Crown Energy

ANNUAL REPORT 2020

CONTENTS

Crown Energy

Crown Energy is an international group that provides customised residential and office solutions with related services and is active in oil and gas exploration in Africa and the Middle East. The Company creates value via two business areas: Asset Development and Management and Energy.

Value is created by offering international companies a one-stop-shop concept for residential and office solutions with related services and by developing assets in early stages to be later introduced to suitable players in the oil and gas industry for further development and production.

Crown Energy has offices in Stockholm, London, Luxembourg and Luanda.

ASSET DEVELOPMENT AND MANAGEMENT BUSINESS AREA
Crown Energy is a provider of services to the energy industry and offers customised residential and office solutions with related services to international companies, primarily in the energy industry. Crown Energy's offering covers the entire chain from needs-adapted design and construction to leasing, property management and value-added services.

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ENERGY BUSINESS AREA
Crown Energy develops and explores oil assets in early stages with high potential for recoverable reserves. In a longer perspective, the assets are introduced to suitable players in the oil sector for further development and production.

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THE YEAR IN BRIEF

During 2020, the Company saw positive developments in its South African licence and continued to invest in properties in Angola.

- Progress in the South African licence Block 2B – Crown Energy's partner Africa Energy has signed two farm-out agreements and applied to progress to the next licence phase, which will involve the drilling of a well in the third quarter of 2021.
- From January 2020 until publication of this annual report, the spread of the COVID-19 virus has had a major impact on the global economy. The impacts are difficult to foresee at present and the situation changes on a daily basis.
- On 30 April 2019, Crown Energy signed an agreement concerning the sale of the C-View property in Angola. The buyer is the Government of Angola through its Ministry of Finance. The property will be paid for over three years in a total of six equal instalments. Payment will be made in the Angolan currency, kwanza. As of publication of the annual report, approximately 38 per cent of the consideration had been paid.
- With effect from 1 January 2020, the Angolan financial statements ceased to be adjusted for inflation (in accordance with IAS 29). This is a result of the fact that Angola is no longer considered to be a hyperinflationary economy. (See also Note 2, Other changes, page 37)
- On June 15, the Company announced the signing of a promissory sale and purchase agreement for ten apartments covering a total of approximately 1,000 square metres in the "Ocean Corner" building, which is located in a prime residential and business area in the Angolan capital Luanda.
- Shares in the subsidiary ESI Group S.A. were written down by SEK 923,704 thousand at 31 December 2020. The write down in the Parent Company has no effect on the Group's financial position and profit.

ABOUT CROWN ENERGY

9 LEASED PROPERTIES

5 OWNED PROPERTIES

3 OIL PROJECTS

29 MSEK REVENUE IN 2020

Crown Energy is an international group with two business areas – customised residential and office solutions with related services, and oil and gas exploration. Operations are currently conducted in Africa and the Middle East.

In the Asset Development and Management business area, Crown Energy offers international companies a one-stop-shop concept for residential and office solutions with related services. The Energy business area focuses on exploration opportunities with high potential for recoverable reserves.

MISSION

Crown Energy's mission is to provide customised residential and office solutions and to develop oil and gas assets through exploration and processing, initially in Africa and the Middle East. Value is created by offering international companies a one-stop-shop concept for residential and office solutions with related services, and by developing early-stage assets to be later introduced to suitable players in the oil and gas industry for further development and production.

OBJECTIVES

Crown Energy's objective is to generate the highest possible return for its shareholders with well-balanced risk awareness. The Company aims to have an established service business through property concepts in several geographic markets, together with a balanced portfolio of development and exploration assets.

VISION

To be an established player and a preferred partner in the international energy market, both in exploration and development and in customised residential and office solutions with value-added services.

ADVANTAGES OF COMBINED OPERATIONS

The combination of the two business areas – Asset Development and Management and Energy – creates several advantages. Together the operations become more diversified, leading to lower risk. Furthermore, the cash flow generated in the service operations can be used for further development of the exploration assets. By building customer relationships with some of the world's leading energy companies in the Asset Development and Management area, Crown Energy also optimises its opportunities to capitalise on the existing exploration assets. Crown Energy can also provide its exploration and extraction partners with related services in the form of customised housing and offices close to the assets.

STRATEGY

Crown Energy's strategy is based on the overall objective of generating the highest possible return for the shareholders with well balanced risk awareness.

- To establish service operations in more markets with a need for residential and office solutions for the oil and gas industry
- To carefully select exploration areas where the potential for oil and gas discovery is high
- To exploit synergies between the two business areas and reinvest part of the cash flow from service operations for further development of the exploration assets
- To provide exploration and extraction partners with customised housing and offices close to the assets
- To pursue farm-out opportunities as an exit strategy and thereby capitalise on the assets as much as possible
- To create a good spread of risks through several parallel projects

DEAR SHAREHOLDERS AND INVESTORS,

As a result of the COVID-19 pandemic during the year, much of our work has inevitably revolved around retaining existing business, caring for our employees and clients, and preparing for upcoming business developments. At the same time, we have successfully concluded a number of business transactions within our Asset Development and Management business area in our existing Angolan market during the year. This resulted in the Company acquiring ten apartments covering a total of approximately 1,000 square metres in a prime residential and business area of the capital of Angola, Luanda. We will continue to prioritise business transactions in this market, as this is where the historic expertise lies and this is where we hold the bulk of our investment capital received from the sale of the C-View building which took place in 2019. Since the COVID-19 pandemic situation began, business development in new geographic locations has inevitably become more difficult. The past year has been characterised by caution and restraint. This has resulted in a number of development projects being put on hold or terminated. In connection with this, numerous essential and effective cost-savings have been implemented, which has had a number of negative extraordinary effects on the financial results for the year. An example is our decision to close our legal entity in the Netherlands, which will help to reduce costs going forward.

ASSET DEVELOPMENT AND MANAGEMENT

The Angolan government has imposed severe movement restrictions on the population as a result of the COVID-19 pandemic. During the year, the property operations progressed relatively unchanged compared with before the pandemic. However, the market appears to be growing weaker as the pandemic and its associated restrictions continue. Crown Energy has been able to find solutions to maintain full service to its tenants while complying with the Angolan health and safety rules, and at the same time protecting the health and safety of all our employees and customers.

Net sales for the period amounted to SEK 29,759 thousand (48,788), a decline of 39 per cent compared with the same period the previous year. This decline is mainly due to a weakening of the Angolan currency against the Swedish krona. Total costs (property, other external and personnel) amounted to SEK -44,027 thousand (-51,677), a decline of -15 per cent compared with 2019. Costs for 2020 include extraordinary items of SEK -8,196 thousand. This includes provisions of SEK -3,819 thousand for older trade receivables and write-downs of project costs of SEK -4,377 thousand as a result of the closure of the Dutch structure. The buyer of the C-View property, the Angolan Ministry of Finance, has continued to pay our subsidiary in Angola. The first of a total of six payments was received in full during the year and subsequent to that further payments have been made. As of the date of this report, approximately 38 per cent of the agreed purchase price had been paid.

ENERGY

The sharp drop in oil prices observed during the first quarter of 2020 stopped and then reversed during the second half of the year. The Brent oil price stabilised at above USD 50 per barrel towards the end of the year and has even exceeded USD 60 per barrel since then. Global demand for oil remains low as a result of the COVID-19 pandemic, but supply better matched demand during the second half of 2020. Of course, we take all such circumstances into account in our management of existing assets within the Energy business area. South Africa has introduced major restrictions on society as a result of COVID-19. Our partner and licensing operator Africa Energy has informed us that the application to enter the next exploration phase for the Block 2B licence has now been submitted to the authorities in South Africa for formal approval. This involves the drilling of an exploration well (drilling costs which Crown Energy has funded in accordance with a previous farm-out agreement with Africa Energy), Gazania-1, with the start-up of drilling expected during the third quarter of 2021, as well as the administrative handling of the farm-out which will see two new partners joining us. With the oil price over 60 USD per barrel, the prospects for this project will be very exciting if the outcome of the exploration well is successful.

Oil prices at today's levels can continue to stimulate the market into investing in projects such as those being initiated by Crown Energy. As regards Madagascar, the current licencing period expired in November 2019. Discussions have been ongoing since then and an application for extension has been submitted. The authorities have confirmed receipt of the Company's proposed change to the licence terms and conditions to better adapt to the prevailing circumstances for oil exploration, especially for early stages. This includes extending the licence period, changing the fee structure and adjusting the conditions for undertaking the work. The Company has been informed by the general director of OMNIS that they are considering how to meet Crown Energy's requests. The Company currently has no doubt that we can come to an agreement on these changes and thus renew the licence again. In the meantime, we continue to look for a project partner, which has also been communicated to OMNIS. Crown Energy will await further feedback from the authorities before deciding on the best way forward for the Company regarding this licence. As we announced in the press release of 15 April this year, the Company is relinquishing its stake in Equatorial Guinea since we see no potential or upside in the project in relation to the costs and risks involved. The Company will now focus funds on the projects remaining in the Energy business area, which are currently thought to have better value potential for Crown Energy and our shareholders in relation to cost and risk. We wish nothing but the best for our prior licence partners and to the Republic of Equatorial Guinea. At current oil prices, our projects appear to be attractive, including our prospects of finding a partner/buyer for our asset in Iraq.

The Company is continuing to focus on generating new business. However, with the ongoing COVID-19 pandemic, achieving this goal is still taking longer than we had hoped. For this reason, the management and board of directors are continuing to focus on reducing both costs in the operational business and overheads.

Andreas Forssell
CEO Crown Energy AB (publ)

ASSET DEVELOPMENT AND MANAGEMENT AREA

Crown Energy delivers customised residential and office solutions to international companies with a need to station staff abroad, primarily in Africa. The comprehensive offering of leasing and related services allows customers to focus on their core business rather than worrying about major capital investments. This business area is a cash-generating segment of the operations, and the customers include established companies in sectors such as the oil and gas industry.

In addition to leasing of residential and office solutions, Crown Energy's operations include related support services such as security, transport and telecommunications. Crown Energy's offering covers the entire chain from needs-adapted design and construction to leasing, property management and value-added services. The goal is to provide customers with a hassle-free total solution that is easy to administer and where tenants feel comfortable and safe.

This offering is mainly targeted towards international companies in the energy sector, primarily in Africa. These companies have an extensive need for professional external providers to meet the needs of their overseas staff. Consequently, there is great demand for high-quality residential and office solutions that offer both housing and property management with related services. Existing customers include some of the world's leading energy companies with high credit ratings.

Crown Energy's offering is delivered by both local and international teams. The focus is on always delivering the best quality to achieve a high level of customer satisfaction and generate new business.

WE TAKE PRIDE IN CREATING A STREAMLINED TRANSITION FOR INTERNATIONAL COMPANIES IN THE MOST COMPLEX AND CHALLENGING LOCATIONS AROUND THE WORLD AND MEETING ALL THEIR NEEDS ON A DAY-TO-DAY BASIS.

Yoav Ben-Eli, Board Member

BUSINESS MODEL

1 IDENTIFY CUSTOMER NEEDS

- Acquire in-depth understanding of customer needs for offices, housing and services.
- Identify which type of solution is most suitable.
- Present proposal based on time frame, geographic location, type of residential/ office solution, scope of the project etc.

2 FIND SUITABLE LAND OR PROPERTY

- Identify suitable land and evaluate potential property acquisitions or opportunities for land use rights in collaboration with partners.
- Negotiate agreements for property acquisitions or agreements with landowners for land use rights.
- Obtain permits for financing, design, function, construction and operation.

3 CONSTRUCTION OF PROPERTY

- Develop the property in line with the customer's wishes.
- Obtain regulatory approval where required.
- Secure project financing.
- Commence construction in collaboration with partners.
- Draw up leases with customers with the aim of establishing long-term contracts (10-15 years or longer) so that the property can be depreciated over the same period.

4 MANAGEMENT AND VALUE-ADDED SERVICES

- One-stop shop with offices, residential properties and all related add-on services.
- Customers are global companies with high credit ratings.
- Payment is made in USD or in local currency indexed to the USD. Most operating expenses are paid in local currency.
- ISO 9001:2008 certified business.

CROWN ACCOUNTS FOR ALL CAPITAL EXPENDITURE SO THAT CUSTOMERS HAVE ONLY OPERATING EXPENSES.
We save time for our customers by using a unique model with a single annual invoice that includes all the provided services: rent, asset management, maintenance, security, equipment, catering, telecoms, laundry and much more.

19
YEARS OF INDUSTRY EXPERIENCE

MARKET

THE PROPERTY MARKET AND CURRENCY IN ANGOLA

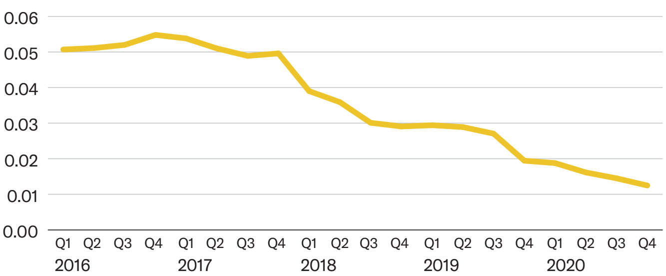
Angola's real estate market is strongly linked to the oil and gas sector. The recent shrinking of the oil sector has led tenants in the office segment to seek to optimise office size and cut costs, which has in turn led to renegotiations and relocation to smaller spaces. The latest development is that companies are avoiding long-term commitments, meaning that landlords must offer flexible contracts that are of shorter duration or adaptable to immediate needs. Alternative concepts to traditional leasing, such as business centres, are emerging in the market. Demand for housing combined with office space is still apparent and following the same trend as the wider office segment (Source: Zreport – Angola Property Market-Overview/Outlook 2019/2020). However, a series of articles was written during the fourth quarter which indicated an increase in the level of activity in the oil and gas industry. Crown Energy will strive to attract new tenants and offer solutions in this revitalised market.

Following the devaluation of the kwanza in November 2019, the currency continued to weaken during 2020, with the value of the currency falling by around 35 per cent against the Swedish krona (the Swedish krona also strengthened against other currencies during 2020).

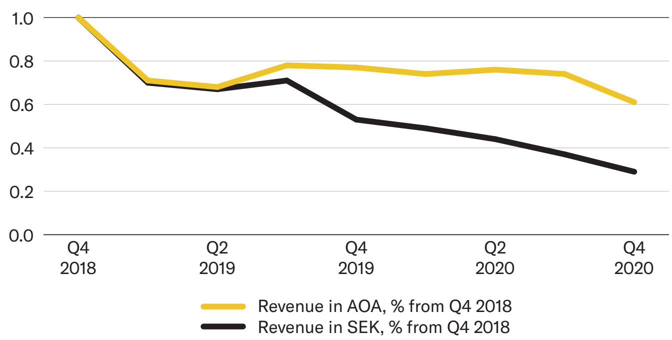
Exchange rate fluctuations in recent years has had consequences for revenue reported in Swedish krona. Although revenue in local currency has declined somewhat over the past two years, the decline is not as significant as in the reporting currency, SEK. The figure below illustrates the trend in revenue since the fourth quarter of 2018.

Annual inflation in Angola rose as a result of further devaluation of the currency and the COVID-19 virus outbreak. From around 16.9 per cent in December 2019, it rose to 25.1 per cent in December 2020 (source: Banco National de Angola). This is the highest inflation rate seen since May 2018, and there is therefore a possibility that Angola will once again come to be considered a hyperinflationary economy, and that IAS 29 Financial Reporting in Hyperinflationary Economies will again have to be applied to the consolidated financial statements.

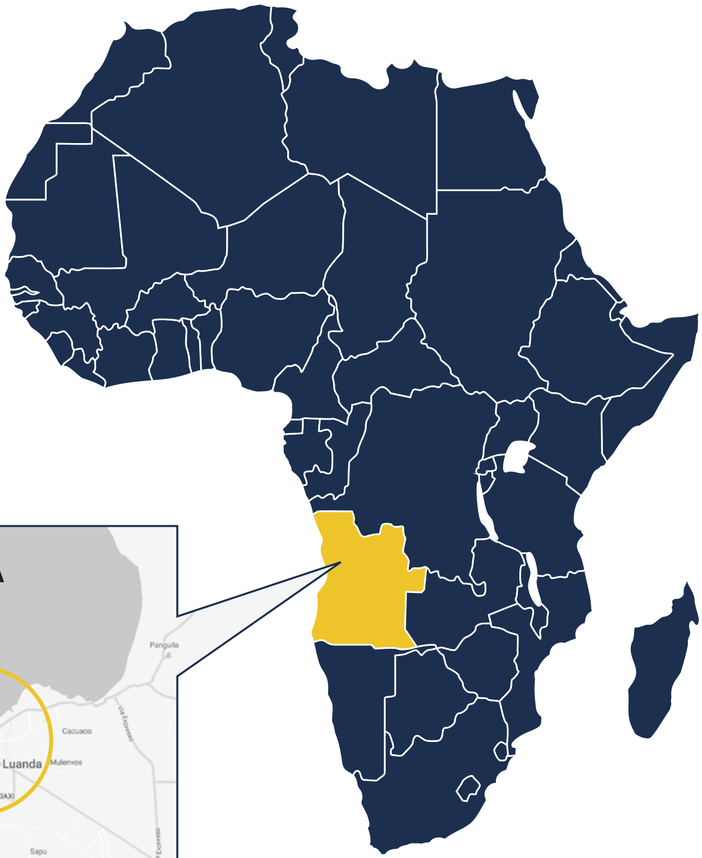
Angolan kwanza (AOA) to Swedish Krona (SEK)



Revenue development Q4 2018-Q4 2020, AOA vs. SEK



PROJECT PORTFOLIO



ANGOLA

The project portfolio in Angola consists of 14 property assets. Five of the properties are wholly or partly owned by Crown Energy and the remainder are held under right-of-use contracts with landowners. The assets cover 19,917 square metres of lettable residential and office space. The signed leases consist of both long- and short-term contracts with tenants as well as landowners, and are regularly extended.

14
PROPERTIES

19,917
M²
AREA

SEK
176
FAIR VALUE

PROPERTY OPERATIONS IN ANGOLA

Property operations in Angola have two revenue streams: rental and service revenue from owned and leased properties. Service revenue is made up of charges for property services and value-added services such as cleaning, security, catering etc. In the financial statements, service revenue accounts for approximately 29 per cent of total revenue from the property assets. Based on the remaining contracts, service revenue accounts for 34 per cent of total contractual revenue on average.

Crown Energy's tenants

Crown Energy's tenants include global and reputable companies in the oil and gas industry, Angola-based companies, embassies, international schools etc. Companies in the oil industry account for 64 per cent of total rental and service revenue, while the five largest tenants account for a total of 59 per cent, split between a total of 21 lease contracts and 21 service contracts. Several of our larger tenants have renewed their contracts multiple times, and the contracts that generate the highest contractual annual rents include tenants who signed their initial contracts as early as 2009.

Remaining contract periods

The Company's WAULT* fell from 12.1 to 10.1 months during 2020. The area occupancy rate was stable during the year and amounted to 71 (73) per cent. The economic occupancy rate fell from 60 per cent to 47 per cent, mainly due to the effect of exchange rate changes on current leasing agreements. During the fourth quarter, Crown Energy decided not to extend lease contracts on two leased premises that had recently become vacant.

Crown Energy's assessment is that demand in the property market in Luanda remains low. Although a couple of larger contracts expired without being renewed during the period, Crown Energy has continued to extend and sign new contracts in recent quarters. It remains to be seen how recent exchange rate developments will impact on rent levels and demand.

The economic occupancy rate indicates rental revenue in relation to the total value of the potential lettable area. The economic occupancy rate for the property portfolio at 31 December 2020 (2019) was 47 per cent (60).

* Weighted average unexpired lease term (WAULT)

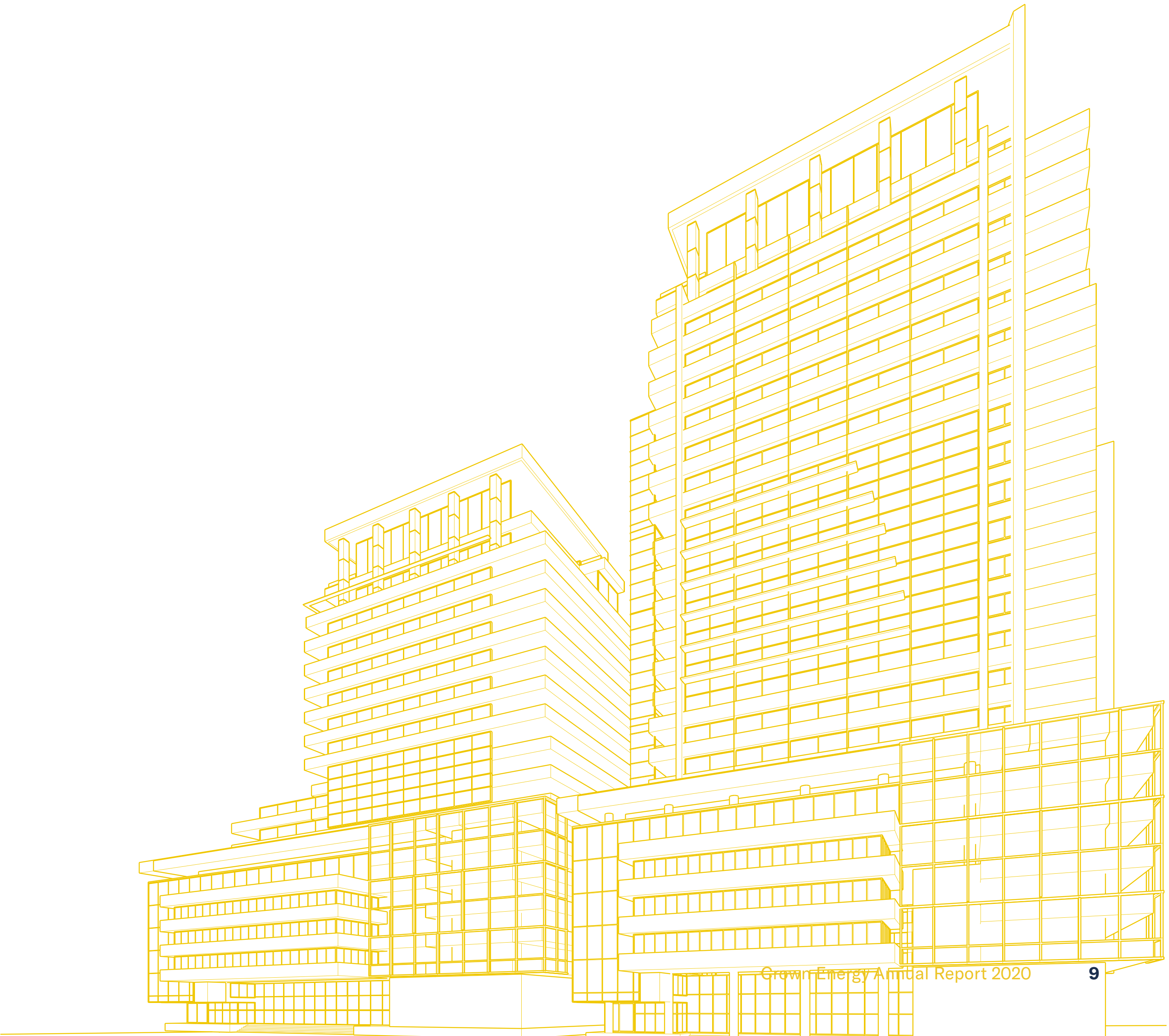
Rent and revenue backlog

During the fourth quarter of 2020, 26 contracts were signed or renewed. The contracted rental and service value of extended and new contracts amounts to SEK 2,391 thousand and SEK 1,331 thousand respectively, making a total of SEK 3,722 thousand. Six contracts were terminated prematurely, reducing the revenue backlog by a total of SEK -265 thousand. A few smaller contracts were renegotiated during the contract period in the fourth quarter, which resulted in a revenue backlog reduction of SEK -345 thousand. A total of 62 rental contracts remain. As a result of exchange rate effects, the revenue backlog declined by SEK -1,101 thousand and the rent backlog by SEK -1,008 thousand.

The split between USD and AOA contracts is 24 and 76 per cent.

FINANCIAL SUMMARY OF THE PROPERTY PORTFOLIO IN ANGOLA AT 31 DECEMBER 2020

	31/12/2020	31/12/2019
Revenue backlog, SEK thousand	13,698	31,145
Rent backlog, SEK thousand	10,217	25,519
Contracted annual rental and service income, SEK thousand	17,896	34,503
Contracted annual rental income, SEK thousand	11,846	25,302
Area occupancy rate (excl. C-View), %	71%	73%
Economic occupancy rate (excl. C-view), %	47%	60%
WAULT rent and service, months	10.1	12.1
Market value of portfolio (excl. C-View), SEK thousand	176,261	149,860
Market value of C-View, SEK thousand	247,736	383,586



ENERGY

The Energy business area focuses on exploration opportunities with high potential for recoverable reserves. Crown Energy seeks good risk diversification, both geographical and geological, and pursues farm-out opportunities as an exit strategy to capitalise on its assets as far as possible.

The portfolio consists of assets in Africa and the Middle East:

IRAQ
Onshore exploration licence covering an area of approximately 24,000 square kilometres located in northern Iraq, south-west of Kurdistan. The licence area contains several major discoveries as well as vast unexplored areas with high potential.

SOUTH AFRICA
Offshore exploration licence containing a discovery with contingent resources ready for appraisal well drilling. Due to additional prospects within the licence area, the licence is considered to have major potential. The Company has entered into a farm-out agreement which means that the remaining licence interests are financed for well drilling.

MADAGASCAR
Onshore exploration licence on the western side of the island. After conducting seismic and geological studies, several structures have been identified. Future efforts include drilling, for which Crown Energy is seeking a partner.

***EQUATORIAL GUINEA**
Until April 2021, Crown Energy had a five per cent working interest in the Block P exploration licence in Equatorial Guinea. The Company decided to leave the project in April this year. The working interests are now being transferred to the other partners in the Block P Joint Venture. Read more about this in Notes 15 and 31.

BUSINESS MODEL

In the Energy business area, Crown Energy focuses on energy resources in underexplored areas in Africa and the Middle East. With a strategy of early-stage entry and further development of projects through exploration and resource optimisation, considerable value can be realised in the event of successful results. When and if a licence or project becomes ready for production, Crown Energy intends to realise the potential increase in value by selling the project to a major oil and gas player.

To effectively manage and develop the Company's exploration opportunities, the focus is on the following factors: asset strategy, costs, experience and expertise. Exploration assets are chosen based on a well-defined selection process that includes geological and geographical criteria and contributes to a well-balanced risk profile.

MARKET

After a sharp fall in the first quarter of the year, the price of oil recovered during the second half of 2020. The price of Brent oil stabilised at between USD 40-50 per barrel from September. At the time of writing, the price has even exceeded USD 60 per barrel. Towards the end of 2020, some positive signals began to emerge, including national vaccination programmes, indicating that the world will return to how it was before the COVID-19 pandemic. This may result in an upward trend for energy consumption in 2021.

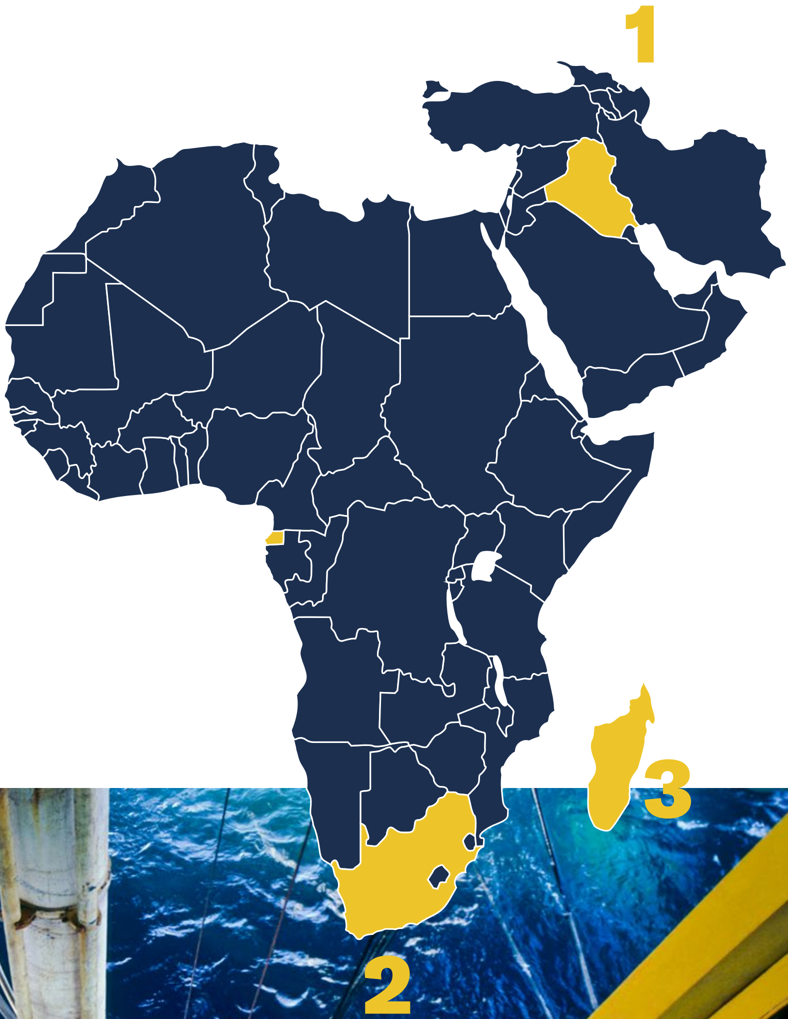
The changes in the price of oil are due to several significant events. Initially, demand from China fell in early 2020 as a result of both COVID-19 and a general decline in the country's growth. Around the same time, a price war broke out between some of the major oil-producing countries, which had different views on how supply and demand should be managed and how to maintain their own market share of production. In February and March, travel bans, national lockdowns and other very significant restrictions were introduced in large parts of the world, and factories and other facilities had to be closed as part of efforts to control and reduce the spread of the pandemic. This ongoing change in all forms of activity across the world has affected all types of companies and has both directly and indirectly strongly affected general demand for both oil and all other forms of energy and resulted in a glut of oil in the market. The recent stabilisation of oil prices is believed to be an effect of the improved balance between supply and demand, where, for example, shale oil production suffers from poor profitability at lower oil prices and shale supply has therefore fallen significantly. Demand is still generally lower due to the COVID-19 pandemic, but supply has met demand better during the third and fourth quarters. The cold winter of 2020/2021 has also pushed up demand for energy and is contributing to higher oil prices.

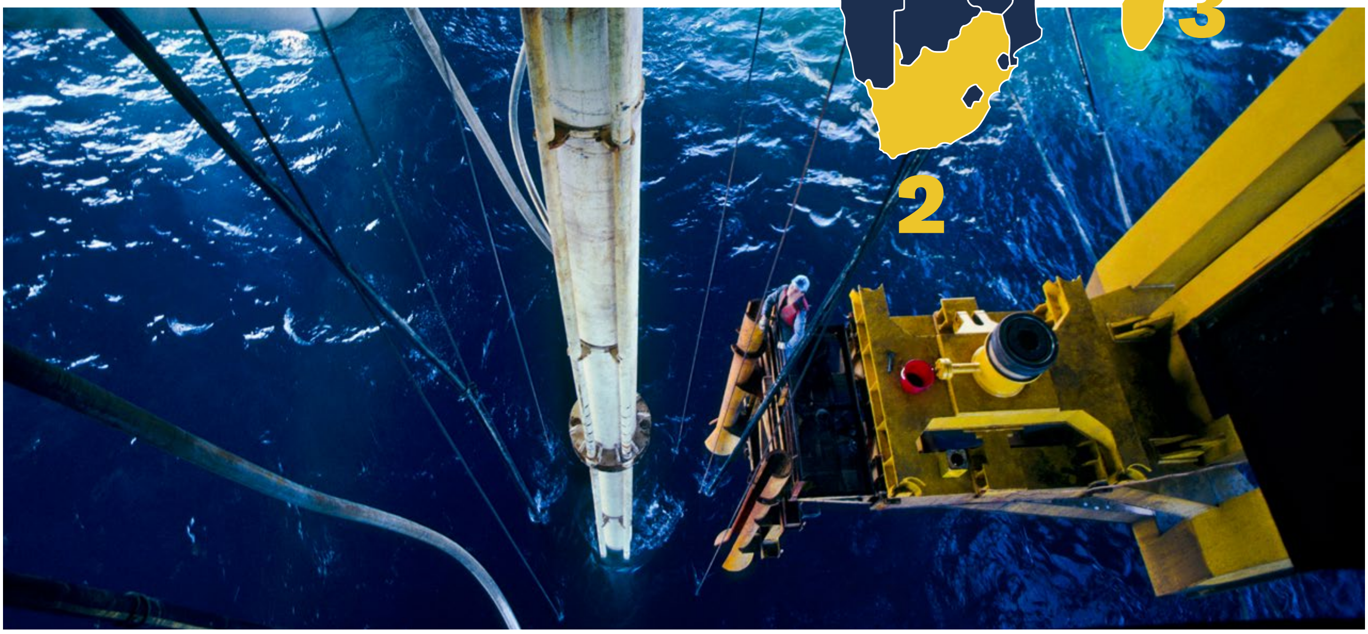
ENERGY ASSETS

Crown Energy's existing projects are in South Africa, Madagascar and Iraq.

Crown Energy had both contingent resources (2C) and prospective resources, but mainly the latter. Prospective resources are resources estimated to exist in accumulations in the exploration areas that are considered potentially recoverable but where drilling has not yet been carried out. A contingent resource is one in which deposits have been proven through drilling, but for one or several reasons they have not yet met the requirements for a reserve.

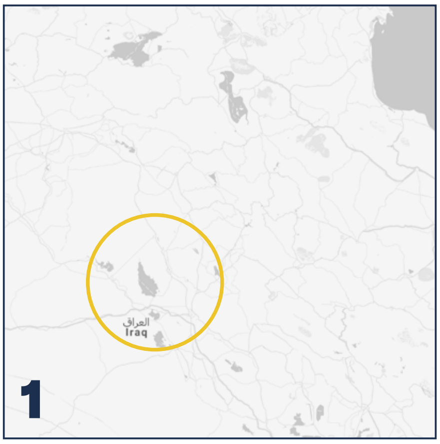
The table below provides a summary of Crown Energy's project portfolio with the net potential stated in million barrels of oil equivalents (mmboe) based on the most recently updated Competent Persons Report from 28 September 2017.

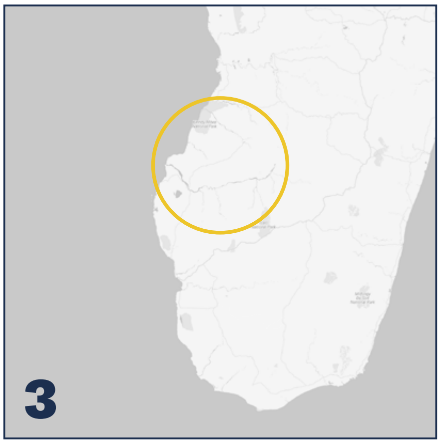




Region	Stake	Stage	Operator	Gross contingent resources[1]	Gross prospective resources[1]	Crown Energy's interest in the licence[2]	Most recent update
South Africa – Block 2B	10%	Exploration	Africa Energy Corp.	37	376	41	September 2017
Madagascar – Manja Block 3108	100%	Exploration	Amicoh Resources Ltd[3]	–	1,071	1,071	September 2017
Iraq – Salah ad-Din	60%	Exploration/ Evaluation/Development	Crown Energy Iraq AB[3]	181	2,612	1,567	September 2017
Total				**218**	**4,058**	**2,676**	

1) Million barrels oil equivalents.
2) Crown Energy's share of the total contingent and prospective resources in the licence in million barrels of oil equivalents.
3) Wholly owned subsidiary of Crown Energy AB.





1 IRAQ – SALAH AD-DIN

The licence covers the entire Salah ad-Din region, about 24 square kilometres, of northern Iraq. The licence area includes several existing oil fields, such as Ajeel, Hamrin, Tikrit, and Balad, which potentially contain several billion barrels of oil. Existing discoveries and fields have historically belonged to Iraq's central government. Separate permits are required for these assets to be taken over and operated by Salah ad-Din and the licence holder, i.e. Crown Energy. Despite the large, obvious commercial discoveries, only limited production has been carried out. Activities over the past 20 years have been hampered by the political instability.

The security situation in the region has improved significantly in recent years and discussions with the regional authorities have confirmed that the region is free from crisis hot spots. The circumstances are currently much more positive than previously, although some areas are still risky to operate in.

In addition to the major oil fields mentioned above, there are many fields that have been drilled and partially tested. These fields are of interest to investigate whether they can be set into production with simple procedures, with only a few supplementary drillings and using equipment adapted for initial production. This would represent considerable success for the asset, and discussions are in progress with government authorities and potential partners for such a project. However, the coronavirus pandemic has reduced the scope for concrete progress during the year. A couple of structures have been identified to determine if this would be possible. Some of them are located near the main town of Tikrit, which also facilitates the logistics.

The Iraq asset has been incorporated into the Company's Competent Persons Report since May 2015. Following a technical analysis of existing and new data, both prospective and contingent resources have been attributed to the Iraq asset. A technical analysis of the licence conditions was conducted in 2016. This resulted in Crown Energy creating an extra margin of safety for a potential participating interest which the region (the Salah ad-Din Governorate) may be entitled to under certain circumstances according to the terms of the licence.

Crown Energy is now working on initiating operating activities by planning for initial geological and technical operations and field project planning in the region covered by the Company's production sharing agreement. In collaboration with Crown Energy's strategic partner, the Italian engineering firm Proger, the Company is examining the existing infrastructure and technical conditions. In addition, the existing geological and geophysical documentation is being reviewed.

2 SOUTH AFRICA – BLOCK 2B

Exploration Block 2B in South Africa is located offshore on the Atlantic coast, just south of the border with Namibia. An oil discovery was previously made in the exploration area. The next step in this licence will be the drilling of an exploration well, which is expected to take place in Q3 2021. 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. Africa Energy, which currently holds the remaining 90 per cent, is the operator under the licence. In February 2020, the operator was successful in farming out parts of its interest in the licence to two new partners: Azinam Limited and Panoro Resources, which we welcome to the joint venture. At the same time, Africa Energy applied to the authorities to enter its third two-year extension phase of the exploration licence, which includes a commitment to drill a well. The joint venture has applied to the authorities for a transfer of operatorship from Africa Energy to Azinam. The partnership awaits notification of the authorities' decision. South Africa has introduced strict restrictions on society as a result of the coronavirus pandemic in order to protect the population from the spread of infection. These restrictions have been partly instrumental in delaying the entire decision-making process, which would normally be a matter of formality. Prior to the farm-out, the operator prepared all environmental and technical work for the exploration well. The operator has also commenced logistics activities, including early procurement of the required equipment.

3 MADAGASCAR – 3108 MANJA

The Manja block is located on the west side of Madagascar and covers an area of 7,180 square kilometres. Several structures have been identified and the largest is in the north-western part of the licence area. This structure may contain up to 1,250 million barrels of oil, and is situated at a depth of 3,500 metres. In the southern part of the licence, gas had already been found in the 1950s. In recent years, major gas deposits have been found in an adjacent licence to the south.

The licence ran until November 2019, when the Company applied for an additional two-year extension. The proposal is to move forward the production commitment from the previous period and include an FTG (Full Tensor Airborne Gravity) survey of the licence area. At the same time, the Company is working to secure project partners to co-finance future activities.

The coronavirus pandemic has also partly delayed processes and therefore the possibilities of the authorities in Madagascar granting a licence extension under acceptable conditions, which are also adapted to the market for this type of project. Crown Energy is in communication with the authorities about this and awaiting their response.

SUSTAINABILITY

Crown Energy is committed to conducting its operations in a sustainable manner, whether in oil and gas exploration or in our service activities.

This means that we must understand how our operations affect society and the environment in the areas where we are active, and strive to meet the requirements and expectations placed on our operations to ensure that they are not conducted in a way that causes a negative impact on the environment, human rights or health.

Based on Crown Energy's current operations, the following areas of sustainable development are most important to us:

- Transparency and ethics
- Environment
- Corporate social responsibility
- Health and safety

SPECIAL DIVISION OF RESPONSIBILITY FOR SUSTAINABILITY IN OIL AND GAS EXPLORATION

In oil and gas exploration, responsibility for sustainability work is divided between operators and partners via an exploration and evaluation licence. The operator is directly responsible for operations under the licence and is governed by the production sharing agreement (PSA) and/or local laws and regulations on operating activities in general and oil and gas extraction in particular. These PSAs, signed with the licensing country/government agency (and/or laws), govern responsibility for the environment, working conditions, insurance and other related areas.

In cases where there are multiple licence partners, the joint operation agreements (JOAs) also govern how decisions are made within the partnership and which party is responsible for what. Depending on the distribution of shares in the partnership, partners may have differing degrees of influence over decisions in areas such as strategies, procedures, suppliers and participation in local social programmes.

POLICIES

In addition to PSAs, JOAs and local legislation, Crown Energy has adopted internal Group policies in the following areas:

- Corporate social responsibility and ethics
- Environment and sustainability
- Finance
- Staff
- Information
- Corporate governance

The Group strives to follow the best available practices, even if they go above and beyond the requirements of local legislation.

TRANSPARENCY AND ETHICS

For Crown Energy, transparency and ethics mean conducting operations in a lawful and professional manner and making ethical business decisions. We want our operations to be founded on respect, honesty and integrity. This means that we work to fight corruption and all forms of bribery and facilitation payments. We also expect our counterparties (government agencies, suppliers and licence operators) to adhere to the same standards. As a rule, Crown Energy therefore selects partners based on both their financial strength and their core values regarding ethics, morals and the environment.

Crown Energy is aware that we conduct, and may expand, operations in countries that are characterised by political, social and economic instability, such as war and general social or political turbulence. This includes the occurrence of corruption.

Crown Energy has a compact organisation and the Board constantly strives to promote the Company's fundamental values in its operations. The Board has adopted policies for business ethics and anti-corruption, and both employees and consultants are required to comply with these. To seek guidance when needed,

Crown Energy uses resources like the OECD Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones.

ENVIRONMENT

Crown Energy strives to minimise harmful footprints when implementating our operations. In line with this, we always carry out an environmental risk assessment before commencing our projects in property management or oil and gas exploration. Where possible, we work to prevent or otherwise substantially minimise, reduce or remediate any environmental damage resulting from our operations.

In our Asset Development and Management business area, we are required to apply for relevant environmental permits from the authorities where the projects are being conducted. Our operations are therefore subject to the environmental legislation of various countries, but where possible we always attempt to go beyond that which is required by law.

All of Crown Energy's exploration licences are in the early stages of a normal exploration and production life cycle. There are activities at the exploration and evaluation stage that can result in negative environmental impact, such as the performance of seismic surveys and test drilling. Activities of this type may impact both the flora and fauna. However, in exploration there are extensive requirements in the PSAs aimed at protecting the environment, and Crown Energy's environmental responsibility is mainly governed by these agreements. One of the environmental requirements in the PSAs is that companies must perform environmental impact assessments (EIAs). These are carried out prior to the commencement of large-scale activities in the licence area, such as prior to seismic surveys and test drilling. The way in which drilling is performed and areas are restored is often based on the environmental legislation and oil production laws of the respective country.

Crown Energy invests in initiatives to improve the environment and we are strongly committed to protecting natural resources. Through various partnerships, we strive to ensure that our business is conducted in a sustainable manner.

CORPORATE SOCIAL RESPONSIBILITY

For Crown Energy, corporate social responsibility means contributing both socially and economically to development in the countries and regions where we operate. At the same time, it is important to us that this does not take place at the cost of promoting social segregation and inequality. For Crown Energy, corporate social responsibility also includes safeguarding human rights in all situations, both directly (people associated with our operations) and indirectly (local communities in the regions where we operate).

In our Asset Development and Management business area, we strive to always address social problems in the areas where we have projects and work to benefit the local communities. The social investments made by Crown Energy include both community development projects and strategic entrepreneurship initiatives. We cooperate with local stakeholders to identify social risks and effects in each country and strive to create tailored social investment plans for the communities we work with, based on their priorities and needs.

The PSAs in oil and gas exploration include certain requirements concerning responsibility for local communities. The annual licence commitment normally includes a portion that is earmarked for education. These funds are intended for education and training of employees of the government agencies involved in oil and mineral operations in the respective countries. Crown Energy currently has no on-site operating activities, i.e., no production of oil/gas, in the countries and regions where we are an operator and/or licence partner.

HEALTH AND SAFETY

Crown Energy is responsible for preventing accidents and other incidents and providing a safe and healthy working environment for employees and contractors. Our health and safety responsibility also extends to local populations that are directly and indirectly affected by our operations.

In our Asset Development and Management business area, we strive to prevent all accidents that harm people or place our neighbours or facilities at risk. For that reason, all our employees are fully insured.

As an exploration company in the oil and gas industry, health and safety are highly important since the projects may from time to time pose major safety risks such as fires, oil spills and other accidents. These risks may result in personal injuries, property damage and environmental damage. Safety issues are largely regulated in the PSAs and JOAs, which stipulate the responsibilities of each party. If health and safety issues are not governed in these agreements, Crown Energy's internal policies will apply. If Crown Energy's own policies are stricter than a country or region's own regulations, Crown Energy's adopted policies will naturally apply. In addition to operational risks specific to the industry, there are also risks related to safety in a country or area, i.e. due to war and other unrest. Crown Energy's projects are in early phases, and there are currently no activities being conducted in the licence areas that could directly lead to events such as personal injuries or fires. Depending on the progress of the projects, this may change in the future. In such cases, Crown Energy will ensure that effective routines are developed and implemented in these projects.

During 2020, the world was hit by the global COVID-19 virus. Since 11 March 2020, the epidemic has been classified by the WHO as a pandemic, resulting in extensive restrictions, lockdowns of communities and business closures across the world. Crown Energy is committed to protecting the health and safety of all employees, customers and suppliers, which includes monitoring the course of events surrounding the spread of the virus and following the recommendations of the authorities.

EITI STANDARD

The Extractive Industries Transparency Initiative (EITI) is a voluntary global reporting standard for companies operating in the extractive industries. The EITI is aimed at promoting transparency and responsible management of natural resources. Certain countries have chosen to implement the EITI Standard to ensure full disclosure of taxes and other payments to government agencies and thereby prevent corruption and increase transparency. On 1 January 2016, Sweden passed a law originating from the EITI that requires reporting of payments to government agencies. This reporting is made to the Swedish Companies Registration Office. Sweden is still not an EITI member. However, Madagascar is an EITI candidate country, which means that Crown Energy submits annual reports about any payments to government agencies in this country. Iraq is also an EITI member.

BOARD OF DIRECTORS, SENIOR EXECUTIVES AND AUDITOR

BOARD OF DIRECTORS




	Pierre-Emmanuel Weil	Alan Simonian	Jean Benaim	Yoav Ben-Eli
Function	Chairman of the Board	Board member	Board member	Board member
Year elected	May 2016	2011	May 2016	December 2016
Birth year	1981	1966	1947	1970
Education	Finance degree from HEC Paris, law degree from Paris XI University	Law degree from Southampton University	Robespierre College, studies in economics and statistics at Arts et Métiers, ParisTech	Natural science at Tel-Aviv University
Experience	Investment adviser, asset management	Oil sector consultant	Has worked in Africa for many years in coffee export, oil licences and port logistics within the oil industry	Entrepreneur with experience from construction projects in the oil and gas industry
Other Board posts	Director in charge of Cement Fund SCSp, CEO and partner of Weil Investissement, Board member and partner of Racing Club de Strasbourg Alsace	Board member of Simbo Petroleum No 2 Ltd and Simbo Petroleum No 3 Ltd	Board member and chair of Intercafa S A	Board member of ESI Group S.A. and YBE Ventures Ltd
Shares in Crown Energy, 31 December 2020	Has no personal shareholdings, but is responsible for Cement Fund SCSp, which holds 63,000,000 ordinary shares in Crown Energy AB. He is therefore not independent of the major shareholders.	3,429,521 ordinary shares	None	353,267,971 ordinary shares (via companies)
Board meeting attendance in 2020	11/11	11/11	8/11	11/11
Annual Board fee, SEK thousand	150	No longer receives a fee since he is an employee of the Parent Company	75	No longer receives a fee since he is an employee of the Parent Company
Independent of the company and its management*	Yes	No	Yes	Yes
Independent of major shareholders*	No	Yes	Yes	No

* As defined in the Swedish Corporate Governance Code.

MANAGEMENT

COO, Alan Simonian, who is also a member of the Board of Directors, see previous page.



	Andreas Forssell	**Michail Shatkus**	**Peter Mikkelsen**
Function	CEO	CFO	Chief Geologist and Exploration Manager
Employee since	2011, CEO since 2015	2018, CFO since 2021	Not employed, but part of management team since 2011
Birth year	1971	1986	1953
Education	Master of Science in Business and Economics from Stockholm University and MBA from Cass Business School in London	Master of Business Administration with an emphasis on banking and finance from Stockholm University	Bachelor of Science in geology from Oxford University
Experience	Background in corporate finance, M&A consulting and senior positions in the property and energy sector	2012–2016 Business Controller, Petrogrand AB (Publ), an oil exploration company focused on Russia. 2016–2018 Deputy CEO, Petrogrand AB (Publ).	Senior positions and consultant in the oil sector (mainly exploration)
Other assignments	Board member of Kopy Goldfields AB (publ), AB Krasny Gold Fields and Crown Energy Iraq AB, as well as Board member and owner of Andreas Forssell AB	Deputy board member of Crown Energy Irak AB and deputy board member of CEINV2 AB	Board member of KEA Petroleum Plc, Management Associate in Simco Petroleum and partner in Fastnet Ltd
Shares in Crown Energy, 31 December 2020	175,765 ordinary shares (private and via company)	–	100,000 ordinary shares

Changes to management

For all of 2020, management consisted of the Group CEO, CFO, COO and Chief Geologist and Exploration Manager.

Jenny Björk was CFO until June 2020 and was replaced by Group Controller Michail Shatkus as acting CFO until 31 December. Michail Shatkus became Group CFO on 1 January 2021.

Auditor

Öhrlings PricewaterhouseCoopers AB, with Bo Lagerström (born 1966) as Auditor in Charge.

Mr. Lagerström is an authorised public accountant. Both he and Öhrlings PricewaterhouseCoopers AB are members of FAR, Sweden's association for accountancy professionals.

ADDRESSES

Board of Directors and senior executives:
Crown Energy AB
Brahegatan 30
SE-114 37 Stockholm

Auditor:
PwC:
Torsgatan 21
SE-113 97 Stockholm

THE SHARE, SHAREHOLDERS AND SHARE CAPITAL

SHARE CAPITAL

According to Crown Energy's Articles of Association, adopted on 17 May 2018, the issued share capital shall amount to not less than SEK 14,000,000 and not more than SEK 56,000,000. The number of shares shall be not less than 477,000,000 and not more than 1,908,000,000. Each ordinary share confers one vote per share. Each shareholder who is entitled to vote at the AGM may vote for the full number of shares owned and represented by him or her, without limitation on the total number of voting rights. The Company's shares are not subject to an offer submitted based on mandatory bid rules, a right of squeeze out or a right of sell-out. The Company's shares have not been subject to any public takeover bids during the current or previous financial year. Crown Energy shares are denominated in SEK and are issued in accordance with Swedish law, and the owners' rights related to the shares may be amended only in accordance with the procedures specified in the Swedish Companies Act (2005:551).

The number of registered ordinary shares in Crown Energy is 477,315,350. The quota value per share is SEK 0.0294. Crown Energy's share capital therefore amounted to SEK 14,032,865 on 31 December 2020. There are no shares in the Company that do not represent the share capital, and the Company holds no treasury shares.

SHARE CAPITAL PERFORMANCE

There were no changes in share capital in 2020.

Changes in the Company's share capital are presented below in table format, from registration of the Company until publication of this report:

Year	Transaction	Increase in number of votes	Change in number of shares	Change in share capital (SEK thousand)	Capitalisation excl. issue expenses (SEK thousand)	Total number of shares	Total share capital (SEK thousand)	Quota value (SEK)
2010	Incorporation	50,000	50,000	50	50	50,000	50	1.00
2011	Directed share issue	450,000	450,000	450	450	500,000	500	1.00
2011	Share split (3,406:2)	1,702,500,000	1,702,500,000	–	–	1,703,000,000	500	0.0003
2011	Directed share issue	116,820	116,820	–	0	1,703,116,820	500	0.0003
2011	Reverse share split (1:100)	1,686,085,652	1,686,085,652	–	–	17,031,168	500	0.0294
2012	Directed share issue	181,666	181,666	5	3,347	17,212,834	505	0.0293
2012	Non-cash issue[1]	1,135,411	1,135,411	34	16,987	18,348,245	539	0.0294
2012	Preferential rights issue[2]	1,529,020	1,529,020	45	10,703	19,877,265	584	0.0294
2012	Directed share issue	4,285,714	4,285,714	125	30,000	24,162,979	709	0.0293
2012	Offset issue[3]	1,592,051	1,592,051	48	11,144	25,755,030	757	0.0294
2013	Non-cash issue	1,842,715	1,842,715	54	18,611	27,597,745	811	0.0294
2014	Redemption of convertibles	246,934	246,934	8	1,845	27,844,679	819	0.0294
2014	Redemption of convertibles	298,732	298,732	8	2,398	28,143,411	827	0.0294
2015	Redemption of convertibles	100,000	100,000	3	837	28,243,411	830	0.0294
2015	Offset issue	25,828,733	25,828,733	759	78,673	54,072,144	1,589	0.0294
2015	Preferential rights issue	1,475,229	1,475,229	44	4,869	55,547,373	1,633	0.0294
2016	Directed share issue	5,500,000	5,500,000	162	11,000	61,047,373	1,795	0.0294
2016	Redemption of convertibles	6	6	0	1	61,047,379	1,795	0.0294
2016	Directed share issue	31,500,000	31,500,000	926	63,000	92,547,379	2,721	0.0294
2016	Change in voting rights, ordinary shares [4]	832,926,411	n/a	n/a	n/a	n/a	n/a	n/a
2016	Private placement (discounted), C shares [4]	363,401,823	363,401,823	10,684	1	455,949,202	13,405	0.0294
2017	Conversion of C shares to ordinary shares	3,179,411,739	n/a	n/a	n/a	455,949,202	13,405	0.0294
2017	Withdrawal of C shares	10,133,852	10,133,852	-298	n/a	445,815,350	13,107	0.0294
2017	Redemption of warrants	315,000,000	31,500,000	926	63,000	477,315,350	14,033	0.0294

1) Refers to payment for the acquisition of Amicoh Resources Ltd. The issue proceeds were offset against the purchase price liability recognised in 2011 in relation to the seller, Mocoh Resources Ltd.
2) SEK 7,245,070 of the total capitalised amount refers to settlement of loans from the majority shareholder.
3) Settlement of loans from the majority owner.
4) Registered with the Swedish Companies Registration office in 2016. The shares and votes from the directed issue were transferred to the recipient in February 2017.

OWNERSHIP STRUCTURE

According to the most recent nominee register, Crown Energy had approximately 1,100 shareholders on 31 December 2020. The number of outstanding shares, of which all are ordinary shares, amounted to 477,315,350 at the publication of this report. The table below shows the holdings of the three largest shareholders and the combined holdings of other shareholders at publication of this report. One share corresponds to one vote.

Shareholders	Number of shares and votes	% of shares and votes
Yoav Ben-Eli, via companies[1]	343,817,971	72.0
Cement Fund SCSp	63,000,000	13.2
Alan Simonian, privately, via company and via family	3,429,521	0.7
Other shareholders	64,067,858	14.1
Total number of shares	**477,315,350**	**100.0**

1) The shares are held by YBE Ventures Ltd, which is controlled by Yoav Ben-Eli.

STOCK EXCHANGE

The Company's 477,315,350 shares outstanding, all of which are ordinary shares, are traded on NGM Main Regulated under the ticker symbol CRWN and ISIN code SE0004210854.

AFFILIATION WITH EUROCLEAR IN SWEDEN

Crown Energy is a CSD-registered company whose shares must be registered with a Central Securities Depository pursuant to the Swedish Financial Instruments Accounts Act (1998:1479). The Company and its shares are affiliated with the securities system of Euroclear Sweden AB, address PO Box 191, SE-101 23 Stockholm, as the central securities depository and clearing organisation. Instead of issuing physical certificates to shareholders, transactions are carried out electronically through registration in the CSD system of an authorised bank or other investment manager.

DIVIDEND POLICY

Over the next few years, Crown Energy's Board of Directors does not intend to propose the payment of dividends. Until further notice, any profits will be reinvested in expanding the business. The timing and amount of any future dividends will be proposed by the Board. In considering future dividends, the Board will weigh in factors such as the amount of shareholders' equity required by the nature, scope and risks associated with the Company's business, as well as the Company's consolidation requirements, liquidity and overall position. Crown Energy does not apply any restrictions or special procedures regarding cash dividends to shareholders residing outside Sweden. Except for possible limitations resulting from banking and clearing systems, payment is made in the same manner as for shareholders residing in Sweden. However, shareholders who are not tax residents of Sweden are normally subject to Swedish withholding tax. There are no rights, except the right to dividends, to share in the Company's profits. Crown Energy has not yet paid any dividends, nor are there any guaranties for any given year that a dividend will be proposed or approved by the Company.

SHARE-BASED INCENTIVE PROGRAMME AND WARRANTS ISSUED

The Company does not have any active incentive schemes.

CORPORATE GOVERNANCE REPORT

This report was prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Code of Corporate Governance (the Code)

INTRODUCTON

Crown Energy AB (publ) (Crown Energy or the Company) is a Swedish public limited company with its headquarters in Stockholm. The Company's ordinary shares are traded on NGM Main Regulated.

Crown Energy's corporate governance is allocated among shareholders, the Board, the CEO and senior management. Governance is regulated mainly by the Articles of Association, the Swedish Companies Act, NGM's rules for companies whose shares are traded on NGM Main Regulated, the Code, good practice on the stock market and internal guidelines and policies.

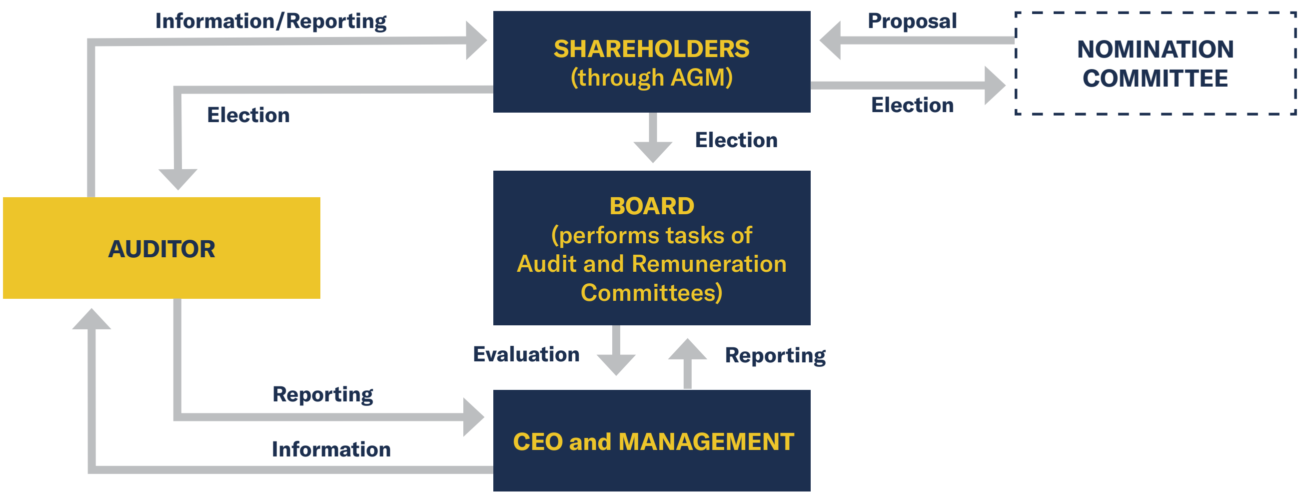
Companies whose shares are traded on a regulated market are required to implement the Code. The Code is part of self-regulation in the Swedish business community and is based on the "comply or explain" principle. This means that a company applying the Code may deviate from individual rules but must explain the reason for each deviation and provide a description of the solution that was chosen instead. The Code is available at www.corporategovernanceboard.se. In accordance with the provisions of the Annual Accounts Act and the Code, Swedish companies whose shares are traded on a Swedish regulated market must also prepare a corporate governance report. Crown Energy's corporate governance report for 2020 was prepared accordingly.

Rules of the Code from which Crown Energy deviated in 2020 are indicated in this report. The explanations and solutions that were used instead are described in each respective section of the corporate governance report.

The Company has no breaches of NGM's rules for companies whose shares are traded on NGM Main Regulated or breaches of good practice on the stock market to report for the year.

GOVERNANCE STRUCTURE AND ACCOUNTABILITY

The shareholders of Crown Energy exercise their influence through the Annual General Meeting, the Company's highest decision-making body, while the Board of Directors and the CEO are responsible for the Company's organisation and management of the Company's affairs in accordance with the Swedish Companies Act, other laws and regulations, applicable rules for listed companies, the Articles of Association and the Board's internal control instruments. Crown Energy's governance structure is described in the following organisational chart of the various governing bodies. A description of each governing body follows.



SHAREHOLDERS

As at 31 December 2020, Crown Energy had about 1,150 shareholders. The Company's three largest owners at 31 December 2020, in terms of both share capital and votes, are Yoav Ben-Eli (through YBE Ventures Ltd) with approximately 72.0 per cent, Cement Fund SCSp with 13.2 per cent and Alan Simonian with 0.7 per cent. All outstanding shares are ordinary shares.

The three largest shareholders had combined holdings corresponding to 85.9 per cent of the shares and votes at the end of 2020. According to chapter 6, section 6, paragraph 2, item 3, of the Annual Accounts Act, corporate governance reports must present direct or indirect shareholdings that represent no less than one-tenth of the number of votes for all shares in the Company. There were two shareholders with shareholdings of this type at 31 December 2020: Yoav Ben-Eli and Cement Fund SCSp. Further information about the Company's shares and shareholders can be found on pages 18-19 of this Annual Report.

GENERAL MEETING

The General Meeting is Crown Energy's highest decision-making body. By law, the Annual General Meeting (AGM) must be held within six months after the end of the financial year. At the AGM, decisions are made on issues such as adoption of the income statement and balance sheet, appropriation of profits, discharge of liability and election of Board members and auditors. The AGM also makes decisions regarding the Articles of Association, dividends and any changes in the share capital.

Notice of the AGM, as well as of an extraordinary general meeting where resolutions to amend the Articles of Association will be addressed, shall be issued no earlier than six and no later than four weeks before the meeting through a press release, a public announcement in Post- och InrikesTidningar (Post and Domestic Times) and on the Company's website. Notice of any other general meeting shall be issued no earlier than six and no later than three weeks before the meeting. In order to attend and vote at the AGM, shareholders must be entered in the register maintained by Euroclear Sweden AB on Crown Energy's behalf no later than five working days before the meeting and must have reported their attendance to the Company as described in the meeting notice. Shareholders may be represented by proxy.

Annual General Meeting
Crown Energy's 2020 Annual General Meeting was held on 24 June 2020 in Stockholm. At the meeting, 86 per cent of the Company's total number of votes and shares were represented. Among others, the following items were resolved on at the meeting:

- Adoption of the income statements and balance sheets of the Parent Company and the Group
- Discharge from liability for the Board and CEO
- Adoption of the appropriation of profits, resulting in the Company's accumulated earnings of SEK 1,599,948,792 being carried forward
- Adoption of the number of Board members (four) and election of Board members (re-election of all members)
- Adoption of Board fees of SEK 300,000, to be apportioned in an amount of SEK 150,000 for the Chairman and SEK 75,000 for each non-executive Board member
- Re-election of the auditor and adoption of audit fees in accordance with approved invoices
- Adoption of guidelines for remuneration of senior executives in the Group

The 2021 AGM will be held on 26 May 2021 at 10:00 am at the Company's premises at Brahegatan 30 in Stockholm. For information on the AGM, see the Company's website at www.crownenergy.se.

Other general meetings
No extraordinary general meetings were held in 2020.

NOMINATION COMMITTEE

A nomination committee's main tasks are to present proposals for election of the Chairman of the Board and Board members, fees to Board members, election of auditors and auditor fees to the AGM. Policies for appointing a nomination committee are resolved on at the AGM.

Historically, Crown Energy has not had a nomination committee, which is a deviation from the Code of Corporate Governance. The Board, together with the principal shareholders, has decided that a nomination committee is currently not necessary in view of the composition of the shareholders. Depending on any future changes in the shareholder composition, the issue of a nomination committee may need to be raised again and Crown Energy intends to maintain an ongoing dialogue with the principal shareholders regarding this issue.

BOARD OF DIRECTORS

The Board's composition, function, and rules of procedure
The Board's work is conducted in compliance with the Companies Act, the Code and other applicable rules and regulations prescribed by the Company. The Board's overall function is to manage the Company's affairs and organisation.

According to the Articles of Association, Crown Energy's Board is to consist of at least three and no more than ten members, with no more than five deputies. The composition of the Board was unchanged during the year and consisted of four members.

Board of Directors at 31 December 2020:

- Pierre-Emmanuel Weil (Chairman)
- Alan Simonian (member)
- Jean Benaim (member)
- Yoav Ben-Eli (member)

There is no specific division of duties between the Board members. For additional information on the current Board, see the Board of Directors, senior executives and auditors section on pages 15-16 of the Annual Report.

At the statutory Board meeting after the AGM, the Board of Directors of Crown Energy establishes rules of procedure with instructions for the Board and the CEO, as well as instructions for financial reporting. The rules of procedure are reviewed and approved annually. The Board holds at least four regular meetings in addition to the statutory meeting. The meetings are scheduled to coincide with dates for financial reporting and the AGM to the greatest extent possible. Besides regular meetings, the Board convenes for additional meetings as required.

The work is led by the Chairman of the Board, who is responsible for ensuring that it is well organised and efficient. This includes ensuring that the Board has the relevant education to discharge its duties, ensuring that it receives adequate information and supporting documents, and that it is evaluated annually. The Chairman also maintains frequent contact with the Company's CEO. The Chairman is appointed by the AGM. Pierre-Emmanuel Weil was re-elected Chairman of the Board at the 2020 AGM.

The Board may establish committees to delegate certain tasks. Normally, these committees consist of audit and remuneration committees. Board committees deal with issues that fall within their respective areas and submit reports and recommendations that form the basis of decisions made by the Board. The Board decides whether a committee should be established. In accordance with the Swedish Companies Act, the Board may decide to perform the duties of a committee within itself, i.e. to address the issues within the regular work of the Board. Crown Energy did not have an audit committee or remuneration committee in 2020, as the Board found it more appropriate to handle these types of issues as part of regular Board activities. Accordingly, the Board performs the duties of each committee.

The Code requires that most Board members be independent of the Company and its management. At least two of the independent Board members must be independent of the Company's major shareholders. Major shareholders are defined as owners who control 10 per cent or more of the shares or votes in the Company. The composition of the Board was unchanged in 2020. At the AGM in June 2020, all four Board members were re-elected. One of them is independent of the Company, its management and major shareholders. The Company deviates from the Code in that only one person is independent of both the Company's management and its major shareholders.

A summary of the Board members and their attendance at Board meetings can be found below:

Name	Position	Independent of Company and management	Independent of Company's major shareholders	Board meeting attendance 2019
Pierre-Emmanuel Weil	Chairman	Yes	No	11/11
Alan Simonian	Board member	No	Yes	11/11
Jean Benaim	Board member	Yes	Yes	8/11
Yoav Ben-Eli	Board member	Yes	No	11/11

Authorisation
The Company has no outstanding authorisations.

CEO AND MANAGEMENT
The CEO ensures that operations are conducted in accordance with the Swedish Companies Act, other laws and regulations, applicable rules for listed companies, the Articles of Association, the Board's internal control instruments, and in accordance with the Board's established goals and strategies. In consultation with the Chairman of the Board, the CEO compiles the necessary informational and supporting documents for Board meetings, presents reports and motivates proposed resolutions. The CEO is Andreas Forssell.

The other members of Group management are Michail Shatkus, CFO, Alan Simonian, COO, and Peter Mikkelsen, Chief Geologist and Exploration Manager. Peter Mikkelsen performs his duties as a consultant, not as an employee of Crown Energy.

See the presentation of the CEO and other senior executives on page 16 of the Annual Report.

INTERNAL AUDIT
The Company has a relatively simple legal and operational structure, along with established management and internal control systems. As a result, the Board determined in 2020 that a separate internal audit function was not necessary. The Board regularly monitors the Company's assessment of internal control through contact with the Company's auditors and by other means. In addition, internal efforts have been made to ensure that the controls and procedures of the incorporated new property business comply with the Group's established steering and internal control documents.

AUDITOR
The auditor is appointed by the AGM, on behalf of the shareholders, for examination of Crown Energy's annual report and accounting records and the administration of the Company by the Board and CEO.

The 2020 AGM re-elected the auditing firm Öhrlings PricewaterhouseCoopers AB as Crown Energy's auditor for the period until the end of the 2021 AGM. As Auditor in Charge, authorised public accountant Bo Lagerström was appointed to sign the auditor's report.

The audit team had regular contact with the Company in 2020 in addition to the audit procedures performed. The Company's auditor examined the annual accounts and the Company's internal controls for 2020.

Auditor's review of the half-year or nine-month report
The Company's auditor has not reviewed the half-year or nine-month report for the 2020 financial year, which deviates from the Code's rules for corporate governance. An important part of the Board's analysis and consideration, including consultation with the Company's auditor, was a comprehensive examination of the forms of the Company's governance and the Board's control of the operations along with the collective costs for exercising this governance and control. When the assessment was made, it was noted that the cost/benefit analysis of a review engagement showed that the additional costs for such a review could not be motivated. The Board therefore decided to deviate from the requirements of item 7.6 of the Code. The Board is assessing this and may re-evaluate its decision on reviewing the half-year or nine-month report for the current year.

REMUNERATION
Remuneration guidelines
Guidelines for remuneration of senior executives at Crown Energy are adopted by the AGM and currently cover the CEO and the CFO, who are part of the management team and are employed by the Company. The policy is to offer remuneration that is market-based and competitive. The level of remuneration should be based on position, competence, experience and performance.

Most recently approved remuneration guidelines – 2020 AGM
Ahead of the 2020 AGM, the Board proposed the following unchanged guidelines, which were later adopted at the AGM on 24 June 2020:

- The Board shall be entitled to deviate from the guidelines in individual cases if there are specific reasons for doing so. In the event of such a deviation, information about the deviation and the reason for it must be reported at the next AGM.
- Remuneration of the CEO and other senior executives shall consist of a fixed, market-based salary. Any benefits, where such exist, shall constitute only a limited portion of the remuneration.
- The CEO and other senior executives shall have defined contribution pension plans, which means that vesting occurs through the Parent Company's annual payment of premiums. The pension provision for the CEO shall be 30% of the CEO's annual salary. Pensions for other senior executives must be in line with the ITP plan.
- Upon termination by the Company, severance pay for senior executives can be paid in an amount corresponding to a maximum of 24 monthly salaries, including fixed salary during the notice period.
- Decisions about share and share price-related incentive schemes for senior executives shall be resolved on by the AGM. Share and share price-related incentive schemes shall be designed with the aim of achieving a greater alignment of interests between the participating executives and the Company's shareholders. Schemes that involve the acquisition of shares shall be designed to promote personal shareholdings in the Company. The vesting period, or the period from the conclusion of the agreement until shares may be acquired, shall not be less than three years. Board members who are not also employees of the Company shall

not participate in schemes directed to the management or other employees. Share options shall not be included in schemes directed to the Board.

- In specific cases, the Company's Board members shall be allowed to receive fees for services rendered within their respective areas of expertise that do not constitute board work. Fees for these services shall be market-based, approved by the Board, and disclosed at the AGM.

The Board's proposed remuneration guidelines ahead of the 2021 AGM
The Board's proposed remuneration guidelines ahead of the 2021 AGM are the same as the most recently adopted guidelines (see above).

Remuneration of the Board of Directors
Decisions regarding remuneration of the Board of Directors are resolved on by the AGM. The AGM on 24 June 2020 adopted Board fees as follows: SEK 150,000 for the Chairman and SEK 75,000 for each of the other non-executive Board members.

The Chairman and non-executive Board members do not receive a salary from the Company and are not eligible to participate in any of the Company's future incentive schemes.

On 1 December 2019, Yoav Ben-Eli was employed by one of the Parent Company's subsidiaries in the Netherlands. Consequently, this individual only received Board fees until the end of November 2019. Starting on 1 December 2019, Yoav Ben-Eli has received a monthly salary of EUR 5,000. Yoav Ben-Eli's employment is not included among the senior executives.

Senior executives' remuneration and benefits in 2020
Decisions regarding remuneration of the CEO are made by the Board. CEO Andreas Forssell receives SEK 130,000 per month. Andreas Forssell also receives pension benefits, which, as far as the Board can determine, are comparable to those for CEOs of companies like Crown Energy.

The other senior executives of Crown Energy are Michail Shatkus (CFO), Alan Simonian (COO) and Peter Mikkelsen (Exploration Manager). Decisions regarding the remuneration of other senior executives are made by the CEO. The CFO and COO receive pension benefits, which, as far as the Board can determine, are comparable to those for equivalent positions in companies like Crown Energy.

Between the Company and the CEO, there is a notice period of 24 months from the Company and six months from the employee.

Apart from public pension plans, Crown Energy has no contractual pension benefits other than the pension benefits of the CEO, CFO and COO. Unless otherwise stated above, the Company has not entered any agreements with members of the Company's management, governance, or supervisory bodies that entitle such members to any benefits after termination of their positions.

Peter Mikkelsen performs his management duties for the Company on a consultant basis and is hired as needed. In 2020, Peter Mikkelsen invoiced total fees amounting to SEK 34 thousand.

The remuneration of Board members and senior executives is summarised below:

REMUNERATION, BOARD OF DIRECTORS AND SENIOR EXECUTIVES:

Amounts in SEK thousand	Basic salary/ Board fee	Variable remuneration	Other benefits	Pension expenses	Total 2020	Total 2019
Board of Directors						
Pierre-Emmanuel Weil, Chairman of the Board	150	–	–	–	150	150
Jean Benaim, member	75	–	–	–	75	75
Alan Simonian, member*	–	–	–	–	–	–
Yoav Ben-Eli, member**	633	–	–	–	633	121
Senior executives						
Andreas Forssell, CEO	1,589	–	–	427	2,016	2,028
Other senior executives	1,952	–	–	201	2,153	2,274
Total Board and senior management	**4,399**	**–**	**–**	**628**	**5,027**	**4,648**

* Alan Simonian was a full-time employee and a member of management in 2020. His salary is included under Other senior executives. As Alan Simonian received a salary in 2020, he was not paid any Board fees.

** On 1 December 2019, Yoav Ben-Eli was employed by one of the Parent Company's subsidiaries in the Netherlands. Consequently, this individual only received Board fees until the end of November 2019. As he received a salary during 2020, he was not paid any Board fees.

Remuneration of auditor
The 2020 AGM elected Öhrlings PricewaterhouseCoopers AB as the auditor, with Bo Lagerström as Auditor in Charge. Bo Lagerström is an authorised public accountant and a member of FAR, Sweden's association for accountancy professionals. Remuneration to the auditor is paid on open account. Remuneration paid to Öhrlings PricewaterhouseCoopers by the Group for the 2020 financial year totalled SEK 1,132 thousand (1,272), of which SEK 1,132 thousand (1,272) was related to audit services and SEK 0 thousand (342) to other services. Audit services refers to the statutory examination of the annual financial statements and the bookkeeping, as well as administration by the Board of Directors and the CEO, other tasks incumbent upon the Company's auditor, and advice or other assistance occasioned by observations during such examination or the execution of other such tasks. Everything else is considered other services.

INTERNAL CONTROL AND RISK MANAGEMENT OF FINANCIAL REPORTING FOR THE 2020 FINANCIAL YEAR
The Board is responsible for internal control in the Company and, according to the Annual Accounts Act, the Board must annually submit a description of the key elements of the Company's

internal control and risk management system regarding financial reporting. Below is a brief description of how the internal control and financial reporting work.

Control environment
The control environment forms the basis of internal control over financial reporting. The Company's internal control structure is based on a clear division of responsibilities and duties between the Board and CEO as well as within the operating activities. In addition to steering documents such as instructions for the Board and CEO, the corporate communications policy and the financial reporting policy, there are also guidelines and policies for the operating and administrative activities. All steering documents and process descriptions are communicated within the organisation and are available and known to the personnel concerned.

Risk assessment
The Company identifies, analyses, and makes decisions on how to manage the risk of errors in the financial reporting. At present, the operations are relatively small and involve a limited number of people. The Company has identified the operational processes and income statement and balance sheet items for which there is a risk that errors, omissions or irregularities could arise if the necessary control elements are not built into the routines. In its risk assessment, the Company has analysed how and where in the processes errors can arise. Issues that are important in risk assessment include whether assets and liabilities exist on a given date, accurate valuation, whether a business transaction occurred and whether items are recognised in accordance with laws and regulations. Currently, the Company's biggest risk is linked to economic developments in the markets where the Company operates.

Control activities
Based on the Company's risk assessments, several control measures have been established. These are of both a preventive nature, meaning that they are designed to avoid losses or errors in the reporting, and an investigative nature. The controls are also meant to ensure that errors are corrected.

Information and communication
Internal regulations, policies and procedural descriptions are available on the Company's internal network. Regular meetings, either in person or by phone, are used for internal communication to and from the Board and management.

To ensure that external communication with the stock market is accurate, there is a corporate communications policy that governs how investor relations are managed.

Monitoring
In 2020, internal control was mainly monitored as part of the business at regular Board meetings.

The Company's process descriptions, policies and steering documents are updated as needed, but at least annually. The Board shall receive quarterly financial reports, including management's comments on operations. The Company's auditor participates in at least one Board meeting to present his/her observations about the Company's internal procedures and control systems.

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the general meeting of the shareholders in Crown Energy AB (publ), corporate identity number 556804-8598

Engagement and responsibility
It is the board of directors who is responsible for the corporate governance statement for the year 2020 on pages 19–23 and that it has been prepared in accordance with the Annual Accounts Act.

Focus and scope of the audit
Our examination has been conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions
A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, 30 April 2021

Öhrlings PricewaterhouseCoopers AB

Bo Lagerström
Authorised Public Accountant

DIRECTORS' REPORT

The Board of Directors and CEO of Crown Energy AB (publ), 556804-8598, hereby issue the annual report for the financial year 1 January-31 December 2020.

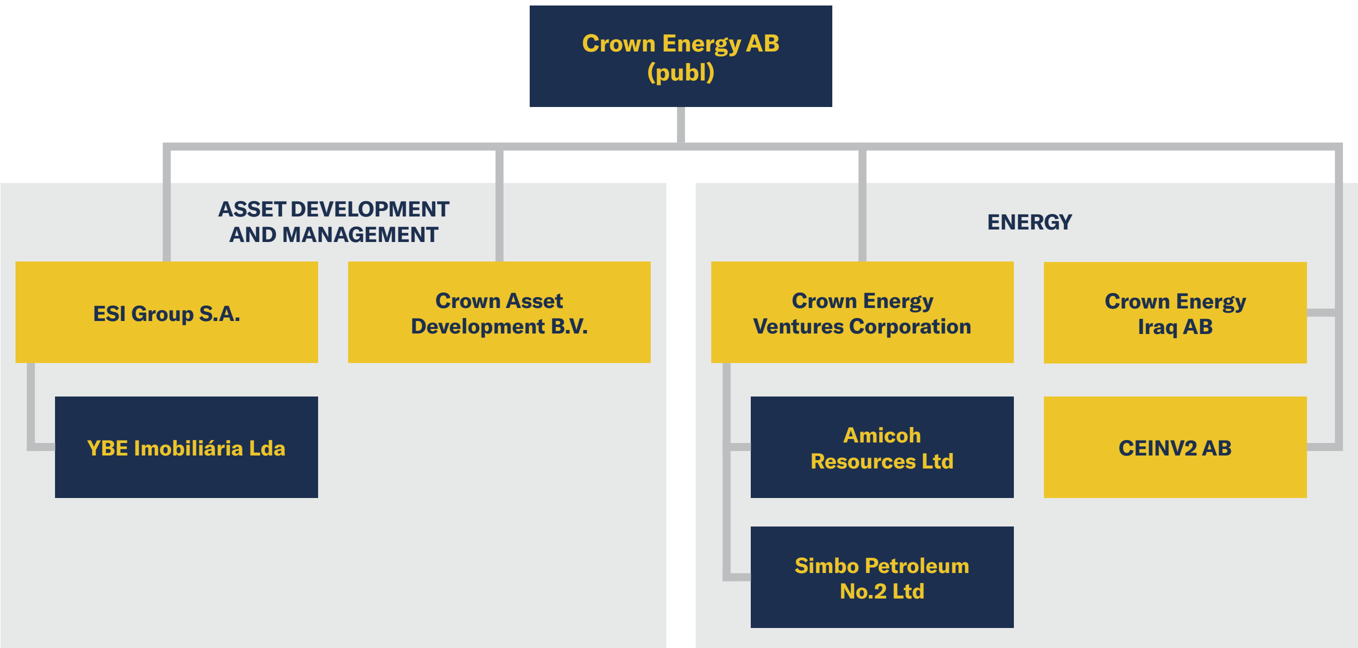
OPERATIONS
Crown Energy AB (publ) with its subsidiaries (Crown Energy, the Company, or the Group) is an international group in the oil, gas and service industries focused on underexplored areas in Africa and the Middle East.

The Energy business area focuses on exploration opportunities with high potential for recoverable reserves. Crown Energy seeks good risk diversification, both geographical and geological, and pursues farm-out opportunities as exit strategies to capitalise as much as possible on its assets. For a more detailed description of the Group's exploration operations and ongoing projects, see the section entitled Energy business area on pages 10-12.

The Company's Asset Development and Management business area delivers customised residential and office solutions to international companies that need to station staff abroad, primarily in Africa. This comprehensive offering of leasing and associated services enables customers to focus on their core business instead of worrying about major capital investments. For a more detailed description of the Group's Asset Development and Management business and business concept, see the section Asset Development and Management.

The Parent Company has its registered office in Stockholm, Sweden, and is listed on NGM Main Regulated.

COMPANY STRUCTURE
Below is an overview of the Group's legal structure at 31 December 2020.



All units are wholly owned (100 per cent)

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR
Progress in the South African licence Block 2B – Crown Energy's partner Africa Energy has signed two farm-out agreements and applied to progress to the next licence phase, which will involve the drilling of a well in the third quarter of 2021.

From January 2020 until publication of this annual report, the spread of the COVID-19 virus has had a major impact on the global economy. The impacts are difficult to foresee at present and the situation changes on a daily basis.

With effect from 1 January 2020, the Angolan financial statements ceased to be adjusted for inflation (in accordance with IAS 29). This is a result of the fact that Angola is no longer considered to be a hyperinflationary economy. (See also Note 2, Other changes, page 37)

On June 15, the Company announced the signing of a promissory sale and purchase agreement for ten apartments covering a total of approximately 1,000 square metres in the "Ocean Corner" building, which is located in a prime residential and business area in the Angolan capital Luanda.

Crown Energy continues to receive the deferred payments from the sale of the C-View property that was signed in 2019. As of publication of the annual report, approximately 38 per cent of the consideration had been paid.

FINANCIAL OVERVIEW

Group, SEK thousand	01/01/020 31/12/2020	01/01/2019 31/12/2019
Operating income	29,985	51,516
Operating expenses	-46,068	-52,512
Operating profit	16,083	-996
Net financial items	60,524	112,981
Net profit/loss for the period, after tax	45,046	133,599
Total assets	754,730	914,342
Earnings per share, SEK	0.09	0.28
Equity per share, SEK	1.17	1.47
Equity/assets ratio	74%	77%
Average number of employees	18.5	18.1

Parent Company, SEK thousand	01/01/020 31/12/2020	01/01/2019 31/12/2019
Operating income	6,842	14,955
Operating expenses	-15,854	-23,977
Operating profit/loss	-9,012	-9,022
Net financial items	-920,748	4,564
Net profit/loss for the period, after tax	-929,671	-4,458
Total assets	688,886	1,622,900
Number of employees	4	5

For definitions of key ratios, see Note *32 Key ratios*.

COMMENTS ON FINANCIAL PERFORMANCE

Operating profit/loss

During the 2020 financial year (the reporting period), net sales amounted to SEK 29,759 thousand, compared with SEK 48,788 thousand for the same period the previous year, a decline of 39 per cent. The decline is partly due to the devaluation of the Angolan currency in 2020. In local currency, the decline is only 3 per cent. This decline is largely attributable to events that occurred during Q4 2020, when a major contract expired.

Property costs for the reporting period amounted to SEK -12,183 thousand (-17,121). The decrease on the previous year is 29 per cent.

Other external expenses amounted to SEK -21,968 thousand (-24,054), a decline of 9 per cent compared with the previous year. The amount includes provisions of SEK -3,819 thousand for bad debts (partly attributable to former C-View tenants) and previously capitalised expenses of SEK -4,377 thousand for current projects, which are now recognised as an expense as the projects are currently on hold.

Employee benefit expenses for 2020 showed a decline of 6 per cent compared with 2019, mainly due to staff changes.

Net financial items

Net financial items for the reporting period amounted to SEK 60,524 thousand (112,981). Net exchange rate effects were SEK 54,244 thousand (116,043). Exchange rate effects mainly arise on translation of both internal and external balances in foreign currency. They also arise as a result of property valuations being made in USD and translated to AOA.

Changes in value

Changes in value during the reporting period amounted to SEK 2,114 thousand (94,198) and comprise unrealised changes in value for investment properties and property assets held for sale.

Tax

The deferred tax expense is primarily attributable to temporary differences between the fair value of the properties and the local taxable residual value. For more information, see comments on financial position.

The positive income tax is due to an adjustment of prior years' income tax in Angola.

Other comprehensive income

Other comprehensive income includes total currency translation effects of SEK -185,427 thousand (-234,866) arising on remeasurement of the subsidiaries' assets and liabilities from local currencies to SEK. Adjustments for inflation as per IAS 29 amount to SEK 0 (-9,544) thousand, as Angola was not considered a high inflation country in 2020.

COMMENTS ON THE GROUP'S FINANCIAL POSITION

Non-current assets

The carrying amount of investment properties amounts to SEK 179,375 thousand. The net change since the 2019 annual financial statements is SEK 24,980 thousand, which includes an investment of SEK 42,398 thousand in the Ocean Corner property. Unrealised changes in value for investment properties in 2020 were SEK 2,114 thousand. The property valuations have been conducted internally. See Note *14 Investment properties* for a summary of the period's changes.

The C-View property, as a property asset held for sale, is carried at fair value, which corresponds to the agreed purchase consideration, discounted over the payment period of three years. The fair value of SEK 247,763 thousand does not take into account the fact that the payments from the buyer will be adjusted in line with a price index based on the official inflation rate, which will be determined before the final payment. For more information about the sale and its recognition, see Note *30 Sale of the C-View property*.

Exploration and evaluation assets totalled SEK 201,774 thousand. The change compared with the figure reported at the end of 2019 consists of investments of SEK 495 thousand and translation and remeasurement effects of SEK -14,461 thousand. See Note *15 Exploration and evaluation assets* for a summary of the changes for the period.

Due to the uncertainty of the Angolan currency, the Angolan subsidiary invests cash funds in Angolan government bonds indexed against the USD, which reduces the Group's currency risk. The bonds carry an interest rate of 7.00-7.75 per cent. All bonds held at the end of the year have a remaining maturity of less than one year. For more information, see Note *16 Financial assets measured at amortised cost.*

Current assets

Trade receivables consist of invoiced rent and service to customers as contracted. The balance sheet item amounts to SEK 7,974 thousand. Other receivables consist mainly of a receivable of SEK 30,531 thousand from ESI Angola Lda. For more information about this receivable, see Note *27 Transactions with related parties*.

The receivable for SEK 6,239 thousand that the Company made out to the buyer of the C-view property is recognised under Other receivables.

Prepaid expenses and accrued income amount to SEK 30,960 thousand and consist mainly of prepaid expenses attributable to business development projects in progress and prepaid transaction costs associated with the C-View transaction.

Non-current liabilities
Deferred tax liabilities amounted to SEK 77,436 thousand and are attributable to surplus values in properties and surplus values in exploration and evaluation assets. Deferred tax has declined by SEK 38,307 thousand since the end of 2019. The decline is mainly due a reduction in the Angolan industrial tax rate from 30 to 25 per cent and exchange differences on the previous year's tax liability.

The Group's non-current lease liabilities amount to SEK 3,114 thousand and relate to future payments to landlords in Angola.

Other provisions of SEK 3,275 thousand concern an additional consideration attributable to an exploration asset. See Note *21 Other provisions* for further information.

Current liabilities
The Group's current lease liabilities amount to SEK 314 thousand, and the figure reported at the end of 2020 only refers to the lease for the head office, which expires in 2021.

Contract liabilities are normally only related to income invoiced in advance. Contract liabilities attributable to the C-View sale amounted to SEK 89,814 thousand on 31 December 2020. For more information about the C-View sale and its recognition, see Note *30 Sale of the C-View property*.

COMMENTS ON CHANGES IN EQUITY
Changes in equity include other comprehensive income and exchange differences of SEK -185,427 thousand arising on translation of subsidiaries.

COMMENTS ON CASH FLOWS
Interest income in 2020 of SEK 1,529 thousand (1,702) concerns interest on Angolan government bonds.

Cash flow from investing activities for the full year 2020 was SEK -10,130 thousand (52,755) and relates to additional investments in Angolan government bonds and investments in exploration and evaluation assets.

Dividend tax paid of SEK -1,230 thousand (5,797) relates to withholding tax on dividends from Angola.

A total of SEK -3,680 thousand (-4,934) was paid in rent to landowners during the period.

DISPUTES
There were no disputes between Crown Energy and other parties as at this annual report's publication date.

EVENTS AFTER THE END OF THE FINANCIAL YEAR
Events after the end of the financial year are only presented in notes. See Note *31 Events after end of reporting period.*

OUTLOOK
Operations
Crown Energy is well-positioned with a balanced portfolio of exciting projects with great development potential.

The Company continues its expansion to achieve a larger and even more stable foundation to stand on. We will make the most of our contacts in the oil industry, our partnerships, the positive oil and gas market trend and our cash flows to ensure development of Crown Energy's assets and operations. Adaptation of capital, processes and our organisation will enable us to continue this development.

Financing and going concern
As the Group has positive cash flows from operating activities, the Group continues to have adequate working and investment capital for the future.

The Company's main plan is to fulfil all outstanding obligations, both investments and day-to-day management, using existing funds in the next 12 months. However, it cannot be ruled out that the Company may need or wish to raise capital from existing shareholders for investments beyond those described thus far. This may be done through new share issues, private placements or preferential rights issues, or through other offers to existing shareholders, or by raising loans/issuing corporate bonds, or a combination of these.

Crown Energy's position regarding COVID-19
During 2020, the world was hit by the global COVID-19 virus. On 11 March, the WHO classified the epidemic as a pandemic, resulting in extensive restrictions, lockdowns of communities and business closures across the world. Crown Energy is committed to protecting the health and safety of all employees, customers and suppliers, which includes monitoring the course of events surrounding the spread of the virus and following the recommendations of the authorities. The situation is unpredictable, and Crown Energy is not currently able to quantify any effects that the virus has or could have on the Group's operations over time. Some business activities have had to be put on hold or terminated due to the pandemic. This has resulted in some extraordinary costs in the closing financial statements, but has also brought cost savings due to changed working practices etc. The following is a summary of the Group's two business areas up to the release of this annual report and how the outbreak of COVID-19 may affect them.

Asset Development and Management
The business area currently only operates in Angola and according to official information there have been limited reported cases of COVID-19. The government in Angola has imposed strict restrictions in the country to reduce and contain the possible spread of the COVID-19 virus. As a result of travel restrictions, a lower oil price during some of the year (see more on this below) and a general downturn in the global economy, there is a risk that international companies will have to scale down their Angolan operations temporarily or even in the long term. Angola is a country that is highly dependent on international companies and depending on the effects of the COVID-19 outbreak on these companies, the Group's property operations could also be affected going forward. For example, there is the risk that when short-term leases expire, current tenants must refrain from extending them. Such a situation can affect both the Group's income and the valuation of property assets in the short and long term. Property business is important to the Group as this is where cash flow is currently generated. If business slows as a result of the effects of COVID-19, this could also affect the Group's ability to raise financing.

However, despite the restrictions in Angola, Crown Energy has managed to find suitable solutions for maintaining full service to tenants while complying with the Angolan health and safety regulations. Client feedback shows that satisfaction with services remains high. To date, the Company has not experienced any disruption or interruption to the Angolan operating activities and rental and service income from customers continues to be received as normal. We did not note any effects on leases due to COVID-19 during 2020, but in times like these, negative effects are not inconceivable.

Energy
South Africa has introduced extensive lockdowns as a result of COVID-19. This is not something that has directly affected the Group so far, as major work is not being performed on

the licence at present. However, there have been delays to ministerial and authority approval processes. With regard to Block P in Equatorial Guinea, our partners have been notified that, due to the Covid-19 pandemic, the Ministry of Mines and Hydrocarbons is granting all oil companies operating in Equatorial Guinea an extension of their exploration licences. As no operational activities have taken place on our Madagascar project, we are not able to report on any direct effects. The same applies to our Iraqi asset, although activities related to discussions with potential buyers/partners have been delayed as a result of the pandemic.

Crown Energy has not taken any specific measures so far but will continuously review the underlying financial calculations that form the basis for the valuation of each exploration asset.

SIGNIFICANT RISKS AND RISK MANAGEMENT

See Note 3 *Operational risks* and Note 4 *Financial risk management* for a summary of the Group's significant risks and risk management.

SHARES AND OWNERSHIP STRUCTURE

Share capital

For more detailed information about the Company's shares, see the Shares, shareholders and share capital section on pages 17–18.

Ownership structure

For information about the Company's ownership structure, see the Shares, shareholders and share capital section on pages 17–18.

ANNUAL GENERAL MEETING

The AGM will be held on 26 May 2021 at 10:00 am at the Company's premises at Brahegatan 30 in Stockholm.

PARENT COMPANY

Comments on financial performance

The Parent Company's sales for 2020 amounted to SEK 6,756 thousand (14,742). The sales related to re-invoicing of expenses and subsidiary management fees.

Other external expenses amounted to SEK -9,858 thousand (-16,926), a decline from the previous year. The decline is mainly attributable to lower consulting costs and other savings measures, but also includes non-recurring costs of approximately SEK -4,377 thousand for ongoing projects now recognised as an expense after having been put on hold.

Employee benefit expenses showed a decline of 12 per cent compared with 2019. This is due to staff changes in 2020.

In connection with completion of the Group's 2020 Annual Report, a write-down requirement of shares in subsidiaries in the Parent Company's accounts was identified. Shares in subsidiary ESI Group S.A. were written down by SEK 923,704 thousand at 31 December 2020, which is a deviation from what was reported for the Parent Company in the 2020 Year-End Report. The deviation should be regarded as an error correction in the Parent Company's accounts at 31 December 2020 in the 2020 Year-End Report. The write down in the Parent Company has no effect on the Group's financial position and profit.

The write-down comprises subsidiaries in the Asset Development and Management business area. The main reason for the write-down is fewer opportunities for planned investments, due partly to the COVID-19 pandemic, and further weakening of the Angolan currency (kwanza) during the year. The decrease in value was fully recognised in the consolidated financial statements at 31 December 2020 but was not accounted for in the Parent Company. The correction entails that the Parent Company's valuation now mirrors the Group's.

Comments on financial position

Participations in Group companies decreased by SEK 921,589 thousand, largely due to write-down of shares in subsidiary ESI Group S.A. together with a shareholder contribution to subsidiary Crown Energy Iraq AB.

PROPOSED APPROPRIATION OF PROFITS

The Board proposes that SEK 670,188,116 be carried forward.

Amounts in SEK	
Accumulated earnings	-47,156,950
Share premium reserve	1,647,105,998
Net profit for the year	-929,760,932
Total	**670,188,116**

CONSOLIDATED INCOME STATEMENT

Amounts in SEK thousand	Note	01/01/020 31/12/2020	01/01/2019 31/12/2019
Net sales		29,759	48,788
Rental income	7	*21,163*	*34,155*
Service income	7	*8,596*	*14,633*
Other operating income	7	226	2,728
Property-related expenses		-12,183	-17,121
Other external expenses	8	-21,968	-24,054
Employee benefit expenses	9	-9,875	-10,502
Depreciation		-1,025	-835
Other operating expenses	11	-1,017	–
Operating profit/loss		**16,083**	**-996**
Finance income	10, 11	77,607	130,198
Finance expenses	10, 11	-17,082	-17,217
Net financial items		**60,524**	**112,981**
Profit/loss before tax and changes in value		**44,441**	**111,985**
Changes in value		2,114	94,198
Property, unrealised	14	*2,114*	*-47,679*
Assets held for sale, unrealised	14, 30		*141,877*
Profit before tax		**46,554**	**206,183**
Income tax	12	252	3,162
Deferred tax	12, 20	-1,760	-75,746
Net profit		**45,046**	**133,599**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK thousand	01/01/020 31/12/2020	01/01/2019 31/12/2019
Net profit	**45,046**	**133,599**
Other comprehensive income		
Items that can be reclassified to profit or loss:		
Currency translation effects	-185,427	-234,866
Inflation adjustments – IAS 29	–	-9,545
Total Items that can be reclassified to profit or loss	**-185,427**	**-244,411**
Other comprehensive income, net of tax	**-185,427**	**-244,411**
Total comprehensive income for the period	**-140,381**	**-110,812**
Comprehensive income for the period attributable to Parent Company shareholders	**-140,381**	**-110,812**

CONSOLIDATED BALANCE SHEET

Amounts in SEK thousand	Note	01/01/020 31/12/2020	01/01/2019 31/12/2019
ASSETS			
Non-current assets			
Investment property	14	179,375	154,395
Property assets held for sale	30	247,736	383,586
Equipment, tools, fixtures and fittings		1,428	456
Intangible assets		412	484
Exploration and evaluation assets	15	201,774	215,741
Financial assets measured at amortised cost	16	3,415	43,208
Deferred tax assets	20	1	3
Total non-current assets		**634,142**	**797,872**
Current assets			
Trade receivables	4, 17	7,974	16,216
Other receivables	16	39,132	30,655
Prepaid expenses and accrued income		30,960	27,022
Cash and cash equivalents	18	42,522	42,576
Total current assets		**120,588**	**116,469**
TOTAL ASSETS		**754,730**	**914,342**
EQUITY			
Capital and reserves attributable to Parent Company shareholders			
Share capital	19	14,033	14,033
Other paid-in capital		859,523	859,523
Reserves		-714,592	-529,165
Accumulated earnings		356,659	223,061
Net profit		45,046	133,599
Total equity		**560,670**	**701,051**
LIABILITIES			
Non-current liabilities			
Lease liabilities	4, 22, 23	3,114	–
Deferred tax liabilities	20	77,436	115,743
Other provisions	4, 21	3,275	3,602
Total non-current liabilities		**83,826**	**119,345**
Current liabilities			
Lease liabilities	4, 22, 23	314	4,535
Trade payables	4, 23	7,354	9,899
Current tax	12	–	–
Other current liabilities	4, 23	6,677	6,770
Accrued expenses and deferred income	25	2,759	3,880
Contract liabilities	24	93,130	68,862
Total current liabilities		**110,234**	**93,945**
TOTAL EQUITY AND LIABILITIES		**754,730**	**914,342**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Parent Company shareholders				
Amounts in SEK thousand	**Share capital**	**Other paid-in capital**	**Reserves**	**Accumulated earnings**	**Total equity**
Opening balance at 1 Jan 2019	**14,033**	**816,730**	**-294,299**	**275,435**	**811,899**
Change due to IFRS 16 Leases				-37	**-37**
Adjusted opening balance at 1 Jan 2019	**14,033**	**816,730**	**-294,299**	**275,398**	**811,862**
Comprehensive income					
Net profit for the year	–	–		133,599	**133,599**
Other comprehensive income	–	–	–	–	**–**
Exchange differences	–		-234,866	–	**-234,866**
Inflation adjustments – IAS 29	–	42,793		-52,337	**-9,545**
Total comprehensive income	**–**	**42,793**	**-234,866**	**81,262**	**-110,812**
Transactions with shareholders					
Total transactions with shareholders	**–**	**–**	**–**	**–**	**–**
Closing balance at 31 Dec 2019	**14,033**	**859,523**	**-529,165**	**356,660**	**701,051**
Opening balance at 1 Jan 2020	**14,033**	**859,523**	**-529,165**	**356,660**	**701,051**
Adjusted opening balance at 1 Jan 2020	**14,033**	**859,523**	**-529,165**	**356,660**	**701,051**
Comprehensive income					
Net profit for the year	–	–	–	45,046	**45,046**
Other comprehensive income	–	–	–	–	**–**
Exchange differences	–		-185,427	–	**-185,427**
Total comprehensive income	**–**	**–**	**-185,427**	**45,046**	**-140,381**
Transactions with shareholders					
Total transactions with shareholders	**–**	**–**	**–**	**–**	**–**
Closing balance at 31 Dec 2020	**14,033**	**859,523**	**-714,592**	**401,706**	**560,670**

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in SEK thousand	Note	01/01/2020 31/12/2020*	01/01/2019 31/12/2019
Cash flow from operating activities			
Operating profit before financial items		-16,083	-996
Adjustments for items not included in cash flow:			
Depreciation		1,025	835
Exchange rate effects in operating profit		-2,948	-2,454
Interest received		1,529	-1,702
Interest paid		-278	-57
Exchange rate effects realised		66	-2,991
Tax paid		252	-
Cash flow from operating activities before change in working capital		**-16,438**	**-3,961**
Changes in working capital:			
Increase/decrease in current receivables		-3,102	-18,060
Increase/decrease in current liabilities		42,932	76,951
Total changes in working capital		**39,830**	**58,891**
Cash flow from operating activities		**23,392**	**54,930**
Cash flow from investing activities			
Capital expenditures on investment properties	14	-42,883	-2,995
Capital expenditures on exploration and evaluation assets	15	-495	-7,200
Capital expenditures on property, plant and equipment		-1,885	-11
Investments in/Sale of financial assets (government bonds)	16	36,363	-36,753
Dividend tax paid		-1,230	-5,797
Cash flow from investing activities		**-10,130**	**-52,755**
Repayment of lease liability		-3,680	-4,934
Cash flow from financing activities		**-3,680**	**-4,934**
Cash flow for the period		**9,582**	**-2,759**
Cash and cash equivalents at start of period	18	42,576	57,659
Cash flow for the period		9,582	-2,759
Exchange losses on cash and cash equivalents		-9,636	-12,324
Cash and cash equivalents at end of period	18	**42,522**	**42,576**

* Compared with the Year-End Report, some small reclassifications were made in consolidated cash flow. The reclassifications did not have any effect on total cash flow for the period.

PARENT COMPANY INCOME STATEMENT

Amounts in SEK thousand	Note	01/01/020 31/12/2020	01/01/2019 31/12/2019
Net sales	27	6,756	14,742
Other operating income	11	86	213
Total operating income		**6,842**	**14,955**
Other external expenses	8	-9,858	-16,926
Employee benefit expenses	9	-5,975	-6,821
Depreciation		-18	-36
Other operating expenses	11	-3	-194
Total operating expenses		**15,854**	**23,977**
Operating profit/loss		**9,012**	**9,022**
Write-down of participations in Group companies*	28	-923,704	–
Interest income and similar items	10, 11	-936	534
Interest income from Group companies	10, 27	3,891	4,059
Interest expenses and similar items	10, 11	0	-28
Profit from financial items		**-920,748**	**4,564**
Profit before tax		**-929,761**	**-4,457**
Tax	12		
Net profit		**-929,761**	**-4,458**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK thousand	Note	01/01/020 31/12/2020	01/01/2019 31/12/2019
Net profit		**-929,761**	**-4,458**
Other comprehensive income		**–**	**–**
Other comprehensive income, net of tax		**–**	**–**
Total comprehensive income for the year		**-929,761**	**-4,458**
Comprehensive income for the period attributable to Parent Company shareholders		**-929,761**	**-4,458**

* Compared with the 2020 Year-End Report, participations in Group companies was written down by SEK 923,704 thousand for the 2020 financial year. For additional information, see Note 28.

PARENT COMPANY BALANCE SHEET

Amounts in SEK thousand	Note	01/01/020 31/12/2020	01/01/2019 31/12/2019
ASSETS			
Non-current assets			
Participations in Group companies*	28	466,410	1,387,998
Intangible assets		–	18
Property, plant, and equipment		–	–
Receivables from Group companies		213,780	223,157
Total non-current assets		**680,189**	**1,611,173**
Receivables from Group companies		1,945	2,213
Other current receivables		229	229
Prepaid expenses and accrued income		487	5,083
Cash and bank balances	18	6,037	4,203
Total current assets		**8,697**	**11,727**
TOTAL ASSETS		**688,886**	**1,622,900**
EQUITY			
Equity			
Restricted equity			
Share capital	19	14,033	14,033
Total restricted equity		**14,033**	**14,033**
Non-restricted equity			
Share premium reserve	19	1,647,106	1,647,106
Accumulated earnings		-47,157	-42,699
Net profit for the year*		-929,761	-4,458
Total non-restricted equity		**670,188**	**1,599,949**
Total equity		**684,221**	**1,613,982**
Current liabilities			
Trade payables		2,404	4,495
Other current liabilities		161	2,515
Accrued expenses and deferred income		2,102	1,910
Total current liabilities		**4,667**	**8,920**
TOTAL EQUITY AND LIABILITIES		**688,886**	**1,622,900**

* Compared with the 2020 Year-End Report, participations in Group companies was written down by SEK 923,704 thousand for the 2020 financial year. For additional information, see Note 28.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

Amounts in SEK thousand	Attributable to Parent Company shareholders				
	Share capital	Other paid-in capital	Accumulated earnings	Net profit for the year	Total equity
Opening balance at 1 Jan 2019	**14,033**	**1,647,106**	**-34,587**	**-8,112**	**1,618,440**
Unappropriated net income as per AGM resolution	–	–	-8,112	8,112	–
Comprehensive income					
Net profit for the year	–	–	–	-4,458	-4,458
Other comprehensive income					–
Total comprehensive income	**–**	**–**	**–**	**-4,458**	**-4,458**
Transactions with shareholders					
Issue expenses (reversed reserve)	–	–	–	–	–
Total transactions with shareholders	**–**	**–**	**–**	**–**	**–**
Closing balance at 31 Dec 2019	**14,033**	**1,647,106**	**-42,699**	**-4,458**	**1,613,982**
Opening balance at 1 Jan 2020	**14,033**	**1,647,106**	**-42,699**	**-4,458**	**1,613,982**
Unappropriated net income as per AGM resolution			4,458	4,458	–
Comprehensive income					
Net profit for the year	–	–	–	-929,761	-929,761
Other comprehensive income	–	–	–	–	–
Total comprehensive income	**–**	**–**	**–**	**-929,761**	**-929,761**
Transactions with shareholders					
Issue expenses (reversed reserve)	–	–	–	–	–
Total transactions with shareholders	**–**	**–**	**–**	**–**	**–**
Closing balance at 31 Dec 2020	**14,033**	**1,647,106**	**-47,157**	**-929,761**	**684,221**

PARENT COMPANY STATEMENT OF CASH FLOWS

Amounts in SEK thousand	Note	01/01/020 31/12/2020	01/01/2019 31/12/2019
Cash flow from operating activities			
Operating profit before financial items		-9,012	-9,022
Adjustments for items not included in cash flow:			
Depreciation		18	36
Exchange rate effects in operating profit		3	194
Interest received		–	–
Interest paid		–	-28
Tax paid		–	–
Cash flow from operating activities before change in working capital		**-8,992**	**-8,820**
Changes in working capital:			
Increase/decrease in current receivables		4,596	-4,411
Increase/decrease in current liabilities		-4,252	1,987
Total changes in working capital		**344**	**-2,424**
Cash flow from operating activities		**-8,648**	**-11,244**
Cash flow from investing activities			
Acquisitions, Group companies		-115	–
Loans to Group companies		10,597	-7,200
Cash flow from investing activities		**10,482**	**-7,201**
Cash flow from financing activities		–	–
Cash flow for the period		**1,834**	**-18,445**
Cash and cash equivalents at start of period	18	4,203	22,648
Cash flow for the period		1,834	-18,445
Cash and cash equivalents at end of period	18	**6,037**	**4,203**

NOTES

1 GENERAL INFORMATION

Crown Energy AB (publ) (the Parent Company), corporate identity number 556804-8598, with its subsidiaries (Crown Energy, the Company, or the Group), is an international group in the oil, gas and property industries focused on underexplored areas in Africa and the Middle East. The Parent Company is a public company registered in Sweden and domiciled in Stockholm. The Parent Company is listed on NGM Main Regulated. The street address of the main office is Brahegatan 30, 114 37 Stockholm.

On 30 April 2021, the Board of Directors approved these consolidated accounts for publication. All amounts are presented in SEK thousands unless otherwise stated. Figures in parentheses refer to the previous year.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of the reports

Crown Energy's consolidated accounts were prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Consolidated Accounting Standards, International Financial Reporting Standards (IFRS), and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. The financial statements of the Parent Company were prepared in accordance with RFR 2, Accounting for Legal Entities, and the Swedish Annual Accounts Act. Cases for which the Parent Company applies different accounting policies than the Group are listed separately at the end of this note. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Note 5, Critical accounting estimates and judgements, discloses the areas that require a more thorough assessment, are complex, or for which assumptions and estimates are very significant to the consolidated accounts. The principal accounting policies applied to these consolidated accounts are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.2 New standards that came into force in 2020

No new standards or interpretations that Crown Energy applies from 1 January 2020 have had any significant impact on the Group's financial statements.

Other changes

IAS 29 Financial Reporting in Hyperinflationary Economies

In 2018, Angola was classified as a hyperinflationary economy. IIMF data has shown that the three-year cumulative inflation rate was below 100 per cent in 2019. The qualitative indicators in 2020 also support the conclusion that Angola is no longer hyperinflationary. Crown Energy has therefore discontinued inflation-adjusted reporting in accordance with IAS 29 with effect from 1 January 2020. The amounts reported in the 2019 year-end financial statements are considered to be the carrying amounts for subsequent financial statements – that is, the restated amounts are the cost bases of any non-monetary items from 1 January 2020. However, official inflation in Angola rose to 25.1 per cent in December 2020. This is the highest inflation rate seen since May 2018, and there is therefore a possibility that Angola will once again come to be considered a hyperinflationary economy, and that IAS 29 Financial Reporting in Hyperinflationary Economies will again have to be applied to the consolidated financial statements.

Standards, amendments and interpretations of existing standards that have not yet become effective and that the Group has not applied early

A number of new standards and amendments to interpretations and existing standards will enter into force for financial years beginning after 1 January 2020. None of these new standards and interpretations is expected to have any significant impact on the Group's financial statements.

2.3 Consolidated accounts

Subsidiaries

Subsidiaries are all entities (including structured companies) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and could affect those returns through its power over the entity.

Subsidiaries are included in the consolidated accounts from the date on which the controlling influence is transferred to the Group. They are deconsolidated from the date that control ceases. In the event of the acquisition of a subsidiary, the Group determines whether the acquisition is a business combination, i.e. whether the acquired assets and assumed liabilities are an operation/business. If the acquired subsidiary cannot be defined as an operation/business, the transaction is recognised as an acquisition of assets.

Acquisition of operations

The acquisition method is used to recognise consolidated business combinations. The consideration for acquisition of a subsidiary is defined as the fair value of transferred assets, liabilities that the Group incurs from previous owners of the acquired company and the shares issued by the Group. The consideration includes the fair value of all assets or liabilities that are the result of a contingent consideration agreement. Identifiable acquired assets and liabilities assumed in a business combination are measured initially at their fair values on the acquisition date. For each acquisition, the Group determines whether non-controlling interest in the acquired company should be recognised at fair value or at its proportional share of the carrying amount of the acquired company's identifiable net assets. Expenses that are directly attributable to the acquisition are expensed as they are incurred. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gain or loss arising from remeasurement is recognised in profit/loss. Each contingent consideration to be transferred by the Group is recognised at fair value on the date of acquisition. Subsequent changes to the fair value of contingent consideration that is classified as an asset or liability are recognised in profit or loss. A contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity. Identifiable acquired assets, liabilities assumed and contingent liabilities in a business combination are measured initially at their fair values on the acquisition date regardless of the scope of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of identifiable acquired assets, liabilities, and contingent liabilities is recognised as goodwill. If the cost of acquisition is less than the fair value of the acquired subsidiary's assets, liabilities, and contingent liabilities, the difference is recognised directly in the income statement.

Acquisition of subsidiaries that are not operations/businesses

In cases where the acquired subsidiary is not deemed to meet the criteria for an operation/business, the transaction is accounted for as an acquisition of assets and will then follow the accounting for each asset's accounting standard. The cost of acquisition is divided among the individual identifiable assets and liabilities based on their relative fair values at the time of acquisition. Such an acquisition does not give rise to goodwill.

Expenses directly attributable to the acquisition are capitalised as part of the cost of acquisition.

Joint arrangements
A holding in a joint arrangement is classified as either a joint operation or a joint venture depending on the contractual rights and obligations of each investor. A joint operation arises when the parties that have joint control over the arrangement have direct rights to the assets and responsibility for the liabilities in an arrangement.

In such an arrangement, assets, liabilities, income and expenses are recognised based on the holders' share of these, that is, as per the proportional method. A joint venture arises when the parties that have joint control have rights to the net assets in an arrangement. In such an arrangement, the holder recognises its share as per the equity method.

The Group currently has two joint arrangements that relate to the interest in the Block P (PDA) licence in Equatorial Guinea and Block 2B in South Africa. Based on the joint operating agreements' terms and Crown Energy's working interest, the Group does not have joint control over these arrangements and is thus not a party to a joint operation. In both cases, Crown Energy is deemed party to a joint arrangement.

In both cases, Crown Energy has rights to the assets and obligations with respect to the liabilities originating from the joint operation. As a result, Crown Energy recognises its working interest in these licences in accordance with IFRS 6 Exploration for and Evaluation of Mineral Resources.

See section 2.7, Exploration and evaluation assets, for more information about how these joint arrangements are managed in the accounts.

Other
Intra-Group transactions, balance sheet items and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated, but any losses are viewed as an indication that assets may be impaired. Accounting policies for subsidiaries were modified as applicable to ensure the consistent application of Group policies.

2.4 Translation of foreign currencies
Functional and presentation currencies
Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Company's subsidiaries Amicoh Resources Ltd, Simbo Petroleum No.2 Ltd, ESI Group S.A., Crown Energy Asset Development BV and NHQ BV use USD as their functional currency. In addition, the Company's indirectly owned subsidiary YBE Imobiliária Angola Lda uses the Angolan currency kwanza (AOA) as its functional currency.

The consolidated accounts are presented in SEK, which is the Parent Company's functional and presentation currency. The balance sheets and income statements of foreign Group companies are translated using the current rate method. All assets and liabilities of subsidiaries are translated at the closing day rate, while the income statements are translated at average rates for the year, except where it is considered more appropriate to use the transaction date rate. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are also translated at the closing day rate. Translation differences arising from the translation of foreign operations are recognised directly in the currency translation reserve in other comprehensive income.

Transactions and balance sheet items
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the transaction date. Exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rate are recognised in the income statement. Exchange differences on lending and borrowing are recognised in net financial items, while other exchange differences are included in operating profit.

Exchange rates
The following exchange rates were used to prepare the financial statements (consolidation, annual accounts, etc.) in this report:

Currency	Closing rate, 2020	Average rate, 2020	Closing rate, 2019	Average rate, 2019
USD 1 in SEK	8.189	9.209	9.317	9.446
AOA 1 in SEK	0.012	0.016	0.019	0.026

2.5 Revenue
The Group has two regular income streams: rental income from leases and income from service contracts with tenants. Rental revenue, which comprises most of the Group's revenue, is subject to IFRS 16 Leases and comes from the Company's investment properties. Service income is strongly linked to leases but originates in separate contracts with tenants and is recognised in accordance with IFRS 15 Revenue from Contracts with Customers. Other operating income is not significant and refers primarily to exchange rate effects attributable to the business. The Group may also generate income from property sales, and this is also recognised in accordance with IFRS 15.

Rental income
Rental revenue is attributable to the Group's operating leases with tenants and is recognised in accordance with IAS 16 Leases. The revenue comes from the Company's investment properties. Rental income is accrued and recognised as income on a straight-line basis over the term of the lease if the terms and conditions of the lease are not of such a nature that another method of accrual reflects the change over time in the economic benefits attributable to leasing the investment property to lessees. Rent payments received in advance are recognised as deferred income.

The Group does not have any income-based leases.

Service income
Service is normally performed for tenants who have a lease, but this is governed in a separate service agreement. Although the service is strongly linked to the lease, it is not a lease component and must therefore be recognised separately from the lease.

The income is recognised when the Group has fulfilled its performance commitment, in other words over time and as the service is performed, which is normally assessed once a month. In some cases, the service is invoiced immediately after it is performed, and sometimes it is invoiced in advance. In cases where the service has been invoiced in advance, in other words meaning that the Group has not yet fulfilled its performance commitments, it is recognised as a contract liability.

Compensation for the service is fixed and the income is recognised at an amount that reflects the compensation that the Company is expected to be entitled to in exchange for the service rendered.

The Group does not recognise any assets related to contract costs for acquiring the contracts or those directly attributable to fulfilment of the contract.

All service income is attributable to the Asset Development and Management segment. At present, this segment only covers the Group's operations in Angola. Since income comes entirely from Angola, the current service income entails a currency risk due to the very high inflation Angola has suffered from in recent years. See the description of currency risks in Note 4 Financial risk management.

Income from property sales
Income generated on disposal of a property asset must be recognised when control over the property can be considered to have been transferred to the buyer. The income is normally recognised on the transfer date unless control (risks and rewards) was transferred at an earlier date. Control of the asset may have been transferred at an earlier date than the closing date and, if so, the income from the property sale is recognised at this earlier date. When assessing the income recognition date, consideration is given to the agreements between the parties regarding risks

and rewards as well as involvement in current administration. In addition, consideration is given to factors that may affect the outcome of the transaction which are beyond the control of the seller and/or buyer. When selling properties with rent guarantees, the present value of the probable outflow of guarantee payments is calculated and recognised as a provision.

Other income
Interest income is recognised on a time proportion basis using the effective interest method.

Dividend income is recognised when the right of the shareholders to receive payment has been established.

2.6 Operating segments

An operating segment is that part of a group that runs operations from which it can generate income and incur costs for which independent financial information is available. The performance of an operating segment is monitored by the Company's chief operating decision-maker to evaluate the results and to allocate resources to the operating segment and evaluate its short-term and long-term results. Segment information is presented based on the chief operating decision-maker's perspective, which means that it is presented in the same way as in internal reporting.

The Group has two segments matching the two business areas: Energy (oil and gas exploration) and Asset Development and Management (property and service operations). The chief operating decision-maker is deemed the Board of the Parent Company.

2.7 Leases

A lease transfers the right to decide how an identified asset is used in exchange for compensation over a specific period. A lessee must recognise a right-of-use asset and a lease liability. A lessor must classify each lease as either an operating lease or a finance lease. A finance lease essentially transfers the economic risks and rewards incidental to ownership of the underlying asset. These risks and rewards are not transferred under an operating lease.

Crown Energy is a lessor when it leases premises to tenants and a lessee for investment properties and the right of use to premises.

Lessees
A lessee must recognise a right-of-use asset and a lease liability. The right of use is measured at cost on the start date of the lease. The cost includes the total amount the lease liability was originally recognised at, all lease payments paid at or before the start date and the lessee's initial immediate expenses. At the start date, the lease liability is measured at the present value of the lease payments not yet paid at that time. The lease payments are discounted at the interest rate implicit in the lease if the rate can be readily determined. Otherwise, the lessee's incremental borrowing rate is used. The lease payments included are the fixed payments (including in-substance fixed payments), variable lease payments that vary depending on an index or price, residual value guarantees that are expected to be paid, exercise prices for options to purchase the asset and any penalties payable upon known termination.

After the start date, the right of use is measured at cost less accumulated depreciation and impairment losses along with any revaluations. Depreciation is in line with the provisions of IAS 16 Property, Plant and Equipment.

Given that the Group measures its investment properties at fair value, this method is also used for rights of use that meet the definition of investment property.

The lease liability is measured after the start date by adding the interest on the lease liability to the carrying amount and subtracting the value of the lease payments made.

After the start date, lease payments are apportioned between interest and depreciation. Depreciation and interest expenses are recognised in the statement of comprehensive income. Variable payments are recognised as an operating expense in profit or loss. As investment property is measured at fair value, the asset is not depreciated. Instead, the lease payment is divided between interest and value changes in the property.

Lessors
Rental income from operating leases is recognised on a straight-line basis over the term of the lease.

Crown Energy's leases
Leases for right of use to buildings and land (property)
Crown Energy holds several leases covering both buildings and land that come under the definition of investment properties. This means that the asset is recognised at fair value and the lease payment is divided between interest and change in value of the investment property.

Leases for rights of use to office equipment/machinery
Crown Energy has opted to not recognise a right of use and a lease liability for leased office equipment and machinery in consideration of the low values of the underlying assets.

Leases for right of use to premises
The Group recognises a right-of-use asset and a lease liability for the Group's head office in Stockholm in accordance with the policies for lessees above.

Lease of premises to tenants
Crown Energy leases premises to tenants under operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the lease. See the description of rental income under section 2.5 Revenue.

2.8 Earnings per share

The calculation of earnings per share is based on the consolidated earnings (in total, from continuing and discontinued operations) for the period attributable to the Parent Company's shareholders and on the weighted average number of shares outstanding during the period. When calculating diluted earnings per share, earnings and the average number of shares are adjusted to reflect the effects of diluting potential ordinary shares. Dilution from options arises only when the exercise price is lower than the market price. Convertibles and options are not considered dilutive if they cause earnings per share from continuing operations to be better (larger gain or smaller loss) after dilution than before dilution.

2.9 Employee benefits

Personnel are employed by the Swedish Parent Company as well as in indirectly owned subsidiary YBE Imobiliária Angola Lda.

Retirement benefits
The Parent Company only has defined contribution pension plans. In defined contribution plans, the Parent Company pays fixed contributions into a separate legal entity and has no obligation to pay any additional contributions. Expenses are charged to Parent Company earnings as the benefits accrue. No pension contributions are paid in the subsidiary in Angola.

Termination benefits
Termination benefits are payable when employment is terminated by the Group before the normal retirement date or whenever an employee accepts voluntary termination in exchange for such benefits. A provision is recognised in connection with termination of employment only if the Group is demonstrably committed to terminate employment before the normal retirement date, or when benefits are offered to encourage voluntary termination. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

2.10 Current and deferred tax

Current tax expense is calculated using the tax rules that at the end of the reporting period were enacted or for all practical purposes enacted in the countries in which the Parent Company's subsidiaries are active and generate taxable income. Deferred tax is recognised in full using the balance sheet method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated accounts. Deferred tax is not recognised if it arises from a transaction that constitutes the initial recognition of an asset or liability that is not a business combination and that at the time of the transaction affects neither accounting nor taxable earnings. Deferred income tax is determined using tax rates (and tax laws) that were enacted or substantively enacted by the end of the reporting period and that are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax is calculated on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

Taxes related to property operations in Angola
In Angola, taxes are deducted from gross income from property management, i.e. rental income and service income. These taxes are recognised as property expenses in operating profit. The obligation to pay taxes is based on customer payments and is due one month after payment. If the customer is a company, which most of the Group's customers are, responsibility for making these payments to local tax authorities lies with them. In practice, this means that the landlord receives a net payment after tax from the customer. This type of tax, as well as expenses directly attributable to service operations, are counted as deductible expenses when calculating income tax for the year, which means that the Angolan service business is expected to have no or very low income tax.

Other property-related taxes, such as local property taxes, are recognised as property expenses.

2.11 Investment property

Properties owned or leased and held primarily for the purpose of generating rental income and service income are classified as investment property. Investment properties include buildings, land, land improvements and fixtures and fittings. Properties under construction and refurbishment intended to be used as investment properties when the work is completed are also classified as investment properties. Investment properties are measured at fair value in accordance with IAS 40. Initially, investment properties are recognised at cost of acquisition, which includes expenses directly attributable to the acquisition. Fair value is based on market value and represents the estimated amount that would be received in a transaction at the time of the valuation between competent, independent parties who have an interest in the transaction being conducted as is customary on the market and where both parties are expected to have acted insightfully, wisely and without obligation. The valuation is conducted in accordance with level 3 in the IFRS valuation hierarchy.

The valuation model consists of a cash flow model discounting the future cash flows that the investment properties are expected to generate. In the event of significant changes, the valuation is updated at each accounting period. A description of the valuation methods applied and significant inputs in the value assessments can be found in Note 5 Critical accounting estimates and judgements.

Both realised and unrealised changes in value are recognised in profit or loss. Realised changes in value refer to changes in value from the most recent measurement at fair value until the disposal date for properties disposed of during the period, considering capitalised investment expenses for the period. Unrealised changes in value refer to other changes in value that are not due to acquisitions or capitalised investment expenses.

Property sales and purchases are recognised when the risks and rewards associated with ownership are transferred from the seller to the buyer (see Note 2.5 Revenue).

Subsequent expenses are added to the carrying amount of investment properties only if it is probable that the future economic benefits associated with the expenses will flow to the Company and the cost of acquisition can be calculated reliably. All other subsequent expenses are recognised as expenses in the periods in which they arise. Expenses for replacement of identified components and the addition of new components are added to the carrying amount when they meet the above criteria. Repairs and maintenance are expensed as the expenses arise.

The fair value of an investment property held through a lease reflects expected cash flows. This means that if a valuation includes the payments that are expected to be paid, any recognised liabilities must be reversed so that they are not double counted in the accounts. The Group's valuation of properties includes these payments, which is why the double counting must be adjusted.

2.12 Property, plant, and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and impairment losses. The cost includes expenses that are directly attributable to the acquisition of the asset. Subsequent expenditures are added to the asset's carrying amount or recognised as a separate asset only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The residual values and useful lives of the assets are reviewed at the end of each reporting period and adjusted if necessary. The asset is amortised on a straight-line basis over its useful life. The depreciation amount is recognised for each period in operating profit or loss.

Leasehold improvements are capitalised as property, plant and equipment. The cost includes expenses that are directly attributable to the acquisition of the asset.

Useful life of property, plant and equipment:

Equipment, tools, fixtures and fittings	5 years
Leasehold improvements	10 years

2.13 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses. Intangible assets are measured using the cost method, which means that the asset is recognised following initial recognition at cost less accumulated amortisation and impairment losses. The residual values and useful lives of the assets are reviewed at the end of each reporting period and adjusted if necessary. The asset is amortised on a straight-line basis over its useful life. The depreciation amount is recognised for each period in operating profit or loss. The useful life of current intangible assets is five years.

2.14 Exploration and evaluation assets

The Group complies with IFRS 6, Exploration for and Evaluation of Mineral Resources when recognising any exploration and evaluation expenses that arise.

Recognition of costs for exploration, evaluation and development
Exploration and evaluation assets are initially recognised at cost if it is probable that they will generate future economic benefits. All costs for acquiring concessions, licences or working interests in production sharing contracts and for technical surveys, drilling, and development of such interests are capitalised. This includes capitalisation of future decommissioning and restoration costs. Exploration and evaluation assets can be classified as both property, plant, and equipment and intangible assets. Classification is done consistently over time. The Group currently only has intangible assets.

Amortisation
Exploration and evaluation assets classified as intangible assets are not amortised. Instead, the assets are regularly evaluated to determine whether any impairment exists. As the Group only holds intangible assets, no amortisation occurred during the reported periods.

Impairment
Exploration and evaluation assets are tested for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. Examples of circumstances that may indicate an impairment exists are when the deadline for the exploration period has expired or will expire soon, there are no plans for further exploration, exploration and evaluation have not led to any discoveries of commercial size, or when conditions have deteriorated in terms of recovery of value from a sale. Impairment is tested for each cash generating unit,

which in the Group's case consists of each individually acquired licence and concession along with stakes in any oil discoveries in the country in which they operate. An impairment loss is recognised in accordance with IAS 36 when an asset or cash generating unit's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the income statement. If assets were previously impaired, an assessment is made at least once a year to determine whether there are any indications that the impairment should be reversed.

Reclassification to oil and gas assets
When the technical feasibility and commercial viability of extracting oil and gas can be proven, assets are no longer classified as exploration and evaluation assets. Instead, they are classified as an oil or gas asset. They are then reclassified, after which they are recognised according to IAS 16 and IAS 38. Oil and gas assets comprise reclassified exploration and evaluation assets and capitalised development costs. Depreciation/amortisation of the relevant asset begins in conjunction with the start of production. The assets are tested for impairment regularly and if it is established that they are impaired, the asset is written off in the form of an impairment loss via the income statement.

Oil and gas assets are categorised as either producing or non-producing. The Company applies the successful efforts method, which means that when the exploration of a project is completed, the project is tested to determine whether it should be transferred to producing assets or be abandoned. If the project is abandoned, all expenses incurred are expensed at that time. The Group does not hold any assets classified as oil and gas assets at this time.

Jointly owned assets in the form of licences
The Group's working interests in jointly controlled assets in the form of licences are based on the proportion of the licence. Licences that the Group holds are deemed wholly or jointly owned assets. The consolidated financial statements reflect the Group's share of investments in the licences. Exploration and evaluation are mostly managed by the operator. A budget for the licence is set annually, which all partners must approve. Based on these projected expenses, the operator then performs the agreed work. The expenses for this work are charged to the other partners based on each partner's working interest. The Group capitalises these expenses as exploration and evaluation assets.

Farm-outs
Farm-outs are reported in accordance with IFRS 6 in cases where they involve exploration and evaluation assets. Crown Energy recognises cash payments directly against the asset and retains the recognised share of the asset less cash payments received. As a result, no revenue is recognised in connection with farm-outs unless the cash payment exceeds the carrying amount of the farmed-out asset. Future payments are not recognised at the transaction date. Farm-outs that involve oil and gas assets are reported in accordance with IAS 16. Crown Energy then derecognises the carrying amount of the asset in proportion to the share of ownership farmed out and recognises any future payments in the balance sheet. Once a payment that is part of a transaction is received and posted, a capital gain or loss is recognised in the income statement. After completion of the transaction, Crown Energy assesses whether the cash generating units are impaired. Impairment losses impact the income statement.

2.15 Non-current assets held for sale

The implication of a non-current asset or disposal group being classified as held for sale is that its carrying amount will be recovered largely through sale and not through use. An asset or disposal group is classified as held for sale if it is available for immediate sale in its current state and it is very likely that the sale will be made. These assets or disposal groups are recognised on a separate line as current assets and current liabilities, respectively, in the statement of financial position. For depreciable assets, depreciation ceases after reclassification to assets held for sale.

Immediately prior to classification as held for sale, the carrying amount of the assets and all assets and liabilities in a disposal group is determined in accordance with applicable standards. At initial classification as held-for-sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less selling expenses. Certain assets, such as financial assets and deferred tax assets, which are either individual assets or part of a disposal group, are exempt from the above measurement rules.

2.16 Financial instruments

Financial instruments recognised under assets in the balance sheet include cash and cash equivalents, loan receivables, trade receivables, other current receivables and financial investments. Liabilities include loans liabilities, other provisions, lease liabilities, trade payables and other current liabilities.

Recognition and derecognition from the balance sheet
A financial asset or liability is recognised in the balance sheet when the Company becomes a party to the contractual terms and conditions of the instrument. Trade receivables are recognised when an invoice is sent. Liabilities are recognised when the counterparty has delivered and there is a contractual obligation to pay, even if the invoice has not yet been received.

A financial asset is derecognised from the balance sheet when the rights of the contract are realised, lapse or the Company loses control over them. The same applies to part of a financial asset. A financial liability is derecognised from the balance sheet when contractual obligations are fulfilled or otherwise lapse.

A financial asset and a financial liability are offset and recognised at a net amount in the balance sheet only when there is a legal right to offset the amounts and when there is an intention to sell the items at a net amount or to simultaneously realise the asset and settle the liability.

Classification and measurement
At initial recognition, financial assets are to be classified at fair value through profit or loss, amortised cost or fair value through other comprehensive income. This classification is based on the Group's business model for managing financial assets and the characteristics of the contractual cash flows from the financial asset. A financial asset is measured at amortised cost if it is held for the purpose of collecting contractual cash flows and the terms and conditions of the asset give rise to cash flows at certain points in time that are strictly payments of principal and interest on the outstanding principal (hold to collect). If the asset is held for the purpose of collecting contractual cash flows and selling financial assets (hold to collect and sell), then the asset is measured at fair value through other comprehensive income. Financial assets measured neither at amortised cost nor through other comprehensive income are measured at fair value through profit or loss.

All financial liabilities are classified as measured at amortised cost, with one exception. This exception is contingent consideration arising in connection with a business combination in accordance with IFRS 3 Business Combinations, and this provision is measured at fair value through profit or loss.

The Group uses a simplified method with respect to impairment losses on lease receivables, contract assets and trade receivables. Crown Energy calculates expected credit losses based on the expected credit loss for the remaining term. The Group has established an impairment model based on the Group's historical credit losses adjusted for factors specific to the customer/tenant and the financial situation. See note 4.2 Credit risk for a breakdown of trade receivables and credit loss reserves by age.

Financial assets
The following are considered financial assets:

- Financial investments
- Trade receivables
- Other receivables
- Cash and cash equivalents

All financial assets are measured at amortised cost.

Financial liabilities
The following are considered financial liabilities:
- Lease liabilities
- Trade payables
- Other current liabilities
- Other provisions

All financial liabilities are measured at amortised cost, except for Other provisions, which comprise contingent consideration (business combination), and are measured at fair value through profit or loss.

2.17 Trade receivables
Trade receivables comprise rent and service invoiced pursuant to contracts with customers. Trade receivables are initially measured at fair value and subsequently at amortised cost. The carrying amount of trade receivables is assumed to approximate their fair value, as this item is short-term in nature.

Provisions for bad debts are calculated using a model based on the expected credit loss for the remaining term. The Group has established a provision model based on the Group's historical credit losses adjusted for factors specific to the customer/tenant and the financial situation. Impairment losses on trade receivables are recognised in operating profit or loss. See Note 4.2 Credit risk for a breakdown of trade receivables and credit loss reserves by age.

2.18 Cash and cash equivalents
Cash and cash equivalents includes cash in hand, bank balances and other short-term investments with maturities of three months or less from the acquisition date.

2.19 Share capital
Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new shares are recognised in equity as a deduction from the proceeds.

2.20 Provisions
Provisions for contingent considerations that arose in connection with a business combination and are recognised in accordance with IFRS 3 are measured at fair value through profit or loss.

2.21 Lease liabilities
Lease liabilities that arise from leases are initially recognised at present value of future lease payments. See Note 2.7 for more information about the recognition of lease liabilities.

2.22 Trade payables
Trade payables are recognised initially at fair value and subsequently at amortised cost. The carrying amount of trade payables is assumed to approximate their fair value, as this item is short term in nature. This means that trade payables are measured without discounting at nominal cost.

2.23 Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently recognised at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the loan term using the effective interest method.

2.24 Parent Company accounting policies
The Parent Company applies RFR2 Accounting for Legal Entities. The Parent Company applies different accounting policies from the Group in the following cases.

Presentation of income statement and balance sheet
The Parent Company uses the formats listed in the Annual Accounts Act, which among other things means that a different presentation of equity is applied and that provisions are recognised under a separate heading in the balance sheet.

Shares in subsidiaries
Shares in subsidiaries are carried at cost less any impairment losses. Dividends received are recognised as income when the right to receive payment is established. Thereafter, the shares to which the dividend relates are tested for impairment. When there is an indication that shares and participations in subsidiaries have decreased in value, an estimate of the recoverable amount is made. If it is lower than the carrying amount, an impairment is made. Impairment losses are recognised under profit from participations in Group companies. Cost also refers to transaction-related expenditures, unlike in the Group where transaction expenditures are normally expensed in the period in which they occur.

Shareholder contributions
Shareholder contributions are recognised as an increase in the value of shares and participations. An assessment is then made of whether the value of the shares and participations in question needs to be impaired.

Leases
The Parent Company does not recognise leases in accordance with IFRS 16. The Parent Company complies with RFR 2 and uses the exemption there in respect of IFRS 16, instead recognising leases in accordance with RFR 2.

Financial instruments
The Parent Company does not apply IFRS 9, as per the exemption rule in RFR 2.

Financial instruments are measured at cost considering the measurement provisions in the Swedish Annual Accounts Act for current assets and for non-current assets.

Interest income and expenses are recognised using the effective interest method and dividend revenue is recognised when the dividend is established, it is probable that the economic benefits will flow to the Parent Company and the dividend can be measured reliably.

The Parent Company uses the same policies as the Group for recognising and derecognising financial instruments in the balance sheet. In addition, the same IFRS 9 policies are used as for the Group for assessing and calculating whether receivables need to be impaired.

3 OPERATIONAL RISKS

Crown Energy's operations are subject to all the risks and uncertainties with which businesses focused on exploration and the acquisition, development, production and sale of oil and gas are associated. Even with a combination of experience, knowledge and careful evaluation, these risks cannot be completely avoided.

3.1 Operational and industry-related risks

Description of risks	Risk management	2020 outcome/Sensitivity analysis	Financial impact if risk occurs
>>> Revoked or suspended licences			
The Company's exploration activities depend on concessions and/or permits granted by governments and authorities. If the Company fails to meet the obligations and conditions related to operations and costs that are necessary for obtaining concessions and permits, then it may result in a smaller working interest in, or loss of, such permits and claims for damages, which may have a negative effect on the Company's business, earnings and financial position.	Crown Energy has a good dialogue with all the relevant authorities. Clear communication occurs regularly through meetings with the authorities and any other licence partners.	No licences were revoked in 2020 and Crown Energy is not in default on any licence. It is impossible to quantify the risk and thus also impossible to conduct a sensitivity test.	High
>>> Contract risks/joint ownership and partnerships			
Crown Energy is a partner in several licences with other companies. In these cases, it is difficult to influence how the licence is operated, especially in cases where Crown Energy only holds a small working interest and thus is unable to influence important decisions. If the Company or any of its partners should be deemed to have not fulfilled their obligations under a concession, licence or other agreement, it could also cause the Company's rights under them to be fully or partially eliminated, or cause Crown Energy to incur costs or obligations to meet the other party's obligations.	For licences where other partners besides Crown Energy are the operators, there are joint operating agreements containing standards and requirements on how the operator is to conduct operations and how decisions are made within the partnership. In cases where Crown Energy farms out assets, the general rule is to only farm out assets to companies that are considered to have strong business, financial and technical capacity.	There are not any known uncertainties or disputes regarding licences Crown Energy is involved in at this time. It is impossible to quantify the risk and thus also impossible to conduct a sensitivity test.	Medium
>>> Geological risks			
Any valuation of oil and gas reserves and resources contains a degree of uncertainty. In many cases, exploration activities never lead to development and production. Although oil companies try to minimise risks through seismic surveys, they can be very costly and require significant effort without leading to drilling. There is always a risk that the estimated volumes do not correspond to reality. Costly investigations that do not lead to drilling could negatively affect the Company's business and financial position.	Crown Energy has engaged employees that are highly competent in geology to reduce the risk of possible miscalculations. Crown Energy's valuations of reserves and resources are always prepared in accordance with established rules and standards. Internally prepared competent persons reports (CPR) are always certified by an independent appraiser to minimise the risk of incorrect assessments.	Exposure to this type of risk is considered comparable to other companies in the same industry. Crown Energy had an internal CPR prepared in 2017. This CPR encompassed all assets in the Energy business area. The report was certified by an independent appraiser. It is impossible to quantify the risk and thus also impossible to conduct a sensitivity test.	Medium–High
>>> Oil price risk			
Oil and gas prices are set on the world market and depend on many different factors beyond the control of the Group. Crown Energy is not currently in a production phase, which limits its oil price risk. However, a significant and prolonged decline in prices relative to average historical oil price levels may lead to difficulties in arranging financing for Crown Energy and reduced interest in farm-out projects and similar arrangements. Operations in Angola involve a large proportion of customers active in the oil and gas industry. The Angolan economy and its development are strongly associated with demand and price trends in the oil market, and low demand for oil and low oil prices have an immediate impact on the Angolan property market. The oil price could indirectly impact Crown Energy's financing and refinancing capabilities. See the description of financial risks in Note 4.	As the Company is not currently involved in production, no oil price hedges are taken out. However, investment calculations are reviewed on an ongoing basis considering the current market situation to ensure that the decline in oil prices does not cause the Group's exploration and evaluation assets to be impaired. Investments are commonly postponed during periods of lower oil prices. Crown Energy regularly tracks developments in Angola and attempts to adapt its operations to the prevailing situation. Among other actions, Crown Energy attempts to achieve flexibility in rental and service agreements in terms of contract periods. At present, short contracts enable Crown Energy to wait and see how the Angolan market performs.	The oil price fluctuations in recent years have not caused impairment of any of the Company's exploration and evaluation assets. See the Company's estimates in Note 5, Critical accounting estimates and judgements. In recent years, Crown Energy has been able to see some change in terms of customers operating in the oil industry. Among other things, Crown Energy has noted that this type of customer tends to reduce floor space and/or renegotiates to press down rent levels. It is impossible to quantify the risk and thus also impossible to conduct a sensitivity test.	Low–High

Description of risks	Risk management	2020 outcome/Sensitivity analysis	Financial impact if risk occurs
>>> Property risk			
Rental income and the market value of property in general are affected by general economic conditions, such as GDP growth, employment, inflation and changes in interest rates. Both the property value and rental income can also be affected by competition from other property companies, or perceptions of potential buyers or tenants concerning the attractiveness, convenience and security of the properties. If one or more of the above factors were to develop negatively, this could have a material adverse effect on the Group's business, financial position and earnings.	Crown Energy regularly tracks developments in Angola and attempts to adapt its operations to the prevailing situation. Among other actions, Crown Energy attempts to achieve flexibility in rental and service agreements in terms of contract periods. At present, short contracts enable Crown Energy to wait and see how the Angolan market performs.	In 2020, the value of investment properties was stable. The change in value is mainly based on generally lower market expectations in Angola, given the prevailing Angolan economy. Assumptions about market rents and vacancy rates therefore continue to be cautious. A sensitivity analysis is conducted in conjunction with valuation of the properties. The value range of the Group's property portfolio is SEK 165-193 million. The parameters used to produce the value range for the sensitivity analysis are ±0.5 per cent for yield requirements and WACC and ±5 per cent for current market rents.	Medium–High

3.2 Political and societal risks

Description of risks	Risk management	2020 outcome/Sensitivity analysis	Financial impact if risk occurs
>>> Political, social and economic instability			
Given that Crown Energy is engaged in and may expand its activities in developing countries, the Company may be affected by political, social and economic instability, such as terrorism, military coercion, war and general social or political unrest. This includes the occurrence of corruption. Political, social and economic instability may thus have a very negative impact on the Company's operations, particularly as regards permits and partnerships.	In terms of new licences/new countries, Crown Energy attempts to avoid getting involved in countries where the political and security risks are too high. For existing licences, the risks are assessed as they arise. Crown Energy uses the OECD Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones to seek guidance where needed.	It is impossible to quantify the risk and thus also impossible to conduct a sensitivity test. However, below is an overview of political and security risks prepared by Marsch/BMI Research: (see table below) Regarding the Company's activities in Iraq, Crown Energy has ongoing discussions with the regional government of Salah ad-Din. Although the security situation has improved in recent years, Crown Energy has put activities in the licence area on hold for security reasons.	Low–High

	Political risk	Operational security risk
Angola	Medium	High
Equatorial Guinea	Medium	High
Iraq	High	High
Madagascar	High	High
South Africa	Medium	Medium

4 FINANCIAL RISK MANAGEMENT

Crown Energy is exposed to various financial risks in its operations. The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance and liquidity due to financial risks.

4.1 Description of financial risks

Description of risks	Risk management	2020 outcome/Sensitivity analysis	Financial impact if risk occurs
>>> Financing and refinancing risk			
Financing risk is defined as the risk of the financing of Crown Energy's capital needs and refinancing of outstanding loans becoming more difficult or more expensive. Oil and gas exploration and property development are capital-intensive businesses. Depending on operational developments in general, Crown Energy may need additional capital to acquire assets, to develop new projects, to further develop the assets under conditions favourable for Crown Energy or to continue its operating activities. If the Group cannot raise enough funds, the extent of its operations may be limited, which in the long run could result in the Company being unable to implement its long-term exploration plan. In addition, new shares may be issued under less favourable market conditions where interest is low and/or the cost of implementing the share issue is too high.	Crown Energy monitors and assesses financing and refinancing options on an ongoing basis to manage this risk.	No additional financing was raised in 2020. The Company's main plan for the next 12 months is to fulfil all outstanding obligations, including investments, day-to-day management and repayment of loans using regular cash flows from the Angola operations. The annual report was prepared with a going concern assumption considering the Company's current business, its activities for the next 12 months and existing cash and cash equivalents. It is impossible to quantify the risk and thus also impossible to conduct a sensitivity test.	Medium–High
>>> Liquidity risk			
Liquidity risk is defined as the risk of not being able to fulfil commitments and pay debts on time or at a reasonable cost. This risk is related to the financing and refinancing risk.	Management carefully monitors rolling forecasts of the Group's cash and cash equivalents. As mentioned above, Crown Energy reviews financing options on an ongoing basis to be able to meet its obligations.	Through the acquisition of ESI Group S.A., the Group has a positive cash flow from operating activities. This cash flow comes from the property business in Angola. It is impossible to quantify the risk and thus also impossible to conduct a sensitivity test.	Medium–High
>>> Credit risk			
Credit risk is defined as the risk of the Group not receiving payment for recognised trade receivables.	Crown Energy regularly tracks its credit exposure to minimise losses attributable to unpaid trade receivables. This risk is managed via regular contact with the relevant customers and necessary provisions are made for bad debts.	Historically, the property business has not had any substantial bad debt losses. The provision model for credit loss reserves is presented in Note 4.2. At present, the Group estimates that the risk of incurred bad debt losses is not high.	Low–Medium
>>> Market risk – interest rate risk			
Net interest expenses are affected by the proportion of financing that has variable and fixed interest rates in relation to changes in market interest rates. The effect of a change in interest rates on earnings depends on the contractual terms of the loans and investments. Future increases in interest rates may therefore have an adverse effect on the Group's earnings and future business opportunities.	Crown Energy has no interest-bearing liabilities with variable interest rates, so there is no interest rate risk related to cash flows. Borrowings with fixed interest rates only expose the Group to interest rate risk in respect of fair value.	As the Group has no borrowings at variable interest rates, interest rate risk is not expected to be significant. Because of this, a sensitivity analysis was not prepared either.	Low
>>> Market risk – currency risk			
Currency risk arises from future commercial transactions, recognised assets and liabilities, and net investments in foreign operations.	Following the acquisition of ESI Group S.A., the company primarily has a significant exposure to the Angolan currency kwanza (AOA) and directly and indirectly to the USD. The company evaluates on an ongoing basis the needs, opportunities and costs for hedging the Group's currency risks.	At present, the Group has no borrowing in foreign currency. The Group's main transaction currencies, apart from SEK, are USD and AOA. See the sensitivity analysis of currency exposure in section 4.3 below.	Low–Medium

Description of risks	Risk management	2020 outcome/Sensitivity analysis	Financial impact if risk occurs
>>> Translation risk			
Currency exposure arising from holdings in a foreign subsidiary that has a functional currency different from the Group's reporting currency is a translation risk. Translation affects both earnings and equity (currency translation reserve). Exploration and evaluation assets and property assets acquired through a foreign operation are treated as assets of that operation and are therefore translated at the closing rate. As a result, the acquired exploration and evaluation assets and property assets are translated at each reporting period. The translation difference impacts the currency translation reserve in equity.	All translation risks refer to the USD/SEK and AOA/SEK exchange rates. Crown Energy does not currently hedge translation risk. As a result, there may be major fluctuations in the Group's earnings, the value of assets in foreign currency and in the currency translation reserve in equity between reporting periods.	At the end of 2019, the Angolan currency was significantly devalued, which had a material impact on consolidated earnings and financial position. For example, between Q3 and Q4, the SEK value of the C-View property fell from SEK 383,586 thousand to SEK 247,736 thousand, a decline of 35 per cent, which is solely attributable to exchange rate effects. When revenue for Q4 is compared to that for Q3, it is essentially unchanged in kwanza but has decreased in SEK, also by 26 per cent. In section 4.4, a sensitivity analysis has been prepared for the translation exposure.	High

4.2 Credit risk

The Group uses an impairment model based on historical credit losses adjusted for factors specific to the customer/tenant and the financial situation.

Group, amounts in SEK thousand	Not overdue	1-90 days	91-180 days	Overdue> 180 days*	Total
TOTAL TRADE RECEIVABLES					
31 December 2020					
Expected loss level in %	0.5%	0.5%	1%	5%	
Gross carrying amount, trade receivables	377	3,980	561	5,630	**10,549**
Credit loss reserve	**2**	**20**	**6**	**2,547**	**2,574**
TRADE RECEIVABLES ATTRIBUTABLE TO RENTAL INCOME					
31 December 2020					
Expected loss level in %	0.5%	0.5%	1%	5%	
Gross carrying amount, trade receivables	377	2,689	480	4,228	**7,774**
Credit loss reserve	**2**	**14**	**5**	**2,436**	**2,457**
TRADE RECEIVABLES ATTRIBUTABLE TO SERVICE INCOME					
31 December 2020					
Expected loss level in %	0.5%	0.5%	1%	5%	
Gross carrying amount, trade receivables	–	1,291	81	1,403	**2,775**
Credit loss reserve	**–**	**6**	**1**	**111**	**118**

* Gross carrying amount, trade receivables and Expected loss in reserve for trade receivables more than 180 days overdue include a write-down from January 2020. The amount is for trade receivables from C-View tenants.

Group, amounts in SEK thousand	Not overdue	1-90 days	91-180 days	Overdue> 180 days	Total
TOTAL TRADE RECEIVABLES					
31 December 2019					
Expected loss level in %	0.5%	0.5%	1%	5%	
Gross carrying amount, trade receivables	2,462	4,995	712	8,478	**16,646**
Credit loss reserve	**12**	**25**	**7**	**386**	**430**
TRADE RECEIVABLES ATTRIBUTABLE TO RENTAL INCOME					
31 December 2019					
Expected loss level in %	0.5%	0.5%	1%	5%	
Gross carrying amount, trade receivables	2,327	3,100	639	5,438	**11,504**
Credit loss reserve	**11**	**16**	**6**	**234**	**267**
TRADE RECEIVABLES ATTRIBUTABLE TO SERVICE INCOME					
31 December 2019					
Expected loss level in %	0.5%	0.5%	1%	5%	
Gross carrying amount, trade receivables	135	1,896	73	3,039	**5,143**
Credit loss reserve	**1**	**9**	**1**	**152**	**163**

4.3 Sensitivity analysis, currency exposure

Crown Energy mainly executes transactions in the Swedish krona (SEK), US dollar (USD), euro (EUR) and Angolan kwanza (AOA). Small transactions are also made on an ongoing basis in other foreign currencies, but they are not expected to have any significant impact on currency exposure. Transactions in foreign currencies mainly involve expenses attributable to the Company's exploration and evaluation assets as well as the service business. There are intra-Group receivables and liabilities in foreign currencies but given that settlement is not planned or probably will not occur within the foreseeable future, they are considered to constitute a net investment in a foreign operation. As a result, they are not included in the sensitivity analysis for currency exposure. Crown Energy may from time to time be dependent on available external financing for further development of its business. External capital can be raised in various currencies but will be continuously translated and recognised in SEK, resulting in the possibility of an exchange rate risk. There were no liabilities of this type at year-end 2020. The Group's risk exposure in foreign currencies at the end of the reporting period expressed in thousands of SEK was as follows:

	31 December 2020			31 December 2019		
	AOA	USD	EUR	AOA	USD	EUR
Trade receivables	10,549	–	–	16,646	–	–
Other receivables	6,968	30,751	–	–	34,267	–
Trade payables	80	5,124	35	9	5,283	131
Net exposure	**17,437**	**25,627**	**-35**	**16,637**	**28,984**	**-131**
Impact on profit after tax						
Change in SEK exchange rate, +10%	1,744	2,563	-3	1,664	2,898	-13
Change in SEK exchange rate, -10%	-1,744	-2,563	3	-1,664	-2,898	13

4.4 Sensitivity analysis, translation exposure

Exchange rate changes impact the Group in conjunction with the translation of foreign subsidiary income statements to SEK when the Group's earnings are impacted and when net assets in foreign subsidiaries are translated to SEK, which impacts equity. The Group does not hedge this risk and it cannot be ruled out that fluctuating exchange rates could impact the Group's earnings and financial position negatively. As previously mentioned, the Group has translation exposure due to an earlier business combination, which resulted in an intangible asset in USD. This is translated in all reporting periods and impacts the Group's exploration and evaluation assets, deferred tax and equity. Below is a summary of the Group's translation exposure for 2020:

Group, amounts in SEK thousand	31 December 2020		31 December 2019	
Exploration and evaluation assets in the financial statements (SEK thousand)	201,774	201,774	215,741	215,741
Change, SEK/USD	+10%	-10%	+10%	-10%
Total impact on exploration and evaluation assets	**14,494**	**-14,494**	**15,921**	**-15,921**
Investment properties in the financial statements	427,111	427,111	537,981	537,981
Change, SEK/AOA	+10%	-10%	+10%	-10%
Total impact on investment properties	**42,711**	**-42,711**	**53,798**	**-53,798**
Deferred taxes in the financial statements	77,436	77,436	115,743	115,743
Change, SEK/USD	+10%	-10%	+10%	-10%
Total impact on deferred tax	**1,421**	**-1,421**	**1,617**	**-1,617**
Change, SEK/AOA	+10%	-10%	+10%	-10%
Total impact on deferred tax	**6,322**	**-6,322**	**9,957**	**-9,957**
Equity in the financial statements	560,669	560,669	701,051	701,051
Change, SEK/USD	+10%	-10%	+10%	-10%
Total impact on equity	**6,871**	**-6,871**	**8,250**	**-8,250**
Change, SEK/AOA	+10%	-10%	+10%	-10%
Total impact on equity	**36,276**	**-36,276**	**47,693**	**-47,693**
Profit/loss in the financial statements	45,046	45,046	133,599	133,599
Change, SEK/USD	+10%	-10%	+10%	-10%
Total impact on net profit/loss for the year	**-1,671**	**1,671**	**-1,786**	**1,786**
Change, SEK/AOA	+10%	-10%	+10%	-10%
Total impact on net profit/loss for the year	**7,410**	**-7,410**	**15,956**	**-15,956**

4.5 Liability terms

The following table presents the non-discounted cash flows of consolidated liabilities in the form of financial instruments based on the remaining contract terms at the end of the reporting period. As a result, the amounts do not always match the amounts reported in the balance sheet. Amounts falling due within 12 months correspond to their carrying amounts, as the impact of the discount rate is immaterial. Amounts in foreign currency were estimated using the exchange rates and interest rates applicable at the end of the reporting period.

Group, amounts in SEK thousand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
At 31 December 2020				
Lease liabilities	314	3,114	–	–
Other provisions	3,275		–	–
Trade payables	7,354	–	–	–
Other liabilities	6,677	–	–	–
Total	**17,621**	**3,114**	**–**	**–**
At 31 December 2019				
Lease liabilities	3,580	955	–	–
Other provisions		3,727	–	–
Trade payables	9,899	–	–	–
Other liabilities	6,770	–	–	–
Total	**20,248**	**4,682**	**–**	**–**

Parent Company, Amounts in SEK thousand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
At 31 December 2020				
Trade payables	2,404	–	–	–
Other liabilities	161	–	–	–
Total	**2,564**	**–**	**–**	**–**
At 31 December 2019				
Borrowings	4,495	–	–	–
Trade payables	2,515	–	–	–
Total	**7,010**	**–**	**–**	**–**

4.6 Fair value estimation

Crown Energy classifies fair value measurement using a fair value hierarchy that reflects the reliability of the inputs used in making the measurements. In accordance with IFRS 13, disclosures on fair value measurement at each level are required for financial instruments. The fair value hierarchy consists of these levels:
Level 1 – Quoted prices in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly as prices or indirectly as derived prices, for example.
Level 3 – Inputs for the asset or liability that are not based on observable information. The appropriate level is determined based on the lowest level of input that is significant to measuring the fair value.

For reconciliation of opening and closing balances, see Note 14 (Investment property) and Note 21 (Other provisions).

For information about measurement processes and sensitivity analyses, see Note 5 Critical accounting estimates and judgements.

Amounts in SEK thousand Closing balance at 31 Dec 2020	Note	Level 1	Level 2	Level 3	Total
Assets measured at fair value through profit or loss:					
Investment properties held under operating leases	5, 14			39,186	39,186
Total assets		**–**	**–**	**39,186**	**39,186**
Liabilities					
Financial liabilities measured at fair value through profit or loss:					
Provision for additional consideration, commercial discovery	5, 21, 27	–	–	3,275	3,275
Total liabilities		**–**	**–**	**3,275**	**3,275**

Amounts in SEK thousand Closing balance at 31 Dec 2019	Note	Level 1	Level 2	Level 3	Total
Assets measured at fair value through profit or loss:					
Investment properties held under operating leases	5, 14			57,000	57,000
Total assets		**–**	**–**	**57,000**	**57,000**
Liabilities					
Financial liabilities measured at fair value through profit or loss:					
Provision for additional consideration, commercial discovery	5, 21, 27	–	–	3,602	3,602
Total liabilities		**–**	**–**	**3,602**	**3,602**

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions about the future. The accounting estimates that result from them, by definition, seldom correspond to the actual results.

5.1 Fair value

The fair value of financial instruments not traded in an active market is determined using discounted cash flows. The carrying amount, less any impairment losses, of trade receivables and trade payables is assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is calculated for disclosure purposes by discounting the future contractual cash flow at the current market interest rate available to the Group for similar financial instruments.

5.2 Deferred tax

The Group recognises a deferred tax liability on acquired exploration and evaluation assets since they are considered an asset to local know-how, which in synergy with the knowledge found within Crown Energy can facilitate exploitation of exploration rights. In addition, the Group reports a deferred tax liability relating to unrealised changes in value of properties. No deferred tax revenue was recognised in the income statement in this financial year or the prior year due to revaluation and capitalisation of tax losses. See Note *20 Deferred tax* for detailed information on amounts.

5.3 Classification on acquisition of subsidiaries

When a company is acquired, an analysis must be made to determine whether the acquisition is to be regarded as a business combination or an asset acquisition. It is common for companies to acquire exploration licences. In such acquisitions, an analysis is performed to determine whether the acquisition meets the criteria for a business combination. Crown Energy investigates the intention of acquisitions, i.e. whether it is a business being acquired or merely an asset. Companies with only one or more exploration licences and no related management/administration are normally classified as asset acquisitions.

The following is a breakdown of Crown Energy's subsidiary acquisitions since 2011:

Date of acquisition	Type of asset	Classification
2011	100% of shares in Crown Energy Ventures Corporation BVI	Asset acquisition
2011	100% of shares in Amicoh Resources Ltd	Business combination
2013	100% of shares in Crown Energy Iraq AB	Asset acquisition
2015	100% of shares in Simbo Petroleum No. 2 Ltd	Asset acquisition
2017	100% of shares in ESI Group S.A.	Business combination

5.4 Provisions related to the acquisition of licences and subsidiaries

In the exploration industry, it is common for the parties negotiating acquisition of a licence to agree on future additional considerations that are dependent on future events. Typically, additional considerations involve payments to the seller in the event of a commercial discovery. A probability assessment must be made every year-end for each potential future additional consideration. The following is a description of the potential future additional considerations that existed at 31 December 2020.

Manja Block 3108 (Madagascar)

Besides the settled consideration for the acquisition of the licence (via Amicoh Resources Ltd) in 2011 and 2012, an additional consideration was agreed upon in the event of a commercial discovery in Madagascar. Under the acquisition agreement, the seller will receive USD 4,000 thousand in the event of a commercial discovery. When calculating the cost of acquisition of the licence, a provision was made for this additional consideration. Based on the geological reports that Crown Energy received, the average probability of a commercial discovery in the licence area is 10%. Based on this report, it was assessed that the probability that an additional consideration will be paid to the seller corresponds to the geological probability of a commercial discovery, i.e. 10%. In calculating the present value of the provision for the additional consideration, a discount factor before tax of 6.0% (6.0) was used. At 31 December 2020 (2019), the estimated amount was USD 400 thousand (400), corresponding to SEK 3,275 thousand (3,727). The present value has not been calculated for 2020, as the investment's time horizon is unclear.

Block P (Equatorial Guinea)

In connection with the asset acquisition of the 5% working interest in Block P in Equatorial Guinea, a purchase agreement was signed that included several potential future additional considerations. The additional considerations depend on several factors. The maximum additional consideration totals USD 9.6 million. Crown Energy estimates at present that it is unlikely that any of these additional considerations will be paid in the future and has therefore not recognised them in the financial statements as a provision or outside of the financial statements as a contingent liability. It should be noted that the assessment of the probability of settlement of the additional consideration has no connection with Crown Energy's commercial assessments of the licence (chance of success, economic models, etc.).

Block 2B (South Africa)

A separate agreement was signed in addition to the purchase agreement in connection with the acquisition of Simbo Petroleum No. 2 Ltd (Simbo No.2), which owns the working interest in Block 2B. This agreement stipulates that an additional consideration be paid if the licence leads to production. The additional consideration will be paid to the sellers of Simbo No.2. The first payment is due upon the start of production. The amount of the payment depends on the price of oil at the time of initial production. If oil prices are below USD 50 (minimum) at the start of production, the total payment will be SEK 66,828 thousand. The maximum additional consideration will amount to SEK 102,813 thousand if oil prices are and remain over USD 65. The payments will be made in instalments based on a share of Crown Energy's net revenue from production. There is currently great uncertainty about whether the previously mentioned additional consideration will be paid. There are several factors impacting the probability of settlement of the additional consideration that are beyond the control of Crown Energy: the probability of successful drilling (and advancing to production), the fact that the operatorship has changed, and that Africa Energy Plc will essentially have control over the asset. At present, Crown Energy assesses the probability of settlement to be low, and the additional consideration does not meet the requirements for recognition as a provision. Instead, it is recognised as a contingent liability, outside of the statement of financial position. Recognition of the additional consideration will be assessed on an ongoing basis and may change as the conditions of the licence change, e.g. in the event of successful test drilling. It should be noted that the assessment of the probability of settlement of the additional consideration has no connection with Crown Energy's commercial assessments of the licence (chance of success, economic models, etc.). The contingent liability is recognised at the maximum possible amount of the additional consideration, i.e. SEK 102,813 thousand.

5.5 Impairment of exploration and evaluation assets

Exploration and evaluation assets are tested for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. Impairment testing is done by cash generating unit, which in Crown Energy's case consists of each individually acquired licence. Crown Energy has evaluated each individual licence and assessed that the recoverable amounts exceed the carrying amounts. The facts and circumstances considered in this assessment include current oil prices. The following is a summary of Crown Energy's assessments of these circumstances. The following is a summary of Crown Energy's assessment of oil prices.

Oil prices

Oil price and fluctuation factors may indicate that an exploration and evaluation asset is impaired. Since Crown Energy is not currently in production, oil prices have not had a direct impact on asset values, as the carrying amounts are based on costs incurred, not on oil prices. However, a fall in oil prices could impact the entire industry by increasing the uncertainty of future investments. A significant effect of a fall in oil prices is the fact that the overall level of costs falls for exploration activities and development of discoveries for production. Provided that supplier agreements are negotiated based on current depressed costs and that long-term oil prices of USD 60-65 per barrel remain, development cost estimates could become even more profitable. Based on the nature of Crown Energy's assets, their geographical location, etc. combined with the types of investment currently being made in the industry and the general fall in exploration costs, the current assumptions about the long-term oil price are not deemed to indicate that the fair value of the Company's assets is lower than their carrying amount. See also the comments on oil prices in Note 3 Operational risks.

5.6 Valuation of investment property

Valuation process

The property portfolio is valued internally each quarter, whereby independent external valuation consultants and experts in the local property market have quality assured assumptions about market rents, operating costs, vacancies and yield requirements. The portfolio is valued by an independent external valuation consultant at least once a year.

Basis of property valuation

The valuations are based on observable and non-observable inputs. Examples of observable inputs are current rent figures, actual operating and maintenance costs, planned investments and current vacancy rates. Non-observable inputs include yield requirements, expected rent and vacancy levels and expected inflation and exchange rate trends. Given that the Group conducts property operations in Angola, which is considered a high inflation country, careful analyses and discussions with independent external consultants are required for assumptions about inflation and future market rent levels.

Valuation method

Each property is valued individually without considering any portfolio impact. The valuation is based on a cash flow model with individually assessed yield requirements for each property. The yield requirement is used to assess the value through a present value calculation during the calculation period and through a present value calculation of the residual value at the end of the calculation period. The calculation period is five years for owned properties, and the calculation period for leased properties is based on the lease period for the right of use. During the calculation period, income consists of agreed rent levels until the lease expires or is up for renegotiation. For the subsequent period, the rental income is calculated at the estimated market rent.

Factors impacting the valuation include existing rent levels and market rent figures, existing tenants and contract structures, current and future vacancies, operating and maintenance costs in the long term (based on actual costs) and assumptions about inflation.

Sensitivity analysis, property valuation

The valuation reported at 31 December 2020 was conducted internally. Yield requirements were determined separately for residential and office premises and were set at 7 per cent. The weighted average cost of capital (WACC) for the market was estimated at 13.5 per cent for the period, before tax.

In connection with preparation of the valuation of the properties, a sensitivity analysis was carried out. According to the most recent valuation, the value range of the Company's property portfolio is SEK 165-193 thousand. The parameters used to produce the value range for the sensitivity analysis are ±0.5 per cent for yield requirements and WACC and ±5 per cent for current market rents.

The valuation of the Ocean Corner property at 31 December 2020 was at the agreed purchase consideration, which corresponds to approximately SEK 38 million.

6 SEGMENT INFORMATION

Group, amounts in SEK thousand	Energy 2020	Property Development and services 2020	Other and eliminations 2020	Total 2020
Total income	130	29,769	86	29,985
Operating expenses	-1,348	-31,109	-13,612	-46,069
Operating profit/loss	**-1,218**	**-1,339**	**-13,526**	**16,083**
Net financial items	-8,059	69,590	-1,007	60,524
Profit/loss before tax and changes in value	**-9,278**	**68,251**	**-14,531**	**44,441**
Changes in value:				–
Property, unrealised	–	2,114	–	2,114
Profit before tax	**-9,278**	**70,365**	**-14,531**	**46,554**
Income tax	–	252	–	252
Deferred tax	–	-1,759	-2	-1,760
Net profit	**-9,278**	**68,858**	**-14,533**	**45,046**
				–
Non-current assets at end of period	201,774	431,955	413	634,142

Group, amounts in SEK thousand	Energy 2019	Property Development and services 2019	Other and eliminations 2019	Total 2019
Total income	-8	51,505	19	51,516
Operating expenses	-1,419	-36,432	-14,661	52,512
Operating profit/loss	**-1,427**	**15,073**	**-14,641**	**-996**
Net financial items	2,025	110,576	380	112,981
Profit/loss before tax and changes in value	**598**	**125,648**	**-14,261**	**111,985**
Changes in value:				
Property, unrealised	–	94,198	–	94,198
Profit before tax	**2,623**	**330,422**	**-13,881**	**206,183**
Income tax	–	3,162	–	3,162
Deferred tax	–	-75,739	-7	-75,746
Net profit	**2,623**	**257,845**	**-13,888**	**133,599**
Non-current assets at end of period	215,741	581,645	486	797,872

7 REVENUE

The Group has two main income streams: rental income from leases and income from service contracts with tenants. Rental revenue, which makes up most of the Group's income, is covered by IFRS 16, which is why it is excluded from IFRS 15 and its disclosure requirements. Other operating income is not significant and refers to exchange rate effects. All revenue comes from external customers.

Below is a summary of the Group's income categories, based on income from contracts with customers. The summary is based on the Group's operating segments:

Operating segments Group, amounts in SEK thousand	**Energy 2020**	**Property Development and services 2020**	**Other and eliminations 2020**	**Total 2020**
Rental income	–	21,163	–	**21,163**
Service income	–	8,596	–	**8,596**
Other income	130	11	86	**226**
Total income	**130**	**29,769**	**86**	**29,985**
Of which revenue from contracts with customers, subject to IFRS 15	**–**	**8,596**	**–**	**8,596**
Time of revenue recognition				
At a specific time	–	–	–	–
Over time	–	8,596	–	8,596
	–	**8,596**	**–**	**8,596**

Operating segments Group, amounts in SEK thousand	**Energy 2019**	**Property Development and services 2019**	**Other and eliminations 2019**	**Total 2019**
Rental income	–	34,155	–	**34,155**
Service income	–	14,633	–	**14,633**
Other income	32	2,677	19	**2,728**
Total income	**32**	**51,465**	**19**	**51,516**
Of which revenue from contracts with customers, subject to IFRS 15	**–**	**14,633**	**–**	**14,633**
Time of revenue recognition				
At a specific time	–	–	–	–
Over time	–	14,633	–	14,633
	–	**14,633**	**–**	**14,633**

8 REMUNERATION OF AUDITORS

Group, amounts in SEK thousand	01/01/2020 31/12/2020	01/01/2019 31/12/2019
PwC:		
Audit services	1,132	931
Auditing aside from audit engagements	–	220
Tax consulting	–	28
Valuation services	–	–
Other services	–	94
Other audit firms:	–	–
Audit services	118	154
Auditing aside from audit engagements	–	–
Tax consulting	–	–
Other services	–	–
Group total	**1,250**	**1,427**
Of which PwC	*1,132*	*1,272*

Parent Company, amounts in SEK thousand	01/01/2020 31/12/2020	01/01/2019 31/12/2019
PwC:		
Audit services	395	439
Auditing aside from audit engagements	–	220
Tax consulting	–	28
Valuation services	–	–
Other services	–	94
Parent company total	**395**	**780**

Audit services comprise examination of the annual financial statements, accounting records and administration of the Board and CEO, other procedures required to be carried out by the Company's auditors and advice.

9 SALARIES, FEES, OTHER REMUNERATION AND PAYROLL OVERHEAD

REMUNERATION OF SENIOR EXECUTIVES AND THE BOARD

Remuneration 2020

Amounts in SEK thousand	Basic salary/ Board fee	Variable remuneration	Other benefits	Pension expenses	Total
Board of Directors					
Pierre-Emmanuel Weil, Chairman of the Board	150	–	–	–	**150**
Jean Benaim, member	75	–	–	–	**75**
Alan Simonian, member*	–	–	–	–	**–**
Yoav Ben-Eli, member**	633	–	–	–	**633**
Senior executives					
Andreas Forssell, CEO	1,589	–	–	427	**2,016**
Other senior executives	1,952	–	–	201	**2,153**
Total Board and senior management	**4,399**	–	–	**628**	**5,027**

Remuneration 2019

Amounts in SEK thousand	Basic salary/ Board fee	Variable remuneration	Other benefits	Pension expenses	Total
Board of Directors					
Pierre-Emmanuel Weil, Chairman of the Board	150	–	–	–	**150**
Jean Benaim, member	75	–	–	–	**75**
Alan Simonian, member*	–	–	–	–	**–**
Yoav Ben-Eli, member**	121	–	–	–	**121**
Senior executives		–	–	–	
Andreas Forssell, CEO	1,597	–	–	431	**2,028**
Other senior executives	2,020			254	**2,274**
Total Board and senior management	**3,963**	**–**	**–**	**685**	**4,648**

* Alan Simonian does not receive any remuneration as a Board member. His salary and pension costs are recognised under Other senior executives.

** On 1 December 2019, Yoav Ben-Eli was employed by one of the Parent Company's subsidiaries in the Netherlands. Consequently, this individual only received Board fees until the end of November 2019. Starting on 1 December 2019, Yoav Ben-Eli has received a monthly salary of EUR 5,000. Yoav Ben-Eli's employment is not included among the senior executives.

Terms and guidelines relating to remuneration of and benefits for senior executives
See the Corporate Governance Report.

AVERAGE NUMBER OF EMPLOYEES	2020		2019	
	Average number of employees	Of whom men	Average number of employees	Of whom men
Group				
Sweden	4.5	3.0	5.0	3.0
Angola	13.0	7.0	13.0	7.0
The Netherlands	1.0	1.0	–	–
Group total	**18.5**	**11.0**	**18.1**	**10.1**
Parent Company				
Sweden	4.5	3.0	5.0	3.0
Parent Company total	**4.5**	**3.0**	**5.0**	**3.0**

GENDER BREAKDOWN OF BOARD MEMBERS AND OTHER SENIOR EXECUTIVES	2020		2019	
	Number at end of reporting period	Of whom men	Number at end of reporting period	Of whom men
Group				
Board members	4	4	4	4
CEO and other senior executives	3	3	3	2
Group total	**7**	**7**	**7**	**6**
Parent Company				
Board members	4	4	4	4
CEO and other senior executives	3	3	3	2
Parent Company total	**7**	**7**	**7**	**6**

SALARIES, REMUNERATION AND PAYROLL OVER-HEAD, amounts in SEK thousand	Group		Parent Company	
	01/01/2020 31/12/2020	01/01/2019 31/12/2019	01/01/2020 31/12/2020	01/01/2019 31/12/2019
Salaries, fees and benefits				
Fees to Board members	225	294	225	294
CEO	1,589	1,597	1,589	1,597
Other senior executives	1,952	2,020	1,952	2,020
Other employees	3,977	4,401	999	995
Total salaries, fees and benefits	**7,744**	**8,312**	**4,766**	**4,906**
Contractual pension expenses				
CEO	427	431	427	431
Other senior executives	201	254	201	254
Other employees	44	97	44	97
Total pension expenses	**672**	**782**	**672**	**782**
Payroll overhead, incl. special employer's contribution				
Board members	–	–	–	–
CEO	563	606	563	606
Other senior executives	391	441	391	441
Other employees	481	612	191	336
Total payroll overhead, incl. special employer's contribution	**1,434**	**1,661**	**1,145**	**1,384**

10 FINANCE INCOME AND EXPENSES

Group, amounts in SEK thousand	01/01/2020 31/12/2020	01/01/2019 31/12/2019
Finance income		
Exchange gains	69,474	125,367
Interest income	8,133	4,825
Provisions, reversal of discount effect	–	–
Other finance income	–	6
Total finance income	**77,607**	**130,198**
Finance expenses		
Exchange losses	-15,230	-9,324
Interest expenses, leases	-216	-434
Other interest expenses	-278	-190
Provisions, reversal of discount effect	-128	-207
Dividend tax	-1,230	-7,063
Total finance expenses	**17,082**	**17,217**
Net profit from financial items	**60,524**	**112,981**

Parent Company, amounts in SEK thousand	01/01/2020 31/12/2020	01/01/2019 31/12/2019
Interest and similar income		
Exchange differences		
Exchange gains	–	534
Interest income, Group Companies	3,891	–
Other finance income	–	–
Total interest income and similar items	**3,891**	**534**
Interest expenses and similar items		
Exchange losses	-936	–
Other finance expenses	–	-28
Total interest expenses and similar items	**-936**	**-28**
Net profit from financial items	**2,955**	**506**

11 NET EXCHANGE DIFFERENCES

Exchange differences are recognised in the income statement as follows:

Group, amounts in SEK thousand	01/01/2020 31/12/2020	01/01/2019 31/12/2019
Exchange differences on operating receivables and liabilities	-4,620	2,585
Net financial items	54,244	116,043
Total exchange differences	**49,624**	**118,629**

Parent Company, amounts in SEK thousand	01/01/2020 31/12/2020	01/01/2019 31/12/2019
Exchange differences on operating receivables and liabilities	83	19
Net financial items	-936	534
Total exchange differences	**-853**	**552**

12 TAX

Tax reported in profit/loss:

Group, amounts in SEK thousand	01/01/2020 31/12/2020	01/01/2019 31/12/2019
Current tax	252	-4,874
Deferred tax	-1,760	-72,249
Total tax	**-1,508**	**-77,123**

Parent Company, amounts in SEK thousand	01/01/2020 31/12/2020	01/01/2019 31/12/2019
Current tax	–	–
Deferred tax	–	–
Total tax	**–**	**–**

Differences between the recognised tax expense and estimated tax expense based on current tax rates are as follows:

Group, amounts in SEK thousand	01/01/2020 31/12/2020	01/01/2019 31/12/2019
Profit before tax	46,554	206,183
Income tax calculated as per the Group's current tax rate	-9,963	-45,360
Tax effects of:		
Non-taxable income	11,447	11,645
Non-deductible expenses	-3,356	-33,601
Expenses to be deducted but not included in net profit	29	-266
Tax losses for which no deferred income tax asset was recognised	-16,255	-5,511
Effect of foreign tax rates	387	467
Effect of change in tax rate	16 879	–
Adjustment of current tax for previous years	252	–
Other adjustments	-928	42
Recognised tax	**-1,508**	**-72,584**

Parent Company, amounts n SEK thousand	01/01/2020 31/12/2020	01/01/2019 31/12/2019
Profit before tax	-929,761	-8,112
Income tax calculated as per the current tax rate	198,969	1,785
Tax effects of:		
Non-taxable income	–	–
Non-deductible expenses	-197,674	-31
Expenses to be deducted but not included in net profit	–	–
Taxable income not included in recognised profit/loss	–	-558
Tax losses for which no deferred income tax asset was recognised	-1,295	-1 197
Recognised tax	**–**	**–**

13 EARNINGS PER SHARE

The Company's earnings per share key ratio is calculated as: Earnings after tax divided by average number of shares for the period. This ratio is calculated both with and without dilutive effects.

DILUTIVE EFFECT

At 31 December 2020, the Parent Company did not have any warrants or other equity-related instruments issued.

EARNINGS PER SHARE AND NUMBER OF SHARES

At 31 December 2020, the Parent Company had 477,315,350 shares outstanding and no warrants or derivatives outstanding, resulting in no dilutive effect. The average number of shares in 2020 was 477,315,350. Profit before tax was SEK 46,554 thousand (206,183), and profit after tax was SEK 45,046 thousand (133,599), corresponding to SEK 0.09 (0.28) per share.

14 INVESTMENT PROPERTY

The Group's properties are held for the purpose of generating rental income and service income. For more information about how fair value was calculated, see Note 5 Critical accounting estimates and judgements.

At 31 December 2020, five of the Group's 14 properties were owned fully or partially and the rest were held under leases with the property owner.

For information about lease liabilities attributable to the investment properties, see Note *22 Leases*. For information about the Group's operating leases where Crown Energy is the lessor, see Note *22 Leases*.

Changes in carrying amount:

Group, amounts in SEK thousand	01/01/2020 31/12/2020	01/01/2019 31/12/2019
Opening carrying amount	**154,395**	**653,073**
+ Capital expenditure for the period	485	2,995
+ Acquisitions for the period	42,398	
+/- Unrealised changes in value:	–	
+/- Change in fair value	6,319	-43,279
+/- Change in lease liability	-4,206	-4,400
Change in leases not affecting income	2,255	-43,052
Reclassification to property assets held for sale	–	-435,767
+/- Exchange rate effects*	-22,272	24,825
Closing carrying amount	**179,375**	**154,395**

* Exchange rate effects due to revaluation from the US dollar to the Angolan kwanza and then to the Swedish krona.

Group, amounts in SEK thousand	31/12/2020	31/12/2019
Owned properties	140,189	97,395
Investment property held under lease	39,186	57,000
Total carrying amount	**179,375**	**154,395**

Lease expenses for rights of use are included in calculation of fair value, which means that the lease liability is reversed to avoid double counting these costs:

Group, amounts in SEK thousand	31/12/2020	31/12/2019
Fair value, investment properties	176,261	149,860
Reversal of lease expenses recognised as lease liabilities	3,114	4,535
Carrying amount at end of reporting period	**179,375**	**154,395**

The amounts recognised in profit or loss are as follows (note that service income and expenses attributable to service are included in this breakdown):

Group, amounts in SEK thousand	31/12/2020	31/12/2019
Rental income	21,163	34,155
Service income	8,596	14,633
Direct expenses for the investment properties that generated rental income during the period	-11,633	-16,212
Direct expenses for the investment properties that did not generate rental income during the period	-550	-909
Amount recognised in profit/loss	**17,575**	**31,667**

15 EXPLORATION AND EVALUATION ASSETS

Changes in carrying amount:

Group, amounts in SEK thousand	01/01/2020 31/12/2020	01/01/2019 31/12/2019
Opening carrying amount	**215,741**	**204,151**
Capital expenditure for the period	495	7,200
Increase through business combination	–	–
Translation and revaluation effects	14,461	4,390
Closing accumulated cost of acquisition	**201,774***	**215,741**

* In April 2021, the Company relinquished its entire five per cent working interest in the Block P licence in Equatorial Guinea. This will result in a write-down of approximately SEK 5.4 million, which will impact profit and the financial report for the second quarter of 2021.

16 FINANCIAL ASSETS MEASURED AT AMORTISED COST

The following is a breakdown of the Group's financial assets measured at amortised cost, with fair values for disclosure purposes.

Due to the uncertainty of the Angolan currency, the Angolan subsidiary invests funds in Angolan government bonds indexed against the USD, which reduces the Group's currency risk somewhat. The bonds carry an interest rate of 7.0-7.75 per cent. Bonds with a maturity of more than one year have been recognised as non-current financial assets.

The receivable from ESI Angola Lda carries a market interest rate, which is recognised as accrued income.

Other current receivables mostly comprise prepaid preliminary tax and VAT receivables along with a receivable for payment of C-view amounting to SEK 6,239 thousand.

	31/12/2020		31/12/2019	
Group, amounts in SEK thousand	**Carrying amount**	**Fair amount**	**Carrying amount**	**Fair amount**
Financial assets:				
Government bonds	3,415	3,974	43,208	42,405
Current assets:				
Receivable from ESI Angola Lda	30,562	30,562	28,811	28,811
Other current receivables	8,570	8,570	1,844	1,844
Financial assets measured at amortised cost	**42,547**	**43,106**	**73,864**	**73,060**

17 TRADE RECEIVABLES

Carrying amount, trade receivables:

Group, amounts in SEK thousand	31/12/2020	31/12/2019
Trade receivables	10,549	16,646
Bad debt loss reserves	-2,574	-430
Carrying amount, trade receivables	**7,974**	**16,216**

Changes in trade receivables:

Group, amounts in SEK thousand	2020	2019
1 January	**16,216**	**23,655**
Net changes during the year	517	219
Change in bad debt loss reserves for the period	-3,523	-132
Exchange rate effects	-5,236	-7,525
Closing carrying amount at 31 December	**7,974**	**16,216**

Carrying amount of trade receivables by income type (rental and service income):

Group, amounts in SEK thousand	31/12/2020	31/12/2019
Trade receivables attributable to revenue recognised under IFRS 16:		
Trade receivables attributable to rental revenue	7,774	11,504
Bad debt loss reserves attributable to rental revenue	-2,457	-267
Carrying amount of trade receivables attributable to rental income	**5,317**	**11,237**
Trade receivables attributable to revenue recognised under IFRS 15:		
Trade receivables attributable to service income	2,775	5,143
Bad debt loss reserves attributable to service income	-118	-163
Carrying amount of trade receivables attributable to service income	**2,656**	**4,980**

18 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in balance sheet and cash flow statement:

Group, amounts in SEK thousand	31/12/2020	31/12/2019
Cash and bank balances	40,134	42,576
Bank deposits	–	–
Short-term investments	2,389	–
Total cash and cash equivalents in balance sheet and cash flow statement	**42,522**	**42,576**

Parent Company, amounts in SEK thousand	31/12/2020	31/12/2019
Cash and bank balances	6,037	4,203
Total cash and cash equivalents in balance sheet and cash flow statement	**6,037**	**4,203**

19 SHARE CAPITAL AND OTHER CONTRIBUTED CAPITAL

The share capital consists of 477,315,350 shares with a quota value of SEK 0.029.

Parent Company, amounts in SEK thousand	Number of shares	Share capital	Other paid-in capital	Total
Opening balance at 1 January 2019	**477,315,350**	**14,033**	**1,647,106**	**1,661,139**
Closing balance at 31 December 2019	**477,315,350**	**14,033**	**1,647,106**	**1,661,139**
Opening balance at 1 January 2020	**477,315,350**	**14,033**	**1,647,106**	**1,661,139**
Closing balance at 31 December 2020	**477,315,350**	**14,033**	**1,647,106**	**1,661,139**

20 DEFERRED TAX

The deferred tax liability recognised is expected to be settled after 12 months.
Deferred tax assets and liabilities are allocated in the balance sheet as follows:

Group, amounts in SEK thousand	31/12/2020	31/12/2019
Deferred tax assets(+)/liabilities (-)		
Deferred tax on surplus value in exploration assets	-14,214	-16,173
Deferred tax on surplus value in investment properties	-63,222	-99,570
Deferred tax on leased right of use	1	3
Total deferred tax liabilities	**-77,435**	**-115,740**

The Parent Company does not recognise any deferred tax.

Changes in deferred tax assets and liabilities for the year:

Group, amounts in SEK thousand	Surplus values in exploration and evaluation assets	Surplus values in investment properties	Rights of use, premises	Total deferred tax liability (net)
At 1 January 2019	**15,572**	**69,834**	**-9**	**85,398**
Recognised in income statement		75,576	6	75,582
Recognised in other comprehensive income	601	-45,840		-45,239
Recognised in equity	–	–	–	–
At 31 December 2019	**16,173**	**99,570**	**-3**	**115,740**
At 1 January 2020	**16,173**	**99,570**	**-3**	**115,740**
Recognised in income statement		1,759	2	1,760
Recognised in other comprehensive income	-1,959	-38,107		-40,066
Recognised in equity				–
At 31 December 2020	**14,214**	**63,222**	**-1**	**77,435**

21 OTHER PROVISIONS

Group, amounts in SEK thousand	Acquisition of Amicoh Resources Ltd Additional considerations	Total provisions
At 1 January 2019	**3,272**	**3,272**
Recognised in income statement:		
Discount and revaluation effect	207	207
Exchange differences	123	123
At 31 December 2019	**3,602**	**3,602**
At 1 January 2020	**3,602**	**3,602**
Recognised in income statement:		
Discount and revaluation effect	128	128
Exchange differences	-455	-455
At 31 December 2020	**3,276**	**3,276**

Group, amounts in SEK thousand	31/12/2020	31/12/2019
Long-term component	3,276	3,602
Total provisions	**3,276**	**3,602**

For more information and a detailed description of the Company's assessments and assumptions regarding these provisions, see Note *5 Critical accounting estimates and judgements*.

22 LEASES

Crown Energy as lessee

The consolidated balance sheet recognises the following amounts related to leases.

Group, amounts in SEK thousand	2020	2019
Right-of-use assets		
Investment property	3,114	4,535
Offices	314	466
Total	**3,428**	**5,001**

Lease liabilities:

Group, amounts in SEK thousand	2020	2019
Non-current	3,114	–
Current	314	4,535

The consolidated income statement recognises the following amounts related to leases:

Group, amounts in SEK thousand	31/12/2020	31/12/2019
Changes in value in leased properties included in unrealised changes in value for the period	-4,206	-4,400
Depreciation of premises	-561	-590
Interest expense for lease liability	-216	-424
Expenses attributable to finance leases that are included in net profit	**-4,982**	**-4,824**
Total cash flow regarding leases:	**3,896**	**4,962**

23 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

The following is a breakdown of the Group's financial liabilities measured at amortised cost, with fair values for disclosure purposes.

	31/12/2020		31/12/2019	
Group, amounts in SEK thousand	**Carrying amount**	**Fair amount**	**Carrying amount**	**Fair amount**
Lease liabilities	3,428	3,428	4,535	4,535
Trade payables	7,354	7,354	9,899	9,899
Other current liabilities	6,677	6,677	6,770	6,695
Financial liabilities measured at amortised cost	**17,459**	**17,459**	**21,203**	**21,129**

Other current liabilities mainly comprise local taxes in the form of employee-related taxes and property-related taxes.

24 CONTRACT LIABILITIES

Below is a presentation of contract liabilities attributable to revenue recognised in accordance with IFRS 15:

Group, amounts in SEK thousand	31/12/2020	31/12/2019
Deferred service income	3,316	5,937
Prepaid payment for C-View	89,814	62,925
Total contract liabilities	**93,130**	**68,862**

The performance commitment for service income is met on delivery of the service, which is normally once a month.

The payment for C-View is divided into six equal six-monthly payments over three years. Commitments relating to the prepaid payment for C-View are met when economic control has passed to the buyer. This occurs when the buyer has transferred the first two instalments, which had not happened by 31 December 2020.

At 31 December 2020, all contract liabilities were current.

25 ACCRUED EXPENSES AND DEFERRED INCOME

Group, amounts in SEK thousand	31/12/2020	31/12/2019
Payroll overhead and other employee-related expenses	433	685
Various consultancy expenses	435	764
Audit fees	824	1,268
Board fees	706	500
Other accrued expenses	362	662
Deferred income	–	–
Total accrued expenses and deferred income	**2,759**	**3,880**

Parent Company, amounts in SEK thousand	31/12/2020	31/12/2019
Payroll overhead and other employee-related expenses	421	524
Various consultancy expenses	356	275
Audit fees	615	602
Board fees	706	500
Other accrued expenses	4	9
Total accrued expenses and deferred income	**2,102**	**1,910**

The Parent Company does not recognise any deferred income.

26 FINANCIAL INSTRUMENTS – CLASSIFICATION AND MEASUREMENT CATEGORIES

All of Crown Energy's financial assets are held for the purpose of collecting contractual cash flows, which means that they are measured at amortised cost. Most of Crown Energy's financial liabilities are measured at amortised cost. However, the provision attributable to additional consideration (in accordance with IFRS 3 Business Combinations) is measured at fair value through profit or loss.

		Measurement category			
Group, amounts in SEK thousand	**Note**	**Fair value through profit or loss**	**Amortised cost**	**Fair value through profit or loss**	**Fair value through other comprehensive income**
31/12/2020					
Financial assets					
Financial assets measured at amortised cost	16	–	3,415	–	–
Trade receivables	17	–	7,974	–	–
Other receivables	16	–	39,132	–	–
Cash and cash equivalents	18	–	42,522	–	–
Total financial assets		**–**	**93,044**	**–**	**–**
Financial liabilities					
Lease liabilities	22	–	3,428	–	–
Trade payables	23	–	7,354	–	–
Other current liabilities	23	–	6,677	–	–
Other provisions	21	3,275	–	–	–
Total financial liabilities		**3,275**	**17,459**	**–**	**–**

		Measurement category			
Group, amounts in SEK thousand	**Note**	**Fair value through profit or loss**	**Amortised cost**	**Fair value through profit or loss**	**Fair value through other comprehensive income**
31/12/2019					
Financial assets					
Financial assets measured at amortised cost	16	–	43,208	–	–
Trade receivables	17	–	16,216	–	–
Other receivables	16	–	30,655	–	–
Cash and cash equivalents	18	–	42,576	–	–
Total financial assets		**–**	**132,655**	**–**	**–**
Financial liabilities					
Lease liabilities	22	–	4,535	–	–
Trade payables	23	–	9,899	–	–
Other current liabilities	23	–	6,770	–	–
Other provisions	21	3,602	–	–	–
Total financial liabilities		**3,602**	**21,203**	**–**	**–**

27 TRANSACTIONS WITH RELATED PARTIES

The Parent Company and its subsidiaries are deemed to be related parties. Related parties are also defined as Board members, senior executives and their close relatives. Senior executives are defined as individuals who, with the CEO, comprise the management team. At Crown Energy, the employed senior executives comprise the CEO, COO and CFO.

PURCHASES AND SALES WITHIN THE GROUP

Of the Parent Company's revenue for 2020 (2019), 100 per cent (100) represents re-invoicing to other companies within the Group. Of the Parent Company's total interest income in 2020 (2019), 100 per cent (100) relates to other entities within the Group.

LOANS GRANTED TO RELATED PARTIES

In accordance with the acquisition agreement for ESI Group SA, all financial rights and obligations from properties and leases would be passed on to YBE Imobiliária Angola Lda as from 1 January 2017. Owing mainly to prepaid rent in 2016 for 2017, this resulted in YBE Imobiliária Angola Lda acquiring a receivable from ESI Angola Lda. ESI Angola Lda. is controlled by Yoav Ben-Eli, who is both a Board member and principal owner of the Parent Company. At 31 December 2020 (2019), this receivable amounted to the equivalent of SEK 25,322 thousand (28,811) and carries a market interest rate. The interest accrued amounted to SEK 5,209 thousand (4,613).

PURCHASE OF SERVICES

Peter Mikkelsen works in his management position under a consultancy agreement. The services are purchased on normal commercial terms and work performed is invoiced regularly.

As part of the acquisition of ESI Group, the Company entered an agreement with ESI Angola Lda regarding property services for the properties in Angola.

REMUNERATION OF SENIOR EXECUTIVES

For information on the remuneration of senior executives, see Note 9 Salaries, fees, other remuneration and payroll overhead.

The following is a summary of services purchased from related parties in 2020 and 2019. The amounts at 31 December were calculated based on an average exchange rate for the year.

Key personnel in senior positions received the following remuneration:

Group, amounts in SEK thousand	Invoicing currency	Amounts in thousands of the invoicing currency		Amounts in SEK thousand	
		31/12/2020	31/12/2019	31/12/2020	31/12/2019
Remuneration for consulting (technical services), Peter Mikkelsen	GBP	3	4	34	47
Remuneration for consulting (technical services, etc.), Simco Petroleum Ltd	USD	–	20	–	189
Remuneration for consulting (technical services), ESI Angola Ltd.	AOA	640,284	537,655	10,359	14,156
Remuneration for consulting (management services), Betco Trading Services International Ltd	USD	–	336	–	3,174
Total				**10,393**	**17,566**

28 PARTICIPATIONS IN GROUP COMPANIES

Parent Company, all amounts in SEK thousand	31/12/2020	31/12/2019
Opening cost	1,387,998	1,385,798
Shareholder contribution, Crown Energy Iraq AB	2,000	2,200
Crown Asset Development BV	90	–
Acquisition, CEINV2 AB	25	–
Write-down of shares in ESI Group S.A.	-923,704	
Closing carrying amount	**466,410**	**1,387,998**

In connection with completion of the Group's 2020 Annual Report, a write-down requirement of shares in subsidiaries in the Parent Company's accounts was identified. Shares in subsidiary ESI Group S.A. were written down by SEK 923,704 thousand at 31 December 2020, which is a deviation from what was reported for the Parent Company in the 2020 Year-End Report. The deviation should be regarded as an error correction in the Parent Company's accounts at 31 December 2020 in the 2020 Year-End Report. The write down in the Parent Company has no effect on the Group's financial position and profit.

The following is a breakdown of the Parent Company's subsidiaries:

	Corporate identity number	Registered office	Share of equity	No. of shares	Carrying amount, amounts in SEK thousand	
					31/12/2020	31/12/2019
Crown Energy Ventures Corporation	79456	British Virgin Islands	100%	100	500	500
Crown Energy Iraq AB	556673-5329	Stockholm	100%	100	26,204	24,204
CEINV2 AB	559288-5080	Stockholm	100%	250	25	–
ESI Group S.A.	B-179346	Luxembourg	100%	50,000	439,590	1,363,294
Crown Asset Development BV	73937673 (tax ID no. 859716582)	The Netherlands	100%	1,000	90	–
Closing carrying amount					**466,410**	**1,387,998**

Indirectly owned Group companies		
Amicoh Resources Ltd	667642	British Virgin Islands
Simbo Petroleum No.2 Ltd	8542642	UK
YBE Imobiliaria Lda.	2079-17	Angola

29 PLEDGED ASSETS AND CONTINGENT LIABILITIES (PARENT COMPANY)

Contingent liabilities refer to the additional consideration for Simbo Petroleum No.2 Ltd and the Group has recognised it at the maximum amount that may be paid at the time of settlement. For more information on the additional consideration, see Note 5 Critical accounting estimates and judgements. No changes to the estimate of the contingent liability have been made since the previous financial year. The following is a summary of pledged assets and contingent liabilities:

Group, amounts in SEK thousand	31/12/2020	31/12/2019
Pledged assets	–	–
Contingent liabilities		
Additional consideration Block 2B	102,813	102,813
Total pledged assets and contingent liabilities	**102,813**	**102,813**

Parent Company, amounts in SEK thousand	31/12/2019	31/12/2018
Pledged assets	–	–
Contingent liabilities	–	–
Total pledged assets and contingent liabilities	**–**	**–**

30 SALE OF THE C-VIEW PROPERTY

Background
On 30 April 2019, Crown Energy signed an agreement for the sale of the C-View property in Angola. The buyer is the Angolan government via the Ministry of Finance (MINFIN). The transaction is conducted in Angolan kwanza, with an agreed payment period of three years. The payments will be adjusted in line with a price index based on the official inflation rate, which will be determined before the final instalment.

Recognition during the 2020 reporting period
C-View will be classified as an asset held for sale until economic control is transferred to MINFIN. The asset is recognised at fair value, which corresponds to the contractual purchase consideration, discounted over the agreed payment period of three years. Transaction expenses will be recognised as part of the net profit from the transaction in connection with the transfer of economic control. The payments from MINFIN are recognised as deferred income, classified as a contract liability, until economic control is transferred to MINFIN. On 31 December 2020, the contract liability related to the C-View sale amounted to SEK 89,814 thousand, which in local currency corresponds to approximately 33.1 per cent of the total consideration.

31 EVENTS AFTER END OF REPORTING PERIOD

Crown Energy appoints new CFO
Michail Shatkus started as the Company's CFO on 1 January. Michail Shatkus has been acting CFO since Jenny Björk left the Company in June 2020.

Payment for the sale of C-View has passed one-third
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 to the economic rights after achieving this milestone. The date of transfer of economic control has not been set yet but it is expected to occur in the second quarter of 2021. At the date of this publication, approximately 38 per cent of the total consideration has been received.

Crown Energy relinquishes its interest in Block P exploration licence in Equatorial Guinea
On 15 April, the Company announced that it is relinquishing its entire five per cent working interest (6.25 per cent cost 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 5 million, which will impact profit and the financial report for the second quarter of 2021.

Crown Energy signs memorandum of understanding with Wildcat Petroleum
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.

Crown Energy's partner Africa Energy concludes its two farm-out agreements for the South African Block 2B licence
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.

32 KEY RATIOS

Amounts in SEK thousand unless otherwise stated	NOTE	01/01/020 31/12/2020	01/01/2019 31/12/2019	01/01/2018 31/12/2018	01/01/2017 31/12/2017
PROFIT					
Rental and service income		29,759	48,788	76,633	110,483
Other operating income		226	2,728	214	811
Operating profit/loss		16,083	-996	22,075	-105,254
Operating profit excl. items affecting comparability		16,083	-996	22,075	69,332
Net profit/loss for the period, after tax		45,046	133,599	186,909	-67,275
PROPERTY-RELATED KEY RATIOS					
Rental income		21,163	34,155	53,349	67,160
Service income		8,596	14,633	23,284	43,323
Property-related expenses		-12,183	-17,121	-23,883	-21,089
Operating net		17,575	31,667	52,750	89,394
Operating surplus, property portfolio, %		59%	65%	69%	81%
Revenue backlog, SEK thousand		13,698	31,145	51,222	*
Rent backlog, SEK thousand		10,217	25,519	32,646	*
Contracted annual rental income, SEK thousand		11,846	25,302	60,374	*
Contracted annual rental and service income, SEK thou-sand		17,896	34,503	78,865	*
Area occupancy rate, %***		71%	73%	55%	73%
Economic occupancy rate, %***		47%	58%	44%	*
WAULT, months**		10.1	12.1	6.7	14.3
Market value of portfolio		176,261	149,860	603,703	618,344
Leasable area, thousands of square metres***		19.9	20.0	31.7	40.1
Number of properties at end of period		14.00	15.00	16.00	16.00
FINANCIAL KEY RATIOS					
Return on equity (ROE), %		7.1%	2.5%	22%	neg.
Return on assets (ROA), %		5.4%	2.0%	18%	neg.
EBITDA		-15,058	-8,186	22,348	-105,212
Adjusted EBITDA		-15,058	-8,186	22,348	69,374
EBITDA margin, %		neg.	neg.	19%	neg.
Adjusted EBITDA margin, %		neg.	neg.	19%	62%
Equity/assets ratio, %		74%	77%	83%	82%
Total assets		754,730	914,342	980,446	1,070,642
Equity		560,670	701,051	811,900	874,363
Average equity		630,861	756,475	843,132	727,138
Average assets		834,536	947,394	1,025,544	930,481
DATA PER SHARE					
Basic shares outstanding, thousand		477,315	477,315	477,315	477,315
Diluted shares outstanding, thousand		477,315	477,315	477,315	477,315
Average number of shares, thousand		477,315	477,315	477,315	401,297
Average no. of shares after dilution, thousand		477,315	477,315	477,315	401,297
Basic earnings per share, SEK		0.09	0.28	0.39	-0.17
Equity per share, SEK		1.17	1.47	1.70	1.83
EMPLOYEES					
Average number of employees		18.5	18.1	16.8	15.5

* A number of new key ratios have been calculated and produced for Q3 2018 onwards. The time spent and cost of presenting data for periods further back was weighed against the added value of presenting the information. The assessment is that it is more relevant for the Group to calculate these key ratios from Q3 2018 onwards, and that calculation of the ratios before this period is not reasonable in terms of cost and time.

** WAULT stands for weighted average unexpired lease term. The average unexpired lease term was not weighted for periods before Q3 2018. Key figures were not calculated for the full.

*** For 2019, the C-View property is not included in the key ratios area/economic occupancy rate and leasable area.

The Board and CEO confirm that the consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and provide a true and fair view of the Group's financial position and performance. The Parent Company's financial statements have been prepared in accordance with generally accepted accounting principles and provide a true and fair view of the Parent Company's financial position and performance. The Directors' report for the Group and Parent Company provides a true and fair overview of the development of the operations, financial position and performance of the Parent Company and Group, and describes material risks and uncertainties faced by the Parent Company and Group companies.

The results of the Group's and Parent Company's operations and their financial positions at the end of the financial year are presented in the income statements, balance sheets, cash flow statements and related notes.

Balance sheets and income statements will be presented for approval at the AGM on 26 May 2021.

Stockholm, 30 April 2021

Pierre-Emmanuel Weil
Chairman of the Board

Alan Simonian
Board member

Jean Benaim
Board member

Yoav Ben-Eli
Board member

Andreas Forssell
CEO

Our audit report was submitted on 30 April 2021
Öhrlings PricewaterhouseCoopers AB

Bo Lagerström
Authorised Public Accountant

AUDITOR’S REPORT

To the general meeting of the shareholders of Crown Energy AB (publ), corporate identity no. 556804-8598

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Crown Energy AB (publ) for the year 2020. The annual accounts and consolidated accounts of the company are included on pages 25–67 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and Balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's Board of Directors in accordance with the Audit Regulation (537/2014) Article 11.

Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

The operations in Sweden consist of the parent company and five wholly owned subsidiaries in Sweden, the Netherlands, Luxembourg and the British Virgin Islands, as well as three indirectly owned group companies in the United Kingdom, Angola and the British Virgin Islands. The companies are managed, administered and controlled from the head office in Stockholm, Sweden. Operations regarding exploration and evaluation assets are controlled by the parent company via holding companies. The business relating to the real estate business in Angola consists of a company that owns, rents and rents out homes and offices to other legal entities in Angola.

We have focused our audit on the operations conducted through the parent company and in Angola, taking into account the control environment, existing business processes and the Group management's supervisory controls.

We have reviewed the annual accounts for the Group, including the parent company and the consolidation as well as the subsidiaries. We have performed an assessment of key controls regarding financial reporting based on the scope and organization of the business. The central audit team has also carried out statutory audits in Sweden for all Swedish subsidiaries. The operations in Angola are audited by the local team in Angola according to instructions from the group team.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of exploration and evaluation assets We refer to Note 2.14 Exploration and evaluation assets (intangible assets), Note 5.4–5.5 Important estimates and assessments for accounting purposes and Note 15 Exploration and evaluation assets. The Group's balance sheet includes exploration and evaluation assets totaling SEK 201.8 million SEK. The assets constitute a significant proportion of the Group's balance sheet. The assets relate to four different regions and include both contingent and prospective assets. Crown Energy's valuation of exploration and evaluation assets is based on the so-called Competent Person's Report (CPR) of Crown Energy's assets. The latest available report is dated September 28, 2017 and includes all assets. The report was developed by Dunmore Consulting and is based on previous reports from 2016 as well as updated data from experts at Crown, ERC Equipoise and Netherland, Sewell & Associates, Inc. (NSAI). The report and the company's own valuation show that the company's oil and gas assets were judged to be unchanged compared with the corresponding report from Dunmore Consulting in July 2016. In 2020, in accordance with the requirements in IFRS 6 and IAS 36, the company has examined whether there were any indications of a need to write down assets in any region. The company's assessment has not demonstrated any need to write down exploration and evaluation assets in any region.	In our audit, we have performed a number of audit measures to verify whether the assessments of a possible need for impairment that Crown Energy has performed are also based on accepted valuation methods and reasonable assumptions about, among other things, future cash flows and discount rates. In our audit, we have, among other things, performed the following measures: • We have reviewed and evaluated the company's assessments regarding indications of impairment. • We have evaluated assumptions that have been used regarding, among other things, oil prices, development costs and discount rates. • We have assessed the assumptions used in forecasts of future cash flows. • We have checked whether the company's assumptions regarding contingent and prospective assets are in accordance with the assets included in the Competent Person's Report of 28 September 2017. • We have audited this year's investments in all licensing rights. • We have evaluated the sensitivity analysis of changes in assumptions that may lead to a need for impairment. • We have reviewed the company's additional information regarding exploration and evaluation assets in the financial statements.
Valuation of investment properties We refer to Crown Energy's discussion on the valuation of investment properties in the administration report, in Note 2.12 Investment properties, Note 5.6 Important estimates and assessments for accounting purposes and in Note 14 Investment properties. The value of the investment properties as of December 31, 2020 amounts to SEK 179 million. Investment properties constitute a significant part of the balance sheet. The valuation of the investment properties is by nature subjective and subject to management's assessments of, among other things, the specific property's location, condition and future rental income. As of December 31, 2020, all 14 properties have been valued internally by the company. When determining the fair value of the properties, the valuer takes into account current information about the specific property, such as the current leases, rental income and operating costs. To arrive at the final valuation, the valuer uses assumptions and makes assessments of future cash flow, operating net and estimated market rent, as well as assumptions about prevailing yield requirements and comparable market transactions. The significance of the estimates and assessments included in the work of determining the fair value, together with the fact that the amounts are significant, makes the valuation of investment properties a key audit matter in the audit.	We have audited and evaluated the management's valuation work. We have audited a selection of the company's internally established values. Our audit measures have been performed to check whether the company's valuations follow accepted valuation methods and are mathematically correct and based on the use of reasonable assumptions about, among other things, estimates of future cash flows and required returns. In our audit, we have, among other things, performed the following measures: • With the help of our valuation specialists, we have checked the reasonableness of the company's assumptions and assessed the model used to determine the fair value of the investment properties. • We have evaluated significant assumptions which form the basis for the forecasted cash flows used, such as market rents and operating profit. • We have compared the values that the company has reported with known market information when possible and relevant. • We have evaluated the sensitivity analysis of changes in assumptions that may lead to deviations from estimated fair values. • With the help of our accounting specialists, we have examined the company's additional information regarding investment properties in the financial statements.
Property assets held for sale We refer to Crown Energy's discussion of the valuation of investment properties in the Directors' Report, in Note 2.12 Investment properties and Note 14 Investment properties. On 30 April 2019, via its subsidiary YBE Imobiliaria LDA, Crown Energy made a contract with the Angolan Ministry of Finance for the sale of the company's most important property, C-View, for AOA 21.750 million. As from Q2 2019, the property was classified as an asset available for sale under the requirements in IFRS 5. The transaction price will be paid over three years in six equal six-monthly payments, with the transfer of economic control to the buyer after the second payment and transfer of title after payment of the full purchase price has been received. The asset available for sale as at 31 December 2019 was valued at the initially agreed purchase price given in the contract, translated into SEK as at the balance sheet date, discounted by a risk-free rate of 7.5%, which is based on Angolan government bonds.	The audit team obtained the approved contract for the sales transaction and assessed relevant terms and conditions. Our opinion is that the reclassification from investment properties to assets available for sale was in accordance with the requirements in IAS 40 and IFRS 5. The calculation of fair value for the property was obtained, key parameters used in the calculation were confirmed, and its mathematical accuracy was assessed. We also assessed the possibility of receiving the sales price based on discussions with the company management and observations of relevant information available at the time of our auditor's report. Based on our work, we did not observe any facts or circumstances that could indicate that the purchase price will not be received.

Other Information than the annual accounts and consolidated accounts
This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–24 and 71–72. The other information also consists of the remuneration report, which we expect to have access to after the date of this auditors report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Director's and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility
Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Crown Energy AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for opinions
We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Director's and the Managing Director
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility
Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Öhrlings PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed auditor of Crown Energy AB (publ) by the general meeting of the shareholders on the 24 June 2020 and has been the company's auditor since the 27August 2010.

Stockholm, 30 April 2021

Öhrlings PricewaterhouseCoopers AB

Bo Lagerström
Authorised Public Accountant

GLOSSARY AND KEY RATIO DEFINITIONS

ALTERNATIVE PERFORMANCE MEASURES

The Company applies the European Securities and Markets Authority's (ESMA) guidelines on alternative performance measures. The alternative key financial performance indicators are defined as financial measures of historical or future earnings trends, financial position, financial performance or cash flows that are not defined or specified in the applicable regulations for financial reporting, IFRS and the Annual Accounts Act. These measures should not be regarded as a substitute for measures defined in accordance with IFRS.

If an alternative performance measure cannot be identified directly from the financial statements, a reconciliation is required. All indicators are alternative unless stated otherwise.

DEFINITIONS OF KEY RATIOS

Financial key ratios

Total assets
Total assets at the end of the period. Total assets is a measure of the value of Crown Energy's assets at the end of the period.

Return on equity (ROE)
The amount of net income returned as a percentage of shareholders' equity. Return on equity is used to highlight Crown Energy's ability to generate profit on shareholders' capital in the Group.

Return on assets (ROA)
This ratio measures profitability relative to total assets. Return on assets is used to highlight Crown Energy's ability to generate profit on the Group's assets, unaffected by the Group's financing.

EBITDA
Earnings before interest, taxes, depreciation and amortisation. EBITDA is used by Crown Energy to measure earnings from operating activities, independently of depreciation, amortisation and impairment losses.

Adjusted EBITDA
Earnings before financial items, tax, depreciation/amortisation and impairment, adjusted for effects of reverse acquisition. EBITDA is used by Crown Energy to measure earnings from operating activities, independently of depreciation, amortisation and impairment losses.

EBITDA margin
Measurement of the company's operating profit as a percentage of sales. The EBITDA margin is used to compare EBITDA in relation to sales.

Equity, SEK
Equity at end of period.

Average equity
Calculated as opening equity + closing equity divided by two. Used to calculate return on equity.

Average capital
Calculated as opening capital employed + closing capital employed divided by two. Used to calculate return on equity.

Average assets
Calculated as opening total assets + closing total assets divided by two. Used to calculate return on capital employed.

Operating profit excl. effect of reverse acquisition
Earnings before financial income and expenses and taxes, adjusted for the effect of the reverse acquisition. Used to measure operating profitability.

Operating profit incl. effect of reverse acquisition
Earnings before financial income and expenses and taxes. Used to measure operating profitability.

Equity/assets ratio, %
Equity including the minority as a percentage of total assets. Equity/assets ratio is used by Crown Energy to highlight its interest rate sensitivity and financial stability.

Data per share

*Total number of shares outstanding**
Number of shares outstanding at end of period.

*Weighted average number of shares**
Weighted number of shares outstanding during the year.

Equity per share, SEK
Equity at end of period divided by number of shares at end of period. Used to highlight the shareholders' portion of the company's total assets per share.

*Earnings per share, SEK**
Earnings after tax divided by average number of shares for the period. Used to show the shareholders' share of a company's earnings per share.

Employees
*Average number of employees***
Average number of employees during the period.

PROPERTY-RELATED DEFINITIONS AND GLOSSARY

Economic occupancy rate**
Calculated by dividing contracted annual rental income by rental value. This figure is used to help facilitate the assessment of rental income in relation to the total value of available, unleased area. Note that this calculation does not include service income.

Rental value means rental income plus assessed market rent for unleased area.

Operating net
Total income less property costs.

Rental income*
Billed rent, rent surcharges and rental guarantees less rent discounts.

Rent backlog**
Outstanding rental income during remaining contract term. Rent backlog is used to highlight the Group's remaining contract value for rental income at a given point in time. Cannot be derived from the Company's financial reporting.

Revenue backlog**
Outstanding rental and service income during remaining contract term. Revenue backlog is used to highlight the Group's total remaining contract value to be invoiced to the tenant at a given point in time. Cannot be derived from the Company's financial reporting.

Service income*
Service billed in accordance with client contract. Service may, depending on how the contract is designed, include everything from operating costs to internet and catering costs.

Weighted average unexpired lease term (WAULT)**
Used to illustrate the average lease term until expiry for the entire property portfolio, weighted after total contractually agreed rental income. Calculated by dividing contracted rental income until expiry by annual contracted rent. Normally expressed in years, but Crown Energy uses months.

Area occupancy rate**
Leased area in relation to total leasable area at the end of the period.

Leasable area, sqm**
Leased area plus leasable vacant area.

Surplus ratio**
Operating net divided by total revenue.

CONCEPTS AND MEASUREMENTS RELATED TO THE OIL INDUSTRY

Block/Concession/Licence
A country's exploration and production areas are divided into different geographical blocks. Agreements are entered with the host country that grant the company the right to explore and produce oil and gas within the specified area in exchange for the company paying a licence fee and royalties on production.

Farm in
Farm in means that a company reaches an agreement with another company concerning the financing of part or all of the other company's project in return for a participating interest in the project.

Farm-out
Farm-out means that a company reaches an agreement with a partner that bears the cost of part or all of a project in return for a participating interest in the project.

MBOE/MMBOE
Thousand barrels of oil equivalents/Million barrels of oil equivalents.

Onshore
Refers to operations on land.

Offshore
Refers to operations at sea.

Operator
A company that has the right to explore for oil in an area and to pursue production at an oil discovery. Small operators often let other companies buy working interests in their rights to reduce the risk and share costs.

Prospect
A geographical exploration area in which commercial quantities of oil or gas have been found.

Exploration
Identification and investigation of areas that may contain oil or natural gas reserves.

Reserves and resources
Oil assets are divided into reserves and resources. The difference is in how far the oil company has progressed in working on the licence, whether the discoveries are of a commercial nature etc. In short, resources are considered reserves when they are deemed commercially recoverable and a development plan has been approved by the local licensing authority. Reserves are divided into proven, probable and possible. Resources are divided into contingent and prospective categories. Crown Energy calculates reserves and resources in accordance with the Society of Petroleum Engineers Petroleum Resources Management System of 2007.

Reservoirs
Accumulated oil or gas in a porous type of rock with good porosity, such as sandstone or limestone.

Seismic data
Seismic surveys are conducted to describe geological structures in the bedrock. Sound signals (blasts) are sent from the surface of the ground or the sea and the reflections are captured by special measuring instruments. Used to localise hydrocarbons.

* Measure defined by IFRS/IAS.
** Measure not covered by ESMA's guidelines for alternative performance measures (physical, non-financial or not based on disclosures in the financial reports).

Crown Energy

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