

# YEAR-END REPORT 2019



## FOURTH QUARTER – OCTOBER-DECEMBER 2019

- ▶ Revenue amounted to SEK 9,923 thousand (18,713).
- ▶ Operating loss amounted to SEK -8,388 thousand (4,248).
- ▶ Net financial items amounted to SEK 45,999 thousand (44,894).
- ▶ Unrealised changes in property values amounted to SEK -10,511 thousand (-33,283).
- ▶ Profit before tax amounted to SEK 27,100 thousand (15,859), and profit after tax amounted to SEK 18,696 thousand (16,981), corresponding to SEK 0.04 (0.04) per share.

## FULL YEAR – JANUARY-DECEMBER 2019

- ▶ Revenue amounted to SEK 48,788 thousand (76,633).
- ▶ Operating loss amounted to SEK -996 thousand (22,075).
- ▶ Net financial items amounted to SEK 112,981 thousand (324,569).
- ▶ Unrealised changes in property values amounted to SEK 94,198 thousand (-82,612), of which SEK 141,877 thousand (0) relates to unrealised changes in value of property assets held for sale.
- ▶ Profit before tax amounted to SEK 206,183 thousand (264,032), and profit after tax amounted SEK 133,599 thousand (186,909), corresponding to SEK 0.28 (0.39) per share.

## KEY EVENTS DURING REPORTING PERIOD JANUARY-DECEMBER 2019

- ▶ On 30 April 2019 Crown Energy concluded an agreement for the sale of the C-View property in Angola. Buyer is the Angolan State via the Ministry of Finance. The property is to be paid over three years in a total of six equal instalments.

The property is accounted for as an asset held for sale up until the ownership is transferred to the buyer. As per 31 December 2019, the asset is valued at fair value, which equals to the agreed purchase price, discounted over the payment period of three years. The fair value, at the end of the reporting period, amounts to corresponding SEK 383,586 thousand.

- ▶ During the fourth quarter 2019, the Angolan currency kwanza depreciated, following a relatively stable first nine months 2019. The devaluation had impact on the 2019 Group earnings and financial position. For example, the value in SEK of the C-View property decreased from SEK 514,922 thousand in Q3 to SEK 383,586 thousand in Q4, a decrease isolated to the FX rate effects of 26 per cent. Comparing the Q4 revenues towards the Q3 revenues, they are more or less unchanged in kwanza, but also decreased in SEK by 26 per cent.

As the currency situation has been volatile in Angola the past three years, Crown Energy has taken preventive measures in order to reduce the currency risks. For example, cash in local currency is deposited in USD indexed governmental bonds and in accordance with the sale contract for C-View the transaction has an inflation adjustment. Additionally, some rental contracts are indexed towards the USD.

## EVENTS AFTER THE END OF THE REPORTING PERIOD

- ▶ No significant events have occurred after the end of the reporting period.

## CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Group All amounts in SEK thousands	OCT-DEC 2019	OCT-DEC 2018	FULL YEAR 2019	FULL YEAR 2018
Operating income	11,182	18,885	51,516	76,847
Operating expenses	-19,570	-14,637	-52,512	-54,772
Operating profit/loss	-8,388	4,248	-996	22,075
Net financial items	45,999	44,894	112,981	324,569
Net profit/loss for the period. after tax	18,696	16,981	133,599	186,909
Earnings per share	0.04	0.04	0.28	0.39
Equity per share	1.47	1.70	1.47	1.70
Change in cash and cash equivalents	4,748	-13,533	-15,083	-44,524

# CEO statement

## DEAR SHAREHOLDERS AND INVESTORS,

2019 was an interesting year with some significant positive events for the Company and otherwise continued work on creating new business and revenue, primarily within the Asset Development and Management business area, but also within Energy. We made a large transaction by selling one of the real estate properties in the portfolio in Luanda, Angola. On April 30, we announced that the Angolan state will acquire the C-View property worth 19,541 million kwanza, at the time corresponding to approximately SEK 575 million before tax and agreed inflation compensation. This was a premium over the acquisition price of 55 percent, or about SEK 200 million. This is a very good deal for Crown Energy which is debt free and therefore can see the payments from the sale of the property significantly strengthen the cash balance during the coming three-year period. This transaction also justifies the acquisition of the Asset Development business that we completed in 2017. The transaction will contribute capital for future investments, and is in line with our business model. During the fourth quarter, we received an initial payment from the buyer. Within the Energy business area, we also work intensively to capitalize on existing assets. We are awaiting news from our partner and also the operator - Africa Energy - for our South Africa project Block 2B on the application to enter the next exploration phase which will include the drilling commitment, and for which they are also currently seeking partners to implement. It will be very exciting to follow that story in 2020. The cost of Crown Energy's 10 percent interest in a future drilling is financed in accordance with previous farmout agreements with Africa Energy.

It was very important to receive initial payment from the buyer (Angolan state through the Ministry of Finance) for the C-View property, albeit with some delay. Some bureaucracy and registrations of the sales agreement with the relevant authorities have been cleared and we expect the buyer to continue to pay according to the agreement, i.e. a total of six payments over three years. The devaluation of the Angolan currency has of course temporarily eroded some of the value of this payment in our Swedish accounting currency.

It is important to mention measures and existing contractual conditions that counteract the effects of the kwanza devaluation. On the one hand, we are actively working to invest cash in local currency in Angola in interest-bearing, and indexed, government securities, which actively balance any negative effects. The second measure concerns our contract for the sale of the property C-View, with the clause for compensation for inflation over the payment period, which means that when final invoicing is made we adjust for registered inflation over the entire payment period of three years, which should provide good protection against negative development of the local currency.

Crown Energy continues to operate with two business areas, Energy and Asset Development. So far, we can see progress in attracting partners and customers to our offerings, even though this process is taking longer than we hoped. The arguments we had prior to the acquisition of the Asset Development business are still valid. Synergies between the business areas, as well as the much larger size of Crown Energy as a whole and the capital we have access to today, create the conditions for new business for the Company.

Property operations continued during the quarter with relatively unchanged scope and earnings compared with the previous quarter. However, during the reporting period, the Angolan currency kwanza has fallen in value against the Swedish krona, which has had negative effects in the financial reporting during the current reporting period. For the full year 2019 this will of course have the same consequences. This, together with the loss in the occupancy rate for one of the properties in the portfolio, which we reported in the first quarter report of 2019, and that during the year we gradually phased out tenants we have had in the C-View property in anticipation of the transfer of the property to the buyer, revenue has fallen 36 percent to SEK 48.8 million (76.6). In local currency, revenues fell 18 percent for the full year 2019. During the year, property-related costs decreased by 28 percent to SEK 17.1 million (23.9), and we are working to further streamline property management to reduce these costs. Other external costs have continued to be relatively high for the Company. The Board of Directors has chosen to invest for new business and at the same time adapt the legal structure to handle future new business. In practice, this means that we had higher costs during 2018 and 2019, which we can capitalize on in the future, and which in the long term can therefore be assumed to decrease while we work to expand the revenue base. In addition, it should be mentioned that we had non-recurring costs attributable to the sale of the C-View property in 2019. About SEK 4 million was paid to an Angolan authority to have the sales contract for C-View formally stamped and approved and which is reported as an expense under the other external costs 2019. As a result of the transaction with the property C-View in 2019, the change in value is reported as an unrealized result of SEK 142 million.

We continue to work with our oil and gas projects to develop these to generate economic growth for the Company and we are working on specific processes that we hope we can communicate to the market. But we are not in a position to give a time perspective on this. The price of crude oil has fluctuated between USD 60 to USD 65 per barrel during the fourth quarter of 2019 and at one point the oil price went up significantly as a result of political tensions around the Persian Gulf. The market estimates that the oil price will continue just under USD 60 per barrel during the first six months of the year to have a slightly longer-term view of an oil price of USD 65 per barrel. Oil prices at such levels can continue to stimulate the market to invest in projects such as Crown Energy. At present, the Company holds four exploration licenses, located in Iraq, South Africa, Equatorial Guinea and Madagascar. For South Africa, we are very much looking forward to what our partner and also the operator of the license, Africa Energy, will be able to communicate regarding their farmout that they are seeking to their interest in the licence. A farmout, together with an approved renewal of the license into a new exploration rights period to include drilling commitments, gives us a concrete schedule for further activities on the license. As for Madagascar, the current licensing period expired in November 2019. Crown has applied for an extension and is discussing this with the authorities. However, Crown Energy continues to evaluate the value of the license. Crown will await feedback from the authorities before deciding on the best way forward for the Company regarding this license. If the authorities do not approve the extension application, this means that the license can be withdrawn by the authority and then the need for impairment would be 100% of the value. The value of the license at December 31 was SEK 96 million.

New business remains the Company's most important focus. However, it has taken longer than we hoped. There are a number of factors that this is due to, but it is possible to summarize the situation such that if a first transaction can be completed, then we have several additional transactions that are likely to be realized thereafter. We see it as a chain of events that can be triggered if we get a positive outcome in any of the ongoing sales processes in which we are involved. We work to see progress for that part.

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

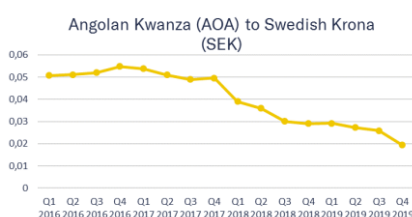
Andreas Forssell  
CEO, Crown Energy

# Asset Development and Management business area

15

Properties

19,623

Leasable area, sqm  
(excl. C-View)

## THE PROPERTY MARKET AND CURRENCY IN ANGOLA

At the beginning of 2018 a new exchange rate regime was implemented in Angola, which meant that the indexation of the Angolan currency ("kwanza", "AOA") towards the US Dollar was put to an end. However, the exchange rate was still allowed to fluctuate within certain limits according to the supply and demand of the currency in the auctions carried out daily by the National Bank of Angola ("BNA"). (Source: Zreport – Angola Property market-Overview/Outlook 2019/2020). The exchange rate between AOA and USD was during 2019's first nine months, relatively stable, compared to the same period 2018. Later, in October 2019, BNA let and the kwanza exchange rate float free, which led to immediate devaluation of the local currency. Between 30 September and 31 December 2019, the kwanza depreciated in total by approx. 34 per cent against the Swedish krona. The depreciation during the full year 2019 amounted to approx. 50 per cent. The depreciation had a significant impact on the Group's earnings and financial position in the last quarter of 2019. For example, the value in SEK of the C-View property decreased from SEK 514,922 thousand as per 30 September to SEK 383,586 thousand as per year-end, a decrease of 26 per cent, solely attributable to the FX rate effects. Comparing the Q4 revenues towards the Q3 revenues, they are more or less unchanged in kwanza, but also decreased in SEK by 26 per cent.

2018 Angola was classified as a hyper-inflationary economy. IMF data from October 2019, now shows that the three-year cumulative inflation rate is below 100% in 2019. Local inflation data is consistent with the IMF projections for 2019. The qualitative indicators are mixed, but suggest that Angola is no longer hyper-inflationary. Due to the above mentioned depreciation of the Angolan currency in the fourth quarter of 2019, the inflation might however be affected going forward. Next IMF update will be made in April 2020. Crown Energy will, due to the remaining uncertainties closely follow the inflation development during 2020.

Angola's annual inflation rate picked up in the last quarter 2019 and amounted to approx. 16.9 per cent (Source: Banco Nacional de Angola). This is the highest inflation rate since August 2019, following both the continued devaluation of the kwanza (see above) and the recent VAT introduction.

The effects of the oil sector decline, have the effect that the tenants within the office segment look for office size optimisation and cost reductions, which in turn has led to renegotiations and relocations to smaller spaces. The recent development is that companies avoid long-term commitments. This means that the landlord must offer flexible contracts; shorter duration or adjustable for immediate needs. Alternative concepts to traditional leasing system, such as business centers, are emerging in the market. A need for residential spaces for the office activity, in which Crown Energy has its residential segment, can still be seen and follows the same development as the office segment in general. (Source: Zreport – Angola Property market-Overview/Outlook 2019/2020.) How the currency development during the fourth quarter of 2019 effects the property market over time, remains to be seen.

## SUMMARY OF PROPERTY-RELATED KEY RATIOS

For definitions of key ratios please see pages 26-27.

ALL AMOUNTS IN SEK THOUSANDS	2019-12-31	2019-09-30
Revenue backlog, SEK thousand	31,145	37,829
Rent backlog, SEK thousand	25,519	31,460
Contracted annual rental and service revenues, SEK thousand	34,503	45,327
Contracted annual rental revenues, SEK thousand	25,302	33,711
Area occupancy rate (excl. C-View) %	73%	74%
Economic occupancy rate (excl. C-View), %	60%	68%
WAULT rent and service, months	12.1	11.2
Market value of portfolio (excl. C-View), SEK thousand	149,860	157,673
Market value C-View, SEK thousand	383,586	514,922

**SEK 31 M**

Revenue backlog

**12 months**

WAULT

**73%**

Area occupancy rate

**COMMENTS ON PROPERTY-RELATED KEY RATIOS****Changes in the fourth quarter of 2019**

The company strives to maintain the existing customer base, while at the same time increasing the flexibility of the tenant and service agreements. Historically many agreements were signed for longer periods, but due to the current market situation in Angola, many are now instead renewed for shorter periods. These increases flexibility, but affects the company's revenue backlog negatively.

Below is a list of changes in revenue and rent backlog for the fourth quarter of 2019.

ALL AMOUNTS IN SEK THOUSANDS	REVENUE BACKLOG	RENT BACKLOG
<b>Backlog at 30 September 2019</b>	<b>37,829</b>	<b>31,460</b>
Changes in the fourth quarter 2019:		
Contracted revenue	-8,048	-6,020
New/extended contracts	7,664	5,128
Contracts terminated early	-56	-46
Exchange rate effects	-6,243	-5,003
<b>Backlog at 31 December 2019</b>	<b>31,145</b>	<b>25,519</b>

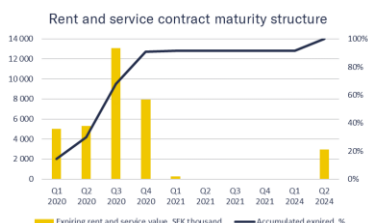
During the fourth quarter of 2019, four new contracts were signed. Additionally, 17 leases were extended and four expired. Contracted rental value and service value of extended and new contracts amount to SEK 5,128 thousand and SEK 2,535 thousand, totalling SEK 7,664 thousand. One contract was terminated prematurely, which means that the revenue backlog decreased by a total of SEK 56 thousand. In total 76 lease agreements remain. Due to the devaluation of local currency against both SEK and USD, the Group's revenue backlog and rent backlog have decreased with SEK 6,243 thousand and SEK 5,003 thousand respectively.

The distribution between USD and AOA contracts amounts to 38 and 62 per cent, respectively.

As a result of the changes in the rental contracts, the Company's WAULT has increased since the third quarter 2019 from 11.2 to 12.1 months. The area occupancy rate has been stable during the fourth quarter and amounted to 73 per cent, excluding C-View where the current tenant contracts were terminated early. The average economic occupancy rate, excluding C-View has however decreased from the third quarter from 68 per cent to 60 per cent, mainly due to currency effects.

The chart on the left illustrates the value of the expiring contracts over time and the accumulated expiring in per cent, as it appears on December 31, 2019. The value of the expiration in each period represents the respective expiring contract's annual rental and service revenue.

Crown Energy's view is that there is still low demand in the Luanda property market and that it is currently "the tenant's market". Although a couple of larger contracts expired without renewal during the first quarter, Crown Energy has continued to extend and renew contracts in recent quarters, which has resulted in that the occupancy rate has started to increase again. How recent exchange rate developments will affect rental levels and demand remains to be seen.



**60-70**  
**USD/bbl**  
Oil price in Q4 2019

**4**  
Exploration licences

## Energy business area

### MARKET

The fourth quarter of 2019 remained favourable for the oil price, and the oil price stayed in the USD 60's per barrel price range. At one point due to political tensions in the Persian Gulf, the oil price spiked considerably.

However, in the end of January 2020, the oil prices started to fall and this appears to be a result of the recent events in China, the world's biggest crude importer. Firstly, governmental data showed that China's growth for 2019 was the slowest in 29 years. These reports had an immediate negative impact on the oil price. Secondly, the outbreak of the corona-virus in China has impacted the country's general demand for crude and fuel. In addition to this, concerns that Chinese companies could back out of contracts because of the impact of the coronavirus outbreak have slowed oil and gas sales into China. (Source: SPTEC Advisory – Energy Research Note, January-February 2020)

Despite the recent surge in the oil price, oil prices around 60-65 USD/bbl, are continued to be supported in the long-term, by the combination of solid demand for crude across the world plus OPEC as well as non-OPEC producing countries maintaining the production at lower levels and by the efficient running of the industry as a whole. This is supported the Energy Outlook by the U.S. Energy Information Administration, who expect that worldwide crude oil prices will average around 65 USD /bbl during 2020 and 68 USD/bbl in 2021. (Source: U.S. Energy Information Administration. "Forecast Highlights", Accessed Jan. 15, 2020)

As a result of fairly steady oil prices over the past year, investments in the oil and gas industry has started to rise. Recent drilling successes in Africa can be seen, such as with ENI making discoveries in offshore Angola, and also with Total and Africa Energy (who is also our partner in our South African Block 2B) making a discovery in offshore South Africa. The latter, resulting in new seismic work programmes and the drilling of additional wells.

### EXPLORATION PROJECTS

At present, the Company is involved with four exploration licenses, located in Iraq, South Africa, Equatorial Guinea and Madagascar. On Madagascar the current licence period came to an end in November 2019. Crown Energy has applied to the authorities for a further extension and is in discussion with the authorities in this respect. However, Crown Energy, continues to assess the value of the license. Crown will await feedback from the authorities before deciding on the best way forward for the Company, in relation to the continuation of this licence. In the event the authorities do not approve the application of extension, the licence might be reclaimed by the authorities and this would mean that there is an impairment need of 100 per cent of the value of the asset. The value of the licence amounted, as per 31 December 2019, to SEK 96,215 thousand.

No other significant changes have occurred in Crown Energy's exploration projects during the reporting period. For a detailed description of the assets, see the 2018 Annual Report and the Company's website.

# Consolidated statements of comprehensive income

## INCOME STATEMENT

ALL AMOUNTS IN SEK THOUSANDS	NOTE	OCT-DEC 2019	OCT-DEC 2018	FULL YEAR 2019	FULL YEAR 2018
Revenue, of which		9,923	18,713	48,788	76,633
<i>Rental revenues</i>	<b>2</b>	7,295	13,128	34,155	53,349
<i>Service revenues</i>	<b>2</b>	2,628	5,585	14,633	23,284
Other operating income	<b>2</b>	1,260	172	2,728	214
Property-related expenses		-3,906	-7,920	-17,121	-23,883
Other external costs		-12,648	-4,290	-24,054	-21,919
Employee benefit expenses		-2,814	-2,491	-10,502	-8,620
Depreciation		-202	-1	-835	-273
Other operating expenses		-	65	-	-77
<b>Operating profit/loss</b>		<b>-8,388</b>	<b>4,248</b>	<b>-996</b>	<b>22,075</b>
Financial income		59,492	45,869	130,198	425,060
Financial expenses		-13,493	-975	-17,217	-100,491
<b>Net financial items</b>		<b>45,999</b>	<b>44,894</b>	<b>112,981</b>	<b>324,569</b>
<b>Profit/loss before tax and changes in value</b>		<b>37,611</b>	<b>49,142</b>	<b>111,985</b>	<b>346,644</b>
Changes in value, of which		-10,511	-33,283	94,198	-82,612
<i>Property, unrealised</i>	<b>3</b>	-10,511	-33,283	-47,679	-82,612
<i>Assets held for sale, unrealised</i>	<b>7</b>	-	-	141,877	-
<b>Earnings before tax</b>		<b>27,100</b>	<b>15,859</b>	<b>206,183</b>	<b>264,032</b>
Income tax		49	224	3,162	-4,874
Deferred tax		-8,453	898	-75,746	-72,249
<b>Net profit/loss for the period</b>		<b>18,696</b>	<b>16,981</b>	<b>133,599</b>	<b>186,909</b>
<b>Earnings per share and share related data</b>					
Average number of basic and diluted shares, thousands		477,315	477,315	477,315	477,315
Basic and diluted earnings per share, SEK		0.04	0.04	0.28	0.39

**COMPREHENSIVE INCOME**

ALL AMOUNTS IN SEK THOUSANDS	NOTE	OCT-DEC 2019	OCT-DEC 2018	FULL YEAR 2019	FULL YEAR 2018
Net profit/loss for the period		18,696	16,981	133,599	186,909
Other comprehensive income:					
Inflation adjustments, IAS 29		-6,251	12,616	-9,545	-6,857
Translation differences		-205,240	-44,376	-234,866	-242,523
<b>Total items that can be reclassified to profit or loss</b>		<b>-211,491</b>	<b>-31,760</b>	<b>-244,411</b>	<b>-249,380</b>
Other comprehensive income, net of tax		-211,491	-31,760	-244,411	-249,380
<b>Total comprehensive income for the year</b>		<b>-192,794</b>	<b>-14,779</b>	<b>-110,812</b>	<b>-62,471</b>
<b>Comprehensive income for the period attributable to Parent Company shareholders</b>		<b>-192,794</b>	<b>-14,779</b>	<b>-110,812</b>	<b>-62,471</b>

**COMMENTS ON FINANCIAL PERFORMANCE****Operating profit/loss**

During the financial year 2019 ("the reporting period"), net sales amounted to SEK 48,788 thousand, compared to SEK 76,633 thousand for the same period last year, which is a decrease of 36 per cent. The decrease is partly due to the depreciation of the Angolan currency during the fourth quarter – in local currency the decrease only amounts to 18 per cent. This decrease of 18 per cent is mainly attributable to events that occurred during the first quarter 2019 (described in detail in the Q1 interim report). In this period (Q1), a lease contract expired and was renewed, but for less than half of the area. Furthermore, another lease contract expired and was not renewed and this contract also came with a service agreement, which is why service revenues also decreased.

Property costs for the reporting period amounted to SEK -17,121 thousand (-23,883). The decrease compared to last year amounts to 28 per cent.

Other external costs totalled SEK -24,054 thousand (-21,919), which is an increase of 10 per cent compared to same period previous year. Up until Q3 2019 the other external costs decreased, which was a result of the use personnel interim solutions during 2018. However, in Q4 2019 the costs significantly increased. This is partly due to a mandatory fee amounting to SEK 3,964 thousand, to Angola's Audit Court (*Portuguese: Tribunal de Contas*), in order for the sales contract for C-View to be formally stamped and approved. In addition to this, there were also one-off costs amounting to SEK 4,325 thousand connected to different types of legal services related to the exploration licenses, business development and general structuring of the Group.

Employee benefit expenses for the full year 2019 increased by 22 per cent compared to 2018, which is due to personnel changes and parental leave during 2018 in the Parent company.

**Net financial items**

Net financial items during the reporting period amounted to SEK 112,981 thousand (324,569). The net exchange rate effects amount to SEK 116,043 thousand (319,636). The currency effects are a result of re-valuations of both internal and external balances in foreign currency. In addition, the property valuations are made in USD and recalculated into AOA.

**Changes in value**

Changes in value during the reporting period amount to SEK 94,198 thousand (-82,612) and include unrealised changes in investment property and property assets held for sale.

The changes in investment property are attributable to updates of the property valuations as at 31 December 2019. The effect from property assets held for sale derive from the fact that an agreement of a sale of the C-View property was signed during the second quarter and in connection with this the valuation was updated in accordance with the signed sales agreement. See comments on financial position for more information.

**Tax**

The deferred tax expense is mainly attributable to temporary differences between the fair value of the properties and the local taxable residual value. See comments on financial position for more information.



The positive income tax refers to an adjustment of previous year's income tax in Angola.

**Inflation adjustment in income statement**

2018 Angola was classified as a hyper-inflationary economy. IMF data from October 2019, now shows that the three-year cumulative inflation rate is below 100 per cent in 2019. Local inflation data is consistent with the IMF projections for 2019. The qualitative indicators are mixed, but suggest that Angola is no longer hyper-inflationary. Crown Energy will, due to the remaining uncertainties continue to apply inflation adjustments in accordance with IAS 29, and will continue to monitor the inflation development during 2020.

As a result of the use of IAS 29, all items in local currency in the income statement, apart from unrealised changes in property value, were calculated with an index of 1.091 in the income statement, based on the consumer price index in Angola. The total net effect on the consolidated income statement of these adjustments amounts to SEK 9,961 thousand (23,302).

**Other comprehensive income**

Other comprehensive income includes translation differences of SEK -234,866 thousand (-242,523), which arose as a result of revaluation of the subsidiaries' assets and liabilities from local currencies to SEK. Inflation adjustments in accordance with IAS 29 amount to SEK -9,544 thousand (-6,857).

# Condensed consolidated statements of financial position

ALL AMOUNTS IN SEK THOUSANDS	NOTE	2019-12-31	2018-12-31
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment property	3	154,395	653,073
Property assets held for sale	7	383,586	-
Equipment, tools, fixtures and fittings		456	768
Intangible assets	1	484	54
Exploration and evaluation assets	4	215,741	204,151
Financial assets valued at amortised cost		43,208	7,672
Deferred tax asset	1	3	-
<b>Total non-current assets</b>		<b>797,872</b>	<b>865,718</b>
<b>Current assets</b>			
Trade receivables		16,216	23,655
Other receivables	5	30,655	29,341
Prepaid expenses and accrued income		27,022	4,066
Cash and cash equivalents		42,576	57,659
<b>Total current assets</b>		<b>116,469</b>	<b>114,727</b>
<b>TOTAL ASSETS</b>		<b>914,342</b>	<b>980,446</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Total equity attributable to Parent Company shareholders</b>	1	<b>701,051</b>	<b>811,899</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Non-current lease liability		-	176
Deferred tax liabilities		115,743	85,407
Other provisions		3,602	3,272
<b>Total non-current liabilities</b>		<b>119,345</b>	<b>88,855</b>
<b>Current liabilities</b>			
Non-current lease liability		4,535	49,194
Accounts payable		9,899	6,131
Tax liabilities		-	3,905
Other current liabilities		6,770	4,555
Accrued expenses and deferred income		3,880	15,907
Contract liabilities		68,862	-
<b>Total current liabilities</b>		<b>93,945</b>	<b>79,692</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>914,342</b>	<b>980,446</b>

## COMMENTS ON CONSOLIDATED FINANCIAL POSITION

### Assets

The carrying amount of investment properties totalled SEK 154,395 thousand. Net change since year-end 2018 totalled SEK -498,678 thousand, of which SEK -435,767 thousand refers to a re-classification of C-View. (During the second quarter, the C-View property was re-classified from investment property to property assets held for sale, as a result of the sales agreement being signed during the period.) Unrealised changes in value in investment property amount to SEK -47,679 thousand during 2019. At year-end 2019, the valuation of properties was performed externally. See note 3 for a summary of the period's changes.

As mentioned above, the C-View property is classified (and separately reported) as a property asset held for sale. C-View is still reported at fair value, which corresponds to the agreed purchase price, discounted over the payment period of three years. Based on a discount rate of 7.75 per cent, the fair value amounts to AOA 19,853 million, which as per 31 December 2019 corresponds to a value of SEK 383,586 thousand. The fair value does not include the fact that the payments from the buyer will be adjusted with a price indexation based on official inflation, determined before the last payment. Due to the depreciation of the Angolan currency during the fourth quarter of 2019, the balance decreased between 30 September and 31 December by 26 per cent, solely attributable to the FX rate effects. If this devaluation also effects the inflation in the longer run, the Group will receive compensation for this with regards to above mentioned inflation adjustment. For more information about the C-View sale and the accounting of the transaction, see note 7.

Intangible assets now include use of right for the head office premises. See Note 1 for a description of the transition to IFRS 16 Leasing.

Exploration and evaluation assets totalled SEK 215,741 thousand. The change compared to the annual accounts for 2018 consists of investments of SEK 7,200 thousand and translation and revaluation effects of SEK 4,390 thousand. See Note 4 for a summary of the changes.

Due to the uncertainty of the Angolan currency, the Angolan subsidiary invests cash in Angolan government bonds indexed against the USD, which reduces the Group's currency risk somewhat. The bonds carry an interest rate of 7-7.75 per cent. Bonds with a maturity of more than one year were recognised as financial assets.

Prepaid costs and deferred income amount to SEK 27,022 thousand and has increased by SEK 22,956 thousand since year-end 2018. The reason are the increased prepaid costs which relates to ongoing business development projects and prepaid transaction costs relating to the C-View transaction.

### Liabilities

Deferred tax liabilities amounted to SEK 115,743 thousand and are attributable to surplus values in properties as well as to surplus values in exploration and evaluation assets. The deferred tax has increased by SEK 30,336 thousand compared to the year-end 2018 and the increase relates mainly to the fact that the C-View property was revalued during the second quarter of 2019. In addition to this, one of the properties (Maria) went in February 2019 from being leased to partly owned, which means that this property now is included in the calculation of the deferred tax.

The Group's leasing liability amounts to SEK 4,535 thousand, of which all in year-end 2019 refers to leased investment property, as the lease contract for the head office premises expires in March 2020 and that all rent is paid in advance. The leasing liability has decreased with SEK 44,835 thousand since the year-end 2018. The reason for the significant decrease is changes in leasing contracts in the beginning of 2019.

Contract liabilities relate normally only to revenues, invoiced in advance. In December 2019, the Group received a payment from the Angolan finance ministry (MINFIN), for the C-View sale, which also is included in the contract liabilities. This payment is accounted for as a prepaid revenue, until the economic control is transferred to MINFIN, which occurs when the second instalment (of six) is fully paid. The contract liability related to the C-View sale amounts as per 31 December 2019 to SEK 63,925 thousand. For more information about the C-View sale and the accounting of this, see note 7.

# Condensed consolidated statement of changes in equity

ALL AMOUNTS IN SEK THOUSANDS	NOTE	2019-12-31	2018-12-31
<b>Reported opening balance</b>		<b>811,900</b>	<b>874,364</b>
Change in accounting policies, IFRS 16 Leases	1	-37	-
<b>Adjusted opening balance</b>		<b>811,863</b>	<b>874,364</b>
Net profit/loss for the period		133,599	186,909
Other comprehensive income, net of tax	-	244,411	-249,380
<b>Comprehensive income for the period</b>		<b>- 110,812</b>	<b>-62,471</b>
Issue expenses		-	7
<b>Closing balance attributable to parent company shareholders</b>		<b>701,051</b>	<b>811,900</b>

## COMMENTS ON CHANGES IN EQUITY

During 2019, an adjustment of SEK -37 thousand has been made attributable to the fact that the head office's premises in Stockholm, since January 1st 2019, are reported in accordance with IFRS 16 Leases. See more information on new accounting principles in Note 1.

# Condensed consolidated statements of cash flows

ALL AMOUNTS IN SEK THOUSANDS	OCT-DEC 2019	OCT-DEC 2018	FULL YEAR 2019	FULL YEAR 2018
Operating profit/loss before financial items	-8,388	4,084	-996	22,075
Adjustments for items not included in cash flow	-4,883	66	-1,619	-2,921
Interest received	-	-	1,702	1,936
Interest paid	-324	-54	-57	-212
Realised exchange rate effects	-2,991	-	-2,991	-
<b>Cash flow from operating activities before change in working capital</b>	<b>-16,586</b>	<b>4,097</b>	<b>-3,961</b>	<b>20,878</b>
Changes in working capital	66,907	-3,668	58,891	-14,454
<b>Cash flow from operating activities</b>	<b>50,321</b>	<b>429</b>	<b>54,930</b>	<b>6,423</b>
Capital expenditures on investment properties	-777	-740	-2,995	-4,404
Capital expenditures on exploration and evaluation assets	-511	-1,490	-7,200	-5,975
Capital expenditures on other fixed assets	-1	-	-11	-848
Investments in financial assets (government bonds)	-28,637	-7,783	-36,753	-7,783
Paid tax on dividends	-5,761	-	-5,761	-
<b>Cash flow from investing activities</b>	<b>-35,722</b>	<b>-10,013</b>	<b>-52,755</b>	<b>-19,011</b>
Payments for finance leases	-865	-2,752	-4,934	-13,292
<b>Cash flow from financing activities</b>	<b>-865</b>	<b>-2,752</b>	<b>-4,934</b>	<b>-13,293</b>
<b>Cash flow for the period</b>	<b>13,734</b>	<b>-12,337</b>	<b>-2,759</b>	<b>-25,881</b>
Cash and cash equivalents at start of period	37,827	71,193	57,659	102,183
Cash flow for the period	13,734	-12,337	-2,759	-25,881
Exchange losses on cash and cash equivalents	-8,985	-1,197	-12,324	-18,643
<b>Cash and cash equivalents at end of period</b>	<b>42,576</b>	<b>57,659</b>	<b>42,576</b>	<b>57,659</b>

## COMMENTS ON CASH FLOWS

Received interest during full-year 2019, amounting to SEK 1,792 thousand (1,936) refers to interest on Angolan government bonds.

Cash flow from investing activities amounted during the full year 2019 to SEK -46,958 thousand (-19,011) and is mainly attributable to the further investments in Angolan governmental bonds and exploration and evaluation assets. Investments in investment properties are still relatively low.

Paid dividends tax refers to withholding tax on dividends from Angola.

During the period, a total of SEK -4,934 thousand (-13,292) was paid in rent to landowners. The decrease refers to the fact that two properties since the beginning of 2019 are partially owned, which means that there are no lease expenses for these properties anymore.

# Consolidated key ratios

For definitions of key ratios, see pages 26-27.

## QUARTERLY SUMMARY – GROUP

ALL AMOUNTS IN SEK THOUSANDS UNLESS OTHERWISE STATED	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
<b>EARNINGS</b>									
Rental and service revenues	9,923	13,327	12,492	13,046	18,713	18,260	19,060	20,599	24,757
Other operating income	1,260	689	374	407	172	-134	146	30	2
Operating profit/loss	-8,388	2,528	1,861	3,002	4,248	5,468	5,329	7,029	21,208
Net profit/loss for the period after tax	18,696	28,569	108,572	-22,239	16,981	-3,759	164,320	9,367	8,077
<b>PROPERTY-RELATED KEY RATIOS</b>									
Rental revenues	7,295	9,407	8,496	8,956	13,128	13,050	14,163	13,007	14,845
Service revenues	2,628	3,920	3,995	4,090	5,585	5,211	4,897	7,592	9,912
Property-related expenses	-3,906	-4,924	-4,689	-3,611	-7,920	-5,082	-4,893	-5,987	6,952
Operating net	6,017	8,403	7,803	9,435	10,793	13,178	14,167	14,612	31,709
Operating surplus, property portfolio, %	61%	63%	62%	72%	58%	72%	74%	71%	128%
Revenue backlog	31,145	37,829	43,795	61,594	51,222	64,347	*	*	*
Rent backlog	25,519	31,460	34,504	43,044	32,646	44,911	*	*	*
Contracted annual rental and service revenues	34,503	45,327	46,046	45,822	78,865	78,918	*	*	*
Contracted annual rental revenues	25,302	33,711	30,782	30,040	60,374	60,368	*	*	*
<b>FINANCIAL KEY RATIOS</b>									
EBITDA	-8,186	2,742	2,075	3,208	4,249	5,583	5,442	7,074	21,242
EBITDA margin, %	neg.	20%	16%	24%	22%	31%	28%	34%	86%
<b>RATIOS PER SHARE</b>									
Basic and diluted shares outstanding, thousand	477,315	477,315	477,315	477,315	477,315	477,315	477,315	477,315	477,315
Average number of shares, thousand	477,315	477,315	477,315	477,315	477,315	477,315	477,315	477,315	450,266
Diluted earnings per share, SEK	0.04	0.06	0.23	-0.05	0.04	-0.01	0.34	0.02	0.02
<b>EMPLOYEES</b>									
Average number of employees	18.3	18.0	18.0	18.0	18.0	17.0	17.0	16.0	15.0

## FULL-YEAR SUMMARY – GROUP

ALL AMOUNTS IN SEK THOUSANDS UNLESS OTHERWISE STATED	FYLL YEAR 2019	FULL YEAR 2018	FULL YEAR 2017	FULL YEAR 2016
<b>EARNINGS</b>				
Rental and service revenues	48,788	76,633	110,483	150,161
Other operating income	2,728	214	811	-
Operating profit/loss	-996	22,075	-105,254	99,191
Operating profit/loss before items affecting comparability	-996	22,075	69,332	99,191
Net profit/loss for the period, after tax	133,599	186,909	-67,275	32,808
<b>PROPERTY-RELATED KEY RATIOS</b>				
Rental revenues	34,155	53,349	67,160	99,332
Service revenues	14,633	23,284	43,323	50,829
Property-related expenses	-17,121	-23,883	-21,089	-39,436
Operating net	31,667	52,750	89,394	110,725
Operating surplus, property portfolio, %	65%	69%	81%	74%
Revenue backlog	31,145	51,222	*	*
Rent backlog	25,519	32,646	*	*
Contracted annual rental and service revenues	34,503	78,865	*	*
Contracted annual rental revenues	25,302	60,374	*	*
Area occupancy rate, %***	73%	55%	73%	87%
Economic occupancy rate, %***	60%	44%	*	*
WAULT rent and service, months**	12.1	6.7	14.3	**
Market value of portfolio	149,860	603,703	618,344	631,108
Leasable area, thousands of square meters	19.6	31.7	40.1	30.2
Number of properties at end of period	15	16	16	19
<b>FINANCIAL KEY RATIOS</b>				
Return on equity (ROE), %	2.5%	22%	neg.	7%
Return on assets (ROA), %	2.0%	18%	neg.	5%
EBITDA	-8,186	22,349	-105,212	99,191
Adjusted EBITDA	-8,186	22,349	69,374	99,191
EBITDA margin, %	neg.	19%	neg.	66%
Adjusted EBITDA margin, %	neg.	19%	neg.	66%
Equity/assets ratio, %	77%	83%	82%	72%
<b>RATIOS PER SHARE</b>				
Basic and diluted shares outstanding, thousand	477,315	477,315	477,315	353,268
Average number of basic and diluted shares, thousands	477,315	477,315	401,297	353,268
Basic and diluted earnings per share, SEK	0.04	0.39	-0.17	0.09
Equity per share, SEK	1.47	1.70	1.83	1.64
<b>EMPLOYEES</b>				
Average number of employees	18.1	16.8	15.5	15.0

\*From the third quarter of 2018, several new key ratios were calculated and produced. The time spent and cost of producing data for periods farther 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 time spent and cost were not reasonable for calculating these key ratios.

\*\*WAULT means a weighted average unexpired lease period. For periods before Q3 2018, the average remaining contract length is not weighted. Key ratio for 2016 has not been calculated.

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

# Parent Company

The Parent Company's revenue for 2019 amounted to SEK 14,742 thousand (10,545). Revenue related to re-invoicing of costs and management fees to subsidiaries.

Other external expenses of SEK -16,926 thousand (-17,432) decreased slightly from previous year. The decrease is partly attributable to lower consulting costs. More consultants were hired last year for accounting and business development and in order to temporarily replace an employment in the Parent company during a parental leave. Comparing the fourth quarter 2019 with same period 2018, there is an increase in costs. This increase is explained by one-off items amounting to SEK 3,593 thousand, connected to different types of legal fees related to the exploration fees, business development and general structuring of the Group.

Employee benefit expenses for the full year 2019 increased by 17 per cent compared to 2018, which is due to personnel changes and a parental leave during 2018.

There were 5 persons (5) employed by the Parent Company at the end of the period.

## CONDENSED INCOME STATEMENT – PARENT COMPANY

ALL AMOUNTS IN SEK THOUSANDS	NOTE	OCT-DEC 2019	OCT-DEC 2018	FULL YEAR 2019	FULL YEAR 2018
Revenue	5	7,271	2,985	14,742	10,545
Other operating income		11	3	213	31
Other external costs		-10,168	-5,224	-16,926	-17,432
Employee benefit expenses		-1,749	-1,474	-6,821	-5,821
Depreciation/amortisation		-9	-9	-36	-36
Other operating expenses		-20	-32	-194	-149
<b>Operating profit/loss</b>		<b>-4,664</b>	<b>-3,751</b>	<b>-9,022</b>	<b>-12,862</b>
Interest income and similar items		-	674	534	1,596
Interest income, intercompany	5	1,045	934	4,059	3,274
Interest expenses and similar items		-847	-31	-28	-120
<b>Earnings before tax</b>		<b>-4,466</b>	<b>-2,174</b>	<b>-4,458</b>	<b>-8,112</b>
Tax		-	-	-	-
<b>Net profit/loss for the period</b>		<b>-4,466</b>	<b>-2,174</b>	<b>-4,458</b>	<b>-8,112</b>



**CONDENSED BALANCE SHEET – PARENT COMPANY**

ALL AMOUNTS IN SEK THOUSANDS	NOTE	2019-12-31	2018-12-31
<b>ASSETS</b>			
<b>Non-current assets</b>			
Participations in Group companies		1,387,998	1,385,798
Intangible assets		18	54
Receivables from Group companies		223,157	213,060
<b>Total non-current assets</b>		<b>1,611,173</b>	<b>1,598,912</b>
<b>Current assets</b>			
Receivables from Group companies		2,213	2,911
Current receivables		5,312	901
Cash and bank balances		4,203	22,648
<b>Total current assets</b>		<b>11,727</b>	<b>26,460</b>
<b>TOTAL ASSETS</b>		<b>1,622,900</b>	<b>1,625,372</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Total equity</b>		<b>1,613,982</b>	<b>1,618,440</b>
<b>Total current liabilities</b>		<b>8,920</b>	<b>6,932</b>
<b>Total liabilities</b>		<b>8,920</b>	<b>6,932</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,622,900</b>	<b>1,625,372</b>

**CONDENSED STATEMENT OF CHANGES IN EQUITY – PARENT COMPANY**

ALL AMOUNTS IN SEK THOUSANDS	NOTE	2019-12-31	2018-12-31
<b>Opening equity</b>		<b>1,618,440</b>	<b>1,626,545</b>
Net profit/loss for the period		-4,458	-8,112
Other comprehensive income for the period		-	-
<b>Comprehensive income for the period</b>		<b>-4,458</b>	<b>-8,112</b>
Issue expenses		-	7
<b>Total equity</b>		<b>1,613,982</b>	<b>1,618,440</b>

# Other information

## COMPANY INFORMATION

The Parent Company, Crown Energy AB (publ), with corporate ID 556804-8598, is a limited company registered in Sweden and domiciled in Stockholm. The Parent Company's ordinary shares are listed on NGM Equity. The street address of the main office is Brahegatan 30, 114 37 Stockholm.

The number of employees in the Group at the end of the reporting period is 19; 13 linked to the operations in Angola, five employed in the Parent Company in Sweden and one in the subsidiary Crown Asset Development B.V in Netherlands.

## OWNERSHIP STRUCTURE

The number of shares registered in Crown Energy AB's share register (as per Euroclear) as of publication of this report is 477,315,350 with a quotient value of SEK 0.03 per share.

The Company's ordinary shares are listed on NGM Equity and are traded under the ticker name CRWN with ISN code SE0004210854.

SHAREHOLDERS	NUMBER OF SHARES	SHARES (%)	NUMBER OF VOTES	VOTES (%)
Yoav Ben-Eli, via company 1)	343,817,971	72.0%	343,817,971	72.0%
Cement Fund SCSp	63,000,000	13.2%	63,000,000	13.2%
Andreas Forssell, privately and via companies	8,404,609	1.8%	8,404,609	1.8%
Alan Simonian, privately and via family	3,429,521	0.7%	3,429,521	0.7%
Other shareholders	58,663,249	12.3%	58,663,249	12.3%
<b>Total number of shares</b>	<b>477,315,350</b>	<b>100.0%</b>	<b>477,315,350</b>	<b>100.0%</b>

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

## SEASONAL VARIATIONS

We estimate that there are not any significant seasonal variations in any of the Group's business areas or in Crown Energy as an individual company.

## RISKS AND UNCERTAINTIES

A detailed description of the Group's and Parent Company's risks and risk management can be found in Crown Energy's 2018 Annual Report. During 2019 and until this interim report is released, no decisive changes to significant risks or uncertainties have occurred compared to that stated in the annual report.

# Notes

## 1 ACCOUNTING POLICIES

This interim report was prepared pursuant to IAS 34 Interim Financial Reporting, the Swedish Annual Accounts Act, and RFR 1 Supplementary Accounting Regulations for Groups. As with the 2018 annual accounts, the consolidated accounts were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and the Swedish Annual Accounts Act. The financial statements of the Parent Company were prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's RFR 2 Accounting for Legal Entities.

The same accounting policies were used during the period as were used for the 2018 financial year and as described in the 2018 Annual Report. New or revised standards, interpretations, or amendments adopted by the EU which influenced the Group's earnings or position, have been described below.

This interim report does not contain all the information and disclosures contained in the Annual Report, so the interim report should be read alongside the 2018 Annual Report.

### ADDITIONAL ACCOUNTING POLICIES IN 2019

#### New standards that came into force in 2019

##### IFRS 16 Leases

The new standard, which came into force 1 January 2019, means that a leaseholder's previous operating leases are recognised in the balance sheet. The Group has applied the standard from 1 January 2019 according to a simplified transition approach, which means that comparative figures are not restated and the whole effect is accounted for in equity. The adjustment of the opening balance for equity amounts to SEK -37 thousand. The new standard has also resulted in that a deferred tax receivable of SEK 7 thousand is recognised.

For a summary of the standard and transition effects, see the 2018 Annual report, note 2 Accounting policies and note 34 Effects of changed accounting policies as of 1 January 2019.

#### OTHER

##### IAS 29 Financial Reporting in Hyperinflationary Economies

2018 Angola was classified as a hyper-inflationary economy. IMF data from October 2019, now shows that the three-year cumulative inflation rate is below 100% in 2019. Local inflation data is consistent with the IMF projections for 2019. The qualitative indicators are mixed, but suggest that Angola is no longer hyper-inflationary. Crown Energy will, due to the remaining uncertainties continue to apply inflation adjustments for the financial year 2019 in accordance with IAS 29.

Crown Energy will continue to monitor the inflation development and IMF's projections during 2020. If the majority of the qualitative indicators continues to show that the country is no longer hyper-inflationary, Crown Energy will stop applying IAS 29. When a country is no longer hyper-inflationary, IAS 29 notes that the amounts reported in the financial statements as at the end of the previous reporting period are considered to be the carrying amounts for the subsequent financial statements – that is, the restated amounts are the cost bases of any non-monetary items in subsequent financial statements.

## 2 REVENUE CATEGORIES

The Group has two revenue streams: rental revenue from leases and revenue from service contracts with tenants. Rental revenue, which makes up most of the Group's revenue, is covered by IAS 17, which is why it is excluded from IFRS 15 and its disclosure requirements.

Regarding accounting principles and risks linked to these revenues, see the Annual Report 2018.

REVENUE CATEGORIES, AMOUNTS IN SEK THOUSANDS	Asset Development and Management			Total FULL YEAR 2019
	Energy FULL YEAR 2019	Management FULL YEAR 2019	Other and eliminations FULL YEAR 2019	
Rental revenue	-	34,155	-	34,155
Service revenue	-	14,633	-	14,633
Other revenue	32	2,677	19	2,728
<b>Total revenue</b>	<b>32</b>	<b>51,465</b>	<b>19</b>	<b>51,516</b>
<b>Of which revenue from contracts with customers, subject to IFRS 15</b>	-	14,633	-	14,633

REVENUE CATEGORIES, AMOUNTS IN SEK THOUSANDS	Asset Development and Management			Total FULL YEAR 2018
	Energy FULL YEAR 2018	Management FULL YEAR 2018	Other and eliminations FULL YEAR 2018	
Rental revenue	-	53,349	-	53,349
Service revenue	-	23,284	-	23,284
Other revenue	19	-264	459	214
<b>Total revenue</b>	<b>19</b>	<b>76,369</b>	<b>459</b>	<b>76,847</b>
<b>Of which revenue from contracts with customers, subject to IFRS 15</b>	-	23,284	-	23,284

## 3 INVESTMENT PROPERTY

Changes in carrying amount:

GROUP, ALL AMOUNTS IN SEK THOUSANDS	OCT-DEC 2019	OCT-DEC 2018	FULL YEAR 2019	FULL YEAR 2018
Opening carrying amount	171,661	678,979	653,073	720,597
+ Capital expenditures for the period	1,095	740	2,995	4,404
+ Acquisitions for the period	-	-	-	-
- Disposals for the period	-	-	-	-
+/- Unrealised changes in value	-10,171	-30,781	-43,279	-70,257
+/- Change leasing liability	-340	-2,501	-4,400	-12,354
Changes in leasing contracts, no effect on result	-	-	-43,052	-
Re-classification to property assets held for sale*	-	-	-435,767	-
+/- Exchange rate effects*	-7,850	6,637	24,825	10,683
<b>Closing carrying amount</b>	<b>154,395</b>	<b>653,073</b>	<b>154,395</b>	<b>653,073</b>

\*Re-classification of property assets held for sale refers to C-View and the value corresponds the fair value in AOA, as per 31 March 2019 and translated into the closing balance rate as per the same date.

The valuation of the investment properties has been prepared externally as per 31 December 2019. Required returns were determined separately for housing and office premises and are set at 12 and

**Note 3 Investment property (continued)**

13 per cent respectively, before tax. The weighted average cost of capital (WACC) for the market (Luanda, Angola) was estimated at 16.7 per cent for the period, after tax.

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

GROUP, ALL AMOUNTS IN SEK THOUSANDS	2019-12-31	2018-12-31
Fair value, investment properties	149,860	603,703
Reversal of lease costs recognised as lease liabilities	4,535	49,370
Carrying amount at end of reporting period	154,395	653,073

**4 EXPLORATION AND EVALUATION ASSETS**

Changes in carrying amount:

GROUP, ALL AMOUNTS IN SEK THOUSANDS	OCT-DEC 2019	OCT-DEC 2018	FULL YEAR 2019	FULL YEAR 2018
Opening carrying amount	221,468	201,230	204,151	188,888
Capital expenditures for the period	511	1,490	7,200	5,975
Translation and revaluation effects	-6,237	1,431	4,390	9,288
Closing accumulated cost of acquisition	215,741	204,151	215,741	204,151

**5 TRANSACTIONS WITH RELATED PARTIES****PURCHASES AND SALES WITHIN THE GROUP**

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

**PURCHASE OF SERVICES**

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

Up until the first quarter of 2019, Crown Energy purchased technical consulting services from Simco Petroleum Ltd. ("Simco"). Alan Simonian, Board member and Company employee, currently owns 33 per cent of Simco, privately and via related parties. Services from Simco were purchased on normal commercial terms.

Yoav Ben-Eli, Board member and largest shareholder in the Parent Company, performs business development consulting services for the Group. Invoicing is via the Israeli company Betco Trading Services International Limited ("Betco"). Since 1 December 2019, Yoav Ben-Eli is an EU resident and employed by the Group's subsidiary in the Netherlands. The services provided by Betco will no longer include Yoav Ben-Eli, hence the company is not considered a related party any more.

**ESI Angola**

The Company's principal shareholder owns 100 per cent of ESI Angola Lda and according to a service contract, ESI Angola Lda provides property management and other services to YBE Imobiliária Angola Lda. On the other hand, ESI Angola Lda rents premises from YBE Imobiliária Angola Lda.

In addition to these ongoing purchases of services, Crown Energy has a receivable from ESI Angola Lda, which is attributable to the acquisition of the Angolan business in 2017. At 31 December 2019, this receivable amounted to the equivalent of SEK 28,811 thousand and carries a market interest rate.

**Note 4 Transactions with related parties (continued)**

INVOICED SERVICES	Total invoiced, 2019	Total invoiced, 2019, TSEK*
Peter Mikkelsen	3,875 GBP	47
Simco Petroleum Ltd	20,040 USD	189
Betco Trading Services International Limited	336,000 USD	3,174
ESI Angola Lda	537,654,531 AOA	14,155

\*Based on average exchange rate during the period January-December 2019.

**6 OPERATING SEGMENTS**

OPERATING SEGMENTS, SEK THOUSANDS	Energy OKT-DEC 2019	Asset Development and Management OKT-DEC 2019	Other and eliminations OKT-DEC 2019	Total OKT-DEC 2019
Operating income	32	11,159	-9	11,182
Operating expenses	-670	-13,552	-5,348	-19,570
<b>Operating profit/loss</b>	<b>-638</b>	<b>-2,393</b>	<b>-5,357</b>	<b>-8,388</b>
Net financial items	-3,361	50,307	-947	45,999
<b>Profit/loss before tax and changes in value</b>	<b>-3,999</b>	<b>47,914</b>	<b>-6,305</b>	<b>37,611</b>
<b>Changes in value</b>				
Property, unrealised	-	-10,511	-	-10,511
<b>Earnings before tax</b>	<b>-3,999</b>	<b>37,403</b>	<b>-6,305</b>	<b>27,100</b>
Income tax	-	49	-	49
Deferred tax	-	-8,451	-2	-8,453
<b>Net profit/loss for the period</b>	<b>-3,999</b>	<b>29,002</b>	<b>-6,307</b>	<b>18,696</b>
Non-current assets at end of period	215,741	581,645	486	797,872

OPERATING SEGMENTS, SEK THOUSANDS	Energy OKT-DEC 2018	Asset Development and Management OKT-DEC 2018	Other and eliminations OKT-DEC 2018	Total OKT-DEC 2018
Operating income	5	18,719	162	18,885
Operating expenses	-459	-9,304	-4,875	-14,637
<b>Operating profit/loss</b>	<b>-454</b>	<b>9,415</b>	<b>-4,713</b>	<b>4,248</b>
Net financial items	1,264	43,151	478	44,894
<b>Profit/loss before tax and changes in value</b>	<b>811</b>	<b>52,566</b>	<b>-4,235</b>	<b>49,142</b>
<b>Changes in value:</b>				
Property, unrealised	-	-33,283	-	-33,283
<b>Earnings before tax</b>	<b>811</b>	<b>19,283</b>	<b>-4,235</b>	<b>15,859</b>
Income tax	-	224	-	224
Deferred tax	-	898	-	898
<b>Net profit/loss for the period</b>	<b>811</b>	<b>20,405</b>	<b>-4,235</b>	<b>16,981</b>
Non-current assets at end of period	204,151	661,514	54	865,719

**Note 6 Operating segments (continued)**

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

<b>OPERATING SEGMENTS, SEK THOUSANDS</b>	<b>Energy FULL-YEAR 2018</b>	<b>Asset Development and Management FULL-YEAR 2018</b>	<b>Other and eliminations FULL-YEAR 2018</b>	<b>Total FULL-YEAR 2018</b>
Revenue	19	76,369	459	<b>76,847</b>
Operating expenses	-938	-36,187	-17,648	<b>-54,772</b>
<b>Operating profit/loss</b>	<b>-919</b>	<b>40,182</b>	<b>-17,189</b>	<b>22,075</b>
Net financial items	5,353	317,898	1,317	<b>324,569</b>
<b>Profit/loss before tax and changes in value</b>	<b>4,434</b>	<b>358,080</b>	<b>-15,872</b>	<b>346,645</b>
<b>Changes in value</b>				
Property, unrealised	-	-82,612	-	<b>-82,612</b>
<b>Earnings before tax</b>	<b>4,434</b>	<b>275,468</b>	<b>-15,872</b>	<b>264,033</b>
Income tax	-1	-4,873	-	<b>-4,874</b>
Deferred tax	-	-72,249	-	<b>-72,249</b>
<b>Net profit/loss for the period</b>	<b>4,433</b>	<b>198,346</b>	<b>-15,872</b>	<b>186,909</b>
Non-current assets at end of period	204,151	661,514	54	<b>865,719</b>

**7 SALE OF THE C-VIEW PROPERTY****Background**

On 30 April 2019 Crown Energy concluded an agreement for the sale of the C-View property in Angola. Buyer is the Angolan State via the Ministry of Finance ("MINFIN").

The transaction is made in Angolan kwanza and will be paid over three years in a total of six equal semi-annual instalments. The payments will be adjusted with an official inflation rate. The inflation compensation will be determined before the last instalment.

The Angolan ministry of finance will gain title of the property year three (3) after having paid the full purchase price. Economic control is transferred to the buyer after the second instalment.

**Note 7 Sale of the C-View property (continued)**

The agreement was during the summer subject to a formal regulatory registration process within the Ministry of Finance in Angola and this process was finalised in August 2019.

Due to the delay in the registration process, the payment process of the transaction is delayed. In December 2019 Crown Energy received a first payment from MINFIN, but as mentioned above, the economic control is transferred first after the second instalment.

**Accounting**

C-View will, up until the economic control is transferred to the buyer, continue to be managed by Crown Energy, which means that it was classified as an asset held for sale (in accordance with IFRS 5) from 30 April 2019. The asset is valued at fair value (in accordance with IAS 40), which corresponds to the agreed purchase price, discounted over the repayment period of three years. Based on a discount rate of 7.75 per cent, this gives a fair value of AOA 19,853 million, which as per 31 December 2019 corresponds to SEK 383,586 thousand. Changes in SEK since 30 June 2019 is only referring to exchange rate differences. Due to the significant devaluation of the Angolan currency, the value in SEK has decreased by 26 per cent since 30 September 2019. The fair value does not include the fact that the payments from the buyer will be adjusted with a price indexation based on official inflation, determined before the last payment.

During the second quarter, an unrealised result of SEK 141,877 thousand was accounted for due to the re-classification and re-valuation of the C-View property. This has not changed since then. Realised results will arise after the economic control is transferred to the buyer. When the economic control is transferred, C-View will be de-recognised as an asset held for sale and will instead be recognised as a receivable on the buyer.

Transaction costs will be accounted for as a part of the net realised result of the transaction, in connection with the transfer of the economic control.

During the fourth quarter Crown Energy paid a mandatory fee of SEK 3,964 thousand, to the Audit Court in Angola (*Portuguese: Tribunal de Contas*), as part of the finalisation of the regulatory registration process. This fee is accounted for as Other external expense in the income statement.

The payment from MINFIN in December 2019 is accounted for as a prepaid revenue (classified as contractual liability), until the economic control is transferred to MINFIN. The contract liability related to the C-View sale amounts as per 31 December 2019 to SEK 63,925 thousand.

Deferred tax liability has increased due to the changed valuation of the property. The effect in P/L in Q2 2019, due to this, amounts to SEK 43,741 thousand.

**8 EVENTS AFTER THE END OF THE REPORTING PERIOD**

No significant events have occurred after the end of the reporting period.



The Board and CEO hereby certify that this interim report gives a fair overview of the Parent Company's and Group's operations, position, and earnings, and describes significant risks and uncertainty factors to which the Group and its companies are exposed.

This Swedish interim report was not reviewed by the Company's auditors. The English interim report is a translation of the Swedish Interim Report.

Stockholm, 21 February 2020

Pierre-Emmanuel Weil  
Chairman of the Board

Yoav Ben-Eli  
Board member

Jean Benaim  
Board member

Alan Simonian  
Board member

Andreas Forssell  
CEO

#### **PUBLICATION**

This information constitutes such information as Crown Energy AB (publ) is required to disclose under the EU Market Abuse Regulation. The information was submitted for publication on 21 February 2019 at the time stated by Crown Energy's news distributor Cision at the publication of this information.

#### **REPORTING DATES**

- |                               |                 |
|-------------------------------|-----------------|
| ▶ Annual Report 2019          | 31 March 2020   |
| ▶ Annual General Meeting 2020 | 28 April 2020   |
| ▶ Three-month report 2020     | 8 May 2020      |
| ▶ Half Year Report 2020       | 7 August 2020   |
| ▶ Nine-month report 2020      | 6 November 2020 |

#### **FINANCIAL INFORMATION**

All financial information is posted at [www.crownenergy.se](http://www.crownenergy.se) as soon as it is released. Shareholders, other players in the stock market, and the public are free to subscribe to the Company's press releases and financial reports through Cision's news service, at <http://news.cision.com/se/crown-energy>.

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# Glossary and 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

#### *Adjusted EBITDA*

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

#### *Average assets*

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

#### *Average capital*

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

#### *Average equity*

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

#### *EBITDA*

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

#### *EBITDA margin*

Measurement of a company's operating profitability as a percentage of its total revenue. The EBITDA margin is used to compare EBITDA in relation to revenue.

#### *Equity, SEK*

Equity at end of period.

#### *Equity/assets ratio, %*

Equity including the minority as a percentage of total assets. Used to highlight the Company's interest rate sensitivity and financial stability.

#### *Operating profit/loss excl. effect from 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/loss incl. effect of reverse acquisition*

Earnings before financial income and expenses and taxes. Used to measure operating profitability.

#### *Return on assets (ROA), %*

This ratio measures profitability relative to total assets. Return on assets is used to highlight a company's ability to generate profit on the group's assets, unaffected by the group's financing.

#### *Return on equity (ROE), %*

The amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.

#### *Total assets*

Total assets at the end of the period. Total assets are a measure of the value of assets at the end of the period.

#### *Ratios 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 the Group's earnings per share.

##### *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.

***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.

**Employees*****Average number of employees\*\****

Average number of employees during the period.

**PROPERTY-RELATED DEFINITIONS AND GLOSSARY*****Area occupancy rate\*\****

Leased area in relation to total leasable area at the end of the period.

***Economic occupancy rate\*\****

Calculated by dividing contracted annual rental revenue in relation to the rental value. This figure is used to help facilitate the assessment of rental revenue in relation to the total value of available, unleased area. Note that this calculation does not include service revenues. Relates to contracted annual rent plus assessed market rent for vacant premises.

***Leasable area, sqm\*\****

Leased area plus leasable vacant area.

***Operating net***

Total revenue less property costs.

***Rent backlog\*\****

Outstanding rental revenues during remaining contract period. Rent backlog is used to highlight the Group's remaining contract value for rental revenues to be invoiced to the tenant, at a given point in

time. Cannot be derived from the Company's financial reporting.

***Rental revenue\****

Billed rents, rent surcharges and rental guarantees less rent discounts.

***Revenue backlog\*\****

Outstanding rental and service revenues during remaining contracted contract period. 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 revenue\****

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

***Surplus ratio\*\****

Operating net divided by total revenue.

***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 and service revenues. Calculated by dividing contracted revenue (rent and service) until expiry by annual contracted rents and service. Normally expressed in years, but Crown Energy uses months.

*\*Key ratio defined by IFRS/IAS.*

*\*\*Key ratio not covered by ESMA's guidelines for alternative performance measures (physical, non-financial or not based on information from the financial reports).*

# 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. The Company creates value via two business areas: *Asset Development and Management* and *Energy*.

In the *Asset Development and Management* business area, the Company offers a one-stop-shop concept for housing, offices and associated services to international companies. Crown Energy's offering covers the entire chain from needs-adapted design and construction, to leasing, property management and value-added services.

The *Energy* business area focuses on exploration opportunities with high potential for recoverable reserves. Value is created by developing assets in early stages and then introducing suitable oil and gas industry players to the projects for further development and production.

## VISION

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

## GOALS

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

## STRATEGY

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

- ▶ Establishing service operations in more markets requiring residential and office solutions in the oil and gas industry
- ▶ Carefully selecting exploration areas where the chance of oil and gas discoveries is high
- ▶ Exploiting synergies between the two business areas and reinvesting some of the cash flow from service operations to further develop the exploration assets
- ▶ Offering exploration and production partners tailored residential premises and offices in proximity to the assets
- ▶ Pursuing farm-out opportunities as exit strategies to capitalise as much as possible on the assets
- ▶ Creating a good risk spread through several parallel projects

## ADVANTAGES OF COMBINED OPERATIONS

Several advantages are created by the combination of the Asset Development and Management business areas, and the Energy business area. Together, the business becomes more diversified, which means reduced risk. The cash flow generated within the service business can be used to further develop exploration assets. Establishing customer relationships with some of the world's leading energy companies in Asset Development and Management also increases Crown Energy's opportunities to capitalise on existing exploration assets. Crown Energy can also offer exploration and extraction partners related services in the form of customised residential properties and offices close to the assets.