

PROSPECTUS SUPPLEMENT NO. 1

AKOUSTIS TECHNOLOGIES, INC.

7,876,310 Shares of Common Stock

This prospectus supplement no. 1 (the "Supplement") supplements information contained in the prospectus dated October 21, 2015 (the "Prospectus"), relating to the resale by selling stockholders of Akoustis Technologies, Inc., a Nevada corporation, of up to 7,876,310 shares of our common stock, par value \$0.001 per share. Of the shares being offered, 5,655,608 are presently issued and outstanding, 324,650 are issuable upon exercise of common stock purchase warrants and 1,896,052 shares of common stock represent a good faith estimate of the number of shares which may become issuable pursuant to the price protected anti-dilution provision applicable to 3,792,104 of the 5,655,608 outstanding shares. The shares offered by the Prospectus may be sold by the selling stockholders from time to time in the open market, through privately negotiated transactions or a combination of these methods, at market prices prevailing at the time of sale or at negotiated prices.

This Supplement is being filed to update and supplement the information in the Prospectus with the information contained in our Quarterly Report on Form 10-Q filed with the Securities and Exchange Committee for the quarterly period ended September 30, 2015 (the "Form 10-Q"). Accordingly, we have attached the Form 10-Q to this Prospectus Supplement.

This Supplement is incorporated by reference into, and should be read in conjunction with, the Prospectus. This Supplement is not complete without, and may not be delivered or utilized except in connection with, the Prospectus, including any amendments or supplements thereto. Any statement contained in the Prospectus shall be deemed to be modified or superseded to the extent that information in this Prospectus Supplement modifies or supersedes such statement. Any statement that is modified or superseded shall not be deemed to constitute a part of the Prospectus except as modified or superseded by this Prospectus Supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this Supplement is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus Supplement is November 12, 2015

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 2015**

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: **333-193467**



AKOUSTIS TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

33-1229046
(I.R.S. Employer
Identification No.)

9805 Northcross Center Court, Suite H
Huntersville, North Carolina 28078
(Address of principal executive offices) (Zip Code)

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

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No (Note: The registrant is a voluntary filer of reports under Section 13 or 15(d) of the Securities Exchange Act of 1934; the registrant has filed during the preceding 12 months all reports it would have been required to file by Section 13 or 15(d) of the Securities Exchange Act of 1934 if the registrant had been subject to one of such Sections.)

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

(Do not check if smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes No

As of November 12, 2015, there were 12,685,115 shares of the registrant's Common Stock, \$0.001 par value per share, issued and outstanding.

FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2015

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Report contains forward-looking statements, including, without limitation, in the sections captioned “Management’s Discussion and Analysis of Financial Condition and Plan of Operations” and “Risk Factors,” and elsewhere. Any and all statements contained in this Report that are not statements of historical fact may be deemed forward-looking statements. Terms such as “may,” “might,” “would,” “should,” “could,” “project,” “estimate,” “pro-forma,” “predict,” “potential,” “strategy,” “anticipate,” “attempt,” “develop,” “plan,” “help,” “believe,” “continue,” “intend,” “expect,” “future,” and terms of similar import (including the negative of any of the foregoing) may be intended to identify forward-looking statements. However, not all forward-looking statements may contain one or more of these identifying terms. Forward-looking statements in this Report may include, without limitation, statements regarding (i) the plans and objectives of management for future operations, including plans or objectives relating to the development of commercially viable radio frequency filters, (ii) a projection of income (including income/loss), earnings (including earnings/loss) per share, capital expenditures, dividends, capital structure or other financial items, (iii) our future financial performance, including any such statement contained in a discussion and analysis of financial condition by management or in the results of operations included pursuant to the rules and regulations of the SEC, and (iv) the assumptions underlying or relating to any statement described in points (i), (ii) or (iii) above.

The forward-looking statements are not meant to predict or guarantee actual results, performance, events or circumstances and may not be realized because they are based upon our current projections, plans, objectives, beliefs, expectations, estimates and assumptions and are subject to a number of risks and uncertainties and other influences, many of which we have no control over. Actual results and the timing of certain events and circumstances may differ materially from those described by the forward-looking statements as a result of these risks and uncertainties. Factors that may influence or contribute to the inaccuracy of the forward-looking statements or cause actual results to differ materially from expected or desired results may include, without limitation, our inability to obtain adequate financing, our limited operating history, our inability to generate revenues or achieve profitability, our inability to achieve acceptance of our products in the market, upturns and downturns in the industry, our limited number of patents, failure to obtain, maintain and enforce our intellectual property rights, our inability to attract and retain qualified personnel, our substantial reliance on third parties to manufacture products, existing or increased competition, failure to innovate or adapt to new or emerging technologies, results of arbitration and litigation, stock volatility and illiquidity, and our failure to implement our business plans or strategies. A description of some of the risks and uncertainties that could cause our actual results to differ materially from those described by the forward-looking statements in this Report appears in the section captioned “Risk Factors” and elsewhere in this Report.

Readers are cautioned not to place undue reliance on forward-looking statements because of the risks and uncertainties related to them and to the risk factors. We disclaim any obligation to update the forward-looking statements contained in this Report to reflect any new information or future events or circumstances or otherwise

Readers should read this Report in conjunction with the discussion in Item 2.01 of our Current Report on Form 8-K filed with the Securities and Exchange Commission (the “SEC”) on May 29, 2015 (the “Super 8-K”), and the financial statements and notes thereto contained in that report, as well as the financial statements and the related notes thereto in this Report, and other documents which we may file from time to time with the SEC.

EXPLANATORY NOTE

We were incorporated as Danlax, Corp., in Nevada on April 10, 2013. Prior to the Merger and Split-Off (each as defined below), our business was development and sales of mobile games.

As previously reported, on April 15, 2015, (i) we changed our name to Akoustis Technologies, Inc., and (ii) we increased our authorized capital stock from 75,000,000 shares of Common Stock, par value \$0.001 per share, to 300,000,000 shares of Common Stock, par value \$0.001 per share (the “Common Stock”), and 10,000,000 shares of “blank check” preferred stock, par value \$0.001 per share.

Also as previously reported, on April 23, 2015, we completed a 1.094891-for-1 forward split of our Common Stock in the form of a dividend, with the result that the 11,740,000 shares of Common Stock outstanding immediately prior to the stock split became 12,854,024 shares of Common Stock outstanding immediately thereafter. All share and per share numbers in this Report relating to our Common Stock have been adjusted to give effect to this stock split, unless otherwise stated.

Also as previously reported, on May 22, 2015, our wholly owned subsidiary, Akoustis Acquisition Corp., a corporation formed in the State of Delaware on May 15, 2015 (“Acquisition Sub”) merged (the “Merger”) with and into Akoustis, Inc., a corporation incorporated in the State of Delaware on May 12, 2014. Akoustis, Inc., was the surviving corporation in the Merger and became our wholly owned subsidiary. All of the outstanding stock of Akoustis, Inc., was converted into shares of our Common Stock, as described in more detail below.

In connection with the Merger and pursuant to a Split-Off Agreement, we transferred our pre-Merger assets and liabilities to our pre-Merger majority stockholder, in exchange for the surrender by him and cancellation of 9,854,019 shares of our Common Stock. As a result of the Merger and Split-Off, we discontinued our pre-Merger business and acquired the business of Akoustis, Inc., and will continue the existing business operations of Akoustis, Inc., as a publicly-traded company under the name Akoustis Technologies, Inc.

Also as previously reported, on May 22, 2015, we closed a private placement offering (the “Offering”) of 3,531,104 shares of our Common Stock, at a purchase price of \$1.50 per share.

Also as previously reported, on May 22, 2015, we changed our fiscal year from a fiscal year ending on July 31 of each year, which was used in our most recent filing with the SEC, to one ending on March 31 of each year, which is the fiscal year end of Akoustis, Inc.

Also as previously reported, on June 9, 2015, we completed a second and final closing of the Offering in which we sold 261,000 additional shares of our Common Stock, at the same purchase price.

See Item 2.01 of the Super 8-K and Item 3.02 of our Current Report on Form 8-K filed with the SEC on June 15, 2015, for more information concerning the transactions described above.

The Merger was accounted for as a “reverse merger,” and Akoustis, Inc., was deemed to be the accounting acquirer in the reverse merger for accounting purposes. Consequently, in this and all future filings with the SEC, our historical financial statements as of period ends, and for periods ended, prior to the Merger will be replaced with the historical financial statements of Akoustis, Inc., prior to the Merger.

We continue to be a “smaller reporting company,” as defined under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and an “emerging growth company” under the Jumpstart Our Business Startups Act (the JOBS Act) following the Merger. As a result of the Merger we have ceased to be a “shell company” (as such term is defined in Rule 12b-2 under the Exchange Act).

When used in this Report, the terms, “we,” the “Company,” “our,” and “us” refers to Akoustis Technologies, Inc., a Nevada corporation (formerly Danlax, Corp.), and its subsidiaries.

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

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AKOUSTIS TECHNOLOGIES, INC.
(FORMERLY KNOWN AS DANLAX, CORP.)
CONDENSED CONSOLIDATED BALANCE SHEETS

	<u>September 30,</u> <u>2015</u>	<u>March 31,</u> <u>2015</u>
	<u>(unaudited)</u>	
Assets		
Assets:		
Cash and cash equivalents	\$ 3,414,421	\$ 687,739
Inventory	—	30,521
Prepaid expenses	54,622	19,000
Total current assets	<u>3,469,043</u>	<u>737,260</u>
Property and equipment, net	181,068	65,512
Intangibles, net	44,916	26,966
Other assets	18,815	2,715
Total Assets	<u><u>\$ 3,713,842</u></u>	<u><u>\$ 832,453</u></u>
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 377,887	\$ 58,439
Convertible notes payable	—	655,000
Total current liabilities	<u>377,887</u>	<u>713,439</u>
Long-term Liabilities:		
Derivative liabilities	191,129	—
Total Liabilities	<u>569,016</u>	<u>713,439</u>
Commitments and contingencies		
Stockholders' Equity		
Preferred Stock, par value \$0.001: 10,000,000 shares authorized; none issued and outstanding	—	—
Common Stock, \$0.001 par value; 300,000,000 shares authorized; 12,392,115 and 5,493,200 shares issued and outstanding at September 30, 2015 and March 31, 2015, respectively	12,392	5,493
Additional paid in capital	5,469,612	559,870
Accumulated deficit	(2,337,178)	(446,349)
Total Stockholders' Equity	<u>3,144,826</u>	<u>119,014</u>
Total Liabilities and Stockholders' Equity	<u><u>\$ 3,713,842</u></u>	<u><u>\$ 832,453</u></u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

AKOUSTIS TECHNOLOGIES, INC.
(FORMERLY KNOWN AS DANLAX, CORP.)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	For the Three Months Ended September 30, 2015	For the Three Months Ended September 30, 2014	For the Six Months Ended September 30, 2015	For the Period from May 12, 2014 (Inception) through September 30, 2014
Revenue	\$ —	\$ —	\$ —	\$ —
Operating expenses				
Research and development	321,720	74,290	515,635	78,765
General and administrative expenses	761,323	74,016	1,421,450	116,414
Total operating expenses	1,083,043	148,306	1,937,085	195,179
Loss from operations	(1,083,043)	(148,306)	(1,937,085)	(195,179)
Other income				
Grant income	—	—	29,999	—
Interest income	496	—	671	—
Change in fair value of derivative liabilities	14,015	—	15,586	—
Total other income	14,511	—	46,256	—
Net loss	\$ (1,068,532)	\$ (148,306)	\$ (1,890,829)	\$ (195,179)
Net loss per common share - basic and diluted	\$ (0.09)	\$ (0.03)	\$ (0.18)	\$ (0.04)
Weighted average common shares outstanding -basic and diluted	12,392,115	5,493,200	10,434,735	5,493,200

The accompanying notes are an integral part of these condensed consolidated financial statements.

AKOUSTIS TECHNOLOGIES, INC
(FORMERLY KNOWN AS DANLAX, CORP.)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2015
(unaudited)

	Preferred Stock		Common Stock		Additional Paid In Capital	Accumulated Deficit	Stockholders' Equity
	Shares	Amount	Shares	Amount			
Balance, April 1, 2015	—	\$ —	5,493,200	\$ 5,493	\$ 559,870	\$ (446,349)	\$ 119,014
Common Stock issued for cash, net of issuance costs	—	—	3,362,104	3,362	4,238,265	—	4,241,627
Warrants issued to underwriter	—	—	—	—	(206,715)	—	(206,715)
Common Stock issued upon conversion of notes	—	—	436,806	437	654,563	—	655,000
Recapitalization	—	—	3,000,005	3,000	(3,000)	—	—
Common Stock issued for services	—	—	100,000	100	226,629	—	226,729
Net loss for the period ended September 30, 2015	—	—	—	—	—	(1,890,829)	(1,890,829)
Balance, September 30, 2015	<u>—</u>	<u>\$ —</u>	<u>12,392,115</u>	<u>\$ 12,392</u>	<u>\$ 5,469,612</u>	<u>\$ (2,337,178)</u>	<u>\$ 3,144,826</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

AKOUSTIS TECHNOLOGIES, INC
(FORMERLY KNOWN AS DANLAX, CORP.)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Six Months Ended September 30, 2015 (unaudited)	For the Period from May 12, 2014 (Inception) through September 30, 2014 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (1,890,829)	\$ (195,179)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	7,162	1,942
Amortization of intangibles	1,540	380
Share-based compensation	226,729	1,785
Change in fair value of derivative liabilities	(15,586)	—
Changes in operating assets and liabilities:		
Inventory	30,521	—
Prepaid expenses	(35,622)	—
Other assets	(16,100)	(2,715)
Accounts payable and accrued expenses	319,448	1,967
Net Cash Used In Operating Activities	(1,372,737)	(191,820)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid for machinery and equipment	(122,718)	(63,698)
Cash paid for intangibles	(19,490)	(24,225)
Net Cash Used In Investing Activities	(142,208)	(87,923)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings from promissory note	—	30,000
Repayment of promissory note	—	(7,333)
Proceeds from issuance of Common Stock	4,241,627	1
Proceeds from issuance of preferred stock	—	530,000
Net Cash Provided By Financing Activities	4,241,627	552,668
Net Increase in Cash	2,726,682	272,925
Cash - Beginning of Period	687,739	—
Cash - End of Period	\$ 3,414,421	\$ 272,925
SUPPLEMENTARY CASH FLOW INFORMATION:		
Cash Paid During the Period for:		
Income taxes	\$ —	\$ —
Interest	\$ —	\$ —
SUPPLEMENTARY DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Stock compensation payable	\$ 64,656	\$ 1,684
Warrants issued for stock issuance costs	\$ 206,715	\$ —
Conversion of convertible notes into Common Stock	\$ 655,000	\$ —

The accompanying notes are an integral part of these condensed consolidated financial statements.

AKOUSTIS TECHNOLOGIES, INC.
(FORMERLY KNOWN AS DANLAX CORP.)
Notes to the Condensed Consolidated Financial Statements
(Unaudited)
September 30, 2015

Note 1. Organization

Akoustis Technologies, Inc. (formerly known as Danlax, Corp.) (“the Company”) was incorporated under the laws of the State of Nevada, U.S. on April 10, 2013. The Company operates in the telecommunications and fiber optics sector and is based in Huntersville, North Carolina. The mission of the Company is to commercialize and manufacture its patent-pending Bulk ONE™ acoustic wave technology to address the critical frequency-selectivity requirements in today’s mobile smartphones – improving the efficiency and signal quality of mobile wireless devices and enabling The Internet of Things.

The Merger

On May 22, 2015, Akoustis Acquisition Corp., the Company’s wholly owned subsidiary, a corporation formed in the State of Delaware on May 15, 2015 (“Acquisition Sub”) merged (the “Merger”) with and into Akoustis, Inc., a corporation incorporated in the State of Delaware on May 12, 2014. Akoustis, Inc., was the surviving corporation in the Merger and became a wholly owned subsidiary of the Company. All of the outstanding stock of Akoustis, Inc., was converted into shares of the Company’s Common Stock, as described in more detail below.

At the closing of the Merger, each of the 11,671 shares of Common Stock and the 5,300 shares of preferred stock of Akoustis, Inc. issued and outstanding immediately prior to the closing of the Merger was exchanged for 324,082 shares of the Company’s Common Stock. As a result, an aggregate of 5,500,006 shares of the Company’s Common Stock were issued to the holders of Akoustis Inc. stock.

In connection with the Merger and pursuant to a Split-Off Agreement, the Company transferred all pre-Merger assets and liabilities to the Company’s pre-Merger majority stockholder, in exchange for the surrender by him and cancellation of 9,854,019 shares of the Company’s Common Stock, resulting in 3,000,005 shares of the Company’s Common Stock outstanding at the time of the Merger. These cancelled shares will resume the status of authorized but unissued shares of the Company’s Common Stock.

As a result of the Merger and Split-Off, the Company discontinued its pre-Merger business and acquired the business of Akoustis, Inc., and will continue the existing business operations of Akoustis, Inc.

The Merger was accounted for as a “reverse merger,” and Akoustis, Inc., was deemed to be the accounting acquirer in the reverse merger. Consequently, the assets and liabilities and the historical operations that will be reflected in the financial statements prior to the Merger will be those of Akoustis, Inc. and will be recorded at the historical cost basis and the consolidated financial statements after completion of the Merger will include the assets and liabilities of Akoustis, Inc., historical operations of the Company, and operations of the Company and its subsidiaries from the closing date of the Merger. As a result of the issuance of the shares of the Company’s Common Stock pursuant to the Merger, a change in control of the Company occurred as of the date of consummation of the Merger. The Merger is intended to be treated as a tax-free exchange under Section 368(a) of the Internal Revenue Code of 1986, as amended. All historical share amounts of the accounting acquirer were retrospectively recast to reflect the share exchange.

Also on May 22, 2015, the Company changed its fiscal year from a fiscal year ending on July 31 of each year to one ending on March 31 of each year, which is the fiscal year end of Akoustis, Inc.

Since inception through September 30, 2015, the Company has not generated any revenue from operations and has accumulated losses of \$2,337,178.

The Financing

On May 22, 2015, concurrently with the closing of the Merger, and as a condition to the Merger, the Company held a closing on a private placement offering (the “Offering”) in which the Company sold 3,101,104 shares of its Common Stock, at a purchase price of \$1.50 per share. On June 10, 2015, the Company completed a second and final closing of the private placement offering in which the Company sold an additional 261,000 shares of Common Stock. In total, the Company sold an aggregate of 3,362,104 shares of Common Stock. The aggregate gross proceeds from the offerings were \$5,043,206 (before deducting placement agent fees and offering expenses of approximately \$801,579).

During April and May 2015, \$655,000 principal amount of convertible notes of Akoustis, Inc., were converted into 436,806 shares of Common Stock of the Company on the same terms as the other investors in the Offering at a conversion price of \$1.50 per share.

On August 6, 2015, the Company filed with the Securities and Exchange Commission (the “SEC”) a registration statement on Form S-1 for the public offering by selling stockholders of up to 7,876,310 shares of its Common Stock (which includes outstanding shares of Common Stock, shares underlying warrants and shares that may become issuable pursuant to an anti-dilution provision applicable to certain of the outstanding shares) pursuant to registration right granted in connection with the May-June private placement. The Form S-1 was declared effective by the SEC on October 20, 2015.

Note 2. Going Concern and Management Plans

The accompanying condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As of September 30, 2015, the Company had a

working capital of \$3,091,156 and an accumulated deficit of \$2,337,178. The Company has not generated any revenues from operations and incurred net losses since inception. As of September 30, 2015, the Company had cash and cash equivalents of \$3,414,421. There is no assurance that the Company's projections and estimates are accurate. In the event that the Company does not receive anticipated proceeds from research grants or such grant payments are delayed, or the Company experiences costs in excess of estimates to continue its research and development plan, it is possible that the Company would not have sufficient resources to continue as a going concern for the next year. In order to mitigate these risks, the Company is actively managing and controlling the Company's cash outflows. These matters raise substantial doubt about the Company's ability to continue as a going concern. The condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset amounts or the classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company's primary sources of operating funds since inception have been private equity, note financings and grants. The Company intends to raise additional capital through private debt and equity investors. The Company needs to raise additional capital in order to be able to accomplish its business plan objectives. The Company is continuing its efforts to secure additional funds through debt or equity instruments and grants. Management believes that it will be successful in obtaining additional financing based on its history of raising funds; however, no assurance can be provided that the Company will be able to do so. There is no assurance that any funds it raises will be sufficient to enable the Company to attain profitable operations or continue as a going concern. To the extent that the Company is unsuccessful, the Company may need to curtail or cease its operations and implement a plan to extend payables or reduce overhead until sufficient additional capital is raised to support further operations. There can be no assurance that such a plan will be successful.

Note 3. Summary of significant accounting policies

Basis of presentation

The Company's condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and the rules and regulations of the Securities and Exchange Commission ("SEC").

The unaudited condensed consolidated financial information furnished herein reflects all adjustments, consisting solely of normal recurring items, which in the opinion of management are necessary to fairly state the financial position of the Company and the results of its operations for the periods presented. This report should be read in conjunction with the Company's financial statements and notes thereto included in the Company's Form 8-K for the period from inception through March 31, 2015 filed with the SEC on May 22, 2015. The Company assumes that the users of the interim financial information herein have read or have access to the audited financial statements for the preceding fiscal year and that the adequacy of additional disclosure needed for a fair presentation may be determined in that context. Accordingly, footnote disclosure, which would substantially duplicate the disclosure contained in the Company's Form 8-K for the period from inception through March 31, 2015 has been omitted. The results of operations for the interim periods presented are not necessarily indicative of results for the entire year ending March 31, 2016 or any other period.

Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Akoustis, Inc. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of estimates and assumptions

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date(s) of the financial statements and the reported amounts of revenues and expenses during the reporting period(s).

Critical accounting estimates are estimates for which (a) the nature of the estimate is material due to the levels of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change and (b) the impact of the estimate on financial condition or operating performance is material. The Company's critical accounting estimates and assumptions affecting the financial statements were:

- (1) *Fair value of long-lived assets:* Fair value is generally determined using the asset's expected future discounted cash flows or market value, if readily determinable. If long-lived assets are determined to be recoverable, but the newly determined remaining estimated useful lives are shorter than originally estimated, the net book values of the long-lived assets are depreciated over the newly determined remaining estimated useful lives. The Company considers the following to be some examples of important indicators that may trigger an impairment review: (i) significant under-performance or losses of assets relative to expected historical or projected future operating results; (ii) significant changes in the manner or use of assets or in the Company's overall strategy with respect to the manner or use of the acquired assets or changes in the Company's overall business strategy; (iii) significant negative industry or economic trends; (iv) increased competitive pressures; (v) a significant decline in the Company's stock price for a sustained period of time; and (vi) regulatory changes. The Company evaluates acquired assets for potential impairment indicators at least annually and more frequently upon the occurrence of such events.

- (2) *Valuation allowance for deferred tax assets:* Management assumes that the realization of the Company's net deferred tax assets resulting from its net operating loss ("NOL") carry-forwards for Federal income tax purposes that may be offset against future taxable income was not considered more likely than not and accordingly, the potential tax benefits of the net loss carry-forwards are offset by a full valuation allowance. Management made this assumption based on (a) the Company has incurred a loss, (b) general economic conditions, and (c) other factors.
- (3) *Estimates and assumptions used in valuation of equity instruments:* Management estimates expected term of share options and similar instruments, expected volatility of the Company's common shares and the method used to estimate it, expected annual rate of quarterly dividends, and risk free rate(s) to value share options and similar instruments.
- (4) *Estimates and assumptions used in valuation of derivative liability:* Management utilizes a binomial option pricing model to estimate the fair value of derivative liabilities. The model includes subjective assumptions that can materially affect the fair value estimates.

These significant accounting estimates or assumptions bear the risk of change due to the fact that there are uncertainties attached to these estimates or assumptions, and certain estimates or assumptions are difficult to measure or value.

Management bases its estimates on various assumptions that are believed to be reasonable in relation to the financial statements taken as a whole under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. As of September 30, 2015 and March 31, 2015, the Company had cash and cash equivalents of \$3,414,421 and \$687,739, respectively. Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash deposits. The Company maintains its cash in institutions insured by the Federal Deposit Insurance Corporation ("FDIC"). At times, the Company's cash and cash equivalent balances may be uninsured or in amounts that exceed the FDIC insurance limits.

Inventory

Inventory is stated at lower of cost or market using the first-in, first-out (FIFO) valuation method. Inventory was comprised of raw materials at March 31, 2015. During the six months ended September 30, 2015, the inventory was utilized for research and development purposes only and would therefore provide no future economic benefit to the Company. As a result, this inventory was expensed on the condensed consolidated statement of operations.

Impairment of Long-Lived Assets

The Company assesses the recoverability of its long-lived assets, including property and equipment, when there are indications that the assets might be impaired. When evaluating assets for potential impairment, the Company compares the carrying value of the asset to its estimated undiscounted future cash flows. If an asset's carrying value exceeds such estimated cash flows (undiscounted and with interest charges), the Company records an impairment charge for the difference between the carrying amount of the asset and its fair value.

Based on its assessments, the Company did not record any impairment charges for the six months ended September 30, 2015 and the period May 12, 2014 (Inception) through September 30, 2014.

Derivative Liability

The Company evaluates its convertible debt, options, warrants or other contracts, if any, to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for in accordance with paragraph 815-10-05-4 and Section 815-40-25 of the FASB Accounting Standards Codification. The result of this accounting treatment is that the fair value of the embedded derivative is marked-to-market each balance sheet date and recorded as either an asset or a liability. The change in fair value is recorded in the condensed consolidated statement of operations as other income or expense. Upon conversion, exercise or cancellation of a derivative instrument, the instrument is marked to fair value at the date of conversion, exercise or cancellation and then the related fair value is reclassified to equity.

In circumstances where the embedded conversion option in a convertible instrument is required to be bifurcated and there are also other embedded derivative instruments in the convertible instrument that are required to be bifurcated, the bifurcated derivative instruments are accounted for as a single, compound derivative instrument.

The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period. Equity instruments that are initially classified as equity that become subject to reclassification are reclassified to liability at the fair value of the instrument on the reclassification date. Derivative instrument liabilities will be classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument is expected within 12 months of the balance sheet date.

The Company adopted Section 815-40-15 of the FASB Accounting Standards Codification (“Section 815-40-15”) to determine whether an instrument (or an embedded feature) is indexed to the Company’s own stock. Section 815-40-15 provides that an entity should use a two-step approach to evaluate whether an equity-linked financial instrument (or embedded feature) is indexed to its own stock, including evaluating the instrument’s contingent exercise and settlement provisions.

The Company utilizes a binomial option pricing model to compute the fair value of the derivative and to mark to market the fair value of the derivative at each balance sheet date. The Company records the change in the fair value of the derivative as other income or expense in the condensed consolidated statements of operations.

Grant income

During the six months ended September 30, 2015, the Company was awarded grants of \$29,999 from the National Science Foundation (the “NSF”). The Company recognizes nonrefundable grant revenue when it is awarded. The Company received total proceeds from the grant of \$29,999 in order to fund future research and development and are shown as “Grant income” on the condensed consolidated statement of operations.

Loss Per Share

Basic net loss per common share is computed by dividing net loss attributable to Common Stockholders by the weighted-average number of common shares outstanding during the period. Diluted net loss per common share is determined using the weighted-average number of common shares outstanding during the period, adjusted for the dilutive effect of Common Stock equivalents. In periods when losses are reported, which is the case for the three months ended September 30, 2015 and 2014 and the six months ended September 30, 2015 and the period May 12, 2014 (Inception) through September 30, 2014 presented in these condensed consolidated financial statements, the weighted-average number of common shares outstanding excludes Common Stock equivalents because their inclusion would be anti-dilutive.

The Company had the following Common Stock equivalents at September 30, 2015 and 2014:

	September 30, 2015	September 30, 2014
Options	160,000	—
Warrants	324,650	—
Restricted stock	623,855	623,855
Totals	1,108,505	623,855

Shares outstanding

Shares outstanding include shares of restricted stock with respect to which restrictions have not lapsed. Restricted stock included in reportable shares outstanding was 623,855 shares and 623,855 shares as of September 30, 2015 and 2014, respectively. Shares of restricted stock are included in the calculation of weighted average shares outstanding.

Subsequent events

The Company has evaluated events that occurred subsequent to September 30, 2015 and through the date the financial statements were issued.

Note 4. Property and equipment

Property and equipment consisted of the following:

	Estimated Useful Life	September 30, 2015	March 31, 2015
Research and development equipment	3 – 10 years	\$ 173,222	\$ 66,095
Computer equipment	5 years	13,718	4,367
Furniture and fixtures	5 – 10 years	3,725	725
Leasehold improvements	*	3,240	—
		<u>193,905</u>	<u>71,187</u>
Less: Accumulated depreciation		(12,837)	(5,675)
Total		\$ 181,068	\$ 65,512

(*) Amortized on a straight-line basis over the term of the lease or the estimated useful lives, whichever is shorter.

The Company recorded depreciation expense of \$4,530 and \$1,731 for the three months ended September 30, 2015 and 2014, respectively. The Company recorded depreciation expense of \$7,162 and \$1,942 for the six months ended September 30, 2015 and the period May 12, 2014 (Inception) through September 30, 2014, respectively.

As of September 30, 2015, research and development fixed assets totaling \$55,000 were not placed in service and therefore not depreciated during the period.

Note 5. Intangible assets

The Company's intangibles assets consisted of the following:

	Estimated useful life	September 30, 2015	March 31, 2015
Patents	15 years	\$ 45,940	\$ 26,450
Less: Accumulated amortization		(2,584)	(1,044)
Subtotal		43,356	25,406
Trademarks	—	1,560	1,560
Intangible assets, net		\$ 44,916	\$ 26,966

The Company recorded amortization expense of \$1,034 and \$380 for the three months ended September 30, 2015 and 2014, respectively. The Company recorded amortization expense of \$1,540 and \$380 for the six months ended September 30, 2015 and the period May 12, 2014 (Inception) through September 30, 2014, respectively.

The following table outlines estimated future annual amortization expense for the next five years and thereafter:

September 30,	
2016	\$ 3,013
2017	3,013
2018	3,013
2019	3,013
2020	3,013
Thereafter	28,291
	\$ 43,356

Note 6. Convertible note

During March 2015, the Akoustis, Inc. received \$655,000 in proceeds from six investors upon execution of convertible notes. On April 9, 2015, one note holder converted \$10,000 of his outstanding convertible note to 6,806 shares of Common Stock of the Company. On May 22, 2015, the remaining \$645,000 of the notes were converted to 430,000 shares of Common Stock of the Company.

Note 7. Derivative Liabilities

Upon closing of the private placement transactions on May 22, 2015 and June 9, 2015, the Company issued 298,551 and 26,099 warrants, respectively, to purchase Common Stock with an exercise price of \$1.50 and a five year term to the placement agent. The Company identified certain put features embedded in the warrants that potentially could result in a net cash settlement, requiring the Company to classify the warrants as a derivative liability.

Level 3 Financial Liabilities – Derivative warrant liabilities

Financial assets and liabilities measured at fair value on a recurring basis are summarized below and disclosed on the condensed consolidated balance sheet as of September 30, 2015:

	Carrying Value	Fair Value Measurement Using			Total
		Level 1	Level 2	Level 3	
Derivative warrant liabilities	\$ 191,129	\$ —	\$ —	\$ 191,129	\$ 191,129

The table below provides a summary of the changes in fair value, including net transfers in and/or out, of all financial assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the six months ended September 30, 2015:

	Fair Value Measurement Using Level 3 Inputs Total
Balance, April 1, 2015	\$ —

Change in fair value of derivative warrant liabilities	206,386
Balance, September 30, 2015	\$ 191,129

The fair value of the derivative feature of the warrants on the issuance dates and at the balance sheet date were calculated using a binomial option model valued with the following weighted average assumptions:

	<u>May 22, 2015</u>	<u>June 9, 2015</u>	<u>September 30, 2015</u>
Risk free interest rate	1.57%	1.74%	1.37%
Dividend yield	0.00%	0.00%	0.00%
Expected volatility	47%	47%	45%
Remaining term	5.0	5.0	4.65 – 4.69 years

Risk-free interest rate: The Company uses the risk-free interest rate of a U.S. Treasury Note with a similar term on the date of the grant.

Dividend yield: The Company uses a 0% expected dividend yield as the Company has not paid dividends to date and does not anticipate declaring dividends in the near future.

Volatility: The Company calculates the expected volatility of the stock price based on the corresponding volatility of the Company's peer group stock price for a period consistent with the warrants' expected term.

Remaining term: The Company's remaining term is based on the remaining contractual maturity of the warrants.

During the six months ended September 30, 2015, the Company marked the derivative feature of the warrants to fair value and recorded a gain of \$15,586 relating to the change in fair value.

Note 8. Stockholders' Equity

As a result of the Merger, an aggregate of 5,500,006 shares of the Company's Common Stock were issued to the holders of Akoustis Inc. stock.

In connection with the a Split-Off Agreement, the Company transferred all pre-Merger assets and liabilities to the Company's pre-Merger majority stockholder, in exchange for the surrender by him and cancellation of 9,854,019 shares of the Company's Common Stock. These cancelled shares resumed the status of authorized but unissued shares of the Company's Common Stock. The remaining shareholders of the Company owned 3,000,005 shares of Common Stock shown as a recapitalization on the Condensed Consolidated Statement of Stockholders' Equity.

On May 22, 2015, the Company issued 100,000 shares of Common Stock for professional services provided. These shares were expensed to the Condensed Consolidated Statement of Operations for the grant date fair value of \$150,000.

As further discussed in Note 1, the Company issued 3,362,104 shares of Common Stock in connection with the private placement.

As of September 30, 2015, the Company had 12,392,115 shares issued and outstanding.

Stock incentive plan

The Company had no equity compensation plans as of the end of fiscal year 2014.

On May 22, 2015, the Board of Directors adopted, and on the same date the stockholders approved, the 2015 Plan, which reserves a total of 1,200,000 shares of Common Stock for issuance under the 2015 Plan. The 2015 Plan authorizes the grant to participants of nonqualified stock options, incentive stock options, restricted stock awards, restricted stock units, performance grants. The Company agreed not to grant awards under the 2015 Plan for more than 600,000 shares of Common Stock during the first year following the closing of the Merger. If an incentive award granted under the 2015 Plan expires, terminates, is unexercised or is forfeited, or if any shares are surrendered to the Company in connection with an incentive award, the shares subject to such award and the surrendered shares will become available for further awards under the 2015 Plan.

In addition, the number of shares of our Common Stock subject to the 2015 Plan, any number of shares subject to any numerical limit in the 2015 Plan, and the number of shares and terms of any incentive award are expected to be adjusted in the event of any change in our outstanding Common Stock by reason of any stock dividend, spin-off, split-up, stock split, reverse stock split, recapitalization, reclassification, merger, consolidation, liquidation, business combination or exchange of shares or similar transaction.

Options granted under the Plan vest as determined by the Company's board of directors and expire over varying terms, but not more than seven years from date of grant. In the case of an Incentive Stock Option that is granted to a 10% shareholder on the date of grant, such Option shall not be exercisable after the expiration of five years from the date of grant. During the period ended September 30, 2015, 160,000 options were issued to four non-employee directors.

The fair values of the Company's options were estimated at the dates of grant using a Black-Scholes option pricing model with the following weighted average assumptions:

	For the Three and Six Months Ended September 30, 2015
Expected term (years)	6.25
Risk-free interest rate	1.29%
Volatility	47%
Dividend yield	0%

Expected term: The Company's expected term is based on the period the options are expected to remain outstanding. The Company estimated this amount utilizing the "Simplified Method" in that the Company does not have sufficient historical experience to provide a reasonable basis to estimate an expected term.

Risk-free interest rate: The Company uses the risk-free interest rate of a U.S. Treasury Note with a similar term on the date of the grant.

Volatility: The Company calculates the expected volatility of the stock price based on the corresponding volatility of the Company's peer group stock price for a period consistent with the options' expected term.

Dividend yield: The Company uses a 0% expected dividend yield as the Company has not paid dividends to date and does not anticipate declaring dividends in the near future.

The following is a summary of the option activity:

	<u>Options</u>	<u>Weighted Average Exercise Price</u>
Outstanding – April 1, 2015	—	\$ —
Exercisable –April 1, 2015	—	—
Granted	160,000	1.50
Exercised	—	—
Forfeited/Cancelled	—	—
Outstanding – September 30, 2015	<u>160,000</u>	<u>\$ 1.50</u>
Exercisable – September 30, 2015	<u>—</u>	<u>\$ —</u>

As of September 30, 2015 and March 31, 2015, the total intrinsic value of options outstanding and exercisable was \$0. As of September 30, 2015, the Company has \$101,700 in unrecognized stock based compensation expense attributable to the outstanding options which will be amortized over a period of 3.64 years.

For the three months ended September 30, 2015 and 2014, the Company recorded \$7,040 and \$0, respectively, in stock-based compensation related to stock options which is reflected in the condensed consolidated statements of operations.

For the six months ended September 30, 2015 and the period May 12, 2014 (Inception) through September 30, 2014, the Company recorded \$10,024 and \$0, respectively, in stock-based compensation related to stock options which is reflected in the condensed consolidated statements of operations.

Issuance of restricted shares – employees and consultants

Restricted stock awards are considered outstanding at the time of execution by the Company and the recipient of a restricted stock agreement, as the stock award holders are entitled to dividend and voting rights. At the end of the second quarter of fiscal 2016, the number of shares granted for which the restrictions have not lapsed was 463,841 shares.

Restricted shares are valued using the share price on the date of most recent equity raise or the value of the services performed, whichever is more readily determinable. The grant date fair value of the award is recorded as share-based compensation expense over the respective vesting period. Any unvested portion of the grant awarded to consultants is accrued on the Balance Sheet as a component of accounts payable and accrued expenses. As of September 30, 2015 and March 31, 2015, the accrued stock based compensation was \$70,512 and \$5,857, respectively. The Company has the right to repurchase some or all of such shares upon termination of the individual's service with the Company, whether voluntary or involuntary, for 60 months from the date of termination ("repurchase option"). The unvested shares are subject to forfeiture upon termination of consulting and employment agreements.

On June 16, 2014, 307,876 restricted shares were granted and issued to certain consultants with a fair value of \$273,050 at September 30, 2015. The restricted shares vest over a five year period - 25% one year from the date of issue and the remaining shares vesting monthly until the end of the term. As of September 30, 2015, 96,211 shares have vested and were released from the repurchase option. The Company has recorded \$13,032 and \$1,440 in stock-based compensation expense for the three months ended September 30, 2015 and 2014, respectively, for the shares that have vested which is a component of general and administrative expenses in the Condensed Consolidated Statement of Operations. The Company has recorded \$77,353 and \$1,440 in stock-based compensation expense for the six months ended September 30, 2015 and the period from May 12, 2014 (inception) through September 30, 2014, respectively, for the shares that have vested which is a component of general and administrative expenses in the Condensed Consolidated Statement of Operations. As of September 30, 2015 and 2014, the Company had \$195,697 and \$271,610, respectively, in unrecognized stock based compensation expense related to the unvested shares.

On July 21, 2014, 32,408 restricted shares were granted and issued to a certain employee with a fair value of \$2,090. The restricted shares vest over a five year period - 25% one year from the date of issue and the remaining shares vesting monthly until the end of the term. As of September 30, 2015, 9,452 shares have vested and were released from the repurchase option. The Company has recorded \$152 and \$101 in stock-based compensation expense for the three months ended September 30, 2015 and 2014, respectively, for the shares that have vested which is a component of general and administrative expenses in the Condensed Consolidated Statement of Operations. The Company has recorded \$260 and \$101 in stock-based compensation expense for the six months ended September 30, 2015 and the period from May 12, 2014 (inception) through September 30, 2014, respectively, for the shares that have vested, which is a component of general and administrative expenses in the Condensed Consolidated Statement of Operations. As of September 30, 2015 and 2014, the Company had \$1,830 and \$1,989, respectively, in unrecognized stock based compensation expense related to the unvested shares.

During August 2014, 81,020 restricted shares were granted and issued to certain consultants with a fair value of \$120,563 at September 30, 2015. The restricted shares vest over a five year period - 25% one year from the date of issue and the remaining shares vesting monthly until the end of the term. As of September 30, 2015, 21,943 shares have vested and were released from the repurchase option. The Company has recorded \$27,910 and \$154 in stock-based compensation expense for the three months ended September 30, 2015 and 2014, respectively, for the shares that have vested which is a component of general and administrative expenses in the Condensed Consolidated Statement of Operations. The Company has recorded \$31,294 and \$154 in stock-based compensation expense for the six months ended September 30, 2015 and the period from May 12, 2014 (inception) through September 30, 2014, respectively, for the shares that have vested, which is a component of general and administrative expenses in the Condensed Consolidated Statement of Operations. As of September 30, 2015 and 2014, the Company had \$89,269 and \$120,409, respectively, in unrecognized stock based compensation expense related to the unvested shares.

During September 2014, 129,633 restricted shares were granted and issued to certain consultants with a fair value of \$54,570 at September 30, 2015. The restricted shares vest over a five year period - 25% one year from the date of issue and the remaining shares vesting monthly until the end of the term. As of September 30, 2015, 32,408 shares have vested and were released from the repurchase option. The Company has recorded \$10,619 and \$90 in stock-based compensation expense for the three months ended September 30, 2015 and 2014, respectively, for the shares that have vested which is a component of general and administrative expenses in the Condensed Consolidated Statement of Operations. The Company has recorded \$12,344 and \$90 in stock-based compensation expense for the six months ended September 30, 2015 and the period from May 12, 2014 (inception) through September 30, 2014, respectively, for the shares that have vested, which is a component of general and administrative expenses in the Condensed Consolidated Statement of Operations. As of September 30, 2015 and 2014, the Company had \$42,226 and \$54,480, respectively, in unrecognized stock based compensation expense related to the unvested shares.

During March 2015, 72,918 restricted shares were granted and issued to a certain consultants with a fair value of \$109,184 at September 30, 2015. The restricted shares vest over a five year period - 25% one year from the date of issue and the remaining shares vesting monthly until the end of the term. The Company has recorded \$6,844 and \$0 in stock-based compensation expense for the three months ended September 30, 2015 and 2014, respectively, for the shares that have vested which is a component of general and administrative expenses in the Condensed Consolidated Statement of Operations. The Company has recorded \$10,012 and \$0 in stock-based compensation expense for the six months ended September 30, 2015 and the period from May 12, 2014 (inception) through September 30, 2014, respectively, for

the shares that have vested, which is a component of general and administrative expenses in the Condensed Consolidated Statement of Operations. As of September 30, 2015 and 2014, the Company had \$99,172 and \$0, respectively, in unrecognized stock based compensation expense related to the unvested shares.

On June 15, 2015, the Board of Directors authorized the grant of 387,200 restricted shares to six employees and on July 23, 2015, the Board of Directors authorized an additional grant of 40,000 restricted shares to a certain employee. These shares were not issued at September 30, 2015. At the time of this filing, restricted stock agreements have been executed by three of these employees. The restricted shares will vest over a four year period - 50% two years from the date of issue and 25% vesting on the third and fourth annual anniversaries.

Note 9. Commitments

Operating leases

In July 2014, Akoustis, Inc. entered into a 24-month lease agreement for office space located in Cornelius, North Carolina, terminating on June 30, 2016. Under the agreement, total annual rent is \$24,000 with the option to renew the lease for two additional one year terms.

In April 2015, Akoustis, Inc. entered into a new lease agreement for office space in Huntersville, NC. The lease is for a three year term with monthly payments of \$3,800 and requires a deposit of \$10,000. At the time of the execution of the new lease, the original lease for the existing office space had 14 months remaining on the existing two year agreement. Akoustis, Inc. negotiated with the landlord to pay \$16,000 for an eight month termination fee, which includes rent through May 15, 2015.

The operating leases provide for annual real estate tax and cost of living increases and contains predetermined increases in the rentals payable during the term of the lease. The aggregate rent expense is recognized on a straight-line basis over the lease term. The total lease rental expense was \$28,980 and \$7,613 for the six months ended September 30, 2015 and the period May 12, 2014 (Inception) through September 30, 2014, respectively.

Total future minimum payments required under the new operating lease are as follows.

Year Ending September 30,		
2016	\$	45,600
2017		45,600
2018		26,600
	\$	<u>117,800</u>

Note 10. Related Party Transactions

Offering and convertible notes

Akoustis, Inc. was founded on May 12, 2014. In June 2014, the founders and angel investors contributed \$530,000 in a series-seed equity financing.

During the equity financing of Akoustis, Inc., the CEO was the largest investor at \$175,000. Furthermore, a firm owned by the Company's CEO (Raytech, LLC) loaned the Company \$30,000 to assist in purchase of test and measurement equipment required to evaluate the performance of the Company's technology demonstrators. The loan agreement was a 12-month simple interest note. The loan agreement was repaid in full in March 2015.

In March 2015, Akoustis, Inc. issued convertible notes in exchange for investments of \$655,000 by the founders and original angel investors. Of this, \$200,000 was invested by the Company's CEO. Also in March 2015 the Company executed a stock purchase agreement for \$35,000 with an investor to offset legal and audit expenses related to the Merger and private placement offering. In April 2015, one of the convertible noteholders converted \$10,000 of his convertible note into shares of Akoustis, Inc. Common Stock in order to enable the Company to qualify for additional matching funds from NSF. As a result, the net note investment remaining was \$645,000, which, in accordance with the terms of the convertible notes, converted into Common Stock of the Company on the same terms as the other investors in the Company's private placement offering referred to below, at a conversion price of \$1.50 per share.

On May 22, 2015, Akoustis Acquisition Corp., the Company's wholly owned subsidiary, a corporation formed in the State of Delaware on May 15, 2015 ("Acquisition Sub") merged (the "Merger") with and into Akoustis, Inc., a corporation incorporated in the State of Delaware on May 12, 2014. Akoustis, Inc., was the surviving corporation in the Merger and became a wholly owned subsidiary of the Company. All of the outstanding stock of Akoustis, Inc., was converted into shares of the Company's Common Stock. In connection with the Merger and pursuant to a Split-Off Agreement, the Company transferred the pre-Merger assets and liabilities to the pre-Merger majority stockholder, in exchange for the surrender by him and cancellation of 9,854,019 shares of the Company's Common Stock.

ITEM 2. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following management's discussion and analysis should be read in conjunction with the Company's historical financial statements and the related notes thereto. The management's discussion and analysis contains forward-looking statements, such as statements of our plans, objectives, expectations and intentions. Any statements that are not statements of historical fact are forward-looking statements. When used, the words "believe," "plan," "intend," "anticipate," "target," "estimate," "expect" and the like, and/or future tense or conditional constructions ("will," "may," "could," "should," etc.), or similar expressions, identify certain of these forward-looking statements. These forward-looking statements are subject to risks and uncertainties, including those set forth under "Risk Factors" in the Super 8-K we filed with the SEC on May 29, 2015, that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. The Company's actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of several factors. The Company does not undertake any obligation to update forward-looking statements to reflect events or circumstances occurring after the date of this report.

References in this section to "Akoustis," "we," "us," "our" "the Company" and "our Company" refer to refer to Akoustis Technologies, Inc. and its consolidated subsidiary, Akoustis, Inc.

As the result of the reverse merger and the change in business and operations of the Company on May 22, 2015, a discussion of the past financial results of the Company is not pertinent, and under applicable accounting principles the historical financial results of Akoustis, Inc., the accounting acquirer, prior to the Merger are considered the historical financial results of the Company.

The following discussion highlights the results of operations and the principal factors that have affected our financial condition, as well as our liquidity and capital resources for the periods described, and provides information that management believes is relevant for an assessment and understanding of the statements of financial condition and results of operations presented herein. The following discussion and analysis are based on the unaudited financial statements contained in this Report, which we have prepared in accordance with United States generally accepted accounting principles. The discussion and analysis should be read together with such financial statements and the related notes thereto.

Overview

Akoustis is an early-stage company that designs and manufactures innovative filters enabling the radio frequency (RF) front-end of Mobile Wireless devices, such as smartphones. Located between the device's antenna and its digital backend, the RF front-end is the circuitry that performs the analog signal processing and contains components such as amplifiers, filters and switches. To construct the resonators that are the building blocks for the RF filter, we have developed a fundamentally new single-crystal acoustic materials and device technology that we refer to as Bulk ONE™. Filters are critical in selecting and rejecting signals, and their performance enables differentiation in the modules defining the RF front-end.

We believe owning the core resonator technology and manufacturing our designs is the most direct and effective means of delivering our solutions to the market. Furthermore, our technology is based upon bulk-mode resonance, which is superior to surface-mode resonance for high band applications and emerging 4G/LTE frequency band licenses. While our target customers make all or a portion of the RF front-end module, several customers lack access to critical high band technology to compete in high band applications and other traditional surface-mode solutions where higher power performance is required. We intend to design and manufacture our RF filter products to multiple customers and enable broader competition among the front-end module manufacturers. We plan to operate as a "pure-play" RF filter supplier and align with the front-end module manufacturers who seek to acquire high performance filters to grow their module business.

We have built prototype resonators using our proprietary single crystal materials. We are currently transferring and optimizing our Bulk ONE technology to our wafer-manufacturing partner under a joint development agreement (JDA) and a manufacturing agreement. We leverage both federal and state level, non-dilutive R&D grants to support development and commercialization of our technology. We are developing resonators for 4G/LTE bands and the associated proprietary models and design kits required to design our RF filters. Once we have stabilized the wafer process technology, we plan to engage with strategic customers to evaluate first our resonators and then our filter prototypes. Our initial designs will target high band 4G/LTE frequency bands. Since Akoustis owns its core technology and controls access to its IP, we can offer several ways to engage with potential customers. First, we can engage with customers using filter that we design and offer as a standard catalog component to multiple customers. Second, we can start with a customer-supplied filter specification, which we design and fabricate for a specific customer. Finally, we can offer our models and design kits for our customers to design their own filter into our proprietary technology. In July 2014, the Company filed its first US patent applications on its Bulk ONE technology and we currently have seven pending patent applications.

Akoustis, Inc. was founded on May 12, 2014. In June 2014, our founders and angel investors contributed \$530,000 in a series-seed equity financing. In June 2014, Akoustis, Inc. applied for its first small business innovative research ("SBIR") R&D grant with National Science Foundation ("NSF"). Akoustis, Inc. was awarded \$150,000 for the Phase I SBIR grant in December of 2014 and was awarded an additional \$30,000 for Phase Ib in May 2015. The NSF program increases the incentive and opportunity for startups and small businesses to undertake cutting-edge, high-quality scientific research and development. NSF and SBR provide grants in phases: a short proof-of-concept / feasibility grant (\$150-225k) can potentially be followed by longer development grants.

The terms of the Phase I and Ib grants require that the grantee have full responsibility for the conduct of the project or activity supported and the adherence to the award conditions including those regarding record keeping, adequateness of financial reporting systems, measurement against project goals and budget and reporting deadlines. The Phase I grant period is January to June 2015 which was extended to December 2015 as a result of the Phase Ib award. A minimum of two-thirds of the research and/or analytical effort must be performed by the grantee and all products and equipment purchased to the extent practicable must be American-made.

Two-thirds or \$100,000 of the total Phase I award was made in January 2015 and the remainder will be paid upon receipt and acceptance by NSF of a satisfactory final report and financial certification. The Phase Ib award extended the grant timeline to December 2015 and moved the deadline for the Phase I final report to January 2016. A Phase I interim report was due and was submitted by July 15, 2015. The Phase Ib award of \$30,000 was received in June 2015.

In addition to the SBIR grant awards, the State of North Carolina awarded Akoustis with a Phase I NSF matching grant in January 2015 in the amount of \$50,000. The initial payment of \$37,500 was received in March of 2015. The final payment of \$12,500 is contingent upon the submission and acceptance of the final NSF SBIR Phase I report in January 2016 and the receipt of notification from the NSF that Akoustis is eligible for the final Phase I payment.

We expect to apply for additional R&D grants that support technology innovation in line with our business plan. Our partnership with NSF has strengthened since the start of our engagement and their support has accelerated our technology commercialization as well as funded technical jobs. We have additional opportunities for new grants and matching funds from our current small business program partnership with NSF, which total a potential additional \$1,250,000. In July 2015, we applied for an NSF Phase II program under our current program award, which contains a maximum grant value of \$750,000 in additional funding, to start in early 2016. Further, if this award is received, then we believe our current equity financing activities qualify us for an additional \$500,000 in matching funds to commercialize our technology. There can be no assurance, however, that these grants will be received.

Of the \$530,000 raised in June 2014, our CEO was the largest investor at \$175,000. Furthermore, a firm owned by our CEO (Raytech, LLC) loaned our company \$30,000 to assist in purchase of test and measurement equipment required to evaluate the performance of our technology demonstrators. The loan agreement was a 12-month simple interest note. The loan agreement was repaid in full in March 2015.

In March 2015, Akoustis, Inc. issued convertible notes in exchange for investments of \$655,000 by the founders and original angel investors. Of this, \$200,000 was invested by our CEO. Also in March 2015 we executed a stock purchase agreement for \$35,000 with an investor to offset legal and audit expenses related to the Merger and private placement offering. In April 2015, one of the convertible noteholders converted \$10,000 of his convertible note into shares of Akoustis, Inc., Common Stock in order to enable us to qualify for additional matching funds from NSF. As a result, the net note investment remaining was \$645,000, which, in accordance with the terms of the convertible notes, converted into Common Stock of the Company on the same terms as the other investors in the Company's private placement offering referred to below, at a conversion price of \$1.50 per share.

On May 22, 2015, our wholly owned subsidiary, Akoustis Acquisition Corp., a corporation formed in the State of Delaware on May 15, 2015 ("Acquisition Sub") merged (the "Merger") with and into Akoustis, Inc., a corporation incorporated in the State of Delaware on May 12, 2014. Akoustis, Inc., was the surviving corporation in the Merger and became our wholly owned subsidiary. All of the outstanding stock of Akoustis, Inc., was exchanged for shares of our Common Stock. In connection with the Merger and pursuant to a Split-Off Agreement, we transferred our pre-Merger assets and liabilities to our pre-Merger majority stockholder, in exchange for the surrender by him and cancellation of 9,854,019 shares of our Common Stock.

On May 22, 2015, concurrently with the closing of the Merger, and as a condition to the Merger, we held a closing on a private placement offering in which we sold 3,101,104 shares of our Common Stock, at a purchase price of \$1.50 per share. On June 10, 2015, we completed a second and final closing of the private placement offering in which we sold an additional 261,000 shares of Common Stock. In total, we sold an aggregate of 3,362,104 shares of Common Stock. The aggregate gross proceeds from the offerings were \$5,043,206 (before deducting placement agent fees and offering expenses of approximately \$801,579).

During April and May 2015, \$655,000 principal amount of convertible notes of Akoustis, Inc., were converted into 436,806 shares of Common Stock of the Company on the same terms as the other investors in the Offering at a conversion price of \$1.50 per share. See "Description of Business—The Offering" for additional information.

We have earned no revenue since inception, and our operations have been funded with the initial capital contributions, grants and debt. We have incurred losses totaling \$2.34 million from inception through September 30, 2015. These losses are primarily the result of research and development costs associated with commercializing our technology, in addition to general administrative costs associated with critical roles as well as professional fees including legal and accounting. We expect to continue to incur substantial costs for commercialization of our technology on a continuous basis because our business model involves materials and solid state device technology development as well as engineering of catalog and custom filter designs.

Our financial statements contemplate the continuation of our business as a going concern. We are subject to the risks and uncertainties associated with a new business. We have no established source of capital, do not yet have the ability to earn revenue and have incurred significant losses from operations since inception. These matters raise substantial doubt about our ability to continue as a going concern. Our auditors also have expressed an opinion that substantial doubt exists as to whether we can continue as a going concern in their report on our audited financial statements for the year ended March 31, 2015. Our financial statements do not include any adjustments relating to the recoverability and classification of recorded assets or the amounts and classification of liabilities that might be necessary should we be unable to continue in existence.

Plan of Operation

We plan to commercialize our technology by designing and manufacturing single band and multi-band solutions that address problems (such as loss, bandwidth, power handling and isolation) created by the growing number of frequency bands in the RF front-end of mobile devices to support 4G/LTE. First, we plan to develop a series of single-band low-loss BAW filter designs for 4G/LTE frequency bands, which are dominated by higher loss BAW solutions and cannot be addressed with low band, lower power handling SAW technology. Second, we plan to develop a series of filter solutions that can cover multiple frequency bands. In order to succeed, we must convince RF front-end module manufacturers to use our Bulk ONE technology in their modules. However, since there are only two dominant suppliers in the industry that have high band technology, and both utilize such technology as a competitive advantage at the module level, we expect customers that lack access to high band filter technology will be open to engage with our pure-play filter company.

Our primary activity in the near term will be to continue to work on building our supply chain to produce our Bulk ONE™ technology wafers at our wafer manufacturing partner. We expect to complete technology transfer by the end of June 2016. There is no assurance that we can complete our technology transfer or the subsequent design effort, or that our designs will have acceptable performance with our target customers. In addition, our filter designs will compete with other BAW and SAW products and solutions available to the industry and may not be selected even if fully compliant with all specifications.

Once we complete our technology transfer and customer validation of our technology, we expect to begin production qualification of our Bulk ONE™ process technology to support a product family of 4G/LTE filter solutions. Once the company has stabilized its process technology in a manufacturing environment, then we will begin product development of our high band filter products in the frequency range from 1.5GHz to 4.0GHz. The target frequency bands will be prioritized based upon customer priority. We expect this will require recruiting and hiring additional personnel. While we have started discussions with several prospective customers for the design, such discussions are ongoing and may not result in any agreements. We expect to proceed with our plan to develop a family of standard catalog filter designs regardless of the outcome of these discussions.

We plan to pursue filter design and R&D development agreements and potentially joint ventures with target customers and other strategic partners. These types of arrangements may subsidize technology development costs and qualification, filter design costs, as well as offer complementary technology and market intelligence and other avenues to revenue. However, we intend to retain ownership of our core technology, IP, designs and related improvements. We expect to pursue development of catalog designs for multiple customers, and offer such catalog products in multiple sales channels.

We expect to use our approximately \$3.1 million of cash and cash equivalents as of November 9, 2015 to fund a majority of the foregoing milestones, for product development to commercialize our technology, research and development, the development of our patent strategy and expansion of our patent portfolio, as well as for working capital and other general corporate purposes. The Company does not expect that its current cash on hand will fund its operations for the next twelve months. Due to the impending lack of funds, we will need to raise further capital, through the sale of additional equity securities or otherwise, to support our future operations. There is no assurance that the Company's projections and estimates are accurate. Our anticipated costs include employee salaries and benefits, compensation paid to consultants, capital costs for research and other equipment, costs associated with development activities including travel and administration, legal expenses, sales and marketing costs, general and administrative expenses, and other costs associated with an early stage, publicly-traded technology company. We anticipate increasing the number of employees to approximately 20 to 25 employees; however, this is highly dependent on the nature of our development efforts and our success in commercialization. We anticipate adding employees for research and development, as well as general and administrative functions, to support our efforts. We expect to incur consulting expenses related to technology development and other efforts as well as legal and related expenses to protect our intellectual property. We expect capital expenditures to be approximately \$500,000 for the purchase of equipment and software during the next twelve months.

The amounts that we actually spend for any specific purpose may vary significantly and will depend on a number of factors including, but not limited to, the pace of progress of our commercialization and development efforts, actual needs with respect to product testing, development and research, market conditions, and changes in or revisions to our marketing strategies. In addition, we may use a portion of any net proceeds to acquire complementary products, technologies or businesses; however, we do not have plans for any acquisitions at this time. We have significant discretion in the use of the net proceeds.

Commercial development of new technology is, by its nature, unpredictable. Although we will undertake development efforts with commercially reasonable diligence, there can be no assurance that our current cash and cash equivalents will be sufficient to enable us to commercialize our technology to the extent needed to create future sales to sustain operations as contemplated herein. If the Company cannot successfully raise additional capital, or the Company does not receive anticipated proceeds from research grants or such grant payments are delayed, or the Company experiences costs in excess of estimates to continue its research and development plan, the Company will not have sufficient resources to continue as a going concern for the next twelve months, and we will consider other options to continue our path to commercialization, including, but not limited to, debt financing, co-development agreements, curtailment of operations, suspension of operations, sale or licensing of developed intellectual or other property, or other alternatives.

If we are unable to raise the funds that we believe are needed to develop our technology and enable future sales, we may be required to scale back our development plans by reducing expenditures for employees, consultants, business development and marketing efforts, and other envisioned expenditures. This could reduce our ability to commercialize our technology or require us to seek further funding earlier, or on less favorable terms, than if we had raised the full amount of the proposed offering.

We cannot assure you that our technology will be accepted, that we will ever earn revenues sufficient to support our operations or that we will ever be profitable. Furthermore, since we have no committed source of financing, we cannot assure you that we will be able to raise money as and when we need it to continue our operations. If we cannot raise funds as and when we need them, we may be required to severely curtail, or even to cease, our operations.

Critical Accounting Policies

The following discussion and analysis of financial condition and results of operations is based upon our financial statements, which have been prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP"). Certain accounting policies and estimates are particularly important to the understanding of our financial position and results of operations and require the application of significant judgment by our management or can be materially affected by changes from period to period in economic factors or conditions that are outside of our control. As a result, they are subject to an inherent degree of uncertainty. In applying these policies, our management uses their judgment to determine the appropriate assumptions to be used in the determination of certain estimates. Those estimates are based on our historical operations, our future business plans and projected financial results, the terms of existing contracts, our observance of trends in the industry, information provided by our customers and information available from other outside sources, as appropriate. See Note 3 to our financial statements for a more complete description of our significant accounting policies.

Intangible assets

Intangible assets consist of patents and trademarks. Estimates of future cash flows and timing of events for evaluating long-lived assets for impairment are based upon management's judgment. If any of the Company's intangible or long-lived assets are considered to be impaired, the amount of impairment to be recognized is the excess of the carrying amount of the assets over its fair value. Applicable long-lived assets are amortized or depreciated over the shorter of their estimated useful lives, the estimated period that the assets will generate revenue, or the statutory or contractual term in the case of patents. Estimates of useful lives and periods of expected revenue generation are reviewed periodically for appropriateness and are based upon management's judgment. Patents are amortized on the straight-line method over their useful lives of 15 years.

Derivative Liability

The Company evaluates its convertible debt, options, warrants or other contracts, if any, to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for in accordance with paragraph 815-10-05-4 and Section 815-40-25 of the FASB Accounting Standards Codification. The result of this accounting treatment is that the fair value of the embedded derivative is marked-to-market each balance sheet date and recorded as either an asset or a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded in the consolidated statement of operations as other income or expense. Upon conversion, exercise or cancellation of a derivative instrument, the instrument is marked to fair value at the date of conversion, exercise or cancellation and then the related fair value is reclassified to equity.

In circumstances where the embedded conversion option in a convertible instrument is required to be bifurcated and there are also other embedded derivative instruments in the convertible instrument that are required to be bifurcated, the bifurcated derivative instruments are accounted for as a single, compound derivative instrument.

The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period. Equity instruments that are initially classified as equity that become subject to reclassification are reclassified to liability at the fair value of the instrument on the reclassification date. Derivative instrument liabilities will be classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument is expected within 12 months of the balance sheet date.

The Company adopted Section 815-40-15 of the FASB Accounting Standards Codification ("Section 815-40-15") to determine whether an instrument (or an embedded feature) is indexed to the Company's own stock. Section 815-40-15 provides that an entity should use a two-step approach to evaluate whether an equity-linked financial instrument (or embedded feature) is indexed to its own stock, including evaluating the instrument's contingent exercise and settlement provisions.

The Company utilizes a binomial option pricing model to compute the fair value of the derivative and to mark to market the fair value of the derivative at each balance sheet date. The Company records the change in the fair value of the derivative as other income or expense in the consolidated statements of operations.

Fair Value of Financial Instruments

The carrying amounts of cash, accounts payable, accrued expenses, and convertible notes payable approximate fair value due to the short-term nature of these instruments.

The Company measures the fair value of financial assets and liabilities based on the guidance of Accounting Standards Codification ("ASC") 820, "Fair Value Measurements and Disclosures," which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Fair value measurements are categorized using a valuation hierarchy for disclosure of the inputs used to measure fair value, which prioritize the inputs into three broad levels:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 - Pricing inputs are other than quoted prices in active markets included in level 1, which are either directly or indirectly observable as of the reported date, and include those financial instruments that are valued using models or other valuation methodologies.
- Level 3 - Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

Equity-based compensation

The Company recognizes compensation expense for all equity-based payments in accordance with ASC 718 "Compensation – Stock Compensation". Under fair value recognition provisions, the Company recognizes equity-based compensation net of an estimated forfeiture rate and recognizes compensation cost only for those shares expected to vest over the requisite service period of the award.

Restricted stock awards are granted at the discretion of the Company. These awards are restricted as to the transfer of ownership and generally vest over the requisite service periods, typically over a five year period (vesting on a straight-line basis). The fair value of a stock award is equal to the fair market value of a share of Company stock on the grant date.

The fair value of an option award is estimated on the date of grant using the Black-Scholes option valuation model. The Black-Scholes option valuation model requires the development of assumptions that are inputs into the model. These assumptions are the value of the underlying share, the expected stock volatility, the risk-free interest rate, the expected life of the option, the dividend yield on the underlying stock and the expected forfeiture rate. Expected volatility is benchmarked against similar companies in a similar industry over the expected option life and other appropriate factors. Risk-free interest rates are calculated based on continuously compounded risk-free rates for the appropriate term. The dividend yield is assumed to be zero as the Company has never paid or declared any cash dividends on its Common Stock and does not intend to pay dividends on its Common Stock in the foreseeable future. The expected forfeiture rate is estimated based on management's best estimate.

Determining the appropriate fair value model and calculating the fair value of equity-based payment awards requires the input of the subjective assumptions described above. The assumptions used in calculating the fair value of equity-based payment awards represent management's best estimates, which involve inherent uncertainties and the application of management's judgment. As a result, if factors change and the Company uses different assumptions, our equity-based compensation could be materially different in the future. In addition, the Company is required to estimate the expected forfeiture rate and recognize expense only for those shares expected to vest. If the Company's actual forfeiture rate is materially different from its estimate, the equity-based compensation could be significantly different from what the Company has recorded in the current period.

The Company accounts for share-based payments granted to non-employees in accordance with ASC 505-40, "Equity Based Payments to Non-Employees". The Company determines the fair value of the stock-based payment as either the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. If the fair value of the equity instruments issued is used, it is measured using the stock price and other measurement assumptions as of the earlier of either (1) the date at which a commitment for performance by the counterparty to earn the equity instruments is reached, or (2) the date at which the counterparty's performance is complete. The fair value of the equity instruments is re-measured each reporting period over the requisite service period.

Results of Operations

Summary of Operations for the Three Months Ended September 30, 2015 and 2014

Revenue

The Company did not have any revenues from operations during the three months ended September 30, 2015 and the three months ended September 30, 2014.

Expenses

Research and Development Expenses

Research and development expenses were \$321,720 for the three months ended September 30, 2015, an increase of \$247,430 or 333%, compared with \$74,290 for the three months ended September 30, 2014. The increase was due to the ramp up of research and development activity during the Company's second year of operations. The increased expenditures occurred primarily in areas of R&D personnel, material and material processing.

General and Administrative Expenses

General and administrative expenses for the three months ended September 30, 2015 were \$761,323 versus \$74,016 for the three months ended September 30, 2014, an increase of \$687,307 or 929%. The increase in spending occurred mainly in the areas of officer and staff personnel costs due to ramp up of headcount in the Company's second year of operations, and professional fees, primarily legal and accounting services.

Other Income

Other income for the three months ended September 30, 2015 was comprised of interest income of \$496 and the change in the fair value of derivative liabilities of \$14,015. The Company recorded no Other Income for quarter ended September 30, 2014.

Net Loss

Net loss was \$1,068,532 for the three months ended September 30, 2015, an increase of \$920,226 or 620%, compared with a net loss of \$148,306 for the three months ended September 30, 2014. The increase was primarily due the Company recording higher costs in its second year in the areas of R&D and G&A salary and wages due to the ramp up of headcount, material and material processing due to increased R&D activity and professional fees, mainly legal and accounting.

Summary of Operations for the Six Months Ended September 30, 2015 and the Period from May 12, 2014 (Inception) to September 30, 2014

Revenue

The Company did not have any revenues from operations during the six months ended September 30, 2015 or for the period from May 12, 2014 (inception) to September 30, 2014.

Expenses

Research and Development Expenses

Research and Development expenses were \$515,635 for the six months ended September 30, 2015 which is an increase of \$436,870 or 555% over the \$78,765 costs incurred for the period from May 12, 2014 (inception) to September 30, 2014. The increase in costs was due to the Company's ramp up in R&D activity in its second year of operations. The increased spend occurred mainly in the areas of material and material processing and personnel costs due to ramp up of headcount to coincide with increased R&D activity.

General and Administrative Expenses

General and administrative expenses for the six months ended September 30, 2015 were \$1,421,450, representing an increase of \$1,305,036 or 1121% compared to the \$116,414 recorded for the period from May 12, 2014 (inception) through September 30, 2014. The increase was mainly in personnel costs, due to the ramp up of headcount in the Company's second year of operations, professional fees, primarily legal and accounting, as well as stock based compensation.

Other Income

Other income is comprised of grant income, interest income and the change in the fair value of derivative liabilities. During the six months ended September 30, 2015, the Company recorded Other Income of \$46,256 which was comprised of grant income of \$29,999 from the National Science Foundation (the "NSF"), \$671 of interest income and \$15,586 for the change in fair value of derivative liabilities. The Company recorded no Other income for the period from May 12, 2014 (inception) through September 30, 2014.

Net Loss

Net loss was \$1,890,829 for the six months ended September 30, 2015, an increase of \$1,695,650 or 869%, compared with a net loss of \$195,179 for the period from May 12, 2014 (inception) to September 30, 2014. The increase was primarily due the Company recording higher costs in its second year in the areas of: R&D and G&A salary and wages due to the ramp up of headcount, material and material processing due to increased R&D activity, professional fees, mainly legal and accounting and an increase in stock based compensation.

Liquidity and Capital Resources

We have earned no revenue from operations since inception, and our operations have been funded with initial capital contributions, sales of our equity securities, debt financing and research and development grants.

We had current assets of \$3,469,043 and current liabilities of \$377,887 at September 30, 2015, resulting in working capital of \$3,091,156. The primary source of working capital during the six months ended September 30, 2015 was from the issuance of Common Stock.

Operating activities used cash of \$1,372,737, for the six months ended September 30, 2015 compared to \$191,820 for the period from May 12, 2014 (inception) through September 30, 2014. The net loss of \$1,890,289 for the six months ended September 30, 2015 comprised the majority of the cash used in operations in comparison to the loss of \$195,179 for the period from May 12, 2014 (inception) through September 30, 2015.

Investing activities used cash of \$142,208 for the six months ended September 30, 2015. Investing activities consisted of \$122,718 paid for machinery and equipment and \$19,490 paid for intangibles, which include patent applications and trademarks. For the period from May 12, 2014 (inception) through September 30, 2014, we used \$87,923 in investing activities which consisted of \$63,698 paid for machinery and equipment and \$24,225 paid for intangibles.

Financing activities provided cash of \$4,241,627 for the six months ended September 30, 2015 and were the result of the issuance of Common Stock. During April 2015, \$10,000 in principal amount of convertible notes of Akoustis, Inc. was converted into 6,806 shares (on a post-Merger basis) of our Common Stock. On May 22, 2015, concurrently with the closing of the Merger, we closed on a private placement offering in which we sold 3,101,104 shares of our Common Stock, at a purchase price of \$1.50 per share, for aggregate gross proceeds (before placement agent fees and offering expenses) of \$4,651,706. In addition, at that closing, an additional \$645,000 in principal amount of convertible notes of Akoustis, Inc. converted into 430,000 shares of our common stock. On June 10, 2015, we completed a second and final closing of the offering in which we sold an additional 261,000 shares of Common Stock for aggregate gross proceeds (before placement agent fees and offering expenses) of \$391,500. In total we sold an aggregate of 3,362,104 shares of Common Stock in the offering and received aggregate gross proceeds of \$5,043,206 before deducting placement agent fees and expenses of approximately \$801,579. In total, we have issued 3,798,910 shares (including 6,806 Common Stock shares and 430,000 Common Stock shares issues in exchange for convertible notes of \$10,000 and \$645,000 in April and May 2015, respectively). Financing activities provided cash of \$552,668 for the period from May 12, 2014 (inception) to September 30, 2014. Financing activities included receipt of \$530,000 from the issuance of preferred stock and \$30,000 from a promissory note, of which \$7,333 was paid off during the period.

Off-Balance Sheet Transactions

The Company did not engage in any “off-balance sheet arrangements” (as that term is defined in Item 303(a)(4)(ii) of Regulation S-K) as of September 30, 2015.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable to a smaller reporting company.

ITEM 4. CONTROLS AND PROCEDURES

Our management is responsible for establishing and maintaining a system of disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) that is designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer’s management, including its principal executive officer or officers and principal financial officer or officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

An evaluation was conducted under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer, our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2015. Based on that evaluation, our management concluded that our disclosure controls and procedures were ineffective as of such date to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in SEC’s rules and forms, and is accumulated and communicated to our management, including our CEO/CFO, as appropriate, to allow timely decisions regarding required disclosure, due to the limited number of employees, which impacts our ability to conduct a thorough internal review, and the Company's reliance on external accounting personnel to prepare financial statements.

Changes in Internal Controls over Financial Reporting

There was no change in our internal controls over financial reporting that occurred during the period covered by this report, which has materially negatively affected, or is reasonably likely to materially negatively affect, our internal controls over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

From time to time, we may become involved in various lawsuits and legal proceedings that arise in the ordinary course of business. Litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business, financial condition or results of operation. There are currently no pending legal proceedings that we believe will have individually or in the aggregate, a material adverse effect on our business, financial condition or operating results. As far as we are aware, no governmental authority is contemplating any proceeding to which we are a party or to which any of our properties is subject.

ITEM 1A. RISK FACTORS.

The risk factors set forth in Item 2.01 of the Super 8-K under the caption "Risk Factors" are incorporated herein by reference.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

Other than as reported in the Super 8-K and our other Current Reports on Form 8-K filed with the SEC, we have not sold any of our equity securities during the period covered by this Report.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

(d) Exhibits

In reviewing the agreements included or incorporated by reference as exhibits to this Quarterly Report, please remember that they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about the Company or the other parties to the agreements. The agreements may contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the parties to the applicable agreement and:

- *should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;*
- *have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;*
- *may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and*
- *were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.*

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. Additional information about the Company may be found elsewhere in this Form 10-Q and the Company's other public filings, which are available without charge through the SEC's website at <http://www.sec.gov>.

The following exhibits are filed (or furnished) with this Report:

<u>Exhibit Number</u>	<u>SEC Report Reference No.</u>	<u>Description</u>
31.1	*	Rule 13(a)-14(a)/15(d)-14(a) Certification of principal executive officer
31.2	*	Rule 13(a)-14(a)/15(d)-14(a) Certification of principal financial and accounting officer
32.2	*	Section 1350 Certification of principal executive officer <i>(This certification is being furnished and shall not be deemed "filed" with the SEC for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.)</i>
32.2	*	Section 1350 Certification of principal financial and accounting officer <i>(This certification is being furnished and shall not be deemed "filed" with the SEC for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.)</i>
101	*	Interactive Data Files of Financial Statements and Notes
101.INS	*	Instant Document
101.SCH	*	XBRL Taxonomy Schema Document
101.CAL	*	XBRL Taxonomy Calculation Linkbase Document
101.DEF	*	XBRL Taxonomy Definition Linkbase Document
101.LAB	*	XBRL Taxonomy Label Linkbase Document
101.PRE	*	XBRL Taxonomy Presentation Linkbase Document

* Filed or furnished herewith

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 thereunto duly authorized.

Dated: November 12, 2015

Akoustis Technologies, Inc.

By: */s/ Cindy C. Payne*

Cindy C. Payne

Chief Financial Officer

(Principal Financial and Accounting Officer)