

May 4, 2020



Akoustis Reports Third Quarter FY20 Results

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

Charlotte, N.C., May 04, 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.

Jeff Shealy, founder and CEO of Akoustis, commented, “The March quarter delivered a strong start to calendar year 2020 as we achieved two important commercial design wins for our XBAW™ filters in 5G network infrastructure and WiFi CPE.” Mr. Shealy continued, “Despite the COVID-19 pandemic, we hit or exceeded every strategic milestone for the quarter and delivered new RF filter solutions to customers for key upcoming product platforms. With our growing catalog of commercially available RF 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 well positioned to convert design wins to revenue in calendar 2020.”

Recent Business Highlights

- Announced first design win for 5.2 GHz and 5.6 GHz WiFi coexistence filters for CPE devices and expect a second design win from second customer by the end of the September 2020 quarter
- Received first design win for 5G small cell network infrastructure XBAW™ filters and began shipping volume order to tier-1 customer
- Expanded XBAW filter product portfolio for growing 5G small cell market with two new RF filters for 2 new frequency bands; one band completed and ready for pre-production shipments, plus one additional filter band currently in development
- Shipped 5G XBAW™ filters against follow-on development order to existing tier-1 network infrastructure customer
- Shipped first unmanned aircraft systems (UAS) RF filters to current customer in less than 3 months since receipt of development order
- Continued module engagement with 5G mobile partner for evaluation in future mobile RF module
- Shipped repeat order for S-band filter designs to existing defense customer for phased array radar program
- Further expanded Company’s product portfolio by adding 12th completed and design-locked RF filter product to its product catalog
- Expanded XBAW™ patent portfolio to 31 issued and licensed patents plus 61 patents

pending as of April 24, 2020

Third Fiscal Quarter Performance

For the 3rd quarter ended March 31st, the Company reported revenue of \$363,000, which was down from previous guidance due to several factors including; a supply chain delay related to the Covid-19 virus, a program delay due to Covid-19 impact on a customer's factory and an intentional R&D program delay caused by fab prioritization on a new 5G customer program.

On a GAAP basis: Operating loss was (\$8.2) million for the March quarter, mainly driven by labor costs of \$5.4 million, depreciation of \$0.8 million, and other operational costs totaling \$2.0 million. As a result, GAAP net loss per share was (\$0.21).

On a non-GAAP basis: Operating loss was (\$6.4) million, and non-GAAP net loss per share was (\$0.18).

Capex spend for Q3 was \$2.2 million compared to \$2.6 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 Q3 was \$4.4 million, compared to \$6.2 million in Q2. The improvement of \$1.8 million is primarily due to the collection of accounts receivable in the current quarter, and the payment of one-time GAAP expenses in the prior quarter. The Company exited the March quarter with \$39.7 million of cash.

Akoustis' Third Quarter Conference Call

Akoustis will host a call this morning, May 4, 2020 at 8:00 am ET. 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 added twelve filters to its product catalog including a [5.6 GHz filter](#), a [5.2 GHz WiFi filter](#), two [small cell](#) network infrastructure filters including a [4.9 GHz 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 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.

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.

Akoustis Technologies, Inc.

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

	For the Three Months Ended March 31, 2020	For the Three Months Ended March 31, 2019	For the Nine Months Ended March 31, 2020	For the Nine Months Ended March 31, 2019
Revenue				
Revenue with customers	\$ 363	\$ 237	\$ 1,424	\$ 764
Grant revenue	—	—	—	109
Total revenue	363	237	1,424	873
Cost of revenue	217	299	1,340	813
Gross profit (loss)	146	(62)	84	60
Operating expenses				
Research and development	5,769	5,505	15,736	14,340
General and administrative expenses	2,589	2,503	8,158	6,841
Total operating expenses	8,358	8,008	23,894	21,181
Loss from operations	(8,212)	(8,070)	(23,810)	(21,121)
Other (expense) income				
Interest (expense) income	(1,162)	(781)	(3,259)	(2,006)
Rental income	54	70	164	207
Change in fair value of contingent real estate liability	480	905	446	805
Change in fair value of derivative liabilities	1,066	(1,558)	396	(1,372)
Total other (expense) income	438	(1,364)	(2,253)	(2,366)
Net loss	\$ (7,774)	\$ (9,434)	\$ (26,063)	\$ (23,487)
Net loss per common share - basic and diluted	\$ (0.21)	\$ (0.31)	\$ (0.80)	\$ (0.88)
Weighted average common shares outstanding - basic and diluted	36,263,779	29,959,908	32,659,339	26,659,999

Akoustis Technologies, Inc.

Condensed Consolidated Balance Sheets (In thousands, except share data) (Unaudited)

	March 31, 2020	June 30, 2019
Assets		
Assets:		
Cash and cash equivalents	\$ 39,577	\$ 30,054
Accounts receivable	692	285
Inventory	76	94
Other current assets	812	1,289
Total current assets	<u>41,157</u>	<u>31,722</u>
Property and equipment, net	19,942	15,178
Intangibles, net	494	388
Assets held for sale, net	21	300
Operating lease right-of-use asset, net	751	—
Restricted cash	100	100
Other assets	449	261
Total Assets	<u><u>\$ 62,914</u></u>	<u><u>\$ 47,949</u></u>
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 3,393	\$ 3,211
Deferred revenue	—	5
Contingent real estate liability	—	446
Operating lease liability-current	223	—
Total current liabilities	<u>3,616</u>	<u>3,662</u>
Long-term Liabilities:		
Convertible notes payable, net	20,152	18,215
Operating lease liability - non current	534	—
Other long-term liabilities	117	117
Total long-term liabilities	<u>20,803</u>	<u>18,332</u>
Total Liabilities	<u>24,419</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; 36,351,976 and 30,140,955 shares issued and outstanding at March 31, 2020 and June 30, 2019, respectively	36	30
Additional paid in capital	131,997	93,399
Accumulated deficit	(93,538)	(67,474)
Total Stockholders' Equity	<u>38,495</u>	<u>25,955</u>
Total Liabilities and Stockholders' Equity	<u><u>\$ 62,914</u></u>	<u><u>\$ 47,949</u></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 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 March 31, 2020 and 2019 were as follows:

Unaudited Reconciliations of Non-GAAP Financial Measures

	Three Months Ended	
	March 31, 2020	March 31, 2019
(in thousands)		
GAAP Operating Loss	\$(8,212)	\$(8,070)
Common stock issued for services	1,803	2,255
Non-GAAP Operating Loss	\$(6,409)	\$(5,815)
	Three Months Ended	
	March 31, 2020	March 31, 2019
(in thousands)		
GAAP Net Loss	\$(7,774)	\$(9,434)
Change in fair value of contingent real estate liability	(480)	(905)
Change in fair value of derivative liabilities	(1,066)	1,558
Debt Discount Amortization	842	576
Common stock issued for services	1,803	2,255
Non-GAAP Net Loss	\$(6,675)	\$(5,950)
Weighted average common shares outstanding - basic and diluted	36,263,779	29,959,908
Non-GAAP Net Loss per common share - basic and diluted	\$(0.18)	\$(0.20)

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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