

Crown Energy AB: Half-year Report January-June 2021

PRESS RELEASE 20/08/2021

Q2 – APRIL-JUNE 2021

- ▶ Revenue amounted to SEK 5,683 thousand (8,247).
- ▶ Operating loss amounted to SEK -8,461 thousand (24).
- ▶ Net financial items amounted to SEK 5,925 thousand (19,676).
- ▶ Unrealised changes in property values amounted to SEK -5,891 thousand (-2,529).
- ▶ Result before tax amounted to SEK -8,426 thousand (17,171), and result after tax amounted to SEK -8,669 thousand (13,730), corresponding to SEK -0.02 (0.03) per share.

H1 – JANUARY-JUNE 2021

- ▶ Revenue amounted to SEK 10,562 thousand (17,355).
- ▶ Operating loss amounted to SEK -11,770 thousand (-5,826).
- ▶ Net financial items amounted to SEK 1,142 thousand (49,261).
- ▶ Unrealised changes in property values amounted to SEK -17,330 thousand (-8,715).
- ▶ Profit before tax amounted to SEK -27,958 thousand (34,720), and profit after tax amounted to SEK -25,412 thousand (25,033), corresponding to SEK -0.05 (0.05) per share.

KEY EVENTS DURING REPORTING PERIOD JANUARY-JUNE 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.

CEO STATEMENT

DEAR SHAREHOLDERS AND INVESTORS,

This will be one of the last interim reports that I will be publishing as CEO of Crown Energy. It has been my working life for more than a decade and over six

years as the CEO. The Company has developed into a cash flow generating business with operations in both Energy and Asset Development and Management. It has proved to be a successful combination and we are continuing to capitalise on the synergies created by this multiple business strategy. We are still looking to generate a powerful partnership or trade exit on one or more of the Energy assets. This is in process, and we hope to be able to announce exciting news going forward. The board of directors are currently reviewing options for the replacement of CEO post and will have this done before the end of my notice period by 6th December this year.

ASSET DEVELOPMENT AND MANAGEMENT

During the first half-year 2021, net sales revenue, mainly due to the long-term weakening of the Angolan currency, decreased by 39 percent compared to the same period last year, which is a slight improvement from first quarter this year still. On the positive side is that property costs for the reporting period decreased by 40 percent and amounted to SEK -4,254 thousand (-7,121). Other external costs amounted to SEK -7,704 thousand (-10,002), which is a decrease of 23 percent compared to the same period last year. The periods operating result of SEK -11,770 thousand (-5 826) is heavily affected by the write down of SEK -5,192 thousand for the relinquishment of the interest in the Block P licence in Equatorial Guinea. This does not affect the Company's cash flow.

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 that additional payments have continued to be made. Up to June 30 this year, a total of 43 percent of the agreed purchase price has been paid. After the reporting period an additional 5 percent has also been paid.

ENERGY

The oil price has continued to hover around the USD 65-75 per barrel. Despite stability in oil price, the situation remains uncertain due to the COVID-19 pandemic, mainly resulting in overall delays to project developments. South Africa has continued with various lockdowns. It is therefore extremely welcome that despite the lock-down situation, regulatory approvals came in for our partner Africa Energy on their farm-outs for part of their interest in Block 2B, and where Azinam become our new Operator. This also means that work can now be finalised towards the planned exploratory drilling campaign, with well "Gazania-1" for later this year. The Operator has estimated the prospect size at up to 349 million barrels. The well, Gazania-1, will target two prospects in relatively low-risk oil-bearing structures up-dip from the discovery A-J1 borehole drilled in 1988. 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.

As for Madagascar, the current licensing period expired in November 2019. Crown has applied for an extension and is discussing this with the authorities. Crown will await feedback from the authorities before deciding on the best way forward for the Company regarding this license. At today's oil price levels, our Energy assets look attractive, including finding a partner/buyer for our Iraqi project.

New business remains the Company's most important objective. However, with the ongoing COVID-19 pandemic, this is still taking longer than we hoped. For this reason, management and the board of directors continue to focus on reducing costs, both in ongoing operative business and in overhead.

Andreas Forssell
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 20 August 2021 at 8:30 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