

November 11, 2022



# Crown Electrokinetics Corp. Reports Third Quarter 2022 Financial Results

LOS ANGELES, Nov. 11, 2022 (GLOBE NEWSWIRE) -- [Crown Electrokinetics Corp.](#) (NASDAQ: **CRKN**) (“Crown” or the “Company”), a leading smart glass technology company, will report its financial results for the Third Quarter 2022 today, Friday, November 11, 2022.

Doug Croxall, Crown CEO and Chairman, “We are pleased to recently have capitalized the Company in a difficult macro environment. This new capital will allow Crown to deliver its first-generation product, while also providing us with the runway to continue negotiating debt capital, which the Company will require to initiate our next phase of manufacturing. We remain active in those discussions which once completed, would allow us to build our new roll-to-roll lines enabling us to produce film at widths ranging between 12 inches and 72 inches.”

## Corporate Updates During and Subsequent to the Third Quarter 2022

- Generation 1.0 smart window inserts expected to be delivered in Q1 of 2023
- Raised \$4 million of equity
- Advancing towards expected closing on \$30 million debt facility
- Working with two additional customers for generation 1.0 smart window delivery

## Financial Results for the Second Quarter ended June 30, 2022

**Net Loss:** Net loss for the quarter ended September 30, 2022, was \$3.1 million which included \$0.5 million of non-cash stock-based compensation expense. This Net loss was \$2.6 million lower than the \$5.7 million recorded during the quarter ended September 30, 2021, which included \$3.1 million of non-cash compensation.

**Operating Expenses:** Operating Expenses were \$3.1 million comprising \$0.5 million of non-cash stock-based compensation, \$1.7 million of payroll expense, \$0.3 million in consulting and professional fees, and \$0.6 million of operating overhead.

**Cash Position:** For the three months ended September 30, 2022, the Company deployed \$2.1 million of cash for operations and raised \$1.5 million from financing activities. As of September 30, 2022, cash and cash equivalents were \$0.3 million while the Company has access to a \$10 million standby letter of credit as well as a \$3.5 million At-the-Market offering. Subsequent to September 30, 2022 the Company raised a further \$4.0 million in capital.

## Conference Call and Webcast Information

To participate in this event, please log-on or dial-in approximately 5 to 10 minutes before the beginning of the call.

Date: November 11, 2022

Time: 11:00 a.m. EST

Toll Free: 1-877-451-6152

International: 1-201-389-0879

Conference ID: 13734239

Webcast: [https://viaid.webcasts.com/starthere.jsp?ei=1581306&tp\\_key=3178854a7a](https://viaid.webcasts.com/starthere.jsp?ei=1581306&tp_key=3178854a7a)

### **Conference Call Replay Information**

Toll-free: 1-844-512-2921

International: 1-412-317-6671

Replay Pin Number:13734239

Replay Webcast: [https://viaid.webcasts.com/starthere.jsp?ei=1581306&tp\\_key=3178854a7a](https://viaid.webcasts.com/starthere.jsp?ei=1581306&tp_key=3178854a7a)

### **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, our technology allows any glass surface to transition between clear and dark in seconds. 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.

### **Safe Harbor Statement:**

Statements in this news release may be "forward-looking statements". Forward-looking statements include, but are not limited to, statements that express our intentions, beliefs, expectations, strategies, predictions, or any other statements relating to our future activities or other future events or conditions. These statements are based on current expectations, estimates and projections about our business based, in part, on assumptions made by management. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may, and are likely to, differ materially from what is expressed or forecasted in forward-looking statements due to numerous factors. Any forward-looking statements speak only as of the date of this news release and Crown Electrokinetic Corporation undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this news release.

This press release does not constitute a public offer of any securities for sale. Any securities offered privately will not be or have not been registered under the Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

### **Crown Electrokinetics**

IR Email: [info@crownek.com](mailto:info@crownek.com)

Source: Crown Electrokinetics: [www.crownek.com](http://www.crownek.com)

**CROWN ELECTROKINETICS CORP.**  
**Condensed Balance Sheets**  
(in thousands, except share and per share amounts)

	September 30, 2022	December 31, 2021
	(Unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash	\$ 342	\$ 6,130
Prepaid and other current assets	380	687
Total current assets	722	6,817
Property and equipment, net	1,416	895
Intangible assets, net	1,654	1,761
Right of use asset	1,971	-
Other assets	403	179
<b>TOTAL ASSETS</b>	<b>\$ 6,166</b>	<b>\$ 9,652</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,211	\$ 358
Accrued expenses	133	298
Lease liability - current portion	253	-
Notes payable	8	8
Total current liabilities	1,605	664
Lease liability	1,815	-
Total liabilities	3,420	664
<b>Commitments and Contingencies (Note X)</b>		
<b>STOCKHOLDERS' EQUITY:</b>		
Preferred stock, par value \$0.0001; 50,000,000 shares authorized, no shares outstanding	-	-
Series A preferred stock, par value \$0.0001; 300 shares authorized, 251 shares outstanding as of September 30, 2022 and December 31 2021	-	-
Series B preferred stock, par value \$0.0001; 1,500 shares authorized, 1,443 shares outstanding as of September 30, 2022 and December 31 2021	-	-
Series C preferred stock, par value \$0.0001; 600,000 shares authorized, 500,756 shares outstanding as of September 30, 2022 and December 31, 2021	-	-
Series D preferred stock, par value \$0.0001; 7,000 shares authorized, 1,058 shares issued and outstanding as of September 30, 2022; liquidation preference \$1,081 as of September 30, 2022; No shares authorized, or outstanding, and no liquidation preference as of December 31, 2021	-	-

Common stock, par value \$0.0001; 200,000,000 shares authorized; 18,523,072, and 14,530,126 shares outstanding as of September 30, 2022 and December 31, 2021, respectively

	2	1
Additional paid-in capital	88,597	82,677
Accumulated deficit	<u>(85,853)</u>	<u>(73,690)</u>
Total stockholders' equity	<u>2,746</u>	<u>8,988</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 6,166</b>	<b>\$ 9,652</b>

**CROWN ELECTROKINETICS CORP.**  
**Condensed Statements of Operations**  
**Three and Nine Months Ended September 30, 2022 and 2021**  
(Unaudited)  
(in thousands, except share and per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
<b>Operating expenses:</b>				
Research and development	\$ 955	\$ 787	\$ 3,523	2,127
Selling, general and administrative	2,160	4,865	8,634	14,184
<b>Total operating expenses</b>	<u>3,115</u>	<u>5,652</u>	<u>12,157</u>	<u>16,311</u>
<b>Loss from operations</b>	<u>(3,115)</u>	<u>(5,652)</u>	<u>(12,157)</u>	<u>(16,311)</u>
<b>Other income (expense):</b>				
Other income (expense)	-	(49)	-	(42)
Interest expense	(1)	(2)	(6)	(535)
Loss on exchange of notes payable for common stock and warrants	-	-	-	(6)
Gain (loss) on extinguishment of debt	-	-	-	(13,805)
Change in fair value of warrant liability	-	-	-	(1,024)
Change in fair value of derivative liability	-	-	-	(51)
<b>Total other income (expense)</b>	<u>(1)</u>	<u>(51)</u>	<u>(6)</u>	<u>(15,463)</u>
<b>Net loss</b>	(3,116)	(5,703)	(12,163)	(31,774)
Cumulative dividends on Series D preferred stock	(23)	-	(23)	-
<b>Net loss attributable to common stockholders</b>	<u>\$ (3,139)</u>	<u>\$ (5,703)</u>	<u>\$ (12,186)</u>	<u>\$ (31,774)</u>
<b>Net loss per share attributable to common stockholders</b>	<u>\$ (0.18)</u>	<u>\$ (0.39)</u>	<u>\$ (0.73)</u>	<u>\$ (2.32)</u>
<b>Weighted average shares outstanding, basic and diluted:</b>	17,644,188	14,510,818	16,646,616	13,669,445

**CROWN ELECTROKINETICS CORP.**  
**Condensed Statements of Cash Flows**  
**Nine Months Ended September 30, 2022 and 2021**  
(Unaudited)  
(in thousands)

	Nine months ended September 30,	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (12,163)	\$ (31,774)

Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	3,011	8,903
Issuance of common stock to consultants	-	247
Depreciation and amortization	360	184
Loss on extinguishment of debt	-	13,805
Loss on exchange of notes payable for common stock and warrants	-	6
Amortization of debt discount	-	458
Change in fair value of warrant liability	-	1,024
Change in fair value of derivative liability	-	51
Loss on disposal of equipment	52	-
Amortization of right of use assets	365	-
Changes in operating assets and liabilities:		
Prepaid and other assets	392	(479)
Accounts payable	367	(757)
Accrued expenses	(165)	123
Accrued interest	-	72
Lease liability	(268)	-
Net cash used in operating activities	<u>(8,049)</u>	<u>(8,137)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(278)	(392)
Purchase of patents	(61)	(1,706)
Net cash used in investing activities	<u>(339)</u>	<u>(2,098)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from the issuance of common stock and warrants, net of fees	855	19,326
Proceeds from the issuance of common stock / At-the-market offering	732	-
Offering costs for the issuance of common stock / At-the-market offering	(26)	-
Proceeds from issuance of Series D preferred stock and warrants, net of fees	1,039	-
Proceeds from the exercise of common stock warrants	-	180
Proceeds from PPP loan	-	233
Proceeds from exercise of stock options	-	186
Repayment of related party non interest bearing advance	-	(25)
Net cash provided by financing activities	<u>2,600</u>	<u>19,900</u>
Net increase (decrease) increase in cash	(5,788)	9,665
Cash — beginning of period	6,130	36
Cash — end of period	<u>\$ 342</u>	<u>\$ 9,701</u>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>		
Issuance of common stock warrants in connection with SLOC	\$ 223	\$ -
Issuance of common stock and preferred stock in connection with conversion of notes	\$ -	\$ 19,222
Repurchase beneficial conversion feature in connection with conversion of notes payable	\$ -	\$ 6,647
Reclassification of warrant liabilities	\$ -	\$ 3,566
Issuance of common stock warrants in connection with note exchange agreements	\$ -	\$ 4,918
Issuance of common stock warrants in connection with consideration payable	\$ 86	\$ -
Unpaid equipment included in accounts payable	\$ 486	\$ -
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ 3	\$ 5

Source: Crown Electrokinetics Corp.