**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 March 31, 2023

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: **001-38029**

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

| | |
|---|---|
| **Delaware** | **33-1229046** |
| (State or other jurisdiction of incorporation or organization) | (IRS Employer Identification No.) |
| **9805 Northcross Center Court, Suite A Huntersville, NC** | **28078** |
| (Address of principal executive offices) | (Postal Code) |

Registrant's telephone number, including area code: **1-704-997-5735**

Securities registered under Section 12(b) of the Act:

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

Securities registered under Section 12(g) of the Act:
**None**

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 ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

| | | | |
|---|---|---|---|
| Large accelerated filer | ☐ | Accelerated filer | ☐ |
| Non-accelerated filer | ☒ | Smaller reporting company | ☒ |
| | | Emerging growth company | ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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 May 3, 2023, there were 71,640,149 shares of the registrant's common stock, $0.001 par value per share, issued and outstanding.

**AKOUSTIS TECHNOLOGIES, INC.**
**FORM 10-Q**
**FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2023**

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## PART I - FINANCIAL INFORMATION

### ITEM 1. FINANCIAL STATEMENTS.

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

| | March 31, 2023 | June 30, 2022 |
|---|---|---|
| **Assets** | | |
| **Assets:** | | |
| Cash and cash equivalents | $ 52,749 | $ 80,485 |
| Accounts receivable | 4,247 | 3,793 |
| Inventory | 7,558 | 4,094 |
| Other current assets | 3,665 | 3,359 |
| **Total current assets** | 68,219 | 91,731 |
| | | |
| Property and equipment, net | 57,313 | 51,157 |
| Goodwill | 14,530 | 8,051 |
| Intangibles, net | 15,889 | 8,994 |
| Operating lease right-of-use asset, net | 1,483 | 1,126 |
| Other assets | 71 | 279 |
| **Total Assets** | **$ 157,505** | **$ 161,338** |
| | | |
| **Liabilities and Stockholders' Equity** | | |
| **Current Liabilities:** | | |
| Accounts payable and accrued expenses | $ 11,270 | $ 11,204 |
| Contingent consideration | 8 | 855 |
| Deferred revenue | 114 | 286 |
| Operating lease liability | 415 | 313 |
| **Total current liabilities** | 11,807 | 12,658 |
| | | |
| **Long-term Liabilities:** | | |
| Convertible notes payable, net | 43,696 | 43,731 |
| Promissory notes payable | 333 | — |
| Contingent consideration | — | 591 |
| Operating lease liability | 1,093 | 811 |
| Other long-term liabilities | 117 | 117 |
| **Total long-term liabilities** | 45,239 | 45,250 |
| | | |
| **Total Liabilities** | 57,046 | 57,908 |
| | | |
| **Stockholders' Equity** | | |
| Preferred stock, par value $0.001; 5,000,000 shares authorized; none issued and outstanding | — | — |
| Common stock, $0.001 par value; 125,000,000 shares authorized; 71,625,149, and 57,079,347 shares issued and outstanding at March 31, 2023 and June 30, 2022, respectively | 72 | 57 |
| Additional paid in capital | 352,977 | 310,171 |
| Accumulated deficit | (252,590) | (206,798) |
| **Total Stockholders' Equity** | 100,459 | 103,430 |
| **Total Liabilities and Stockholders' Equity** | **$ 157,505** | **$ 161,338** |

See accompanying notes to the condensed consolidated financial statements

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

| | For the Three Months Ended March 31, 2023 | For the Three Months Ended March 31, 2022 | For the Nine Months Ended March 31, 2023 | For the Nine Months Ended March 31, 2022 |
|---|---|---|---|---|
| **Revenue** | $ 7,356 | $ 4,607 | $ 18,788 | $ 10,146 |
| **Cost of revenue** | 8,472 | 5,370 | 20,200 | 12,821 |
| **Gross profit (loss)** | **(1,116)** | **(763)** | **(1,412)** | **(2,675)** |
| **Operating expenses** | | | | |
| Research and development | 7,349 | 8,314 | 25,079 | 25,481 |
| General and administrative expenses | 8,817 | 5,721 | 21,650 | 14,742 |
| **Total operating expenses** | **16,166** | **14,035** | **46,729** | **40,223** |
| **Loss from operations** | **(17,282)** | **(14,798)** | **(48,141)** | **(42,898)** |
| **Other (expense) income** | | | | |
| Interest (expense) income | (510) | 25 | (1,955) | 88 |
| Other (expense) income | (2) | — | (10) | — |
| Change in fair value of contingent consideration | 268 | (180) | 1,438 | (180) |
| Change in fair value of derivative liabilities | (383) | — | 456 | — |
| **Total other (expense) income** | (627) | (155) | (71) | (92) |
| **Net loss before income taxes** | **$ (17,909)** | **$ (14,953)** | **$ (48,212)** | **$ (42,990)** |
| Income Tax (expense) benefit | 2,364 | 128 | 2,420 | 70 |
| Net Loss | **$ (15,545)** | **$ (14,825)** | **$ (45,792)** | **$ (42,920)** |
| Net loss (income) attributable to noncontrolling interest | — | 139 | — | 121 |
| **Net loss attributable to common stockholders** | **$ (15,545)** | **$ (14,686)** | **$ (45,792)** | **$ (42,799)** |
| **Net loss per common share - basic and diluted** | $ (0.23) | $ (0.27) | $ (0.75) | $ (0.81) |
| **Weighted average common shares outstanding - basic and diluted** | 68,195,181 | 55,217,220 | 60,925,124 | 53,177,679 |

See accompanying notes to the condensed consolidated financial statements.

**Akoustis Technologies, Inc.**
**Condensed Consolidated Statements of Changes in Stockholders' Equity**
**(In thousands)**
**(Unaudited)**

| | For the Three Months Ended March 31, 2023 | | | | |
|---|---|---|---|---|---|
| | Common Stock | | Additional Paid In | Accumulated | Total |
| | Shares | Par Value | Capital | Deficit | Equity |
| Balance, December 31, 2022 | 58,161 | $ 58 | $ 316,065 | $ (237,045) | $ 79,078 |
| Common stock issued for cash, net of issuance costs | 12,545 | 13 | 32,013 | — | 32,026 |
| Stock-based compensation | 313 | 0 | 3,210 | — | 3,210 |
| Common stock issued in acquisition | 606 | 1 | 1,689 | — | 1,690 |
| Net loss | — | — | — | (15,545) | (15,545) |
| Balance, March 31, 2023 | 71,625 | $ 72 | $ 352,977 | $ (252,590) | $ 100,459 |

| | For the Three Months Ended March 31, 2022 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Common Stock | | Additional Paid In | Accumulated | Total Akoustis Technologies, Inc. | Noncontrolling | Total |
| | Shares | Par Value | Capital | Deficit | Equity | Interest | Equity |
| Balance, December 31, 2021 | 54,660 | $ 55 | $ 291,969 | $ (175,884) | $ 116,140 | $ 7,528 | $ 123,668 |
| Common stock issued for cash, net of issuance costs | 1,158 | 1 | 6,840 | — | 6,841 | — | 6,841 |
| Stock-based compensation | 69 | — | 2,506 | — | 2,506 | — | 2,506 |
| Common stock issued for exercise of warrants | 12 | — | 10 | — | 10 | — | 10 |
| Common stock issued for exercise of options | 52 | — | 229 | — | 229 | — | 229 |
| Noncontrolling interest acquired | — | — | — | — | — | 13 | 13 |
| Net loss | — | — | — | (14,686) | (14,686) | (139) | (14,825) |
| Balance, March 31, 2022 | 55,951 | $ 56 | $ 301,554 | $ (190,570) | $ 111,040 | $ 7,402 | $ 118,442 |

**Akoustis Technologies, Inc.**
**Condensed Consolidated Statements of Changes in Stockholders' Equity**
**(In thousands)**
**(Unaudited)**

| | For the Nine months ended March 31, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Common Stock | | Additional Paid In | Accumulated | Noncontrolling | |
| | Shares | Par Value | Capital | Deficit | Interest | Equity |
| Balance, June 30, 2022 | 57,079 | $ 57 | $ 310,170 | $ (206,798) | $ — | $ 103,429 |
| Common stock issued for cash, net of issuance costs | 12,545 | 13 | 32,013 | — | — | 32,026 |
| Stock-based compensation | 904 | 1 | 7,453 | — | — | 7,454 |
| ESPP purchases | 89 | — | 288 | — | — | 288 |
| Common stock issued in acquisition | 606 | 1 | 1,689 | — | — | 1,690 |
| Common stock issued in payment of note interest | 402 | — | 1,364 | — | — | 1,364 |
| Net loss | — | — | — | (45,792) | — | (45,792) |
| Balance, March 31, 2023 | 71,625 | $ 72 | $ 352,977 | $ (252,590) | $ — | $ 100,459 |

| | For the Nine Months Ended March 31, 2022 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Common Stock | | Additional Paid In | Accumulated | Total Akoustis Technologies, Inc. | Noncontrolling | Total |
| | Shares | Par Value | Capital | Deficit | Equity | Interest | Equity |
| Balance, June 30, 2021 | 51,236 | $ 51 | $ 265,130 | $ (147,771) | $ 117,410 | $ — | $ 117,410 |
| Common stock issued for cash, net of issuance costs | 3,644 | 3 | 25,627 | — | 25,630 | — | 25,630 |
| Stock-based compensation | 662 | 1 | 7,753 | — | 7,754 | — | 7,754 |
| Common stock issued for exercise of warrants | 21 | — | 67 | — | 67 | — | 67 |
| Common stock issued for exercise of options | 72 | — | 369 | — | 369 | — | 369 |
| ESPP purchase | 53 | 1 | 311 | — | 312 | — | 312 |
| Common stock issued in acquisition | 263 | — | 2,297 | — | 2,297 | — | 2,297 |
| Noncontrolling interest acquired | — | — | — | — | — | 7,523 | 7,523 |
| Net loss | — | — | — | (42,799) | (42,799) | (121) | (42,920) |
| Balance, March 31, 2022 | 55,951 | $ 56 | $ 301,554 | $ (190,570) | $ 111,040 | $ 7,402 | $ 118,442 |

See accompanying notes to the condensed consolidated financial statements.

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

| | Nine Months Ended March 31, 2023 | Nine Months Ended March 31, 2022 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| Net loss | $ (45,792) | $ (42,920) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 8,193 | 5,492 |
| Stock-based compensation | 7,454 | 7,754 |
| Amortization of debt discount | 421 | — |
| Amortization of operating lease right of use asset | 282 | 202 |
| Non cash interest payments | 1,364 | — |
| Deferred income taxes | (2,365) | — |
| Change in fair value of derivative liabilities | (456) | — |
| Change in fair value of contingent consideration | (1,438) | 180 |
| (Gain) Loss on disposal of fixed assets & intangibles | (105) | (204) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 427 | (936) |
| Inventory | (3,464) | (1,841) |
| Other current assets | (31) | (1,558) |
| Accounts payable and accrued expenses | (516) | 1,106 |
| Lease liabilities | (255) | (210) |
| Other long term liabilities | 333 | (176) |
| Deferred revenue | (172) | (162) |
| **Net Cash Used in Operating Activities** | (36,120) | (33,273) |
| | | |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Cash paid for property, plant and equipment | (10,170) | (21,794) |
| Acquisition of business, net of cash acquired | (13,882) | (4,078) |
| Cash received from the sale of fixed assets | 122 | 316 |
| **Net Cash Used in Investing Activities** | (23,930) | (25,556) |
| | | |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Proceeds from issuance of common stock, net of issuance costs | 32,026 | 25,630 |
| Proceeds from exercise of employee stock options | — | 369 |
| Proceeds from employee stock purchase plan | 288 | 312 |
| Proceeds from exercise of warrants | — | 67 |
| **Net Cash Provided by Financing Activities** | 32,314 | 26,378 |
| | | |
| **Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash** | (27,736) | (32,451) |
| | | |
| **Cash, Cash Equivalents and Restricted Cash - Beginning of Period** | 80,485 | 88,322 |
| | | |
| **Cash, Cash Equivalents and Restricted Cash - End of Period** | $ 52,749 | $ 55,871 |
| | | |
| **SUPPLEMENTARY CASH FLOW INFORMATION:** | | |
| Cash Paid During the Period for: | | |
| Income taxes | 40 | — |
| | | |
| **SUPPLEMENTARY DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:** | | |
| | | |
| Fixed assets included in accounts payable and accrued expenses | 654 | 378 |
| Operating lease right-of-use asset, net | 133 | — |
| Operating lease liability | (133) | — |
| Common stock issued in payment of interest | 1,364 | — |
| Acquisition of Business | | |
| Tangible assets, excluding cash and cash equivalents | 3,904 | 1,346 |
| Intangibles | 8.289 | 9,452 |
| Goodwill | 6,479 | 8,051 |
| Deferred tax liability | (2,365) | (1,980) |
| Contingent consideration | — | (1,099) |
| Liabilities assumed | (1,124) | (1,871) |
| Liabilities cancelled | 88 | — |
| Issuance of common stock for acquisition | (1,690) | (2,297) |
| Noncontrolling interest | — | (7,523) |

See accompanying notes to the condensed consolidated financial statements

**AKOUSTIS TECHNOLOGIES, INC.**
**Notes to the Condensed Consolidated Financial Statements**
**(Unaudited)**

**Note 1. Organization**

Akoustis Technologies, Inc. (the "Company") was incorporated on April 10, 2013, and effective December 15, 2016, the Company changed its state of incorporation to the State of Delaware. Through its wholly-owned subsidiary, Akoustis, Inc. (a Delaware corporation), the Company, headquartered in Huntersville, North Carolina, is focused on developing, designing, and manufacturing innovative radio frequency ("RF") filter products for the wireless industry, including for products such as smartphones and tablets, cellular infrastructure equipment, Wi-Fi Customer Premise Equipment ("CPE"), and military and defense communication applications. Located between the device's antenna and its digital backend, the RF front-end ("RFFE") is the circuitry that performs the analog signal processing and contains components such as amplifiers, filters and switches. To construct the resonator devices that are the building blocks for its RF filters, the Company has developed a family of novel, high purity acoustic piezoelectric materials as well as a unique microelectromechanical system ("MEMS") wafer semiconductor process, collectively referred to as XBAW® technology. The Company leverages its integrated device manufacturing ("IDM") business model to develop and sell high performance RF filters using its XBAW® technology. Filters are critical in selecting and rejecting signals, and their performance enables differentiation in the modules defining the RFFE. Additionally, through RFM Integrated Device, Inc. ("RFMi"), a wholly-owned subsidiary of Akoustis, Inc., the Company makes sales of complementary surface acoustic wave ("SAW") resonators, RF filters, crystal (Xtal) resonators and oscillators, and ceramic products branded as "RFMi" products. We also offer back-end semiconductor supply chain services through our wholly owned subsidiary, Grinding & Dicing Services, Inc., which we acquired in January 2023.

**Note 2. Liquidity**

As of March 31, 2023, the Company had cash and cash equivalents of $52.7 million and working capital of $56.4 million. The Company has historically incurred recurring operating losses and experienced net cash used in operating activities.

On January 19, 2023, the Company closed an underwritten public offering of 12,545,454 shares of its common stock at a price to the public of $2.75 per share, which included the underwriters' exercise of their over-allotment option in full, for net proceeds of approximately $32.0 million.

The Company expects cash and cash equivalents to be sufficient to fund its operations beyond the next twelve months from the date of filing of this Form 10-Q. These funds will be used to fund the Company's operations, including capital expenditures, R&D, commercialization of its technology, development of its patent strategy and expansion of its patent portfolio, servicing outstanding debt, potential strategic transactions, as well as to provide working capital and funds for other general corporate purposes. Except for the $48.0 million of common stock remaining available to be sold under its ATM Sales Agreement with Oppenheimer & Co. Inc., Craig-Hallum Capital Group LLC, and Roth Capital Partners, LLC, the Company has no commitments or arrangements to obtain any additional funds, and there can be no assurance such funds will be available on acceptable terms or at all.

If the Company is unable to obtain additional financing in a timely fashion and on acceptable terms, its financial condition and results of operations may be materially adversely affected and it may not be able to continue operations or execute its stated commercialization plan.

**Note 3. Summary of Significant Accounting Policies**

**Basis of Presentation**

The Company's unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and the rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial information and the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for annual financial statements. In the opinion of management, all adjustments (consisting of normal accruals) considered necessary for a fair presentation have been included. The Company has evaluated subsequent events through the filing of this Form 10-Q. Operating results for the quarter ended March 31, 2023 are not necessarily indicative of the results that may be expected for the year ending June 30, 2023 or any future interim period. The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto included in the Company's Form 10-K filed with the SEC on September 12, 2022 (the "2022 Annual Report").

**Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries as of March 31, 2023, Akoustis, Inc., RFM Integrated Device, Inc., and Grinding & Dicing Services, Inc. All significant intercompany accounts and transactions have been eliminated in consolidation.

**Significant Accounting Policies and Estimates**

The Company's significant accounting policies are disclosed in Note 3. Summary of Significant Accounting Policies in the 2022 Annual Report. Since the date of the 2022 Annual Report, there have been no material changes to the Company's significant accounting policies. The preparation of the unaudited condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the unaudited condensed consolidated financial statements and the accompanying notes thereto. The policies, estimates and assumptions include valuing equity securities, derivative liabilities, deferred taxes and related valuation allowances, contingent consideration, goodwill, intangible assets, revenue recognition, and the fair values of long-lived assets. Actual results could differ from the estimates.

**Recently Issued Accounting Pronouncements**

Management does not believe that any recently issued, but not yet effective accounting pronouncements, when adopted, will have a material effect on the accompanying condensed consolidated financial statements.

**Note 4. Revenue Recognition from Contracts with Customers**

*Disaggregation of Revenue*

The Company's primary revenue streams include foundry fabrication services and product sales across multiple geographic regions, primarily the Americas, Asia and Europe.

*Foundry Fabrication Services*

Foundry fabrication services revenue includes XBAW® foundry services, Non-Recurring Engineering ("NRE") and back-end supply chain services. Under these contracts, products are delivered to the customer at the completion of the service, which represents satisfaction of the performance obligation as well as transfer of title. Depending on language with regards to enforceable right to payment for performance completed to date, related revenue will either be recognized over time or at a point in time.

*Product Sales*

Product sales revenue consists of sales of RF filters and amps which are sold with contract terms stating that title passes, and the customer takes control, at the time of shipment. Revenue is then recognized when the devices are shipped, and the performance obligation has been satisfied. If devices are sold under contract terms that specify that the customer does not take ownership until the goods are received, revenue is recognized when the customer receives the goods.

The following table summarizes the revenues of the Company's reportable segments by geographic region for the three months ended March 31, 2023, (in thousands):

| | Foundry Fabrication Services Revenue | Product Sales Revenue | Total Revenue with Customers |
|---|---|---|---|
| Americas | $ 3,064 | $ 992 | $ 4,056 |
| Asia | 271 | 2,420 | 2,691 |
| Europe | 63 | 546 | 609 |
| Total | $ 3,398 | $ 3,958 | $ 7,356 |

The following table summarizes the revenues of the Company's reportable segments by geographic region for the nine months ended March 31, 2023, (in thousands):

| | Foundry Fabrication Services Revenue | Product Sales Revenue | Total Revenue with Customers |
|---|---|---|---|
| Americas | $ 4,914 | $ 3,123 | $ 8,037 |
| Asia | 1,244 | 7,254 | 8,498 |
| Europe | 63 | 2,179 | 2,242 |
| Other | — | 11 | 11 |
| Total | $ 6,221 | $ 12,567 | $ 18,788 |

The following table summarizes the revenues of the Company’s reportable segments by geographic region for the three months ended March 31, 2022, (in thousands):

| | Foundry Fabrication Services Revenue | Product Sales Revenue | Total Revenue with Customers |
|---|---|---|---|
| Americas | $ — | $ 776 | $ 776 |
| Asia | 236 | 2,419 | 2,655 |
| Europe | 171 | 1,005 | 1,176 |
| Total | $ 407 | $ 4,200 | $ 4,607 |

The following table summarizes the revenues of the Company’s reportable segments by geographic region for the nine months ended March 31, 2022, (in thousands):

| | Foundry Fabrication Services Revenue | Product Sales Revenue | Total Revenue with Customers |
|---|---|---|---|
| Americas | $ 583 | $ 1,652 | $ 2,235 |
| Asia | 449 | 5,424 | 5,873 |
| Europe | 171 | 1,867 | 2,038 |
| Total | $ 1,203 | $ 8,943 | $ 10,146 |

*Performance Obligations*

The Company has determined that contracts for product sales revenue and foundry fabrication services revenue involve one performance obligation, which is delivery of the final product.

*Contract Balances*

The following table summarizes the changes in the opening and closing balances of the Company’s contract asset (included in Other current assets on the Consolidated Balance Sheet) and contract liability (included as Deferred revenue on the Consolidated Balance Sheet) for the first nine months of fiscal years 2023 and 2022 (in thousands):

| | Contract Assets | Contract Liability |
|---|---|---|
| Balance, June 30, 2022 | $ 908 | $ 286 |
| Closing, March 31, 2023 | 1,358 | 114 |
| Increase/(Decrease) | $ 450 | $ (172) |
| | | |
| Balance, June 30, 2021 | $ 411 | $ 41 |
| Closing, March 31, 2022 | 936 | 115 |
| Increase/(Decrease) | $ 525 | $ 74 |

The Company records a receivable when the title for goods has transferred. Generally, all sales are contract sales (with either an underlying contract or purchase order), resulting in all receivables being contract receivables. When invoicing occurs prior to revenue recognition a contract liability is recorded (as deferred revenue on the Condensed Consolidated Balance Sheets). The amount of revenue recognized in the nine months ended March 31, 2023, that was included in the opening contract liability balance was $286 thousand which related to timing of shipments.

Contract assets are recorded when revenue recognized exceeds the amount invoiced. The difference between the opening and closing balances of the Company's contract assets and contract liabilities primarily results from the timing difference between the Company's performance and the customer's payment. The amount of contract assets invoiced in the nine months ended March 31, 2023, that was included in the opening contract asset balance was $908 thousand, which primarily related to non-recurring engineering services.

*Backlog of Remaining Customer Performance Obligations*

As of March 31, 2023, the Company had partially unsatisfied performance obligations related to contracts with an original expected duration of greater than one year. Revenue expected to be recognized from these performance obligations was $0.2 million as of March 31, 2023. The Company's backlog may vary significantly each reporting period based on the timing of major new contract commitments. In addition, our customers have the right, under some infrequent circumstances, to terminate contracts or defer the timing of the Company's services and their payments to us.

**Note 5: Inventory**

Inventory, net of reserves, consisted of the following as of March 31, 2023 and June 30, 2022 (in thousands):

| | March 31, 2023 | June 30, 2022 |
|---|---|---|
| Raw Materials | $ 1,460 | $ 1,077 |
| Work in Process | 4,451 | 1,061 |
| Finished Goods | 1,646 | 1,956 |
| **Total Inventory** | **$ 7,557** | **$ 4,094** |

**Note 6. Property and Equipment, net**

Property and equipment, net consisted of the following as of March 31, 2023 and June 30, 2022 (in thousands):

| | Estimated Useful Life | March 31, 2023 | June 30, 2022 |
|---|---|---|---|
| Land | n/a | $ 1,000 | $ 1,000 |
| Building and leasehold improvements | * | 8,779 | 7,715 |
| Equipment | 2-10 years | 69,598 | 57,750 |
| Computer Equipment & Software | 3-5 years | 2,012 | 1,966 |
| Total | | 81,389 | 68,431 |
| Less: Accumulated Depreciation | | (24,076) | (17,274) |
| **Total** | | **$ 57,313** | **$ 51,157** |

(*) Leasehold improvements are amortized on a straight-line basis over the term of the lease or the estimated useful lives, whichever is shorter. Buildings are amortized on a straight-line basis between 11 and 39 years.

The Company recorded depreciation expense of $2.4 million and $1.7 million for the three months ended March 31, 2023 and 2022, respectively. The Company recorded depreciation expense of $6.8 million and $4.8 million for the nine months ended March 31, 2023 and 2022, respectively.

As of March 31, 2023, equipment with a net book value totaling $5.8 million had not been placed in service and therefore was not depreciated during the period. As of June 30, 2022, fixed assets with a net book value totaling $14.5 million had not been placed in service and therefore was not depreciated during the period.

**Note 7. Business Acquisitions**

Grinding & Dicing Services, Inc.

On January 1, 2023 (the "Closing Date"), the Company and its wholly-owned subsidiary, Akoustis, Inc. (the "Purchaser"), entered into a Stock Purchase Agreement (the "Purchase Agreement") with Grinding & Dicing Services, Inc. ("GDSI") and the stockholders of GDSI (the "Sellers"). Pursuant to the Purchase Agreement, the Purchaser acquired all of the outstanding capital stock of GDSI (such acquisition, the "Transaction"). The acquisition is expected to support a strategy to reshore operations to the United States, improve rapid prototype and development cycle time, and provide prototype cost savings.

The total consideration paid to the Sellers at closing of the Transaction consisted of $13.9 million in cash and approximately $1.7 million of shares of the Company's common stock. In addition, the Company issued a secured promissory note (the "Promissory Note") in the original principal amount of $4.0 million issued by the Purchaser to the Sellers' representative. The Sellers' representative is a current employee of the Company. The Promissory Note does not bear interest, is subject to partial prepayment (reduction of the outstanding principal amount down to $1.3 million) on the second anniversary of the Closing Date, and is payable in full on the third anniversary of the Closing Date. The Purchaser can reduce the principal amount of the Promissory Note (i) to satisfy certain post-closing adjustments to the Transaction purchase price, (ii) to satisfy the Sellers' indemnification obligations under the Purchase Agreement, and (iii) if GDSI's President is terminated for cause or due to disability or resigns without good reason prior to maturity the Promissory Note will be cancelled in its entirety. The Promissory Note is secured by certain of the Purchaser's and GDSI's assets. In the event of certain events of default, including failure to pay amounts due under the Promissory Note and certain bankruptcy events, the outstanding principal amount of the Promissory Note will become immediately due.

The purchase price was preliminarily allocated based on the estimated fair values of the assets acquired and liabilities assumed as follows (in thousands):

| | | |
|---|---|---|
| Consideration: | | |
| Cash paid | $ | 13,915 |
| Common stock | | 1,690 |
| Liabilities cancelled | | (88) |
| Total consideration | $ | 15,517 |
| | | |
| Cash | $ | 334 |
| Fixed assets | | 2,538 |
| Other tangible assets | | 1,366 |
| Intangible assets | | 8,289 |
| Goodwill | | 6,479 |
| Deferred tax liabilities | | (2,365) |
| Liabilities assumed | | (1,124) |
| Total assets acquired | $ | 15,517 |

The Company will continue to evaluate the fair market value and other estimates of certain assets, liabilities and tax estimates over the measurement period (up to one year from the acquisition date) as provided for in ASC 805-10.

The provisional values of the intangible assets acquired included trade names of $0.19 million, developed technology of $1.98 million and customer relationships of $6.11 million and the provisional value of the fixed assets acquired was $2.5 million.

The fair value of the trade names acquired was determined based on an income approach using the "relief-from-royalty" method which estimated the value of the intangible asset by discounting the future cash flows of the asset to present value. Key inputs include a royalty rate of 0.5% and a discount rate of 19.0% as of the valuation date. The acquired trademarks assets are being amortized on a straight-line basis over their estimated useful lives of five years.

The fair value of the developed technology acquired was determined based on an income approach using the "relief-from-royalty" method which estimated the value of the intangible asset by discounting the future cash flows of the asset to present value. Key inputs include a royalty rate of 5% and a discount rate of 19.0% as of the valuation date. The acquired developed technology assets are being amortized on a straight-line basis over their estimated useful lives of seven years.

The fair value of the customer relationships acquired was determined based on an income approach using the “multi-period excess earnings” method in which the value of the intangible asset is determined by discounting the future cash flows of the asset to present value. Key inputs include a discount rate of 19.0% and an attrition rate of 7.5% as of the valuation date. These customer relationships are being amortized on a straight-line basis over their estimated useful life of seven years.

The fair value of the fixed assets acquired was primarily determined using a cost approach and used the original cost of the asset as the key input. The acquired fixed assets are being depreciated over their estimated useful life of 5 years.

The goodwill resulting from the acquisition of GDSI, which has been recorded in the Foundry and Fabrication Services segment, is attributed to synergies and other benefits that are expected to be generated from this transaction and is not deductible for income tax purposes. During the three and nine months ended March 31, 2023, the Company recorded acquisition costs associated with the acquisition of GDSI totaling $0.1 and $0.2 million, respectively, in “General and administrative expenses” in the Condensed Consolidated Statements of Operations.

RFM Integrated Devices, Inc.

On October 15, 2021, the Company acquired a majority ownership position in RFMi, a fabless supplier of acoustic wave RF resonators and filters, to expand product offerings and provide access to new markets. The Company acquired a 51% ownership interest in RFMi from Tai-Saw Technology Co., Ltd. (“TST”) in exchange for $6.0 million in cash and approximately $2.3 million payable in common stock of the Company. On April 29, 2022, the Company exercised its option to acquire the remaining 49% ownership interest in RFMi from TST for an additional $3.5 million in cash and approximately 420,053 shares of common stock of the Company with a fair value at closing of $1.9 million.

Additionally, earn-out payments payable in cash and/or shares of common stock of the Company may be payable to TST based on the achievement of sales targets for RFMi products in each of calendar year 2022 and 2023, with potential payouts in the range of $0 to $3.0 million. The initial $1.1 million estimated fair value of the associated liability was based on the present value of the expected future payouts resulting from the projected RFMi product sales, applying a volatility rate of 30% against those future projected revenues and using a discount rate of 9.9% and 10.2% for the first and second earnouts, respectively, and thus represented a Level 3 fair value measurement. The contingent consideration is re-measured to fair value at each reporting date until the contingency is resolved, and those changes in fair value are recognized in earnings. The Company has determined that the sales targets for calendar year 2022 were not met and the related earnout payment is not owed. The fair value of the contingent consideration decreased $1.4 million during the nine months ended March 31, 2023.

***Pro Forma Results***

The following unaudited pro forma financial information summarizes the results of operations for the three and nine months ended March 31, 2023 as if the RFMi and GDSI acquisitions had been completed as of July 1, 2021 (in thousands). The pro forma results were calculated applying the Company’s accounting policies and include the effects of adjustments related to the amortization charges from the acquired intangibles. The unaudited pro forma information does not purport to be indicative of the results that would have been obtained if the acquisitions had actually occurred at the beginning of the year prior to acquisitions, nor of the results that may be reported in the future.

| | Three Months Ended March 31, | | Nine Months Ended March 31, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | Unaudited Proforma | Unaudited Proforma | Unaudited Proforma | Unaudited Proforma |
| Revenues | $ 7,356 | $ 6,435 | $ 22,369 | $ 17,498 |
| Net Loss | $ (15,453) | $ (14,598) | $ (45,521) | $ (42,666) |
| Net Loss per Share | $ (0.23) | $ (0.26) | $ (0.74) | $ (0.79) |

**Note 8. Goodwill**

The Company performs an annual test for goodwill impairment during our last fiscal quarter. The Company will also test for impairment between annual test dates if an event occurs or circumstances change that would indicate the carrying amount may be impaired.

During the nine months ended March 31, 2023, the Company did not identify any events or circumstances that would require an interim goodwill impairment test. The Company does not amortize goodwill as it has been determined to have an indefinite useful life. The carrying amount of goodwill as of March 31, 2023 was $14.5 million.

**Note 9. Accounts Payable and Accrued Expenses**

Accounts payable and accrued expenses consisted of the following at March 31, 2023 and June 30, 2022 (in thousands):

| | March 31, 2023 | June 30, 2022 |
|---|---|---|
| Accounts payable | $ 3,125 | $ 3,630 |
| Accrued salaries and benefits | 4,531 | 4,641 |
| Accrued goods received not invoiced | 700 | 1,472 |
| Other accrued expenses | 2,914 | 1,461 |
| **Totals** | **$ 11,270** | **$ 11,204** |

**Note 10. Notes Payable**

**Convertible Senior Notes due 2027**

The following table summarizes convertible debt as of March 31, 2023 (in thousands):

| | Maturity Date | Stated Interest Rate | Conversion Price | Face Value | Remaining Debt (Discount) | Fair Value of Embedded Derivatives | Carrying Value |
|---|---|---|---|---|---|---|---|
| **Long Term convertible notes payable** | | | | | | | |
| 6.0% convertible senior notes | 06/15/2027 | 6.00% | $ 4.71 | $ 44,000 | $ (2,876) | $ 2,572 | $ 43,696 |
| Ending Balance as of March 31, 2023 | | | | **$ 44,000** | **$ (2,876)** | **$ 2,572** | **$ 43,696** |

The following table summarizes convertible debt as of June 30, 2022 (in thousands):

| | Maturity Date | Stated Interest Rate | Conversion Price | Face Value | Remaining Debt (Discount) | Fair Value of Embedded Derivatives | Carrying Value |
|---|---|---|---|---|---|---|---|
| **Long Term convertible notes payable** | | | | | | | |
| 6.0% convertible senior notes | 06/15/2027 | 6.00% | $ 4.71 | $ 44,000 | $ (3,297) | $ 3,028 | $ 43,731 |
| Ending Balance as of June 30, 2022 | | | | **$ 44,000** | **$ (3,297)** | **$ 3,028** | **$ 43,731** |

Interest expense on the Convertible Notes during the three months ended March 31, 2023 included contractual interest of $660 thousand and debt discount amortization of $131 thousand. Interest expense on the Convertible Notes during the nine months ended March 31, 2023 included contractual interest of $1,980 thousand and debt discount amortization of $421 thousand.

**Promissory Note**

The Company issued a secured promissory note (the "Promissory Note") in the original principal amount of $4.0 million issued by the Purchaser to the Sellers' representative. The Sellers' representative is a current employee of the Company. The Promissory Note does not bear interest, is subject to partial prepayment (reduction of the outstanding principal amount down to $1.3 million) on the second anniversary of the Closing Date, and is payable in full on the third anniversary of the Closing Date. The Purchaser can reduce the principal amount of the Promissory Note (i) to satisfy certain post-closing adjustments to the Transaction purchase price, (ii) to satisfy the Sellers' indemnification obligations under the Purchase Agreement, and (iii) if GDSI's President is terminated for cause or due to disability or resigns without good reason prior to maturity the Promissory Note will be cancelled in its entirety. The Promissory Note is secured by certain of the Purchaser's and GDSI's assets. In the event of certain events of default, including failure to pay amounts due under the Promissory Note and certain bankruptcy events, the outstanding principal amount of the Promissory Note will become immediately due. The Promissory Note will be recognized on a straight line basis over the term of the Promissory Note as compensation expense. The Company recorded compensation expense totaling $333 thousand for the three and nine months ended March 31, 2023 in "General and administrative expenses" in the Condensed Consolidated Statements of Operations with the associated liability included in "Promissory notes payable" in the Condensed Consolidated Balance Sheets.

**Note 11. Concentrations**

**Customers**

Customer concentration as a percentage of revenue for the three months ended March 31, 2023 and 2022 are as follows:

| | Three Months 03/31/2023 | Three Months 03/31/2022 |
|---|---|---|
| Customer 1 | 15% | — |
| Customer 2 | 13% | — |
| Customer 3 | — | 22% |

Customer concentration as a percentage of revenue for the nine months ended March 31, 2023 and 2022 are as follows:

| | Nine Months 03/31/2023 | Nine Months 03/31/2022 |
|---|---|---|
| Customer 1 | 16% | 25% |
| Customer 2 | 11% | 11% |
| Customer 3 | 11% | — |

Customer concentration as a percentage of accounts receivable at March 31, 2023 and June 30, 2022 are as follows:

| | March 31, 2023 | June 30, 2022 |
|---|---|---|
| Customer 1 | 15% | — |
| Customer 2 | 14% | 10% |
| Customer 3 | 13% | 26% |
| Customer 4 | — | 13% |

**Vendors**

Vendor concentration as a percentage of purchases for the three months ended March 31, 2023 and 2022 are as follows:

| | Three Months 03/31/2023 | Three Months 03/31/2022 |
|---|---|---|
| Vendor 1 | — | 18% |

Vendor concentration as a percentage of purchases for the nine months ended March 31, 2023 and 2022 are as follows:

| | Nine Months 03/31/2023 | Nine Months 03/31/2022 |
|---|---|---|
| Vendor 1 | — | 12% |

**Note 12. Equity**

**Equity Offering Program**

On May 2, 2022, the Company entered into an ATM Sales Agreement with Oppenheimer & Co. Inc., Craig-Hallum Capital Group LLC, and Roth Capital Partners, LLC pursuant to which the Company may sell from time-to-time shares of its common stock having an aggregate offering price of up to $50,000,000 (the "2022 Equity Offering Program"). On May 25, 2022, the Company announced that it was suspending sales under the 2022 Equity Offering Program. If, in the future, the Company determines to resume sales pursuant to the 2022 Equity Offering Program, it intends to notify investors by the filing of a Current Report on Form 8-K or other public announcement.

**Underwritten Offering of Common Stock**

On January 19, 2023, the Company closed an underwritten public offering of 12,545,454 shares of its common stock at a price to the public of $2.75 per share pursuant to an underwriting agreement with B. Riley Securities, Inc., as representative of the several underwriters named therein. The shares of common stock issued at closing included 1,636,363 shares issued pursuant to the underwriters' over-allotment option, which was exercised in full. Gross proceeds totaled $34.5 million before deducting the underwriting discount and offering expenses of approximately $2.5 million resulting in net proceeds from the offering of approximately $32.0 million. Certain of the Company's directors and officers participated in the offering by purchasing shares on the same terms and conditions as other investors.

**Equity Incentive Plans**

During the nine months ended March 31, 2023, the Company granted employees options to purchase an aggregate of approximately 0.28 million shares of common stock. 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 assumptions:

| | Nine Months Ended March 31, 2023 |
|---|---|
| Exercise price | $ 2.83 – 4.23 |
| Expected term (years) | 4.00 - 4.75 |
| Volatility | 67 – 70% |
| Risk-free interest rate | 3.77 – 4.59% |
| Dividend yield | 0% |
| Weighted Average Grant Date Fair Value of Options granted during the period | $ 1.96 |

During the nine months ended March 31, 2023 the Company awarded certain employees and directors grants of an aggregate of approximately 2.0 million restricted stock units ("RSUs") with a weighted average grant date fair value of $3.21. The RSUs will be expensed over the requisite service period. The terms of the RSUs include vesting provisions based solely on continued service. If the service criteria are satisfied, the RSUs will generally vest over 4 – 5 years.

During the nine months ended March 31, 2023 the Company awarded certain employees grants of an aggregate of approximately 0.42 million restricted stock units with market value appreciation conditions ("MVSUs") with a weighted average grant date fair value of $7.60. The MVSUs will be expensed over the requisite service period. The terms of the MVSUs include vesting provisions based on continued service. The number of shares of the Company's common stock earned at vesting is based on the Company's stock price performance with amounts earned subject to a vesting multiplier ranging from 0% to 200%. If the service criteria are satisfied, the MVSUs will vest over 3 years.

Compensation expense related to our stock-based awards described above was as follows (in thousands):

| | Three Months Ended March 31, | | Nine months ended March 31, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Research and Development | $ 1,120 | $ 1,327 | $ 3,171 | $ 4,275 |
| General and Administrative | 2,090 | 1,179 | 4,283 | 3,479 |
| Total | $ 3,210 | $ 2,506 | $ 7,454 | $ 7,754 |

Unrecognized stock-based compensation expense and weighted-average years to be recognized are as follows (in thousands):

| | As of March 31, 2023 | |
|---|---|---|
| | Unrecognized stock-based compensation | Weighted-average years to be recognized |
| Options | $ 2,225 | 1.97 |
| Restricted stock units | $ 11,725 | 2.14 |

**Note 13. Leases**

**Leases**

The Company leases office space in Huntersville, NC, Carrollton, TX, San Jose, CA and Taiwan and leases equipment in Canandaigua, NY. Its leases have remaining lease terms of up to five years, some of which include options to extend the leases for up to twenty-four months. Following adoption of ASC 842, lease expense excludes capital area maintenance and property taxes.

The components of lease expense were as follows:

| | Three Months Ended March 31, 2023 | Three Months Ended March 31, 2022 | Nine Months Ended March 31, 2023 | Nine Months Ended March 31, 2022 |
|---|---|---|---|---|
| Operating Lease Expense | $ 159 | $ 84 | $ 360 | $ 241 |

Supplemental balance sheet information related to leases was as follows (in thousands):

| | Classification on the Condensed Consolidated Balance Sheet | March 31, 2023 | June 30, 2022 |
|---|---|---|---|
| **Assets** | | | |
| Operating lease assets | Other non-current assets | $ 1,483 | $ 1,126 |
| **Liabilities** | | | |
| Operating lease liabilities | Current liabilities | 415 | 313 |
| Operating lease liabilities | Long term liabilities | 1,093 | 811 |
| **Weighted Average Remaining Lease Term:** | | | |
| Operating leases | | 2.67 Years | 3.42 Years |
| **Weighted Average Discount Rate:** | | | |
| Operating leases | | 12.69% | 10.03% |

The following table outlines the minimum future lease payments for the next five years and thereafter, (in thousands):

| **For the year ending June 30,** | | |
|---|---|---|
| 2023 | $ | 142 |
| 2024 | | 586 |
| 2025 | | 605 |
| 2026 | | 373 |
| Thereafter | | 147 |
| Total lease payments (undiscounted cash flows) | | 1,853 |
| | | |
| Less imputed interest | | (345) |
| Total | $ | 1,508 |

**Note 14. Commitments and Contingencies**

**Ontario County Industrial Development Authority Agreement**

On February 27, 2018, the Company entered into a Lease and Project Agreement (the "Lease and Project Agreement") and a Company Lease Agreement (the "Company Lease Agreement" and together with the Lease and Project Agreement, the "Agreements"), each dated as of February 1, 2018, with the Ontario County Industrial Development Agency, a public benefit corporation of the State of New York (the "OCIDA"). Pursuant to the Agreements, the Company will lease for $1.00 annually to the OCIDA an approximately 9.995 acre parcel of land in Canandaigua, New York, together with the improvements thereon (including the Company's New York fabrication facility), and transfer title to certain related equipment and personal property to the OCIDA (collectively, the "Facility"). The OCIDA will lease the Facility back to the Company for annual rent payments specified in the Lease and Project Agreement for the Company's primary use as research and development, manufacturing, warehouse and professional office space in its business, and to be subleased, in part, by the Company to various existing tenants. The Company estimates substantial tax savings during the term of the Agreements, which expire on December 31, 2028. In addition, subject to the terms of the Lease and Project Agreement, certain purchases and leases of eligible items will be exempt from the imposition of sales and use taxes. Subject to the terms of the Lease and Project Agreement, the OCIDA has also granted to the Company an exemption from certain mortgage recording taxes for one or more mortgages securing an aggregate principal amount not to exceed $12.0 million, or such greater amount as approved by the OCIDA in its sole and absolute discretion. Benefits totaling approximately $0.3 million provided to the Company through March 31, 2023 pursuant to the terms of the Lease and Project Agreement are subject to claw back over the life of the Agreements upon certain recapture events, including certain events of default.

**Litigation, Claims and Assessments**

On October 4, 2021, the Company was named as a defendant in a complaint filed by Qorvo, Inc. ("Qorvo") in the United States District Court for the District of Delaware alleging, among other things, patent infringement, false advertising, false patent marking, and unfair competition. The complaint alleges that the defendants misappropriated proprietary information, made misleading statements about the characteristics of certain of its products, and sold products infringing on certain of the plaintiff's patents. The plaintiff seeks an injunction enjoining the Company from the alleged infringement and damages, including punitive and statutory enhanced damages, in an unspecified amount. The Company filed a motion to dismiss all of the claims other than the direct patent infringement claims, but the court permitted the plaintiff to file an amended complaint which the court subsequently determined was sufficient for pleading purposes. The Court dismissed the Company's motion in May 2022. The Court held a claims construction hearing in November 2022, issuing its claim construction order on March 15, 2023. On February 8, 2023, Qorvo filed a second amended complaint adding allegations of misappropriation of trade secrets, racketeering activities, and civil conspiracy. Based on the materials available to it, the Company believes it has meritorious defenses and intends to defend itself vigorously against the claims asserted by Qorvo. However, the Company can provide no assurance as to the outcome of such dispute, and such action may result in judgments against the Company for an injunction, significant damages or other relief, such as future royalty payments to Qorvo or restrictions on certain of the Company's activities.

On April 20, 2023, the Company filed a complaint against Qorvo in the United States District Court for the Eastern District of Texas alleging infringement by Qorvo of a patent licensed exclusively to the Company by Cornell University. The complaint alleges the defendant's willful infringement of the Cornell patent and seeks remedies including enhanced damages and attorneys' fees. The Company intends to pursue vigorously its claims against Qorvo but can provide no assurance as to the outcome of this dispute.

Resolution of each of the matters described above may be prolonged and costly, and the ultimate result or judgment is uncertain due to the inherent uncertainty in litigation and other proceedings. Even if ultimately settled or resolved in the Company's favor, the matters described above and other possible future actions may result in significant expenses, diversion of management and technical personnel attention and disruptions and delays in the Company's business and product development, and other collateral consequences, all of which could have a material adverse effect on its business, financial condition and results of operations. Any out-of-court settlement of the above matters or other actions may also have an adverse effect on the Company's business, financial condition and results of operations, including, but not limited to, substantial expenses, the payment of royalties, licensing or other fees payable to third parties, or restrictions on its ability to develop, manufacture and sell its products.

From time to time, the Company may become involved in other lawsuits, investigations and claims that arise in the ordinary course of business. The Company believes it has meritorious defenses against all pending claims and intends to vigorously pursue them. While it is not possible to predict or determine the outcomes of any pending actions, the Company believes the amount of liability, if any, with respect to such actions, would not materially affect its financial position, results of operations or cash flows.

**Tax Credit Contingency**

The Company accrues a liability for indirect tax contingencies when it believes that it is both probable that a liability has been incurred and that it can reasonably estimate the amount of the loss. The Company reviews these accruals and adjusts them to reflect ongoing negotiations, settlements, rulings, advice of legal counsel and other relevant information. To the extent new information is obtained and the Company's views on the probable outcomes of claims, suits, assessments, investigations or legal proceedings change, changes in the Company's accrued liabilities would be recorded in the period in which such determination is made.

The Company's gross unrecognized indirect tax credits totaled $0.1 million as of March 31, 2023 and $0.1 million as of June 30, 2022 and are recorded on the Consolidated Balance Sheet as a long-term liability.

**Note 15. Segment Information**

Operating segments are defined as components of an enterprise about which separate financial information is available and evaluated regularly by the chief operating decision maker, or decision–making group, in deciding how to allocate resources and in assessing performance. The Company's chief operating decision maker is its Chief Executive Officer. The Company operates in two segments, Foundry Fabrication Services, which consists of XBAW® foundry services, Non-Recurring Engineering ("NRE") and back-end supply chain services, and RF Filters, which consists of amplifier and filter product sales, and grant revenue. The Company records all general and administrative costs in the RF Filters segment.The Company evaluates performance of its operating segments based on revenue and operating profit (loss). Segment information for the three and nine months ended March 31, 2023 and 2022 are as follows (in thousands):

| | Foundry Fabrication Services | RF Filters | Total |
|---|---|---|---|
| **Three months ended March 31, 2023** | | | |
| Revenue | $ 3,397 | $ 3,959 | $ 7,356 |
| Cost of revenue | 2,009 | 6,463 | 8,472 |
| Gross margin | 1,388 | (2,504) | (1,116) |
| Research and development | — | 7,349 | 7,349 |
| General and administrative | 2,018 | 6,799 | 8,817 |
| **Income (Loss) from Operations** | **$ (630)** | **(16,652)** | **(17,282)** |
| | | | |
| **Three months ended March 31, 2022** | | | |
| Revenue | $ 407 | $ 4,200 | $ 4,607 |
| Cost of revenue | 534 | 4,836 | 5,370 |
| Gross margin | (127) | (636) | (763) |
| Research and development | — | 8,314 | 8,314 |
| General and administrative | — | 5,721 | 5,721 |
| **Income (Loss) from Operations** | **$ (127)** | **(14,671)** | **(14,798)** |
| | | | |
| **Nine months ended March 31, 2023** | | | |
| Revenue | $ 6,248 | $ 12,540 | $ 18,788 |
| Cost of revenue | 4,027 | 16,173 | 20,200 |
| Gross margin | 2,221 | (3,633) | (1,412) |
| Research and development | — | 25,079 | 25,079 |
| General and administrative | 2,018 | 19,632 | 21,650 |
| **Income (Loss) from Operations** | **$ 203** | **(48,344)** | **(48,141)** |
| | | | |
| **Nine months ended March 31, 2022** | | | |
| Revenue | $ 1,203 | $ 8,943 | $ 10,146 |
| Cost of revenue | 1,481 | 11,340 | 12,821 |
| Gross margin | (278) | (2,397) | (2,675) |
| Research and development | — | 25,481 | 25,481 |
| General and administrative | — | 14,742 | 14,742 |
| **Income (Loss) from Operations** | **$ (278)** | **(42,620)** | **(42,898)** |
| | | | |
| **As of March 31, 2023** | | | |
| Accounts receivable | $ 1,064 | $ 3,183 | $ 4,247 |
| Property and equipment, net | 2,447 | 54,866 | 57,313 |
| | | | |
| **As of June 30, 2022** | | | |
| Accounts receivable | $ 572 | $ 3,221 | $ 3,793 |
| Property and equipment, net | — | 51,157 | 51,157 |

**Note 16. Income Taxes**

On January 1, 2023 (the "Closing Date"), Akoustis Technologies, Inc. (the "Company") and its wholly-owned subsidiary, Akoustis, Inc. (the "Purchaser"), entered into a Stock Purchase Agreement (the "Purchase Agreement") with Grinding & Dicing Services, Inc. ("GDSI") and the stockholders of GDSI (the "Sellers"). Pursuant to the Purchase Agreement, the Purchaser acquired all of the outstanding capital stock of GDSI (such acquisition, the "Transaction").

The Company's preliminary allocation of purchase price for this acquisition is included in Note 7 – Business Acquisition, and includes an approximately $2.4 million deferred tax liability related to the acquired identifiable intangible assets and fixed asset basis differences.

The Company's income tax expense (benefit) was (2.4) million and ($2.4) million for the three and nine months ended March 31, 2023 respectively and ($128) thousand and ($70) thousand for the three and nine months ended March 31, 2022. The Company's effective tax rate was 13.2% and 5.0% for the three and nine months ended March 31, 2023 and 0.9% and 0.2% for the three and nine months ended March 31, 2022.

The Company's effective tax rate for the three and nine months ended March 31, 2023 and March 31, 2022, differed from the statutory rate primarily due to state taxes and changes in the valuation allowance against deferred tax assets.

**Note 17. 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 and nine months ended March 31, 2023 and March 31, 2022 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 March 31, 2023 and 2022:

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Convertible Notes | 9,341,825 | — |
| Options | 3,232,112 | 2,996,264 |
| Warrants | 41,103 | 78,555 |
| Total | 12,615,040 | 3,074,819 |

**Note 18. Fair Value Measurement**

Fair value is defined as the price that would be received upon selling an asset or the price paid to transfer a liability on the measurement date. It focuses on the exit price in the principal or most advantageous market for the asset or liability in an orderly transaction between willing market participants. A three-tier fair value hierarchy is established as a basis for considering such assumptions and for inputs used in the valuation methodologies in measuring fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair values are as follows:

Level 1: Observable prices in active markets for identical assets and liabilities.

Level 2: Observable inputs other than quoted prices in active markets for identical assets and liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

The following table classifies the liabilities measured at fair value on a recurring basis into the fair value hierarchy as of March 31, 2023:

| | Fair value at March 31, 2023 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| Contingent consideration | $ 8 | $ — | $ — | $ 8 |
| Derivative liabilities | 2,572 | — | — | 2,572 |
| Total fair value | $ 2,580 | $ — | $ — | $ 2,580 |

The following table classifies the liabilities measured at fair value on a recurring basis into the fair value hierarchy as of June 30, 2022:

| | Fair value at June 30, 2022 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| Contingent consideration | $ 1,446 | $ — | $ — | $ 1,446 |
| Derivative liabilities | 3,028 | — | — | 3,028 |
| Total fair value | $ 4,474 | $ — | $ — | $ 4,474 |

The following table sets forth a summary of the changes in the fair value of Level 3 contingent consideration that are measured at fair value on a recurring basis:

| Contingent consideration | | March 31, 2023 |
|---|---|---|
| Beginning balance | $ | 1,446 |
| Initial fair value of contingent consideration | | — |
| Change in fair value of contingent consideration | | (1,438) |
| **Ending balance** | **$** | **8** |

There were no transfers between Level 1, 2, or 3 valuation classifications during the three or nine months ended March 31, 2023.

The fair value of contingent consideration liabilities that was classified as Level 3 in the table above was estimated using a Monte Carlo simulation in an option pricing framework with significant inputs that are not observable in the market and thus represents a Level 3 fair value measurement as defined in ASC 820. The significant inputs in the Level 3 measurement not supported by market activity include the probability assessments of expected future sales revenue of RFMi products in calendar year 2023 and the volatility of those revenues, appropriately discounted considering the uncertainties associated with the obligation, and as calculated in accordance with the terms of the acquisition agreements. The development and determination of the unobservable inputs for Level 3 fair value measurements and the fair value calculations are the responsibility of the Company's chief financial officer and are approved by the chief executive officer.

The fair value of the contingent consideration liabilities on March 31, 2023 and June 30, 2022 were valued with the following assumptions:

| | March 31, 2023 | June 30, 2022 |
|---|---|---|
| Discount Rate | 16.6% | 14.3% – 14.5% |
| Revenue volatility | 30% | 30% |
| Risk free interest rate | 4.78% | 1.71% – 3.04% |
| Remaining term (years) | 0.84 | 0.59 – 1.58 |

The following table sets forth a summary of the changes in the fair value of Level 3 derivative liabilities that are measured at fair value on a recurring basis:

| Fair Value of Embedded Derivatives | | March 31, 2023 |
|---|---|---|
| Beginning balance | $ | 3,028 |
| Initial fair value of make-whole provision in convertible notes | | — |
| Initial fair value of change in control provision in convertible notes | | — |
| Change in fair value of convertible note derivatives | | (456) |
| **Ending balance** | **$** | **2,572** |

The fair value of the embedded derivatives in our convertible notes that were classified as Level 3 in the table above were estimated using a with and without approach on a lattice model framework with significant inputs that are not observable in the market and thus represent a Level 3 fair value measurement as defined in ASC 820. The significant inputs in the Level 3 measurement not supported by market activity include the probability and timing assessments of expected future change of control events, the volatility of our share price and the discount rate used to present value future cash payments under the convertible debt obligation. The development and determination of the unobservable inputs for Level 3 fair value measurements and the fair value calculations are the responsibility of the Company's chief financial officer and are approved by the chief executive officer.

The fair value of the embedded derivatives in our convertible notes as of March 31, 2023 and June 30, 2022 were valued with the following assumptions:

| | | March 31, 2023 | | June 30, 2022 |
|---|---|---|---|---|
| Stock Price | $ | 3.08 | $ | 3.70 |
| Volatility of stock price | | 70% | | 70% |
| Risk free interest rate | | 3.68% | | 3.01% |
| Debt yield | | 43.02% | | 41.5% |
| Remaining term (years) | | 4.2 | | 5.0 |

**Note 19. Subsequent Events**

The Company performed a review of events subsequent to the balance sheet date through the date the financial statements were issued and determined that there were no such events requiring recognition or disclosure in the financial statements.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

**Cautionary Note Regarding Forward-Looking Statements**

This quarterly report on Form 10-Q contains forward-looking statements that relate to our plans, objectives, estimates, and goals. Any and all statements contained in this report that are not statements of historical fact may be deemed to be forward-looking statements. Terms such as "may," "might," "would," "should," "could," "project," "estimate," "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 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 ("RF") filters, (ii) projections 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 this management's discussion and analysis of financial condition or in the results of operations included pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"), (iv) our ability to efficiently utilize cash and cash equivalents to support our operations for a given period of time, (v) our ability to engage customers while maintaining ownership of our intellectual property, and (vi) the assumptions underlying or relating to any statement described in (i), (ii), (iii), (iv) or (v) above.

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 are beyond our control. 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 and sustain our status as a going concern; our limited operating history; our inability to generate revenues or achieve profitability; the results of our research and development ("R&D") activities; our inability to achieve acceptance of our products in the market; the impact of the COVID-19 pandemic on our operations, financial condition and the worldwide economy, including its impact on our ability to access the capital markets; increases in prices for raw materials, labor, and fuel caused by rising inflation; general economic conditions, including upturns and downturns in the industry; shortages in supplies needed to manufacture our products, or needed by our customers to manufacture devices incorporating our products; our limited number of patents; failure to obtain, maintain, and enforce our intellectual property rights; claims of infringement, misappropriation or misuse of third party intellectual property, including the lawsuit filed by Qorvo, Inc. in October 2021, that, regardless of merit, could result in significant expense and loss of our intellectual property rights; our inability to attract and retain qualified personnel; the outcome of current and any future litigation; our inability to attract and retain qualified personnel; our reliance on third parties to complete certain processes in connection with the manufacture of our products; product quality and defects; existing or increased competition; our ability to market and sell our products; our inability to successfully manufacture, market and sell products based on our technologies; our ability to meet the required specifications of customers and achieve qualification of our products for commercial manufacturing in a timely manner; our inability to successfully scale our New York wafer fabrication facility and related operations while maintaining quality control and assurance and avoiding delays in output; contracting with customers and other parties with greater bargaining power and agreeing to terms and conditions that may adversely affect our business; the possibility that the anticipated benefits from our business acquisitions (including the acquisition of RFM Integrated Device, Inc. ("RFMi") and Grinding & Dicing Services, Inc. ("GDSI")) will not be realized in full or at all or may take longer to realize than expected; the possibility that costs or difficulties related to the integration of acquired businesses' (including RFMi's and GDSI's) operations will be greater than expected and the possibility of disruptions to our business during integration efforts and strain on management time and resources; risks related to doing business in foreign countries, including China; any security breaches, cyber-attacks or other disruptions compromising our proprietary information and exposing us to liability; our failure to innovate or adapt to new or emerging technologies; our failure to comply with regulatory requirements; results of any arbitration or litigation that may arise; stock volatility and illiquidity; our failure to implement our business plans or strategies; our failure to maintain effective internal control over financial reporting; our failure to obtain or maintain a Trusted Foundry accreditation or our New York fabrication facility; and shortages in supplies needed to manufacture our products, or needed by our customers to manufacture devices incorporating our products.

These and other risks and uncertainties, which are described in more detail in Part II, Item 1A. "Risk Factors" of this report and in our Annual Report on Form 10-K, filed with the SEC on September 12, 2022 (the "2022 Annual Report"), could cause our actual results to differ materially from those expressed or implied by the forward-looking statements in this report. Readers are cautioned not to place undue reliance on forward-looking statements because of the risks and uncertainties related to them. Except as may be required by law, we do not undertake any obligation to update the forward-looking statements contained in this report to reflect any new information or future events or circumstances or otherwise.

**Overview**

Akoustis® is an emerging commercial product company focused on developing, designing, and manufacturing innovative RF filter solutions for the wireless industry, including for products such as smartphones and tablets, network infrastructure equipment, Wi-Fi Customer Premise Equipment ("CPE") and defense applications. Filters are critical in selecting and rejecting signals, and their performance enables differentiation in the modules defining the RF front-end ("RFFE"). Located between the device's antenna and its digital backend, the RFFE is the circuitry that performs the analog signal processing and contains components such as amplifiers, filters and switches. We have developed a proprietary microelectromechanical system ("MEMS") based bulk acoustic wave ("BAW") technology and a unique manufacturing process flow, called "XBAW®", for our filters produced for use in RFFE modules. Our XBAW® filters incorporate optimized high purity piezoelectric materials for high power, high frequency and wide bandwidth operation. We are developing RF filters for 5G, Wi-Fi and defense bands using our proprietary resonator device models and product design kits (PDKs). As we qualify our RF filter products, we are engaging with target customers to evaluate our filter solutions. Our initial designs target UHB, sub 7 GHz 5G, Wi-Fi and defense bands. We expect our filter solutions will address problems (such as loss, bandwidth, power handling, and isolation) created by the growing number of frequency bands in the RFFE of mobile devices, infrastructure and premise equipment to support 5G, and Wi-Fi. We have prototyped, sampled and begun commercial shipment of our single-band low loss BAW filter designs for 5G frequency bands and 5 GHz and 6 GHz Wi-Fi bands which are suited to competitive BAW solutions and historically cannot be addressed with low-band, lower power handling surface acoustic wave ("SAW") technology. Additionally, through our wholly owned subsidiary, RFMi, which we acquired majority ownership in October 2021 and full ownership in April 2022, we operate a fabless business whereby we make sales of complementary SAW resonators, RF filters, crystal ("Xtal") resonators and oscillators, and ceramic products—addressing opportunities in multiple end markets, such as automotive and industrial applications. We also offer back-end semiconductor supply chain services through our wholly owned subsidiary, Grinding & Dicing Services, Inc., which we acquired in January 2023.

We own and/or have filed applications for patents on the core resonator device technology, manufacturing facility and intellectual property ("IP") necessary to produce our RF filter chips and operate as a "pure-play" RF filter supplier, providing discrete filter solutions direct to Original Equipment Manufacturers ("OEMs") and aligning with the front-end module manufacturers that seek to acquire high performance filters to expand their module businesses. We believe this business model is the most direct and efficient means of delivering our solutions to the market.

*Technology*. Our device technology is based upon bulk-mode acoustic resonance, which we believe is superior to surface-mode resonance for high-band and ultra-high-band ("UHB") applications that include 4G/LTE, 5G, Wi-Fi, and defense applications. Although some of our target customers utilize or manufacture the RFFE module, they may lack access to critical UHB filter technology that we produce, which is necessary to compete in high frequency applications.

*Manufacturing*. We currently manufacture Akoustis' high-performance RF filter circuits, using our first generation XBAW® wafer process, in our 125,000-square foot wafer-manufacturing facility located in Canandaigua, New York (the "NY Facility"), which we acquired in June 2017. Our SAW-based RF filter products are manufactured by a third party and sold either directly or through a sales distributor.

*Intellectual Property.* As of April 28, 2023, our IP portfolio included 89 patents, including a blocking patent that we have licensed from Cornell University. Additionally, as of April 28, 2023, we have 124 pending patent applications. These patents cover our XBAW® RF filter technology from raw materials through the system architectures. Given the significance of the Company's intellectual property to its business, the Company enforces its intellectual property rights and protects its patent portfolio, which may include filing lawsuits against companies that the Company believes are infringing upon its patents. The Company considers protecting its intellectual property rights to be central to its business model and competitive position in the RF filter industry.

By designing, manufacturing, and marketing our RF filter products to mobile phone OEMs, defense OEMs, network infrastructure OEMs, and Wi-Fi CPE OEMs, we seek to enable broader competition among the front-end module manufacturers.

Since we own and/or have filed applications for patents on the core technology and control access to our intellectual property, we expect to offer several ways to engage with potential customers. First, we intend to engage with multiple wireless markets, providing standardized filters that we design and offer as standard catalog components. Second, we expect to deliver unique filters to customer-supplied specifications, which we will design and fabricate on a customized basis. Finally, we may offer our models and design kits for our customers to design their own filters utilizing our proprietary technology.

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 and engineering of catalog and custom filter design solutions. To succeed across our combined portfolio of Akoustis, XBAW, and RFMi products, we must convince customers in a wide range of industries including mobile phone OEMs, RFFE module manufacturers, network infrastructure OEMs, WiFi CPE OEMs, medical device makers, automotive and defense customers to use our products in their systems and modules. For example, since there are two dominant BAW filter 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 company for XBAW filters.

To help drive our XBAW filter business, we plan to continue to pursue RF filter design and R&D development agreements and potentially joint ventures with target customers and other strategic partners, although we cannot guarantee we will be successful in these efforts. These types of arrangements may subsidize technology development costs and qualification, filter design costs, and offer complementary technology and market intelligence and other avenues to revenue. However, we intend to retain ownership of our core XBAW technology, intellectual property, designs, and related improvements. Across our combined portfolio of Akoustis, XBAW, and RFMi products, we expect to continue development of catalog designs for multiple customers and to offer such catalog products in multiple sales channels.

***Business Environment and Current Trends***

*Impact of COVID-19 on our Business*

The global health crisis caused by the COVID-19 pandemic has negatively impacted business activity across the globe. We have observed declining demand and price reductions in the electronics industry as business and consumer activity has decelerated. Additionally, COVID-19 has contributed to some of the delays we have observed in certain suppliers' shipment of materials necessary for us to manufacture our products and in certain vendors' ability to deliver equipment for installation at our facilities. When COVID-19 is demonstrably contained, we anticipate that its effects on global commerce will subside; however, the timing and extent of this is uncertain. We will continue to actively monitor the situation and may take further actions altering our business operations that we determine are in the best interests of our employees, customers, partners, suppliers, and stakeholders, or as required by federal, state, or local authorities. It is not clear what the ultimate effects any such alterations or modifications may have on our business, including the effects on our customers, employees, and prospects, or on our financial results for the remainder of fiscal year 2023 or beyond.

*Semiconductor Shortages and Supply Chain Issues*

The global silicon semiconductor industry is experiencing a shortage in supply and difficulties in ability to meet customer demand. This shortage has led to an increase in lead-times of production of semiconductor chips and components. As our business depends in significant part upon manufacturers of products requiring semiconductors, as well as the current and anticipated production of these products, we have sought to manage the impact of supply shortages though carefully maintaining and increasing key inventory levels. In some cases, we have incurred higher costs to secure available inventory, or have extended our purchase commitments or placed non-cancellable orders with suppliers, which introduces inventory risk if our forecasts and assumptions are inaccurate. We believe the global supply chain challenges and their adverse impact on our business and financial results will persist through calendar year 2023. We expect these constrained supply conditions to increase our costs of goods sold and increase uncertainty with respect to the timing of delivery of specific customer orders.

*Effects of Inflation and Recession Fears*

Inflation and other macroeconomic pressures in the U.S. and the global economy such as rising interest rates, energy prices and recession fears are creating a complex and challenging business environment. Inflationary pressures, including increased costs of labor and goods included in our supply chain, have negatively impacted our revenue, operating margins and net income and may continue to do so through the remainder of the fiscal year. Additionally, we have observed certain customers reduce or defer orders, citing negative economic forecasts.

*Recent Legislation*

On August 9, 2022, President Biden signed into law the CHIPS and Science Act of 2022, which appropriates funds to support the construction of semiconductor plants in the United States and advancement of United States semiconductor research and development. The Company is evaluating the provisions of the new law and its potential impact to the Company.

**Recent Developments**

On January 4, 2023, we announced the acquisition of GDSI, a U.S.-based, trusted supplier of semiconductor back-end supply chain services.

On January 18, 2023, we announced that we had received our first high-volume 5G mobile XBAW filter order from a Tier-1 RF component company.

On January 25, 2023, we announced the closing of a public offering of common stock and full exercise of the underwriters' option to purchase additional shares.

On March 23, 2023, we announced the appointment of Michelle L. Petock, CEO of W Greig & Company to our Board of Directors

On April 4, 2023, we announced that we received a development order for Wi-Fi 6E/7 from a new RF module maker customer.

On April 11, 2023, we introduced a new C-V2X XBAW® filter for the automotive market.

On April 26, 2023, we announced a volume purchase order for Wi-Fi 6E filters for a new, advanced, high-speed line of Wi-Fi 6E fixed infrastructure products.

[On May 3, 2023 we announced that we received our first Wi-Fi 7 design win for XBAW® filter solutions from a leading enterprise class customer.][Confirm PR released]

**Critical Accounting Policies**

There have been no material changes to our critical accounting policies and estimates from the information provided in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in our 2022 Annual Report.

**Results of Operations**

***Three Months Ended March 31, 2023 and 2022***

*Revenue*

The Company recorded revenue of $7.4 million for the three months ended March 31, 2023 as compared to $4.6 million for the three months ended March 31, 2022. The increase of $2.8 million, or 60%, was primarily due to an increase in foundry fabrication service revenue by $3.0 million or 695%, which includes revenue from sales of GDSI services. This increase was partially offset by a slight decrease in filter product revenue by $0.2 million or 5%.

*Cost of Revenue*

Cost of revenue includes direct labor, material, net realizable value (NRV) adjustments, and facility costs primarily associated with foundry services revenue, manufacturing of filter products and engineering services. The Company recorded cost of revenue of $8.5 million for the three months ended March 31, 2023 as compared to $5.4 million for the three months ended March 31, 2022. The $3.1 million increase is due to costs associated with foundry fabrication services, which increased by $1.5 million, and which includes cost of revenue from services provided by GDSI. In addition, costs associated with product filters increased by $1.8 million due to NRV inventory adjustments.

*Research and Development Expenses*

R&D expenses were $7.3 million for the three months ended March 31, 2023, as compared to $8.3 million for the three months ended March 31, 2022, a decrease of $1.0 million or 12.0%. The decrease was driven by a $1.2 million decrease in material and equipment related costs related to R&D activities. This decrease was partially offset by an increase in personnel costs of $0.2 million.

*General and Administrative Expense*

General and administrative ("G&A") expenses include salaries and wages for executive and administrative staff, stock-based compensation, professional fees, insurance costs and other general costs associated with the administration of our business. G&A expenses for the three months ended March 31, 2023 were $8.8 million, which is an increase of $3.1 million compared to the $5.7 million for the three months ended March 31, 2022. Year-over-year changes within G&A expenses include an increase in employee compensation (including stock-based compensation) of $1.7 million. In addition, general expenses such as professional fees and intangible amortization increased by $1.2 million.

*Other (Expense)/Income*

Other expense for the three months ended March 31, 2023 was $0.6 million, compared to other expense of $0.2 million for the three months ended March 31, 2022. The expense increase of $0.4 million was comprised of additional interest expense of $0.5 million and a loss on the value of derivative liabilities of $0.4 million. These increases were offset by a gain on the value of contingent consideration of $0.4 million.

*Net Loss*

The Company recorded a net loss of $15.5 million for the three months ended March 31, 2023, compared to a net loss of $14.7 million for the three months ended March 31, 2022. The period-over-period change of $0.8 million, or 5.4%, was primarily driven by an increase in revenue of $2.7 million as well as a decrease in R&D expenses of $1.0 million. In addition, the Company recorded an income tax credit of $2.4 million during the period related to the acquisition of GDSI. The R&D expense decrease was partially offset by an increase in G&A expenses of $3.1 million, an increase in cost of revenue of $3.1 million and an increase in other expenses of $0.4 million.

***Nine months ended March 31, 2023 and 2022***

*Revenue*

The Company recorded revenue of $18.8 million for the nine months ended March 31, 2023 as compared to $10.1 million for the nine months ended March 31, 2022. The increase of $8.6 million was primarily due to an increase in foundry fabrication revenue of $5.0 million or 419%, which includes revenue from sales of GDSI services. In addition, revenue from sales of filter products increase by $3.6 million or 40%.

*Cost of Revenue*

Cost of revenue includes direct labor, material, net realizable value (NRV) adjustments, and facility costs primarily associated with foundry services revenue, manufacturing of filter products and engineering services. The Company recorded cost of revenue of $20.2 million for the nine months ended March 31, 2023 as compared to $12.8 million for the nine months ended March 31, 2022. The $7.4 million increase is primarily due to costs associated with RF product revenue which increased by $4.8 million. In addition, costs related to foundry fabrication services increased by $2.5 million or 172%, which includes cost of revenue from services provided by GDSI.

*Research and Development Expenses*

R&D expenses were $25.1 million for the nine months ended March 31, 2023, as compared to $25.5 million for the nine months ended March 31, 2022, a decrease of $0.4 million or 1.6%. Personnel costs, including stock-based compensation, were $13.4 million compared to $13.7 million in the prior year period, a decrease of $0.3 million or 2.2%. In addition facility costs were $0.1 million or, 1.9% lower than the prior period.

*General and Administrative Expense*

G&A expenses include salaries and wages for executive and administrative staff, stock-based compensation, professional fees, insurance costs and other general costs associated with the administration of our business. G&A expenses for the nine months ended March 31, 2023 were $21.6 million, which is an increase of $6.9 million compared to the $14.7 million for the nine months ended March 31, 2022. Year-over-year changes within G&A expenses include an increase in personnel costs, including stock compensation, of $1.7 million or 18.5%. In addition, general expenses of $11.0 million including professional fees and intangible amortization, increased by $5.2 million, or 89.6%.

*Other (Expense)/Income*

Other expenses for the nine months ended March 31, 2023 was $71 thousand, compared to other expenses of $93 thousand for the nine months ended March 31, 2022. The expense decrease of $21 thousand was comprised of an increase in interest expense of $2.0 million offset by a gain on the value of contingent consideration of $1.6 million and a gain on the value of derivative liabilities of $0.5 million.

*Net Loss*

The Company recorded a net loss of $45.8 million for the nine months ended March 31, 2023, compared to a net loss of $42.8 million for the nine months ended March 31, 2022. The period-over-period increase of $2.9 million, or 6.8%, was primarily driven by an increase in cost of revenue of $7.4 million, an increase in G&A expenses of $6.9 million. These expense increases were partially offset by an increase revenue of $8.6 million as well as a decrease of R&D expenses of $0.4 million. In addition, the Company recorded an income tax credit of $2.4 million during the period related to the acquisition of GDSI.

**Liquidity and Capital Resources**

***Overview***

The Company's short-term and long-term liquidity requirements primarily arise from funding (i) research and development expenses, (ii) G&A expenses including salaries, bonuses, commissions and stock-based compensation, (iii) working capital requirements, (iv) business acquisitions and investments we may make from time to time, including a potential performance based payment related to our acquisition of RFMi, and a note payable issued in connection with our acquisition of GDSI, and (v)interest and principal payments related to our $44.0 million aggregate principal amount of outstanding convertible notes. Additionally, in the near-term, the Company makes capital expenditures in connection with the expansion of the capacity of its manufacturing facility in Canandaigua, New York.

The Company has incurred losses and negative cash flow from operations since inception. Our operations thus far have been funded primarily with sales of equity and debt securities, as well as contract research and government grants, foundry services and engineering services. We expect our operating expenditures to continue to increase to support future growth of our manufacturing capabilities and expansion of our product offerings, as well as an increase in research and development and headcount costs to support this growth. We believe we currently have sufficient resources to fund operations and planned investments for at least the next twelve months. However, until we are able to generate sufficient cash flow from operations to achieve and maintain profitability and meet our obligations as they come due, we may need to raise additional capital to support our business. In June 2022, we completed an offering of convertible notes resulting in net proceeds to the Company of $43.7 million. In January 2023, we completed a public offering of our common stock raising $32.0 million in net proceeds. Also in January 2023, approximately $13.9 million in cash was paid to the sellers in the GDSI acquisition as mentioned in Footnote 7. Additionally, the Company estimates that approximately $2.9 million of additional cash is needed to complete construction in progress assets that are currently not in service. The Company may also in the future make acquisitions of, or investments in, companies that it believes has products or capability that are a strategic or commercial fit with its current business or otherwise offer opportunities for the Company. The financing of any such acquisitions may include the payment of cash, issuance of securities and/or incurrence of debt.

We have access to an at-the-market offering program pursuant to which we may sell up to $50 million of Common Stock. As of the date of this Quarterly Report, the Company had sold $2.0 million of Common Stock under such at-the-market offering program and previously announced that it was suspending sales under the at-the-market offering program. If, in the future, the Company determines to resume sales under the at-the-market offering program, it intends to notify investors by the filing of a Current Report on Form 8-K or other public announcement.

***Balance Sheet and Working Capital***

The Company had $52.7 million of cash and cash equivalents on hand as of March 31, 2023, which reflects a decrease of $27.7 million compared to $80.5 million as of June 30, 2022. The decrease is primarily due to cash used in operations of $36.1 million, and cash used for investing activities of $23.9 million. These uses of cash were partially offset by cash proceeds related to the equity raise of $32 million. The Company estimates that cash on hand will be sufficient to fund its operations as currently conducted, including current capital expense commitments, beyond the next twelve months from the date of filing of this Form 10-Q. However, the Company has historically incurred recurring operating losses and will continue to do so until it generates sufficient revenues from operations; as a result, we may need to obtain additional capital through the sale of additional equity securities, debt, or otherwise, to fund operations past that date. There is no assurance that the Company's projections and estimates are accurate. The Company is actively managing and controlling its cash outflows to mitigate liquidity risks.

*March 31, 2023 compared to June 30, 2022*

As of March 31, 2023, the Company had current assets of $68.2 million, made up primarily of cash on hand of $52.7 million. As of June 30, 2022, current assets were $91.7 million comprised primarily of cash on hand of $80.5 million.

Property, Plant and Equipment was $57.3 million as of March 31, 2023 as compared to a balance of $51.2 million as of June 30, 2022.

Total assets as of March 31, 2023 and June 30, 2022 were $157.5 million and $161.3 million, respectively.

Current liabilities as of March 31, 2023 and June 30, 2022 were $11.8 million and $12.7 million, respectively.

Long-term liabilities totaled $45.2 million as of March 31, 2023, compared to $45.3 million as of June 30, 2022.

Stockholders' equity was $100.5 million as of March 31, 2023, compared to $103.4 million as of June 30, 2022, a decrease of $2.9 million, or 2.8%. This decrease was primarily due to the net loss for the nine months ended March 31, 2023 of $45.8 million which was partially offset by the increase in additional paid-in-capital ("APIC") of $42.8 million. The increase in APIC was primarily due to common stock issued for cash of $32.0 million and common stock issued for services of $7.5 million.

***Cash Flow Analysis***

Operating activities used cash of $36.1 million during the nine months ended March 31, 2023 and $33.3 million during the comparative period ended March 31, 2022. The $2.8 million period-over-period increase in cash used was attributable to higher general and administrative expenses associated with legal and professional fees.

Investing activities used cash of $23.9 million for the nine months ended March 31, 2023 compared to $25.6 million for the comparative period ended March 31, 2022. The decrease of $1.7 million was primarily due to a $11.6 million decrease in purchases of capital equipment which was offset by an increase in cash paid for investment in subsidiaries of $9.8 related to the purchases of RFMi during the second quarter of fiscal year 2022 and GDSI in the third quarter of this fiscal year.

Cash proceeds from financing activities increased by $5.9 million compared to the nine months ended March 31, 2022 primarily due to the increase in proceeds from issuance of common stock.

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable to smaller reporting companies.

## ITEM 4. CONTROLS AND PROCEDURES

### Management's Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is (1) recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and (2) accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

As of March 31, 2023, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our Chief Executive Officer and Chief Financial Officer have concluded based upon the evaluation described above that, as of March 31, 2023, our disclosure controls and procedures were effective at the reasonable assurance level.

### Changes in Internal Control over Financial Reporting

During the quarter ended March 31, 2023, there were no changes in our internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15(d)-15(f) promulgated under the Securities Exchange Act of 1934, that have materially affected, or are reasonably likely to materially affect, our internal control 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 have an adverse effect on our business, financial condition or results of operations and prospects.

Except for the matters described under "Litigation, Claims and Assessments" in "Note 14. – Commitments and Contingencies" of the condensed consolidated financial statements in this Item 1 of Part I of this Quarterly Report on Form 10-Q, which description is incorporated in this "Item 1. Legal Proceedings" by reference, we are currently not aware of any material pending legal proceedings to which we are a party or of which any of our property is the subject, nor are we aware of any such proceedings that are contemplated by any governmental authority.

### ITEM 1A. RISK FACTORS.

In addition to the information set forth in this report, you should carefully consider the factors discussed under Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended June 30, 2022. These factors could materially adversely affect our business, financial condition, liquidity, results of operations and capital position, and could cause our actual results to differ materially from our historical results or the results contemplated by the forward-looking statements contained in this report. There have been no material changes to the risk factors described in Part I, Item 1A, "*Risk Factors*," included in our 2022 Annual Report.

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

**Unregistered Sales of Equity Securities**

Other than any sales previously reported in the Company's Current Reports on Form 8-K, the Company did not sell any unregistered securities during the period covered by this report.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not applicable.

### ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

### ITEM 5. OTHER INFORMATION.

None

**ITEM 6. EXHIBITS.**

The exhibits in the Exhibit Index below are filed or furnished, as applicable, as part of this report.

**EXHIBIT INDEX**

| Exhibit Number | Description |
|---|---|
| 3.1 | Articles of Conversion of the Company, as filed with the Nevada Secretary of State on December 15, 2016 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on December 16, 2016) |
| 3.2 | Certificate of Conversion of the Company, as filed with the Delaware Secretary of State on December 15, 2016 (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the SEC on December 16, 2016) |
| 3.3 | Certificate of Incorporation, as filed with the Delaware Secretary of State on December 15, 2016 (incorporated by reference to Exhibit 3.3 to the Company's Current Report on Form 8-K filed with the SEC on December 16, 2016) |
| 3.4 | Certificate of Amendment to the Certificate of Incorporation, as filed with the Delaware Secretary of State on November 4, 2019 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on November 6, 2019) |
| 3.5 | Certificate of Amendment to the Certificate of Incorporation, as filed with the Delaware Secretary of State on November 10, 2022 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on November 14, 2022) |
| 3.6 | Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.5 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 1, 2020) |
| 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 Officer |
| 32.1** | Section 1350 Certification of Principal Executive Officer |
| 32.2** | Section 1350 Certification of Principal Financial Officer |
| 101* | Interactive Data Files of Financial Statements and Notes |
| 101.INS* | Inline XBRL Instance Document |
| 101.SCH* | Inline XBRL Taxonomy Extension Schema Document. |
| 101.CAL* | Inline XBRL Taxonomy Extension Calculation Linkbase Document. |
| 101.DEF* | Inline XBRL Taxonomy Extension Definition Linkbase Document. |
| 101.LAB* | Inline XBRL Taxonomy Extension Label Linkbase Document. |
| 101.PRE* | Inline XBRL Taxonomy Extension Presentation Linkbase Document. |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101). |

* Filed herewith
** Furnished herewith
† Management contract or compensatory plan or arrangement

## 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: May 08, 2023 | **Akoustis Technologies, Inc.** |
| | By: /s/ Kenneth E. Boller |
| | Kenneth E. Boller<br>Chief Financial Officer<br>(Principal Financial and Accounting Officer) |

**Exhibit 31.1**

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a)**
**OF THE SECURITIES EXCHANGE ACT OF 1934**

I, Jeffrey B. Shealy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Akoustis Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 08, 2023

/s/ Jeffrey B. Shealy
Jeffrey B. Shealy
President and Chief Executive Officer
(Principal Executive Officer)

**Exhibit 31.2**

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a)**
**OF THE SECURITIES EXCHANGE ACT OF 1934**

I, Kenneth E. Boller, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Akoustis Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 08, 2023

/s/ Kenneth E. Boller
Kenneth E. Boller
Chief Financial Officer
(Principal Financial and Accounting Officer)

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Akoustis Technologies, Inc. (the "Company") on Form 10-Q for the quarterly period ended March 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jeffrey B. Shealy, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 08, 2023

/s/ Jeffrey B. Shealy
Jeffrey B. Shealy
President and Chief Executive Officer
(Principal Executive Officer)

*A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.*

**Exhibit 32.2**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Akoustis Technologies, Inc. (the "Company") on Form 10-Q for the quarterly period ended March 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kenneth E. Boller, Interim Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 08, 2023

/s/ Kenneth E. Boller
Kenneth E. Boller
Chief Financial Officer
(Principal Financial and Accounting Officer)

*A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.*