



Cyngn announces its financial results for the fourth quarter and year ended December 31, 2021, after the close of the stock market on March 23, 2022. The Company is also hosting its earnings call that same day. Source: Cyngn

Cyngn Reports Fourth Quarter and Year-end 2021 Results

Company to Host Conference Call Today at 2 p.m. PT/5 p.m. ET

MENLO PARK, Calif., March 23, 2022 — **Cyngn (or the “Company”)** (NASDAQ: **CYN**), a developer of innovative autonomous driving software solutions for industrial and commercial enterprises, today announced its financial results for the fourth quarter and year ended December 31, 2021.

Recent Operating Highlights:

The following operational updates occurred subsequent to December 31, 2021:

- On January 10, 2022, Cyngn announced that Global Logistics and Fulfillment LLC (“GLF”), a premier warehousing and fulfillment provider, engaged the Company as its exclusive autonomous vehicle (“AV”) solutions provider following a successful 2021 pilot deployment at GLF’s Las Vegas distribution center, which included Cyngn’s AV technology integrated into the Stockchaser from Columbia Vehicle Group (“Columbia”).
- On January 18, 2022, Cyngn announced that, together with its partner Columbia, an electric vehicle manufacturer serving industrial and commercial environments, the Company began production of a fleet of autonomous Stockchasers powered by Cyngn’s Enterprise Autonomy Suite (“EAS”).

- On February 3, 2022, Cyngn and Greenland Technologies Holding Corporation (Nasdaq: GTEC) (“Greenland”), a technology developer and manufacturer of electric industrial vehicles and drivetrain systems for material handling machinery and vehicles, announced a strategic partnership whereby Cyngn will bring its self-driving vehicle capabilities to Greenland forklifts with its proprietary EAS enabling Greenland forklifts to switch easily between fully autonomous, manual, and remotely-controlled modes.
- On February 15, 2022, Cyngn announced the filing of a patent application for DriveMod Kit, a complete autonomy integration package designed to streamline the retrofitting of existing industrial vehicles or installation into newly manufactured vehicles. DriveMod Kit would enable faster and more cost-effective deployments of Cyngn’s industrial autonomy solutions, supporting scalability and rapid adoption of AV technologies by industrial and commercial enterprises.

Lior Tal, Chairman and CEO of Cyngn, stated, “In the months since October 2021 when Cyngn completed its IPO and became a public company, we have made notable progress toward productizing and commercializing EAS, remaining on schedule to begin scaled deployments in 2024 as previously disclosed. In January, GLF selected Cyngn as its exclusive AV solutions provider, marking a significant step forward in our partnership with Columbia. This was the result of a series of deployments in the second half of 2021, which included Cyngn’s AV technology integrated into Columbia’s Stockchaser. We look forward to additional deployments with GLF this year, especially as we partner to bring new facilities that are geared towards automation online. We also deepened our partnership with Columbia, kicking off production of autonomy-ready Stockchasers powered by EAS. This ensures that the best possible version of a Columbia Stockchaser is coming off the line, and it is ready for the integration of the DriveMod Kit for which we filed a patent application last month. Finally, we announced our partnership with Greenland where we will be embarking on our forklift automation effort. We are excited to be working with a leader in the electric industrial vehicle and equipment space, bringing self-driving capabilities to forklifts, which are one of the most ubiquitous material handling vehicles out there.

“Cyngn is pleased to be helping our customers make tangible steps toward achieving their ESG and sustainability goals. In addition to increasing operational efficiencies while enhancing safety measures for employees by implementing self-driving solutions, organizations may also decrease their energy footprint by utilizing electric vehicles, such as Greenland’s electric forklifts, powered by Cyngn technology.

“Another key priority for us is to continue building out our team here at Cyngn, something we believe is critical to the Company’s long-term success. We are focused on ensuring we have the necessary people in place to support the ongoing development, productization and commercialization of EAS, as well as the additional staff needed to support our status as a public company. In the months ahead, we anticipate expanding upon our existing network of key strategic partners allowing us to leverage the strengths, dealer networks, servicing capabilities, and incumbency of organizations that are already ingrained in the material handling space. This will allow us to develop our initial core paying customer base that will serve as the foundational path to recurring revenues.”

GAAP Financial Review

The Company did not generate any revenue for the years ended December 31, 2021, and 2020.

Fourth Quarter Ended December 31, 2021:

- Total operating expenses were \$3.6 million for the quarter ended December 31, 2021, compared to \$2.3 million in the prior-year quarter. The increase was primarily due to a \$0.5 million increase in R&D expense related to costs incurred for additional engineering staff and a \$1.1 million increase in general and administrative (“G&A”) expense related to costs incurred for additional personnel and professional services necessary to support becoming a public company. The Company expects R&D costs to continue to increase as it works to restore the appropriate level of engineering and other personnel to support its R&D efforts.
- Net loss was \$2.1 million for the quarter ended December 31, 2021, compared to net loss of \$2.3 million in the prior-year quarter. The increase in total operating expenses was offset by an increase in other income, which was primarily attributed to the forgiveness of the Paycheck Protection Program (“PPP”) loans by the Small Business Administration (“SBA”) amounting to \$1.6 million during the period. Net loss per share on a basic and diluted basis was \$0.10 based on approximately 20.4 million weighted average shares for the quarter ended December 31, 2021, compared to net loss per share on a basic and diluted basis of \$2.38 per share based on approximately 1.0 million weighted average shares in the prior-year quarter.

Year Ended December 31, 2021:

- Total operating expenses were \$9.4 million for the year ended December 31, 2021, compared to \$8.4 million in the prior year. The increase was primarily due to a \$1.0 million increase in G&A expense related to a \$1.0 million increase in stock-based compensation and increased costs incurred for additional personnel and professional services necessary to support the Company’s IPO and becoming a public company, partially offset by a \$0.1 million decrease in R&D expense related to a decrease in R&D personnel compared to pre-COVID-19 headcount levels.
- Net loss was \$7.8 million for the year ended December 31, 2021, compared to net loss of \$8.3 million in the prior year. The decrease was primarily the result of a \$1.6 million increase in other income attributed to the forgiveness of the PPP loans by the SBA during the year. Net loss per share on a basic and diluted basis was \$1.33 based on approximately 5.9 million weighted average shares for the year ended December 31, 2021, compared to net loss per share on a basic and diluted basis of \$8.76 per share based on approximately 1.0 million weighted average shares in the prior year.

Balance Sheet Highlights:

As of December 31, 2021, Cyngn’s cash and cash equivalents were \$21.9 million, working capital was \$22.1 million, and total stockholders’ equity was \$22.2 million; compared to cash and cash equivalents of \$6.1 million, working capital of \$6.1 million and total stockholders’ equity of \$5.6 million, respectively, as of December 31, 2020.

For more details on Cyngn’s financial results for the year ended December 31, 2021, please refer to the Company’s Annual Report on Form 10-K to be filed with the SEC, which will be accessible at www.sec.gov.

Conference Call and Webcast Information:

Cyngn will host a conference call at 2 p.m. PT/5 p.m. ET today (Wednesday, March 23, 2022), during which management will discuss the results of the fourth quarter and year ended December 31, 2021. To participate in the conference call, please use the following dial-in numbers about 5 minutes prior to the scheduled conference call time:

U.S. & Canada (Toll-Free): (877) 407-9753
International (Toll): (201) 493-6739

The conference call can also be accessed via webcast at the “Events & Presentations” page of Cyngn’s Investor Relations website by clicking [here](#). The Company encourages all participants to also log into the live webcast as it expects to broadcast a short video showcasing its autonomous driving technology in action, customer interviews, long-term vision and more.

Those who are unable to attend the live conference call may access the recording shortly after the conclusion of the call at the above webcast link or at the “Investor Relations” page of the Company’s website (<https://investors.cyngn.com/>).

About Cyngn

Cyngn is an autonomous vehicle technology company that is focused on addressing industrial uses for autonomous vehicles. Cyngn believes that technological innovation is needed to enable adoption of autonomous industrial vehicles that will address the substantial industry challenges that exist today. These challenges include labor shortages, lagging technological advancements from incumbents, and high upfront investment requirements. Cyngn addresses these challenges with its *Enterprise Autonomy Suite*, which includes *DriveMod* (modular industrial vehicle autonomous driving software), *Cyngn Insight* (customer-facing software suite for monitoring/managing AV fleets and aggregating/analyzing data), and *Cyngn Evolve* (internal toolkit that enables Cyngn to leverage data from the field for artificial intelligence, simulation, and modeling).

To learn more, please visit <https://cyngn.com/>.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, such as statements about the Company’s growth, acquisition strategy, ability to deliver sustainable long-term value, ability to respond to the changing environment, operational focus, strategic growth plans and merger integration efforts, operations and financial results. Forward-looking statements reflect current views with respect to future events and financial performance and therefore cannot be guaranteed. Such statements are based on the current expectations and certain assumptions of the Company’s management, and some or all of such expectations and assumptions may not materialize or may vary significantly from actual results. Actual results may also vary materially from forward-looking statements due to risks, uncertainties and other factors, known and unknown, including the risk factors described from time to time in the Company’s reports to the SEC, including, without limitation the risk factors discussed in the Company’s Prospectus. The forward-looking statements are applicable only as of the date on which they are made, and the Company does not assume any obligation to update any forward-looking statements.

Contact

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**CYNGN INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS**

	December 31, <u>2021</u>	December 31, <u>2020</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 21,945,981	\$ 6,056,190
Restricted cash	50,000	400,000
Prepaid expenses and other current assets	525,304	48,852
Total current assets	<u>22,521,285</u>	<u>6,505,042</u>
Property and equipment, net	102,787	133,805
Intangible assets, net	30,917	34,383
Total Assets	<u>\$ 22,654,989</u>	<u>\$ 6,673,230</u>
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	112,271	73,016
Accrued expenses and other current liabilities	295,156	307,402
Total current liabilities	<u>407,427</u>	<u>380,418</u>
Note payable, Payroll Protection Program	-	695,078
Total liabilities	<u>407,427</u>	<u>1,075,496</u>
Commitments and contingencies		
Stockholders' Equity		
Convertible Series A, B and C preferred stock, Par \$0.00001; 10,000,000 authorized as of December 31, 2021 and 21,982,491 shares authorized, issued and outstanding as of December 31, 2020	-	220
Common stock, Par \$0.00001; 100,000,000 shares authorized, 26,487,680 shares issued and outstanding as of December 31, 2021 and 42,000,000 shares authorized, 951,794 shares issued and outstanding as of December 31, 2020	265	10
Stock Warrants Outstanding	170,397	-
Additional paid-in capital	138,570,430	114,291,505
Accumulated deficit	(116,493,530)	(108,694,001)
Total stockholders' equity	<u>22,247,562</u>	<u>5,597,734</u>
Total Liabilities and Stockholders' Equity	<u>\$ 22,654,989</u>	<u>\$ 6,673,230</u>

CYNGN INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
Revenue	\$ -	\$ -	\$ -	\$ -
Operating expenses:				
Research and development	2,003,867	1,158,942	4,990,407	5,120,979
General and administrative	1,627,835	1,091,904	4,409,651	3,252,649
Total operating expenses	3,631,702	2,250,846	9,400,058	8,373,628
Loss from operations	(3,631,702)	(2,250,846)	(9,400,058)	(8,373,628)
Other income, net				
Interest (expense) income	452	4,261	(9,580)	39,841
Other (expense) income	(28,635)	(16,139)	7,173	(5,020)
PPP Loan forgiveness	1,602,936	-	1,602,936	-
Total other income, net	1,574,753	(11,878)	1,600,529	34,821
Net loss	\$ (2,056,949)	\$ (2,262,724)	\$ (7,799,529)	\$ (8,338,807)
Net loss per share attributable to ordinary shareholders, basic and diluted	\$ (0.10)	\$ (2.38)	\$ (1.33)	\$ (8.76)
Weighted-average shares used in computing net loss per share attributable to ordinary shareholders, basic and diluted	20,384,421	951,794	5,861,730	951,794

CYNGN INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years ended December	
	31,	
	2021	2020
Cash flows from operating activities		
Net loss	\$ (7,799,529)	\$ (8,338,807)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	85,855	159,040
Stock-based compensation	1,139,247	131,732
Gain on disposal of asset	(31,356)	-
Gain on forgiveness of Paycheck Protection Program loans	(1,602,936)	-
<i>Changes in operating assets and liabilities:</i>		
Prepaid expenses and other current assets	(476,452)	33,774
Accounts payable	39,255	(43,335)
Accrued expenses and other current liabilities	3,496	137,535
Net cash used in operating activities	(8,642,419)	(7,920,061)
Cash flows from investing activities		
Purchase of property and equipment	(62,204)	-
Disposal of assets	42,189	-
Net cash used in investing activities	(20,015)	-
Cash flows from financing activities		
Proceeds from issuance of common stock upon initial public offering, net of offering costs	23,295,890	-
Proceeds from PPP Notes	892,115	695,078
Proceeds from exercise of stock options	14,220	623
Net cash provided by financing activities	24,202,225	695,701
Net increase/(decrease) in cash and cash equivalents and restricted cash	15,539,791	(7,224,360)
Cash and cash equivalents and restricted cash, beginning of year	6,456,190	13,680,550
Cash and cash equivalents and restricted cash, end of year	\$21,995,981	\$ 6,456,190
Supplemental disclosure of cash flow:		
Cash paid during the year for taxes	\$ 16,719	\$ 10,813
Supplemental disclosure of non-cash financing activities:		
The Company's PPP loan was forgiven by the SBA in the amount of \$1,602,936.		