

Crown Energy AB: Interim report, January- September 2018

PRESS RELEASE 09/11/2018

Q3 – JULY-SEPTEMBER 2018

- ▶ Revenue amounted to SEK 18,126 thousand (27,466).
- ▶ Operating profit amounted to SEK 5,468 thousand (12,689).
- ▶ Unrealised changes in property values amounted to SEK -1,048 thousand (58,402).
- ▶ Profit before tax was SEK 25,967 thousand (73,681), and profit after tax was SEK -1,850 thousand (53,781), corresponding to SEK -0.004 per share (0.12).

NINE MONTH PERIOD– JANUARY-SEPTEMBER 2018

- ▶ Revenue amounted to SEK 57,962 thousand (86,535).
- ▶ Operating profit amounted to SEK 17,827 thousand (48,123).
- ▶ Unrealised changes in Property values amounted to SEK -39,475 thousand (48,134).
- ▶ Profit before tax was SEK 258,026 thousand (-75,686) and profit after tax was SEK 179,781 thousand (-71,170), corresponding to SEK 0.38 per share (-0.18).

KEY EVENTS DURING JANUARY-SEPTEMBER

- ▶ Angolan Central bank stopped in January 2018 pegging the Angolan currency Kwanza to the USD, which lead to major currency exchange rate effects over the whole reporting period
- ▶ In February 2018 the South African authorities granted the right to move forward to phase two of the exploration in Block 2B in South Africa. Thus, the new phase lasts until February 2020 and contains drilling of an appraisal well.
- ▶ In March 2018 Crown Energy communicated that the Company entered into a strategic co-operation with the Italian Engineering firm Proger S.p.A. By this co-operation Crown Energy continues to strengthen its Asset Development and Management business. Crown Energy and Proger have agreed to work together to seek and identify commercial projects where each company's competencies complement the other and to represent each other in each company's network.
- ▶ On 12 June 2018 Crown announced that the Company entered into an agreement with ABG Sundal Collier ASA ("ABG") in which ABG will act as market maker for the Crown Energy share starting from 18 September 2018. The purpose is to increase the liquidity and turnover and facilitate the trading in the share.

CEO STATEMENT

DEAR SHAREHOLDERS AND INVESTORS,

We also invest much efforts into new potential business. There has been encouraging work results on our underlying Asset Development segment as well as in our Energy assets which we continue to hope to capitalise on in the near future. The oil and gas industry and the energy sector in general are continuing to improve and we maintain a very positive view on new client acquisition and a substantial growth over time.

Revenues, in local currency, have increased during the third quarter this year, while the revenues in SEK have decreased in the same period. Hence, the Group's results in SEK have continued to be influenced as well by the 2018 devaluation and release of and the Kwanza as by the high inflation in Angola. In the underlying local business, we have been able to reverse some of the effects from the devaluation during this year. This is due to the fact that almost half of our existing client contracts are denominated in dollars. The invoices are issued in local currency, but adjusted towards the underlying dollar rate.

Crown Energy reports for the period revenues of SEK 58.0 million (86.5). The rental incomes amount to SEK 40.2 million (52.3), and our service incomes are SEK 17.7 million

(33.4). Due to positive currency effects in the financial net we are reporting a profit before tax significantly higher than in previous periods. The profit before tax (EBT) amounts to SEK 258 million (last year SEK 98.9 million adjusted for the effect of reverse acquisition) and is as mentioned, affected by the substantial fluctuations in currencies during the period. In addition to the currency effects, our comparison figures must be seen in light of the ESI Group reverse acquisition of last year. Due to the reverse acquisition the old Crown Energy group costs were not reported during the first six months 2017.

Our oil and gas projects have in general continued to develop well until today. The oil price has held steadily around 80 USD/bbl during the third quarter and until today. Such price levels can continue to stimulate the appetite in the industry for the type of projects that Crown Energy offers. Investments into the energy industry are assumed to speed up going forward. Oil companies will need to invest in order to replace depleting oil fields that naturally decrease in production. Exploration for potential new oil fields will likely be included in such investment activities. Exactly when such investment needs will be met is hard to say, but we can conclude the fact that there have been a number of announcements from industry players for bringing new oil- and gas fields on stream and in general investing in energy infrastructure.

BUSINESS DECISIONS THAT AFFECTED THE COMPANY'S PERFORMANCE

After the acquisition of ESI Group in 2017 much work has been invested to implement acquired business into the Crown Energy systems. And more importantly a massive amount of effort has been invested in order to establish our asset development concept in new markets, mainly through new customer acquisition and sales. With the release of increased guidance data to the market we are now supporting transparency in order to facilitate easier evaluation of the Company's business.

OUTLOOK

The Company now continues its progress towards a larger and even more stable foundation to rely on. We will make use of prominent contacts in the oil industry, and future cash flows should guarantee faster development of the Company's existing business. Our capital and organisation will continue to be adapted to accommodate an exciting continuation of Crown Energy's development.

We look forward to continuing our efforts to capitalise on our assets, thus creating values for you, our shareholders.

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. The information was submitted for publication, through the agency of the contact person set out below, at 8.30 AM CET on 9 November 2018.

MORE INFORMATION

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

ABOUT CROWN ENERGY

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