

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

Amendment No. 2 to

Form S-1

REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

Odyssey Semiconductor Technologies, Inc.
(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

3674

(Primary Standard Industrial
Classification Code Number)

84-1766761

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

9 Brown Road

Ithaca, NY 14850

Telephone: (607) 351-9768

*(Address, including zip code, and telephone number,
including area code, of principal executive offices)*

Richard Brown

Chief Executive Officer

Odyssey Semiconductor Technologies, Inc.

9 Brown Road

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including area code, of agent for service)*

Copies to:

Mitchell Lampert, Esq.

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Approximate date of proposed sale to public: As soon as practicable on or after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer,” “accelerated filer,” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount to Be Registered ⁽¹⁾	Proposed Maximum Offering Price per Share ⁽²⁾	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee ⁽³⁾
Shares of common stock, par value \$.0001 per share (the “Common Stock”) ⁽⁴⁾	983,333	\$ 1.50	\$ 1,474,999.50	\$ 191.45
Shares of Common Stock ⁽⁵⁾	350,000	\$ 1.50	\$ 525,000.00	\$ 68.15
Shares of Common Stock ⁽⁶⁾	1,776,346	\$ 1.50	\$ 2,664,519.00	\$ 345.85
Shares of Common Stock ⁽⁷⁾	149,981	\$ 1.50	\$ 224,971.50	\$ 29.20
Shares of Common Stock underlying warrants ⁽⁸⁾	155,966	\$ 1.50	\$ 233,949.00	\$ 30.37
Total	3,415,626	\$ 1.50	\$ 5,123,439.00	\$ 665.03

(1) Pursuant to Rule 416, there are also being registered such indeterminable additional securities as may be issued to prevent dilution as a result of stock splits, stock dividends or similar transactions.

(2) For the purpose of calculating the registration fee pursuant to Rule 457(a) of the Securities Act of 1933 (the “Securities Act”), this price is based on a bona fide estimate of the maximum offering price of these shares at the time of filing of this Registration Statement.

(3) Calculated pursuant to Rule 457(a) as the aggregate offering price multiplied by 0.0001298. The fee was previously paid in connection with the original Registration Statement on Form S-1 filed on November 15, 2019.

(4) Represents shares of Common Stock issued in connection with the formation of the Company.

(5)Represents shares of Common Stock issued in connection with a share exchange on June 21, 2019.

(6)Represents shares of Common Stock purchased pursuant to our private placement which closed on June 21, 2019 and August 5, 2019 (the “August 2019 Private Placement”).

(7)Represents shares of Common Stock purchased pursuant to our private placement which closed on September 24, 2019.

(8)Represents shares of Common Stock issuable upon the exercise of warrants issued to Katalyst Securities LLC, the placement agent in the August 2019 Private Placement, with an exercise price of \$1.50 per share. Proposed maximum offering price per share is based on the exercise price of the warrant in accordance with Rule 457(g).

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, as amended, or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to such Section 8(a), may determine.

EXPLANATORY NOTE

This Amendment No. 2 (this “Amendment”) to the Registration Statement on Form S-1 filed with the Securities and Exchange Commission (“SEC”) on November 15, 2019 (as amended, the “Registration Statement”) is being filed pursuant to an SEC comment letter dated January 28, 2020 in order to revise and amend certain disclosures and information in the Registration Statement.

The number of shares of Common Stock offered for resale under the Registration Statement has been reduced from 5,998,960 as included in Amendment No. 1 filed on January 15, 2020 to 3,415,626 in this Amendment.

The information in this prospectus is not complete and may be changed. These securities may not be sold until the Securities and Exchange Commission declares our registration statement effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Preliminary Prospectus

Subject to Completion, dated January 31, 2020

Odyssey Semiconductor Technologies, Inc.

**3,415,626 Shares
Common Stock**

This prospectus relates to the offer for sale of up to an aggregate of 3,415,626 shares of common stock, par value \$.0001 per share (the "Common Stock"), of Odyssey Semiconductor Technologies, Inc. by the selling stockholders named herein. We are not offering any securities pursuant to this prospectus. The shares of Common Stock offered by the selling stockholders include 155,966 shares of Common Stock underlying warrants.

Our Common Stock is not presently traded on any market or securities exchange, and we have not applied for listing or quotation on any exchange. We are seeking sponsorship for the trading of our Common Stock on the OTCQB Market (the "OTCQB") upon the effectiveness of the registration statement of which this prospectus forms a part. There can be no assurance that a market maker will agree to file the necessary documents with the Financial Industry Regulatory Authority ("FINRA"), nor can we provide assurance that our shares will actually be quoted on the OTCQB or, if quoted, that a viable public market will materialize or be sustained.

Following the effectiveness of the registration statement of which this prospectus forms a part, until our Common Stock is quoted on the OTCQB, the shares of Common Stock being offered hereby will be sold at a specified fixed price of \$1.50 per share; when our Common Stock is quoted on the OTCQB, the sale and distribution of securities offered hereby may be effected in one or more transactions, including ordinary brokers' transactions, privately negotiated transactions or through sales to one or more dealers for resale of such securities as principals, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at privately negotiated prices. Usual and customary or specifically negotiated brokerage fees or commissions may be paid by the selling stockholders. See "Plan of Distribution."

The selling stockholders and intermediaries through whom such securities are sold may be deemed "underwriters" within the meaning of the Securities Act of 1933, as amended (the "Securities Act"), with respect to the securities offered hereby, and any profits realized or commissions received may be deemed underwriting compensation.

We are an "emerging growth company" under the federal securities laws and will be subject to reduced public company reporting requirements.

Investing in our Common Stock is highly speculative and involves a significant degree of risk. See "Risk Factors" beginning on page 7 of this prospectus for a discussion of information that should be considered before making a decision to purchase our Common Stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2020.

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You should rely only on the information contained in this prospectus. We have not authorized any other person to provide you with information different from or in addition to that contained in this prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where an offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

Additional risks and uncertainties not presently known or that are currently deemed immaterial may also impair our business operations. The risks and uncertainties described in this document and other risks and uncertainties which we may face in the future will have a greater impact on those who purchase our Common Stock. These purchasers will purchase our Common Stock at a specified fixed price, at the market price or at a privately negotiated price, and will run the risk of losing their entire investments.

For investors outside the United States: We have not done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus.

PROSPECTUS SUMMARY

This summary highlights information contained in other parts of this prospectus. Because it is a summary, it does not contain all of the information that you should consider in making your investment decision. Before investing in our Common Stock, you should read the entire prospectus carefully, including our consolidated financial statements and the related notes included in this prospectus and the information set forth under the headings “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

When used herein, unless the context requires otherwise, references to the “Company,” “we,” “our” and “us” refer to Odyssey Semiconductor Technologies, Inc., a Delaware corporation, collectively with its wholly-owned subsidiary, Odyssey Semiconductor, Inc, a Delaware corporation.

About the Company

Odyssey Semiconductor Technologies, Inc. (the “Company”) was formed as a Delaware corporation on April 12, 2019. The Company acquired its wholly-owned subsidiary, Odyssey Semiconductor, Inc., a Delaware corporation (“Odyssey Semiconductor”), on June 21, 2019 through a share exchange. Odyssey Semiconductor, formed on April 11, 2019, commenced business operations on June 17, 2019 when it acquired its wholly-owned subsidiary, JR2J LLC (“JR2J”), from its founders, Richard Brown and James Shealy, in exchange for shares of Odyssey Semiconductor. JR2J is a semiconductor device company developing high-voltage power switching components and systems based on proprietary Gallium Nitride (GaN) processing technology. The Company mainly operates its business of developing high-voltage GaN-based power switching devices and systems through Odyssey Semiconductor and does not plan to operate JR2J after it completes certain work that JR2J had contracted in the past. As of the date of this prospectus, the Company has not yet produced or sold any product that it designed, and is currently selling a service where the Company fabricates semiconductor parts according to customer specifications.

The premium power switching device market, which is described as applications where silicon-based (Si) systems perform insufficiently, is projected to reach over \$3.5 billion by 2025 and is currently dominated by the semiconductor material silicon carbide (SiC). GaN-based systems outperform Si and SiC based systems in every way due to the superior material properties of GaN. However, GaN devices have, to-date proven difficult to process using standard semiconductor processing methods that are used to create Si and SiC based devices. We have developed a novel processing modification that allows GaN to be processed in a manner that for the first time, makes high voltage GaN power switching devices viably manufacturable. Our mission is to disrupt the rapidly growing premium power switching device market using our newly developed GaN high voltage power transistor for switching applications.

Competition

There are many horizontal-conduction (meaning the current flows horizontally, along the surface of the wafer), high-electron-mobility transistor (HEMT) products emerging from industry. HEMT transistors are able to operate at higher frequencies than ordinary transistors, up to millimeter wave frequencies, and are used in high-frequency products such as cell phones, satellite television receivers, voltage converters, and radar equipment. However, horizontal-conduction device technology has difficulty scaling beyond 650 V.

Contrast to horizontal-conduction devices, vertical-conduction (meaning the current flows from the front surface of the wafer to the back surface) devices could easily have scaling beyond 650 V; however, there are currently few discrete parts available with ratings above 650 V. The Company believes it is uniquely poised to enter into the >650 V device market with its vertical conduction device technology.

We expect that our competitors will include a number of larger companies which have more substantial research and development budgets than us. Even smaller companies which are more targeted in their development efforts, such as Nexgen Power Systems, Inc., may be our potential competitors. If we are unable to compete effectively with our competitors, our products or technologies may be rendered obsolete or noncompetitive, which could materially adversely affect our business and results of operations.

Implications of Being an Emerging Growth Company

We are an “emerging growth company,” as defined in the Jumpstart Our Business Startups Act of 2012, or JOBS Act, and, for as long as we continue to be an “emerging growth company,” we intend to take advantage of certain exemptions from various reporting requirements applicable to other public companies but not to “emerging growth companies,” including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. In addition, as an “emerging growth company,” we have chosen to take advantage of the extended transition period for complying with new or revised accounting standards, which will allow us to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies. Accordingly, our financial statements may not be comparable to companies that comply with all public company accounting standards which could impact the valuation of our securities.

Recent Developments

Reverse Recapitalization

On June 21, 2019, the Company entered into a share exchange agreement (the “Share Exchange Agreement”) with Odyssey Semiconductor and 100% of the stockholders of Odyssey Semiconductor (the “Semiconductor Stockholders”), pursuant to which the Semiconductor Stockholders agreed to transfer an aggregate of 5,666,667 shares of common stock of Odyssey Semiconductor to the Company in exchange for the Company’s issuance of an aggregate of 5,666,667 shares of the Company’s Common Stock to the Semiconductor Stockholders (the “Share Exchange”). As of June 21, 2019, Odyssey Semiconductor became a wholly-owned subsidiary of the Company, the Semiconductor Stockholders beneficially owned approximately 61.37% of the Company’s Common Stock on a fully-diluted basis, the Company began operating Odyssey Semiconductor’s business of developing high-voltage power switching components and systems, all then directors and officers of the Company resigned and were replaced by the directors and officers of Odyssey Semiconductor.

2019 Private Placements

On June 21 and August 5, 2019, the Company sold an aggregate of 1,776,346 shares of Common Stock at \$1.50 per share to accredited investors for aggregate gross and net cash proceeds of \$2,664,513 and \$2,204,502, respectively. In addition, the Company issued to the Company's placement agent, Katalyst Securities LLC ("Katalyst"), immediately vested five-year warrants to purchase an aggregate of 155,966 shares of the Company's Common Stock at an exercise price of \$1.50 per share. We also paid Katalyst a cash fee of 10% on funds raised from the investors introduced by Katalyst and a cash fee of 5% on funds raised by us.

On September 24, 2019, the Company sold an aggregate of 149,981 shares of common stock at \$1.50 per share to accredited investors for aggregate cash proceeds of \$224,972.

Consulting Service

On October 18, 2019, the Company entered into an exclusive two-year consulting agreement with Akash, pursuant to which the Company agreed to provide certain consulting services to Akash in connection with process development and fabrication of GaN-on-Diamond high-electron-mobility transistors and monolithic microwave integrated circuits. The Company will take raw semiconductor materials from Akash and process them into finished devices. Pursuant to the agreement, Akash guarantees to purchase at least one wafer per month from the Company for a total of 24 wafers during the term of the agreement, at a price of \$85,000 per wafer. Akash is currently our only customer. The Company plans to license three patents from Cornell University to use for the fabrication of microwave GaN devices that the Company is building for Akash if the Company is able to reach an agreement with Akash for the use of the patented technology in its products.

Corporate Information

Our office address is 9 Brown Road, Ithaca, NY 14850; telephone: (607) 351-9768.

Our corporate website address is <https://www.odysseysemi.com/>. Information accessed through our website is not incorporated into this prospectus and is not a part of this prospectus.

THE OFFERING

Common Stock Outstanding: 11,159,661 shares (1)

Shares of Common Stock, including Shares of Common Stock underlying Warrants, Offered by Selling Stockholders: 3,415,626 shares (2)

Use of Proceeds: We will not receive any proceeds from the sale of the Common Stock by the selling stockholders. We would, however, receive proceeds upon the exercise of the warrants held by the selling stockholders which, if such warrants are exercised in full, would be approximately \$233,949. Proceeds, if any, received from the exercise of such warrants will be used for working capital and general corporate purposes. No assurances can be given that any of such warrants will be exercised.

Quotation of Common Stock: Our Common Stock is not presently traded on any market or securities exchange, and we have not applied for listing or quotation on any exchange. We intend to seek sponsorship for the trading of our Common Stock on the OTCQB Market upon the effectiveness of the registration statement of which this prospectus forms a part. There can be no assurance that a market maker will agree to file the necessary documents with FINRA, nor can we provide any assurance that our shares will actually be quoted on the OTCQB Market or, if quoted, that a viable public market will materialize.

Risk Factors: An investment in our company is highly speculative and involves a significant degree of risk. See "Risk Factors" and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in shares of our Common Stock.

(1) As of January 31, 2020; excludes: (i) 155,966 shares of Common Stock underlying the warrants, each exercisable at a price of \$1.50 per share, issued to Katalyst Securities LLC ("Katalyst"), the placement agent in its August 2019 Private Placement; and (ii) 590,000 shares of Common Stock issuable upon exercise of options at a price of \$1.50 per share granted under our 2019 Equity Compensation Plan.

(2) Includes: (i) 3,259,660 shares of our Common Stock being sold by the Selling Stockholders; and (ii) 155,966 shares of our Common Stock underlying the warrants, each exercisable at a price of \$1.50 per share, held by three designees of Katalyst.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains “forward-looking statements,” which include information relating to management’s current view with respect to future events, future financial performance, financial projections, strategies, expectations, competitive environment and regulation. Words such as “may,” “should,” “could,” “would,” “predicts,” “potential,” “continue,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates,” and similar expressions, as well as statements in future tense, identify forward-looking statements. Such forward-looking statements may include projections with respect to market size and acceptance, revenues and earnings, marketing and sales strategies, and business operations. Forward-looking statements should not be read as a guarantee of future performance or results and may not be accurate indications of when such performance or results will be achieved. Forward-looking statements are based on information we have when those statements are made or management’s good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to:

- our limited operating history;
- our current and future capital requirements;
- our dependence on business and consumer requirements for the products that we offer;
- our ability to internally develop products and intellectual property;
- our ability to maintain and/or protect the validity of our intellectual property;
- our ability to retain key executive members;
- interpretations of current laws and the passages of future laws;
- our dependence on third-party suppliers;
- acceptance of our business model by investors;
- the accuracy of our estimates regarding expenses and capital requirements; and
- our ability to adequately support growth.

All forward-looking statements included in this prospectus are based on information available to us on the date of this prospectus. Except to the extent required by applicable laws or rules, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained above and throughout this prospectus.

The market in which the Company intends to operate in is a highly competitive business environment. The Company’s business is and will continue to be affected by government regulation, economic, political and social conditions, consumer response to new and existing products and services, technological developments and, particularly in view of new technologies, the ability to protect intellectual property rights. The Company’s actual results could differ materially from management’s expectations because of changes in such factors. Other factors and risks could also cause actual results to differ from those contained in forward-looking statements. Due to such uncertainties and the risk factors set forth herein, prospective investors are cautioned not to place undue reliance upon such forward-looking statements.

RISK FACTORS

An investment in our Common Stock is speculative and illiquid and involves a high degree of risk, including the risk of a loss of your entire investment. You should carefully consider the risks and uncertainties described below and the other information contained in this prospectus before purchasing shares of our Common Stock. If any of the following risks actually materialize, our business, financial condition, prospects and/or operations could suffer. In such event, the value of our Common Stock could decline, and you could lose all or a substantial portion of the money that you pay for our Common Stock. The risks and uncertainties described below are not the only ones we are facing. Additional risks and uncertainties not presently known to us or that we deem immaterial may also impair our business operations or financial condition.

Risks Relating to Our Business, Growth Prospects and Operating Results

We are recently formed and have only been marginally profitable. Our lack of operating history makes it difficult to evaluate our business and prospects and may increase the risks associated with an investment in our Shares.

Our initial JR2J business was recently formed in 2016 and has only generated minimal revenue. Therefore, the Company is subject to the risks involved with any speculative early-stage enterprise. There is no assurance that the Company will successfully offer, market and distribute its products or services. The Company may continue to be marginally profitable or experience net losses and negative cash flows from operations. The time required to reach substantial profitability is highly uncertain. There is no assurance that the Company will be able to achieve substantial profitability or that profitability, if achieved, can be sustained on an ongoing basis. There is no assurance that actual cash requirements will not exceed our estimates. Such risks for the Company include, but are not limited to:

- an evolving, unpredictable and unproven business model;
- an intensely competitive developing market;
- rapidly changing technology;
- managing growth;
- dependence on key personnel;
- limited operating capital and limited access to credit; and
- other unforeseen changes and developments.

In order to address these risks, the Company must, among other things:

- implement and successfully execute its business strategy;
- provide superior customer service;
- respond to competitive developments;
- attract, retain and motivate qualified personnel; and
- respond to unforeseen and changing circumstances.

The Company cannot make the assurance that it will succeed in addressing these risks.

We depend on a small number of customers and the loss of one or more major customers could have a material adverse effect on our business, financial condition and results of operations.

During the nine months ended September 30, 2019 and for the year ended December 31, 2018, revenues generated from two customers represented approximately 100% and 98%, respectively, of our total revenue. One customer represented 100% of our accounts receivable as of September 30, 2019 and December 31, 2018. One and two customers, respectively, represented 100% of our contract assets as of September 30, 2019 and December 31, 2018. The loss of one or more of our major customers, or a substantial decrease in demand by any of those customers for our products, could have a material adverse effect on our business, results of operations and financial condition.

We currently have a customer, Akash Systems, Inc. (“Akash”), developing GaN-based radio frequency products. According to our contract with Akash (filed as Exhibit 10.15 to the Registration Statement), we will take raw semiconductor materials from Akash and process them into finished devices. We are currently contracted to complete 12 wafers/year at a price of \$85,000 per wafer.

If we do not have access to capital on favorable terms, on the timeline we anticipate, or at all, our financial condition and results of operations could be materially adversely affected.

We currently anticipate that we will have enough cash to fund our operations for the next 12 months; however, we anticipate that over the next three years, until we establish a small scale production of our own products, we will need to raise approximately \$30 million of capital to meet our operating requirements and remain competitive. We anticipate we will routinely incur significant costs to conduct research and development, implement new manufacturing and information technologies, to increase our productivity and efficiency, to upgrade equipment and to expand production capacity, and there can be no assurance that we will realize a return on the capital expended. We also anticipate incurring material amounts of debt to fund these requirements in the future. Significant volatility or disruption in the global financial markets may result in us not being able to obtain additional financing on favorable terms, on the timeline we anticipate, or at all, and we may not be able to refinance, if necessary, any outstanding debt when due, all of which could have a material adverse effect on our financial condition. We currently have no commitments for any additional capital and there can be no assurance that we will receive any such commitments, or that any commitments for capital will be on terms that are acceptable to us. Any inability to obtain additional funding on favorable terms, on the timeline we anticipate, or at all, may cause us to curtail our operations significantly, reduce planned capital expenditures and research and development, or obtain funds through arrangements that management does not currently anticipate, including disposing of our assets and relinquishing rights to certain technologies, the occurrence of any of which may significantly impair our ability to remain competitive. If our operating results falter, our cash flow or capital resources prove inadequate, or if interest rates increase significantly, we could face liquidity problems that could materially and adversely affect our results of operations and financial condition.

If the Company cannot effectively manage growth by implementing and improving its operational and financial systems, the Company's business, prospects, financial condition and results of operations could be material adverse affected.

In order to maximize the potential growth in the Company's market opportunities, the Company may have to expand rapidly and significantly. The impetus for expansion could place a significant strain on the management, operational and financial resources of the Company. In order to manage growth, the Company will be required to implement and continually improve its operational and financial systems, expand operations, attract and retain superior management and train, manage and expand its employee base. The Company can give no assurance that it will effectively manage its operations, that its system, procedures, or controls will adequately support operations or that management of the Company will successfully implement its business plan. If the Company cannot effectively manage growth, the Company's business, prospects, financial condition and results of operations could be material adverse affected.

Because we are a company with a very limited operating history and revenues and are only minimally capitalized, we have a lack of liquidity and may need additional financing in the future. Additional financing may not be available when needed, which could delay our development or indefinitely postpone it. Our investors could lose some or all of their investment.

We are only minimally capitalized. Therefore, we expect to experience a lack of liquidity for the near future in our operations. We expect to adjust our expenses as necessary to prevent cash flow or liquidity problems. However, we expect we may need additional financing during the next twelve months, which we do not now possess, to fully develop our products and operations. We expect to rely principally upon our ability to raise additional financing, the success of which cannot be guaranteed. If we need additional capital, we may need to identify alternate sources of capital for working capital purposes. To the extent that we experience a substantial lack of liquidity, our development in accordance with our proposed plan may be delayed or indefinitely postponed, our operations could be impaired, we may become unable to maintain or exceed the marginal profitability we have achieved to date, we may fail as an organization, and our investors could lose some or all of their investment.

If our estimates related to expenditures and/or expected revenue are inaccurate, our business may fail.

We estimate that the expenditures we will incur in the next 12 months will be approximately \$2.25 million, and we currently anticipate that our current cash on hand, grant revenue and customer payments will be sufficient to meet our operating and capital requirements for at least the next 12 months. However, our success is dependent in part upon the accuracy of our management's estimates of expenditures and revenue for the next twelve months and beyond. If such estimates are inaccurate, or we encounter unforeseen expenses and delays or significant unexpected reduction of revenue, we may not be able to carry out our business plan, which could result in the failure of our business.

We may not obtain insurance coverage to adequately cover all significant risk exposures.

We will be exposed to liabilities that are unique to the products we provide. There can be no assurance that we will acquire or maintain insurance for certain risks, that the amount of our insurance coverage will be adequate to cover all claims or liabilities, or that we will not be forced to bear substantial costs resulting from risks and uncertainties of business. It also may not be possible to obtain insurance to protect against all operational risks and liabilities. The failure to obtain adequate insurance coverage on terms favorable to us, or at all, could have a material adverse effect on our business, financial condition and results of operations.

If product liability lawsuits are brought against us, we may incur substantial liabilities.

We face a potential risk of product liability as a result of any of the products that we develop, manufacture and/or offer for sale. For example, we may be sued if any product we develop, manufacture and/or sell allegedly causes injury or is found to be otherwise unsuitable during product testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability and a breach of warranties. Claims could also be asserted under state consumer protection acts. If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities. Even successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for products that we may offer for sale;
- injury to our reputation;
- costs to defend the related litigation;
- a diversion of management's time and our resources;
- substantial monetary awards to trial participants or patients; and
- product recalls, withdrawals or labeling, marketing or promotional restrictions.

We currently do not maintain any product liability insurance. We may obtain insurance when we commence commercial operations. However, there is no guarantee that we will be able to obtain product liability insurance or that such insurance will be affordable or sufficient. If we are unable to obtain or retain sufficient product liability insurance coverage, it could prevent or inhibit the commercialization of products we develop. Even if we obtain product liability insurance in the future, we may have to pay amounts awarded by a court or negotiated in a settlement that exceed our coverage limitations or that are not covered by our insurance, and we may not have, or be able to obtain, sufficient capital to pay such amounts.

Warranty claims, product liability claims and product recalls could harm our business, results of operations and financial condition.

Manufacturing semiconductors is a highly complex and precise process, requiring production in a tightly controlled, clean environment. Minute impurities in our manufacturing materials, contaminants in the manufacturing environment, manufacturing equipment failures, and other defects can cause our products to be non-compliant with customer requirements or otherwise nonfunctional. We face an inherent business risk of exposure to warranty and product liability claims in the event that our products fail to perform as expected or such failure of our products results, or is alleged to result, in bodily injury or property damage (or both). In addition, if any of our designed products are or are alleged to be defective, we may be required to participate in their recall. A successful warranty or product liability claim against us in excess of our available insurance coverage, if any, and established reserves, or a requirement that we participate in a product recall, could have material adverse effects on our business, results of operations and financial condition. Additionally, in the event that our products fail to perform as expected or such failure of our products results in a recall, our reputation may be damaged, which could make it more difficult for us to sell our products to existing and prospective customers and could materially adversely affect our business, results of operations and financial condition.

Since a defect or failure in our product could give rise to failures in the goods that incorporate them (and claims for consequential damages against our customers from their customers), we may face claims for damages that are disproportionate to the revenue and profits we receive from the products involved. We plan to attempt to limit our liability through our standard terms and conditions of sale and other customer contracts in certain instances; however, there is no assurance that such limitations will be effective. To the extent that we are liable for damages in excess of the revenue and profits we received from the products involved, our results of operations and financial condition could be materially adversely affected.

A significant product defect or product recall could materially and adversely affect our brand image, causing a decline in our sales and profitability, and could reduce or deplete our financial resources.

Provided we are successful in developing and selling our products, any product defect could materially harm our brand image and could force us to conduct a product recall. This could damage our relationships with our customers. A product recall would be particularly harmful to us because we will likely have limited financial and administrative resources to effectively manage a product recall and it would detract management's attention from implementing our core business strategies. As a result, a significant product defect or product recall could cause a decline in our sales and profitability and could reduce or deplete our financial resources.

Natural disasters and other business disruptions could cause significant harm to our business operations and facilities and could adversely affect our supply chain and our customer base, any of which may materially adversely affect our business, results of operation, and financial condition.

We expect that our manufacturing and other facilities, as well as the operations of our third-party suppliers, are susceptible to losses and interruptions caused by floods, hurricanes, earthquakes, typhoons, and similar natural disasters, as well as power outages, telecommunications failures, industrial accidents, and similar events. The occurrence of natural disasters in any of the regions in which we or our suppliers will operate could severely disrupt the operations of our businesses by negatively impacting our supply chain, our ability to deliver products, and the cost of our products. Such events can negatively impact revenue and earnings and can significantly impact cash flow, both from decreased revenue and from increased costs associated with the event. In addition, these events could cause consumer confidence and spending to decrease. We may carry insurance to generally compensate for losses of the type noted above, however, even if we obtain such insurance it may not be adequate to cover all losses that may be incurred or continue to be available in the affected area at commercially reasonable rates and terms. To the extent any losses from natural disasters or other business disruptions are not covered by insurance, any costs, write-downs, impairments and decreased revenue can materially adversely affect our business, our results of operations and our financial condition.

We may be subject to litigation from time to time during the normal course of business, which may adversely affect our business, financial condition and results of operations.

From time to time in the normal course of business or otherwise, we may become subject to litigation that may result in liability material to our financial statements as a whole or may negatively affect our operating results if changes to business operation are required. The cost to defend such litigation may be significant and may require a diversion of our resources. There also may be adverse publicity associated with litigation that could negatively affect customer perception of our products and business, regardless of whether the allegations are valid or whether we are ultimately found liable. As a result, litigation may adversely affect our business, financial condition and results of operations.

There is no assurance on the future successful completion of strategic transactions by us to successfully implement our business strategies.

Our ability to complete future strategic transactions could be important to the successful implementation of our business strategies, including our strategies to strengthen our geographic diversity and broaden its customer base. Successful completion of an acquisition or other similar transaction depends on a number of factors that are not entirely within our control, including our ability to negotiate acceptable terms, conclude satisfactory agreements and obtain all necessary regulatory approvals. In seeking to acquire a target company, we may face competition from other companies interested in acquiring the target company that have significantly greater financial and other resources than us. If we need to finance a transaction, we may not be able to obtain the necessary financing on satisfactory terms and within the timeframe that would permit the transaction to proceed. If any of these factors prevents us from completing one or more strategic transactions, we may not be able to expand our business in the manner and on the schedule that we plan. In addition, we may incur significant costs arising from our efforts to engage in strategic transactions. These costs may exceed the returns that we realize from a given transaction. Moreover, these expenditures may not result in the successful completion of a transaction.

Even if we complete one or more strategic transactions, we may be unable to integrate successfully the personnel and operations of a new business or achieve the operational synergies or other benefits that we had anticipated. Moreover, we might fail to discover liabilities of a business or operating or other problems prior to completing a transaction. We could experience adverse accounting and financial consequences, such as the need to make large provisions against the acquired assets or to write down acquired assets. We might also experience a dilutive effect on our earnings. Depending on how any such transaction is structured, there may be an adverse impact on our capital structure. Further, an acquisition could disrupt our ongoing business, distract management and employees or lead to increased expenses.

Risks Related to the Semiconductor Industry

Downturns or volatility in general economic conditions could have a material adverse effect on our business and results of operations.

In recent years, worldwide semiconductor industry sales have tracked the impact of the financial crisis, subsequent recovery and persistent economic uncertainty. We believe that the state of economic conditions in the United States is particularly uncertain due to recent and expected shifts in legislative and regulatory conditions concerning, among other matters, international trade and taxation, and that an uneven recovery or a renewed global downturn may put pressure on our sales due to reductions in customer demand as well as customers deferring purchases. Volatile and/or uncertain economic conditions can adversely impact sales and profitability and make it difficult for us and our competitors to accurately forecast and plan our future business activities. To the extent we incorrectly plan for favorable economic conditions that do not materialize or take longer to materialize than expected, we may face oversupply of our products relative to customer demand. Reduced customer spending may in the future drive us and our competitors, to reduce product pricing, which will result in a negative effect on gross profit. Moreover, volatility in revenue as a result of unpredictable economic conditions may alter our anticipated working capital needs and interfere with our short-term and long-term strategies. To the extent that our sales, profitability and strategies are negatively affected by downturns or volatility in general economic conditions, our business and results of operations may be materially adversely affected.

The loss of a customer, or a significant reduction in the revenue we generate from any customer, could materially adversely affect our revenue, profitability, and results of operations.

We cannot assure you that any of our customers in the future will not cease purchasing products from us in favor of products produced by other suppliers, significantly reduce orders or seek price reductions in the future, and any such event could have a material adverse effect on our revenue, profitability, and results of operations.

In addition, if a significant portion of our revenue is derived from customers in certain industries, a downturn or lower sales to customers in such industries could materially adversely affect our business and results of operations.

The semiconductor industry is highly cyclical, and significant downturns or upturns in customer demand can materially adversely affect our business and results of operations.

The semiconductor industry is highly cyclical and, as a result, is subject to significant downturns and upturns in customer demand for semiconductors and related products. We cannot accurately predict the timing of future downturns and upturns in the semiconductor industry or how severe and prolonged these conditions might be. Significant downturns often occur in connection with, or in anticipation of, maturing product cycles (for semiconductors and for the end-user products in which they are used) or declines in general economic conditions and can result in reduced product demand, production overcapacity, high inventory levels and accelerated erosion of average selling prices, any of which could materially adversely affect our operating results as a result of increased operating expenses outpacing decreased revenue, reduced margins, underutilization of our manufacturing capacity and/or asset impairment charges. On the other hand, significant upturns can cause us to be unable to satisfy demand in a timely and cost efficient manner. In the event of such an upturn, we may not be able to expand our workforce and operations in a sufficiently timely manner, procure adequate resources and raw materials, or locate suitable third-party suppliers to respond effectively to changes in demand for our existing products or to the demand for new products requested by our customers, and our business and results of operations could be materially and adversely affected.

Rapid innovation and short product life cycles in the semiconductor industry can result in price erosion of older products, which may materially adversely affect our business and results of operations.

The semiconductor industry is characterized by rapid innovation and short product life cycles, which often results in price erosion, especially with respect to products containing older technology. Products are frequently replaced by more technologically advanced substitutes and, as demand for older technology falls, the price at which such products can be sold drops, in some cases precipitously. In addition, our and our competitors' excess inventory levels can accelerate general price erosion.

Shortages or increased prices of raw materials could materially adversely affect our results of operations.

Our manufacturing processes will rely on many raw materials. Generally, we expect that our agreements with suppliers of raw materials will impose no minimum or continuing supply obligations, and we will obtain our raw materials and supplies from a large number of sources on a just-in-time basis. From time to time, suppliers of raw materials may extend lead times, limit supplies or increase prices due to capacity constraints or other factors beyond our control. Shortages could occur in various essential raw materials due to interruption of supply or increased demand. If we are unable to obtain adequate supplies of raw materials in a timely manner, the costs of our raw materials increases significantly, their quality deteriorates or they give rise to compatibility or performance issues in our products, our results of operations could be materially adversely affected.

Our facilities and processes may be interdependent and an operational disruption at any particular facility could have a material adverse effect on our ability to produce our products, which would materially adversely affect our business and results of operations.

We may utilize an integrated manufacturing platform in which multiple facilities may each produce one or more components necessary for the assembly of a single product. If we do, an operational disruption at a facility toward the front-end of our manufacturing process may have a disproportionate impact on our ability to produce our products. For example, if our multiple facilities rely predominantly on one third-party for manufacturing at the front-end of its manufacturing process, in the event of any operational disruption, natural or man-made disaster or other extraordinary event at such third-party facility, we may be unable to effectively source replacement components on acceptable terms from qualified third parties, in which case our ability to produce our products could be materially disrupted or delayed.

Conversely, if our facilities are single source facilities that only produce one of our end-products, a disruption at any such facility would materially delay or cease production of the related product. In the event of any such operational disruption, we may experience difficulty in beginning production of replacement components or products at new facilities (for example, due to construction delays) or transferring production to other existing facilities (for example, due to capacity constraints or difficulty in transitioning to new manufacturing processes), any of which could result in a loss of future revenues and materially adversely affect our business and results of operations.

If we are unable to protect the intellectual property we use, our business, results of operations and financial condition could be materially adversely affected.

The enforceability of any patents, trademarks, copyrights, software licenses and other IP we own may be uncertain in certain circumstances. Effective IP protection may be unavailable, limited or not applied for in the U.S. and internationally. The various laws and regulations governing registered and unregistered IP assets, patents, trade secrets, trademarks, mask works and copyrights to protect products and technologies are subject to legislative and regulatory change and interpretation by courts. With respect to our IP generally, we cannot assure you that:

- any of the U.S. or foreign patents and pending patent applications that we may employ in our business will not lapse or be invalidated, circumvented, challenged, abandoned or licensed to others;
- any of our pending or future patent applications will be issued or have the coverage originally sought;
- any of the trademarks, copyrights, trade secrets, know-how or mask works that we employ or will employ in our business will not lapse or be invalidated, circumvented, challenged, abandoned or licensed to others; or
- any of our pending or future trademark, copyright, or mask work applications will be issued or have the coverage originally sought.

If we seek to enforce our rights, we may be subject to claims that the IP right is invalid, is otherwise not enforceable or is licensed to the party against whom we are asserting a claim. In addition, our assertion of IP rights may result in the other party seeking to assert alleged IP rights of its own against us, which may materially adversely impact our business. An unfavorable ruling in these sorts of matters could include money damages or an injunction prohibiting us from manufacturing or selling one or more products, which could in turn negatively affect our business, results of operations or cash flows.

In addition, some of our products and technologies may not be covered by any patents or pending patent applications. We intend to protect our proprietary technologies, including technologies that may not be patented or patentable, in part by confidentiality agreements and, if applicable, inventors' rights agreements with our collaborators, advisors, employees and consultants. We cannot assure you that these agreements will not be breached, that we will have adequate remedies for any breach or that persons or institutions will not assert rights to IP arising out of our research. Should we be unable to protect our IP, competitors may develop products or technologies that duplicate our products or technologies, benefit financially from innovations for which we bore the costs of development and undercut the sales and marketing of our products, all of which could have a material adverse effect on our business, results of operations and financial condition.

If our technologies are subject to claims of infringement on the intellectual property rights of third parties, efforts to address such claims could have a material adverse effect on our results of operations.

We may from time to time be subject to claims that we may be infringing third-party intellectual property (“IP”) rights. If necessary or desirable, we may seek licenses under such IP rights. However, we cannot assure you that we will obtain such licenses or that the terms of any offered licenses will be acceptable to us. The failure to obtain a license from a third-party for IP we use could cause us to incur substantial liabilities or to suspend the manufacture or shipment of products or our use of processes requiring such technologies. Further, we may be subject to IP litigation, which could cause us to incur significant expense, materially adversely affect sales of the challenged product or technologies and divert the efforts of our technical and management personnel, whether or not such litigation is resolved in our favor. In the event of an adverse outcome in any such litigation, we may be required to:

- pay substantial damages;
- indemnify customers or distributors;
- cease the manufacture, use, sale or importation of infringing products;
- expend significant resources to develop or acquire non-infringing technologies;
- discontinue the use of processes; or
- obtain licenses, which may not be available on reasonable terms, to the infringing technologies.

The outcome of IP litigation is inherently uncertain and, if not resolved in our favor, could materially and adversely affect our business, financial condition and results of operations.

We may be unable to maintain manufacturing efficiency, which could have a material adverse effect on our results of operations.

We believe that our success will materially depend on our ability to maintain or improve our margin levels related to manufacturing. Semiconductor manufacturing requires advanced equipment and significant capital investment, leading to high fixed costs, which include depreciation expense. Manufacturing semiconductor components also involves highly complex processes that we and our competitors are continuously modifying to improve yields and product performance. In addition, impurities, waste or other difficulties in the manufacturing process can lower production yields. Our manufacturing efficiency will be an important factor in our future profitability, and we cannot assure you that we will be able to manufacture efficiently, increase manufacturing efficiency to the same extent as our competitors, or be successful in our manufacturing rationalization plans. If we are unable to utilize manufacturing and testing facilities at expected levels, or if production capacity increases while revenue does not, the fixed costs and other operating expenses associated with these facilities will not be fully absorbed, resulting in higher average unit costs and lower gross profits, which could have a material adverse effect on our results of operations.

The failure to successfully implement cost reduction initiatives, including through restructuring activities, could materially adversely affect our business and results of operations.

From time to time, we may implement cost reduction initiatives in response to significant downturns in our industry, including relocating manufacturing to lower cost regions, transitioning higher-cost external supply to internal manufacturing, working with our material suppliers to lower costs, implementing personnel reductions and voluntary retirement programs, reducing employee compensation, temporary shutdowns of facilities with mandatory vacation and aggressively streamlining our overhead.

We cannot assure you that any cost reduction initiatives will be successfully or timely implemented or that they will materially and positively impact profitability.

If we are unable to identify and make the substantial research and development investments required to remain competitive in our business, our business, financial condition and results of operations may be materially adversely affected.

The semiconductor industry requires substantial investment in research and development in order to develop and bring to market new and enhanced technologies and products. The development of new products is a complex and time-consuming process and often requires significant capital investment and lead time for development and testing. We cannot assure you that we will have sufficient resources to maintain the level of investment in research and development that is required to remain competitive.

In addition, the lengthy development cycle for our products will limit our ability to adapt quickly to changes affecting the product markets and requirements of our customers and end-users. There can be no assurance that we will win competitive bid selection processes, known as “design wins,” for new products. In addition, design wins do not guarantee that we will make customer sales or that we will generate sufficient revenue to recover design and development investments, as expenditures for technology and product development are generally made before the commercial viability for such developments can be assured. There is no assurance that we will realize a return on the capital expended to develop new products, that a significant investment in new products will be profitable or that we will have margins as high as we anticipate at the time of investment or have experienced historically. To the extent that we underinvest in our research and development efforts, or that our investments and capital expenditures in research and development do not lead to sales of new products, we may be unable to bring to market technologies and products that are attractive to our customers, and as a result our business, financial condition and results of operations may be materially adversely affected.

We may be unable to develop new products to satisfy changing customer demands or regulatory requirements, which may materially adversely affect our business and results of operations.

The semiconductor industry is characterized by rapidly changing technologies, evolving regulatory and industry standards and certifications, changing customer needs and frequent new product introductions. Our success will be largely dependent on our ability to accurately predict, identify and adapt to changes affecting the requirements of our customers in a timely and cost-effective manner. Additionally, the emergence of new industry or regulatory standards and certification requirements may adversely affect the demand for our products. We plan to focus our new product development efforts on market segments and applications that we anticipate will experience growth, but there can be no assurance that we will be successful in identifying high-growth areas or develop products that meet industry standards or certification requirements in a timely manner. A fundamental shift in technologies, the regulatory climate or consumption patterns and preferences in our existing product markets or the product markets of our customers or end-users could make our current products obsolete, prevent or delay the introduction of new products that we planned to make or render our current or new products irrelevant to our customers’ needs. If our new product development efforts fail to align with the needs of our customers, including due to circumstances outside of our control like a fundamental shift in the product markets of our customers and end users or regulatory changes, our business and results of operations could be materially adversely affected.

Uncertainties regarding the timing and amount of customer orders could lead to excess inventory and write-downs of inventory that could materially adversely affect our financial condition and results of operations.

We expect that our sales will be typically made pursuant to individual purchase orders or customer agreements, and we do not expect to have long-term supply arrangements with our customers requiring a commitment to purchase. We expect that the agreements with our customers may allow them to cancel orders prior to shipment for standard products and, generally prior to start of production for custom products without incurring a penalty. We anticipate to routinely generate inventory based on customers’ estimates of end-user demand for their products, which is difficult to predict. In times of under supply for certain products, some customers could respond by inflating their demand signals. As markets level off and supply capacity begins to match actual market demands, we could experience an increased risk of inventory write-downs, which may materially adversely affect our results of operations and our financial condition. In addition, our customers may change their inventory practices on short notice for any reason. Furthermore, short customer lead times are standard in the industry due to overcapacity. The cancellation or deferral of product orders, the return of previously sold products, or overproduction of products due to the failure of anticipated orders to materialize could result in excess obsolete inventory, which could result in write-downs of inventory or the incurrence of significant cancellation penalties under our arrangements with our raw materials and equipment suppliers. Unsold inventory, canceled orders and cancellation penalties may materially adversely affect our results of operations, and inventory write-downs, which may materially adversely affect our financial condition.

Our customers may require our products to undergo a lengthy and expensive qualification process without any assurance of product sales.

Prior to purchasing our products, our customers may require that our products undergo an extensive qualification process, which involves testing of the products in the customer's system as well as rigorous reliability testing. This qualification process may continue for a few months or longer. However, qualification of a product by a customer does not ensure any sales of the product to that customer. Even after successful qualification and sales of a product to a customer, a subsequent revision to the product or software, changes in the product's manufacturing process or the selection of a new supplier by us may require a new qualification process, which may result in delays and in us holding excess or obsolete inventory. After our products are qualified, it can take an additional few months or more before the customer commences volume production of components or devices that incorporate our products. Despite these uncertainties, we will devote substantial resources, including design, engineering, sales, marketing and management efforts, toward qualifying our products with customers in anticipation of sales. If we are unsuccessful or delayed in qualifying any of our products with a customer, such failure or delay would preclude or delay sales of such product to the customer, which may impede our growth and cause our business to suffer.

Our products are based on novel Gallium Nitride (GaN) processing technology, which makes it difficult to predict the time and cost of product development.

Our products are based on novel GaN processing technology. Our future success depends on the successful development of high-voltage power switching components and systems based on GaN processing technology. There can be no assurance that any development problems we experience in the future related to our products will not cause significant delays or unanticipated costs, or that such development problems can be solved. We may also experience delays in developing a sustainable, reproducible and manufacturing process, which may prevent us from commercializing our products on a timely or profitable basis, if at all.

The semiconductor industry is highly competitive, and our inability to compete effectively could materially adversely affect our business and results of operations.

The semiconductor industry is highly competitive, and our ability to compete successfully depends on elements both within and outside of our control. We will face significant competition from major global semiconductor companies as well as smaller companies focused on specific market niches. In addition, companies not currently in direct competition with us may introduce competing products in the future.

Our inability to compete effectively could materially adversely affect our business and results of operations. Products or technologies developed by competitors that are larger and have more substantial research and development budgets, or that are smaller and more targeted in their development efforts, may render our products or technologies obsolete or noncompetitive. We also may be unable to market and sell our products if they are not competitive on the basis of price, quality, technical performance, features, system compatibility, customized design, innovation, availability, delivery timing and reliability. If we fail to compete effectively on developing strategic relationships with customers and customer sales and technical support, our sales and revenue may be materially adversely affected. Competitive pressures may limit our ability to raise prices, and any inability to maintain revenue or raise prices to offset increases in costs could have a significant adverse effect on our gross margin. Reduced sales and lower gross margins would materially adversely affect our business and results of operations.

The semiconductor industry has experienced rapid consolidation and our inability to compete with large competitors or failure to identify attractive opportunities to consolidate may materially adversely affect our business.

The semiconductor industry is characterized by the high costs associated with developing marketable products and manufacturing technologies as well as high levels of investment in production capabilities. As a result, the semiconductor industry has experienced, and may continue to experience, significant consolidation among companies and vertical integration among customers. Larger competitors resulting from consolidations may have certain advantages over us, including, but not limited to: substantially greater financial and other resources with which to withstand adverse economic or market conditions and pursue development, engineering, manufacturing, marketing and distribution of their products; longer independent operating histories; presence in key markets; patent protection; and greater name recognition. In addition, we may be at a competitive disadvantage to our peers if we fail to identify attractive opportunities to acquire companies to expand our business. Consolidation among our competitors and integration among our customers could erode our market share, negatively impact our capacity to compete and require us to restructure our operations, any of which would have a material adverse effect on our business.

We will be dependent on the services of third-party suppliers and contract manufacturers, and any disruption in or deterioration of the quality of the services delivered by such third parties could materially adversely affect our business and results of operations.

We plan to use third-party contractors for certain of our manufacturing activities. Our agreements with these manufacturers may require us to commit to purchase services based on forecasted product needs, which may be inaccurate, and, in some cases, require longer-term commitments. We will be also dependent upon a limited number of highly specialized third-party suppliers for required components and materials for certain of our key technologies. Arranging for replacement manufacturers and suppliers can be time consuming and costly, and the number of qualified alternative providers can be extremely limited. Our business operations, productivity and customer relations could be materially adversely affected if these contractual relationships were disrupted or terminated, the cost of such services increased significantly, the quality of the services provided deteriorated or our forecasted needs proved to be materially incorrect.

Our potential future global operations may subject us to risks inherent in doing business on a global level that could adversely impact our business, financial condition and results of operations.

We anticipate that a certain amount of our total revenue may be derived from countries outside of the United States, and we might maintain certain operations in these regions. In addition, we may rely on a number of contract manufacturers whose operations are primarily located in outside of the United States. Risks inherent in doing business on a global level include, among others, the following:

- economic and geopolitical instability (including as a result of the threat or occurrence of armed international conflict or terrorist attacks);
- changes in regulatory requirements, international trade agreements, tariffs, customs, duties and other trade barriers;
- licensing requirements for the import or export of certain products;
- exposure to different legal standards, customs, business practices, tariffs, duties and other trade barriers, including changes with respect to price protection, competition practices, IP, anti-corruption and environmental compliance, trade and travel restrictions, pandemics, import and export license requirements and restrictions, and accounts receivable collections;
- transportation and other supply chain delays and disruptions;
- power supply shortages and shutdowns;
- difficulties in staffing and managing foreign operations, including collective bargaining agreements and workers councils, exposure to foreign labor laws and other employment and labor issues;
- currency fluctuations;
- currency convertibility and repatriation;
- taxation of our earnings and the earnings of our personnel;
- limitations on the repatriation of earnings and potential additional taxation of foreign profits in the U.S.;
- potential violations by our international employees or third-party agents of international or U.S. laws relevant to foreign operations (e.g., the Foreign Corrupt Practices Act (“FCPA”));
- difficulty in enforcing intellectual property rights; and
- other risks relating to the administration of or changes in, or new interpretations of, the laws, regulations and policies of the jurisdictions in which we conduct our business.

We cannot assure you that we will be successful in overcoming the risks that relate to or arise from operating in international markets, the materialization of any of which could materially adversely affect our business, financial condition and results of operations.

Changes in tariffs or other government trade policies may materially adversely affect our business and results of operations, including by reducing demand for our products.

The imposition of tariffs and trade restrictions as a result of international trade disputes or changes in trade policies may adversely affect our sales and profitability. For example, in 2018 and 2019, the U.S. government imposed and proposed, among other actions, new or higher tariffs on specified imported products originating from China in response to what it characterizes as unfair trade practices, and China has responded by imposing and proposing new or higher tariffs on specified products including some semiconductors fabricated in the United States. There can be no assurance that a broader trade agreement will be successfully negotiated between the United States and China to reduce or eliminate these tariffs. These tariffs, and the related geopolitical uncertainty between the United States and China, may cause decreased end-market demand for our products from distributors and other customers, which could have a material adverse effect on our business and results of operations. For example, certain of our future foreign customers may respond to the imposition of tariffs or threat of tariffs on products we produce by delaying purchase orders, purchasing products from our competitors or developing their own products. Ongoing international trade disputes and changes in trade policies could also impact economic activity and lead to a general contraction of customer demand. In addition, tariffs on components that we may import from China or other nations that have imposed, or may in the future impose, tariffs will adversely affect our profitability unless we are able to exclude such components from the tariffs or we raise prices for our products, which may result in our products becoming less attractive relative to products offered by our competitors. Future actions or escalations by either the United States or China that affect trade relations may also impact our business, or that of our suppliers or customers, and we cannot provide any assurances as to whether such actions will occur or the form that they may take. To the extent that our sales or profitability are negatively affected by any such tariffs or other trade actions, our business and results of operations may be materially adversely affected.

Changes in government trade policies could limit our ability to sell our products to certain customers, which may materially adversely affect our sales and results of operations.

The U.S. Congress or U.S. regulatory authorities may take administrative, legislative or regulatory action that could materially interfere with our ability to make sales, particularly in China. We could experience unanticipated restrictions on our ability to sell to certain foreign customers where sales of products and the provision of services may require export licenses or are prohibited by government action. For example, the U.S. Department of Commerce could ban the export of U.S. products to foreign customers. The terms and duration of any such restrictions may not be known to us in advance and may be subject to ongoing modifications. Even to the extent such restrictions are subsequently lifted, any financial or other penalties imposed on affected foreign customers could have a negative impact on future orders. Such foreign customers may also respond to sanctions or the threat of sanctions by developing their own solutions or adopting alternative solutions or competitors' solutions. The loss or temporary loss of customers as a result of such future regulatory limitations could materially adversely affect our sales, business and results of operations.

We may be unable to attract and retain highly skilled personnel.

Our success depends on our ability to attract, motivate and retain highly skilled personnel, including research, technical, marketing, management and staff personnel. In the semiconductor industry, the competition for qualified personnel, particularly experienced design engineers and other technical employees, is intense, particularly when the business cycle is improving. During such periods, competitors may try to recruit our most valuable technical employees. Moreover, there can be no assurance that we will be able to retain our current personnel or recruit the key personnel we require. Loss of the services of, or failure to effectively recruit, qualified personnel, including senior managers, could have a material adverse effect on our competitive position and on our business.

Environmental and health and safety liabilities and expenditures could materially adversely affect our results of operations and financial condition.

Our future manufacturing operations may be subject to various environmental laws and regulations relating to the management, disposal and remediation of hazardous substances and the emission and discharge of pollutants into the air, water and ground, and we may be identified as either a primary responsible party or a potentially responsible party at sites where we or our predecessors operated or disposed of waste in the past. Our operations may also be subject to laws and regulations relating to workplace safety and worker health, which, among other requirements, regulate employee exposure to hazardous substances. We do not currently maintain environmental insurance to cover certain claims related to historical contamination and future releases of hazardous substances. Moreover, we cannot assure you that even if such insurance is purchased, that it will cover any or all of our material environmental costs. In addition, the nature of our future operations may expose us to the continuing risk of environmental and health and safety liabilities including:

- changes in U.S. and international environmental or health and safety laws or regulations, including, but not limited to, future laws or regulations imposed in response to climate change concerns;
- the manner in which environmental or health and safety laws or regulations will be enforced, administered or interpreted;
- our ability to enforce and collect under indemnity agreements and insurance policies relating to environmental liabilities;
- the cost of compliance with future environmental or health and safety laws or regulations or the costs associated with any future environmental claims, including the cost of clean-up of currently unknown environmental conditions; or
- the cost of fines, penalties or other legal liability, should we fail to comply with environmental or health and safety laws or regulations.

To the extent that we face unforeseen environmental or health and safety compliance costs or remediation expenses or liabilities that are not covered by insurance, we may bear the full effect of such costs, expense and liabilities, which could materially adversely affect our results of operations and financial condition.

We may be subject to disruptions or breaches of our secured network that could irreparably damage our reputation and our business, expose us to liability and materially adversely affect our results of operations.

We may routinely collect and store sensitive data, including IP and other proprietary information about our business and our customers, suppliers and business partners. The secure processing, maintenance and transmission of this information will be critical to our operations and business strategy. We may be subject to disruptions or breaches of our secured network caused by computer viruses, illegal hacking, criminal fraud or impersonation, acts of vandalism or terrorism or employee error. Our security measures and/or those of our third-party service providers and/or customers may not detect or prevent such security breaches. The costs to us to reduce the risk of or alleviate cyber security breaches and vulnerabilities could be significant, and our efforts to address these problems may not be successful and could result in interruptions and delays that may materially impede our sales, manufacturing, distribution or other critical functions. Any such compromise of our information security could result in the misappropriation or unauthorized publication of our confidential business or proprietary information or that of other parties with which we do business, an interruption in our operations, the unauthorized transfer of cash or other of our assets, the unauthorized release of customer or employee data or a violation of privacy or other laws. In addition, computer programmers and hackers also may be able to develop and deploy viruses, worms and other malicious software programs that attack our systems, or that otherwise exploit any security vulnerabilities, and any such attack, if successful, could expose us to liability to customer claims. Any of the foregoing could irreparably damage our reputation and business, which could have a material adverse effect on our results of operations.

Sales through distributors and other third parties will expose us to risks that, if realized, could have a material adverse effect on our results of operations.

We may sell a significant portion of our products through distributors. Distributors may sell products that compete with our products, and we may need to provide financial and other incentives to focus distributors on the sale of our products. We may rely on one or more key distributors for a product, and the loss of these distributors could reduce our revenue. Distributors may face financial difficulties, including bankruptcy, which could harm our collection of accounts receivable and financial results. Violations of the FCPA or similar laws by distributors or other third-party intermediaries could have a material impact on our business. Failure to manage risks related to our use of distributors may reduce sales, increase expenses, and weaken our competitive position, any of which could have a material adverse effect on our results of operations.

The failure to comply with the terms and conditions of our contracts could result in, among other things, damages, fines or other liabilities.

We expect to have a diverse customer base consisting of both private sector clients and public sector clients, including the U.S. government. Sales to our private sector clients are generally expected to be based on stated contractual terms, the terms and conditions on our website or terms contained in purchase orders on a transaction-by-transaction basis. Sales to our public sector clients are generally expected to be derived from sales to federal, state and local governmental departments and agencies through various contracts and programs, which may require compliance with regulations covering many areas of our operations, including, but not limited to, accounting practices, IP rights, information handling, and security. Noncompliance with contract terms, particularly with respect to highly-regulated public sector clients, or with government procurement regulations could result in fines or penalties against us, termination of such contracts or civil, criminal and administrative liability to the Company. With respect to public sector clients, the government's remedies may also include suspension or debarment from future government business. The effect of any of these possible actions or the adoption of new or modified procurement regulations or practices could materially adversely affect our business, financial position and results of operations.

Risk Related To Our Common Stock

An investment in our company should be considered illiquid.

An investment in the Company requires a long-term commitment, with no certainty of return. Because we did not become an SEC reporting company by the traditional means of conducting an initial public offering of our Common Stock, we may be unable to establish a liquid market for our Common Stock. Moreover, we do not expect security analysts of brokerage firms to provide coverage of the Company in the near future. In addition, investment banks may be less likely to agree to underwrite primary or secondary offerings on behalf of the Company or its stockholders in the future than they would if we were to become a public reporting company by means of an initial public offering of common stock. If all or any of the foregoing risks occur, it would have a material adverse effect on the Company. Even if the Company become a publicly-listed company, of which no assurances can be given, we cannot predict whether an active market for its Common Stock will ever develop in the future. The lack of an active market impairs purchasers of the Company's Common Stock at the time they wish to sell their shares or at a price that they consider reasonable. The lack of an active market may also reduce the fair market value of the Company's Common Stock.

We may not qualify for quotation on the OTCQB Market, and therefore you may be unable to sell your shares.

We believe that, assuming the effectiveness of the registration statement of which this prospectus is a part, our Common Stock will become eligible for quotation on the OTCQB Market, which we refer to herein as the OTCQB. No assurances can be given, however, that this eligibility will be granted. OTCQB eligible securities include securities not listed on a registered national securities exchange in the U.S. and that are also required to file reports pursuant to Section 13 or 15(d) of the Securities Act, and require that we are current in our periodic securities reporting obligations.

Among other matters, in order for our Common Stock to become OTCQB eligible, a broker/dealer member of FINRA, must file a Form 211 with FINRA and commit to make a market in our securities once the Form 211 is approved by FINRA. We have not made arrangements with any person to file a Form 211. If for any reason our Common Stock does not become eligible for quotation on the OTCQB or a public trading market does not develop, purchasers of shares of our Common Stock may have difficulty selling their shares should they desire to do so. If we are unable to satisfy the requirements for quotation on the OTCQB, any quotation of our Common Stock would be conducted in the "pink" sheets market. As a result, the shares of the Common Stock being offered hereby must be sold at a specified fixed price of \$1.50 per share during the duration of the offering and accordingly would be more difficult for a holder of such shares to dispose of. The above-described rules may materially adversely affect the liquidity of our securities.

Our Common Stock may be considered a "penny stock," and thereby be subject to additional sale and trading regulations that may make it more difficult to sell.

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a price of less than \$5.00 (other than securities registered on certain national securities exchanges or authorized for quotation on certain automated quotation systems, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system). The OTCQB does not meet such requirements and if the price of our Common Stock is less than \$5.00, our Common Stock will be deemed penny stocks. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from those rules, to deliver a standardized risk disclosure document containing specified information. In addition, the penny stock rules require that prior to effecting any transaction in a penny stock not otherwise exempt from those rules, a broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive (i) the purchaser's written acknowledgment of the receipt of a risk disclosure statement; (ii) a written agreement to transactions involving penny stocks; and (iii) a signed and dated copy of a written suitability statement. These disclosure requirements may have the effect of reducing the trading activity in the secondary market for our Common Stock should it become OTCQB eligible, and therefore stock holders may have difficulty selling their shares.

FINRA sales practice requirements may also limit an investor's ability to buy and sell our Common Stock, which could depress the price of our Common Stock.

FINRA rules require broker-dealers to have reasonable grounds for believing that an investment is suitable for a customer before recommending that investment to the customer. Prior to recommending speculative low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status and investment objectives, among other things. Under interpretations of these rules, FINRA believes that there is a high probability that such speculative low-priced securities will not be suitable for at least some customers. Thus, FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our Common Stock, which may limit an investor's ability to buy and sell shares of Common Stock, have an adverse effect on the market for our Common Stock, and thereby depress the price of our Common Stock. In addition, it has been more difficult in recent years for holders of "penny stocks" to deposit their shares with brokerage firms, which may limit any shareholder's ability to sell shares of our stock, even if such shares are approved for trading on the OTCQB.

The shares of our Common Stock may experience dilution by exercises of outstanding warrants and options.

As of the date hereof, we have outstanding warrants to purchase an aggregate of 155,966 shares of our Common Stock at a price of \$1.50 per share, and options to purchase an aggregate of 590,000 shares of our Common Stock at a price of \$1.50 per share. In addition, there are 746,000 shares available to be issued in the future under the 2019 Equity Compensation Plan. The exercise of such outstanding options and warrants, as well as any future issuance of other warrants and options, will result in substantial dilution of the investment of our shareholders. In addition, our shareholders may experience additional dilution if we issue Common Stock in the future for additional capital raises. Any of such dilution may have adverse effect on the price of our Common Stock.

Substantial resale of restricted securities may depress the market price of our securities.

There are 11,159,661 shares of our Common Stock of presently issued and outstanding as of the date hereof that are "restricted securities" as that term is defined under the Securities Act. These securities may be sold in compliance with Rule 144 promulgated under the Securities Act ("Rule 144"), or pursuant to a registration statement filed under the Securities Act. The sale of a large number of shares of our Common Stock in the open market pursuant to Rule 144, once eligible, could harm the market price of our Common Stock.

If we are unable to timely register for resale all of the shares of common stock and shares of common stock underlying the warrants included herein, the selling stockholders will need to rely on an exemption from registration requirements in order to sell their shares.

We entered into registration rights agreements with the selling stockholders, pursuant to which we are obligated to file a registration statement with the SEC to register the resale of their shares of the common stock and/or shares of common stock underlying the placement agent warrants and to have the registration statement declared effective by the SEC no later than March 14, 2020. Nevertheless, it is possible that the SEC may not permit us to register all of the shares of common stock for resale. If we are unable to register some or all of the shares of common stock and/or shares of common stock underlying the placement agent warrants held by the selling stockholders, these shares would only be able to be sold pursuant to an exemption from registration under the Securities Act, such as Rule 144.

Effect on stock price resulting from a significant number of shares of Common Stock eligible for sale upon effectiveness of the registration statement of which this prospectus is a part.

Following the effectiveness of the registration statement of which this prospectus is a part, a large number of shares of Common Stock will be available for sale in the public market, which could harm the market price of our Common Stock. Further, other than shares registered in the registration statement, shares of Common Stock may be offered from time to time in the open market pursuant to Rule 144, and these sales may have a depressive effect on our Common Stock as well.

We are an "emerging growth company," and will be able take advantage of reduced disclosure requirements applicable to "emerging growth companies," which could make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, or JOBS Act, and, for as long as we continue to be an "emerging growth company," we intend to take advantage of certain exemptions from various reporting requirements applicable to other public companies but not to "emerging growth companies," including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. In addition, as an "emerging growth company," we have chosen to take advantage of the extended transition period for complying with new or revised accounting standards, which will allow us to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies. Accordingly, our financial statements may not be comparable to companies that comply with all public company accounting standards which could impact the valuation of our securities.

We could be an "emerging growth company" for up to five years, or until the earliest of (i) the last day of the first fiscal year in which our annual gross revenues exceed \$1.07 billion, (ii) the date that we become a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our Common Stock that is held by non-affiliates exceeds \$700 million as of the last business day of our most recently completed second fiscal quarter, or (iii) the date on which we have issued more than \$1 billion in non-convertible debt during the preceding three year period. We cannot predict if investors will find our Common Stock less attractive if we choose to rely on these exemptions. If some investors find our Common Stock less attractive as a result of any choices to reduce future disclosure, there may be a less active trading market for our Common Stock and our stock price may be more volatile.

We will incur significantly increased costs and devote substantial management time as a result of operating as a public company particularly after we are no longer an “emerging growth company.”

As a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. For example, we will be required to comply with certain of the requirements of the Sarbanes-Oxley Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act, as well as rules and regulations subsequently implemented by the Securities and Exchange Commission, including the establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. We expect that compliance with these requirements will increase our legal and financial compliance costs and will make some activities more time consuming and costly. In addition, we expect that our management and other personnel will need to divert attention from operational and other business matters to devote substantial time to these public company requirements. In particular, we expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 of the Sarbanes-Oxley Act. We are just beginning the process of compiling the system and processing documentation needed to comply with such requirements. We may not be able to complete our evaluation, testing and any required remediation in a timely fashion. In that regard, we currently do not have an internal audit function, and we will need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge.

However, for as long as we remain an “emerging growth company” as defined in the JOBS Act, we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies” including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We intend to take advantage of these reporting exemptions until we are no longer an “emerging growth company.”

After we are no longer an “emerging growth company,” we expect to incur additional management time and cost to comply with the more stringent reporting requirements applicable to companies that are deemed accelerated filers or large accelerated filers, including complying with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act.

We cannot predict or estimate the amount of additional costs we may incur as a result of becoming a public company or the timing of such costs.

There may be limitations on the effectiveness of our internal controls, and a failure of our control systems to prevent error or fraud may materially harm our company.

Proper systems of internal controls over financial accounting and disclosure are critical to the operation of a public company. As we are a start-up company, we are at the very early stages of establishing, and we may be unable to effectively establish such systems, especially in light of the fact that we expect to operate as a publicly reporting company. This would leave us without the ability to reliably assimilate and compile financial information about the Company and significantly impair our ability to prevent error and detect fraud, all of which would have a negative impact on the Company from many perspectives.

Moreover, we do not expect that disclosure controls or internal control over financial reporting, even if established, will prevent all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Failure of our control systems to prevent error or fraud could materially adversely impact us.

We may be unable to complete our analysis of our internal controls over financial reporting in a timely manner, or these internal controls may not be determined to be effective, which may adversely affect investor confidence in our company and, as a result, the value of our Common Stock.

We may be required, pursuant to Section 404 of the Sarbanes-Oxley Act, to furnish a report by our management on, among other things, the effectiveness of our internal control over financial reporting for the first fiscal year beginning after the effective date of the registration statement of which this prospectus is a part. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting, as well as a statement that our independent registered public accounting firm has issued an opinion on our internal control over financial reporting.

If we are unable to assert that our internal control over financial reporting is effective, or, if applicable, our independent registered public accounting firm is unable to express an opinion on the effectiveness of our internal controls, we could lose investor confidence in the accuracy and completeness of our financial reports, which would cause the price of our Common Stock to decline, and we may be subject to investigation or sanctions by the SEC. We will also be required to disclose changes made in our internal control and procedures on a quarterly basis.

However, our independent registered public accounting firm will not be required to formally attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 until the later of the year following our first annual report required to be filed with the SEC, or the date we are no longer an “emerging growth company” as defined in the recently enacted JOBS Act, if we take advantage (as we expect to do) of the exemptions contained in the JOBS Act. We will remain an “emerging growth company” for up to five years, although if the market value of our Common Stock that is held by non-affiliates exceeds \$700 million as of any June 30 before that time, we would cease to be an “emerging growth company” as of the following December 30.

At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our controls are documented, designed or operating. Our remediation efforts may not enable us to avoid a material weakness in our internal control over financial reporting in the future. Any of the foregoing occurrences, should they come to pass, could negatively impact the public perception of our company, which could have a negative impact on our stock price.

Our officers and directors have significant control over shareholder matters.

Our officers and directors own approximately 50.65% of the Company’s outstanding Common Stock, and thus collectively have control over shareholder matters, such as election of directors, amendments to our Articles of Incorporation, and approval of significant corporate transactions. As a result, the Company’s minority shareholders will have little or no control over our affairs.

We do not currently intend to pay dividends on our Common Stock in 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 cash dividends on our Common Stock and do not anticipate paying any cash dividends to holders of our Common Stock in the foreseeable future. Consequently, investors must rely on sales of their shares after price appreciation, which may never occur, as the only way to realize any future gains on their investments. There is no guarantee that shares of our Common Stock will appreciate in value or even maintain the price at which our stockholders have purchased their shares.

Upon dissolution of the Company, you may not recoup all or any portion of your investment.

In the event of a liquidation, dissolution or winding-up of our company, whether voluntary or involuntary, the proceeds and/or assets of the Company remaining after giving effect to such transaction, and the payment of all of our debts and liabilities will be distributed to the stockholders of Common Stock on a pro rata basis. There can be no assurance that we will have available assets to pay to the holders of Common Stock, or any amounts, upon such a liquidation, dissolution or winding-up of our Company. In this event, you could lose some or all of your investment.

USE OF PROCEEDS

We will not receive any of the proceeds from the sale of the Common Stock by the selling stockholders named in this prospectus. All proceeds from the sale of the Common Stock will be paid directly to the selling stockholders. We would, however, receive proceeds upon the exercise of the warrants held by the selling stockholders which, if such warrants are exercised in full would be approximately \$233,949. Proceeds, if any, received from the exercise of such warrants will be used for working capital and general corporate purposes. No assurances can be given that any of such warrants will be exercised.

DIVIDEND POLICY

We have never paid any cash dividends on our Common Stock. We anticipate that we will retain funds and future earnings to support operations and to finance the growth and development of our business. Therefore, we do not expect to pay cash dividends in the foreseeable future. Any future determination to pay dividends will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements and other factors that our board of directors deems relevant. In addition, the terms of any future debt or credit financings may preclude us from paying dividends.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read together with our financial statements and the related notes and the other financial information included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this prospectus, particularly those under "Risk Factors." Dollars in tabular format are presented in thousands, except per share data, or otherwise indicated. When used herein, unless the context requires otherwise, references to the "Company," "we," "our" and "us" refer to Odyssey Semiconductor Technologies, Inc., a Delaware corporation, collectively with its wholly-owned subsidiary, Odyssey Semiconductor, Inc, a Delaware corporation.

OVERVIEW

Odyssey Semiconductor Technologies, Inc. (the "Company") was formed as a Delaware corporation on April 12, 2019. The Company acquired its wholly-owned subsidiary, Odyssey Semiconductor, Inc., a Delaware corporation ("Odyssey Semiconductor"), on June 21, 2019. Odyssey Semiconductor commenced business operations on June 17, 2019 when it acquired its wholly-owned subsidiary, JR2J LLC ("JR2J"), from its founders, Richard Brown and James Shealy, in exchange for shares of Odyssey Semiconductor. The Company mainly operates its business through Odyssey Semiconductor and does not plan to operate JR2J after it completes certain work that JR2J had contracted in the past.

We are a semiconductor device company developing revolutionary high-voltage power switching components and systems based on proprietary Gallium Nitride (GaN) processing technology. The premium power switching device market, which is described as applications where silicon-based (Si) systems perform insufficiently, is projected to reach over \$3.5 billion by 2025 and is currently dominated by the semiconductor material silicon carbide (SiC). GaN-based systems outperform Si and SiC based systems in every way due to the superior material properties of GaN. However, GaN devices have, to-date proven difficult to process using standard semiconductor processing methods that are used to create Si and SiC based devices. We have developed a novel processing modification that allows GaN to be processed in a manner that for the first time, makes high voltage GaN power switching devices viably manufacturable. Our mission is to disrupt the rapidly growing premium power switching device market using our newly developed GaN high voltage power transistor for switching applications.

RECENT DEVELOPMENTS

Reverse Recapitalization

On June 21, 2019, the Company entered into a share exchange agreement (the “Share Exchange Agreement”) with Odyssey Semiconductor and 100% of the stockholders of Odyssey Semiconductor (the “Semiconductor Stockholders”), pursuant to which the Semiconductor Stockholders agreed to transfer an aggregate of 5,666,667 shares of common stock of Odyssey Semiconductor to the Company in exchange for the Company’s issuance of an aggregate of 5,666,667 shares of the Company’s Common Stock to the Semiconductor Stockholders (the “Share Exchange”). As of June 21, 2019, Odyssey Semiconductor became a wholly-owned subsidiary of the Company, the Semiconductor Stockholders beneficially owned approximately 61.37% of the Company’s Common Stock on a fully-diluted basis, the Company began operating Odyssey Semiconductor’s business of developing high-voltage power switching components and systems, all then directors and officers of the Company resigned and were replaced by the directors and officers of Odyssey Semiconductor.

2019 Private Placements

On June 21 and August 5, 2019, the Company sold an aggregate of 1,776,346 shares of Common Stock at \$1.50 per share to accredited investors for aggregate gross and net cash proceeds of \$2,664,513 and \$2,204,502, respectively. In addition, the Company issued to the Company’s placement agent, Katalyst Securities LLC (“Katalyst”), immediately vested five-year warrants to purchase an aggregate of 155,966 shares of the Company’s Common Stock at an exercise price of \$1.50 per share. We also paid Katalyst a cash fee of 10% on funds raised from the investors introduced by Katalyst and a cash fee of 5% on funds raised by us.

On September 24, 2019, the Company sold an aggregate of 149,981 shares of common stock at \$1.50 per share to accredited investors for aggregate cash proceeds of \$224,972.

Registration Rights Agreement

We have entered into registration rights agreements with the selling stockholders, pursuant to we agreed to file a registration statement to register the resale of their shares and/or shares of common stock issuable upon the exercise of the placement agent warrants prior to November 18, 2019 and cause the registration statement to be declared effective by the SEC within 120 calendar days after the filing date (i.e. March 14, 2020). If we fail to cause the registration statement to be declared effective prior by March 14, 2020, with respect to the days of such delay we will be subject to cash liquidated damages at a rate of twelve percent (12%) per annum of the total of the following as applicable for the registrable securities: (i) aggregate purchase price paid by the selling stockholders who purchased the shares in the private placements; (ii) \$1.50 per share of the placement agent warrants; and/or (iii) \$1.50 per share for other selling stockholders. Notwithstanding the foregoing, the maximum amount of liquidated damages that may be paid by the Company pursuant to the registration rights agreements shall be an amount equal to eight percent (8%) of the applicable foregoing amounts described in clauses (i), (ii) and (iii) in the preceding sentence with respect to such holder’s registrable securities that are affected by the delay.

Consulting Service

On October 18, 2019, the Company entered into an exclusive two-year consulting agreement with Akash, pursuant to which the Company agreed to provide certain consulting services to Akash in connection with process development and fabrication of GaN-on-Diamond high-electron-mobility transistors and monolithic microwave integrated circuits. The Company will take raw semiconductor materials from Akash and process them into finished devices. Pursuant to the agreement, Akash guarantees to purchase at least one wafer per month from the Company for a total of 24 wafers during the term of the agreement, at a price of \$85,000 per wafer. Akash is currently our only customer. The Company plans to license three patents from Cornell University to use for the fabrication of microwave GaN devices that the Company is building for Akash if the Company is able to reach an agreement with Akash for the use of the patented technology in its products.

COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenues

Our revenues are derived from contracts with customers that require us to design, develop, manufacture, test and integrate complex equipment and to provide engineering and technical services according to customer specifications. These contracts are often priced on a time and material type basis. Revenues on time and material type contracts are generally recognized in each period based on the amount billable to the customer which is based on direct labor hours expended multiplied by the contractual fixed rate per hour, plus the actual costs of materials and other direct non-labor costs.

Cost of Revenues

Cost of revenues consist of material, labor, a portion of occupancy expenses, and other expenses directly related to our revenue contracts.

Research and Development

Research and development includes expenses, primarily material, labor, a portion of occupancy expenses, and other expenses incurred in connection with the research and development of certain exploratory projects. Research and development expenses are expensed as they are incurred.

Selling, General, and Administrative

Selling, general, and administrative expenses consist of salaries, payroll taxes and other benefits, legal and professional fees, stock-based compensation, rent and office expenses, marketing and travel and other costs associated with our operation.

Other Income

Other income consists primarily of interest income on cash balances.

RESULTS OF OPERATIONS

Nine Months Ended September 30, 2019 Compared with Nine Months Ended September 30, 2018

Overview

The following table presents certain information from the condensed consolidated statements of operations:

	For The Nine Months Ended September 30,		Variance	
	2019	2018	\$	%
Revenues	\$ 282,745	\$ 449,241	\$ (166,496)	(37%)
Cost of Revenues	317,216	288,651	28,565	10%
Gross (Loss) Profit	(34,471)	160,590	(195,061)	(121%)
Operating Expenses:				
Research and development	155,527	72,470	83,057	115%
Selling, general, and administrative	898,796	9,757	889,039	9,112%
Total Operating Expenses	1,054,323	82,227	972,096	1,182%
(Loss) Income From Operations	(1,088,794)	78,363	(1,167,157)	(1,489%)
Other Income:				
Interest income	454	578	(124)	(21%)
Net (Loss) Income	<u>\$ (1,088,340)</u>	<u>\$ 78,941</u>	<u>\$ (1,167,281)</u>	<u>(1,479%)</u>

Revenues

Revenues for the nine months ended September 30, 2019 and 2018 were \$282,745 and \$449,241, respectively, which represented a decrease of \$166,496, or 37%. The decrease was primarily attributable to reduced revenue associated with a certain customer that generated \$269,840 of revenue in the 2018 period but \$0 in 2019, partially offset by revenue associated with a new customer of \$161,781 in 2019.

Cost of Revenues

Cost of revenues for the nine months ended September 30, 2019 and 2018 were \$317,216 and \$288,651, respectively, which represented an increase of \$28,565, or 10%. The increase was attributable to a decrease of \$33,325 due to the end of certain government reimbursement contracts. This was offset by an increase of \$40,672, or 57%, to \$112,331 during the 2019 period as compared to \$71,659 during the 2018 period due to increased labor costs associated with our revenue generating projects in the 2019 period. Lastly, there was an increase in facility and equipment usage fees of \$21,000, or 39%, to \$78,135 during the 2019 period as compared to \$56,186 during the 2018 period in order to support the same revenue generating projects.

Research and Development

Research and development expenses for the nine months ended September 30, 2019 and 2018 were \$155,527 and \$72,470, respectively, which represented an increase of \$83,057, or 115%. The increase was primarily attributable to an overall increase in our focus on research and development activities, which resulted in increased rent and facility fees, equipment usage costs and general lab supplies. During the 2019 period, we incurred increased levels of repairs and general maintenance expense due to the costs of moving into a new facility. In addition, we increased our headcount which resulted in an increase of payroll expenses of \$24,972.

Selling, General, and Administrative

Selling, general, and administrative expenses for the nine months ended September 30, 2019 and 2018 were \$898,796 and \$9,757, respectively, which represented an increase of \$889,039, or 9,112%. The increase was primarily attributable to approximately \$525,000 of non-cash stock-based compensation to a consultant during the 2019 period. We increased our headcount in 2019, which led to an increase in payroll expenses of \$178,485. In 2018, we subcontracted all of our of labor and did not have employees. Additionally, we have incurred increased legal and professional fees of \$67,684 and other office expenses of \$82,000.

Other Income

Other income for the nine months ended September 30, 2019 and 2018 was \$454 and \$578, respectively, which represented a decrease of \$124.

Net (Loss) Income

Net (loss) income for the nine months ended September 30, 2019 and 2018 was \$(1,088,340) and \$78,941, respectively, which represented a decrease of \$1,167,281, or 1,479%. The decrease was primarily attributable to the decrease in gross profit of \$195,061 and the increase in operating expenses of \$972,096.

Year Ended December 31, 2018 Compared with Year Ended December 31, 2017

Overview

The following table presents certain information from the combined statements of operations:

	For The Years Ended December 31,		Variance	
	2018	2017	\$	%
Revenues	\$ 590,540	\$ 174,377	\$ 416,163	239%
Cost of Revenues	<u>359,050</u>	<u>80,918</u>	<u>278,132</u>	<u>344%</u>
Gross Profit	<u>231,490</u>	<u>93,459</u>	<u>138,031</u>	<u>148%</u>
Operating Expenses:				
Research and development	98,753	7,382	91,371	1,238%
Selling, general, and administrative	14,429	9,329	5,100	55%
Total Operating Expenses	<u>113,182</u>	<u>16,711</u>	<u>96,471</u>	<u>577%</u>
Income From Operations	118,308	76,748	41,560	54%
Other Income:				
Interest income	704	20	684	3,420%
Net Income	<u>\$ 119,012</u>	<u>\$ 76,768</u>	<u>\$ 42,244</u>	<u>55%</u>

Revenues

Revenues for the years ended December 31, 2018 and 2017 were \$590,540 and \$174,377, respectively, which represented an increase of \$416,163 or 239%. That increase was primarily attributable to an increase of \$280,690 in revenues from a major customer during the 2018 period. Additionally, there was an increase in revenue from government contracts of \$198,542.

Cost of Revenues

Cost of revenues for the years ended December 31, 2018 and 2017 were \$359,050 and \$80,918, respectively, which represented an increase of \$278,132, or 344%. The increase was attributable to an increase in labor costs of \$134,615 during the 2018 period attributable to government reimbursement contracts. Additionally, there was an increase in labor costs of \$28,446 attributable to general contracting revenues. Lastly, there was an increase of \$105,026 related to facilities and equipment fees due to increased revenues during the 2018 period.

Research and Development

Research and development expenses for the years ended December 31, 2018 and 2017 were \$98,753 and \$7,382, respectively, which represented an increase of \$91,371. The increase was primarily attributable to an overall increase in our focus on research and development activities, which resulted in increased user facility fees of \$74,969 and costs for lab supplies of \$14,494.

Selling, General, and Administrative

Selling, general, and administrative expenses for the years ended December 31, 2018 and 2017 were \$14,429 and \$9,329, respectively, which represented an increase of \$5,100, or 55%. The increase is primarily attributable to slight increases in rent and conference fees, partially offset by a slight decreases in office supplies expenses.

Other Income

Other income for the years ended December 31, 2018 and 2017 was \$704 and \$20, respectively, which represented an increase of \$684.

Net Income

Net income for the years ended December 31, 2018 and 2017 was \$119,012 and \$76,768, respectively, which represented an increase of \$42,244, or 55%. The increase was primarily attributable to the increase of \$138,031 in gross profit partially offset by the \$91,371 increase in research and development expenses.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

We measure our liquidity in a number of ways, including the following:

	September 30, 2019
Cash	<u>\$ 1,599,695</u>
Working Capital	<u>\$ 1,653,085</u>

As of September 30, 2019, we had cash and working capital of \$1,700,102 and \$1,753,492, respectively. We estimate that the expenditures we will incur in the next 12 months will be approximately \$2.25 million. We expect our current cash on hand, grant revenue and customer payments will be sufficient to meet our operating and capital requirements for at least the next 12 months from the date of this filing. Thereafter, we may need to raise further capital, through the sale of additional equity or debt securities, to support our future operations. Our operating needs include the planned costs to operate our business, including amounts required to fund working capital and capital expenditures as well as research and development. Our future capital requirements and the adequacy of our available funds will depend on many factors, including our ability to successfully commercialize our products and services, competing technological and market developments, and the need to enter into collaborations with other companies or acquire other companies or technologies to enhance or complement our product and service offerings. If we are unable to secure additional capital, we may be required to curtail our research and development initiatives and take additional measures to reduce costs in order to conserve our cash.

Our sources and uses of cash were as follows:

Net cash (used in) provided by operating activities for the nine months ended September 30, 2019 and 2018 was \$(480,697) and \$74,470, respectively. Net cash used in operating activities for the nine months ended September 30, 2019 includes cash used to fund a net loss of \$1,088,340, reduced by \$529,347 of non-cash expenses, partially offset by \$78,269 of net cash provided by changes in the levels of operating assets and liabilities. Net cash provided by operating activities for the nine months ended September 30, 2018 included cash provided by net income of \$78,941, reduced by \$2,543 of non-cash expenses, partially offset by \$7,014 of net cash used in changes in the levels of operating assets and liabilities. Net cash provided by operating activities for the years ended December 31, 2018 and 2017 was \$53,167 and \$9,846, respectively. Net cash provided by operating activities for the year ended December 31, 2018 includes cash provided by net income of \$119,012, reduced by \$3,400 of non-cash expenses, partially offset by \$69,245 of net cash used in changes in the levels of operating assets and liabilities. Net cash provided by operating activities for the year ended December 31, 2017 included cash provided by net income of \$76,768, reduced by \$1,168 of non-cash expenses, partially offset by \$68,090 of net cash used in changes in the levels of operating assets and liabilities.

Net cash used in investing activities for the nine months ended September 30, 2019 and 2018 was \$47,518 and \$0, respectively. Net cash used in investing activities for the nine months ended September 30, 2019 was primarily attributable to the purchase property and equipment. Net cash used in investing activities for the years ended December 31, 2018 and 2017 was \$15,750 and \$16,999, respectively, which was primarily attributable to the purchase property and equipment.

Net cash provided by (used in) financing activities for the nine months ended September 30, 2019 and 2018 was \$2,203,306 and \$(20,000), respectively. Net cash provided by financing activities for the nine months ended September 30, 2019 was primarily attributable to proceeds from the sale of Common Stock, partially offset by the payment of offering costs and dividends issued to stockholders. Net cash used in financing activities for the nine months ended September 30, 2018 was primarily attributable to dividends issued to stockholders. Cash used in financing activities for the years ended December 31, 2018 and 2017 was \$20,000 and \$20,000, respectively, which was primarily attributable to dividends issued to stockholders.

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off-balance sheet arrangements (as that term is defined in Item 303 of Regulation S-K) that are reasonably likely to have a current or future material effect on our financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources.

CRITICAL ACCOUNTING POLICIES

Our critical accounting policies are included in Note 2 of our financial statements included elsewhere in this registration statement.

RECENTLY ISSUED ACCOUNTING STANDARDS

Our recently issued accounting standards are included in Note 2 of our financial statements included elsewhere in this registration statement.

BUSINESS

About The Company

Odyssey Semiconductor Technologies, Inc. (the “Company”), formed as a Delaware corporation on April 12, 2019, is a semiconductor device company developing revolutionary high-voltage power switching components and systems based on proprietary Gallium Nitride (GaN) processing technology.

The Company acquired its wholly-owned subsidiary, Odyssey Semiconductor, Inc., a Delaware corporation (“Odyssey Semiconductor”), on June 21, 2019. Odyssey Semiconductor commenced business operations on June 17, 2019 when it acquired its wholly-owned subsidiary, JR2J LLC (“JR2J”), from its founders Richard Brown and James Shealy in exchange for shares of Odyssey Semiconductor. The Company mainly operates its business through Odyssey Semiconductor and does not plan to operate JR2J after it completes certain work that JR2J had contracted in the past.

Overview of The Semiconductor Industry

The semiconductor industry was formed in 1960 when the production of semiconductors became a viable option. The global semiconductor market has grown rapidly, from over \$1 billion in 1964^[1] to \$468.78 billion in 2018^[2], and we believe it will continue to grow steadily in the next few years.

The application of semiconductors has expanded extensively from radio in the 1960s to crucial electronic components nowadays to all manufactured products with computing or power management capabilities, ranging from computers and personal electronics to automotive goods and heavy machinery. Semiconductor devices mounted inside many electronics appliances are important electronic components that support our everyday live.

¹ Pines, Lawrence. “Who Are Advanced Micro Devices’ Main Competitors?” Investopedia. Accessed October 31, 2019. <https://www.investopedia.com/articles/markets/041816/who-are-advanced-micro-devices-main-competitors-amd.asp>.

² <https://www.statista.com/statistics/266973/global-semiconductor-sales-since-1988/>

Integrated circuits (ICs) and electronic discrete components such as diodes (which are two-terminal electronic components that conduct current primarily in one direction) and transistors (which are devices possessing an amplification function) are made of semiconductors.

The semiconductor industry is divided into six broad categories based on the end-use application:

- Data processing: This comprises chips used in servers, computers, printers, and related hardware. This is the largest segment where semiconductors are used. However, growth in this segment has moderated, and no breakthrough innovation is expected in the near future.
- Communications: This comprises chips used in wired and wireless communication equipment such as smartphones, tablets, and broadband equipment. This segment is growing at a faster pace.
- Consumer electronics: This comprises chips used in household appliances, LCD TVs, and gaming consoles.
- Industrial: This comprises chips used in scanning devices such as bar code scanners and point-of-sale terminals, medical devices such as patient monitors and ultrasound imaging, and power supply equipment.
- Automotive: This comprises chips used in electronic automotive components such as power steering and lighting.
- Military and civil aerospace: This is a specialized segment where integrated circuits related to a particular application are built.

Advantage and Market Focus of the Company

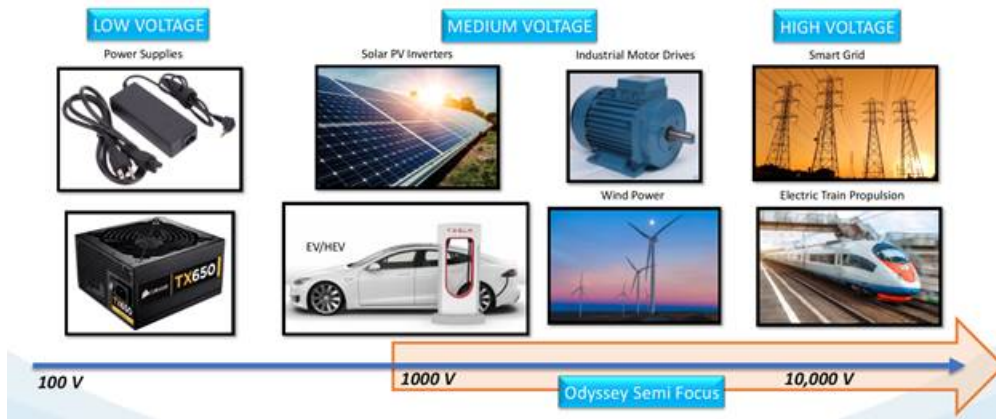
Semiconductors are materials which have a conductivity between conductors (generally metals), which has full conductivity, and nonconductors or insulators (such as most ceramics), which has negligible conductivity. The conductivity of a semiconductor material may be altered in useful ways by the deliberate, controlled introduction of impurities into the crystal structure of the material to modulate its electrical, optical and structural properties. This process is known as “doping”.

Silicon (Si) is traditionally the most common semiconductor material. However, Si-based systems have proven to perform insufficiently. We described the applications where Si-based systems perform insufficiently as the premium power switching device market, which was \$1 billion in 2018 and is projected to reach over \$3.5 billion by 2025.^[3] This growth is largely driven by the rapid adoption of electric vehicles (EV) and hybrid electric vehicles (HEV) and the growing number of installations of renewables such as solar and wind power as well as increased demand for more efficient industrial motor drives.

The premium power switching device market is currently dominated by the semiconductor material silicon carbide (SiC). GaN-based systems outperform Si and SiC based systems in every way due to the superior material properties of GaN. However, GaN devices have, to-date proven difficult to process using standard semiconductor processing methods that are used to create Si and SiC based devices. While GaN can be implanted with ions through doping process like any other semiconductor, unlike Si or SiC, the temperature required to activate the ions in GaN destroys the crystal, making implant and activate scheme impractical in the GaN material. The Company has developed an ultra-short timescale annealing method which allows the GaN to reach the temperatures required for anneal that is not long enough to damage the material. This novel processing modification allows GaN to be processed in a manner that for the first time makes high voltage GaN power switching devices viably manufacturable.

The Company expects to capture a sizable portion of the market for SiC power switching applications with its GaN products. GaN is both less expensive to produce and offers significant performance advantages over SiC in system efficiency and system size. Currently there are no GaN devices in the market with ratings more than 650 V, which will be our strength area.

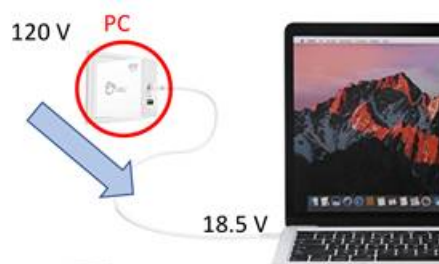
³ 2025 Estimates From: IHS Markit “SiC and GaN Power Semiconductors Report - 2018



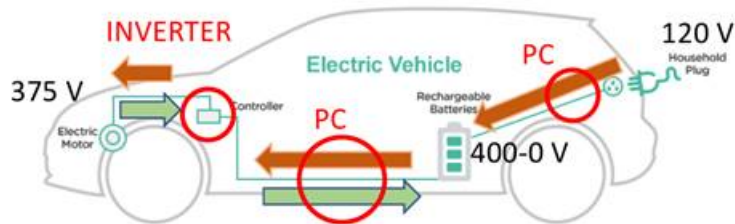
What Is A Switch-Mode Power Converter

Broadly speaking, switch-mode power converters are used to efficiently transform one voltage to another for the purpose of supplying power to and from different systems

Simple case - Power converter (brick) converts power at 120 V wall plug to power to 18.5 V to safely charge laptops/phones:



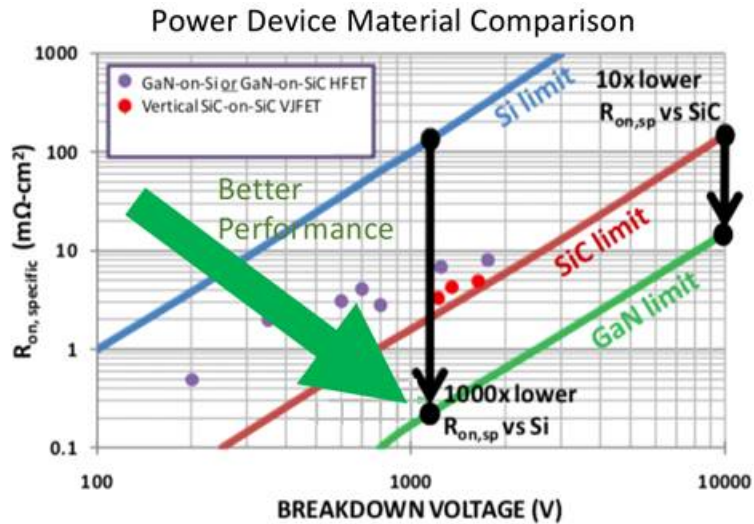
Advanced case - Power converters charge 375 V batteries from 120 V wall plug / Power motor at 375 V from variable battery voltage / Charge batteries from regenerative braking to 400 V:



What Is A Power Switch

A power switch is a semiconductor device that can switch large voltages and currents at high frequency. It is the heart of any power converter. An ideal power switch presents little resistance in the “on” state, infinite resistance in the “off” state, and can switch between “on” and “off” at high speed with no stored charge.

Different semiconductor materials are better suited to making power switches. For a given operating voltage, GaN is 1000 times less resistive than Si, and 10 times less resistive than SiC. Lower resistance results in switches that reduce power loss. Moreover, GaN devices take up less area than Si or SiC, which lowers their capacitance, which allows a faster system switching speed.



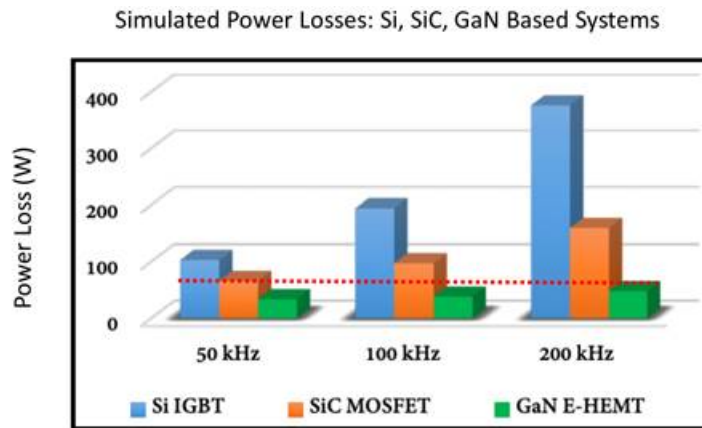
Inductors and transformers typically are the largest components in the system. GaN based solutions are approximately 1/4 of the size of SiC based solutions. Smaller passive components are cheaper than larger variants because of the requirement of less materials such as copper.

The system size of a power converter is inversely related to the switching speed at which it operates. As switching speed increases, the size of the surrounding passive components become much smaller. GaN power converter circuits are approximately 4x smaller than SiC solutions for equivalent power ratings.



Examples of Passive Components Accompanying Switches

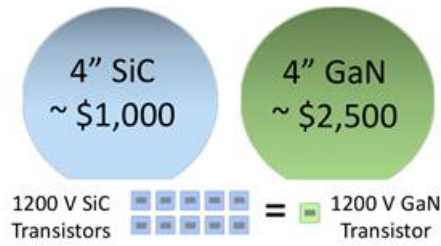
Furthermore, replacing SiC devices with GaN devices has the potential to reduce power loss by 50-70% compared to SiC. The diagram below compares the level of power losses with the use of Si, SiC and GaN based systems:



In summary, GaN-based solutions are smaller in size, cost less and yield greater efficiency comparing to Si-based or SiC-based solutions.

Comparing SiC and GaN Solutions for EVs

GaN wafers (which are thin slices of semiconductors used for the fabrication of ICs) are approximately 2.5 times of the cost of SiC wafers, but are 10 times more area-efficient due to the material's lower resistivity. One GaN transistor die (which is an electronic circuit on a wafer) is equivalent to 10 SiC transistor dies for the same voltage rating. Therefore, equivalent GaN parts are 4 times cheaper than SiC parts to produce.

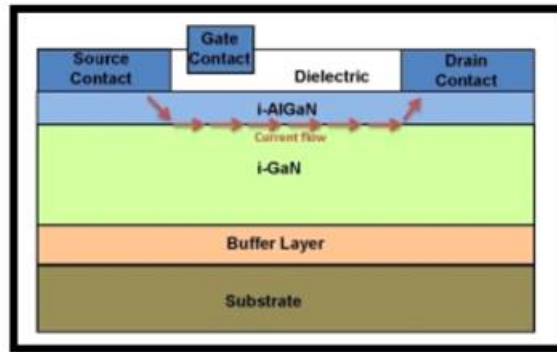


The Company expects that a significant market exists for GaN solutions, especially in the EV market. For example, there are 24 units of 1200V/12A SiC metal-oxide-semiconductor field-effect transistor (MOSFET) used in each Tesla Model 3 module. There were over 350,000 Tesla Model 3 units produced as of September 2019,^[4] which represents about 5,000,000 STM SiC MOSFETs, representing a market of more than \$25 million for Tesla Model 3 alone.

It is estimated that by 2025 each year there will be approximately 8.4 million EVs and 25 million HEVs to be sold,^[5] which represents a market of more than \$3 billion for power transistors.

Competition and Challenges

There are many horizontal-conduction (meaning the current flows horizontally, along the surface of the wafer), high-electron-mobility transistor (HEMT) products emerging from industry. HEMT transistors are able to operate at higher frequencies than ordinary transistors, up to millimeter wave frequencies, and are used in high-frequency products such as cell phones, satellite television receivers, voltage converters, and radar equipment. However, horizontal-conduction device technology has difficulty scaling beyond 650 V.

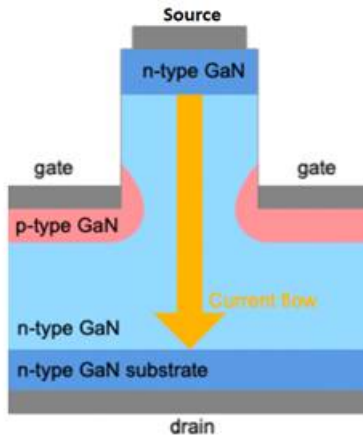


Demonstration of Horizontal Conduction

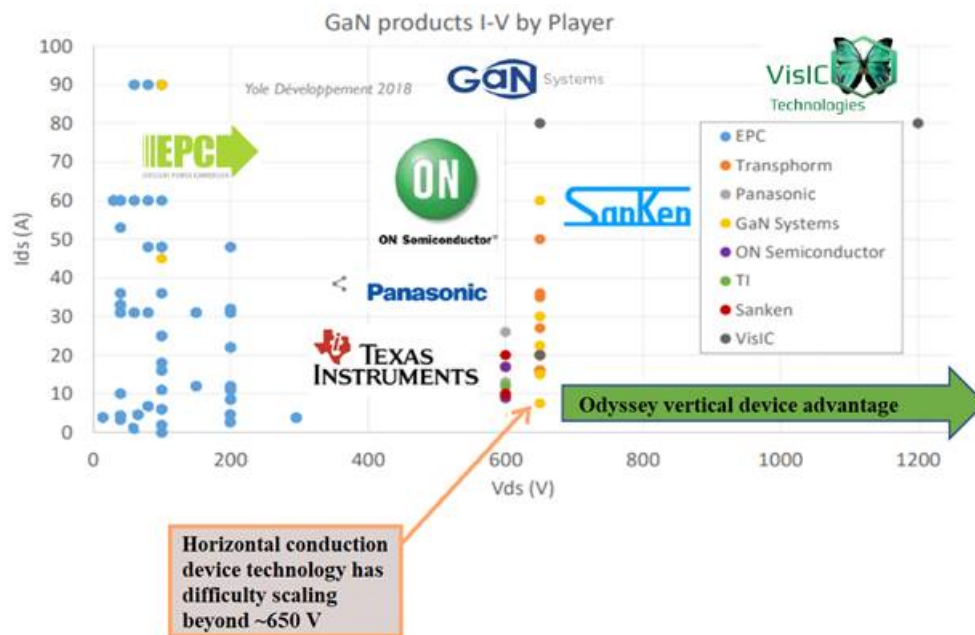
Contrast to horizontal-conduction devices, vertical-conduction (meaning the current flows from the front surface of the wafer to the back surface) devices could easily have scaling beyond 650 V; however, there are currently few discrete parts available with ratings above 650 V. The Company believes it is uniquely poised to enter into the >650 V device market with its vertical conduction device technology.

⁴ https://en.wikipedia.org/wiki/Tesla_Model_3#cite_note-tesla-2019q3-28

⁵ <https://www.jpmorgan.com/global/research/electric-vehicles>



Demonstration of Vertical Conduction



We expect that our competitors will include a number of larger companies which have more substantial research and development budgets than us. Even smaller companies which are more targeted in their development efforts, such as Nexgen Power Systems, Inc., may be our potential competitors. If we are unable to compete effectively with our competitors, our products or technologies may be rendered obsolete or noncompetitive, which could materially adversely affect our business and results of operations.

Intellectual Property

The Company is currently negotiating the terms of a licensing agreement with Cornell University to license the following three patents authored by Richard Brown and James Shealy, which we plan to use for the fabrication of microwave GaN devices that the Company is building for a customer if we are able to reach an agreement with such customer for the use of the technology in its products:

- US9991360B2: A method for fabricating a semiconductor structure includes forming a semiconductor layer over a substrate and forming an aluminum-silicon nitride layer upon the semiconductor layer. When the semiconductor layer in particular comprises a III-V semiconductor material such as a group III nitride semiconductor material or a gallium nitride semiconductor material, the aluminum-silicon nitride material provides a superior passivation in comparison with a silicon nitride material.
- US8791034B2: A chemical vapor deposition method for forming an aluminum-silicon nitride layer upon a substrate uses an aluminum precursor, a silicon precursor and a nitrogen precursor under chemical vapor deposition conditions to deposit the aluminum-silicon nitride layer upon the substrate. The aluminum-silicon nitride layer has an index of refraction interposed between silicon nitride and aluminum nitride. The aluminum-silicon nitride layer also has a bandgap from about 4.5 to about 6 eV and a permittivity from about 6×10^{-11} to about 8×10^{-11} F/m. The aluminum-silicon nitride layer may be further thermally annealed to reduce a hydrogen content of the aluminum-silicon nitride layer.
- US9299821B2: A gated III-V semiconductor structure and a method for fabricating the gated III-V semiconductor structure includes a threshold modifying dopant region within a III-V semiconductor barrier layer at the base of an aperture through a passivation layer that otherwise passivates the III-V semiconductor barrier layer. The passivation layer, which may comprise an aluminum-silicon nitride material, has particular bandgap and permittivity properties that provide for enhanced performance of a III-V semiconductor device that derives from the III-V semiconductor structure absent a field plate. The threshold modifying dopant region provides the possibility for forming both an enhancement mode gated III-V semiconductor structure and a depletion mode III-V semiconductor structure on the same substrate. The threshold modifying dopant region when comprising a magnesium (Mg) threshold modifying dopant may be incorporated into the gates III-V semiconductor structure using a dicyclopentadienyl magnesium (Cp2Mg) vapor diffusion method or a magnesium-silicon nitride (MgSiN) solid state diffusion method.

The Company is also currently writing and developing other patents, none of which have been completed and filed yet.

Research & Development, and Commercialization of Our Technology

We perform research and development on GaN power switching devices. We plan to meet the following milestones for the commercialization of our GaN technology:

- *Year 1:* Develop high voltage GaN Vertical Junction Field Effect Transistor (VJFET) prototypes for sampling.
- *Year 2:* Design devices specifically for strategic partners.
- *Year 2-3:* Design modules (such as motor drives, EV drivers and solar power inverters) to be used by strategic partners, get parts qualified by JEDEC Solid State Technology Association ("JEDEC"), begin getting modules JEDEC qualified, work to freeze designs for a few strategic products.

- *Industrial motor drives*: It is estimated that motor drives consume 45% of all power generated in the world.^[6] Energy consumption can be drastically reduced by using variable-frequency drives on induction motors. The compound annual growth rate (CAGR) of the VFD market is estimated to be 6.7% to 2025, by which year the market size of the market is estimated to be \$33.1 billion.^[7]
- *EV / HEV power systems*: It is projected that electric vehicles will account for over 22% of all vehicle sales by 2030.^[8] We estimate that adoption of GaN-based drive systems could potentially increase efficiency by 15%. The CAGR of the EV power electronics market is estimated to be 4.48% from 2017-2022, and the market size is estimated to be \$5.49 billion by 2022.^[9]
- *Grid connected renewable power systems*: Solar power accounted for 29% of all new electric generating capacity brought online in 2018.^[10] We believe that GaN-based power conversion systems will reduce system size and increase efficiency and reliability. The CAGR of the PV power electronics market is estimated to be 3.9% by 2026 with a market share of \$10.37 billion.^[11]

Year 4: Freeze designs and begin producing discretes/modules in production quantity.

Employees

We currently have 11 full-time employees and one part-time employee.

Properties

Our office address is 9 Brown Road, Ithaca, NY 14850. Our corporate website address is <https://www.odysseysemi.com/>. Information accessed through our website is not incorporated into this prospectus and is not a part of this prospectus.

In August 2018, the Company purchased all of the appliances, equipment, furniture, tools, supplies and other assets that MACOM Technology Solutions, Inc. owned at 9 Brown Road in Ithaca, NY for \$10 in order to accelerate the research and development of the Company's core technology. The Company also leases the 10,000 square feet building where such appliances and tools are located starting from September 1, 2019 until November 30, 2025 at a base rent of \$200,000 per year. The facility has most of the tools needed to prototype vertical GaN devices, which is expected to provide the Company significant savings as compared to establishing an equivalent facility from scratch. It is estimated that the cost to acquire and facilitate a similar set of tools at another location will be approximately \$10 million and will take about a year to complete. Once fully operational (which we expect to happen in March 2020), the facility is expected to support revenue growth of up to approximately \$20 million annually.

⁶ CleanTechnica. "Electric Motors Use 45% of Global Electricity, Europe Responding {+ Electric Motor Efficiency Infographic}," June 16, 2011. <https://cleantechnica.com/2011/06/16/electric-motors-consume-45-of-global-electricity-europe-responding-electric-motor-efficiency-infographic/>.

⁷ <https://www.grandviewresearch.com/industry-analysis/variable-frequency-speed-drives-vfd-vsd-market>

⁸ <https://www.prnewswire.com/in/news-releases/electric-vehicles-market-sales-will-surge-to-4-million-units-in-2020-12-million-units-in-2025-and-21-million-units-in-2030-858019212.html>

⁹ <https://www.marketsandmarkets.com/Market-Reports/automotive-power-electronics-market-226516353.html>

¹⁰ <https://www.seia.org/research-resources/solar-market-insight-report-2018-q3>

¹¹ <https://www.prnewswire.com/news-releases/pv-inverter-market-size-worth-10-37-billion-by-2026-cagr-3-9-grand-view-research-inc-300902312.html>

MANAGEMENT

Executive Officers and Directors

All directors hold office for one-year terms until the election and qualification of their successors. Officers are appointed by our board of directors and serve at the discretion of the board, subject to applicable employment agreements. The following table sets forth information regarding our executive officers and the members of our board of directors.

Name	Age	Position
Richard Brown	37	Chief Executive Officer, Chairman of the Board and Director
James Shealy	62	Secretary and Treasurer
Alex Behfar	56	Director
Richard Ogawa	56	Director
Michael Thompson	61	Director

Richard Brown has been Chief Executive Officer, Chairman and a Director of the Company since June 21, 2019. He received his BS, MS, and PhD from Cornell University, all in Electrical and Computer Engineering in 2004, 2007, and 2010, respectively. His PhD research was focused on advanced dielectrics for the passivation of microwave AlGaIn/GaN HEMTs. After graduation, he was a founding member of the company that became Avogy, Inc. where he worked on the development of vertical GaN power devices for 2 years. Prior to the founding of Odyssey Semiconductor, he co-owned JR2J, LLC, a successful semiconductor device prototyping business, as well as working as a visiting scientist at Cornell University researching GaN based HEMTs. Mr. Brown has over 18 years of semiconductor device experience, most of it specializing in topics relating to GaN devices. We believe that Mr. Brown's technical experience in the semiconductor industry and extensive knowledge of the Company from his current role as our Chief Executive Officer and Chairman qualify him to serve on our board of directors.

James Shealy has been Secretary and Treasurer of the Company since June 21, 2019. He is a Co-Founder of the Odyssey Semiconductor and JR2J. He received his BS from North Carolina State University in 1978, his MS from Rensselaer Polytechnic in 1980, and his PhD from Cornell University in 1983. After earning his doctorate, Mr. Shealy held a dual appointment at Cornell as a research associate and at General Electric as a principal staff scientist. In 1983 he co-founded, and has chaired, the biennial international workshop on OMVPE (organometallic vapor phase epitaxy), a technique used for growing semiconductor crystals. He joined the faculty in 1987 and is active in developing Cornell's laboratory research in compound semiconductor materials and related graduate courses.

Alex Behfar joined the Board of Directors of the Company on June 21, 2019. He has over 30 years of experience in the semiconductor industry. He served as Senior Vice President and Chief Scientist, Photonics of MACOM Technology Solutions Holdings, Inc. ("MACOM"), from January 2016 to January 2019. Previously, he served as Senior Vice President and General Manager, Photonic Solutions of MACOM, from December 2014 to January 2016. Prior to joining MACOM, in 2000, he founded BinOptics Corporation, a provider of InP lasers for data centers, mobile backhaul, silicon photonics and access networks, and served as the Chairman and Chief Executive Officer of BinOptics from its inception through MACOM's December 2014 acquisition of BinOptics. Prior to BinOptics, Dr. Behfar worked at IBM for more than 10 years in various capacities, including Laser Enterprise, where he designed the first commercially viable high-power 830 nm and 980 nm GaAs-based lasers. Laser Enterprise was later sold by IBM to Uniphase and is now part of II-VI Incorporated. He also served as IBM's worldwide cross-functional Intellectual Assets Program Manager for optoelectronics and telecommunications. Dr. Behfar has been awarded over 50 U.S. patents. He holds an M.S. and a Ph.D. in Electrical Engineering from Cornell University and a B.Sc. in Electrical and Electronic Engineering from King's College, University of London. We believe that Mr. Behfar's technical experience in the semiconductor industry and his leadership roles in other technology companies qualify him to serve on our board of directors.

Richard Ogawa joined the Board of Directors of the Company on June 21, 2019. Mr. Ogawa currently also serves on the board of directors of Amesite Inc., an SEC reporting company in the artificial intelligence software industry, since February 2018. He has been General Counsel at Inphi Corporation since Jan 2013, responsible for overseeing legal matters as well as corporate, intellectual property, and government affairs. Mr. Ogawa is a Registered United States Patent Attorney and a Member of the California State Bar with more than 25 years of experience specializing in technology companies. Prior to Inphi, from January 1993 to January 2010, he was a top Partner at Townsend and Townsend, a law firm focused on intellectual property. He is the founder and owner of Ogawa Professional Corporation, his own law firm, focusing on ventured back startup companies. Since February 2008, he is General Counsel for Soraa Laser Diode, Inc., a venture funded company by Khosla Ventures, and since December 2009 is General Counsel for MCube, Inc. a venture funded company by Kleiner Perkins Caufield & Byers. He has also held a variety of engineering and management positions at NEC Electronics from December 1984 to December 1992. He received a B.S. in Chemical Engineering from the University of California, Davis in 1984, and a J.D. from Mc. George School of Law, University of Pacific in 1991. We believe that Mr. Ogawa's many years of legal expertise in advising technology companies qualifies him to serve on our board of directors.

Michael Thompson joined the Board of Directors of the Company on June 21, 2019. He received his BS in Applied Physics from CalTech in 1979 and MS/Ph.D degrees in Applied and Engineering Physics from Cornell in 1984. After completing his Ph.D, he joined the faculty in the Department of Materials Science at Cornell continuing his work on the interaction of materials with intense laser sources. He has co-authored over 100 journal publications, is co-inventor on 25 patents, and has founded or co-founded three startup companies. He was the recipient of the 2009 SEMI Award for technical contributions to the semiconductor industry. For the past 28 years, Dr. Thompson’s research has focused extensively on the behavior of semiconductor materials under pulsed and CW laser exposure. On the fundamental level, his group has explored limits to crystal growth under the extreme conditions of laser irradiation, including limits to metastable impurity incorporation, behavior of point defects, interface stability, explosive crystallization, and group IV heteroepitaxy. Key to this work has been the development of quantitative methods to monitor the kinetics of both melt and non-melt laser annealing of ultra-shallow junctions. In the late 1990’s, he was involved in the development of melt-annealing methods to fabricate thin-film transistors on glass and flexible substrates. Over the past decade, he helped to develop the use of CW lasers for non-melt laser annealing (LSA – Laser Spike Annealing) of ultra-shallow junctions in advanced VLSI nodes. His group currently is active in exploring new applications for LSA both within and beyond the microelectronics community. Areas of research include dopant activation and deactivation in compound semiconductors (InGaAs, GaN, GaO₂), thin-film amorphous oxide semiconductors (IGZO), metastable phase formation in metallic glasses and complex oxides during LSA quench, mesoscale structuring of organic and inorganic materials in the millisecond timescale, and development of novel processes for EUV and DSA lithography. He is also currently the director of the ACCESS (AFRL Cornell Center for Epitaxial SolutionS) center focused on understanding fundamental materials issues in GaO₂ power devices. We believe that Mr. Thompson’s extensive technical experience in the semiconductor industry qualifies him to serve on our board of directors.

Significant Employee

In addition to the officers and directors disclosed above, the Company also has the following significant employee:

Name	Age	Position
Alfred Schremer	61	Vice President of Research and Development

Alfred Schremer has 40 years of experience working in the field III-V semiconductors with applications in RF- and opto-electronics. He earned his PhD in Electrical Engineering from Cornell University, investigating various aspects of semiconductor laser physics, using lasers he fabricated from epitaxial materials he grew using facilities within the School of Electrical Engineering. He joined Binoptics Corporation at its inception in 2001, serving in various roles from Lab Manager to Director of Research, refining the etched facet laser processes which led to the enabling of low-cost wafer scale manufacturing of Fabry-Perot and distributed feedback lasers for the data and telecom markets. In December 2014, Binoptics was acquired by MACOM Technology Solutions Inc., where Mr. Schremer served as a Director of Engineering, supporting manufacturing and development of etched facet lasers.

Employment Agreements

On July 1, 2019, through its wholly-owned subsidiary, Odyssey Semiconductor, the Company entered into an agreement with Al Schremer as Vice President of Research and Development. Pursuant to the agreement, the Company agreed to pay Mr. Schremer an annual salary of \$100,000 and a one-time grant of options to purchase 100,000 shares of the Company’s common stock.

Other than disclosed above, we have not entered into any other employment agreement with our management or significant employees.

Consulting Agreements

On April 1, 2019, JR2J, our indirect wholly-owned subsidiary, entered into a one-year independent contractor agreement with Richard Ogawa, pursuant to which Mr. Ogawa agreed to serve as a director of the Company post-Share Exchange, and provide services related to intellectual property development, intellectual property strategies and licensing of intellectual property. In consideration for Mr. Ogawa's services to the Company, on September 25, 2019, the Company granted Mr. Ogawa a 10-year option under the 2019 Plan to purchase 275,000 shares of Common Stock at a price of \$1.50 per share, half of which will vest on September 25, 2020 and the remaining on September 25, 2021.

On May 16, 2019, Odyssey Semiconductor, our wholly-owned subsidiary, entered into a one-year independent contractor agreement with Alex Behfar, pursuant to which Mr. Behfar agreed to serve as a director of the Company post-Share Exchange, and provide services related to corporate development and business strategy, and intellectual property strategies. In consideration for Mr. Behfar's services to the Company, on September 25, 2019, the Company granted Mr. Behfar a 10-year option under the 2019 Plan to purchase 50,000 shares of Common Stock at a price of \$1.50 per share, half of which will vest on September 25, 2020 and the remaining on September 25, 2021.

Legal Proceedings

Currently there are no outstanding lawsuits or judgments against the Company or any consent decrees or injunctions to which the Company is subject or by which any of its assets are bound and there are no claims, proceedings, actions or lawsuits in existence, or to our knowledge threatened or asserted, against the Company or with respect to any of its assets that would materially and adversely affect the business, property or financial condition of the Company. However, from time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. Litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business.

Involvement in Certain Legal Proceedings

To our knowledge, during the past ten years, none of our directors, executive officers, promoters, control persons, or nominees has:

- been convicted in a criminal proceeding or been subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);
- had any bankruptcy petition filed by or against the business or property of the person, or of any partnership, corporation or business association of which he was a general partner or executive officer, either at the time of the bankruptcy filing or within two years prior to that time;
- been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction or federal or state authority, permanently or temporarily enjoining, barring, suspending or otherwise limiting, his involvement in any type of business, securities, futures, commodities, investment, banking, savings and loan, or insurance activities, or to be associated with persons engaged in any such activity;
- been found by a court of competent jurisdiction in a civil action or by the SEC or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated;
- been the subject of, or a party to, any federal or state judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated (not including any settlement of a civil proceeding among private litigants), relating to an alleged violation of any federal or state securities or commodities law or regulation, any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order, or any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or
- been the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

Board Committees

The Company does not currently maintain a board of directors that is composed of a majority of “independent” directors. The Company does not expect to initially appoint an audit committee, nominating committee and/or compensation committee, or to adopt charters relative to each such committees.

Code of Business Conduct and Ethics

We have not adopted a code of business conduct and ethics.

Limitation of Directors Liability and Indemnification

The Company is a corporation organized under the laws of the State of Delaware. Section 145 of the Delaware General Corporation Law provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to an action by reason of the fact that he or she was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation against expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful, except that, in the case of an action by or in right of the corporation, no indemnification may generally be made in respect of any claim as to which such person is adjudged to be liable to the corporation. The Company’s Bylaws provide that it will indemnify its directors and officers against expenses actually and necessarily incurred in connection with the defense of any action, suit, or proceeding in which they, or any of them, were made parties, or a party, by reason of being or having been directors or officers or a director or officer of the Company, or of such other corporation, except in relation to matters as to which any such director or officer or person shall have been adjudged in such action, suit, or proceeding to be liable for negligence or misconduct in the performance of any duty owed to the Company.

Section 102(b)(7) of the Delaware General Corporation Law permits a corporation to provide in its certificate of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duties as a director, except for liability for any: (i) breach of a director’s duty of loyalty to the corporation or its stockholders; (ii) act or omission not in good faith or that involves intentional misconduct or a knowing violation of law; (iii) unlawful payment of dividends or redemption of shares; or (iv) transaction from which the director derives an improper personal benefit. The Company’s Certificate of Incorporation provides that its directors are not personally liable to the Company or its stockholders for monetary damages for breaches of fiduciary duties to the fullest extent permitted by the Delaware General Corporation Law. These limitations of liability do not apply to liabilities arising under federal securities laws and do not affect the availability of equitable remedies such as injunctive relief or rescission.

Section 145(g) of the Delaware General Corporation Law permits a corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation. We have purchased director and officer liability insurance to cover liabilities our directors and officers may incur in connection with their services to us for up to \$2 million.

The Company has not entered into any indemnity agreements with its officers or directors. There is no pending litigation or proceeding involving any of our directors, officers, employees or agents in which indemnification will be required or permitted. We are not aware of any threatened litigation or proceeding that may result in a claim for such indemnification.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table presents information regarding the total compensation awarded to, earned by, or paid to our chief executive officer and the other most highly-compensated executive officer (other than the chief executive officer) who was serving as an executive officer as of the last two fiscal years.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Option Awards \$(4)	Non-equity incentive plan compensation (\$)	Change in pension value and nonqualified deferred compensation earnings (\$)	All Other Compensation (\$)	Total (\$)
Richard J. Brown (1)(2) <i>Chief Executive Officer</i>	2019	76,731	50,000	0	0	0	191,460	318,191
	2018	0	0	0	0	0	137,825	137,825
James R. Shealy (1)(3) <i>Secretary and Treasurer</i>	2019	48,606	50,000	24,641	0	0	100,000	223,247
	2018	0	0	0	0	0	10,000	10,000

- (1) Mr. Brown and Mr. Shealy were appointed officers of the Company as of June 21, 2019, upon the share exchange between the Company and Odyssey Semiconductor. During the fiscal year of 2018 and prior to the share exchange, Mr. Brown and Mr. Shealy were each an officer of JR2J, the wholly-owned subsidiary of Odyssey Semiconductor. The compensation disclosed herein includes compensation paid by JR2J prior to the share exchange.
- (2) Mr. Brown received a distribution of \$10,000 and \$100,000 from JR2J as a member for 2018 and 2019, respectively. In addition, Mr. Brown received \$127,825 and \$91,460, respectively, for 2018 and 2019 from JR2J as a consultant.
- (3) Mr. Shealy received a distribution of \$10,000 and \$100,000 from JR2J as a member for 2018 and 2019, respectively. In addition, on November 5, 2019, we granted a five-year option to purchase 30,000 shares of common stock at an exercise price of \$1.50 per share to Mr. Shealy. The option had a grant date value of \$24,641. The options vest ratably over three years on each annual anniversary of the date of grant.
- (4) The amounts reported in the "Option Awards" column reflect the aggregate fair value of stock-based compensation awarded during the year computed in accordance with the provisions of FASB ASC Topic 718. See Note 6 to our condensed consolidated financial statements for the nine months ended September 30, 2019 included elsewhere in this prospectus for the assumptions underlying the valuation of equity awards.

2019 Equity Compensation Plan

General

On June 18, 2019, our Board of Directors adopted an Equity Compensation Plan (the "2019 Plan"). The 2019 Plan was approved by the stockholders on the same day. As of the date of this prospectus, there are options to purchase an aggregate of 590,000 shares of Common Stock granted under the 2019 Plan.

The general purpose of the 2019 Plan is to provide an incentive to our employees, directors, consultants and advisors by enabling them to share in the future growth of our business. Our Board of Directors believes that the granting of stock options, restricted stock awards, unrestricted stock awards and similar kinds of equity-based compensation promotes continuity of management and increases incentive and personal interest in the welfare of our Company by those who are primarily responsible for shaping and carrying out our long range plans and securing our growth and financial success.

Our Board of Directors believes that the 2019 Plan will advance our interests by enhancing our ability to (a) attract and retain employees, consultants, directors and advisors who are in a position to make significant contributions to our success; (b) reward our employees, consultants, directors and advisors for these contributions; and (c) encourage employees, consultants, directors and advisors to take into account our long-term interests through ownership of our shares.

Description of the 2019 Equity Compensation Plan

The following description of the principal terms of the 2019 Plan is a summary and is qualified in its entirety by the full text of the 2019 Plan, which is attached herewith as an exhibit.

Administration. The 2019 Plan will be administered by our Board of Directors. Our Board of Directors may grant options to purchase shares of our Common Stock, stock appreciation rights, restricted stock units, restricted or unrestricted shares of our Common Stock, performance shares, performance units, other cash-based awards and other stock-based awards. The Board of Directors also has broad authority to determine the terms and conditions of each option or other kind of equity award, adopt, amend and rescind rules and regulations for the administration of the 2019 Plan and amend or modify outstanding options, grants and awards. The Board of Directors may delegate authority to the chief executive officer and/or other executive officers to grant options and other awards to employees (other than themselves), subject to applicable law and the 2019 Plan. No options, stock purchase rights or awards may be made under the Plan on or after the ten year anniversary of the adoption of the 2019 Plan by our Board of Directors, but the 2019 Plan will continue thereafter while previously granted options, stock appreciation rights or awards remain subject to the 2019 Plan.

Eligibility. Persons eligible to receive options, stock appreciation rights or other awards under the 2019 Plan are those employees, consultants, advisors and directors of our Company and our subsidiaries who, in the opinion of the Board of Directors, are in a position to contribute to our success.

Shares Subject to the 2019 Plan. The aggregate number of shares of Common Stock available for issuance in connection with options and awards granted under the 2019 Plan is 1,326,000, subject to customary adjustments for stock splits, stock dividends or similar transactions. Incentive Stock Options may be granted under the 2019 Plan with respect to all of those shares. If any option or stock appreciation right granted under the 2019 Plan terminates without having been exercised in full or if any award is forfeited, or if shares of Common Stock are withheld to cover withholding taxes on options or other awards, the number of shares of Common Stock as to which such option or award was forfeited, or which were withheld, will be available for future grants under the 2019 Plan. No employee, consultant, advisor or director may receive options or stock appreciation rights relating to more than 500,000 shares of our Common Stock in the aggregate in any calendar year.

Terms and Conditions of Options. Options granted under the 2019 Plan may be either “incentive stock options” that are intended to meet the requirements of Section 422 of the Internal Revenue Code of 1986, as amended (the “Code”) or “nonstatutory stock options” that do not meet the requirements of Section 422 of the Code. The Board of Directors will determine the exercise price of options granted under the 2019 Plan. The exercise price of stock options may not be less than the fair market value, on the date of grant, per share of our Common Stock issuable upon exercise of the option (or 110% of fair market value in the case of incentive options granted to a ten-percent stockholder).

If on the date of grant the Common Stock is listed on a stock exchange or is quoted on the automated quotation system of Nasdaq, the fair market value shall generally be the closing sale price on the last trading day before the date of grant. If no such prices are available, the fair market value shall be determined in good faith by the Board of Directors based on the reasonable application of a reasonable valuation method.

No option may be exercisable for more than ten years (five years in the case of an incentive stock option granted to a ten-percent stockholder) from the date of grant. Options granted under the 2019 Plan will be exercisable at such time or times as the Board of Directors prescribes at the time of grant. No employee may receive incentive stock options that first become exercisable in any calendar year in an amount exceeding \$100,000. The Board of Directors may, in its discretion, permit a holder of an option to exercise the option before it has otherwise become exercisable, in which case the shares of our Common Stock issued to the recipient will continue to be subject to the vesting requirements that applied to the option before exercise.

Generally, the option price may be paid (a) in cash or by certified bank check, (b) through delivery of shares of our Common Stock having a fair market value equal to the purchase price, or (c) a combination of these methods. The Board of Directors is also authorized to establish a cashless exercise program and to permit the exercise price (or tax withholding obligations) to be satisfied by reducing from the shares otherwise issuable upon exercise a number of shares having a fair market value equal to the exercise price.

No option may be transferred other than by will or by the laws of descent and distribution, and during a recipient’s lifetime an option may be exercised only by the recipient. However, the Board of Directors may permit the holder of an option, stock appreciation right or other award to transfer the option, right or other award to immediate family members or a family trust for estate planning purposes. The Board of Directors will determine the extent to which a holder of a stock option may exercise the option following termination of service with us.

Stock Appreciation Rights. The Board of Directors may grant stock appreciation rights independent of or in connection with an option. The Board of Directors will determine the other terms applicable to stock appreciation rights. The exercise price per share of a stock appreciation right will be determined by the Board of Directors, but will not be less than 100% of the fair market value of a share of our Common Stock on the date of grant, as determined by the Board of Directors. The maximum term of any SAR granted under the 2019 Plan is ten years from the date of grant. Generally, each SAR stock appreciation right will entitle a participant upon exercise to an amount equal to:

- the excess of the fair market value on the exercise date of one share of our Common Stock over the exercise price, *multiplied by*
- the number of shares of Common Stock covered by the stock appreciation right.

Payment may be made in shares of our Common Stock, in cash, or partly in Common Stock and partly in cash, all as determined by the Board of Directors.

Restricted Stock and Restricted Stock Units. The Board of Directors may award restricted Common Stock and/or restricted stock units under the 2019 Plan. Restricted stock awards consist of shares of stock that are transferred to a participant subject to restrictions that may result in forfeiture if specified conditions are not satisfied. Restricted stock units confer the right to receive shares of our Common Stock, cash, or a combination of shares and cash, at a future date upon or following the attainment of certain conditions specified by the Board of Directors. The Board of Directors will determine the restrictions and conditions applicable to each award of restricted stock or restricted stock units, which may include performance-based conditions. Dividends with respect to restricted stock may be paid to the holder of the shares as and when dividends are paid to stockholders or at the time that the restricted stock vests, as determined by the Board of Directors. Dividend equivalent amounts may be paid with respect to restricted stock units either when cash dividends are paid to stockholders or when the units vest. Unless the Board of Directors determines otherwise, holders of restricted stock will have the right to vote the shares.

Performance Shares and Performance Units. The Board of Directors may award performance shares and/or performance units under the 2019 Plan. Performance shares and performance units are awards, denominated in either shares or U.S. dollars, which are earned during a specified performance period subject to the attainment of performance criteria, as established by the Board of Directors. The Board of Directors will determine the restrictions and conditions applicable to each award of performance shares and performance units.

Effect of Certain Corporate Transactions. The Board of Directors may, at the time of the grant of an award, provide for the effect of a change in control (as defined in the 2019 Plan) on any award, including (i) accelerating or extending the time periods for exercising, vesting in, or realizing gain from any award, (ii) eliminating or modifying the performance or other conditions of an award, or (iii) providing for the cash settlement of an award for an equivalent cash value, as determined by the Board of Directors. The Board of Directors may, in its discretion and without the need for the consent of any recipient of an award, also take one or more of the following actions contingent upon the occurrence of a change in control: (a) cause any or all outstanding options and stock appreciation rights to become immediately exercisable, in whole or in part; (b) cause any other awards to become non-forfeitable, in whole or in part; (c) cancel any option or stock appreciation right in exchange for a substitute option; (d) cancel any award of restricted stock, restricted stock units, performance shares or performance units in exchange for a similar award of the capital stock of any successor corporation; (e) redeem any restricted stock, restricted stock unit, performance share or performance unit for cash and/or other substitute consideration with a value equal to the fair market value of an unrestricted share of our Common Stock on the date of the change in control; (f) cancel any option or stock appreciation right in exchange for cash and/or other substitute consideration based on the value of our Common Stock on the date of the change in control, and cancel any option or stock appreciation right without any payment if its exercise price exceeds the value of our Common Stock on the date of the change in control; or (g) make such other modifications, adjustments or amendments to outstanding awards as the Board of Directors deems necessary or appropriate.

Amendment, Termination. The Board of Directors may amend the terms of awards in any manner not inconsistent with the 2019 Plan, provided that no amendment shall adversely affect the rights of a participant with respect to an outstanding award without the participant's consent. In addition, our board of directors may at any time amend, suspend, or terminate the 2019 Plan, provided that (i) no such amendment, suspension or termination shall materially and adversely affect the rights of any participant under any outstanding award without the consent of such participant and (ii) to the extent necessary to comply with any applicable law or stock exchange rule, the 2019 Plan requires us to obtain stockholder consent. Stockholder approval is required for any plan amendment that increases the number of shares of Common Stock available for issuance under the 2019 Plan or changes the persons or classes of persons eligible to receive awards.

Tax Withholding

As and when appropriate, we shall have the right to require each optionee purchasing shares of Common Stock and each grantee receiving an award of shares of Common Stock under the 2019 Plan to pay any federal, state or local taxes required by law to be withheld.

Option Grants and Stock Awards

The grant of options and other awards under the 2019 Plan is discretionary, and we cannot determine now the specific number or type of options or awards to be granted in the future to any particular person or group.

DIRECTOR COMPENSATION

The table below shows all compensation to our non-employee directors during the year ended December 31, 2019.

Name	Fees Earned or Paid in Cash (\$)	Option Awards (\$) ⁽¹⁾	All Other Compensation (\$)	Total (\$)
Alex Behfar (2)	—	49,963	—	49,963
Richard Ogawa (3)	—	274,795	—	274,795
Michael Thompson (4)	—	25,003	—	25,003

- (1) The amounts reported in the "Option Awards" column reflect the aggregate grant date fair value of stock-based compensation awarded during the year computed in accordance with the provisions of FASB ASC 718. These amounts reflect the accounting cost for these stock options and do not reflect the actual economic value that may be realized by the directors upon the vesting of the stock options, the exercise of the stock options or the sale of the common underlying such stock options.
- (2) Mr. Behfar was granted options under the Company's 2019 Plan to purchase 50,000 shares of Common Stock at the price of \$1.50 per share, half of which will vest as of September 25, 2020 and the other half as of September 25, 2021.
- (3) Mr. Ogawa was granted options under the Company's 2019 Plan to purchase 275,000 shares of Common Stock at the price of \$1.50 per share, granted under the Company's 2019 Plan, half of which will vest as of September 25, 2020 and the other half as of September 25, 2021.
- (4) Mr. Thompson was granted options under the Company's 2019 Plan to purchase 25,000 shares of Common Stock at the price of \$1.50 per share, granted under the Company's 2019 Plan, half of which will vest as of November 5, 2020 and the other half as of November 5, 2021

We have agreed to reimburse the directors of travel and other expenses in connection with their performance of duties as directors of the Company. In addition, we plan to issue 25,000 options to each non-employee directors each year starting from 2020.

PRINCIPAL STOCKHOLDERS

The following table sets forth the number of shares of Common Stock beneficially owned as of January 31, 2020 by:

- each of our named executive officers;
- each of our directors;
- all of our directors and current executive officers as a group; and
- each of our stockholders who is known by us to beneficially own more than 5% of our Common Stock

Beneficial ownership is determined based on the rules and regulations of the Commission. A person has beneficial ownership of shares if such individual has the power to vote and/or dispose of shares. This power may be sole or shared and direct or indirect. Applicable percentage ownership in the following table is based on the total of 11,159,661 shares of Common Stock issued and outstanding as of January 31, 2020. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of Common Stock that are subject to options or warrants held by that person and exercisable as of, or within 60 days of, January 31, 2020. These shares, however, are not counted as outstanding for the purposes of computing the percentage ownership of any other person(s). Except as may be indicated in the footnotes to this table and pursuant to applicable community property laws, each person named in the table has sole voting and dispositive power with respect to the shares of Common Stock set forth opposite that person's name. Unless indicated below, the address of each individual listed below is c/o Odyssey Semiconductor Technologies, Inc., 9 Brown Road, Ithaca, NY 14850.

<u>Directors and Named Executive Officers</u>	<u>Common Stock</u>	<u>Percentage</u>
Richard J. Brown	2,725,001	24.42%
James R. Shealy	2,725,000	24.42%
Alex Behfar ⁽¹⁾	16,666	*
Richard Ogawa ⁽²⁾	16,667	*
Michael Thompson ⁽³⁾	0	*
All Officers and Directors (5 persons)	5,483,334	49.14%
Greater than 5% Stockholders		
Mark Tompkins	2,882,333	25.83%

* Less than 1%.

- (1) Mr. Behfar purchased 16,666 shares of Common Stock at a private placement of the Company through Ulexus LLC, over which he has voting, dispositive or investment powers. Mr. Behfar also owns options to purchase 50,000 shares of Common Stock at the price of \$1.50 per share, granted under the Company's 2019 Plan, half of which will vest as of September 25, 2020 and the other half as of September 25, 2021.
- (2) Mr. Ogawa also owns options to purchase 275,000 shares of Common Stock at the price of \$1.50 per share, granted under the Company's 2019 Plan, half of which will vest as of September 25, 2020 and the other half as of September 25, 2021.
- (3) Mr. Thompson owns options to purchase 25,000 shares of Common Stock at the price of \$1.50 per share, granted under the Company's 2019 Plan, half of which will vest as of November 5, 2020 and the other half as of November 5, 2021.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Unless described below, since April 12, 2019 (inception), there are no transactions or series of similar transactions to which we were a party or will be a party, in which:

- the amounts involved exceeded or will exceed the lesser of \$120,000 or 1% of the average of the Company's total assets at year end for the last two completed fiscal years; and
- any of our directors, executive officers or holders of more than 5% of our capital stock, or any member of the immediate family of the foregoing persons, had or will have a direct or indirect material interest.

On April 1, 2019, JR2J, our indirect wholly-owned subsidiary, entered into a one-year independent contractor agreement with Richard Ogawa, pursuant to which Mr. Ogawa agreed to serve as a director of the Company post-Share Exchange, and provide services related to intellectual property development, intellectual property strategies and licensing of intellectual property. In consideration for Mr. Ogawa's services to the Company, on September 25, 2019, the Company granted Mr. Ogawa a 10-year option under the 2019 Plan to purchase 275,000 shares of Common Stock at a price of \$1.50 per share, half of which will vest on September 25, 2020 and the remaining on September 25, 2021.

On May 16, 2019, Odyssey Semiconductor, our wholly-owned subsidiary, entered into a one-year independent contractor agreement with Alex Behfar, pursuant to which Mr. Behfar agreed to serve as a director of the Company post-Share Exchange, and provide services related to corporate development and business strategy, and intellectual property strategies. In consideration for Mr. Behfar's services to the Company, on September 25, 2019, the Company granted Mr. Behfar a 10-year option under the 2019 Plan to purchase 50,000 shares of Common Stock at a price of \$1.50 per share, half of which will vest on September 25, 2020 and the remaining on September 25, 2021.

On June 17, 2019, Odyssey Semiconductor entered into a Contribution Agreement (the "Contribution Agreement") with Richard Brown and James Shealy, who collectively owned 100% of the membership interests of JR2J. Pursuant to the Contribution Agreement, Messrs. Brown and Shealy contributed their membership interests in JR2J to Odyssey Semiconductor, in exchange for a total of 5,316,667 shares of common stock of Odyssey Semiconductor. Following the transactions contemplated under the Contribution Agreement, JR2J became the wholly-owned subsidiary of Odyssey Semiconductor.

On June 18, 2019, Odyssey Semiconductor issued 350,000 shares of immediately vested common stock to Jeffrey Shealy for cash proceeds of \$350 in connection with services provided by Mr. Shealy. On June 21, 2019, the Company acquired 100% shares of Odyssey Semiconductor through a share exchange with stockholders of Odyssey Semiconductor, pursuant to which Mr. Shealy exchanged 350,000 shares of common stock of Odyssey Semiconductor to the same number of shares of the Company's Common Stock. Jeffrey Shealy is brother of James Shealy, an officer and a principal owner of the Company. The shares issued to Mr. Shealy had an issuance date fair value (based upon a contemporaneous private offering of our common stock at \$1.50 per share) of \$1.50 per share, or \$525,000 in total.

DESCRIPTION OF CAPITAL STOCK

Our authorized capitalization consists of 50,000,000 shares, which include (i) 45,000,000 shares of Common Stock, par value \$.0001 per share, of which 11,159,661 shares of Common Stock are issued and outstanding as at the date of this prospectus, and (ii) 5,000,000 shares of preferred stock, par value \$.0001 per share, of which no share is issued and outstanding.

Common Stock

Each share of Common Stock entitles the holder thereof to one (1) vote on all matters submitted to a vote of the holders of Common Stock. Holders of shares of Common Stock are not entitled to cumulative voting rights in the election of directors. Holders of shares of Common Stock are entitled to receive such dividends as the board of directors may, from time to time, declare out of Company funds legally available for the payment of dividends. Upon any liquidation, dissolution or winding up of the Company, holders of shares of Common Stock are entitled to receive pro rata all of the assets of the Company available for distribution to shareholders.

Shareholders do not have any pre-emptive rights to subscribe for or purchase any stock or other securities of the Company. The Common Stock is not convertible or redeemable. Neither the Company's Certificate of Incorporation nor its By-Laws provide for pre-emptive rights.

Preferred Stock

The Preferred Stock of the Company shall be issued by the Board of Directors in one or more classes or one or more series within any class and such classes or series shall have such voting powers, full or limited, or no voting powers, and such designations, preferences, limitations or restrictions as the Board of Directors may determine from time to time.

Warrants

As of the date of this prospectus, we had five-year warrants to purchase an aggregate of 155,966 shares of Common Stock at an exercise price of \$1.50 per share issue to the placement agent in the August 2019 Private Placement.

Options

As of the date of this prospectus, there are 590,000 outstanding options to purchase our Common Stock at the price of \$1.50 per share.

Transfer Agent and Registrar

VStock Transfer, LLC is the transfer agent and registrar for our Common Stock.

Quotation of Securities

Our Common Stock is not presently traded on any market or securities exchange, and we have not applied for listing or quotation on any exchange.

SELLING STOCKHOLDERS

The following table sets forth information as of the date of this prospectus, to our knowledge, about the beneficial ownership of our Common Stock by the selling stockholders both before and immediately after the offering.

All of the selling stockholders received their securities in: (i) our formation, (ii) the August 2019 Private Placement; and/or (iii) the issuance in connection with the merger with Odyssey Semiconductor. We have been advised by the selling stockholders that they have sole voting and investment power with respect to all of the shares of Common Stock beneficially owned by them unless otherwise indicated. We have been advised by broker dealers and/or their affiliates that all securities purchased by them (except the shares underlying the placement agent warrants) were purchased by such persons and entities in the ordinary course of business and at the time of purchase, such purchasers did not have any agreements or understandings, directly or indirectly, with any person to distribute such securities.

The percent of beneficial ownership for the selling stockholders is based on 11,159,661 shares of Common Stock outstanding as of the date of this prospectus. Warrants to purchase shares of our Common Stock held by certain investors that are currently exercisable or exercisable within 60 days of the date of this prospectus are considered outstanding and beneficially owned by such investors for the purpose of computing the percentage ownership of their respective percentage ownership but are not treated as outstanding for the purpose of computing the percentage ownership of any other stockholder.

Other than Michael Thompson (who is not a selling stockholder), each of our officers and directors participated in the August 2019 Private Placement and is listed as a selling stockholder in the following table for the shares purchased in such offering.

Pursuant to Rules 13d-3 and 13d-5 of the Exchange Act, beneficial ownership includes any shares of our Common Stock as to which a stockholder has sole or shared voting power or investment power, and also any shares of our Common Stock which the stockholder has the right to acquire within 60 days, including upon exercise of warrants to purchase shares of our Common Stock.

The shares of Common Stock being offered pursuant to this prospectus may be offered for sale from time to time during the period the registration statement of which this prospectus is a part remains effective, by or for the account of the selling stockholders. After the date of effectiveness, the selling stockholders may have sold or transferred, in transactions covered by this prospectus or in transactions exempt from the registration requirements of the Securities Act, some or all of their Common Stock. Information about the selling stockholders may change over time. The share information contained in the below table is accurate as of January 31, 2020, the date of the Prospectus.

Name of Selling Stockholder	Shares Beneficially Owned as of the date of this Prospectus ⁽¹⁾⁽³⁾			Shares Offered by this Prospectus ⁽¹⁾ (3)	Shares Beneficially Owned After the Offering ⁽²⁾	
	Number Shares	Warrants	Percent		Number	Percent
Mark Tompkins (4)	707,333	0	6.34%	707,333	0	0
Ian Jacobs (5)	112,500	0	1.01%	112,500	0	0
The Mark A. Emalfarb Trust dated October 1, 1987 (5) (6)	25,000	0	0.22%	25,000	0	0
Montrose Capital Partners Limited (5) (7)	75,000	0	0.67%	75,000	0	0
Scott Wilfong (5)	46,666	0	0.42%	46,666	0	0
The Del Mar Consulting Group, Inc. Retirement Plan Trust (5) (8)	70,000	0	0.63%	70,000	0	0
Barbara Glens (5)	10,000	0	0.09%	10,000	0	0
Michael Silverman (9)	83,167	52,000	1.21%	135,167	0	0
Paul Tompkins (5)	25,000	0	0.22%	25,000	0	0
Stephen Renaud (10)	52,667	95,966	1.32%	148,633	0	0
MSK Venture Partners, LLC (11)	16,667	0	0.15%	16,667	0	0
David Aichele	13,336	0	0.12%	13,336	0	0
Todd Baszucki	100,000	0	0.90%	100,000	0	0
Andrew Brenner	25,000	0	0.22%	25,000	0	0
Richard J. Brown (24)	66,667	0	0.60%	66,667	0	0
Robert Burkhardt	20,000	0	0.18%	20,000	0	0
Lee Harrison Corbin	33,334	0	0.30%	33,334	0	0
David Darwish (12)	10,000	0	0.09%	10,000	0	0
David I. Obolensky Living Trust DTD June 28, 2017 (13)	100,000	0	0.90%	100,000	0	0
Brook & Suzanne Deaver JTWROS	8,334	0	0.07%	8,334	0	0
Peter Edelman	33,334	0	0.30%	33,334	0	0
Carl Fazio (14)	33,334	0	0.30%	33,334	0	0
Robert Frankel	13,334	0	0.12%	13,334	0	0
Daniel W. and Allaire Hummel JTWROS	23,334	0	0.21%	23,334	0	0
Robert & Maria Johnston JTWROS	50,000	0	0.45%	50,000	0	0
Jupiter Trustees Limited as Trustee of the Ramrakhi Trust (15)	66,666	0	0.60%	66,666	0	0
Thomas A. McGurk Jr.	16,667	0	0.15%	16,667	0	0
David Ngo	33,334	0	0.30%	33,334	0	0
Peter Ohler	26,667	0	0.24%	26,667	0	0

Pauline M. Howard Trust dtd 01.02.98 (16)	16,667	0	0.15%	16,667	0	0
Revocable Trust of Peter Backus dated January 24, 2019 (17)	133,334	0	1.19%	133,334	0	0
Daniel Salvas	20,000	0	0.18%	20,000	0	0
Joshua Shaw	33,333	0	0.30%	33,333	0	0
James R. Shealy (24) (25)	66,667	0	0.60%	66,667	0	0
Jeffrey B. Shealy (18) (25)	383,334	0	3.43%	383,334	0	0
Catherine Shealy Sinclair (25)	40,000	0	0.36%	40,000	0	0
Software Motor Company (19)	70,000	0	0.63%	70,000	0	0
Bill Strawbridge	16,667	0	0.15%	16,667	0	0
Clayton A. Struve	100,000	0	0.90%	100,000	0	0
The Craig R. Whited and Gilda Whited Joint Living Trust DTD 03.25.16 (20)	67,000	0	0.60%	67,000	0	0
John V. Wagner	26,667	0	0.24%	26,667	0	0
Willis, Michael L. and Sharon D., JTWR0S	66,667	0	0.60%	66,667	0	0
Johnny E. Wilson III	13,334	0	0.12%	13,334	0	0
Daniel M. & Julie Wolfe TIC	7,000	0	0.06%	7,000	0	0
Thomas Zahavi	33,334	0	0.30%	33,334	0	0
Michael Zimmerman	10,000	0	0.09%	10,000	0	0
Steven P. DenBaars	13,334	0	0.12%	13,334	0	0
Joel Levine	25,000	0	0.22%	25,000	0	0
Timothy Michael McMahon	16,667	0	0.15%	16,667	0	0
Richard T. Ogawa (24)	16,667	0	0.15%	16,667	0	0
The Prag Living Trust UTD 9/23/2019 (21)	36,648	0	0.183%	36,648	0	0
Ulexus LLC (22) (24)	16,666	0	0.15%	16,666	0	0
Brett Nesland	133,333	0	1.19%	133,333	0	0
EFD Capital Inc. (23)	0	8,000	0.07%	8,000	0	0
Total	3,259,660	155,966	30.19%	3,415,626	0	0

(1) Unless otherwise indicated in the footnotes, the selling stockholders received their securities in the August 2019 Private Placement.

(2) Assumes the sale of all shares offered pursuant to this prospectus.

(3) Share numbers include shares of Common Stock issuable upon exercise of warrants that are exercisable within sixty days of January 31, 2020.

(4) Mr. Tompkins received 500,000 shares in the formation of the Company, and 207,333 shares in the August 2019 Private Placement. Mark Tompkins and another selling stockholder, Paul Tompkins, are siblings.

(5) The shares were issued in the formation of the Company.

(6) The person having voting, dispositive or investment powers over The Mark A. Emalfarb Trust dated October 1, 1987 is Mark A. Emalfarb.

(7) The person having voting, dispositive or investment powers over Montrose Capital Partners Limited is Mark Tompkins.

(8) The person having voting, dispositive or investment powers over The Del Mar Consulting Group, Inc. Retirement Plan Trust is Robert B. Prag.

(9) Mr. Silverman received 66,500 shares in the formation of the Company, 16,667 shares in the August 2019 Private Placement, and 52,000 shares of Common Stock underlying placement agent warrants issued in connection with the August 2019 Private Placement. We have been advised by Mr. Silverman that he is an affiliate of a broker-dealer and that he purchased these shares (except the shares underlying the placement agent warrants) in the ordinary course of business and at the time of purchase, he did not have any agreements or understandings, directly or indirectly, with any person to distribute such shares.

(10) Mr. Renaud received 36,000 shares in the formation of the Company, 16,667 shares in the August 2019 Private Placement, and 95,966 shares of Common Stock underlying placement agent warrants issued in connection with the August 2019 Private Placement. We have been advised by Mr. Renaud that he is an affiliate of a broker-dealer and that he purchased these shares (except the shares underlying the placement agent warrants) in the ordinary course of business and at the time of purchase, he did not have any agreements or understandings, directly or indirectly, with any person to distribute such shares.

- (11) The shares were issued to MSK Venture Partners, LLC for services provided to the Company in connection with the merger with Odyssey Semiconductor. The person having voting, dispositive or investment powers over MSK Venture Partners, LLC is Nimish Patel.
- (12) We have been advised by the selling stockholder that he is an affiliate of a broker-dealer and that he purchased these shares in the ordinary course of business and at the time of purchase, he did not have any agreements or understandings, directly or indirectly, with any person to distribute such shares.
- (13) The person having voting, dispositive or investment powers over David I. Obolensky Living Trust DTD June 28, 2017 is David I. Obolensky. We have been advised by the selling stockholder that it is an affiliate of a broker-dealer and that it purchased these shares in the ordinary course of business and at the time of purchase, it did not have any agreements or understandings, directly or indirectly, with any person to distribute such shares.
- (14) We have been advised by the selling stockholder that he is an affiliate of a broker-dealer and that he purchased these shares in the ordinary course of business and at the time of purchase, he did not have any agreements or understandings, directly or indirectly, with any person to distribute such shares.
- (15) The persons having voting, dispositive or investment powers over Jupiter Trustees Limited as Trustee of the Ramrakhi Trust are Mark de la Rue, Christopher de Putron and Simon Savident as directors.
- (16) The person having voting, dispositive or investment powers over Pauline M. Howard Trust dtd 01.02.98 is Candy D'Azevedo Bathon.
- (17) The person having voting, dispositive or investment powers over Revocable Trust of Peter Backus dated January 24, 2019 is Peter Backus.
- (18) Mr. Shealy received 350,000 shares of Common Stock in connection with the merger with Odyssey Semiconductor on June 21, 2019, and purchased 33,334 shares of Common Stock in the August 2019 Private Placement.
- (19) The person having voting, dispositive or investment powers over Software Motor Company is Ryan Morris.
- (20) The person having voting, dispositive or investment powers over The Craig R. Whited and Gilda Whited Joint Living Trust DTD 03.25.16 is Craig R. Whited.
- (21) The person having voting, dispositive or investment powers over The Prag Living Trust UTD 9/23/2019 is Robert B. Prag.
- (22) The person having voting, dispositive or investment powers over Ulexus LLC is Alex Behfar.
- (23) The person having voting, dispositive or investment powers over EFD Capital Inc. is Barbara Glens.
- (24) The selling stockholder is an officer or director of the Company.
- (25) James R. Shealy, Jeffrey B. Shealy, and Catherine Shealy Sinclair are siblings.

PLAN OF DISTRIBUTION

The selling stockholders, which term as used herein includes donees, pledgees, transferees or other successors-in-interest selling shares of Common Stock or interests in shares of Common Stock received after the date of this prospectus from a selling stockholder as a gift, pledge, partnership distribution or other transfer, may, from time to time, sell, transfer or otherwise dispose of any or all of their shares of Common Stock or interests in shares of Common Stock on any stock exchange, market or trading facility on which the shares are traded or in private transactions.

The selling stockholders may use any one or more of the following methods when disposing of shares or interests therein:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent, but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- privately negotiated transactions;
- short sales;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- broker-dealers may agree with the selling stockholders to sell a specified number of such shares at a stipulated price per share;

- a combination of any such methods of sale; and
- any other method permitted pursuant to applicable law.

The selling stockholders may, from time to time, pledge or grant a security interest in some or all of the shares of Common Stock owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the shares of Common Stock, from time to time, under this prospectus, or under an amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act amending the list of selling stockholders to include the pledgee, transferee or other successors in interest as selling stockholders under this prospectus. The selling stockholders also may transfer the shares of Common Stock in other circumstances, in which case the transferees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus; provided, however, that prior to any such transfer the following information (or such other information as may be required by the federal securities laws from time to time) with respect to each such selling beneficial owner must be added to the prospectus by way of a prospectus supplement or post-effective amendment, as appropriate: (1) the name of the selling beneficial owner; (2) any material relationship the selling beneficial owner has had within the past three years with us or any of our predecessors or affiliates; (3) the amount of securities of the class owned by such beneficial owner before the offering; (4) the amount to be offered for the beneficial owner's account; and (5) the amount and (if one percent or more) the percentage of the class to be owned by such beneficial owner after the offering is complete.

In connection with the sale of our Common Stock or interests therein, the selling stockholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the Common Stock in the course of hedging the positions they assume. The selling stockholders may also sell shares of our Common Stock short and deliver these securities to close out their short positions, or loan or pledge the Common Stock to broker-dealers that in turn may sell these securities. The selling stockholders may also enter into option or other transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities which require the delivery to such broker-dealer or other financial institution of shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

The aggregate proceeds to the selling stockholders from the sale of the Common Stock offered by them will be the purchase price of the Common Stock less discounts or commissions, if any. Each of the selling stockholders reserves the right to accept and, together with their agents from time to time, to reject, in whole or in part, any proposed purchase of Common Stock to be made directly or through agents. We will not receive any of the proceeds from this offering, provided, however, we will receive proceeds from the exercise of the warrants held by certain investors.

Except those who are deemed "underwriters" within the meaning of Section 2(11) of the Securities Act, the selling stockholders also may resell all or a portion of the shares in open market transactions in reliance upon Rule 144 under the Securities Act, provided that they meet the criteria and conform to the requirements of that rule.

The selling stockholders and any broker-dealers or agents, or their affiliates, that participate in the sale of the Common Stock or interests therein may be deemed "underwriters" within the meaning of Section 2(11) of the Securities Act. In such event, any discounts, commissions, concessions or profit they earn on any resale of the shares may be deemed to be underwriting discounts and commissions under the Securities Act. Selling stockholders who are deemed "underwriters" within the meaning of Section 2(11) of the Securities Act will be subject to the prospectus delivery requirements of the Securities Act. In addition, selling stockholders who are deemed "underwriters" within the meaning of Section 2(11) of the Securities Act will not be eligible to rely on Rule 144 to resell their shares.

To the extent required, the shares of our Common Stock to be sold, the names of the selling stockholders, the respective purchase prices and public offering prices, the names of any agents, dealer or underwriter, any applicable commissions or discounts with respect to a particular offer will be set forth in an accompanying prospectus supplement or, if appropriate, a post-effective amendment to the registration statement that includes this prospectus.

The maximum amount of compensation to be received by any FINRA member or independent broker-dealer for the sale of any securities registered under this prospectus will not be greater than 8.0% of the gross proceeds from the sale of such securities.

In order to comply with the securities laws of some states, if applicable, the Common Stock may be sold in these jurisdictions only through registered or licensed brokers or dealers. In addition, in some states the Common Stock may not be sold unless it has been registered or qualified for sale or an exemption from registration or qualification requirements is available and is complied with.

We have advised the selling stockholders that the anti-manipulation rules of Regulation M under the Exchange Act may apply to sales of shares in the market and to the activities of the selling stockholders and their affiliates. In addition, we will make copies of this prospectus (as it may be supplemented or amended from time to time) available to the selling stockholders for the purpose of satisfying the prospectus delivery requirements of the Securities Act. The selling stockholders may indemnify any broker-dealer that participates in transactions involving the sale of the shares against certain liabilities, including liabilities arising under the Securities Act.

MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

Our Common Stock is not presently traded on any market or securities exchange, and we have not applied for listing or quotation on any exchange. We are seeking sponsorship for the trading of our Common Stock on the OTCQB Market upon the effectiveness of the registration statement of which this prospectus is a part. There can be no assurance that a market maker will agree to file the necessary documents with the FINRA, nor can we provide assurance that our shares will actually be quoted on the OTCQB Market or, if quoted, that a viable public market will materialize or be sustained.

Future sales of substantial amounts of our shares in the public market could adversely affect market prices prevailing from time to time and could impair our ability to raise capital through the sale of our equity securities.

Holders

As of the date of this prospectus, there are 53 record holders of our Common Stock.

LEGAL MATTERS

Robinson & Cole, LLP, 1055 Washington Boulevard, Stamford, CT 06901 has acted as our counsel in connection with the preparation of this prospectus and the issuance of an opinion relating to the validity of the securities offered in this prospectus.

EXPERTS

The consolidated financial statements of the Company appearing in this prospectus and related registration statement have been audited by Marcum LLP, an independent registered public accounting firm, as set forth in their report thereon and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the foregoing, or otherwise, we have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by us of expenses incurred or paid by a director, officer or controlling person of ours in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, we will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act, with respect to the Common Stock offered by this prospectus. This prospectus, which is part of the registration statement, omits certain information, exhibits, schedules and undertakings set forth in the registration statement. For further information pertaining to us and our Common Stock, reference is made to the registration statement and the exhibits and schedules to the registration statement. Statements contained in this prospectus as to the contents or provisions of any documents referred to in this prospectus, although not necessarily complete, include the material provisions of such document, and in each instance where a copy of the document has been filed as an exhibit to the registration statement, reference is made to the exhibit for a more complete description of the matters involved.

The registration statement, including all exhibits and amendments to the registration statement, has been filed electronically with the SEC, which are publicly available through the SEC's web site at <http://www.sec.gov>.

Contemporaneously with the effectiveness of the registration statement of which this prospectus is a part, we will become subject to the information and periodic reporting requirements of the Exchange Act and, accordingly, will file annual reports containing financial statements audited by an independent public accounting firm, quarterly reports containing unaudited financial data, current reports, and other information with the Securities and Exchange Commission. You will be able to inspect and copy such periodic reports, and other information at the web site of the SEC referred to above.

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ODYSSEY SEMICONDUCTOR TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	<u>September 30,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
	<u>(unaudited)</u>	
Assets		
Current Assets:		
Cash	\$ 1,599,695	\$ 25,011
Contract assets	106,987	329,062
Accounts receivable	1,330	2,170
Prepaid and other current assets	173,495	2,039
	<u>1,881,507</u>	<u>358,282</u>
Total Current Assets	1,881,507	358,282
Restricted cash	100,407	—
Deferred offering costs	26,168	—
Property and equipment, net	75,638	78,181
	<u>75,638</u>	<u>78,181</u>
Total Assets	<u>\$ 2,083,720</u>	<u>\$ 436,463</u>
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 228,422	\$ 251,586
	<u>228,422</u>	<u>251,586</u>
Total Current Liabilities	228,422	251,586
Commitments and contingencies (See Note 7)	—	—
Stockholders' Equity:		
Preferred stock, \$0.0001 par value, 5,000,000 shares authorized; 0 shares issued and outstanding as of September 30, 2019 and December 31, 2018	—	—
Common stock, \$0.0001 par value, 45,000,000 shares authorized, 11,159,661 and 5,316,667 shares issued and outstanding as of September 30, 2019 and December 31, 2018, respectively	1,116	532
Additional paid-in capital	2,957,645	(532)
(Accumulated deficit) retained earnings	(1,103,463)	184,877
	<u>1,855,298</u>	<u>184,877</u>
Total Stockholders' Equity	1,855,298	184,877
Total Liabilities and Stockholders' Equity	<u>\$ 2,083,720</u>	<u>\$ 436,463</u>

See notes to these condensed consolidated financial statements.

ODYSSEY SEMICONDUCTOR TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	For The Nine Months Ended September 30,	
	2019	2018
Revenues	\$ 282,745	\$ 449,241
Cost of Revenues	317,216	288,651
Gross (Loss) Profit	(34,471)	160,590
Operating Expenses:		
Research and development	155,527	72,470
Selling, general, and administrative	898,796	9,757
Total Operating Expenses	1,054,323	82,227
(Loss) Income From Operations	(1,088,794)	78,363
Other Income:		
Interest income	454	578
Net (Loss) Income	\$ (1,088,340)	\$ 78,941
Net (Loss) Income Per Share:		
Basic	\$ (0.15)	\$ 0.01
Diluted	\$ (0.15)	\$ 0.01
Weighted Average Number of Common Shares Outstanding:		
Basic	7,285,145	5,316,667
Diluted	7,285,145	5,316,667
Unaudited Pro Forma Financial Information:		
(Loss) Income Before Income Taxes	\$ (1,088,340)	\$ 78,941
Pro forma provision for income taxes	—	(21,788)
Pro Forma Net (Loss) Income	\$ (1,088,340)	\$ 57,153
Pro Forma Net (Loss) Income Per Share:		
Basic	\$ (0.15)	\$ 0.01
Diluted	\$ (0.15)	\$ 0.01
Weighted Average Number of Common Shares Outstanding:		
Basic	7,285,145	5,316,667
Diluted	7,285,145	5,316,667

See notes to these condensed consolidated financial statements.

ODYSSEY SEMICONDUCTOR TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(unaudited)

	FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019					
	Common Stock		Additional	Retained	Total	
	Shares	Amount	Paid-In	Earnings	Stockholders'	
			Capital	(Accumulated	Deficit)	Equity
Balance - January 1, 2019	5,316,667	\$ 532	\$ (532)	\$ 184,877	\$ 184,877	
Dividend to stockholders	—	—	—	(200,000)	(200,000)	
Stock-based compensation:						
Common stock	350,000	35	524,965	—	525,000	
Equity of Odyssey Semiconductor Technologies, Inc. at the time of the reverse recapitalization	3,566,667	357	2,126	—	2,483	
Issuance of common stock for cash, net of issuance costs [1]	1,926,327	192	2,429,282	—	2,429,474	
Stock-based compensation:						
Stock options	—	—	1,804	—	1,804	
Net loss	—	—	—	(1,088,340)	(1,088,340)	
Balance - September 30, 2019	<u>11,159,661</u>	<u>\$ 1,116</u>	<u>\$ 2,957,645</u>	<u>\$ (1,103,463)</u>	<u>\$ 1,855,298</u>	

[1] Includes gross proceeds of \$2,889,485, less cash issuance costs of \$460,011 and placement agent warrants with an issuance date fair value of \$148,202 that were classified within stockholders' equity.

	FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018					
	Common Stock		Additional	Retained	Total	
	Shares	Amount	Paid-In	Earnings	Stockholders'	
			Capital	(Accumulated	Deficit)	Equity
Balance - January 1, 2018	5,316,667	\$ 532	\$ (532)	\$ 85,865	\$ 85,865	
Dividend to stockholders	—	—	—	(20,000)	(20,000)	
Net income	—	—	—	78,941	78,941	
Balance - September 30, 2018	<u>5,316,667</u>	<u>\$ 532</u>	<u>\$ (532)</u>	<u>\$ 144,806</u>	<u>\$ 144,806</u>	

See notes to these condensed consolidated financial statements.

ODYSSEY SEMICONDUCTOR TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	For the Nine Months Ended September 30,	
	2019	2018
Cash Flows From Operating Activities:		
Net (loss) income	\$ (1,088,340)	\$ 78,941
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Stock-based compensation	526,804	—
Depreciation and amortization	2,543	2,543
Changes in operating assets and liabilities:		
Contract assets	48,580	(153,172)
Accounts receivable	840	—
Prepaid and other current assets	2,039	—
Accounts payable and accrued expenses	26,837	146,158
Total Adjustments	607,643	(4,471)
Net Cash (Used In) Provided By Operating Activities	(480,697)	74,470
Cash Flows From Investing Activities:		
Purchases of property and equipment	(50,000)	—
Cash acquired in reverse capitalization	2,482	—
Net Cash Used In Investing Activities	(47,518)	—
Cash Flows From Financing Activities:		
Proceeds from sale of common stock [1]	2,445,603	—
Payment of offering costs	(16,129)	—
Payment of deferred offering costs	(26,168)	—
Dividend to stockholders	(200,000)	(20,000)
Net Cash Provided By (Used In) Financing Activities	2,203,306	(20,000)
Net Increase In Cash and Restricted Cash	1,675,091	54,470
Cash and Restricted Cash - Beginning Of Period	25,011	7,594
Cash and Restricted Cash - End Of Period	\$ 1,700,102	\$ 62,064
Cash and Restricted Cash Consisted of the Following:		
Cash	\$ 1,599,695	\$ 62,064
Restricted cash	100,407	—
	\$ 1,700,102	\$ 62,064

[1] Includes gross proceeds of \$2,889,485, less withheld issuance costs of \$443,882.

Supplemental Disclosures of Cash Flow Information:

Cash paid during the period for:		
Interest	\$ —	\$ —
Income taxes	\$ —	\$ —
Non-cash investing and financing activities:		
Issuance of warrants to placement agent	\$ 148,202	\$ —
Property and equipment purchased on account	\$ —	\$ 75,000

See notes to these condensed consolidated financial statements.

ODYSSEY SEMICONDUCTOR TECHNOLOGIES, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

Note 1 - Business Organization, Nature of Operations and Reverse Recapitalization

Organization and Operations

Odyssey Semiconductor Technologies, Inc. ("Odyssey Technologies") was incorporated on April 12, 2019 under the laws of the State of Delaware. Odyssey Technologies, through its wholly-owned subsidiary, Odyssey Semiconductor, Inc. ("Odyssey Semiconductor") and Odyssey Semiconductor's wholly owned subsidiary, JR2J, LLC ("JR2J") (collectively, the "Company"), is a semiconductor device company developing high-voltage power switching components and systems based on proprietary Gallium Nitride ("GaN") processing technology.

Reverse Recapitalization and Common Control Merger

On June 17, 2019, Odyssey Semiconductor entered into a contribution agreement with 100% of the members of JR2J ("Contribution Agreement"). Pursuant to the Contribution Agreement, the members of JR2J agreed to transfer 100% of their membership interests in JR2J to the Odyssey Semiconductor in exchange for the issuance of an aggregate of 5,316,667 shares of common stock of Odyssey Semiconductor (the "Contribution"). In connection with the Contribution Agreement, JR2J became a wholly-owned subsidiary of Odyssey Semiconductor. Odyssey Semiconductor and JR2J were determined to be entities held under common control through identical common ownership. Accordingly, the effect of the merger was retrospectively applied to all financial statement periods presented herein and the historical financial statements of Odyssey Semiconductor and JR2J are combined.

On June 21, 2019, Odyssey Technologies entered into a share exchange agreement (the "Share Exchange Agreement") with Odyssey Semiconductor and 100% of the stockholders of Odyssey Semiconductor (the "Semiconductor Stockholders"). On June 21, 2019 (the "Closing Date"), the Company closed the transaction contemplated by the Share Exchange Agreement. Pursuant to the Share Exchange Agreement, the Semiconductor Stockholders agreed to transfer an aggregate of 5,666,667 shares of common stock of Odyssey Semiconductor to Odyssey Technologies in exchange for Odyssey Technologies' issuance of an aggregate of 5,666,667 shares of its common stock to the Semiconductor Stockholders (the "Share Exchange"). On the Closing Date, Odyssey Semiconductor became a wholly-owned subsidiary of Odyssey Technologies, the Semiconductor Stockholders beneficially owned approximately 61.37% of Odyssey Technologies' common stock on a fully-diluted basis, Odyssey Technologies began operating Odyssey Semiconductor's business of developing high-voltage power switching components and systems, and all directors and officers of Odyssey Technologies resigned and were replaced by the directors and officers of Odyssey Semiconductor.

The closing of the Share Exchange was accounted for as a reverse recapitalization under the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 805-40. The condensed consolidated statements of operations herein reflect the historical results of Odyssey Semiconductor prior to the completion of the reverse recapitalization since it was determined to be the accounting acquirer, and do not include the historical results of operations for Odyssey Technologies prior to the completion of the reverse recapitalization. Odyssey Technologies had no or nominal assets and operations prior to the reverse recapitalization. Odyssey Technologies' assets and liabilities will be consolidated with the assets and liabilities of Odyssey Semiconductor as of the Closing Date. Odyssey Semiconductor's retained earnings are being carried forward as the Company's retained earnings.

Note 2 - Summary of Significant Accounting Policies

There have been no material changes to the significant accounting policies included in the consolidated financial statements as of December 31, 2018 and 2017 and for the years then ended, which are included elsewhere in this filing, except as disclosed in this note.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, such statements include all adjustments (consisting only of normal recurring items) which are considered necessary for a fair presentation of the unaudited condensed consolidated financial statements of the Company as of September 30, 2019 and December 31, 2018 and for the nine months ended September 30, 2019 and 2018. The results of operations for the nine months ended September 30, 2019 are not necessarily indicative of the operating results for the full year ending December 31, 2019 or any other period. These unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements and related disclosures as of December 31, 2018 and 2017 and for the years then ended which are included elsewhere in this filing.

Unaudited Pro Forma Financial Information

The unaudited pro forma information gives effect to the Company's conversion from a tax exempt entity into a tax paying entity. During the nine months ended September 30, 2019 and 2018, the Company has estimated its pro forma income tax provision using a combined federal and state (New York) effective tax rate of 0% and 27.6%, respectively. No tax benefit was recorded for pro forma purposes for the nine months ended September 30, 2019, as it was deemed that the recovery of a pro forma deferred tax asset would not meet the "more likely than not" threshold. Therefore, a full pro forma valuation reserve would be established, such that no pro forma tax benefit would be recorded.

Use of Estimates

Preparation of financial statements in conformity with U.S. GAAP requires management to make estimates, judgments and assumptions that affect the amounts reported in the financial statements and the amounts disclosed in the related notes to the financial statements. The Company's significant estimates used in these financial statements include, but are not limited to, fair value calculations for equity securities, stock-based compensation, the collectability of receivables, the recoverability and useful lives of long-lived assets, and the valuation allowance related to the Company's deferred tax assets. Certain of the Company's estimates could be affected by external conditions, including those unique to the Company and general economic conditions. It is reasonably possible that these external factors could have an effect on the Company's estimates and could cause actual results to differ from those estimates.

ODYSSEY SEMICONDUCTOR TECHNOLOGIES, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents in the financial statements. As of September 30, 2019 and December 31, 2018, the Company had no cash equivalents. The Company has cash on deposits in several financial institutions which, at times, may be in excess of Federal Deposit Insurance Corporation (“FDIC”) insurance limits. The Company has not experienced losses in such accounts and periodically evaluates the creditworthiness of its financial institutions. The Company reduces its credit risk by placing its cash and cash equivalents with major financial institutions. As of September 30, 2019 and December 31, 2018, the Company had \$1,348,285 and \$0, respectively, on deposit in excess of FDIC insurance limits.

Restricted Cash

Restricted cash was comprised of cash held as a security deposit in connection with the Company’s operating lease. See Note 7 – Commitments and Contingencies - Operating Lease for additional details.

Offering Costs

Deferred offering costs, which primarily consist of direct, incremental professional fees incurred in connection with a debt or equity financing, are capitalized as non-current assets on the balance sheet. Once the financing closes, the Company reclassifies such costs as either discounts to notes payable or as a reduction of proceeds received from equity transactions so that such costs are recorded as a reduction of additional paid-in capital. If the completion of a contemplated financing was deemed to be no longer probable, the related deferred offering costs would be charged to general and administrative expense in the condensed consolidated financial statements.

Fair Value of Stock Options and Warrants

The risk-free interest rate was determined from the implied yields from U.S. Treasury zero-coupon bonds with a remaining term consistent with the expected term of the instrument being valued. Option forfeitures are accounted for at the time of occurrence. The expected term used is the estimated period of time that warrants or options are expected to be outstanding. The Company utilizes the “simplified” method to develop an estimate of the expected term of “plain vanilla” employee options. For investor warrants and non-employee options, the expected term used is the contractual life of the instrument being valued. The Company does not yet have a trading history to support its historical volatility calculations. Accordingly, the Company is utilizing an expected volatility figure based on a review of the historical volatility of comparable entities over a period of time equivalent to the expected life of the instrument being valued.

Revenue Recognition

The Company recognizes revenue under ASC Topic 606, “Revenue from Contracts with Customers” (“ASC 606”). The Company determines revenue recognition through the following steps:

- Step 1: Identify the contract with the customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognize revenue when the company satisfies a performance obligation.

A majority of the Company’s revenues are generated from contracts with customers that require it to design, develop, manufacture, test and integrate complex equipment and to provide engineering and technical services according to customer specifications. These contracts are often priced on a time and material type basis. Revenues on time and material type contracts are generally recognized in each period based on the amount billable to the customer which is based on direct labor hours expended multiplied by the contractual fixed rate per hour, plus the actual costs of materials and other direct non-labor costs.

The timing of the Company’s revenue recognition may differ from the timing of payment by its customers. A receivable is recorded when revenue is recognized prior to payment and the Company has an unconditional right to payment. Alternatively, when payment precedes the provision of the related services, the Company records deferred revenue until the performance obligations are satisfied. Contract assets are comprised of unbilled contract receivables related to revenues earned but not yet invoiced to customers.

During the nine months ended September 30, 2019 and 2018, there was no revenue recognized from performance obligations satisfied (or partially satisfied) in previous periods.

The Company generates revenue from government contracts that reimburse the Company for certain allowable costs for funded projects. For contracts with government agencies, when the Company has concluded that it is the principal in conducting the research and development expenses and where the funding arrangement is considered central to the Company’s ongoing operations, the Company classifies the recognized funding received as revenue. The Company has determined that revenue generated from government grants is outside the scope of ASC 606 and, as a result, the Company recognizes revenue upon incurring qualifying, reimbursable expenses. During the nine months ended September 30, 2019 and 2018, the Company recognized \$120,963 and \$177,231, respectively, of grant revenue. Expenses related to grant revenues are included within cost of revenues on the consolidated statements of operations.

ODYSSEY SEMICONDUCTOR TECHNOLOGIES, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

Stock-Based Compensation

The Company adopted Accounting Standards Update (“ASU”) 2018-07, “Compensation — Stock Compensation (Topic 718)” effective January 1, 2019. As of such date, the Company measures the cost of services received in exchange for an award of equity instruments based on the fair value of the award. The fair value of the award is measured on the grant date. The fair value amount is then recognized over the period during which services are required to be provided in exchange for the award, usually the vesting period. Upon the exercise of an award, the Company issues new shares of common stock out of its authorized shares.

Net (Loss) Income Per Common Share

Basic net (loss) income per common share is computed by dividing net (loss) income by the weighted average number of vested common shares outstanding during the period. Diluted net income per common share is computed by dividing net income by the weighted average number of common and dilutive common-equivalent shares outstanding during each period.

The following shares were excluded from the calculation of weighted average dilutive common shares because their inclusion would have been anti-dilutive:

	For the Nine Months Ended	
	September 30,	
	2019	2018
Warrants	155,966	—
Options	325,000	—
Total potentially dilutive shares	480,966	—

Income Taxes

As described in Note 1 - Business Organization, Nature of Operations and Reverse Recapitalization, beginning in June 2019, the operations of the Company are subject to federal and state income taxes.

The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of items that have been included or excluded in the financial statements or tax returns. Deferred tax assets and liabilities are determined on the basis of the difference between the tax basis of assets and liabilities and their respective financial reporting amounts (“temporary differences”) at enacted tax rates in effect for the years in which the temporary differences are expected to reverse.

The Company utilizes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

Management has evaluated and concluded that there were no material uncertain tax positions requiring recognition in the Company’s financial statements as of September 30, 2019 and December 31, 2018. The Company does not expect any significant changes in its unrecognized tax benefits within twelve months of the reporting date.

The Company’s policy is to classify assessments, if any, for tax related interest as interest expense and penalties as selling, general and administrative expenses in the consolidated statements of operations.

See Note 2 - Summary of Significant Accounting Policies – Unaudited Pro Forma Information for details regarding certain pro forma income tax information included on the Company’s condensed consolidated statements of operations.

ODYSSEY SEMICONDUCTOR TECHNOLOGIES, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

Note 3 - Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following:

	September 30, 2019	December 31, 2018
Insurance	\$ 108,470	\$ —
Rent	16,667	—
Employee benefits	16,903	—
Deposit	20,958	—
Professional fees	5,000	—
Other	5,497	—
Total prepaid expenses and other current assets	<u>\$ 173,495</u>	<u>\$ —</u>

Note 4 - Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following:

	September 30, 2019	December 31, 2018
Facility fees	\$ 46,376	\$ 88,108
Accounts payable	44,292	—
Contractor fees	—	108,835
Accrued professional fees	29,690	—
Accrued payroll	34,939	—
Accrued other	9,372	—
Credit card	43,776	4,643
Accrued insurance fees	19,977	—
Accrued purchases of property and equipment	—	50,000
Total accounts payable and accrued expenses	<u>\$ 228,422</u>	<u>\$ 251,586</u>

Note 5 – Related Party Transactions

Common Stock

On June 18, 2019, the Company issued 350,000 shares of immediately vested common stock for cash proceeds of \$350 in connection with services provided to the Company. The shares were issued to an immediate family member of one of the Company's members of management who is also a principal owner. The shares had an issuance date fair value of \$1.50 per share, or \$525,000 in total. As a result, the Company recognized stock-based compensation expense of \$524,650 on the date of issuance.

Note 6 – Stockholders' Equity

Reverse Recapitalization

See Note 1 - Business Organization, Nature of Operations and Reverse Recapitalization - Reverse Recapitalization and Common Control Merger for additional details.

Authorized Capital

The Company is authorized to issue 45,000,000 shares of common stock, \$0.0001 par value per share, and 5,000,000 shares of preferred stock, \$0.0001 par value per share. The holders of the Company's common stock are entitled to one vote per share.

ODYSSEY SEMICONDUCTOR TECHNOLOGIES, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

Equity Compensation Plan

On June 18, 2019, the Board of Directors and a majority of the Company's shareholders, respectively, approved the 2019 Equity Compensation Plan (the "2019 Plan"). Under the 2019 Plan, 1,326,000 shares of common stock of the Company are authorized for issuance. The 2019 Plan provides for the issuance of incentive stock options, non-statutory stock options, rights to purchase common stock, stock appreciation rights, restricted stock, restricted stock, performance shares and performance units to employees, directors and consultants of the Company and its affiliates. The 2019 Plan requires the exercise price of stock options to be not less than the fair value of the Company's common stock on the date of grant, or 110% of fair value in the case of incentive options granted to a ten-percent stockholder.

Common Stock

See Note 5 - Related Party Transactions for additional details.

On June 21 and August 5, 2019, the Company sold an aggregate of 1,776,346 shares of common stock at \$1.50 per share to accredited investors for aggregate gross and net cash proceeds of \$2,664,513 and \$2,204,502, respectively, which included issuance costs of \$460,011 consisting of legal and professional fees, which were charged to additional paid-in capital upon issuance of the common stock. In addition, the Company issued to the Company's placement agent immediately vested five-year warrants to purchase an aggregate of 155,966 shares of the Company's common stock at an exercise price of \$1.50 per share. The warrants were determined to be classified within stockholders' equity and had an issuance date fair value of \$148,202. As a result, the Company recognized the warrants by recording a debit and credit to additional paid-in capital.

On September 24, 2019, the Company sold an aggregate of 149,981 shares of common stock at \$1.50 per share to accredited investors for aggregate cash proceeds of \$224,972.

Options

On September 25, 2019, the Company granted ten-year options to purchase an aggregate of 325,000 shares of common stock at an exercise price of \$1.50 per share to non-employee directors and consultants of the Company. Such options vest one-half on each of the two annual anniversaries of the date of grant and were deemed to have a grant date fair value of an aggregate of \$324,778, or \$1.00 per share. During the nine months ended September 30, 2019, the Company recognized stock-based compensation expense of \$1,804.

Valuation Assumptions

In applying the Black-Scholes option pricing model, the Company used the following assumptions:

Risk-free interest rate	1.60% to 1.75%
Expected term	5.00 to 5.75 years
Expected volatility	78%
Expected dividends	0.00%

Note 7 - Commitments and Contingencies

Litigations, Claims, and Assessments

From time to time, the Company is involved in various disputes, claims, liens and litigation matters arising out of the normal course of business. While the outcome of these disputes, claims, liens and litigation matters cannot be predicted with certainty, after consulting with legal counsel, management does not believe that the outcome of these matters will have a material adverse effect on the Company's combined financial position, results of operations or cash flows. Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated. As of September 30, 2019 and December 31, 2018, the Company had no liabilities recorded for loss contingencies.

Operating Lease

On August 21, 2019, the Company entered into a lease for a 10,000 square foot facility consisting of lab and office space. The lease requires monthly payments of \$16,667 and expires on November 30, 2025. The Company has arranged for a \$100,000 letter of credit in favor of the landlord in lieu of a security deposit, which is included as restricted cash on the condensed consolidated balance sheet as of September 30, 2019. The minimum lease payments for the years ending December 31 are as follows: \$66,668 in 2019, \$200,004 in each of 2020 to 2023 and \$400,008 thereafter.

ODYSSEY SEMICONDUCTOR TECHNOLOGIES, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

Note 8 - Concentrations

During the nine months ended September 30, 2019, revenues generated from Entities D and F represented approximately 43% and 57%, respectively, of the Company's total revenue. During the nine months ended September 30, 2018, revenues generated from Entities A and D represented approximately 60% and 40%, respectively, of the Company's total revenue. Entity A represented 100% of accounts receivable as of September 30, 2019. Entity D represented 100% of contract assets as of September 30, 2019. Entity E represented 100% of accounts receivable as of December 31, 2018. Entities A and D represented approximately 40% and 60% of contract assets, respectively, as of December 31, 2018.

Note 9 - Subsequent Events

The Company has evaluated events that have occurred after the balance sheet and through November 15, 2019, the date the financial statements were issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the financial statements, except as disclosed below.

Options

On November 5, 2019, the Company granted a ten-year option to purchase 25,000 shares of common stock at an exercise price of \$1.50 per share to a consultant. Such options vest one-half on each of the two annual anniversaries of the date of grant.

On November 5, 2019, the Company granted five-year options to purchase an aggregate of 240,000 shares of common stock at an exercise price of \$1.50 per share to employees. Such options vest ratably over three years on each annual anniversary of the date of grant.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Odyssey Semiconductor Technologies, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Odyssey Semiconductor Technologies, Inc. (the "Company") as of December 31, 2018 and 2017, the related consolidated statements of operations, changes in stockholders' equity and cash flows for each of the two years in the period ended December 31, 2018 and 2017, 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, 2018 and 2017, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2018 and 2017, 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 audits. 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 audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the 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 audits, 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 audits 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 audits 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 audits provide a reasonable basis for our opinion.

/s/ Marcum LLP

We have served as the Company's auditor since 2019.

Melville, NY
November 15, 2019

ODYSSEY SEMICONDUCTOR TECHNOLOGIES, INC.
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2018	2017
Assets		
Current Assets:		
Cash	\$ 25,011	\$ 7,594
Contract assets	329,062	100,587
Accounts receivable	2,170	—
Other current assets	2,039	—
Total Current Assets	358,282	108,181
Property and equipment, net	78,181	15,831
Total Assets	\$ 436,463	\$ 124,012
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable and accrued expenses	251,586	38,147
Total Current Liabilities	251,586	38,147
Commitments and contingencies (See Note 6)	—	—
Stockholders' equity:		
Preferred stock, \$0.0001 par value, 5,000,000 shares authorized; 0 shares issued and outstanding as of December 31, 2018 and 2017	—	—
Common stock, \$0.0001 par value, 45,000,000 shares authorized, 5,316,667 shares issued and outstanding as of December 31, 2018 and 2017, respectively	532	532
Additional paid-in capital	(532)	(532)
Retained earnings	184,877	85,865
Total Stockholders' Equity	184,877	85,865
Total Liabilities and Stockholders' Equity	\$ 436,463	\$ 124,012

See notes to these consolidated financial statements.

ODYSSEY SEMICONDUCTOR TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	For The Years Ended	
	December 31,	
	2018	2017
Revenues	\$ 590,540	\$ 174,377
Cost of Revenues	359,050	80,918
Gross Profit	<u>231,490</u>	<u>93,459</u>
Operating Expenses:		
Research and development	98,753	7,382
Selling, general, and administrative	14,429	9,329
Total Operating Expenses	<u>113,182</u>	<u>16,711</u>
Income From Operations	118,308	76,748
Other Income:		
Interest income	704	20
Net Income	<u>\$ 119,012</u>	<u>\$ 76,768</u>
Net Income Per Share:		
Basic	<u>\$ 0.02</u>	<u>\$ 0.01</u>
Diluted	<u>\$ 0.02</u>	<u>\$ 0.01</u>
Weighted Average Number of Common Shares Outstanding:		
Basic	<u>5,316,667</u>	<u>5,316,667</u>
Diluted	<u>5,316,667</u>	<u>5,316,667</u>
Unaudited Pro Forma Financial Information:		
Income Before Income Taxes	\$ 119,012	\$ 76,768
Pro forma provision for income taxes	(32,847)	(31,014)
Pro Forma Net Income	<u>\$ 86,165</u>	<u>\$ 45,754</u>
Pro Forma Net Income Per Share:		
Basic	<u>\$ 0.02</u>	<u>\$ 0.01</u>
Diluted	<u>\$ 0.02</u>	<u>\$ 0.01</u>
Weighted Average Number of Common Shares Outstanding:		
Basic	<u>5,316,667</u>	<u>5,316,667</u>
Diluted	<u>5,316,667</u>	<u>5,316,667</u>

See notes to these consolidated financial statements.

ODYSSEY SEMICONDUCTOR TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>			
Balance - January 1, 2017	5,316,667	\$ 532	\$ (532)	\$ 29,097	\$ 29,097
Dividend to stockholders	—	—	—	(20,000)	(20,000)
Net income	—	—	—	76,768	76,768
Balance - December 31, 2017	5,316,667	\$ 532	\$ (532)	\$ 85,865	\$ 85,865
Dividend to stockholders	—	—	—	(20,000)	(20,000)
Net income	—	—	—	119,012	119,012
Balance - December 31, 2018	<u>5,316,667</u>	<u>\$ 532</u>	<u>\$ (532)</u>	<u>\$ 184,877</u>	<u>\$ 184,877</u>

See notes to these consolidated financial statements.

ODYSSEY SEMICONDUCTOR TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,	
	2018	2017
Cash Flows From Operating Activities:		
Net income	\$ 119,012	\$ 76,768
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,400	1,168
Changes in operating assets and liabilities:		
Contract assets	(228,475)	(80,587)
Accounts receivable	(2,170)	—
Other current assets	(2,039)	—
Accounts payable and accrued expenses	163,439	12,497
Total Adjustments	(65,845)	(66,922)
Net Cash Provided By Operating Activities	<u>53,167</u>	<u>9,846</u>
Cash Flows From Investing Activities:		
Purchases of property and equipment	(25,000)	(16,999)
Proceeds from sale of property and equipment	9,250	—
Net Cash Used In Investing Activities	<u>(15,750)</u>	<u>(16,999)</u>
Cash Flows From Financing Activities:		
Dividend to stockholders	(20,000)	(20,000)
Net Cash Used In Financing Activities	<u>(20,000)</u>	<u>(20,000)</u>
Net Increase (Decrease) In Cash	<u>17,417</u>	<u>(27,153)</u>
Cash - Beginning Of Year	7,594	34,747
Cash - End Of Year	<u>\$ 25,011</u>	<u>\$ 7,594</u>
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the period for:		
Interest	\$ —	\$ —
Income taxes	\$ —	\$ —
Non-cash investing and financing activities:		
Property and equipment purchased on account	<u>\$ 75,000</u>	<u>\$ —</u>

See notes to these consolidated financial statements.

ODYSSEY SEMICONDUCTOR TECHNOLOGIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 1 – Business Organization, Nature of Operations and Basis of Presentation

Organization and Operations

Odyssey Semiconductor Technologies, Inc. ("Odyssey Technologies") was incorporated on April 12, 2019 under the laws of the State of Delaware. Odyssey Technologies, through its wholly owned subsidiary, Odyssey Semiconductor, Inc. ("Odyssey Semiconductor"), and Odyssey Semiconductor's wholly owned subsidiary, JR2J, LLC ("JR2J") (collectively, the "Company"), is a semiconductor device company developing high-voltage power switching components and systems based on proprietary Gallium Nitride ("GaN") processing technology.

Reverse Recapitalization and Common Control Merger

On June 17, 2019, Odyssey Semiconductor entered into a contribution agreement with 100% of the members of JR2J ("Contribution Agreement"). Pursuant to the Contribution Agreement, the members of JR2J agreed to transfer 100% of their membership interests in JR2J to the Odyssey Semiconductor in exchange for the issuance of an aggregate of 5,316,667 shares of common stock of Odyssey Semiconductor (the "Contribution"). In connection with the Contribution Agreement, JR2J became a wholly-owned subsidiary of Odyssey Semiconductor. Odyssey Semiconductor and JR2J were determined to be entities held under common control through identical common ownership. Accordingly, the effect of the merger was retrospectively applied to all financial statement periods presented herein and the historical financial statements of Odyssey Semiconductor and JR2J are combined.

On June 21, 2019, Odyssey Technologies entered into a share exchange agreement (the "Share Exchange Agreement") with Odyssey Semiconductor and 100% of the stockholders of Odyssey Semiconductor (the "Semiconductor Stockholders"). On June 21, 2019 (the "Closing Date"), the Company closed the transaction contemplated by the Share Exchange Agreement. Pursuant to the Share Exchange Agreement, the Semiconductor Stockholders agreed to transfer an aggregate of 5,666,667 shares of common stock of Odyssey Semiconductor to Odyssey Technologies in exchange for Odyssey Technologies' issuance of an aggregate of 5,666,667 shares of its common stock to the Semiconductor Stockholders (the "Share Exchange"). On the Closing Date, Odyssey Semiconductor became a wholly-owned subsidiary of Odyssey Technologies, the Semiconductor Stockholders beneficially owned approximately 61.37% of Odyssey Technologies' common stock on a fully-diluted basis, Odyssey Technologies began operating Odyssey Semiconductor's business of developing high-voltage power switching components and systems, and all directors and officers of Odyssey Technologies resigned and were replaced by the directors and officers of Odyssey Semiconductor.

The closing of the Share Exchange was accounted for as a reverse recapitalization under the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 805-40. The consolidated statements of operations herein reflect the historical results of Odyssey Semiconductor prior to the completion of the reverse recapitalization since it was determined to be the accounting acquirer, and do not include the historical results of operations for Odyssey Technologies prior to the completion of the reverse recapitalization. Odyssey Technologies had no or nominal assets and operations prior to the reverse recapitalization. Odyssey Technologies' assets and liabilities will be consolidated with the assets and liabilities of Odyssey Semiconductor as of the Closing Date. Odyssey Semiconductor's retained earnings are being carried forward as the Company's retained earnings.

Note 2 – Summary of Significant Accounting Policies

Liquidity and Financial Condition

As of December 31, 2018, the Company had a cash balance, working capital and retained earnings of \$25,011, \$106,696 and \$184,877, respectively. During the years ended December 31, 2018 and 2017, the Company generated net income of \$119,012 and \$76,768, respectively. Subsequent to December 31, 2018, the Company sold common stock for aggregate net proceeds of approximately \$2,400,000. See Note 8 – Subsequent Events for additional details.

The Company believes its current cash on hand is sufficient to meet its operating obligations and capital requirements for at least twelve months from November 15, 2019, the date the financial statements were issued. Thereafter, the Company may need to raise further capital through the sale of additional equity or debt securities or other debt instruments to support its future operations. The Company's operating needs include the planned costs to operate its business, including amounts required to fund working capital and capital expenditures. The Company's future capital requirements and the adequacy of its available funds will depend on many factors, including the Company's ability to successfully commercialize its products and services, competing technological and market developments, and the need to enter into collaborations with other companies or acquire other companies or technologies to enhance or complement its product and service offerings. There is also no assurance that the amount of funds the Company might raise will enable the Company to complete its development initiatives or attain profitable operations. If the Company is unable to obtain additional financing on a timely basis, it may have to curtail its development, marketing and promotional activities, which would have a material adverse effect on the Company's business, financial condition and results of operations, and ultimately, the Company could be forced to discontinue its operations and liquidate.

Unaudited Pro Forma Financial Information

The unaudited pro forma information gives effect to the Company's conversion from a tax exempt entity into a tax paying entity. During the years ended December 31, 2018 and 2017, the Company has estimated its pro forma income tax provision using a combined federal and state (New York) effective tax rate of 27.6% and 40.4%, respectively.

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Use of Estimates

Preparation of financial statements in conformity with U.S. GAAP requires management to make estimates, judgments and assumptions that affect the amounts reported in the financial statements and the amounts disclosed in the related notes to the financial statements. The Company's significant estimates used in these financial statements include, but are not limited to, accounts receivable reserves, and the recoverability and useful lives of long-lived assets. Certain of the Company's estimates could be affected by external conditions, including those unique to the Company and general economic conditions. It is reasonably possible that these external factors could have an effect on the Company's estimates and could cause actual results to differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents in the financial statements. As of December 31, 2018 and 2017, the Company had no cash equivalents. The Company has cash on deposit in several financial institutions which, at times, may be in excess of Federal Deposit Insurance Corporation ("FDIC") insurance limits. The Company has not experienced losses in such accounts and periodically evaluates the creditworthiness of its financial institutions. The Company reduces its credit risk by placing its cash and cash equivalents with major financial institutions. As of December 31, 2018 and 2017, the Company had no cash on deposit in excess of FDIC insurance limits.

Accounts Receivable

Accounts receivable are carried at their contractual amounts, less an estimate for uncollectible amounts. As of December 31, 2018 and 2017, there were no allowances for uncollectible amounts determined to be necessary. Management estimates the allowance for bad debts based on existing economic conditions, the financial conditions of the customers, and the amount and age of past due accounts. Receivables are considered past due if full payment is not received by the contractual due date. Past due accounts are generally written off against the allowance for bad debts only after all collection attempts have been exhausted.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation using the straight-line method over their estimated useful lives, once the asset is placed in service. Expenditures for maintenance and repairs, which do not extend the economic useful life of the related assets, are charged to operations as incurred, and expenditures which extend the economic life are capitalized. When assets are retired or otherwise disposed of, the costs and related accumulated depreciation or amortization are removed from the accounts and any gain or loss on disposal is recognized in the statement of operations for the respective period.

The Company's long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss would be recognized when estimated future cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount.

The estimated useful lives of property and equipment are as follows:

<u>Asset</u>	<u>Useful Lives (In Years)</u>
Computer and office equipment	5
Lab equipment	5
Machinery	10

Fair Value of Financial Instruments

The Company measures the fair value of financial assets and liabilities based on the guidance of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820 "Fair Value Measurements and Disclosures" ("ASC 820") which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 describes three levels of inputs that may be used to measure fair value:

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Level 1 — quoted prices in active markets for identical assets or liabilities

Level 2 — quoted prices for similar assets and liabilities in active markets or inputs that are observable

Level 3 — inputs that are unobservable (for example, cash flow modeling inputs based on assumptions)

The carrying amounts of the Company's financial instruments, such as cash, accounts receivable, accounts payable and accrued expenses approximate fair values due to the short-term nature of these instruments.

Revenue Recognition

The Company adopted ASC Topic 606, "Revenue from Contracts with Customers" ("ASC 606") effective January 1, 2017. The Company determines revenue recognition through the following steps:

- Step 1: Identify the contract with the customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognize revenue when the company satisfies a performance obligation.

A majority of the Company's revenues are generated from contracts with customers that require it to design, develop, manufacture, test and integrate complex equipment and to provide engineering and technical services according to customer specifications. These contracts are often priced on a time and material type basis. Revenues on time and material type contracts are generally recognized in each period based on the amount billable to the customer which is based on direct labor hours expended multiplied by the contractual fixed rate per hour, plus the actual costs of materials and other direct non-labor costs.

The timing of the Company's revenue recognition may differ from the timing of payment by its customers. A receivable is recorded when revenue is recognized prior to payment and the Company has an unconditional right to payment. Alternatively, when payment precedes the provision of the related services, the Company records deferred revenue until the performance obligations are satisfied. Contract assets are comprised of unbilled contract receivables related to revenues earned but not yet invoiced to customers.

During the years ended December 31, 2018 and 2017, there was no revenue recognized from performance obligations satisfied (or partially satisfied) in previous periods.

The Company generates revenue from government contracts that reimburse the Company for certain allowable costs for funded projects. For contracts with government agencies, when the Company has concluded that it is the principal in conducting the research and development expenses and where the funding arrangement is considered central to the Company's ongoing operations, the Company classifies the recognized funding received as revenue. The Company has determined that revenue generated from government grants is outside the scope of ASC 606 and, as a result, the Company recognizes revenue upon incurring qualifying, reimbursable expenses. During the years ended December 31, 2018 and 2017, the Company recognized \$229,025 and \$30,842, respectively, of grant revenue. Expenses related to grant revenues are included within cost of revenues on the consolidated statements of operations.

Research and Development

Research and development expenses are charged to operations as incurred.

Net Income Per Common Share

Basic net income per common share is computed by dividing net income by the weighted average number of vested common shares outstanding during the period. Diluted net income per common share is computed by dividing net income by the weighted average number of common and dilutive common-equivalent shares outstanding during each period.

Income Taxes

As described in Note 1 - Business Organization, Nature of Operations, and Basis of Presentation, the effect of the merger of JR2J with Odyssey Semiconductor on June 17, 2019 was retrospectively applied to all financial statement periods presented in these consolidated financial statements.

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Odyssey Semiconductor had no operations during the periods presented and JR2J had elected to be treated as a partnership for federal and state income tax purposes for those periods. Therefore, no income tax expense or benefit has been included in these financial statements since taxable income or loss during these periods presented was passed through to, and was reportable by, the partners of JR2J.

See Note 2 - Summary of Significant Accounting Policies – Unaudited Pro Forma Information for details regarding certain pro forma income tax information included on the Company’s consolidated statements of operations.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, “Leases (Topic 842),” (“ASU 2016-02”). ASU 2016-02 requires an entity to recognize assets and liabilities arising from a lease for both financing and operating leases. ASU 2016-02 will also require new qualitative and quantitative disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. The FASB issued ASU No. 2018-10 “Codification Improvements to Topic 842, Leases” (“ASU 2018-10”), ASU No. 2018-11 “Leases (Topic 842) Targeted Improvements” (“ASU 2018-11”) in July 2018, and ASU No. 2018-20 “Leases (Topic 842) - Narrow Scope Improvements for Lessors” (“ASU 2018-20”) in December 2018. ASU 2018-10 and ASU 2018-20 provide certain amendments that affect narrow aspects of the guidance issued in ASU 2016-02. ASU 2018-11 allows all entities adopting ASU 2016-02 to choose an additional (and optional) transition method of adoption, under which an entity initially applies the new leases standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The Company expects to recognize operating lease right-of-use assets and lease liabilities on the balance sheet upon adoption of this ASU. The Company is currently evaluating these ASUs and their impact on its consolidated financial statements and financial statement disclosures. See ASU 2019-10 below, which defers the effective date for ASC 842. The Company is currently evaluating these ASUs and their impact on its consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-08, “Not-For-Profit Entities – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made” (“ASU 2018-08”). ASU 2018-08 is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in ASU No. 2018-08 should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transaction) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This amendment applies to all entities that make or receive grants or contributions. The amendments should be applied on a modified prospective basis. The modified prospective adoption is applied to agreements that are not completed as of the effective date, or entered into after the effective date. Retrospective application is permitted. The amendments are effective for transactions in which the Company serves as the resource recipient for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. The Company is currently evaluating ASU 2018-08 and its impact on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, “Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement” (“ASU 2018-13”). The amendments in ASU 2018-13 modify the disclosure requirements associated with fair value measurements based on the concepts in the Concepts Statement, including the consideration of costs and benefits. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. The amendments are effective for all entities for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The Company is currently evaluating ASU 2018-13 and its impact on its consolidated financial statements.

In November 2019, the FASB issued ASU 2019-10, “Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)” (“ASU 2019-10”). ASU 2019-10 (i) provides a framework to stagger effective dates for future major accounting standards and (ii) amends the effective dates for certain major new accounting standards to give implementation relief to certain types of entities. Specifically, ASU 2019-10 changes some effective dates for certain new standards on the following topics in the FASB Accounting Standards Codification (ASC): (a) Derivatives and Hedging (ASC 815) – now effective for fiscal years beginning after December 15, 2020 and interim periods within fiscal years beginning after December 15, 2021; (b) Leases (ASC 842) - now effective for fiscal years beginning after December 15, 2020 and interim periods within fiscal years beginning after December 15, 2021; (c) Financial Instruments — Credit Losses (ASC 326) - now effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years; and (d) Intangibles — Goodwill and Other (ASC 350) - now effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company is currently evaluating ASU 2019-10 and its impact on its consolidated financial statements.

Note 3 – Property and Equipment

	December 31,	
	2018	2017
Computer and office equipment	\$ 1,393	\$ 1,393
Lab equipment	15,606	15,606
Machinery	65,750	—
	<u>82,749</u>	<u>16,999</u>
Less: accumulated depreciation	(4,568)	(1,168)
Property and equipment, net	<u>\$ 78,181</u>	<u>\$ 15,831</u>

Depreciation and amortization expense related to property and equipment was \$3,400 and \$1,168 for the years ended December 31, 2018 and 2017, respectively, which was recorded within cost of sales in the accompanying statements of operations. During the year ended December 31, 2018, the Company sold property and equipment with a net book value of \$9,250 for proceeds of \$9,250.

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Note 4 – Accounts Payable and Accrued Expenses

	December 31,	
	2018	2017
Contractor fees	\$ 108,835	\$ 25,860
Facility fees	88,108	10,731
Credit card	4,643	1,556
Accrued purchases of property and equipment	50,000	—
Total accounts payable and accrued expenses	\$ 251,586	\$ 38,147

Note 5 – Stockholders’ Equity

Authorized Capital

The Company is authorized to issue 45,000,000 shares of common stock, \$0.0001 par value, and 5,000,000 shares of preferred stock, \$0.0001 par value. The holders of the Company’s common stock are entitled to one vote per share.

Note 6 – Commitments and Contingencies

Litigations, Claims, and Assessments

From time to time, the Company is involved in various disputes, claims, liens and litigation matters arising out of the normal course of business. While the outcome of these disputes, claims, liens and litigation matters cannot be predicted with certainty, after consulting with legal counsel, management does not believe that the outcome of these matters will have a material adverse effect on the Company’s combined financial position, results of operations or cash flows. Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated. As of December 31, 2018 and 2017, the Company had no liabilities recorded for loss contingencies.

Operating Lease

During 2017, the Company entered into a one-year lease for 561 square feet of office space in Ithaca, New York. Monthly lease payments were approximately \$795 for a total of approximately \$9,500 for the total term of the lease. The lease expired in August 2018. Since that date, the Company is renting the space on a month-to-month basis. Rent expense was \$9,876 and \$4,150 during the years ended December 31, 2018 and 2017, respectively.

Note 7 – Concentrations

During the year ended December 31, 2018, revenues generated from Entities A and D represented approximately 59% and 39%, of the Company’s total revenue, respectively. During the year ended December 31, 2017, revenues generated from Entities A, B, C, and D represented approximately 38%, 21%, 22% and 17% of the Company’s total revenue, respectively. Entity E represented 100% of accounts receivable as of December 31, 2018. Entities A and D represented approximately 40% and 60% of contract assets, respectively, as of December 31, 2018. Entities A and D represented approximately 65% and 30% of contract assets, respectively, as of December 31, 2017.

Note 8 – Subsequent Events

The Company has evaluated events that have occurred after the balance sheet and through November 15, 2019, the date the financial statements were issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the financial statements, except as disclosed below.

Common Stock

On June 18, 2019, the Company issued 350,000 shares of immediately vested common stock for cash proceeds of \$350 in connection with services provided to the Company. The shares were issued to an immediate family member of one of the Company’s members of management who is also a principal owner.

ODYSSEY SEMICONDUCTOR TECHNOLOGIES, INC.
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On June 21 and August 5, 2019, the Company sold an aggregate of 1,776,346 shares of common stock at \$1.50 per share to accredited investors for aggregate gross and net cash proceeds of \$2,664,513 and \$2,204,502, respectively, which included issuance costs of \$460,011 consisting of legal and professional fees, which were charged to additional paid-in capital upon issuance of the common stock. In addition, the Company issued to the Company's placement agent immediately vested five-year warrants to purchase an aggregate of 155,966 shares of the Company's common stock at an exercise price of \$1.50 per share.

On September 24, 2019, the Company sold an aggregate of 149,981 shares of common stock at \$1.50 per share to accredited investors for aggregate cash proceeds of \$224,972.

Options

On September 25, 2019, the Company granted ten-year options to purchase an aggregate of 325,000 shares of common stock at an exercise price of \$1.50 per share to non-employee directors and consultants of the Company. Such options vest one-half on each of the two annual anniversaries of the date of grant.

On November 5, 2019, the Company granted a ten-year option to purchase 25,000 shares of common stock at an exercise price of \$1.50 per share to a consultant. Such options vest one-half on each of the two annual anniversaries of the date of grant.

On November 5, 2019, the Company granted five-year options to purchase an aggregate of 240,000 shares of common stock at an exercise price of \$1.50 per share to employees. Such options vest ratably over three years on each annual anniversary of the date of grant.

Equity Compensation Plan

On June 18, 2019, the Board of Directors and a majority of the Company's shareholders, respectively, approved the 2019 Equity Compensation Plan (the "2019 Plan"). Under the 2019 Plan, 1,326,000 shares of common stock of the Company are authorized for issuance. The 2019 Plan provides for the issuance of incentive stock options, non-statutory stock options, rights to purchase common stock, stock appreciation rights, restricted stock, performance shares and performance units to employees, directors and consultants of the Company and its affiliates. The 2019 Plan requires the exercise price of stock options to be not less than the fair value of the Company's common stock on the date of grant, or 110% of fair value in the case of incentive options granted to a ten-percent stockholder.

Operating Lease

On August 21, 2019, the Company entered into a lease for a 10,000 square foot facility consisting of lab and office space. The lease requires monthly payments of \$16,667 and expires on December 31, 2025. The Company has arranged for a \$100,000 letter of credit in favor of the landlord in lieu of a security deposit. The minimum lease payments for the years ending December 31 are as follows: \$66,668 in 2019, \$200,004 in each of 2020 to 2023 and \$400,008 thereafter.

ODYSSEY SEMICONDUCTOR TECHNOLOGIES, INC.

**3,415,626 Shares
Common Stock**

PROSPECTUS

_____, 2020

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

Our estimated expenses in connection with the issuance and distribution of the securities being registered are:

SEC Registration Fee	\$	2,203
Accounting Fees and Expenses	\$	40,000
Legal Fees and Expenses	\$	150,000
Total	\$	192,203

ITEM 14. INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 145 of the Delaware General Corporation Law provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to an action by reason of the fact that he or she was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful, except that, in the case of an action by or in right of the corporation, no indemnification may generally be made in respect of any claim as to which such person is adjudged to be liable to the corporation. The Company's Bylaws provide that it will indemnify its directors and officers against expenses actually and necessarily incurred in connection with the defense of any action, suit, or proceeding in which they, or any of them, were made parties, or a party, by reason of being or having been directors or officers or a director or officer of the Company, or of such other corporation, except in relation to matters as to which any such director or officer or person shall have been adjudged in such action, suit, or proceeding to be liable for negligence or misconduct in the performance of any duty owed to the Company.

Section 102(b)(7) of the Delaware General Corporation Law permits a corporation to provide in its certificate of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duties as a director, except for liability for any: (i) breach of a director's duty of loyalty to the corporation or its stockholders; (ii) act or omission not in good faith or that involves intentional misconduct or a knowing violation of law; (iii) unlawful payment of dividends or redemption of shares; or (iv) transaction from which the director derives an improper personal benefit. The Company's Certificate of Incorporation provides that its directors are not personally liable to the Company or its stockholders for monetary damages for breaches of fiduciary duties to the fullest extent permitted by the Delaware General Corporation Law. These limitations of liability do not apply to liabilities arising under federal securities laws and do not affect the availability of equitable remedies such as injunctive relief or rescission.

Section 145(g) of the Delaware General Corporation Law permits a corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation. We have purchased director and officer liability insurance to cover liabilities our directors and officers may incur in connection with their services to us for up to \$2 million.

The Company has not entered into any indemnity agreements with its officers or directors. There is no pending litigation or proceeding involving any of our directors, officers, employees or agents in which indemnification will be required or permitted. We are not aware of any threatened litigation or proceeding that may result in a claim for such indemnification.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES

Between April 2019 and the date of this filing, the Company made sales of the following unregistered securities:

Original Issuances of Stock

From our inception to mid-June 2019, we sold an aggregate of 3,566,667 shares of our Common Stock to eleven accredited investors at a price of \$.001 per share.

August 2019 Private Placement

On June 21, 2019 and August 5, 2019, the Company completed a private placement (the “August 2019 Private Placement”) of a total of 1,776,346 shares of Common Stock, at a price of \$1.50 per share. The Company raised a total of \$2,664,513 from 44 accredited investors.

The Company paid its placement agent of the August 2019 Private Placement a total compensation for its services of (i) a total cash commission of \$233,945; and (ii) five-year warrants to purchase an aggregate of 155,966 shares of Common Stock at an exercise price of \$1.50 per share.

Share Exchange with Odyssey Semiconductor, Inc.

On June 21, 2019, simultaneous with the first closing of the August 2019 Private Placement, the Company acquired from shareholders of Odyssey Semiconductor an aggregate of 5,666,667 shares of common stock which were all of the issued and outstanding securities of Odyssey Semiconductor, in exchange for the issuance of 5,666,667 shares of Common Stock to all shareholders of Odyssey Semiconductor. Following the share exchange, Odyssey Semiconductor became a wholly-owned subsidiary of the Company.

September 2019 Private Placement

On September 24, 2019, the Company completed a private placement (the “September 2019 Private Placement”) of a total of 149,981 shares of Common Stock, at a price of \$1.50 per share. The Company raised a total of \$224,972 from two accredited investors.

Grants Under the 2019 Plan

In consideration for services to be provided to the Company, the Company granted the following options to purchase shares of Common Stock at \$1.50 per share under the 2019 Plan: a 10-year option to purchase 275,000 shares to Richard Ogawa as of September 25, 2019, a 10-year option to purchase 50,000 shares to Alex Behfar as of September 25, 2019, and a 10-year option to purchase 25,000 shares to Mike Thompson as of November 5, 2019.

In addition, the Company has granted 5-year options to purchase an aggregate of 240,000 shares of Common Stock at \$1.50 per share to nine employees under the 2019 Plan.

Securities Act Exemptions

We deemed all of the above offers, sales and issuances of our shares of Common Stock and warrants (except described under “Grants Under the 2019 Plan”) to be exempt from registration under the Securities Act in reliance on Section 4(a)(2) of the Securities Act, including Regulation D and Rule 506 promulgated thereunder, relative to transactions by an issuer not involving a public offering. All purchasers of securities in transactions exempt from registration pursuant to Regulation D represented to us that they were accredited investors and were acquiring the shares for investment purposes only and not with a view to, or for sale in connection with, any distribution thereof and that they could bear the risks of the investment and could hold the securities for an indefinite period of time. The purchasers received written disclosures that the securities had not been registered under the Securities Act and that any resale must be made pursuant to a registration statement or an available exemption from such registration.

We deemed the grants of stock options described above under “Grants Under the 2019 Plan” and issuances of Common Stock upon exercise of such options to be exempt from registration under the Securities Act in reliance on Rule 701 of the Securities Act. The Rule 701 exemption is not available to Exchange Act reporting companies. In general, the Company is eligible to rely on the Rule 701 exemption to offer and sell securities to any of its employees, directors, officers, consultants or advisors in connection with a written compensatory benefit plan or other written agreement in compliance with Rule 701 under the Securities Act before the effective date of the registration statement of which this prospectus is a part. Subject to any applicable lock-up agreements, beginning 90 days after we become subject to the public company reporting requirements of the Exchange Act, under Rule 701 our affiliates may resell shares in reliance on Rule 144 without having to comply with the holding period requirement thereunder, and non-affiliates of the Company can resell shares in reliance on Rule 144 without having to comply with Rule 144’s current public information and holding period requirements thereunder.

All certificates representing the securities issued in the transactions described in this Item 15 included appropriate legends setting forth that the securities had not been offered or sold pursuant to a registration statement and describing the applicable restrictions on transfer of the securities. There were no underwriters employed in connection with any of the transactions set forth in this Item 15.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Exhibit No.	Description
3.1	Certificate of Incorporation of Odyssey Semiconductor Technologies, Inc. (Incorporated by reference to Exhibit 3.1 to Registration Statement on Form S-1 filed on November 15, 2019, File No. 333- 234741)
3.2	Bylaws of Odyssey Semiconductor Technologies, Inc. (Incorporated by reference to Exhibit 3.2 to Registration Statement on Form S-1 filed on November 15, 2019, File No. 333- 234741)
4.1	Form of Placement Agent Warrant (Incorporated by reference to Exhibit 4.1 to Registration Statement on Form S-1 filed on November 15, 2019, File No. 333- 234741)
5.1	Opinion of Robinson & Cole LLP (Filed herewith.)
10.1	Form of Pre-Share Exchange Common Stock Purchase Agreement (Incorporated by reference to Exhibit 10.1 to Registration Statement on Form S-1 filed on November 15, 2019, File No. 333- 234741)
10.2	Form of Share Exchange Agreement, by and among Odyssey Semiconductor Technologies, Inc., Odyssey Semiconductor, Inc. and its Shareholders (Incorporated by reference to Exhibit 10.2 to Registration Statement on Form S-1 filed on November 15, 2019, File No. 333- 234741)
10.3	Form of Pre-Share Exchange Lock-Up Agreement (Incorporated by reference to Exhibit 10.3 to Registration Statement on Form S-1 filed on November 15, 2019, File No. 333- 234741)
10.4	Form of Pre-Share Exchange Indemnity Agreement (Incorporated by reference to Exhibit 10.4 to Registration Statement on Form S-1 filed on November 15, 2019, File No. 333- 234741)
10.5	Form of Subscription Agreement for Odyssey Semiconductor Technologies, Inc.’s August 2019 Private Placement (Incorporated by reference to Exhibit 10.5 to Registration Statement on Form S-1 filed on November 15, 2019, File No. 333- 234741)
10.6	Form of Registration Rights Agreement for Odyssey Semiconductor Technologies, Inc.’s August 2019 Private Placement (Incorporated by reference to Exhibit 10.6 to Registration Statement on Form S-1 filed on November 15, 2019, File No. 333- 234741)
10.7	Form of Subscription Agreement for Odyssey Semiconductor Technologies, Inc.’s September 2019 Private Placement (Incorporated by reference to Exhibit 10.7 to Registration Statement on Form S-1 filed on November 15, 2019, File No. 333- 234741)
10.8	Form of Registration Rights Agreement for Odyssey Semiconductor Technologies, Inc.’s September 2019 Private Placement (Incorporated by reference to Exhibit 10.8 to Registration Statement on Form S-1 filed on November 15, 2019, File No. 333- 234741)
10.9	Odyssey Semiconductor Technologies, Inc. 2019 Equity Compensation Plan (Incorporated by reference to Exhibit 10.9 to Registration Statement on Form S-1 filed on November 15, 2019, File No. 333- 234741)
10.10	Form of Odyssey Semiconductor Technologies, Inc. Stock Option Agreement (Employee) (Incorporated by reference to Exhibit 10.10 to Registration Statement on Form S-1 filed on November 15, 2019, File No. 333- 234741)
10.10a	Form of Odyssey Semiconductor Technologies, Inc. Stock Option Agreement (Director) (Incorporated by reference to Exhibit 10.10a to Registration Statement on Form S-1 filed on November 15, 2019, File No. 333- 234741)
10.11	Agreement by and between of JR2J, LLC and the Advanced Research Projects Agency-Energy, an Agency of Department of Energy, dated September 22, 2017 (Incorporated by reference to Exhibit 10.11 to Registration Statement on Form S-1 filed on November 15, 2019, File No. 333- 234741)
10.12	Sublease Agreement, dated August 21, 2019, by and between Odyssey Semiconductor, Inc. and Macom Technology Solutions, Inc. (Incorporated by reference to Exhibit 10.12 to Registration Statement on Form S-1 filed on November 15, 2019, File No. 333- 234741)

10.13	Consulting Agreement, dated April 1, 2019, by and between JR2J, LLC and Richard Ogawa (Incorporated by reference to Exhibit 10.13 to Registration Statement on Form S-1 filed on November 15, 2019, File No. 333- 234741)
10.14	Consulting Agreement, dated May 16, 2019, by and between JR2J, LLC and Alex Behfar (Incorporated by reference to Exhibit 10.14 to Registration Statement on Form S-1 filed on November 15, 2019, File No. 333- 234741)
10.15	Consulting Agreement, dated October 18, 2019, by and between Odyssey Semiconductor, Inc. and Akash Systems, Inc. (Incorporated by reference to Exhibit 10.15 to Registration Statement on Form S-1 filed on November 15, 2019, File No. 333- 234741)
10.16	Contribution Agreement, dated June 17, 2019, by and among Odyssey Semiconductor, Inc., Richard J. Brown and James R. Shealy (Incorporated by reference to Exhibit 10.16 to Registration Statement on Form S-1 filed on November 15, 2019, File No. 333- 234741)
10.17	Employment Agreement, dated July 1, 2019, by and between Odyssey Semiconductor, Inc. and Al Schremer (Incorporated by reference to Exhibit 10.17 to Amendment No. 1 to Registration Statement on Form S-1 filed on January 15, 2020, File No. 333-234741)
10.18	Agreement, dated May 6, 2019, by and between Odyssey Semiconductor, Inc. and Katalyst Securities LLC (Incorporated by reference to Exhibit 10.18 to Amendment No. 1 to Registration Statement on Form S-1 filed on January 15, 2020, File No. 333-234741)
21.1	List of Subsidiaries of Odyssey Semiconductor Technologies, Inc. (Incorporated by reference to Exhibit 21.1 to Registration Statement on Form S-1 filed on November 15, 2019, File No. 333- 234741)
23.2	Consent of Robinson & Cole LLP (Included in Exhibit 5.1.)
23.1	Consent of Marcum LLP (Previously filed as Exhibit 23.1 to Amendment No. 1 to Registration Statement on Form S-1 filed on January 15, 2020, File No. 333-234741.)
24.1	Power of Attorney (included on the signature page of this Registration Statement)

ITEM 17. UNDERTAKINGS

The undersigned registrant hereby undertakes:

- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:
 - (i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933, as amended (the “Securities Act”);
 - (ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Securities and Exchange Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the “Calculation of Registration Fee” table in the effective registration statement; and
 - (iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;
- (2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.
- (4) That, for the purpose of determining liability under the Securities Act to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A (§230.430A of this chapter), shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Ithaca, State of New York on January 31, 2020.

ODYSSEY SEMICONDUCTOR TECHNOLOGIES, INC.

By: /s/ Richard J. Brown

Name: Richard J. Brown

Title: Chief Executive Officer

KNOW ALL MEN BY THESE PRESENTS, that we, the undersigned officers and directors Odyssey Semiconductor Technologies, Inc., a Delaware corporation (the "Company"), do hereby constitute and appoint Richard J. Brown as his or her true and lawful attorney-in-fact and agent, with full power of substitution and re-substitution, for him and in his name, place, and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments, exhibits thereto and other documents in connection therewith) to this Registration Statement and any subsequent registration statement filed by the registrant pursuant to Rule 462(b) of the Securities Act of 1933, as amended, which relates to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this registration statement has been signed below by the following persons in the capacities and on the dates indicated.

<u>Person</u>	<u>Capacity</u>	<u>Date</u>
<u>/s/ Richard J. Brown</u> Richard J. Brown	Chief Executive Officer and Director (Principal Executive Officer and Principal Financial and Accounting Officer)	January 31, 2020
<u>/s/ Alex Behfar</u> Alex Behfar	Director	January 31, 2020
<u>/s/ Richard Ogawa</u> Richard Ogawa	Director	January 31, 2020
<u>/s/ Michael Thompson</u> Michael Thompson	Director	January 31, 2020

January 31, 2020

Board of Directors
Odyssey Semiconductor Technologies, Inc.
9 Brown Road
Ithaca, NY 14850

**Re: Odyssey Semiconductor Technologies, Inc.
Registration Statement on Form S-1**

Ladies and Gentlemen:

We have acted as counsel to Odyssey Semiconductor Technologies, Inc., a Delaware corporation (the "Company"), in connection with the Registration Statement on Form S-1 (the "Registration Statement"), filed by the Company with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"). The Registration Statement relates to the resale of up to 3,415,626 shares (the "Shares") of common stock, par value \$.0001 per share (the "Common Stock"), which may be offered for sale from time to time by the selling stockholders (the "Selling Stockholders") identified in the Registration Statement. The Shares consist of: (i) 3,259,660 shares of Common Stock (the "Purchased Shares"); and (ii) 155,966 shares of Common Stock issuable upon the exercise of certain outstanding warrants (the "Warrants") (such shares of Common Stock, the "Warrant Shares"), which Purchased Shares and Warrants were issued by the Company to the Selling Stockholders.

In connection with our opinion, we have examined the Registration Statement, including the amendments and exhibits thereto, the Warrants, and such other documents, corporate records and instruments, and have examined such laws and regulations, as we have deemed necessary for the purposes of this opinion. In making our examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity with the originals of all documents submitted to us as copies and the legal capacity of all natural persons. As to matters of fact material to our opinions in this letter, we have relied on certificates and statements from officers and other employees of the Company, public officials and other appropriate persons.

Based upon the foregoing, and in reliance thereon, and subject to the assumptions, limitations, qualifications and exceptions set forth herein, we are of the opinion that: (i) the Purchased Shares are validly issued, fully paid and non-assessable; and (ii) the Warrant Shares, when issued by the Company and delivered by the Company against payment therefor as contemplated by the Warrants, will be validly issued, fully paid and non-assessable.

The foregoing opinions are limited to the General Corporation Law of Delaware, and we express no opinion as to the laws of any other jurisdiction.

The opinions expressed in this opinion letter are as of the date of this opinion letter only and as to laws covered hereby only as they are in effect on that date, and we assume no obligation to update or supplement such opinion to reflect any facts or circumstances that may come to our attention after that date or any changes in law that may occur or become effective after that date. The opinions herein are limited to the matters expressly set forth in this opinion letter, and no opinion or representation is given or may be inferred beyond the opinions expressly set forth in this opinion letter.

We hereby consent to the filing of this opinion as Exhibit 5 to the Registration Statement filed as of the date hereof and to the reference to us under the caption "Legal Matters" in the prospectus contained in the Registration Statement. In giving this consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission promulgated thereunder.

Yours truly,

/s/ Robinson & Cole LLP
Robinson & Cole LLP