

March 31, 2023



# Crown Electrokinetics Corp. Reports Year End 2022 Financial Results

LOS ANGELES, March 31, 2023 (GLOBE NEWSWIRE) -- [Crown Electrokinetics Corp. \(NASDAQ: CRKN\)](#) ("Crown" or the "Company"), a leading smart glass technology company and an expert in both designing and installing distributed antenna systems (DAS) and constructing fiber optic networks, today announced its year-end 2022 financial results.

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

- Closed the asset acquisition of Amerigen 7, integrated organizations, and completed rebrand to Crown Fiber Optics
- Expanded to three customers including two new large telco infrastructure companies with estimated revenue potential up to \$100 million
- Raised \$7.1 million in Q1 2023 through a combination of debt and equity issuances
- Closed up to \$100 million line of credit
- Advancing EK film production

Doug Croxall, Crown CEO and Chairman, said, "Our fourth quarter was extremely productive setting the stage for growth opportunities across our now two business units. With the successful acquisition and rebranding of Amerigen 7, to Crown Fiber Optics, we have already entered into two new agreements with leading infrastructure solutions providers, expanding our geographic US footprint, diversifying our revenue base, and making revenue more predictable. We look forward to 2023 being a year of execution."

## Financial Results for the year ended December 31, 2022 compared to 12 months ended 2021 *(2021 unaudited due to nine-month stub year)*

**Net Loss:** Net loss for the year ended December 31, 2022, was \$14.3 million which included \$2.4 million of non-cash stock-based compensation expense. This Net loss was \$22.8 million lower than the \$37.2 million recorded during the 12 months ended December 31, 2021, which included \$12.2 million of non-cash compensation and \$14.6 million of Other Income/expense.

**Operating Expenses:** Operating Expenses were \$15.1 million comprising \$2.4 million of non-cash stock-based compensation, \$7.0 million of payroll expense, \$2.6 million in consulting and professional fees, and \$3.1 million of operating overhead. Excluding stock compensation expense, operating expenses were higher by \$2.7 million in 2022, compared to the same period in 2021, due to increased payroll costs \$1.5 million, rent and utilities \$0.6 million and other overheads \$0.7 million.

**Cash Position:** For the year ended December 31, 2022, the Company deployed \$11.1 million of cash for operations, \$0.8 million in investments, and raised \$6.6 million from financing activities with \$3.1 million from equity issuance and \$3.5 million of debt. As of December 31, 2022, cash and cash equivalents were \$0.8 million.

## **Subsequent to December 31, 2022**

Subsequent to December 31, 2022, the Company acquired specific assets and liabilities from Amerigen 7 for cash consideration of approximately \$0.6 million.

The Company secured a Line of Credit for up to \$100 million from which it has drawn \$2.0 million. A further \$5.1 million of capital was raised with \$1.0 million of debt and \$4.1 million coming from warrant exercises and ATM activity.

The Company will host a conference call and audio webcast that morning at 11:00 a.m. Eastern time featuring remarks by Doug Croxall, Chairman & CEO and Joel Krutz, CFO.

## **Conference Call Information**

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

Date: March 31, 2023

Time: 11:00 a.m. EDT

Toll Free: 1-877-451-6152

International: 1-201-389-0879

Conference ID: 13737268

Webcast: [https://viaid.webcasts.com/starthere.jsp?ei=1605377&tp\\_key=348919e489](https://viaid.webcasts.com/starthere.jsp?ei=1605377&tp_key=348919e489)

Participants may also join by using Call me™ at the link below:

<https://callme.viaid.com/viaid/?>

[callme=true&passcode=13722237&h=true&info=company&r=true&B=6](https://callme.viaid.com/viaid/?callme=true&passcode=13722237&h=true&info=company&r=true&B=6) - Participants can use Guest dial-in #s above and be answered by an operator OR click the Call me™ link for instant telephone access to the event. The Call me™ link will be made active 15 minutes prior to scheduled start time.

## **Conference Call Replay Information**

Toll-free: 1-844-512-2921

International: 1-412-317-6671

Replay Pin Number: 13737268

Replay: [https://viaid.webcasts.com/starthere.jsp?ei=1605377&tp\\_key=348919e489](https://viaid.webcasts.com/starthere.jsp?ei=1605377&tp_key=348919e489)

## **About Crown Electrokinetics**

Crown is a smart glass technology company and the creator of our Smart Window Insert and an expert in both designing and installing distributed antenna systems (DAS) and constructing fiber optic networks.

## **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 Electrokinetics 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.**  
**Consolidated Balance Sheets**  
(in thousands)

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 821	\$ 6,130
Prepaid and other current assets	590	687
Total current assets	1,411	6,817
Property and equipment, net	1,409	895
Intangible assets, net	1,598	1,761
Right of use asset	1,842	-
Deferred debt issuance costs	150	-
Other assets	180	179
<b>TOTAL ASSETS</b>	<b>\$ 6,590</b>	<b>\$ 9,652</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 865	\$ 358
Accrued expenses	621	298
Lease liability - current portion	574	-
Warrant liability	972	-
Notes payable at fair value	1,654	-
Notes payable	8	8
Total current liabilities	4,694	664
Lease liability	1,366	-
Total liabilities	6,060	664
<b>Commitments and Contingencies (Note 12)</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 December 31, 2022 and 2021	-	-
Series B preferred stock, par value \$0.0001; 1,500 shares authorized, 1,443 shares outstanding as of December 31, 2022 and 2021	-	-
Series C preferred stock, par value \$0.0001; 600,000 shares authorized, 500,756 shares outstanding as of December 31, 2022 and 2021	-	-
Series D preferred stock, par value \$0.0001; 7,000 shares authorized, 1,058 shares issued and outstanding as of December 31, 2022; liquidation preference \$1,113 as of December 31, 2022; No shares authorized, or outstanding, and no liquidation preference as of December 31, 2021	-	-
Common stock, par value \$0.0001; 800,000,000 shares authorized; 20,243,509 and 14,530,126 shares outstanding as of December 31, 2022 and 2021, respectively	2	1
Additional paid-in capital	88,533	82,677
Accumulated deficit	(88,005)	(73,690)
Total stockholders' equity	530	8,988
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 6,590</b>	<b>\$ 9,652</b>

**Crown Electrokinetics Corp.****Consolidated Statements of Operations**

(in thousands)

	<b>Year Ended December 31, 2022</b>	<b>Nine Months Ended December 31, 2021</b>
<b>Operating expenses:</b>		
Research and development	\$ 4,107	\$ 2,496
Selling, general and administrative	11,001	14,367
<b>Total operating expenses</b>	<u>15,108</u>	<u>16,863</u>
<b>Loss from operations</b>	<u>(15,108)</u>	<u>(16,863)</u>
<b>Other income (expense):</b>		
Other expense	(74)	(55)
Interest expense	(7)	(7)
Change in fair value of warrant liability	1,023	-
Change in fair value of notes	(149)	-
Gain on extinguishment of debt	-	7
Gain on forgiveness of PPP loan	-	431
<b>Total other income</b>	<u>793</u>	<u>376</u>
<b>Net loss</b>	(14,315)	(16,487)
Cumulative dividends on Series D preferred stock	(55)	-
<b>Net loss attributable to common stockholders</b>	<u>\$ (14,370)</u>	<u>\$ (16,487)</u>
<b>Net loss per share attributable to common stockholders</b>	\$ (0.82)	\$ (1.13)
<b>Weighted average shares outstanding, basic and diluted:</b>	17,436,174	14,596,019

**Crown Electrokinetics Corp.**  
**Consolidated Statements of Cashflows**  
(in thousands)

	<b>Year Ended December 31, 2022</b>	<b>Nine Months Ended December 31, 2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	(14,315)	\$ (16,487)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	2,405	8,458
Issuance of common stock to consultants	-	244
Depreciation and amortization	503	225
Loss on extinguishment of debt	-	(7)
Gain on forgiveness of PPP loan	-	(431)
Change in fair value of warrant liability	(1,023)	-
Change in fair value of notes	149	-
Loss on disposal of equipment	52	-
Amortization of deferred debt issuance costs	73	-
Amortization of right of use assets	494	-
Changes in operating assets and liabilities:		
Prepaid and other assets	182	(500)
Accounts payable	413	(126)
Accrued expenses	323	87
Lease liability	(396)	-
Net cash used in operating activities	<u>(11,140)</u>	<u>(8,537)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(751)	(552)
Purchase of patents	(61)	(264)
Net cash used in investing activities	<u>(812)</u>	<u>(816)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from the issuance of common stock and warrants, net of fees	855	-
Proceeds from the issuance of common stock / At-the-market offering	1,295	-
Offering costs for the issuance of common stock / At-the-market offering	(46)	-
Proceeds from issuance of senior secured convertible notes and common stock warrants	3,500	-
Proceeds from issuance of Series D preferred stock and warrants, net of fees	1,039	-
Proceeds from exercise of stock options	-	186
Net cash provided by financing activities	<u>6,643</u>	<u>186</u>
Net decrease in cash	(5,309)	(9,167)
Cash — beginning of year	6,130	15,297
Cash — end of year	<u>\$ 821</u>	<u>\$ 6,130</u>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>		
Issuance of common stock warrants in connection with SLOC	<u>\$ 223</u>	<u>\$ -</u>
Issuance of common stock warrants in connection with consideration payable	<u>\$ 86</u>	<u>\$ -</u>
Unpaid equipment included in accounts payable	<u>\$ 94</u>	<u>\$ 206</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid for interest	<u>\$ 7</u>	<u>\$ 6</u>

Source: Crown Electrokinetics Corp.