

Crown Energy AB: Interim Report January- September 2020

PRESS RELEASE 20/11/2020

Q3 – JULY-SEPTEMBER 2020

- ▶ Revenue amounted to SEK 6,993 thousand (13,327).
- ▶ Operating profit amounted to SEK -1,283 thousand (2,528).
- ▶ Net financial items amounted to SEK 6,679 thousand (27,361).
- ▶ Unrealised changes in property values amounted to SEK -8,854 thousand (796).
- ▶ Profit before tax amounted to SEK -3,458 thousand (30,686), and profit after tax amounted to SEK -4,731 thousand (28,569), corresponding to SEK -0.01 (0.06) per share.

NINE MONTH PERIOD– JANUARY-SEPTEMBER 2020

- ▶ Revenue amounted to SEK 24,347 thousand (38,865).
- ▶ Operating loss amounted to SEK -7,109 thousand (7,392).
- ▶ Net financial items amounted to SEK 55,940 thousand (66,982).
- ▶ Unrealised changes in property values amounted to SEK -17,569 thousand (104,709).
- ▶ Profit before tax amounted to SEK 31,262 thousand (179,083), and profit after tax amounted to SEK 20,303 thousand (114,902), corresponding to SEK 0.04 (0.24) per share.

KEY EVENTS DURING REPORTING PERIOD JANUARY-SEPTEMBER 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. The pandemic has not affected the Group's results during the reporting period.
- ▶ From 1 January 2020, the Angolan accounts are no longer adjusted for inflation (in accordance with IAS29). This is a result of the fact that Angola is no longer 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.

CEO STATEMENT

DEAR SHAREHOLDERS AND INVESTORS,

Because of the COVID-19 pandemic situation, 2020's focus has been much about retaining existing business, caring for our employees, and preparing for upcoming business development. At the same time, we are satisfied to having been able to capitalise on opportunities in the Angolan market, for our Asset Development and Management business. This resulted in the acquisition of a suite of apartments in the capital of Angola, Luanda. This was announced on 15 June, and was completed during the third quarter. 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 our investment capital following the sale of C-View building during 2019. Since the COVID-19 pandemic situation started, new business efforts in additional geographic locations have become more difficult to pursue of course.

ASSET DEVELOPMENT AND MANAGEMENT

Although 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. This is due to Crown Energy finding solutions to maintain full service to its tenants while complying with the Angolan health and safety rules, while protecting all of our employees' health and safety.

During the interim period, net SEK sales revenue decreased by 37 percent compared to the same period last year, SEK 24,347 (38,865). This is mainly due to the weakening of the Angolan currency during that period. However, net sales in local currency increased by 3 percent for the same period. Total costs for third quarter (property, other external and personnel) amounted to SEK -7,873(-11,487), a decrease of -31.5 percent compared with third quarter 2019.

The buyer of the C-View property, the Angolan Ministry of Finance, has continued to pay our subsidiary in Angola. The first instalment of a total of six payments was received in full earlier this year and subsequent to that additional payments have continued to be made. Up to the day of this report, a total of 30.8 percent of the agreed purchase price has been paid.

ENERGY

The sharp drop in oil prices during the first quarter of this year, has during the second and third quarter flattened out and partially increased and the Brent oil price has stabilised above 40 USD per barrel from June and up to the 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 and third quarter. Of course, we take into account all such circumstances in our management of existing assets within the Energy business area. South Africa has introduced major shutdowns in society as a result 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 second 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 review and approval. Furthermore, we have now also been notified by our partners in the Block P license in Equatorial Guinea (Vaalco Energy and Atlas Petroleum) that the Ministry of Mines and Hydrocarbons, due to the negative pressure caused by the COVID-19 pandemic, grants all oil companies operating in Equatorial Guinea, an extension of their exploration licenses by two years.

Of course, it is very difficult to predict the oil price going forward, since it has been largely affected by the ongoing COVID-19 pandemic, and no one knows how long it is likely to last, or what impact it will continue to have on the markets. Most analysts, however, believe in an oil price of around USD 50 to 60 per barrel in the slightly longer term. Oil prices at these levels can 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 is discussing this with the authorities. However, Crown Energy continues to evaluate the value of the license. Crown Energy will await further feedback from the authorities before deciding on the best way forward for the Company regarding this license.

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

Andreas Forssell
CEO, Crown Energy

This 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 20 November 2020.

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