

August 24, 2020



Akoustis Reports Fourth Quarter and Full Year FY20 Results

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

Charlotte, N.C., Aug. 24, 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. EDT. 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 June quarter delivered a strong finish to fiscal year 2020 as we began shipping RF filter products into our first two high-volume commercial markets, namely 5G small cell network infrastructure and WiFi CPE devices, at the end of the quarter”. Mr. Shealy continued, “Despite the COVID-19 pandemic, we continue to achieve our strategic milestones and are actively delivering new, high performance frequency selectivity solutions including 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 are working to convert design wins to revenue moving forward.”

Recent Business Highlights

- Announced the Company’s first WiFi CPE design win and filter orders from a tier-1 OEM for a retail tri-band router launching later in calendar 2020
- Received second 5G small cell network infrastructure design win with tier-1 OEM
- Shipped compliant 5G band n77 high power RF filters to first tier-1 network infrastructure customer
- Announced the first 5.5 GHz BAW filter for the emerging WiFi 6E specification and shipped samples to multiple customers including tier-1 OEM and SoC companies
- 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
- Announced first order for 5.5 and 6.5 GHz WiFi 6E coexistence filters from tier-1 enterprise OEM
- Signed strategic purchase agreement with tier-1 OEM for the development and sale of multiple new XBAW™ filters for WiFi 6E
- Executive appointment of Colin Hunt to new role as VP of Global Sales
- Continued engagement with 5G mobile partner for evaluation in future mobile RF products
- Further expanded Company’s product portfolio by adding 14th design-locked RF filter

solution to its product catalog

- Expanded XBAW™ patent portfolio to 33 issued and licensed patents plus 71 patents pending as of August 17, 2020

Fourth Fiscal Quarter Performance

For the 4th quarter ended June 30th, 2020, the Company reported revenue of \$365,000, which was flat as compared to the quarter ended March 31, 2020 but represented a greater than 350% increase in core filter product revenue.

On a GAAP basis: operating loss was (\$8.2) million for the June quarter, mainly driven by labor costs of \$4.7 million, depreciation of \$0.9 million, and other operational costs totaling \$2.6 million. As a result, GAAP net loss per share was (\$0.28).

On a non-GAAP basis: operating loss was (\$6.6) million, and non-GAAP net loss per share was (\$0.19).

Capex spend for Q4 was \$3.4 million compared to \$2.2 million in the third fiscal quarter, mostly related to the targeted 500% capacity expansion in the Company's NY fab. Cash used in operating activities in Q4 was \$4.9 million, compared to \$4.4 million in Q3. The increase of approximately \$0.5 million is primarily due to the \$0.6 million increase in other current assets. The Company exited the June quarter with \$44.4 million of cash and cash equivalents, versus \$39.7 million at the end of Q3.

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

Akoustis has added 14 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](#), 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.

Consolidated Statement of Operations

(In thousands, except per share data)

For the Year	For the Year	For the Three	For th
Ended	Ended	Months	Mc
June 30,	June 30,	Ended	Er
		June 30,	Jur

	2020	2019	2020	2019
Revenue	\$ 1,790	\$ 1,443	\$ 366	\$ 366
Cost of revenue	<u>2,414</u>	<u>1,013</u>	<u>1,074</u>	<u>1,074</u>
Gross profit	(624)	430	(708)	(708)
Operating expenses				
Research and development	20,523	19,075	4,787	4,787
General and administrative expenses	<u>10,891</u>	<u>8,922</u>	<u>2,733</u>	<u>2,733</u>
Total operating expenses	<u>31,414</u>	<u>27,997</u>	<u>7,520</u>	<u>7,520</u>
Loss from operations	(32,038)	(27,567)	(8,228)	(8,228)
Other (expense) income				
Interest (expense) income	(4,573)	(2,886)	(1,314)	(1,314)
Rental income	181	270	17	17
Change in fair value of contingent real estate liability	445	785	(1)	(1)
Change in fair value of derivative liabilities	<u>(155)</u>	<u>150</u>	<u>551</u>	<u>551</u>
Total Other (expense) income	<u>(4,102)</u>	<u>(1,681)</u>	<u>(1,849)</u>	<u>(1,849)</u>
Net loss	<u>(36,140)</u>	<u>(29,248)</u>	<u>(10,077)</u>	<u>(10,077)</u>
Net loss per common share - basic and diluted	<u>\$ (1.07)</u>	<u>\$ (1.06)</u>	<u>\$ (0.27)</u>	<u>\$ (0.27)</u>
Weighted average common shares outstanding - basic and diluted	<u>33,698,502</u>	<u>27,512,426</u>	<u>36,844,237</u>	<u>30,000,000</u>

Akoustis Technologies, Inc.

Consolidated Balance Sheets

(In thousands, except per share data)

	June 30, 2020	June 30, 2019
Assets		
Assets:		
Cash and cash equivalents	\$ 44,308	\$ 30,054
Accounts receivable	351	285
Inventory	136	94
Other current assets	1,408	1,288
Total current assets	46,203	31,721
Property and equipment, net	23,605	15,178
Intangibles, net	544	388
Assets held for sale, net	21	300
Operating lease right-of-use asset, net	699	—
Restricted cash	100	100
Other assets	261	262
Total Assets	\$ 71,433	\$ 47,949
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 5,899	\$ 3,211
Contingent real estate liability	—	446
Operating lease liability-current	231	—
Deferred revenue	—	5
Total current liabilities	6,130	3,662
Long-term Liabilities:		
Convertible notes payable, net	21,628	18,215
Operating lease liability-non current	472	—
Loans payable	1,591	—
Other long-term liabilities	117	117
Total long-term liabilities	23,808	18,332
Total Liabilities	29,938	21,994
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; 37,990,380 and 30,140,955 shares issued and outstanding at June 30, 2020 and June 30, 2019, respectively	38	30
Additional paid in capital	145,072	93,399
Accumulated deficit	(103,615)	(67,474)
Total Stockholders' Equity	41,495	25,955
Total Liabilities and Stockholders' Equity	\$ 71,433	\$ 47,949

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 June 30, 2020 and 2019 were as follows:

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

(in thousands)	Three Months Ended	
	June 30, 2020	June 30, 2019
GAAP operating loss	\$ (8,228)	\$ (6,446)
Common stock issued for services	1,626	1,718
Non-GAAP operating loss	\$ (6,602)	\$ (4,728)

(in thousands)	Three Months Ended	
	June 30, 2020	June 30, 2019
GAAP net loss	\$ (10,077)	\$ (5,761)
Change in fair value of contingent real estate liability	-	20
Change in fair value of derivative liabilities	551	(1,522)
Debt discount amortization	925	637

Common stock issued for services	1,626	1,718
		\$
Non-GAAP net loss	\$ (6,975)	(4,908)
Weighted average common shares outstanding - basic and diluted	36,844,237	30,079,073
Non-GAAP net loss per common share - basic and diluted	\$(0.19)	\$(0.16)

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,” “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 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 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; our ability to service our outstanding indebtedness; and the effects of a pandemic or epidemic or a natural disaster, including the Covid-19 pandemic. 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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