

August 14, 2024



# Crown Electrokinetics Reports Second Quarter 2024 Financial Results

**Second Quarter Revenues of \$4.6 million up from First Quarter Revenues of \$0.7 million, an increase of 582%**

LOS ANGELES, Aug. 14, 2024 (GLOBE NEWSWIRE) -- [Crown Electrokinetics Corp.](#) (NASDAQ: **CRKN**) ("Crown" or the "Company"), a leading smart glass technology company and an expert in constructing fiber optic networks and lead pipe inspection and remediation, will report its financial results for the second quarter 2024 today, August 14, 2024.

Doug Croxall, Crown CEO and Chairman, "Our second quarter represents our best revenue quarter in our history. As of today, we have eliminated all investment debt and all classes of our preferred equity; thereby cleaning up both our balance sheet and cap table significantly. We have added to our senior management team and announced two new lines of business with lead pipe inspection and remediation. We are positioned for an outstanding second half of 2024, building atop of recent operational momentum that we expect will position Crown for a significant year of value creation in 2025."

## Corporate Updates During and Subsequent to the Q2 2024

- Reiterates revenue guidance for third quarter of \$8.0 million
- Gen 1 Alpha Smart Window Insert delivery date targeted for late 2024
- Fiber division generates \$4.6 million of Q2 revenue an increase of 582% over Q1 revenue
- Twin Dolphin slant well project underway in Los Cabos Mexico and should lead to other international slant well projects
- Management additions in Electrokinetic Film division as well as Element 82 and PE Pipelines divisions
- Launched Element 82 specializing in lead pipe inspections and PE Pipelines focusing on lead pipe remediation
- Restructured balance sheet eliminating all preferred equity and improving shareholder equity by three times
- Regained NASDAQ Compliance

## Financial Results for the Second Quarter ended June 30, 2024

**Revenue:**

For the quarter ended June 30, 2024, Crown booked \$4.6 million of revenues compared to \$0.7 million in the first quarter of 2024. For the six months ended June 30, 2024, the Company's revenue was \$5.3 million, compared to \$0.1 million for the six months ended June 30, 2023.

**Cost of revenue:**

Cost of revenue was \$4.0 million and \$23,000 for the three months ended June 30, 2024, and 2023 and \$5.8 million and \$0.1 million for the six months ended June 30, 2024 and 2023, respectively.

**Expenses:**

Depreciation and amortization expense for the three months ended June 30, 2024 and 2023, were \$0.2 million and \$0.1 million, respectively.

Research and development expenses were \$1.1 million for the three months ended June 30, 2024 compared to \$0.5 million for the three months ended June 20, 2023.

General and administrative ("G&A") expenses were \$4.2 million for the quarter which included \$2.4 of non-cash equity compensation expense. This represents a \$0.1 million decrease in G&A expenses compared to 2023.

**Loss from Operations:**

Loss from Operations for the second quarter were \$4.9 million, in line with the same quarter in 2023. June YTD operating losses were \$8.6 million compared to \$9.0 million in 2023.

**Net losses:**

Net losses were \$5.0 million compared to \$14.5 million in Q1 2023. June YTD Net losses were \$9.6 million compared to \$16.8 million in 2023.

**Cash:**

For the six months ended June 30, net cash increased \$2.9 million to \$4.0 million as the company deployed \$8.9 million of cash for operations, \$0.1 million for investments, and raised \$11.8 million in financing activities.

**Revenue guidance:**

The Company expects third quarter revenues to be in line with previous guidance of \$8.0 million.

**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: August 14, 2024

Time: 12:00 PM ET  
1-877-451-6152 or 1-201-389-0879  
Conference ID: 13747919

Webcast: [https://viaid.webcasts.com/starthere.jsp?ei=1680379&tp\\_key=cade0c707f](https://viaid.webcasts.com/starthere.jsp?ei=1680379&tp_key=cade0c707f)

**Callme™:** <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.  
Call me™ link will be made active 15 minutes prior to scheduled start time.

### **Conference Call Replay Information**

1-844-512-2921 or 1-412-317-6671

Access ID: 13747919

### **About Crown Electrokinetics**

Crown is comprised of two divisions, Fiber Optics and Electrokinetics Film. The Electrokinetics Film division is a smart glass technology and the creator of our Smart Window Insert based on its patented electrokinetic film. Crown's Fiber Optics division is a builder of underground fiber optic networks as well as other utility infrastructure projects.

### **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)

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

	<b>Three Months Ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Revenue</b>	\$ 4,648	\$ 37	\$ 5,330	\$ 59
Cost of revenue, excluding depreciation and amortization	4,183	23	5,819	54
Depreciation and amortization	74	81	286	263
Research and development	1,111	490	1,867	1,031
General and administrative	4,187	4,328	5,970	7,722
<b>Loss from operations</b>	<b>(4,907)</b>	<b>(4,885)</b>	<b>(8,612)</b>	<b>(9,011)</b>
<b>Other income (expense):</b>				
Interest expense	(145)	(2,508)	(1,005)	(4,525)
Loss on extinguishment of warrant liability	-	-	-	(504)
Loss on extinguishment of debt	-	(2,345)	-	(2,345)
Gain on issuance of convertible notes	-	-	-	64
Change in fair value of warrants	23	2,130	-	7,736
Change in fair value of notes	-	(6,883)	-	(7,000)
Change in fair value of derivative liability	-	-	-	-
Other expense	-	(28)	(24)	(1,234)
<b>Total other income (expense)</b>	<b>(122)</b>	<b>(9,634)</b>	<b>(1,029)</b>	<b>(7,808)</b>
<b>Net loss</b>	<b>(5,029)</b>	<b>(14,519)</b>	<b>(9,641)</b>	<b>(16,819)</b>
Deemed dividend on Series D preferred stock	-	-	-	(6)
Cumulative dividends on Series A preferred stock	-	(5)	-	(9)
Cumulative dividends on Series B preferred stock	-	(29)	-	(49)
Cumulative dividends on Series C preferred stock	-	(10)	-	(10)
Cumulative dividends on Series D preferred stock	-	(53)	-	(84)
Cumulative dividends on Series D preferred stock	-	-	-	-
Cumulative dividends on Series D preferred stock	-	-	-	-
Cumulative dividends on Series D preferred stock	-	-	-	-
Cumulative dividends on Series D preferred stock	-	-	-	-
Cumulative dividends on Series F preferred stock	-	-	-	-
Cumulative dividends on Series F-1 preferred stock	-	-	-	-
Cumulative dividends on Series F-2 preferred stock	-	-	-	-
Deemed dividend in connection with conversion of Series A, Series B, and Series C preferred stock	(1,350)	-	(1,350)	-
Deemed dividend in connection with conversion of Series F, F-1, and F-2	(3,874)	-	(3,874)	-
<b>Net loss attributable to common stockholders</b>	<b>\$ (10,253)</b>	<b>\$ (14,616)</b>	<b>\$ (14,865)</b>	<b>\$ (16,977)</b>
<b>Net loss per share attributable to common stockholders</b>	<b>\$ (5.89)</b>	<b>\$ (2,720.27)</b>	<b>\$ (14.98)</b>	<b>\$ (3,951.82)</b>
<b>Weighted average shares outstanding, basic and diluted:</b>	<b>1,739,995</b>	<b>5,373</b>	<b>992,278</b>	<b>4,296</b>

**Crown Electrokinetics, Corp**  
**Balance Sheets**  
(in thousands)

	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Cash	\$ 3,990	\$ 1,059
Prepaid and other current assets	378	728
Accounts receivable , net	3,351	83
Other receivables	211	-
Contract asset	1,244	-
Total current assets	<u>9,174</u>	<u>1,870</u>
Prepaid expenses long term	215	-
Property and equipment, net	3,012	3,129
Intangible assets, net	1,269	1,382
Right of use asset	1,878	1,701
Deferred debt issuance costs	292	1,306
Other assets	160	139
<b>TOTAL ASSETS</b>	<b>\$ 16,000</b>	<b>\$ 9,527</b>
Accounts payable	\$ 2,215	\$ 1,500
Accrued expenses	898	1,194
Lease liability - current portion	735	655
Notes payable short term	636	429
Deferred revenue	1,260	-
Total current liabilities	5,744	3,778
Notes payable long term	296	-
Lease liability - non-current portion	1,178	1,072
Total liabilities	<u>7,218</u>	<u>4,850</u>
Total stockholders' equity	<u>8,782</u>	<u>4,677</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 16,000</b>	<b>\$ 9,527</b>

**Crown Electrokinetics, Corp**  
**Statement of Cash flow**  
(in thousands)

	<b>Six Months Ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (9,641)	\$ (16,819)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	2,424	313
Depreciation and amortization	286	372
Loss on extinguishment of warrant liability	-	504
Change in fair value of warrant liability	-	(7,736)
Loss on extinguishment of debt	-	2,345
Change in fair value of notes	-	7,000
Amortization of deferred debt issuance costs	1,014	4,049
Amortization of right of use assets	383	1,045
Amortization of notes payable	(15)	-
Other expenses	-	1,275
Loss on disposal of equipment	-	235
Changes in operating assets and liabilities:	-	-
Prepaid and other assets	114	(14)
Accounts receivable	(3,268)	-
Contract asset	(1,244)	-
Note receivables	(211)	-
Contract liabilities	1,260	-
Accounts payable	715	886
Accrued expenses	(296)	(742)
Lease liability	(374)	(1,101)
Warranty customer liability	-	-
Net cash used in operating activities	(8,853)	(8,388)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash paid for acquisition of Amerigen 7	-	(644)
Purchase of equipment	(56)	(707)
Net cash used in investing activities	(56)	(1,351)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from the exercise of warrants	-	2,061
Proceeds from the issuance of common stock / At-the-market offering	588	2,198
Proceeds from the issuance of notes in connection with Line of Credit	-	2,350
Offering costs for the issuance of common stock / At-the-market offering	-	(91)
Proceeds from issuance of Series F-1 preferred stock	-	2,328
Proceeds from issuance of Series F-2 preferred stock	-	748
Proceeds from issuance of January promissory notes, net of fees paid	-	1,357
Borrowing of notes payable	1,164	-
Repayment of notes payable	(646)	(1,997)
Proceeds from the issuance of common stock in connection with equity line of credit, net of offering costs	10,734	-
Net cash provided by financing activities	11,840	8,954
Net increase / decrease in cash	2,931	(785)
Cash — beginning of period	1,059	821
Cash — end of period	\$ 3,990	\$ 36

Source: Crown Electrokinetics Corp.