-sponsored events or third-party events at which our products are featured, may have a negative impact on our business.

If current restrictions continue for an extended period of time, we may, among other issues, experience delays in product development, a decreased ability to support our customers, further disruptions in sales and marketing activities and an overall lack of productivity. Similarly, significant outbreaks, continued travel restrictions, stay-at-home or work remote conditions, or other restrictions may impact our customers' ability to manufacture or deliver raw materials or provide key components or services, which could result in delays in the demand from our customers to produce designs. The pandemic may also impact the expansion of current services and/or the roll out of new services which could impact our customers' demand for their products, which could reduce their demand for our products or services. While we don't know and cannot quantify specific impacts, we expect we may be negatively affected if we encounter delays in our product development efforts, reductions in demand due to disruptions in the operations of our customers or their end customers, disruptions in local and global economies, volatility in global financial markets, overall reductions in demand, or other COVID-19 ramifications.

## Results of Operations

### *Comparison of the Years Ended December 31, 2020 and 2019*

*Revenues.* Revenues consist primarily of the recognized portion of the transaction price associated with our contracts from customers recognized over time as the obligations under the terms of the contract are satisfied. Generally, the transaction price includes both upfront and milestone payments which we expect to receive in exchange for providing services. Revenues also include royalties from shipments of our licensed designs. For the years ended December 31, 2020 and 2019, we recognized \$3.2 million and \$0.7 million, respectively, of revenue. The increase was primarily a result of the collaboration and license agreement we signed in September 2019 with a major Tier 1 RF filter manufacturer. We have recorded \$1.8 million of deferred revenue as of December 31, 2020, which we expect to recognize over the remainder of the contracts. Additionally, we expect to continue to recognize sales-based royalty revenue from our license agreements.

*Research and Development.* These expenses relate to direct engineering and other costs associated with the development and commercialization of our technology, including the development of filter designs for our customers, and consist primarily of the compensation costs of employees and consultants, including stock-based compensation, and to a lesser extent development related costs for facilities, equipment, software and supplies. We also include the costs for our intellectual property development program under research and development. This program focuses on patent strategy and invention extraction.

Research and development expenses increased \$0.6 million from \$18.9 million in 2019 to \$19.5 million in 2020. The increase was a product of higher development costs of \$0.5 million related to our ISN<sup>®</sup> and XBAR<sup>®</sup> technology development, \$0.4 million of increased legal and other expenses related to our patent strategy program, and a \$0.3 million increase in software costs, offset by a \$0.4 million reduction in employment costs associated with headcount reductions and a \$0.3 million reduction in travel expenses due to travel restrictions related to COVID-19. We anticipate that our research and development expenses will continue to increase due to higher development costs and additional headcount.

*Sales, Marketing and Administration Expenses.* These expenses relate to our sales and marketing efforts and our back-office support and include compensation costs of employees and consultants, including stock-based compensation. They also include expenses for facilities, travel expenses, telecommunications, investor relations, insurance and professional fees.

Sales, marketing and administration expenses increased \$0.1 million, from \$12.0 million in 2019 to \$12.1 million in 2020. The increase was primarily a product of increases of \$0.4 million of compensation expense associated with headcount changes and consultants and \$0.3 million of costs associated with being a public company, offset by a decrease of \$0.6 million of travel expenses due to travel restrictions related to COVID-19. We anticipate that our sales, marketing and administration expenses may continue to increase as a result of anticipated growth.

*Interest and Investment Income.* Interest and investment income decreased by \$0.2 million from \$0.3 million in 2019 to \$0.1 million in 2020 primarily due to decreased cash and investment balances and lower interest rates. We expect interest income to fluctuate in proportion to our cash and investment balances.

*Income Taxes.* We have earned minimal revenues and are currently operating at a loss. In addition to minimum taxes in the states where we conduct business, we are also responsible for income taxes in Switzerland related to the earnings of our foreign subsidiary, GVR. The provision for income taxes primarily represents the minimum taxes we incurred during the year.

## Liquidity and Capital Resources



### ***Financing Activities***

We have earned minimal revenues since inception. Our operations have been funded with initial capital contributions and proceeds from the sale of equity securities and debt.

As of December 31, 2020, we have raised aggregate gross proceeds of \$137.3 million through the use of loans, convertible debt and equity through an IPO, At-the-Market offering, private placement financings, exercise of warrants and secondary offerings of our common stock.

We had current assets of \$25.7 million and current liabilities of \$5.9 million as of December 31, 2020, resulting in working capital of \$19.8 million. This compares to working capital of \$4.8 million as of December 31, 2019. The change in working capital is primarily the result of proceeds from the issuance of equity offset by the use of cash in our normal business operations.

As of December 31, 2020, our accumulated deficit totaled \$150.9 million. In the year ended December 31, 2020 our net loss totaled \$28.4 million and we used \$23.2 million of cash for operating activities, the purchase of property and equipment and expenditures for patents. To date we have not generated significant revenues to enable profitability. We expect to continue to incur significant losses. These factors raise substantial doubt regarding our ability to continue as a going concern. At December 31, 2020 we had cash and cash equivalents of \$25.0 million. Subsequent to December 31, 2020, but prior to publication of the financial statements included in this Form 10-K, we raised \$4.1 million of cash from sales of common stock using our At-The-Market Equity Offering Sales Agreement. In the absence of a significant revenue increase we project these cash resources will provide sufficient funding into the first quarter of 2022. We are subject to the risks and uncertainties associated with a new business. We also have been impacted by the COVID-19 pandemic which has added additional risks and uncertainties. Our continuance as a going concern is dependent on future profitability. We are actively pursuing expanding our technology portfolio, increasing our revenue opportunities by completing deliverables under current customer contracts and entering into new customer contracts, and efficiently managing operations and exploring cost saving opportunities. We may not be successful in these efforts. We may need to seek to raise additional capital from the sale of equity securities or incurrence of indebtedness. There can be no assurance that additional financing will be available to us on acceptable terms, or at all in which case we might be forced to make substantial reductions in our operating expenses which could adversely affect our ability to implement our business plan and ultimately our viability as a company. Even if available, such capital may be dilutive to existing stockholders. The accompanying consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of this uncertainty.

### ***Cash Flow Analysis***

Operating activities used cash of \$21.6 million in 2020 and \$20.7 million in 2019. The increase is primarily the result of increased working capital changes.

Investing activities used cash of \$1.6 million in 2020 and provided cash of \$15.6 million in 2019. In 2020, the cash used was a result of purchases of property and equipment and expenditures for patents. In 2019, the cash provided was a result of the redemptions of investments held to maturity in excess of purchases of investments held to maturity, offset by the cash used to purchase property and equipment and expenditures for patents.

Financing activities provided cash of \$37.5 million in 2020 and \$11.3 million in 2019. The cash provided in 2020 was the result of proceeds from the sales of equity securities from an underwritten public offering and from our At-the-Market program. The cash provided in 2019 was the result of net proceeds from the sale of equity securities in our private placement financing completed in September 2019 and net proceeds from the exercises of warrants for cash.

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

We do not have any off-balance sheet arrangements.

### ***Contractual Obligations and Known Future Cash Requirements***

#### ***Indemnification Agreements***

In the ordinary course of business, we may enter into agreements of varying scope and terms pursuant to which we agree to indemnify customers, vendors, lessors, business partners and other parties with respect to certain matters, including, but not limited to, losses arising out of breach of such agreements, services to be provided by us or from intellectual property infringement claims made by third parties. In addition, we have entered into indemnification agreements with directors and

certain officers and employees that will require us, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors, officers or employees. No demands have been made upon us to provide indemnification under such agreements and there are no claims that we are aware of that could have a material effect on our consolidated balance sheets, consolidated statements of comprehensive loss, consolidated statements of stockholders' equity or consolidated statements of cash flows.

**Purchasing Commitments**

We have non-cancelable purchasing commitments that we incur in the ordinary course of business. The purchase commitments covered by these agreements are for less than one year and aggregate to \$1.5 million as December 31, 2020.

**Operating Leases**

We lease various office facilities, including our corporate headquarters in Austin, Texas, as well as our offices in Goleta, California, Burlingame, California and Anyang, South Korea under operating lease agreements. The terms of the lease agreements provide for rental payments on a graduated basis. We recognize rent expense on a straight-line basis over the lease periods.

**Commitments**

As of December 31, 2020, our principal commitments consisted of obligations under our purchasing commitments and the operating leases for our offices. The following table summarizes our future minimum payments under these arrangements as of December 31, 2020 (in thousands):

Contractual Obligations	Payments Due by Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Purchasing commitments	\$ 1,456	\$ 1,456	\$ —	\$ —	\$ —
Operating lease commitments	\$ 2,490	\$ 777	\$ 1,169	\$ 544	\$ —
Financing lease commitments	\$ 238	\$ 42	\$ 100	\$ 96	\$ —

**Critical Accounting Policies and Estimates**

Our critical accounting estimates are included in our significant accounting policies as described in Note 2 of the consolidated financial statements included in Item 8, *Financial Statements and Supplemental Data*, of this Annual Report on Form 10-K. Those consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America. Critical accounting estimates are those that we believe are most important to the portrayal of our financial condition and results of operations. The preparation of our consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Our estimates are evaluated on an ongoing basis and are drawn from historical operations, current trends, future business plans and other factors that management believes are relevant at the time our consolidated financial statements are prepared. Actual results may differ from our estimates. Management believes that the following accounting estimates reflect the more significant judgments and estimates we use in preparing our consolidated financial statements.

*Revenue Recognition*—We recognize revenue in accordance with Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, Topic 606, *Revenue from Contracts with Customers*.

Revenue is recognized upon the transfer of control of promised goods or services to the customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. We are required to use estimates to determine the transaction price in the contract as well as the time over which we will satisfy the performance obligations. The determination of the transaction price may include estimates of amounts we expect to receive, including milestones that we may achieve which would result in additional payments upon achievement. These estimates are used for recognition of our revenue primarily related to upfront non-refundable fees received in connection with filter design projects with customers. Our performance obligation is to design a licensable filter in accordance with customer specifications. We recognize revenue over the course of the estimated design development phase based on efforts expended to date. Significant estimation is involved in determining the efforts that will be expended for the contract duration. The estimation of costs over the contract period have a material impact on the revenue we recognize over the contract period and they require significant judgement on the part of management. At the end of each reporting period, we reassess our measure of progress and adjust revenue when appropriate.

**Recently Issued and Adopted Accounting Pronouncements**

Recent accounting pronouncements are detailed in Note 2 of the consolidated financial statements included in Item 8, *Financial Statements and Supplemental Data*, of this Annual Report on Form 10-K.

**ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Not applicable.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA**

**Index to Consolidated Financial Statements**

	<u>Page</u>
Report of Independent Registered Public Accounting Firm for the year ended December 31, 2020	37
Report of Independent Registered Public Accounting Firm for the yearended December 31, 2019	39
Consolidated Balance Sheets as of December 31, 2020 and December 31, 2019	41
Consolidated Statements of Comprehensive Loss for the years ended December 31, 2020 and December 31, 2019	42
Consolidated Statements of Stockholders' Equity for the years ended December 31, 2020 and December 31, 2019	43
Consolidated Statements of Cash Flows for the years ended December 31, 2020 and December 31, 2019	44
Notes to Consolidated Financial Statements	45

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Stockholders and the Board of Directors  
Resonant Inc.

*Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated balance sheet of Resonant Inc. and subsidiaries (the Company) as of December 31, 2020, the related consolidated statements of comprehensive loss, stockholders' equity, and cash flows for the year ended December 31, 2020, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020, and the results of its operations and its cash flows for the year ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

*Going Concern*

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has suffered recurring losses from operations, and expects to continue to incur significant losses, that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

*Basis for Opinion*

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

*Critical Audit Matter*

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

*Estimation of total labor costs to be incurred for the Murata contract*

As discussed in Notes 2 and 3 to the consolidated financial statements, in September 2019 the Company entered into a collaboration and license agreement with Murata Manufacturing Co., Ltd. Revenue for the Murata contract is recognized over time and represents a substantial majority of total revenues of \$3.16 million for the year ended December 31, 2020. The Company recognizes revenue for the Murata contract over the estimated design development period based on the level of effort expended, as measured by costs incurred relative to total expected costs, as the services are performed.

We identified the evaluation of the estimation of total labor costs to be incurred for the Murata contract as a critical audit matter. Subjective auditor judgment was required to evaluate the estimate of remaining labor costs to complete the contract because of the nature and complexity of the work to be performed.

The following are the primary procedures we performed to address this critical audit matter:

- we inquired of operational and financial personnel of the Company to evaluate progress to date, the estimate of remaining labor costs to be incurred, and factors impacting the amount of time and cost to complete the contract, including the assessment of the nature and complexity of the work to be performed.
- we inspected correspondence, if any, between the Company and the customer as part of our evaluation of contract progress.
- we compared the Company's original or prior period estimate of total labor costs to be incurred to the actual labor costs incurred to-date to assess the Company's ability to accurately estimate labor costs.

/s/ KPMG LLP

We have served as the Company's auditor since 2020.

Irvine, California  
March 12, 2021

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Stockholders and the Board of Directors of Resonant Inc.  
Austin, Texas

**Opinions on the Financial Statements**

We have audited the accompanying consolidated balance sheet of Resonant Inc. (the "Company") as of December 31, 2019 and the related consolidated statements of comprehensive loss, stockholders' equity, and cash flows for the year then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

**/s/ Crowe LLP**

We served as the Company's auditor from 2015 to 2019.

Sherman Oaks, California  
March 12, 2020

**RESONANT INC.**  
**Consolidated Balance Sheets**  
(In thousands, except share data)

	December 31, 2020	December 31, 2019
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 24,968	\$ 10,688
Accounts receivable	208	78
Prepaid expenses and other current assets	511	375
<b>TOTAL CURRENT ASSETS</b>	<b>25,687</b>	<b>11,141</b>
<b>NONCURRENT ASSETS</b>		
Property and Equipment, net	1,583	1,885
Intangibles, net	2,119	1,576
Restricted cash	105	150
Goodwill	911	831
Operating lease right-of-use assets	2,012	2,496
Finance lease right-of-use asset	201	—
Other assets	112	68
<b>TOTAL NONCURRENT ASSETS</b>	<b>7,043</b>	<b>7,006</b>
<b>TOTAL ASSETS</b>	<b>\$ 32,730</b>	<b>\$ 18,147</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 982	\$ 1,100
Accrued expenses	449	521
Accrued salaries and payroll related expenses	1,970	2,368
Deferred revenue	1,721	1,731
Operating lease liabilities, current	699	612
Financing lease liability, current	30	—
<b>TOTAL CURRENT LIABILITIES</b>	<b>5,851</b>	<b>6,332</b>
<b>LONG-TERM LIABILITIES</b>		
Deferred revenue	62	—
Operating lease liabilities, net of current portion	1,589	2,059
Financing lease liability, net of current portion	175	—
<b>TOTAL LIABILITIES</b>	<b>7,677</b>	<b>8,391</b>
Commitments and contingencies (Note 12)		
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, \$0.001 par value, 100,000,000 authorized and 59,128,356 outstanding as of December 31, 2020 and 33,156,246 outstanding as of December 31, 2019	59	33
Preferred stock, \$0.001 par value, 3,000,000 shares authorized and none outstanding as of December 31, 2020 and December 31, 2019	—	—
Additional paid-in capital	175,813	132,214
Accumulated other comprehensive income	87	1
Accumulated deficit	(150,906)	(122,492)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>25,053</b>	<b>9,756</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 32,730</b>	<b>\$ 18,147</b>

See Notes to Consolidated Financial Statements



## RESONANT INC.

Consolidated Statements of Comprehensive Loss  
(In thousands, except per share data)

	Year Ended December 31, 2020	Year Ended December 31, 2019
<b>REVENUES</b>	\$ 3,160	\$ 735
<b>OPERATING EXPENSES</b>		
Research and development	19,477	18,854
Sales, marketing and administration	12,150	12,040
<b>TOTAL OPERATING EXPENSES</b>	<b>31,627</b>	<b>30,894</b>
<b>NET OPERATING LOSS</b>	<b>(28,467)</b>	<b>(30,159)</b>
<b>OTHER INCOME (EXPENSE)</b>		
Interest and investment income	66	253
Interest and other expense	(12)	(21)
<b>TOTAL OTHER INCOME</b>	<b>54</b>	<b>232</b>
<b>LOSS BEFORE INCOME TAXES</b>	<b>(28,413)</b>	<b>(29,927)</b>
Provision for income taxes	1	1
<b>NET LOSS</b>	<b>\$ (28,414)</b>	<b>\$ (29,928)</b>
Foreign currency translation adjustment, net of tax	\$ 86	\$ 16
<b>COMPREHENSIVE LOSS</b>	<b>\$ (28,328)</b>	<b>\$ (29,912)</b>
<b>NET LOSS PER SHARE - BASIC AND DILUTED</b>	<b>\$ (0.55)</b>	<b>\$ (1.02)</b>
Weighted average shares outstanding — basic and diluted	<b>51,254,329</b>	<b>29,409,776</b>

See Notes to Consolidated Financial Statements

**RESONANT INC.**  
**Consolidated Statements of Stockholders' Equity**  
(In thousands)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income and (Loss)	Total Stockholders' Equity
	Shares	Amount				
<b>Balance, January 1, 2019</b>	27,391	\$ 27	\$ 115,450	\$ (92,564)	\$ (15)	\$ 22,898
Vesting of restricted stock units	1,317	1	—	—	—	1
Stock-based compensation	—	—	5,463	—	—	5,463
Sale of common stock, net of offering costs	3,961	4	9,915	—	—	9,919
Exercises of warrants	487	1	1,386	—	—	1,387
Net loss	—	—	—	(29,928)	—	(29,928)
Foreign currency translation adjustment	—	—	—	—	16	16
<b>Balance, December 31, 2019</b>	33,156	33	132,214	(122,492)	1	9,756
Vesting of restricted stock units	2,183	2	—	—	—	2
Stock-based compensation	—	—	6,166	—	—	6,166
Sale of common stock, net of offering costs	23,776	24	37,423	—	—	37,447
Exercise of warrants	7	—	—	—	—	—
Exercise of stock options	6	—	10	—	—	10
Net loss	—	—	—	(28,414)	—	(28,414)
Foreign currency translation adjustment	—	—	—	—	86	86
<b>Balance, December 31, 2020</b>	59,128	\$ 59	\$ 175,813	\$ (150,906)	\$ 87	\$ 25,053

See Notes to Consolidated Financial Statements

**RESONANT INC.**  
**Consolidated Statements of Cash Flows**  
(In thousands)

	Year Ended December 31, 2020	Year Ended December 31, 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (28,414)	\$ (29,928)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,000	985
Stock-based compensation	5,824	5,806
Patent write-offs	383	145
Other	6	4
Operating lease right-of-use asset amortization	602	586
Changes in assets and liabilities:		
Accounts receivable	(130)	87
Prepays and other current assets	(134)	(10)
Other assets	(44)	1
Accounts payable	(245)	249
Accrued expenses	19	210
Accrued salaries and payroll related expenses	(55)	191
Operating lease liabilities	(501)	(492)
Deferred revenue	52	1,460
Net cash used in operating activities	(21,637)	(20,706)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(705)	(806)
Expenditures for patents	(881)	(424)
Redemptions of investments held-to-maturity	—	29,295
Purchases of investments held-to-maturity	—	(12,432)
Net cash provided by (used in) investing activities	(1,586)	15,633
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Gross proceeds from the sale of common stock	40,173	10,020
Offering costs in connection with the sale of common stock	(2,726)	(101)
Proceeds from exercises of warrants	—	1,387
Proceeds from exercises of stock options	10	—
Net cash provided by financing activities	37,457	11,306
Effects of currency translation on cash, cash equivalents and restricted cash	1	—
NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	14,235	6,233
CASH, CASH EQUIVALENTS AND RESTRICTED CASH — Beginning of year	10,838	4,605
CASH, CASH EQUIVALENTS AND RESTRICTED CASH — End of year	\$ 25,073	\$ 10,838
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for taxes	\$ 2	\$ 1
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES</b>		
Common stock issued in settlement of accrued salaries and payroll related expenses	\$ 343	\$ 342
Property and equipment included in accounts payable	\$ 193	\$ 206
Property and equipment included in accrued liabilities	\$ 68	\$ 159
Patents included in accounts payable	\$ 224	\$ 83
Property acquired through finance lease obligation	\$ 204	\$ —
Operating lease assets obtained in exchange for new lease liabilities	\$ 114	\$ —

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the Consolidated Balance Sheets to the total of the same such amounts shown above (in thousands):

	December 31,	
	2020	2019
Cash and cash equivalents	\$ 24,968	\$ 10,688
Restricted cash	105	150
Total cash, cash equivalents and restricted cash	\$ 25,073	\$ 10,838

See Notes to Consolidated Financial Statements

**RESONANT INC.**  
**Notes to Consolidated Financial Statements**

**NOTE 1—ORGANIZATION AND DESCRIPTION OF BUSINESS**

***Overview***

Resonant Inc. is a late-stage development company located in Austin, Texas, with offices in Goleta, California, Burlingame, California and Anyang, South Korea. We were incorporated in Delaware in January 2012 as a wholly owned subsidiary of Superconductor Technologies Inc., or STI. Resonant LLC, a limited liability company, was formed in California in May 2012. We changed our form of ownership from a limited liability company to a corporation in an exchange transaction in June 2013, when we commenced business. We are the successor of Resonant LLC. We completed our initial public offering, or IPO, on May 29, 2014. On July 6, 2016 we acquired all of the issued and outstanding capital stock of GVR Trade S.A, or GVR. GVR is a wholly owned subsidiary of Resonant Inc. The company operates in one market and segment, the radio frequency filter design industry.

The innovative software platform we continue to develop is based on fundamentally new technology that we call Infinite Synthesized Networks®, or ISN®, to configure and connect resonators, the building blocks of RF filters. Currently, we are leveraging ISN® to develop designs targeted for either the Surface Acoustic Wave (SAW) or Temperature Compensated, Surface Acoustic Wave (TC-SAW) manufacturing processes. We also enabled ISN® for BAW designs, which has resulted in our invention of a novel resonator structure based on a combination of interdigital transducer (IDT) and piezoelectric layer, XBAR®, which exhibits performance parameters suitable for 5G, 5-7GHz WiFi and UWB applications - high frequency operation, large bandwidth and high power reliability.

Using ISN® we have developed an IP portfolio of more than 300 patents filed or issued, with more than 150 filed or issued targeting XBAR®, 5G and high frequency WiFi applications. In addition, with continued requirements for increasing numbers of filter designs our innovative software platform addresses the need for increased designer efficiency, reduced time to market and lower unit costs in the designs of filters for radio frequency, or RF Front-Ends for the mobile device, Customer Premise Equipment (CPE) and Infrastructure industries. The RF Front-End, or RFFE, is the circuitry responsible for analog signal processing and is located between the device's antenna and its digital circuitry. Filters are a critical component of the RFFE used to select desired radio frequency signals and reject unwanted signals.

We believe licensing our designs is the most direct and effective means of validating our IP and IP related libraries and demonstrating the power and accuracy of our ISN® multi-physics EDA platform. Our target customers make part, or all of, the RFFE. We intend to retain ownership of our IP, trade secrets and designs, and we expect to be compensated through license fees and royalties either prepaid at contract inception or based on sales of RFFE filters that incorporate our IP, trade secrets and designs.

***Capital Resources and Liquidity***

As of December 31, 2020, our accumulated deficit totaled \$150.9 million. In the year ended December 31, 2020 our net loss totaled \$8.4 million and we used \$23.2 million of cash and investments for operating activities, the purchase of property and equipment and expenditures for patents. To date we have not generated significant revenues to enable profitability. We expect to continue to incur significant losses. These factors raise substantial doubt regarding our ability to continue as a going concern. At December 31, 2020 we had cash and cash equivalents of \$25.0 million. Subsequent to December 31, 2020, but prior to publication of the financial statements on this Form 10-K, we raised \$4.1 million of cash from sales of common stock using our At-The-Market Equity Offering Sales Agreement. In the absence of a significant revenue increase we project these cash resources will provide sufficient funding into the first quarter of 2022. We are subject to the risks and uncertainties associated with a new business. We have also been impacted by the COVID-19 pandemic which has added additional risks and uncertainties. Our continuance as a going concern is dependent on future profitability. We are actively pursuing expanding our technology portfolio, increasing our revenue opportunities by completing deliverables under current customer contracts and entering into new customer contracts, and efficiently managing operations and exploring cost saving opportunities. We may not be successful in these efforts. We may need to seek to raise additional capital from the sale of equity securities or incurrence of indebtedness. There can be no assurance that additional financing will be available to us on acceptable terms, or at all in which case we might be forced to make substantial reductions in our operating expenses which could adversely affect our ability to implement our business plan and ultimately our viability as a company. Even if available, such capital may be dilutive to existing stockholders. The accompanying consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of this uncertainty.

## NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Basis of Presentation and Use of Estimates*—The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP. Significant estimates made in preparing these financial statements include (a) assumptions to calculate the fair values of financial instruments, warrants and equity instruments and other liabilities and the deferred tax asset valuation allowance; (b) the useful lives for depreciable and amortizable assets and (c) the estimated efforts to be expended, as well as our ability to achieve milestones, in connection with our revenue contracts. Actual results could differ from those estimates. Additionally, the global economic effects resulting from the COVID-19 pandemic may cause changes to estimates that would have a material impact on our financial statements, particularly with respect to timing of revenue recognition due to delays in meeting our performance obligations and collectability of our accounts receivable. As of the date of issuance of these financial statements, our results of operations have not been significantly impacted by the COVID-19 pandemic, however, we continue to monitor the situation. In the opinion of management, all adjustments, including normal recurring accruals considered necessary for a fair presentation, have been included.

*Consolidation* - The accompanying financial statements include the accounts of the Company and its wholly-owned subsidiary, GVR. All significant intercompany balances and transactions have been eliminated.

*Cash and Cash Equivalents*—We consider all liquid instruments purchased with a maturity of three months or less to be cash equivalents.

*Concentration of Credit Risk*—We maintain bank accounts at one U.S. financial institution. The U.S. bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 per account owner. GVR, our wholly owned Swiss-based subsidiary maintains checking accounts at one major national financial institution. Additionally, we maintain a checking account with a very minimal balance at one bank in South Korea, which is used to fund payroll and rent in South Korea. Management believes we are not exposed to significant credit risk due to the financial position of the depository institutions in which our deposits are held.

*Restricted Cash*—Restricted cash at December 31, 2020 and 2019 consists of a pledged mutual fund account which is held as collateral against a letter of credit issued in May 2018 in connection with the lease of our offices in Cremona, California. The letter of credit was reissued in November 2020 due to a change in the property owner. No changes were made to the terms of the letter of credit. The terms of the letter of credit allow for a step-down of \$50,000 annually upon performance of certain events, primarily no late or defaulted payments. See also Note 10- Leases, for further details.

*Fair Value of Financial Instruments*—We measure certain financial assets and liabilities at fair value based on the exit price notion, or price that would be received for an asset or paid to transfer a liability, in an orderly transaction between the market participants at the measurement date. The carrying amounts of our financial instruments, including cash equivalents, restricted cash, accounts receivable, accounts payable, and accrued liabilities, approximate fair value due to their short maturities.

*Accounts Receivable*—Trade accounts receivable are stated net of allowances for doubtful accounts. Management estimates the allowance for doubtful accounts based on review and analysis of specific customer balances that may not be collectible, customer payment history and any other customer-specific information that may impact collectability of the receivable. Accounts are considered for write-off when they become past due and when it is determined that the probability of collection is remote. There was no allowance for doubtful accounts at December 31, 2020 and 2019.

*Property and Equipment*—Property and equipment consists of leasehold improvements associated with our corporate offices, software purchased during the normal course of business, equipment and office furniture and fixtures, all of which are recorded at cost. Depreciation and amortization is recorded using the straight-line method over the respective useful lives of the assets ranging from three to five years. Leasehold improvements are amortized over the shorter of lease term or useful life. Long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of these assets may not be recoverable.

*Intangible Assets, net*—Intangible assets are recorded at cost and amortized over the useful life. In the case of business combinations, intangible assets are recorded at fair value. At December 31, 2020 and 2019, intangible assets, net, includes patents and a domain name and other intangible assets purchased as part of our acquisition of GVR, including customer relationships, technology and a trademark. We capitalize certain patent filing costs up to the point of issuance and then amortize the cost over the life of the patent. Costs associated with maintenance or renewal of existing patents are expensed as incurred. Intangible assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of these assets may not be recoverable. In certain cases, patents may expire or be abandoned as they no longer have a probable economic

value. In such cases we write off the capitalized patent costs as patent abandonment costs which are included in research and development expenses.

*Goodwill*—Goodwill represents the difference between the price paid to acquire GVR and the fair value of the assets acquired, net of assumed liabilities. We review goodwill for impairment annually and whenever events or circumstances indicate that the carrying amount of these assets may not be recoverable. As of January 1, 2019, we have adopted ASU No. 2017-04, *Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, which simplifies the accounting for goodwill impairments by eliminating step 2 from the goodwill impairment test.

*Revenue Recognition*—Revenue is recognized upon the transfer of control of promised goods or services to customers, generally over time, in an amount that reflects the consideration we expect to receive in exchange for those products or services. Revenue consists primarily of the recognized portion of up-front, non-refundable, prepaid royalties received in connection with filter design projects with customers. Our performance obligation is to design a licensable filter in accordance with customer specifications. The license of the completed design is considered part of this performance obligation as the design and licensing of the filter are highly interdependent. We recognize revenue over the course of the design development phase as our customers are able to benefit from our design services as they are provided, primarily by marketing the in-process design to their customers. We recognize revenue from our design services based on efforts expended to date. At the end of each reporting period, we reassess our measure of progress and adjust revenue when appropriate. We record the expenses related to these projects in the periods incurred and they are included in research and development expense.

In most cases, upfront non-refundable payments related to design development are recognized over a period of 12 months to 18 months as that is the amount of time it generally takes us to develop a design; however, the actual amount of time depends on the complexity of the filter being designed. Contracts generally include non-refundable fees, or prepaid royalties, and may include milestone payments based upon the successful completion of certain deliverables. Milestone payments represent variable consideration, and we use the "most likely amount" approach to determine the amount we ultimately expect to receive.

Upon completion of design services, our customers retain a license over the completed design. The license will typically last for a minimum of two years, and in many cases for the life of the design. Some contracts also include royalties that are sales-based, and we recognize royalty revenue upon shipment, by our customer, of products that include our licensed design. Payment is generally due within 30 days.

We apply the exemptions available in ASC 606 to not disclose information about 1) remaining performance obligations that have original expected durations of one year or less and 2) variable consideration that is a sales-based or usage-based royalty.

*Research and Development*—Costs and expenses that can be clearly identified as research and development are charged to expense as incurred in accordance with ASC Topic 730-10, *Research and Development*.

*Operating Leases*—We lease office space and research facilities under operating leases. Certain lease agreements contain free or escalating rent payment provisions. As of January 1, 2019, we have adopted ASU No. 2016-02, *Leases (Topic 842)* as well as other clarifying and practical updates issued under *Leases (Topic 842)* applicable to us.

We determine if an arrangement is a lease at lease inception. Operating leases are included in right-of-use ("ROU") lease assets, other current liabilities (current portion of lease obligations), and long term lease obligations on our balance sheets. ROU lease assets represent our right to use an underlying asset for the lease term and lease obligations represent our obligation to make lease payments arising from the lease. Operating ROU lease assets and obligations are recognized at the commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, we use an incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The ROU lease asset also includes any lease payments made and excludes lease incentives. We evaluate renewal options at lease inception and on an ongoing basis, and include renewal options which we are reasonably certain to exercise in our expected lease term when classifying leases and measuring lease liabilities. We allocate the consideration between lease and nonlease components and exclude nonlease components from our recognized lease assets and liabilities.

Minimum lease payments, including scheduled rent increases, are recognized as lease expenses on a straight-line basis over the applicable lease term. We recognize lease expenses within research and development and sales, marketing and administration expenses on a straight-line basis over the lease term.

We are not party to any leases for which we are the lessor.

*Finance Lease*—The finance lease asset represents our right to use an underlying asset for the lease term and the finance lease liability represents the present value of lease payments not yet paid. Interest expense on the finance lease is recorded over the lease term and is presented in interest expense, based on the effective interest method. The right of use asset is amortized over the term of the related lease.

*Stock-Based Compensation*—We account for employee stock options in accordance with ASC Topic 718, *Compensation-Stock Compensation*. We use the Black-Scholes option valuation model for estimating fair value at the date of grant.

We account for restricted stock units issued at fair value, based on the market price of our stock on the date of grant, net of estimated forfeitures. Compensation expense is recognized for the portion of the award that is ultimately expected to vest over the period during which the recipient renders the required services to the Company generally using the straight-line single option method.

We recognize compensation expense for restricted stock units with market conditions using a graded vesting model, based on the probability of the market condition being met, net of estimated pre-vesting forfeitures.

In the case of award modifications, we account for the modification in accordance with ASU No. 2017-09, *Compensation-Stock Compensation (Topic 718): Scope of Modification Accounting*, whereby we recognize the effect of the modification in the period the award is modified.

As of January 1, 2019, we adopted ASU No. 2018-07, *Compensation-Stock Compensation (Topic 718): Improvements to Non-employee Share-Based Payment Accounting*, which aligns the accounting of share-based payment awards issued to employees and non-employees. The adoption did not materially impact our condensed consolidated financial statements.

Stock-based compensation expense is included in research and development expenses and general and administrative expenses.

*Earnings Per Share, or EPS*—EPS is computed in accordance with ASC Topic 260, *Earnings per Share*, and is calculated using the weighted average number of common shares outstanding during each period. Diluted EPS assumes the conversion, exercise or issuance of all potential common stock equivalents unless the effect is to reduce a loss or increase the income per share. Potential common shares consist of the incremental common shares issuable upon the exercise of stock options (using the treasury stock method), the exercise of warrants (using the if-converted method) and the vesting of restricted stock unit awards.

*Income Taxes*—We account for income taxes in accordance with ASC Topic 740, *Income Taxes*, or ASC 740, which requires the recognition of deferred tax assets and liabilities for the future consequences of events that have been recognized in our consolidated financial statements or tax returns. The measurement of the deferred items is based on enacted tax laws. In the event the future consequences of differences between financial reporting bases and the tax bases of our assets and liabilities result in a deferred tax asset, ASC 740 requires an evaluation of the probability of being able to realize the future benefits indicated by such asset. A valuation allowance related to a deferred tax asset is recorded when it is more likely than not that some portion or the entire deferred tax asset will not be realized. As part of the process of preparing our consolidated financial statements, we are required to estimate our income tax expense in each of the jurisdictions in which we operate. We also assess temporary differences resulting from differing treatment of items for tax and accounting differences. We record a valuation allowance to reduce the deferred tax assets to the amount of future tax benefit that is more likely than not to be realized.

*Reclassifications*—Certain amounts in the consolidated balance sheet and the consolidated statement of cash flows for the years ended December 31, 2020 and 2019 have been reclassified to conform to the current year presentation.

*Foreign Currency Translation*—The Swiss Franc has been determined to be the functional currency for the net assets of our Swiss-based subsidiary. We translate the assets and liabilities to U.S. dollars at each reporting period using exchange rates in effect at the balance sheet date and record the effects of the foreign currency translation in accumulated other comprehensive loss in shareholders' equity. We translate the income and expenses to U.S. dollars at each reporting period using the average exchange rate in effect for the period and record the effects of the foreign currency translation as other comprehensive income (loss) in the consolidated statements of comprehensive loss. Gains and losses resulting from foreign currency transactions are included in net loss in the consolidated statements of comprehensive loss.

#### **Recent Accounting Pronouncements**

*Credit Losses*—In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments- Credit Losses (Topic 326)*. In April and November 2019, and February 2020, the FASB issued implementation amendments to the June 2016 ASU (collectively, the amended guidance). The amended guidance replaced the current incurred loss methodology for credit losses

with a current expected credit loss ("CECL") model, which requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The amended guidance expanded the information that an entity must consider in developing its expected credit loss estimates. Additionally, the updates amended the accounting for credit losses for purchased financial assets with a more-than-significant amount of credit deterioration since origination. The amended guidance requires enhanced disclosures to help investors and other financial statement users better understand significant estimates and judgments used in estimated credit losses. Early adoption is permitted. The guidance is effective for us in January 2023. We have no plan to early adopt the guidance and are currently evaluating the impact, which we believe will be immaterial to our consolidated financial statements.

With the exception of the new standards discussed above, there have been no other new accounting pronouncements that have significance, or potential significance, to our consolidated financial statements.

### NOTE 3—REVENUE RECOGNITION

We record contract assets and contract liabilities in connection with revenue recognized for filter design projects.

*Contract Assets* - Contract assets, other than accounts receivable, consist of unbilled revenue and generally arise when revenue is recognized ahead of invoicing the customer. Contract asset balances are included in prepaid expenses and other current assets in our consolidated balance sheets.

*Contract Liabilities* - Our contract liabilities consist of deferred revenue, which represents the revenue associated with remaining performance obligations within our customer contracts. We classify contract liabilities as current or long-term based on the timing of the remaining performance obligations. Generally, our contract liabilities are expected to be recognized in one year or less. Customer deposits and deferred revenue are separately stated in our consolidated balance sheets.

Summary of changes in contract assets and liabilities for the years ended December 31, 2020 and 2019 (in thousands):

	2020	2019
<u>Contract assets</u>		
Contract assets, beginning	\$ —	\$ 36
Contract assets at beginning of year transferred to accounts receivable	—	(36)
Reversal of contract assets due to changes in transaction price	—	(8)
Contract assets recorded on contracts during the period	—	8
Contract assets, ending	<u>\$ —</u>	<u>\$ —</u>
<u>Contract liabilities</u>		
Contract liabilities, beginning	\$ 1,731	\$ 271
Recognition of revenue included in beginning of year contract liabilities	(1,720)	(209)
Contract liabilities, net of revenue recognized on contracts during the period	1,772	1,669
Contract liabilities, ending	<u>\$ 1,783</u>	<u>\$ 1,731</u>

We derive a substantial majority of our revenue from a single customer. Effective September 30, 2019 we entered into a collaboration and license agreement with Murata Manufacturing Co., Ltd. Pursuant to the collaboration agreement, we have agreed with Murata to collaborate on the development of proprietary circuit designs using our XBAR® technology, and we licensed to Murata rights for products in four specific radio frequencies, or bands. Murata has agreed to pay us up to an aggregate of \$9.0 million of total contract consideration in the form of pre-paid royalties for the licensed designs and certain other intellectual property developed in the collaboration, payable in installments over a multi-year development period, with each installment conditional upon our achievement of certain milestones and deliverables acceptable to Murata in its discretion. Murata may terminate the collaboration agreement at any time upon thirty (30) days prior written notice to us.

Murata's rights to our XBAR® technology are exclusive for a period of 30 months, through March 2022, during which period we may not grant to any third party the right to develop, make, have made, use, sell, offer for sale or import any filter or resonator produced through the use of the XBAR® technology for use in mobile communication devices.



Under the collaboration agreement, the first payment of \$2.0 million was a non-refundable upfront payment received on October 11, 2019. The second payment of \$2.5 million was received on September 29, 2020 upon the achievement of the second milestone.

In accordance with the guidance of ASC 606, we are required to evaluate the variable consideration within the contract, primarily the milestone payments, and assess the likelihood of achievement in determining our transaction price. Additionally, we must assess whether the variable consideration is constrained and whether recording such variable revenue may result in a significant reversal of revenue due to uncertainties. We continue to evaluate variable consideration for inclusion in the transaction price, and ultimately the revenue recognized, at each reporting period. We recognize revenue for the Murata contract over the estimated design development period, based on the level of effort expended over total expected costs, as the services are performed. For the periods ended December 31, 2020 and 2019, we have determined that the milestone payments due upon achievement of certain performance criteria are constrained and are thus not included in the transaction price. Therefore, revenue related to those milestone payments has not been recognized. Revenue recognition related to each milestone payment will commence once the constraint is lifted. Consequently, revenue recognition related to the Murata contract will vary from quarter to quarter. During the years ended December 31, 2020 and 2019, we recognized \$2.7 million and \$0.4 million, respectively, of revenue related to the collaboration and license agreement.

For the years ended December 31, 2020 and 2019, the majority of our revenue was recognized over time as services were provided. At December 31, 2020, deferred revenue was \$1.8 million and will be recognized over the balance of the respective contracts. The long-term deferred revenue, of \$2,000, is expected to be recognized in the first half of 2022.

#### NOTE 4—INVESTMENTS HELD-TO-MATURITY

We classify investments as held-to-maturity when we have the positive intent and ability to hold the securities to maturity.

During 2020, we did not invest in any commercial papers or certificates of deposit. At December 31, 2020, we had no investments classified as held-to-maturity.

During 2019, we invested in commercial papers and certificates of deposit that were classified as investments held-to-maturity. As of December 31, 2019, all of our investments held-to-maturity had matured and we had no investments classified as held-to-maturity.

We recorded interest and investment income of \$66,000 and \$253,000 for the years ended December 31, 2020 and 2019, respectively, associated with our cash and investment accounts. We did not recognize an other-than-temporary impairment or a comprehensive gain or loss for the years ended December 31, 2020 and 2019.

#### NOTE 5—PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consists of the following as of December 31, 2020 and 2019 (in thousands):

	2020	2019
Cost:		
Computers, peripheral and scientific equipment	\$ 1,841	\$ 1,654
Software	2,307	2,131
Leasehold improvements	310	310
Office furniture and equipment	434	424
	4,892	4,519
Less: Accumulated depreciation and amortization	(3,309)	(2,634)
Property and equipment, net	\$ 1,583	\$ 1,885

Depreciation for the years ended December 31, 2020 and December 31, 2019 was \$904,000 and \$870,000, respectively. Cost basis of assets disposed for the years ended December 31, 2020 and December 31, 2019 was \$233,000 and \$31,000, respectively.

## NOTE 6—INTANGIBLE ASSETS, NET, AND GOODWILL

Intangible assets include patent filing costs and other assets (domain name and other intangibles purchased from GVR, including customer relationships, technology and a trademark). Some of the patents were acquired from STI as a result of an asset contribution and were recorded at their carryover basis of \$216,000 and are being amortized over the remaining useful life of 1 to 10 years as of December 31, 2020. Intangibles acquired as part of the purchase of GVR were initially recorded at their fair value and are being amortized over a period of 1 to 5 years. Patent filing costs related to issued patents are amortized over the estimated life of the patent, 12 to 20 years, once they are approved by their respective regulatory agency. The domain name is being amortized over the approximate useful life of 10 years.

Intangible assets, net, consists of the following as of December 31, 2020 and 2019 (in thousands):

	2020	2019
Cost:		
Patents	\$ 2,399	\$ 1,801
Other <sup>(1)</sup>	291	274
	2,690	2,075
Less: Accumulated amortization	(571)	(499)
Intangible assets, net	\$ 2,119	\$ 1,576

(1) Includes the impact of foreign currency translation. The total impact at December 31, 2020 was \$17,000 and there was no impact at December 31, 2019.

During the year ended December 31, 2020 and 2019, we wrote-off \$383,000 and \$145,000, respectively, of patents we abandoned. The write-offs are included in research and development expense.

Amortization of intangible assets was \$96,000 and \$115,000 for the years ended December 31, 2020 and 2019, respectively. The following table summarizes the estimated amortization expense relating to the intangible assets as of December 31, 2020 (in thousands):

### Years ending December 31,

2021	\$ 68,000
2022	58,000
2023	56,000
2024	55,000
2025	55,000
2026 and thereafter	551,000
Total amortization expense	\$ 843,000

Goodwill represents the excess of the purchase price over the fair value of the net assets acquired from GVR Trade. Goodwill is not amortized, but is subject to impairment tests on at least an annual basis and whenever circumstances suggest that goodwill may be impaired.

The change in the carrying amount of goodwill are as follows (in thousands):

	Goodwill
Balance at January 1, 2019	\$ 817
Effect of currency translation	14
Balance at December 31, 2019	\$ 831
Effect of currency translation	80
Balance at December 31, 2020	\$ 911

## **NOTE 7—WARRANTS**

From time to time, we have issued warrants to purchase shares of common stock. These warrants have been issued in connection with financing transactions and for consulting services. Our warrants are subject to standard anti-dilution provisions applicable to shares of our common stock.

### ***Consulting Warrant, Financing Warrant and Underwriting Warrant***

Upon consummation of our Senior Convertible Note financing in June 2013, we issued warrants for business consulting services provided by MDB Capital Group, LLC, or MDB. We issued a 7-year warrant to purchase 222,222 shares of our common stock at an exercise price of \$0.01 per share, which we refer to as the Consulting Warrant. The Consulting Warrant was exercisable six months after the completion of our initial public offering, or IPO, in 2014 and expired June 17, 2020. The warrants were exercised at various dates between January 2015 and June 2020.

In addition, for placement agent services provided by MDB in connection with our Senior Convertible Note financing, we issued to MDB a 7-year warrant to purchase 208,763 shares of our common stock at an exercise price of \$0.35 per share, which we refer to as the Financing Warrant. The Financing Warrant was exercisable six months after the completion of our IPO and expired June 17, 2020. There were a total of 146,233 warrants exercised between February 2015 and November 2017 and 62,530 warrants expired unexercised on June 17, 2020.

In connection with the closing of our IPO, we also issued a third warrant to MDB related to their role as the sole underwriter for our IPO, which we refer to as the Underwriting Warrant. We issued them a 5-year warrant to purchase 310,500 shares of common stock at an exercise price of \$7.50 per share. The warrant was not exercisable until November 24, 2014 (180-days from the date of the underwriting agreement) and expired May 28, 2019 unexercised.

### ***Private Placement Warrants - 2016***

In April 2016, we issued warrants to purchase 1,996,880 shares of our common stock at an exercise price of \$2.86 in connection with our private placement sale of 1,996,880 shares of common stock. The warrants were exercisable for a period commencing October 2016 and expired on April 25, 2019. We also issued to the placement agents in the financing, warrants to purchase an aggregate of 99,844 shares of our common stock at an exercise price of \$2.86 for a period commencing 6 months and ending 36 months after the closing. We refer to these warrants, collectively, as Private Placement Warrants - 2016. In December 2017, we entered into Warrant Exercise Agreements with certain holders of Private Placement Warrants - 2016 to induce the exercise of 836,780 warrants in full. Pursuant to the agreements, the warrant holders exercised in full the warrants and purchased an aggregate of 836,780 shares of our common stock at an exercise price of \$2.86 per share, for an aggregate exercise price of approximately \$2.4 million and we paid the warrant holders aggregated inducement fees of approximately \$239,000, which resulted in net proceeds to us of \$2.2 million. Additionally, from the period October 2016 through April 2019, there were a total of 971,809 warrants exercised. The remaining 288,135 unexercised warrants expired on April 25, 2019.

### ***Underwriting Warrants - Public Offering 2016***

In September 2016, we issued warrants to purchase 135,750 shares of our common stock at an exercise price of \$4.25 to the underwriter of our public offering of 2,715,000 shares of common stock. The warrants were exercisable for a 2 year period commencing September 9, 2017. We refer to these warrants as Underwriting Warrants - Public Offering 2016. There were 13,575 warrants exercised in 2017 and the remaining unexercised warrants expired on September 9, 2019.

### ***Private Placement Warrants - September 2017***

In September and October 2017, we issued warrants to purchase an aggregate of 1,976,919 shares of our common stock at an exercise price of \$4.85 in connection with our private placement sale of 1,976,919 shares of common stock. The sale was completed in two tranches with the first tranche, which closed on September 28, 2017, including 1,745,581 warrants, and the second tranche, which closed on October 2, 2017, including 231,338 warrants. Collectively, we refer to these warrants as Private Placement Warrants - September 2017. The warrants were exercisable for a period commencing 6 months after the closing of the financing and ending on September 28, 2020. There were 10,600 warrants exercised in June 2018, 5,319 warrants cancelled in August 2020 and 1,961,000 warrants which expired unexercised on September 28, 2020.

### ***Placement Agent Warrants - 2017***

In addition to the Private Placement Warrants - September 2017 issued in connection with our private placement sale of 1,976,919 shares of our common stock, we also issued to the placement agent, warrants to purchase a total of 98,846 shares

of our common stock at an exercise price of \$4.85 per share. Upon closing of the first tranche on September 28, 2017, we issued 87,279 warrants, and upon closing the second tranche, we issued 11,567 warrants. Collectively, we refer to these warrants as Placement Agent Warrants - 2017. The warrants were exercisable for a period commencing 6 months after the closing of the financing and expired, unexercised, on September 28, 2020.

A roll-forward of warrant activity from January 1, 2020 to December 31, 2020 is shown in the following table:

	Issued and Outstanding Warrants as of January 1, 2020	Warrants Exercised/ Expired	Issued and Outstanding Warrants as of December 31, 2020
Consulting Warrant	6,667	(6,667) <sup>(1)</sup>	—
Financing Warrant	62,530	(62,530) <sup>(2)</sup>	—
Private Placement Warrants - September 2017	1,966,319	(1,966,319) <sup>(3)</sup>	—
Placement Agent Warrants - 2017	98,846	(98,846) <sup>(4)</sup>	—
	<u>2,134,362</u>	<u>(2,134,362)</u>	<u>—</u>

- (1) During the year ended December 31, 2020, there were 6,667 warrants that were exercised through a cashless exercise which netted 6,640 shares being issued.
- (2) During the year ended December 31, 2020, there were 62,530 warrants that expired.
- (3) During the year ended December 31, 2020, there were 5,319 warrants that were cancelled and 1,961,000 warrants that expired.
- (4) During the year ended December 31, 2020, there were 98,846 warrants that expired.

A roll-forward of warrant activity from January 1, 2019 to December 31, 2019 is shown in the following table:

	Exercise Price	Expiration Date	Issued and Outstanding Warrants as of January 1, 2019	Warrants Exercised/ Expired	Issued and Outstanding Warrants as of December 31, 2019
Consulting Warrant	\$0.01	6/17/2020	6,667	—	6,667
Financing Warrant	\$3.35	6/17/2020	62,530	—	62,530
Underwriting Warrant	\$7.50	5/28/2019	310,500	(310,500) <sup>(1)</sup>	—
Private Placement Warrants - 2016	\$2.86	4/25/2019	818,063	(818,063) <sup>(2)</sup>	—
Underwriting Warrants - Public Offering 2016	\$4.25	9/9/2019	122,175	(122,175) <sup>(3)</sup>	—
Private Placement Warrants - September 2017	\$4.85	9/28/2020	1,966,319	—	1,966,319
Placement Agent Warrants - 2017	\$4.85	9/28/2020	98,846	—	98,846
			<u>3,385,100</u>	<u>(1,250,738)</u>	<u>2,134,362</u>

- (1) During the year ended December 31, 2019, 310,500 warrants expired.
- (2) During the year ended December 31, 2019, there were 485,000 warrants exercised for cash, including 335,000 warrants exercised by our significant shareholder, Park City Capital. Additionally, there were 44,928 warrants that were exercised through a cashless exercise which netted 1,809 shares being issued and 288,135 warrants that expired.
- (3) During the year ended December 31, 2019, 122,175 warrants expired.

## NOTE 8—STOCKHOLDERS' EQUITY AND EARNINGS PER SHARE

### Common Stock

Pursuant to our amended and restated certificate of incorporation, we are authorized to issue 100,000,000 shares of common stock. Holders of our common stock are entitled to dividends as and when declared by the board of directors, subject to rights and holders of all classes of stock outstanding having priority rights to dividends. There have been no dividends declared to date. Each share of common stock is entitled to one vote.

On July 31, 2019, we entered into a securities purchase agreement for the sale of an aggregate of 3,960,560 shares of common stock at a price of \$2.53 per share. Gross proceeds were approximately \$10.0 million with net proceeds of \$9.9 million after deducting fees and operating expenses. The initial closing, for 1,193,762 shares, took place on August 9, 2019 and gross proceeds were approximately \$3.0 million, including 396,000 shares purchased by Park City Capital, a significant shareholder for \$1.0 million. The second closing with a single investor, which was subject to additional conditions, including the execution of a definitive multi-year commercial agreement with an affiliate of the investor, for 2,766,798 shares and gross proceeds of \$7.0 million took place on September 30, 2019.

On February 6, 2020, we entered into an underwriting agreement relating to an underwritten public offering of 6,666,667 shares of the Company's common stock, \$0.001 par value, at an offering price to the public of \$1.50 per share. Pursuant to the underwriting agreement, the Company granted the underwriters a 30-day option to purchase up to an additional 2,500,000 shares of common stock on the same terms and conditions. The underwriters exercised their option with respect to 2,500,000 additional shares on February 10, 2020. We consummated the sale of an aggregate of 19,166,667 shares of our common stock, including the 2,500,000 shares subject to the underwriters' over-allotment option, on February 11, 2020. We received gross proceeds of approximately \$28.8 million, including \$201,000 for 134,000 shares purchased by Park City Capital, a significant shareholder. Net proceeds of approximately \$26.4 million after deducting the underwriting discount and expenses paid by us.

On August 14, 2020, we entered into an At-The-Market Equity Offering Sales Agreement whereby we may offer and sell from time to time, shares of our common stock, par value \$0.001 per share, up to an aggregate offering price of \$25.0 million (the "ATM equity program"). During the year ended December 31, 2020, we sold an aggregate of 4,609,701 shares of common stock under the ATM equity program, at an average price of \$4.48 per share, for gross proceeds of \$11.4 million and net proceeds of \$11.0 million, after deducting commissions and other offering expenses. As of December 31, 2020, we had \$3.6 million of common stock remaining to be sold under the ATM equity program.

### Preferred Stock

Pursuant to our amended and restated certificate of incorporation, we are authorized to issue 3,000,000 shares of preferred stock. The board of directors has the authority, without action by our stockholders, to designate and issue shares of preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof. To-date, no preferred shares have been issued.

### Earnings Per Share

The following table presents the number of shares excluded from the calculation of diluted net loss per share attributable to common stockholders as of December 31, 2020 and 2019:

	2020	2019
Common stock warrants	—	2,134,362
Common stock options	1,140,975	1,340,252
Non-vested restricted stock unit awards	3,038,785	2,556,004
Total shares excluded from net loss per share attributable to common stockholders	4,179,760	6,030,618

## NOTE 9— STOCK-BASED COMPENSATION

### 2014 Omnibus Incentive Plan

In January 2014, our board of directors approved the 2014 Omnibus Incentive Plan and amended and restated the plan in March 2014. Our stockholders approved the Amended and Restated 2014 Omnibus Incentive Plan, or the 2014 Plan, in March 2014. Our 2014 Plan initially permitted the issuance of equity-based instruments covering up to a total of 1,400,000 shares of common stock. Our board of directors and stockholders approved an increase of 1,300,000 shares in June 2016, an additional increase of 3,250,000 shares in June 2017, an additional increase of 4,000,000 shares in June 2019 and an additional increase of 5,000,000 shares in June 2020, bringing the total shares allowed under the plan to 14,950,000. As of December 31, 2020, there were 5,730,815 shares available to issue under the 2014 Plan.

#### **Stock Options**

Options granted in 2020 and 2019 have a term of ten years and vest quarterly over sixteen quarters. The options granted in 2020 had an aggregate grant date fair value of \$177,000 and options granted in 2019 had an aggregate grant date fair value of \$271,000 utilizing the Black-Scholes option valuation model.

We estimated the fair value of stock options awarded during the years ended December 31, 2020 and 2019 using the Black-Scholes option valuation model. The fair values of stock options granted for the years were estimated using the following assumptions:

	Option Grants Awarded During the Year Ended December 31, 2020	Option Grants Awarded During the Year Ended December 31, 2019
Stock Price	\$1.74 to \$2.85	\$1.52 to \$3.26
Dividend Yield	0%	0%
Expected Volatility	70% to 83%	70%
Risk-free interest rate	0.36% to 1.52%	1.47% to 2.62%
Expected Term	7 years	7 years

Stock-based compensation expense related to stock options was \$236,000 and \$430,000 for the years ended December 31, 2020 and 2019, respectively. We estimate forfeitures at the time of grant and revise those estimates in subsequent periods if actual forfeitures differ from our estimates. We use historical data to estimate pre-vesting option forfeitures and record stock-based compensation expense only for those awards that are expected to vest. To the extent that actual forfeitures differ from our estimates, the difference is recorded as a cumulative adjustment in the period the estimates were revised. For the year ended December 31, 2020 we applied a forfeiture rate of ten percent, which is reflected in our stock-based compensation expense related to stock options. For the year ended December 31, 2019, we applied a forfeiture rate of six percent, which is reflected in our stock-based compensation expense related to stock options.

#### **Stock Option Award Activity**

The following is a summary of our stock option activity during the year ended December 31, 2020:

	Number of Options	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value	Weighted Average Remaining Life In Years
Outstanding, January 1, 2020	1,340,252	\$ 4.57	\$ 2.88	6.95
Granted	105,500	2.33	1.68	8.64
Exercised	(5,939)	1.90	1.28	—
Canceled/Forfeited	(298,838)	4.25	2.76	—
Outstanding, December 31, 2020	1,140,975	\$ 4.46	\$ 2.81	5.69

	Number of Options	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value	Weighted Average Remaining Life In Years
Exercisable, January 1, 2020	989,092	\$ 4.85	\$ 3.03	6.37
Vested	122,030	3.74	2.4	5.53
Exercised	(5,939)	1.90	1.28	—
Canceled/Forfeited	(149,881)	4.79	3.06	—
Exercisable, December 31, 2020	955,302	\$ 4.74	\$ 2.96	5.10

As of December 31, 2020 there were 185,673 unvested stock options with a weighted average grant date fair value of \$2.05.

The weighted-average grant date fair value per share of employee stock options granted during the year ended December 31, 2019 was \$1.76. As of December 31, 2019 there were 351,160 unvested stock options with a grant date fair value of \$2.47.

As of December 31, 2020, there was \$345,000 of unrecognized compensation expense related to unvested stock options, which is expected to be recognized over a weighted average vesting period of approximately 2.4 years. The aggregate intrinsic value of outstanding options and options exercisable as of December 31, 2020 were \$170,000 and \$130,000, respectively, representing options whose exercise price was less than the closing fair market value of our common stock of \$3.65 per share. The total intrinsic value of options exercised in the year ended December 31, 2020 was \$3,000. The aggregate intrinsic value of outstanding options and options exercisable as of December 31, 2019 were \$98,000 and \$68,000, respectively, representing options whose exercise price was less than the closing fair market value of our common stock of \$2.42 per share. There were no excess tax benefits realized for tax deductions from stock options exercised during the years ended December 31, 2020 and 2019 as we have recorded a full valuation allowance against our deferred income taxes.

#### *Restricted Stock Units Activity*

We account for restricted stock units (RSUs) issued to employees and non-employees at fair value, based on the market price of our stock on the date of grant, net of estimated forfeitures. RSUs issued in connection with our employee incentive programs typically vest within 10 days of grant. All other RSUs, primarily issued as long term incentives, generally vest annually over three to four years. During the years ended December 31, 2020 and 2019 we recorded \$5.5 million and \$5.4 million, respectively, of stock-based compensation related to restricted stock units.

A summary of restricted stock unit activity for the year ended December 31, 2020 is as follows:

	Number of Restricted Share Units	Weighted-Average Grant-Date Fair Value Per Share
Outstanding at January 1, 2020	2,556,004	\$ 3.38
Granted	3,091,206	2.04
Vested	(2,183,163)	2.82
Forfeited	(425,262)	2.57
Outstanding at December 31, 2020	3,038,785	\$ 2.53

A summary of restricted stock unit activity for the year ended December 31, 2019 is as follows:

	Number of Restricted Share Units	Weighted-Average Grant-Date Fair Value Per Share
Outstanding at January 1, 2019	1,921,594	\$ 4.78
Granted	2,115,177	2.78
Vested	(1,317,586)	3.92
Forfeited	(163,181)	4.19
Outstanding at December 31, 2019	2,556,004	\$ 3.38

As of December 31, 2020, there was \$4.9 million of unrecognized compensation expense related to unvested restricted stock unit agreements which is expected to be recognized over a weighted-average period of approximately 2.1 years. For restricted stock unit awards subject to graded vesting, we recognize compensation cost on a straight-line basis over the service period for the entire award. The total fair value of awards vested during the years ended December 31, 2020 and December 31, 2019 was \$6.2 million and \$5.2 million, respectively.

#### **Market-based Awards**

In August 2016, we granted 250,000 market-based restricted stock units to an executive. The restricted stock units are subject to market-based vesting requirements, measured quarterly, based on the average of (a) the average high daily trading price of our common stock for each trading day during the last month of the applicable calendar quarter and (b) the average low daily trading price of our common stock for each trading day during the last month of the applicable calendar quarter, each as reported by The Nasdaq Stock Market, LLC. The restricted stock units are eligible to be earned on a quarterly basis based on a linear interpolation of the applicable share price, or in the case of a liquidation event, on the day of (or in connection with) such liquidation event based on the applicable transaction price. The share price on the date of issuance was \$5.06 per share.

In June 2019, the market-based award was modified to increase the number of restricted stock units to 500,000 and to decrease the applicable share price. Additionally, the performance period was extended to September 30, 2022. The share price on the date of modification was \$2.73 per share.

Once earned, the restricted stock units vest 50% on the date such restricted stock units become earned and 50% on September 30, 2022. To determine the fair value of the award, we used a Monte Carlo simulation, which simulates future stock prices for the Company and, hence, shares vested, pursuant to the award. A key input into the model is the expected volatility for our stock. This estimate considered the historical volatility of our stock as well as the stock price volatility of guideline public companies. The fair value was determined to be \$74,000 at the original grant date, and was \$147,000 as of the modification date. For the years ended December 31, 2020 and 2019, we recognized \$42,000 and \$37,000 of stock compensation expense, respectively, in connection with this award, which is included in sales, marketing and administration expenses. The unamortized expense related to this award is \$73,500 and is expected to be recognized over 1.8 years.

In December 2019, we granted 200,000 market-based restricted stock units to an executive. The restricted stock units are subject to the same market-based vesting requirements discussed for the award granted in August 2016 and modified in June 2019. The share price on the date of issuance was \$2.15 per share and the fair value was determined to be \$26,000 using a Monte Carlo simulation. For the years ended December 31, 2020 and 2019, we recognized \$9,000 and \$2,000 of stock compensation expense, respectively, in connection with this award, which is included in research and development expenses. The unamortized expense related to this award is \$15,000 and is expected to be recognized over 1.8 years.

#### **Incentive Bonus Awards**

We provide eligible employees, including executives, the opportunity to earn bonus awards upon achievement of predetermined performance goals and objectives. The purpose is to reward attainment of company goals and/or individual performance objectives, with award opportunities expressed as a percentage of base salary. Bonuses can be measured and paid quarterly and/or annually, and are paid in cash, equity or a combination of cash and equity, in the discretion of our compensation committee. If paid in the form of equity, the expense is included in the above disclosures for stock options or restricted stock units as applicable. As of December 31, 2019, there was \$343,000 of accrued incentives that were settled in the form of restricted stock units issued March, 2020. As of December 31, 2020, there were no accrued incentives that were settled in the form of equity.



Total stock-based compensation recorded in the consolidated statements of comprehensive loss is allocated as follows (in thousands):

	Year Ended December 31, 2020	Year Ended December 31, 2019
Research and development	\$ 2,753	\$ 2,823
Sales, marketing and administration	3,071	2,983
Total stock-based compensation	<u>\$ 5,824</u>	<u>\$ 5,806</u>

#### NOTE 10—LEASES

We lease facilities under two non-cancelable operating leases. The leases expire between January 2022 and November 2024 and include renewal provisions for two to five years, provisions which require us to pay taxes, insurance, maintenance costs or provisions for minimum rent increases. We also lease facilities and equipment under short-term agreements for a period of 12 months or less and recognize the payments straight-line over the lease term. All of the information presented below, with the exception of total lease costs, relates to our two non-cancelable operating leases and a finance lease.

On May 1, 2020 we entered into an amendment for one of our non-cancelable facilities operating leases, under which certain rent payments were deferred and the term of the lease was extended by three months to November 30, 2024. The base rent was deferred for three months and the deferred amount will be repaid over the remaining balance of the modified lease term. In addition, operating expenses were deferred for three months and the deferred amount will be paid upon true-up of operating expenses, which is estimated to occur in early 2021. We evaluated the amendment under the provisions of ASU No. 2016-02, *Leases (Topic 842)*, as well as subsequently issued interpretive guidance, and have elected to account for the concessions as if no changes to the lease contract were made. In our evaluation we considered the total amount of lease payments both before and after the amendment and determined they are substantially the same. As of December 31, 2020, the deferred base rent is included in operating lease liabilities and the deferred operating expenses are included in accrued expenses.

One facility operating lease requires us to maintain a cash security deposit of \$50,000 and also a \$105,000 letter of credit in favor of the lessor. The letter of credit was originally for \$200,000 at lease inception and steps down \$50,000 at each anniversary date if there have been no monetary defaults. The letter of credit is secured by a pledge in favor of the issuing bank of a \$105,000 mutual fund account which is classified as restricted cash in our balance sheet.

Lease renewal options are at our discretion. No renewal options have been recognized in our right-of-use assets and lease liabilities as of December 31, 2020. Our lease agreements do not require material variable minimum lease payments, residual value guarantees or restrictive covenants.

The depreciable lives of operating lease assets and leasehold improvements are limited by the expected lease term.

Our facility operating leases generally do not provide an implicit rate, and therefore we use our incremental borrowing rate as the discount rate when measuring operating lease liabilities. The incremental borrowing rate represents an estimate of the interest rate we would incur at lease commencement to borrow an amount equal to the lease payments on a collateralized basis over the term of the lease. We used a weighted average incremental borrowing rate of 4.75% as of January 1, 2019 for operating leases that commenced prior to that date. The discount rates applied to each lease reflect our estimated incremental borrowing rate. This includes an assessment of our credit rating to determine the rate that we would have to pay to borrow, on a collateralized basis for a similar term, an amount equal to our lease payments in a similar economic environment.

In December 2020, we entered into a lease for lab equipment. The lease is for 60 months and bears an interest rate of 5.99%. After evaluation of the lease under ASU No. 2016-02, *Leases (Topic 842)*, we determined the lease to be a finance lease. We recorded a right-of-use asset and lease liability of \$04,436 upon inception of the lease.

The Company's weighted average remaining lease term and weighted average discount rate as of December 31, 2020 is shown below:

Weighted average remaining lease term (years)	
Operating leases	3.62
Finance lease	4.92
Weighted average discount rate (%)	
Operating leases	4.75 %
Finance lease	5.99 %

Minimum future maturities of lease liabilities recognized on the consolidated balance sheets as of December 31, 2020 (in thousands):

	Operating Leases		Finance Lease	
2021	\$	777	\$	42
2022		586		50
2023		583		50
2024		544		50
2025		—		46
Total minimum lease payments	\$	2,490	\$	238
Less: interest		(202)		(33)
Present value of minimum lease payments	\$	2,288	\$	205

Operating lease and nonlease costs were \$1,132,000 for the year ended December 31, 2020, of which \$812,000 and \$320,000 are included in research and development expenses and sales, marketing and administration expenses, respectively. Operating lease and nonlease costs were \$1,066,000 for the year ended December 31, 2019, of which \$803,000 and \$263,000 are included in research and development expenses and sales, marketing and administration expenses, respectively. Operating lease costs include short-term rents and other operating expenses.

Cash paid for amounts included in the measurement of operating lease liabilities were \$13,000 and \$492,000 for the years ended December 31, 2020 and 2019, respectively, which is included in operating activities in the consolidated statement of cash flows.

Finance lease amortization for the years ended December 31, 2020 and 2019 was \$3,000 and zero, respectively, and is included in research and development expenses.

**NOTE 11—INCOME TAXES**

The provision for income taxes by jurisdiction consists of the following as of December 31, 2020 and 2019 (in thousands):

	<b>2020</b>	<b>2019</b>
<b>U.S. federal:</b>		
Current	\$ —	\$ —
Deferred	—	—
Total U.S. federal	—	—
<b>U.S. state and local:</b>		
Current	1	1
Deferred	—	—
Total U.S. state and local	1	1
<b>Foreign:</b>		
Current	—	—
Deferred	—	—
Total foreign	—	—
Provision for income taxes	<u>\$ 1</u>	<u>\$ 1</u>

Income taxes differ from the amounts computed by applying the U.S. federal income tax rate to pretax income (loss) before income taxes as a result of the following (in thousands):

	<b>2020</b>	<b>2019</b>
Expected income tax benefit	\$ (5,966)	\$ (6,284)
State income tax (benefit), net of federal benefit	(1,961)	(2,476)
Valuation allowance	7,732	9,131
<b>Permanent differences:</b>		
Stock options	353	493
Research & development credit	(560)	(715)
Adjustment to deferred taxes	400	(157)
Foreign rate differential	(1)	1
Other	4	8
Provision for income taxes	<u>\$ 1</u>	<u>\$ 1</u>

For each of the years ended December 31, 2020 and 2019 we recorded a net income tax provision of \$1,000. Deferred income tax reflects the tax effects of temporary differences that gave rise to significant portions of our deferred tax assets and liabilities.

Deferred income tax consists of the following (in thousands):

	As of December 31, 2020	As of December 31, 2019
<b>U.S. federal and state deferred tax assets—long term:</b>		
Accrued payroll	\$ 180	\$ 261
Accrued expenses	53	77
Fixed assets	17	—
Charitable contributions	14	—
Intangibles	431	390
Research & development credit	3,830	3,651
Net operating loss	35,279	27,568
Stock compensation	519	672
Lease liabilities	700	750
New jobs credit	8	8
Total long-term assets	<u>41,031</u>	<u>33,377</u>
Total deferred tax assets	41,031	33,377
<b>U.S. federal and state deferred tax liabilities—long term:</b>		
Right of use assets	(621)	(701)
Total deferred tax liabilities	<u>(621)</u>	<u>(701)</u>
Net deferred tax assets - long term	40,410	32,676
Less: Valuation allowance	(40,410)	(32,676)
Net deferred tax assets	<u>\$ —</u>	<u>\$ —</u>
<b>Foreign deferred tax assets—long term:</b>		
Net operating loss	\$ 6	\$ 8
Total foreign deferred tax assets	6	8
Less: Valuation allowance	(6)	(8)
Net deferred tax assets	<u>\$ —</u>	<u>\$ —</u>

We recorded a full valuation allowance against our U.S. federal and state net deferred tax assets at December 31, 2020 and December 31, 2019. In determining the need for a valuation allowance, we reviewed all available evidence pursuant to the requirements of FASB ASC Topic 740, *Income Taxes*. Based upon our assessment of all available evidence, we have concluded that it is more likely than not that the net deferred tax assets will not be realized. For the year ended December 31, 2020, the valuation allowance increased by \$7.7 million. For the year ended December 31, 2019, the valuation allowance increased by \$9.1 million.

As of December 31, 2020, we had federal net operating loss carryforwards of approximately \$125.5 million, state net operating loss carryforwards of approximately \$127.9 million and foreign net operating loss carryforwards of \$40,000 in Switzerland. In accordance with the 2017 Tax Act, the \$78.7 million federal net operating loss carryforwards generated on or after January 1, 2018 will not expire and will be limited to 80% usage. The federal net operating loss carryforwards generated prior to January 1, 2018 will begin to expire in 2033, and the state net operating loss carryforwards will begin to expire in 2033. Our ability to utilize federal net operating loss carryforwards may be limited in the event that a change in ownership, as defined in Section 382 of the Internal Revenue Code, occurs in the future. States may vary in its conformity to Section 382 of the Internal Revenue Code. In the event a change of ownership occurs, it will limit the annual usage of the carryforwards in future years. In 2014 and 2017 ownership changes, as defined in Section 382 of the Internal Revenue Code, occurred which resulted in annual limitations on our federal net operating loss carryforwards; however, we believe it is more likely than not that none of the federal net operating loss carryforwards will expire as a result of the limitations under Section 382.

We recognize interest and penalties related to income tax matters in income taxes, and there were none during the years ended December 31, 2020 and 2019. As of December 31, 2020 and 2019, no liability for unrecognized tax benefits was required to be reported.

ASC 740 guidance requires us to identify, evaluate and measure all uncertain tax positions taken or to be taken on tax returns and to record liabilities for the amount of these positions that may not be sustained, or may only partially be sustained, upon examination by the relevant taxing authorities. Although we believe that our estimates and judgments are reasonable, actual results may differ from these estimates. Some or all of these judgments are subject to review by the taxing authorities. For the year ended December 31, 2020, we had uncertain tax positions of \$1.0 million as a result of research and development tax credits claimed on our annual tax returns. We had no significant uncertain tax positions for the year ended December 31, 2019.

Our annual income taxes and the determination of the resulting deferred tax assets and liabilities involve a significant amount of judgment. Our judgments, assumptions and estimates relative to current income taxes take into account current tax laws, their interpretation of current tax laws and possible outcomes of future audits conducted by domestic tax authorities. We operate within federal and state taxing jurisdictions and are subject to audit in these jurisdictions. These audits can involve complex issues which may require an extended period of time to resolve. We are currently not being examined by any tax authorities. We are subject to taxation in the United States, California, Massachusetts and Switzerland. As of December 31, 2020, our tax years remain open to examination by the taxing authorities for all years since our incorporation in 2013.

## NOTE 12—COMMITMENTS AND CONTINGENCIES

*Purchase Commitments*—We have non-cancelable purchasing commitments that we incur in the ordinary course of business. The purchase commitments covered by these agreements are for less than one year and aggregate to \$1.5 million as of December 31, 2020.

*Legal Proceedings*—We are not party to any legal proceedings. We may, from time to time, be party to litigation and subject to claims incident to the ordinary course of business. As our growth continues, we may become party to an increasing number of litigation matters and claims. The outcome of litigation and claims cannot be predicted with certainty, and the resolution of any future matters could materially affect our future financial position, results of operations or cash flows.

Legal fees and other costs associated with such actions are expensed as incurred. We assess, in conjunction with our legal counsel, the need to record a liability for litigation and contingencies. Litigation accruals are recorded when and if it is determined that a loss related matter is both probable and reasonably estimable. Material loss contingencies that are reasonably possible of occurrence, if any, are subject to disclosure. We evaluate developments in legal proceedings and other matters on a quarterly basis. As of December 31, 2020 and 2019, there was no litigation or contingency with at least a reasonable possibility of a material loss. No losses have been recorded during the years ended December 31, 2020 and 2019, respectively, with respect to litigation or loss contingencies.

*Intellectual Property Indemnities*—We indemnify certain customers and manufacturers against liability arising from third-party claims of intellectual property rights infringement related to our products. These indemnities may appear in license agreements, development agreements and manufacturing agreements, may not be limited in amount or duration and generally survive the expiration date of the contract. Given that the amount of any potential liabilities related to such indemnities cannot be determined until an infringement claim has been made, we are unable to determine the maximum amount of losses that we could incur related to such indemnifications.

*Director and Officer Indemnities and Contractual Guarantees*—We have entered into indemnification agreements with our directors and executive officers, which require us to indemnify such individuals to the fullest extent permitted by Delaware law. Our indemnification obligations under such agreements are not limited in amount or duration. Certain costs incurred in connection with such indemnifications may be recovered under certain circumstances under various insurance policies. Given that the amount of any potential liabilities related to such indemnities cannot be determined until a lawsuit has been filed, we are unable to determine the maximum amount of losses that we could incur relating to such indemnities.

We have also entered into severance and change in control agreements with certain of our executives. These agreements provide for the payment of specific compensation benefits to such executives upon the termination of their employment with us.

*Guarantees and Indemnities*—In the normal course of business, we are occasionally required to undertake indemnification for which we may be required to make future payments under specific circumstances. We review our exposure under such obligations no less than annually, or more frequently as required. The amount of any potential liabilities related to such obligations cannot be accurately determined until a formal claim is filed. Historically, any such amounts that become payable have not had a material negative effect on our business, financial condition or results of operations. We maintain general and product liability insurance which may provide a source of recovery to us in the event of an indemnification claim.

#### NOTE 13—RELATED PARTY TRANSACTIONS

In August 2019, we entered into a consulting agreement with a member of our board of directors. Under the agreement, the board member would provide technical advisory services for cash payments totaling \$50,000 paid in twelve equal monthly installments as well as an award of restricted stock units equal in value to \$100,000 as of the grant date. The initial restricted stock units vested in full on January 1, 2020. Per the agreement, the board member was granted an additional \$100,000 of restricted stock for continuing to provide technical advisory services as of January 2020. The restricted stock units vested in full on December 31, 2020. In the event the board member is still performing services to the company after 2020, the Company will issue new grants equal to no less than \$100,000 worth of restricted stock units in January of each additional year with such grants vesting at the end of each year so long as the services are still being provided. The agreement is cancelable at any time by either the Company or the board member. During the year ended December 31, 2020, we recorded expenses of \$50,000 in connection with the cash compensation portion of the consulting agreement, which is included in general and administrative expenses. During the year ended December 31, 2019, we recorded expenses of \$21,000 in connection with the cash compensation portion of the consulting agreement, which is included in general and administrative expenses. Additionally, during the year ended December 31, 2020, we recorded \$102,000 related to the restricted stock unit awards, which is included in research and development expenses. During the year ended December 31, 2019, we recorded \$68,000 related to restricted stock awards, which is included in research and development expense. As of December 31, 2020, there was \$4,000 due to the board member under this consulting agreement.

#### NOTE 14—EMPLOYEE BENEFIT PLAN

We have a 401(k) Savings Retirement Plan that covers substantially all domestic employees who meet the plan's eligibility requirements and provides for an employee elective contribution and employer matching contributions.

We recorded matching contributions to the retirement plan of \$494,000 and \$497,000 for the years ended December 31, 2020 and 2019, respectively.

#### NOTE 15—SEGMENTS AND GEOGRAPHIC INFORMATION

We operate in a single segment to design radio frequency filters. In making operating decisions, the Chief Operating Decision Maker, our Chief Executive Officer, primarily considers consolidated financial performance and allocates resources accordingly.

The table below presents our revenue by geographic area (in thousands) and is categorized based on the location of the customer.

	2020	2019
Japan	\$ 2,716	\$ 476
China	406	87
Other	38	172
Total revenue	<u>\$ 3,160</u>	<u>\$ 735</u>

#### NOTE 16—SUBSEQUENT EVENTS

We sold an aggregate of 773,900 shares of common stock under the ATM equity program between January 1, 2021 and March 12, 2021, at an average price of \$4.45 per share, for gross proceeds of \$4.2 million and net proceeds of \$4.1 million, after deducting commissions and other offering expenses. As of March 12, 2021, we had \$9.4 million of common stock remaining to be sold under the ATM equity program.

## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

## ITEM 9A. CONTROLS AND PROCEDURES

### Evaluation of Disclosure Controls and Procedures

The phrase “disclosure controls and procedures” refers to controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934, as amended, or the Exchange Act, such as this Annual Report on Form 10-K, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the U.S. Securities and Exchange Commission, or SEC. Disclosure controls and procedures are also designed to ensure that such information is accumulated and communicated to our management, including our chief executive officer, or CEO, and chief financial officer, or CFO, as appropriate to allow timely decision regarding required disclosure.

Our management, with the participation of our CEO and CFO, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of December 31, 2020, the end of the period covered by this Annual Report on Form 10-K. Based on such evaluation, our CEO and CFO have concluded that as of December 31, 2020, our disclosure controls and procedures were designed at a reasonable assurance level and were effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

### Management’s Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles.

Our management, with the participation of our CEO and CFO, has assessed the effectiveness of the internal control over financial reporting as of December 31, 2020. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control - Integrated Framework (2013 Framework)*. Based on this evaluation, our management has concluded that our internal control over financial reporting was effective as of December 31, 2020.

This Annual Report on Form 10-K does not include an attestation report of our registered public accounting firm on our internal control over financial reporting due to an exemption established for smaller reporting companies.

### Changes in Internal Controls over Financial Reporting

There was no change in our internal control over financial reporting identified in management’s evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the quarter ended December 31, 2020 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

### Limitations on Effectiveness of Controls and Procedures

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

**ITEM 9B. OTHER INFORMATION**

None.



**PART III**

**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

The information required by this item is incorporated by reference to the disclosure appearing under the headings “Election of Directors,” “Executive Officers,” “Board of Directors and Corporate Governance” and “Other Matters” in our Proxy Statement for our 2021 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2020.

**ITEM 11. EXECUTIVE COMPENSATION**

The information required by this item is incorporated by reference to the disclosure appearing under the heading “Executive Compensation” in our Proxy Statement for the 2021 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2020.

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The information required by this item is incorporated by reference to the disclosure appearing under the headings “Security Ownership of Certain Beneficial Owners and Management” and “Equity Compensation Plan Information” in our Proxy Statement for the 2021 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2020.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information required by this item is incorporated by reference to the disclosure appearing under the heading “Certain Relationships and Related Party Transactions” and “Board of Directors and Corporate Governance -- Director Independence” in our Proxy Statement for the 2021 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2020.

**ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The information required by this item is incorporated by reference to the disclosure appearing under the heading “Ratification of Appointment of Independent Registered Public Accounting Firm” in our Proxy Statement for the 2021 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2020.

**PART IV**

**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

We have filed the following documents as part of this Annual Report on Form 10-K:

1. Consolidated Financial Statements

Our consolidated financial statements are listed in the “Index to Consolidated Financial Statements” under Part II, Item 8 of this Annual Report on Form 10-K.

2. Financial Statement Schedules

All schedules have been omitted because they are not required, not applicable, not present in amounts sufficient to require submission of the schedule, or the required information is otherwise included in our consolidated financial statements and related notes.

3. Exhibits

The following exhibits are filed as part of this Annual Report on Form 10-K.

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File Number	Exhibit	Filing Date	
3.1.1	Amended and Restated Certificate of Incorporation of the Registrant	8-K	001-36467	3.1	6/5/2014	
3.1.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Registrant	8-K	001-36467	3.1	6/12/2019	
3.2	Amended and Restated Bylaws of the Registrant	8-K	001-36467	3.2	6/5/2014	
4.1	Form of the Registrant’s common stock certificate	S-1/A	333-193552	4.1	4/11/2014	
10.1*	Form of Indemnification Agreement between the Registrant and each of its directors and officers	S-1	333-193552	10.1	1/24/2014	
10.2.1*	Registrant’s Amended and Restated 2014 Omnibus Incentive Plan	S-1/A	333-193552	10.2	4/11/2014	
10.2.2*	Amendment No. 1 to Registrant’s Amended and Restated 2014 Omnibus Incentive Plan	S-8	333-211893	10.1	6/7/2016	
10.2.3*	Amendment No. 2 to Registrant’s Amended and Restated 2014 Omnibus Incentive Plan	S-8	333-218542	10.3	6/7/2017	
10.2.4*	Amendment No. 3 to Registrant’s Amended and Restated 2014 Omnibus Incentive Plan	8-K	001-36467	10.1	6/12/2019	
10.2.5*	Amendment No. 4 to Registrant's Amended and Restated 2014 Omnibus Incentive Plan	8-K	001-36467	10.1	6/10/2020	
10.3*	Offer Letter between the Registrant and Neal Fenzi, dated June 17, 2013	S-1	333-193552	10.5	1/24/2014	
10.4*	Offer Letter between the Registrant and George B. Holmes, dated February 9, 2016	8-K	001-36467	10.1	3/4/2016	
10.5*	Offer Letter between the Registrant and Martin S. McDermut, dated October 14, 2018	8-K	001-36467	10.1	11/5/2018	
10.6*	Offer Letter between the Registrant and Dylan J. Kelly, dated November 14, 2019	8-K	001-36467	10.1	12/2/2019	
10.7*	Form of Severance/Change-in-Control Agreement	10-K	001-36467	10.41	3/27/2015	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File Number	Exhibit	Filing Date	
10.8*	Amended and Restated Restricted Stock Unit Agreement, dated June 11, 2019, between the Registrant and George B. Holmes	8-K	001-36467	10.2	6/12/2019	
10.9*	Restricted Stock Unit Agreement, dated December 2, 2019, between the Registrant and Dylan J. Kelly	8-K	001-36467	10.2	12/2/2019	
10.10*	Outside Director Compensation Policy					X
10.11.1	Standard Commercial Lease, dated May 14, 2018, between the Registrant and University Business Center Associates	8-K	001-36467	10.1	5/17/2018	
10.11.2	First Amendment to Standard Commercial Lease, dated May 1, 2020, between the Registrant and 175 Cremona Canwood, LLC					X
10.12	Standard Multi-Tenant Office Lease - Gross, dated December 16, 2016, between the Registrant and SeaBreeze I Venture - TIC.	8-K	001-36467	10.1	1/6/2017	
10.13*	Amended and Restated Severance and Change in Control Agreement, dated as of December 21, 2017, by and between the Registrant and George B. Holmes	8-K	001-36467	10.2	12/26/2017	
10.14*	Technical Advisor Agreement, dated as of August 5, 2019, between the Registrant and Ruben Caballero	10-K	001-36467	10.19	3/13/2020	
10.15**	Collaboration and License Agreement, dated as of September 30, 2019, by and between the Registrant and Murata Manufacturing Co., Ltd.	10-Q	001-36467	10.1	11/7/2019	
10.16	At-The-Market Equity Offering Sales Agreement, dated as of August 14, 2020 between the Registrant and Stifel, Nicolaus & Company Incorporated	8-K	001-36467	1.1	8/14/2020	
21.1	List of Subsidiaries	10-K	001-36467	21.1	3/30/2017	
23.1	Consent of KPMG LLP					X
23.2	Consent of Crowe LLP					X
24.1	Power of Attorney (included on signature page)					X
31.1	Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
32.1#	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101.INS	XBRL Instance Document					X
101.SCH	XBRL Taxonomy Extension Schema Document					X

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	File Number	Exhibit	
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document				X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document				X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document				X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document				X

\* Each a management contract or compensatory plan or arrangement required to be filed as an exhibit to this annual report on Form 10-K.

\*\* Portions of this exhibit have been omitted pursuant to Rule 601(b)(10)(iv) of Regulation S-K.

# The information in this exhibit is furnished and deemed not filed with the Securities and Exchange Commission for purposes of section 18 of the Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of Resonant Inc. under the Securities Act of 1933, as amended, or the Exchange Act of 1934, as amended, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

**ITEM 16. FORM 10-K SUMMARY**

None.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: March 12, 2021

**Resonant Inc.**

By: /s/ MARTIN S. MCDERMUT  
MARTIN S. MCDERMUT  
Chief Financial Officer  
*(Principal Financial and Accounting Officer)*

**POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints George B. Holmes and Martin S. McDermut, and each of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution for him or her, and in his or her name in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and any of them or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ George B. Holmes</u> George B. Holmes	Chief Executive Officer and Chairman of the Board of Directors <i>(Principal Executive Officer)</i>	March 12, 2021
<u>/s/ Martin S. McDermut</u> Martin S. McDermut	Chief Financial Officer and Secretary <i>(Principal Financial and Accounting Officer)</i>	March 12, 2021
<u>/s/ Michael J. Fox</u> Michael J. Fox	Director	March 12, 2021
<u>/s/ Alan Howe</u> Alan Howe	Director	March 12, 2021
<u>/s/ Joshua Jacobs</u> Joshua Jacobs	Director	March 12, 2021
<u>/s/ Jack Jacobs</u> Jack Jacobs	Director	March 12, 2021
<u>/s/ Jean Rankin</u> Jean Rankin	Director	March 12, 2021
<u>/s/ Robert Tirva</u> Robert Tirva	Director	March 12, 2021
<u>/s/ Ruben Caballero</u> Ruben Caballero	Director	March 12, 2021

**OUTSIDE DIRECTOR COMPENSATION POLICY**

**RESONANT INC.**

**(Revised Effective as of June 11, 2019)**

Resonant Inc. (the “**Company**”) believes that the granting of equity and cash compensation to members of its Board of Directors (the “**Board**,” and members of the Board, “**Directors**”) represents a powerful tool to attract, retain and reward Directors who are not employees of the Company (“**Outside Directors**”). This Outside Director Compensation Policy (the “**Policy**”) is intended to formalize the Company’s policy regarding cash compensation and grants of equity to its Outside Directors. Unless otherwise defined herein, capitalized terms used in this Policy will have the meaning given such term in the Company’s 2014 Omnibus Incentive Plan (the “**Plan**”). Outside Directors will be solely responsible for any tax obligations they incur as a result of the equity and cash payments received under this Policy.

**I. ANNUAL RETAINERS**

Each Outside Director will receive an annual retainer for service on the Board and for service on the three standing committees of the Board: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. The Outside Director who serves as Chairperson of the Board or, if the Chairperson of the Board is not an Outside Director, Lead Independent Director, will receive an additional annual cash retainer. The Outside Director who serves as Chairperson of a standing committee of the Board will receive an additional annual cash retainer. Outside Directors will be reimbursed for reasonable travel and other expenses in accordance with the Company’s then current reimbursement policies. The annual retainers are as follows:

<u>Position</u>	<u>Annual Retainer</u>
Board of Directors:	
Member (other than Chairperson or Lead Independent Director)	\$ 50,000
Chairperson or Lead Independent Director	\$ 100,000
Audit Committee:	
Member (other than Chairperson)	\$ 7,500
Committee Chairperson	\$ 15,000
Compensation Committee:	
Member (other than Chairperson)	\$ 5,000
Committee Chairperson	\$ 10,000
Nominating and Corporate Governance Committee:	
Member (other than Chairperson)	\$ 4,000
Committee Chairperson	\$ 8,000

**II. PAYMENT**

Each annual retainer will be paid ratably on a fiscal quarterly basis to each Outside Director who has served in the relevant capacity for the immediately preceding fiscal quarter no later than thirty (30) days following the end of such preceding fiscal quarter. For purposes of clarification, an Outside Director



who has served as an Outside Director, as Chairperson of the Board or Lead Independent Director or as a Member or Chairperson of a standing committee of the Board, as applicable, during only a portion of the immediately preceding fiscal quarter will receive a pro-rated payment of the quarterly payment of the applicable annual retainer(s), calculated based on the number of days such Outside Director has served in the relevant capacities.

### III. REVISIONS

The Board in its discretion may change and otherwise revise the terms of the cash compensation granted under this Policy, including, without limitation, the amount of cash and timing of unearned compensation to be paid on or after the date the Board determines to make any such change or revision.

### IV. EQUITY COMPENSATION

Outside Directors will be entitled to receive all types of Awards under the Plan, including discretionary Awards not covered under this Policy. Any Award granted pursuant to this Policy will be subject to the other terms and conditions of the Plan and form of award agreement approved for use under the Plan. All grants of Awards to Outside Directors pursuant to this Policy will, except as otherwise provided herein, be made in accordance with the following provisions:

- (a) Initial Award. Each person upon first becoming an Outside Director will be granted a Restricted Stock Unit Award of 24,000 Restricted Stock Units (the “**Initial RSU Award**”) on the date of the first Board or Compensation Committee meeting occurring on or after the date on which such person first becomes an Outside Director, whether through election by the stockholders of the Company or appointment by the Board to fill a vacancy; provided, however, that a Director who is an Employee (an “**Inside Director**”) who ceases to be an Inside Director, but who remains a Director, will not receive an Initial RSU Award. The shares underlying the Initial RSU Award will vest as to one-half of the shares subject to such award on each of the first and second anniversary of the commencement of the individual’s service as an Outside Director, subject to continued service as a director through the applicable vesting date.
  - (b) Annual Award. Each Outside Director will be automatically granted a Restricted Stock Unit Award with a Value of \$75,000 (the “**Annual RSU Award**”), provided that the number of Shares covered by the Annual RSU Award shall be rounded down to the nearest whole Share, on the date of each annual meeting of stockholders (each, an “**Annual Meeting**”), if, as of such Annual Meeting date, he or she will have served on the Board as a Director for at least the preceding six (6) months; provided that any Outside Director who is not continuing as a Director following the applicable Annual Meeting will not receive an Annual RSU Award with respect to such Annual Meeting. One-half of the shares underlying the Annual RSU Award will vest on the earlier of (i) the day prior to the first annual meeting of stockholders following the grant or (ii) one year from grant, and one-half of the shares underlying the Annual RSU Award will vest on the earlier of (i) the day prior to the second annual meeting of stockholders following the grant or (ii) two years from grant, subject to continued service as a director through the applicable vesting date.
  - (c) Chairperson or Lead Independent Director Awards. An Outside Director who serves as Chairperson of the Board or, if the Chairperson of the Board is not an Outside Director, Lead Independent Director, will receive the following additional Awards:
-

- (i) Initial Award. The Outside Director upon first becoming Chairperson of the Board or Lead Independent Director will be granted a Restricted Stock Unit Award with a Value equal to \$25,000, pro rated based on the number of days remaining from the date on which such Outside Director first becomes Chairperson or Lead Independent Director until the first anniversary of the Company's last Annual Meeting (the "**Initial Chairperson Award**"), provided that the number of Shares covered by the Initial Chairperson Award shall be rounded down to the nearest whole Share, on the date of the first Board or Compensation Committee meeting occurring on or after the date on which such Outside Director first becomes Chairperson or Lead Independent Director; provided, however, that an Outside Director who is Chairperson of the Board and becomes Lead Independent Director, or is Lead Independent Director and becomes Chairperson of the Board, will not receive an Initial Chairperson Award as a result of such change in status. One-half of the shares underlying the Initial Chairperson Award will vest on the earlier of (i) the day prior to the first annual meeting of stockholders following the grant or (ii) one year from grant, and one-half of the shares underlying the Initial Chairperson Award will vest on the earlier of (i) the day prior to the second annual meeting of stockholders following the grant or (ii) two years from grant, subject to continued service as Chairperson of the Board and/or Lead Independent Director through the applicable vesting date.
- (ii) Annual Award. The Outside Director who serves as Chairperson of the Board or, if the Chairperson of the Board is not an Outside Director, Lead Independent Director, will be automatically granted a Restricted Stock Unit Award with a Value of \$25,000 (the "**Annual Chairperson Award**"), provided that the number of Shares covered by the Annual Chairperson Award shall be rounded down to the nearest whole Share, on the date of each Annual Meeting, if, as of such Annual Meeting date, he or she will have served on the Board as a Director for at least the preceding six (6) months; provided that any Outside Director who is not continuing as a Director following the applicable Annual Meeting will not receive an Annual Chairperson Award with respect to such Annual Meeting. One-half of the shares underlying the Annual Chairperson Award will vest on the earlier of (i) the day prior to the first annual meeting of stockholders following the grant or (ii) one year from grant, and one-half of the shares underlying the Annual Chairperson Award will vest on the earlier of (i) the day prior to the second annual meeting of stockholders following the grant or (ii) two years from grant, subject to continued service as Chairperson of the Board and/or Lead Independent Director through the applicable vesting date.
- (d) Value. For purposes of this Policy, "**Value**" means, with respect to any Annual RSU Award, Initial Chairperson Award or Annual Chairperson Award, the fair market value of the shares subject to the applicable award on the date of grant, as computed in accordance with our Plan.
- (e) No Discretion. No person will have any discretion to select which Outside Directors will be granted an Initial RSU Award, Annual RSU Award, Initial Chairperson Award or Annual Chairperson Award under this Policy or to determine the number of Shares to be covered by such Initial RSU Award, Annual RSU Award, Initial Chairperson Award or Annual Chairperson Award, as applicable (except as provided in subsection (f) below and pursuant to the Amendment and Termination provisions of this Policy). No Discretion
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- (f) Revisions. The Board in its discretion may change and otherwise revise the terms of Initial RSU Awards, Annual RSU Awards, Initial Chairperson Awards and/or Annual Chairperson Awards granted under this Policy, including, without limitation, the number of Shares subject thereto, to provide for Initial RSU Awards, Annual RSU Awards, Initial Chairperson Awards and/or Annual Chairperson Awards of the same or different type (e.g., Options, Restricted Stock Units, or other types of Awards) granted on or after the date the Board determines to make any such change or revision.

#### **V. SECTION 409A**

In no event will cash compensation under this Policy be paid after the later of (i) the fifteenth (15th) day of the third (3rd) month following the end of the Company's fiscal year in which the compensation is earned, or (ii) the fifteenth (15th) day of the third (3rd) month following the end of the calendar year in which the compensation is earned, in compliance with the "short-term deferral" exception under Section 409A of the Internal Revenue Code of 1986, as amended, and the final regulations and guidance thereunder, as such may be amended from time to time (together, "**Section 409A**"). It is the intent of this Policy that this Policy and all payments hereunder be exempt from or otherwise comply with the requirements of Section 409A so that none of the compensation to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities or ambiguous terms herein will be interpreted to be so exempt or comply.

#### **VI. AMENDMENT AND TERMINATION**

The Board may at any time amend, alter, suspend or terminate the Policy.

#### **VII. EFFECTIVE DATE**

This Policy is effective as of the date of its approval by the Company's Board of Directors on June 11, 2019.

**FIRST AMENDMENT TO LEASE**

**THIS FIRST AMENDMENT TO LEASE** (this “**Amendment**”) is made and entered into as of May 1, 2020, between **175 CREMONA TRAMCO, LLC**, a California limited liability company, **175 CREMONA CANWOOD, LLC**, a California limited liability company, and **175 CREMONA SIMONE, LLC**, a California limited liability company (collectively “**Landlord**”), and **RESONANT INC.**, a Delaware corporation (“**Tenant**”).

**RECITALS**

- A. Landlord (as successor in interest to UNIVERSITY BUSINESS CENTER ASSOCIATES, a California general partnership) and Tenant are parties to that certain Standard Commercial Lease dated May 14, 2018 (the “**Original Lease**”). Pursuant to the Original Lease, Landlord has leased to Tenant space currently containing approximately **27,037** rentable square feet (the “**Premises**”) described as Suite No(s). 200, 220 and 240 on the second floor of the building located at 175 Cremona Drive, in Goleta, California.
- B. As a result of the COVID-19 virus outbreak and its impact on Tenant’s business, including Tenant’s restricted ability to use the Premises as contemplated by the Original Lease, Tenant has requested that Landlord agree to defer payment of rent and additional rent and provide for payment of the deferred amounts over an extended lease term.
- C. Landlord and Tenant desire to amend the Original Lease to, among other things, defer payment of rent and other charges due and owing by Tenant to Landlord under the Original Lease and extend the term of the Lease (the “**Term**”), in accordance with the terms and conditions set forth below.

**NOW, THEREFORE**, in consideration of the above recitals which by this reference are incorporated herein, the mutual covenants and conditions contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

**1. Extension of Term.**

- 1.1 First Amendment Extended Term. Notwithstanding any provision to the contrary contained in the Original Lease, the Term is hereby extended through and including November 30, 2024 (the “**First Amendment Expiration Date**”) on the terms and conditions set forth in this Amendment. The period commencing on May 1, 2020 (the “**First Amendment Commencement Date**”) and ending on the First Amendment Expiration Date may be referred to herein as the “**First Amendment Extended Term**”. Except as expressly provided to the contrary herein, for purposes of Tenant’s duties, obligations and liabilities under the Lease, the First Amendment Extended Term shall be part of the Term.
  - 1.2 Base Rent and Additional Rent During the First Amendment Extended Term. Effective as of the First Amendment Commencement Date and continuing throughout the First Amendment Extended Term, Tenant shall pay Base Rent
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with respect to the Premises for an applicable period in accordance with the first column of the Revised Rent Schedule (as defined in Section 2 below) for such period. Such Base Rent shall be payable in accordance with the terms and conditions of the Original Lease, as hereby amended. During the First Amendment Extended Term, Tenant shall pay Additional Rent as required under the Original Lease, as hereby amended.

2. **Base Rent.** Tenant and Landlord agree that Tenant will defer payment of the Base Rent with respect to the Rent Relief Period (defined below), and that the Base Rent not paid by Tenant to Landlord during the Rent Relief Period (the “**Deferred Base Rent**”) shall be paid to Landlord on an amortized basis over the balance of the current Term (as extended pursuant to Section 1 above), commencing on **August 1, 2020** in accordance with the updated rent schedule attached hereto as Exhibit A (the “**Revised Rent Schedule**”). Such Revised Rent Schedule shall reflect the (i) amount of the Base Rent which was due and owing under the Lease prior to this Amendment (but taking into account additional payments due as a result of the extension of the Term pursuant to Section 1 above), (ii) the amortized amount of the Deferred Base Rent that is due and payable and (iii) the total of such amounts. The “**Rent Relief Period**” shall mean the period from **May 1, 2020 to July 31, 2020**.
  3. **Additional Rent.** Tenant and Landlord agree that Tenant will defer payment of the estimated amounts of Operating Expenses due and owing under the Lease with respect to the Rent Relief Period (such unpaid amounts to be collectively herein referred to as the “**Deferred Additional Rent**”), and that Tenant shall nonetheless be responsible for paying to Landlord, in connection with the reconciliation of Operating Expenses in the calendar year 2021 (with respect to Operating Expenses incurred during the calendar year 2020), the amount by which Tenant’s share of the actual Operating Expenses for which Tenant would have been responsible under the Lease for the calendar year 2020 (absent such non-payment by Tenant) exceeds the amounts actually received by Landlord as estimated payments during the calendar year 2020.
  4. **Repayment of Deferred Rent.** Subject to applicable law, all Deferred Base Rent and Deferred Additional Rent shall immediately and automatically become due if and only if (i) Tenant defaults under the Lease beyond any applicable notice or cure period; (ii) Tenant breaches Section 5.2 below; (iii) the Lease is terminated before its scheduled expiration date; (iv) a prohibited assignment of the Lease or a sublease of all or any portion of the Premises occurs; (v) Tenant transfers all or substantially all of its assets to a third party in violation of the terms of the Lease; (vi) Tenant makes an assignment for the benefit of creditors; or (vii) a receiver, liquidator or trustee is appointed for Tenant, or Tenant is adjudicated a bankrupt or insolvent, or any petition for bankruptcy, reorganization or arrangement pursuant to federal bankruptcy law, or any similar federal or state law, is filed by or against, consented to, or acquiesced in by, Tenant, or any proceeding for the dissolution or liquidation of Tenant is instituted (and, if such appointment, adjudication, petition or proceeding was involuntary and not consented to by Tenant, the same is not discharged, stayed or dismissed within 30 days). The determination of the amount of Deferred Base Rent and Deferred Additional Rent due and owing by Tenant to Landlord upon the occurrence of any of the items listed in the
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preceding sentence shall be made by Landlord in good faith and such good faith determination by Landlord shall be deemed final and binding on the parties, absent manifest error.

5. **Miscellaneous.**

- 5.1 This Amendment sets forth the entire agreement between the parties with respect to the matters set forth herein. There have been no additional oral or written representations or agreements. Tenant shall not be entitled, in connection with entering into this Amendment, to any free rent, allowance, alteration, improvement or similar economic incentive to which Tenant may have been entitled in connection with entering into the Lease, except as may be otherwise expressly provided in this Amendment.
  - 5.2 Tenant agrees that neither Tenant nor its agents or any other parties acting on behalf of Tenant shall disclose any matters set forth in this Amendment or disseminate or distribute any information concerning the terms, details or conditions hereof to any person, firm or entity without obtaining the express written consent of Landlord (to be given or withheld by Landlord in its sole discretion). There shall be excluded from this obligation any filing required by the Securities and Exchange Commission or any other disclosure required by law.
  - 5.3 Except as herein modified or amended, the provisions, conditions and terms of the Original Lease shall remain unchanged and in full force and effect.
  - 5.4 In the case of any inconsistency between the provisions of the Original Lease and this Amendment, the provisions of this Amendment shall govern and control.
  - 5.5 Submission of this Amendment by Landlord is not an offer to enter into this Amendment but rather is a solicitation for such an offer by Tenant. Landlord shall not be bound by this Amendment until Landlord has executed and delivered it to Tenant.
  - 5.6 Initially capitalized terms used but not defined in this Amendment shall have the meanings given in the Original Lease. The term "Lease" where used in the Original Lease and this Amendment shall refer to the Original Lease, as amended hereby.
  - 5.7 Tenant shall indemnify and hold Landlord, its trustees, members, principals, beneficiaries, partners, officers, directors, employees, mortgagee(s) and agents, and the respective principals and members of any such agents harmless from all claims of any brokers claiming to have represented Tenant in connection with this Amendment. Landlord shall indemnify and hold Tenant, its trustees, members, principals, beneficiaries, partners, officers, directors, employees, and agents, and the respective principals and members of any such agents harmless from all claims of any brokers claiming to have represented Landlord in connection with this Amendment. Within fifteen (15) days following Landlord's written request
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therefor, Tenant shall reimburse Landlord for attorneys' fees incurred by Landlord in connection with the preparation and/or negotiation of this Amendment. Tenant acknowledges that any assistance rendered by any agent or employee of any affiliate of Landlord in connection with this Amendment has been made as an accommodation to Tenant solely in furtherance of consummating the transaction on behalf of Landlord, and not as agent for Tenant.

- 5.8 Tenant warrants, represents and certifies to Landlord that as of the date of this Amendment, (a) Landlord is not in default under the Lease, and (b) except as otherwise expressly provided in this Amendment, Tenant does not have any defenses or offsets to payment of rent and performance of its obligations under the Lease as and when same becomes due.
- 5.9 Subject to the terms of all applicable laws, Landlord reserves all rights and remedies under the Lease, at law or in equity, to collect all accrued and future rent due and owing under the Lease, including without limitation, Operating Expense reconciliation amounts billed to Tenant during the Rent Relief Period.
- 5.10 Each party hereto, and their respective successors and assigns shall be authorized to rely upon the signatures of all of the parties hereto on this Amendment which are delivered by facsimile or PDF as constituting a duly authorized, irrevocable, actual, current delivery of this Amendment with original ink signatures of each person and entity. This Amendment may be executed in counterparts, each of which shall be deemed an original part and all of which together shall constitute a single agreement.

**[SIGNATURES ARE ON FOLLOWING PAGE]**

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IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Amendment as of the day and year first above written.

**LANDLORD:**

**175 CREMONA TRAMCO, LLC,**  
a California limited liability company

By: /S/ David Fradin  
Name: David Fradin  
Title: Manager

**175 CREMONA CANWOOD, LLC,**  
a California limited liability company

By: /S/ David Fradin  
Name: David Fradin  
Title: Manager

**175 CREMONA SIMONE, LLC,**  
a California limited liability company

By: /S/ David Fradin  
Name: David Fradin  
Title: Manager

**TENANT:**

**RESONANT INC.,**  
a Delaware corporation

By: /S/ Martin S. McDermut  
Name: Martin S. McDermut  
Title: Chief Financial Officer

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**EXHIBIT A**

## Revised Rent Schedule

<u>Period</u>	<u>Monthly Base Rent</u>	<u>Monthly Deferred Base Rent</u>	<u>Monthly Total Base Rent</u>
05/01/20 – 07/31/20	\$41,772.17	(\$41,772.17)	\$0.00
08/01/20 – 07/31/21	\$43,025.33	\$2,409.93	\$45,435.26
08/01/21 – 07/31/22	\$44,316.09	\$2,409.93	\$46,726.02
08/01/22 – 07/31/23	\$45,645.58	\$2,409.93	\$48,055.51
08/01/23 – 11/30/24	\$47,014.94	\$2,408.93	\$49,424.87

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board of Directors  
Resonant Inc.:

We consent to the incorporation by reference in Registration Statements (Nos. 333-196344, 333-211893, 333-211894, 333-214571, 333-218542, 333-232094 and 333-239313) on Form S-8 and (Nos. 333-211375, 333-217255, 333-221089, 333-228353, 333-233570, 333-234370 and 333-246336) on Form S-3 of Resonant Inc. of our report dated March 12, 2021, with respect to the consolidated balance sheet of Resonant Inc. as of December 31, 2020, and the related consolidated statements of comprehensive loss, stockholders' equity, and cash flows for the year ended December 31, 2020, and the related notes, which report appears in the December 31, 2020 annual report on Form 10-K of Resonant Inc.

Our report dated March 12, 2021 contains an explanatory paragraph that states that the Company has suffered recurring losses from operations, and expects to continue to incur significant losses, that raise substantial doubt about its ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of that uncertainty.

/s/ KPMG LLP

Irvine, California  
March 12, 2021

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statements Nos. 333-196344, 333-211893, 333-211894, 333-214571, 333-218542, 333-232094 and 333-239313 on Form S-8 and in Registration Statements No. 333-211375, 333-217255, 333-221089, 333-228353, 333-233570, 333-234370 and 333-246336 on Form S-3 of Resonant Inc. of our report dated March 12, 2020 relating to the consolidated financial statements as of and for the year ended December 31, 2019, appearing in this Annual Report on Form 10-K for the year ended December 31, 2020.

/s/ Crowe LLP

Sherman Oaks, California  
March 12, 2021

**Certification of Principal Executive Officer Pursuant To  
Exchange Act Rules 13a-14(a) and 15d-14(a),  
As Adopted Pursuant To  
Section 302 of Sarbanes-Oxley Act of 2002**

I, George B. Holmes, certify that:

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

Date: March 12, 2021

/s/ George B. Holmes

George B. Holmes  
Chief Executive Officer  
*(Principal Executive Officer)*

**Certification of Principal Financial Officer Pursuant To  
Exchange Act Rules 13a-14(a) and 15d-14(a),  
As Adopted Pursuant To  
Section 302 of Sarbanes-Oxley Act of 2002**

I, Martin S. McDermut, certify that:

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

Date: March 12, 2021

/s/ Martin S. McDermut

Martin S. McDermut

Chief Financial Officer

*(Principal Financial and Accounting Officer)*

**Certifications of Principal Executive Officer and Principal Financial Officer  
Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant To  
Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), George B. Holmes, Chief Executive Officer (Principal Executive Officer) and Martin S. McDermut, Chief Financial Officer (Principal Financial and Accounting Officer) of Resonant Inc. (the "Company"), hereby certifies that, to the best of his knowledge:

1. Our Annual Report on Form 10-K for the year ended December 31, 2020, to which this Certification is attached as Exhibit 32.1 (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company

Date: March 12, 2021

/s/ George B. Holmes

George B. Holmes  
Chief Executive Officer  
*(Principal Executive Officer)*

/s/ Martin S. McDermut

Martin S. McDermut  
Chief Financial Officer  
*(Principal Financial and Accounting Officer)*