

# Crown Energy AB: Interim Report January-June 2020

**PRESS RELEASE 21/08/2020**

## **Q2 – APRIL-JUNE 2020**

- ▶ Revenue amounted to SEK 8,247 thousand (12,492).
- ▶ Operating profit amounted to SEK 24 thousand (1,861).
- ▶ Net financial items amounted to SEK 19,676 thousand (15,427).
- ▶ Unrealised changes in property values amounted to SEK -2,529 thousand (133,974).
- ▶ Profit before tax amounted to 17,171 thousand (151,262), and profit after tax amounted to SEK 13,730 thousand (108,572), corresponding to SEK 0.03 (0.23).

## **HALF YEAR– JANUARY-JUNE 2020**

- ▶ Revenue amounted to 17,355 thousand (25,538).
- ▶ Operating profit amounted to SEK -5,826 thousand (4,863).
- ▶ Net financial items amounted to SEK 49,261 thousand (39,621).
- ▶ Unrealised changes in property values amounted SEK -8,715 thousand (103 913).
- ▶ Profit before tax amounted SEK 34,720 thousand (148,397), and profit after tax amounted to SEK 25,033 thousand (86,333), corresponding to SEK 0.05 (0.18) per share.

## **KEY EVENTS DURING REPORTING PERIOD JANUARY-JUNE 2020**

- ▶ Progress in the South African license Block 2B - Crown Energy's partner Africa Energy has signed two farm-out agreements.
- ▶ 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 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.
- ▶ 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,**

As indicated in our previous interim report, we are looking into opportunities in the Angolan market, for our Asset Development and Management business. This resulted in the signing of a promissory sale and purchase agreement for a suite of apartments in the capital of Angola, Luanda. This was announced on 15 June. For now, we will continue to concentrate our new business efforts to the Angolan market, as this is where the historic expertise lies and this is where we have our investment capital following the sale of C-View building during 2019. Considering the COVID-19 pandemic situation, new business efforts in new 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 the pandemic outbreak. This is due to Crown Energy finding solutions to maintain full service to its tenants while complying with the Angolan health and safety rules.

During the interim period, net sales revenue decreased by 32 percent compared to the same period last year, SEK 17,355 (25,538). This is mainly due to the weakening of the Angolan currency during the period. However, net sales in local currency increased by 8 percent for the same period. Total costs for second quarter (property, other external and personnel) amounted to SEK -8,052 (-10,791), a decrease of -25.4 percent compared with second 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 after that additional payments have been made. Up to the day of this report, a total of 25.5 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 quarter flattened out and partly increased and the Brent oil price has stabilised above 40 USD per barrel from June and up to the release of this report. It is believed to be a result of balance between demand and supply, where the shale oil production suffers from poor profitability at lower oil prices, and therefore output from shale oil production has decreased. Demand is still in general lower because of the COVID-19 pandemic, but supply has met the demand better during the second 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 first quarter 2021, and the processing of the deployment where two new partners enter the license is now 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 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 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 information is information that Crown Energy AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation 596/2014. The information was submitted for publication through the agency of the contact person below on 21 August 2020 at the time stated by Crown Energy's news distributor Cision at the of publication of this press release.*

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