

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

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **May 8, 2023**

AKOUSTIS TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-38029
(Commission File Number)

33-1229046
(I.R.S. Employer
Identification Number)

9805 Northcross Center Court, Suite A
Huntersville, NC 28078
(Address of principal executive offices, including zip code)

704-997-5735
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of Each Class:	Trading Symbol:	Name of each exchange on which registered:
Common Stock, \$0.001 par value	AKTS	The Nasdaq Stock Market LLC (Nasdaq Capital Market)

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter)

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.

Item 2.02. Results of Operations and Financial Conditions.

On May 8, 2023, Akoustis Technologies, Inc. announced its financial results for the fiscal quarter ended March 31, 2023 and hosted a conference call to discuss such results. Copies of the press release and a transcript of the conference call are being furnished as Exhibits 99.1 and 99.2, respectively, to this Current Report on Form 8-K.

The information in this Current Report on Form 8-K and Exhibits 99.1 and 99.2 attached hereto is intended to be furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description
99.1	Press release dated May 8, 2023, furnished herewith.
99.2	Transcript of conference call of Akoustis Technologies, Inc., dated May 8, 2023
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AKOUSTIS TECHNOLOGIES, INC.

Date: May 9, 2023

By: /s/ Kenneth E. Boller

Name: Kenneth E. Boller

Title: Chief Financial Officer

**Akoustis Reports Sixth Consecutive Quarter of Record Revenue with Third Quarter
Fiscal 2023 Sales Growing over 160% Year-Over-Year**

- **Customer Activity Remains Robust with Expanding Pipelines in 5G Mobile, Wi-Fi CPE, 5G Infrastructure, Automotive, Timing Control, Semiconductor Back-End-Services, and Other Markets**
- **Completed Acquisition of Grinding & Dicing Services, Inc. (“GDSI”), Adding Back-End Services Business to Portfolio During the March Quarter**
- **Akoustis Began Shipping into the 5G Mobile Market in Q3 FY23, Ramping the Largest Market by Potential Revenue and Unit Volume**
- **Submitted Application for the Department of Defense Portion of the CHIPS Act**
- **Company to Host Investor Update Call Today at 8:00 am ET**

Charlotte, N.C., May 8, 2023 (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, announced today a 160% year-over-year increase in quarterly revenue to a record \$7.4 million for the fiscal quarter ended March 31, 2023.

Based on hundreds of active customers, robust activity in the sales and design win pipelines, and the semiconductor services business, as well as new product introductions in 5G mobile, 5G network infrastructure, Wi-Fi 6E and Wi-Fi 7, and the defense market, the Company expects to report another quarter of record revenue in the current June quarter with a sequential increase of 10%-20%, despite the ongoing macroeconomic challenges facing the consumer electronics industry.

Akoustis will host an investor call to provide a business update and outlook, followed by a Q & A session, this morning at 8:00 am ET. The call-in numbers are 877-407-3982 (domestic) and +01 201-493-6780 (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, stated, “Despite the persistent macro challenges, Akoustis was able to deliver its sixth consecutive quarter of record revenue. Our sales growth was driven by multiple factors including 5G mobile shipments to our first tier-1 customer, continued execution in our Wi-Fi business punctuated by the notable entry into the US cable carrier market, our first Wi-Fi 7 design win, and the positive integration of GDSI following its acquisition in January. Additionally, we made inroads in our other areas including defense, timing control, automotive and other markets.”

Akoustis continues to experience strong demand and a growing sales funnel for its Wi-Fi, 5G mobile, and 5G infrastructure products, as well as its new XBAW[®]/SAW resonator and oscillator products, and semiconductor back-end services. During the June quarter, the Company plans to ship samples of its new 5.6 GHz/6.6 GHz Wi-Fi 6E/7 XBAW[®] filter products to multiple customers. Akoustis continues to add new Wi-Fi design wins, many of which are expected to ramp into production in calendar 2023.

Recent Business Highlights

- Started shipping 5G mobile XBAW[®] filters, incorporating our production released WLP technology, to our tier-1 RF component company customer to support production ramp
- Received order for second filter from first tier-1 5G mobile customer for expected CY24 product ramp
- Delivered second of two 5G mobile filters to second tier-1 customer for down-selection
- Delivered second iteration of initial XBAW[®] filter to third tier-1 mobile customer
- Started production ramp with tier-1 US-based cable carrier company supporting Wi-Fi 6E
- Secured first Wi-Fi 7 design win from enterprise-class customer
- Received order for new Wi-Fi 6E/Wi-Fi 7 XBAW[®] filters from new second-tier customer
- Introduced new automotive C-V2X filter and began sampling to multiple customers
- Qualified the first of two XBAW[®] resonators for our first timing control customer
- Completed the acquisition of GDSI, a diverse, premium semiconductor back-end services business on January 1, 2023
- Continued DARPA direct-to-phase II (DP2) contract to advance design and manufacturing of XBAW[®] technology for filters and other sensors
- The Company’s XBAW[®] patent portfolio grew to 89 issued and licensed patents, plus 124 patents pending as of April 28, 2023

Akoustis is actively delivering volume production of its Wi-Fi 6 and 6E tandem filter solutions, shipping multiple 5G small cell XBAW[®] filter solutions, is delivering initial designs of its new 5G mobile filter solutions to multiple customers, and has entered the market with its new Wi-Fi 7 coexistence XBAW[®] filter solutions.

Given its healthy sales funnel activity, as well as ongoing interaction with customers regarding expected ramps in 5G mobile, Wi-Fi 6E and Wi-Fi 7 in calendar 2023, the Company has essentially completed its production capacity expansion increase at its New York fab to approximately 0.5 billion filters per year.

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

Assets	March 31, 2023	June 30, 2022
Assets:		
Cash and cash equivalents	\$ 52,749	\$ 80,485
Accounts receivable	4,247	3,793
Inventory	7,558	4,094
Other current assets	3,665	3,359
Total current assets	68,219	91,731
Property and equipment, net	57,313	51,157
Goodwill	14,530	8,051
Intangibles, net	15,889	8,994
Operating lease right-of-use asset, net	1,483	1,126
Other assets	71	279
Total Assets	\$ 157,505	\$ 161,338
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 11,270	\$ 11,204
Contingent consideration	8	855
Deferred revenue	114	286
Operating lease liability	415	313
Total current liabilities	11,807	12,658
Long-term Liabilities:		
Convertible notes payable, net	43,696	43,731
Promissory notes payable	333	—
Contingent consideration	—	591
Operating lease liability	1,092	811
Other long-term liabilities	117	117
Total long-term liabilities	45,239	45,250
Total Liabilities	57,046	57,908
Stockholders' Equity		
Preferred stock, par value \$0.001; 5,000,000 shares authorized; none issued and outstanding	—	—
Common stock, \$0.001 par value; 125,000,000 shares authorized; 71,625,149, and 57,079,347 shares issued and outstanding on March 31, 2023, and June 30, 2022, respectively	72	57
Additional paid in capital	352,977	310,171
Accumulated deficit	(252,590)	(206,798)
Total Stockholders' Equity	100,459	103,430
Total Liabilities and Stockholders' Equity	\$ 157,505	\$ 161,338

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

	For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022	For the Nine Months Ended March 31, 2023	For the Nine Months Ended March 31, 2022
Revenue	\$ 7,356	\$ 4,607	\$ 18,788	\$ 10,146
Cost of revenue	8,472	5,370	20,200	12,821
Gross profit (loss)	(1,116)	(763)	(1,412)	(2,675)
Operating expenses				
Research and development	7,349	8,314	25,079	25,481
General and administrative expenses	8,817	5,721	21,650	14,742
Total operating expenses	16,166	14,035	46,729	40,223
Loss from operations	(17,282)	(14,798)	(48,141)	(42,898)
Other (expense) income				
Interest (expense) income	(510)	25	(1,955)	88

Other (expense) income	(1)	—	(10)	—
Change in fair value of contingent consideration	268	(180)	1,438	(180)
Change in fair value of derivative liabilities	(383)	—	456	—
Total other (expense) income	(626)	(155)	(71)	(92)
Net loss before income taxes	\$ (17,908)	\$ (14,953)	\$ (48,212)	\$ (42,990)
Income Tax (expense) benefit	2,364	(128)	2,420	(70)
Net Loss	\$ (15,545)	\$ (14,825)	\$ (45,792)	\$ (42,920)
Net loss (income) attributable to noncontrolling interest	—	139	—	121
Net loss attributable to common stockholders	\$ (15,545)	\$ (14,686)	\$ (45,792)	\$ (42,799)
Net loss per common share – basic and diluted	\$ (0.23)	\$ (0.27)	\$ (0.75)	\$ (0.81)
Weighted average common shares outstanding – basic and diluted	68,195,181	55,217,220	60,925,124	53,177,679

The following 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. Please see reconciliations to comparable GAAP measures below and descriptions of these non-GAAP measures under "non-GAAP measures."

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Non-GAAP operating loss and non-GAAP net loss for the quarters ended March 31, 2023, and 2022 were as follows:

(in thousands)	Three Months Ended	
	March 31, 2023	March 31, 2022
GAAP operating loss	\$ (17,282)	\$ (14,798)
Amortization of acquisition-related intangible assets	659	537
Recognition of acquisition-related promissory note	333	-
Gain on sale of fixed assets	(121)	(9)
Common stock issued for services	3,211	2,506
Non-GAAP operating loss	\$ (13,200)	\$ (11,764)
Weighted average common shares outstanding - basic and diluted	68,195,181	55,217,220
Non-GAAP operating loss per common share - basic and diluted	\$ (0.19)	\$ (0.21)

(in thousands)	Three Months Ended	
	March 31, 2023	March 31, 2022
GAAP net loss	\$ (15,545)	\$ (14,825)
Change in fair value of contingent consideration	(268)	180
Change in fair value of derivative liabilities	383	-
Amortization of acquisition-related intangible assets	659	537
Recognition of acquisition-related promissory note	333	-
Debt discount amortization	131	-
Gain on sale of fixed assets	(121)	(9)
Tax adjustments related to acquisitions	(2,420)	-
Common stock issued for services	3,211	2,506
Non-GAAP net loss	\$ (13,637)	\$ (11,611)
Weighted average common shares outstanding - basic and diluted	68,195,181	55,217,220
Non-GAAP net loss per common share - basic and diluted	\$ (0.20)	\$ (0.21)

(in thousands)	Nine Months Ended	
	March 31, 2023	March 31, 2022
GAAP operating loss	\$ (48,140)	\$ (42,897)
Amortization of acquisition-related intangible assets	1,354	537
Recognition of acquisition-related promissory note	333	-
Gain on sale of fixed assets	(105)	(204)
Common stock issued for services	7,455	7,754
Non-GAAP operating loss	\$ (39,103)	\$ (34,810)
Weighted average common shares outstanding - basic and diluted	60,925,124	53,177,679
Non-GAAP operating loss per common share - basic and diluted	\$ (0.64)	\$ (0.65)

(in thousands)	Nine Months Ended	
	March 31, 2023	March 31, 2022
GAAP net loss	\$ (45,792)	\$ (42,920)
Change in fair value of contingent consideration	(1,438)	180

Change in fair value of derivative liabilities	(456)	-
Amortization of acquisition-related intangible assets	1,354	537
Recognition of acquisition-related promissory note	333	-
Tax adjustments related to acquisitions	(2,420)	-
Gain on sale of fixed assets	(105)	(204)
Debt discount amortization	421	-
Common stock issued for services	7,455	7,754
Non-GAAP net loss	\$ (40,648)	\$ (34,653)
Weighted average common shares outstanding - basic and diluted	60,925,124	53,177,679
Non-GAAP net loss per common share - basic and diluted	\$ (0.67)	\$ (0.65)

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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, amortization of acquisition-related intangible assets, recognition of acquisition-related promissory note, and gain or loss on the sale of fixed assets. Non-GAAP net loss represents net loss before change in fair value of contingent consideration, change in fair value of derivative liabilities, debt discount amortization, gain on extinguishment of debt, gain or loss on disposal of fixed assets, recognition of acquisition-related promissory note, amortization of acquisition-related intangible assets, tax adjustments related to acquisitions 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.

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 legacy polycrystalline BAW technology. The Company utilizes its proprietary and patented 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 poly-crystal, single-crystal and other high purity piezoelectric materials and the resonator-filter process technology which enables optimal trade-offs between critical power, frequency and bandwidth performance specifications.

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 registered 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.

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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, each 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, profitability, business strategies, competitive position, potential growth opportunities, potential market opportunities and the effects of competition), the anticipated benefits of the acquisition of Grinding and Dicing Services, Inc., future cash flow and forecasts of breakeven point and expectations regarding funding under the CHIPS and Science Act, 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," "think," "estimate," "predict," "intend," "forecast," "seek," "potential," "possible," "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 inability to obtain adequate financing and sustain our status as a going concern; our limited operating history; our inability to generate revenues or achieve profitability; the results of our research and development activities; our inability to achieve acceptance of our products in the market; the possibility that the anticipated benefits from business acquisitions (including the acquisition of Grinding and Dicing Services, Inc.) will not be realized in full or at all or may take longer to realize than expected; the possibility that costs or difficulties related to the integration of acquired businesses' operations will be greater than expected and the possibility of disruptions to our business during integration efforts and strain on management time and resources; the impact of a pandemic or epidemic or a natural disaster, including the COVID-19 pandemic, the Russian-Ukrainian conflict and other sources of volatility on our operations, financial condition and the worldwide economy, including its impact on our ability to access the capital markets; increases in prices for raw materials, labor, and fuel caused by rising inflation; general economic conditions, including upturns and downturns in the industry; shortages in supplies needed to manufacture our products, or needed by our customers to manufacture devices incorporating our products; our limited number of patents; failure to obtain, maintain, and enforce our intellectual property rights; claims of infringement, misappropriation or misuse of third party intellectual property, including the lawsuit filed by Qorvo, Inc. in October 2021, that, regardless of merit, could result in significant expense and negatively impact our business results; our inability to attract and retain qualified personnel; 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; our ability to meet the required specifications of customers and achieve qualification of our products for commercial manufacturing in a timely manner; our inability 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, including China; any security breaches, cyber-attacks or other disruptions compromising our proprietary information and exposing us to liability; our failure to innovate or adapt to new or emerging technologies, including in relation to our competitors; our failure to comply with regulatory requirements; results of any arbitration or litigation that may arise; stock volatility and illiquidity; dilution caused by any future issuance of common stock or securities that are convertible into or exercisable for common stock; our failure to implement our business plans or strategies; and our ability to maintain effective internal control over financial reporting. 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.

Contact:

COMPANY:
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VP of Corporate Development & IR
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Akoustis Technologies, Inc.
Third Quarter 2023 Investor Update Call
May 8, 2023

CORPORATE PARTICIPANTS

Tom Sepezis, *Vice President, Corporate Development and Investor Relations*

Jeff Shealy, *Chief Executive Officer*

Ken Boller, *Chief Financial Officer*

Dave Aichele, *Vice President, Business Development*

CONFERENCE CALL PARTICIPANTS

Anthony Stoss, *Craig Hallum Capital Group*

Suji DeSilva, *Roth MKM*

Robert Aguanno, *Piper Sandler*

PRESENTATION**Operator**

Good day ladies and gentlemen, and welcome to the Akoustis Technologies Fiscal 2023 Third Quarter Conference Call.

As a reminder, this conference call is being recorded. At the conclusion of the Company's presentation, Akoustis Management will take questions. To ask a question, please press star, one on your keypad to be placed into the queue. A replay of the call will be available on the Investor Relations section of the Akoustis website.

Tom Sepezis

Thank you Operator, and good morning to everyone on the call. Welcome to Akoustis' third quarter fiscal 2023 conference call. We are joined today by our Founder and CEO Jeff Shealy, CFO Ken Boller, and EVP of Business Development, Dave Aichele.

Before we begin, please note that today's presentation includes forward-looking statements about our business outlook. All statements other than statements of historical facts included in this conference call, such as expectations regarding our strategies and operations, including the timing and prospects of product development and customer orders and design wins, possible collaborative or partnering relationships, litigation matters and expected financial and operating results are forward-looking statements.

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Such forward-looking statements are predictions based on the Company's expectations as of today and are subject to numerous risks and uncertainties. The Company and our Management Team assume no obligation to update any forward-looking statements made on today's call. Our SEC filings mention important factors that could cause actual results to differ materially. Please refer to our latest Form 10-K and Form 10-Q filed with the SEC to get a better understanding of those risks and uncertainties.

In addition, our presentation today will also refer to certain non-GAAP financial measures. A reconciliation of these measures to the most directly comparable GAAP measure is presented in our earnings call highlight release, available in the Investors section of akoustis.com.

I would now like to turn the call over to Jeff Shealy, Founder and CEO of Akoustis.

Jeff Shealy

Thank you Tom, and welcome everyone to our fiscal third quarter conference call.

While the broader economic environment remains challenging, Akoustis drove unit and top line growth once again to achieve another quarter of record revenue of \$7.4 million, which was within the 20% to 40% growth range we guided to on our last call. We are experiencing interest across our growing product portfolio in all our end markets. Wi-Fi and 5G mobile remained the primary revenue and unit drivers in the March quarter, and we expect this to continue throughout the calendar 2023 as we add new customers and new design wins across both markets.

In terms of specific trends during the March quarter, Akoustis had two greater-than-10% customers. XBAW-related sales drove the top five customers and seven out of the top 10 customers. Our top 10 customers made up 59% of revenue. Our top 25 customers made up 75% of revenue. In terms of regional sales, three out of five and five out of our top 10 customers were Asia-based. Further, we added a 5G mobile customer into our top five customer ranking. Finally, our top two customers in Q3 increased their sequential revenue with Akoustis by 345% and 79% respectively.

Moving on, during our last call, we highlighted several macro challenges that led to broad weakness in our SAW filter business across multiple markets, including automotive, IoT, medical devices, particularly in China and Europe. During the March quarter, we experienced some recovery across each of these markets, although forward visibility in China remains challenging.

Despite persistent economic challenges, we expect to continue top line growth in the June quarter driven by XBAW unit growth, continued improvement in our SAW filter business, and favorable seasonal trends in our wafer service business. We expect to ship additional filters to our first Tier 1 5G mobile customer and we have entered the U.S. carrier market in Wi-Fi as highlighted in a recent announcement. We expect further growth from our consumer and enterprise class Wi-Fi customers, including HP Aruba, and finally we continue to execute on our contract business with DARPA as we are involved in multiple projects that are redefining the capabilities of XBAW technology. Furthermore, we continue to expect incremental sequential revenue growth each quarter throughout the calendar year as we execute across multiple markets and our growing product portfolio, which includes Akoustis' XBAW solutions, SAW filter, crystal timing products, and wafer services.

For the June quarter, our current backlog supports sequential revenue growth in a range of 10% to 20%. We remain focused on driving revenue and unit growth across all our target end markets with a particular emphasis on 5G mobile and infrastructure, Wi-Fi 6E and 7 AP, IoT and automotive applications. As indicated in January, we began shipping high volume XBAW filters solutions to our first 5G mobile customer in the March quarter.

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I would now like to take a moment to discuss recent developments involving the CHIPS and Science Act of 2022. The CHIPS Act was signed into law on August 9, 2022 and is designed to boost U.S. competitiveness, innovation and national security. The law aims to infuse investments in domestic semiconductor manufacturing capacity as well as jumpstart R&D and commercialization of leading edge nanotechnologies and create new regional high tech hubs. The domestic manufacturing program is being implemented by the Department of Commerce, or DoC. R&D investments in nanotechnology and the creation of regional high tech hubs are being driven by the Department of Defense, or DoD.

Akoustis' current activity related to CHIPS includes proposal activity with both DoC and DoD related to programs for domestic semiconductor manufacturing, R&D, and commercialization of leading edge nanotechnologies. As of today, we have one DoD proposal which was submitted during the March quarter with Akoustis as the lead contractor focused on electric warfare, or EW, for defense applications. The proposed five-year contract, if awarded, has an initial program budget of over \$150 million. Our proposal incorporates multiple partners, including over 10 industrial and government labs as well as numerous university partners focused on the goal of developing and manufacturing semiconductors into advanced RF modules at our 57-acre campus located in upstate New York.

One of the technologies we seek to integrate into our New York campus includes the breakthrough high frequency XBAW research from our existing DARPA contract. It is worth noting that the program is a competitive process and we expect the DoD to announce their award selections by mid-summer.

Akoustis is active in expanding its domestic manufacturing footprint, including both semiconductors and advanced packaging at our New York campus under the DoC CHIPS for America program. The application is a multi-stage process which is outlined clearly in the Notice of Funding Opportunity, or NOFO. Consistent with the published process, Akoustis submitted its Statement of Interest, or SOI in late March. We are currently in the middle of the pre-application process with full application submissions beginning by the end of this quarter.

In parallel, we are working closely with the local, regional and state governments of New York for financial support to include in our application, which is due later this quarter. We expect the CHIPS application to include multiple semiconductor partners which intend to manufacture semiconductor materials, wafers and/or packaging on our campus.

As far as magnitude of our DoC application, we plan to propose a project contemplating spending up to approximately twice our current market cap to establish 200 millimeter silicon wafer manufacturing capability, as well as a U.S. advanced packaging center. As per the NOFO, a CHIPS award is expected to include a grant, refundable investment tax credit or ITC, and direct loans and loan guarantees. The mix of these components will determine the attractiveness of the DoC CHIPS for America program for our company. We are aware of the targets in the NOFO and are currently in discovery with the DoC to optimize various components to suit a small cap company like Akoustis.

We believe the DoC wants this program to be successful for all sizes of companies, and they have been very attentive regarding our concerns and requests. We expect to have clarity by our next quarterly investor call. Beyond those two specific programs, we will continue to seek opportunities to leverage this CHIPS Act program.

Next, I would now like to discuss several compelling updates in our primary target markets, beginning with 5G mobile. During the March quarter, we successfully ramped our first 5G mobile filter product with a Tier 1 RF component customer. This customer has designed a multiplexer using our XBAW technology, which is on a reference design with a Tier 1 chipset maker. Our customer is currently sampling its multiplexer with multiple Tier 1 and Tier 2 handset OEMs, and we currently expect multiple mobile handset design wins in the next three to six months. In addition, in the March quarter we successfully delivered to one of our Tier 1 RF module maker customers the second of two customer designed XBAW filters. We delivered the first filter in the December quarter and the customer has begun characterization and testing of both XBAW filters for down selection. Finally, we delivered the second iteration of a first XBAW filter sample to our second Tier 1 5G mobile module customer for a module that is expected to ship in late calendar 2025.

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Looking ahead, our expected milestones for the June quarter in 5G mobile include the successful completion of an onsite quality audit of our New York fab by a Tier 1 mobile device OEM, continued delivery of our high volume XBAW shipments to our first Tier 1 customer to secure a second XBAW RF filter development order from our first 5G mobile customer for a product that is expected to ramp production in the second half of calendar 2024, and finally to deliver two new Wi-Fi 6E/7 XBAW foundry filter products to our Tier 2 5G RF module customer for access points and mobile applications.

Next, I would like to discuss our recent developments in the Wi-Fi market. During the March quarter, we completed the development of our new 4 series 5.6 gigahertz and 6.6 gigahertz Wi-Fi 6E/7 XBAW filter solutions that enable broader use of the U-NII 1 through 4 bands involved in high frequency Wi-Fi architectures. Furthermore, we ramped initial production volumes with a multi-billion dollar U.S.-based carrier in the cable market. The customer is using our Wi-Fi 6E XBAW filter solutions to deliver last mile connectivity to both the home and business markets. This is one of three carrier-focused Wi-Fi design wins we announced during the December 2022 quarter, and we expect the other two customers to begin shipping in the near term.

We received our first Wi-Fi 7 design win during the March quarter as we announced in our press release on May 3. This customer is a Tier 1 enterprise OEM and has ordered our recently announced 5.5 gigahertz and 6.5 gigahertz XBAW filters, and finally in March we began a relationship with a new Tier 2 RF module customer for the Wi-Fi access point market. This customer is a growing Asia-based RF module maker that is rapidly becoming a dominant RF player in its region. We have received an order from this new customer for the development of new Wi-Fi 7 XBAW filters for the access point market, which we expect to deliver in the second half of calendar 2023.

Looking ahead, our anticipated milestones for our Wi-Fi business in the June quarter include: sampling next generation XBAW filters to a Tier 1 enterprise OEM for a new Wi-Fi 7 platform, enabling full utilization of U-NII 1 through 4 and U-NII 5 through 8 bands; secondly, we expect to receive two additional Wi-Fi 6E/7 design wins, and finally we plan to sample our new 5.6 gigahertz and 6.6 gigahertz Wi-Fi 6E/7 XBAW filters to multiple customers during the quarter.

I will now discuss our progress in our network infrastructure business.

During the March quarter, we continued XBAW filter shipments to our 5G small cell infrastructure customer as well as the U.S. CBRS market. We continue to expect the small cell market to improve in the second half of calendar 2023 and into calendar 2024 as carriers throughout the U.S., Europe, and Middle East and Africa begin to deploy sub-5 gigahertz networks due to the increased data demand. We expect carriers to deploy small cells in greater numbers in 5G networks to expand capacity and improve service.

We continue to promote our 5G infrastructure solutions and I'm pleased to announce today have successfully secured reference design wins with a leading 5G transceiver OEM for multiple XBAW filters. This reference design is targeting Tier 2 small cell OEMs. During the March quarter, we expected to deliver initial samples of a new 5G Band 41 network infrastructure filter. While we complete the initial samples, we continue to work on the design to improve both power handling and small signal RF response and plan to ship samples thereafter.

We are also expecting to receive a development order for a new 5G N77 filter from a Tier 1 European 5G network infrastructure OEM, likely in the current June quarter; therefore, our milestones for the June quarter are: we expect to sample a new Band 41 XBAW filter for the U.S. small cell market, and we expect to receive an order for a new 5G N77 XBAW filter for the massive MIMO market.

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Finally, I would like to provide an update on our defense and other businesses. We made significant strides in our defense and other business segments in the March quarter with the introduction of our new XBAW filter solution that addresses the challenging coexistent requirements of the C-V2X spectrum for the automotive market. While we have been involved in the automotive market through our RFMI SAW filter catalog components, the introduction of our new XBAW solution for C-V2X should significantly expand our potential TAM in automotive.

Our new filter targets the automotive, DSRC 802.11p high power systems, telematics and infotainment segments. C-V2X operates between 5.855 and 5.925 gigahertz and allows for device-to-device and device-to-network connections for multiple applications aiming at providing safe and effective communication in vehicles. Our new patented filter delivers low insertion loss passband performance and enables high power handling capabilities that establish long range connectivity for C-V2X applications. We began sampling our new C-V2X filter solution with Tier 1 and Tier 2 automotive industry leaders and expect to update the investment community as we receive feedback in the coming months.

During the March quarter, we also finished qualification of one of two timing control resonator solutions for our first timing control customer. We were expecting to qualify both XBAW resonator products, but the customer has asked for a relatively large bandwidth shift in one of the two resonators. We expect this will be redesigned and qualified quickly.

In our defense contract business, we continue to progress on our existing multi-year, multi-million dollar contract with DARPA to further enhance our XBAW PDK and scale our XBAW technology up to 18 gigahertz. We achieved a critical milestone during the March quarter and are making excellent progress towards scaling our technology to 18 gigahertz with an improved figure of merit. The milestone achieved was enabled by our patented single crystal piezoelectric nano materials which are unique to Akoustis and the BAW filter industry.

Finally during the March quarter, we concluded the acquisition of GDSI, which closed on January 1, 2023. The acquisition brings a new cash flow positive service business to Akoustis with 250-plus customers, significant technical expertise in back-end services, and alignment with our strategy to leverage the CHIPS Act to create new jobs and re-shore core packaging technology from Asia. We have begun integrated GDSI into our systems and corporate structure and look forward to both leveraging their significant knowledge of back-end workflow and provide the resources necessary to grow the business as advanced semiconductor packaging demands increase in the United States as the CHIPS Act drives re-shoring of production back to America.

For the June 2023 quarter, our expected milestones in our defense and other business segment include the completion and qualification of the second XBAW resonator for our timing control customer. Additionally, we plan to broaden the sampling of our new C-V2X filter solution for the automotive market, and finally we expect to secure \$1 million-plus new development order from a Tier 1 defense customer for the development of a switch filter module using our XBAW filter technology.

Now, I would like to hand the call over to Ken to go through our financial highlights.

Ken Boller

Thank you Jeff.

For the third quarter ended March 31, 2023, the Company reported revenue of \$7.4 million, which is an increase of more than 25% over the prior quarter ended December 31, 2022 and represents an increase of 160% year-over-year.

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On a GAAP basis, operating loss was \$17.3 million for the March quarter, mainly driven by revenue of \$7.4 million offset by labor cost of \$11.3 million, depreciation and amortization of \$3.1 million, and other operational costs totaling \$10.3 million. As a result, GAAP net loss per share was \$0.23.

On a non-GAAP basis, operating loss was \$13.2 million and non-GAAP net loss per share was \$0.20. Reconciliation of these amounts to the corresponding GAAP measures is available in the press release issued this morning, available on the Investors section of our corporate website.

CapEx spending for Q3 was \$2.2 million, a decline from \$3.2 million in the prior quarter as we placed into service the last of our ordered equipment and near completion of the company's New York fab expansion. Cash used in operating activities was \$9.9 million, which represents the second quarter in a row of double-digit improvement as operating cash spending was down another 12% from \$11.2 million in the prior quarter.

The Company exited the March quarter with \$52.7 million of cash and cash equivalents versus \$46.6 million at the end of the previous quarter, primarily resulting from net proceeds of \$32 million from our secondary offering in January, offset by cash used to fund our recent GDSI acquisition of \$13.9 million and operations and CapEx spending. In the current June quarter, we expect multiple new Wi-Fi 6E and network infrastructure customers to ramp production and therefore we expect to see record revenue and continued operating cash flow improvement, with revenue up between 10% and 20% sequentially from the March quarter, and based upon our growing backlog of design wins, we anticipate that robust top line growth will continue into our next fiscal year and beyond.

I will now turn the call back over to Jeff for his closing comments.

Jeff Shealy

Thank you Ken.

Before I wrap up the call, I would like to provide a brief update on pending litigation matters.

With respect to the lawsuit Qorvo filed against Akoustis in Delaware back in 2021 alleging false advertising, unfair competition and patent infringement, a lot has happened since the lawsuit began. In what's called a claim construction order, the court ruled on the interpretation of some key terms in one of the Qorvo patents, as well as the Akoustis patent which Qorvo claims Akoustis improperly marked on its product data sheet. The Company believes the claim construction order was favorable to Akoustis and will ultimately support Akoustis' position of non-infringement and that its marking of product data sheets was correct.

While Akoustis does not believe that Qorvo's assertion of its patents has any merit, it has developed and delivered to customers and Qorvo's lawyers filter samples with designs, which we believe demonstrate that Akoustis' products past and present do not infringe on the patent asserted by Qorvo. As an added precaution, Akoustis has begun implementing these design updates into new and existing product designs as an appropriate measure to mitigate the potential impact of any adverse ruling in the Qorvo lawsuit.

You may be aware that in February 2023, Qorvo filed a second amended complaint which introduced new allegations against the Company, including misappropriation of trade secrets. With respect to these new allegations and the other non-patent portions of the complaint, based upon the information made available to it, the Company believes it has meritorious defenses and plans to defend itself vigorously.

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As disclosed today in our quarterly report, on April 20, 2023, Akoustis filed its own patent infringement lawsuit against Qorvo in federal court in the Eastern District of Texas. Akoustis is represented by a highly regarded patent litigation firm, McKool Smith. As with all litigation, the Company needs to be mindful of any comments it makes regarding this lawsuit, particularly at this early stage; however, our investors should rest assured that the Company took this step deliberately after careful due diligence and consideration of potential risks and benefits to the Company.

Now, I would like to finish by stating that notwithstanding a persistent challenging macro environment for the broader semiconductor industry, we are positioned to continue to deliver sequential top line revenue and unit growth for the foreseeable future. During the March quarter, we introduced new products, including our 5.6 and 6.6 gigahertz Wi-Fi 6E and 7 filters, as well as our new C-V2X filter, all of which are currently sampling, and for the first time we began shipping into the U.S. cable carrier market as well as to the 5G mobile market. During the June quarter, we expect to experience further top line growth as we expand the number of customers in production across each of our major markets.

In conclusion, we believe the market opportunity for our patented high frequency XBAW filters is substantial. As of April 28, we have 89 issued patents and 124 patents pending as we continue to build a substantial IP moat around our technology. We continue to work diligently to achieve each of our stated objectives, and we will continue to provide updates on our execution against these objectives going forward.

Finally, I would once again like to thank our employees for their hard work, passion and dedication, which accounts for multiple design wins across the Wi-Fi 5G network infrastructure and defense markets. We have also experienced exceptional momentum in the 5G mobile market driven by our industry-leading XBAW filters that operate above 3 gigahertz and our new and expanding wafer-level packaging capabilities.

I also wish to thank our shareholders who continue to support the Company, and with that, I would like to open the call for questions from the investment community. Operator, please go ahead with the first question.

Operator

Thank you. We will now be conducting a question-and-answer session. (Operator instructions) Our first question comes from Anthony Stoss with Craig Hallum Capital Group.

Anthony Stoss

Good morning guys, solid execution. Jeff, I wanted to follow up on the series of comments you made about 5G mobile. It's nice to see that customer get out of the gate here in the March quarter. Two parts - do you expect that customer to be up sequentially in revs for the June quarter, and then maybe just kind of a broad picture, all your opportunities in mobile, what you expect the ramp to look like.

Then I wanted to throw in one for Dave, in prior conference calls, you've guys have talked about being breakeven or profitable in the first half of calendar 2024. Do you still expect that to happen? Thanks.

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Jeff Shealy

Tony, good morning. Appreciate your kind comments. Let's jump into them.

In terms of 5G mobile customer, yes, we do expect that customer to be up during the June quarter sequentially - that's our current expectation, and we would say we have seen some slowing of the original ramp that we expected but in terms of—that customer will be up sequentially quarter-over-quarter, is our full expectation, and continued ramp in the second half as well.

In terms of our prior comments in terms of annual usage of this particular solution, we think that—you know, we still see healthy volumes for this particular product, both on the reference design as well as directly marketed to the Tier 1 market. So, in terms of overall ramps and activity with customers, we have this first customer with the reference design ramp that we've previously communicated, also have seen significant activity with marketing directly to the Tier 1 market.

If you look, we noted in the script that we have—we fully expect in the June quarter to complete a successful audit from one of those Tier 1 mobile smartphone players, and beyond that, we've stated the next ramp we expect from a second customer would be in the 2025 time frame.

With that, I'll hand it over to Dave for—you know, just in terms of customer funnel activity that's driving us to profitability.

Dave Aichele

Good morning Tony. I think just a couple other comments with regards to what Jeff said, is that with this Tier 1 (inaudible) component supplier, we've got the reference design that we continue to see the ramp in particular picking up second half of this year. We identified another design activity that we've got ongoing, that should be in the second half of—or first half of next year, and that's going to an OEM, and then you can expect that there's several other designs right behind that as well. The intent is us, you know, working with this Tier 1—our component supplier to create these hybrid designs that's a combination of their passive technology and our BAW technology, so there's a very healthy positive relationship with this customer.

As far as ramping for profitability, and Ken can add some more color, we've got good design activity and visibility on programs with 5G mobile being probably the largest growth sector, and then the Wi-Fi activity that we have ongoing both with Wi-Fi 6E and Wi-Fi 7 continues to feed the funnel there. We do have sunset programs that we've got to deal with as they go out of production and you get programs to replace, but Wi-Fi is still very healthy and robust, and the infrastructure sector is going to continue to add. I expect that there will be an uptick in next year as we look at releasing more products. We've been focusing a lot on Wi-Fi, now we're shifting some of the design resources to the infrastructure market as well.

Then finally, just the other segment that we service with the GDSI and RFMI acquisitions, everything's starting to see a rebound from RFMI and then the GDSI is very healthy in that respect.

Ken?

Ken Boller

Good morning Anthony. I will add to that. We in the past have said operating cash flow breakeven would occur by the June quarter, and I still have that modeled as such. I will add that our cash used in operating activities continues to improve with another 12% reduction in the spend of \$9.9 million this quarter on top of a 25% reduction that happened in Q2. I will expect that to continue to improve with our operating cash flow burn rate coming down each successive quarter, and then breakeven, I still expect to occur in the next 12 months at approximately \$15 million to \$18 million of revenue per quarter, depending on our mix.

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Anthony Stoss

Got it, and if I could throw one more at Dave, just on the auto opportunity, I know it takes a notoriously long time to break into the auto sector. What do you think the revenue ramp or timing of that might look like for you guys?

Dave Aichele

That's a good question, Tony. The good news is that we've got visibility within the automotive market through the RFMI acquisition. They're already an approved supplier to several Tier 1 and also Tier 2 suppliers and subcomponent suppliers in the automotive market, and so we're going to continue to leverage that relationship that they have with these suppliers, but it typically takes about two years-plus with the new designs, new programs to really see a substantial ramp. You'll get some volume in the next one to two years, being in the hundreds of thousands to low maybe low million, but really to get to the higher volume, it's going to be two years out, so we're working that channel right now to really focus on the C-V2X. But we also have traction with the TCU - you know, telematic control units that are looking at 5G and Wi-Fi, and then also with the GPS sector, we're promoting the SAW technology and the BAW technology.

I'd expect that for the next one to two years, automotive will be still a smaller segment than the Wi-Fi and the 5G mobile, but it will be one of our growth sectors that we see probably two years out.

Anthony Stoss

Great, thanks guys, really appreciate it.

Jeff Shealy

Thanks Tony.

Dave Aichele

Thanks Tony.

Operator

Our next question comes from Suji DeSilva with Roth MKM.

Suji DeSilva

Hi Jeff, Dave, Ken. Congrats on the progress here.

On some of the customers here in the Wi-Fi market, the cable service providers, you said you had three programs, one starting. Are all three of those programs similar sizes, or is any one of those particularly bigger?

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Dave Aichele

Good morning Suji. This is Dave. The program that we have announced is in a PR and also commented in the script today, is the highest volume program - it's pretty substantial, it's on the gateway unit and it's a 4x4 MIMO, and then the other two programs, they're more of extenders, so it's not as high volume. You're still seeing an architecture that's a multi-user MIMO, but they're also a smaller percentage, so in some respects it could be half or less percentage of the bigger programs. But the traction that we're getting in the carrier market, and we're also starting to work on next generation Wi-Fi 7 where we're dealing directly with the carriers, and then working those program design wins through to the ODM is working really well in Akoustis' favor.

One of the things that we've been able to do is become a leader in developing a portfolio of different BAW products, so any of our BAW competitors that are approaching the Wi-Fi market maybe approach it with two or four filters. We have greater than 12 filters targeting the Wi-Fi market supporting tri-band and upcoming quad band and upcoming penta band designs. So, the carrier market is one of our focus areas as well as the enterprise, which we have a strong position already.

Suji DeSilva

Okay, sounds good, Dave.

Then my other question is on the manufacturing side. The New York fab, it sounds like you're at the back end of the equipment orders. When does that install complete, and then will you at that point have all the equipment needed to bring up the 500 million capacity you're planning?

Jeff Shealy

Hey Suji, it's Jeff. Appreciate your initial comments as well.

In terms of—I would characterize that expansion, the tooling aspect of that is in the wind down phase in terms of ordering, receiving, as well as installation. There is—there has been some straggler pieces of equipment that have come in to complete the redundancy, but in terms of the factory being tooled for the 500 million filters, we're essentially complete, as we've characterized, and we'll manage that.

The Company meets—internally, we meet monthly between sales and operations and make sure that we're forecasting capacity and making sure that we're ready from the manufacturing front, and clearly we're monitoring cycle times as well as yields very carefully in the factory to make sure all of those pieces are together to optimize our manufacturing costs.

Suji DeSilva

Okay. All right, thanks everybody.

Jeff Shealy

Thank you Suji.

Dave Aichele

Thanks Suji.

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Operator

Our next question comes from Robert Aguanno with Piper Sandler.

Robert Aguanno

Hey guys, thanks for taking the question - Robert Aguanno on for Harsh Kumar here.

I wanted to discuss the potential timing of the potential award from the DoD, and maybe how will that award be split between Akoustis as well as your partners, and then I have a follow-up.

Jeff Shealy

Hey Robert, good morning. Appreciate you being on the call today.

In terms of the timing, if you take a look at some of the language we had in the script, what you'll see is that particular proposal was submitted in the March quarter, and so that—and that was consistent with the timing of the announcement in terms of the request for proposals. In terms of when we expect that proposal to be approved and receive feedback from the end customer, I think we indicated in the script in the July timeframe is when we would expect that.

Once that goes through, that selection process, there is a follow-on administrative—once you're selected and make it through that gate, there's a follow-on proposal for really the in-projects that have to be submitted, and so I think you're really looking at an award—a fully contract award sometime around the end of the year would be our expectations. It will take a little time to finish that, and we would be expecting to start that hub in probably Q1 of next year.

In terms of—as we also outlined, you asked about the split. We mentioned there's multiple partners, but we are the principal contractor and the—you know, we mentioned there's 10 industrial and government labs, there's multiple technology partners, but as the lead hub, if you will, of the program, there's a significant proportion of those proceeds go to the hub establishment and operation. I would also add that the way that program is structured, those multiple partners are actually transferring tech to our campus for manufacturing, which I think has the end effect of ultimately the manufacturing being done on our Canandaigua chip fab. So, it's not just—we're not just an administrator of a program. I think there's good strategy behind it. We mentioned a focus in the electronic warfare, and we're bringing to bear the appropriate technologies to make that—not only that program successful but also fit our long term strategic goal of integration of key solutions for in this case the Department of Defense.

Robert Aguanno

Thanks for the color there. Just more of a macro-oriented question, last week I think we saw a couple of the 5G names cite certain weaknesses in the macro market. Can you talk

maybe how the current weakness in the broader market may impact your outlook going forward for that business? Thanks.

Dave Aichele

Good morning Robert, this is Dave. With respect to the 5G mobile, a lot of the macroeconomic comments we made are really impacting the Tier 1 component suppliers that are focused on that market segment. It really hasn't impacted us too much in that we are relatively new to that market segment, particularly with the Tier 1, our component supplier that we've aligned with.

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The reference design that we're engaged with is focusing on the China mobile market, so I think Jeff mentioned earlier in the Q&A that it hasn't ramped to earlier expectations due to the dynamics that are going on in the China mobile market as it works through all the inventory levels and demand starts to pick back up, which we are seeing and we're keeping our finger on the pulse with the market, and also with our Tier 1 provider or player.

With respect to other segments' macro side, the Wi-Fi market had a pretty good surge with respect to COVID on the number of systems shipped. There has been some slow down and also we're seeing some transition from Wi-Fi 6E designs that are being put on the shelf to focus on Wi-Fi 7, so there's some dynamics that we're working through. But we've got a significant amount of—a number of engagements with active customers and with on-deck customers that we will work through this and continue to see sequential growth beyond this segment that will continue to pick up in the next year.

Then finally just on the base station side, the small cell market is still robust but I think as historical perspective has been, it's not been at the level that is required or that you would expect, but we do see some demand in Asian markets and also in the Europe markets, and picking up in U.S. markets as well.

Robert Aguanno

Thanks guys.

Jeff Shealy

Thank you Robert.

Dave Aichele

Thanks Robert.

Operator

We are closing our question-and-answer session. Now, I would like to turn the floor back over to Jeff Shealy for closing comments. Please go ahead.

Jeff Shealy

I wanted to take the opportunity to thank everyone for your time today and participation. We look forward to speaking to you during our next update call to discuss the June quarter's execution against the milestones we shared, as well as our future expectations we communicate.

Have a great day. Thank you again.

Operator

This concludes today's conference call. You may now disconnect your lines. Thank you for your participation and have a great day.

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