

Crown Energy AB: Year-End Report January- December 2021

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FOURTH QUARTER – OCTOBER-DECEMBER 2021

- ▶ Revenue amounted to SEK 5,577 thousand (4,798).
- ▶ Operating loss amounted to SEK -8,567 thousand (-8,974).
- ▶ Net financial items amounted to SEK -4,466 thousand (4,697).
- ▶ Unrealised changes in property values amounted to SEK -13,536 thousand (19,683).
- ▶ Result before tax amounted to SEK 504 thousand (15,405), and result after tax amounted to SEK 609 thousand (24,743), corresponding to SEK 0.00 (0.05) per share.

FULL YEAR – JANUARY-DECEMBER 2021

- ▶ Revenue amounted to SEK 20,764 thousand (28,968).
- ▶ Operating loss amounted to SEK -27,089 thousand (-16,083).
- ▶ Net financial items amounted to SEK -11,419 thousand (60,524)
- ▶ Unrealised changes in property values amounted to SEK -32,596 thousand (2,114).
- ▶ Profit before tax amounted to SEK -71,103 thousand (46,554), and profit after tax amounted to SEK -63,600 thousand (45,046), corresponding to SEK -0.13 (0.09) per share.

KEY EVENTS DURING YEAR-END PERIOD JANUARY-DECEMBER 2021

- ▶ Michail Shatkus started as the Company's CFO on 1 January. Shatkus has been acting CFO since Jenny Björk left the Company in June 2020.
- ▶ On 13 April, Crown Energy announced that payments had been received that exceed one-third of the contracted sale price for the C-View Smart Business Park in Luanda, Angola. According to the contract, the Angolan state via the Ministry of Finance is entitled to access the economic rights after achieving this milestone.
- ▶ On 15 April, the Company announced that it is relinquishing its entire five per cent working interest in the Block P licence in Equatorial Guinea. The Board has determined that the economic outlook for the project does not meet Crown Energy's expectations for potential returns compared to the estimated risk. This has resulted in a write-down of SEK 5,192 thousand.
- ▶ On 19 April, the Company announced that a memorandum of understanding had been signed with Wildcat Petroleum Plc, an oil company listed on the London Stock Exchange (LSE: WCAT) that develops block chain technology and cryptocurrency for financing oil and gas projects.
- ▶ On 20 April, the Company announced that its partner Africa Energy Corp had received official approval to conclude its two farm-out agreements for Block 2B in South Africa. This means that the new licence partners are Azinam Limited and Panoro Energy ASA, where Azinam Limited will also take over operatorship from Africa Energy.
- ▶ On 7 June, the Company announced that Andreas Forssell had informed Board of Directors that he wishes to leave his role as CEO.
- ▶ On 15 September Yoav Ben Eli was nominated as new CEO of Crown and this appointment was formalized on 22 October

- ▶ On 20 October Company announced that it had entered into an Agreement for the disposal of the majority of its oil and gas assets.
- ▶ On 27 October Company confirmed receipt of the first USD 75 million down payment towards the disposal with an additional consideration of USD 105 million payable over the next five years, with a total consideration, subject to the terms of an earn out agreement, of up to USD 450 million. The effect of the payment will first appear in Year-End report.
- ▶ On 15 November the CEO announced his new vision for Crown Energy and its business going forward.
- ▶ The EGM on 17 December has approved new Articles of Association.

EVENTS AFTER THE REPORTING PERIOD

- ▶ No significant events after the periods end

CEO STATEMENT

DEAR SHAREHOLDERS AND INVESTORS,

This is now my second report to you as the new CEO of Crown Energy. We have been able to devote a lot of time in this final quarter of 2021 to the pursuit of the new projects I outlined in my address to our shareholders and in the secure knowledge that we have completed, after a long period of negotiation, a very large transaction and provided a great result for Crown Energy and our shareholders. From the end of October, we have had a free cash balance of over USD 70 million and will be receiving a secure income of USD 105 million over the next five years, with the strong possibility of receiving considerable further milestone payments in earn-out consideration into the Company and also very importantly, we have no debt. Under IFRS accounting rules, we are treating the sums we have received as deferred income.

FUTURE VISION AND STRATEGY

Crown Energy is now moving in 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, recognising the strong increases in the oil price. It is my continued aim to manage our oil and gas assets with a view to achieving a graduated, and economically beneficial but firm exit from the oil and gas industry for our company in due course.

We are all aware that the world needs to achieve net-zero greenhouse gases emissions by mid-century to avoid the impacts of climate change. As a company we have therefore decided to act to reduce our exposure to and dependency on energy originating from fossil fuels and to take active steps help bring down carbon levels in our atmosphere. We also adopt more stringent ESG measures in order to grow our company in this new direction.

We will work towards reducing our carbon emissions to an acceptable near net zero while continuing to meet our energy needs. Our strategy focuses on the sustainable growth in the new world, on leading industries, technology in action, enhancing old businesses and transforming them to be more ESG compliant, while out-performing with excellence for the benefit of our shareholders, to include for example:

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.

I am presenting the Board with new and exciting investment opportunities in the areas I have described above as we continue to be confident that new areas of investment 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, with respect to the various investments and achievements reached and strive to be the best in what we do.

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 kwanza has remained firmer against the US dollar which is positive for us.

During 2021, net sales revenue, decreased by 30 percent compared to the same period last year. On the positive side is that property costs for the reporting period decreased by 10 percent and amounted to SEK -10,982 thousand (12,692). The period's operating result is SEK -27,089 thousand (-16,083).

The buyer of the C-View property, the Angolan Ministry of Finance, has continued to pay our subsidiary in Angola. The second instalment of a total of six payments was received in full earlier this year and after those additional payments have continued to be made. At the end of this year, a total of 58 percent of the agreed purchase price has been paid.

ENERGY

The oil price has continued to hold around the USD 80 per barrel mark and gas prices have increased dramatically. We see a notable increase now in industry activity. Although activity remains unsettled due to the COVID-19 pandemic. On Block 2 B in South Africa, our Operator, Azinam, signed a Memorandum of Understanding with Eco Atlantic, whereby Eco Atlantic would acquire Azinam's assets in South Africa and thus take over the Operatorship of the well. We at Crown welcome EcoAtlantic warmly to our joint venture. On the Block, we have completed a seabed survey of the well location, and negotiations with various rig contractors for the drilling of the Gazania-1 well are starting to firm up. 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, 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 and option an 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.

EXTRAORDINARY GENERAL MEETING

The EGM was held on Friday December 17th. Strong approval was received for the proposed changes to Crown Energy's Articles of Association to our new vision and move us into this new commercial direction. I am grateful to all our shareholders for their support and look forward to a very bright future for Crown.

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 28 February 2022 at 22:00 CET.

MORE INFORMATION

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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