

REFINITIV

# DELTA REPORT

## 10-Q

CRKN - CROWN ELECTROKINETICS COR

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	1197
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 CHANGES	149
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 DELETIONS	622
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 ADDITIONS	426
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31, 2024** **June 30, 2024**

OR

o TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 333-232426

**Crown Electrokinetics Corp.**

(Exact name of registrant as specified in its charter)

**Delaware**

**47-5423944**

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification No.)

**1110 NE Circle Blvd., Corvallis, Oregon 97330**

(Address of principal executive offices) (Zip Code)

**213.458.660.4250 212.2500**

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.0001 par value	CRKN	The Nasdaq Capital Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="radio"/>	Accelerated filer	<input type="radio"/>
Non-accelerated filer	<input checked="" type="radio"/>	Smaller reporting company	<input checked="" type="radio"/>
		Emerging growth company	<input checked="" type="radio"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) 13(a) of the Securities Exchange Act. o

Indicate by check mark whether registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

The number of shares of common stock, \$0.0001 par value per share, outstanding as of May 15, 2024 August 13, 2024 was 281,930,398 4,389,658.

Common Stock, \$0.0001 par value	CRKN	The Nasdaq Capital Market
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CROWN ELECTROKINETICS CORP.

	Page
<a href="#">PART I - FINANCIAL INFORMATION</a>	
Item 1. <a href="#">Condensed Consolidated Financial Statements (Unaudited)</a>	1
<a href="#">Condensed Consolidated Balance Sheets as of March 31, June 30, 20242024 (Unaudited) and December 31, 2023</a>	1
<a href="#">Condensed Consolidated Statements of Operationsfor the Three and Six Months Ended March June 310, 20242024 and 20232023 (Unaudited)</a>	2

	<a href="#"><u>Condensed Consolidated Statements of Stockholders' Equity for the Threeand Six Months Ended <del>March 31</del> June 30, <del>2024</del>2024 and <del>2023</del>2023 (Unaudited)</u></a>	3
	<a href="#"><u>Condensed Consolidated Statements of Cash Flows for the <del>Three</del> Six Months Ended <del>March 31</del> June 30, <del>2024</del>2024 and <del>2023</del>2023 (Unaudited)</u></a>	5 6
	<a href="#"><u>Notes to the Condensed Consolidated Financial Statements (Unaudited)</u></a>	6 7
Item 2.	<a href="#"><u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u></a>	31 26
Item 3.	<a href="#"><u>Quantitative and Qualitative Disclosures About Market Risk</u></a>	37 32
Item 4.	<a href="#"><u>Controls and Procedures</u></a>	37 32
<a href="#"><u>PART II - OTHER INFORMATION</u></a>		
Item 1.	<a href="#"><u>Legal Proceedings</u></a>	39 34
Item 1A.	<a href="#"><u>Risk Factors</u></a>	39 34
Item 2.	<a href="#"><u>Unregistered Sales of Equity Securities and Use of Proceeds</u></a>	39 34
Item 3.	<a href="#"><u>Defaults Upon Senior Securities</u></a>	39 34
Item 4.	<a href="#"><u>Mine Safety Disclosures</u></a>	39 34
Item 5.	<a href="#"><u>Other Information</u></a>	39 34
Item 6.	<a href="#"><u>Exhibits</u></a>	40 35
	<a href="#"><u>Signatures</u></a>	42 37

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS AND INDUSTRY DATA

This Quarterly Report on Form 10-Q contains forward-looking statements which are made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These statements may be identified by such forward-looking terminology as “may,” “should,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” “continue” or the negative of these terms or other comparable terminology. Our forward-looking statements are based on a series of expectations, assumptions, estimates and projections about our company, are not guarantees of future results or performance and involve substantial risks and uncertainty. We may not actually achieve the plans, intentions or expectations disclosed in these forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in these forward-looking statements. Our business and our forward-looking statements involve substantial known and unknown risks and uncertainties.

All of our forward-looking statements are as of the date of this Quarterly Report on Form 10-Q only. In each case, actual results may differ materially from such forward-looking information. We can give no assurance that such expectations or forward-looking statements will prove to be correct. An occurrence of, or any material adverse change in, one or more of the risk factors or risks and uncertainties referred to in this Quarterly Report on Form 10-Q or included in our other public disclosures or our other periodic reports or other documents or filings filed with or furnished to the U.S. Securities and Exchange Commission (the “SEC”) could materially and adversely affect our business, prospects, financial condition and results of operations. Except as required by law, we do not undertake or plan to update or revise any such forward-looking statements to reflect actual results, changes in plans, assumptions, estimates or projections or other circumstances affecting such forward-looking statements occurring after the date of this Quarterly Report on Form 10-Q, even if such results, changes or circumstances make it clear that any forward-looking information will not be realized. Any public statements or disclosures by us following this Quarterly Report on Form 10-Q that modify or impact any of the forward-looking statements contained in this Quarterly Report on Form 10-Q will be deemed to modify or supersede such statements in this Quarterly Report on Form 10-Q.

ii

## PART I - FINANCIAL INFORMATION

### Item 1. - Financial Statements.

**CROWN ELECTROKINETICS CORP.**  
**Condensed Consolidated Balance Sheets**  
**(in thousands, except share and per share amounts)**

	March 31, 2024
	June 30, 2024

ASSETS

ASSETS

ASSETS

Current assets:
Current assets:
Current assets:
Cash
Cash
Cash
Prepaid and other current assets
Prepaid and other current assets
Prepaid and other current assets
Accounts receivable, net
Accounts receivable, net
Accounts receivable, net
Accounts and retention receivable, net
Accounts and retention receivable, net
Accounts and retention receivable, net
Note receivable
Note receivable
Note receivable
Contract asset
Contract asset
Contract asset
Total current assets
Total current assets
Total current assets
Prepaid expenses - non-current
Prepaid expenses - non-current
Prepaid expenses - non-current
Property and equipment, net

Property and equipment, net

Property and equipment, net

Intangible assets, net

Intangible assets, net

Intangible assets, net

Right-of-use assets

Right-of-use assets

Right-of-use assets

Deferred debt issuance costs

Deferred debt issuance costs

Deferred debt issuance costs

Other assets

Other assets

Other assets

## TOTAL ASSETS

## TOTAL ASSETS

## TOTAL ASSETS

## LIABILITIES AND STOCKHOLDERS' EQUITY

## LIABILITIES AND STOCKHOLDERS' EQUITY

## LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Current liabilities:

Current liabilities:

Accounts payable

Accounts payable

Accounts payable

Accrued expenses

Accrued expenses

Accrued expenses

Lease liabilities - current portion

Lease liabilities - current portion

Lease liabilities - current portion

Warrant liability

Warrant liability



Warrant liability
Notes payable - Current
Notes payable - Current
Notes payable - Current
Deferred revenue
Deferred revenue
Deferred revenue
Warranty customer liability
Warranty customer liability
Warranty customer liability
Contract liabilities
Contract liabilities
Contract liabilities
Total current liabilities
Total current liabilities
Total current liabilities
Notes payable - non-current
Notes payable - non-current
Notes payable - non-current
Lease liabilities - non-current portion
Lease liabilities - non-current portion
Lease liabilities - non-current portion
Warranty customer liability long term
Warranty customer liability long term
Warranty customer liability long term
Total liabilities
Total liabilities
Total liabilities
Commitments and Contingencies (Note 14)
Commitments and Contingencies (Note 12)
Commitments and Contingencies (Note 14)
Commitments and Contingencies (Note 12)
Commitments and Contingencies (Note 14)
Commitments and Contingencies (Note 12)



STOCKHOLDERS' EQUITY:

STOCKHOLDERS' EQUITY:

STOCKHOLDERS' EQUITY:

Preferred stock, par value \$0.0001; 50,000,000 shares authorized, no shares outstanding

Preferred stock, par value \$0.0001; 50,000,000 shares authorized, no shares outstanding

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, 2024 and December 31, 2023; liquidation preference \$266 as of March 31, 2024 and \$261 as of December 31, 2023

Series A preferred stock, par value \$0.0001; 300 shares authorized, 251 shares outstanding as of March 31, 2024 and December 31, 2023; liquidation preference \$266 as of March 31, 2024 and \$261 as of December 31, 2023

Series A preferred stock, par value \$0.0001; 300 shares authorized, 251 shares outstanding as of March 31, 2024 and December 31, 2023; liquidation preference \$266 as of March 31, 2024 and \$261 as of December 31, 2023

Series B preferred stock, par value \$0.0001; 1,500 shares authorized, 1,443 shares outstanding as of March 31, 2024 and December 31, 2023; liquidation preference \$1,530 as of March 31, 2024 and \$1,501 as of December 31, 2023

Series B preferred stock, par value \$0.0001; 1,500 shares authorized, 1,443 shares outstanding as of March 31, 2024 and December 31, 2023; liquidation preference \$1,530 as of March 31, 2024 and \$1,501 as of December 31, 2023

Series B preferred stock, par value \$0.0001; 1,500 shares authorized, 1,443 shares outstanding as of March 31, 2024 and December 31, 2023; liquidation preference \$1,530 as of March 31, 2024 and \$1,501 as of December 31, 2023

Series C preferred stock, par value \$0.0001; 600,000 shares authorized, 500,756 shares outstanding as of March 31, 2024 and December 31, 2023; liquidation preference \$541 as of March 31, 2024 and \$531 as of December 31, 2023

Series C preferred stock, par value \$0.0001; 600,000 shares authorized, 500,756 shares outstanding as of March 31, 2024 and December 31, 2023; liquidation preference \$541 as of March 31, 2024 and \$531 as of December 31, 2023

Series C preferred stock, par value \$0.0001; 600,000 shares authorized, 500,756 shares outstanding as of March 31, 2024 and December 31, 2023; liquidation preference \$541 as of March 31, 2024 and \$531 as of December 31, 2023

Series D preferred stock, par value \$0.0001; \$7,000 shares authorized, no shares issued and outstanding as of March 31, 2024 and December 31, 2023; liquidation preference zero as of March 31, 2024 and December 31, 2023

Series D preferred stock, par value \$0.0001; \$7,000 shares authorized, no shares issued and outstanding as of March 31, 2024 and December 31, 2023; liquidation preference zero as of March 31, 2024 and December 31, 2023

Series D preferred stock, par value \$0.0001; \$7,000 shares authorized, no shares issued and outstanding as of March 31, 2024 and December 31, 2023; liquidation preference zero as of March 31, 2024 and December 31, 2023

Series E preferred stock, par value \$0.0001; 77,000 shares authorized, no shares issued and outstanding as of March 31, 2024 and December 31, 2023.

Series E preferred stock, par value \$0.0001; 77,000 shares authorized, no shares issued and outstanding as of March 31, 2024 and December 31, 2023.

Series E preferred stock, par value \$0.0001; 77,000 shares authorized, no shares issued and outstanding as of March 31, 2024 and December 31, 2023.

Series F preferred stock, par value \$0.0001; 9,073 shares authorized, 4,448 shares outstanding as of March 31, 2024 and 4,448 shares outstanding as of December 31, 2023; liquidation preference \$4,931 as of March 31, 2024 and \$4,753 as of December 31, 2023.

Series F preferred stock, par value \$0.0001; 9,073 shares authorized, 4,448 shares outstanding as of March 31, 2024 and 4,448 shares outstanding as of December 31, 2023; liquidation preference \$4,931 as of March 31, 2024 and \$4,753 as of December 31, 2023.

Series F preferred stock, par value \$0.0001; 9,073 shares authorized, 4,448 shares outstanding as of March 31, 2024 and 4,448 shares outstanding as of December 31, 2023; liquidation preference \$4,931 as of March 31, 2024 and \$4,753 as of December 31, 2023.

Series F-1 preferred stock, par value \$0.0001; 9,052 shares authorized, 653 shares outstanding as of March 31, 2024 and 653 shares outstanding as of December 31, 2023; liquidation preference \$722 as of March 31, 2024 and \$696 as of December 31, 2023.

Series F-1 preferred stock, par value \$0.0001; 9,052 shares authorized, 653 shares outstanding as of March 31, 2024 and 653 shares outstanding as of December 31, 2023; liquidation preference \$722 as of March 31, 2024 and \$696 as of December 31, 2023.

Series F-1 preferred stock, par value \$0.0001; 9,052 shares authorized, 653 shares outstanding as of March 31, 2024 and 653 shares outstanding as of December 31, 2023; liquidation preference \$722 as of March 31, 2024 and \$696 as of December 31, 2023.

Series F-2 preferred stock, par value \$0.0001; 9,052 shares authorized, 1,153 shares outstanding as of March 31, 2024 and 1,153 shares outstanding as of December 31, 2023; liquidation preference \$1,267 as of March 31, 2024 and \$1,371 as of December 31, 2023.

Series F-2 preferred stock, par value \$0.0001; 9,052 shares authorized, 1,153 shares outstanding as of March 31, 2024 and 1,153 shares outstanding as of December 31, 2023; liquidation preference \$1,267 as of March 31, 2024 and \$1,371 as of December 31, 2023.

Series F-2 preferred stock, par value \$0.0001; 9,052 shares authorized, 1,153 shares outstanding as of March 31, 2024 and 1,153 shares outstanding as of December 31, 2023; liquidation preference \$1,267 as of March 31, 2024 and \$1,371 as of December 31, 2023.

**Common stock, par value \$0.0001; 800,000,000 shares authorized; 51,702,229 and 25,744,158 shares outstanding as of March 31, 2024 and December 31, 2023, respectively**

**Common stock, par value \$0.0001; 800,000,000 shares authorized; 51,702,229 and 25,744,158 shares outstanding as of March 31, 2024 and December 31, 2023, respectively**

**Common stock, par value \$0.0001; 800,000,000 shares authorized; 51,702,229 and 25,744,158 shares outstanding as of March 31, 2024 and December 31, 2023, respectively**

Series A preferred stock, par value \$0.0001; 300 shares authorized, no shares outstanding as of June 30, 2024 and 251 shares outstanding as of December 31, 2023, respectively; liquidation preference zero as of June 30, 2024 and \$261 as of December 31, 2023

Series A preferred stock, par value \$0.0001; 300 shares authorized, no shares outstanding as of June 30, 2024 and 251 shares outstanding as of December 31, 2023, respectively; liquidation preference zero as of June 30, 2024 and \$261 as of December 31, 2023

Series A preferred stock, par value \$0.0001; 300 shares authorized, no shares outstanding as of June 30, 2024 and 251 shares outstanding as of December 31, 2023, respectively; liquidation preference zero as of June 30, 2024 and \$261 as of December 31, 2023

Series B preferred stock, par value \$0.0001; 1,500 shares authorized, no shares outstanding as of June 30, 2024 and 1,443 shares outstanding as of December 31, 2023; liquidation preference zero as of June 30, 2024 and \$1,501 as of December 31, 2023

Series B preferred stock, par value \$0.0001; 1,500 shares authorized, no shares outstanding as of June 30, 2024 and 1,443 shares outstanding as of December 31, 2023; liquidation preference zero as of June 30, 2024 and \$1,501 as of December 31, 2023

Series B preferred stock, par value \$0.0001; 1,500 shares authorized, no shares outstanding as of June 30, 2024 and 1,443 shares outstanding as of December 31, 2023; liquidation preference zero as of June 30, 2024 and \$1,501 as of December 31, 2023

Series C preferred stock, par value \$0.0001; 600,000 shares authorized, no shares outstanding as of June 30, 2024 and 500,756 shares outstanding as of December 31, 2023; liquidation preference zero as of June 30, 2024 and \$531 as of December 31, 2023

Series C preferred stock, par value \$0.0001; 600,000 shares authorized, no shares outstanding as of June 30, 2024 and 500,756 shares outstanding as of December 31, 2023; liquidation preference zero as of June 30, 2024 and \$531 as of December 31, 2023

Series C preferred stock, par value \$0.0001; 600,000 shares authorized, no shares outstanding as of June 30, 2024 and 500,756 shares outstanding as of December 31, 2023; liquidation preference zero as of June 30, 2024 and \$531 as of December 31, 2023

Series D preferred stock, par value \$0.0001; 7,000 shares authorized, no shares issued and outstanding as of June 30, 2024 and December 31, 2023; liquidation preference zero as of June 30, 2024 and December 31, 2023

Series D preferred stock, par value \$0.0001; 7,000 shares authorized, no shares issued and outstanding as of June 30, 2024 and December 31, 2023; liquidation preference zero as of June 30, 2024 and December 31, 2023

Series D preferred stock, par value \$0.0001; 7,000 shares authorized, no shares issued and outstanding as of June 30, 2024 and December 31, 2023; liquidation preference zero as of June 30, 2024 and December 31, 2023

Series E preferred stock, par value \$0.0001; 77,000 shares authorized, no shares issued and outstanding as of June 30, 2024 and December 31, 2023.

Series E preferred stock, par value \$0.0001; 77,000 shares authorized, no shares issued and outstanding as of June 30, 2024 and December 31, 2023.

Series E preferred stock, par value \$0.0001; 77,000 shares authorized, no shares issued and outstanding as of June 30, 2024 and December 31, 2023.

Series F preferred stock, par value \$0.0001; 9,073 shares authorized, no shares outstanding as of June 30, 2024 and 4,448 shares outstanding as of December 31, 2023; liquidation preference zero as of June 30, 2024 and \$4,753 as of December 31, 2023.

Series F preferred stock, par value \$0.0001; 9,073 shares authorized, no shares outstanding as of June 30, 2024 and 4,448 shares outstanding as of December 31, 2023; liquidation preference zero as of June 30, 2024 and \$4,753 as of December 31, 2023.

Series F preferred stock, par value \$0.0001; 9,073 shares authorized, no shares outstanding as of June 30, 2024 and 4,448 shares outstanding as of December 31, 2023; liquidation preference zero as of June 30, 2024 and \$4,753 as of December 31, 2023.

Series F-1 preferred stock, par value \$0.0001; 9,052 shares authorized, no shares outstanding as of June 30, 2024 and 653 shares outstanding as of December 31, 2023; liquidation preference zero as of June 30, 2024 and \$696 as of December 31, 2023.

Series F-1 preferred stock, par value \$0.0001; 9,052 shares authorized, no shares outstanding as of June 30, 2024 and 653 shares outstanding as of December 31, 2023; liquidation preference zero as of June 30, 2024 and \$696 as of December 31, 2023.

Series F-1 preferred stock, par value \$0.0001; 9,052 shares authorized, no shares outstanding as of June 30, 2024 and 653 shares outstanding as of December 31, 2023; liquidation preference zero as of June 30, 2024 and \$696 as of December 31, 2023.

Series F-2 preferred stock, par value \$0.0001; 9,052 shares authorized, no shares outstanding as of June 30, 2024 and 1,153 shares outstanding as of December 31, 2023; liquidation preference zero as of June 30, 2024 and \$1,371 as of December 31, 2023.

Series F-2 preferred stock, par value \$0.0001; 9,052 shares authorized, no shares outstanding as of June 30, 2024 and 1,153 shares outstanding as of December 31, 2023; liquidation preference zero as of June 30, 2024 and \$1,371 as of December 31, 2023.

Series F-2 preferred stock, par value \$0.0001; 9,052 shares authorized, no shares outstanding as of June 30, 2024 and 1,153 shares outstanding as of December 31, 2023; liquidation preference zero as of June 30, 2024 and \$1,371 as of December 31, 2023.

**Common stock, par value \$0.0001; 800,000,000 shares authorized; 3,307,872 and 171,677 shares outstanding as of June 30, 2024 and December 31, 2023, respectively**

**Common stock, par value \$0.0001; 800,000,000 shares authorized; 3,307,872 and 171,677 shares outstanding as of June 30, 2024 and December 31, 2023, respectively**

**Common stock, par value \$0.0001; 800,000,000 shares authorized; 3,307,872 and 171,677 shares outstanding as of June 30, 2024 and December 31, 2023, respectively**

Additional paid-in capital

Additional paid-in capital

Additional paid-in capital

Accumulated deficit

Accumulated deficit

Accumulated deficit

Total stockholders' equity

Total stockholders' equity  
Total stockholders' equity

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY  
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY  
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

The accompanying notes are an integral part of these condensed consolidated financial statements.

CROWN ELECTROKINETICS CORP.  
Condensed Consolidated Statements of Operations  
(Unaudited)  
(in thousands, except share and per share amounts)

	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended June 30,
	Three Months Ended June 30,
	Three Months Ended June 30,
	2024
	2024
	2024
Revenue	
Revenue	
Revenue	
Cost of revenue, excluding depreciation and amortization	
Cost of revenue, excluding depreciation and amortization	

Cost of revenue, excluding depreciation and amortization

Depreciation and amortization

Depreciation and amortization

Depreciation and amortization

Research and development

Research and development

Research and development

General and administrative

General and administrative

General and administrative

**Loss from operations**

**Loss from operations**

**Loss from operations**

**Other income (expense):**

**Other income (expense):**

**Other income (expense):**

Interest expense

Interest expense

Interest expense

Loss on extinguishment of warrant liability

Loss on extinguishment of warrant liability

Loss on extinguishment of warrant liability

Loss on extinguishment of debt

Loss on extinguishment of debt

Loss on extinguishment of debt

Gain on issuance of convertible notes

Gain on issuance of convertible notes

Gain on issuance of convertible notes

Change in fair value of warrants

Change in fair value of warrants

Change in fair value of warrants

Change in fair value of notes

Change in fair value of notes

Change in fair value of notes

Other expense
Other income (expense), net
Other expense
Other income (expense), net
Other expense
Other income (expense), net
<b>Total other income (expense)</b>
<b>Total other income (expense)</b>
<b>Total other income (expense)</b>
<b>Loss before income taxes</b>
<b>Loss before income taxes</b>
<b>Loss before income taxes</b>
Income tax expense
Income tax expense
Income tax expense
<b>Net loss</b>
<b>Net loss</b>
<b>Net loss</b>
Deemed dividend on Series D preferred stock
Deemed dividend on Series D preferred stock
Deemed dividend on Series D preferred stock
Cumulative dividends on Series A preferred stock
Cumulative dividends on Series A preferred stock
Cumulative dividends on Series A preferred stock
Cumulative dividends on Series B preferred stock
Cumulative dividends on Series B preferred stock
Cumulative dividends on Series B preferred stock
Cumulative dividends on Series C preferred stock
Cumulative dividends on Series C preferred stock
Cumulative dividends on Series C 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 preferred stock
Cumulative dividends on Series F preferred stock
Cumulative dividends on Series F-1 preferred stock
Cumulative dividends on Series F-1 preferred stock
Cumulative dividends on Series F-1 preferred stock
Cumulative dividends on Series F-2 preferred stock
Cumulative dividends on Series F-2 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
Deemed dividend in connection with conversion of Series A, Series B, and Series C preferred stock
Deemed dividend in connection with conversion of Series A, Series B, and Series C preferred stock
Deemed dividend in connection with conversion of Series F, F-1, and F-2
Deemed dividend in connection with conversion of Series F, F-1, and F-2
Deemed dividend in connection with conversion of Series F, F-1, and F-2

**Net loss attributable to common stockholders**

**Net loss attributable to common stockholders**

**Net loss attributable to common stockholders**

**Net loss per share attributable to common stockholders**

**Net loss per share attributable to common stockholders**

**Net loss per share attributable to common stockholders**

**Weighted average shares outstanding, basic and diluted:**

**Weighted average shares outstanding, basic and diluted:**

**Weighted average shares outstanding, basic and diluted:**

*The accompanying notes are an integral part of these condensed consolidated financial statements.*

CROWN ELECTROKINETICS CORP.  
Condensed Consolidated Statements of Stockholders' Equity  
(Unaudited)  
(in thousands, except share and per share amounts)

Series A  
Preferred Stock

Number



Balance as of December 31, 2023

Balance as of December 31, 2023

Balance as of December 31, 2023

Issuance of common stock in connection with equity line of credit

Issuance of common stock in connection with equity line of credit

Issuance of common stock in connection with equity line of credit

Issuance of common stock/at-the-market offering, net of offering costs

Issuance of common stock/at-the-market offering, net of offering costs

Issuance of common stock/at-the-market offering, net of offering costs

Stock-based compensation

Stock-based compensation

Stock-based compensation

Net loss

Net loss

Net loss

Balance at March 31, 2024 (unaudited)

Balance at March 31, 2024 (unaudited)

Balance at March 31, 2024 (unaudited)

Issuance of common stock in connection with equity line of credit

Issuance of common stock in connection with equity line of credit

Issuance of common stock in connection with equity line of credit

Issuance of common stock/at-the-market offering, net of offering costs

Issuance of common stock/at-the-market offering, net of offering costs

Issuance of common stock/at-the-market offering, net of offering costs

Issuance of common stock upon the conversion of Series A preferred stock

Issuance of common stock upon the conversion of Series A preferred stock

Issuance of common stock upon the conversion of Series A preferred stock

Issuance of common stock upon the conversion of Series B preferred stock

Issuance of common stock upon the conversion of Series B preferred stock

Issuance of common stock upon the conversion of Series B preferred stock

Issuance of common stock upon the conversion of Series C preferred stock

Issuance of common stock upon the conversion of Series C preferred stock

Issuance of common stock upon the conversion of Series C preferred stock
Issuance of common stock upon the conversion of Series F preferred stock
Issuance of common stock upon the conversion of Series F preferred stock
Issuance of common stock upon the conversion of Series F preferred stock
Issuance of common stock upon the conversion of Series F-1 preferred stock
Issuance of common stock upon the conversion of Series F-1 preferred stock
Issuance of common stock upon the conversion of Series F-1 preferred stock
Issuance of common stock upon the conversion of Series F-2 preferred stock
Issuance of common stock upon the conversion of Series F-2 preferred stock
Issuance of common stock upon the conversion of Series F-2 preferred stock
Vesting of restricted stock units
Vesting of restricted stock units
Vesting of restricted stock units
Reclassification of common stock to additional paid-in capital to reflect no change in par value in connection with reverse stock split
Reclassification of common stock to additional paid-in capital to reflect no change in par value in connection with reverse stock split
Reclassification of common stock to additional paid-in capital to reflect no change in par value in connection with reverse stock split
Stock-based compensation
Stock-based compensation
Stock-based compensation
Net loss
Net loss
Net loss
Balance as of March 31, 2024 (unaudited)
Balance as of March 31, 2024 (unaudited)
Balance as of March 31, 2024 (unaudited)
Balance at June 30, 2024 (unaudited)
Balance at June 30, 2024 (unaudited)
Balance at June 30, 2024 (unaudited)

*The accompanying notes are an integral part of these condensed consolidated financial statements.*

CROWN ELECTROKINETICS CORP.

Condensed Consolidated Statements of Stockholders' Equity (Continued)

(Unaudited)

(in thousands, except share and per share amounts)

	Series A	
	Preferred Stock	
		Number
		Number
		Number
Balance as of December 31, 2022		
Balance as of December 31, 2022		
Balance as of December 31, 2022		
Exercise of common stock warrants		
Exercise of common stock warrants		
Exercise of common stock warrants		
Issuance of common stock in connection with conversion of notes		
Issuance of common stock in connection with conversion of notes		
Issuance of common stock in connection with conversion of notes		
Issuance of common stock/At-the-market offering, net of offering costs		
Issuance of common stock/At-the-market offering, net of offering costs		
Issuance of common stock/At-the-market offering, net of offering costs		
Issuance of Series E preferred stock in connection with LOC		
Issuance of Series E preferred stock in connection with LOC		
Issuance of Series E preferred stock in connection with LOC		
Deemed dividend for repricing of Series D preferred stock		
Deemed dividend for repricing of Series D preferred stock		
Deemed dividend for repricing of Series D preferred stock		
Commitment to issue shares of common stock in connection with March waiver agreement		
Commitment to issue shares of common stock in connection with March waiver agreement		
Commitment to issue shares of common stock in connection with March waiver agreement		
Deemed dividend for repricing of Series D preferred stock		
Deemed dividend for repricing of Series D preferred stock		
Deemed dividend for repricing of Series D preferred stock		
Issuance of common stock/at-the-market offering, net of offering costs		
Issuance of common stock/at-the-market offering, net of offering costs		
Issuance of common stock/at-the-market offering, net of offering costs		
Issuance of Series E preferred stock in connection with LOC		
Issuance of Series E preferred stock in connection with LOC		



Issuance of Series E preferred stock in connection with LOC

Stock-based compensation

Stock-based compensation

Stock-based compensation

Net loss

Net loss

Net loss

**Balance as of March 31, 2023 (Unaudited)**

**Balance as of March 31, 2023 (Unaudited)**

**Balance as of March 31, 2023 (Unaudited)**

**Balance at March 31, 2023 (Unaudited)**

**Balance at March 31, 2023 (Unaudited)**

**Balance at March 31, 2023 (Unaudited)**

Issuance of common stock in connection with Series A and Series B Dividends

Issuance of common stock in connection with Series A and Series B Dividends

Issuance of common stock in connection with Series A and Series B Dividends

Issuance of common stock upon the conversion of Series E preferred stock

Issuance of common stock upon the conversion of Series E preferred stock

Issuance of common stock upon the conversion of Series E preferred stock

Issuance of common stock in connection with conversion of October Notes

Issuance of common stock in connection with conversion of October Notes

Issuance of common stock in connection with conversion of October Notes

Dividends paid in shares of Series D preferred stock

Dividends paid in shares of Series D preferred stock

Dividends paid in shares of Series D preferred stock

Series D preferred stock exchanged for Series F preferred stock in connection with Exchange Agreements

Series D preferred stock exchanged for Series F preferred stock in connection with Exchange Agreements

Series D preferred stock exchanged for Series F preferred stock in connection with Exchange Agreements

[illegible]



CASH FLOWS FROM OPERATING ACTIVITIES

CASH FLOWS FROM OPERATING ACTIVITIES

CASH FLOWS FROM OPERATING ACTIVITIES

Net loss

Net loss

Net loss

Adjustments to reconcile net loss to net cash used in operating activities:

Adjustments to reconcile net loss to net cash used in operating activities:

Adjustments to reconcile net loss to net cash used in operating activities:

Stock-based compensation

Stock-based compensation

Stock-based compensation

Depreciation and amortization

Depreciation and amortization

Depreciation and amortization

Loss on extinguishment of warrant liability

Loss on extinguishment of warrant liability

Loss on extinguishment of warrant liability

Change in fair value of warrant liability

Change in fair value of warrant liability

Change in fair value of warrant liability

Gain on issuance of convertible note

Gain on issuance of convertible note

Loss on extinguishment of debt

Gain on issuance of convertible note

Amortization of debt discount

Loss on extinguishment of debt

Amortization of debt discount

Amortization of debt discount

Loss on extinguishment of debt

Change in fair value of notes

Change in fair value of notes

Change in fair value of notes

Amortization of deferred debt issuance costs

Amortization of deferred debt issuance costs

Amortization of deferred debt issuance costs

Amortization of right-of-use assets

Amortization of right-of-use assets

Amortization of right-of-use assets

Amortization of notes payable

Amortization of notes payable

Amortization of notes payable

Loss on disposal of equipment

Loss on disposal of equipment

Loss on disposal of equipment

Other expenses

Other expenses

Other expenses

Changes in operating assets and liabilities:

Changes in operating assets and liabilities:

Changes in operating assets and liabilities:

Prepaid and other assets

Prepaid and other assets

Prepaid and other assets

Accounts receivable

Accounts receivable

Accounts receivable

Contract asset

Contract asset

Contract asset

Note receivables

Note receivables

Note receivables

Deferred revenue

Deferred revenue

Deferred revenue



Contract liabilities

Contract liabilities

Contract liabilities

Accounts payable

Accounts payable

Accounts payable

Accrued expenses

Accrued expenses

Accrued expenses

Lease liabilities

Lease liabilities

Lease liabilities

Warranty customer liability

Warranty customer liability

Warranty customer liability

Net cash used in operating activities

Net cash used in operating activities

Net cash used in operating activities

## CASH FLOWS FROM INVESTING ACTIVITIES

## CASH FLOWS FROM INVESTING ACTIVITIES

## CASH FLOWS FROM INVESTING ACTIVITIES

Cash paid for acquisition of Amerigen 7

Cash paid for acquisition of Amerigen 7

Cash paid for acquisition of Amerigen 7

Purchase of equipment

Purchase of equipment

Purchase of equipment

Net cash used in investing activities

Net cash used in investing activities

Net cash used in investing activities

## CASH FLOWS FROM FINANCING ACTIVITIES

## CASH FLOWS FROM FINANCING ACTIVITIES

## CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from the exercise of warrants

Proceeds from the exercise of warrants

Proceeds from the exercise of warrants

Proceeds from the issuance of common stock and warrants, net of fees

Proceeds from the issuance of common stock and warrants, net of fees

Proceeds from the issuance of common stock and warrants, net of fees

Proceeds from the issuance of common stock / at-the-market offering, net of offering costs

Proceeds from the issuance of common stock / at-the-market offering, net of offering costs

Proceeds from the issuance of common stock / at-the-market offering, net of offering costs

Proceeds from the issuance of common stock / at-the-market offering, net of offering costs

Proceeds from issuance of notes in connection with Line of Credit

Proceeds from issuance of notes in connection with Line of Credit

Proceeds from issuance of notes in connection with Line of Credit

Proceeds from issuance of January promissory notes, net of fees paid

Proceeds from issuance of January promissory notes, net of fees paid

Proceeds from issuance of January promissory notes, net of fees paid

Proceeds from the issuance of common stock / at-the-market offering, net of offering costs

Proceeds from the issuance of notes in connection with line of credit

Proceeds from the issuance of notes in connection with line of credit

Proceeds from the issuance of notes in connection with line of credit

Repayment of notes payable

Proceeds from issuance of Series F-1 preferred stock

Repayment of notes payable

Proceeds from issuance of Series F-1 preferred stock

Proceeds from issuance of Series F-1 preferred stock

Proceeds from issuance of Series F-2 preferred stock

Proceeds from issuance of Series F-2 preferred stock

Proceeds from issuance of Series F-2 preferred stock

Proceeds from issuance of Senior Secured Notes, net of fees paid

Proceeds from issuance of Senior Secured Notes, net of fees paid

Proceeds from issuance of Senior Secured Notes, net of fees paid

Borrowing of notes payable

Borrowing of notes payable

Borrowing of notes payable

Repayment of notes payable

Repayment of notes payable

Repayment of notes payable

Proceeds from the issuance of common stock in connection with equity line of credit, net of offering costs

Proceeds from the issuance of common stock in connection with equity line of credit, net of offering costs

Proceeds from the issuance of common stock in connection with equity line of credit, net of offering costs

Net cash provided by financing activities

Net cash provided by financing activities

Net cash provided by financing activities

Net increase / decrease in cash

Net increase / decrease in cash

Net increase / decrease in cash

Cash — beginning of period

Cash — beginning of period

Cash — beginning of period

Cash — end of period

Cash — end of period

Cash — end of period

#### **SUPPLEMENTAL CASH FLOW INFORMATION**

#### **SUPPLEMENTAL CASH FLOW INFORMATION**

#### **SUPPLEMENTAL CASH FLOW INFORMATION**

Cash paid for interest

Cash paid for interest

Cash paid for interest

Cash paid for taxes

Cash paid for taxes

Cash paid for taxes

Right-of-use assets in exchange of operating lease liabilities

Right-of-use assets in exchange of operating lease liabilities

Right-of-use assets in exchange of operating lease liabilities

#### **SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:**

#### **SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:**

#### **SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:**

Conversion of Series A preferred stock into common stock

Conversion of Series A preferred stock into common stock

Conversion of Series A preferred stock into common stock  
Conversion of Series B preferred stock into common stock  
Conversion of Series B preferred stock into common stock  
Conversion of Series B preferred stock into common stock  
Conversion of Series C preferred stock into common stock  
Conversion of Series C preferred stock into common stock  
Conversion of Series C preferred stock into common stock  
Conversion of Series F preferred stock into common stock  
Conversion of Series F preferred stock into common stock  
Conversion of Series F preferred stock into common stock  
Conversion of Series F-1 preferred stock into common stock  
Conversion of Series F-1 preferred stock into common stock  
Conversion of Series F-1 preferred stock into common stock  
Conversion of Series F-2 preferred stock into common stock  
Conversion of Series F-2 preferred stock into common stock  
Conversion of Series F-2 preferred stock into common stock  
Deemed dividend in connection with conversion of Series A, Series B, and Series C preferred stock  
Deemed dividend in connection with conversion of Series A, Series B, and Series C preferred stock  
Deemed dividend in connection with conversion of Series A, Series B, and Series C preferred stock  
Deemed dividend in connection with conversion of Series F-1, F-2, and F-3 preferred stock  
Deemed dividend in connection with conversion of Series F-1, F-2, and F-3 preferred stock  
Deemed dividend in connection with conversion of Series F-1, F-2, and F-3 preferred stock  
Net impact of reclassification of common stock to APIC in connection with reverse stock split  
Net impact of reclassification of common stock to APIC in connection with reverse stock split  
Net impact of reclassification of common stock to APIC in connection with reverse stock split

Issuance of Series E preferred stock in connection with line of credit  
Issuance of Series E preferred stock in connection with line of credit  
Issuance of Series E preferred stock in connection with line of credit

Issuance of common stock in connection with conversion of notes

Issuance of Series F preferred stock in connection with exchange of Series D preferred stock

Issuance of common stock in connection with conversion of notes

Issuance of Series F preferred stock in connection with exchange of Series D preferred stock  
Issuance of Series F preferred stock in connection with exchange of Series D preferred stock  
Issuance of common stock in connection with conversion of notes

Issuance of common stock in connection with conversion of notes
Issuance of common stock in connection with conversion of notes
Commitment to issue shares of common stock in connection with March Waiver agreement
Commitment to issue shares of common stock in connection with March Waiver agreement
Commitment to issue shares of common stock in connection with March Waiver agreement
Deemed dividend for repricing of series D preferred stock
Deemed dividend for repricing of series D preferred stock
Deemed dividend for repricing of series D preferred stock
Commitment to issue shares of common stock in connection with Demand Notes
Commitment to issue shares of common stock in connection with Demand Notes
Commitment to issue shares of common stock in connection with Demand Notes
Unpaid equipment included in accounts payable
Unpaid equipment included in accounts payable
Unpaid equipment included in accounts payable
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>
Cash paid for interest
Cash paid for interest
Cash paid for interest

*The accompanying notes are an integral part of these condensed consolidated financial statements.*

## Notes to the Condensed Consolidated Financial Statements (Unaudited)

### Note 1 – Nature of Business and Liquidity

#### Organization

Crown Electrokinetics Corp. (the “Company”) was incorporated in the State of Delaware on April 20, 2015. Effective October 6, 2017, the Company’s name was changed to Crown Electrokinetics Corp. from 3D Nanocolor Corp. (“3D Nanocolor”).

The Company is commercializing technology for smart or dynamic glass. The Company’s electrokinetic glass technology is an advancement on microfluidic technology that was originally developed by HP Inc.

On December 20, 2022, the Company incorporated Crown Fiber Optics Corp., a Delaware based entity, to own and operate its acquired business from the acquisition of Amerigen 7, LLC (“Amerigen 7”) in January 2023. Crown Fiber Optics Corp. is accounted for as a wholly-owned subsidiary of Crown Electrokinetics, Corp.

## Initial Public Offering

On January 26, 2021, the Company completed its public offering, and its common stock began trading on the Nasdaq Capital Market ("Nasdaq") under the symbol CRKN.

## Reverse Stock Split

On August 11, 2023 June 14, 2024, the Company's board of directors authorized a reverse stock split ("June 2024 Reverse Stock Split") at an exchange ratio of one-for-60 one-for-150 basis. The June 2024 Reverse Stock Split was effective on August 15, 2023 June 25, 2024, such that every 60 150 shares of common stock have been were automatically converted into one share of common stock. The Company did not issue fractional certificates for post-reverse split common stock shares in connection with the June 2024 Reverse Stock Split. Rather, all shares of common stock that were held by a common stockholder were aggregated and each common stockholder was entitled to receive the number of whole common stock shares resulting from the combination of the shares so aggregated. aggregated common stock shares. Any fractions resulting from the Reverse Stock Split reverse split computation were rounded up to the next whole share. common stock share amount.

The number of authorized shares and the par value of the common stock was not adjusted as a result of the Reverse Stock Split. adjusted. In connection with the June 2024 Reverse Stock Split, the conversion ratio for the Company's outstanding convertible preferred stock was proportionately adjusted such that the common stock issuable upon conversion of such preferred stock was decreased in proportion to the Reverse Stock Split. proportion. All references to common stock and options to purchase common stock share data, per share data and related information contained in the condensed consolidated financial statements have been adjusted to reflect the effect of the June 2024 Reverse Stock Split.

On August 11, 2023, the Company's board of directors authorized and effected a reverse stock split ("August 2023 Reverse Stock Split") at an exchange ratio of one-for-60 basis.

## Liquidity and Going Concern

The Company has incurred substantial operating losses and negative cash flows from operations since its inception and expects to continue to incur significant operating losses for the foreseeable future and may never become profitable. As reflected in the condensed consolidated financial statements, the Company had cash of approximately \$4.0 million and an accumulated deficit of approximately \$121.6 million and cash of approximately \$0.3 million \$126.6 million as of March 31, 2024 June 30, 2024, a net loss of approximately \$4.6 million \$9.6 million for the six months ended June 30, 2024, and approximately \$2.7 million \$8.9 million of net cash used in operating activities for the three six months ended March 31, 2024 June 30, 2024.

The accompanying condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of this uncertainty.

The Company has obtained additional capital through the sale of debt or equity financings or other arrangements to fund operations including through its existing at-the-market offering, and \$50.0 million equity line of credit; however, there can be no assurance that the Company will be able to raise needed capital under acceptable terms, if at all. The sale of additional equity may dilute existing stockholders and newly issued shares may contain senior rights and

preferences compared to currently outstanding shares of common stock. Issued debt securities may contain covenants and limit the Company's ability to pay dividends or make other distributions to stockholders. If the Company is unable to obtain such additional financing, future operations would need to be scaled back or discontinued. Due to the uncertainty in the

Company's ability to raise capital, management believes that there is substantial doubt in the Company's ability to continue as a going concern for twelve months from the issuance of these condensed consolidated financial statements.

## **Note 2 – Basis of Presentation and Significant Accounting Policies**

### ***Basis of Presentation***

The Company's condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in include the United States of America ("GAAP") and include all adjustments necessary for the fair presentation accounts of the Company's financial position for the periods presented.

The condensed Company and its wholly owned subsidiaries. All intercompany accounts and transactions among consolidated balance sheet as of March 31, 2024, the condensed consolidated statements of operations, stockholders' equity for the three months ended March 31, 2024 and 2023 and the condensed consolidated statements of cash flows for the three months ended March 31, 2024 and 2023 are unaudited. These entities were eliminated upon consolidation. The unaudited condensed consolidated financial statements have been were prepared on in accordance with U.S. GAAP for financial information and with the same basis as the annual instructions to Form 10-Q and Article 10 of Regulation S-X for interim financial reporting. As permitted under those rules, certain footnotes or other financial information can be condensed or omitted. These condensed consolidated financial statements and in related disclosures have been prepared with the opinion assumption that users of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the Company's consolidated financial position, results of operations and cash flows for the interim period presented. The financial data and the other financial information contained in these notes have read or have access to the condensed audited consolidated financial statements related to the three month periods are also unaudited. The results of operations for the three months ended March 31, 2024 are not necessarily indicative of the results to be expected for the year ending December 31, 2024 or for any other future annual or interim period. The condensed consolidated balance sheet as of December 31, 2023 included herein was derived from the audited financial statements as of that date. These unaudited condensed consolidated financial preceding fiscal year. Accordingly, these statements should be read in conjunction with the Company's audited consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on April 1, 2024.

These condensed consolidated financial statements have been prepared on the same basis as the Company's annual consolidated financial statements and, in the opinion of management, reflect all adjustments, consisting only of normal and recurring adjustments that are necessary for a fair statement of the Company's consolidated financial information. The interim results of operations are not necessarily indicative of the results that may be expected for the full year, or for any other future annual or interim period.

### ***Use of Estimates***

The preparation of condensed financial statements in conformity with GAAP requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the condensed financial statements and the reported amounts of revenue and expenses during the reporting periods. Accounting estimates and assumptions are inherently uncertain. Management bases its estimates and assumptions on current facts, historical experience and various other factors believed to be reasonable under the circumstances. Actual results could differ materially and adversely from these estimates. Significant estimates and assumptions made in the accompanying condensed consolidated financial statements include, but not limited to, valuation of its business combination, estimated fair value of convertible notes, cost-to-cost (input) revenue recognition method, estimated fair value of warrant liability, Series F/F-1/F-2 preferred stock, stock option awards for stock-based compensation and operating lease right-of-use assets and liabilities.

### ***Risks and Uncertainties***

The Company is currently operating in a period of economic uncertainty and capital markets disruption, which has been significantly impacted by geopolitical instability due to the ongoing military conflict between Russia and Ukraine, as well as Israel and Hamas. The Company's financial condition and results of operations may be materially adversely affected by any negative impact on the global economy and capital markets resulting from the conflict in Ukraine or any other geopolitical tensions.

The condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### ***Summary of Significant Accounting Policies***

Reference is made to Note 3 *Basis of Presentation and Significant Accounting Policies* in our 2023 Form 10-K filed on April 1, 2024 for a detailed description of significant accounting policies. There have been no significant changes to our accounting policies as disclosed in our 2023 Form 10-K.

### ***Revenue Recognition***

The Company generates revenue primarily through construction and installation of fiber network infrastructure systems for its customers, and sales of smart glass products, which, together, represents two operating segments, the fiber optics group and film group. Revenues consist of a combination of the following:

#### *Fiber optics group services:*

**Revenue Recognition** • Specialty Services performed for communications providers in connection with the deployment of underground fiber optic transmission lines.

- Specialty Services that involve the upfront procurement of specialized equipment that will be used to provide the services.

#### *Film group products:*

- Smart Window Inserts, which uses DynamicTint electrokinetic technology that allows windows to tint and transition from clear to true black.



The Company recognizes revenue when upon the transfer of promised goods or services are transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those promised goods or services by services. The Company applies the following a five-step process: revenue recognition model in accounting for its revenue arrangements:

- Step 1: Identify Identification of the contract with the customer customer;
- Step 2: Identify Identification of the performance obligations in the contract contract;
- Step 3: Determine Determination of the transaction price price;
- Step 4: Allocate Allocation of the transaction price to the performance obligations in the contract contract; and
- Step 5: Recognize Recognition of revenue when, or as, the company Company satisfies a performance obligation obligation.

The Company has elected the practical expedient to not adjust the promised amount of consideration for the effects of a significant financing component when the time between the goods or service being transferred to the customer and the customer pays is one year or less, less.

#### Fiber optics group revenue recognition

The Company generates revenue from providing nature of the Company's fiber splicing services as required based on short-term work orders assigned optics group performance in its agreements is to customize output by customers. The Company constructing infrastructure that is required to complete the description of work described in the work order and test the service provided prior to any recognition of revenue and invoicing. The short-term work orders are generally completed within two weeks, customer specific. The Company is required to adhere to the rules and regulations that are outlined in the Agreement an agreement between the Company and the Customer. As a result, the fiber optic contracts prevent the Company from directing the use of such output to any other entity except the specific customer. The customer is the only party that can benefit from the output that results from the Company's performance of Specialty Services under the contract. As such, the Company's performance does not create an asset with an alternative use and the Company has concluded that the Specialty Services are recognized over time.

Cost To measure the progress of completion, the Company uses a cost-to-cost (input) method, by comparing costs incurred to date relative to the total expected costs to satisfy the performance obligation. The Company notes that when applying this method, it excludes the effects of any costs that do not depict its performance in transferring control of goods or services to the customer.

#### Film group revenue is based on individual work orders recognition

The Company's film group has not entered into any material revenue contracts with its customers and detailed description of work to be performed. All of the no revenue is recognized immediately upon completion of each work order. A 5% retainage will be withheld by for this operating segment for the Customer upon three and six months ended June 30, 2024 and 2023.

#### **Retainage**

The Company's customers have a contractual right to withhold payment of invoices and will be paid a retainage amount that typically ranges between 5% to the Company within one year after termination 10% of the contract. total contract consideration. The retainage can be utilized by Customer customers for any claims that may arise after work is completed up through one year after project completion.

Revenue recognized during The retainage amount is expected to be collected upon the three months ended March 31, 2024 was generated project's completion and acceptance by the customer. As of June 30, 2024 and December 31, 2023, the Company has recorded a retainage receivable of \$0.3 million and zero, respectively, which is a component of the accounts receivable balance in the condensed consolidated balance sheet.

### **Accounts Receivable and Provision for Credit Losses**

The provision for credit losses is based on the Company's wholly-owned subsidiary, Crown assessment of the collectability of its customer accounts. As of June 30, 2024, the Company had accounts receivable of \$3.4 million, compared to \$83,000 as of December 31, 2023.

The Company reviews the provision for credit losses by considering certain factors such as historical experience, industry data, credit quality, age of balances and current economic conditions that may affect a customer's ability to pay. Uncollectible receivables are written off when all efforts to collect have been exhausted and recoveries are recognized when they are recovered. The Company's provision for credit losses were zero as of June 30, 2024 and December 31, 2023.

### **Concentrations of risk and significant customers**

Financial instruments that potentially subject the Company to concentrations of credit risk are primarily cash and accounts receivable. The Company maintains its cash accounts with financial institutions where deposits, at times, exceed the Federal Deposit Insurance Corporation ("FDIC") limits. The Company has not experienced any losses in such accounts through June 30, 2024.

The Company's customers are generally large public or private companies with good credit and payment practices and a positive reputation in the industry at the time that the contracts are entered into. Furthermore, because it has the ability to stop transferring promised goods and services if payment is not received, the Company has concluded that collection risk is minimal.

One single customer accounted for 82% of accounts receivable as of June 30, 2024.

The Company's revenue is primarily generated from its Fiber Optics Corporation, and was \$0.7 million. During segment. Two customers accounted for approximately 84% of the three months ended March 31, 2023, total revenue generated was approximately \$22,000. as of June 30, 2024.

As of June 30, 2024, the Company's accounts payable primarily included costs associated with professional fees, subcontractor labor, equipment, and other supplies and materials.

### **Segment and Reporting Unit Information**

Operating segments are defined as components of an entity for which discrete financial information is available that is regularly reviewed by the Chief Operating Decision Maker (“CODM”) in deciding how to allocate resources to an individual segment and in assessing performance. The Company’s Chief Executive Officer is determined to be the CODM. The Company has two operating segments and two reportable segments as of **March 31, 2024** **June 30, 2024**, which includes film group and fiber optics group. Revenue recognized during the three **and six** months ended **March 31, 2024** **June 30, 2024** relates to the fiber optics group.

### ***Business Combinations***

The Company accounts for business combinations using the acquisition method of accounting by recognizing the identifiable tangible and intangible assets acquired and liabilities assumed, and any non-controlling interest in the acquired business, measured at their acquisition date fair values. Goodwill as of the acquisition date is measured as the excess of consideration transferred over the aforementioned amounts.

Accounting for business combinations requires management to make significant estimates and assumptions, especially at the acquisition date, including estimates for intangible assets. Although the Company believes the assumptions and estimates made have been reasonable and appropriate, they are based in part on historical experience and information obtained from management of the acquired companies and are inherently uncertain. Critical estimates in valuing certain intangible assets we have acquired include future expected cash flows from customer contracts. Unanticipated events and circumstances may occur that may affect the accuracy or validity of such assumptions, estimates, or actual results. The initial purchase price may be adjusted as needed per the terms of the arrangement agreement. The allocation of purchase price, including any fair value of the assets acquired and liabilities assumed as of the acquisition date has not been completed.

Acquisition-related expenses are recognized separately from the business combination and are expensed as incurred.

### ***Deferred Debt Issuance Costs***

The Company accounts for debt issuance costs related to its line of credit and equity line of credit as a deferred asset on the condensed consolidated balance sheets, which is amortized over the life of the line of credit and equity line of credit. Since the Company has elected the fair value option for its convertible notes, (see Note 10), upon a draw down, a portion of the deferred asset balance will be amortized and recognized as other income (expense) on the condensed consolidated statements of operations. On the issuance date of the Company’s line of credit, the cost related to issuance of the Series E preferred shares and the warrant to purchase Series E preferred shares was recorded as a deferred asset. On the issuance date of the Company’s equity line of credit, the cost related to issuance of common stock was recorded as a deferred asset.

### ***Notes Payable at Fair Value***

The Company has elected the fair value option for the recognition of its convertible notes and notes payable, with changes in fair value recognized in the statements of operations. As a result of applying the fair value option, direct costs and fees related to the convertible notes and notes payable are recognized in other income (expense) in the condensed consolidated statements of operations. The Company includes the interest expense as a component of the notes fair value.

### ***Warrants***

The Company accounts for certain common stock warrants outstanding as a liability at fair value and adjusts the fair value of the instruments at each reporting period. The liability is subject to remeasurement at each balance sheet date until exercised, and any change in fair value is recognized in the Company's condensed consolidated statements of operations. The fair value of the warrants issued by the Company was estimated using the Black-Scholes model.

### SLOC

The Company accounts for its warrants related to the SLOC as stockholders' equity, and therefore, the warrants are not revalued after issuance. The Company uses the Black-Scholes model to value the warrants at issuance.

As of March 31, 2024, since no loan amounts were drawn down, the SLOC warrant is recorded as a deferred asset on the condensed consolidated balance sheets at fair value and will be amortized over the life of the SLOC. Upon a draw down, the remaining balance of the deferred asset would be reclassified to debt discount and amortized under the effective interest method over the one-year term of the loan.

### Purchase Order Warrants

On August 12, 2022, the Company entered into two Purchase Orders (PO's) with Hudson Pacific Properties, L.P. ("Hudson") for the purchase of the Company's Smart Window Inserts™ ("Inserts"). The PO's have a value of \$0.1 million and represent the first orders the Company has received prior to the launch of its Inserts. As additional consideration for the PO's, the Company issued a warrant to Hudson to purchase 5,000 shares of the Company's common stock at \$45.00 per share. The warrant has a five-year life and expires on August 12, 2027.

Because Hudson is a customer, the Company accounts for the PO's and warrants under ASC 606. As the performance obligations have not yet been satisfied, the Company has not recognized any revenue in connection with Hudson during the year ended March 31, 2024.

The Company measured the fair value of the warrant using the Black-Scholes valuation model on the issuance date, with the value being recognized as a prepaid asset up to the recoverable value represented by the value of the contract.

The fair value of the warrant on the issuance date totaled \$0.2 million, and as of March 31, 2024, the Company recorded a prepaid asset of \$0.1 million, representing the recoverable value from the PO's, which is included in prepaid and other current assets on the consolidated balance sheet.

### **Net Loss per Share Attributable to Common Stockholders**

Basic net loss per share attributable to common stockholders is computed using the weighted-average number of shares of common stock outstanding during the period. Diluted net loss per share attributable to common stockholders is computed using the sum of the weighted-average number of shares of common stock outstanding during the period and the effect of dilutive securities.

As the Company was in a net loss position for the three and six months ended March 31, 2024 June 30, 2024 and 2023, diluted net loss per share attributable to common stockholders is the same as basic net loss per share attributable to common stockholders because the effects of potentially dilutive securities are antidilutive.

Securities that could potentially dilute loss per share in the future that were not included in the computation of diluted loss per share at March 31, 2024 as of June 30, 2024 and 2023 are as follows:

	March 31,	
	2024	2023
Series A preferred stock	3,146	190,994
Series B preferred stock	33,883	2,047,359
Series C preferred stock	9,346	560,757
Series D preferred stock	-	2,289,247
Series E preferred stock	-	5,000,000
Convertible notes	-	216,530
Series F preferred stock	501,579	-
Series F-1 preferred stock	72,631	-
Series F-2 preferred stock	124,946	-
Warrants to purchase common stock (excluding penny warrants)	2,470,078	599,576
Warrants to purchase Series E preferred stock	750,000	750,000
Options to purchase common stock	632,779	157,058
Unvested restricted stock units	1,124,527	8,299
Commitment shares	212,890	31,724
Total	5,935,805	11,851,544

### **Warranty Customer Liability**

The Company provides warranties depending on the terms of the arrangement with the customer. This warranty covers defects in materials and workmanship under normal use and conditions. It is applicable to projects completed by Crown's fiber optics segment, which includes services provided by Crown Fiber Optics Corporation, a wholly-owned subsidiary of Crown. The standard warranty period ranges for up to two years from the project completion date. The Company accrues for warranty costs as part of the cost of revenues at the time the revenue is recognized based on historical experience and any current known trends that might affect future costs. Total warranty expense recognized during the period ended March 31, 2024 and 2023 was \$36,000 and \$nil, respectively.

### **Retainage**

The Company's customers have a contractual right to withhold payment of a retainage amount, typically 5%. The retainage can be utilized by customers for any claims that may arise after work is completed through one year after project completion. The retainage amount is recorded as an accounts receivable in the balance sheet and is expected to be collected upon the project's completion and acceptance by the customer. As of March 31, 2024 and December

31, 2023, the Company has recorded a retainage receivable of \$0.1 million and zero, respectively, which is included in the accounts receivable balance in the condensed consolidated balance sheet

	June 30,	
	2024	2023
Series A preferred stock	—	3,146
Series B preferred stock	—	—
Series C preferred stock	—	9,346
Convertible notes	—	—
Series F preferred stock	—	501,579
Series F-1 preferred stock	—	72,631
Series F-2 preferred stock	—	124,946
Warrants to purchase common stock (excluding penny warrants)	16,523	11,801
Warrants to purchase Series E preferred stock	5,000	5,000
Options to purchase common stock	4,245	1,078
Unvested restricted stock units	231,206	52
Commitment shares	1,420	2,893
Total	258,394	732,472

### Note 3 – Acquisitions

On January 3, 2023, the Company acquired certain assets and assumed liabilities from Amerigen 7, which was accounted for as a business combination as the Company concluded that the transferred set of activities and assets related to the acquisition constituted a business. The Company paid cash consideration of approximately \$0.7 million which included approximately 12 employees, customer contracts, and certain operating liabilities. - Revenue

The following table summarizes the allocation of the purchase price to the assets acquired and liabilities assumed for the Amerigen 7 acquisition (in thousands):

Property and equipment	\$	655
Intangible assets		200
Security deposits		5
Accrued expenses		(529)
Notes payable		(338)
<b>Total identifiable assets and liabilities acquired</b>		<b>(7)</b>
Goodwill		652
<b>Total purchase consideration</b>	<b>\$</b>	<b>645</b>

The Company engaged an independent valuation specialist to conduct a valuation analysis of the identifiable intangible assets acquired by the Company with the objective of estimating the fair value of such assets as of January 3, 2023. The valuation specialist utilized the income approach, specifically the multi-period excess earnings method, to value the existing customer relationship.

During the year ended December 31, 2023, all the acquired assets and assumed liabilities that relate to the original Amerigen7 acquisition were written off and all the key employees terminated. Due to these key qualitative changes to the Fiber Optics Group after the acquisition, the Company concluded that the goodwill balance associated with the Amerigen7 acquisition was fully impaired as there were no future expected cash flows from the acquired Amerigen7 business. The Company has no goodwill balance as of March 31, 2024.

#### Note 4 – Prepaid and Other Current Assets

Prepaid and other current assets consist of the following (in thousands):

	March 31, 2024	December 31, 2023
License fees	\$ 114	\$ 158
Professional fees	142	53
General liability insurance	60	26
Hudson warrant *	86	86
Prepaid rent	60	277
Other	351	128
<b>Total</b>	<b>\$ 813</b>	<b>\$ 728</b>

\* Fair value of warrant issued to Hudson Pacific Properties, L.P. (See Note 14)

#### Note 5 – Property & Equipment, Net

Property and equipment, net, consists of the following (in thousands):

	March 31, 2024	December 31, 2023
Equipment	\$ 3,280	\$ 3,155
Leasehold improvements	362	362
Vehicles	410	395
Computers	56	56
Furniture and Fixtures	3	3
Construction-in-progress	-	77
Total	4,111	4,048
Less: accumulated depreciation	(1,075)	(919)
Property and equipment, net	\$ 3,036	\$ 3,129

Depreciation expense for the three months ended March 31, 2024 and 2023 was \$0.1 million and \$0.1 million, respectively.

#### Note 6 – Intangible Assets, Net

Intangible assets, net, consists of the following (in thousands):

	March 31, 2024	December 31, 2023
Patents	\$ 1,800	\$ 1,800
Research license	375	375
Customer relationships	4	4
Total	2,179	2,179
Less: accumulated amortization	(853)	(797)
Intangible assets, net	\$ 1,326	\$ 1,382

The following table represents the total estimated amortization of intangible assets for the five succeeding years and thereafter as of March 31, 2024 (in thousands):



	<b>Estimated Amortization Expense</b>
Nine months ended December 31, 2024	\$ 179
Year ended December 31, 2025	234
Year ended December 31, 2026	197
Year ended December 31, 2027	194
Year ended December 31, 2028	195
Thereafter	327
<b>Total</b>	<b>\$ 1,326</b>

For the three months ended March 31, 2024 and 2023, amortization expense was approximately \$0.1 million and \$0.1 million June 30, 2024, respectively.

#### **Note 7 – Deferred Debt Issuance Costs**

Deferred debt issuance costs consist the Company generated revenue of the following (in thousands):

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Standing letter of credit	\$ 150	\$ 150
Equity letter of credit	554	554
Line of credit	\$ 9,943	9,943
Total	10,647	10,647
Accumulated amortization	(10,285)	(9,341)
Deferred debt issuance costs	\$ 362	\$ 1,306

#### **SLOC**

For \$4.6 million, compared to \$37,000 for the three months ended March 31, 2024 and 2023, the Company recognized amortization expense of approximately \$0.8 million and \$41,000, respectively.

#### **Equity line of credit**

In July 2023, the Company entered into the equity line of credit (“ELOC”) for the right to sell common stock shares to an investor and recorded deferred debt issuance costs of approximately \$0.6 million June 30, 2023. For the three six months ended March 31, 2024 June 30, 2024, the Company recognized amortization expense of approximately \$0.1 million.

#### **Line of Credit**

During Company's revenue was \$5.3 million, compared to \$0.1 million for the three six months ended March 31, 2024, in connection with June 30, 2023. All revenues were derived from operations within the \$2.4 million draw down and issuance of the convertible promissory notes, the Company recognized amortization expense of approximately \$0.9 million. During the three months ended March 31, 2023, the Company recognized amortization expense of approximately \$1.8 million.

## Note 8 – Accrued Expenses

Accrued expenses consisted of the following (in thousands):

	March 31, 2024	December 31, 2023
Payroll and related expenses	\$ 118	\$ 112
Bonus	700	1,000
Taxes	96	51
Other expenses	48	27
Total	\$ 962	\$ 1,190

## Note 9 - Contracts with Customers and Revenue Concentration United States.

### Concentration of Credit Risk and Accounts Receivable

Crown Electrokinetics Corp. assesses and monitors the creditworthiness of its customers continually and maintains an allowance for estimated credit losses based on historical experience, current conditions, and reasonable and supportable forecasts. As of March 31, 2024, the Company had accounts receivable of \$776,000, net of an allowance for doubtful accounts, compared to \$83,000 as of December 31, 2023. The significant increase in receivables is primarily due to increased activity in fiber splicing services and extended payment terms offered to certain customers.

No single customer accounted for 10% or more of the net accounts receivable balance as of March 31, 2024, and no significant concentrations of credit risk were noted.

### Deferred Revenue and Transaction Price Allocated to Remaining Performance Obligations

#### Contract balances

As of March 31, 2024 June 30, 2024, the Company's contract assets included unbilled receivables totaling \$1.2 million, compared to zero as of December 31, 2023. There was no allowance for credit losses associated with contract assets as of June 30, 2024 and December 31, 2023. As of June 30, 2024, the contract liability balance was \$1.3 million.

As of June 30, 2024, Crown Electrokinetics Corp. has recorded deferred revenue totaling \$1.3 million. This amount represents the advance payments received under the Fixed Price Construction Agreement with Vista Serena, S. de R.L. de C.V., dated March 1, 2024. The contract stipulates the construction of two slant wells at Santa Maria Bay, with

Crown Fiber Optics Corp. serving as the contractor. The Company did not record any deferred revenue as of December 31, 2023.

Remaining Performance Obligations

Remaining performance obligations represent non-cancellable contracted revenues that have not yet been recognized, which includes deferred revenue and amounts that will be invoiced and recognized as revenues in future periods. The total contract price is \$3.6 Company's remaining performance obligations for contracts were \$6.0 million as of June 30, 2024, of which, an advance payment of \$1.3 million collected the Company expects to recognize approximately 100% as of March 31, 2024. The revenue associated with this project is expected to be recognized as Crown Fiber Optics Corp. fulfills its performance obligations under over the contract, specifically as construction milestones are completed in accordance with next twelve months and the agreed project schedule, remainder thereafter.

Approximately \$2.3 million

Note 4 – Balance Sheet Components

Prepaid and Other Current Assets

Prepaid and other current assets consisted of the contract price is anticipated following (in thousands):

	June 30, 2024	December 31, 2023
License fees	\$ 48	\$ 158
Professional fees	133	53
General liability insurance	52	26
Hudson warrant	53	86
Prepaid rent	62	277
Other	30	128
Total	\$ 378	\$ 728

Notes receivable

On March 30, 2024, the Company entered into a Senior Secured Promissory Note agreement (the “March Note”) with RamPro Construction and HDD, LLC, and Vero HDD, LLC (collectively, the “Borrowers”). Under this agreement, the Company holds a note receivable with a principal amount of \$0.6 million. The note bears interest at a rate of 5% per annum, calculated on a 360-day year basis, with interest payable upon maturity. The principal and accrued interest are due on December 30, 2024.

On May 10, 2024, the Company and Borrowers executed a Senior Secured Promissory Note (the “May Note”). The May Note replaced the obligations from the Borrowers to be recognized within Crown under the next 12 months as

construction progresses. This projection includes considerations for potential adjustments such as material changes or force majeure events that could alter the timing of revenue recognition. The remaining balance will be recognized as the final stages March Note and it was in substance an amendment of the project March Note. The Company promised to lend \$0.3 million to the Borrowers. The May Note bears interest at a rate of 5% per annum, calculated on a 360-day year basis, with interest payable upon maturity. The principal and accrued interest are completed, with due on May 25, 2025. As of June 30, 2024, the entire project expected March Note was extinguished and there were no unamortized net fees or costs from the March Note.

The note is secured by all personal property and assets of the Borrowers and their subsidiaries, granting the Company a first priority security interest in these assets. In the event of default, the Company has the right to be finalized by declare the date specified in unpaid balance immediately due and payable and pursue remedies available to a secured party under the project schedule, unless modifications are necessitated by unforeseen circumstances as outlined in Uniform Commercial Code. Events of default include non-payment of principal or interest, and the agreement. Revenue is expected to be recognized bankruptcy or insolvency of the Borrowers. The Company evaluates the collectability of the note receivable regularly and maintains an allowance for credit losses based on historical experience, current conditions, and reasonable forecasts. As of June 30, 2024, no allowance for credit losses had been deemed necessary for the costs incurred relative to May Note receivable.

Property and equipment, net

Property and equipment, net, consisted of the following (in thousands):

	June 30, 2024	December 31, 2023
Equipment	\$ 3,330	\$ 3,155
Leasehold improvements	362	362
Vehicles	410	395
Computers	55	56
Furniture and Fixtures	3	3
Construction-in-progress	87	77
Total	4,247	4,048
Less: accumulated depreciation	(1,235)	(919)
Property and equipment, net	\$ 3,012	\$ 3,129

Depreciation expense for the three months ended June 30, 2024 and 2023 was \$0.1 million and \$0.1 million, respectively. Depreciation expense for the six months ended June 30, 2024 and 2023 was \$0.3 million and \$0.3 million, respectively.

Intangible assets, net

Intangible assets, net, consists of the following (in thousands):

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	June 30, 2024	December 31, 2023
Patents	\$ 1,800	\$ 1,800
Research license	375	375
Customer relationships	4	4
Total	2,179	2,179
Less: accumulated amortization	(910)	(797)
Intangible assets, net	\$ 1,269	\$ 1,382

The following table represents the total estimated costs at completion, amortization of intangible assets for the five succeeding years and thereafter as of June 30, 2024 (in thousands):

	Estimated Amortization Expense
Six months ended December 31, 2024	\$ 122
Year ended December 31, 2025	234
Year ended December 31, 2026	197
Year ended December 31, 2027	194
Year ended December 31, 2028	195
Thereafter	327
Total	\$ 1,269

For the three months ended June 30, 2024 and 2023, amortization expense was approximately zero and \$0.1 million, respectively. For the six months ended June 30, 2024 and 2023, amortization expense was approximately \$0.1 million and \$0.1 million, respectively. As of June 30, 2024, the remaining weighted-average amortization period for acquired intangible assets was 0.70 years.

### Accrued expenses

Accrued expenses consisted of the following the percentage of completion method. (in thousands):

	June 30, 2024	December 31, 2023
Payroll and related expenses	\$ 118	\$ 112

Bonus	-	1,000
Taxes	56	51
Other expenses	724	31
Total	<u>\$ 898</u>	<u>\$ 1,194</u>

## Note 105 – Deferred Debt Issuance Costs

Deferred debt issuance costs consist of the following (in thousands):

	June 30, 2024	December 31, 2023
Standing letter of credit	\$ 150	\$ 150
Equity letter of credit	554	554
Line of credit	\$ 9,943	9,943
Total	10,647	10,647
Accumulated amortization	(10,355)	(9,341)
Deferred debt issuance costs	<u>\$ 292</u>	<u>\$ 1,306</u>

As of June 30, 2024, and December 31, 2023, the accumulated amortization was \$10.4 million and \$9.3 million, respectively. This represents an increase of \$1.0 million, which is reflected in the cash flow statement for the six months ended June 30, 2024.

As of June 30, 2024, the deferred debt issuance costs related to the standing letter of credit and the line of credit has been fully amortized.

## Note 6 – Notes Payable

### Convertible Notes

#### 2022 Notes

In October 2022, the Company issued convertible notes (the “2022 Notes”) with a principal balance of approximately \$5.4 million and warrants to purchase 362,657 shares of the Company’s common stock for net proceeds of \$3.5 million. The 2022 Notes is non-interest bearing and secured by the Company’s assets. The maturity date is the earlier of (i) twelve months from the date of issuance or (ii) the closing of a change of control transaction. The 2022 Notes are convertible into shares of the Company’s common stock at a conversion price of \$29.70 per share. The warrants have an exercise price of \$19.32 per share and expire five years from the issuance date.

In February December 2023, the Company entered into waiver agreements with holders of the 2022 Notes which extended the maturity date of the 2022 Notes from October 19, 2023 to April 18, 2024. As consideration for this

agreement, the Company issued 96,890 warrants to purchase shares of the Company's common stock (See Note 11).

In March 2023, the Company entered into the waiver agreements with holders of the 2022 Notes to eliminate the minimum pricing covenant as it relates to Company's at-the-market facility. As consideration for this agreement, the Company provided the holders with two options to choose from (i) to take an additional five percent original issue discount ("OID") on their 2022 Note principal or (ii) to be issued shares of common stock with a value equal to the five percent OID, and to issue total shares of 31,724 as converted using the Nasdaq minimum price of \$9.42. During 2023, six of the note holders elected option (i), and the Company increased the respective principal balance of the notes by approximately \$0.2 million. The remaining noteholders elected option (ii), and as of March 31, 2024, no shares of common stock have been issued. The Company recorded expense of \$0.3 million associated with the commitment to issue shares of the Company's common stock.

In May 2023, the Company entered into an inducement agreements with the investors to reduce the conversion price of the 2022 Notes in an aggregate principal amount equal to \$1.5 million, convertible into 161,603 shares of the Company's common stock at \$9.28 per share. The remaining investors agreed to reduce the conversion price of the 2022 Notes in an aggregate principal amount equal to \$1.4 million, convertible into 127,393 shares of the Company's common stock at \$10.93 per share.

The Company elected to account for the 2022 Notes under the fair value option. For the inducement agreements that were entered into as described above, the Company accounted for the change in the terms through the fair value adjustment of \$2.7 million, which is included in the change in fair value of notes on the condensed consolidated statements of operations, upon the settlement of \$0.2 million principal balance of the 2022 Notes as part of the exchange agreements, and \$1.0 million principal balance of the 2022 Notes in June 2023 based on the issuance of 248,981 shares of the Company's common stock. As of March 31, 2024, there was no outstanding balance related to the 2022 Notes.

### Senior Secured Notes

In January 2023, the Company issued senior secured notes ("Senior Secured Notes") with a principal balance of approximately \$1.2 million and warrants to purchase 41,667 shares of the Company's common stock for net proceeds of \$1.0 million. The Senior Secured Notes do not bear interest, and mature three months from the date of issuance. Pursuant to these terms, the Senior Secured Notes were subsequently extended to May 3, 2023, incurring an additional 10% on principal. The warrants are exercisable for five years at an exercise price of \$19.32 per share.

In May 2023, the Company entered into several amendments to extend the Senior Secured Notes maturity date with the investors. In exchange, the Company issued a total of 203,500 shares of common stock to the investors.

The Company concluded that a troubled debt restructuring did not occur, but an extinguishment of the outstanding senior secured notes occurred. Subsequent to the extinguishment, the Company concluded to account for the Senior Secured Notes using the fair value option. The Company recorded an extinguishment loss of \$2.2 million.

On June 4, 2023, \$0.2 million of the outstanding Senior Secured Notes was settled. The Company accounted for the settlement as an extinguishment that resulted in a \$0.1 million gain and resulted in \$0.1 million being recorded as Series F convertible preferred stock and \$0.1 million being recorded as part of the warrant liability.

On June 30, 2023, the Company and the remaining investors agreed to extend the maturity date of the 2023 Notes until July 31, 2023, in exchange for 41,667 shares of common stock. The Company recorded a change in fair value

adjustment of \$0.3 million based on the fair value of the 41,667 shares of common stock.

On July 10, 2023, the Company and the remaining investors entered into a forbearance agreement, which was subsequently amended on July 14, 2023. The forbearance agreement provides that the investor shall forbear the exercise of its rights and remedies due to certain events of defaults under the Senior Secured Notes, including payment, until December 31, 2024, in exchange for a non-refundable and indefeasible payment of \$0.1 million in the form of a promissory note due December 31, 2024 (the “December 2024 Note”). The December 2024 Note was never executed and the Senior Secured Notes investors fully settled the outstanding balance for a total of 189,602 shares of common stock during July and August 2023. The Company recorded a change in fair value adjustment of \$0.04 million at settlement of the Senior Secured Notes. As of March 31, 2024, there was no outstanding balance related to the Senior Secured Notes.

### 2023 Note

In February 2023, upon drawing down on the line of credit, the Company issued a Secured Promissory Note (the “2023 Note”) totaling \$2.0 million, which is due and payable 60 days from the issuance date. The 2023 Note is non-interest bearing and secured by the Company’s assets. The 2023 Note is convertible into shares of the Company’s common stock at \$30.00 per share.

In April 2023, the Company entered into a first amendment to the 2023 Note with the lender, pursuant to which the lender agreed to extend the maturity date of the 2023 Note balance until May 1, 2023 in exchange for 33,333 shares of the Company’s common stock. The 2023 Note was further amended to accrue interest at the 15% per annum from the original funding date of the 2023 Note. The Company recorded a change in fair value adjustment of \$0.2 million related to the commitment to issue 33,333 shares of the Company’s common stock.

On May 1, 2023, the Company entered into a second amendment to the 2023 Note with the lender, pursuant to which the lender agreed to extend the maturity date of the 2023 Note balance until May 15, 2023

On May 15, 2023, the Company entered into a third amendment to the 2023 Note with the lender, pursuant to which the lender agreed to extend the maturity date of the 2023 Note until June 7, 2023 in exchange for 4,000 shares of the Company’s Series E preferred stock, which are convertible into 66,667 shares of the Company’s common stock. The Company recorded a change in fair value adjustment of \$0.7 million related to the commitment to issue 4,000 shares of the Company’s Series E preferred stock.

On May 16, 2023, the Company made a second draw of \$0.2 million under the line of credit. Upon drawing down on the line of credit, the Company issued a second Secured Promissory Note (the “2<sup>nd</sup> 2023 Note”) which is due and payable on July 16, 2023. The 2<sup>nd</sup> 2023 Note shall accrue interest at the 15% per annum from the original funding date of the 2<sup>nd</sup> 2023 Note.

On May 26, 2023, the Company made a third draw of \$0.2 million under the line of credit. Upon drawing down on the line of credit, the Company issued a third Secured Promissory Note (the “3<sup>rd</sup> 2023 Note”) which is due and payable on June 2, 2023. The 3<sup>rd</sup> 2023 Note included a \$0.2 million commitment fee and does not bear interest. With the 3<sup>rd</sup> 2023 Note, the Company recorded a change in fair value adjustment of \$0.2 million related to the commitment fee.

On May 26, 2023, the Company entered into a fourth amendment to the 2023 Note, pursuant to which the Company will issue to the holder a convertible promissory note in the principal amount of \$0.2 million due June 2, 2023 in



exchange for 4,000 shares of the Company's Series E preferred stock, which are convertible into 66,667 shares of the Company's common stock. The Company recorded a change in fair value adjustment of \$0.6 million related to the commitment to issue 4,000 shares of the Company's Series E preferred stock.

On June 13, 2023, the Company partially redeemed the principal of the 2023 Note. In addition to the accrued interest and commitment fees, the total redeemed balance was approximately \$2.1 million. With the settlement of the 2<sup>nd</sup> 2023 and the 3<sup>rd</sup> 2023 Note, the Company recorded a change in fair value adjustment of \$0.1 million.

On June 30, 2023, the Company and the line of credit lender agreed to amend the 2<sup>nd</sup> 2023 Note and the 3<sup>rd</sup> 2023 Note to extend the maturity dates of each until July 16, 2023. In connection with the amendments, the Company agreed to issue to the line of credit lender 5,000 shares of the Company's Series E preferred stock, which is convertible into 83,333 shares of the Company's common stock. Additionally, the Company agreed to issue an additional 8,000 shares of the Company's Series E preferred stock, which is convertible into 133,333 shares of the Company's common stock, to the line of credit lender for failure to comply with a covenant in the line of credit, as amended. The Company recorded a change in fair value adjustment of \$2.0 million related to the commitment to issue 13,000 shares of the Company's Series E preferred stock.

During July 2023, the Company repaid the outstanding balance of the 2<sup>nd</sup> 2023 Note and 3<sup>rd</sup> 2023 Note for cash of \$0.4 million. As of March 31, 2024, there was no outstanding balance related to the 1<sup>st</sup> 2023 Note, 2<sup>nd</sup> 2023 Note and 3<sup>rd</sup> 2023 Note.

#### Demand Note

Between May 17 and May 18, 2023, the Company issued secured demand promissory notes (the "Demand Notes") in an aggregate principal amount equal to \$0.2 million. The Demand Notes are due and payable at any time upon demand by the noteholders after the earlier of (i) the consummation of the Company's first securities offering after the issuance of the Demand Notes or (ii) July 16, 2023. The Demand Notes do not bear interest. In connection with the issuance of the Demand Notes, the Company agreed to issue an aggregate of 76,626 shares of the Company's common stock to the Demand Note holders. The Company recorded expense of \$0.2 million associated with the commitment to issue shares of the Company's common stock.

On May 30, 2023, the Company issued secured demand promissory notes (the "2<sup>nd</sup> Demand Notes") in an aggregate principal amount equal to \$0.1 million. The 2<sup>nd</sup> Demand Notes are due and payable at any time upon demand by the noteholder after the earlier of (i) the consummation of the Company's first securities offering after the issuance of the 2<sup>nd</sup> Demand Notes or (ii) July 16, 2023. The 2<sup>nd</sup> Demand Notes do not bear interest. In connection with the issuance of the 2<sup>nd</sup> Demand Notes, the Company agreed to issue an aggregate of 46,935 shares of the Company's common stock to the 2<sup>nd</sup> Demand Notes holders. The Company recorded expense of \$0.1 million associated with the commitment to issue shares of the Company's common stock.

On July 25, 2023, the Company entered into the Demand Secured Promissory Note Agreement ("Q3 Demand Notes") with two investors for a purchase price of \$20,000 each and with an original issue discount of \$12,000. Upon settlement, the Company is obligated to pay a total of \$0.1 million in principal for the issuance of both notes. The Q3 Demand Notes are due and payable at any time upon demand by the holder after the earlier of (i) the consummation of the Company's first securities offering after the issuance of the Q3 Demand Notes and (ii) August 25, 2024.

As of March 31, 2024, the Company had approximately \$0.1 million of outstanding balance related to the 2023 Notes.

On December 28, 2023, the Company entered into a secured notes payable agreement with Cemen Tech Capital, LLC bearing an interest rate of 8.75% per year. In Q1 2023, the Company entered into a secured notes payable agreement with Ford Motor Credit bearing an interest rate of 6.96% per year. Both notes are secured by the vehicles financed. Monthly principal and interest payments are to be made commencing from the issuance date through January, 2030 and April, 2026 respectively.

In May 2024, the Company entered into a secured notes payable agreement for approximately \$0.6 million with Mobilization Funding II, LLC (the “Mobilization Note”) bearing an interest rate of 3% per month. The note is collateralized by two construction agreements entered with two third parties, Glass Roots Construction, LLC and Fatbeam, LLC. Monthly principal and interest payments are to be made commencing from July 2024 through October 2024.

In May 2024, the Company entered into a Corporate Guaranty agreement (the “Guaranty”) with Mobilization Funding II, LLC (“Mobilization Note 2”). During the second quarter of 2024, the Company's fiber optics group borrowed approximately \$0.6 million under the Mobilization Note 2. The Mobilization Note 2 bears interest at a rate of 57.0% per annum, calculated on a 360-day year basis, with interest payable upon maturity. The principal and accrued interest are due on October 31, 2024. As of June 30, 2024, the Company has fully repaid the Mobilization Note 2 and no further amounts were borrowable.

As of March 31, 2024 June 30, 2024, the expected future minimum principal payments under the Company's notes payable is as follows (in thousands):

Amount	Expected Future Principal Note Payments
2024, remainder	
2025	
2026	
2027	
2028, and thereafter	
2028	
Thereafter	
Total	

As of June 30, 2024, the Company has repaid approximately \$0.6 million of notes payable.

**Note 117 - Fair Value Measurements**

The following table classifies Company utilizes valuation techniques that maximize the Company's liabilities measured at use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on a recurring basis into assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value

measurements, the following fair value hierarchy as distinguishes between observable and unobservable inputs, which are categorized in one of March 31, 2024: the following levels:

	Fair value measured at March 31, 2024			
	Total carrying value	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities:				
Warrant liability	\$ 23	\$ -	\$ -	\$ 23

The Company did not have any • **Level 1 Inputs:** Unadjusted quoted prices in active markets for identical assets or liabilities measured accessible to the reporting entity at the measurement date.

• **Level 2 Inputs:** Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

• **Level 3 Inputs:** Unobservable inputs for the asset or liability used to measure fair value on a recurring basis into to the fair value hierarchy as of December 31, 2023.

For extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the three months ended March 31, 2024 there was a increase of approximately \$23,000 in Level 3 liabilities measured asset or liability at fair value.

The Company uses significant unobservable inputs to value its Level 3 liabilities, which include warrants to purchase shares of common stock. The fair value of these warrants is estimated using the Black-Scholes valuation model. The key factors considered in this model are:

- **Dividend Yield:** The expected dividend yield is based on the Company's historical dividend payments and future expectations. As of March 31, 2024, the dividend yield used was 0.0%. measurement date.
- **Expected Price Volatility:** The expected volatility is based on the historical volatility of the Company's stock over a period equivalent to the expected term of the warrants. As of March 31, 2024 June 30, 2024 and December 31, 2023, the expected price volatility was 70.0%.
- **Risk-Free Interest Rate:** The risk-free interest rate is based on the yield of U.S. Treasury securities with a maturity similar to the expected term of the warrants. As of March 31, 2024, the risk-free interest rate was 4.33%.

- **Expected Term:** The expected term of the warrants is based on the remaining contractual life of the warrants. As of March 31, 2024, the expected term was 3.8 years.

## **2022 Convertible Notes at Fair Value**

The fair value of the 2022 Notes on the issuance dates, and as of March 31, 2024 were estimated using a Monte Carlo simulation to capture the path dependencies intrinsic to their terms. The significant unobservable inputs used in the fair value measurement of the Company's convertible notes are the common stock price, volatility, and risk-free interest rates.

The Company elected the fair value option when recording its 2022 Notes and the 2022 Notes were classified as liabilities and measured at fair value on the issuance date, with changes in fair value recognized as other income (expense) on the statements of operations and disclosed in the condensed consolidated financial statements.

In February 2023, the Company entered into waiver agreements with holders of the 2022 Notes (See Note 10). In connection with the waiver agreement, the 2022 Notes were revalued as of the amendment date.

In March 2023, the Company entered into the second waiver agreements with holders of the 2022 Notes (See Note 10). A number of holders elected to increase the principal balance of their notes. The Company revalued the respective notes on the date prior to the amendment date and again on the amendment date. The change in fair value related to the amendment of these 2022 Notes was approximately \$0.4 million.

In June 2023, the Company entered into an exchange agreement and \$0.2 million fair value of the 2022 Notes was exchanged for 206 shares of Series F Preferred stock. As of March 31, 2024, there was no outstanding balance related to the 2022 Notes.

## **Line of Credit**

In February 2023, the Company drew down \$2.0 million from the line of credit and issued the 2023 Notes of \$2.0 million. The 2023 Note had fair value at issuance of \$1.9 million and the Company recorded a gain on issuance of approximately \$0.1 million, which is included in other income (expense) on the condensed consolidated statement of operations.

In May 2023, the Company drew down \$0.4 million from the line of credit and in accordance with the terms of the agreement issued the 2<sup>nd</sup> 2023 Notes and 3<sup>rd</sup> 2023 Notes. During July 2023, the Company repaid the outstanding balance of \$0.4 million in cash.

As of March 31, 2024, there are no outstanding balances pertaining to the 2023 Notes, following the full termination of the associated line of credit.

The following table provides the change in fair value of the warrant liability (in thousands):

	<b>Warrant Liability</b>
Balance at December 31, 2023	\$ -
Change in fair value	23
Balance at March 31, 2024	\$ 23

### Warrants

During the three months ended March 31, 2024, the Company executed a warrant agreement with two consultants, issuing warrants for 750,000 shares. These five-year warrants are exchangeable for the Company's common stock and carry an exercise price of \$0.094 per share.

### Series F Preferred Stock Exchange Agreements

In connection with the Series F preferred stock exchange agreements, the Company issued 592,137 warrants to purchase shares of the Company's common stock. The Company concluded that the exchange warrants are liability classified with a fair value of \$1.3 million as of the issuance date. As of March 31, 2024, the exchange warrants had a nominal fair value.

### Senior Secured Notes

In connection with the issuance of the Senior Secured Notes in January 2023 (See Note 10), the Company issued 41,667 warrants to purchase shares of the Company's common stock. The Company estimated the aggregate fair value of the warrants on the issuance date to be approximately \$0.2 million, and nominal value as of March 31, 2024.

### Line of Credit

In February 2023, in connection with the issuance of its line of credit, the Company issued 45,000 warrants to purchase shares of its Series E preferred stock (See Note 12). The Company estimated the aggregate fair value of the warrants on the issuance date to be approximately \$5.6 million, and nominal value as of March 31, 2024.

### Series F-1 and F-2 Issuances

As part of the Series F-1 and F-2 preferred stock issuances, the Company issued 523,323 warrants to purchase shares of the Company's common stock. The Company concluded that the Series F-1 and Series F-2 warrants are liability classified with a fair value of \$1.2 million as of the issuance date. As of March 31, 2024, the fair value of the Series F-1 and Series F-2 warrants were **outstanding was** nominal.

The warrants were classified as liabilities and measured at fair value on the grant date, with changes in fair value recognized as other income (expense) on the condensed consolidated statements of operations.

A summary of significant unobservable inputs (Level 3 inputs) used in measuring warrants on the issuance dates and as of March 31, 2024 is as follows:

--

	Series F / F- 1 / F-2	2022 Notes	Warrants - Senior Secured Note	Warrants - Series E - Line of Credit	Warrants - March 1, 2024
Date	3/31/2024	3/31/2024	3/31/2024	3/31/2024	3/31/2024
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%
Expected price volatility	70.0%	65.0%	70.0%	70.0%	70.0%
Risk free interest rate	4.29%	4.35%	4.33%	4.32%	4.22%
Expected term (in years)	4.2	3.6	3.8	3.8	4.9

## Note 128 – Stockholders' Equity

### **Preferred Stock**

As of March 31, 2024, there were 50,000,000 authorized shares of the Company's preferred stock with par value of \$0.0001.

#### Series A Preferred Stock

As of March 31, 2024 and December 31, 2023, 251 shares of Series A preferred stock are issued and outstanding, respectively.

#### Series B Preferred Stock

As of March 31, 2024 and December 31, 2023, 1,443 shares of Series B preferred stock are issued and outstanding, respectively.

#### Series C Preferred Stock

As of March 31, 2024 and December 31, 2023, 500,756 shares of Series C preferred stock are issued and outstanding, respectively.

#### Series D Preferred Stock

As of March 31, 2024 and December 31, 2023, no shares of Series D preferred stock are issued and outstanding, respectively.

#### Series E Preferred Stock

On February 1, 2023, the Company's Board of Directors authorized 77,000 shares of Series E preferred stock with a par value of \$0.0001 per share, in connection with its line of credit. Each share of Series E preferred stock is convertible into 1,000 shares of the Company's common stock at the option of the holders. The holders of the Series E preferred stock shall receive dividends on an as converted basis together with the holders of the Company's common stock. The Series E preferred stock has no voting rights and does not have a preference upon any liquidation, dissolution or winding-up of the Company.

On February 2, 2023, in connection with its line of credit, the Company issued 5,000 shares of Series E preferred stock as a commitment fee with a fair value of \$1.5 million. In addition, the Company agreed to issue an additional 5,000 shares of Series E preferred stock on both the first and second anniversary date of the line of credit, or 10,000 shares on the first anniversary, if the Company does not elect to extend the maturity date of the line of credit. The fair value of the additional 10,000 shares of Series E preferred stock on the issuance date totaled \$2.9 million. The Company recorded the total fair value of \$4.4 million as additional paid-in capital with the offsetting increase to deferred debt issuance costs.

As of March 31, 2024, following Series E preferred stock conversions, zero shares of Series E preferred stock are issued and outstanding. There were no shares of Series E preferred stock issued and outstanding as of December 31, 2023.

#### Series F Preferred Stock

On June 4, 2023, the Company entered into exchange agreements with (i) the 2022 Notes investors for the exchange of 2022 Notes in the aggregate principal amount of \$2.6 million for 2,622 shares of the Company's Series F convertible preferred stock ("Series F preferred stock"), (ii) with the Senior Secured Notes investors for the exchange of Senior Secured Notes in the aggregate principal amount of \$0.2 million for 206 shares of Series F Preferred Stock; (iii) with the Demand Noteholders for the exchange of Demand Notes in the principal amount of \$0.6 million for 576 shares of Series F Preferred Stock, and (iv) with the purchasers of the Company's Series D Preferred Stock for the exchange of 1,197 shares of Series D Preferred Stock for 1,847 shares of Series F Preferred Stock.

In addition, the Company issued new five-year warrants to purchase an aggregate of 592,137 shares of common stock (the "Exchange Warrants") to the 2022 Note holders, the Senior Secured Note holders, and the purchasers of the Company's Series D preferred stock. The Exchange Warrants are exercisable at an exercise price of \$8.868 per share of common stock. The holders may exercise the Exchange Warrants on a cashless basis if the shares of the Company's common stock underlying the Exchange Warrants are not then registered pursuant to an effective registration statement. The Company concluded that the Exchange Warrants are liability classified.

For the 2022 Note holders, the total fair value of Series F preferred stock and warrant liability issued were \$1.1 million and \$0.6 million, respectively. For the Senior Secured Note holders, the total fair value of Series F preferred stock and warrant liability issued were \$0.1 million and \$30,000, respectively. For the Demand Note holders, the total fair value of Series F Preferred Stock and Warrant Liability issued were \$0.2 million and \$0.2 million, respectively. For the purchasers of the Company's Series D preferred stock, the Company accounted for the exchange as an extinguishment of the Series D preferred stock and recorded the total fair value of Series F preferred Stock and warrant liability of \$0.7 million and \$0.5 million, respectively. The difference of \$0.5 million with the \$0.7 million carrying value of the Series D preferred stock as a deemed dividend and reduction to additional-paid-in-capital.

In July 2023, the Company converted 803 shares of Series F preferred stock for 103,234 shares of common stock. As of March 31, 2024 and December 31, 2023, 4,448 shares of Series F preferred stock are issued and outstanding, respectively.

#### Series F-1 Preferred Stock

On June 13, 2023, the Company issued 3,583 shares of Series F-1 preferred stock for an aggregate purchase price of \$2.3 million. In connection with the issuance of the Series F-1 preferred stock, the holders will receive five-year warrants to purchase an aggregate of 398,377 shares of common stock (the "Series F-1 Warrants"). The Series F-1



Warrants will be exercisable at an exercise price of \$8.994 per share of the Company's common stock, subject to certain adjustments as set forth in the Series F-1 Warrants. The holders may exercise the Series F-1 Warrants on a cashless basis if the shares of our Common Stock underlying the Series F-1 Warrants are not then registered pursuant to an effective registration statement. The obligations of the Company and the Purchasers to consummate the transactions contemplated by the Purchase Agreement are subject to the satisfaction on or prior to the Closing of customary closing conditions..

The Company allocated the proceeds of \$2.3 million to the liability classified warrants with a fair value of \$0.9 million and the remaining proceeds of \$1.4 million to the Series F-1 preferred stock.

In July 2023, the Company converted 2,930 shares of Series F-1 preferred stock for 325,737 shares of common stock. As of March 31, 2024 and December 31, 2023, 653 shares of Series F-1 preferred stock are issued and outstanding, respectively.

### Series F-2 Preferred Stock Offering

On June 14, 2023, the Company issued 1,153 shares of its Series F-2 preferred stock for an aggregate purchase price of approximately \$0.7 million. In connection with the issuance of the Series F-2 preferred stock, the holders will receive five-year warrants to purchase an aggregate of 124,946 shares of common stock (the "F-2 Warrants"). The F-2 Warrants will be exercisable at an exercise price of \$9.228 per share of common stock.

The Company allocated the proceeds of \$0.7 million to the liability classified warrants with a fair value of \$0.3 million and the remaining proceeds of \$0.4 million to the Series F-2 preferred stock.

As of March 31, 2024 and December 31, 2023, 1,153 shares of Series F-2 preferred stock are issued and outstanding, respectively.

### **Common Stock**

#### Authorized Shares

As of March 31, 2024, there were 800,000,000 shares of the Company's authorized shares of common stock.

#### Warrant Exercises

During the three months ended March 31, 2024, the Company executed a warrant agreement with two consultants, issuing warrants for 750,000 shares. These five-year warrants are exchangeable for the Company's common stock and carry an exercise price of \$0.094 per share. No warrants have been exercised as of March 31, 2024.

#### At-the-Market Offering

As of March 31, 2024 June 30, 2024, the Company has received net proceeds on sales of 4,824,382 32,163 shares of common stock under the at-the-market offering of approximately \$0.6 million after deducting \$28,000 in commissions and expenses. The weighted-average price of the common stock was \$0.13 \$19.11 per share.

#### Equity Line of Credit



On July 20, 2023 (“Closing Date”), the Company entered into the ELOC with a purchaser (“ELOC Purchaser”) whereby the Company has the right to sell up to an aggregate of \$50.0 million of newly issued shares (the “ELOC Shares”) of the Company’s common stock. The aggregate number of shares that the Company can sell under the ELOC Purchase Agreement may not exceed 4.99% of the outstanding common stock, subject to certain exceptions set forth in the ELOC Purchase Agreement.

The purchase price of the shares of common stock that the Company elects to sell to the pursuant to the ELOC Purchase Agreement will be equal to 97.0% of the lower of (i) the lowest intraday sale price of the common stock on the Company’s current trading market on the applicable purchase date or (ii) the arithmetic average of the three lowest closing sale prices during the ten trading days immediately preceding the applicable purchase date. There is no upper limit on the price per share that ELOC Purchase could be obligated to pay for the common stock under the ELOC Purchase Agreement.

As of ~~March 31, 2024~~ June 30, 2024, the Company received net proceeds on sales of ~~21,133,689~~ 1,739,958 shares of common stock of approximately ~~\$1.4 million~~ \$10.7 million, after deducting commissions and expenses, at a weighted average price of ~~\$0.13~~ \$6.93 per share.

Preferred Stock Conversions

On May 2024, the Company executed a Second Amended and Restated Certificate of Designations, Preferences and Rights of its Series A, Series B, and Series C preferred stock (collectively “May 2024 COD”) following the approval of the Company’s Board of Directors and the requisite numbers of Series A, Series B, and Series C preferred stockholders (collectively “Senior Preferred Stocks”). Under the May 2024 COD, the Company revised the conversion price of its Senior Preferred Stocks to \$0.0462 to incentivize the holders to convert their shares into the Company’s common stock. The following table summarizes the number of common stock issued upon the conversion of the Senior Preferred Stock:

Series of Preferred Stock	Number of Preferred Stock Shares Converted	Number of Common Stock Issued Upon Conversion
Series A	251	36,220
Series B	1,443	220,782
Series C	500,756	78,056
Total	502,450	335,058

The Company concluded that the conversion is an induced conversion and the fair value for the inducement is recognized as a deemed dividend. Due to the fact that the Company does not have any retained earnings, the Company will record the corresponding entries to additional paid-in capital and the debit/credit has a net nil impact on stockholders’ deficit during the period ended June 30, 2024. As of June 30, 2024, the Company recorded a \$5,000 entry to additional paid-in capital and common stock par value related to the Senior Preferred Stock conversions.

On May 2024, the holders of Series F, F-1, and F-2 holders exercised their option to convert the shares into common stock utilizing the Alternate Conversion feature. As part of the original terms of the Series F, the shares may be converted to common stock based on the alternate conversion price that is lower than the original conversion price of \$0.1478 per share (“Alternate Conversion”) if certain events were to occur (“Triggering Event”). The Triggering Events

that occurred that enabled an Alternate Conversion is the (i) failure of the applicable registration statement to be filed with the SEC on or prior to the date that is five (5) days after the applicable filing deadline, and (ii) failure to pay dividends. The Alternate Conversion price is the lowest of (i) the conversion price in effect on the conversion date of the applicable Alternate Conversion, (ii) the greater of (x) the floor price of \$0.1478, and (y) 80% of the volume-weighted average price ("VWAP") of the common stock on the trading day preceding delivery day of the conversion notice, (iii) 80% of the VWAP of common stock as of the trading day of the conversion notice delivery day, and (iv) the greater of (x) the floor price of \$0.1478, and (y) 80% of the price of the quotient (I) sum of three lowest days of common stock VWAP over 15 days, divided by (II) three. The following table summarizes the number of shares of common stock issued upon the conversion:

Series of Preferred Stock	Number of Preferred Stock Shares Converted	Number of Common Stock Issued through Conversion	Number of Common Stock Issued for Deemed Dividend in Connection with Conversion	Total Number of Common Stock Issued upon Conversion
Series F	4,448	648,441	38,799	648,441
Series F-1	653	113,576	—	113,576
Series F-2	1,153	140,264	10,990	140,264
Total	6,254	902,281	49,789	902,281

The Series F, F-1, and F-2 preferred stock were converted to common stock based on the triggering of the Alternative Conversions provisions. As such, the carrying value of the Series F, F-1, and F-2 preferred stock were derecognized. Additionally, the issued shares of common stock from the Series F conversion were recognized at par value and the triggered Alternative Conversion recognized as a deemed dividend. The Company will record the corresponding entries to additional paid-in capital and the debit/credit has a net nil impact on stockholders' deficit during the period ended June 30, 2024. As of June 30, 2024, the Company recorded a \$14,000 entry to additional paid-in capital and common stock par value related to the Series F, F-1, and F-2 conversions.

## Note 139 – Stock-Based Compensation

### Stock Options

The Company grants equity-based compensation under its 2020 Long-Term Incentive Plan (the "2020 Plan") and its 2016 Equity Incentive Plan (the "2016 Plan"). The 2020 Plan and 2016 Plan allows the Company to grant incentive and nonqualified stock options, and shares of restricted stock to its employees, directors and consultants. On June 14, 2019, the Board of Directors of the Company approved increasing the number of shares allocated to the Company's 2016 Equity Incentive Plan from 91,667 to 122,222.

On December 16, 2020, the Company adopted its 2020 Plan. Under the 2020 Plan, there are 88,889 shares of the Company's common stock available for issuance and the 2020 Plan has a term of 10 years.

Under the 2016 Plan and the 2020 Plan, upon the exercise of stock options and issuance of fully vested restricted common stock, shares of common stock may be withheld to satisfy tax withholdings. The Company intends to net settle certain employee options to ensure adequate authorized shares under the Incentive Plan.

On December 22, 2022, the Company adopted its 2022 Long-Term Incentive Plan (the “2022 Plan”). Under the 2022 Plan, there are 70,000 shares of the Company’s common stock available for issuance and the 2022 Plan has a termination date of October 31, 2032.

A summary of activity under the Plans for the **three** **six** months ended **March 31, 2024** **June 30, 2024** is as follows:

Shares Underlying Options	
Outstanding at December 31, 2023	
Outstanding at December 31, 2023	
Outstanding at December 31, 2023	
Granted	
Granted	
Granted	
Forfeited	
Forfeited	
Forfeited	
Outstanding at March 31, 2024	
Outstanding at March 31, 2024	
Outstanding at March 31, 2024	
Outstanding at June 30, 2024	
Outstanding at June 30, 2024	
Outstanding at June 30, 2024	
Exercisable at March 31, 2024	
Exercisable at June 30, 2024	
Exercisable at March 31, 2024	
Exercisable at June 30, 2024	
Exercisable at March 31, 2024	
Exercisable at June 30, 2024	

During the **three** **six** months ended **March 31, 2024** **June 30, 2024**, the Company recognized stock-based compensation of approximately **\$38,000** **\$2.4 million** related to stock options. The unrecognized compensation cost totaled approximately \$0.1 million which is expected to be recognized over a weighted-average period of **1.1 years**.

During the three months ended March 31, 2024, the Company issued 250,000 stock options, which were valued using the Black-Scholes option pricing model. 1.0 year.

The following table presents the inputs used for the valuation of options granted, as per the Black-Scholes fair value model:

	Three months ended March 31,	
	2024	2023
Dividend yield	— %	—
Expected price volatility	95.7 %	—
Risk free interest rate	4.9 %	—
Expected term (years)	0.8	—

Stock-Based Compensation

The total stock-based compensation expense recognized was as follows (in thousands):

	Three months ended March 31,	
	Three months ended March 31,	
	Three months ended March 31,	
	Three months ended June 30,	
	Three months ended June 30,	
	Three months ended June 30,	
		2024
		2024
		2024

Research and development expenses
Research and development expenses
Research and development expenses
Selling, general and administrative expenses
Selling, general and administrative expenses
Selling, general and administrative expenses
Total stock-based compensation

Total stock-based compensation

Total stock-based compensation

As of **March 31, 2024** **June 30, 2024**, the total unrecognized stock-based compensation cost related to outstanding unvested stock options that are expected to vest was \$0.1 million, which the Company expects to recognize over an estimated weighted-average period of **1.1** **1.0** years.

### Restricted Stock Units

A summary of the Company's restricted stock activity and related information is as follows:

#### Number of Shares

Unvested at December 31, 2023

Unvested at December 31, 2023

Unvested at December 31, 2023

Granted

Granted

Granted

Vested

Vested

Vested

Unvested at March 31, 2024

Unvested at March 31, 2024

Unvested at March 31, 2024

Unvested at June 30, 2024

Unvested at June 30, 2024

Unvested at June 30, 2024

During the **three** **six** months ended **March 31, 2024** **June 30, 2024**, the Company granted **750,000** **357,478** restricted stock units and recognized stock-based compensation of approximately **\$0.2** **\$2.1** million related to restricted stock units. The unrecognized compensation cost totaled approximately **\$0.1** **\$0.9** million which is expected to be recognized over a weighted-average period of **0.6** **0.7** years.

### Note **14** **10** – Warrants

A The following table represents a summary of the Company's warrant (excluding penny warrants) activity and related information is as follows:

	Shares Underlying Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2023	1,760,095	\$ 18.96	4.4	\$ —
Issued	750,000	\$ 0.09	4.9	\$ —
Exercised	—	\$ —	—	\$ —
Outstanding at March 31, 2024	2,510,095	\$ 14.01	4.2	\$ —

### ***Liability Classified Warrants***

During the three months ended March 31, 2024, the Company issued a total of 750,000 warrants to purchase shares of the Company's common stock with an exercise price of \$0.09 per share. The warrants were distributed as follows: 250,000 to Ascent Art Ventures, LLC and 500,000 to Five Oceans Capital, LLC. The warrants are set to expire 5 years from the issuance date.

### ***2022 Notes***

In connection with the 2022 Notes, the Company issued 362,657 warrants to purchase shares of the Company's common stock. The warrants have an exercise price of \$19.30 per share and expire five years from the issuance date.

During 2023, the Company entered into a warrant inducement and exercise agreement with certain holders. Under the terms of the agreement, the holders exercised 106,764 warrants, and the Company issued 106,764 new warrants to purchase shares of its common stock with an exercise price of \$19.30 per share. The warrants expire 5 years from the issuance date.

On February 28, 2023, the Company entered into waiver agreements with holders of the 2022 Notes and issued 96,894 warrants to purchase shares of the Company's common stock with an exercise price of \$19.30 per share.

### ***Exchange Warrants, F-1 Warrants, and F-2 Warrants***

In connection with the exchange agreement, the Company issued new five-year warrants to purchase an aggregate of 592,137 shares of common stock to the noteholders and the purchasers of the Company's Series D preferred stock. The Exchange Warrants are exercisable at an exercise price of \$8.868 per share of common stock. The holders may exercise the

Warrant Issue Date	Outstanding as of June 30, 2024	Exercise Price	Expiration
June, 2020 - November, 2020	221	\$10,044 - \$41,850	June, 2025 to November, 2025
January, 2021 - December, 2021	335	\$3,510 - \$50,625	January, 2026 to December, 2026

March, 2022 - October, 2022	1,866	\$2,880 - \$18,000	March, 2027 to October, 2027
January, 2023	282	\$2,898	January, 2028
February, 2023	1,372	\$2,880 - \$4,500	February, 2028
June, 2023	7,446	\$1,330 - \$1,384	June, 2028
March, 2024	5,001	\$14	March, 2029

warrants on a cashless basis if the shares of the common stock underlying

See Note 7 – *Fair value measurements* with respect to valuation techniques and assumptions because the warrants are not then registered pursuant to an effective registration statement. The Company concluded that the Exchange Warrants are liability classified. fair value measurement each reporting period.

In connection with the issuance of the Series F-1 preferred stock, the noteholders will receive five-year warrants to purchase an aggregate of 398,379 shares of common stock. The warrants will be exercisable at an exercise price of \$8.994 per share of the Company's common stock. The noteholders may exercise the warrants on a cashless basis if the shares of the common stock underlying the warrants are not then registered pursuant to an effective registration statement.

In connection with the issuance of the Series F-2 preferred stock, the noteholders will receive five-year warrants to purchase an aggregate of 124,948 shares of common stock. The F-2 warrants will be exercisable at an exercise price of \$9.228 per share of common stock. The noteholders may exercise the F-2 warrants on a cashless basis if the shares of the common stock underlying the F-2 warrants are not then registered pursuant to an effective registration statement.

## Note 15.11 – Commitments and Contingencies Leases

### Leases Under Crown Electrokinetics Film Division

#### Oregon State University

Since March 8, 2016, the Company has entered into a lease agreement with Oregon State University, to lease 1,700 square feet of The Company's Crown Electrokinetics operating segment leases and subleases various office and laboratory space located at HP Campus Building 11, 1110 NE Circle Blvd, Corvallis, Oregon. On January 20, 2023, the Company entered spaces under non-cancelable operating leases with various expiration dates through fiscal 2027, certain of which contain renewal provisions. These renewal provisions are not reasonably certain to be exercised and therefore are not factored into the ninth amendment which reduces determination of lease payments. The Company's Crown Electrokinetics Film operating segment have no lease agreements that are classified as finance leases.

In March 2021, the amount of cubicle space from 768 square feet to 288 square feet. Effective January 20, 2023 the quarterly operating expense will be \$41,323 covering all utility and facility tooling costs. The sublease expires June 30, 2025.

#### Hudson 11601 Wilshire, LLC

Since March 4, 2021, the Company has entered into a lease agreement with Hudson 11601 Wilshire, LLC, to lease 3,500 square feet of office space located in Los Angeles, California. The lease term is 39 months and expires on June 30, 2024.

#### HP Inc.

Since May 4, 2021, In April 2024, the Company has entered into a lease agreement with HP Inc., to lease 3,694 square feet of office and laboratory space at HP Campus Building 10, located at 1110 NE Circle Blvd, Corvallis, Oregon. On January 26, 2022, the Company amended the lease commencement date to January 26, 2022. The lease term is 60 months and expires on January 31, 2027. The Company may extend for one additional 60 months period, which is not reasonably certain of being exercised.

#### Pacific N.W. Properties, LLC

Since October 5, 2021, the Company has entered into a lease agreement with Pacific N.W. Properties, LLC to lease 26,963 square feet of warehouse, manufacturing, production, and office space located in Salem Oregon. The lease commencement date is December 9, 2021 and expires on February 28, 2027.

During the second quarter of 2023, the Company determined that it no longer desired to occupy the premises. The Company and the Lessor entered into the Lease Termination Agreement first amendment for the Hudson lease to revise the payment schedule for the remaining lease term expiring on April 7, 2023 June 30, 2024.

The Lease Termination Agreement set forth a termination fee of \$0.1 million as well as required. Subsequently, the forfeiture of the security deposit of \$0.2 million from the original lease agreement. The Company was required to vacate by April 30, 2023 as well as cover all utilities through that day. In entered into the second quarter of 2023, amendment in June 2024 to extend the lease term. The second amended lease expires in September 2027. The Company recorded a gain of \$0.1 million for the difference between lease liability and right-of-use asset loss of \$0.1 million in payment approximately \$0.6 million and lease liabilities of termination penalty, and a loss of \$0.2 million of the original security deposit approximately \$0.6 million related to the termination agreement. first and second amended lease agreements

#### ***Leases Under Crown Fiber Optics Division***

#### Burnham 182, LLC

On October 16, 2023, The Crown Fiber Optics operating segment of the Company entered into a leases various offices, storage spaces, and equipment under non-cancelable operating leases. These leases have expiration dates through fiscal 2026. Certain leases include renewal options; however, these renewal options are not considered reasonably certain to be exercised and are therefore excluded from the calculation of lease agreement with Burnham 182, LLC, to payments. The Crown Fiber Optics operating segment does not have any lease 40,524 square feet of vacant land, including a 1,225 square foot Quonset hut and mobile office, located in Mesa, Arizona. This lease provides yard space



with which to store equipment for the Fiber business in Phoenix. The lease term is 36 months and expires on October 31, 2026. The monthly lease expense is agreements classified as follows:

- Months 1-12 - \$9,321
- Months 13-24 - \$9,726
- Months 25-36 - \$10,131

The Company paid a security deposit totaling \$31,450 at lease inception date.

#### NFS Leasing, Inc.

On October 31, 2023, we entered into a lease agreement with NFS Leasing, Inc. to lease certain equipment. The equipment will be physically located at a property which is owned and operated by Burnham 182, LLC located in Mesa, AZ. The lease term is 48 months, and the lease commencement date is November 30, 2023. The monthly lease expense is \$23,060. We will pay a security deposit totaling \$23,060. We have the option to purchase the equipment at fair market value, not to exceed 25% of the total sale price or extend the monthly payments on a month-to-month basis or for a fixed term at a mutually agreed to price and term, upon the expiration of the lease, finance leases.

The components of the consolidated operating lease expense were are as follows:

	Three Months Ended	
	March 31,	
	2024	2023
Operating leases:		
Operating lease cost	\$ 471	\$ 190
Variable lease cost	—	58
Operating lease expense	\$ 471	\$ 248

The following information represents supplemental disclosure for the condensed consolidated statement of cash flows related to operating leases follows (in thousands):

	Three months Ended	
	March 31,	
	2024	2023
Operating cash flows - operating leases	\$ 484	\$ 192
Right-of-use assets obtained in exchange for operating lease liabilities	\$ 1,146	\$ —

	Three Months Ended	Six months Ended
	June 30,	June 30,

	2024	2023	2024	2023
Operating leases:				
Operating lease cost	\$ 165	\$ 126	\$ 384	\$ 316
Variable lease cost	20	(9)	20	49
Operating lease expense	\$ 185	\$ 117	\$ 404	\$ 365

## The present

Supplemental cash flow information are as follows (in thousands):

	Six months ended, June 30	
	2024	2023
Operating cash flows - operating leases	\$ 378	\$ 311
Right-of-use assets obtained in exchange for operating lease liabilities	\$ 560	\$ —

Present value assumptions used in calculating the present value of the lease payments for the operating leases were as follows:

	March 31,	
	2024	2023
Weighted-average remaining lease term (years)	2.7	3.0
Weighted-average discount rate	12.0 %	12.0 %

	June 30, 2024	December 31, 2023
Weighted-average remaining lease term - operating leases (in years)	1.9	1.7
Weighted-average discount rate - operating leases	12.0 %	12.0 %

As of March 31, 2024 June 30, 2024, future minimum payments are as follows (in thousands):

	Operating Leases
Nine Six months ended December 31, 2024	\$ 606,346
Year ended December 31, 2025	578,775
Year ended December 31, 2026	478,680
Year ended December 31, 2027	240,409
Total	1,902,210
Less present value discount	(346)(297)
Operating lease liabilities	\$ 1,556,113

## Note 12 - Commitments and Contingencies

### Litigation

From time to time, the Company is also involved in various other claims and legal actions that arise in the ordinary course of business. Although the results of litigation and claims cannot be predicted with certainty, the Company does not believe that the ultimate resolution of these actions will have a material adverse effect on its financial position, results of operations, liquidity or capital resources.

Future litigation may be necessary to defend ourselves and our partners by determining the scope, enforceability and validity of third party proprietary rights or to establish the Company's proprietary rights. The results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on the Company because of defense and settlement costs, diversion of management resources and other factors.

### Loan Guaranty

In May 2024, the Company entered into a Corporate Guaranty agreement (the "Guaranty") with Mobilization Funding II, LLC ("Mobilization") and borrowed approximately \$0.6 million as part of the Mobilization Note 2 discussed in Note 6. As part of the Guaranty, the Company agreed to be the primary obligor for the fiber optics group segment and be responsible for the repayment of all principal and interest borrowed under the Guaranty. As of June 30, 2024, all amounts under the Guaranty had been repaid and no further amounts were borrowable.

## Note 16 13 – Segment Reporting

Crown Electrokinetics Corp. operates in two segments: the Electrokinetic Film Technology division and the Fiber Optics division.

**Electrokinetic Film Technology Division:** This division focuses on developing and selling optical switching films that can be embedded between sheets of glass or applied to the surface of glass or other rigid substrates like acrylic, to electronically control opacity. The technology, initially developed by Hewlett-Packard, enables a transition between clear and dark states in seconds. It is aimed at various applications including commercial buildings, automotive sunroofs, and residential windows. Crown partners with leading glass and film manufacturers for the mass production

and distribution of its DynamicTint product. This segment also includes Smart Window Inserts, designed for retrofitting in commercial and residential settings, offering dynamic tinting along with additional insulation and soundproofing.

**Fiber Optics Division:** Crown’s involvement in fiber optics is relatively recent, marked by the acquisition of Amerigen 7 LLC’s assets, which was focused on the construction of 5G fiber optics infrastructure. Under the Crown Fiber Optics Corp. subsidiary, the company provides contracting services to the fiber optics and telecommunications infrastructure industry. Services range from program management and engineering to the construction of aerial and underground fiber networks. This division aims to capitalize on the demand for enhanced telecommunications bandwidth, with efforts to expand through selective market share increase, potential acquisitions, and leveraging new equipment like micro trenchers to gain a strategic advantage.

Our CODM does not evaluate operating segments using asset or liability information.

The following table presents a comparative summary of the Company’s revenues and gross profit (loss) by reportable segment for the periods presented (in thousands):

		For the three months ended				For the six months ended			
		ended, June 30				ended June 30,			
		2024		2024	2023	2024	2023	2024	2023
Segment									
Revenue									
Film									
Film									
Film									
Fiber Optics	Fiber Optics	\$4,648	\$	37	\$	5,330	59		59
Total Revenue									

Operations by reportable segment for the three months ended March 31, 2024 June 30, 2024 and 2023, are as follows (in thousands):

For the three months ended March 31, 2024					For the three months ended June 30, 2024				
Film	Film	Fiber Optics	Corporate and Other(a)	Total	Film	Fiber Optics	Corporate and Other(a)	Total	
Total Revenue									
Revenue									

Cost of revenue, excluding depreciation and amortization
Gross profit (loss)
Cost of revenue, excluding depreciation and amortization
Cost of revenue, excluding depreciation and amortization
Depreciation and amortization
Depreciation and amortization
Depreciation and amortization
Research and development
Selling, general and administrative
General and administrative
Loss from operations
Loss from operations
Loss from operations
Other income (expense):
Other income (expense):
Other income (expense):
Interest expense
Interest expense
Interest expense
Interest income (expense)
Interest income (expense)
Interest income (expense)
Change in fair value of warrants
Change in fair value of warrants
Change in fair value of warrants
Other expense
Other expense
Other expense
Total other income (expense)
Loss before income taxes

**Loss before income taxes****Loss before income taxes**

(a) The Corporate and Other are expenses that are not currently allocated between our film and fiber divisions.

	For the three months ended June 30, 2023			
	Film	Fiber Optics	Corporate and Other(a)	Total
<b>Revenue</b>	\$ —	\$ 37	\$ —	\$ 37
Cost of revenue, excluding depreciation and amortization	—	(23)	—	(23)
Depreciation and amortization	(61)	(20)	—	(81)
Research and development	(490)	—	—	(490)
General and administrative	—	(2,408)	(1,920)	(4,328)
<b>Loss from operations</b>	<b>(551)</b>	<b>(2,414)</b>	<b>(1,920)</b>	<b>(4,885)</b>
<b>Other income (expense):</b>				
Interest expense	—	(3)	(2,505)	(2,508)
Loss on extinguishment of debt	—	—	(2,345)	(2,345)
Change in fair value of warrants	—	—	2,130	2,130
Change in fair value of notes	—	—	(6,883)	(6,883)
Other expense	—	—	(28)	(28)
<b>Total other income (expense)</b>	<b>—</b>	<b>(3)</b>	<b>(9,631)</b>	<b>(9,634)</b>
<b>Loss before income taxes</b>	<b>\$ (551)</b>	<b>\$ (2,417)</b>	<b>\$ (11,551)</b>	<b>\$ (14,519)</b>

(a) The Corporate and Other are expenses that are not currently allocated between our film and fiber divisions.

	For the six months ended June 30, 2024			
	Film	Fiber Optics	Corporate and Other(a)	Total
<b>Revenue</b>	\$ —	\$ 5,330	\$ —	\$ 5,330
Cost of revenue, excluding depreciation and amortization	—	(5,819)	—	(5,819)
Depreciation and amortization	(283)	(3)	—	(286)

Research and development	(1,867)	—	—	(1,867)
General and administrative	—	(750)	(5,220)	(5,970)
<b>Loss from operations</b>	<b>(2,150)</b>	<b>(1,242)</b>	<b>(5,220)</b>	<b>(8,612)</b>
<b>Other income (expense):</b>				
Interest expense	—	(163)	(842)	(1,005)
Other expense	—	—	(24)	(24)
<b>Total other income (expense)</b>	<b>—</b>	<b>(163)</b>	<b>(866)</b>	<b>(1,029)</b>
<b>Loss before income taxes</b>	<b>\$ (2,150)</b>	<b>\$ (1,405)</b>	<b>\$ (6,086)</b>	<b>\$ (9,641)</b>

(a) The Corporate and Other are expenses that are not currently allocated between our film and fiber divisions.

	For the six months ended June 30, 2023			
	Film	Fiber Optics	Corporate and Other(a)	Total
<b>Revenue</b>	\$ —	\$ 59	\$ —	\$ 59
Cost of revenue, excluding depreciation and amortization	—	(54)	—	(54)
Depreciation and amortization	(181)	(82)	—	(263)
Research and development	(1,031)	—	—	(1,031)
Selling, general and administrative	(3,504)	(2,936)	(1,282)	(7,722)
<b>Loss from operations</b>	<b>(4,716)</b>	<b>(3,013)</b>	<b>(1,282)</b>	<b>(9,011)</b>
<b>Other income (expense):</b>				
Interest expense	—	(10)	(4,515)	(4,525)
Loss on extinguishment of warrant liability	—	—	(504)	(504)
Loss on extinguishment of debt	—	—	(2,345)	(2,345)
Gain on issuance of convertible notes	—	—	64	64
Change in fair value of warrants	—	—	7,736	7,736
Change in fair value of notes	—	—	(7,000)	(7,000)
Other expense	—	—	(1,234)	(1,234)
<b>Total other income (expense)</b>	<b>—</b>	<b>(10)</b>	<b>(7,798)</b>	<b>(7,808)</b>

<b>Loss before income taxes</b>	<b>\$</b>	<b>(4,716)</b>	<b>\$</b>	<b>(3,023)</b>	<b>\$</b>	<b>(9,080)</b>	<b>\$</b>	<b>(16,819)</b>
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(a) The Corporate and Other are expenses that are not currently allocated between our film and fiber divisions.

	For the three months ended March 31, 2023			
	Film	Fiber Optics	Corporate and Other(a)	Total
Total Revenue	\$ -	\$ 22	\$ -	\$ 22
Cost of revenue, excluding depreciation and amortization	-	(31)	-	(31)
Gross profit (loss)	-	(9)	-	(9)
Depreciation and amortization	(142)	(40)	-	(182)
Research and development	(541)	-	-	(541)
Selling, general and administrative	-	(1,620)	(1,774)	(3,394)
Goodwill impairment charge	-	-	-	-
Loss from operations	(683)	(1,669)	(1,774)	(4,126)
Other income (expense):				
Interest expense	-	(7)	(2,010)	(2,017)
Loss on extinguishment of warrant liability	-	-	(504)	(504)
Loss on extinguishment of debt	-	-	-	-
Gain on issuance of convertible notes	-	-	64	64
Change in fair value of warrants	-	-	5,606	5,606
Change in fair value of notes	-	-	(117)	(117)
Change in fair value of derivative liability	-	-	-	-
Other expense	-	-	(1,206)	(1,206)
Total other income (expense)	-	(7)	1,832	1,826
Loss before income taxes	\$ (683)	\$ (1,676)	\$ 58	\$ (2,300)

(a) The Corporate and Other are expenses that are not currently allocated between our film and fiber divisions.

The following table presents long-lived assets by segment (in thousands):

For the three months ended

For the six months ended,  
June 30



For the six months ended, June 30					
2024			2023		
For the six months ended, June 30					
2024			2023		
Film Segment					
Fiber Optics Segment					
Other assets <sup>(a)</sup>					

(a) "Other assets" primarily includes security deposits made with respect to the Company's lease agreements.

**Note 17 - Note Receivable**

On March 30, 2024, the Company entered into a Senior Secured Promissory Note agreement with RamPro Construction and HDD, LLC, and Vero HDD, LLC (collectively, the "Borrowers"). Under this agreement, the Company holds a note receivable with a principal amount of \$576,038. The note bears interest at a rate of 5% per annum, calculated on a 360-day year basis, with interest payable upon maturity. The principal and accrued interest are due on December 30, 2024.

The note is secured by all personal property and assets of the Borrowers and their subsidiaries, granting the Company a first priority security interest in these assets. In the event of default, the Company has the right to declare the unpaid balance immediately due and payable and pursue remedies available to a secured party under the Uniform Commercial Code. Events of default include non-payment of principal or interest, and the bankruptcy or insolvency of the Borrowers.

The Company evaluates the collectability of the note receivable regularly and maintains an allowance for credit losses based on historical experience, current conditions, and reasonable forecasts. As March 31, 2024, no allowance for credit losses has been deemed necessary for this note receivable.

**Note 18 14 – Subsequent Events**

From April 1, 2024 July 1, 2024 through May 15, 2024 August 14, 2024, the Company drew upon its equity line of credit (ELOC) agreement to issue and sell shares. The Company issued 178,866,337 535,000 shares of common stock at a weighted average price of \$0.04 \$3.54 per share, resulting in net proceeds of approximately \$6.3 \$1.9 million after commissions, fees, and offering costs. Based on the transaction discussed above, the Company believes it has stockholders' equity of at least \$2.5 million as of

Subsequent to June 30, 2024 and through the date of this filing, as required by Nasdaq Listing Rule 5550(b)(1).

On May 15, 2024 issuance of these interim condensed financial statements, the Company's Series F Preferred holders converted 1,148 Series F Preferred shares into 31,362,068 share Company has repaid the full outstanding balance of common stock at an alternate conversion price of \$0.04. On May 15, 2024 \$0.6 million and accrued interest for the Company's Series F-1 Preferred holders converted 424 Series F-1 Preferred shares into 11,584,699 share of common

stock at an alternate conversion price of \$0.04. On May 15, 2024 the Company's Series F-2 Preferred holders converted 308 Series F-2 Preferred shares into 8,415,301 share of common stock at an alternate conversion price of \$0.04.

## Mobilization Note in July 2024.

## Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements and related notes thereto included elsewhere in this report. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed below. Factors that could cause or contribute to such differences include, but are not limited to, those identified below and those discussed in the section titled "Risk Factors" included elsewhere in this report.*

As an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012, we can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We are electing to delay our adoption of such new or revised accounting standards. As a result of this election, our condensed consolidated financial statements may not be comparable to the condensed financial statements of other public companies.

### Overview

We were incorporated in the State of Delaware on April 20, 2015. Effective October 6, 2017, our name was changed to Crown Electrokinetics Corp. from 3D Nanocolor Corp.

On January 26, 2021, we completed our public offering, and our common stock began trading on the Nasdaq Capital Market (Nasdaq) under the symbol CRKN.

We commercialize technology for smart or dynamic glass. Our electrokinetic glass technology is an advancement on microfluidic technology that was originally developed by HP Inc.

**On December 20, 2022, we incorporated Crown Fiber Optics Corp., a Delaware based entity, to own and operate our acquired business from the acquisition of Amerigen 7, LLC ("Amerigen 7") in January 2023. Crown Fiber Optics Corp. is accounted for as our wholly- owned subsidiary.**

### Reverse Stock Split

On August 11, 2023 June 14, 2024, our board of directors authorized a reverse stock split ("June 2024 Reverse Stock Split") at an exchange ratio of one-for-60 one-for-150 basis. The June 2024 Reverse Stock Split was effective on June 25, 2024, such that every 150 shares of common stock were automatically converted into one share of common stock. We did not issue fractional certificates for post-reverse split common stock shares in connection with the June 2024 Reverse Stock Split. All shares of common stock that were held by a common stockholder were aggregated and each common stockholder was entitled to receive the number of whole common stock shares resulting from the combination

of the aggregated common stock shares. Any fractions resulting the reverse split computation were rounded up to the next whole common stock share amount.

The number of authorized shares and the par value of the common stock was not adjusted as a result of the Reverse Stock Split. adjusted. In connection with the June 2024 Reverse Stock Split, the conversion ratio for our outstanding convertible preferred stock was proportionately adjusted such that the common stock issuable upon conversion of such preferred stock was decreased in proportion to the Reverse Stock Split. proportion. All references to common stock and options to purchase common stock share data, per share data and related information contained in the condensed consolidated financial statements have been adjusted to reflect the effect of the June 2024 Reverse Stock Split.

## Components of Operating Results

### Revenue

Revenue include fiber splicing services as required based on short-term work orders assigned by customers. We recognize revenue immediately upon completion of each work order in the amount that reflects the consideration to which we expect to be entitled.

### *Cost In August 2023, our board of Revenue, excluding depreciation directors authorized and amortization*

Cost effected a reverse stock split ("August 2023 Reverse Stock Split") at an exchange ratio of revenue primarily consists of cost of inventory sold during the period (net of discounts and allowances), storage costs, direct labor, shipping and handling costs, and allocated overhead.

### Gross Profit

Gross profit have been, and will continue to be, affected by a variety of factors, including those that may affect our revenue set forth above and factors that may affect our cost of revenue.

### Operating Expenses

Our operating expenses consist of (i) research and development expenses and (ii) general and administrative expenses.

### *Research and Development Expenses*

Research and development expenses primarily consist of compensation and related costs for personnel (including stock-based compensation expenses), materials, supplies, technology and software license amortization and equipment depreciation.

### *General and Administrative Expenses*

General and administrative expenses primarily consist of personnel costs, including salaries, bonus and benefit costs, professional fees, stock-based compensation, facility costs (including rent, property taxes, utilities, common area maintenance and insurance), audit and compliance expenses, advertising and marketing expenses and other administrative costs.

## **Other Income (Expense)**

### ***Interest Expense***

Interest expenses consist primarily of amortization expense from our line of credits. Refer to Note 7 on our condensed consolidated financial statements for additional information.

### ***Loss on Extinguishment of Warrant Liability***

Loss on extinguishment of warrant liability relates to the loss recognized on the settlement of our warrant liabilities. Refer to Note 10 on our condensed consolidated financial statements for additional information.

### ***Loss on Extinguishment of Debt***

Loss on extinguishment of debt relates to the loss recognized on the settlement of our convertible notes. Refer to Note 9 on our condensed consolidated financial statements for additional information.

### ***Gain on Issuance of Convertible Notes***

Gain on issuance of convertible notes relates to the gain recognized due to the change in fair value of our convertible notes. Refer to Note 10 on our condensed consolidated financial statements for additional information.

### ***Change in Fair Value of Warrants***

Change in fair value of warrants relates to changes in the fair value of our warrants which were remeasured to fair value in each reporting period. Refer to Note 10 on our condensed consolidated financial statements for additional information.

### ***Change in Fair Value of Notes***

Change in fair value of notes relates to changes in the fair value of our convertible notes which were remeasured to fair value in each reporting period. Refer to Note 10 on our condensed consolidated financial statements for additional information.

### ***Change in Fair Value of Derivative Liability***

Change in fair value of derivative liability relates to changes in the fair value of our derivative liability which was remeasured to fair value in each reporting period. Refer to Note 11 on our condensed consolidated financial statements for additional information.

### ***Other Expense***

Other expenses consist primarily of various other expenses, one-for-60 basis.

**Results of Operations for the Three and Six Months Ended March 31, 2024, June 30, 2024 and 2023, respectively, respectively, (in thousands):**

		Three Months Ended March 31,
		Three Months Ended March 31,
		Three Months Ended March 31,
		Three Months Ended June 30,
		Three Months Ended June 30,
		Three Months Ended June 30,
		2024
		2024
		2024
Revenue		
Revenue		
Revenue		
Cost of revenue, excluding depreciation and amortization		
Cost of revenue, excluding depreciation and amortization		
Cost of revenue, excluding depreciation and amortization		
Depreciation and amortization		
Depreciation and amortization		
Depreciation and amortization		
Research and development		
Research and development		
Research and development		
General and administrative		
General and administrative		
General and administrative		
Loss from operations		
Loss from operations		

Loss from operations	
Other income (expense)	
Other income (expense)	
Other income (expense)	
Interest expense	
Interest expense	
Interest expense	
Loss on extinguishment of warrant liability	
Loss on extinguishment of warrant liability	
Loss on extinguishment of warrant liability	
Loss on extinguishment of debt	
Loss on extinguishment of debt	
Loss on extinguishment of debt	
Gain on issuance of convertible notes	
Gain on issuance of convertible notes	
Gain on issuance of convertible notes	
Change in fair value of warrants	
Change in fair value of warrants	
Change in fair value of warrants	
Change in fair value of notes	
Change in fair value of notes	
Change in fair value of notes	
Other expense	
Other expense	
Other expense	
Total other income (expense)	
Total other income (expense)	
Total other income (expense)	
Loss before income taxes	
Loss before income taxes	
Loss before income taxes	
Net loss	

Net loss

Net loss

### **Revenue**

Revenue is solely generated by Crown Fiber Optics, and was \$0.7 million \$4.6 million and \$22,000 \$37,000 for the three months ended March 31, 2024 June 30, 2024 and 2023 and \$5.3 million and \$0.1 million for the six months ended June 30, 2024 and 2023, respectively. The increase in revenue of \$0.7 million \$4.6 million for the three months ended June 30, 2024 compared to the same period in 2023, is due to new contracts the Company entered into with new subcontractors in the first quarter of 2024.

The increase in revenue of \$5.2 million for the six months ended June 30, 2024 compared to the same period in 2023, is due to new contracts the Company entered into with new subcontractors in the first quarter of 2024.

### **Cost of Revenue, excluding depreciation and amortization**

Cost of revenue is solely generated by Crown Fiber Optics, and was \$1.6 million \$4.0 million and \$31,000 \$23,000 for the three months ended March 31, 2024 June 30, 2024, and 2023 and \$5.8 million and \$0.1 million for the six months ended June 30, 2024 and 2023, respectively.

The increase in cost of revenue of \$1.6 million \$4.0 million for the three months ended June 30 2024 compared to the same period in 2023, is due to increases in compensation related to cost of sales of \$0.5 million, insurance of \$0.2 million \$0.3 million, subcontractor labor of \$0.4 million, \$2.7 million, equipment cost of \$0.3 million \$0.6 million and other costs related to supplies, materials and maintenance of \$0.2 million \$0.4 million.

The increase in cost of revenue of \$5.6 million for the six months ended June 30 2024 compared to the same period in 2023, is due to increases in compensation related to cost of sales of \$0.9 million, insurance of \$0.3 million, subcontractor labor of \$3.0 million, equipment cost of \$1.0 million and other costs related to supplies, materials and maintenance of \$0.4 million.

### **Depreciation and Amortization**

Depreciation and amortization expense for the three months ended March 31 2024 June 30, 2024 and 2023, were \$0.2 million and \$0.2 million \$0.1 million, respectively.

Depreciation and amortization expense for the six months ended June 30, 2024 and 2023, were \$0.3 million and \$0.3 million, respectively.

Depreciation and amortization expense for the three and six months ended June 30, 2024 remained generally consistent with the same periods in 2023 due to comparable depreciation and amortization of the underlying property and equipment and intangible assets, respectively.

### **Research and Development**

Research and development expenses were \$0.8 million \$1.1 million for the three months ended March 31, 2024 June 30, 2024 compared to \$0.5 million for the three months ended March 31, 2023 June 20, 2023. The increase of \$0.3 million \$0.6 million is primarily related to an increase in salaries and benefits benefits.

Research and development expenses were \$1.9 million for the six months ended June 30, 2024 compared to \$1.0 million for the six months ended June 20, 2023. The increase of \$0.1 million and further by \$0.9 million is primarily related to an increase in stock compensation of \$0.2 million, salaries and benefits.

### **General and Administrative**

General and administrative ("G&A") expenses were \$1.8 million \$4.2 million and \$3.4 million \$4.3 million for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively. The \$0.1 million decrease in G&A expenses is primarily due to a decrease in professional fees of \$1.2 million, decrease in insurance expense of \$0.1 million, and decrease in other expenses of \$0.4 million, partially offset by an increase in compensation and benefits related to wages of \$1.3 million.

General and administrative ("G&A") expenses were \$6.0 million and \$7.7 million for the six months ended June 30, 2024 and 2023, respectively. The \$1.6 million decrease in G&A expenses is primarily due to a decrease in professional fees of \$1.6 million, decrease in insurance expense of \$0.7 million, and decrease in other expenses of \$0.2 million, partially offset by an increase in compensation and benefits related to wages of \$0.6 million, decrease in professional fees of \$0.4 million, decrease in rent expense of \$0.1 million and decrease in other expenses of \$0.5 million.

### **Interest expense**

Interest expense were \$0.9 million was \$0.1 million and \$2.0 million \$2.5 million for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively. The decrease of \$1.1 million \$2.4 million is primarily related to a decrease in amortization of deferred asset related to the Company's standby letter of credit and equity line of credit.

Interest expense was \$1.0 million and \$4.5 million for the six months ended June 30, 2024 and 2023, respectively. The decrease of \$3.5 million is primarily related to a decrease in amortization of deferred asset related to the Company's standby letter of credit and equity line of credit.

### **Loss on extinguishment of warrant liability**

There was no loss on extinguishment of warrant liability for the three months ended June 30, 2024 and 2023, respectively.

Loss on extinguishment of warrant liability were \$nil zero and \$0.5 million for the six months ended June 30, 2024 and 2023, respectively. Loss on extinguishment of warrant liability of \$0.5 million related to a warrant inducement and exercise agreement with certain holders in connection with the 2022 Notes. There was no loss on extinguishment of warrant liability for the six months ended June 30, 2024.

### **Loss on extinguishment of debt**



Loss on extinguishment of debt was zero and \$2.3 million for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively. The decrease is primarily related to repayments of all debt related to our standby letter of credit.

Loss on extinguishment of debt was zero and \$2.3 million for the six months ended June 30, 2024 and 2023, respectively. The decrease is primarily related to repayments of all debt related to our standby letter of credit.

#### ***Gain on issuance of convertible notes***

There was no gain on issuance of convertible notes for the three months ended June 30, 2024 and 2023.

Gain on issuance of convertible notes was zero and \$0.1 million for the six months ended June 30, 2024 and 2023. The decrease is primarily due related to warrant exercises in prior quarter and none in the current quarter. repayments of all debt related to our standby letter of credit.

#### ***Change in fair value of warrants***

Change in fair value of warrants were \$23,000 and \$5.6 million \$2.1 million for the three months ended March 31, 2024 June 30, 2024 and 2023. 2023, respectively. The decrease is primarily due to change in fair value of \$5.6 million warrants that were recorded in prior quarter and none for the current quarter.

Change in fair value of warrants were zero and \$7.7 million for the six months ended June 30, 2024 and 2023, respectively. The decrease is primarily due to change in fair value of warrants that were recorded in prior quarter and none for the current quarter.

#### ***Change in fair value of notes***

Change in fair value of notes were \$nil zero and \$0.1 million \$6.9 million for the three months ended March 31, 2024 June 30, 2024 and 2023. 2023, respectively. The \$0.1 million \$6.9 million recorded in prior quarter was primarily related to record of note issuances.

Change in fair value of notes were zero and \$7.0 million for the six months ended June 30, 2024 and 2023, respectively. The \$7.0 million recorded in prior quarter was primarily related to record of note issuances.

#### ***Other Income (Expense), Net***

Other expense for the three months ended March 31, 2024 June 30, 2024 was \$24,000 nominal compared to \$28,000 for the three months ended June 30, 2023. The decrease is due to a decrease in amortization expense reclass as well as other warrant issuances in connection with a waiver agreement.

Other expense for the six months ended June 30, 2024 was \$23,000 compared to \$1.2 million for the three six months ended March 31, 2023 June 30, 2023. The decrease of \$1.2 million is due to a decrease in amortization expense reclass as well as other warrant issuances in connection with a waiver agreement.

Liquidity and Going Concern

March 31, 2024
June 30, 2024
Cash and cash equivalents at the beginning of the period
Cash at the beginning of the period
Cash and cash equivalents at the beginning of the period
Cash at the beginning of the period
Cash and cash equivalents at the beginning of the period
Cash at the beginning of the period
Net cash used in operating activities
Net cash used in operating activities
Net cash used in operating activities
Net cash used in investing activities
Net cash used in investing activities
Net cash used in investing activities
Net cash provided by financing activities
Net cash provided by financing activities
Net cash provided by financing activities
Cash and cash equivalents at the end of the period
Cash and cash equivalents at the end of the period
Cash and cash equivalents at the end of the period
Cash at the end of the period
Cash at the end of the period
Cash at the end of the period

We had an accumulated deficit of approximately \$121.6 million \$126.6 million, and a net loss of \$4.6 million \$9.6 million, and used approximately \$2.7 million \$8.9 million in net cash in operating activities for the three six months ended March 31, 2024 June 30, 2024. We expect to continue to incur ongoing administrative and other expenses, including public company expenses.

During the three months ended March 31, 2024, the Company participated in an At-the-Market (ATM) offering, where a total of 4,824,382 shares of common stock were sold. The total gross proceeds from the sales amounted to \$0.6 million, out of which \$28,000 were deducted for commissions and other offering expenses. Consequently, the net proceeds received by the Company from the ATM offering totaled \$0.6 million.

In connection with our Equity Line of Credit (ELOC), the Company issued 21,133,689 the Company received net proceeds on sales of 1,739,958 shares of common stock. The gross proceeds from this issuance totaled \$1.6 million,

associated issuance fees amounted to \$0.1 million, resulting in net proceeds stock of approximately \$1.4 million. This facility continues to provide flexible financing options to support the Company's growth initiatives \$10.7 million, after deducting commissions and operational needs. expenses, at a weighted average price of \$6.93 per share.

The following represents a summary of our 2023 activities:

On January 3, 2023, we received • **January 3, 2023:** We secured net proceeds of \$1.0 million from the issuance of issuing senior secured notes with a principal balance of \$1.2 million and a debt discount of \$0.2 million.

On February 2, 2023, we withdrew • **February 2, 2023:** We drew \$2.0 million under the Line of Credit. Upon drawing down on from the Line of Credit we ("LOC"); issued an LOC Note, due in 60 days.

- **April 4, 2023:** We paid \$0.3 million towards the LOC Note which is due and payable 60 days from the issuance date.

On April 4th, 2023, we made a \$0.3 million payment on the LOC balance.

On May 16, 2023, we • **May 16, 2023:** We made a second draw of \$0.2 million under from the line of credit. Upon drawing down on the line of credit, we LOC; issued the 2<sup>nd</sup> LOC Note, which was due and payable July 16, 2023. The 2, with 15% annual interest.

- **nd May 26, 2023:** LOC Note shall accrue interest at the 15% per annum We drew an additional \$0.2 million from the original funding date of LOC; issued the 2<sup>nd</sup> LOC Note.

On May 26, 2023, we made a third draw of \$0.2 million under the line of credit. Upon drawing down on the line of credit, we issued a third Secured Promissory Note (the "3rd LOC Note") which became due and payable June 2, 2023. The 3rd LOC Note, included due June 2, 2023, with a \$0.2 million commitment fee and does not bear no interest.

On June 13, 2023, we • **June 13, 2023:** We partially redeemed the principal of the LOC Note principal and fully redeemed the principal of the 2nd LOC Note and the 3rd LOC Note in addition to all Notes, including accrued interest and commitment fees, owing for approximately \$2.1 million.

On July 25, 2023, we • **July 25, 2023:** We entered into the a \$0.1 million Demand Secured Promissory Note Notes Agreement ("Q3 Demand Notes" Notes) with two investors for a purchase price of \$20,000 each and with an original issue discount of \$12,000. Upon settlement, we are obligated to pay a total of \$0.1 million in principle for the issuance of both notes. The Q3 Demand Notes were due and, payable at any time upon demand by the holder after the earlier of (i) the consummation of our first initial securities offering after the issuance of the Q3 Demand Notes and (ii) or by August 25, 2024.

We have obtained additional capital through the sale of debt or equity financings or other arrangements including through our existing ATM Offering, and the ELOC to fund operations; however, there can be no assurance that we will be able to raise needed capital under acceptable terms, if at all. The sale of additional equity may dilute existing stockholders and newly issued shares may contain senior rights and preferences compared to currently outstanding shares of common stock. Issued debt securities may contain covenants and limit our ability to pay dividends or make other distributions to stockholders. If we are unable to obtain such additional financing, future operations would need to be scaled back or discontinued. Due to the uncertainty in our ability to raise capital, we believe that there is substantial doubt in our ability to continue as a going concern for twelve months from the issuance of these consolidated financial statements.

## Cash Flows

### *Net Cash Used in Operating Activities*

For the ~~three~~ six months ended ~~March 31, 2024~~ June 30, 2024, net cash used in operating activities was ~~\$2.7 million~~ \$8.9 million, which primarily consisted of our net loss of ~~\$4.6 million~~ \$9.6 million, adjusted for non-cash expenses of ~~\$1.6 million~~ \$3.5 million, which primarily ~~consisted~~ consist of stock-based compensation of ~~\$0.3 million~~ \$2.4 million, depreciation and amortization of ~~\$0.2 million~~ \$0.4 million, amortization of deferred debt issuance costs of ~~\$0.9 million~~ \$1.0 million, and amortization of right of use assets of ~~\$0.2 million~~ \$0.4 million. The net change in operating assets and liabilities was ~~\$0.3 million~~ \$3.3 million, primarily consisting of an increase of deferred revenue of \$1.3 million, prepaid and other assets of \$0.1 million and accounts payable of ~~\$0.8 million~~ \$0.7 million, offset by a decrease of accounts receivable ~~\$0.7 million~~ \$3.3 million, ~~other~~ contract asset of \$1.2 million, note receivables of ~~\$0.6 million~~ \$0.2 million, accrued expenses of ~~\$0.2 million~~ \$0.5 million and lease liability of ~~\$0.2 million~~ and prepaid and other assets of ~~\$0.1 million~~ \$0.4 million.

For the ~~three~~ six months ended ~~March 31, 2023~~ June 30, 2023, net cash used in operating activities was ~~\$4.7 million~~ \$8.4 million, which primarily consisted of our net loss of ~~\$2.3 million~~ \$16.8 million, adjusted for non-cash expenses of ~~\$1.3 million~~ \$9.5 million, which primarily consisted of a ~~amortization~~ amortization of \$5.1 million, loss on extinguishment of debt and warrant liabilities of \$2.8 million, other expenses of \$1.2 million primarily consisted of expenses incurred in stock issuance commitments, stock-based compensation of \$0.3 million, depreciation and amortization of \$0.4 million, offset by a ~~0.7 million~~ gain related to the change in fair value of ~~warrant liabilities~~ warrant liabilities of \$5.6 million, offset by the ~~amortization of deferred debt issuance costs of \$1.6 million~~, a loss on extinguishment of warrant liabilities of \$0.5 million, amortization of debt discount of \$0.4 million, stock-based compensation of \$0.2 million, depreciation ~~warrants~~ and amortization of \$0.2 million, and other expenses of \$1.4 million which primarily consisted of expenses incurred in connection with our February and March

~~waiver agreements~~, ~~debt~~. The net change in operating assets and liabilities was ~~\$0.8 million~~, primarily consisting of an increase in accrued expenses. ~~\$1.0 million~~.

### *Net Cash Used in Investing Activities*

For the ~~three~~ six months ended ~~March 31, 2024~~ June 30, 2024, net cash used in investing activities was approximately \$0.1 million, consisting of purchases of equipment.

For the ~~three~~ six months ended ~~March 31, 2023~~ June 30, 2023, net cash used in investing activities was approximately ~~\$1.1 million~~ \$1.4 million, consisting of cash paid for the acquisition of Amerigen 7 of approximately \$0.6 million, and

purchases of equipment totaling \$0.5 million \$0.7 million.

### **Net Cash Provided by Financing Activities**

For the three six months ended March 31, 2024 June 30, 2024, net cash provided by financing activities was \$2.0 million \$11.8 million, consisting of \$1.4 million \$10.7 million in proceeds from issuance of common stock in connection with equity line of credit, net of offering costs, borrowing of notes payable of \$1.2 million, and \$0.6 million in proceeds from issuance of common stock/at-the-market offering. stock of \$0.6 million, partially offset by repayment of notes payable of \$0.7 million.

For the three six months ended March 31, 2023 June 30, 2023, net cash provided by financing activities was \$7.1 million \$8.9 million, consisting of net proceeds received from the issuance of common stock in connection with our ATM agreement totaling \$2.1 million \$2.2 million, proceeds from the exercise of common stock warrants of \$2.1 million, net proceeds from the issuance of our 2023 Note (in connection with the Line of Credit) of \$2.0 million, and \$2.4 million proceeds from the issuance of senior secured notes of \$0.9 million, proceeds from the issuance of our Demand Notes of \$0.4 million, proceeds from the issuance of our Series F-1 preferred stock of \$2.3 million, and proceeds from the issuance of our Series F-2 preferred stock of \$0.8 million net of \$0.1 million fees.

### **Off-Balance Sheet Arrangements**

We did not have any off-balance sheet arrangements during the periods presented, and we do not currently have any off-balance sheet arrangements, as defined in the SEC rules and regulations.

### **Critical Accounting Policies and Significant Judgments and Estimates**

Our condensed consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States, or GAAP. The preparation of our condensed consolidated financial statements requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, costs and expenses. We base our estimates and assumptions on historical experience and other factors that we believe to be reasonable under the circumstances. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates.

There are certain critical estimates that require significant judgment in the preparation of our consolidated financial statements. We consider an accounting estimate to be critical if:

- it requires us to make an assumption because information was not available at the time or it included matters that were highly uncertain at the time the estimate is made; and
- changes in the estimate or different estimates that could have been selected may have had a material impact on our financial condition or results of operations.

Our accounting estimates, specifically related to the impairment of long-lived assets, cost-to-cost (input) revenue recognition method and share-based compensation, play a crucial role in our financial reporting. Despite our thorough assessment, we have not identified any recent events or conditions necessitating revisions to our estimates and assumptions that would materially impact the carrying values of our assets or liabilities as of this Form 10-Q's issuance

date. These estimates may change as new events occur and additional information is obtained. Actual results could differ materially from these estimates under different assumptions or conditions.

The use of the cost-to-cost (input) revenue recognition method requires us to make estimates regarding the total costs expected to complete each contract. These estimates are based on historical experience, project-specific factors, and other assumptions believed to be reasonable under the circumstances. The accuracy of these estimates can significantly impact the timing and amount of revenue recognized. Adjustments to estimated costs are made on a continuous basis and recognized in the period in which the revisions are identified. If the estimated total costs exceed the total contract revenue, a provision for the expected loss on the contract is recognized immediately.

## **Recent Accounting Pronouncements**

See Note 2 to our condensed consolidated financial statements for a description of recent accounting pronouncements applicable to our financial statements.

## **JOBS Act Transition Period**

As an “emerging growth company” under the Jumpstart Our Business Startups Act of 2012, we can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We are electing to delay our adoption of such new or revised accounting standards. As a result of this election, our condensed consolidated financial statements may not be comparable to the condensed financial statements of other public companies.

## **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

Not required for a smaller reporting company.

## **Item 4. Controls and Procedures**

### **Evaluation of Disclosure Controls and Procedures**

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, as of the end of the period covered by this report, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Act of 1934. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be included in our Securities and Exchange Commission reports is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, relating to our company, including our consolidated subsidiaries.

### **Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to management, as appropriate, to allow timely decisions regarding required disclosure. Management necessarily applied its judgment in assessing the



costs and benefits of such controls and procedures, which, by their nature, can provide only reasonable assurance regarding management's control objectives.

Our management, including our CEO and CFO, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on this evaluation, our CEO and CFO concluded that the design and operation of our disclosure controls and procedures were not effective as of such date to provide assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to management as appropriate, to allow timely decisions regarding disclosures.

## Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Rule 13a-15(f). Our internal control over financial reporting is a process designed to provide reasonable assurance to our management and board of directors regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with U.S. GAAP.

Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP and our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. All internal control systems, no matter how well designed, have inherent limitations, including the possibility of human error and the circumvention of overriding controls. Accordingly, even effective internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of **March 31, 2024** **June 30, 2024**. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control-Integrated Framework (2013). Management is committed to accurate and ethical business practices. Based on our evaluation, management concluded that our disclosure controls and procedures were not effective as of **March 31, 2024** **June 30, 2024**, due to material weaknesses in our internal controls over financial reporting. A material weakness is a deficiency, or a combination of control deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

Management noted the following deficiencies that we believe to be material weaknesses:

- Lack of documentation of processes and controls at the level appropriate for a public company;

- Inadequate design of information technology general and application controls over certain operating systems and system applications supporting financial reporting processes;
- Lack of segregation of duties in certain accounting and financial reporting processes; and
- Ineffective risk assessment controls, due to a lack of documentation of management's periodic risk assessment.

Management's view is that unethical, illegal, or inaccurate conduct in the operations and accounting for our company violates the trust and integrity of our company and is damaging to the interests of all stakeholders, and in the long-term misconduct injures the interests of even the individual whom it might initially benefit. This is reinforced periodically with informal conversations and is ingrained in the culture of our company. When questions arise, they are escalated to the CFO, CEO, or Board of Directors for review, investigation, direction, and consensus, and external opinion is sought if consensus is not achieved. The Senior Vice President of Accounting and CFO both have direct contact with all levels of review. Management intends to work internally and with third parties to ensure we have the proper controls in place going forward.

## **Changes in Internal Control over Financial Reporting**

There was no change in our internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that occurred during the quarter ended **March 31, 2024** **June 30, 2024**, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## **PART II - OTHER INFORMATION**

### **Item 1. Legal Proceedings**

From time to time, we are also involved in various other claims and legal actions that arise in the ordinary course of business. Although the results of litigation and claims cannot be predicted with certainty, we do not believe that the ultimate resolution of these actions will have a material adverse effect on our financial position, results of operations, liquidity or capital resources.

Future litigation may be necessary to defend ourselves and our partners by determining the scope, enforceability and validity of third party proprietary rights or to establish our proprietary rights. The results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

### **Item 1A. Risk Factors**

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934, as amended, and are not required to provide the information required under this item.

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

Other than those previously disclosed by the Company in its current reports on Form 8-K as filed with the SEC, there have been no unregistered sales of the Company's equity securities during the period covered by this Quarterly Report.

### **Item 3. Defaults Upon Senior Securities**

None.



## Item 4. Mine Safety Disclosures

N/A

## Item 5. Other Information

N/A

## Item 6. Exhibits

3.1	<a href="#"><u>Certificate of Amendment to Certificate of Incorporation, as amended, filed with the Secretary of State of Delaware (incorporated by reference to Exhibit 3.1 to the registrant's Form 8-K filed on June 15, 2023).</u></a>
3.2	<a href="#"><u>Series F-1 Certificate of Designations filed with the Secretary of State of Delaware (incorporated by reference to Exhibit 3.2 to the registrant's Form 8-K filed on June 15, 2023).</u></a>
3.3	<a href="#"><u>Series F-2 Certificate of Designations filed with the Secretary of State of Delaware (incorporated by reference to Exhibit 3.3 to the registrant's Form 8-K filed on June 15, 2023).</u></a>
3.4	<a href="#"><u>Certificate of Amendment to Amended and Restated Certificate of Incorporation, as amended, filed with the Secretary of State of Delaware on August 11, 2023 (incorporated by reference to Exhibit 3.1 to the registrant's Form 8-K filed on August 14, 2023).</u></a>
4.1	<a href="#"><u>Form of Warrant (incorporated by reference to Exhibit 4.1 to the registrant's Form 8-K filed on June 15, 2023).</u></a>
4.2	<a href="#"><u>Form of F-2 Warrant (incorporated by reference to Exhibit 4.2 to the registrant's Form 8-K filed on June 15, 2023).</u></a>
10.1	<a href="#"><u>Form of Inducement Agreement by and between the Company and the October Investors (incorporated by reference to Exhibit 10.1 to the registrant's Form 8-K filed on May 18, 2023).</u></a>
10.2	<a href="#"><u>Form of LOC Note Amendment by and between the Company and Eleven Advisors LLC (incorporated by reference to Exhibit 10.2 to the registrant's Form 8-K filed on May 18, 2023).</u></a>
10.3	<a href="#"><u>Form of Demand Note issued by the Company to the Holder (incorporated by reference to Exhibit 10.3 to the registrant's Form 8-K filed on May 18, 2023).</u></a>
10.4	<a href="#"><u>Form of Demand Note issued to the Company to the Demand Holders (incorporated by reference to Exhibit 10.1 to the registrant's Form 8-K filed on June 6, 2023).</u></a>
10.5	<a href="#"><u>Form of May Note issued by the Company to the May Holder (incorporated by reference to Exhibit 10.2 to the registrant's Form 8-K filed on June 6, 2023).</u></a>
10.6	<a href="#"><u>Form of Securities Purchase Agreement, dated June 13, 2023, between the Company and the Purchasers (incorporated by reference to Exhibit 10.1 to the registrant's Form 8-K filed on June 15, 2023).</u></a>
10.7	<a href="#"><u>Form of Registration Rights Agreement (incorporated by reference to Exhibit 10.2 to the registrant's Form 8-K filed on June 15, 2023).</u></a>
10.8	<a href="#"><u>Form of Securities Purchase Agreement, dated June 14, 2023, between the Company and the F-2</u></a>

	<a href="#"><u>Purchasers (incorporated by reference to Exhibit 10.3 to the registrant's Form 8-K filed on June 15, 2023).</u></a>
10.9	<a href="#"><u>Forbearance Agreement by and between the Company and a January Investor, dated July 10, 2023 (incorporated by reference to Exhibit 10.1 to the registrant's Form 8-K filed on July 14 2023).</u></a>
10.10	<a href="#"><u>First Amendment to Forbearance Agreement by and between the Company and a January Investor, dated July 14, 2023 (incorporated by reference to Exhibit 10.2 to the registrant's Form 8-K filed on July 14 2023).</u></a>
10.11	<a href="#"><u>Common Stock Purchase Agreement by and between the Company and the ELOC Purchaser, dated July 20, 2023 (incorporated by reference to Exhibit 10.1 to the registrant's Form 8-K filed on July 24, 2023).</u></a>
10.12	<a href="#"><u>Registration Rights Agreement by and between the Company and the ELOC Purchaser, dated July 20, 2023 (incorporated by reference to Exhibit 10.2 to the registrant's Form 8-K filed on July 24, 2023).</u></a>
10.13	<a href="#"><u>Exchange Agreement by and between the Company and a January Investor, dated August 2, 2023 (incorporated by reference to Exhibit 10.1 to the registrant's Form 8-K filed on August 7, 2023).</u></a>
31.1	<a href="#"><u>Certification of the Principal Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>
31.2	<a href="#"><u>Certification of the Principal Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>
32.1	<a href="#"><u>Certifications of the Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>
32.2	<a href="#"><u>Certifications of the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned, thereunto duly authorized.

**Crown Electrokinetics Corp.**

Dated: May 20, 2024 August 14, 2024

/s/ Doug Croxall

Doug Croxall

Chief Executive Officer and

Principal Executive Officer

Dated: May 20, 2024 August 14, 2024

/s/ Joel Krutz

Joel Krutz

Chief Financial Officer and

Principal Financial Officer

42 37

**Exhibit 31.1**

**CERTIFICATION**

I, Doug Croxall, Chief Executive Officer of Crown Electrokinetics Corp. (the “registrant”), certify that:

1. I have reviewed this quarterly report on Form 10-Q of the registrant for the period ended March 31, 2024 June 30, 2024;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its

consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

- b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 20, 2024 August 14, 2024

/s/ Doug Croxall

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Doug Croxall

Chief Executive Officer

(Principal Executive Officer)

**Exhibit 31.2**

## CERTIFICATION

I, Joel Krutz, Chief Financial Officer of Crown Electrokinetics Corp. (the “registrant”), certify that:

1. I have reviewed this quarterly report on Form 10-Q of the registrant for the period ended **March 31, 2024** **June 30, 2024**;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

- b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 20, 2024 August 14, 2024

/s/ Joel Krutz

Joel Krutz

Chief Financial Officer

(Principal Financial Officer)

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Each of the undersigned hereby certifies, in his or her capacity as an officer of Crown Electrokinetics Corp. (the "Company"), for the purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his/her knowledge:

- (1) The Company's Quarterly Report on Form 10-Q for the period ended March 31, 2024 June 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 20, 2024 August 14, 2024

/s/ Doug Croxall

Doug Croxall

Chief Executive Officer

(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Each of the undersigned hereby certifies, in his or her capacity as an officer of Crown Electrokinetics Corp. (the "Company"), for the purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his/her knowledge:

- (1) The Company's Quarterly Report on Form 10-Q for the period ended **March 31, 2024** **June 30, 2024** (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **May 20, 2024** **August 14, 2024**

**/s/ Joel Krutz**

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Joel Krutz

Chief Financial Officer

(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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