

# Crown Energy AB: Interim Report January-March 2021

**PRESS RELEASE 21/05/2021**

## **Q1 – JANUARY-MARCH 2021**

- ▶ Revenue amounted to SEK 4,879 thousand (9,108).
- ▶ Operating loss amounted to SEK -3,310 thousand (-5,851).
- ▶ Net financial items amounted to SEK -4,783 thousand (29,585).
- ▶ Unrealised changes in property values amounted to SEK -11,440 thousand (-6,186).
- ▶ Result before tax amounted to SEK -19,533 thousand (17,549), and result after tax amounted to SEK -16,743 thousand (11,303), corresponding to SEK -0.04 (0.02) per share.

## **KEY EVENTS DURING REPORTING PERIOD JANUARY-MARCH 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.

## **EVENTS AFTER THE END OF THE REPORTING PERIOD**

- ▶ 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 will result in a write-down of approximately SEK five million, which will impact profit and the financial report for the second quarter of 2021.
- ▶ 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.

## **CEO STATEMENT**

### **DEAR SHAREHOLDERS AND INVESTORS,**

Crown Energy continue to develop business in both the Energy, and the Asset Development and Management segments. Lately, this has resulted in a number of interesting events that we have been disclosing to the market and to you, our shareholders. We continue to receive payments under the sales and purchase agreement for the C-View property in Angola, and we have signed an interesting Memorandum of Understanding with Wildcat Petroleum Plc, an oil company listed on the London Stock Exchange that develops block chain technology and cryptocurrency for financing oil and gas projects. At the same time, we have withdrawn from our interest in Block P, Equatorial Guinea, as we didn't see enough potential returns compared to the estimated risk. This will result in a write-down of approximately SEK 5 million, which will impact profit and the

financial report for the second quarter of 2021. Instead, we concentrate our resources and efforts into our remaining projects within the Energy business, where our South African project now stands before very exciting times ahead. The regulatory approvals for two new partners just came through and where Azinam will become new operator, ahead of the planned drilling of exploration well Gazania-1 later this year.

#### **ASSET DEVELOPMENT AND MANAGEMENT**

During the first quarter of 2021, net sales revenue, mainly due to the long-term weakening of the Angolan currency, decreased by 46 percent compared to the same period last year. On the positive side is that property costs for the reporting period decreased by 41 percent and amounted to SEK -2,200 thousand (-3,751). Other external expenses amounted to SEK -3,107 thousand (-7,867), which is also a significant decrease of 61 percent compared to the same period last year. The sharp decrease is partly due to a provision that was made last year for uncertain accounts receivable, of SEK 3,319 thousand. The reserve is attributable to two clients in the C-View property, where some payment uncertainty prevailed.

The buyer of the C-View property, the Angolan Ministry of Finance, has continued to pay our subsidiary in Angola. The first instalment of a total of six payments was received in full earlier this year and after that additional payments have been made. Up to March 31 this year, a total of 33.1 percent of the agreed purchase price has been paid. After the reporting period additional 7.8 percent has been paid.

#### **ENERGY**

The oil price has continued to be favourable to companies operating in the oil and gas industry. Despite recent increase in oil price, it still is a cumbersome situation due to the COVID-19 pandemic situation, mainly resulting in overall delays to project developments. South Africa has continued its shutdowns in society. 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. This means that we welcome two new partners to the licence, Azinam and Panoro, where the first become new operator. This also means that work can now be concentrated 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 the licence partner Africa Energy 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 to 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 21 May 2021 at 8:30 CET.*

#### **MORE INFORMATION**

Please contact Andreas Forssell, CEO, Crown Energy AB  
+46 8 400 207 20  
+46 760 15 15 95

**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](http://www.crownenergy.se)