

Crown Energy AB: Interim Report January- September 2021

PRESS RELEASE 19/11/2021

THIRD QUARTER – JULY-SEPTEMBER 2021

- ▶ Revenue amounted to SEK 4,626 thousand (6,993).
- ▶ Operating loss amounted to SEK -6,787 thousand (-1,283).
- ▶ Net financial items amounted to SEK -8,095 thousand (6,679).
- ▶ Unrealised changes in property values amounted to SEK -28,802 thousand (-8,854).
- ▶ Result before tax amounted to SEK -43,684 thousand (-3,458), and result after tax amounted to SEK -38,832 thousand (-4,731), corresponding to SEK -0.08 (-0.01) per share.

NINE MONTH PERIOD – JANUARY-SEPTEMBER 2021

- ▶ Revenue amounted to SEK 15,188 thousand (24,171).
- ▶ Operating loss amounted to SEK -18,558 thousand (-7,109).
- ▶ Net financial items amounted to SEK -6,953 thousand (55,940).
- ▶ Unrealised changes in property values amounted to SEK -46,132 thousand (-17,569).
- ▶ Profit before tax amounted to SEK -71,643 thousand (31,262), and profit after tax amounted to SEK -64,244 thousand (20,303), corresponding to SEK -0.13 (0.04) per share.

KEY EVENTS DURING REPORTING PERIOD JANUARY-SEPTEMBER 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

EVENTS AFTER THE REPORTING PERIOD

- ▶ 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.
- ▶ On 15 November an EGM was called to be held on 17 December.

CEO STATEMENT

DEAR SHAREHOLDERS AND INVESTORS,

I am very excited to be speaking to you as the new CEO of Crown Energy. As you know I have served on the Board of the Company for the last five years. We are going into the final quarter of this year having completed a very significant and company changing transaction which took a significant time to negotiate, ending in a great result for Crown Energy and our shareholders. We now have in October an added free cash balance of USD 75 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 we have no debt.

FUTURE VISION AND STRATEGY

I intend to steer and grow Crown Energy in a new, socially responsible direction and at the same time achieve a graduated but firm exit from the oil and gas industry.

The scientific consensus is that the world needs to achieve net-zero greenhouse gases emissions by mid-century to avoid the impacts of climate change. This leaves us with no other choice but to consider reducing our dependency on energy originating from fossil fuels. It's time to take a firm step towards a change. Recent industry shifts have made clear that companies must adopt stringent ESG measures if they want to adopt to the changing economic eco-system and have access to capital for growth.

We must reduce our carbon emissions to an acceptable near net zero while continuing to meet our energy needs. Evolving a solid strategy to do so is the real challenge. A strategy that 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 CO2 capturing world, Real-estate investments in energetically efficient projects.

B. Social - Improving healthcare technologies, Tele-medicine (the future of medical care) projects and investments, Medical-Tech projects.

In the coming months and years, it is my intention, together with our experienced Board of Directors, to drive the company to a new direction and to completely exit the oil and gas world, in a firm and responsible manner. At the same time, I intend to present the Board with new investment opportunities, as we are confident that the climate change challenges encompass many opportunities from the eco-systems described above, eco-systems we already dominate, like the real-estate, and others, for their analysis and approval, and I am sure that we can take our Company to a new era, investing wisely and responsibly, out-performing financial projections and at the same time caring for "mother-nature".

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 now seeing an improving economic situation in Angola, which should bode well for 2022. The Angolan kwanza has also started to strengthen against the US dollar which will be positive for us.

During the first three quarters 2021, net sales revenue, decreased by 38 percent compared to the same period last year. On the positive side is that property costs for the reporting period decreased by 17 percent and amounted to SEK -8,236 thousand (-9,665). The period's operating result is SEK -18,558 thousand (-7,190).

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. Up to September 30 this year, a total of 50 percent of the agreed purchase price has been paid.

ENERGY

The oil price has recently gone over the USD 80 per barrel mark. Despite increases in oil price, industry activity remains unsettled due to the COVID-19 pandemic, mainly resulting in overall delays to project developments. On Block 2 B in South Africa, our Operator, Azinam, and the joint venture completed a seabed survey of the well location, and the Operator is currently conducting negotiations with various rig contractors for the drilling of the Gazania-1 well. 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 an agreement with a buyer who has the right to acquire Crown Energy's upstream oil and gas assets, including Iraq and 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 previously applied for an additional extension and is continuing to discuss this with the authorities.

EXTRAORDINARY GENERAL MEETING

We have called an EGM for Friday December 17th to approve the proposed changes to Crown Energy's Objects of Association to move us into this new commercial direction, I am also inviting our investors to join me in a Questions and Answers event, where I will be able to describe my new Vision in more detail and answer questions.

Lastly, I would like to thank Andreas Forssell for all his service to the Company over the last ten years and wish him the best in his new commercial ventures.

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 19 November 2021 at 13:00 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