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Crown Electrokinetics Reports Fiscal 2021 Third Quarter Financial Results and Provides Corporate Update

Improved Balance Sheet upon closing of \$21.5 million public offering

Began trading on the NASDAQ under ticker symbol "CRKN"

Completed acquisition of intellectual property portfolio from HP

CORVALLIS, Ore., Feb. 17, 2021 /PRNewswire/ -- [Crown Electrokinetics Corp.](#) (NASDAQ: CRKN) ("**Crown**" or the "**Company**"), a leading smart glass technology company developing and commercializing patented thin-film solutions, today reported its financial results for the fiscal 2021 third quarter ended December 31, 2020.

"During the fiscal third quarter, Crown completed the necessary steps to become a Nasdaq-listed public company. This included the appointment of three new members to the Board of Directors bringing decades of experience in key areas including global energy solutions, integrated marketing and public company executive leadership, " said Crown Chairman & CEO, Doug Croxall.

"We entered 2021 with great momentum launching and successfully closing a \$21.5 million capital raise and simultaneously listing on the Nasdaq Capital Market. Most recently, we completed the purchase of the intellectual property portfolio from HP. Crown is well positioned for its next phase of growth focused on the commercialization of our DynamicTint™ solutions," concluded Mr. Croxall.

Corporate Updates

- Launched the innovative DynamicTint™ Insert in November 2020. Leveraging Crown's DynamicTint in a convenient insert for your home skylight it will be used to control a room's light and make your home more sustainable.
- Enhanced the Board of Directors with the appointments of Edward Kovalik, John Marchese and Christopher Smith on December 1, 2020. The new additions to the Board join Dr. DJ Nag, a globally recognized intellectual property strategist, as independent directors.
 - Edward Kovalik is the Chief Executive Officer of Unity National Financial Services, a minority owned boutique investment bank, and co-founder of Prairie Partners. Prior to Unity National, Mr. Kovalik had executive experience at KLR Group, a merchant bank focused on the Energy sector, and Rodman & Renshaw.

- John Marchese is the Founder, President and Managing Partner at Marchese Associates, a branding and integrated marketing consultancy located in Jacksonville Beach, Florida. With over 35 years of marketing and brand consulting experience, Mr. Marchese has worked with C-level executives of Fortune 500 companies to solve highly-complex business and portfolio marketing problems.
- Christopher Smith is a practicing attorney advising domestic corporate, international corporate and personal clients. He has extensive board experience serving as chairman and director of various public and private companies as well as chairmanships of numerous audit and governance committees. Mr. Smith's engagements have included Sylvania International, Puma, Cadence Innovation, Thompson Publishing, Barnes Engineering and Oneida, and other enterprises in a wide variety of industries. He is currently Lead Independent Director of Kubient, Inc. (KBNT), a leading digital communications enterprise.
- Improved the balance sheet with the closing of a \$21.5 million gross capital raise on January 28, 2021. The underwritten public offering was of 4,150,000 shares of its common stock at a price of \$4.50 per share. The Company received net proceeds of \$19.3 million which will be used for general corporate matters, including continued technology development, and manufacturing infrastructure.
- Began trading on the Nasdaq Capital Market under the ticker symbol "CRKN" on January 26, 2021. In addition, the Company effected a 1-for-3 reverse stock split to meet listing requirements for the exchange.
- Completed the acquisition of ten intellectual property (IP) patents covering electrokinetic (EK) technology from HP, Inc. The acquired IP portfolio was incubated and developed by key Crown executives while previously working at HP. These patents cover innovative trade secrets that the team uses to develop innovative smart glass technology including DynamicTint™.

About Crown Electrokinetics

Crown is a smart glass technology company and the creator of DynamicTint - We Make Your Glass Smarter™. Originally invented by Hewlett-Packard (HP, Inc.), our technology allows any glass surface to transition between clear and dark in seconds. With applications to a wide array of windows, including commercial buildings, automotive sunroofs, and residential skylights, we partner with leading glass and film manufacturers for mass production and distribution. At the core of our technology is a thin film that is powered by electrically-charged pigment which not only replaces common window tints but is also a more sustainable alternative to traditional window treatments. With its unique ability to be retrofitted to existing glass, DynamicTint™ offers myriad benefits related to reducing carbon emissions. The company is supported by a robust patent portfolio. For more information, please visit WWW.CROWNEK.COM.

Forward-Looking Statements

This press release contains forward-looking statements as defined within Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of

1934, as amended. These forward-looking statements, and terms such as "anticipate," "expect," "intend," "may," "will," "should" or other comparable terms, involve risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. Those statements include statements regarding the intent, belief or current expectations of Crown Electrokinetics and members of its management, as well as the assumptions on which such statements are based. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, including those described in Crown Electrokinetics' periodic reports filed with the SEC, and that actual results may differ materially from those contemplated by such forward-looking statements. Except as required by federal securities law, Crown Electrokinetics undertakes no obligation to update or revise forward-looking statements to reflect changed conditions.

Balance Sheet

	<u>December 31, 2020</u>	<u>March 31, 2020</u>
	(Unaudited)	
ASSETS		
Current assets:		
Cash & cash equivalents	\$ 35,609	\$ 48,307
Prepaid & other current assets	253,906	12,693
Total current assets	<u>289,515</u>	<u>61,000</u>
Property and equipment, net	148,240	92,629
Intangible assets, net	204,651	235,007
	<u>\$ 642,406</u>	<u>\$ 388,636</u>
TOTAL ASSETS		
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$ 1,182,621	\$ 1,262,389
Accrued expenses	356,315	765,201
Accrued interest	464,565	454,926
Notes payable, net of debt discount of \$822,961 and \$405,377, respectively	2,842,931	3,083,158
Warrant liability	2,542,415	1,733,718
Related party payable	25,000	49,741
Total current liabilities	<u>7,413,847</u>	<u>7,349,133</u>
Total liabilities	<u>7,413,847</u>	<u>7,349,133</u>
Commitments and Contingencies (Note 12)		
STOCKHOLDERS' DEFICIT:		
Preferred stock, par value \$0.0001; 50,000,000 shares authorized, no shares outstanding	-	-
Common stock, par value \$0.0001; 200,000,000 shares authorized; 7,599,716 shares outstanding as of December 31, 2020 and 5,774,778 shares outstanding as of March 31, 2020, respectively	760	577
Additional paid-in capital	29,758,066	9,487,285
Accumulated deficit	<u>(36,530,267)</u>	<u>(16,448,359)</u>
Total stockholders' deficit	<u>(6,771,441)</u>	<u>(6,960,497)</u>
	<u>\$ 642,406</u>	<u>\$ 388,636</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT		

Statements of Operations

	Three Months Ended December 31		Nine Months Ended December 31,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Revenue	-	100,000	-	100,000
Cost of revenue	-	153,500	-	460,500
Gross loss	-	(53,500)	-	(360,500)
Operating expenses:				
Research and development	838,967	483,647	2,634,663	1,554,413
Selling, general and administrative	1,857,892	1,428,686	11,455,061	4,297,077
Total operating expenses	<u>2,696,859</u>	<u>1,912,333</u>	<u>14,089,724</u>	<u>5,851,490</u>
Loss from operations	<u>(2,696,859)</u>	<u>(1,965,833)</u>	<u>(14,089,724)</u>	<u>(6,211,990)</u>
Other income (expense):				
Other expense	(483)	-	(54,709)	-
Interest expense	(340,880)	(309,422)	(2,664,897)	(1,226,021)
Loss on exchange of notes payable for common stock and warrants	-	-	(1,521,348)	-
Loss on extinguishment of debt	(255,046)	-	(452,646)	-
Change in fair value of warrant liability	(598,899)	-	(1,337,355)	136,326
Change in fair value of derivative liability	38,771	-	38,771	-
Total other expense	<u>(1,156,537)</u>	<u>(309,422)</u>	<u>(5,992,184)</u>	<u>(1,089,695)</u>
Net loss	<u>\$ (3,853,396)</u>	<u>\$ (2,275,255)</u>	<u>\$ (20,081,908)</u>	<u>\$ (7,301,685)</u>
Net loss per share, basic and diluted:	<u>\$ (0.45)</u>	<u>\$ (0.58)</u>	<u>\$ (2.70)</u>	<u>\$ (2.03)</u>
Weighted average shares outstanding, basic and diluted:	<u>8,595,124</u>	<u>3,946,403</u>	<u>7,430,701</u>	<u>3,605,001</u>

	Nine Months Ended December 31,	
	2020	2019
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	(20,081,908)	(7,301,685)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	10,662,994	3,713,956
Issuance of common stock to consultants	302,109	240,000
Issuance of common stock and warrants in connection with cancellation of consulting agreement	-	264,520
Depreciation and amortization	56,709	57,893
Loss on extinguishment of debt	452,646	-
Loss on exchange of notes payable for common stock and warrants	1,521,348	-
Amortization of debt discount	2,255,845	976,662
Non-cash expenses for placement agent	54,961	-
Change in fair value of warrant liability	1,337,355	(136,326)
Change in fair value of derivative liability	(38,771)	-
Bad debt expense	-	24,788
Changes in operating assets and liabilities:		
Prepaid and other current assets	(188,733)	28,682
Account payable	120,067	652,054
Accrued expenses	(408,887)	467,957
Accrued interest	348,852	249,694
Net cash used in operating activities	<u>(3,605,413)</u>	<u>(761,805)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(81,964)	(26,603)
Purchase of research and development license	(25,000)	-
Net cash used in investing activities	<u>(106,964)</u>	<u>(26,603)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		

Proceeds from the issuance of common stock, net of fees	1,598,700	-
Proceeds from related party non interest bearing advance	25,000	48,741
Repayment of senior secured promissory note	(200,000)	-
Proceeds from PPP loan	205,200	-
Repayment of related party non interest bearing advance	(49,741)	-
Repayment of notes payable	(53,000)	-
Proceeds from issuance of senior secured convertible notes and common stock warrants	2,676,000	638,500
Common stock repurchased and subsequently canceled	(450,000)	-
Payment of financing costs	(52,480)	-
Change in cash overdraft	-	1,720
Net cash provided by financing activities	<u>3,699,679</u>	<u>688,961</u>
Net decrease in cash	(12,698)	(99,447)
Cash — beginning of period	48,307	99,447
Cash — end of period	<u>\$ 35,609</u>	<u>\$ -</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Unpaid deferred offering costs	\$ -	\$ 181,051
Unpaid research and development license included in accounts payable	\$ 75,000	\$ 100,000
Beneficial conversion feature in connection with notes payable	\$ 618,657	\$ 27,918
Issuance of common stock in connection with conversion of notes	\$ 4,493,623	\$ -
Issuance of common stock in connection with notes payable	\$ 1,133,650	\$ 321,000
Issuance of common stock in satisfaction of accounts payable	\$ 121,835	\$ -
Exercise of common stock warrants	\$ 10	\$ -
Canceled restricted stock awards	\$ 200	\$ -
Reclassification of warrant liabilities	\$ 2,061,288	\$ -
Issuance of common stock warrants	\$ 263,328	\$ -
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ 60,201	\$ -
Cash paid income taxes	\$ -	\$ -

View original content: <http://www.prnewswire.com/news-releases/crown-electrokinetics-reports-fiscal-2021-third-quarter-financial-results-and-provides-corporate-update-301229869.html>

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