

Crown Energy AB: Year-End Report 2020

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FOURTH QUARTER – OCTOBER-DECEMBER 2020

- ▶ Revenue amounted to SEK 4,798 thousand (9,923).
- ▶ Operating loss amounted to SEK -8,974 thousand (-8,388).
- ▶ Net financial items amounted to SEK 4,697 thousand (45,999).
- ▶ Unrealised changes in property values amounted to SEK 19,683 thousand (-10,511).
- ▶ Profit before tax amounted to SEK 15,405 thousand (27,100), and profit after tax amounted to SEK 24,743 thousand (18,696), corresponding to SEK 0.05 (0.04) per share.

FULL YEAR – JANUARY-DECEMBER 2020

- ▶ Revenue amounted to SEK 28,968 thousand (48,788).
- ▶ Operating loss amounted to SEK -16,083 thousand (-996).
- ▶ Net financial items amounted to SEK 60,524 thousand (112,981).
- ▶ Unrealised changes in property values amounted to SEK 2,114 thousand (94,198).
- ▶ Profit before tax amounted to SEK 46,554 thousand (206,183), and profit after tax amounted to SEK 45,046 thousand (133,599), corresponding to SEK 0.06 (0.28) per share.

KEY EVENTS DURING REPORTING PERIOD JANUARY-DECEMBER 2020

- ▶ Progress in the South African license Block 2B - Crown Energy's partner Africa Energy has signed two farm-out agreements and applied for an additional extension phase in order to drill a well next year.
- ▶ From January 2020 until the release of this interim report, the spread of the COVID-19 virus has had major effects on the global world economy. The effects are still difficult to review and conditions change daily.
- ▶ From 1 January 2020, the Angolan accounts are no longer adjusted for inflation (in accordance with IAS 29). This is a result of the fact that Angola is no longer currently considered a hyper inflationary economy.
- ▶ On June 15, Crown Energy announced the signing of a promissory sale and purchase agreement for 10 apartments over approximately a total of 1,000 sqm in the "Ocean Corner" building in prime residential and business area in the capital of Angola, Luanda.
- ▶ Crown Energy continues to receive the deferred payments from the sale of C-View property that was signed in 2019. Up to year-end, a total of 33.1 percent has been received.

CEO STATEMENT

DEAR SHAREHOLDERS AND INVESTORS,

As a consequence of the COVID-19 pandemic situation, focus for 2020 has been much about retaining existing business, caring for our employees and clients, and preparing for upcoming business development. Having said that, we are satisfied to have been able to capitalise on opportunities in the Angolan market, for our Asset Development and Management business during the year. This resulted in the acquisition of a suite of high quality apartments in the capital of Angola, Luanda. We will continue to concentrate our new business efforts on the Angolan 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 C-View building signed in 2019. Since the COVID-19 pandemic situation started, new business efforts in additional geographic locations have become more difficult to pursue of course. During the year, prudent financial management dictated that some ongoing projects and new business efforts have been suspended. We have undergone general and useful cost savings, all of which have led to some lump sum write-downs and other extraordinary costs attaching to the financial result in year-end 2020. As an example, it

has been decided to close our fiscal structure in the Netherlands, which will have an end result of valuable cost savings going forward.

ASSET DEVELOPMENT AND MANAGEMENT

The Angolan government has imposed severe lockdown restrictions on people to move freely, as a result of the outbreak of COVID-19. Real estate operations have continued during the report period relatively unchanged compared to before, but downward pressure has been seen in the market the longer the pandemic has been carrying on. 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 all our employees' and customers health and safety.

During 2020, net SEK sales revenue decreased by 40 percent, SEK 29,502 (48,788) thousand, compared to the same period last year. This is mainly due to the weakening of the Angolan currency during that period. Total costs (property, other external and personnel) of SEK -44,026 (-51,677) a decrease of -15 percent compared with 2019. Total costs for 2020 includes however extraordinary costs of SEK -8,196 thousand for provisions for doubtful accounts receivables (SEK -3,819 thousand) and lump-sum write downs of project development costs in our Dutch structure (SEK -4,377 thousand). The buyer of the C-View property, the Angolan Ministry of Finance, has continued to pay to our subsidiary in Angola (selling entity). The first instalment of a total of six payments was received in full earlier this year and subsequent to that additional payments have continued to be made. Up to the day of this report, a total of 33.1 percent of the agreed purchase price is paid.

ENERGY

The sharp drop in oil prices during the first quarter of 2020, has been reversed over the second half of 2020 and the Brent oil price has stabilised well above 50 and even 60 USD per barrel up to the time of release of this report. Demand is still in general lower because of the COVID-19 pandemic, but supply has met the demand better during the second half of 2020. Of course, we consider all such circumstances in our management of existing assets within the Energy business area. South Africa has introduced major shutdowns in society because of COVID-19. Our partner and licensing operator Africa Energy has however informed us that the application to enter the next exploration phase for the Block 2B license, which includes drilling the exploration well, Gazania-1, expected to spud during third quarter 2021, and the processing of the arrangement where two new partners enter the license is now well progressed with the authorities in South Africa for formal approval. With the oil price over 60 USD per barrel, the margins for us look extremely attractive, should the project prove commercial following a successful exploration well later in 2021 (a well for which Crown Energy is fully carried for drilling and testing).

Oil prices at today's levels should continue to stimulate the market to invest in projects such as Crown Energy's. As for Madagascar, the current licensing period expired in November 2019. Crown Energy has applied for an extension and continue to discuss terms with the authorities. Crown Energy will await further feedback from the authorities before deciding on the best way forward for the Company regarding this license. But with an attractive increase in oil price lately, the prospects look brighter towards new frontier exploration assets as well as for our continuous efforts to find a partner and/or acquirer for our Iraqi asset.

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

Andreas Forssell
CEO, Crown Energy

This is information that Crown Energy is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below at 08:30 CEST on 24 February 2021.

MORE INFORMATION

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ABOUT CROWN ENERGY

Crown Energy is an international group providing customised solutions for housing, offices, and associated services, as well as oil and gas exploration in Africa and the Middle East. For more information, please visit www.crownenergy.se