

November 2, 2020



Akoustis Reports First Quarter Fiscal 2021 Results

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

Charlotte, N.C., Nov. 02, 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, followed by a Q & A session this morning at 8:00 a.m. EST. The call-in numbers are 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>.

Jeff Shealy, founder and CEO of Akoustis, commented, “The September quarter marked an important moment in our history as a company as we successfully entered production in two high volume commercial markets, namely, WiFi 6 and 5G small cell network infrastructure.” Mr. Shealy continued, “Despite the ongoing COVID-19 pandemic, we achieved all of our strategic milestones for the September quarter. We are actively delivering volume production of our WiFi 6 tandem filter solution, ramping multiple 5G small cell XBAW™ filter solutions and supporting numerous engagements with our groundbreaking BAW-based WiFi 6E coexistence filters. With our growing catalog of commercially available RF filter products and technology aimed at large and growing markets including 5G network infrastructure, high-band WiFi, 5G mobile devices and advanced defense communications equipment, we expect continued top-line growth moving forward.”

Recent Business Highlights

- Received first development order from new customer for XBAW™ filters for integration into mobile RF front end solutions
- Entered production for new tier-1 consumer focused tri-band WiFi 6 product, which is expected to be available for purchase for the holiday season
- Delivered multiple engineering samples to existing tier-1 enterprise WiFi 6E customer
- Announced the world’s first 6.5 GHz BAW filter for the emerging WiFi 6E specification that covers the recently allotted ultra-wideband 5.9 to 7.1 GHz unlicensed spectrum
- Achieved robust sampling of WiFi 6E filters to tier-1 and tier-2 OEMs, ODMs and SoC customers
- Announced the first order for WiFi 6E 5.5 and 6.5 GHz tandem catalog solution from enterprise-class customer
- Shipped volume order to tier-1 5G small cell network infrastructure customer with band n77 filter solution
- Received first order from network infrastructure OEM for XBAW™ 3.6 GHz CBRS filter solution

- Shipped fourth 5G small cell network infrastructure XBAW™ filter solution with tier-1 OEM with expected production ramp in early calendar 2021
- Announced third 5G small cell network infrastructure design win with tier-1 OEM customer
- Announced second 5G small cell network infrastructure customer and design win expected to ramp in early calendar 2021
- Received DARPA direct to phase 2 (DP2) program to advance design and manufacturing of XBAW™ technology
- Appointed J. Michael McGuire, former Grant Thornton CEO to the board of directors
- Continued engagement with 5G mobile partner for evaluation in future mobile RF products
- Further expanded Company's product portfolio by adding 15th design-locked RF filter solution to its product catalog
- Expanded XBAW™ patent portfolio to 33 issued and licensed patents plus 73 patents pending as of October 19, 2020

First Fiscal Quarter Financial Performance

For the 1st quarter ended September 30th, the Company reported revenue of \$636,000, which was an increase of 74% as compared to the previous quarter and represented an 118% increase in our core filter product revenue.

On a GAAP basis: Operating loss was (\$10.3) million for the September quarter, mainly driven by labor costs of \$6.3 million, depreciation of \$1.0 million, and other operational costs totaling \$3.0 million. As a result, GAAP net loss per share was (\$0.31).

On a non-GAAP basis: Operating loss was (\$8.3) million, and non-GAAP net loss per share was (\$0.23).

Capex spend for Q1 was \$2.3 million compared to \$3.4 million in the prior quarter, mostly related to the targeted 500% capacity expansion in the Company's NY fab. Cash used in operating activities in Q1 was \$7.9 million, compared to \$4.9 million in the prior quarter. The increase of \$3.0 million is primarily due to certain fiscal year-end payments not expected to repeat in the second quarter and increases in spend related to our capacity expansion. The Company exited the September quarter with \$37.3 million of cash and cash equivalents, versus \$44.4 million at the end of Q4.

Akoustis' high frequency, high performance XBAW™ process and filters are experiencing growing interest as the Company has entered production in multiple markets in calendar 2020, including 5G network infrastructure, high-band WiFi and phased-array radar applications.

Akoustis has added 15 filters to its product catalog including a [5.6 GHz WiFi filter](#), a [5.2 GHz WiFi filter](#), a [5.5 GHz WiFi-6E filter](#), a [6.5 GHz WiFi 6E filter](#), three [small cell 5G network infrastructure filters](#) including two Band n77 filters and one Band n79 filter, a [3.8 GHz filter](#) and [five S-Band filters](#) for defense phased-array radar applications, a [3.6 GHz filter](#) for the CBRS 5G infrastructure market and a C-Band filter for the [unmanned aircraft systems](#) (UAS) market. 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.

Akoustis Technologies, Inc.
Condensed Consolidated Statements of Operations
(In thousands, except per share data)
(Unaudited)

	For the Three Months Ended September 30, 2020	For the Three Months Ended September 30, 2019	
Revenue	\$ 636	\$ 543	
Cost of revenue	<u>1,649</u>	<u>336</u>	
Gross profit	<u>(1,013)</u>	<u>207</u>	
Operating expenses			
Research and development	6,380	5,079	
General and administrative expenses	2,927	2,801	
Total operating expenses	<u>9,307</u>	<u>7,880</u>	
Loss from operations	<u>(10,320)</u>	<u>(7,673)</u>	
Other (expense) income			
Interest (expense)	(1,431)	(994)	
Rental income	—	55	
Other (expense)	(1)	(1)	
Change in fair value of contingent real estate liability	—	(18)	
Change in fair value of derivative liabilities	(198)	(344)	
Total other (expense) income	<u>(1,630)</u>	<u>(1,302)</u>	
Net loss	\$ (11,950)	\$ (8,975)	
Net loss per common share - basic and diluted	\$ (0.31)	\$ (0.30)	
Weighted average common shares outstanding - basic and diluted	38,176,702	30,325,185	

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

	<u>September 30,</u> <u>2020</u>	<u>June 30,</u> <u>2020</u>
Assets		
Assets:		
Cash and cash equivalents	\$ 37,189	\$ 44,308
Accounts receivable, net	346	351
Inventory, net	236	136
Other current assets	1,513	1,408
Total current assets	<u>39,284</u>	<u>46,203</u>
Property and equipment, net	23,458	23,605
Intangibles, net	577	544
Operating lease right-of-use asset, net	645	699
Restricted cash	100	100
Other assets	282	282
Total Assets	\$ 64,346	\$ 71,433
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 3,749	\$ 5,899
Deferred revenue	190	—
Operating lease liability - current	241	231
Total current liabilities	<u>4,180</u>	<u>6,130</u>
Long-term Liabilities:		
Convertible notes payable, net	22,858	21,628
Operating lease liability - non-current	408	472
Loans payable	1,598	1,591
Other long-term liabilities	117	117
Total long-term liabilities	<u>24,981</u>	<u>23,808</u>
Total Liabilities	<u>29,161</u>	<u>29,938</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; 38,582,189 and 37,990,380 shares issued and outstanding at September 30, 2020 and June 30, 2020, respectively	39	38
Additional paid in capital	150,711	145,072
Accumulated deficit	(115,565)	(103,615)
Total Stockholders' Equity	<u>35,185</u>	<u>41,495</u>
Total Liabilities and Stockholders' Equity	\$ 64,346	\$ 71,433

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 common stock issued for services. Non-GAAP Net Loss represents net loss before 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 September 30, 2020 and 2019 were as follows:

Akoustis Technologies, Inc.
Unaudited Reconciliations of Non-GAAP Financial Measures

	Three Months Ended	
	September 30, 2020	September 30, 2019
(in thousands)		
GAAP operating loss	\$ (10,320)	\$ (10,320)
Common stock issued for services	2,027	2,027
Non-GAAP operating loss	\$ (8,293)	\$ (8,293)
	Three Months Ended	
	September 30, 2020	September 30, 2019
(in thousands)		
GAAP net loss	\$ (11,950)	\$ (11,950)
Change in fair value of contingent real estate liability	-	-
Change in fair value of derivative liabilities	198	198
Debt discount amortization	1,032	1,032
Common stock issued for services	2,027	2,027
Non-GAAP net loss	\$ (8,693)	\$ (8,693)
Weighted average common shares outstanding - basic and diluted	38,176,702	30,321,000
Non-GAAP net loss per common share - basic and diluted	\$ (0.23)	\$ (0.29)

About Akoustis Technologies, Inc.

Akoustis® (<http://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.

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,” “might,” “would,” “will,” “should,” “could,” “project,” “expect,” “plan,” “strategy,” “anticipate,” “attempt,” “develop,” “help,” “believe,” “estimate,” “predict,” “intend,” “forecast,” “seek,” “potential,” “continue,” “future,” and similar words (including the negative of any of the foregoing), although some forward-looking statements are expressed differently. Forward-looking statements are neither historical facts nor assurances of future results, performance, events or circumstances. 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 our ability to obtain adequate financing and sustain our status as a going concern; our limited operating history; the results of our research and development activities, including uncertainties relating to semiconductor process manufacturing; the development of our XBAW™ 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 reliance on third parties to complete certain processes in connection with the manufacture of our products; product quality and defects; existing or increased competition; 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; our ability to successfully scale our New York wafer fabrication facility and related operations while maintaining quality control and assurance and avoiding delays in output; the rate and degree of market acceptance of any of our products; our ability to achieve design wins from current and future customers; contracting with customers and

other parties with greater bargaining power and agreeing to terms and conditions that may adversely affect our business; risks related to doing business in foreign countries; any security breaches or other disruptions compromising our proprietary information and exposing us to liability; our ability to raise funding to support operations and the continued development and qualification of our products and the technologies underlying them; our ability to service our outstanding indebtedness represented by our \$25.0 million principal amount of senior convertible notes due in 2023; and the impact of a pandemic or epidemic or a natural disaster, including the COVID-19 pandemic, on our operations, financial condition and the worldwide economy, including its impact on our ability to access the capital markets; our ability to maintain effective internal control over financial reporting; and our ability to obtain and maintain the Trusted Foundry accreditation of our New York wafer fabrication facility. 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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