

Crown Energy AB: Three Months Report 2022

PRESS RELEASE 31/05/2022

FIRST QUARTER – JANUARY-MARCH 2022

- ▶ Revenue amounted to SEK 7,315 thousand (4,879).
- ▶ Operating loss amounted to SEK -16,277 thousand (-3,310).
- ▶ Net financial items amounted to SEK -48,086 thousand (4,783).
- ▶ Unrealised changes in property values amounted to SEK 8,722 thousand (-11,440).
- ▶ Result before tax amounted to SEK -47,767 thousand (-19,533) and result after tax amounted to SEK -43,573 thousand (-16,743), corresponding to SEK -0.09 (-0.04) per share.

KEY EVENTS DURING YEAR-END PERIOD JANUARY-MARCH 2022

- ▶ On 3 March 2022, Crown Energy announced that the joint venture Block 2B offshore in South Africa has signed an agreement for a semi-submersible rig, Island Innovator, to drill a well at Gazania-1 by October 2022.

EVENTS AFTER THE REPORTING PERIOD

- ▶ Crown Energy announced on 21 April 2022, that the second instalment of USD 8 million has been credited to the Company's account in accordance with the agreement for the disposal of the majority of its oil and gas assets signed on 20 October 2021. The total amount received in accordance with the agreement since October 2021 amounts to USD 83 million.

CEO STATEMENT

DEAR SHAREHOLDERS AND INVESTORS,

I am pleased to report that our cash position remains very strong. From the end of the quarter, we have had a free cash balance of over SEK 664 million. As of April 2022, we received the first instalment of USD 8 Million and will be receiving a further secure income of USD 97 million over the next five years, with the strong possibility of receiving considerable further milestone payments in earn-out consideration into the Company. Furthermore, Crown has no debt. Under IFRS accounting rules, we are treating the sums we have received as deferred income. It should also again be noted that this transaction and income is not related to or affected in any way by the sanctions imposed as a result of the conflict in Ukraine.

FUTURE VISION AND STRATEGY

Crown Energy continues to develop its plans to move into a new and more socially responsible direction, with our focus being on the medical technology industry and on improving our green footprint by way of expanding into carbon capture opportunities. At the same time, we recognise the strong increases in the oil price and demand for energy. It is my continued aim to manage our oil and gas assets with a view to achieving a very economically beneficial and well-timed exit from the oil and gas industry for our company, in due course.

We are working towards reducing our carbon emissions to an acceptable near net zero while continuing to meet our energy needs. Our strategy focuses on responsible and sustainable growth and this strategy includes:

A. Environment – The multibillion dollar growing CO2 capturing world, land and real-estate and forestry investments in energy efficient projects for the purposes of carbon capture

B. Social - Improving healthcare technologies, growth in tele-medicine (which we view as a very important part of the future of medical care) projects and investments, Medical-Tech projects.

We are focusing now on a small number of new and exciting investment opportunities in the areas I have described above as we continue to be confident that these new areas of investment will provide great growth and financially rewarding opportunities for Crown.

As I said previously, we shall maintain a constant and open dialog, as a Company policy, with the market and shareholders, and I look forward to meeting with our shareholders at our upcoming AGM, on June 15th, 2022.

ASSET DEVELOPMENT AND MANAGEMENT

I am pleased to report that we are continuing to see an improving economic situation in Angola, which should continue during 2022. The Angolan economy is picking up more. Occupancy rates of our properties are increasing. The Angolan kwanza has remained firmer against the US dollar. All of this is positive for us.

During first quarter of 2022, net sales revenue increased by 50 percent compared to the same period last year. That is both due to a 10% increase in revenue nominated in local currency and the strengthening of Kwanza to SEK. At the same time property costs for the reporting period have also increased and amounted to SEK -5,922 thousand (-2,200). The period's operating result is SEK -7,682, thousand (-3,310).

The buyer of the C-View property, the Angolan Ministry of Finance, has continued to pay our subsidiary in Angola. The payments have continued to be made. At the end of this quarter, a total of 64 percent of the agreed purchase price has been paid.

ENERGY

The oil price has increased to over USD 100 per barrel and gas prices have also continued to increase. The industry will be very busy, in our opinion, during 2022. This is primarily due to the effects of the ongoing conflict in Ukraine, the reduced impact of the Covid 19 pandemic, and an increase in global demand for energy.

On Block 2 B in South Africa, the Licence Operator, Azinam, now owned by Eco Atlantic is making the final preparations for the drilling of the well, having signed the drilling contract in March for the Island Innovator rig to drill our well. We expect the rig to mobilise from Norway to South Africa during the summer with a view to spudding the well during the 3rd/4th quarter of calendar year 2022. Crown Energy holds a 10 per cent interest and in accordance with an earlier farm-out agreement, the other licence partners will bear all costs associated with the next drilling within the licence area, including additional well testing.

On our other Energy assets, as previously reported on 20th October 2021, we have successfully entered into a sale and purchase agreement with a buyer who has the right to acquire Crown Energy's upstream oil and gas assets, including Iraq subject to certain terms and conditions as well as an option over Madagascar, for a total consideration of up to USD 450 million before the deduction of transaction costs.

For Madagascar, the current licensing period expired in November 2019. Crown Energy has already applied for an additional extension and is continuing to discuss the possible terms of an extension with the authorities there.

Yoav Ben Eli
CEO, Crown Energy

This disclosure contains information that Crown Energy is obliged to make public pursuant to the EU Market Abuse Regulation (EU nr 596/2014). The information was submitted for publication, through the agency of the contact person, on 31 May 2022 at 19:00 CET.

MORE INFORMATION

Please contact Yoav Ben-Eli, CEO, Crown Energy AB

+46 8 400 207 20

+46 76 312 9 793

ABOUT CROWN ENERGY

Crown Energy is an international group providing customised solutions for housing, offices and associated services, as well as oil and gas exploration in Africa and the Middle East. For more information, please visit www.crownenergy.se