

May 13, 2022



# Crown Electrokinetics Reports First Quarter 2022 Result

Los Angeles, California, May 13, 2022 (GLOBE NEWSWIRE) -- [Crown Electrokinetics Corp. \(NASDAQ: CRKN\)](#) ("Crown" or the "Company"), a leading smart glass technology company, will today report its financial results for the First Quarter 2022 on Friday, May 13, 2022.

Doug Croxall, Crown CEO and Chairman, "More than ever, we are convinced of the path we chose to vertically integrate all manufacturing into our own facilities located in Corvallis and Salem, Oregon. This decision should provide greater production control, improve our time to market, result in enhanced margins, and increase protection of Crown's intellectual property."

## Crown First Quarter 2022 Update

The Company expects to have its new facilities in Salem, Oregon operational during Summer 2022. The Salem facility will manage the assembly of the Smart Window Inserts™ and Corvallis will continue to house the Research and Development lab where they will initially produce DynamicTint™ film for the first product launch in Summer 2022.

Initially, the Smart Window Insert™ will be produced in a limited run to fulfill orders from the Company's current customers.

On March 25th, the Company entered into its third MSA (Master Supply Agreement) with another large REIT (Real Estate Investment Trust), to install its Smart Window Inserts™ powered by DynamicTint™ in its office buildings. The MSA provides the terms and conditions under which purchase orders will be executed.

## Financial Results for the First Quarter ended March 31, 2022, compared to the same period ended March 31, 2021

**Net Loss:** Net loss for the quarter ended March 31, 2022, was \$4.6 million which included \$1.1 million of non-cash stock-based compensation expense. This Net loss was \$16.1 million lower than the \$20.7 million recorded during the quarter ended March 31, 2021, which included \$18.9 million of non-cash compensation and financing expenses.

**Operating Expenses:** Operating Expenses were \$4.6 million comprising \$1.1 million of non-cash stock-based compensation, \$1.9 million of payroll expense, \$0.8 million in consulting and professional fees, and \$0.8 million of operating overhead. Operating expenses for the quarter ended March 31, 2021, were \$5.3 million which included non-cash stock-based compensation of \$3.5 million.

**Other Income/Expenses:** Other Income was nominal during the quarter ended March 31, 2022. Other Expense was \$15.4 million for the quarter ended March 31, 2021, and was

primarily due to interest incurred on convertible notes.

**Cash Position:** For the quarter ended March 31, 2022, the Company deployed \$3.6 million of cash for operations and \$0.1 million for investing activities. As of March 31, 2022, cash and cash equivalents were \$2.5 million.

In March 2022 Crown executed a \$10 million standby letter of credit and in April 2022 filed a Prospectus Supplement for a \$5 million At-the-Market offering.

### **Conference Call and Webcast Information**

The Company will host a conference call and audio webcast on Friday, May 13th, 2022, at 11:00 a.m. Eastern Time featuring remarks by Doug Croxall, Chairman & CEO and Joel Krutz, CFO.

**Event:** Crown Electrokinetics First Quarter 2022 Earnings Conference Call

**Date:** Friday, May 13, 2022

**Time:** 11:00 a.m. Eastern Time / 8:00 a.m. Pacific Time

**Live Call:** + 1-877-451-6152 (Toll Free) or +1-201-389-0879 (International)

**Webcast:** [Crown Electrokinetics 2022 Q1 Earnings Call Webcast Link](#) (Click to Access the Webcast)

For interested individuals unable to join the conference call, a replay will be available through May 27, 2022, at +1-844-512-2921 (U.S. Toll Free) or +1-412-317-6671 (International). Participants must use the following code to access the replay of the call: 13729772. An archived version of the webcast will also be available on Crown's Investor Relations site: <https://ir.crownec.com/>.

### **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.

**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

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

## Attachments

- [Crown Electrokinetics Reports First Quarter 2022 Result](#)
- [Crown Electrokinetics Reports First Quarter 2022 Result](#)
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Source: Crown Electrokinetics Corp.

## Crown Electrokinetics Reports First Quarter 2022 Result

Crown Electrokinetics, Corp.  
Statements of Operations  
(in thousands)

	Three months ended March 31,	
	2022	2021
<b>Operating expenses:</b>		
Research and development	\$ 1,096	\$ 905
Selling, general and administrative	3,471	4,357
<b>Total operating expenses</b>	<b>4,567</b>	<b>5,262</b>
<b>Loss from operations</b>	<b>(4,567)</b>	<b>(5,262)</b>
<b>Other income (expense):</b>		
Other income	-	?
Other expense	-	(3)
Interest expense	(3)	(53)
Loss on exchange of notes payable for common stock and warrants	-	(6)
Gain (loss) on extinguishment of debt	-	(13,807)
Change in fair value of warrant liability	-	(3,025)
Change in fair value of derivative liability	-	(15)
<b>Total other income (expense)</b>	<b>(3)</b>	<b>(13,403)</b>
<b>Loss before income taxes</b>	<b>(4,570)</b>	<b>(20,672)</b>
<b>Income tax expense</b>	<b>-</b>	<b>-</b>
<b>Net loss</b>	<b>\$ (4,570)</b>	<b>\$ (20,672)</b>
<b>Net loss per share, basic and diluted</b>	<b>\$ (0.29)</b>	<b>\$ (1.70)</b>
<b>Weighted average shares outstanding, basic and diluted</b>	<b>15,856,316</b>	<b>12,156,503</b>

## Financial results for the First Quarter 2022

## Crown Electrokinetics Reports First Quarter 2022 Result

Crown Electrokinetics, Corp Statement of Cash Flows (in thousands)		
	Three months ended March 31,	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (1,770)	\$ (20,475)
Adjustments to reconcile net loss to net cash used in operating activities		
Stock-based compensation	1,083	1,440
Reversal of common stock re-classification	-	76
Depreciation and amortization	307	76
Stock-based reclassification of debt	-	(1,885)
Loss on exchange of common stock for common stock and warrants	-	8
Amortization of debt discount	-	878
Change in fair value of warrant liability	-	1,124
Change in fair value of derivative liability	-	(5)
Amortization of right of use assets	118	-
Loss on disposal of equipment	52	-
Change in operating assets and liabilities		
Prepaid and other assets	(87)	(1,122)
Accounts payable	(15)	(198)
Accrued expenses	(208)	(140)
Accrued interest	-	72
Liabilities	(15)	-
Net cash used in operating activities	(13,715)	(21,872)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(78)	(77)
Purchase of patents	(75)	(1,198)
Net cash used in investing activities	(153)	(1,275)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from the issuance of common stock, net of fee	-	(18,528)
Proceeds from the exercise of common stock warrants	-	140
Proceeds from IPO loan	-	228
Equipment of related party non-interest bearing advances	-	(22)
Net cash provided by financing activities	-	(18,182)
Net decrease in cash	(13,715)	(41,332)
Cash at beginning of period	6,205	48
Cash at end of period	\$ (7,510)	\$ (41,284)
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>		
Issuance of common stock warrants in connection with IPO	\$ 225	\$ -
Issuance of common stock and preferred stock in connection with conversion of debt	\$ -	\$ (18,128)
Repurchase of common stock in connection with conversion of common stock	\$ -	\$ 1,440
Reclassification of warrant liability	\$ -	\$ 1,124
Issuance of common stock warrants in connection with non-exchange agreements	\$ -	\$ 1,124
Capital equipment included in accounts payable	\$ -	\$ -
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -

## Financial results for the First Quarter 2022

## Crown Electrokinetics Reports First Quarter 2022 Result

Crown Electrokinetics, Corp Balance Sheet (in thousands)		
	March 31, 2022	December 31, 2021
ASSETS		
Current assets		
Cash	\$ 1,100	\$ 4,100
Prepaid and other current assets	775	887
Investment assets	1,587	4,857
Property and equipment, net	801	801
Intangible assets, net	1,700	1,790
Right of use assets	1,219	-
Other assets	465	176
<b>TOTAL ASSETS</b>	<b>\$ 6,947</b>	<b>\$ 12,611</b>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 100	\$ 100
Accrued expenses	86	204
Liabilities - current parties	807	-
Other payable	-	5
Total current liabilities	993	309
Long-term liabilities	1,875	-
Total liabilities	2,868	309
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock, par value \$0.001, 10,000,000 shares authorized, no shares outstanding	-	-
Series A preferred stock, par value \$0.001, 100 shares authorized, 211 shares outstanding as of March 31, 2022 and 2021, respectively	-	-
Series B preferred stock, par value \$0.001, 1,000 shares authorized, 1,492 shares outstanding as of March 31, 2022 and 2021, respectively	-	-
Series C preferred stock, par value \$0.001, 400,000 shares authorized, 193,710 shares outstanding as of March 31, 2022 and 2021, respectively	-	-
Common stock, par value \$0.001, 200,000,000 shares authorized as of 10,000,000 and 14,000,000 shares outstanding as of March 31, 2022 and December 31, 2021, respectively	5	5
Additional paid-in capital	32,863	82,471
Accumulated deficit	(25,880)	(70,884)
Total stockholders' equity	7,079	12,302
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 9,947</b>	<b>\$ 12,611</b>

## Financial results for the First Quarter 2022