

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

FORM 10-K  
(Amendment No. 1)

(Mark One)

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

For the fiscal year ended June 30, 2021

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

For the Transition Period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 000-54495

**REZOLUTE, INC.**

(Exact Name of Company as Specified in its Charter)

Nevada

(State or other jurisdiction of incorporation or organization)

27-3440894

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

201 Redwood Shores Parkway, Suite 315

Redwood City, California

(Address of principal executive offices)

94065

(Zip Code)

Registrant's telephone number, including area code:

(650) 206-4507

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.001	RZLT	Nasdaq Capital Market

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

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

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

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

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

As of December 31, 2020, the last business day of the second fiscal quarter, the aggregate market value of the Registrant's voting stock held by non-affiliates, was approximately \$75,933,018, based on the last reported sales price of \$11.99 as quoted on the Nasdaq Capital Market on such date.

The registrant had 8,620,172 shares of its \$0.001 par value common stock outstanding as of September 8, 2021.

DOCUMENTS INCORPORATED BY REFERENCE

None

FORM 10-K/A (AMENDMENT NO. 1)

Explanatory Note

This Amendment No. 1 on Form 10-K/A (this "Amendment") to the Annual Report on Form 10-K of Rezolute, Inc. (the "Company") for the fiscal year ended June 30, 2021,

initially filed with the Securities and Exchange Commission (the “SEC”) on September 15, 2021 (the “Original Filing”), is being filed to correct an administrative error in the Original Filing. The Original Filing did not include the correct signing date of the Report of Independent Registered Public Accounting Firm of Plante & Moran, PLLC (the “Audit Report”). This Amendment is being filed solely to correct the dates within the Audit Report. This Amendment includes Item 8, “Financial Statements and Supplementary Data” in its entirety and without change from the Original Filing other than the correction of the signing date of the Audit Report. In addition, pursuant to the rules of the SEC, the exhibit list included in of the Original Filing has been amended to contain currently-dated certifications from the Company’s Chief Executive Officer and Chief Financial Officer, as required by Section 302 of the Sarbanes-Oxley Act of 2002. The certifications of the Company’s Chief Executive Officer and Chief Financial Officer are filed as exhibits to this Amendment. Except for the foregoing amended information, this Amendment does not amend or update any other information contained in the Original Filing. Therefore this Amendment should be read together with other documents that the Company has filed with the SEC subsequent to the filing of the Original Filing. Information in such reports and documents updates and supersedes certain information contained in the Original Filing.

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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (“**Annual Report**”) contains statements reflecting assumptions, expectations, projections, intentions or beliefs about future events that are intended as “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements included or incorporated by reference in this Annual Report, other than statements of historical fact, that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements. These statements appear in a number of places, including, but not limited to “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” These statements represent our reasonable judgment of the future based on various factors and using numerous assumptions and are subject to known and unknown risks, uncertainties and other factors that could cause our actual results and financial position to differ materially from those contemplated by the statements. You can identify these statements by the fact that they do not relate strictly to historical or current facts, and use words such as “anticipate,” “believe,” “estimate,” “expect,” “forecast,” “may,” “should,” “plan,” “project” and other words of similar meaning. In particular, these include, but are not limited to, statements relating to the following:

- projected operating or financial results, including anticipated cash flows used in operations;
- expectations regarding capital expenditures, research and development expense and other payments;
- our expectation that the disruptive impact of the COVID-19 pandemic (“**COVID-19**”) on our business and ability to obtain additional financing will be temporary;
- our beliefs and assumptions relating to our liquidity position, including our ability to obtain additional financing;
- our ability to obtain regulatory approvals for our pharmaceutical drugs and diagnostics; and
- our future dependence on third party manufacturers or strategic partners to manufacture any of our pharmaceutical drugs and diagnostics that receive regulatory approval, and our ability to identify strategic partners and enter into license, co-development, collaboration or similar arrangements.

Any or all of our forward-looking statements may turn out to be wrong. They can be affected by inaccurate assumptions or by known or unknown risks, uncertainties and other factors including, but not limited to, the risks described in “*Risk Factors*” in Part I, Item 1A of this Annual Report.

In addition, there may be other factors that could cause our actual results to be materially different from the results referenced in the forward-looking statements, some of which are included elsewhere in this Annual Report, including “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Many of these factors will be important in determining our actual future results. Consequently, no forward-looking statement can be guaranteed. Our actual future results may vary materially from those expressed or implied in any forward-looking statements. All forward-looking statements contained in this Annual Report are qualified in their entirety by this cautionary statement. Forward-looking statements speak only as of the date they are made, and we disclaim any obligation to update any forward-looking statements to reflect events or circumstances after the date of this Annual Report, except as otherwise required by applicable law.

### Special Note About COVID-19

We have been actively monitoring the COVID-19 situation and its impact. Our primary objectives have remained the same throughout the pandemic: to support the safety of our team members and their families and continue to support our preclinical studies and clinical trials. Currently, with respect to the operation of our facilities, we are closely adhering to applicable guidelines and orders. Essential operations in research and maintenance that occur within our facilities are continuing in accordance with the permissions granted under government ordinances. Across all our locations, we have instituted a temporary work from home policy for all office personnel who do not need to work on site to maintain productivity. We have recently allowed these employees to voluntarily return to work on site with appropriate health and safety measures.

While our financial results for the fiscal year ended June 30, 2021 were not significantly impacted by COVID-19, we cannot predict the impact of the progression of the COVID-19 pandemic on future results due to a variety of factors, including the ongoing challenges associated with the pandemic, including the emergence of new variants of the coronavirus, such as the Delta variant, resurgences in number of rates of infections, the continued good health of our employees, the ability of us to maintain operations, access to healthcare facilities and patient willingness to participate in our clinical trials, any further government and/or public actions taken in response to the pandemic and ultimately the length of the pandemic. The ultimate impact of the COVID-19 pandemic on our business operations, our ability to raise capital, as well as our preclinical studies and clinical trial timeliness remains uncertain and subject to change and will depend on future developments, which cannot be accurately predicted. Any prolonged material disruption of our employees, suppliers, or manufacturing may negatively impact our consolidated financial position, results of operations and cash flows. We will continue to monitor the situation closely.

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## PART II

### Item 8. Financial Statements and Supplementary Data.

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### Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Rezolute, Inc.

#### *Opinion on the Financial Statements*

We have audited the accompanying consolidated balance sheets of Rezolute, Inc. (the "Company") as of June 30, 2021, and 2020, the related consolidated statements of operations, shareholders' equity, and cash flows for each of the years in the two-year period ended June 30, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of June 30, 2021 and 2020, and the results of its operations and its cash flows the years then ended in conformity with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

The Company's management is responsible for these financial statements. 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 audit 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.

#### *Critical Audit Matters*

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

#### *SLR Investment Corp. Debt - Refer to Note 5*

##### *Critical Audit Matter Description*

On April 14, 2021, the Company entered into a \$30.0 million Loan and Security Agreement ("Loan Agreement") with certain lenders. The loan consists of three tranches consisting of (i) a \$15.0 million term A loan that was funded on April 14, 2021, (ii) a \$7.5 million term B loan to be funded upon request by the Company no later than January 25, 2022, and (iii) a \$7.5 million term C loan to be funded upon request by the Company no later than September 25, 2022. The Company is obligated to pay the lenders (i) a non-refundable facility fee in the amount of 1.00% of each term loan that is funded and (ii) a final fee equal to 4.75% of the aggregated amount of the term loans funded. In addition, the Company entered into an exit fee arrangement that provides for a fee of 4.00% of the funded principal balance of each term loan in the event certain transactions, as defined in the Loan Agreement, occur prior to April 13, 2031. The terms of the Loan Agreement further call for optional and mandatory prepayment options. The debt and certain terms of the Loan Agreement and exit fee arrangement were analyzed under ASC 470, *Debt*, and ASC 815, *Embedded Derivatives*.

Auditing the Company's accounting assessment was challenging and complex given the high degree of estimates and judgements in determining the proper accounting treatment for the debt, debt discounts and debt issuance costs and the identification of any freestanding instruments or embedded features.

##### *How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the Loan Agreement include the following:

- Gained an understanding of the Company's internal control over financial reporting to identify the types of potential misstatement, assessed the factors that affect the risks of material misstatement, and designed audit procedures in response to those risks.
- Obtained management's analysis for the accounting treatment for the debt and related agreements.
- Verified all key information to the executed debt agreement and consulted with the Company's counsel in applicable areas.
- Engaged an internal technical accounting specialist to evaluate appropriate application of generally accepted accounting principles including the assessment of freestanding financial instruments and embedded features.

· Assessed fair value of all significant items requiring the application of fair value measures for initial recognition and measurement and subsequent measurement through June 30, 2021.

· Substantively tested the ending debt and related instrument balances, including confirmation procedures as of and for the year ended June 30, 2021 based on the terms of the Loan Agreement.

/s/ Plante & Moran, PLLC

We have served as the Company's auditor since 2013.

Denver, Colorado

September 15, 2021

**REZOLUTE, INC.**

**Consolidated Balance Sheets**  
**June 30, 2021 and 2020**

(In Thousands, Except Per Share Amounts)

<u>Assets</u>	<u>2021</u>	<u>2020</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 41,047	\$ 9,955
Prepaid expenses and other	946	563
Total current assets	41,993	10,518
Right-of-use assets, net	396	383
Deferred offering costs and other	191	31
Property and equipment, net	29	33
Total assets	<u>\$ 42,609</u>	<u>\$ 10,965</u>
<b><u>Liabilities and Shareholders' Equity</u></b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 1,035	\$ 893
<b>Accrued liabilities:</b>		
Insurance premiums	242	188
Compensation and benefits	77	120
Other	349	180
Current portion of operating lease liabilities	265	245
Current portion of license fees payable to Xoma	-	1,600
Total current liabilities	1,968	3,226
Long term debt, net of discount	13,968	-
Operating lease liabilities, net of current portion	187	165
Embedded derivative liabilities	387	-
License fees payable to Xoma, net of current portion	-	209
Total liabilities	<u>16,510</u>	<u>3,600</u>
<b>Commitments and contingencies (Notes 4 and 10)</b>		
<b>Shareholders' equity:</b>		
Preferred stock, \$0.001 par value; authorized 400 and 20,000 shares as of June 30, 2021 and 2020, respectively; no shares issued	-	-
Common stock, \$0.001 par value, authorized 40,000 and 500,000 shares as of June 30, 2021 and 2020, respectively; 8,352 and 5,867 shares issued and outstanding as of June 30, 2021 and 2020, respectively	8	6
Additional paid-in capital	194,229	154,595
Accumulated deficit	(168,138)	(147,236)
Total shareholders' equity	<u>26,099</u>	<u>7,365</u>
Total liabilities and shareholders' equity	<u>\$ 42,609</u>	<u>\$ 10,965</u>

The accompanying notes are an integral part of these consolidated financial statements.

**REZOLUTE, INC.**

**Consolidated Statements of Operations**  
**For the Fiscal Years Ended June 30, 2021 and 2020**  
**(In Thousands, Except Per Share Amounts)**

	<u>2021</u>	<u>2020</u>
<b>Operating expenses:</b>		
Research and development:		

Compensation and benefits	\$ 7,174	\$ 5,883
Clinical trial costs	4,718	3,955
Licensing costs	1,000	-
Consultants and outside services	791	3,209
Material manufacturing costs	765	882
Facilities and other	539	521
Total research and development	<u>14,987</u>	<u>14,450</u>
General and administrative:		
Compensation and benefits	4,887	3,782
Professional fees	2,124	1,169
Facilities and other	896	1,120
Total general and administrative	<u>7,907</u>	<u>6,071</u>
Total operating expenses	<u>22,894</u>	<u>20,521</u>
Operating loss	<u>(22,894)</u>	<u>(20,521)</u>
Non-operating income (expense):		
Change in fair value of derivative liabilities	1,789	-
Employee retention credit	515	-
Interest and other income	63	188
Interest expense	(375)	-
Rental income		
Total non-operating income (expense), net	<u>1,992</u>	<u>188</u>
Net loss	<u>\$ (20,902)</u>	<u>\$ (20,333)</u>
Net loss per common share - basic and diluted	<u>\$ (2.72)</u>	<u>\$ (3.54)</u>
Weighted average number of common shares outstanding - basic and diluted	<u>7,671</u>	<u>5,751</u>

The accompanying notes are an integral part of these consolidated financial statements.

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#### REZOLUTE, INC.

#### Consolidated Statements of Shareholders' Equity For the Fiscal Years Ended June 30, 2021 and 2020 (In Thousands, Except Per Share Amounts)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount			
Balances, June 30, 2019	4,208	\$ 4	\$ 128,651	\$ (126,903)	\$ 1,752
Issuance of common stock for cash:					
Related parties at \$14.50 per share	1,380	2	19,998	-	20,000
Other investors at \$14.50 per share	279	-	4,050	-	4,050
Advisory fees and other offering costs	-	-	(1,500)	-	(1,500)
Share-based compensation	-	-	3,317	-	3,317
Fair value of warrants issued to consultants for services	-	-	79	-	79
Net loss	-	-	-	(20,333)	(20,333)
Balances, June 30, 2020	<u>5,867</u>	<u>6</u>	<u>154,595</u>	<u>(147,236)</u>	<u>7,365</u>
Issuance of Units for cash in private placement	2,485	2	40,998	-	41,000
Advisory fees and other offering costs related to issuance of Units	-	-	(3,550)	-	(3,550)
Share-based compensation	-	-	3,965	-	3,965
Reclassification of warrants and stock options from equity to derivative liability due to authorized share deficiency	-	-	(3,591)	-	(3,591)
Reclassification of derivative liability to equity upon cure of authorized share deficiency	-	-	1,796	-	1,796
Fair value of warrants issued to consultants for services	-	-	8	-	8
Issuance of common stock for consulting services	-	-	8	-	8
Net loss	-	-	-	(20,902)	(20,902)
Balances, June 30, 2021	<u>8,352</u>	<u>\$ 8</u>	<u>\$ 194,229</u>	<u>\$ (168,138)</u>	<u>\$ 26,099</u>

The accompanying notes are an integral part of these consolidated financial statements.

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#### REZOLUTE, INC.

#### Consolidated Statements of Cash Flows

**For the Fiscal Years Ended June 30, 2021 and 2020**  
(In Thousands)

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (20,902)	\$ (20,333)
Change in fair value of derivative liabilities	(1,789)	-
Share-based compensation expense	3,965	3,317
Non-cash lease expense	290	222
Accretion of debt discount and issuance costs	86	-
Depreciation and amortization expense	13	18
Fair value of warrants issued for services	8	79
Fair value of shares of common stock issued for services	8	-
Impairment of long-lived assets and other	-	23
Changes in operating assets and liabilities:		
Decrease (increase) in prepaid expenses and other assets	(387)	12
Increase in accounts payable	142	330
Decrease in other accrued liabilities	(66)	(1,145)
Decrease in license fees payable to Xoma	(1,809)	(6,691)
<b>Net Cash Used In Operating Activities</b>	<b>(20,441)</b>	<b>(24,168)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from private placements of equity:		
Units	41,000	-
Common stock	-	24,050
Payments for offering costs related to equity issuances	(3,730)	(1,500)
Gross proceeds from debt financing	15,000	-
Cash payments for debt discount and issuance costs	(737)	-
<b>Net Cash Provided by Financing Activities</b>	<b>51,533</b>	<b>22,550</b>
Net increase (decrease) in cash, cash equivalents and restricted cash	31,092	(1,618)
Cash, cash equivalents and restricted cash at beginning of fiscal year	9,955	11,573
Cash, cash equivalents and restricted cash at end of fiscal year	<u>\$ 41,047</u>	<u>\$ 9,955</u>
<b>SUPPLEMENTARY CASH FLOW INFORMATION:</b>		
Cash paid for interest	\$ 177	\$ -
Cash paid for income taxes	-	-
Right-of-use assets acquired in exchange for operating lease liabilities	302	-
Cash paid for amounts included in the measurement of operating lease liabilities	299	275
<b>NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>		
Reclassification of warrants and stock options from equity to derivative liability due to authorized share deficiency	\$ 3,591	\$ -
Reclassification of derivative liability to equity upon cure of authorized share deficiency	1,796	-
Debt discounts incurred for:		
Final Fee obligation under debt agreement	713	-
Allocation of debt proceeds to embedded derivative obligations	381	-
Payables for debt issuance costs	25	-
Furniture and equipment received as inducement under operating lease	10	-

The accompanying notes are an integral part of these consolidated financial statements.

**REZOLUTE, INC.**  
**Notes to Consolidated Financial Statements**

**NOTE 1 — NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Nature of Operations*

Rezolute, Inc. (the “Company”) is a clinical stage biopharmaceutical company developing transformative therapies for metabolic diseases related to chronic glucose imbalance.

*Change in Domicile*

In June 2021, the Company merged with and into our wholly owned subsidiary, Rezolute Nevada Merger Corporation, a Nevada corporation (“Merger Sub”), pursuant to an Agreement and Plan of Merger, dated as of June 18, 2021 (the “Reincorporation Merger Agreement”), between the Company and Merger Sub, with Merger Sub as the surviving corporation (the “Reincorporation Merger”). At the effective time of the Reincorporation Merger (the “Effective Time”), the Merger Sub was renamed “Rezolute, Inc.” and succeeded to the assets, continued our business and assumed our rights and obligations by operation of law. The Reincorporation Merger Agreement was approved by our shareholders at the 2021 annual meeting of the Company’s shareholders held on May 26, 2021.

*Consolidation*

Prior to February 12, 2021, the Company had three wholly owned subsidiaries consisting of AntriaBio Delaware, Inc., Rezolute (Bio) Ireland Limited, and Rezolute Bio UK, Ltd. On February 12, 2021, the Company filed a certificate of dissolution with the Secretary of State of Delaware to dissolve AntriaBio Delaware, Inc., which was a dormant company with no assets, liabilities or operations. As a result, the Company now has two wholly owned subsidiaries consisting of Rezolute (Bio) Ireland Limited and Rezolute Bio UK, Ltd. The accompanying consolidated financial statements include the accounts of the Company and wholly owned subsidiaries. All intercompany balances and

transactions have been eliminated in consolidation.

### ***Reverse Stock Split***

In August 2019, the Company's Board of Directors approved a reverse stock split that was subject to shareholder approval at a special meeting that was concluded on October 28, 2019. Shareholders approved the proposal whereby the Board of Directors had the ability at any time on or before October 23, 2020 to execute a reverse stock split and set an exchange ratio between 20 and 100 shares of the Company's outstanding common stock, \$0.001 par value per share, into one issued and outstanding share of common stock, without any change in the par value per share or the number of shares of common stock authorized. On October 7, 2020, the Board of Directors approved a one share for every fifty shares reverse stock split of the common stock (the "Reverse Stock Split"), resulting in the filing of a Certificate of Amendment (the "Amendment") to the Company's Articles of Incorporation with the Secretary of State of Delaware. The Amendment was effective on October 9, 2020.

In connection with the Reverse Stock Split, proportionate adjustments were made to increase the per share exercise prices and decrease the number of shares of common stock issuable upon exercise of stock options and warrants whereby approximately the same aggregate price is required to be paid for such securities upon exercise as had been payable immediately preceding the Reverse Stock Split. In addition, any fractional shares that would otherwise be issued as a result of the Reverse Stock Split were rounded up to the nearest whole share. All references in the accompanying consolidated financial statements to the number of shares of common stock and per share amounts have been retroactively adjusted to give effect to the Reverse Stock Split.

### ***Basis of Presentation***

The Company's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Comprehensive income (loss) is defined as net income (loss) plus other comprehensive income (loss). Other comprehensive income (loss) is comprised of revenues, expenses, gains, and losses that under GAAP are reported as separate components of shareholders' equity instead of net income (loss). For the fiscal years ended June 30, 2021 and 2020, the only component of comprehensive loss was the Company's net loss as the Company has no items constituting any other comprehensive income (loss).

The Company's Chief Executive Officer also serves as the Company's chief operating decision maker (the "CODM") for purposes of allocating resources and assessing performance based on financial information of the Company. Since its inception, the Company has determined that its activities as a clinical stage biopharmaceutical company are classified as a single reportable operating segment.

## **REZOLUTE, INC. Notes to Consolidated Financial Statements**

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

The preparation of financial statements in conformity with GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts in the consolidated financial statements and the accompanying notes. The Company bases its estimates and assumptions on current facts, historical experience, and various other factors that it believes are reasonable under the circumstances, to determine the carrying values of assets and liabilities that are not readily apparent from other sources. The Company's significant accounting estimates include, but are not necessarily limited to, determination of the fair value of derivative liabilities for authorized share deficiency, fair value of the embedded derivatives associated with debt financing, fair value of share-based payments and warrants, management's assessment of going concern, clinical trial accrued liabilities, estimates of the probability and potential magnitude of contingent liabilities, and the valuation allowance for deferred tax assets due to continuing and expected future operating losses. Actual results could differ from those estimates.

### ***Risks and Uncertainties***

The Company's operations may be subject to significant risks and uncertainties including financial, operational, regulatory and other risks associated with a clinical stage company, including the potential risk of business failure discussed in Note 2, and the future impact of COVID-19 discussed in Note 10.

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

All highly liquid investments purchased with an original maturity of three months or less that are freely available for the Company's immediate and general business use are classified as cash and cash equivalents. Cash and cash equivalents consist primarily of demand deposits with financial institutions.

### ***Leases***

The Company determines if an arrangement includes a lease as of the date an agreement is entered into. Operating leases are included in right-of-use ("ROU") assets and operating lease liabilities in the Company's consolidated balance sheets. ROU assets and operating lease liabilities are initially recognized based on the present value of the future minimum lease payments at the commencement date of the lease. The Company generally uses its incremental borrowing rate based on the information available at the lease commencement date in determining the present value of future payments. The Company's leases may include options to extend or terminate the lease; these options are included in the calculation of ROU assets and operating lease liabilities when it is reasonably certain that the Company will exercise the options. Lease expense is recognized on a straight-line basis over the lease term. The Company has elected not to apply the recognition requirements for short-term leases. For lease agreements with lease and non-lease components, the Company generally accounts for them separately.

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

Property and equipment consist solely of office furniture and equipment that is recorded at cost. Depreciation expense is calculated using the straight-line method over the estimated useful lives of the assets which range from 3 to 5 years. Maintenance and repairs are expensed as incurred.

## **REZOLUTE, INC. Notes to Consolidated Financial Statements**

### ***Debt Discounts and Issuance Costs***

Debt discounts and issuance costs ("DDIC") incurred to obtain new debt financing or modify existing debt financing consist of incremental direct costs incurred for fees paid to

the lender, professional fees and due diligence services. DDIC is presented in the accompanying consolidated balance sheets as a reduction in the carrying value of the debt and is accreted to interest expense using the effective interest method.

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

Research and development costs are expensed as incurred. Intangible assets for in-licensing costs incurred under license agreements with third parties are charged to expense, unless the licensing rights have separate economic value in alternative future research and development projects or otherwise.

#### ***Clinical Trial Accruals***

Clinical trial costs are a component of research and development expenses. The Company accrues and expenses clinical trial activities performed by third parties based upon estimates of the percentage of work completed over the life of the individual study in accordance with agreements established with clinical research organizations and clinical trial sites. The Company determines the estimates through discussions with internal clinical personnel and external service providers as to the progress or stage of completion of trials or services and the agreed-upon fee to be paid for such services.

Nonrefundable advance payments for goods and services that will be used or rendered in future research and development activities are deferred and recognized as expense in the period that the related goods are delivered, or services are performed.

#### ***Share-Based Compensation***

The Company measures the fair value of employee and director services received in exchange for all equity awards granted, including stock options, based on the fair market value of the award as of the grant date. The Company computes the fair value of stock options using the Black-Scholes-Merton (“BSM”) option pricing model and recognizes the cost of the equity awards over the period that services are provided to earn the award, usually the vesting period. For awards granted which contain a graded vesting schedule, and the only condition for vesting is a service condition, compensation cost is recognized as an expense on a straight-line basis over the requisite service period as if the award was, in substance, a single award. The Company recognizes the impact of forfeitures in the period that the forfeiture occurs, rather than estimating the number of awards that are not expected to vest in accounting for share-based compensation. For stock options that are voluntarily surrendered by employees, all unrecognized compensation is immediately recognized in the period the options are cancelled.

For stock options with vesting that is dependent on achieving certain market, performance and service conditions (“Hybrid Options”), the Company recognizes compensation expense over the requisite service period beginning on the date when the performance condition is considered probable of occurrence. The Company determines the requisite service period as the longest of the derived, implicit and explicit vesting periods for each of the market, performance and service conditions, respectively. If the Hybrid Options do not ultimately become exercisable due to the failure of the option holder to achieve the requisite service period, any previously recognized compensation cost is reversed. However, if the Hybrid Options do not ultimately become exercisable due to the failure to achieve the market condition, previously recognized compensation cost will not be reversed.

#### ***Derivative Liability for Authorized Share Deficiency***

During periods in which the Company has an inadequate number of authorized shares of common stock to fully settle all outstanding stock options and warrants, the Company did not meet equity classification for all contracts required to be settled in common stock as the Company could be required to settle outside of the Company’s sole control, certain contracts in cash to the extent of the deficiency. In order to determine the specific stock options and warrants that may require cash settlement, the Company adopted an accounting policy to select the stock options and warrants with the earliest issuance dates to compute the estimated fair value of the financial instruments associated with the authorized share deficiency. Fair value of the stock options and warrants associated with the deficiency are computed on the date the deficiency arose, at the end of each reporting period and on the date when the deficiency was cured, using the BSM option-pricing model.

Key assumptions inherent in this valuation model include the historical volatility of the Company’s common stock, the remaining contractual term of the options and warrants, and the market price of our common stock on the valuation date. Changes in these factors from period to period can result in significant increases and decreases in fair value of the derivative liability, with corresponding gains or losses reflected in our operating results for each reporting period. If the Company’s shareholders subsequently approve a sufficient increase in authorized shares or if a sufficient number of shares are cancelled, the Company will no longer include the derivative liability in its balance sheets after the approval date. However, any gains or losses reflected prior to the approval date are not reversed.

## **REZOLUTE, INC. Notes to Consolidated Financial Statements**

#### ***Embedded Derivatives***

When the Company enters into a financial instrument such as a debt or equity agreement (the “Host Contract”), the Company assesses whether the economic characteristics of any embedded features would meet the definition of a derivative instrument, and if so whether the features are considered clearly and closely related to the primary economic characteristics of the Host Contract. When it is determined that (i) an embedded feature possesses economic characteristics that are not clearly and closely related to the primary economic characteristics of the Host Contract, and (ii) a separate, stand-alone instrument with the same terms would meet the definition of a financial derivative instrument and cannot be classified in shareholders’ equity, then the embedded feature is bifurcated from the Host Contract and accounted for as a derivative instrument. The estimated fair value of the derivative feature is recorded separately from the carrying value of the Host Contract, with subsequent changes in the estimated fair value recorded as a non-operating gain or loss in the Company’s consolidated statements of operations.

#### ***Governmental Assistance***

In response to the COVID-19 pandemic discussed in Note 10, the United States government has designed programs to assist businesses in dealing with the financial hardships caused by the pandemic. The Company recognizes the right to receive governmental assistance payments in the period in which all legal requirements necessary have been met and other related conditions on which they depend are substantially met.

#### ***Income Taxes***

The Company accounts for income taxes under the asset and liability method. Under this method, deferred income tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using enacted tax rates and laws that are expected to be in effect when the differences are expected to be recovered or settled. Realization of deferred income tax assets is dependent upon future taxable income. A valuation allowance is recognized if it is more likely than not that some portion or all of a deferred income tax asset will not be realized based on the weight of available evidence, including expected future earnings.

The Company recognizes an uncertain tax position in its financial statements when it concludes that a tax position is more likely than not to be sustained upon examination based solely on its technical merits. Only after a tax position passes the first step of recognition will measurement be required. Under the measurement step, the tax benefit is measured as the largest amount of benefit that is more likely than not to be realized upon effective settlement. This is determined on a cumulative probability basis. The full



impact of any change in recognition or measurement is reflected in the period in which such change occurs. Interest and penalties related to income taxes are recognized in the provision for income taxes.

### **Net Loss Per Share**

Basic net loss per share is computed by dividing the net loss applicable to common shareholders by the weighted average number of shares of common stock outstanding for each period presented. Diluted net loss per share is computed by giving effect to all potential shares of common stock, including stock options and warrants, to the extent dilutive. If the impact is dilutive for the calculation of basic or diluted net income (loss) per share, the Company applies the two-class method of allocating earnings for participating warrants that are entitled to participate in any dividends to holders of shares of common stock.

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## **REZOLUTE, INC.**

### **Notes to Consolidated Financial Statements**

#### **Recent Accounting Pronouncements**

*Standards Required to be Adopted in Future Years.* The following accounting standards are not yet effective; management has not completed its full and comprehensive evaluation to determine the impact that adoption these standards may have on the Company's consolidated financial statements.

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 amends the guidance on the impairment of financial instruments. This update adds an impairment model (known as the current expected credit losses model) that is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes, as an allowance, its estimate of expected credit losses. In November 2019, ASU 2016-13 was amended by ASU 2019-10, *Financial Instruments- Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)* whereby the effective date for ASU 2016-13 for smaller reporting companies is now required for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company does not expect the adoption of this accounting guidance will have a material impact on its consolidated financial statements.

In August 2020, the FASB issued ASU 2020-06, *Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*. ASU 2020-06 reduces the number of accounting models for convertible debt instruments and convertible preferred stock, which results in fewer embedded conversion features being separately recognized from the host contract as compared with current GAAP. Additionally, ASU 2020-06 affects the diluted earnings per share calculation for instruments that may be settled in cash or shares and for convertible instruments and requires enhanced disclosures about the terms of convertible instruments and contracts in an entity's own equity. ASU 2020-06 allows entities to use a modified or full retrospective transition method and is effective for smaller reporting companies for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years.

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies that do not require adoption until a future date are not currently expected to have a material impact on the Company's financial statements upon adoption.

#### **NOTE 2 — LIQUIDITY**

The Company is in the clinical stage and has not yet generated any revenues. For the fiscal year ended June 30, 2021, the Company incurred a net loss of \$20.9 million and net cash used in operating activities amounted to \$20.4 million. As of June 30, 2021, the Company had an accumulated deficit of \$168.1 million, cash and cash equivalents of \$41.0 million and total current liabilities of \$2.0 million.

As discussed in Note 7, in December 2020 the Company entered into an Equity Distribution Agreement (the "EDA") with Oppenheimer & Co. Inc. that provides for an "at the market offering" for the sale of up to \$50.0 million in shares of the Company's common stock. No proceeds were received under this agreement for the fiscal year ended June 30, 2021; however, an aggregate net proceeds of approximately \$1.5 million was received by the Company from July 1, 2021 through August 31, 2021 as discussed in Note 15.

As discussed in Note 5, the Company entered into a loan and security agreement in April 2021 that provides for total borrowings up to \$30.0 million. The Company received gross proceeds of \$15.0 million in April 2021 and the remaining \$15.0 million is available subject to satisfaction of certain conditions described in the loan agreement. As a condition of the loan agreement, the Company is required to maintain a restricted cash balance of \$5.0 million beginning no later than December 31, 2021. Borrowings under the loan agreement provide for interest at 8.75% plus a variable margin of at least 0.12%. The Company is permitted to make interest-only payments through May 1, 2023, and the maturity date is on April 1, 2026.

As discussed in Note 15, the Company entered into a purchase agreement in August 2021 with Lincoln Park Capital Fund, LLC ("LPC") that provides for issuances of common stock up to an aggregate of \$20.0 million. The Company received aggregate proceeds of \$1.0 million under this agreement in August 2021.

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## **REZOLUTE, INC.**

### **Notes to Consolidated Financial Statements**

Management believes the Company's existing cash and cash equivalents balance of \$41.0 million, and additional proceeds available pursuant to the at-the-market agreement and the purchase agreement with LPC, will be adequate to carry out currently planned activities at least through September 30, 2022.

#### **NOTE 3 — LEASES**

In November 2020, the Company entered into an assignment, assumption and amendment of lease agreement for ancillary office space in Bend, Oregon. The leased space consists of approximately 5,000 square feet and provides for average monthly rent of approximately \$8,400 through the expiration date in February 2024. The lease provides one option to renew the lease for an additional three years at market rates. The Company determined it was not reasonably assured that this renewal option would be exercised whereby the resulting lease term was estimated at 40 months. Using a discount rate of 6.0%, the Company recognized an ROU asset and corresponding operating lease liability of approximately \$0.3 million at inception of the lease.

As of June 30, 2021 and 2020, the carrying value of all ROU assets and operating lease liabilities was as follows (in thousands):

	2021	2020
<b>Right-of-Use Assets, net</b>	<u>\$ 396</u>	<u>\$ 383</u>
<b>Operating Lease Liabilities:</b>		
Current	\$ 265	\$ 245
Long-term	187	165
Total	<u>\$ 452</u>	<u>\$ 410</u>

For the fiscal years ended June 30, 2021 and 2020, operating lease expense was as follows (in thousands):

	2021	2020
Research and development	\$ 268	\$ 188
General and administrative	111	82
Total	<u>\$ 379</u>	<u>\$ 270</u>

As of June 30, 2021, the weighted-average remaining lease term under operating leases was 1.9 years, and the weighted-average discount rate used to determine the operating lease liabilities was 7.4%. For the fiscal year ended June 30, 2021, cash paid for amounts included in the measurement of operating lease liabilities amounted to \$0.3 million, which is included in the determination of net cash used in operating activities in the consolidated statement of cash flows.

#### **Future Lease Payments**

Future payments under operating lease agreements as of June 30, 2021 are as follows (in thousands):

<b>Fiscal year ending June 30,</b>	
2022	\$ 283
2023	117
2024	<u>80</u>
Total lease payments	480
Less imputed interest	<u>(28)</u>
Present value of operating lease liabilities	<u>\$ 452</u>

## **REZOLUTE, INC.**

### **Notes to Consolidated Financial Statements**

#### **NOTE 4 —LICENSE AGREEMENTS**

##### ***Xoma License Agreement***

In December 2017, the Company entered into a license agreement (“License Agreement”) with XOMA Corporation (“Xoma”), through its wholly-owned subsidiary, XOMA (US) LLC, pursuant to which Xoma granted an exclusive global license to the Company to develop and commercialize Xoma 358 (formerly X358, now RZ358) for all indications. In January 2019, the License Agreement was amended with an updated payment schedule, as well as revising the amount the Company was required to expend on development of RZ358 and related licensed products, and revised provisions with respect to the Company’s diligence efforts in conducting clinical studies.

On March 31, 2020, the parties entered into Amendment No. 3 to the License Agreement to extend the payment schedule for the remaining balance of approximately \$2.6 million. The revised payment schedule provided for seven quarterly payments to be paid from March 31, 2020 through September 30, 2021.

As discussed in Note 7, the Company completed a private placement of equity securities for gross proceeds of \$41.0 million in October 2020, which resulted in acceleration of the entire obligation. On October 23, 2020, the Company paid the outstanding balance of \$1.4 million. As of June 30, 2021, the Company does not have any remaining balance payable under Amendment No. 3 to the License Agreement. Upon the achievement of certain clinical and regulatory events, the Company will be required to make up to \$37.0 million in aggregate milestone payments to Xoma.

In addition to the December 2017 License Agreement between the Company and Xoma, the parties also entered into a stock purchase agreement (“Stock Purchase Agreement”), pursuant to which, Xoma owns approximately 162,000 shares of the Company’s common stock as of June 30, 2021. The Stock Purchase Agreement provided Xoma with the right and option to require the Company to use its best efforts to facilitate orderly sales of the shares to a third party or purchase the shares (the “Put Option”). On November 3, 2020, the Company’s shares of common stock were approved for listing on the Nasdaq Capital Market and the Put Option terminated.

##### ***ActiveSite License Agreement***

On August 4, 2017, the Company entered into a Development and License Agreement with ActiveSite Pharmaceuticals, Inc. (“ActiveSite”) pursuant to which the Company acquired the rights to ActiveSite’s Plasma Kallikrein Inhibitor program (“PKI Portfolio”). The Company is initially using the PKI Portfolio to develop an oral PKI therapeutic for diabetic macular edema (RZ402) and may use the PKI Portfolio to develop other therapeutics for different indications. The ActiveSite Development and License Agreement requires various milestone payments up to \$46.5 million. The first milestone payment for \$1.0 million was due after acceptance of an Initial Drug Application, or IND, filed with the U.S. Food and Drug Administration (“FDA”). The Company is also required to pay royalties equal to 2.0% of any sales of products that use the PKI Portfolio.

On October 28, 2020, the Company submitted an IND to the FDA. On December 3, 2020, the Company received FDA clearance for the IND application filed by the Company. This clearance resulted in the Company owing the first milestone payment of \$1.0 million, which was paid in December 2020. There have been no events that would result in any royalty payments owed under the ActiveSite Development and License Agreement to date.

#### **NOTE 5 — LOAN AND SECURITY AGREEMENT**

On April 14, 2021, the Company entered into a \$30.0 million Loan and Security Agreement (the “Loan Agreement”) with SLR Investment Corp. and certain other lenders (the “Lenders”). The Lenders agreed to loan up to \$30.0 million in three tranches consisting of (i) a \$15.0 million term A loan that was funded on April 14, 2021, (ii) a \$7.5 million term B loan to be funded upon request by the Company no later than January 25, 2022, and (iii) a \$7.5 million term C loan to be funded upon request by the Company no later than September 25, 2022. Funding of the term B loan is subject to the Company’s ability to obtain at least \$35.0 million of equity or subordinated debt financing by January 2022 and the achievement of certain clinical milestones related to RZ358 and RZ402. Funding of the term C loan is subject to the Company’s ability to (i) meet the conditions

for funding the term B loan, and (ii) obtaining an additional \$35.0 million of equity or subordinated debt financing, and the achievement of certain additional clinical milestones related to RZ358 and RZ402 by September 2022. Each term loan has a maturity date of April 1, 2026 (the “Maturity Date”).

**REZOLUTE, INC.**  
**Notes to Consolidated Financial Statements**

In addition, the Company’s cash and cash equivalents became subject to a blocked account control agreement (“BACA”) in favor of the Lenders whereby a cash balance of at least \$5.0 million must be maintained beginning on the earlier of (i) December 31, 2021, and (ii) the date the term B loan is funded. In the event of a default under the Loan Agreement, the BACA would enable the Lenders to prevent the release of funds from the Company’s cash accounts.

Outstanding borrowings bear interest at a floating rate equal to (a) 8.75% per annum plus (b) the greater of (i) the rate per annum published by the Intercontinental Exchange Benchmark Administration Ltd. (“IEBA”) for a term of one month and (ii) 0.12% per annum. For the period from April 14, 2021 through June 30, 2021, the IEBA rate for a term of one month was approximately 0.12% per annum. Therefore, the contractual rate was 8.87% as of June 30, 2021. The Company is permitted to make interest-only payments on each term loan through May 1, 2023. At the Company’s request, the interest-only period can be extended until May 1, 2024, if the Company obtains at least \$70.0 million of equity or subordinated debt financing by September 2022 and no event of default shall have occurred. The Company will be required to make monthly payments of principal and interest commencing at the end of the interest-only period.

The Company is obligated to pay the Lenders (i) a non-refundable facility fee in the amount of 1.00% of each term loan that is funded (the “Facility Fee”), and (ii) a final fee equal to 4.75% of the aggregate amount of the term loans funded (the “Final Fee”). As of June 30, 2021, the Company incurred debt discounts for an aggregate of \$1.7 million that consisted of \$0.5 million for financial advisory and legal fees, an aggregate of \$0.8 million for the Facility Fee and the Final Fee, and an aggregate of \$0.4 million as an exit fee accounted for as an embedded derivative and a prepayment fee related to the term A loan. The Final Fee is payable upon the earliest to occur of (i) the Maturity Date, (ii) the acceleration of the term loans, and (iii) the prepayment of the term loans. The total debt discount of \$1.7 million related to the term A loan is being accreted to interest expense using the effective interest method which results in an overall current effective interest rate of 12.6% as of June 30, 2021.

Concurrently with the execution of the Loan Agreement, the Company entered into an exit fee agreement (the “Exit Fee Agreement”) that provides for a fee of 4.00% of the funded principal balance of each term loan in the event certain transactions (defined as “Exit Events”) occur prior to April 13, 2031. Exit Events include, but are not limited to, sales of substantially all assets, certain mergers, change of control transactions, and issuances of common stock that result in new investors owning more than 35% of the Company’s shares. As of April 14, 2021, the Company allocated a portion of the proceeds from the term A loan to recognize a liability for the fair value of this embedded derivative for approximately \$354,000. Fair value was determined based on the Company’s strategic corporate development plans it has performed a detailed evaluation of the different types of Exit Events that could occur and using a discounted rate equivalent to the effective rate for the term A loan. Fair value of this embedded derivative is assessed at the end of each reporting period with changes in fair value recognized as a nonoperating gain or loss. As of June 30, 2021, there was a change in fair value of \$5,869 recorded as a non-operating loss on change in fair value of embedded derivative.

The Company has the option to prepay all, but not less than all, of the outstanding principal balance of the term loans. In the event of a voluntary or mandatory prepayment prior to the Maturity Date, the Company will incur a prepayment fee ranging from 1.00% to 3.00% of the outstanding principal balance.

The Company’s obligations under the Loan Agreement are secured by a first-priority security interest in substantially all the Company’s assets, including its intellectual property. This security interest will not be released until all obligations are repaid, including a requirement to pay an Exit Fee of \$0.6 million for certain fundamental transactions that may occur through April 13, 2031. The Loan Agreement contains customary representations, warranties and covenants and also includes customary events of default, including payment defaults, breaches of covenants, and a default upon the occurrence of a material adverse change affecting the Company. Upon the occurrence of an event of default, a default interest rate of an additional 5.00% per annum may be applied to the outstanding loan balance, and the Lenders may declare all outstanding obligations immediately due and payable and exercise all their rights and remedies as set forth in the Loan Agreement.

**REZOLUTE, INC.**  
**Notes to Consolidated Financial Statements**

As of June 30, 2021, the Company had outstanding contractual obligations under the Loan Agreement consisting of the principal balance of \$15.0 million and the Final Fee of \$0.7 million for a total of \$15.7 million. After deducting the unaccreted discount of \$1.7 million, the net carrying value was \$14.0 million as of June 30, 2021. Future minimum principal payments and the net carrying value of the term A loan is as follows as of June 30, 2021 (in thousands):

<b>Fiscal year ending June 30,</b>	
2022	\$ -
2023	833
2024	5,000
2025	5,000
2026	4,880
Total contractual payments	15,713
Less unaccreted debt discount	(1,745)
Net carrying value	<u>\$ 13,968</u>

**NOTE 6 — DERIVATIVE LIABILITY FOR AUTHORIZED SHARE DEFICIENCY**

As discussed in Note 7, the Company reduced the number of its authorized shares of common stock from 500.0 million shares to 10.0 million shares as of February 17, 2021. At the time of this change, the Company had approximately 8.4 million shares of common stock issued and outstanding, plus approximately 2.4 million shares that were required to be reserved for issuance pursuant to the Company’s stock option plans and outstanding warrant agreements. Accordingly, a total of 10.8 million shares were required to be authorized, which resulted in a deficiency of approximately 0.8 million shares that were unavailable to settle outstanding stock options and warrants as of February 17, 2021. Since the Company could have been required to settle in cash for up to 0.8 million shares, liability classification for these instruments was required beginning on February 17, 2021.

The Company’s accounting policy provided for selection of the stock options and warrant agreements with the earliest issuance dates to compute the estimated fair value of the financial instruments associated with the authorized share deficiency. These stock options and warrants were generally those with the highest exercise prices that were least likely to be exercised. The fair value of such stock options and warrants amounted to \$3.6 million, which was reclassified from shareholders’ equity to a derivative liability as of February 17, 2021. As a result of the expiration of stock options and warrants for approximately 0.1 million shares from February 2021 through May 2021, the authorized share

deficiency was reduced to approximately 0.7 million shares as of May 26, 2021, when the Company's shareholders approved an increase in authorized shares from 10.0 million shares to 40.0 million shares.

Presented below is a summary of the derivative liability associated with the stock options and warrants that were subject to the Company's accounting policy as of February 17, 2021 and May 26, 2021 (in thousands, except per share amounts):

	February 17, 2021			May 26, 2021		
	Stock Options	Warrants	Total	Stock Options	Warrants	Total
Number of shares	253	527	780	212	521	733
Weighted average fair value per share	\$ 6.46	\$ 3.71	\$ 4.60	\$ 4.42	\$ 1.65	\$ 2.45
Fair value of derivative liability	\$ 1,638	\$ 1,953	\$ 3,591	\$ 935	\$ 861	\$ 1,796

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**REZOLUTE, INC.**  
**Notes to Consolidated Financial Statements**

Due to the reduction in fair value of the derivative liability from \$3.6 million as of February 17, 2021 to \$1.8 million as of May 26, 2021, the Company recognized a non-cash change in fair value of approximately \$1.8 million in the accompanying consolidated statements of operations for the fiscal year ended June 30, 2021. The primary factor that resulted in this gain was a reduction in the market price in the Company's common stock from \$11.99 per share on February 17, 2021 to \$7.69 per share on May 26, 2021 when the authorized share deficiency was cured. Fair value of the stock options and warrants set forth above was determined using the BSM option-pricing model with the following weighted-average assumptions as of February 17, 2021 and May 26, 2021:

	February 17, 2021			May 26, 2021		
	Stock Options	Warrants	Total	Stock Options	Warrants	Total
Market price of common stock	\$ 11.99	\$ 11.99	\$ 11.99	\$ 7.69	\$ 7.69	\$ 7.69
Exercise price	\$ 84.19	\$ 63.88	\$ 70.48	\$ 69.96	\$ 63.67	\$ 65.49
Risk-free interest rate	0.6%	0.1%	0.3%	1.0%	0.2%	0.4%
Dividend rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Remaining contractual term (years)	4.6	1.5	2.5	5.2	1.3	2.4
Historical volatility	112.6%	123.5%	119.9%	119.1%	99.6%	105.2%

**NOTE 7 — SHAREHOLDERS' EQUITY**

***Changes in Authorized Capital Stock***

For the period from April 24, 2019 through February 16, 2021, the Company was authorized to issue 500.0 million shares of common stock and 20.0 million shares of preferred stock. On February 17, 2021, the Company filed a certificate of correction (the "Charter Revision") with the Secretary of State of Delaware that changed the number of authorized shares of common stock from 500.0 million shares to 10.0 million shares. The Charter Revision also reduced the number of authorized shares of preferred stock from 20.0 million shares to 0.4 million shares on February 17, 2021. In connection with the Reincorporation Merger discussed in Note 1, the Company's shareholders approved an increase in authorized shares from 10.0 million shares to 40.0 million shares of common stock as of June 18, 2021. Accordingly, as of June 30, 2021 the Company is authorized to issue 40.0 million shares of common stock and 0.4 million shares of preferred stock.

***Reverse Stock Split***

As discussed in Note 1, the Company effected a Reverse Stock Split on October 9, 2020. All references in the accompanying consolidated financial statements to the number of shares of common stock and per share amounts have been retroactively adjusted to give effect to the Reverse Stock Split.

***Equity Distribution Agreement***

On December 18, 2020, the Company and Oppenheimer & Co. Inc. (the "Agent") entered into an EDA that provides for an "at the market offering" for the sale of up to \$50.0 million in shares of the Company's common stock (the "Placement Shares") through the Agent. The Agent is acting as sales agent and is required to use commercially reasonable efforts to sell all of the Placement Shares requested to be sold by the Company, consistent with the Agent's normal trading and sales practices, on mutually agreed terms between the Agent and the Company. The EDA will terminate when all of the Placement Shares have been sold, or earlier upon the election of either the Company or the Agent.

The Company has no obligation to sell any of the Placement Shares under the EDA. The Company intends to use the net proceeds, if any, from Placement Shares sold under the EDA for general corporate purposes, including working capital. Under the terms of the EDA, the Company agreed to pay the Agent a commission equal to 3.0% of the gross sales price of the Placement Shares plus certain expenses incurred by the Agent in connection with the offering. Through June 30, 2021, no shares were sold pursuant to the EDA and no commissions were incurred. As of June 30, 2021, deferred offering costs incurred by the Company amounted to an aggregate of \$0.2 million that is included under the caption *deferred offering costs and other* in the accompanying consolidated balance sheet.

***Fiscal 2021 Equity Financing***

On September 15, 2020, the Company entered into financial advisory agreements to undertake a private placement of equity or equity equivalent securities (the "Fiscal 2021 Equity Financing"). Pursuant to the financial advisory agreements, the Company agreed to pay transaction fees to the financial advisors for an aggregate of 6.0% of the gross proceeds plus out-of-pocket expenses. In addition, for any financing completed within 60 days of the closing of the Fiscal 2021 Equity Financing, the financial advisors were entitled to additional transaction fees equal to 6.0% of the gross proceeds. As of June 30, 2021, the advisory agreements were no longer active.

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On October 9, 2020, the Company completed the Fiscal 2021 Equity Financing through the sale of units (the “Units”) consisting of (i) approximately 2.5 million shares of common stock, and (ii) warrants entitling the holders to purchase approximately 0.8 million shares of common stock. The warrants are exercisable at \$19.50 per share for a period of seven years, may be exercised on a cash or cashless basis at the election of the holders, and holders are entitled to share in any dividends or distributions payable to holders of common stock on an as-converted basis (the “Participating Warrants”).

The Units were issued for a purchase price of \$16.50 per unit, resulting in gross proceeds of \$41.0 million. Pursuant to the financial advisory agreements, the Company paid transaction fees of \$2.5 million, and costs for professional fees and other offering costs amounted to approximately \$1.1 million. After deducting the financial advisory fees and other offering costs, the estimated net proceeds amounted to approximately \$37.4 million. Pursuant to the terms of the Fiscal 2021 Equity Financing, the Company executed the Reverse Stock Split of fifty shares into one share as discussed in Note 1 and agreed to enable trading of its common stock on the Nasdaq Capital Market, whereby the Company’s listing application was approved by Nasdaq on November 3, 2020. The Company also entered into a registration rights agreement (“RRA”), pursuant to which the Company agreed to use commercially reasonable efforts to register (i) the shares of common stock included in the Units, and (ii) the shares of common stock issuable upon exercise of the warrants. The Company successfully registered the Units on November 27, 2020.

#### ***Fiscal 2020 Private Placement***

In connection with a Series AA Preferred Stock financing in January 2019, the Company granted call options to Handok, Inc. and Genexine, Inc. (collectively, “H&G”) whereby upon the earlier of (i) December 31, 2020 and (ii) such date that the Company requested H&G to provide additional financing, each investor was entitled to purchase up to \$10.0 million of common stock at a purchase price equal to the greater of (i) \$14.50 per share or (ii) 75% of the volume weighted average closing price (“VWAP”) of the Company’s common stock during the thirty consecutive trading days prior to the date of the notice.

On June 19, 2019, the Company entered into a financial advisory agreement to undertake a private placement (the “Fiscal 2020 Private Placement”) of (i) the shares of common stock issuable under the H&G call options for a total of \$20.0 million, plus (ii) up to \$10.0 million of equity or equity equivalent securities to be issued to other investors. On July 23, 2019, the Company entered into purchase agreements whereby H&G exercised their call options to purchase an aggregate of approximately 1.4 million shares of common stock for gross cash proceeds of \$20.0 million at a purchase price of \$14.50 per share. In addition, during July and August 2019 other investors purchased an aggregate of approximately 279,000 shares of common stock at a purchase price of \$14.50 per share for gross cash proceeds of \$4.1 million. Pursuant to the financial advisory agreement, the Company paid a fee of 6.0% of the gross proceeds received from the Fiscal 2020 Private Placement. The total advisory fees and other offering costs amounted to approximately \$1.5 million, resulting in net proceeds of \$22.6 million for the year ended June 30, 2020.

#### ***Restricted Cash***

In connection with the Fiscal 2020 Private Placement, one of the investors purchased approximately 262,000 shares of common stock for gross proceeds of \$3.8 million. The Company agreed to spend the proceeds for research and development related to RZ358 or for the Company’s planned uplisting of its common stock to a national stock exchange. For the year ended June 30, 2020, the Company expended the entire amount of the restricted cash proceeds on qualified activities whereby there were no restrictions on cash balances as of June 30, 2020.

### **REZOLUTE, INC. Notes to Consolidated Financial Statements**

#### **NOTE 8 — SHARE-BASED COMPENSATION AND WARRANTS**

##### ***Stock Option Plans***

Presented below is a summary of the number of shares authorized, outstanding, and available for future grants under each of the Company’s stock option plans as of June 30, 2021 (in thousands):

<b>Description</b>	<b>Termination Date</b>	<b>Number of Shares</b>		
		<b>Authorized</b>	<b>Outstanding</b>	<b>Available</b>
2014 Plan	March 2019	2	2	-
2015 Plan	February 2020	51	51	-
2016 Plan	October 2021	327	327	-
2019 Plan	July 2029	200	200	-
2021 Plan	March 2030	1,200	705	495
Total		1,780	1,285	495

The Company currently has one active stock option plan, the 2021 Equity Incentive Plan (the “2021 Equity Plan”). On March 31, 2021, the Company’s Board of Directors adopted the 2021 Equity Plan that will terminate on March 31, 2030. On May 26, 2021, the 2021 Equity plan was approved by the Company’s shareholders with authority to issue up to 1.2 million shares of common stock. Pursuant to the 2021 Equity Plan, no awards may be granted under the four legacy stock option plans shown in the table above, but all outstanding awards previously granted under those plans shall remain outstanding and subject to the terms of the respective plans. Stock options outstanding under these plans expire pursuant to their contractual provisions on various dates through 2031.

##### ***June 2021 Grants***

On June 14, 2021, the Board of Directors granted stock options for an aggregate of approximately 0.7 million shares of common stock to certain officers, employees and independent directors at an exercise price of \$12.28 per share (the “June 2021 Grants”). Stock options for an aggregate of approximately 0.5 million shares were granted to the Company’s chief executive officer, independent directors and employees with less than one year of service that provide for vesting of 1/36th of the total award each month commencing on July 1, 2021, and stock options for approximately 0.2 million shares granted to employees with more than one year of service that provided for vesting of 25% of the award on grant date with the remainder of the award vesting for approximately 2.1% the total award each month until full vesting occurs. The aggregate fair value of the June 2021 Grants was \$7.3 million, of which \$0.6 million was recognized in June 2021 and the remaining \$6.7 million will be recognized over the respective vesting periods.

##### ***Stock Option Cancellations***

Certain outstanding stock options held by officers and other employees of the Company were either subject to restrictive vesting terms (requiring a sustained increase in market price to \$29.00 per share before vesting commenced) or that had relatively high exercise prices ranging from \$50.00 to \$103.00 per share. On June 29, 2021, three officers of the Company voluntarily surrendered their awards for approximately 0.3 million shares for no consideration. The previously unrecognized compensation cost for these awards amounted to approximately \$0.7 million that was charged to expense on the date of cancellation.

##### ***Hybrid Options***

In July 2019, the Company granted employee stock options for approximately 0.2 million shares that commence vesting upon the achievement of market, performance and service conditions (“Hybrid Options”). The Hybrid Options will become exercisable when all of the following have occurred: (i) the option recipient has been employed by the Company for at least one year, (ii) the Company’s shares of common stock have been listed for trading on a national stock exchange, and (iii) such date no later than July 31, 2023, when the Company’s closing stock price exceeds \$29.00 per share for 20 trading days in any consecutive 30-day period. Total unrecognized compensation cost, net of forfeitures, for the Hybrid Options amounted to approximately \$1.9 million as of November 3, 2020 when the performance condition to obtain a listing on a national stock exchange was achieved. Prior to this date, no compensation cost had been recognized for the Hybrid Options since it was not considered probable that the performance condition would be achieved. Upon achievement of the performance condition, the Company recognized compensation cost of approximately \$0.5 million for the period from the grant date through November 3, 2020.

**REZOLUTE, INC.**  
**Notes to Consolidated Financial Statements**

**Stock Options Outstanding**

The following table sets forth a summary of the combined stock option activity under all of the Company’s stock option plans for the fiscal years ended June 30, 2021 and 2020 (shares in thousands):

	2021			2020		
	Shares	Price <sup>(1)</sup>	Term <sup>(2)</sup>	Shares	Price <sup>(1)</sup>	Term <sup>(2)</sup>
Outstanding, beginning of fiscal year	963	\$ 33.06	8.1	277	\$ 79.88	6.4
Stock options granted:						
Awards with time-based vesting	713	12.41		497	14.50	
Awards with performance-based vesting	-	-		225	14.50	
Stock options cancelled:						
Awards with time-based vesting	(146)	69.66		-	-	
Awards with performance-based vesting	(128)	14.50		-	-	
Stock options forfeited:						
Awards with time-based vesting	(82)	86.72		(25)	24.39	
Awards with performance-based vesting	(35)	14.50		(11)	14.50	
Outstanding, end of fiscal year	<u>1,285</u>	16.35	8.7	<u>963</u>	33.06	8.1
Vested, end of fiscal year	<u>440</u>	23.07	7.1	<u>431</u>	53.14	6.9

(1) Represents the weighted average exercise price.

(2) Represents the weighted average remaining contractual term until the stock options expire.

For the fiscal year ended June 30, 2021, the aggregate fair value of stock options granted for approximately 0.7 million shares of common stock that provide solely for time-based vesting, amounted to \$7.5 million or approximately \$10.47 per share as of the grant dates. For the fiscal year ended June 30, 2020, the aggregate fair value of stock options granted for approximately 0.5 million shares of common stock that provide solely for time-based vesting, amounted to \$4.2 million or approximately \$8.38 per share as of the grant date. For the fiscal year ended June 30, 2020, the aggregate fair value of stock options granted for approximately 0.2 million shares of common stock that provide for hybrid vesting, amounted to \$2.1 million or approximately \$9.51 per share as of the grant date. Fair value was computed using the BSM option-pricing model and will result in the recognition of compensation cost ratably over the expected vesting period of the stock options. For the fiscal years ended June 30, 2021 and 2020, the fair value of stock options that provide for time-based and hybrid vesting was estimated on the date of grant using the BSM option-pricing model, with the following weighted-average assumptions:

	2021		2020	
	Time-Based	Hybrid	Time-Based	Hybrid
Market price of common stock on grant date	\$ 12.41	\$ 10.61	\$ 10.23	\$ 10.61
Expected volatility	118%	118%	118%	118%
Risk free interest rate	0.9%	2.0%	1.9%	2.0%
Expected term (years)	5.7	8.0	5.7	8.0
Dividend yield	0%	0%	0%	0%

**REZOLUTE, INC.**  
**Notes to Consolidated Financial Statements**

Share-based compensation expense is included in compensation and benefits under the following captions in the consolidated statements of operations for the fiscal years ended June 30, 2021 and 2020 (in thousands):

	2021	2020
Research and development	\$ 1,880	\$ 1,589
General and administrative	2,085	1,728
Total	<u>\$ 3,965</u>	<u>\$ 3,317</u>

Unrecognized share-based compensation expense for stock options that provide solely for time-based vesting as of June 30, 2021 was approximately \$7.9 million. This amount is expected to be recognized over a remaining weighted average period of 2.7 years. As of June 30, 2021, unrecognized compensation of \$0.3 million related to the remaining Hybrid Options is being recognized ratably over a weighted average term of 3.1 years.

## Warrants

The Company has issued warrants to purchase shares of common stock in conjunction with various debt and equity financings and for services. As of June 30, 2021 and 2020, all of the warrants are vested. For the fiscal years ended June 30, 2021 and 2020, no warrants were exercised. Presented below is a summary of grants and expirations for the fiscal years ended June 30, 2021 and 2020 (shares in thousands):

	2021			2020		
	Shares	Price <sup>(1)</sup>	Term <sup>(2)</sup>	Shares	Price <sup>(1)</sup>	Term <sup>(2)</sup>
Outstanding, beginning of fiscal year	618	\$ 57.46	2.3	920	\$ 66.80	3.4
Warrants issued	820 <sup>(4)</sup>	19.50		14 <sup>(3)</sup>	14.50	
Warrant expirations	(186)	82.39		(316)	82.78	
Outstanding, end of fiscal year	<u>1,252</u>	28.91	4.8	<u>618</u>	57.46	2.3

(1) Represents the weighted average exercise price.

(2) Represents the weighted average remaining contractual term for the number of years until the warrants expire.

(3) Represents warrants granted for consulting services in November 2019 with an expiration date in November 2024. The fair value of the warrants of \$67,000 was determined using the BSM option-pricing model. Since the warrants were immediately vested, this entire amount is included in consulting and outside services under research and development expenses for the fiscal year ended June 30, 2020. Key assumptions for the valuation of these warrants included the closing price of the Company's shares of common stock of \$14.50 on the grant date, the exercise price of \$6.50 per share, historical volatility of 119%, and an expected term of 5.0 years.

(4) Represents warrants granted in connection with the Fiscal 2021 Equity Financing on October 9, 2020 as discussed in Note 7. The warrants are exercisable at \$19.50 per share for a period of 7 years and may be exercised on a cash or cashless basis at the election of the holder.

## REZOLUTE, INC. Notes to Consolidated Financial Statements

### NOTE 9 — INCOME TAXES

#### Income Tax Expense

For the fiscal years ended June 30, 2021 and 2020, the reconciliation between the income tax benefit computed by applying the statutory U.S. federal income tax rate to the pre-tax loss before income taxes, and total income tax expense recognized in the financial statements is as follows (in thousands):

	2021	2020
Income tax benefit at statutory U.S. federal rate	\$ 4,389	\$ 4,270
Income tax benefit attributable to U.S. states	1,584	1,420
Impact of reduction in Colorado tax rate	(42)	-
Non-taxable derivative gains	377	-
Non-deductible expenses	(2)	(12)
Stock option expirations	(3,700)	(52)
Other	(4)	392
Change in valuation allowance	(2,602)	(6,018)
Total income tax expense	<u>\$ -</u>	<u>\$ -</u>

For the fiscal years ended June 30, 2021 and 2020, the Company did not recognize any current income tax expense or benefit due to a full valuation allowance on its deferred income tax assets.

#### Deferred Income Tax Assets and Liabilities

As of June 30, 2021 and 2020, the income tax effects of temporary differences that give rise to significant deferred income tax assets and liabilities are as follows (in thousands):

	2021	2020
Deferred income tax assets:		
Net operating loss carryforwards	\$ 26,985	\$ 21,651
Intangible assets	4,971	5,182
Share-based compensation	2,001	4,592
Start-up and organizational expenses	176	203
Accrued expenses and other	143	47
	34,276	31,675
Total deferred income tax assets		
Valuation allowance for deferred income tax assets	(34,276)	(31,674)
Net deferred income tax assets	-	1
Deferred income tax liability- property, equipment and other	-	(1)
Net deferred income tax assets	<u>\$ -</u>	<u>\$ -</u>

For the fiscal year ended June 30, 2021, the valuation allowance increased by \$2.6 million, primarily as a result of the increase in net operating losses. In assessing the realizability of deferred income tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will not be realized.

## *NOL Carryforwards and Other Matters*

The Company files income tax returns in the U.S. federal jurisdiction and in several states including California, Colorado, and Oregon. The Company's federal and state tax returns for the 2018 fiscal year and forward are subject to examination by taxing authorities. As of June 30, 2021, the Company has U.S. federal NOL carryforwards of approximately \$104.4 million, of which approximately \$49.8 million does not expire and \$54.6 million will begin to expire in 2031. Additionally, the Company has Colorado and California NOL carryforwards that begin to expire in 2031.

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### **REZOLUTE, INC.** **Notes to Consolidated Financial Statements**

Federal and state laws impose substantial restrictions on the utilization of NOL carryforwards in the event of an ownership change for income tax purposes, as defined in Section 382 of the Internal Revenue Code ("IRC"). Pursuant to IRC Section 382, annual use of the Company's NOL carryforwards may be limited in the event a cumulative change in ownership of more than 50% occurs within a three-year period. The Company has not completed an IRC Section 382 analysis regarding the limitation of NOL carryforwards. However, it is possible that past ownership changes will result in the inability to utilize a significant portion of the Company's NOL carryforward that was generated prior to any change of control. The Company's ability to use its remaining NOL carryforwards may be further limited if the Company experiences an IRC Section 382 ownership change in connection with future changes in the Company's stock ownership.

The Company did not have any unrecognized tax benefits as of June 30, 2021 and 2020. The Company's policy is to account for any interest expense and penalties for unrecognized tax benefits as part of the income tax provision. The Company does not anticipate that unrecognized tax benefits will significantly increase or decrease within the next twelve months.

#### **NOTE 10 — COMMITMENTS AND CONTINGENCIES**

##### *Commitments*

Please refer to Note 4 for further discussion of commitments to make milestone payments and to pay royalties under license agreements with Xoma and ActiveSite.

##### *COVID-19*

In December 2019, COVID-19 was reported to have surfaced in Wuhan, China, and by March 2020 the spread of the virus had resulted in a world-wide pandemic. The U.S. economy has been largely shut down by mass quarantines and government mandated stay-in-place orders to halt the spread of the virus. While these orders are being lifted gradually, a full recovery of the U.S. economy may not occur until 2022 or later. Federal and state governments in the U.S. have approved funding for many programs that may provide financial assistance to individuals and businesses. The Company intends to pursue all material types of government assistance that it may be entitled to. For the fiscal year ended June 30, 2021, the Company qualified for employee retention credits from the U.S. government that resulted in total benefits of approximately \$0.5 million that are included in non-operating income in the accompanying consolidated statement of operations. No assurance can be provided that the Company will qualify and realize any additional benefits from such assistance.

COVID-19 has resulted in an economic environment that is unfavorable for many businesses to pursue new equity financings. Accordingly, the current economic environment is expected to present greater challenges for the Company to obtain additional funding for its clinical programs on terms that are acceptable to the Company's Board of Directors.

In February 2020, the Company announced the initiation of its Phase 2b trial in Congenital Hyperinsulinism ("HF"). New site initiation and enrollment resumed during the fiscal quarter ended December 31, 2020. However, similar to many other clinical studies conducted by other companies throughout the world, effects of the pandemic remain uncertain, and no guarantees can be made that future site initiation or enrollment will not be encountered again. There are no mitigation strategies we can employ to help avoid potential timeline delays should there be an extended enrollment pause due to COVID-19. The long-term effects of COVID-19 are expected to require additional safeguards to protect patients and staff engaged in clinical activities, and extended periods of time required to complete clinical trials, both of which are expected to result in higher overall costs. While the current business disruption is expected to be temporary, the long-term financial impact and the duration cannot be reasonably estimated at this time.

##### *Registration Rights Agreement*

In connection with the Purchase Agreement further discussed in Note 15, the Company entered into a Registration Rights Agreement whereby it agreed to register all the shares issuable under the facility. The Company filed a prospectus supplement to meet this obligation.

##### *Employment Agreements*

As of June 30, 2021, the Company was subject to employment agreements with two officers and an employee that provide for aggregate annual base salaries of \$0.9 million. In the event the Company terminates employment of the officers without cause, severance benefits include (i) between six months and three years of base salary, (ii) 150% of annual target bonuses applicable to the terminated executive, and (iii) continuation of certain medical and dental benefits. In addition, vesting is accelerated for unvested stock options that would have otherwise vested during the period that the severance benefits are paid out.

##### *401(k) Plan*

The Company has a defined contribution employee benefit plan under section 401(k) of the Internal Revenue Code (the "401(k) Plan"). The 401(k) Plan covers all eligible employees who are entitled to participate six months after commencement of employment. The Company matches contributions up to 4% of the participating employee's compensation with such matching contributions vested immediately. Total contributions by the Company to the 401(k) Plan amounted to approximately \$0.1 million for each of the fiscal years ended June 30, 2021 and 2020.

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### **REZOLUTE, INC.** **Notes to Consolidated Financial Statements**

##### *Legal Matters*



From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As of June 30, 2021, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the Company's results of operations. At each reporting period, the Company evaluates whether or not a potential loss amount or a potential range of loss is probable and reasonably estimable under ASC 450, *Contingencies*. Legal fees are expensed as incurred.

#### NOTE 11 — RELATED PARTY TRANSACTIONS

##### *Related Party Licensing Agreement*

On September 15, 2020, the Company entered into an exclusive license agreement with Handok, Inc. (the "Handok License") for the territory of the Republic of Korea. The Handok License relates to pharmaceutical products in final dosage form containing the pharmaceutical compounds developed or to be developed by the Company, including those related to RZ358 and RZ402. The Handok License is in effect for a period of 20 years after the first commercial sale of each product, and requires (i) milestone payments of \$0.5 million upon approval of a New Drug Application ("NDA") for each product in the territory, and (ii) the Company will sell products ordered by Handok at a transfer price equal to 70% of the net selling price of the products. To date, no milestone payments have been earned by the Company.

##### *Master Services Agreement*

Effective July 1, 2019, the Company entered into a Master Services Agreement ("MSA") with Handok, Inc. and Genexine, Inc. whereby the Company agreed to assist in an evaluation of their joint venture for a long-acting growth hormone program referred to as GX-H9. For the fiscal year ended June 30, 2020, the Company billed an aggregate of \$0.2 million under the MSA, including \$0.1 million for employee services and \$0.1 million for reimbursable expenses. Amounts received under the MSA for employee services are reflected as a reduction of research and development compensation costs in the accompanying consolidated statement of operations for the fiscal year ended June 30, 2020. No amounts were billed under the MSA for the fiscal year ended June 30, 2021.

#### NOTE 12 — SUPPLEMENTAL FINANCIAL INFORMATION

##### *Property and Equipment*

Property and equipment consist of the following as of June 30, 2021 and 2020 (in thousands):

	2021	2020
Office furniture and equipment	\$ 56	\$ 47
Less accumulated depreciation	(27)	(14)
Total	<u>\$ 29</u>	<u>\$ 33</u>

Depreciation expense related to property and equipment amounted to approximately \$13,000 and \$11,000 for the fiscal years ended June 30, 2021 and 2020, respectively.

##### *Employee Termination Benefits*

In March 2021, the Company entered into a severance agreement with an officer of the Company that provides for aggregate payments of \$0.2 million paid in monthly installments from March 2021 through September 2021. The severance agreement also resulted in the modification of certain stock options that were permitted to continue vesting through September 2021, whereby an aggregate of 46,250 stock options exercisable at a weighted average price of \$18.17 will now expire in December 2021. Absent the modification, stock options for an aggregate of 38,750 vested shares would have expired in June 2021 and stock options for 7,500 never would have vested. The Company accounted for the modification of the original awards, whereby compensation cost was remeasured on the date of the modification that resulted in an increase in fair value of the modified awards for \$0.1 million. Accordingly, an aggregate charge of \$0.3 million related to severance costs and the modification of stock options is included in compensation expense under general and administrative expenses in the accompanying consolidated statements of operations for the fiscal year ended June 30, 2021.

### REZOLUTE, INC. Notes to Consolidated Financial Statements

For the fiscal year ended June 30, 2021, activity affecting the accrued liability for severance benefits is summarized as follows (in thousands):

Accrued severance, beginning of period	\$ -
Severance expense incurred	201
Cash payments	(124)
Accrued severance, end of period	<u>\$ 77</u>

The liability for accrued severance costs is included in accrued compensation and benefits in the accompanying consolidated balance sheet as of June 30, 2021.

#### NOTE 13 — NET LOSS PER SHARE

Basic net loss per share is computed by dividing net loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. For the fiscal years ended June 30, 2021 and 2020, basic and diluted net loss per share were the same since all common stock equivalents were anti-dilutive. As of June 30, 2021 and 2020, the following potential common stock equivalents were excluded from the computation of diluted net loss per share since the impact of inclusion was anti-dilutive (in thousands):

	2021	2020
Stock options	1,285	963
Warrants	1,252	618
Total	<u>2,537</u>	<u>1,581</u>

As discussed in Note 7 under the caption Fiscal 2021 Equity Financing, the Company issued Participating Warrants whereby the holders are entitled to share in any dividends or distributions payable to holders of common stock on an as-converted basis. Accordingly, the calculation of basic and diluted EPS requires use of the two-class method whereby earnings for the reporting period are required to be allocated between the holders of common stock and the Participating Warrants if the impact is dilutive. This allocation is required regardless of whether a dividend is declared for any such undistributed earnings. As a result of the Company's net loss for the fiscal year ended June 30, 2021, the use

of the two-class method was not required since the impact was antidilutive.

#### NOTE 14 — FINANCIAL INSTRUMENTS AND SIGNFICANT CONCENTRATIONS

##### *Fair Value Measurements*

Fair value is defined as the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. When determining fair value, the Company considers the principal or most advantageous market in which it transacts and considers assumptions that market participants would use when pricing the asset or liability. The Company applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair measurement:

Level 1—Quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.

Level 2—Other than quoted prices included in Level 1 that are observable for the asset and liability, either directly or indirectly through market collaboration, for substantially the full term of the asset or liability.

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#### REZOLUTE, INC. Notes to Consolidated Financial Statements

Level 3—Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any market activity for the asset or liability at measurement date.

The embedded derivative liabilities discussed in Note 5 were classified under Level 3 and were required to be measured at fair value on a recurring basis beginning on April 14, 2021. Fair value was determined based on management's assessment of the probability and timing of occurrence for the embedded derivatives using a discounted rate equal to the effective interest rate for the term A loan.

The derivative liability for authorized share deficiency discussed in Note 6 was also classified under Level 3. This liability was required to be measured at fair value on a recurring basis from February 17, 2021 until May 26, 2021 when the deficiency was cured. Key valuation assumptions are summarized in Note 6.

The following tables set forth a summary of changes in the fair value of the Company's derivative liabilities for which fair value was determined by Level 3 inputs (in thousands):

	Authorized Shares	Embedded Derivatives
Balance, June 30, 2020	\$ -	\$ -
Fair value of derivative liabilities incurred:		
Authorized share deficiency on February 17, 2021	3,591	-
Embedded derivatives on April 14, 2021	-	381
Changes in fair value of authorized share derivative liability	(1,795)	-
Fair value of authorized shares derivative liability reclassified to equity on May 26, 2021	(1,796)	-
Changes in fair value of embedded derivative liability	-	6
Balance, June 30, 2021	\$ -	\$ 387

Due to the relatively short maturity of the respective instruments, the fair value of cash and cash equivalents, restricted cash, accounts payable and accrued liabilities approximated their carrying values as of June 30, 2021 and 2020. The Company did not have any other assets and liabilities measured at fair value as of June 30, 2021 and 2020. The Company's policy is to recognize asset or liability transfers among Level 1, Level 2 and Level 3 as of the actual date of the events or change in circumstances that caused the transfer. During the fiscal years ended June 30, 2021 and 2020, the Company did not have any transfers of its assets or liabilities between levels of the fair value hierarchy.

##### *Fair Value of Debt*

Management believes the interest rate and other provisions of the Company's term loan approximates the rate at which the Company could obtain alternative financing. Therefore, the carrying amount of the term loan approximated its fair value as of April 14, 2021 and June 30, 2021.

##### *Significant Concentrations*

Financial instruments that subject the Company to concentrations of credit risk consist primarily of cash, cash equivalents and restricted cash. The Company maintains its cash and cash equivalents at high-quality financial institutions. For the fiscal years ended June 30, 2021 and 2020, cash deposits exceeded the amount of federal insurance provided on such deposits. As of June 30, 2021 and 2020, the Company had cash, and cash equivalents with a single financial institution with a balance of \$41.0 million and \$10.0 million, respectively. The Company has never experienced any losses related to its investments in cash and cash equivalents.

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#### REZOLUTE, INC. Notes to Consolidated Financial Statements

#### NOTE 15 — SUBSEQUENT EVENTS

##### *Equity Issuances under EDA*

For the period from July 1, 2021 through August 31, 2021, the Company sold 138,388 shares of its common stock pursuant to the EDA discussed in Note 7 for net proceeds of approximately \$1.5 million.

## LPC Purchase Agreement

In August 2021, the Company entered into a purchase agreement (the "Purchase Agreement") and a registration rights agreement (the "RRA") with LPC, which provides that the Company may sell to LPC up to \$20.0 million of shares (the "Purchase Shares") of its common stock. The Company concurrently filed a prospectus supplement with the SEC to register the shares issuable under the Purchase Agreement. The aggregate number of shares that the Company can sell to LPC under the Purchase Agreement may not exceed 1,669,620 shares of common stock, subject to certain exceptions set forth in the Purchase Agreement.

LPC's initial purchase consisted of 95,708 Purchase Shares at a purchase price of approximately \$10.45 per share for a total purchase price of \$1.0 million and the Company issued the commitment shares for 33,799 shares of common stock to LPC as an initial fee for its commitment to purchase shares of our common stock under the Purchase Agreement. Subject to the terms of the Purchase Agreement, the Company has the right, in its sole discretion, to present LPC with a purchase notice (a "Regular Purchase Notice"), directing LPC to purchase up to 25,000 Purchase Shares (a "Regular Purchase"), which amounts may be increased under certain circumstances. LPC's committed obligation under any single Regular Purchase generally will not exceed \$2.0 million. The Purchase Agreement provides for a purchase price per Purchase Shares for each Regular Purchase (the "Purchase Price") equal to the lesser of (i) the lowest sale price of the common stock on the Nasdaq Capital Market ("NCM") on the purchase date of such shares; and (ii) the average of the three lowest closing sale prices for the common stock traded on the NCM during the ten consecutive business days ending on the business day immediately preceding the purchase date of such shares.

In addition, on any date on which the Company submits a Regular Purchase Notice for the maximum amount allowed for such a Regular Purchase to LPC, the Company also has the right, in its sole discretion, to present LPC with an accelerated purchase notice (an "Accelerated Purchase Notice"), directing LPC to purchase an amount of Purchase Shares (an "Accelerated Purchase"), which number of Purchase Shares will not exceed the lesser of (i) 300% of the number of shares purchased pursuant to such Regular Purchase Notice and (ii) 30% of the total volume of shares of the common stock traded on the NCM during the Accelerated Purchase period. The Purchase Price per Purchase Share for each such Accelerated Purchase will be equal to the lesser of 97% of (i) the volume-weighted average price of the common stock on the NCM during the applicable Accelerated Purchase period on the applicable Accelerated Purchase date; and (ii) the closing sale price of the common stock on the NCM on the applicable Accelerated Purchase date.

Pursuant to the RRA, the Company agreed to maintain effectiveness of the registration statement and the related prospectus supplement within prescribed deadlines set forth in the RRA. In addition, the Company is required to use its reasonable best efforts to secure and maintain its listing of the Purchase Shares on the Nasdaq Capital Market. LPC has no obligation to purchase shares under the Purchase Agreement unless the Company complies with the terms of the RRA.

## PART IV

### Item 15. Exhibit and Financial Statement Schedules.

#### (a)(1) Financial Statements

Reference is made to Item 8 of Part II for the Company's consolidated financial statements filed as part of this Report.

#### (a)(2) Financial Statement Schedules

All financial statement schedules are omitted because they are not applicable, or the amounts are immaterial, not required, or the required information is presented in the financial statements and notes thereto included in Item 8 of Part II of this Report.

#### (a)(3) Exhibits

Certain of the agreements filed as exhibits to this Report contain representations and warranties by the parties to the agreements that have been made solely for the benefit of the parties to the agreement. These representations and warranties:

- may have been qualified by disclosures that were made to the other parties in connection with the negotiation of the agreements, which disclosures are not necessarily reflected in the agreements;
- may apply standards of materiality that differ from those of a reasonable investor; and
- were made only as of specified dates contained in the agreements and are subject to subsequent developments and changed circumstances.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date that these representations and warranties were made or at any other time. Investors should not rely on them as statements of fact.

The following exhibits of Rezolute, Inc. (formerly AntriaBio, Inc.) are filed or incorporated by reference as part of this Report. For exhibits that are incorporated by reference, we have indicated the document previously filed with the SEC in which the exhibit was included.

<u>Exhibit No.</u>	<u>Description</u>
<a href="#">1.1</a>	<a href="#">Equity Distribution Agreement, dated December 18, 2020, by and between Rezolute, Inc. and Oppenheimer &amp; Co. Inc.(incorporated by reference to Exhibit 1.2 of the Registration Statement on Form S-3 filed on December 18, 2020)</a>
<a href="#">2.1</a>	<a href="#">Agreement and Plan of Merger dated as of June 18, 2021, by and between Rezolute, Inc. and Rezolute Nevada Merger Corporation(incorporated by reference to Exhibit 2.1 of the Company's Form 8-K filing on June 21, 2021)</a>
<a href="#">3.1</a>	<a href="#">Delaware Certificate of Merger, effective as of June 18, 2021(incorporated by reference to Exhibit 3.1 of the Company's Form 8-K filing on June 21, 2021)</a>
<a href="#">3.2</a>	<a href="#">Nevada Articles of Merger, effective as of June 18, 2021(incorporated by reference to Exhibit 3.2 of the Company's Form 8-K filing on June 21, 2021)</a>
<a href="#">3.3</a>	<a href="#">Amended and Restated Articles of Incorporation of Rezolute Nevada Merger Corporation (incorporated by reference to Exhibit 3.3 of the Company's Form 8-K filing on June 21, 2021)</a>
<a href="#">3.4</a>	<a href="#">Amended and Restated Bylaws of Rezolute Nevada Merger Corporation*</a>
<a href="#">4.1</a>	<a href="#">Form of Financing Warrant (incorporated by reference to Exhibit 4.1 of the Company's Form 8-K filing on April 3, 2018)</a>
<a href="#">4.2</a>	<a href="#">Form of Common Stock Purchase Warrant by and between the Company and the Investor identified therein (incorporated by reference to Exhibit 4.1 the Company's 8-K filing on October 13, 2020)</a>
<a href="#">10.1</a>	<a href="#">Second Amended and Restated Employment Agreement with Nevan Elam, dated February 23, 2015 (incorporated by reference to the Company's Form 8-K filing on February 24, 2015)</a>

- [10.2](#) [Second Amended and Restated Employment Agreement with Sankaram Mantripragada, dated February 23, 2015 \(incorporated by reference to the Company's Form 8-K filing on February 24, 2015\)](#)
- [10.3](#) [AntriaBio, Inc. 2014 Stock and Incentive Plan \(incorporated by reference to Appendix B to the Company's Definitive Information Statement on Schedule 14C filed on April 10, 2014\)](#)
- [10.4](#) [AntriaBio, Inc. 2015 Non Qualified Stock Option Plan \(incorporated by reference to the Company's Form 8-K filing on February 24, 2015\)](#)

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- [10.5](#) [AntriaBio, Inc. 2016 Non Qualified Stock Option Plan \(incorporated by reference to the Company's Form 8-K filing on November 4, 2016\)](#)
- [10.6](#) [AntriaBio, Inc. 2016 Non Qualified Stock Option Plan, as Amended \(incorporated by reference to the Company's Form 10-K on September 21, 2017\)](#)
- [10.7](#) [2019 Non Qualified Stock Option Plan \(incorporated by reference to Exhibit 10.3 of the Company's Form 8-K filing on August 6, 2019\)](#)
- [10.8](#) [Development and License Agreement with ActiveSite Pharmaceuticals, Inc. \(incorporated by reference to the Company's Form 8-K filing on August 7, 2017\)](#)
- [10.9](#) [Form of Purchase Agreement with Lincoln Park Capital Fund, LLC \(incorporated by reference to the Company's Form 8-K filing on December 26, 2017\)](#)
- [10.10](#) [Form of Registration Right Agreement with Lincoln Park Capital Fund, LLC \(incorporated by reference to the Company's Form 8-K filing on December 26, 2017\)](#)
- [10.11](#) [Common Stock Purchase Agreement \(incorporated by reference to the Company's Form 10-Q filing on February 14, 2018\)](#)
- [10.12](#) [License Agreement with Xoma \(US\) LLC \(incorporated by reference to the Company's 10-Q filing on February 14, 2018\)](#)
- [10.13](#) [Amendment No. 2 to the Stock Purchase Agreement with Xoma \(US\) LLC \(incorporated by reference to Exhibit 10.1 of the Company's Form 10-Q filing on February 14, 2019\)](#)
- [10.14](#) [Amendment No. 2 to the License Agreement with Xoma \(US\) LLC \(incorporated by reference to Exhibit 10.2 of the Company's Form 10-Q filing on February 14, 2019\)](#)
- [10.15](#) [Purchase Agreement for Shares of Series AA Preferred Stock with Genexine, Inc. and Handok, Inc. \(incorporated by reference to Exhibit 10.3 of the Company's Form 10-Q filing on February 14, 2019\)](#)
- [10.16](#) [First Amendment to the 2016 Non-Qualified Stock Option Plan \(incorporated by reference to Exhibit C to the Company's Schedule 14A definitive proxy statement filing on April 5, 2019\)](#)
- [10.17](#) [Employment Agreement between Keith Vendola and the Company dated July 31, 2019 \(incorporated by reference to the Company's Form 8-K filing on August 6, 2019\)](#)
- [10.18](#) [Master Services Agreement with Genexine, Inc. and Handok, Inc., effective as of July 1, 2019 \(incorporated by reference to Exhibit 10.1 of the Company's Form 10-Q filing on November 14, 2019\)](#)
- [10.19](#) [Amendment No. 3 to the License Agreement with Xoma \(US\) LLC \(incorporated by reference to Exhibit 10.1 of the Company's Form 10-Q filing on May 14, 2020\)](#)
- [10.20](#) [License Agreement with Handok, Inc. entered into on September 15, 2020 \(incorporated by reference to Exhibit 10.21 of the Company's Form 10-K filing on October 13, 2020\)](#)
- [10.21](#) [Securities Purchase Agreement, dated as of October 8, 2020, by and between Rezolute, Inc. and the investors identified therein \(incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filing on October 13, 2020\)](#)
- [10.22](#) [Registration Rights Agreement, dated as of October 8, 2020, by and between Rezolute, Inc., and the Investors identified therein \(incorporated by reference to Exhibit 10.2 of the Company's Form 8-K filing on October 13, 2020\)](#)
- [10.23](#) [Loan and Security Agreement, dated as of April 14, 2021 by and among Rezolute, Inc., SLR Investment Corp. as collateral agent and lender, and the other lenders named therein \(incorporated by reference to Exhibit 10.1 of the Company's Form 10-Q filing on May 17, 2021\)](#)
- [10.24](#) [Exit Fee Agreement, dated as of April 14, 2021 by and among Rezolute, Inc., SLR Investment Corp. as collateral agent and lender, and the other lenders named therein \(incorporated by reference to Exhibit 10.2 of the Company's Form 10-Q filing on May 17, 2021\)](#)
- [10.25](#) [Rezolute, Inc. 2021 Equity Incentive Plan \(incorporated by reference to Exhibit 4.2 of the Registration Statement on Form S-8 filed on July 28, 2021\)](#)
- [21.1](#) [Listing of Subsidiaries\\*](#)
- [23.1](#) [Consent of Plante & Moran, PLLC\\*](#)
- [31.1](#) [Certifications of Chief Executive Officer and Principal Financial Officer as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002\\*\\*](#)
- [32.1](#) [Certifications of Chief Executive Officer and Principal Financial Officer as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002\\*\\*](#)
- [101.INS](#) [XBRL Instance Document\\*](#)
- [101.SCH](#) [XBRL Taxonomy Extension Schema\\*](#)
- [101.CAL](#) [XBRL Taxonomy Extension Calculation Linkbase\\*](#)
- [101.DEF](#) [XBRL Taxonomy Extension Definition Linkbase\\*](#)
- [101.LAB](#) [XBRL Taxonomy Extension Label Linkbase\\*](#)
- [101.PRE](#) [XBRL Taxonomy Extension Presentation Linkbase\\*](#)

\* Filed with the Original Filing.

\*\* Filed herewith.

In accordance with SEC Release 33-8238, Exhibit 32.1 is being furnished and not filed.

#### Item 16. Form 10-K Summary.

Not applicable

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**SIGNATURES**

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

**REZOLUTE, INC.**

Date: September 24, 2021

By: /s/ Nevan Elam  
Nevan Elam  
Chief Executive Officer and Director  
(Principal Executive & Financial Officer)

## CERTIFICATIONS

I, Nevan Elam, certify that:

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

Date: September 24, 2021

By: /s/ Nevan Elam  
Nevan Elam  
Chief Executive Officer  
(Principal Executive & Financial Officer)

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

In connection with the annual report of Rezolute, Inc. (the "Company") on Form 10-K/A for the period ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Nevan Elam, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 24, 2021

By: /s/ Nevan Elam  
Nevan Elam  
Chief Executive Officer  
(Principal Executive & Financial Officer)

A signed original of this written statement required by Section 906 has been provided to Rezolute, Inc. and will be retained by Rezolute, Inc. Inc. to be furnished to the Securities and Exchange Commission or its staff upon request.

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