

June 21, 2021



# Crown Electrokinetics Reports Fiscal 2021 Fourth Quarter and Full Year Financial Results

**Launched first field test of DynamicTint™ Smart Glass inserts with large commercial REIT**

**Appointed Joel Krutz as Chief Financial Officer**

CORVALLIS, Ore., June 21, 2021 /PRNewswire/ --[Crown Electrokinetics Corp.](#) (NASDAQ: CRKN) ("Crown" or the "Company"), a leading smart glass technology company that has developed and is commercializing patented thin-film solutions, today reported its financial results for the fiscal 2021 fourth quarter and full year ended March 31, 2021.

"We concluded our fiscal year 2021 with a series of exciting milestones including successfully raising \$21.5 million, listing on Nasdaq, enhancing our leadership team and Board of Directors, and acquiring the IP for our core electrokinetic technology," said Doug Croxall, Crown Chairman & CEO. "Subsequent to the quarter, we launched our field test of the DynamicTint™ Smart Glass inserts with a large commercial REIT. This performance test is being conducted at their headquarters in anticipation of a product rollout through their entire portfolio of commercial buildings. We look forward to providing more color upon the completion of this field test."

"As we focus on the next stage of our Company's growth story, we announced this morning a strategic new hire of Joel Krutz as Chief Financial Officer. Joel is an experienced leader with a proven track record in financial operations for early growth stage companies like Crown. We are excited to have him on the team as we maintain a relentless focus on both customer and product development for the remainder of 2021," concluded Mr. Croxall.

## Corporate Updates

- Appointed Joel Krutz as new Chief Financial Officer, effective June 21, 2021.
- Launched field test of the DynamicTint Smart Glass inserts at a large commercial REIT's headquarters.
- Ran successful first embossing process on Crown's production roll-to-roll tool with the Company's micro-design. Crown's roll-to-roll processing is expected to have an inherently lower manufacturing cost compared to sheet-based and glass-based processing methods used for other smart window technologies.
- Enhanced the Board of Directors with the appointments of Gizman Abbas and Garry

Hanna on March 9, 2021. Mr. Abbas and Mr. Hanna bring decades of experience and wisdom in key areas including commercial buildings, global energy solutions, utilities, and executive leadership.

- Acquired ten intellectual property (IP) patents covering innovative trade secrets for the continued development of electrokinetic (EK) technology from HP, Inc.
- Strengthened the balance sheet with the closing of a \$21.5 million gross capital raise on January 28, 2021 as well as the conversion and elimination of all convertible debt notes leaving working capital at year end of \$14.7m
- Commenced trading on the Nasdaq Capital Market under the ticker symbol "CRKN" on January 26, 2021.

## **Financial Results for Fiscal Year 2021**

**Cash Position:** As of March 31, 2021, cash and cash equivalents were \$15.3 million. For the fiscal year 2021, the Company had net cash from financing activities of \$23.5 million, offset by net cash used in investing activities of approximately \$1.6 million and net cash used in operating activities of approximately \$6.6 million.

**Net Loss:** Net loss was \$40.8 million for the year ended March 31, 2021, and \$9.6 million during the year ended March 31, 2020. This is primarily driven by financing expenses of \$20.4 million related to the balance sheet restructuring and stock-based compensation expenses of \$14.4 million. Underlying operating and other expenses were \$5.9 million.

**Research and development (R&D) expense:** R&D expenses were \$3.5 million for the year ended March 31, 2021, an increase compared to \$1.8 million for the year ended March 31, 2020. This is primarily due to increased stock-based compensation expenses.

**Selling, general and administrative (SG&A) expense:** SG&A expenses were \$15.8 million and \$5.5 million for the years ended March 31, 2021 and 2020, respectively. This is primarily due to increased stock-based compensation expense.

## **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](http://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.

**CROWN ELECTROKINETIC CORP.**  
**Balance Sheets**

	March 31, 2021	March 31, 2020
<b>ASSETS</b>		
Current assets:		
Cash	\$ 15,296,924	\$ 48,307
Prepaid & other current assets	345,644	12,693
Total current assets	15,642,568	61,000
Property and equipment, net	209,133	92,629
Intangible assets, net	1,649,522	235,007
Other assets	20,373	-
<b>TOTAL ASSETS</b>	<b>\$ 17,521,596</b>	<b>\$ 388,636</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Current liabilities:		
Accounts payable	\$ 285,149	\$ 1,262,389
Accrued expenses	210,898	765,201
Accrued interest	-	454,926
Notes payable, net of debt discount of \$0 and \$405,377, respectively	438,500	3,083,158
Warrant liability	-	1,733,718
Related party payable	-	49,741
Total current liabilities	934,547	7,349,133
Total liabilities	934,547	7,349,133
<b>Commitments and Contingencies (Note 13)</b>		
STOCKHOLDERS' EQUITY (DEFICIT):		
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 March 31, 2021 and no shares outstanding as of March 31, 2020	-	-
Series B preferred stock, par value \$0.0001; 1,500 shares authorized, 1,443 shares outstanding as of March 31, 2021 and no shares outstanding as of March 31, 2020	-	-
Series C preferred stock, par value \$0.0001; 600,000 shares authorized, 500,756 shares outstanding as of March 31, 2021 and no shares outstanding as of March 31, 2020	50	-
Common stock, par value \$0.0001; 200,000,000 shares authorized; 14,856,480 and 5,774,778 shares outstanding as of March 31, 2021 and 2020, respectively	1,486	577
Additional paid-in capital	73,788,997	9,487,285
Accumulated deficit	(57,203,484)	(16,448,359)
Total stockholders' equity (deficit)	16,587,049	(6,960,497)
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>	<b>\$ 17,521,596</b>	<b>\$ 388,636</b>
<b>WORKING CAPITAL</b>	<b>\$ 14,708,021</b>	<b>\$ 388,636</b>

**CROWN ELECTROKINETIC CORP.**  
**Statements of Operations**

	<b>Years Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Revenue</b>	\$ -	\$ 100,000
<b>Cost of revenue</b>	-	620,000
<b>Gross loss</b>	-	(520,000)
<b>Operating expenses:</b>		
Research and development	3,539,857	1,826,140
Selling, general and administrative	15,812,365	5,491,769
<b>Total operating expenses</b>	<b>19,352,222</b>	<b>7,317,909</b>
<b>Loss from operations</b>	<b>(19,352,222)</b>	<b>(7,837,909)</b>
<b>Other income (expense):</b>		
Other income	6,734	3,318
Other expense	(55,444)	-
Interest expense	(3,196,264)	(1,497,352)
Loss on exchange of notes payable for common stock and warrants	(1,527,184)	-
Loss on extinguishment of debt	(14,257,495)	(255,000)
Change in fair value of warrant liability	(2,360,543)	(16,928)
Change in fair value of derivative liability	(12,707)	-
<b>Total other expense</b>	<b>(21,402,903)</b>	<b>(1,765,962)</b>
<b>Net loss</b>	<b>\$ (40,755,125)</b>	<b>\$ (9,603,871)</b>
<b>Net loss per share, basic and diluted:</b>	<b>\$ (4.60)</b>	<b>\$ (2.33)</b>
<b>Weighted average shares outstanding, basic and diluted:</b>	<b>8,851,151</b>	<b>4,117,410</b>

**CROWN ELECTROKINETIC CORP.**  
**Statement of Cashflows**

	<b>Years Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (40,755,125)	\$ (9,603,871)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	14,125,997	4,496,169
Issuance of common stock to consultants	305,435	264,520
Issuance of common stock and warrants	-	355,000
Depreciation and amortization	102,837	76,752
Deferred offering costs	-	181,051
Loss on extinguishment of debt	14,257,495	255,000
Loss on exchange of notes payable for common stock and warrants	1,527,184	-
Amortization of debt discount	2,713,516	1,172,542
Non-cash expenses for placement agent	54,961	-
Change in fair value of warrant liability	2,360,543	16,928
Change in fair value of derivative liability	12,707	-
Bad debt expense	-	24,788
Changes in operating assets and liabilities:		
Prepaid and other assets	(353,324)	54,185
Account payable	(802,404)	667,672
Accrued expenses	(554,304)	670,161
Accrued interest	420,099	324,825
Net cash used in operating activities	(6,584,383)	(1,044,278)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(158,857)	(26,603)
Purchase of patents	(1,475,000)	-
Net cash used in investing activities	(1,633,857)	(26,603)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from the issuance of common stock and warrants, net of fees	20,925,114	-
Proceeds from related party non-interest bearing advance	25,000	49,741
Proceed from the exercise of common stock warrants	179,984	-
Proceeds from notes payable	-	18,500
Repayment of senior secured promissory note	(200,000)	-
Proceeds from PPP loan	438,500	-
Repayment of related party non-interest bearing advance	(74,741)	-
Repayment of notes payable	(53,000)	(18,500)
Proceeds from issuance of senior secured convertible notes and common stock warrants	2,676,000	970,000
Common stock repurchased and subsequently canceled	(450,000)	-
Net cash provided by financing activities	23,466,857	1,019,741
Net increase (decrease) in cash	15,248,617	(51,140)
Cash — beginning of year	48,307	99,447
Cash — end of year	\$ 15,296,924	\$ 48,307

View original content to download multimedia <http://www.prnewswire.com/news-releases/crown-electrokinetics-reports-fiscal-2021-fourth-quarter-and-full-year-financial-results-301316679.html>

SOURCE Crown Electrokinetics