

February 3, 2020



Akoustis Reports Second Quarter FY20 Results

– Company to Host Investor Update Call Today at 8:00 am ET –

Charlotte, N.C., Feb. 03, 2020 (GLOBE NEWSWIRE) -- Akoustis Technologies, Inc. (NASDAQ: [AKTS](#)) (“Akoustis” or the “Company”), an integrated device manufacturer (IDM) of patented bulk acoustic wave (BAW) high-band RF filters for mobile and other wireless applications, will host an investor call to provide a business update and outlook this morning at 8:00 a.m. Eastern Time (ET). Management will host a question and answer session at the end of the call.

Second Fiscal Quarter Performance

For the December quarter, the Company reported revenue of \$518 thousand. As anticipated, total revenue was flat quarter over quarter, despite 83% sequential growth in XBAW™ filter revenue, offset by the expected sunset of non-core MEMS-related foundry revenue.

On a GAAP basis: Operating loss was (\$7.9) million for the December quarter, mainly driven by labor costs of \$4.8 million, depreciation of \$0.7 million, and other one-time GAAP expenses and operational costs totaling \$2.4 million. As a result, GAAP net loss per share was (\$0.30).

On a non-GAAP basis: Operating loss was (\$6.3) million and non-GAAP net loss per share was (\$0.21).

Capital expenditures for Q2 were \$2.6 million compared to \$1.6 million in the prior quarter, primarily related to the ongoing 500% capacity expansion in the NY fab. Cash used in operating activities and capital expenditures in Q2 was \$8.8 million.

During the December quarter, Akoustis raised over \$32 million net in cash from the issuance of common stock to fund operations and capacity expansion. Akoustis exited the quarter with \$46.4 million of cash on the balance sheet.

“The December quarter delivered a strong finish to calendar 2019 as we continue delivering qualifiable XBAW™ filters to multiple markets, including both WiFi and 5G network infrastructure,” said Jeff Shealy, Founder and CEO of Akoustis. “We hit or exceeded on every critical strategic milestone for the quarter and were able to deliver RF filter solutions to customers in every target end market we are addressing. With a growing suite of high frequency, high performance XBAW™ filter products aimed at large and growing markets including 5G network infrastructure, high-band WiFi, 5G mobile devices and advanced defense communications equipment, we are extremely well positioned to begin growing

share in the BAW filter market in calendar 2020.”

Second Fiscal Quarter Business Highlights

- Expanded customer sales funnel for 5.2/5.6 GHz coexistence solution, including five WiFi OEM/ODM customer engagements, two SoC reference design engagements, two distribution partners and one RF channel partner
- Received first pre-production order from tier-1 customer sub-6 GHz, 5G small cell RF filters and completed shipment
- Received follow-on development order for XBAW™ filters from existing tier-1 network infrastructure customer for 5G XBAW™ filters
- Shipped two new XBAW™ filter designs to 5G mobile partner for evaluation in future mobile devices
- Demonstrated Company’s first wafer-level-package (WLP) using the 5.2 GHz WiFi filter, hitting the small form factor necessary to penetrate the 5G mobile device market; shipped WLP filter demonstrator to top tier 5G mobile device OEM
- Shipped five new S-band filter designs to defense customer for phased array radar program
- Completed development of new 3.6 GHz Citizen’s Band Radio Service (CBRS) filter and shipped samples to three customers
- Completed internal qualification of the 5.2 GHz XBAW filter and locked down the design of the 5.6 GHz filter
- Shipped XBAW™ filter samples to an additional tier-1 WiFi OEM in the December quarter
- Expanded XBAW™ patent portfolio to 29 issued and licensed patents and 54 patents pending as of January 17, 2019

Akoustis’ Second Quarter Conference Call

Akoustis will host a call this morning, February 3, 2020 at 8:00 am EST. To listen to the call by telephone, please dial 877-407-3982 (domestic) or 201-493-6780 (international). The conference call will be webcast live on the Company’s website and will be available for playback at the following URL: <https://ir.akoustis.com/ir-calendar>.

Akoustis has introduced several new filters over the past twelve months including a [5.6 GHz WiFi filter](#), a [5.2 GHz WiFi filter](#), a [4.9 GHz band n79 filter](#) for small cell network infrastructure, a [3.8 GHz filter](#) and [five S-Band filters](#) for defense phased-array radar applications, a [3.6 GHz filter](#) for the CBRS infrastructure market and [band 25 downlink and uplink filters](#) for LTE infrastructure. The Company is also developing several new filters for the sub-7 GHz bands targeting 5G mobile device, network infrastructure, WiFi CPE and defense markets.

About Akoustis Technologies, Inc.

Akoustis® (www.akoustis.com) is a high-tech BAW RF filter solutions company that is pioneering next-generation materials science and MEMS wafer manufacturing to address the market requirements for improved RF filters - targeting higher bandwidth, higher operating frequencies and higher output power compared to incumbent polycrystalline BAW technology deployed today. The Company utilizes its proprietary [XBAW manufacturing process](#) to produce bulk acoustic wave RF filters for mobile and other wireless markets,

which facilitate signal acquisition and accelerate band performance between the antenna and digital back end. Superior performance is driven by the significant advances of high-purity, single-crystal and associated piezoelectric materials and the resonator-filter process technology which drives electro-mechanical coupling and translates to wide filter bandwidth.

Akoustis plans to service the fast growing multi-billion-dollar RF filter market using its integrated device manufacturer (IDM) business model. The Company owns and operates a 120,000 sq. ft. ISO-9001:2015 [certified commercial wafer-manufacturing facility located in Canandaigua, NY](#), which includes a class 100 / class 1000 cleanroom facility - tooled for 150-mm diameter wafers - for the design, development, fabrication and packaging of RF filters, MEMS and other semiconductor devices. Akoustis Technologies, Inc. is headquartered in the Piedmont technology corridor near Charlotte, North Carolina.

Akoustis Technologies, Inc.

Condensed Consolidated Statements of Operations (In thousands, except per share data) (Unaudited)

	For the Three Months Ended December 31, 2019	For the Three Months Ended December 31, 2018	For the Six Months Ended December 31, 2019	For the Six Months Ended December 31, 2018
Revenue				
Revenue with customers	\$ 518	\$ 323	\$ 1,061	\$ 527
Grant revenue	—	—	—	109
Total revenue	518	323	1,061	636
Cost of revenue	787	370	1,123	514
Gross profit (loss)	(269)	(47)	(62)	122
Operating expenses				
Research and development	4,897	4,474	9,967	8,836
General and administrative expenses	2,759	1,834	5,569	4,338
Total operating expenses	7,656	6,308	15,536	13,174
Loss from operations	(7,925)	(6,355)	(15,598)	(13,052)
Other (expense) income				
Interest (expense) income	(1,102)	(744)	(2,096)	(1,225)
Rental income	55	70	109	137
Change in fair value of contingent real estate liability	(16)	(54)	(34)	(100)
Change in fair value of derivative liabilities	(326)	338	(670)	187
Total other (expense) income	(1,389)	(390)	(2,691)	(1,001)
Net loss	\$ (9,314)	\$ (6,745)	\$ (18,289)	\$ (14,053)
Net loss per common share - basic and diluted	\$ (0.30)	\$ (0.24)	\$ (0.59)	\$ (0.56)
Weighted average common shares outstanding - basic and diluted	31,428,233	27,853,225	30,876,709	25,045,913

Akoustis Technologies, Inc.
Condensed Consolidated Balance Sheets
(In thousands, except share data)
(Unaudited)

	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Assets		
Assets:		
Cash and cash equivalents	\$ 46,253	\$ 30,054
Accounts receivable	1,126	285
Inventory	94	94
Other current assets	874	1,289
Total current assets	<u>48,347</u>	<u>31,722</u>
Property and equipment, net	19,382	15,178
Intangibles, net	463	388
Assets held for sale, net	21	300
Operating lease right-of-use asset	608	—
Restricted cash	100	100
Other assets	386	261
Total Assets	<u>\$ 69,307</u>	<u>\$ 47,949</u>
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 3,480	\$ 3,211
Deferred revenue	48	5
Contingent real estate liability	480	445
Operating lease liability-current	112	—
Total current liabilities	<u>4,120</u>	<u>3,661</u>
Long-term Liabilities:		
Convertible notes payable, net	20,375	18,215
Operating lease liability - non current	500	—
Other long-term liabilities	118	118
Total long-term liabilities	<u>20,993</u>	<u>18,333</u>
Total Liabilities	<u>25,113</u>	<u>21,994</u>
Stockholders' Equity		
Preferred Stock, par value \$0.001: 5,000,000 shares authorized; none issued and outstanding	—	—
Common stock, \$0.001 par value; 100,000,000 shares authorized; 36,212,386 and 30,140,955 shares issued and outstanding at December 31, 2019 and June 30, 2019, respectively	36	30
Additional paid in capital	129,922	93,399
Accumulated deficit	(85,764)	(67,474)
Total Stockholders' Equity	<u>44,194</u>	<u>25,955</u>
Total Liabilities and Stockholders' Equity	<u>\$ 69,307</u>	<u>\$ 47,949</u>

Non-GAAP Measures

We regularly review a number of metrics, including Non-GAAP Operating Loss and Non-GAAP Net Loss, which are not financial measures calculated in accordance with generally

accepted accounting principles in the United States (“GAAP”). Non-GAAP Operating Loss represents operating loss before depreciation and amortization and common stock issued for services. Non-GAAP Net Loss represents net loss before depreciation and amortization, change in fair value of contingent real estate liability, change in fair value of derivative liabilities, debt discount amortization and common stock issued for services. The Company believes these non-GAAP measures provide useful information to management, investors and financial analysts regarding certain financial and business trends relating to the Company’s financial condition and results of operations. We use these non-GAAP measures to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and make strategic decisions.

Non-GAAP measures should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP. These non-GAAP measures exclude significant expenses that are required by GAAP to be recorded in the Company’s financial statements and are subject to inherent limitations.

Non-GAAP Operating Loss and Non-GAAP Net Loss for the three months ending December 31, 2019 and 2018 were as follows:

Akoustis Technologies, Inc.

Unaudited Reconciliations of Non-GAAP Financial Measures

	Three Months Ended	
(in thousands)	December 31, 2019	December 31, 2018
GAAP Operating Loss	\$ (7,925)	\$ (6,355)
Common stock issued for services	1,602	1,168
Non-GAAP Operating Loss	\$ (6,323)	\$ (5,186)
	Three Months Ended	
(in thousands)	December 31, 2019	December 31, 2018
GAAP Net Loss	\$ (9,314)	\$ (6,745)
Change in fair value of contingent real estate liability	16	54
Change in fair value of derivative liabilities	326	(338)
Debt Discount Amortization	780	524
Common stock issued for services	1,602	1,168
Non-GAAP Net Loss	\$ (6,590)	\$ (5,338)
Weighted average common shares outstanding - basic and diluted	31,428,233	27,853,225
Non-GAAP Net Loss per common share - basic and diluted	\$ (0.21)	\$ (0.19)

Forward-Looking Statements

This document includes “forward-looking statements” within the meaning of Section 27A of the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, that are intended to be covered by the “safe harbor” created by those sections. These

forward-looking statements include, but are not limited to, statements about our estimates, expectations, beliefs, intentions, plans or strategies for the future (including our possible future results of operations, business strategies, competitive position, potential growth opportunities, potential market opportunities and the effects of competition), and the assumptions underlying such statements. Forward-looking statements include all statements that are not historical facts and typically are identified by use of terms such as "may," "will," "should," "could," "expect," "plan," "anticipate," "believe," "estimate," "predict," "intend," "forecast," "seek," "potential," "continue" and similar words, although some forward-looking statements are expressed differently. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, these forward-looking statements are based on management's current beliefs, expectations and assumptions and are subject to risks and uncertainties. Factors that could cause actual results to differ materially from those currently anticipated include, without limitation, risks relating to the results of our research and development activities, including uncertainties relating to semiconductor process manufacturing; the development of our XBAWTM technology and products presently under development and the anticipated timing of such development; our ability to protect our intellectual property rights that are valuable to our business, including patent and other intellectual property rights; our ability to successfully manufacture, market and sell products based on our technologies; the ability to achieve qualification of our products for commercial manufacturing in a timely manner and the size and growth of the potential markets for any products so qualified; the rate and degree of market acceptance of any of our products; our ability to achieve design wins from current and future customers; our ability to raise funding to support operations and the continued development and qualification of our products and the technologies underlying them; and our ability to service our outstanding indebtedness. These and other risks and uncertainties are described in more detail in the Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations sections of the Company's most recent Annual Report on Form 10-K and in subsequently filed Quarterly Reports on Form 10-Q. Considering these risks, uncertainties and assumptions, the forward-looking statements regarding future events and circumstances discussed in this document may not occur, and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. The forward-looking statements included in this document speak only as of the date hereof and, except as required by law, we undertake no obligation to update publicly or privately any forward-looking statements, whether written or oral, for any reason after the date of this document to conform these statements to new information, actual results or to changes in our expectations.

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