

February 27, 2024



Crown Electrokinetics Issues Letter to Shareholders

LOS ANGELES, CA / ACCESSWIRE / February 27, 2024 / [Crown Electrokinetics Corp.](#) (NASDAQ:CRKN) ("Crown" or the "Company"), a leading smart glass technology company and an expert in constructing fiber optic networks, today issued the following letter to its shareholders.

Dear Shareholder,

I thought it would be appropriate to follow up the recent press releases and announcements with this letter. Often, after Crown issues a press release, we receive correspondence from our shareholders with additional questions and requests for clarification. So, I would like to take this opportunity to provide more context and hopefully a deeper understanding as to the importance of these operational, customer, and organizational announcements and what these represent for Crown's future.

Electrokinetic Film division

As many of you know, Crown has been working towards achieving a path to develop its embossing master for 12-inch-wide film. The path that Crown embarked on quite some time ago involved combining its internal techniques with the efforts of its European vendor. I'm keenly aware that Crown has missed deadlines in the past, this communication is not meant to be an excuse, but rather an explanation. Crown is attempting to create something that has never been done before, technical discovery can often be inherently unpredictable. Crown has had many factors that delayed our mastering development, but with the delays came critical learning eventually leading to progress.

I am happy to announce that Crown's EK film team has solved the 12-inch mastering challenge for its "Gen 1" smart window insert. While some minor refining is required, including some tooling replication, Crown is in a great position to start shipping first product in small quantities in July.

With this technical milestone behind us, Crown recently announced that Sheldon Davis has joined as a senior advisor. If you look at Sheldon's work history, you will immediately see that he is well positioned for Crown's exact stage of growth. Importantly, Sheldon and I have known each other since 2016 while he was working at Guardian Industries, a Koch Industries company. He is knowledgeable of our ink formations, windows, glass manufacturing, and glazing (like electrochromic, SPD, et al).

Crown is excited to have Sheldon working with us at this important time where he will lead our efforts towards launching our Gen 1 smart window insert. Crown feels very fortunate to have such an experienced, proven, and skilled executive now spearheading the commercialization process. I think it is safe to say, that if Crown wasn't now at this advanced stage in its technical development, Crown would find it difficult to attract executive talent like

Sheldon. Going forward, Crown expects to provide more details on product capabilities, timing, customer wins as well as pricing and expected revenue and margins.

Fiber Optics division

A little over a year ago, Crown made its first investment in the Fiber Optics construction market. The last 13 months have provided some hard lessons and taught Crown a great deal about not only the market, but also how to operate within it.

Many of you were curious as to why Crown decided to initially move in this direction. While Crown was always confident that it could solve the mastering issue in its EK Film division, Crown could not ultimately predict exactly when that would occur. The decision to buy directional drilling assets in the fiber optics construction market in January of last year was done so in an effort to generate eventual revenue and earnings, benefiting shareholders while Crown reached the recent technological milestone described earlier.

I am happy to let you know that Crown is generating revenue in both our Arizona market and in our recently announced Florida market. While Crown started servicing the Arizona market with its micro trenching and horizontal direction drilling, Crown has also been given opportunities to grow outside of the Arizona market.

The opportunity in Florida is a direct result of the efforts of our recently announced President of Crown Fiber, Corey Boaz. Corey has not only positively affected Crown's immediate revenue generation but has also brought to Crown an operating model that allows Crown to be cash flow positive on a project from day one. Corey also has market credibility and connections that has allowed him to build a significant pipeline of revenue generating projects. This pipeline, leveraged within his proven business model, is expected to generate positive cashflow in the near term.

Analyzing the recently announced Florida opportunity, Crown has been awarded 300 miles of horizontal directional drilling as its first phase with estimated revenue of \$11 million. Crown has already begun the work and, promisingly, have been meeting and surpassing production and margin targets every day. Crown expects it can scale production without the need to significantly hire more people, rather carefully selecting and leveraging known subcontractors at a guaranteed rate of production. This outsourced model allows Crown to lock in returns based on daily production and by adding more subcontractors, Crown can generate more revenue and earnings. With the work on the initial 300 miles underway, there remains an additional 800 miles that Crown expects to be awarded later. Crown will provide that update when appropriate.

Revenue Guidance

Crown announced in January that it would be providing revenue guidance in the February time frame. With all of the recent progress and developments, I have delayed this slightly. I am now expecting to have an investor call on Friday, March 8th. Please look for a subsequent announcement providing the details for our shareholders who would like to attend.

Sincerely,

Douglas Croxall
Crown Electrokinetics CEO

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.

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