

Crown Energy (publ) acquires 85 percent of SmarTee S.à.r.l for a consideration of EUR 163 million – significant change of Crown Energy's business direction

PRESS RELEASE 03/02/2023

INSIDE INFORMATION: On 10 January 2023, Crown Energy AB (publ) ("Crown Energy" or the "Company") announced that the Company had entered into a letter of intent for the acquisition of a company group within the medtech sector. Crown Energy has today entered into a Sales and Purchase Agreement (the "SPA") for the acquisition of 85 percent of the shares in SmarTee S.à r.l. ("SmarTee"), a Luxembourg company which is the parent holding company of the Italian registered AccYouRate Group (the "Acquisition"). AccYouRate Group focuses on wearable medical technologies and currently holds exclusive patents on advanced and cutting-edge technologies in the advanced wearable textiles' technologies market. The total purchase price amounts to EUR 163 million and will be payable in nine instalments over a period of 48 months of which the first instalment amounts to EUR 75 million and will be paid upon signing of the SPA.

ABOUT THE TRANSACTION

Crown Energy has entered into a SPA with Mr Claudio Fabbri, an Italian resident entrepreneur (the "Seller"), to acquire 85 percent of SmarTee, a Luxembourg registered company, which is the parent company of AccYouRate Group, an Italian registered company, for a total purchase price of EUR 163 million. The consideration for the Acquisition is payable by Crown Energy to the Seller in a total of nine instalments.

The first instalment of EUR 75 million is payable upon signing of the SPA with a simultaneous closing. The rest of the payments will be made in instalments of EUR 9 million every six months.

Additionally, under the terms of an earn out arrangement there is potentially an additional payment of up to 30 percent of any future financial upside less the consideration stated above of EUR 163 million. Any additional purchase price will be paid in cash or in newly issued shares in SmarTee and will only become payable upon certain commercial or financial milestones, such as a future capital increase or sale of a strategic asset, being met.

ABOUT ACCYOU RATE GROUP

The AccYouRate Group currently holds exclusive patents on advanced and cutting-edge technologies in the advanced wearable textiles' technologies market. The intellectual property that goes with this consists of advanced components, materials, software and accessories. AccYouRate has patented an advanced micro sensor made of polymeric ink. This ink is printed into wearable garments, for example a normal T-shirt, thus allowing the wearer to feel comfortable and go about their daily business whilst having their vital bio signs monitored and that service is provided for a very affordable cost. These continuously collected medical data are analysed by way of proprietary algorithms that can then be assessed by professionals to monitor any potential health issues with the wearer, even remotely. These technologies were invented and developed by AccYouRate's scientific team in collaboration with a number of leading universities in Europe and the United States and validated by medical specialists and certified as a medical device in Europe.

The data is valuable on two levels:

- The analysis which identifies any anomalies in the monitored bio signs of the wearer; and
- The cumulative database of gathered medical information from all wearers.

FINANCIAL INFORMATION AND FUNDING

Crown Energy will be able to fund the Acquisition through existing cash following the sale agreement of Crown Energy's oil and gas assets, entered into in October 2021, as well as from further cashflow from Crown Energy's Asset Management and Development Business.

Due to the Company's current small scale operations, Crown Energy does not expect the Acquisition to have a significant effect on Crown Energy's income statement. In the parent company, the shares in the subsidiary will be booked for the total consideration of EUR 163 million. Additional EUR 10.5 million will be accounted on the balance as additional provision for the purchase of shares, subject to future investment in SmarTee or its affiliates.

After the transfer of initial purchase price of EUR 75 million, the rest of the purchase price amounting to EUR 88 million will be accounted for as contractual obligations.

More financial information about the Company's financial position after the Acquisition will be available after a formal Purchase Price Analysis is performed in first or second quarter of 2023.

AccYouRate Group will require additional funding to meet its investment goals.

SUBSTANTIAL CHANGE IN THE BUSINESS DIRECTION OF CROWN ENERGY

The Acquisition is deemed to be a material change in the business direction of Crown Energy and, accordingly, the Board of Directors of Crown Energy's is considering various options for the future. This includes a review of the Company's current listing and assessing where a company that is now focusing on investing in high growth technologies should be listed so that Crown Energy can be best placed to develop in the future.

Yoav Ben-Eli, CEO of Crown Energy, says: "*I am super happy to be able to begin to deliver on my promise to our shareholders and the market to take a significant step in moving Crown Energy into the rapidly expanding and socially responsible world of medical technologies. I believe this investment will prove very successful in the future and bring substantial value to our company and to our shareholders as well as the wider community who will be able to benefit from this advanced technology*".

This information is such information that Crown Energy AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation (EU nr 596/2014). The information in this press release has been made public through the agency of the responsible person set out below for publication at the time stated by the Company's news distributor, Cision, at the publication of this press release.

MORE INFORMATION

Yoav Ben-Eli, CEO Crown Energy AB +46 76 312 9793

ABOUT CROWN ENERGY

Crown Energy is an international group with a history within customised solutions for housing, offices and associated services, as well as oil and gas exploration. The group is now dedicated to its transformation into the new and more socially and environmentally responsible business direction contributing to a positive change, with a focus on the medical technology industry and on improving our green footprint. For more information, please visit www.crownenergy.se