

Resonant Inc
Form 424B5
March 21, 2018

Filed Pursuant to Rule 424(b)(5)

Registration No. 333-211374

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell nor are we seeking an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MARCH 21, 2018

PRELIMINARY PROSPECTUS SUPPLEMENT

(to Prospectus dated May 27, 2016)

Shares

Common Stock

We are offering _____ shares of our common stock. Our common stock is listed on The NASDAQ Capital Market under the symbol RESN. On March 20, 2018, the last reported sale price for our common stock on The NASDAQ Capital Market was \$4.41 per share.

Investing in our common stock involves a high degree of risk. See **Risk Factors** beginning on page S-3 of this prospectus supplement.

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	Per Share	Total
Public Offering Price	\$	\$
Underwriting Discount (1)	\$	\$
Proceeds, Before Expenses, to Resonant Inc.	\$	\$

(1) In addition, we have agreed to reimburse up to \$100,000 of the out-of-pocket fees and expenses of the underwriter in connection with this offering. See Underwriting beginning on page S-28 of this prospectus supplement for additional information regarding underwriting compensation.

We have granted the underwriter the 30-day option to purchase up to an additional _____ shares of our common stock at the public offering price, less the underwriting discount to cover over-allotments, if any.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. It is illegal for any person to tell you otherwise.

We anticipate that delivery of the shares of common stock will be made on or about March , 2018.

Sole Book-Running Manager

Needham & Company

The date of this prospectus supplement is March , 2018.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement is a supplement to the accompanying prospectus that is also a part of this document. This prospectus supplement and the accompanying prospectus are part of a registration statement on Form S-3 (File No. 333-211374) that we filed with the Securities and Exchange Commission, or the SEC, using a shelf registration process. Under this shelf registration process, we may from time to time sell any combination of securities described in the accompanying prospectus in one or more offerings up to a total of \$35.0 million.

This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or a solicitation of an offer to buy the shares offered hereby in any jurisdiction where, or to any person to whom, it is unlawful to make such offer or solicitation.

This document is in two parts. The first part is this prospectus supplement, which describes the terms of the offering of common stock and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into the accompanying prospectus. The second part is the accompanying prospectus, which provides more general information, some of which may not apply to the common stock. To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus or any document incorporated by reference therein, on the other hand, you should rely on the information in this prospectus supplement.

You should rely only on the information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus or any free writing prospectus. We have not, and the underwriter has not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. The information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus is current as of the date such information is presented, regardless of the time of delivery of this prospectus supplement or of any sale of the shares. Our business, financial condition, results of operations and prospects may have changed since those dates. It is important for you to read and consider all information contained in this prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein and therein, in making your investment decision. You should also read and consider the information in the documents we have referred you to in the sections entitled **Where You Can Find More Information and **Incorporation of Certain Information By Reference** below.**

This prospectus supplement and the information incorporated herein by reference include trademarks, services marks and trade names owned by us or other companies. All trademarks, service marks and trade names included or incorporated by reference into this prospectus supplement or any related free writing prospectuses are the property of their respective owners.

Unless the context otherwise requires, the terms **we**, **our**, **us**, **our company**, and **Resonant** refer to Resonant Inc. and its subsidiaries.

SUMMARY

This summary highlights selected information contained elsewhere or incorporated by reference in this prospectus supplement or the accompanying prospectus. Because it is a summary, it does not contain all of the information that you should consider before investing in the shares. You should read this entire prospectus supplement and the accompanying prospectus carefully, including the Risk Factors, and the financial statements and other information incorporated by reference in this prospectus supplement and the accompanying prospectus.

Resonant Inc.

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 industry. The RF front-end, or RFFE, is the circuitry in a mobile device responsible for analog signal processing and is located between the device's antenna and its digital circuitry. The software platform we are developing 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 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.

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 devices. The worldwide adoption of Long Term Evolution, or LTE, as the global standard, 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. Finally, we are developing unique filter designs, enabled by ISN®, to replace multiple filters and associated componentry for many bands, with higher performance. 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 order to succeed, we must convince RFFE suppliers that our filter designs can significantly reduce the size and cost of their products.

We believe licensing our designs is the most direct and effective means of validating our ISN® platform and related IP libraries 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. We currently do not intend to manufacture or sell any physical products or operate as a contract design company developing designs for a fee.

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We were incorporated in Delaware in January 2012. Our principal executive offices are located at 110 Castilian Drive, Suite 100, Goleta, California 93117, and our telephone number at this location is (805) 308-9803. Our website address is www.resonant.com. The information contained on, or that can be accessed through, our website is not a part of this prospectus.

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The Offering	
Issuer	Resonant Inc.
Common stock offered by us	shares
Common stock to be outstanding after the offering	shares
Use of Proceeds	We currently anticipate that the net proceeds from the sale of the common stock will be used for working capital and other general corporate purposes. See <u>Use of Proceeds</u> on page S-24.
Risk Factors	See <u>Risk Factors</u> beginning on page S-3 for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.
NASDAQ Capital Market symbol	RESN
The number of shares of our common stock to be outstanding after the offering assumes no exercise of the underwriter's over-allotment option and is based on 19,954,007 shares of our common stock outstanding as of March 20, 2018 and excludes:	
<ul style="list-style-type: none"> • 1,108,277 shares of our common stock issuable upon exercise of outstanding options granted under our equity incentive plans at a weighted average exercise price of \$4.89 per share; 	
<ul style="list-style-type: none"> • 1,557,198 shares of our common stock issuable upon the release of outstanding restricted stock units granted under our equity incentive plans with a weighted average grant date fair value of \$5.11 per share; and 	
<ul style="list-style-type: none"> • 2,572,601 shares of our common stock available for issuance or future grant pursuant to our equity incentive plan; and 	
<ul style="list-style-type: none"> • 3,465,256 shares of our common stock issuable upon exercise of outstanding warrants at a weighted average exercise price of \$4.52 per share. 	
Unless otherwise stated, the information in this prospectus supplement assumes that the underwriter has not exercised its option to purchase additional shares from us to cover over-allotments.	

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RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the following risks and other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, including our historical financial statements and related notes, before deciding whether to purchase shares of our common stock. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations. The occurrence of any of the following risks could materially and adversely harm our business, financial condition or prospects. The trading price of our common stock could decline due to any of these risks, and you may lose all or part of your investment.

Risks Relating to Our Business and Our Industry

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.

Our consolidated financial statements account for the continuation of our business as a going concern. We are subject to the risks and uncertainties associated with a new business. Our principal source of liquidity as of December 31, 2017 consists of existing cash and cash equivalents of \$19.5 million. During the year ended December 31, 2017, we used \$15.6 million of cash and investments for operating activities, the purchase of property and equipment, and expenditures for patents. Due to these conditions, along with planned growth, substantial doubt exists as to our ability to continue as a going concern. After evaluation of these conditions, we believe our current resources will provide sufficient funding for planned operations into the second half of 2018. If necessary, we will seek to raise additional capital from the sale of equity securities or the incurrence of indebtedness to allow us to continue operations. There can be no assurance that additional financing will be available to us on acceptable terms, or at all. Additionally, if we issue additional equity securities to raise funds, whether to existing investors or others, the ownership percentage of our existing stockholders would be reduced. New investors may demand rights, preferences or privileges senior to those of existing holders of common stock. Additionally, we may be limited as to the amount of funds we can raise pursuant to SEC rules and the continued listing requirements of NASDAQ. If we cannot raise needed funds, 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. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might result from 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, 2017 of \$67.8 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 adequate revenues 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 potential for generating 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 although we have encountered some resistance to our licensing strategy, initial royalty payments have been received. The failure to scale our business model would have a material adverse effect on our potential for generating 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 are currently working on filter designs for customers that have given us stringent performance specifications. In addition, some of our customers have shipped pre-production sample filter quantities of our designs to their customers for further evaluation. In the case of a few of our early designs, mass production has commenced. 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. 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 manufacture our design themselves, 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 duplexer design in large volumes.

Even though some of our designs have reached commercialization on a small scale, and we believe our future completed designs can be manufactured using existing technology, we remain dependent on the manufacturer's filter fabrication processes and capabilities for our filter designs. Even with a fully compliant duplexer 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. We cannot assure you that the manufacturer will have the necessary technology, skills and resources to successfully manufacture of our design in commercial quantities.

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

We continue to develop complex RF designs, which is inherently challenging. Only a few of our designs are currently in production. We rely on our customers and filter fabricators or manufacturers to manufacture our designs. They will need to manufacture our designs in commercial quantities at an acceptable cost, and 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 of our designs, 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 our designs in commercial quantities, our business could fail.

Our business success relies on manufacturers to fabricate our designs, and market acceptance of our designs could be adversely affected if the manufacturers decline to manufacture our designs.

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. 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. We believe the economics can be structured to make it attractive to the foundries to manufacture our designs for our potential customers but we cannot be assured of the success in convincing them of the value of manufacturing our designs. The reluctance of foundries to manufacture our designs could adversely affect the market acceptance of our designs.

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.

We perform failure analysis and reliability testing of our customers' parts that use our designs. If our analysis and testing prove to be faulty and our customers rely upon such information, our reputation could be damaged and our future business and revenues could be adversely affected.

We perform failure analysis and reliability testing of our customers' parts. In the event 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.

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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 have completed and are currently working on filter designs with, and 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® software platform, intellectual property and design team. We license our designs to manufacturers of RFFE, 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.

The complexity of our designs could result in unforeseen delays or expenses from latent defects that could reduce the market acceptance for our designs, damage our reputation and adversely affect our future revenues and operating costs.

We are developing highly complex filters designs using a new approach. We have produced only a limited number of designs that have gone into commercial production and therefore 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. Consequently, our reputation may be damaged and

customers may be reluctant to buy our designs, which could harm our ability to attract customers and negatively impact our financial results. These problems may also result in claims against us by our customers or others.

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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 that caused Samsung to discontinue that product, have led to increased scrutiny of component suppliers. If our customers do not perceive our designs, 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 designs incorporated into finished products.

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 technologies have only limited verification in practice or on a commercial scale.

Our technologies have been subject to only limited testing on a commercial scale. There is no assurance that we will be able to fully develop designs that will transition into production or license our proposed designs on a timely basis, or at all.

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 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.

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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.

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If our principal end markets fail to grow or experience declines, our net 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 U.S. or 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.

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 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.

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