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Toll-Free: 866-928-0928 ♦ www.DawsonJames.com ♦ 101 North Federal Highway - Suite 600 ♦ Boca Raton, FL 33432

Crown Electrokinetics Corp. (NASDAQ: CRKN)

January 5, 2023

Neutral: Capital Raise to Fund Acquisition.

James McIlree, CFA

561-237-2709

jmcilree@dawsonjames.com

Crown raised about \$1 million to fund the purchase of the assets of Amerigen 7 LLC, which designs and installs distributed antenna systems and fiber optic networks.

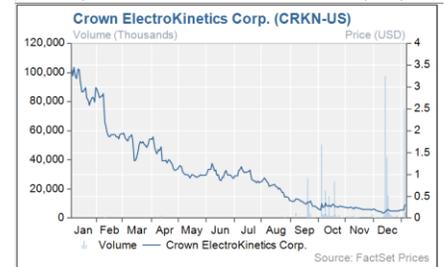
Crown issued a \$1.2 million original issue discount note, at a 20% discount, and a term of 3 months. The approximate \$1 million in proceeds will be used to purchase the assets of Amerigen 7, which designs and installs distributed antenna systems and fiber optic networks. The company also issued 2.5 million warrants with an exercise price of \$0.322 per share and a five-year term.

The company is purchasing Amerigen 7 for \$645 thousand. Crown expects Amerigen to contribute \$30 million in revenue in 2023 and \$10 million in EBITDA. This would put the purchase price at an uncommonly low multiple of sales and EBITDA. Publicly traded comparable stocks trade at 0.8x sales and 9x EBITDA. These comparable companies also generate EBITDA margins of about 10%.

If the company's expectations for Amerigen's EBITDA contribution are accurate, its need for additional capital could be greatly alleviated. We are maintaining our estimates and recommendation until greater clarity on the timing and contribution of the acquisition is known.

Risks to our recommendation include changes in Federal Reserve policy, changes in economic growth and its impact on employment and office usage, market conditions impacting the ability to raise capital, competition from other smart glass providers and traditional glass suppliers and alternatives to smart glass solutions.

Current Price				\$0.30
Price Target				NA
Estimates	F2021A	F2022E	F2023E	
Revenues (\$000s)	\$ -	\$ -	E \$ 500	
1Q March	\$ -	\$ -	A \$ -	
2Q June	\$ -	\$ -	A \$ -	
3Q September	\$ -	\$ -	A \$ -	
4Q December	\$ -	\$ -	E \$ 500	
	F2021A	F2022E	F2023E	
EBITDA (\$000s)	\$ (9,933)	\$ (11,295)	E \$ (9,786)	
1Q March	\$ (1,753)	\$ (3,377)	A \$ (2,509)	
2Q June	\$ (2,991)	\$ (2,900)	A \$ (2,509)	
3Q September	\$ (2,479)	\$ (2,509)	A \$ (2,509)	
4Q December	\$ (2,710)	\$ (2,509)	E \$ (2,259)	
EV/Sales	NM	#DIV/0!	18.9 x	
EV/EBITDA	NM	(0.8) x	(1.0) x	
Stock Data				
52-Week Range	\$0.05	-	\$3.85	
Shares Outstanding (mil.)				20.2
Market Capitalization (mil.)				\$6
Enterprise Value (mil.)				\$9
Debt to Capital				39%
Cash (mil.)				\$4.0
Cash/Sh.				\$0.20
Average Three Months Trading Volume (K)				956
Insider Ownership				26.3%
Institutional Ownership				13.6%
Short interest (mil.)				3.1%
Dividend / Yield				\$0.00/0.0%



		Price	EPS	P/E	TEV	Sales	EV/ Sales	EBITDA	EV/ EBITDA
APOG-US	Apogee Enterprises, Inc.	\$ 44.05	\$ 3.92	11.3	\$ 1,202.9	\$ 1,468.2	0.82	\$ 168.1	7.2
PGTI-US	PGT Innovations, Inc.	18.05	1.81	10.0	1,630.5	1,478.8	1.10	245.2	6.7
PPG-US	PPG Industries, Inc.	129.97	7.00	18.6	37,168.5	17,648.9	2.11	2,736.2	13.6
REFR-US	Research Frontiers Incorporated	2.29			71.6				
SGO-FR	Compagnie de Saint-Gobain SA	€ 53.54	€ 5.46	9.8	€ 36,140.3	€ 49,821.0	0.73	€ 6,418.4	5.6
WNDW-US	SolarWindow Technologies, Inc.	0.84			36.1				
VIEW-US	View Inc. Class A	0.90	(0.71)		180.8	202.9	0.89		
	Median			10.6			0.89		6.9
CRKN-US	Crown ElectroKinetics Corp.	\$ 0.30	\$ 0.34	0.9	\$ 9.4	\$ -		\$ (12.3)	(0.8)

Source: Dawson James Securities estimates and Factset

Exhibit 1. Income Statement

(\$ in 000's) (except per share data)	31-Dec-20 2020A	31-Dec-21 2021A	31-Mar-22 Q1 22 A	30-Jun-22 Q2 22 A	30-Sep-22 Q3 22 A	31-Dec-22 Q4 22 E	31-Dec-22 2022 E	31-Dec-23 2023 E
Revenue	0	0	0	0	0	0	0	500
COGS	160	0	0	0	0	0	0	250
Gross Profit	(160)	0	0	0	0	0	0	250
R&D	2,906	3,401	1,096	1,473	955	955	4,479	3,820
SG&A	12,650	18,724	3,471	3,002	2,160	2,160	10,793	8,640
Opex	15,556	22,126	4,567	4,475	3,115	3,115	15,272	12,460
Operating Income	(15,716)	(22,126)	(4,567)	(4,475)	(3,115)	(3,115)	(15,272)	(12,210)
Interest expense and other	(6,668)	(15,035)	(3)	(2)	(1)	(474)	(480)	(1,894)
Pretax Income	(22,384)	(37,160)	(4,570)	(4,477)	(3,116)	(3,589)	(15,752)	(14,104)
Taxes	0	0	0	0	0	0	0	0
Net Income	(22,384)	(37,160)	(4,570)	(4,477)	(3,116)	(3,589)	(15,752)	(14,104)
Basic Shares	6,893	14,056	15,856	16,420	17,644	19,383	17,326	46,354
Basic EPS	\$ (3.25)	\$ (2.64)	\$ (0.29)	\$ (0.27)	\$ (0.18)	\$ (0.19)	\$ (0.91)	\$ (0.30)
Depreciation & Amortization	76	271	107	127	126	126	486	504
Stock Compensation	11,445	11,921	1,083	1,448	480	480	3,491	1,920
EBITDA	(4,195)	(9,933)	(3,377)	(2,900)	(2,509)	(2,509)	(11,295)	(9,786)

Source: Crown Electrokinetics Corp. and Dawson James Securities estimates

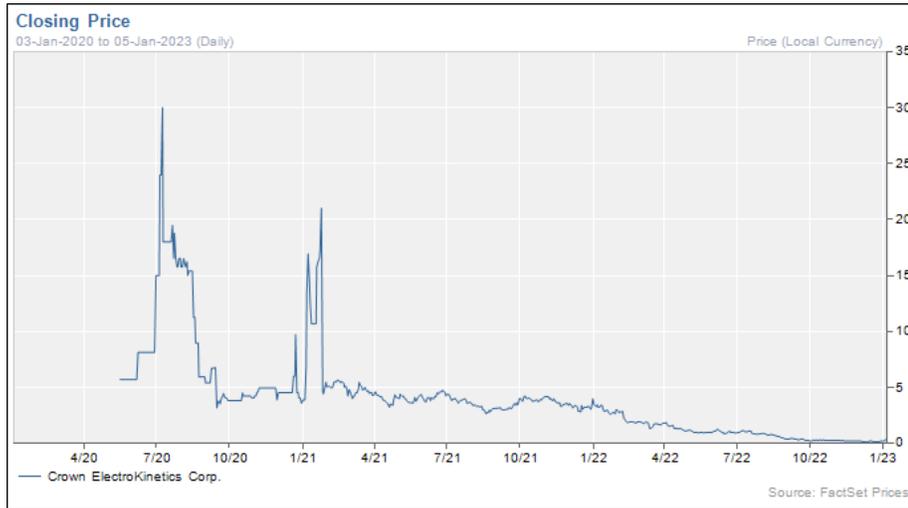
Exhibit 2. Balance Sheet and Cash Flow Statement

	31-Dec-20 FY2020	31-Dec-21 FY2021	31-Dec-22 2022 E	31-Dec-23 2023 E
(\$ in 000's)				
Cash & Equivalents	36	6,130	3,393	6,047
A/R	0	0	0	103
Inventory	0	0	0	51
Prepaid & other assets	254	687	1,300	1,300
Current Assets	\$ 290	\$ 6,817	\$ 4,693	\$ 7,501
PP&E	148	895	1,347	8,784
Intangible assets	205	1,761	1,597	1,369
Right of use asset	0	0	1,971	1,971
Other assets	0	179	403	403
Total Assets	\$ 642	\$ 9,652	\$ 10,011	\$ 20,027
A/P	1,183	358	4,143	4,143
Accrued expenses	356	298	455	455
Lease liability	0	0	253	253
Accrued interest	465	0	0	0
Shares liability	0	0	0	0
Notes payable	2,843	8	8	8
Senior Cv. Notes	0	0	5,400	0
Warrant liability	2,542	0	0	0
Related party payable	25	0	0	0
Current Liabilities	\$ 7,414	\$ 664	\$ 10,259	\$ 4,859
Lease Liability	\$ -	\$ -	\$ 1,815	\$ 9,315
Equity	(6,771)	8,988	(1,753)	6,164
Total Liabilities & Equity	\$ 642	\$ 9,652	\$ 10,321	\$ 20,337
	31-Dec-20 FY2020	31-Dec-21 FY2021	31-Dec-22 2022 E	31-Dec-23 2023 E
Net Income	(22,384)	(37,160)	(15,752)	(14,104)
D&A	76	271	486	504
Stock Comp.	11,445	11,921	3,491	1,920
Other	6,786	15,152	417	0
Working Capital	190	(1,700)	2,660	(154)
Operating CF	\$ (3,888)	\$ (11,516)	\$ (8,698)	\$ (11,834)
CapEx	(82)	(629)	(278)	(7,713)
Other	(25)	(1,714)	(61)	0
Investing Activities	\$ (107)	\$ (2,343)	\$ (339)	\$ (7,713)
Equity	1,149	19,692	3,100	20,100
Debt	2,882	261	3,200	2,100
Financing	\$ 4,030	\$ 19,953	\$ 6,300	\$ 22,200
Change in Cash	\$ 36	\$ 6,094	\$ (2,737)	\$ 2,653

Source: Crown Electrokinetics Corp. and Dawson James Securities estimates

Important Disclosures:

Price Chart:



Price target and ratings changes over the past three years:

Initiated – Buy – August 3, 2021 – Price Target \$8.50
 Update – Buy – September 28, 2021 – Price Target \$8.50
 Update – Buy – November 15, 2021 – Price Target \$8.50
 Update – Buy – December 27, 2021 – Price Target \$8.50
 Price Target Change – Buy – March 18, 2022 – Price Target Price Target changed from \$8.50 to \$4.25
 Update – Buy – March 31, 2022 – Price Target \$4.25
 Price Target Change – Buy – May 16, 2022 – Price Target Price Target changed from \$4.25 to \$1.50
 Update – Buy – July 21, 2022 – Price Target \$1.50
 Update – Buy – August 9, 2022 – Price Target \$1.50
 Update – Buy – August 16, 2022 – Price Target \$1.50
 Rating Change – Neutral – September 20, 2022 – Price Target NA
 Update – Neutral – September 28, 2022 – Price Target NA
 Update – Neutral – October 5, 2022 – Price Target NA
 Update – Neutral – October 31, 2022 – Price Target NA
 Update – Neutral – November 14, 2022 – Price Target NA
 Update – Neutral – November 21, 2022 – Price Target NA
 Update – Neutral – January 5, 2023 – Price Target NA

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- 1) **Buy:** the analyst believes the price of the stock will appreciate and produce a total return of at least 20% over the next 12-18 months;
- 2) **Neutral:** the analyst believes the price of the stock is fairly valued for the next 12-18 months;
- 3) **Sell:** the analyst believes the price of the stock will decline by at least 20% over the next 12-18 months and should be sold.

The following chart reflects the range of current research report ratings for all companies, followed by the analysts of the Firm. The chart also reflects the research report ratings relating to those companies for which the Firm has performed investment banking services.

Current as of 3-Jan-23

	Company Coverage		Investment Banking	
Ratings Distribution	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	21	70%	1	5%
Market Perform (Neutral)	8	27%	1	13%
Market Underperform (Sell)	1	3%	0	0%
Total	30	100%	2	7%

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