

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 8, 2023

CYNGN INC.

(Exact name of registrant as specified in charter)

Delaware

(State or other jurisdiction
of incorporation)

001-40932

(Commission File Number)

46-2007094

(IRS Employer
Identification No.)

1015 O'Brien Dr.

Menlo Park, CA 94025

(Address of principal executive offices) (Zip Code)

(650) 924-5905

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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	CYN	The Nasdaq Stock Market LLC (The Nasdaq Capital Market)

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

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 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition

On November 8, 2023, 2023, Cyngn Inc. (the “Company”) issued a press release announcing its financial results for the fiscal quarter ended September 30, 2023. The full text of the press release is furnished herewith as Exhibit 99.1.

The information disclosed under this Item 2.02, including Exhibit 99.1 hereto, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), nor shall it be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, or the Exchange Act except as expressly set forth in such filing.

Item 8.01 Other Events.

On November 8, 2023, the Company distributed a press release of the CEO’s 3Q23 newsletter that highlighted commercial achievements of the Company. A copy of the press release is attached as Exhibit 99.2 hereto and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

Exhibit No.	Description
99.1	Press Release dated November 8, 2023
99.2	Press Release dated November 8, 2023
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: November 8, 2023

CYNGN INC.

By: /s/ Donald Alvarez
Donald Alvarez
Chief Financial Officer



CynGN Reports Third Quarter 2023 Financial Results

MENLO PARK, Calif., November 8, 2023. – CynGN Inc. (the “Company” or “CynGN”) (Nasdaq: CYN), a developer of AI-powered autonomous driving software solutions for industrial applications, today announced its financial results for the fiscal third quarter ended September 30, 2023.

Recent Operating Highlights:

- Raised \$1.5 million from common stock only at-the-market sales agreement through October 31, 2023
- Stockholders of record on October 23, 2023 received 10% pro rata common stock dividend
- Launched dealer network to expand customer base
- Unveiled DriveMod Tugger: Motrec MT160 autonomous electric tugger that will be made available to select customers in Q4 2023
- Arauco pre orders 100 DriveMod Forklifts, targeting initial rollout in South Carolina facility in mid-2024; this one order has the potential to cover approximately 20% of Company’s current cash burn
- Successful paid initial deployment of DriveMod Stock Chaser with a Fortune 100 heavy equipment manufacturer at its North American facility
- U.S. patent office granted 16 patents to-date; CynGN’s patent portfolio also includes 9 additional pending U.S. patents and 20 pending international patents

“We’ve achieved a number of impressive successes in both the third quarter and in October, and we anticipate continued business momentum through the end of the fiscal year,” said Lior Tal, Chairman and Chief Executive Officer of CynGN. “Most notably, I am very pleased with the results of the DriveMod Stock chaser deployment at a North American facility for a Fortune 100 customer, the DriveMod Tugger debut with our partner Motrec’s MT160 vehicle, and the identification of the Arauco South Carolina site for our DriveMod Forklift rollout in mid-2024 as these achievement are pivotal in the commercialization of EAS (Enterprise Autonomy Suite) and signal market acceptance of our ever-advancing product suite for industrial automation. Additionally, our recent dealer network launch will further expand our customer base as we scale deployments in 2024.”

Q3 2023 Financial Review:

- Third quarter revenue was \$25.2 thousand compared to no revenues in the third quarter of 2022. Third quarter revenue was derived for the first time from EAS software subscriptions from DriveMod Stock chaser vehicle deployments.
 - Total costs and expenses in the third quarter were \$5.6 million, an increase from \$5.3 million in the third quarter of 2022. This increase was primarily due to costs incurred for bringing up initial customer vehicle deployments, costs related to increased headcount in both R&D and G&A, as well as modest increases in other operating expenses. Increased R&D expense was offset by the first-time capitalization of internally developed software. Headcount is currently at 72, up from 64 employees at the end of the third quarter of 2022.
 - Net loss for the third quarter was \$(5.5) million compared to \$(5.3) million in the corresponding quarter of 2022. Third quarter 2023 net loss per share was \$(0.14), based on basic and diluted weighted average shares outstanding of approximately 37.8 million in the quarter. This compares to a net loss per share of \$(0.14) in the third quarter of 2022, based on approximately 37.0 million basic and diluted weighted average shares outstanding.
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Balance Sheet Highlights:

Cyngn's unrestricted cash and short-term investments at the end of the third quarter of 2023 total \$8.2 million compared to \$22.6 million as of December 31, 2022. At the end of the same period, working capital was \$7.2 million and total stockholders' equity was \$10.2 million, as compared to year-end working capital of \$22.4 million and total stockholders' equity of \$24.1 million, respectively as of December 31, 2022.

For more information on Cyngn, visit the "Investor Relations" page of the Company's website (<https://investors.cyngn.com/>).

About Cyngn

Cyngn develops and deploys scalable, differentiated autonomous vehicle technology for industrial organizations. Cyngn's self-driving solutions allow existing workforces to increase productivity and efficiency. The Company addresses significant challenges facing industrial organizations today, such as labor shortages, costly safety incidents, and increased consumer demand for eCommerce.

Cyngn's DriveMod Kit can be installed on new industrial vehicles at end of line or via retrofit, empowering customers to seamlessly adopt self-driving technology into their operations without high upfront costs or the need to completely replace existing vehicle investments.

Cyngn's flagship product, its Enterprise Autonomy Suite, includes DriveMod (autonomous vehicle system), Cyngn Insight (customer-facing suite of AV fleet management, teleoperation, and analytics tools), and Cyngn Evolve (internal toolkit that enables Cyngn to leverage data from the field for artificial intelligence, simulation, and modeling).

Find Cyngn on:

Website: <https://cyngn.com>

Twitter: <http://twitter.com/cyngn>

LinkedIn: <https://www.linkedin.com/company/cyngn>

YouTube: <https://www.youtube.com/@cyngnhq>

Investor/Media Contact: Bill Ong, bill@cyngn.com; 650-204-1551

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. Any statement that is not historical in nature is a forward-looking statement and may be identified by the use of words and phrases such as "expects," "anticipates," "believes," "will," "will likely result," "will continue," "plans to," "potential," "promising," and similar expressions. These statements are based on management's current expectations and beliefs and are subject to a number of risks, uncertainties and assumptions that could cause actual results to differ materially from those described in the forward-looking statements, 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 annual report on Form 10-K filed with the SEC on March 17, 2023. Readers are cautioned that it is not possible to predict or identify all the risks, uncertainties and other factors that may affect future results. No forward-looking statement can be guaranteed, and actual results may differ materially from those projected. Cyngn undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events, or otherwise.

CYNGN INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue	\$ 25,210	\$ -	\$ 1,448,961	\$ -
Costs and expenses				
Cost of revenue	42,414	-	1,121,732	-
Research and development	2,929,225	2,725,919	9,697,099	6,662,730
General and administrative	2,663,272	2,552,418	8,580,113	7,047,181
Total costs and expenses	5,634,911	5,278,337	19,398,944	13,709,911
Loss from operations	(5,609,701)	(5,278,337)	(17,949,983)	(13,709,911)
Other income, net				
Interest income (expense), net	32,905	4,677	98,698	2,691
Other income	105,284	14,296	397,616	16,856
Total other income, net	138,189	18,973	496,314	19,547
Net loss	\$ (5,471,512)	\$ (5,259,364)	\$ (17,453,669)	\$ (13,690,364)
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.14)	\$ (0.14)	\$ (0.47)	\$ (0.41)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	37,771,928	37,005,071	37,344,276	33,458,338

CYNGN INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	(Unaudited)	
	September 30,	December 31,
	2023	2022
	<u> </u>	<u> </u>
Assets		
Current assets		
Cash	\$ 3,536,381	\$ 10,536,273
Restricted cash	-	50,000
Short-term investments	4,619,260	12,064,337
Prepaid expenses and other current assets	436,923	1,126,137
Total current assets	<u>8,592,564</u>	<u>23,776,747</u>
Property and equipment, net	1,393,393	884,000
Right of use asset, net	404,868	371,189
Intangible assets, net	1,159,642	473,076
Total Assets	<u>\$ 11,550,467</u>	<u>\$ 25,505,012</u>
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 234,357	\$ 155,943
Accrued expenses and other current liabilities	699,953	854,920
Operating lease liability, current portion	413,371	376,622
Total liabilities (all current)	<u>1,347,681</u>	<u>1,387,485</u>
Commitments and contingencies (Note 12)		
Stockholders' Equity		
Preferred stock, \$0.00001, 10 million shares authorized; no shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	-	-
Common stock, Par \$0.00001; 100,000,000 shares authorized, 35,205,748 and 33,684,864 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	352	337
Additional paid-in capital	163,386,142	159,847,229
Accumulated deficit	(153,183,708)	(135,730,039)
Total stockholders' equity	<u>10,202,786</u>	<u>24,117,527</u>
Total Liabilities and Stockholders' Equity	<u>\$ 11,550,467</u>	<u>\$ 25,505,012</u>

CYNGN INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

	Nine Months Ended	
	September 30,	
	2023	2022
Cash flows from operating activities		
Net loss	\$ (17,453,669)	\$ (13,690,364)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	707,337	411,512
Stock-based compensation	2,517,890	1,990,834
Realized gain on short-term investments	(396,141)	(13,541)
<i>Changes in operating assets and liabilities:</i>		
Prepaid expenses, operating lease right-of-use assets, and other current assets	261,034	(835,747)
Accounts payable	78,414	186,797
Accrued expenses, lease liabilities, and other current liabilities	(154,967)	351,524
Net cash used in operating activities	<u>(14,440,102)</u>	<u>(11,598,985)</u>
Cash flows from investing activities		
Purchase of property and equipment	(904,417)	(639,545)
Disposal of assets	130,898	-
Acquisition of intangible asset	(698,527)	(340,850)
Purchase of short-term investments	(17,050,782)	(27,000,000)
Proceeds from maturity of short-term investments	24,892,000	5,025,879
Net cash provided by (used in) investing activities	<u>6,369,172</u>	<u>(22,954,516)</u>
Cash flows from financing activities		
Proceeds from at-the-market equity financing, net of issuance costs	1,012,511	-
Proceeds from private placement offering, net of offering costs	-	18,121,945
Proceeds from exercise of pre-funded warrants	-	2,662
Proceeds from exercise of stock options	8,527	114,169
Net cash provided by financing activities	<u>1,021,038</u>	<u>18,238,776</u>
Net decrease in cash and restricted cash	(7,049,892)	(16,314,725)
Cash and restricted cash, beginning of period	10,586,273	21,995,981
Cash and restricted cash, end of period	<u>\$ 3,536,381</u>	<u>\$ 5,681,256</u>
Reconciliation of cash and restricted cash, end of period:		
Cash	\$ 3,536,381	\$ 5,631,256
Restricted cash	-	50,000
Total cash and restricted cash	<u>\$ 3,536,381</u>	<u>\$ 5,681,256</u>
Supplemental disclosure of cash flow:		
Cash paid during the period for interest and taxes	\$ -	\$ -
Supplemental disclosure of non-cash activities:		
Recognition of operating lease right-of-use assets and operating lease liabilities	\$ 464,929	\$ 824,292
Acquisition of property and equipment included in accounts payable and accrued expenses	20,625	28,854



CEO 3Q23 Newsletter: Commercial Achievements and Business Momentum is Anticipated to Continue Through Year-End

The recent months have been marked by:

- **Sales Acceleration.** More customer opportunities were added to the sales pipeline in October than in all of the third quarter.
- **Validation from Large Organizations.** Cyngn has signed revenue-generating contracts with companies in the Fortune Global 500 and the Fortune 100.
- **Expansion to New Vehicle Types.** Cyngn plans to release its first DriveMod Tugger in 4Q 2023, DriveMod Forklift in 2024.

MENLO PARK, Calif., November 8, 2023. – Cyngn Inc. (the “Company” or “Cyngn”) (Nasdaq: CYN), a developer of AI-powered autonomous driving software solutions for industrial applications, today highlights several company achievements.

“I’m thrilled with the continuous flow of milestones achieved by our exceptional Cyngn team. The collaborative spirit that has driven our partnerships with customers, OEMs, and suppliers is the driving force behind the exciting commercial launch of our DriveMod Stockchaser this year, setting the stage for the eagerly anticipated launch of the DriveMod Forklift next year,” said Lior Tal, the Chairman and Chief Executive Officer of Cyngn. “Our third quarter was especially significant as we recorded EAS software subscription revenue for the first time. As we approach the year’s end in 2023, we’re poised for a remarkable commercial finish, filled with promise and success.”

Anchor Partner-Customer Arauco

Arauco, a global wood supplier company, has been an instrumental Cyngn partner-customer and industry innovator leading the way to adopting advanced technology solutions in improving warehouse supply logistics safety and efficiency. Arauco's recent initial paid preorder placement for 100 autonomous electric DriveMod Forklifts provides Cyngn the potential of up to \$5 million per year in recurring subscription revenue. Deployment is expected to begin in mid-2024 at Arauco's facility in Bennettsville, South Carolina with expectations to scale to additional Arauco sites, which includes more than 40 global locations. The DriveMod Forklift meets Arauco's challenges that we believe are underserved by the solutions available today, automating the handling of heavy loads while using non-standard pallet pockets.

Electric Vehicle Manufacturer and End-Customer Deployment Expansion

In early Q3, Cyngn announced a partnership with Motrec International, a globally recognized industrial electric vehicle manufacturer that will integrate Cyngn's DriveMod into their electric tuggers. Motrec's MT-160 tow tractor has a towing capacity of 6,000 pounds and expects to make its debut in Q4 with further expansion to a broader customer base in 2024.

We also announced a deployment at the facility of a Fortune 100 heavy equipment manufacturer. With more than 50 sites requiring similar towing applications needs, including electric forklifts, this represents the beginning of a significant opportunity for Cyngn to expand our technology to dozens of facilities.

As Cyngn continues to expand its partnership to a broader scope of industrial customers and OEMs in the supply chain network, our recently announced Autonomous Vehicle (AV) Consultancy Services provide an onboarding solution to new customers for planning AV solutions to yield more successful AV deployment and development projects. To date, several companies including Arauco, a global OEM in the mining industry, a multinational organization in the defense and aerospace sector, and others have benefitted from this capability to streamline their operations and increase workforce productivity.

OEM partnerships are among the most pivotal in enabling the adoption of our self-driving solutions, and our key partnerships include DriveMod Stockchasers with Columbia Vehicle Group, DriveMod Tuggers with Motrec, and the highly anticipated DriveMod Forklifts with BYD.

Technology Achievements

Cyngn has been granted 16 U.S. patents, reflecting its technology leadership in autonomous driving systems technology. These patents are a result of our proprietary advances in vehicle sensor systems, multi-channel sensing and obstacle detection, computation acceleration, and adaptive systems to meet the challenges of a multitude of different vehicle configurations and applications. Further, we have submitted an additional 9 U.S. patents and 20 international patents that are expected to be granted in the coming months and years.

Financial

Cyngn recently raised \$1.5 million from sales of common stock through an at-the-market (ATM) sales agreement as of October 31st. The raised capital was achieved in a cost-effective manner to support our growth and strategic hiring, primarily for our teams that are crucial to revenue generation. As a result, more customer opportunities were added to our pipeline in the month of October than in all of the third quarter of 2023.

Cyngn recently distributed a pro rata 10% common stock dividend as a way of rewarding and thanking our shareholders for their continued support. On October 30th, all holders of record on October 23rd received one share of Cyngn common stock for every ten shares of Cyngn common stock.

About Cyngn

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Find Cyngn on:

Website: <https://cyngn.com>

Twitter: <http://twitter.com/cyngn>

LinkedIn: <https://www.linkedin.com/company/cyngn>

YouTube: <https://www.youtube.com/@cyngnhq>

Investor/Media Contact: Bill Ong, bill@cyngn.com; 650-204-1551

Forward-Looking Statements

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